

**HAROON ZAKARIA & COMPANY**  
CHARTERED ACCOUNTANTS



COMMENTS ON  
FINANCE BILL  
**2015**

**For Clients Only**

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## **COMMENTS ON FINANCE BILL – 2015**

The information contained in this booklet has been prepared on the basis of Finance Bill 2015 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, 2015** unless specified otherwise after having been enacted as Finance Act 2015 with or without modification.

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

Dated: **June 05, 2015**

**BUDGET 2015  
AT A GLANCE**

=== Rupees in Billion ===

<u>2015-16</u>	<u>2014 -15</u>
	<u>Revised</u>

**RESOURCES**

**Internal resources**

Revenue receipts (net)

Direct tax

Indirect tax

Non tax revenue

Less: Provincial share

Capital receipts (net)

Estimated provincial surplus

1,348

1,109

1,755

1,496

1,209

1,347

(1,849)

(1,575)

656

620

297

142

**3,416**

**3,139**

External resources

752

693

**4,168**

**3,832**

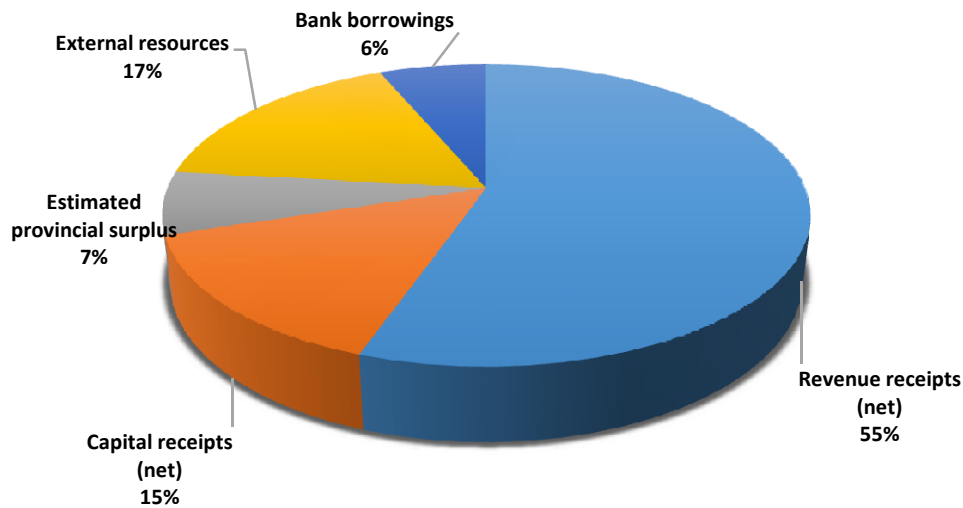
Bank borrowings

283

402

**4,451**

**4,234**



**EXPENDITURES**

Current expenditures

Development expenditures (PSDP)

3,482

3,480

969

754

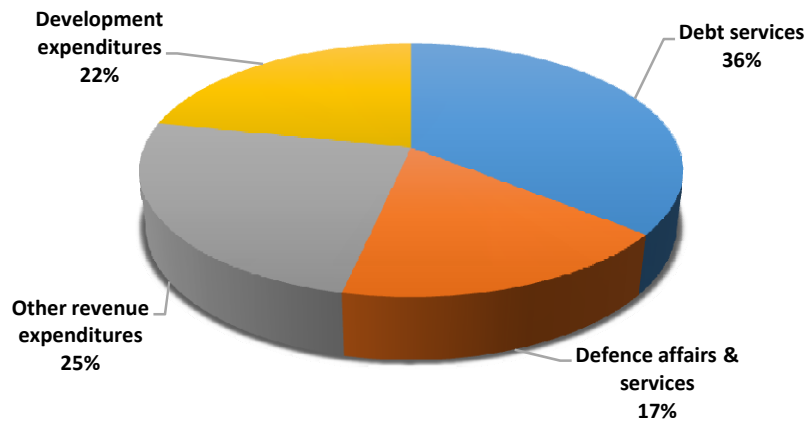
**4,451**

**4,234**

=== Rupees in Billion ===

	<u>2015-16</u>	<u>2014 -15</u> <u>Revised</u>
<b><u>Revenue Receipts (Gross)</u></b>		
Direct tax	1,348	1,109
Indirect tax		
Customs	299	255
Sales Tax	1,250	1,082
Federal Excise	206	159
Others	315	305
	<b><u>3,418</u></b>	<b><u>2,910</u></b>
<b><u>EXPENDITURES</u></b>		
Debt services	1,596	1,565
Defence affairs & services	781	720
Other revenue expenditures	1,105	1,195
	<b><u>3,482</u></b>	<b><u>3,480</u></b>
Development expenditures	969	754
	<b><u>4,451</u></b>	<b><u>4,234</u></b>

### Expenditures



# Finance Bill 2015

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## SALIENT FEATURES

### Finance Bill 2015

All the proposed amendment through Finance Bill 2015 are effective from July 01, 2015 except amendments in Custom Duty which shall have effect from the next day of assent given to the Act by the President of Islamic Republic of Pakistan

#### INCOME TAX

- It has been proposed to withdraw power of the Board for issuance of notification with regard to imposition of tax and exemption, now Economic Co-ordination Committee shall be vested with power to impose tax or declare income as exempt.
- The limit of paid up capital plus undistributed reserve for the purpose of small companies has been proposed to be enhanced from “Rs. 25 Million” to “Rs. 50 Million”.
- It has been proposed to impose one time levy of super tax for rehabilitation of temporarily displaced person on income of Banking Company @ 4% and in case of person other than banking company having income equal to or exceeding Rs. 500 Million @ 3% for tax year 2015.
- It has been proposed to tax on undistributed reserves @ 10% subject to conditions and restrictions.

## SALIENT FEATURES

- Profit on debt has been proposed to be taxed as separate block of income on gross amount at reduce rate, profit making companies shall be in advantages position.
- Scope of withholding taxes at increased rate in case of non-filer has been proposed to be extended.
- Rate of tax on capital gain on disposal securities has been proposed to enhance.
- The capital gain on sale of debt securities by companies shall be subject to normal tax.
- Investment limit has been proposed to enhance from Rs. 1 (Million) to Rs. 1.5 (Million) for the purpose of tax credit on investment in shares and insurance.
- It has been proposed to allow deduction for profit on debt paid to schedule bank or an approved financial institution on loan utilize for the purchase of new house.
- Tax credit for a period of ten years for manufacturing unit setup between July 2013 to June 2018 subject to restrictions and conditions.
- Tax credit for enlistment of a company in any registered Stock Exchange in Pakistan has been proposed to enhance from 15% to 20% of the tax payable.

- Operation of minimum tax on builders has been proposed to suspend till June 30, 2018.
- Minimum tax on land developers has been proposed @ 2% on the value of land notified by any authority for the purpose of Stamp duty.
- It has been proposed that approval of Commissioner shall not be required if return of income is revised within 60 days from the date of filing of return.
- Power of Commissioner (Appeals) granting stay from recovery of disputed demand has been proposed to enhance from 30 days to 60 days subject to the conditions and restrictions.
- It has been proposed to enhance period of due date for payment of tax from 15 days to 30 days from the date of service of the notice.
- It has been proposed that the manufacturer of cooking oil and vegetable Ghee shall pay tax @ 2% on purchase of locally produced edible oil.
- The commissioner is being empowered to issue Exemption certificate on payment to non-resident person having permanent establishment in Pakistan.
- It has been proposed that withholding tax in respect of sport person shall be considered as final discharge of tax liability effective from tax year 2013.
- The exporter may exercise option to be assessed under normal tax regime subject to the conditions and restrictions.



## SALIENT FEATURES

- It has been proposed that the Board may obtain information regarding non-residence person from financial institution including banking company in the prescribed forms.
- Special audit panel is being empowered to enter the business premises of a tax payer to obtain any necessary information's/documents.
- It has been proposed to consider computerized National Identify Card (CNIC) to be used as National Tax Number from tax year 2015.
- Certain category of retailers shall be subject to selection of audit automatically to audit their income tax affairs.
- Certain retailers shall not be subject to audit upon fulfillment of laid down conditions.
- It has been proposed to exclude Fertilizer product from withholding tax on sale to retailer or wholesaler.
- It has been proposed to exclude non-resident from withholding tax on account of collection of advance tax by educational institution subject to terms and conditions.
- Advance tax on banking transaction other than cash shall be collected by bank @ 0.6% of the transaction in case of non filer.
- Advance tax to be collected on payment to resident person @ 10% on account of rent of equipment and machinery.
- Advance tax on education related expenses remitted aboard shall be subject to tax @ 5%.
- Advance tax to be collected on payment of dividend in specie.

- It has been proposed to reduce tax rate in case of individual deriving income from business and salaries.
- The corporate rate of income tax has been proposed to reduce to 32% from tax year 2016.
- Any notification issued shall, if not earlier rescinded stand rescinded on the expiry of the financial year in which it was issued.
- Profit and gain on sale of immoveable property to a Development of REIT Scheme with object of development and construction of residential building shall be exempt upto 30-06-2020.
- Profit and gains derived by tax payer from an industrial undertaking between 01-07-2015 and 30-06-2016 engaged in operating warehousing, cold chain facilities for storage agricultural products for a period of 3 years.
- Profit and gains from industrial undertaking set up between 01-07-2015 to 31-12-2016 engaged in operating halal meat production shall be exempt from tax for a period or four years.
- Profit and gain of the manufacturing unit setup between 01-07-2015 to 30-06-2018 in Khyber Pakhtoon Khuwa Province shall be exempt for a period of five years.
- It has been proposed to tax income in case of banking companies from divided and capital gain at normal tax rate.
- It has been proposed that Rice Mills may be exempted from minimum tax for the year-2015.
- It has been proposed that approval of commission shall not be required if return of revise within 60 days of filing of return

## **SALIENT FEATURES**

- It has been proposed that manufacturer of cooking oil and vegetable ghee shall pay tax @ 2% on purchase of locally produced edible oil.
- Any notification issued shall, if not earlier rescinded stand rescinded on the expiry of the financial year in which it was issued.

## SALES TAX ACT, 1990

- Proposed to withdraw power of the Board for issuance of notification with regard to imposition of tax and exemption, now Economic Co-ordination Committee shall be vested power to impose duty or declare goods as exempt.
- Proposed to introduce concept of active taxpayer under Sales Tax Act, 1990.
- Proposed to enhance condition of utility amount from Rs. 700,000/- to Rs. 800,000/- in case of Cottage Industry.
- Proposed to extend scope of supply by including manufacturing of goods belonging to other person and transfer of such goods to the owner i.e. toll manufacturing has been include in the definition of supply.
- Further tax proposed to enhance from 1% to 2% in case of supply to un-registered person.
- Proposed to allow input tax at import stage in case of provisional assessment.
- Proposed to allow input tax on pre-fabricated building materials.
- Proposed to restrict input tax on services in respect of which input tax adjustment is barred under the respective provincial sales tax laws.
- It has been proposed to shift burden of proof on the department to establish tax liability in certain situation.

## **SALIENT FEATURES**

- The power of Board granting exemption proposed to be done away.
- Concept of special audit panel comprising of Officer Inland Revenue and professional accountants has been proposed to introduce to conduct audit.
- It has been proposed that Federal Government may enter into bilateral agreement for the exchange of information with provincial Government and Foreign countries.
- Concept of agreement for the avoidance of double taxation has been proposed to introduce.
- Prize scheme to whistleblower who reports concealment or evasion of Sales Tax.
- Smart phone Rs.500/- to Rs.1,000/-
- It has proposed to declare supplies of locally manufactured machinery to manufacturer of Export Processing Zone at zero rates subject to conditions and restrictions.
- Supply of bricks and crushed stone have been proposed to be exempted from levy of Sales Tax
- Rate of sales tax on supply directly reduced iron has been proposed to subject to standard rate instead of reduce rate at 5%
- Any notification issued shall, if not earlier rescinded stand rescinded on the expiry of the financial year in which it was issued.
- Proposed change in Sales Tax rate on the following items.

Serial No.	Description	Present	Proposed
1	Poultry feed and cattle feed and their ingredients.	Exempt	5%
2.	Incinerators of disposal of waste magnet, motorized sweepers and snow ploughs	Exempt	5%
3.	Re-importation of foreign origin goods which were temporarily exported out of Pakistan subject to similar conditions as are envisaged for the purpose of applying zero rate of customs duty under Custom Act, 1969.	Exempt	5%
4.	Reclaimed lead, if supplied to recognized manufacturers of lead batteries	Exempt	5%
5.	Waste paper	Exempt	5%
6.	Weighting machine of different kind	Exempt	5%
7.	Furnace oil and ovens	Exempt	5%
8.	Electronic and other balances	5%	10%
9.	Supply of soya bean meal and oil seeds meant for sowing	5%	10%
10.	Plant & machinery not manufactured locally and having no compatible local substitutes.	5%	10%
11.	Flavoured milk, sold in retail packing under brand name Yogurt, cheese, butter cream, desi ghee, milk and cream concentrated and added sugar or other sweetening matter	Exempt	10%
12.	Sales tax on mobile phone at import and at the time of registration. (low	Rs. 150/-	Rs. 300/-

## SALIENT FEATURES

	price Cellular mobile (medium price) Smart mobile	Rs. 250/- Rs. 500/-	Rs. 500/- Rs. 1000/-
13.	Supply of soya bean meal and oil cake	5%	10%

## **FEDERAL EXCISE ACT, 2005**

- Proposed to withdraw power of the Board for issuance of notification with regard to imposition of tax and exemption, now Economic Co-ordination Committee shall be vested power to impose duty or declare goods as exempt.
- The role of whistleblowers has been introduced in order to stop the evasion of duty and pointing out the cases by awarding to them.
- The Federal Government subject to the approval of Economic Coordination Committee of Cabinet would levy the duty and all the notifications issued must be placed before the National Assembly.
- For the purpose of monitoring or tracking through electronic devices the word “bar codes” has also been included.
- The mechanism of audit has been restructured.
- The authority of executing the agreements with other Government including foreign countries has been bestowed to the Federal Government.
- The duties on various brands of cigarette proposed to enhance.
- The duty on Filter Rod of cigarette has been proposed to be levied.
- The white cement as well as motor cars falling under PCT heading 25.23 and 87.03 respectively is declared exempt.
- The services in respect of Hajj passenger, diplomats and supernumerary has been proposed to be declared exempt.
- The services of advertisement in news paper and periodicals are proposed to be declared as exempt.



## ***SALIENT FEATURES***

- The services relating to issuance of cheque books, insurance, hajj and umrah services rendered by banking or non banking company are proposed to be declared as exempt.
- Any notification issued shall, if not earlier rescinded stand rescinded on the expiry of the financial year in which it was issued.

**CUSTOMS ACT, 1969**

- Proposed to withdraw power of the Board for issuance of notification with regard to imposition of tax and exemption, now Economic Co-ordination Committee shall be vested power to impose duty or declare goods as exempt.
- Proposed to bring transshipment at par with home consumption or warehousing for the purpose of assessment of duty.
- The condition of invoice and packaging list has been proposed to be placed in container and in case of violation the importer would face the penal proceedings.
- First & Fifth Schedule to the Customs Act, 1969 has been rationalized in order to meet the new modern business challenges.
- Any notification issued shall, if not earlier rescinded stand rescinded on the expiry of the financial year in which it was issued.

**OTHERS**

- Amendment of Islamabad Capital Territory (Tax on Services Ordinance) has been incorporated in Finance Bill.
- It has been proposed to fix minimum wages of worker at Rs. 13,000 as against Rs. 12,000 at present.

## INCOME TAX

*The amendments are applicable from July 1, 2015 unless specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2015	PROPOSED AMENDMENT THROUGH FINANCE BILL 2015
2(13)AA	<b>Non-Existent</b>	<i>The term "consumer goods" have been defined as under: "(13AA) "consumer goods" means goods that are consumed by the end consumer rather than used in the production of another good;"</i> ;
2(17D)	<b>Non-Existent</b>	<i>New definition clause proposed to be added as under; "Developmental REIT Scheme" means Developmental REIT Scheme as defined under the Real Estate Investment Trust Regulations, 2015;</i>
2(22A)	<b>Non-Existent</b>	<i>New definition clause proposed to be added as under; "(22A) "fast moving consumer goods" means consumer goods which are supplied in retail marketing as per daily demand of a consumer;"</i> ;
2(28A)	<b>Non-Existent</b>	<i>Concept of imputable income reintroduced as under; (28A) "imputable income" in relation to an amount subject to final tax means the income which would have resulted in the same tax, had this amount not been subject to final tax;"</i> ;

2(42A)	<b>Non-Existent</b>	<i>New definition clause proposed to be added as under;</i> (42A) "PMEX" means Pakistan Mercantile Exchange Limited a futures commodity exchange company incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and is licensed and regulated by the Securities and Exchange Commission of Pakistan;"
2(47A)	"Real Estate Investment Trust (REIT) Scheme" means a REIT Scheme as defined in the Real Estate Investment Trust Regulations, 2008;	<i>The clause amended to reflect the updated reference of corresponding law as under;</i> "(47A) "REIT Scheme" means a REIT Scheme as defined in the Real Estate Investment Trust Regulations 2015
2(47B)	"Real Estate Investment Trust Management Company (REITMC)" means REITMC as defined under the Real Estate Investment Trust Regulations, 2008	<i>The clause amended to reflect the updated reference of corresponding law as under;</i> "Real Estate Investment Trust Management Company <b>RMC</b> as defined under the Real Estate Investment Trust Regulations, 2015
2(47C)	<b>Non-Existent</b>	<i>New definition clause proposed to be added as under;</i> (47C) "Rental REIT Scheme" means a Rental REIT Scheme as defined under the Real Estate Investment Trust Regulations, 2015;

<p><b>2(59A)</b></p>	<p>(59A) “Small Company” means a company registered on or after the first day of July, 2005, under the Companies Ordinance, 1984 (XLVII) of 1984, which,— (i) has paid up capital plus undistributed reserves not exceeding twenty-five million rupees;</p>	<p><i>To qualify for concessional rate of 25% for small companies, the limit of paid-up capital enhanced from twenty five to fifty million</i> (59A) “Small Company” means a company registered on or after the first day of July, 2005, under the Companies Ordinance, 1984 (XLVII) of 1984, which, (i) has paid up capital plus undistributed reserves not exceeding <b>fifty</b> million rupees;</p>
<p><b>2(75)</b></p>	<p><b>Non-Existent</b></p>	<p><i>New definition clause proposed to be added as under;</i> (75)“whistleblower” means whistleblower as defined in section 227B;</p>

