

COMMENTS ON FINANCE SUPPLEMENTARY (SECOND AMENDMENT) BILL – 2019

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Dated: **January 24, 2019**

SALIENT FEATURES
FINANCE SUPPLEMENTARY (SECOND AMENDMENT) BILL 2019

The changes proposed therein shall have effect from the date of its assent by President of Islamic Republic of Pakistan except for changes having specified date within the bill.

INCOME TAX ORDINANCE, 2001

- Seeks to include commercial importer in Final Tax Regime from which they were previously excluded vide Finance Act, 2018
- Seeks to allow carry forward of capital losses for tax year 2019 on securities for onward three years.
- Seeks to abolish tax on undistributed profit after tax year 2019.
- Seeks to insert section 99B empowering Federal Government to introduce special tax schemes for small traders and shopkeepers.
- Seeks to amend requirement for filing of withholding statements under section 165 on half yearly basis instead of monthly basis.
- Seeks to abolish section 233A for collection of advance tax on stock brokers.
- Seeks to abolish super tax on non-banking persons after tax year 2019 and for banking companies providing flat rate of 4% till tax year 2020.
- Seeks to dissolve directorate of transfer pricing established under section 230E.
- Seeks to provide relaxation for purchase of locally manufactured vehicle upto engine capacity of 1300CC by non-filers.

SALES TAX ACT, 1990

- Seeks to introduce new procedure for issue of refunds.
- Seeks to extend the exemption of renewable energy equipment till June 30, 2023.
- Seeks to allow exemption on import of Plant & machinery by Green filed industrial Undertaking registered on or July 2019.
- Seeks to enhance the sales tax on cell phones.

CUSTOMS ACT, 1969

- Seeks to reduce duty on import of Raw Materials of Industrial Sector.
- Seeks to reduce the custom duty on import of News Print raw material.
- Seeks to reduce the custom duty on import of import of Polymers of ethylene.
- Seeks to extend the scope of exemption provided to ostomy items.

INCOME TAX

The amendments are applicable date of its assent unless specified otherwise.

| SECTION | PRESENT POSITION | PROPOSED AMENDMENT THROUGH FINANCE SUPPLEMENTARY (SECOND AMENDMENT) BILL 2019 |
|---------|---|--|
| 5A | <p>5A. Tax on undistributed profits.—(1) For tax year 2017 and onwards, a tax shall be imposed at the rate of five percent of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least twenty percent of its after tax profits within six months of the end of the tax year through cash</p> | <p><i>The bills proposes to abolish tax on distributed profits after tax year 2019</i></p> <p>5A. Tax on undistributed profits.—(1) For tax years 2017 to 2019, a tax shall be imposed at the rate of five percent of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least twenty percent of its after tax profits within six months of the end of the tax year through cash</p> |

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| <p>37A</p> | <p>(5) Notwithstanding anything contained in this Ordinance, where a person sustains a loss on disposal of securities in a tax year, the loss shall be set off only against the gain of the person from any other securities chargeable to tax under this section and no loss shall be carried forward to the subsequent tax year.</p> | <p><i>The Bill proposes to insert new proviso allowing carry forward of capital loss on securities arising out of tax year 2019 for onwards three years:</i></p> <p>(5) Notwithstanding anything contained in this Ordinance, where a person sustains a loss on disposal of securities in a tax year, the loss shall be set off only against the gain of the person from any other securities chargeable to tax under this section and no loss shall be carried forward to the subsequent tax year.</p> <p>Provided that so much of the loss sustained on disposal of securities in tax year 2019 and onwards that has not been set off against the gain of the person from disposal of securities chargeable to tax under this section shall be carried forward to the following tax year and set off only against the gain of the person from disposal of securities chargeable to tax under this section, but no such loss shall be carried forward to more than three tax years immediately succeeding the tax year for which the loss was first computed."</p> |
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| 49 | <p>(4) Provided that the income from sale of spectrum licenses by Pakistan Telecommunication Authority on behalf of the Federal Government after the first day of March 2014 shall be treated as income of the Federal Government and not of the Pakistan Telecommunication Authority.</p> | <p><i>The proposed amendment seeks to enhance scope of exemption of income of PTA to license renewal as well</i></p> <p>Provided that the income from sale of spectrum licenses and renewal of the spectrum and licences by Pakistan Telecommunication Authority on behalf of the Federal Government after the first day of March 2014 shall be treated as income of the Federal Government and not of the Pakistan Telecommunication Authority.</p> |
| 99B | <p>Non-Existent</p> | <p><i>The bills proposes to empower Federal Government to notify special procedure for scope and payment of tax by small traders and shopkeepers.</i></p> <p>99B. Special procedure for small traders and shopkeepers.- Notwithstanding anything contained in this Ordinance, the Federal Government may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, filing of return and assessment in respect of such small traders and shopkeepers, in such cities or territories, as may be specified therein.</p> |

