



REANDA

Reanda Haroon Zakaria & Company

Chartered Accountants



HZ

For Clients Only

COMMENTS ON FINANCE BILL – 2018

The information contained in this booklet has been prepared on the basis of Finance Bill 2018 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 **01st July, 2018** unless specified otherwise after having been enacted as Finance Act 2018 with or without modification.

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REANDA HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

Dated: **April 27, 2018**

**BUDGET 2018
AT A GLANCE**

=== Rupees in Billion ===
2018-19 **2017 -18**
 Revised

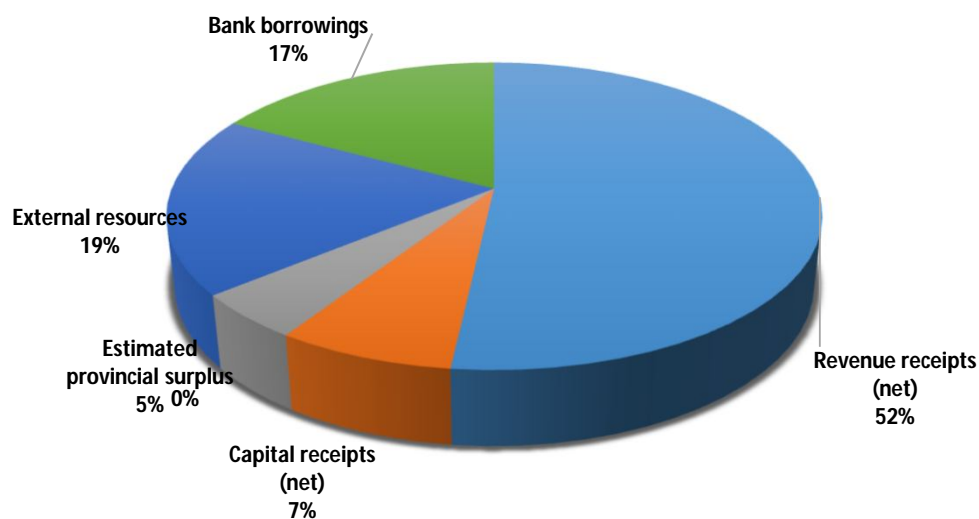
RESOURCES

Internal resources

Revenue receipts (net)		
Direct tax	1,735	1,563
Indirect tax	2,700	2,372
Non tax revenue	772	845
Other taxes	454	212
Less: Provincial share	(2,590)	(2,316)
Capital receipts (net)	443	595
Estimated provincial surplus	285	274
	<u>3,799</u>	<u>3,545</u>
External resources	1,118	1,230
	<u>4,917</u>	<u>4,775</u>

Bank borrowings

1,015	586
<u>5,932</u>	<u>5,361</u>



EXPENDITURES

Current expenditures	4,780	4,298
Development expenditures (PSDP)	1,152	1,063
	<u>5,932</u>	<u>5,361</u>

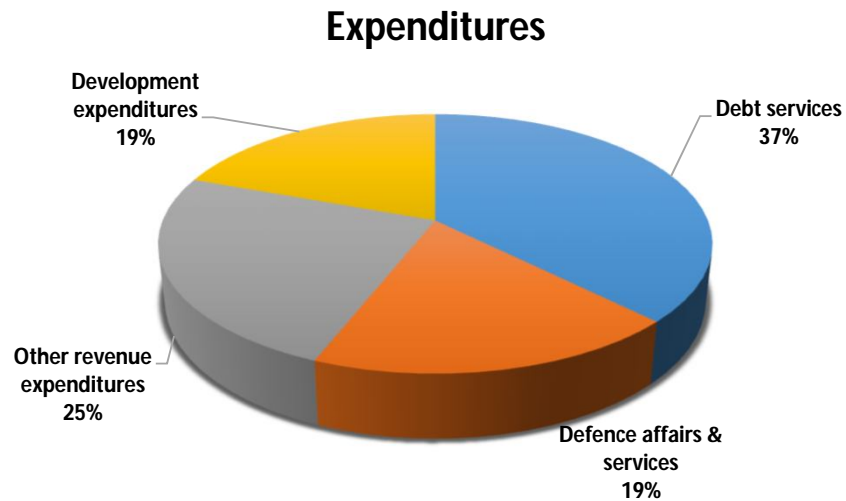
=== Rupees in Billion ===

Revenue Receipts (Gross)

	<u>2018-19</u>	<u>2017 -18</u> <u>Revised</u>
Direct tax	1,735	1,563
Indirect tax		
Customs	735	600
Sales Tax	1,700	1,547
Federal Excise	265	225
Others	454	212
	<u>4,889</u>	<u>4,147</u>

EXPENDITURES

Debt services	2,222	1,954
Defence affairs & services	1,100	999
Other revenue expenditures	1,458	1,345
	<u>4,780</u>	<u>4,298</u>
Development expenditures	1,152	1,063
	<u>5,932</u>	<u>5,361</u>



Finance Bill 2018

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SALIENT FEATURES
FINANCE BILL 2018

Amendment in rate of Custom Duty under Custom Act-1969 and under Federal Excise Act -2005 shall have effect on the next day of assent given to this Act by the President of the Islamic Republic of Pakistan, rest of amendments shall come into force from the first day of July, 2018.

INCOME TAX ORDINANCE, 2001

- Seeks to exclude Commercial Importer from Final Tax Regime.
- Seeks to reduce payment of tax from 25% to 10% to qualify automatic stay on filing of appeal.
- Seeks to exclude from the list of filers and disallowance of brought forward losses in the tax year wherein return of income u/s.114 is not filed within due date.
- Seeks to restrict adjustment of depreciation losses.
- Seeks to restrict time period of stay granted by Appellate Tribunal Inland Revenue.
- Seeks to empower the Commissioner to reject the estimate filed u/s.147 of the Income Tax Ordinance, 2001.
- Seeks to enhance threshold limit not exceeding Rs. 75,000/- on account of sales of goods and Rs.30,000/- in case of Services in aggregate during the financial year with reference to Withholding Tax.
- Seeks to omit automatic selection of Audit u/s.214D of the Income Tax Ordinance, 2001.
- Seeks to consider collection of tax by Stock Exchange registered in Pakistan as adjustable.

SALIENT FEATURES

- Seeks to introduce new Directorate General of Immovable Property.
- Seeks to restrict filer person to purchase new motor vehicle manufacture locally.
- Seeks to reduce tax rate in case of individuals, AOP & Companies.
- Seeks to make an amendment in the definition of permanent establishment to include cohesive business operation of a person and associates.
- Seeks to extend applicability of super tax to 2020.
- Seeks to reduce the rate of tax on retained earnings from 7.5% to 5%.
- Seeks to levy tax on non-resident person for fee for offshore digital services Seeks to include Pakistani-source fee for offshore digital of a non-resident as business income of the person's permanent establishment.
- Seeks to limit non-recognition of capital gain or loss on gift to the extent of gift to relatives.
- Seeks exclude income from bonus shares as income from other sources.
- Seeks to provide set off depreciation losses against fifty per cent of business income until it is completely set off.
- Seeks to extend the benefit of tax credit under sections 65B, 65D & 65E to 2020.
- Seeks to link collection of tax u/s 236K with making payment in installments.
- Seeks to allow tax credit under section 100C to a microfinance bank also.

- Seeks to make a technical amendment on geographical source of income on import and execution of contract.
- Seeks to add a new section on gain on disposal of assets outside Pakistan.
- Seeks to declare collection of tax u/s 233A as minimum tax.
- Seeks to add a new section on attributing and including income of a controlled foreign company in taxable income of a resident person where the prescribed conditions prevail.
- Seeks to set a threshold for foreign remittance as an explanation for source of investment.
- Seeks to enhance the scope of section 114 for filing of return of income.
- Seeks to insert a new section for submission of foreign income and assets statement and empowering the Commissioner to seek such statement if required.
- Seeks to make an amendment on due date for payment of tax under sub-section (7) of section 147.
- Seeks to restrict to conduct audit once in a every three years.