4B	<b>Non-Existent</b>	<p><i>Proposed insertion of new section enabling one time levy of super tax read as under;</i></p> <p>4B. Super tax for rehabilitation of temporarily displaced persons.—</p> <p>(1) A super tax shall be imposed for rehabilitation of temporarily displaced persons, for tax year 2015, at the rates specified in Division IIA of Part I of the First Schedule, on income of every person specified in the said Division.</p> <p>(2) <i>For the purposes of this section, “income” shall be the sum of the following:-</i></p> <p>(i) <i>profit on debt, dividend, capital gains, brokerage and commission;</i></p> <p>(ii) <i>taxable income under section (9) of this Ordinance;</i></p> <p>(iii) <i>imputable income as defined in clause (28A) of section 2; and</i></p> <p>(iv) <i>income computed under Fourth, Fifth, Seventh and Eighth Schedule.</i></p> <p>(3) <i>The super tax payable under sub-section (1) shall be paid, collected and deposited on the date and in the manner as specified in sub-section (1) of section 137 and all provisions of Chapter X of the Ordinance shall apply.</i></p>
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4B		<p>4) Where the super tax is not paid by a person liable to pay it, the Commissioner shall by an order in writing, determine the Super tax payable, and shall serve upon the person, a notice of demand specifying the super tax payable and within the time specified under section 137 of the Ordinance.</p> <p>5) Where the super tax is not paid by a person liable to pay it, the Commissioner shall recover the super tax payable under sub-section (1) and the provisions of Part IV, X, XI and XII of Chapter X and Part I of Chapter XI of the Ordinance shall, so far as may be, apply to the collection of super tax as these apply to the collection of tax under the Ordinance.</p> <p>(6) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.”;</p>
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5A	<p><b>Non-Existent</b></p>	<p><i>Concept of additional income tax on undistributed reserve of public company exceeding 100% of paid up capital is proposed to be levied by introducing new section which read as under;</i></p> <p><b>Tax on undistributed reserves.-</b>  (1) Subject to this Ordinance, a tax shall be imposed at the rate of ten percent, on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred per cent of its paid up capital shall be treated as income of the said company:</p> <p>Provided that for tax year 2015, cash dividends may be distributed before the due date mentioned in sub-section (2) of section 118, for filing of return for tax year 2015.</p> <p>(2) The provisions of sub-section (1) shall not apply to a company in which not less than fifty percent shares are held by the Government.</p>
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5A	<b>Non-Existent</b>	(3) For the purpose of this section, 'reserve' includes amounts set-aside out of revenue or other surpluses excluding capital reserves, share premium reserves and reserves required to be created under any law, rules or regulations.
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7A	<p><b>Non-Existent</b></p>	<p><i>Shipping income of resident person is proposed to be taxed under presumptive tax regime upto tax year 2020 inserting following self explanatory proviso;</i></p> <p><b>7A.</b> Tax on shipping of a resident person.— (1) In the case of any resident person engaged in the business of shipping, a presumptive income tax shall be charged in the following manner, namely:-</p> <p>(a) ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft purchased or bare-boat chartered and flying Pakistan flag shall pay tonnage tax of an amount equivalent to one US \$ per gross registered tonnage per annum; and</p> <p>(b) ships, vessels and all floating crafts including tugs, dredgers, survey vessels and other specialized craft not registered in Pakistan and hired under any charter other than bare-boat charter shall pay tonnage tax of an amount equivalent to fifteen US cents per ton of gross registered tonnage per chartered voyage provided that such tax shall not exceed one US \$ per ton of gross registered tonnage per annum:</p>
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		<p><b>Explanation.-</b> For the purpose of this section, the expression “equivalent amount ” means the rupee equivalent of a US dollar according to the exchange rate prevalent on the first day of December in the case of a company and the first day of September in other cases in the relevant assessment year.</p> <p>(2) The provisions of this section shall not be applicable after 30<sup>th</sup> June, 2020.</p>
7B	<p><b>Non-Existent</b></p>	<p><i>Profit on debts taxable as normal income is proposed to be taxed at reduced rate by inserting new section which read as under;</i></p> <p><b>Tax on profit on debt.</b></p> <p>(1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IIIA of Part I of the First Schedule, on every person who receives a profit on debt from any person mentioned in clause (a) to (d) of sub-section (1) of section 151.</p> <p>(2) The tax imposed under sub-section (1) on a person who receives a profit on debt shall be computed by applying the relevant rate of tax to the gross amount of the profit on debt.</p>

		(3) This section shall not apply to a profit on debt that is exempt from tax under this Ordinance.
15A(1)(h)	any expenditure (not exceeding six per cent of the rent chargeable to tax in respect of the property for the year computed before any deduction allowed under this section) paid or payable by the person in the year for the purpose of collecting the rent due in respect of the property;	<i>The said clause is proposed to be substituted with more elaborative one as under;</i> (h) any expenditure, not exceeding six per cent of the rent chargeable to tax in respect of the property for the year computed before any deduction allowed under this section, paid or payable by the person in the year wholly and exclusively for the purpose of deriving rent chargeable to tax under the head, "Income from Property" including administration and collection charges
37A(1)	The capital gain arising on or after the first day of July 2010, from disposal of securities <b>held for a period of less than a year</b> [ other than a gain that is exempt from tax under this Ordinance], shall be chargeable to tax at the rates specified in Division VII of Part I of the First Schedule:	<i>Said section is proposed to be amended to bring the capital gain earned on disposal of securities held for period upto 4 years under tax ambit, amended proviso read as under;</i>  The capital gain arising on or after the first day of July 2010, from disposal of securities, other than a gain that is exempt from tax under this Ordinance, shall be chargeable to tax at the rates specified in Division VII of Part I of the First Schedule:

53(2)	<p>(2)The Federal Government may, from time to time, by notification in the official Gazette, make such amendment in the Second Schedule by —</p> <p>(a)adding any clause or condition therein;</p> <p>(b)omitting any clause or condition therein; or</p> <p>(c)making any change in any clause or condition therein, as the Government may think fit, and all such amendments shall have effect in respect of any tax year beginning on any date before or after the commencement of the financial year in which the notification is issued.</p>	<p><i>The power of Federal Government to issue concessionary SROs is proposed to be restricted the amended proviso is read as under;</i></p> <p>The Federal Government may, from time to time <b>pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements</b> by notification in the official Gazette, make such amendment in the Second Schedule by—(a)adding any clause or condition therein;</p> <p>(b) omitting any clause or condition therein; or</p> <p>(c)making any change in any clause or condition therein, as the Government may think fit, and all such amendments shall have effect in respect of any tax year beginning on any date before or after the commencement of the financial year in which the notification is issued.</p>
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53(4)	<b>Non-Existent</b>	<i>Following new self explanatory sub-section is proposed to be added as under;</i> (4) Any notification issued after the promulgation of Finance Act, 2015, under sub-section (2) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued”;
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62(2)(c)	<p><b>Tax credit for investment in shares and insurance</b>                  (1) A resident person other than a company shall be entitled to a tax credit for a tax year either—</p> <p>2)The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —  <math display="block">(A/B) \times C</math>                 where—  <b>A.</b> is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;  <b>B.</b> is the person’s taxable income for the tax year; and  <b>C.</b> is the lesser of</p> <p>(a) the total cost of acquiring the shares, or the total contribution or premium paid by the person referred to in sub-section (1) in the year;</p> <p>(b)[twenty] per cent of the person’s taxable income for the year; or</p> <p>(c) [one million rupees].</p>	<p><i>Quantum of tax credit as per said section is proposed to be enhanced as under;</i></p> <p><b>Tax credit for investment in shares and insurance.</b>                  (1) A resident person other than a company shall be entitled to a tax credit for a tax year either</p> <p>2)The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —  <math display="block">(A/B) \times C</math>                 where—  <b>A.</b> is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;  <b>B.</b> is the person’s taxable income for the tax year; and  <b>C.</b> is the lesser of —</p> <p>(a) the total cost of acquiring the shares, or the total contribution or premium paid by the person referred to in sub-section (1) in the year;</p> <p>(b) [twenty] per cent of the person’s taxable income for the year; or</p> <p><b>(c) [one and a half million rupees].</b></p>
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64 & 64A	<p><i>Omitted,</i></p>	<p><i>Previously tax credit on profit on debt paid on house loan is proposed to be abolished &amp; deductible allowance is to be introduced through following self explanatory section;</i></p> <p><b>Deductible allowance for profit on debt.</b> (1) Every individual shall be entitled to a deductible allowance for the amount of any profit or share in rent and share in appreciation for value of house paid by the individual in a tax year on a loan by a scheduled bank or non-banking finance institution regulated by the Securities and Exchange Commission of Pakistan or advanced by Government or the Local Government, Provincial Government or a statutory body or a public company listed on a registered stock exchange in Pakistan where the individual utilizes the loan for the construction of a new house or the acquisition of a house.</p> <p>(2) The amount of an individual's deductible allowance allowed under sub-section (1) for a tax year shall not exceed fifty percent of taxable income or one million rupees, whichever is lower.</p> <p>(3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted for the year shall not be carried forward to a subsequent tax year.</p>
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64B	<p><b>Non-Existent</b></p>	<p>To promote employment generation following new tax credit is proposed to be introduced;</p> <p><b>Tax credit for employment generation by manufacturers.</b> (1) Where a taxpayer being a company formed for establishing and operating a new manufacturing unit sets up a new manufacturing unit between 1<sup>st</sup> July, 2015 and 30<sup>th</sup> of June, 2018, it shall be given a tax credit for a period of ten years.</p> <p>(2) The tax credit under sub-section (1 ) for a tax year shall be equal to one percent of the tax payable for every fifty employees registered with The Employees Old Age Benefits Institution and the Employees Social Security Institutions of Provincial Governments during the tax year, subject to a maximum of ten percent of the tax payable.</p> <p>(3) Tax credit under this section shall be admissible where</p> <p>(a) the company is incorporated and manufacturing unit is setup between the first day of July, 2015 and 30th day of June, 2018, both days inclusive;</p>
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64B	<b>Non-Existent</b>	<p>(b) employs more than fifty employees in a tax year registered with The Employees Old Age Benefits Institution and the Employees Social Security Institutions of Provincial Governments;</p> <p>(c) manufacturing unit is managed by a company formed for operating the said manufacturing unit and registered under the Companies Ordinance, 1984 (XLVII of 1984) and having its registered office in Pakistan; and</p> <p>(d) the manufacturing unit is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1<sup>st</sup> July 2015.</p> <p>(4) Where any credit is allowed under this section and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner that any of the conditions specified in this section were not fulfilled, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner may, notwithstanding anything contained in this Ordinance,</p>
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64B	<b>Non-Existent</b>	re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly. (5) For the purposes of this section a manufacturing unit shall be treated to have been setup on the date on which the manufacturing unit is ready to go into production, whether trial production or commercial production.
65(6)	<b>Non-Existent</b>	<i>Following clarifying sub-section is proposed to be added as under;</i>  (6) Where the person is entitled to a tax credit under section 65B, 65D or 65E, provisions of clause (d) of sub-section (2) of section 169 and clause (d) of sub-section (1) of section 113 shall not apply.”;
65C(1)	<b>Tax credit for enlistment:</b> Where a taxpayer being a company opts for enlistment in any registered stock exchange in Pakistan, a tax credit equal to [fifteen] percent of the tax payable shall be allowed for the tax year in which the said company is enlisted.	<i>Quantum of tax credit on enlistment is proposed to be enhanced as under;</i> Where a taxpayer being a company opts for enlistment in any registered stock exchange in Pakistan, a tax credit equal to <b>twenty</b> percent of the tax payable shall be allowed for the tax year in which the said company is enlisted.

<p>65E(5)</p>	<p><b>Tax credit for industrial undertakings established before the first day of July, 2011.</b></p> <p>(5) The amount of credit admissible under this section shall be deducted from the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, by the taxpayer in respect of the tax year in which the plant or machinery referred to in sub-section (1) is installed and for the subsequent four years.</p>	<p><i>Curative amendment in sub-section(5) is proposed to eliminate the contradiction with sub-section (1) as under;</i></p> <p><i>(5)The amount of credit admissible under this section shall be deducted from the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, by the taxpayer <b>“in respect of the tax year in which the plant or machinery referred to in sub-section (1) is installed and for the subsequent four years” the commas and words “, for a period of five years beginning from the date of setting up or commencement of commercial production from the new plant or expansion project, whichever is later”</b></i></p>
<p>94(2)</p>	<p><b>Principles of taxation of companies:-</b></p> <p>(2) A dividend paid by a <b>resident</b> company shall be taxable in accordance with Section 5.</p>	<p><i>Proposed amendment seeks to tax the dividend received from non-resident company under section-5 instead of section 39.</i></p> <p>(2) A dividend paid by a company shall be taxable in accordance with Section 5.</p>

<p>100C(1)</p>	<p><b>Tax credit for certain persons.-</b>                  (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:-</p>	<p><i>To remove ambiguity the provision is proposed to be amended as under;</i>  <b>(1) The income of</b> 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:-</p>
<p>100C(2)</p>	<p><b>Persons eligible for tax credit under this section include-</b></p>	<p><i>To remove ambiguity the provision is proposed to be amended as under;</i>                  Persons <b>and incomes</b> eligible for tax credit under this section include-</p>

107(1)	<p><b>Agreements for the avoidance of double taxation and prevention of fiscal evasion:-</b></p> <p>(1) The Federal Government may enter into an agreement with the government of a foreign country for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income imposed under this Ordinance and under the corresponding laws in force in that country, and may, by notification in the official Gazette make such provisions as may be necessary for implementing the agreement.</p>	<p><i>Provision is proposed to be substituted with more elaborative one as under;</i></p> <p>“(1) The Federal Government may enter into an agreement, bilateral or multilateral with the government or governments of foreign countries or tax jurisdictions for the avoidance of double taxation and the prevention of fiscal evasion and exchange of information including automatic exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country, and may, by notification in the official Gazette make such provisions as may be necessary for implementing the agreement.”;</p>
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107(1A)	<b>Non-Existent</b>	<p><i>The Board is proposed to be empowered for collection of information to facilitate it to fulfill obligations under inter-governmental agreements as under;</i></p> <p>Notwithstanding anything contained in any other law to the contrary, the Board shall have the powers to obtain and collect information when solicited by another country under a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement, a similar arrangement or mechanism.</p>
107(1B)	<b>Non-Existent</b>	<p><i>Information collected by the Board is proposed to be confidential as under;</i></p> <p>Notwithstanding the provisions of the Freedom of Information Ordinance, 2002 (XCV I of 2002), any information received or supplied, and any concomitant communication or correspondence made, under a tax treaty, a tax information exchange agreement, a multilateral convention, a similar arrangement or mechanism, shall be confidential subject to subsection (3) of section 216.</p>
113A(3)	<b>Non-Existent</b>	<p><i>The following sub-section is proposed to be inserted to provide exemption from minimum tax on builders;</i></p> <p>(3) This section shall not have effect till 30<sup>th</sup> June, 2018”</p>

113B	<p><b>Minimum tax on land developers:-</b></p> <p>1) Subject to this Ordinance, where a person derives income from the business of development and sale of residential, commercial or other plots, he shall pay minimum tax at the rates as the Federal Government may notify in the official Gazette. The Federal Government may also specify the mode, manner and time of payment of such amount of tax.</p>	<p><i>Rate of minimum tax on land developers is proposed by amending said section as under;</i></p> <p>(1) Subject to this Ordinance, where a person derives income from the business of development and sale of residential, commercial or other plots, he shall pay minimum tax <b>at the rate of two per cent of the value of land notified by any authority for the purpose of stamp duty</b>"</p>
114(6)	<p><b>Non-Existent</b></p>	<p><i>Requirement of written permission from Commissioner for revision of return within 60 days from filing of return is proposed to be waived by inserting following new proviso;</i></p> <p>Provided further that the condition specified in clause (ba) shall not apply if revised return is filed within 60 days of filing of return."</p>



<p>121(1)(d)</p>	<p><b>Best judgment assessment.</b></p> <p>(d)produce before the Commissioner, or any person employed by a firm of chartered accountants [or a firm of cost and management accountants] under section 177, accounts, documents and records required to be maintained under section 174, or any other relevant document or evidence that may be required by him for the purpose of making assessment of income and determination of tax due thereon,</p>	<p><i>Clause (d) of sub-section(1) is proposed to be amended to incorporate corresponding reference of proposed new sub-section(11) of section 177 as under:</i></p> <p>(d)produce before the Commissioner, <b>or a special audit panel appointed under sub-section (11) of section 177</b> or any person employed by a firm of chartered accountants [or a firm of cost and management accountants] under section 177, accounts, documents and records required to be maintained under section 174, or any other relevant document or evidence that may be required by him for the purpose of making assessment of income and determination of tax due thereon,</p>
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128(1AA)	<p><b>Procedure in appeal</b> <b>Non-Existent</b></p>	<p><i>It has been proposed to extend the powers of Commissioner(Appeals) to grant stay from recovery of tax beyond 30 days time inserting the following new sub-section;</i></p> <p><i>The amendment shall be helpful for fast disposal of appeals taxpayer shall be prevented from harsh recovery steps by the department.</i></p> <p><b>(1AA)</b>The Commissioner (Appeals), after affording opportunity of being heard to the Commissioner against whose order appeal has been made, may stay the recovery of such tax for a further period of thirty days, provided that the order on appeal shall be passed within the said period of thirty days.”</p>
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<p>137(2)</p>	<p><b>Due date for payment of tax</b></p> <p>(2) Where any tax is payable under an assessment order or an amended assessment order or any other order issued by the Commissioner under this Ordinance, a notice shall be served upon the taxpayer in the prescribed form specifying the amount payable and thereupon the sum so specified shall be paid within [fifteen] days from the date of service of the notice:</p> <p>Provided that the tax payable as a result of provisional assessment [order] under section 122C, as specified in the notice under sub-section (2) shall be payable [immediately] after a period of sixty days from the date of service of the notice.</p>	<p><i>Time allowed for payment of tax as a result of order is proposed to be extended from fifteen to thirty days as under;</i></p> <p>(2) Where any tax is payable under an assessment order or an amended assessment order or any other order issued by the Commissioner under this Ordinance, a notice shall be served upon the taxpayer in the prescribed form specifying the amount payable and thereupon the sum so specified shall be paid within [thirty] days from the date of service of the notice:</p> <p><i>Time allowed for payment of tax against provisional assessment order has been proposed to be reduced to forty five days as under;</i></p> <p><i>The amendment was badly needed to have enough time to file appeal</i></p> <p>Provided that the tax payable as a result of provisional assessment [order] under section 122C, as specified in the notice under sub-section (2) shall be payable [immediately] after a period of forty five days from the date of service of the notice.</p>
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147(4A)	<p><b>Advance Tax paid by the taxpayer:-</b></p> <p>(4A) Any taxpayer who is required to make payment of advance tax in accordance with sub-section (4), shall estimate the tax payable by him for the relevant tax year, at any time before the last installment is due. In case the tax payable is likely to be more than the amount he is required to pay under sub-section(4), the taxpayer shall furnish to the Commissioner an estimate of the amount of tax payable by him and thereafter pay such amount after making adjustment for the amount (if any) already paid in terms of sub-section (4).</p>	<p><i>Sub-section is proposed to be amended to reduce the time for filing of upward revision of estimate to end of second quarter as under;</i></p> <p><b>(4A)</b> Any taxpayer who is required to make payment of advance tax in accordance with sub-section (4), shall estimate the tax payable for the relevant tax year, at any time before the second Installment is due. In case the tax payable is likely to be more than the amount that the taxpayer is required to pay under sub-section(4), the taxpayer shall furnish to the Commissioner on or before the due date of the second quarter an estimate of the amount of tax payable by the taxpayer and thereafter pay fifty per cent of such amount by the due date of the second quarter of the tax year after making adjustment for the amount (if any) already paid in terms of sub-section (4). The remaining fifty per cent of the estimate shall be paid after the second quarter in two equal installments payable by the due date of the third and fourth quarter of the tax year</p>
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148(2)	<p><b>Imports</b></p> <p>2) Nothing contained in sub-section (1) shall apply to any goods or class of goods or persons or class of persons importing such goods or class of goods as may be specified by the Board</p>	<p><i>Sub-section is proposed to be omitted being redundant</i></p>
148A	<p><b>Non-Existent</b></p>	<p><i>Following new section is proposed to be inserted with simultaneous omission of clause-13C of part II of Second Schedule seeking the income accruing from locally produced edible oil to be taxed at the rate of 2% under FTR. (earlier the levy covered under clause-13C was not on legal footing, therefore through this amendment ambiguity has been removed).</i></p> <p><b>148A. Tax on local purchase of cooking oil or vegetable ghee</b> by certain persons.— (1)The manufacturers of cooking oil or vegetable ghee, or both, shall be chargeable to tax at the rate of two percent on purchase of locally produced edible oil.</p> <p>(2) The tax payable under sub-section (1) shall be final tax in respect of income accruing from locally produced edible oil.</p>