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| 123 | <p>Non-Existent</p> | <p><i>The proposed amendment empowers the commissioner to issue provisional assessment order where discovery of any offshore asset is made by the Commissioner or any department or agency of the federal or provincial government</i></p> <p>“(1A) Where an offshore asset of any person, not declared earlier, is discovered by the Commissioner or any department or agency of the Federal Government or a Provincial Government, the Commissioner may at any time before issuing any assessment order under section 121 or amended assessment order under section 122, issue to the person a provisional assessment order or provisional amended assessment order, as the case may be, for the last completed tax year of the person taking into account the offshore asset discovered.</p> |
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| <p>148(8)</p> | <p>(8) The tax required to be collected from a person under this section shall be minimum tax for a tax year on the import of—</p> <p>(a) goods where goods are sold in the same condition as they were when imported:</p> <p>Provided that the minimum tax payable under this clause shall be five percent of the import value as increased by customs duty, sales tax and federal excise duty;</p> <p>(b)</p> <p>(c)</p> <p>(d)</p> | <p><i>The proposed amendment seeks to exclude commercial importer from minimum tax regime restore earlier position of final tax regime.</i></p> <p>((8) The tax required to be collected from a person under this section shall be minimum tax for a tax year on the import of—</p> <p>(a) [deleted]</p> <p>(b)</p> <p>(c)</p> <p>(d)</p> |
| <p>165</p> | <p>165. Statements.— (1) Every person collecting tax under Division II of this Part or Chapter XII or deducting tax from a payment under Division III of this Part or Chapter XII shall, furnish to the Commissioner a monthly statement in the prescribed form setting out—</p> | <p><i>The proposed amendment seeks to relax monthly filing requirement of withholding statements to bi-annual basis.</i></p> <p>165. Statements.— (1) Every person collecting tax under Division II of this Part or Chapter XII or deducting tax from a payment under Division III of this Part or Chapter XII shall, furnish to the Commissioner a biannual statement in the prescribed form setting out—</p> |

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| 165 | <p>(a) the name, Computerized National Identity Card Number, National Tax Number and address of each person from whom tax has been collected under Division II of this Part or Chapter XII] or to whom payments have been made from which tax has been deducted under Division III of this Part or Chapter XII in each month ;</p> <p>(b) the total amount of payments made to a person from which tax has been deducted under Division III of this Part or Chapter XII in each month ;</p> <p>(c) the total amount of tax collected from a person under Division II of this Part or Chapter XII or deducted from payments made to a person under Division III of this Part or Chapter XII in each month; and</p> <p>(d) such other particulars as may be prescribed ;</p> <p>Provided that every person as provided in sub-section (1) shall be required to file withholding statement even where no withholding tax is collected or deducted during the period.</p> | <p>(a) the name, Computerized National Identity Card Number, National Tax Number and address of each person from whom tax has been collected under Division II of this Part or Chapter XII] or to whom payments have been made from which tax has been deducted under Division III of this Part or Chapter XII in each half-year ;</p> <p>(b) the total amount of payments made to a person from which tax has been deducted under Division III of this Part or Chapter XII in each half-year ;</p> <p>(c) the total amount of tax collected from a person under Division II of this Part or Chapter XII or deducted from payments made to a person under Division III of this Part or Chapter XII in each half-year; and</p> <p>(d) such other particulars as may be prescribed ;</p> <p>Provided that every person as provided in sub-section (1) shall be required to file withholding statement even where no withholding tax is collected or deducted during the period.</p> |
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(2) Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax from payment under Division III of this Part or Chapter XII shall furnish or e-file statements under sub-section (1) by the 15th day of the month following the month to which the withholding tax pertains.