SALES TAX ACT, 1990

- Seeks to enhance rate of further tax from 2% to 3%.
- Seeks to enhance Sales tax rate from 6% to 9% in case of supply of finish product covered under SRO 1125(i) /2011, dated 31.12.2011
- Seeks to insert new section with regard to giving appeals order effect.
- Seeks to reduce payment of tax from 25% to 10% in order to avail automatic stay.
- Seeks to reduce rate of sales tax in certain items.
- Seeks to disallow input tax in case on import of scrap of compressors falling under PCT heading 7204.4940.
- Seeks to restrict to conduct audit once in a every three years.
- Seeks to include certain items in exemption list.
- Seeks to exempt Pakistani Foam Manufactures from extra tax and further tax.
- Seeks to exclude from value addition tax on import of second hand worn clothing and footwear.
- Seeks to amend rate of further tax @ 1% on local supply of finished fabric.
- Seeks to provide standard rate of sales tax on import and supplies of furnace oil by rescinding SRO 962(i)/2015, dated; 30.09.2015.
- Seeks to allow input tax adjustment on packing material to five export-oriented sectors covered under SRO 1125(i)/2011, dated; 31.12.2011.

CUSTOMS ACT, 1969

- Seeks to insert new section 25AA to provide legal cover for utilizing any data obtained through mutual assistance agreements for the purpose of assessment and valuation.
- Seeks to amend section 25C to empower Chief Collector instead of the Board to allow Collector to take over the imported goods.
- Seeks to amend section 32 to meet the requirements of Trade Facilitation Agreement, where voluntarily payment is considered a mitigating factor for establishing a penalty.
- Seeks to amend section 33 to fix time limitation for deciding of refund claim.
- Seeks to amend section 42 to ensure provision of accurate and complete information of passenger in advance to thwart attempts of money laundering and currency smuggling.
- Seeks to amend Section 55 with a view to make the shipping agents responsible for the dues charged and collected by them in connection with the discharge and delivery of goods.
- Seeks to insert new section 83B in compliance with requirements under Trade Facilitation Agreement, which provides for release of imported goods on furnishing of bank guarantee or pay order against monetary penalties involved thereof.
- Seeks to amend section 182 to empower an officer or person authorized by the Collector or Director to take and hold possession of confiscated goods.
- Seeks to insert a new sub-section in section 193A to empower Collector (Appeals) to grant stay against recovery of duty/taxes.
- Seeks to reduce Custom Duty from 50% to 25% and exemption of 15% RD on Electric Vehicles and CD on Kits of Electric Vehicle reduced from 50% to 10%.

INCOME TAX

The amendments are applicable from July 1, 2018 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2018	PROPOSED AMENDMENT THROUGH FINANCE BILL 2018
2(22B)	Non-Existent	<p><i>The following new clause has been proposed to be inserted defining fee for offshore digital services for the purpose of taxation under section 6 which reads as under:</i></p> <p>“fee for offshore digital services” means any consideration for providing or rendering services by a nonresident person for online advertising including digital advertising space, designing, creating, hosting or maintenance of websites, digital or cyber space for websites, advertising, e-mails, online computing, blogs, online content and online data, providing any facility or service for uploading, storing or distribution of digital content including digital text, digital audio or digital video, online collection or processing of data related to users in Pakistan, any facility for online sale of goods or services or any other online facility.”</p>

2(23A)	<p>Definition</p> <p>(23A) filer means a taxpayer whose name appears in the active taxpayers list issued by the Board from time to time or is holder of a taxpayer's card;</p>	<p><i>The definition of filer has been proposed to be amended to include list of active taxpayers issued by Board of AJ&K and Gilgit Baltistan Council Board of Revenue as under:</i></p> <p>(23A) filer means a taxpayer whose name appears in the active taxpayers list issued by the Board or AJ&K Council Board of Revenue or Gilgit Baltistan Council Board of Revenue from time to time or is holder of a taxpayer's card;</p>
2(29)	<p>Definition</p> <p>(29) income includes any amount chargeable to tax under this Ordinance, any amount subject to collection or deduction of tax under section 148, 150, 152(1), 153, 154, 156, 156A, 233, 233A, sub-section (5) of section 234, 236M and 236N, any amount treated as income under any provision of this Ordinance and any loss of income;</p>	<p><i>The proposal to exclude income arising out of bonus shares on quoted and unquoted companies from the definition of income as under:</i></p> <p>(29) income includes any amount chargeable to tax under this Ordinance, any amount subject to collection or deduction of tax under section 148, 150, 152(1), 153, 154, 156, 156A, 233, 233A, sub-section (5) of section 234, any amount treated as income under any provision of this Ordinance and any loss of income;</p>

<p style="text-align: center;">2(41)(e)</p>	<p>Definition</p> <p>(41) permanent establishment in relation to a person, means a fixed place of business through which the business of the person is wholly or partly carried on, and includes –</p> <p>(e) a person acting in Pakistan on behalf of the person (hereinafter referred to as the agent), other than an agent of independent status acting in the ordinary course of business as such, if the agent –</p> <p>(i) has and habitually exercises an authority to conclude contracts on behalf of the other person;</p> <p>(ii) has no such authority, but habitually maintains a stock-in-trade or other merchandise from which the agent regularly delivers goods or merchandise on behalf of the other person; or</p>	<p><i>It has been proposed to amend definition of permanent establishment to clarify and extend scope of agent of non-resident person as under:</i></p> <p>(41) permanent establishment in relation to a person, means a fixed place of business through which the business of the person is wholly or partly carried on, and includes</p> <p>(e) a person acting in Pakistan on behalf of the person (hereinafter referred to as the agent), other than an agent of independent status acting in the ordinary course of business as such, if the agent –</p> <p>(i) has and habitually exercises an authority to conclude contracts on behalf of the other person or has and habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the person and these contracts are –</p> <p>(a) in the name of the person; or</p> <p>(b) for the transfer of the ownership of or for the granting of the right to use property owned by that enterprise or that the enterprise has the right to use; or</p>
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		<p>(c) for the provision of services by that person; or”;</p> <p>(ii) has no such authority, but habitually maintains a stock- in-trade or other merchandise from which the agent regularly delivers goods or merchandise on behalf of the other person; or</p> <p><i>“Explanation:- For removal of doubt, it is clarified that an agent of independent status acting in the ordinary course of business does not include a person acting exclusively or almost exclusively on behalf of the person to which it is an associate; or”;</i></p>
2(41)(g)	Non-Existent	<p><i>It has been proposed to insert new sub-clause in the definition of Permanent Establishment to extend its scope as under;</i></p> <p>(g) a fixed place of business that is used or maintained by a person if the person or an associate of a person carries on business at that place or at another place in Pakistan and</p> <p>(i) that place or other place constitutes a permanent establishment of the person or an associate of the person under this sub-clause; or</p>