<p>151(3)</p>	<p><b>Profit on debt.</b>  <b>(3)</b> Tax [deductible] under this section shall be a final tax on the profit on debt arising to a taxpayer other than a company</p>	<p><i>Sub-section is proposed to be substituted to bring it in-harmony with new proposed section-5A as under;</i></p> <p>(3) Tax deductible under this section shall be a final tax on the profit on debt arising to a taxpayer, except where:                  (a) taxpayer is a company; or                  (b) profit on debt is taxable under section 5A.”</p>
<p>152(4A)</p>	<p><b>Payments to non-residents</b>  <b>Non-Existent</b></p>	<p><i>Following new sub-section empowering Commissioner to issue exemption certificate for Non-deduction of tax under section-152(2A) to PE of Non-resident person</i></p> <p><b>(4A)</b> The Commissioner may, on application made by the recipient of a payment referred to in sub-section (2A) and after making such inquiry as the Commissioner thinks fit, may allow in cases where the tax deductible under sub-section (2A) is adjustable, by order in writing, any person to make the payment, without deduction of tax or deduction of tax at a reduced rate</p>

<p style="text-align: center;"><b>153(3)</b></p>	<p><b>Payments for goods and services and contracts.</b>                  (b) tax [deductible] shall be a minimum tax on transactions referred to in clause (b) of sub-section (1); and</p>	<p><i>Said clause is proposed to be substituted to clarify ambiguity regarding taxability of corporate sector service providers since 2009 due to issuance of several clarifications by the Board on the issue;</i></p> <p>(b) tax deductible on transactions referred to in clause (b) of sub-section (1) shall be,-</p> <p>(i) adjustable, with effect from tax year 2009, if payments are received by a company; and</p> <p>(ii) a minimum tax, if payments are received by a person other than a company</p>
<p style="text-align: center;"><b>153(3)(d)</b></p>	<p><b>Non-Existent</b></p>	<p><i>Income of sportsperson subjected to deduction of tax under section 153(1)(c) has been proposed to be taxed under FTR retrospectively from tax year-2013;</i></p> <p>(d) tax deducted under clause (c) of sub-section (1) in respect of a sportsperson shall be final tax with effect from tax year 2013.</p>

154(5)	<b>Non-Existent</b>	<p><i>Exporters are proposed to be given an option to be taxed under NTR by inserting the following new sub-section;</i></p> <p>(5) The provisions of sub-section (4) shall not apply to a person who irrevocably opts not to be subject to final taxation:</p> <p>Provided that this option shall be exercised at the time of filing of return under section 114:</p> <p>Provided further that the tax deducted under this sub-section shall be minimum tax</p>
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<p>159(3), (4) &amp; (5)</p>	<p><b>Exemption or lower rate certificate:</b>                  (3) The Board may, from time to time, by notification in the official Gazette –                  (a) amend the rates of withholding tax prescribed under this Ordinance; or                  (b) exempt persons, class of persons, goods or class of goods from withholding tax under this Ordinance.]                  (4) All such amendments shall have effect in respect of any tax year beginning [on] any date before or after the commencement of the financial year in which the notification is issued and shall not be applicable in respect of income on which tax withheld is treated as discharge of final tax liability.]                  (5) The Board shall place all notifications issued under sub-section (3) in a financial year before both Houses of Majlis-e-Shoora (Parliament).</p>	<p><i>Powers vested with the Board to grant exemptions/concession from withholding taxes to certain person by issuance of notification by the Board are proposed to be withdrawn by omitting said sub-sections.</i></p>
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<b>161(1B)</b>	<p><b>Failure to pay tax collected or deducted;</b></p> <p>(1B) Where at the time of recovery of tax under sub-section (1) it is established that the tax that was to be deducted from the payment made to a person or collected from a person has meanwhile been paid by that person, no recovery shall be made from the person who had failed to collect or deduct the tax but the said person shall be liable to pay [default surcharge]at the rate of eighteen per cent per annum from the date he failed to collect or deduct the tax to the date the tax was paid</p>	<p><i>The rate of default surcharge is proposed to be reduced from 18% to 12% consequent to substantial reduction in interest rates in country;</i></p> <p>(1B) Where at the time of recovery of tax under sub-section (1) it is established that the tax that was to be deducted from the payment made to a person or collected from a person has meanwhile been paid by that person, no recovery shall be made from the person who had failed to collect or deduct the tax but the said person shall be liable to pay [default surcharge]at the rate of <b>twelve</b> per cent per annum from the date he failed to collect or deduct the tax to the date the tax was paid</p>
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165B	<b>Non-Existent</b>	<p><i>Following new self explanatory section is proposed to be inserted;</i></p> <p><b>165B. Furnishing of information by financial institutions including banks. —</b></p> <p>(1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and any regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), on the subject every financial institution shall make arrangements to provide information regarding non-resident Persons to the Board in the prescribed form and manner for the purpose of automatic exchange of information under bilateral agreement or multilateral convention.</p> <p><i>Through Finance Act, 2014 power obtained information from banking companies in respect of resident person was acquired now similar information can be obtained in case of non-residents.</i></p> <p>(2) <i>Subject to section 216, all information received under this section shall be used only for tax and related purposes and kept confidential</i></p>
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<p>171(1)</p>	<p><b>171. Additional payment for delayed refunds.—(1)</b></p> <p>Where a refund due to a taxpayer is not paid within three months of the date on which it becomes due, the Commissioner shall pay to the taxpayer a further amount by way of compensation at the rate of [fifteen] per annum of the amount of the refund computed for the period commencing at the end of the three month period and ending on the date on which it was paid</p>	<p><i>The rate of compensation for delayed refund is proposed to be linked with KIBOR rate as under;</i></p> <p>Where a refund due to a taxpayer is not paid within three months of the date on which it becomes due, the Commissioner shall pay to the taxpayer a further amount by way of compensation at the rate of <b>[KIBOR plus 0.5 per cent]</b> per annum of the amount of the refund computed for the period commencing at the end of the three month period and ending on the date on which it was paid</p>
<p>176(1)(a)</p>	<p><b>Notice to obtain information or evidence:</b></p> <p>(a) to furnish to the Commissioner or an authorized officer, any information relevant to any tax [leviable] under this Ordinance as specified in the notice; or</p>	<p><i>The proposed substituted clause seeks to broaden the scope of section 176 to include the information that may be required to fulfill obligation under intergovernmental agreements under section 107 as under;</i></p> <p>(a) to furnish to the Commissioner or an authorised officer, any information relevant to any tax leviable under this Ordinance or to fulfill any obligation under any agreement with foreign government or governments or tax jurisdiction, as specified in the notice; or”; and</p>

<p><b>176(1A)</b></p>	<p><b>Non-Existent</b></p>	<p><i>Following self explanatory sub section is proposed to be inserted as under;</i></p> <p>(1A) A special audit panel appointed under sub-section (11) of section 177, for any tax year, may, with the prior approval of the Commissioner concerned, enter the business premises of a taxpayer, to obtain any information, require production of any record, on which the required information is stored and examine it within such premises and such panel may if specifically delegated by the Commissioner, also exercise the powers as provided in sub-section (4).</p>
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177(11)	<p><b>Audit</b> <b>Non-Existent</b></p>	<p><i>In order to take advantage of professionals outside the FBR staff new audit methodology comprising of teams consisting of both FBR officials and Professional Accountants is proposed to be introduced by inserting following self explanatory sub-sections in section 177;</i></p> <p>(11) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following:-</p> <p>(a) an officer or officers of Inland Revenue;</p> <p>(b) a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);</p> <p>(c) a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or</p> <p>(d) any other person as directed by the Board, to conduct an audit, including a forensic audit, of the income tax affairs of any person or classes of persons and the scope of such audit shall be as determined by the Board or the Commissioner on case to case basis.</p>
177(12)	<p><b>Non-Existent</b></p>	<p><b>(12)</b> Special audit panel shall be headed by a Chairman who shall be an officer of Inland Revenue.</p>

<p>177(13)</p>	<p><i>Non- Existent</i></p>	<p><b>(13)</b> Powers under sections 175 and 176 for the purposes of conducting an audit under sub-section (11), shall only be exercised by an officer or officers of Inland Revenue, who are member or members of the special audit panel, and authorized by the Commissioner.</p>
<p>177(14)</p>	<p><i>Non- Existent</i></p>	<p><b>(14)</b> Notwithstanding anything contained in sub-sections (2) and (6), where a person fails to produce before the Commissioner or a special audit panel under sub-section (11) to conduct an audit, any accounts, documents and records, required to be maintained under section 174 or any other relevant document, electronically kept record, electronic machine or any other evidence that may be required by the Commissioner or the panel, the Commissioner may Proceed to make best judgment assessment under section 121 of this Ordinance and the assessment treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect.</p>

177(15)	<b>Non- Existent</b>	<b>(15)</b> If any one member of the special audit panel, other than the Chairman, is absent from conducting an audit, the proceedings of the audit may continue, and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.
177(16)	<b>Non- Existent</b>	<b>(16)</b> Functions performed by an officer or officers of Inland Revenue as members of the special audit Panel, for conducting audit, shall be treated to have been performed by special audit panel.
177(17)	<b>Non- Existent</b>	<b>(17)</b> The Board may prescribe the mode and manner of constitution, procedure and working of the special audit panel
181(4)	<b>Taxpayer's Registration</b> <b>Non- Existent</b>	<i>Computerized NIC No. issued by NADRA is deemed to be NTN no. from tax year, 2015;</i> <i>The amendment is silent about status of NTN already issued.</i>  <b>(4)</b> From tax year 2015 and onwards, in case of individuals having Computerized National Identity Card (CNIC) issued by the National Database and Registration Authority, CNIC shall be used as National Tax Number.”



182(1A)	<p><b>Offences and penalties:</b> Such person shall pay a penalty of Rs. 2,500 for each day of default subject to a minimum penalty of fifty thousand rupees.</p>	<p><i>Penalty for non-filing of statement under section 115, 165, 165A has been proposed to be amended as under (previously same amount was provided as a concession in Second Schedule);</i> Such person shall pay a penalty of Rs. 2,500 for each day of default subject to a minimum penalty of <b>ten thousand rupees.</b></p>
182(1AA)	<p>Such person shall pay a penalty of Rs. 100 for each day of default.</p>	<p><i>Penalty for non-filing of wealth statement has been proposed to be revised as under;</i> Such person shall pay a penalty of <b>“0.1% of the taxable income per week or Rs.20,000, whichever is higher.”</b></p>
195(3)	<p><b>Prosecution for making false or misleading statements;</b>  (3)Sub-section (3) of section 187 shall apply in determining whether a person has made a statement to [an income tax authority].</p>	<p><i>Corresponding amendment is proposed to be made for incorporating correct reference as under;</i> <b>(3)Entry against S.No.10 in column (2) of the Table in sub-section (1) of section 182</b> shall apply in determining whether a person has made a statement to an income tax authority.</p>

<p>205(1)</p>	<p><b>Default surcharge. —</b>                  (1) A person who fails to pay –                  (a) any tax, excluding the advance tax under section 147 and [default surcharge] under this section;                  (b) any penalty; or                  (c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for [default surcharge] at a rate equal to [18 per cent per annum] on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid</p>	<p><i>The rate of default surcharge has been proposed to be reduced to 12% reflecting substantial decrease in Interest Rate as under;</i></p> <p>(1) A person who fails to pay –                  (a) any tax, excluding the advance tax under section 147 and [default surcharge] under this section;                  (b) any penalty; or                  (c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for [default surcharge] at a rate equal to <b>[12 per cent per annum]</b> on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid</p>
<p>207(ga)</p>	<p><b>Non-Existent</b></p>	<p><i>Corresponding amendment is proposed to be made for incorporating correct reference as under;</i></p> <p><b>Income tax authorities</b>                  (ga) special audit panel;</p>

<p style="text-align: center;">210(1B)</p>	<p><b>Delegation;</b>  <b>(1B)</b> The Commissioner may delegate the powers to a firm of chartered accountants [or a firm of Cost and Management Accountants] appointed by the [Board or the Commissioner] to conduct the audit of persons [ ] for audit under section 177.]</p>	<p><i>Sub-section proposed to be substituted to incorporate the reference of newly proposed sub-section-177(11) as under;</i></p> <p>(1B) The Commissioner may, by an order in writing, delegate to a special audit panel appointed under sub-section (11) of section 177, or to a firm of chartered accountants or a firm of Cost and Management Accountants appointed by the Board or the Commissioner to conduct an audit of person under section 177, all or any of the powers or functions to conduct an audit under this Ordinance.</p>
<p style="text-align: center;">211</p>	<p><b>Power or function exercised. —</b>                  (1) Where, by virtue of an order under section 210, a [an officer of Inland Revenue] exercises a power or performs a function of the Commissioner, such power or function shall be treated as having been exercised or performed by the Commissioner.</p>	<p><i>Sub-section proposed to be substituted to incorporate the reference of newly proposed sub-section-177(11) as under;</i></p> <p>(1) Where, by virtue of an order under section 210, a [an officer of Inland Revenue] <b>or by a special audit panel appointed under sub-section (11) of section 177</b> exercises a power or performs a function of the Commissioner, such power or function shall be treated as having been exercised or performed by the Commissioner.</p>

214D	<b>Non-Existent</b>	<p><i>Following self explanatory sections is proposed to be introduced for automatic selection for audit of non-compliant retailers;</i></p> <p><b>Automatic selection for audit.-</b> (1) A person registered as retailer under rule (4) or rule (6) of the Sales Tax Special Procedure Rules, 2007 who does not fulfill the parameters mentioned in sub-clauses (a) to (e) of sub-section (3) shall be automatically selected for audit of income tax affairs for that tax year.</p> <p>(2) Audit of Income Tax affairs of persons automatically selected under sub-section (1) shall be conducted as per procedure given in section 177 and all the provisions of the Ordinance, except the first proviso to sub-section (1) of section 177, shall apply accordingly.</p> <p>(3) The provisions of sections 177 and 214C for a tax year shall not apply to a person registered as retailer under rule (4) or rule (6) of the Sales Tax Special Procedure Rules, 2007 subject to the conditions that;-</p> <p>(a) name of the person registered under rule (4) of the Sales Tax Special Procedure Rules, 20 07 appears in the sales tax active taxpayers' list ;</p>
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<p><b>214D</b></p>		<p>(b) complete return of income within the meaning of sub-section (2) of section 114 has been filed within the date it was required to be furnished as mentioned in section 118 including the date extended by the Board from time to time;</p> <p>(c) the tax payable under sub-section (1) of section 137 has been paid;</p> <p>(d) two percent tax on turnover under section 113 has been paid by a person registered under rule (6) of the Sales Tax Special Procedure Rules, 2007 who files a return below taxable limit and who in the preceding tax year had either not filed return or had declared income below taxable limit; and</p> <p>(e) twenty five percent higher tax than the previous tax year has been paid by a person registered under rule (6) of the Sales Tax Special Procedure Rules, 2007 who had declared taxable income in the return for immediately preceding tax year.</p> <p>(4) This section shall have effect from the date appointed by the Board through notification in official gazette”;</p>
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227B	<b>Non-Existent</b>	<p><i>Following self explanatory new section is proposed to be inserted as under;</i></p> <p><b>Reward to whistleblowers.—</b></p> <p>(1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of income tax, fraud, corruption or misconduct providing credible information leading to such detection of tax.</p> <p>(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers.</p> <p>(3) The claim for reward by the whistleblower shall be rejected if—</p> <p>(a) the information provided is of no value;</p> <p>(b) the Board already had the information;</p> <p>(c) the information was available in public records; or</p> <p>(d) no collection of taxes is made from the information provided from which the Board can pay the reward.</p>
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		<p>(4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of income tax leading to detection or collection of taxes, fraud, corrupt ion or misconduct, to the competent authority having power to take action against the person or an income tax authority committing fraud, corruption, misconduct, or involved in concealment or evasion of taxes.”;</p>
<p>231A(2)</p>	<p><b>Cash withdrawal from a bank:</b>                  (2) Advance tax under this section shall not be collected in the case of withdrawals made by,-                  (a) the Federal Government or a Provincial Government;                  (b) a foreign diplomat or a diplomatic mission in Pakistan; or                  (c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.</p>	<p><b>Omitted</b>  <i>The exemptions provided under various sections of chapter XII have been proposed to be omitted from individual sections and simultaneously provided in separate section 236O to avoid repetition.</i></p>

<p style="text-align: center;"><b>231AA(1)</b></p>	<p><b>231AA. Advance tax on transactions in bank.—</b>                  (1) Every banking company, non-banking financial institution, exchange company or any authorized dealer of foreign exchange shall collect advance tax at the time of sale against cash of any instrument, including Demand Draft, Pay Order, CDR, STDR, SDR, RTC, or any other instrument of bearer nature or on receipt of cash on cancellation of any of these instruments:</p> <p>Provided that this sub-section shall not be applicable in case of inter-bank or intra-bank transfer and also where payment is made through a crossed cheque for purchase of a financial instrument as referred to in sub-section (1).</p>	<p><i>Exemption on interbank and intra-bank transfers is proposed to be withdrawn by omitting proviso to sub section (1) as under;</i></p> <p>(1) Every banking company, non-banking financial institution, exchange company or any authorized dealer of foreign exchange shall collect advance tax at the time of sale against cash of any instrument, including Demand Draft, Pay Order, CDR, STDR, SDR, RTC, or any other instrument of bearer nature or on receipt of cash on cancellation of any of these instruments.</p> <p><b>Omitted</b></p>
<p style="text-align: center;"><b>231AA(4)</b></p>	<p><b>Advance tax on transactions in bank;</b>                  Advance tax under this section shall not be collected in the case of transactions made by,—                  (a) the Federal Government or a Provincial Government;                  (b) a foreign diplomat or a diplomatic mission in Pakistan; or                  (c) a person who produces a certificate from the Commissioner that its income during the tax year is exempt</p>	<p><b>Omitted</b>  <i>The exemptions provided under various sections of chapter XII have been proposed to be omitted from individual sections and simultaneously provided in separate section 236O to avoid repetition.</i></p>



231B(3)	<p><b>Advance tax on private motor vehicles;</b></p> <p>(3) Every manufacturer of a motor <b>car or jeep</b> 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><i>The proposed amendment seeks to broaden the scope of said proviso is as under;</i></p> <p>3) Every manufacturer of a motor <b>vehicle</b> 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>
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231B(6) & (7)	<b>Non-Existent</b>	<p><i>Following explanatory sub-sections are proposed to be inserted;</i></p> <p>(6) For the purposes of this section the expression “date of first registration” means:-</p> <p>(a) the date of issuance of broad arrow number in case a vehicle is acquired from the Armed Forces of Pakistan;</p> <p>(b) the date of registration by the Ministry of Foreign Affairs in case the vehicle is acquired from a foreign diplomat or a diplomatic mission in Pakistan;</p> <p>(c) the last day of the year of manufacture in case of acquisition of an unregistered vehicle from the Federal or a Provincial Government; and</p> <p>(d) in all other cases the date of first registration by the Excise and Taxation Department.</p> <p>(7) For the purpose of this section “motor vehicle” includes car, jeep, van, sports utility vehicle, pick-up trucks for private use, caravan automobile, limousine, wagon and any other automobile used for private purpose.”;</p>
234(6)	<b>Non-Existent</b>	<p><i>Following explanatory sub-sections are proposed to be inserted;</i></p> <p>(6) For the purpose of sub-sections (1) and (2) “motor vehicle” shall include the vehicles specified in sub-section (7) of section 231B.”;</p>