(2A) Any person who, having furnished statement under sub-section (1) or sub-section (2), discovers any omission or wrong statement therein, may file a revised statement within sixty days of filing of statement under sub-section (1) or sub-section (2), as the case may be.

“(2) Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax under Division III of this Part of Chapter XII shall furnish statements under sub-section (1) as per the following schedule, namely:—

(a) in respect of the half-year ending on the 30th June, on or before the 31st day of July;

(b) in respect of the half-year ending on the 31st December, on or before the 31st day of January”

(2A) Any person who, having furnished statement under sub-section (1) or sub-section (2), discovers any omission or wrong statement therein, may file a revised statement within sixty days of filing of statement under sub-section (1) or sub-section (2), as the case may be.

“(2B) Notwithstanding anything contained in this section, the Commissioner as he deems fit, may by notice in writing, require any person, collecting or deducting tax under this Ordinance, to furnish a statement for any period specified in the notice within such period of time as may be specified in the notice.”

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| 227C | <p>“Provided that the provisions of clause (a) shall not apply in respect of,—</p> <p>(i) motorcycle having engine capacity of less than 200 cc, motorcycle-rikshaw, agricultural tractor or any other motor vehicle having engine capacity of less than 200 cc; or</p> <p>(ii) a person holding a Pakistan origin card or a national identity card for overseas Pakistanis who produces a certificate from a scheduled bank of receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of booking, registration or purchase of motor vehicle:</p> | <p>“Provided that the provisions of clause (a) shall not apply in respect of,—</p> <p>(i) motorcycle having engine capacity of less than 200 cc, motorcycle-rikshaw, agricultural tractor or any other motor vehicle having engine capacity of less than 200 cc; or</p> <p><i>The proposed amendment seeks to allow non-filers to purchase locally manufactured motor vehicles having capacity of upto 1300 cc and property by non-resident Pakistani citizen holding international passport.</i></p> <p>“Provided that the provisions of clause (a) shall not apply in respect of,—</p> <p>“(i) locally manufactured motor vehicle having engine capacity not exceeding 1300 CC; locally manufactured motorcycle, motorcycle-rikshaw and rikshaw; locally manufactured agricultural tractor;”</p> <p>(ii) a person holding a Pakistan origin card or a national identity card for overseas Pakistanis or a non-resident Pakistani citizen holding international passport who produces a certificate from a scheduled bank of receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of booking, registration or purchase of motor vehicle:</p> |
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|------|--|--|
| 227C | <p>Provided further that the provisions of clause(b) shall not apply to,—</p> <p>(i) a legal heir acquiring property in inheritance; or</p> <p>(ii) a person holding a Pakistan origin card or a national identity card for overseas Pakistanis who produces a certificate from a scheduled bank for receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of registering, recording or attesting transfer.”;</p> | <p>Provided further that the provisions of clause(b) shall not apply to,—</p> <p>(i) a legal heir acquiring property in inheritance; or</p> <p>(ii) a person holding a Pakistan origin card or a national identity card for overseas Pakistanis or a non-resident Pakistani citizen holding international passport who produces a certificate from a scheduled bank for receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of registering, recording or attesting transfer.”;</p> |
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| 230E | <p>230E. Directorate-General of Transfer Pricing.— (1) The Directorate-General of Transfer Pricing shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.</p> <p>(2) The functions of the Directorate General of Transfer Pricing shall be to conduct transfer pricing audit.</p> <p>Explanation: For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177, 214C or 214D which is audit of the income tax affairs of the taxpayer.</p> <p>(3) The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit and may further specify functions, jurisdiction and powers of the Directorate-General of Transfer Pricing.</p> | <p><i>The proposed amendment seeks to abolish Directorate General Of Transfer Pricing</i></p> <p><i>[Deleted]</i></p> |
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| 233A(3) | Non-existent | <p><i>The proposed amendment seeks to abolish withholding tax currently collected by NCCPL from members of Stock Exchange registered in Pakistan.</i></p> <p><i>(3) This section shall not apply from the first day of February, 2019.</i></p> |
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DIVISION IIA