		<p>(ii) business carried on by the person or an associate of the person at the same place or at more than one place constitute complementary functions that are part of a cohesive business operation.</p> <p>Explanation:- For the removal of doubt, it is clarified that –</p> <p>(A) the term “cohesive business operation” includes an overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the person or the associates of the person; and</p> <p>(B) supply of goods includes the goods imported in the name of the associate or any other person, whether or not the title to the goods passes outside Pakistan.</p>
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4B	<p>4B. Super tax for rehabilitation of temporarily displaced persons.— (1) A super tax shall be imposed for rehabilitation of temporarily displaced persons, for tax years 2015 to 2017, 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><i>It has been proposed to extend levy of Super Tax till tax year 2020. The amended section reads as under;</i></p> <p>(1) A super tax shall be imposed for rehabilitation of temporarily displaced persons, for tax years 2015 to 2020, 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>
5A	<p>5A. Tax on undistributed profits.- (1) For tax year 2017 and onwards, a tax shall be imposed at the rate of seven and a half 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 forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares:</p>	<p><i>It has been proposed to reduce the rate of tax and percentage of profit to be distributed in form of cash as under</i></p> <p>(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>6(1), (3) & (4)</p>	<p>6. Tax on certain payments to non-residents.— (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IV of Part I of the First Schedule, on every non-resident person who receives any Pakistan- source royalty or fee for technical services.</p> <p>(3) This section shall not apply to —</p> <p>(b) any fee for technical services where the services giving rise to the fee are rendered through a permanent establishment in Pakistan of the non-resident person; or</p> <p>(4) Any Pakistani-source royalty or fee for technical services received by a non-resident person to which this section does not apply by virtue of clause (a) or (b) of sub-section (3) shall be treated as income from business attributable to the permanent establishment in Pakistan of the person</p>	<p><i>It has been proposed to levy tax on fee for offshore digital services as defined in 2(22B) as under:</i></p> <p>(1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IV of Part I of the First Schedule, on every non-resident person who receives any Pakistan- source royalty, fee for offshore digital services or fee for technical services.</p> <p>(3) This section shall not apply to</p> <p>(b)any fee for technical services where the services or fee for offshore digital services giving rise to the fee are rendered through a permanent establishment in Pakistan of the non-resident person; or</p> <p>(4) Any Pakistani-source royalty, fee for offshore digital services or fee for technical services received by a non-resident person to which this section does not apply by virtue of clause (a) or (b) of sub-section (3) shall be treated as income from business attributable to the permanent establishment in Pakistan of the person</p>
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8(1)	<p>8. General provisions relating to taxes imposed under sections 5, 6 and 7:</p> <p>(1)-Subject to this Ordinance, the tax imposed under Sections 5, 5A, , 5AA, 6, 7, 7A and 7B shall be a final tax on the amount in respect of which the tax is imposed and—</p>	<p><i>It has been proposed to exclude scope of un-distributed profit from section 8. The amended section reads as under:</i></p> <p>(1)-Subject to this Ordinance, the tax imposed under Sections 5, 5AA, 6, 7, 7A and 7B shall be a final tax on the amount in respect of which the tax is imposed and</p>
18(1)	<p>Non-Existent</p>	<p><i>The following new self explanatory clause has been proposed to be inserted:</i></p> <p>“Explanation.— For the removal of doubt it is clarified that income subject to taxation under sections 5A, 5AA, 6, 7 and 7A shall not be chargeable to tax under this section.”;</p>
37(4A)	<p>4A Where the capital asset becomes the property of the person —</p> <p>(a) under a gift bequest or will</p>	<p><i>The proposed amendment seeks to confine the scope of gift transaction.</i></p> <p>4A Where the capital asset becomes the property of the person (a) under a gift from a relative as defined in sub-section (5) of section 85 bequest or will.</p> <p><i>Relevant definition of relative is as under:</i> (a)an ancestor, a descendant of any of the grandparents, or an adopted child, of the individual, or of a spouse of the individual; or (b)a spouse of the individual or of any person specified in clause (a).</p>

39(1)(m)	<p>39. Income from other sources.</p> <p>(m) income arising to the shareholder of a company, from the issuance of bonus shares</p>	<p><i>The proposed amendment seeks to exclude bonus share from head of income from other sources.</i></p> <p>Omitted</p>
53 (2)	<p>53. Exemptions and tax concessions in the Second Schedule.</p> <p>(2) The Board with the approval of Federal Minister-in-charge may, from time to time 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</p>	<p><i>It has been proposed to withdraw the powers of Minister Incharge to make amendment in Second Schedule and confer the same to Federal Government. The proposed amendment read as under;</i></p> <p>53. Exemptions and tax concessions in the Second Schedule.</p> <p>(2) The Board with the approval of Federal Government, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster</p>

57(1) & (4)	<p>57. Carry forward of business losses</p> <p>(1) Where a person sustains a loss for a tax year under the head Income from Business other than a loss to which section 58 applies and the loss cannot be wholly set off under section 56, so much of the loss that has not been set off shall be carried forward to the following tax year and set off against the person's income chargeable under the head Income from Business for that year.</p> <p>(4) Where the loss referred to in sub-section (1) includes deductions allowed under sections 22, 23 [23A, 23B] and 24 that have not been set off against income, the amount not set off shall be added to the deductions allowed under those sections in the following tax year, and so on until completely set off.</p>	<p><i>It has been proposed to restrict adjustment of loss attributable to deduction u/s.22,23,23A,23B & 24 in the following tax years to the extent of fifty percent of the taxable income if such income exceed ten million.</i></p> <p><i>The proposed amendment read as under;</i></p> <p>(1) Where a person sustains a loss for a tax year under the head Income from Business (other than a loss to which sub-section 4 or section 58) applies and the loss cannot be wholly set off under section 56, so much of the loss that has not been set off shall be carried forward to the following tax year and set off against the person's income chargeable under the head Income from Business for that year.</p> <p>(4) The loss attributable to deductions allowed under sections 22, 23, 23A, 23B and 24 that has not been set off against income, the loss not set off shall be set off against fifty percent of the person's balance income chargeable under the head "income from business" after setting off loss under sub-section (1), in the following tax year and so on until completely set off:</p> <p>Provided that such loss shall be set off against hundred percent of the said balance income if the taxable income for the year is less than ten million Rupees";</p>
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59(A)	<p>59A. Limitations on set off and carry forward of losses:-</p> <p>(5) Where in computing the taxable income for any tax year, full effect cannot be given to a deduction mentioned in section 22, 23, 24 or 25 owing to there being no profits or gains chargeable for that year or such profits or gains being less than the deduction, then, subject to sub-section (12) of section 22, and sub-section (6), the deduction or part of the deduction to which effect has not been given, as the case may be, shall be added to the amount of such deduction for the following year and be treated to be part of that deduction, or if there is no such deduction for that year, be treated to be the deduction for that year and so on for succeeding years.</p>	<p><i>It has been proposed to restrict adjustment of loss attributable to deduction u/s.22,23,23A,23B & 24 in the following tax years to the extent of fifty percent of the taxable income if such income exceed ten million.</i></p> <p><i>The proposed amendment read as under;</i></p> <p>(5) Subject to sub-section (4) of section 57, sub-section (12) of section 22 and sub-section (6), where in computing the taxable income for any tax year, full effect cannot be given to the loss relating to deductions under section 22, 23, 24 or 25 owing to 49 there being no profits or gains chargeable for that year or such profits or gains as mentioned in sub-section (4) of section 57, being less than the said loss, the loss or part of the loss, as the case may be, shall be set off against fifty percent of the person's income chargeable under the head "income from business" for the following year or if there is no "income from business" for that year, be set off against fifty percent of the person's income chargeable under the head "income from business" for the next following year and so on for succeeding years.";</p>
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62(2)	<p>62. Tax credit for investment in shares and insurance.</p> <p>(2) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —</p> <p>C is the lesser of — (c) [one [and a half] million rupees].</p>	<p><i>The proposed amendment seeks to enhance amount of investment in share and insurance eligible for tax credit. The proposed amendment reads as under;</i></p> <p>62. Tax credit for investment in shares and insurance.</p> <p><i>(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: —</i> C is the lesser of — <i>(c) [two million rupees].</i></p>
65B	<p>65B. Tax credit for investment</p> <p>(2) The provisions of sub-section (1) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2010, and the 30th day of June, 2019.</p>	<p><i>The time limit for entitlement of tax credit has been proposed to be extended till June, 2021.</i></p> <p><i>(2) The provisions of sub-section (1) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2010, and the 30th day of June, 2021.</i></p>
65D	<p>65D. Tax credit for newly established industrial undertakings</p> <p>(2) Tax credit under this section shall be admissible where—</p> <p>(a) the company is incorporated and industrial undertaking is setup between the first day of July, 2011 and 30th day of June, 2019</p>	<p><i>The time limit for entitlement of tax credit has been proposed to be extended till June, 2021.</i></p> <p><i>(2) Tax credit under this section shall be admissible where—</i></p>

65E	<p>65E. Tax credit for industrial undertakings established before the first day of July, 2011.—</p> <p>(4) The provisions of sub-section (1) shall apply if the plant and machinery is installed at any time between the first day of July, 2011 and the 30th day of June, 2019</p>	<p><i>The time limit for entitlement of tax credit has been proposed to be extended till June, 2021.</i></p> <p><i>(4) The provisions of sub-section (1) shall apply if the plant and machinery is installed at any time between the first day of July, 2011 and the 30th day of June, 2021</i></p>
79	<p>79. Non-recognition rules</p> <p>(1) For the purposes of this Ordinance and subject to sub-section (2), no gain or loss shall be taken to arise on the disposal of an asset –</p> <p>(c) by reason of a gift of the asset;</p>	<p><i>The proposed amendment seeks to confine the scope of gift transaction only from relatives. The proposed amendment read as under;</i></p> <p>79. Non-recognition rules.—</p> <p>(1) For the purposes of this Ordinance and subject to sub-section (2), no gain or loss shall be taken to arise on the disposal of an asset –</p> <p>(c) by reason of a gift of the asset to a relative, as defined in sub-section (5) of section 85</p>
100A(3)	<p>Non-Existent</p>	<p><i>The proposed amendment seeks to extend scope of Chapter VII and VIII on banking business. The proposed amendment reads as under:</i></p> <p>(3) Notwithstanding anything contained in sub-section (1), income, profits and gains and tax payable thereon shall be computed subject to the limitations and provisions contained in Chapters VII and VIII.</p>