236	<p><b>Telephone users.-</b>                  (1) Advance tax at the rates specified in Part IV of the First Schedule shall be collected on the amount of –                  (a) telephone bill of a subscriber;                  (b) prepaid cards for telephones;                  (c) sale of units through any electronic medium or whatever form.</p> <p>(2) The person preparing the telephone bill shall charge advance tax under sub-section (1) in the manner telephone charges are charged.</p> <p>(3) The person issuing or selling prepaid cards for telephones shall [collect] advance tax under sub-section (1) from the purchasers at the time of issuance or sale of cards.</p>	<p><i>The proposed amendment seeks to extend the scope of section 236 to internet users also as under;</i></p> <p><b>236. Telephone &amp; Internet users.-</b>                  (1) Advance tax at the rates specified in Part IV of the First Schedule shall be collected on the amount of –                  (a) telephone <b>and internet</b> bill of a subscriber;                  (b) prepaid cards for telephones;                  (c) sale of units through any electronic medium or whatever form.  <b>(d) internet bill of a subscriber;</b>  <b>(e) prepaid cards for internet;</b></p> <p>(2) The person preparing the telephone bill shall charge advance tax under sub-section (1) in the manner telephone or internet charges are charged.</p> <p>(3) The person issuing or selling prepaid cards for telephones or internet shall [collect] advance tax under sub-section (1) from the purchasers at the time of issuance or sale of cards.</p>
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<p>236B(1)</p>	<p><b>Non-Existent</b></p>	<p><i>Following self explanatory proviso is proposed to be inserted as under;</i>  <b>Advance tax on purchase of air ticket;</b>  <i>“Provided that this section shall not apply to routes of Baluchistan coastal belt, Azad Jammu and Kashmir, FATA, Gilgit-Baltistan and Chitral.”; and</i></p>
<p>236B(4)</p>	<p>(4) The advance tax under this section shall not be collected in the case of—                  (a) the Federal Government or a Provincial Government; or                  (b) a person who produces a certificate from the Commissioner Inland Revenue that income of such person during the tax year is exempt.]</p>	<p><i>The exemptions provided under various sections of chapter XII have been proposed to be omitted from individual sections and simultaneously provided in separate section 236O to avoid repetition.</i>  <b>Omitted</b></p>
<p>236C(3)</p>	<p><b>Advance Tax on sale or transfer of immovable Property.</b>                  (3)The advance tax under this section shall not be collected in the case of Federal Government, Provincial Government or a Local Government.]</p>	<p><i>The exemptions provided under various sections of chapter XII have been proposed to be omitted from individual sections and simultaneously provided in separate section 236O to avoid repetition.</i>  <b>Omitted</b></p>

<p>236H(1)</p>	<p><b>236H. Advance tax on sales to retailers.—</b>                  (1)Every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, <b>fertilizer</b>, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers, shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.</p>	<p><i>Proposed amendment seeks to exclude fertilizer sector from collection of tax under said section as under;</i>                  (1)Every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers <b>or wholesalers</b> shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.</p>
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236I(6)	<p><b>Non-Existent</b></p>	<p><i>Following sub-section providing exemption to non-resident is proposed to be inserted;</i></p> <p><b>Collection of advance tax by educational institutions;</b>  (6) Advance tax under this section shall not be collected from a person who is a non-resident and,-  (i) furnishes copy of passport as an evidence to the educational institution that during previous tax year, his stay in Pakistan was less than one hundred eighty-three days;  (ii) furnishes a certificate that he has no Pakistan-source income; and  (iii) the fee is remitted directly from abroad through normal banking channels to the bank account of the educational institution.”;</p>
236K(3)	<p><b>Advance tax on purchase or transfer of immovable property.</b></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><i>The exemptions provided under various sections of chapter XII have been proposed to be omitted from individual sections and simultaneously provided in separate section 236O to avoid repetition.</i></p> <p><b>Omitted</b></p>

2360	<p><b>Non-Existent</b></p>	<p><i>The exemptions provided under various sections of chapter XII have been proposed to be omitted from individual sections and simultaneously provided in following section to avoid repetition;</i></p> <p><b>Advance tax under this chapter.-</b> The advance tax under this chapter shall not be collected in the case of withdrawals made by,- (a) the Federal Government or a Provincial Government; (b) a foreign diplomat or a diplomatic mission in Pakistan; or (c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt</p>
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236P	<b>Non-Existent</b>	<p><i>Following new sub-section proposed to be inserted for collection of advance tax on banking transaction in case of non-filers only;</i></p> <p><b>Advance tax on banking transactions otherwise than through cash;</b></p> <p>(1) Every banking company shall collect advance adjustable tax from a non-filer at the time of sale of any instrument, including demand draft, pay order, special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt, rupee traveller's cheque or any other instrument of such nature.</p> <p>(2) Every banking company shall collect advance adjustable tax from a non-filer at the time of transfer of any sum through cheque or clearing, interbank or intra bank transfers through cheques, online transfer, telegraphic transfer, mail transfer, direct debit, payments through internet, payments through mobile phones, account to account funds transfer, third party account to account funds transfers, real time account to account funds transfer, real time third party account to account fund transfer, automated teller machine (ATM) transfers, or any other mode of electronic or paper based funds transfer.</p>
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236P	<b>Non-Existent</b>	<p>(3) The advance tax under this section shall be collected at the rate specified in Division XXI of Part IV of the First Schedule, where the sum total of payments for all transactions mentioned in sub-section (1) or sub-section (2), as the case may be, exceed fifty thousand rupees in a day.</p> <p>(4) Advance tax under this section shall not be collected in the case of Pakistan Realtime Interbank Settlement Mechanism (PRISM) transactions or payments made for Federal, Provincial or local Government taxes.</p>
236Q	<b>Non-Existent</b>	<p><i>Following new section is proposed to be inserted for collection of advance tax from payment on account of equipment rental;</i></p> <p><b>Payment to residents for use of machinery and equipment.-</b></p> <p>(1) Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person for use or right to use industrial, commercial and scientific equipment shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.</p>

236Q	<b><i>Non-Existent</i></b>	<p>(2) Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person on account of rent of machinery shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.</p> <p>(3) The tax deductible under sub-sections (1) and (2) shall be final tax on the income of such resident person.</p> <p>(4) In this section “prescribed person” means a prescribed person as defined in sub-section (7) of section 153.</p>
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236R	<b>Non-Existent</b>	<p><i>Following new sub-section is proposed to be inserted for collection of advance tax on remittance of education expenses abroad;</i></p> <p><b>Collection of advance tax on education related expenses remitted abroad;</b></p> <p>(1) There shall be collected advance tax at the rate specified in Division XXIV of Part-I V of the First Schedule on the amount of education related expenses remitted abroad.</p> <p>(2) Banks, financial institutions, foreign exchange companies or any other person responsible for remitting foreign currency abroad shall collect advance tax from the payer of education related expenses.</p> <p>3) Tax collected under this section shall be adjustable against the income of the person remitting payment of education related expenses.</p> <p>(4) For the purpose of this section, "education related expenses" includes tuition fee, boarding and lodging expenses, any payment for distant learning to any institution or university in a foreign country and any other expense related or attributable to foreign education</p>
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236S	<b>Non-Existent</b>	<p><i>Following new sub-section has been proposed to be inserted for collection of advance tax from payments of dividend in specie;</i></p> <p><b>Dividend in specie. –</b> Every person making payment of dividend-in-specie shall collect tax from the gross amount of the dividend in specie paid at the rate specified in Division I of Part III of the First Schedule.</p>
236T	<b>Non Existent</b>	<p><i>Following new sub-section has been proposed to be inserted whereby PMEX is empowered to collect advance tax from its member;</i></p> <p><b>Collection of tax by Pakistan Mercantile Exchange Limited (PMEX);</b> (1) Pakistan Mercantile Exchange Limited(PMEX) shall collect advance tax,—</p> <p>(a) at the rates specified in Division XXII of Part IV of First Schedule from its members on purchase of futures commodity contracts;</p> <p>(b) at the rates specified in Division XXII of Part IV of First Schedule from its members on sale of futures commodity contracts;</p>

236T	<p><b><i>Non-Existent</i></b></p>	<p>(c) at the rates specified in Division XXII of Part IV of First Schedule from its members on purchase of futures commodity contracts in lieu of tax on the commission earned by such members;</p> <p>(d) at the rates specified in Division XXII of Part IV of First Schedule from its members on sale of futures commodity contracts in lieu of tax on the commission earned by such members;</p> <p>(2) The tax collected under clauses (a) to (d) of sub-section (1) shall be a minimum tax.”;</p>
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**THE FIRST SCHEDULE**  
**RATES OF TAX FOR INDIVIDUAL AND AOPs**

PART-I (Division-I)

Sr. #	Taxable Income	Rate of Tax
1	Where the taxable income does not exceed Rs.400,000	0%
2	Where the taxable income exceeds Rs 400,000 but does not exceed Rs 500,000	7% of the amount exceeding Rs.400,000
3	Where the taxable income exceeds Rs 500,000 but does not exceed Rs 750,000	Rs 7,000 + 10% of the amount exceeding Rs.500,000
4	Where the taxable income exceeds Rs 750,000 but does not exceed Rs 1,500,000	Rs 32,000 + 15% of the amount exceeding Rs.750,000
5	Where the taxable income exceeds Rs 1,500,000 but does not exceed Rs 2,500,000	Rs 144,500 + 20% of the amount exceeding Rs.500,000
6	Where the taxable income exceeds Rs 2,500,000 but does not exceed Rs 4,000,000	Rs 344,500 + 25% of the amount exceeding Rs.2,500,000
7	Where the taxable income exceeds Rs 4,000,000 but does not exceed Rs 6,000,000	Rs 719,500 + 30% of the amount exceeding Rs.4,000,000
8	Where the taxable income exceeds Rs 6,000,000	Rs 1,319,500 + 35% of the amount exceeding Rs.6,000,000

**RATES OF TAX FOR SALARIED INDIVIDUAL  
PART-IA (Division-I)**

Sr. #	Taxable Income	Rate of Tax
1	Where the taxable income does not exceed Rs.400,000	0%
2	Where the taxable income exceeds Rs 400,000 but does not exceed Rs.500,000	2% of the amount exceeding Rs.400,000
3	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	Rs.2,000 + 05% of the amount exceeding Rs.500,000
4	Where the taxable income exceeds Rs.750,000 but does not exceed Rs 1,400,000	Rs.14,500 + 10% of the amount exceeding Rs.750,000
5	Where the taxable income exceeds Rs 1,400,000 but does not exceed Rs 1,500,000	Rs.79,500 + 12.50% of the amount exceeding Rs.1,400,000
6	Where the taxable income exceeds Rs 1,500,000 but does not exceed Rs 1,800,000	Rs.92,000 + 15% of the amount exceeding Rs.1,500,000
7	Where the taxable income exceeds Rs 1,800,000 but does not exceed Rs 2,500,000	Rs.137,000 + 17.50% of the amount exceeding Rs.1,800,000
8	Where the taxable income exceeds Rs 2,500,000 but does not exceed Rs.3,000,000	Rs.259,500 + 20% of the amount exceeding Rs.2,500,000
9	Where the taxable income exceeds Rs.3,000,000 but does not exceed Rs.3,500,000	Rs.359,500 + 22.5% of the amount exceeding Rs.3,000,000
10	Where the taxable income exceeds Rs 3,500,000 but does not exceed Rs.4,000,000	Rs.472,000 + 25% of the amount exceeding Rs.3,500,000
11	Where the taxable income exceeds Rs 4,000,000 but does not exceed Rs.7,000,000	Rs.597,000 + 27.5% of the amount exceeding Rs.4,000,000
12	Where the taxable income exceeds Rs 7,000,000	Rs.1,422,000 + 30% of the amount exceeding Rs.7,000,000

**Division-II**  
**RATES OF TAX FOR COMPANIES**

Following new proviso prescribing rate of tax for companies for tax year-2016 has been proposed to be inserted

***Provided further that the rate of tax imposed on taxable income of a company, other than banking company shall be 32% for the tax year 2016.”;***

Following new division prescribing rate of super tax levied through new proposed section is proposed to be inserted as under;

**Division IIA**  
**Rates of Super Tax**

<u>Person</u>	<u>Rate of Super Tax</u>
Banking Company	4% of the income
Person, other than a banking company, having income equal to or exceeding Rs.500 million	3% of the income ”;

**Division III**  
**Rates of Dividend Tax**

*Amended rates of dividend tax 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) 12.5%, in all other cases:  
Provided that the dividend received by a person from a stock fund shall be taxed at the rate of 15% for tax year 2016 and onwards, if dividend receipts are less than capital gains:



Provided further that the dividend received by a company from a collective investment scheme, REIT Scheme or a mutual fund, other than a stock fund, shall be taxed at the rate of 25% for tax year 2016 and onwards;

Provided also that if a Developmental REIT Scheme with the object of development and construction of residential buildings is set up by thirtieth day of June, 2018, dividend received by a person from such Developmental REIT Scheme shall be reduced by fifty percent for three years from thirtieth day of June, 2018.

*Following new division namely Division IIIA prescribing rates of tax on profit on debt imposed under proposed section 5A to be inserted as under;*

**Division IIIA  
Rate for Profit on Debt**

<b>S. No.</b>	<b>Profit on Debt</b>	<b>Rate of tax</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Where profit on debt does not exceed Rs.25,000,000	10%
2.	Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.50,000,000	Rs.2,500,000 + 12.5% of the amount exceeding Rs.25,000,000
3.	Where profit on debt exceeds Rs.50,000,000	Rs.5,625,000 + 15% of the amount exceeding Rs.50,000,000

**Division VII**  
**Capital Gains on disposal of Securities**

*Rates of tax on Capital Gains on Disposal of Securities under section 37(A) have been proposed to be amended by substituting Division VII with following;*

<u>S.No.</u>	<u>Period</u>	<u>Tax Year 2015</u>	<u>Tax Year 2016</u>
(1)	(2)	(3)	
1.	Where holding period of a security is less than twelve months	12.5%	15%
2.	Where holding period of a security is twelve months or more but less than twenty four months	10%	12.5%
3.	Where holding period of a security is twenty four months or more but less than four years	0%	7.5%

Provided that the rate for companies shall be as specified in Division II of Part I of First Schedule, in respective of debt securities;

Provided further that a mutual fund or a collective investment scheme or a REIT scheme shall deduct Capital Gains Tax at the rates as specified below, on redemption of securities as prescribed, namely:-

<u>Category</u>	<u>Filer</u>	<u>Non-Filer</u>
Individual and association of persons	10% for stock funds 10% for others	17.5%
Company	10% for stock funds 25% for others	25%

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%.

**Division IX**  
**Minimum Tax under section 113**

The rate of minimum tax payable by distributor of fertilizers and consumer goods has been proposed to be enhanced from 0.2% to 0.5% by amending Division IX as under;

S.No	Person(s)	Minimum Tax as percentage of the person's turnover for the year
(1)	(2)	(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) Pakistani Airlines; and (c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production. (d) Dealers or distributors of fertilizers.	0.5%
2.	(a) Distributors of pharmaceutical products, fast moving consumer goods and cigarettes; (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%
3.	Motorcycle dealers registered under the Sales Tax Act, 1990.	0.25%
4.	In all other cases.	1%

### Rates of Advance Tax IMPORTS

The increased rates of tax collection on non-filers have also been brought in section 148, the amended rates of tax collection are proposed to be as under;

S.No	Persons	Rate	
		Filer	Non-Filer
(1)	(2)	(3)	(4)
1.	(i) Industrial undertaking importing re-meltable 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 <sup>th</sup> December, 2004; (iii) Persons importing urea; and (iv) Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011	1% of the import value as increased by customs-duty, sales tax and federal excise duty	1.5% of the Import value as increased by customs-duty, sales tax and federal excise duty
2.	Persons importing pulses	2% of the import value as increased by customs-duty, sales tax and federal excise duty	3% of the 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 the import value as increased	4.5% of the import value as increased

		by customs-duty, sales tax and federal excise duty	by customs-duty, sales tax and federal excise duty
4.	Ship breakers on import of ships	4.5%	6.5%
5.	Industrial undertakings not covered under S. Nos. 1 to 4	5.5%	8.5%
6.	Companies not covered under S. Nos. 1 to 5	5.5%	8%
7.	Persons not covered under S. Nos. 1 to 6	6%	9%

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

*The rates of tax deduction from dividend are proposed to be amended as under;*

The rate of tax to be deducted under section 150 and 236S 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;
- (b) 10% for filers other than mentioned in (a) above;
- (c) 17.5% for non-filers other than mentioned in (a) above:

Provided that the rate of tax required to be deducted by a collective investment scheme, **REIT Scheme** or a mutual fund shall be;

<b>Category</b>	<b>Stock Fund</b>	<b>Money market Fund, Income Fund or any other fund</b>
Individual	10%	10%
Company	10%	25%
AOP	10%	10%

Provided further that if a Developmental REIT Scheme with the object of development and construction of residential buildings is set up by thirtieth day of June, 2018, dividend received by a person from such Developmental REIT Scheme shall be reduced by fifty percent for three years from thirtieth day of June, 2018.”.

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 **15%**.

### **Division-I Profit on debt**

*Rates for deduction of tax u/s.151 are proposed to be amended as under;*

The rate of tax to be deducted under section 151 shall be **15%** of the yield or profit for filers and **17.5%** 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 percent”;

### **Division-II Payment to non-residents**

*The rate of deduction of tax from payment to PE of non-residents under section 152 (2A) on account of supply of goods, services and execution of contract has been proposed to be amended to bring them at par with deduction rates applicable to resident persons. The proposed rates are given as under;*

(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be--

(i) in case of a company, 4% of the gross amount payable, if the company is a filer and 6% if the company is a non-filer; and (ii) in any other case, 4.5% of the gross amount payable, if the person is a filer and 6.5% if the person is a non-filer.”;

“(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be-

i) in case of a company, 4% of the gross amount payable, if the company is a filer and 6% if the company is a non-filer; and

(ii) in any other case, 4.5% of the gross amount payable, if the person is a filer and 6.5% if the person is a non-filer.”;

(5) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (2A) of section 152 shall be—

i) *in the case of transport services, two percent of the gross amount payable; or*

ii) *in cases other than transport,—*

*(a) in case of a company, 8% of the gross amount payable, if the company is a filer and 12% if the company is a non-filer; and*

*(b) in any other case, 10% of the gross amount payable, if the person is a filer and 15% if the person is a non-filer;”;*

(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be,—

(i) 10% of the gross amount payable in case of sports persons;

(ii) in case of a company, 7% of the gross amount payable, if the company is a filer and 10% if the company is a non-filer; and

(iii) in any other case, 7.5% of the gross amount payable, if the person is a filer and 10% if the person is a non-filer.”;

### **Division-III**

#### **Payment for goods and services**

*The increased rate of tax for non-filers have also been proposed to be introduced in case of payments on account of supply of goods and execution of contracts, the amended rates for deduction of tax under section-153 are proposed as under;*

(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) in case of a company, 4% of the gross amount payable, if the company is a filer and 6% if the company is a non-filer; and
  - (ii) in any other case, 4.5% of the gross amount payable, if the person is a filer and 6.5% if the person is a non-filer”;

(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) in case of a company, 8% of the gross amount payable, if the company is a filer and 12% if the company is a non-filer; and
  - (b) in any other case, 10% of the gross amount payable, if the person is a filer and 15% if the person is a non-filer;

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

- (a) in case of a company, 8% of the gross amount payable, if the company is a filer and 12% if the company is a non-filer; and
- (b) in any other case, 10% of the gross amount payable, if the person is a filer and 15% if the person is a non-filer;



**Division-VIA  
Petroleum Products**

*The increased rate of tax for deduction on payment to non-filers has been proposed to be introduced in section 156A as well, the amended rate is prescribed as under;*

Rate of collection of tax under section 156A shall be **[12%]** of the amount of payment for filers and **15%** for non-filers.

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

The tax deduction at higher rate for non-filers has also been proposed to be introduced in section-233, the amended rates are as follows;

The rate of collection under sub-section (1) of section 233 shall be,

- (i) in case of filers, —
  - a) 10% of the amount of the payment, in case of advertising agents; and
  - b) 12% of the amount of payment in all other cases; and
- (ii) in case of non-filers, 15% of the amount of payment.”;

**Division-III  
Tax on Motor Vehicles**

*The increased rate of tax for deduction on payment to non-filers has been proposed to be introduced in section 234 as well, the amended rate is prescribed as under;*

Rates of collection of tax under section 234,—

- (i) In case of goods transport vehicles, tax of two rupees and fifty paise per kilogram of the laden weight shall be charged for filer and four rupees per kilogram of the laden weight for non-filer.