RATES OF SUPER TAX

The rate of super tax has been proposed to be amended as under:

| S.NO | PERSON | RATE OF SUPER TAX | | | |
|------|---|-------------------|---------------|---------------|---------------|
| | | Tax Year 2018 | Tax Year 2019 | Tax Year 2020 | Tax Year 2021 |
| 1 | Banking Company | 4% | 4% | 4% | 4% |
| 2 | Person other than a banking company having income equal to or exceeding Rs. 500 Million | 3% | 2% | 0% | 0% |

PART II
RATE OF ADVANCE TAX

The proposed amendment seeks to amend rate of advance tax to be collected on import of mobile phone as under:

| S. No. | C & F Value of mobile phone (in US Dollar) | Tax (in Rs.) |
|--------|--|--------------|
| 1. | Up to 30 | 70 |
| 2. | Exceeding 30 and up to 100 | 730 |
| 3. | Exceeding 100 and up to 200 | 930 |
| 4. | Exceeding 200 and up to 350 | 970 |
| 5. | Exceeding 350 and up to 500 | 3000 |
| 6. | Exceeding 500 | 5200 |

PART IV
Division VI
Cash withdrawal from a bank

The proposed amendment seeks to abolish withholding tax at the rate of 0.3% for filers on cash withdrawal

Division VIA
Advance tax on Transactions in Bank

The proposed amendment seeks to abolish withholding tax at the rate of 0.3% for filers on cash withdrawal

Division VII
Advance Tax on Purchase, Registration and Transfer of Motor Vehicles

The bill proposes to enhance rate of withholding tax under section 231B for nonfilers as under:

| S.No | Engine Capacity | Existing Rate | Proposed Rate |
|------|------------------|---------------|---------------|
| 1. | Upto 850cc | Rs. 10,000 | "Rs. 15,000 |
| 2. | 851cc to 1000cc | Rs. 25,000 | Rs. 37,500 |
| 3. | 1001cc to 1300cc | Rs. 40,000 | Rs. 60,000 |
| 4. | 1301cc to 1600cc | Rs. 100,000 | Rs. 150,000 |
| 5. | 1601cc to 1800cc | Rs. 150,000 | Rs. 225,000 |
| 6. | 1801cc to 2000cc | Rs. 200,000 | Rs. 300,000 |
| 7. | 2001cc to 2500cc | Rs. 300,000 | Rs. 450,000 |
| 8. | 2501cc to 3000cc | Rs. 400,000 | Rs. 600,000 |
| 9. | Above 3000cc | Rs. 450,000 | Rs. 675,000 |

PART-IV
DIVISION XI
ADVANCE TAX ON FUNCTIONS & GATHERING

It has been proposed to insert self explanatory proviso as under:

Provided further that the rate for the function of marriage in a marriage hall, marquee or a community place with the total function area less than 500 square yards or, in case of a multi storied premises, with the largest total function area on one floor less than 500 square yards, shall be 5% of the bill ad valorem or Rs. 5,000 per function whichever is higher.

**SECOND SCHEDULE
PART I
EXEMPTION FROM TOTAL INCOME**

Under clause (66), proposal has been made to insert following institutes:

(66) Any income derived by —

(Ixiii) National Disaster Risk Management Fund.