100C	<p>100C. Tax credit for certain persons.-</p> <p>(2) Persons and incomes eligible for tax credit under this section include-</p> <p>(e) any income which is derived from investments in securities of the Federal Government, profit on debt from scheduled banks, grant received from Federal Government or Provincial Government or District Governments, foreign grants and house property held under trust or other legal obligations wholly, or in part only, for religious or charitable purposes and is applied or finally set apart for application thereto:</p>	<p><i>The proposed amendment seeks to provide credit on profit on debt from microfinance bank to persons eligible for tax credit under section 100C</i></p> <p>(2) Persons and incomes eligible for tax credit under this section include-</p> <p>(e) any income which is derived from investments in securities of the Federal Government, profit on debt from scheduled banks and microfinance bank grant received from Federal Government or Provincial Government or District Governments, foreign grants and house property held under trust or other legal obligations wholly, or in part only, for religious or charitable purposes and is actually applied or finally set apart for application thereto:</p>
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101(3)(e)	<p><i>The following new clause is proposed to be inserted enhancing Pakistan source income of non-resident persons. The proposed clause reads as under:</i></p> <p>(e) import of goods, whether or not the title to the goods passes outside Pakistan, if the import is part of an overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the associates of the person supplying the goods or its permanent establishment, whether or not the goods are imported in the name of the person, associate of the person or any other person.</p> <p>Explanation:- For the removal of doubt, it is clarified that where the income is subject to taxation under sections 5A, 5AA, 6, 7 and 7A, the income shall not be chargeable to tax under the head income from business."; and</p>
101(12A)	<p><i>The following new clause is proposed to be inserted explaining geographical source of income of fee for offshore digital services. The proposed clause reads as under:</i></p> <p>(12A) A fee for offshore digital services shall be Pakistan-source income, if it is:-</p> <p>(a) paid by a resident person, except where the fee is payable in respect of services utilized in a business carried on by the resident outside Pakistan through a permanent establishment; or</p> <p>(b) borne by a permanent establishment in Pakistan of a non-resident person."</p>

A new self-explanatory section is proposed to be inserted which reads as under:

101A. Gain on disposal of assets outside Pakistan.—

(1) Any gain from the disposal or alienation outside Pakistan of an asset located in Pakistan of a non-resident company shall be Pakistan-source.

(2) The gain under sub-section (1) shall be chargeable to tax at the rate and in the manner as specified in sub-section (10)

(3) Where the asset is any share or interest in a nonresident company, the asset shall be treated to be located in Pakistan, if –

- (a) the share or interest derives, directly or indirectly, its value wholly or principally from the assets located in Pakistan; and
- (b) shares or interest representing ten per cent or more of the share capital of the non-resident company are disposed or alienated.

(4) The share or interest, as mentioned in sub-section

(3), shall be treated to derive its value principally from the assets located in Pakistan, if on the last day of the tax year preceding the date of transfer of a share or an interest, the value of such assets exceeds one hundred million Rupees and represents at least fifty per cent of the value of all the assets owned by the non-resident company.

(5) Notwithstanding the provisions of section 68, the value as mentioned in sub-section (4) shall be the fair market value, as may be prescribed, for the purpose of this section without reduction of liabilities

(6) Where the entire assets by the non-resident company are not located in Pakistan, the income of the non-resident company, from disposal or alienation outside Pakistan of a share of, or interest in, such non-resident company shall be treated to be located in Pakistan, to the extent it is reasonably attributable to assets located in Pakistan and determined as may be prescribed

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(7) Where the asset of a non-resident company derives, directly or indirectly, its value wholly or principally from the assets located in Pakistan and the non-resident company holds, directly or indirectly, such assets through a resident company, such resident company shall, for the purposes of determination of gain and tax thereon under sub-section (8) or, as the case may be, sub-section (9), shall furnish to the Commissioner within sixty days of the transaction of disposal or alienation of the asset by the non-resident company, the prescribed information or documents, in a statement as may be prescribed:

Provided that the Commissioner may, by notice in writing, require the resident company, to furnish information, documents and statement within a period of less than sixty days as specified in the notice.

(8) The person acquiring the asset from the non-resident person shall deduct tax from the gross amount paid as consideration for the asset at the rate of fifteen percent and shall be paid to the Commissioner by way of credit to the Federal Government through remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within fifteen days of the payment to the non-resident.

(9) The resident company as referred to in sub-section (7) shall collect advance tax as computed in sub-section (10) from the non-resident company within thirty days of the transaction of disposal or alienation of the asset by such non-resident company: Provided that where the tax has been deducted and paid by the person acquiring the asset from the non-resident person under sub-section (8), the said tax shall be treated as tax collected and paid under this sub-section and shall be allowed a tax credit for that tax in computing the tax under sub-section (10).

(10) The tax to be deducted under sub-section (8) or to be collected under sub-section (9) shall be the higher of –

- (a) 20% of A, where A = fair market value less cost of acquisition of the asset; or
- (b) 10% of the fair market value of the asset.

(11) Where tax has been paid under sub-section (8) or (9), no tax shall be payable by the non-resident company in respect of gain under sub-section (8) of section 22 or capital gains under section 37 or 37A.”;

107(2)	<p>107. Agreements for the avoidance of double taxation and prevention of fiscal evasion.</p> <p>(2) Where any agreement is made in accordance with sub-section (1), the agreement and the provisions made by notification for implementing the agreement shall, notwithstanding anything contained in any law for the time being in force, have effect in so far as they provide for at least one of the following –</p>	<p><i>The proposed amendment empowers the Commissioner to recharacterize a transaction entered into for the avoidance of tax in the veil of agreement under section 107;</i></p> <p>(2) Subject to section 109, where any agreement is made in accordance with sub-section (1), the agreement and the provisions made by notification for implementing the agreement shall, notwithstanding anything contained in any law for the time being in force, have effect in so far as they provide for at least one of the following</p>
108(3)b	<p>108. Transactions between associates.</p> <p>(3) Every taxpayer who has entered into a transaction with its associate shall:</p> <p>(b) keep and maintain prescribed country-by-country report, where applicable;</p>	<p><i>The following proposed addition for reporting requirements is to be made in sub-section.</i></p> <p>(3) Every taxpayer who has entered into a transaction with its associate shall:</p> <p>(b) keep, maintain and furnish to the Board prescribed country-by-country report, where applicable;</p>

108(4)	(4)A taxpayer who has entered into a transaction with its associate shall furnish, within thirty days the documents and information to be kept and maintained under sub-section (3) if required by the Commissioner in the course of any proceedings under this Ordinance.;	<p><i>The proposed amendment empowers the commissioner to seek record maintained for the purpose of country by country reporting:</i></p> <p>(4)A taxpayer who has entered into a transaction with its associate shall furnish, within thirty days the documents and information to be kept and maintained under clause (a), (c) or (d) of sub-section (3) if required by the Commissioner in the course of any proceedings under this Ordinance.</p>
109(d)	Non-Existent	<p><i>The self-explanatory clause has been proposed to be inserted:</i></p> <p>(d) to disregard an entity or a corporate structure that does not have an economic or commercial substance or was created as part of the tax avoidance scheme.</p>
109(3)	Non-Existent	<p><i>The following proposed sub-section is to be inserted.</i></p> <p>(3) Reduction in a person's liability to tax as referred to in sub-section (2) means a reduction, avoidance or deferral of tax or increase in a refund of tax and includes a reduction, avoidance or deferral of tax that would have been payable under this Ordinance, but are not payable due to a tax treaty for the avoidance of double taxation as referred to in section 107.</p>