[(1A) In the case of goods transport vehicles with laden weight of 8120 kilograms or more, advance tax after a period of ten years from the date of first registration of vehicle in Pakistan shall be collected at the rate of twelve hundred rupees per annum;]

(2) In the case of passenger transport vehicles plying for hire with registered seating capacity of;-

S.No	Capacity	Rs per seat per annum	
		Filer	Non-Filer
(a)	Four or more persons but less than ten persons.	50	100
(b)	Ten or more persons but less than twenty persons.	100	200
(c)	Twenty persons or more.	300	500

(3) In case of other private motor vehicles shall be as following, -

S. No.	Engine capacity	for filers	for non-filer
(1)	(2)	(3)	(4)
1.	upto 1000cc	Rs. 800	Rs. 1,200
2.	1001cc to 1199cc	Rs. 1,500	Rs. 4,000
3.	1200cc to 1299cc	Rs. 1,750	Rs. 5,000
4.	1300cc to 1499cc	Rs. 2,500	Rs. 7,500
5.	1500cc to 1599cc	Rs. 3,750	Rs. 12,000
6.	1600cc to 1999cc	Rs. 4,500	Rs. 15,000
7.	2000cc & above	Rs. 10,000	Rs. 30,000

#### Division-V Telephone Users

*The rates of tax deduction under section 236 are proposed to be amended as under;*

Rates of collection of tax under section 236, —

- (a) in the case of a telephone subscriber (other than mobile phone subscriber) where the amount of monthly bill exceeds Rs.1000. 10% of the exceeding amount of bill.
- (b) in the case of subscriber of internet, mobile 14% of the amount

telephone and pre-paid internet or of bill or sales price of internet pre-paid card or prepaid telephone card or sale of units through any electronic medium or whatever form

**Division VI**

**Cash withdrawal from a bank**

*The rate of tax deduction under section 231A are proposed to be amended as under;*

The Rate of tax to be deducted under section 231A shall be 0.3% of the cash amount withdrawn for filers and 0.6% of the cash amount withdrawn, for non filers.

**DIVISION VIA**

**Advance tax on Transactions in Bank**

*The rate of tax deduction under section 231A are proposed to be amended as under;*

The rate of tax to be deducted under section 231AA shall be at the rate of 0.3% of the transaction for filers and 0.6% for non filers.

**DIVISION VII**

**Advance Tax on Purchase, Registration and Transfer of Motor Vehicles**

(1) The rate of tax under sub-sections (1) and (3) of section 231B shall be as follows:–

<b>S. No.</b>	<b>Engine capacity</b>	<b>For filers</b>	<b>Tax for non-filer</b>
(1)	(2)	(3)	(4)
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

(2) The rate of tax under sub-section (2) of section 231B shall be as follows:–

S. No.	Engine capacity	For filers	Tax for non-filer
(1)	(2)	(3)	(4)
1.	upto 850cc	-	Rs. 5,000
2.	851cc to 1000cc	Rs. 5,000	Rs. 15,000
3.	1001cc to 1300cc	Rs. 7,500	Rs. 25,000
4.	1301cc to 1600cc	Rs. 12,500	Rs. 65,000
5.	1601cc to 1800cc	Rs. 18,750	Rs. 100,000
6.	1801cc to 2000cc	Rs. 25,000	Rs. 135,000
7.	2001cc to 2500cc	Rs. 37,500	Rs. 200,000
8.	2501cc to 3000cc	Rs. 50,000	Rs. 270,000
9.	Above 3000cc	Rs. 62,500	Rs. 300,000

Provided that the rate of tax to be collected shall be reduced by 10% each year from the date of first registration in Pakistan.

#### DIVISION XIV

#### Advance Tax on Sale to Distributors, Dealers or Wholesalers

The rate of tax deduction under section 236G are proposed to be amended as under;

Category of Sale	Rate of Tax	
	Filer	Non-Filer
Fertilizers	0.7%	1.4%
Other than Fertilizers	0.1%	0.2%

**DIVISION XIX****Advance Tax on Domestic Electricity Consumption**

*The rate of tax deduction under section 235A are proposed to be amended as under;*

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

- (i) 7.5% if the amount of monthly bill is Rs. 75,000 or more; and
- (ii) 0% the amount of monthly bill is less than Rs. 75,000.

**DIVISION XX****Advance Tax on International Air Tickets**

*The rate of tax deduction under section 235A are proposed to be amended as under;*

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

<b>S. No.</b>	<b>Type of Ticket</b>	<b>Rate</b>
(1)	(2)	(3)
1.	First/Executive Class	16,000 per person
2.	Others excluding Economy	12,000 per person
3.	Economy	0

**DIVISION XXI****Advance Tax on Banking Transactions Otherwise Than Through Cash**

*A new division prescribing rate of collection of tax under section 236P is proposed to be inserted as under;*

The rate of tax to be collected under section 236P shall be 0.6% of the transaction for non-filers.

**DIVISION XXII****Rate of Collection of Tax by Pakistan Mercantile Exchange Limited**

*A new division prescribing rate of collection of tax under section 236T is proposed to be inserted as under;*

The rate of tax to be collected under section 236T shall be shall be as follows:—

- (a) in case of sale or purchase of future commodity contract as per clause (a) and (b) of sub-section (1) of section 236T shall be 0.1%.
- (b) in case of commission on sale or purchase of future commodity contract as per clause (c) and (d) of sub-section (1) of section 236T shall be 0.1%.

**DIVISION XXIII****Payment to a resident person for right to use machinery and equipment**

*A new division prescribing rate of collection of tax under section 236Q is proposed to be inserted as under;*

*Rate of collection of tax under section 236Q shall be 10 percent of the amount of payment.*

**DIVISION XXIV****Collection of advance tax on education related expenses remitted abroad**

*A new division prescribing rate of collection of tax under section 236Q is proposed to be inserted as under;*

*Rate of collection of tax under section 236R shall be 5 percent of the amount of total education related expenses.*

**SECOND SCHEDULE  
EXEMPTIONS AND TAX CONCESSIONS**

**PART I****Exemptions from Total Income**

*I. Exemptions provided through following clauses are proposed to be withdrawn;*

**(20)** Any income received by a person from an annuity issued under the Pakistan Postal Annuity Certificate Scheme on or after the 27th July, 1977, not exceeding ten thousand rupees per annum.

**(113)** Any income chargeable under the head "capital gains", being income from the sale of shares of a public company set up in any Special Industrial Zone referred to in clause (126) of this Schedule, derived by a person for a period of five years from the date of commencement of its commercial production:

Provided that the exemption under this clause shall not be available to a person from the sale of shares of such companies which are not eligible for exemption from tax under clause (126).

**(126F)** Profits and gains derived by a taxpayer located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA for a period of three years starting from the tax year 2010:

Provided that this concession shall not be available to the manufacturers and suppliers of cement, sugar, beverages and cigarettes.

*II. Following new exemptions are proposed to be allowed by inserting clauses mentioned below;*

**(61)** Any amount paid as donation to the following institution, foundations, societies, boards, trusts and funds, namely:

**(xiv)** The Indus Hospital, Karachi. (new sub-clause inserted).

**(66)** Any income derived by—

**(xxxiii)** The Indus Hospital, Karachi. (new sub-clause inserted).

**(126I)** Profits and gains derived by a taxpayer, from an industrial undertaking set up by 31st day of December, 2016 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from first day of July, 2015.

**(126J)** Profits and gains derived by a taxpayer, from an industrial undertaking set up between 1<sup>st</sup> day of July, 2015 and 30<sup>th</sup> day of June, 2016 engaged in operating warehousing or cold chain facilities for storage of agriculture produce for a period of three years beginning with the month in which the industrial undertaking is set up or commercial operations are commenced, whichever is later.

**(126K)** Profits and gains derived by a taxpayer, from an industrial undertaking set up between 1<sup>st</sup> day of July, 2015 and 31<sup>st</sup> day of December, 2016 which is engaged in operating halal meat production and has obtained halal certification, for a period of four years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later.

**(126L)** Profits and gains derived by a taxpayer, from a manufacturing unit set up in Khyber Pukhtunkhwa Province between 1<sup>st</sup> day of July, 2015 and 30<sup>th</sup> day of June, 2018 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:

Provided that exemption under this clause shall be admissible where—

- (a) the manufacturing unit is setup between the first day of July, 2015 and 30<sup>th</sup> day of June, 2018, both days inclusive; and
- (b) the manufacturing unit is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1<sup>st</sup> July 2015.

**(126M)** Profits and gains derived by a taxpayer from a transmission line project set up in Pakistan on or after the 1st day of July, 2015. The exemption under this clause shall apply to such project which is—

- (a) owned and managed by a company formed for operating the said project and registered under the Companies Ordinance, 1984 (XLVII of 1984), and having its registered office in Pakistan;
- (b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a



new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and (c) owned by a company fifty per cent of whose shares are not held by the Federal Government or Provincial Government or a Local Government or which is not controlled by the Federal Government or a Provincial Government or a Local Government:

Provided that the exemption under this clause shall not apply to projects set up on or after the thirtieth day of June, 2018.

**(141)** Profit and gains derived by LNG Terminal Operators and Terminal Owners for a period of five years beginning from the date when commercial operations are commenced.

**(142)** Income from social security contributions derived by Baluchistan Employees' Social Security Institution, Employees' Social Security Institution Khyber Pakhtunkhwa, Punjab Employees' Social Security Institution and Sindh Employees' Social Security Institution.

**Explanation:-** For the removal of doubt, it is clarified that all incomes other than social security contributions shall not be exempt.

*In clause (99A) following proviso is proposed to be added;*

Provided that profit and gains on sale of immovable property to a Developmental REIT Scheme with the object of development and construction of residential buildings shall be exempt upto thirtieth day of June, 2020.

*III. Clause (103A) has been proposed to be amended as under;*

**(103A)** Any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA or section 59B **subject to the condition that return of the group has been filed for the tax year.**

IV. Clause (126A) has been proposed to be amended as under;

**(126A)** Income derived by China Overseas Ports Holding Company Limited from Gawadar Port operations for a period of twenty **three** years, with effect from the sixth day of February, 2007.

## PART II REDUCTIONS IN TAX RATES

*I. Concessions of reduced tax rates provided under following clauses are proposed to be withdrawn however the subject matter dealt therein is now made part of the statute by inserting new sections (7A, 148A);*

**(13C)** In respect of manufacturers of cooking oil or vegetable ghee or both, the rate of income tax on purchase of locally produced edible oil shall be 2% of the purchase price.

**(14)** In case of owners of [goods transport vehicles], the rate of tax as specified in clause (i) of Division III of Part IV of First Schedule shall be reduced to Rs.2 per kilogram of the laden weight.

**(14A)** In case of passenger transport vehicles, the rate of tax as specified in sub-clause (c) of clause (2) in Division III of Part IV of the First Schedule shall be reduced to 250 rupees per seat per annum.

**(21)** In the case of any resident person engaged in the business of shipping, a presumptive income tax shall be charged in the following manner, namely:-

- (a) ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft purchased or bare-boat chartered and flying Pakistan flag shall pay tonnage tax of an amount equivalent to one US \$ per gross registered tonnage per annum; and
- (b) ships, vessels and all floating crafts including tugs, dredgers, survey vessels and other specialized craft not registered in Pakistan and hired under any charter other than bare-boat charter shall pay tonnage tax of an amount equivalent to fifteen

US cents per tonne of gross registered tonnage per chartered voyage provided that such tax shall not exceed one US \$ per tonne of gross registered tonnage per annum:

Provided that the reduction under this clause shall not be available after the 30th June, 2020.

*II. Following new clause has been proposed to be added as under;*

**(28B)** The rate of tax shall be 0.15% under section 231A on cash withdrawal by an exchange company, duly licensed and authorized by the State Bank of Pakistan, exclusively dedicated for its authorized business related transactions, subject to the condition that a certificate issued by the concerned Commissioner Inland Revenue for a financial year mentioning details and particulars of its Bank Account being used entirely for business transactions is provided.

### **PART III REDUCTION IN TAX LIABILITY**

*I. Following clause is proposed to be omitted;*

**(16)** The minimum penalty for failure to furnish statement under section 115, 165 or 165A as mentioned in column (3) against serial No. (1A) in the Table given in sub-section (1) of section 182 shall be reduced to ten thousand rupees.

### **PART IV EXEMPTIONS FROM SPECIFIC PROVISIONS**

- I. Exemption provided from payment of minimum tax under section 113 to KAPCO under clause (11A) and coal mining projects supplying coal exclusively to power generation projects is proposed to be withdrawn.*
- II. Exemption provided from payment of minimum tax under section 113 under clause (11A) has been proposed to be extended to following persons by inserting new sub-clauses as under.*

**(xviii)** companies, qualifying for exemption under clause (132B) of Part-I of this Schedule, in respect of receipts from a coal mining project in Sindh, supplying coal exclusively to power generation projects.

**(xix)** LNG Terminal Operators and LNG Terminal Owners.

**(xx)** taxpayers located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA for tax year 2010, 2011 and 2012

excluding manufacturers and suppliers of cement, sugar, beverages and cigarettes.

**(xxi)** Rice Mills for the Tax Year 2015.

**(xxii)** taxpayers qualifying for exemption under clauses (126I) of Part-I of this Schedule in respect of income from manufacture of equipment with dedicated use for generation of renewable energy.

**(xxiii)** taxpayers qualifying for exemption under clauses (126J) of Part-I of this Schedule in respect of income from operating warehousing or cold chain facilities for storage of agriculture produce.

**(xxiv)** taxpayers qualifying for exemption under clauses (126K) of Part-I of the is Schedule in respect of income from operating halal meat production, during the period mentioned in clause (126K).

**(xxv)** taxpayers qualifying for exemption under clauses (126L) of Part-I of this Schedule in respect of income from a manufacturing unit set up in Khyber Pukhtunkhwa Province between 1<sup>st</sup> day of July, 2015 and 30<sup>th</sup> day of June, 2018.

III. Following clauses have been proposed to be omitted;

**(16A)** The provisions of section 153(1)(b) shall not be applicable to the persons making payments to electronic and print media in respect of the advertising services.

**(56H)** Provisions of section 148 shall not apply in respect of potatoes between 5<sup>th</sup> of May, 2014 and 15<sup>th</sup> of November, 2014 provided that such import shall not exceed 300,000 metric tons in aggregate during the said period.

**(59(iii))** to Pak rupee accounts or certificates referred to in clause (83) of Part-I of this Schedule.

**(61A)** The provisions of section 231A shall not apply in respect of any cash withdrawal by exchange companies duly licensed and authorized by the State Bank of Pakistan on their bank account exclusively dedicated for their authorized business related transaction:

Provided that.—

- (a) exemption under this clause shall be available to exchange companies who are issued exemption certificate by the concerned Commissioner Inland Revenue for a financial year; and
- (b) the Commissioner shall issue the exemption certificate after obtaining relevant details and particulars of the Bank Accounts.

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

**(79)** The provisions of clause (b) of proviso to sub-section (3) of section 153 shall not be applicable to the tax withheld on payments received by a company for providing or rendering of services.

**(83)** The provision of sub-section (4) of section 116 shall not apply for the tax year 2013 to a person other than a company or a member of an association of person falling under final tax regime (FTR) and has paid tax less than thirty five thousand rupees.

**(89)** The Provisions of section 236I shall not apply to-

- (a) the Federal Government or a Provincial Government;
- (b) an individual entitled to privileges under the United Nations (Privileges and Immunities) Act, 1948 (XX of 1948);
- (c) a foreign diplomat or a diplomatic mission in Pakistan; or
- (d) a person who is a non-resident and-
  - (i) furnishes copy of passport as an evidence to the educational institution that during previous tax year, his stay in Pakistan was less than one hundred eighty-three days;

- (ii) furnishes a certificate that he has no Pakistan-source income; and
- (iii) fee is remitted directly from abroad through normal banking channels to the bank account of the educational institution.

- (90)** The provisions of section 236D shall not apply to-
- (a) the Federal Government or a Provincial Government;
  - (b) an individual entitled to privileges under the United Nations (Privileges and Immunities) Act, 1948 (XX of 1948); or
  - (c) a foreign diplomat or diplomatic mission in Pakistan.

(iv). *Following new clauses are proposed to be inserted;*

- (11D)** The provisions of section 113C shall not apply to LNG Terminal Operators and LNG Terminal Owners.

- (91)** The provisions of section 148 shall not apply to-
- (i) Tillage and seed bed preparation equipment as specified below

Equipment	PCT Code
(i) Rotavator	8432.8010
(ii) Cultivator	8432.2910
(iii) Ridger	8432.8090
(iv) Sub soiler	8432.3090
(v) Rotary slasher	8432.8090
(vi) Chisel plow	8432.1010
(vii) Ditcher	8432.1090
(viii) Border disc	8432.2990
(ix) Disc harrow	8432.2100
(x) Bar harrow	8432.2990
(xi) Mould board plow	8432.1090
(xii) Tractor rear or front blade	8430.6900
(XIII) Land leveller or land planer	8430.6900
(xiv) Rotary tiller	8432.8090
(xv) Disc plow	8432.1090
(xvi) Soil-scrapper	8432.8090
(xvii) K.R.Karundi	8432.8090
(xviii) Tractor mounted trancher	8701.9020
(xix) Land leveler	8430.6900

(92) The provisions of section 148 shall not apply to:-

PCT headings	PCT Codes
Aircraft, whether imported or acquired on wet or dry lease Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000	8802.2000, 8802.3000, 8802.4000
Spare parts for use in aircrafts, trainer aircrafts or simulators	Respective headings
Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division	Respective headings
Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division	Respective headings
Aviation simulators imported by airline company recognized by Aviation Division	Respective headings

(93) The provisions of sub-section (1) of section 154 shall not apply to taxpayers operating halal meat production and qualifying for exemption under clause (126K) of Part-I of this Schedule for the period specified in clause (126K).”;

IV. *Clause (56(i)) has been proposed to be amended as under;*

**(56(ii))** goods classified under Pakistan Customs Tariff falling under Chapters 86 and 99 except PCT heading 9918.

**(56(ia))** Petroleum oils and oils obtained from bituminous minerals crude (PCT Code 2709.0000), Furnace-oil (PCT Code 2710.1941), High speed diesel oil (PCT) Code 2710.1931), Motor spirit (PCT Code 2710.1210), J.P.1 (PCT Code 2710.1912), base oil for lubricating oil (PCT Code 2710.1993) imported by Pakistan State Oil Company Limited, Shell Pakistan Limited, Attock Petroleum Limited, Byco Petroleum Pakistan Limited, Admore Gas Private Limited, Chevron Pakistan Limited, Total-PARCO Pakistan(Private) Limited, Hascol Petroleum Limited, and oil refineries.

- V. *Clause (86) has been proposed to be amended to extend the amnesty provided therein from application of section 111 for period upto June 30, 2017.*

#### FOURTH SCHEDULE

##### **Rules for the computation of the profits and gains of insurance business**

- I. *Rule (6A) has been proposed to be omitted being redundant.*  
 II. *Rule (6B) has been proposed to be substituted prescribing amended rate of capital gain tax as under;*

S.No.	Tax Year	Where holding period of securities is less than six months	Where holding period of securities is more than six months but less than twelve months
(1)	(2)	(3)	(4)
1	Where holding period of a security is less than twelve months	12.5%	15%
2	Where holding period of a security is twelve months or more but less than twenty four months	10.0%	12.5%
3	Where holding period of a security is twenty four months or more but less than four years	0%	7.5%



*The following new sub-rule has been proposed to be inserted clarifying that super tax is also chargeable on insurance business;*

**6D. The provisions of section 4B shall apply to the taxpayers under this schedule and taxed at the rates specified in Division IIA of Part I of the First Schedule.”;**

**THE FIFTH SCHEDULE  
Part-I & II**

*The following new rule has been proposed to be inserted clarifying that super tax under section 4B is also applicable on petroleum business;*

**4AA.** The provisions of section 4B shall apply to the taxpayers under this Part and taxed at the rates specified in Division IIA of “2A. The provisions of section 4B shall apply to the taxpayers under this Part and taxed at the rates specified in Division IIA of Part I of the First Schedule Part.”;

**2A.** The provisions of section 4B shall apply to the taxpayers under this Part and taxed at the rates specified in Division IIA of Part I of the First Schedule.”