(Ixiv) Deposit Protection Corporation established under sub-section (1) of section 3 of Deposit Protection Corporation Act 2016 (Act XXXVII of 2016).

Clause (121)

Amendments has been proposed to extend scope of exemption to industrial undertaking engaged in manufacturing of plant and machinery with dedicated use for generation of renewable energy as under:

Provided that this clause shall also apply to such undertaking set up between the 1st March, 2019 and the 30th June, 2023 for a period of five years beginning from the date such industrial undertaking is set up.

**PART-III
REDUCTION IN TAX LIABILITY**

It has been proposed to extend scope of intercorporate dividend to companies falling under section 58B as under:

(17) The tax on dividend income derived by a company, if the recipient of the dividend, for the tax year, has surrendered loss to or received loss from the company distributing the dividend under section 59B, shall be reduced to the extent of percentage of ordinary shareholding the recipient of dividend has in the company distributing the dividend.

Part-IV EXEMPTION FROM SPECIFIC PROVISION

Clause 11A

The following insitutes has been proposed to be granted exemption from turnover tax under section 113

(xxxi) National Disaster Risk Management Fund.

(xxxii) Deposit Protection Corporation established under sub-section (1) of section 3 of Deposit Protection Corporation Act 2016 (Act XXXVII of 2016).

The following new self explanatory clausues has been proposed to be inserted.

(38D) The provisions of section 151 and 153 shall not apply to the National Disaster Risk Management Fund.”;

(81A) The provisions of clause (a) of sub-section (1) of section 165 shall not apply to banking companies for furnishing information of taxes collected and deducted under sections 231A and 151.

(95A) The provisions of section 236A shall not apply in respect of auction of franchise rights to participating teams in a national or international league organized by any board or other organization established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by the Government with effect from the first day of July, 2019.

(101A) The provision of section 231A shall not apply to a Pak Rupee account if the deposits in the account are made solely from foreign remittances credited directly into such account.

(111) The provisions of section 4B shall not apply to so much of the taxable income of banking company subject to reduced rate of tax at 20% under rules 7D, 7E and 7F of the Seventh Schedule for tax years 2020 to 2023.

SEVENTH SCHEDULE

The bills proposes insertion of following new self explanatory rules providing for reduced rate of tax on banking companies on income arising out of micro small and medium enterprises, low cost housing finance and farm credit:

7D. Reduced rate of tax for additional advances to micro, small and medium enterprises.—

(1) The amount of interest income offered for tax arising from additional advances to micro and small enterprises, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule: Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances.

(2) For the purpose of this rule, the terms "micro, small and medium enterprises" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan.

(3) Additional advances means advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.

7E. Reduced rate of tax for additional advances to low cost housing finance.—

(1) The amount of interest income offered for tax arising from additional advances for low cost housing finance, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule:

Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances.

(2) For the purpose of this rule, the terms "low cost housing" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan.

(3) Additional advances means advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.

7F. Reduced rate of tax for additional advances as Farm Credit.—

(1) The amount of interest income offered for tax arising from additional advances to Farm Credit in Pakistan, for tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule:

Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances.

(2) For the purpose of this rule, the terms " Farm Credit" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan for Agriculture Financing excluding advances made to a company as defined in section 80.

(3) Additional advances means advances in addition to average amount of such advances made in such sector by the bank for tax year 2019."

SALES TAX

The Amendments are applicable date of its assent unless specified otherwise.

| SECTION | PRESENT POSITION | PROPOSED AMENDMENT THROUGH FINANCE SUPPLEMENTARY (SECOND AMENDMENT) BILL, 2019 |
|---------|------------------|--|
| 67(A) | Non- Existent | <p><i>It is proposed to insert new section for payment of refunds through promissory notes, proposed section reads as follows;</i></p> <p>67A. Payment of refund through promissory notes-</p> <p>(1) Notwithstanding anything contained in section 67' the sales tax refunds payable under this Act may be paid through promissory notes' instead of paying sales tax refunds through cheques or electronic advice to State Bank of Pakistan, in the mode and manner and carrying such features as laid down in The Tenth Schedule to this Act'</p> <p>(2) The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner'</p> |