109A	<p>The following new section is proposed to be inserted.</p> <p>109A. Controlled foreign company.— (1) There shall be included in the taxable income of a resident person for a tax year an income attributable to controlled foreign company as defined in sub-section (2).</p>
	<p>(2) <i>For the purpose of this section, controlled foreign company means a non-resident company, if – (a) more than fifty percent of the capital or voting rights of the non-resident company are held, directly or indirectly, by one or more persons resident in Pakistan or more than forty percent of the capital or voting rights of the nonresident company are held, directly or indirectly, by a single resident person in Pakistan;</i></p> <p><i>(b) tax paid, after taking into account any foreign tax credits available to the non-resident company, on the income derived or accrued, during a foreign tax year, by the non-resident company to any tax authority outside Pakistan is less than sixty percent of the tax payable on the said income under this Ordinance;</i></p> <p><i>(c) the non-resident company does not derive active business income as defined under subsection (3); and (d) the shares of the company are not traded on any stock exchange recognized by law of the country or jurisdiction of which the non-resident company is resident for tax purposes.</i></p>
	<p>(3) <i>A company shall be treated to have derived active income if –</i></p> <p><i>(a) more than eighty percent of income of the company does not include income from dividend, interest, property, capital gains, royalty, annuity payment, supply of goods or services to an associate, sale or licensing of intangibles and management, holding or investment in securities and financial assets; and (b) principally derives income under the head “income from business” in the country or jurisdiction of which it is a resident.</i></p> <p>(4) <i>Income of a controlled foreign company is an amount equal to the taxable income of that company determined in accordance with the provisions of this Ordinance as if that controlled foreign company is a resident taxpayer.</i></p>

(5) The amount of attributable income under sub-section (1) for a tax year shall be computed according to the following formula, namely: —

$$A \times (B/100)$$

Where –

A is the amount of income of a controlled foreign company under sub-section (2); and

B is the percentage of capital or voting rights, whichever is higher, held by the person, directly or indirectly, in the controlled foreign company.

(6) The amount of attributable income shall be treated as zero, if the capital or voting rights of the resident person is less than ten percent.

(7) Income of a controlled foreign company shall be treated as zero, if it is less than ten million Rupees.

(8) The income of a controlled foreign company in respect of a foreign tax year, as defined in sub-section (9), shall be determined in the currency of that controlled foreign company and shall, for purposes of determining the amount to be included in the income of any resident person during any tax year under the provisions of this section, be converted into Rupees at the State Bank of Pakistan rate applying between that foreign currency and the Rupee on the last day of the tax year.

(9) Foreign tax year, in relation to a non-resident company, means any year or period of reporting for income tax purposes by that non-resident company in the country or jurisdiction of residence or, if that company is not subject to income tax, any annual period of financial reporting by that company.

(10) The income attributable to controlled foreign company under sub-section (1) and taxed in Pakistan under this section shall not be taxed again when the same income is received in Pakistan by the resident taxpayer.

111(2)	<p>111. Unexplained income or assets.</p> <p>(2) The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax in the tax year to which such amount relates.</p>	<p><i>The following proposed amendment seeks to abolish time limit for chargeability of concealed income or assets held outside Pakistan. The proposed amendment reads as under:</i></p> <p>(2) The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax:</p> <p>(i) in the tax year to which such amount relates if the amount representing investment, money, valuable article or expenditure is situated or incurred in Pakistan or concealed income is Pakistan-source; and</p> <p>(ii) in the tax year immediately preceding the tax year in which the investment, money, valuable article or expenditure is discovered by the Commissioner and is situated or incurred outside Pakistan and concealed income is foreign-source.</p> <p>Explanation. For the removal of doubt, it is clarified that where the investment, money, valuable article or expenditure in respect of assets or expenditure situated or incurred outside Pakistan liable to be included in the income of tax year 2018 and onwards on the basis of discovery made by the Commissioner during tax year 2019 and onwards and the person</p>
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		explains the acquisition of such asset or expenditure from sources relating to tax year in which such asset was acquired or expenditure was incurred, such explanation shall not be rejected on the basis that the source does not relate to the tax year immediately preceding tax year in which the asset or expenditure was discovered by the Commissioner
111(4)a	(4) Sub-section (1) does not apply, (a) to any amount of foreign exchange remitted from outside Pakistan through normal banking channels that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect.	<i>The proposed amendment seeks to restrict amount of foreign remittance received without question being asked. The proposed amendment reads as under:</i> (4) Sub-section (1) does not apply, (a) to any amount of foreign exchange remitted from outside Pakistan through normal banking channels not exceeding ten million Rupees in a tax year that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect.
114(1)(b)(x)	Non-Existent	<i>The proposed amendment seeks to require person to file its return of income if that person is liable to file statement under section 116A.</i> (x) every resident person being an individual required to file foreign income and assets statement under section 116A

114(2)(f)	Non-Existent	<p><i>Consequential amendments have been proposed to incorporate newly inserted section 116A</i></p> <p>(f) shall be accompanied with a foreign income and assets statement as required under section 116A</p>
116A	<p><i>The following new self-explanatory section is proposed to be inserted.</i></p> <p>116A. Foreign income and assets statement.– (1) Every resident taxpayer being an individual having foreign income of not less than ten thousand United States dollars or having foreign assets with a value of not less than one hundred thousand United States dollars shall furnish a statement, hereinafter referred to as the foreign income and assets statement, in the prescribed form and verified in the prescribed manner giving particulars of</p> <ul style="list-style-type: none"> (a) the person's total foreign assets and liabilities as on the last day of the tax year; (b) any foreign assets transferred by the person to any other person during the tax year and the consideration for the said transfer; and (c) complete particulars of foreign income, the expenditure derived during the tax year and the expenditure wholly and necessarily for the purposes of deriving the said income. <p>(2) The Commissioner may by a notice in writing require any person being an individual who, in the opinion of the Commissioner on the basis of reasons to be recorded in writing, was required to furnish a foreign income and assets statement under sub-section (1) but who has failed to do so to furnish the foreign income and assets statement on the date specified in the notice</p>	

<p>118(a)</p>	<p>118. Method of furnishing returns and other documents (1) A return of income under section 114, a statement required under sub-section (4) of section 115 or a wealth statement under section 116 shall be furnished in the prescribed manner.</p> <p>2A Where salary income for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116</p>	<p><i>Consequential amendments have been proposed to incorporate newly inserted section 116A</i></p> <p>(1) A return of income under section 114, a statement required under sub-section (4) of section 115, a wealth statement under section 116 or a foreign income and assets statement under 116A, if applicable shall be furnished in the prescribed manner.</p> <p>2A Where salary income for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116 or a foreign income and assets statement under 116A, if applicable</p>
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121(3)	Non-Existent	<p><i>It has been proposed to amend time limit for best judgment assessment as under:</i></p> <p>Provided that where notice for furnishing a return of income under sub-section (4) of section 114 is issued in respect of one or more of the last ten completed tax years in pursuance of proviso to sub-section (5) of section 114 an assessment order under this section shall only be issued within two years from the end of tax year in which such notice is issued.</p>
131(5)	Non-Existent	<p><i>The power of the ATIR to grant has been restricted to 180 days, there shall be no extension after expiry of 180 days in our opinion</i></p> <p>Provided further that where recovery of tax has been stayed under this section, such stay order shall cease to have effect on expiration of the said period of one hundred and eighty days following the date on which the stay order was made and the Commissioner shall proceed to recover the said tax</p>