**THE SEVENTH SCHEDULE  
Part-I**

**RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON**

*The Rule-6 is proposed to be amended, Rule-6A and 6B are to be omitted and a new Rule-7B is introduced consequent to these proposed amendments the capital gain and dividend income of the banking companies will be taxable at normal rate of tax applicable to such companies under First schedule. The proposed Rule-7b read as under;*

**“(7B)** From tax year 2015 and onwards, income from Dividend and income from Capital Gains shall be taxed at the rate specified in Division II of Part I of First Schedule.

*The following new rule has been proposed to be inserted clarifying that super tax under section 4B is also applicable on banking companies;*

**(7C)** For tax year 2015, the provisions of section 4B shall apply to banking companies and shall be taxed at the rate specified in Division IIA of Part I of First Schedule.”; and

### THE EIGHTH SCHEDULE

*The following new rule has been proposed to be inserted clarifying that super tax under section 4B is equally applicable on person earning taxable income under Eighth Schedule as well;*

**(8)** The provisions of section 4B shall apply to the taxpayers under this schedule and taxed at the rates specified in Division IIA of Part I of the First Schedule.”;

## SALES TAX

The Amendments are applicable from July 1, 2015 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2015	PROPOSED AMENDMENT THROUGH FINANCE BILL 2015
Section 2(1)	<b>Appellate Tribunal</b> <b>Non-Existent</b>	<p>The new clause(1) is proposed to be added as under;</p> <p>“active taxpayer” means a registered person who does not fall in any of the following categories namely;</p> <p>(a) Who is blacklisted or whose registration is suspended or is blocked in terms of section 21;</p> <p>(b) Who fails to file the return under section 26 by the due date for two consecutive tax periods;</p> <p>(c) Who fails to file income tax return under section 114 or statement under section 115 of the Income Tax Ordinance, 2001 by the due date and;</p> <p>(d) Who fails to file two consecutive monthly or an annual withholding tax statement under section 165 of the Income Tax Ordinance, 2001.</p>
Section 2(1)	<b>Appellate tribunal</b> <b>“Appellate Tribunal”</b> means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance, 2001.	Clause 1(A) has been substituted from clause 1.

<b>Section 2(5AB)</b>	<p><b>Cottage industry</b> Cottage industry means a manufacturer whose annual turnover from taxable supplies made any tax period during the last 12 months ending any tax period does not exceed Rs.5 million or whose annual utility (electricity, gas and telephone) bills during the last 12 months ending tax period do not exceed seven hundred thousand rupees.</p>	<p><i>The limit of utility bills has been proposed to be enhanced from seven hundred thousand rupees to eight hundred rupees.</i></p>
<b>Section 2(28)</b>	<p><b>Retailer</b> Retailer means a person supplying goods to general public for the purpose of consumption. Provided that any person who combines the business of import and retail or manufacture or production with retail shall notify and advertise wholesale prices and retail prices separately and declare the address of retail outlets, and his total turnover per annum shall be taken into account for the purpose of registration under section 14.</p>	<p><i>Registration of retailer has been proposed to make compulsory without any threshold limit by making amendment in clause (28) which is as under:</i> Retailer means a person supplying goods to general public for the purpose of consumption. Provided that any person who combines the business of import and retail or manufacture or production with retail shall notify and advertise wholesale prices and retail prices separately and declare the address of retail outlets.</p>

<i>Section 2(33)</i>	<p><b>Supply Non-Existent</b></p>	<p><i>Through this amendment toll manufacturing activity has also been brought to sale tax in addition to Sindh Sales Tax on Services Act, 2011 the definition of supply is proposed to be enhanced by adding new clause (d) which reads as under:-</i></p> <p>“(d) in case of manufacture of goods belonging to another person, the transfer or delivery of such goods to the owner or to a person nominated by him.</p>
<i>Section 2(46)</i>	<p><b>Value of supply Non-Existent</b></p>	<p><i>The definition of whistleblower is proposed to be added by inserting clause 46(a) which is as under:</i></p> <p>(46A) “whistleblower” means whistleblower as defined in section 72D of the Sales Tax Act, 1990”</p>
<i>Section 3(1A)</i>	<p><b>Scope of tax</b> Subject to provision of subsection 6 of section 8 or any notification issued there under, where taxable supplies are made to a person who has not obtained registration number, there shall be levied and paid a further tax at the rate of 1% of the value in addition to the rate specified in subsection (1),(1B), (2), (5) and (6).</p>	<p><i>The rate of further tax has been proposed to enhance from 1% to 2%.</i></p>

<b>Section 3(2)(b)</b>	<p><b>Scope of tax:</b></p> <p>The Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any goods or class of goods imported into or produced or any taxable supplies made by a registered person or a class of registered persons, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.</p>	<p><i>The power of Federal Government has been proposed to be enhanced in respect of charging and collecting sales tax irrespective of registration of a person and said power can only be exercised on taxable goods by substituting clause (b) which is as under:-</i></p> <p>(b) the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any taxable goods, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.”;</p>
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<b>Section 6(1)</b>	<p><b>Time and manner of payment:-</b></p> <p>The tax in respect of goods imported into Pakistan shall be charged and paid in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 [and the provisions of the said Act [including section 31A thereof], shall, so far as they relate to collection, payment and enforcement of tax under this Act on such goods where no specific provision exists in this Act, apply,].</p>	<p><i>The procedure for recovery is applicable under Custom Act, 1969 is proposed to be applied under Sales Tax Act, 1990 on such goods where no specific provision exist in the Sales Tax Act, 1990 by amending section 6(1) which is as under:-</i></p> <p>The tax in respect of goods imported into Pakistan shall be charged and paid in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 [and the provisions of the said Act [including section 31A thereof], shall, so far as they relate to collection, payment and enforcement “<b>including recovery</b>” of tax under this Act on such goods where no specific provision exists in this Act, apply,].</p>
<b>Section 7(2)(iii)</b>	<p><b>Determination of tax liability:-</b></p> <p>In case of goods imported into Pakistan, he holds bill of entry or goods declaration in his name and showing his sales tax registration number, duly cleared by the customs under section 79 or section 104 of the Customs Act, 1969 (IV of 1969);</p>	<p><i>Procedure as envisaged under section 81 of the Custom Act, 1969 has been proposed to be applied on imported goods in respect of claiming input tax by amending Section 7(2)(ii) which is as under:</i></p> <p><i>In case of goods imported into Pakistan, he holds bill of entry or goods declaration in his name and showing his sales tax registration number, duly cleared by the customs under “<b>section 79, section 81</b>” or section 104 of the Customs Act, 1969 (IV of 1969);</i></p>

<b>Section 8(1)(h)</b>	<p><b>Tax credit not allowed:-</b> Goods used in, or permanently attached to, immovable 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;</p>	<p><i>Sales tax paid on goods used in construction of pre fabricated buildings has been proposed to be eligible for input tax claim by amending Section 8(1)(h) which is as under:</i></p> <p>Goods used in, or permanently attached to, immovable property, such as building and construction materials, paints, electrical and sanitary fittings, pipes, wires and cables, but excluding, <b>prefabricated buildings</b> and such goods acquired for sale or re-sale or for direct use in the production or manufacture of taxable goods.</p>
<b>Section 8(1)(i)(k)(l)</b>	<p><b>Tax credit not allowed</b> <b>Non-Existent</b></p>	<p><i>It has been proposed by inserting new clauses (j)(k)(l) to disallow input tax paid on certain goods and services which reads as under:-</i></p> <ul style="list-style-type: none"> <li>(j) services in respect of which input tax adjustment is barred under the respective provincial sales tax law;</li> <li>(k) import or purchase of agricultural machinery or equipment subject to sales tax at the rate of 7% under Eighth Schedule to this Act; and</li> <li>(l) from the date to be notified by the Board, such goods and services which, at the time of filing of return by the buyer, have not been declared by the supplier in his return.”;</li> </ul>



<b>Section 8A</b>	<p><b>Joint and several liability of registered persons in supply chain where tax unpaid:-</b></p> <p>Where a registered person receiving a taxable supply from another registered person is in the knowledge or has reasonable grounds to suspect that some or all of the tax payable in respect of that supply or any previous or subsequent supply of the goods supplied would go unpaid, such person as well as the person making the taxable supply shall be jointly and severally liable for payment of such unpaid amount of tax provided that the Board may by notification in the official gazette, exempt any transaction or transactions from the provisions of this section.</p>	<p><i>It has been proposed that burden of prove for not depositing sales tax by the supplier shall be on the department by making amendment in section 8A which reads as under:-</i></p> <p><b>Joint and several liability of registered persons in supply chain where tax unpaid.</b></p> <p>Where a registered person receiving a taxable supply from another registered person is in the knowledge or has reasonable grounds to suspect that some or all of the tax payable in respect of that supply or any previous or subsequent supply of the goods supplied would go unpaid, <b>“of which the burden to prove shall be on the department”</b> such person as well as the person making the taxable supply shall be jointly and severally liable for payment of such unpaid amount of tax provided that the Board may by notification in the official gazette, exempt any transaction or transactions from the provisions of this section.</p>
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<p><b>Section 13(2)(a)</b></p>	<p><b>Exemption</b>                  The Federal Government may, by notification in the official Gazette, exempt any taxable supplies made or [import or supply of] any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein;</p>	<p><i>The power of Federal Government to exempt a supply has been proposed to be dependent on the approval of Economic Coordination Committee subject to certain conditions by making amendment in Section 13(2)(a) which reads as under:</i>                  The Federal Government may, pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements” by notification in the official Gazette, exempt any taxable supplies made or [import or supply of] any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein;</p>
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<b>Section 13(2)(b)</b>	<p><b>Exemption:-</b> The Board may, by special order in each case stating the reasons, exempt any [import or supply of goods of such description or class, as may be specified] from the payment of the whole or any part of the tax chargeable under this Act.</p>	<p><i>Clause (b) of subsection (2) of section 13 has been proposed to be omitted.</i></p>
<b>Section 13(3)</b>	<p>The exemption from tax chargeable under sub-section (2) may be allowed from any previous date specified in the notification issued under clause (a) or, as the case may be, order made under clause (b) of that sub-section.]</p>	<p><i>The power of the board for making order to exempt any supply or import of goods by special order has been proposed to be withdrawn.</i></p>
<b>Section 13(6)(7)</b>	<p><b>Exemption Non-Existent</b></p>	<p><i>It has been proposed to place all the notifications issued under section 13 of the Sales Tax Act, 1990 before the National Assembly and any notification in respect of exemption issued under sub - section 2 if not already rescinded shall stand rescinded at the end of the financial year in which said notification was issued by inserting new subsection (6) and (7) which reads as under:</i></p> <p>(6) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.</p>

Section 13(6) (7)	<p><b>Exemption</b> <b>Non-Existent</b></p>	<p>(7) Any notification issued under sub-section (2), shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.</p>
Section 14	<p><b>Registration</b> Under this Act, registration will be required for such persons and be regulated in such manner and subject to rules as the Board may, by notification in the official Gazette, prescribe.]</p>	<p>Requirement of registration as envisaged under section 14 of Sales Tax Act, 1990 has been proposed to be substituted as under:</p> <p>(1) Every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered under this Act, namely:-</p> <ul style="list-style-type: none"> <li>(a) a manufacturer who is not running a cottage industry;</li> <li>(b) a retailer who is liable to pay sales tax under the Act or rules made there under, excluding such retailer required to pay sales tax through his electricity bill under sub-section (9) of section 3;</li> </ul>

Section 14		<p>(c) an importer;</p> <p>(d) an exporter who intends to obtain sales tax refund against his zero-rated supplies;</p> <p>(e) a wholesaler, dealer or distributor; and</p> <p>(f) a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act;</p>
Section 14		<p>(2) Persons not engaged in making of taxable supplies in Pakistan, if required to be registered for making imports or exports, or under any provisions of the Act, or any other Federal law, may apply for registration.</p> <p>(3) The registration under this Act shall be regulated in such manner as the Board may, by notification in the official Gazette, prescribe.</p>
Section 21A	<p><b>Active tax payers list</b> <b>Non-Existent</b></p>	<p><i>Section 21A has been proposed to be newly inserted as under:</i></p> <p>The Board shall have the power to maintain active taxpayers list in the manner as may be prescribed by rules and such rules may provide for the restrictions and limitations to be imposed on a person who ceases to be an active taxpayer.</p>

<b>Section 25(3)</b>	<p><b>Access to record, documents, etc.</b> After completion of Audit under this section or any other provision of this Act, the officer of Inland Revenue may, after obtaining the registered person's explanation on all the issues raised in the audit shall pass an order under section (11) or section (36), as the case may be.</p>	<p><i>The power of Officer Inland Revenue has been proposed to be withdrawn to pass order under section 36 of the Sales Tax Act, 1990 by amending Section 25(3) which reads as under:</i> After completion of Audit under this section or any other provision of this Act, the officer of Inland Revenue may, after obtaining the registered person's explanation on all the issues raised in the audit shall pass an order under section (11), as the case may be.</p>
<b>Section 32A</b>	<p><b>Special Audit by Chartered Accountants or Cost Accountants:</b> The Board or the Commissioner may, appoint a Chartered Accountant as defined under Chartered Accountants Ordinance, 1961 (X of 1961) or a firm of Chartered Accountants or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966) or a firm of Cost and Management Accountants, for conducting special audit of records of registered person:</p>	<p><i>The section 32A has been proposed to be substituted as under;</i> <i>Audit By Special Audit Panels;</i></p> <p>The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following</p> <ul style="list-style-type: none"> <li>(a) an officer or officers of Inland Revenue;</li> <li>(b) a firm of chartered accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);</li> </ul>

<p><b>Section 32A</b></p>	<p>[Provided that the Board [ or the commissioner] may, appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966), or a firm of Cost and Management Accountants to conduct audit of refund claims.</p> <p>(2) Notwithstanding that records of a registered person have been audited by an officer appointed under section 30, the Board or a Commissioner may direct an auditor appointed under sub-section (1) to audit the records of any registered person.</p> <p>(3) An auditor appointed under sub-section (1), shall have the powers of an officer of [Inland Revenue] under sections 25, 37 and 38.</p>	<p>(c) a firm of cost and management accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or</p> <p>(d) any other person as directed by the Board, to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services</p> <p>(2) Notwithstanding that records of a registered person have been audited by an officer appointed under section 30, the Board or a [Commissioner] may direct <b>Special Audit Panel</b> appointed under sub-section (1) to audit the records of any registered person</p> <p>(3) Every member of special audit panel appointed under sub-section (1), shall have the powers of an officer of [Inland Revenue] under sections 25, 37 and 38.</p> <p>(4) Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue</p>
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<p><b>Section 32A</b></p>		<p>(5) if any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.</p> <p>(6) The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.</p>
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<p><b>Section 33 (Table Serial No. 01 &amp; 05)</b></p>	<p><b>Penalties</b></p> <p>1. Where any person fails to furnish a return within the due date. Such person shall pay a penalty of five thousand rupees:</p> <p>Provided that in case a person files a return within fifteen days of the due date, he shall pay a penalty of one hundred rupees for each day of default.</p> <p>5. Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made there under. Such person shall pay a penalty of ten thousand rupees or five per cent of the amount of the tax involved, whichever is higher:</p> <p>Provided that, if the amount of tax or any part thereof is paid within fifteen days from the due date, the defaulter shall pay a penalty of five hundred rupees for each day of default: Provided further that no penalty shall be imposed when any miscalculation is made for the first time during a year:</p> <p>Provided further that if the amount of tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payments by an officer of [Inland Revenue, not below the rank of</p>	<p><i>The period of time for the purpose of calculating penalty has been proposed to be reduced from fifteen days to ten days in respect of late filing sales-tax return and deposit of amount of tax due from the due date by amending against serial no 1 and serial no 5 of section 33 of the Sales Tax 1990 which reads as under.</i></p> <p>1. Where any person fails to furnish a return within the due date. Such person shall pay a penalty of five thousand rupees:</p> <p>Provided that in case a person files a return within ten days of the due date, he shall pay a penalty of one hundred rupees for each day of default.</p> <p>5. Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made there under. Such person shall pay a penalty of ten thousand rupees or five per cent of the amount of the tax involved whichever is higher:</p> <p>Provided that, if the amount of tax or any part thereof is paid within ten days from the due date,</p>
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<p style="text-align: center;"><b>Section 33 (Table Serial No. 01 &amp; 05)</b></p>	<p>Assistant Commissioner Inland Revenue], the defaulter shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both.</p>	<p>the defaulter shall pay a penalty of five hundred rupees for each day of default: Provided further that no penalty shall be imposed when any miscalculation is made for the first time during a year: Provided further that if the amount of tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payments by an officer of [Inland Revenue, not below rank of the defaulter shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both.</p>
<p style="text-align: center;"><b>Section 40C (2)</b></p>	<p><b><i>Monitoring or Tracking by Electronic or other means</i></b></p> <p>From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, bandroles stickers, labels, etc. in any such form, style and manner as may be prescribed by the Board in this behalf</p>	<p><i>Additional condition has been proposed to be edit on taxable goods before making their supply for the purpose of monitoring and tracking by amending sub section 2 of section 40 C of the Sales Tax Act which reads as under;</i></p> <p>From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, bandroles stickers, labels barcodes; and</p>

<p style="text-align: center;"><b>Section 40 C (3)</b></p>	<p><b>Monitoring or Tracking by Electronic or other means</b></p> <p><b>Non-Existent</b></p>	<p><i>It has been proposed that board shall appoint licensee for the purpose of issuing stance bandroles, stickers labels, barcodes by inserting sub section 3 which reads as under;</i></p> <p>Such tax stamps, banderole, stickers, labels, barcodes etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.</p>
<p style="text-align: center;"><b>Section 45 A (1)</b></p>	<p><b>Power of Board &amp; Commissioner to Call for record</b></p> <p>The Board may, of its own motion, call for and examine the record of any departmental proceedings under this Act or the rules made there under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein by an Officer of [Inland Revenue, it may pass such order as it may think fit Provided that no order</p>	<p><i>The scope of calling of record by the Board has been proposed to be enhanced by amending sub-section 1 of 45 A which read as under</i></p> <p>The Board may, of its own motion, or otherwise call for and examine the record of any departmental proceedings under this Act or the rules made there under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein by an Officer of</p>

Section 45 A (1)	<p>imposing or enhancing any penalty or fine requiring payment of a greater amount of [Sales Tax] than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.</p>	<p>[Inland Revenue, it may pass such order as it may think fit Provided that no order imposing or enhancing any penalty or fine requiring payment of a greater amount of [Sales Tax] than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.</p>
Section 56 A	<p><b>Agreement for the Exchange of Information</b></p> <p><b>Non-Existent</b></p>	<p><i>It has been proposed to give the powers with the federal governments for entering into bilateral or multilateral agreements for exchange of information with provincial governments or government of foreign countries by introducing section 56 A which reads as under;</i></p> <p>(1) The Federal Government may enter into bilateral or multilateral agreements with provincial governments or with governments of foreign countries for the exchange of information, including electronic exchange of information, with respect to sales tax imposed under this Act or any other law of Pakistan and under the corresponding laws of such countries and may, by notification in the official Gazette, make such provisions as may be necessary for implementing such agreements</p>