SIXTH SCHEDULE**Table-1**

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| Serial No. 110 | <p><i>The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad: --</i></p> | <p><i>It is proposed to extend the exemption on Renewable energy sources till 30th June, 2023, the proposed amendment reads as follows;</i></p> <p><i>The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad for the period ending on June 30, 2023-</i></p> |
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SIXTH SCHEDULE

TABLE-I

| | | | |
|----------------|---------------------------------|--------------------------|---|
| Serial No. 117 | <i>Appliances for colostomy</i> | 99.25 | Entry as mentioned in column 2 of the table has been proposed to be substituted by the following; Appliances and items required for ostomy procedures as specified in the Chapter 99 of the First Schedule to the Customs Act, 1969, subject to same conditions as specified therein. |
| Serial | Colostomy and urostomy bags | 3006.910 0 | The bills propose to omit the said entry |
| Serial No. 150 | Non- Existent | Chapters 84 and 85 | New Entry as mentioned in hereunder has been proposed to be newly inserted to provide exemption plant and machinery imported by greenfield industries, which reads as below; Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction:-. |

| | | | |
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| | | | <p>Conditions:</p> <p>(a) the importer is registered under the Act on or after the first day of July, 2019;</p> <p>and (b) the industry is not established by splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from another industrial undertaking In Pakistan</p> |
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TABLE (III) ANNEXURE

Entries as mentioned in column I of the table below has been proposed to be added.

| | | | |
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| Serial No. 7 | 1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel bio-energy, ocean, waste-to-energy and hydrogen cell <i>This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023.</i> | Respective Heading | NIL |
| Serial No. 14A | <i>Following systems and items for dedicated use with renewable source of energy like solar, wind, geothermal etc.</i> | It has been proposed to extend the exemption till June 2023, proposed addition reads as follows; <i>Following systems and items for dedicated use with renewable source of energy like solar, wind, geothermal, This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023.</i> | |

NINETH SCHEDULE

Sales Tax at import and local supply of Mobile Phones has been proposed to be enhanced as follows;

| | | | | |
|---|--|--------------|--------------|--|
| 2 | Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at The rate as indicated against each category:- | | | |
| | A. Not exceeding US\$ 30 | Rs. 150 | Rs. 150 | |
| | B. Exceeding US \$ 30 but not exceeding US \$ 100 | Rs. 1470 | Rs. 1,470/- | |
| | C. Exceeding US \$ 100 but not exceeding 200 \$ | Rs 1,870/- | Rs. 1,870/- | |
| | D. Exceeding US \$ 200 but not exceeding 350 \$ | Rs. 1,930/- | Rs. 1,930/- | |
| | E. Exceeding US \$ 350 but not exceeding 500 \$ | Rs. 6,000/- | Rs. 6,000/- | |
| | F. Exceeding US \$ 500 | Rs. 10,300/- | Rs. 10,300/- | |

A New Schedule **“The Tenth Schedule”** has been proposed to be inserted for refund of Sales Tax, reads as follows;

See section 67A
“THE TENTH SCHEDULE
[See section 67A]

1. Application. This Schedule applies to the sales tax refund promissory notes to be issued in lieu of payable refunds as provided in section 67A.

2. Definitions.- In this Schedule, unless there is anything repugnant in the subject or context,–

(1) “note” or ‘promissory note’ means sales tax refund promissory note; and

(2) “promissory note office” or “note office” means an office established in the Board for issuance, registration, transfer, reissuance, redemption and handling other matters in relation to the notes.

3. Issuance and printing.— (1) The promissory notes shall be issued by the Note Office in lieu of sales tax refunds as found admissible under the Sales Tax Act, 1990, to the refund claimants.

(2) The notes shall be printed by Pakistan Security Printing Corporation with security features and in the form as the Board may determine.