134A(2)	<p>134A. Alternative Dispute Resolution</p> <p>(2) The Board after examination of the application of an aggrieved person, shall within sixty days of receipt of such application in the Board appoint a committee consisting of an officer of Inland Revenue not below the rank of Commissioner and two persons from a panel comprising of Chartered or Cost Accountants, Advocates, Income Tax Practitioners or reputable taxpayers for the resolution of the hardship or dispute.</p>	<p><i>The proposed amendment seeks to include retired judge of High Court in committee for dispute resolution.</i></p> <p>(2) The Board after examination of the application of an aggrieved person, shall within sixty days of receipt of such application in the Board appoint a committee consisting of:</p> <ul style="list-style-type: none"> (i) an officer of Inland Revenue not below the rank of Commissioner; (ii) a person from a panel comprising of retired Chartered Accountants and Advocates; (iii) a retired judge of a High Court for the resolution of the hardship or dispute: <p>Provided that the mode and manner of appointment of the members of the committee shall as may be prescribed</p>
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134A(2A) & (2B)	Non-Existent	<p><i>The following amendment seeks for withdrawal of appeal before appellate authorities for proceeding before ADRC.</i></p> <p>(2A) The aggrieved person and the Board, as the case may be, shall withdraw the appeals pending before the Appellate Authority.</p> <p>(2B) The committee shall not commence the proceedings under sub-section (3), unless the order of withdrawal by the Appellate Authority is communicated to the Board: Provided that if the order of withdrawal is not communicated within seventy five days of the appointment of the committee, the said committee shall be dissolved and this section shall not apply</p>
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<p>134A(3),(4) & (4A)</p>	<p>(3) The Committee constituted under sub-section (2) shall examine the issue and may if it deem fit necessary conduct inquiry seek expert opinion, direct any officer of the 8[Inland Revenue] or any other person to conduct an audit and shall make recommendations within ninety days of its constitution in respect of the resolution of the dispute. If the committee fails to make recommendations within the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days.</p>	<p><i>The following proposed amendments provides procedure for conduct of proceedings before ADRC and seeks for decision of ADRC to be binding upon board and taxpayer. The proposed amendment reads as under:</i></p> <p>“(3) The Committee appointed under sub-section (2) shall examine the issue and may if it deems necessary conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment</p> <p>Provided that in computing the aforesaid period of one hundred and twenty days, the period,</p>
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	<p>If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision</p> <p>(4) The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate within ninety days of the receipt of recommendations of the Committee Provided that if such order is not passed within the aforesaid aforesaid period, recommendations of the committee shall be treated to be an order passed by the Board under this sub-section.</p> <p>(4A) Notwithstanding anything contained in sub-section (4), the Chairman Chairman Federal Board of Revenue may, on the application of an aggrieved person, for reasons to be recorded in writing, and on being satisfied that there is an error in order or decision, pass such order as may be deemed just and equitable.</p>	<p>if any, for communicating the order of withdrawal under sub-section (3) shall be excluded</p> <p>(4) The decision of the committee made under sub-section (3) shall be binding on the Board and the aggrieved person.</p> <p>(4A) If the Committee fails to decide within the period of one hundred and twenty days, under sub-section (3), the Board shall dissolve the committee, by an order in writing, and the matter shall be decided by the Appellate Authority, which issued the order of withdrawal under sub-section (2B) and the appeal shall be treated to be pending before such Appellate Authority as if the appeal has never been withdrawn</p>
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134A(4B) & (4C)		<p>(4B) The Board shall communicate the order of dissolution to the Appellate Authority mentioned in subsection (1) and the Commissioner.</p> <p>(4C) The aggrieved person, on receipt of the order of dissolution, shall communicate to the Appellate Authority mentioned in sub-section (1), which shall decide the appeal within six months of the communication of the order of dissolution</p>
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134A(5)	<p>(5)The aggrieved person may make the payment of income tax and other taxes as determined by the 3[Board] in its order under sub-section (4) and all decisions, orders and judgements made or passed shall stand modified to that extent and all proceedings under this Ordinance or the rules made thereunder by any authority shall abate:</p> <p>Provided that order passed by the Board in the light of—of recommendations of the committee shall be submitted before that authority, tribunal or the court 6[where the matter is subjudice] for consideration and orders as deemed appropriate 7</p> <p>Provided further that if the taxpayer is not satisfied with the the said order, he may continue to pursue his remedy before the relevant authority, tribunal or court as if no such order had been made by the Board.</p>	<p><i>The amendment to make decision of ADRC binding upon taxpayer has been proposed.</i></p> <p>(5)The aggrieved person may make the payment of income tax and other taxes as decided by the committee under sub-section (3) and all decisions, orders and judgements made or passed shall stand modified to that extent and all proceedings under this Ordinance or the rules made thereunder by any authority shall abate:</p>
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137(2)	<p>Non-Existent</p>	<p><i>The amendment has been proposed to omit anomaly regarding date of payment of advance tax.</i></p> <p>Provided that the due date for payment of tax payable under sub-section (7) of section 147 shall be the date specified in subsection (5) or sub-section (5A) or first proviso to sub-section (5B) of section 147</p>
140	<p>140. Recovery of tax from persons holding money on behalf of a taxpayer</p> <p>Provided that the Commissioner shall not issue notice under this sub-section for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 127 in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that twenty-five percent of the said amount of tax due has been paid by the taxpayer</p>	<p><i>The proposed amendment seeks to reduce limit of payment to ten percent for automatic stay against demand pending before CIR(A).</i></p> <p>140. Recovery of tax from persons holding money on behalf of a taxpayer</p> <p>Provided that the Commissioner shall not issue notice under this sub-section for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 127 in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that ten percent of the said amount of tax due has been paid by the taxpayer</p>

147(4)	Non-Existent	<p><i>The proviso has been proposed to be inserted regarding calculation of turnover for the purpose of advance tax.</i></p> <p>Provided that where the taxpayer fails to provide turnover or the turnover for the quarter is not known, it shall be taken to be one-fourth of one hundred and ten percent of the turnover of the latest tax year for which a return has been filed</p>
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147(4A)	<p>147. Advance tax paid by the taxpayer</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 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>	<p><i>The proposed amendment seeks to enhance scope of sub-section on banking companies.</i></p> <p>147. Advance tax paid by the taxpayer including a banking company</p> <p>(4A) Any taxpayer including a banking company 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 including a banking company is required to pay under sub-section (4), the taxpayer including a banking company 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 including a banking company 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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147(6)	<p>(6) If any taxpayer who is required to make payment of advance tax under sub-section (1) estimates at any time before the last installment is due, that the tax payable by him for the relevant tax year is likely to be less than the amount he is required to pay under sub-section (1), the taxpayer may furnish to the Commissioner an estimate of the amount of the tax payable by him, and thereafter pay such estimated amount, as reduced by the amount, if any, already paid under sub-section (1), in equal installments on such dates as have not expired</p>	<p><i>The proviso has been inserted to empower Commissioner to reject taxpayers estimate for payment of advance tax.</i></p> <p>(6) If any taxpayer excluding a banking company who is required to make payment of advance tax under sub-section (1) estimates at any time before the last installment is due, that the tax payable by him for the relevant tax year is likely to be less than the amount he is required to pay under sub-section (1), the taxpayer including a banking company may furnish to the Commissioner an estimate of the amount of the tax payable by him, and thereafter pay such estimated amount, as reduced by the amount, if any, already paid under sub-section (1), in equal installments on such dates as have not expired</p> <p>“Provided that an estimate of the amount of tax payable shall contain turnover for the completed quarters of the relevant tax year, estimated turnover of the remaining quarters along with reasons for any decline in estimated turnover, documentary evidence of estimated expenses or deductions which may result in lower payment of advance tax and the computation of the estimated taxable income of the relevant tax year</p>
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		<p>Provided further that where an estimate of the amount of tax payable is not accompanied by details mentioned in the first proviso, the Commissioner may reject the estimate after providing an opportunity of being heard to the taxpayer and the taxpayer shall pay advance tax according to the formula contained in sub-section (4)</p> <p><i>Earlier an estimate filed by a taxpayer was binding upon the Commissioner, there has been decided issue by Hon'ble High Court of Sindh [2011 PTD 1996] in favour of taxpayer.</i></p>
148(8)	<p>148. Imports. (8) The tax required to be collected from a person under this section on the import of plastic raw material imported by an industrial undertaking falling under PCT heading 39.01 to 39.12, edible oil and packing material for a tax year shall be minimum tax.</p>	<p><i>The amendment has been proposed to withdraw final tax regime for commercial importer and cover the same under minimum tax regime.</i></p> <p>148. Imports. (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— (a) goods where goods are sold in the same condition as they were when imported; (b) edible oil; (c) packing material; and (d) plastic raw material imported by an industrial undertaking falling under PCT headings 39.01 to 39.12.</p>