<b>Section 56 A</b>		<p><i>It has been proposed to give the powers with the federal governments for entering into bilateral or multilateral agreements for exchange of information with provincial governments or government of foreign countries by introducing section 56 A which reads as under;</i></p> <p>(1) The Federal Government may enter into bilateral or multilateral agreements with provincial governments or with governments of foreign countries for the exchange of information, including electronic exchange of information, with respect to sales tax imposed under this Act or any other law of Pakistan and under the corresponding laws of such countries and may, by notification in the official Gazette, make such provisions as may be necessary for implementing such agreements</p> <p>(2) The provisions of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001) shall, mutatis mutandis, apply to the provisions of this section</p>
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<b>Section 56 B</b>	<p><b>Disclosure of Information by a Public Servant</b></p> <p><b>Non-Existent</b></p>	<p><i>It has been proposed through inserting section 56 B that any information acquired under this act or in relation to bilateral or multilateral agreement or tax information exchange agreement shall be kept confidential and no public servant shall disclose such information except as provided under section 216 of the Income Tax Ordinance 2001. The relevant section is reproduced as under;</i></p> <p>(1) Any information acquired under any provision of this Act or in pursuance of a bilateral or multilateral agreement or tax information exchange agreement shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001)</p> <p>(2) The provisions of section 216 of Income Tax Ordinance, 2001 (XLIX of 2001), shall, mutatis mutandis, apply to the provisions of this section.</p>
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<p style="text-align: center;"><b>Section 56 C</b></p>	<p><b>Prize Schemes to Promote Tax Culture</b></p> <p><b>Non-Existent</b></p>	<p><i>Prize scheme has been proposed to be introduced to promote purchase from registered person. The relevant section is reproduced as under;</i></p> <p>The Board may prescribe prize schemes to encourage the general public to make purchases only from registered persons issuing tax invoices.</p>
<p style="text-align: center;"><b>Section 72 D</b></p>	<p><b>Reward to Whistleblowers</b></p> <p><b>Non-Existent</b></p>	<p><i>Reward has been proposed for persons who provide information in respect of tax fraud. The relevant section is reproduced as under;</i></p> <p>(1) the Board may sanction reward to whistleblowers in cases of concealment or evasion of tax, tax fraud, corruption or misconduct providing credible information leading to such detection of tax fraud</p> <p>(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers</p> <p>(3) The claim for reward by the whistleblower shall be rejected if–</p> <p>(a) the information provided is of no value;</p> <p>(b) the Board already had the information;</p>

<b>Section 72 D</b>	<p><b>Reward to Whistleblowers</b></p> <p><b>Non-Existent</b></p>	<p>(c) the information was available in public records; or</p> <p>(d) no collection of taxes is made from the information provided from which the Board can pay the reward</p> <p>(4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of sales tax and tax fraud leading to detection or collection of taxes, fraud, corruption or misconduct, to the competent authority having power to take action against the person or a sales tax authority committing fraud, corruption, misconduct, or involved in concealment or evasion of taxes.</p>
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**FIFTH SCHEDULE: (Zero Rated)**

06	Supplies of such locally manufactured plant and machinery to the Export Processing Zones [and to petroleum and gas sector Exploration and Production companies , their contractors and sub-contractors] as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and	Supplies of such locally manufactured plant and machinery to the Export Processing Zones [and to petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors] as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as	<i>The facility of zero rating has been withdrawn on Supply of locally manufacturer plant and machineries to the Export Processing Zone.</i>
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	<p>restrictions as may be specified in such notification Supplies of such locally manufactured plant and machinery to the Export Processing Zones [and to petroleum and gas sector Exploration and Production companies , their contractors and sub-contractors] as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification</p>	<p>may be specified in such notification Supplies of such locally manufactured plant and machinery to the petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors] as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification</p>	
6A	<p><b>Non-Existent</b></p>	<p>Supplies of locally manufactured plant and machinery of the Following specifications to manufacturers in the Export Processing Zone, subject to the conditions, restrictions and procedure given be low, namely:- (i)Plant and machinery, operated by power of any description, as is used for the manufacture or production of goods by</p>	<p><i>The entry has been newly inserted wherein supply of locally manufacture plant and machinery of the specific specification to manufacturer of export processing zone has been made zero rated subject o certain conditions restrictions and procedures.</i></p>

		that manufacturer;	
6A	<b>Non-Existent</b>	<p>(ii) Apparatus, appliances and equipments specifically meant or adapted for use in conjunction with the machinery specified in clause (i);</p> <p>(iii) Mechanical and electrical control and transmission gear, meant or adapted for use in conjunction with machinery specified in clause (i); and</p> <p>(iv) Parts of machinery as specified in clauses (i), (ii) and (iii) identifiable for use in or with such machinery. Conditions, restrictions and procedures:-</p> <p>(a) the supplier of the machinery is registered under the Act;</p> <p>(b) proper bill of export is filed showing registration number;</p> <p>(c) the purchaser of the machinery is an established manufacturer located in the Export Processing Zone and holds a certificate from</p>	

	<p>the Export Processing Zone Authority to that effect;</p> <p>(d) the purchaser submit s an indemnity bond in proper form to the satisfaction of the concerned Commission-er Inland Revenue that the machinery shall, without prior permi-ssion from the said Commission-er, not be sold, transferred or otherwise moved out of the Export Proces- sing Zone before a period of five years from the date of entry into the Zone;</p> <p>(e) if the machinery is brought to tariff area of Pakistan, sales tax shall be charged on the value assessed on the bill of entry; and</p> <p>(f) breach of any of the condition specified herein shall attract legal action under the relevant provisions of the Act, besides recovery of the amount of sales tax along with default surcharge and penalties involved.”;</p>	
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9	Goods exempted under section 13, if exported by a manufacturer who makes local supplies of both taxable and exempt goods	Goods exempted under section 13, if exported by a manufacturer	<i>The condition of making export of exempted goods as zero rated has been omitted, meaning thereby is that exempt goods will be zero rated irrespective of local supply of manufacturer</i>
12	The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as specified in Chapter XIV of the Sales Tax Special Procedure Rules, 2007: (i)Colors in sets (PCT heading 3213.1000). (ii)Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090) (iii)Erasers (PCT heading 4016.9210 and 4016.9290) (iv)Exercise books	The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as specified in Chapter XIV of the Sales Tax Special Procedure Rules, 2007: (i)Colors in sets (PCT heading 3213.1000).  (ii)Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090) (iii)Erasers (PCT heading 4016.9210 and 4016.9290)	<i>Zero rated facility on Supply of Milk including flavored milk (PCT heading 04.01 and 0402.9900), yogurt (PCT heading 0403.1000) and Milk and cream, concentrated and added sugar or otherwise sweetening matter (PCT heading 0402.1000) has been withdrawn by transposing it to sixth schedule.</i>

<p>(PCT heading 4820.2000)</p> <p>(v)Pencil sharpeners (PCT heading 8214.1000)</p> <p>(vi)Geometry boxes (PCT heading 9017.2000)</p> <p>(vii) Pens, ball pens, markers and porous tipped pens (PCT heading 96.08)</p> <p>(viii) Pencils including color pencils (PCT heading 96.09)</p> <p>(ix) Milk including flavored milk (PCT heading 04,01 and 0402.9900)</p> <p>(x)Yogurt (PCT heading 0403.1000)</p> <p>(xi)Cheese (PCT heading 0406.1010)</p> <p>(xii)Butter (PCT heading 0405.1000)</p> <p>(xiii)Cream (PCT heading 04.01 and 04.02)</p> <p>(xiv) Desi ghee ( PCT heading 0405.9000)</p> <p>(xv)Whey (PCT heading 04.04)</p> <p>(xvi) Milk and cream, concentrated and added sugar or other sweetening matter ( PCT heading 0402.1000)</p>	<p>(iv)Exercise books (PCT heading 4820.2000)</p> <p>(v)Pencil sharpeners (PCT heading 8214.1000)</p> <p>(vi)Geometry boxes (PCT heading 9017.2000)</p> <p>(vii)Pens, ball pens, markers and porous tipped pens (PCT heading 96.08)</p> <p>(viii)Pencils including color pencils ( PCT heading 96.09)</p> <p>(ix)Milk including flavored milk ( PCT heading 04,01 and 0402.9900)</p> <p>(x)Yogurt (PCT heading 0403.1000)</p> <p>(xi)Cheese ( PCT heading 0406.1010)</p> <p>(xii)Butter (PCT heading 0405.1000)</p> <p>(xiii)Cream (PCT heading 04.01 and 04.02)</p> <p>(xiv)Desi ghee ( PCT heading 0405.9000)</p> <p>(xv)Whey (PCT heading 04.04)</p> <p>(xvi) Milk and cream, concentrated and added sugar or other sweetening matter ( PCT heading 0402.1000)</p>
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(xvii)Preparations for infant use put up for retail sale ( PCT heading 1901.1000)	(xvii)Preparations for infant use put up for retail sale ( PCT heading 1901.1000)	
(xviii)Fat filled milk (PCT heading 1901.9090)	(xviii)Fat filled milk ( PCT heading 1901.9090)	
(xix)Bicycles (PCT heading 87.12).	(xix)Bicycles (PCT heading 87.12).	

**SIXTH SCHEDULE:**

19	Cereals and products of milling Industry	1001.1000, 1001.9000, 1002.0000, 1003.0000, 1004.0000, 1005.1000, 1005.9000, 1006.1010, 1006.1090, 1006.2000, 1006.3010, 1006.3090, 1006.4000, 1007.0000, 1008.1000, 1008.2000, 1008.3000, 1008.9000, 1101.0010, 1101.0020, 1102.1000, 1102.2000, 1102.3000, 1102.9000, 1103.1100, 1103.1300, 1103.1900, 1104.2200, 1104.2300, 1104.2900 and 1104.3000	<i>Entry having PCT heading 1006.1010 as mentioned in column 3 of the table has been proposed to be omitted.</i>
20	Seeds, fruit and spores of a kind used for sowing.	1209.1000, 1209.2100, 1209.2200, 1209.2300, 1209.2400, 1209.2500, 1209.2900, 1209.3000, 1209.9110, 1209.9120, 1209.9130, 1209.9190 and 1209.9900.	<i>The entry having PCT heading 1209.1000 as mentioned in column 3 has been proposed to be substituted as 1006.1010, 1209.1000</i>

28	Poultry feed and Cattle feed including their all ingredients except soyabean meal of PCT heading 2304.0000 and oil-cake of cottonseed falling under PCT heading 2306.1000.	2301.2090, 2305.0000, 2306.2000, 2306.3000, 2306.4100, 2306.5000, [2309.9010, 2309.9020, 2309.9090, 2936.2100, 2936.2200, 2936.2300, 2936.2400, 2936.2500, 2936.2600, 2936.2700 and 2936.2800]	<i>The entry at serial no 28 as mentioned in Column No. 2 &amp; 3 of the table has been proposed to be omitted.</i>
39	Incinerators of disposal of waste management, motorized sweepers and snow ploughs.	8417.8000, 8430.2000 and 8479.8990	<i>The entry at serial no 39 as mention-ed in Column No. 2 &amp; 3 of the table has been propos-ed to be omitted.</i>
56	Re-importation of foreign origin goods which were temporarily exported out of Pakistan subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.	99.18	<i>The entry at serial no 56 as mentioned in Column No. 2 &amp; 3 of the table has been proposed to be omitted.</i>

(73 To 80)	<p>Milk and cream Flavored milk , Yogurt, Whey, Butter Desi ghee, Cheese Processed, cheese not grated or powdered</p>	<p><i>Milk 04.01 Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that 04.01 and 04.02 sold in retail packing under a brand name Flavored milk, excluding that sold in retail packing under a brand name 0402.9900 Yogurt, excluding that sold in retail packing under a brand name 0403.1000 Whey, excluding that sold in retail packing under a brand name 04.04 Butter, excluding that sold in retail packing under a brand name 0405.1000 Desi ghee, excluding that sold in retail packing under a brand name 0405.9000 Cheese, excluding that sold in retail packing under a brand name 0406.1010 Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name 0406.3000”;</i></p>	<p><i>The entries for serial no 73 to 80 has been proposed to be substituted by entries as mentioned in column 3 of the table.</i></p>
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105	Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding ten per cent advalorem, either under the First Schedule to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.	<i>Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding ten per cent advalorem, either under the First Schedule or Fifth Schedule to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.</i>	<i>Exemption will be subject to custom duty not exceeding 10% on assist value either under first schedule or fifth schedule of the Custom Act 1969.</i>
114	Green House Framing and Other Green House Equipment (If used for Agriculture Sector) 1.Tunnel farming equipment 2.Green houses (prefabricated)	Green House Framing and Other Green House Equipment (If used for Agriculture Sector) 1. Tunnel farming equipment consisting of plastic covering and mulch-film, anti-insect net and shade net. 2.Green houses (prefabricated)	<i>Exemption of tunnel farming equipment shall be subject to specification as mentioned in serial 1 of column 3 of the table.</i>
114 (B)	Tunnel farming equipment (8430.3100,8430.3900)	3920.1000, 3926.9099, 5608.1900, 5608.9 000	<i>The Entries mentioned in column 3 has been</i>

			<i>substituted against the entries as mentioned column 2.</i>
117	<b>Non-Existent</b>	Appliances for colostomy 3006.9100	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
118	<b>Non-Existent</b>	Colostomy and urostomy bags 3926.9050	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
119	<b>Non-Existent</b>	Tubular day lighting devices (TDDs) 8539.3930	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
120	<b>Non-Existent</b>	Diagnostic kits or equipment, namely:- HIV Kits, 4C Es Trionyx 5C Cell control Lnormal Bovine precision multi sera Pregnancy test DNA SSP DRB Generic IC Reticulocyte count (control) retic C Control Kit for vitamin B12 estimation Ferritin kit HEV (Hepatitis E virus) ID-DA Cell Urine Analysis Strips Albumin beg Cratinin sysi Ring Detektiion cups ISE Standard Alkaline phosphatase	<i>The Entry as mentioned in column 3 has been newly inserted.</i>

		<p>(Alb) Bilirubin kit  HDL Cholesterol  Ck creatinin kinase  (mb) Ck nac Glucose  kit Ammonia Modular  Lac Ldh kit (lactate  dehydrogenase  kit) Urea uv kit  Ua plus Tina quant  Crp control Aslo tin  Proteins Lipids  HDL/LDL cholesterol  Protein kit U  Control Sera Pac  Control HCV  UIBC (Unsaturated iron  binding capacity)  U/CSF  Inorganic Phosphorus  kit Kit amplicon kit (for  PCR) Ige 22 Lc hsv  Oligo NA/K/CL  Hcy Standard [or  calibrated] Hla B27  Liss Coombs  Typhoid kit  HCV amp Urine test  strips for sugar test  Blood glucose test  strips  Kits for automatic cell  separator  for collection of  platelets  Elisa or Eclia kit  PCR kits  Immunoblast (western  blot test). I.C.T.</p>	
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		(Immunochromatographic kit) CBC Reagent (For hematology analyzer) Complete blood count reagent 3822.0000	
121	<b>Non-Existent</b>	Blood Bag CPDA-1 with blood transfusion set pack in aluminum foil with set. Respective Heading	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
122	<b>Non-Existent</b>	Urine drainage bags Respective Heading	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
123	<b>Non-Existent</b>	Aircraft, whether imported or acquired on wet or dry lease 8802.2000, 8802.3000, 8802.4000	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
124	<b>Non-Existent</b>	Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000 Respective Heading	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
125	<b>Non-Existent</b>	Spare parts for use in aircrafts, trainer aircrafts or simulators Respective Heading	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
126	<b>Non-Existent</b>	Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO	<i>The Entry as mentioned in column 3 has been newly inserted.</i>

		company recognized by Aviation Division Respective Heading	
127	<b>Non-Existent</b>	Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division Respective Heading	<i>The Entry as mentioned in column 3 has been newly inserted.</i>
128	<b>Non-Existent</b>	Aviation simulators imported by airline company recognized by Aviation Division Respective Heading	<i>Entry mentioned in column 3 has been newly inserted.</i>

**SIXTH SCHEDULE****TABLE 2**

13	Reclaimed lead, if supplied to recognized manufacturer of lead batteries	<b>Omitted</b>	<i>Exemption has been withdrawn</i>
14	Waste paper	<b>Omitted</b>	<i>Exemption has been withdrawn</i>
17	<b>Non-Existent</b>	Raw and pickled hides and skins, wet blue hides and skins 41.01, 41.02, 41.03, 4104.1000,	<i>Entries mentioned in column 3 have been purposed to be newly inserted.</i>

		4105.1000, 4106.2100, 4106.3000, 4106.9000	
18	<b>Non-Existent</b>	Supplies made by manufacturers of marble and granite having annual turnover less than five million rupees even if their annual utility bill is more than eight hundred thousand rupees Respective headings	<i>Entries mentioned in column 3 have been purposed to be newly inserted.</i>
19	<b>Non-Existent</b>	Bricks (up to 30th June,2018) 6901.1000	<i>Entries mentioned in column 3 have been purposed to be newly inserted.</i>
20	<b>Non-Existent</b>	Crushed stone (up to 30 <sup>th</sup> June, 2018) 2517.1000”;	<i>Entries mentioned in column 3 have been purposed to be newly inserted.</i>

**SIXTH SCHEDULE****TABLE 3****Annexure**

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	<b>Omitted</b>	<i>Entry mentioned in column (2) (3) and (4) has been proposed to be omitted in the annexure of table 3.</i>
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## SALES TAX

	Shipyard and Engineering Works Limited. Respective Headings		
16	Plant, machinery, equipment and specific items used in production of bio-diesel. Respective headings	<b>Omitted</b>	<i>Entry mentioned in column (2) (3) and (4) has been proposed to be omitted in the annexure of table 3.</i>

### EIGHT SCHEDULE

**TABLE 1**

1	5%	10%	<i>The rate of Sales-Tax has been proposed to be enhanced from 5% to 10% on soya bean meal having PCT Heading 2304.0000</i>
3	Directly reduced iron 72.03 5%	<b>Omitted</b>	<i>Entry as mentioned in column 2 of the table has been proposed to be omitted.</i>
4	5%	10%	<i>The rate of Sales-Tax has been proposed to be enhanced from 5% to 10% on Oil Seeds meant for sowing having Respective Heading.</i>
6	5%	10%	<i>The rate of Sales-Tax has been proposed to be enhanced from 5% to 10% on Plant and Machinery not manufacture locally and having no</i>

			<i>compatible substitute Respective Heading.</i>
7	<b>Non-Existent</b>	Flavoured milk 0402.9900 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
8	<b>Non-Existent</b>	Yogurt 0403.1000 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
9	<b>Non-Existent</b>	Cheese 0406.1010 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
10	<b>Non-Existent</b>	Butter 0405.1000 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
11	<b>Non-Existent</b>	Cream 04.01 and 04.02 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
12	<b>Non-Existent</b>	Desi ghee 0405.9000 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
13	<b>Non-Existent</b>	Whey 04.04 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
14	<b>Non-Existent</b>	Milk and cream, concentrated and added sugar or other sweetening matter 0402.1000 10% Sold in retail packing under a brand name	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>