4. Features of promissory notes.— (1) The maturity period of the promissory notes shall be three years from the date of issuance.

(2) The promissory notes shall be issued in multiples of one hundred thousand Rupees.

- (3) The promissory notes shall bear annual simple profit at ten per cent and shall be redeemable after the period of maturity.
- (4) The promissory notes shall be redeemable before maturity only at the option of the Board along with simple profit payable at the time of redemption.
- (5) The promissory notes shall be traded freely in the country's secondary markets.
- (6) The promissory notes shall be approved security for calculating the statutory liquidity reserve.
- (7) The promissory notes shall be accepted by the banks as collateral.
- (8) There shall be no compulsory deduction of Zakat against the promissory notes and sahib-e-nisab may pay Zakat voluntarily according to Shariah.

5 Transfer of notes. - The notes shall be transferable only in the manner provided hereunder:-

- (a) It shall be transferable by endorsement and delivery like a promissory note payable to order;
- (b) no endorsement of a note shall be valid unless made by the signature of the holder or his duly constituted attorney or representative inscribed on the back of the note itself;
- (c) no writing on a note shall be valid for the purpose of negotiation if such writing purports to transfer only a part of the amount denominated by the note;

(d) The note office may decline to accept a note endorsed in blank for any purpose unless the endorsement in blank is converted into that in full before presentation.

6. Payment on redemption.- (1) When a note becomes due for payment, it shall be presented at the note office by the holder.

(2) On redemption, the profit on the notes shall be paid along with the face value, in the form of a crossed cheque drawn on the State Bank of Pakistan.

(3) The cheque shall be signed by the incharge of note office and another signatory as appointed by the Board.

(4) The principal amount along with the profit shall be debited to the revenue account "B02368-Sales Tax Refund".

7. Procedure when a note is lost etc.- (1) The procedure to be followed for the issue of a duplicate note in place of a note which is claimed to have been lost, stolen, destroyed, mutilated or defaced either wholly or in part, shall, mutatis mutandis, be the same as laid out in respect of the promissory note in the Public Debt Rules, 1946.

(2) In case of an executant being unable to write, the procedure as provided in the Public Debt Rules, 1946, shall be followed.

FEDERAL EXCISE ACT, 2005

The amendments are applicable from the date of its assent by the President unless otherwise specified in the Act:

| Section | PRESENT POSITION | PROPOSED AMENDMENT THROUGH FINANCE SUPPLEMENTARY (SECOND AMENDMENT) BILL 2019 |
|-----------|---|--|
| 29(2)(aa) | <p>(aa) The Board may, by notification in official Gazette, -</p> <p>(i) Specify the functions and jurisdiction of the Directorate General and its officers; and</p> <p>(ii) Confer the powers of authorities specified in section 30 upon the Directorate General and its officers</p> | <p><i>The bill seeks to clarify powers of board to confer Directorate General, authorities specified in sub-section (1) of section 29:</i></p> <p>(aa) The Board may, by notification in official Gazette, -</p> <p>(i) Specify the functions and jurisdiction of the Directorate General and its officers; and</p> <p>(ii) Confer the powers of authorities specified in sub-section (1) of section 29 upon the Directorate General and its officers</p> |

**FIRST SCHEDULE
TABLE I
EXCISABLE GOODS**

| | | | |
|-----|--|-------|------------------------------|
| 55 | Imported motor cars, SUV and other motor vehicles of cylinder capacity of 1800cc but not exceeding 3000cc, principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars of cylinder capacity of 1800cc but not exceeding 3000cc | 87.03 | Twenty-five per cent ad. val |
| 55A | Imported motor cars, SUVs and other motor vehicles of cylinder capacity of 3000cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 3000cc or above | 87.03 | Thirty per cent ad val |
| 55B | Locally manufactured or assembled motor cars, SUVs and other motor vehicles of cylinder capacity of 1800cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800cc or above | 87.03 | Ten per cent ad val |