152(1C)	Non-Existent	<p><i>The proposed amendment provides for withholding of tax on payment on account of fee for offshore digital services.</i></p> <p>(1C) Every banking company or a financial institution remitting outside Pakistan an amount of fee for offshore digital services, chargeable to tax under section 6, to a nonresident person on behalf of any resident or a permanent establishment of a non-resident in Pakistan shall deduct tax from the gross amount paid at the rate specified in Division IV of Part I of the First Schedule.</p>
152(2B)	Non-Existent	<p><i>The proposed amendment seeks to harmonize tax deduction on services on payment made to permanent establishment of non-resident persons with resident persons.</i></p> <p>(2B) The tax deductible under clause (b) of subsection (2A) shall be a minimum tax and the provisions of sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (3) and sub-section (4A) of section 153 shall mutatis mutandis apply.</p>

<p>152(7)(a)</p>	<p>(7) Sub-section (5) shall not apply to a payment on account of</p> <p>(a) an import of goods where title to the goods passes outside Pakistan and is supported by import documents, except an import that is part of an overall arrangement for the supply of goods, their installation, and any commission and guarantees in respect of the supply where –</p> <p>(i) the supply is made by the head office outside Pakistan of a person to a permanent establishment of the person in Pakistan;</p> <p>(ii) the supply is made by a permanent establishment of the person outside Pakistan to a permanent establishment of the person in Pakistan;</p> <p>(iii) the supply is made between associates; or</p> <p>(iv) the supply is made by a resident person or a Pakistan permanent establishment of a non-resident person; or</p>	<p><i>Consequential amendments have been proposed to incorporate amendments made in section 101.</i></p> <p>(a) an import of goods where title to the goods passes outside Pakistan and is supported by import documents, except where</p> <p>(i) the supply is made in connection with the overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the associates of the person supplying the goods or its permanent establishment, whether or not the title passes outside Pakistan and whether or not the goods are imported in the name of the associate or any other person; or</p> <p>(ii) the supply is made by a resident person or a Pakistan permanent establishment of a nonresident person in connection with the overall arrangement as referred to in sub-clause (i);or</p>
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153(1)	<p>153. Payments for goods, services and contracts Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or</p> <p>(a) for the sale of goods; (b) for the rendering of or providing of services;</p>	<p><i>The proposed amendment seeks to enhance minimum amount of tax subject to deduction of tax on account of goods and services.</i></p> <p>153. Payments for goods, services and contracts Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or</p> <p>(a) for the sale of goods except where payment is less than seventy-five thousand rupees in aggregate during a financial year; (b) for the rendering of or providing of services except where payment is less than thirty thousand rupees in aggregate during a financial year;</p>
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153(7)	<p>(7) In this section, —</p> <p>(i) prescribed person means</p> <p>(h) an association of persons, having turnover of fifty million rupees or above in tax year 2007 or in any subsequent tax year;</p> <p>(i) an individual, having turnover of fifty million rupees or above in the tax year 2009 or in any subsequent year; or</p> <p>(j) a person registered under the Sales Tax Act, 1990;</p>	<p><i>The proposed amendments seeks to enhance scope of prescribed person as under:</i></p> <p>(7) In this section,</p> <p>(i) prescribed person means</p> <p>(h) an association of persons, having turnover of fifty million rupees or above in any of the preceeding tax years;</p> <p>(i) an individual, having turnover of fifty million rupees or above in any of the preceding tax years;</p> <p>(j) a person registered under the Sales Tax Act, 1990; or</p> <p>(k) a person deriving income from the business of construction and sale of residential, commercial or other buildings(builder); or</p> <p>(l) a person deriving income from the business of development and sale of residential, commercial or other plots (developer).</p>
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165A(1)	<p>165A. Furnishing of information by banks.</p> <p>(a) online access to its central database containing details of its account holders and all transactions made in their accounts;</p> <p>(b) a list containing particulars of deposits aggregating rupees one million or more made during the preceding calendar month;</p> <p>(c) a list of payments made by any person against bills raised in respect of a credit card issued to that person, aggregating to rupees one hundred thousand or more during the preceding calendar month;</p>	<p><i>The proposed amendment seeks to amend information to be received by board from banking companies.</i></p> <p>(a) a list of persons containing particulars of cash withdrawals exceeding fifty thousand Rupees in a day and tax deductions thereon for filers and non-filers, aggregating to Rupees one million or more during each preceding calendar month."</p> <p>(b) a list containing particulars of deposits aggregating rupees ten million or more made during the preceding calendar month;</p> <p>(c) a list of payments made by any person against bills raised in respect of a credit card issued to that person, aggregating to rupees two hundred thousand or more during the preceding calendar month;</p>
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168(2)	<p>168. Credit for tax collected or deducted.</p> <p>(2) Subject to sub-sections (3) and (4), where an amount of tax has been collected from a person under Division II of this Part 4[or Chapter XII] or deducted from a payment made to a person under Division III of this Part or Chapter XII, the person shall be allowed a tax credit for that tax in computing the tax due by the person on the taxable income of the person for the tax year in which the tax was collected or deducted.</p>	<p><i>Consuequential amendment has been made to incorporate changes made in sub-section 2A and 2B</i></p> <p>(2) Subject to sub-sections (2A), (2B), (3) and (4), where an amount of tax has been collected from a person under Division II of this Part or Chapter XII or deducted from a payment made to a person under Division III of this Part or Chapter XII, the person shall be allowed a tax credit for that tax in computing the tax due by the person on the taxable income of the person for the tax year in which the tax was collected or deducted.</p>
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165(2A) & (2B)	Non-Existent	<p><i>It has been proposed to insert new clause to allow tax credit to companies on share of taxed income from AOP.</i></p> <p>(2A) Where a company is a member of an association of persons which is taxed in accordance with section 92 and an amount of tax has been collected from an association of persons under Division II of this Part or Chapter XII or deducted from a payment made to the said association under Division III of this Part or Chapter XII, the company shall be allowed a tax credit, in respect of tax collected or deducted from the association of persons, according to the following formula, namely: —</p> <p>$(A/B) \times C$ Where —</p> <p><i>A is the amount of share of profits before tax received by the company as a member from the association of persons;</i></p> <p><i>B is the taxable income of the association of persons; and</i></p> <p><i>C is the amount of tax withheld in the name of the association of persons.</i></p> <p>(2B) No tax credit shall be allowed for any tax collected or deducted from an association of persons in respect of an amount for which credit has been allowed under sub-section (2A) to a company being a member of the association."</p>
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177(11)	<p>177. Audit.</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>(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>	<p><i>The proposed amendment seeks to enhance power of board for appointment of special audit panel.</i></p> <p>(d) any other person including a foreign expert or specialist 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> <p>(e) a tax audit expert deployed under an audit assistance programme of an international tax organization or a tax authority outside Pakistan:</p> <p>Provided that in case the member is not an officer of Inland Revenue, the person shall only be included as a member in the special audit panel if an agreement of confidentiality has been entered into between the Board and the person, international tax organization or a tax authority, as the case may be.</p>
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182 1(A)	<p>Offences and Penalties</p> <p>1A Such person shall pay a penalty of Rs. 2500 for each day of default subject to a minimum penalty of ten thousand rupees.</p>	<p><i>Following amendments has been proposed to be made in penalty section</i></p> <p>1A Such person shall pay a penalty of five thousand Rupees if the person had already paid tax required to be collected or deducted and to be reported in the statement within the due date and filed statement within ninety days from the due date for filing the statement and ten thousand Rupees otherwise</p> <p><i>Further penalty at the rate of two percent has been proposed for late filing of statement under section 116A</i></p>
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182A	Non-Existent	<p><i>A following new self-explanatory section is proposed to be inserted.</i></p> <p>182A. Return not filed within due date</p> <p>(1) Notwithstanding anything contained in this Ordinance, where a person fails to file a return of income under section 114 by the due date as specified in section 118 or by the date as extended by the Board under section 214A or extended by the Commissioner under section 119, as the case may be, such person shall</p> <p>(a) not be included in the active taxpayers' list for the year for which return was not filed within the due date; and</p> <p>(b) not be allowed, for that tax year, to carry forward any loss under Part VIII of Chapter IV"</p>
214D	214D. Automatic selection for audit	<p><i>The proposal for omission of section has been made through which cases of person were selected for audit in case of late filing of return of income.</i></p> <p>Omitted</p>
216(3)	Non-Existent	<p><i>The proposal has been made to preclude disclosure requirements to following authority.</i></p> <p>(kb) to National Database and Registration Authority for the purpose of broadening of the tax base;" and</p>