15	<b>Non-Existent</b>	<p>Poultry feed, cattle feed, and their ingredients except soya bean meal of PCT heading 2304.0000 and oil-cake of cottonseed falling under PCT heading 2306.1000</p> <p>2301.2090, 2305.0000, 2306.2000, 2306.3000, 2306.4100, 2306.5000, 2309.9010, 2309.9020, 2309.9090, 2936.2100, 2936.2200, 2936.2300, 2936.2400, 2936.2500, 2936.2600, 2936.2700, 2936.2800, And 2306.4900 (Rape Seed Meal), 2308.9000 (Guar Meal), 2303.1000 (Corn Gluton Feed/Meal) 2303.1000 (Residues of starch manufacture and similar residues), 3507.9000</p>	<p><i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i></p>
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		(Enzymes- other), 2302.1000 (Maize Bran), 2302.2000 (Rice Bran), 2302.3000 (Wheat Bran), 2302.4000 (Other Cereals), 2302.5000 (Bran of Leguminous Plants), 2306.7000 (Oil- cake and other solid residues of Maize (corn) germ), 2306.4900 (Sesame Cake), 2306.9000 (Sesame Meal/other Meal), 2842.1000 (Double or complex silicates, including aluminosilicates whether or not chemically defined), 2301.2010 (Fish Meal), 0505.9000 (Poultry by product Meal), and the Following items only of Feed Grade: 2827.6000 (Potassium Iodide), 2833.2990	
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		<p>(Manganese Sulphate), 2833.2600 (Zinc Sulphate), 2817.4000 (Zinc Oxide), 2833.2500 (Copper Sulphate), 2833.2910 (Ferrous Sulphate), 2915.5000 (Propionic acid, its salts and esters), 2930.4000 (DL Methionine), 2930.4000 (Methionin e Hydroxy Analogue (liquid)), 2922.4100 (Lysine Monohydro Chloride /sulphate), 2923.2000 (Lecithins), 2923.9000 (Betafin), 2922.4290 (Arganine), 2934.9910 (Furazolidone), 2922.5000 (Threonine), 2835.2600 (Mono Calcium Phosphate), 2835.2500 (Di Calcium Phosphate) , and 2835.2600 (Mono Di Calcium</p>	
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		Phosphate) 5%	
16	<b>Non-Existent</b>	Incinerators of disposal of waste management, motorized sweepers 8417.8000, 8430.2000 And 8479.8990 and snow ploughs 5%	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
17	<b>Non-Existent</b>	Re-importation of foreign origin goods which were temporarily exported out of Pakistan 99.18 5% Subject to Similar conditions as are envisaged for the purposes of customs duty under the Customs Act,1969, and taxable value shall be the value determined under PCT heading 99.18 of the said Act increased by customs duty payable	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
18	<b>Non-Existent</b>	Reclaimed lead Respective headings 5% If supplied to Recognized manufacturers of lead and lead batteries	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
19	<b>Non-Existent</b>	Waste paper 47.07 5%	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
20	<b>Non-Existent</b>	Plant, machinery,	<i>Entry mentioned in</i>

		<p>equipment and specific items used in production of bio-diesel Respective headings 5% The Alternative Energy Development Board (AEDB), Islamabad shall certify in the prescribed manner and format as per Annex-B, as given in the Sixth Schedule, 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</p>	<p><i>column 3 of the table has been proposed to be newly inserted.</i></p>
21	<b>Non-Existent</b>	<p>Rapeseed, sunflower seed and canola seed 1205.0000, 1206.0000 16% On import by solvent extraction industries</p>	<p><i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i></p>
22	<b>Non-Existent</b>	<p>Soya bean seed 1201.1000 6% On import by solvent Extraction industries, subject to the</p>	<p><i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i></p>

		condition that no refund of input tax shall be admissible”;	
23	<b>Non-Existent</b>	Secondhand and worn clothing or footwear 6309.0000 5%	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
25	<b>Non-Existent</b>	Agricultural tractors 8701.9020 10%	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
26	<b>Non-Existent</b>	Tillage and seed bed preparation equipment: 7% (i) Rotavator 8432.8010 (ii) Cultivator 8432.2910 (iii) Ridger 8432.8090 (iv) Sub soiler 8432.3090 (v) Rotary slasher 8432.8090 (vi) Chisel plow 8432.1010 (vii) Ditcher 8432.1090 (viii) Border disc 8432.2990 (ix) Disc harrow 8432.2100 (x) Bar harrow 8432.2990 (xi) Mould board plow 8432.1090 (xii) Tractor rear	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>

		<p>or front blade 8430.6900</p> <p>(xiii) Land leveller or land planer 8430.6900</p> <p>(xiv) Rotary tiller 8432.8090</p> <p>(xv) Disc plow 8432.1090</p> <p>(xvi) Soil-scrapper 8432.8090</p> <p>(xvii) K.R. Karundi 8432.8090</p> <p>(xviii) Tractor Mounted trancher 8701.9020</p> <p>(xix) Land leveler 8430.6900</p>	
27	<b>Non-Existent</b>	<p>Seeding or planting 7% equipment:</p> <p>(i) Seed-cum- fertilizer drill wheat, rice barley, etc. 8432.3010</p> <p>(ii) Cotton or maize planter with fertilizer attachment 8432.3090</p> <p>(iii) Potato planter 8432.3090</p> <p>(iv) Fertilizer or Manure spreader or Broadcaster 8432.4000</p> <p>(v) Rice transplanter 8432.3090</p> <p>(vi) Canola or sunflower drill 8432.3010</p>	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>

		(vii) Sugarcane planter 8432.3090	
28	<b>Non-Existent</b>	<p>Irrigation, drainage and agro-chemical application equipment:</p> <p>(i) Tubewells filters or Strainers</p> <p>(ii) Knapsack sprayers</p> <p>(iii) Granular applicator 7% 8421.2100, 8421.9990 8424.2010 8424.2010 8424.2010 8424.2010 8424.2010 , 39</p> <p>(iv) Boom or field sprayers</p> <p>(v) Self propelled sprayers</p> <p>(vi) Orchard sprayer</p>	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>
29	<b>Non-Existent</b>	<p>(i) Harvesting, threshing and storage equipment:</p> <p>(ii) Wheat thresher</p> <p>(iii) Maize or groundnut thresher or sheller</p> <p>(iv) Groundnut digger</p> <p>(v) Potato digger or harvester</p> <p>(vi) Sunflower thresher</p> <p>(vii) Post hole digger</p> <p>(viii) Straw balers</p> <p>(ix) Fodder rake</p> <p>(x) Wheat or rice</p>	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>



		reaper (xi) Chaff or fodder cutter (xii) Cotton picker 7% 8433.5200 8433.5200 8433.5900 8433.5300 8433.5200 8433.5900 8433.4000 8433.5900 8433.5900 8433.5900 8433.5900 8433.5200 8433.5200 8716.8090 8433.5900 8433.5100 8433.5900 (xiii) Onion or garlic harvester (xiv) Sugar harvester (xv) Tractor trolley or forage wagon (xvi) Reaping machines (xvii) Combined harvesters (xviii) Pruner/shears	
30	<b>Non-Existent</b>	Post-harvest handling and processing & miscellaneous machinery: 7% (i) Vegetables and fruits cleaning and sorting or grading equipment	<i>Entry mentioned in column 3 of the table has been proposed to be newly inserted.</i>

		(ii) Fodder and feed cube maker equipment	
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**EIGHT SCHEDULE****TABLE 2****Annexure**

	<p>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:-</p> <p>(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.</p>		<p><i>The rate of 5% has been proposed to be enhanced to 10% in the preamble in respect of the items mentioned in serial no. (1) (5) and (6) of the annexure.</i></p>
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	<p>(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</p>		
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	<p>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</p> <p>(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.</p> <p>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-</p>		
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<p>3</p>	<p>Following items imported by Call Centers, Business Processing Outsourcing facilities duly approved by Pakistan Telecommunication Authority.</p> <p>(1)Telephone sets/head sets. 8517.1100</p> <p>(2) Cat 5/Cat 6/Power cables 8544.4990</p> <p>(3)PABX Switch 8517.6290</p> <p>(4)Plasma TV 8528.7212</p> <p>(5)Dedicated telephone exchange system for call centres.</p> <p>(6)Other digital cell recorders 8517.6290 8519.8990</p>	<p><b>Omitted</b></p>	<p><i>Entry as mentioned in column no. 2 has been proposed to be omitted.</i></p>
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7	<p>Proprietary Formwork System for building/structures of a height of 100 ft and above and its various items/ components consisting of the following, namely:- 7308.4000</p> <p>(i) If not manufactured locally and imported by the construction companies registered with the Pakistan Engineering Council; (1) Plastic tube. 3917.2390</p> <p>(ii) the system is to be procured from a well renowned international manufacturer; (2) Plastic tie slot filters/plugs, plastic cone. 3926.9099</p> <p>(III) a certificate from one of the following International Pre-shipment Inspection Companies/Survey Firms to the extent</p>	<b>Omitted</b>	<i>Entry as mentioned in column no. 2 has been proposed to be omitted.</i>
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	<p>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 produced, namely:-</p> <p>(3) Standard steel ply panels, Special sized steel ply panels, wedges, tube clamps (B-Type &amp; G Type), push/pull props, brackets (structure), steel soldiers (structure), drop head, standard, prop tic, buard rail post (structure), coupler brace, cantilever frame, decking beam/Infill beam and doorway angles. 7308.4000</p> <p>(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</p>		
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	<p>certify that the imported Proprietary Formworks System conform to the requirement of the Company's project.</p> <p>(4)Lifting Unit (Structure) 7308.9090 -do-</p> <p>(5) Bolts, tie bolts, anchor bolt assembly (fastener), anchor screw (fastener). 7318.1590 -do-</p> <p>(6) Nuts 7318.1690 -do-</p> <p>(7) Steel pins, tie wing nut(fastener).7318.1900 -do-</p> <p>(8) Steel washers, water plate (fastener). 7318.2290 do-</p> <p>(9) djustable base jack (thread rod with nut and steel plate), adjustable fork head (threaded rod with nut and steel channel). 8425.4900 -do-</p>		
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**NINTH SCHEDULE****TABLE**

2	<p>Low Priced Cellular Mobile Phones or Satellite Phones</p> <p>i. All cameras: 2.0 mega-pixels or less</p> <p>ii. Screen size: 2.6 inches or less</p> <p>iii. Key pad</p> <p>Rs. 150</p> <p>Rs. 150</p> <p>B. Medium Priced Cellular Mobile Phones or Satellite Phones</p> <p>i. One or two cameras: between 2.1 to 10 mega-pixels</p> <p>ii. Screen size: between 2.6 inches and 4.2 inches</p> <p>iii. Micro-processor: less than 2 GHZ Rs. 250 Rs. 250</p> <p>C. Smart Cellular Mobile Phones or Satellite Phones</p> <p>i. One or two cameras: 10 mega-pixels and above</p> <p>ii. Touch Screen: size 4.2 inches</p>	<p>Low Priced Cellular Mobile Phones or Satellite Phones</p> <p>i. All cameras: 2.0 mega-pixels or less</p> <p>ii. Screen size: 2.6 inches or less</p> <p>iii. Key pad</p> <p>Rs. 300</p> <p>Rs. 300</p> <p>B. Medium Priced Cellular Mobile Phones or Satellite Phones</p> <p>i. One or two cameras: between 2.1 to 10 mega-pixels</p> <p>ii. Screen size: between 2.6 inches and 4.2 inches</p> <p>iii. Micro-processor: less than 2 GHZ Rs. 500 Rs. 500</p> <p>C. Smart Cellular Mobile Phones or Satellite Phones</p> <p>i. One or two cameras: 10 mega-pixels and above</p> <p>ii. Touch Screen: size 4.2 inches and</p>	<p><i>Rates have been purposed to be enhanced from 150 to 300, 250 to 500 and 500 to 1000 against the serial no 2 mentioned in column 3 and 4 of the ninth schedule of Sales-Tax Act 1990.</i></p>
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	<p>and above</p> <p>iii. 4GB or higher Basic Memory</p> <p>iv. Operating system of the type IOS, Android V2.3, Android Gingerbread or higher, Windows 8 or Blackberry RIM</p> <p>v. Micro-processor: 2GHZ or higher, dual core or quad core Rs. 500 Rs. 500</p>	<p>above</p> <p>iii. 4GB or higher Basic Memory</p> <p>iv. Operating system of the type IOS, Android V2.3, Android Gingerbread or higher, Windows 8 or Blackberry RIM</p> <p>v. Micro-processor: 2GHZ or higher, dual core or quad core Rs. 1000 Rs. 1000</p>	
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**FEDERAL EXCISE**

*The amendments are applicable from July 1, 2015 unless specified otherwise.*

**FEDERAL EXCISE ACT, 2005**

Serial	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2015	PROPOSED AMENDMENT THROUGH FINANCE BILL 2015
24(A) & 42D	<i>Non Existent</i>	<p><i>Through this proposed amendment new definition of the whistle blower has been inserted in order to unearth the hidden cases of evasion of taxes and duties by giving them the handsome reward subject to certain conditions notified therein.</i></p> <p><b>Reward to whistleblowers.</b></p> <p>(1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of duty, corruption or misconduct providing credible information leading to such detection of evasion of duty;</p> <p>(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers;</p>

<p>24(A) &amp; 42D</p>		<p>(3)The claim for reward by the whistleblower shall be rejected if–                  (a) the information provided is of no value;                  (b) the Board already had the information;                  (c) the information was available in public records; or                  (d) no collection of duty is made from the information provided from which the Board can pay the reward;                  (4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of duty leading to detection or collection of duty, corruption or misconduct, to the competent authority having power to take action against the person or a federal excise authority committing fraud, corruption, misconduct, or involved in concealment or evasion of duty.”;</p>
<p>16(2)</p>	<p><b>Exemptions</b></p>	<p><i>Through this proposed amendment the sub section (1) of referred section has been further added whereby the authority of exemption of duty would be validated subject to the approval of Economic Coordination Committee of Cabinet. Further the circumstances for purpose of levy have been widely enlarged and specifically defined</i></p>

<p>16(5 &amp; 6)</p>		<p><i>Through this insertion the, Federal Government shall be bound to place all the notifications before the National Assembly in the Financial Year.</i></p> <p>The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.</p> <p><i>All the notifications issued after 01<sup>st</sup> July 2015, if not rescinded would not have any legal effect and considered to stand rescinded accordingly.</i></p> <p>Any notification issued under sub-section (2) after 1st July, 2015, shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.</p>
<p>45A</p>	<p><b>Monitoring or tracking by electronic or other means</b></p>	<p><i>Through this proposed amendment the goods having the bar codes also included for doing the exercise of checking</i></p>
<p>45(3)</p>	<p><b>Non-Existent</b></p>	<p><i>In order to monitor the business transaction the proposed amendment has been brought, which read as under;</i></p> <p>Such tax stamps, banderoles, stickers, labels, barcodes etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by</p>

45(3)	<b>Non-Existent</b>	the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.
46(4)	<b>Departmental Audit</b>	<p><i>Through this proposed amendment the word "Departmental" has been deleted and the scope and structure of Audit including the appointment of special audit panels also been introduced.</i></p> <p><b>The referred amendment is reproduced below;</b></p> <p>The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following –</p> <p>(a) an officer or officers of Inland Revenue;</p> <p>(b) a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);</p> <p>(c) a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or</p>
46(4)		(d) any other person as directed by the Board, to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by

46(4)	<p>the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services”;</p> <p>(c) after sub-section (4), substituted as aforesaid, the following new sub-sections shall be inserted and the existing sub-section (5) shall be re-numbered as sub-section (9), namely:—</p> <p>“(5) Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue;</p> <p>(6) If any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence</p> <p>(7) The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.</p> <p>(8) Every member of the special audit panel shall have the powers of officers of Inland Revenue under sections 23 and 45 and sub-sections (1) to (3) of section 46.”;</p>
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<b>47A</b>	<b>Non - Existent</b>	<p><b>Agreement for the exchange of information</b></p> <p><i>This new clause has been proposed to be added whereby the Federal Government may execute agreement with Government and Foreign country for exchange of information relating to excise duty imposed on goods or services.</i></p>
<b>47B</b>	<b>Non - Existent</b>	<p><b>Disclosure of information by Public Servant</b></p> <p><i>The public servants are restricted to pass on any information relating to such agreement made with Government or Foreign countries.</i></p>

## FIRST SCHEDULE

## TABLE I

## EXCISABLE GOODS

<b>9</b>	Locally produced cigarettes if their on pack printed retail price exceeds Rs. 2,706 per thousand cigarettes @ Rs. 2,632 per thousand cigarettes.	<p><i>"The rate as well as duty has been enhanced the same is given as under":-</i></p> <p>Locally produced cigarettes if their on pack printed retail price exceeds Rs. 3,350 per thousand cigarettes @ Rs. 3,030 per thousand cigarettes".</p>
<b>10</b>	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>"A locally produced cigarette if their on pack printed retail does not exceed Rs.3,350 per thousand cigarettes @ Rs. 1,320 per thousand cigarettes".</i>
<b>56</b>	<b>Non – Existent</b>	<i>Filter Rod for cigarette @ Rs. 0.75 per filter Rod.</i>



**THIRD SCHEDULE  
TABLE I  
EXCISABLE GOODS**

18	<b>Non – Existent</b>	<i>The Exemption has been granted to the White Cement falling under PCT heading 25.23 White Cement</i>
19	<b>Non – Existent</b>	<i>The Exemption has been granted to the Motor cars falling under PCT heading 87.03 which reads as under; Motor cars and other motor vehicles principally designed for the transport of persons including station wagons and racing cars of cylinder capacity exceeding 850cc</i>

**THIRD SCHEDULE  
TABLE II  
EXCISABLE SERVICES**

9	<b>Non -Existent</b>	<i>Through this proposed amendment the services provided in respect of travel on flights rotating on socio-economic routs.</i>
10	<b>Non - Existent</b>	<i>By virtue of this proposed amendment the services in respect of Hajj passengers, diplomats and Supernumerary crew</i>
11	<b>Non-Existent</b>	<i>The services of advertisement in newspapers and periodicals are now proposed to be exempted from levy of duty.</i>

12	<b>Non-Existent</b>	<i>Through this amendment the services rendered by any Banking or Non-Banking companies in respect of Hajj and Umrrah, Cheque Book, Insurance, Musharika and Modariba financing are out of scope of duty and proposed to be declared as exempt.</i>
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**CUSTOMS ACT**

*The amendments are applicable from July 1, 2015 unless specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2015	PROPOSED AMENDMENT THROUGH FINANCE BILL 2015
19(1)	<p><b>General Power to exempt from Customs Duties</b> The Federal Government possessed the power to impose the duty on any product either imported or exported and declared any goods or class of goods exempt from such duties</p>	<p><i>Through this proposed amendment the sub section (1) of referred section substituted and now the imposition of any duty as well as it's exemption would be validated subject to the approval of Economic Coordination Committee of Cabinet. Further the circumstances for purpose of levy have been widely enlarged and specifically defined.</i></p> <p>“(1) The Federal Government pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster , national food security in the emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and</p>

<p>19(1)</p>		<p>implementation of bilateral and multilateral agreements, subject to such conditions, limitations or restrictions, if any, as it thinks fit to impose, may, by notification in the official Gazette, exempt any goods imported into, or exported from, Pakistan or into or from any specified port or station or area therein from the whole or any part of the customs-duties charge-able thereon and may remit fine, penalty, charge or any other amount recoverable under this Act.”; and</p>
<p>19(4) &amp; (5)</p>	<p><b>Non- Existent</b></p> <p><b>Non- Existent</b></p>	<p><i>Through this insertion the, Federal Government shall be bound to place all the notifications before the National Assembly in the Financial Year.</i></p> <p>(4) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.</p> <p><i>All the previous notifications issued after promulgation of Finance Act, 2015, if not rescinded would not have any legal effect and considered to stand rescinded accordingly</i></p> <p>(5) Any notification issued after the promulgation of the Finance Act, 2015 under sub-section (1) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”</p>

20	<b>Board's power to grant exemption from duty in exceptional circumstances</b>	Through this proposed amendment the power of the Board has been withdrawn
32(3)	<b>Untrue statement, error, etc</b> The proceedings involving the amount of duties less than 100 rupees not to be initiated	Through this proposed amendment and keeping the cost of the litigation under consideration the monetary limit of unnecessary proceedings has been increased from 100 to 20,000/-
79	<b>Declaration and assessment for home consumption or warehousing</b> The importer either for home consumption or warehousing was required to file the entry within fifteen days of arrival of the goods.	Through this proposed amendment the facility also has been extended in cases of transshipment where the goods are not landed for home consumption or warehousing. However, for this purpose the explanation has also been added for determining the place of liability of the assessment which is the port of destination.
121(1)	<b>Transshipment of goods without payment of duty.</b>	The proviso has been added whereby the definition of custom stations has been enlarged keeping in mind the online business transactions and the custom station now means where the system is operational.
156 (1)	<b>Punishment for offences Non- Existent</b>	By way of this proposed amendment it is mandatory condition to keep invoice and packaging list in the imported consignment otherwise the penalty of Rs. 50,000/- shall be imposed on the importer.