216(5)	<p>216. Disclosure of information by a public servant.-</p> <p>(5) Nothing contained in sub-section (1) shall prevent the Board from publishing, with the prior approval of the Federal Minister-in-charge, any such particulars as are referred to in that sub-section.</p>	<p><i>The amendment seeks to withdraw power of board and confine the same to Government. The proposed amendment reads as under:</i></p> <p>(5) Nothing contained in sub-section (1) shall prevent the Board from publishing, with the prior approval of the Federal Government, any such particulars as are referred to in that sub-section.</p>
218(1)(d)	Non-Existent	<p><i>The proposed amendment seeks to validate electronic service of notice or order to resident persons as proper service.</i></p> <p>(d) served on the individual electronically in the prescribed manner,"</p>
218(2)(d)	Non-Existent	<p><i>The proposed amendment seeks to validate electronic service of notice or order to non-residents persons as proper service</i></p> <p>(d) served on the individual electronically in the prescribed manner,"</p>

227	<p>227. Bar of suits in Civil Courts No suit or other legal proceeding shall be brought in any Civil Court against any order made under this Ordinance, and no prosecution, suit or other proceedings shall be made against any person for anything which is in good faith done or intended to be done under this Ordinance or any rules or orders made thereunder</p>	<p><i>The proposal has been made to bar from initiation of legal proceedings against any notice issued under the Ordinance. The proposed amendment reads as under:</i></p>
	<p>227. Bar of suits in Civil Courts No suit or other legal proceeding shall be brought in any Civil Court against any order made or any notice issued under this Ordinance, and no prosecution, suit or other proceedings shall be made against any person for anything which is in good faith done or intended to be done under this Ordinance or any rules or orders made, or any notice issued thereunder</p>	<p>227. Bar of suits in Civil Courts No suit or other legal proceeding shall be brought in any Civil Court against any order made or any notice issued under this Ordinance, and no prosecution, suit or other proceedings shall be made against any person for anything which is in good faith done or intended to be done under this Ordinance or any rules or orders made, or any notice issued thereunder</p>
	Non-Existent	<p>Explanation For the removal of doubt, it is clarified that Civil Court includes any court exercising power of the civil court.</p>

227C	Non-Existent	<p><i>A following new self-explanatory section has been proposed to be inserted.</i></p> <p>"227C. Restriction on purchase of certain assets:-</p> <p>Notwithstanding anything contained in any law, for the time being in force (a) any application for booking, registration or purchase of a new locally manufactured motor vehicle or for registration of an imported vehicle shall not be accepted or processed by any vehicle registering authority of Excise and Taxation Department or a manufacturer of a motor vehicle respectively, unless the person is a filer.;</p> <p>(b) any application or request by a person from any authority responsible for registering, recording or attesting transfer of any immovable property for registering or attesting the transfer shall not be accepted or processed by such authority, unless the person is a filer</p>
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A following new self-explanatory section has been proposed to be inserted.

"230F. Directorate General of Immovable Property.

(1) The Directorate-General of Immovable Property, (hereinafter referred to as Directorate-General in this section, shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint

(2) The Board may, by notification in the official Gazette, specify the functions and jurisdiction of the Directorate-General and its officers.

(3) The Directorate-General may, subject to the provisions and conditions as may be prescribed, initiate proceedings for the acquisition of property for the reasons and purposes specified in sub-section (4).

(4) The proceedings under sub-section (3) shall be initiated, where the Directorate-General, on the basis of valuation made by it, has reason to believe that any immovable property of a fair market value has been transferred by a person, hereinafter referred to as the transferor, to another person, hereinafter referred to as the transferee, for a consideration which is less than the fair market value of the immovable property and that the consideration for such transfer as agreed to between the transferor and transferee has been understated in the instrument of transfer for the purposes of

(a) the avoidance or reduction of withholding tax obligations under this Ordinance;

(b) concealment of unexplained amount referred to in sub-section (1) of section 111 representing investment in immovable property; or

(c) avoidance or reduction of capital gains tax under section 37.

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(5) The Directorate-General may appoint any value or expert as it considers necessary for the purposes of determination of valuation including fair market value of immovable property.

(6) The mode and manner of appointment of a valuer or expert shall be as may be prescribed.

(7) The valuation made under sub-section (4) and reasons that consideration is less than the fair market value shall be recorded in writing.

(8) No proceedings shall be initiated in respect of any immovable property after expiration of a period of six months from the end of the month in which the instrument of transfer in respect of such property is registered, recorded or attested.

(9) The mode and manner of initiation of proceedings and acquisition of immovable property under this section shall be as may be prescribed:

Provided that the proceedings shall not be initiated unless the transferee is provided with an opportunity of being heard and where the objection by the transferee, if any, is rejected by the Directorate-General, it shall record in writing the reasons for rejection through an order.

(10) If the Directorate-General is satisfied with the objections or reasons furnished by the transferee or the transferor, it shall, by order in writing, declare that the property shall not be acquired under this section.

(11) If after hearing the objections, if any, and after taking into account all the relevant material on record, the Directorate-General is satisfied that the fair market value of such property exceeds the consideration by more than fifty per cent of such consideration and that transfer as agreed to between the transferor and the transferee has not been truly stated in the instrument of transfer it may, after obtaining approval of the Board, make an order for acquisition of the immovable property under this section

(12) The transferee may prefer express appeal to the Appellate Tribunal of Immovable Property against the order of acquisition of any immovable property under sub-section (11) within sixty days of service of a copy of such order.

(13) There shall be established an Appellate Tribunal of Immovable Property to exercise the powers conferred on the Tribunal under this section.

(14) The appointment of members of the Tribunal, powers, functions, constitution of the Tribunal and mode and manner of disposal of appeals shall be as may be prescribed.

(15) The Appellate Tribunal may, after giving the appellant and the Directorate-General an opportunity of being heard, pass such order as it thinks fit.

(16) The transferee or the Directorate-General aggrieved by any order of the Tribunal may, within sixty days of the date on which the order under sub-section (15) is served, prefer an appeal against such order to the High Court.

(17) As soon as may be after the order for acquisition of immovable property made under sub-section (11) becomes final, the Directorate-General may, by notice in writing, order the transferee or any other person who may be in possession of the immovable property to surrender or deliver possession thereof to the Directorate-General within thirty days of the date of the service of the notice.

(18) The order referred to in sub-section (11) becomes final if either no appeal has been there against filed or on appeal filed before the Tribunal, the order is confirmed and no appeal is filed before the High Court or on appeal filed before the High Court the order is confirmed.

(19) Notwithstanding anything contained in any law or any agreement for the time being in force, where order referred to in sub-section (11) becomes final, the immovable property and all rights including ownership rights thereof shall be vested in the Federal Government and shall be treated to be in the same position in relation to such rights as the person in whom such rights would have continued to vest if such order had not become final.

(20) Where any immovable property is acquired under this section, the Board shall make the payment of consideration for acquisition to the person or persons entitled thereto, as soon as may be, after the property becomes vested in the Federal Government

(21) Notwithstanding the provisions of section 68, for this section

- (a) consideration for acquisition means a sum equal to the aggregate of the amount of the consideration for the transfer of immovable property and hundred per cent of such consideration;
- (b) fair market value in relation to an immovable property means the price that the immovable property would ordinarily fetch on sale in the open market on the date of execution of the instrument of transfer of such property;
- (c) immovable property means any land with or without a superstructure or any building or part of a building or any rights therein and includes, where any land or any building or part of a building is transferred along with any machinery, plant, equipment, furniture and fittings; and
- (d) transfer in relation to any immovable property means transfer of such property by way of sale or exchange or lease for a term of not less than ten years.

	<p>(22) The provisions of this section shall come into force on such date as the Federal Government may, by notification in official Gazette, appoint.</p> <p>(23) From the date of appointment as mentioned in sub section (21), rates mentioned in column (3) of the Table in Division XVIII shall be 1% and provisions of clause (c) of sub-section (4) of section 111, section 236C, section 236W and Division X of Part IV of the First Schedule shall not apply</p>	
233A(2)	<p>233A. Collection of tax by a stock exchange registered in Pakistan</p> <p>(2) The tax collected under sub-section (1) shall be final tax</p>	<p><i>A proposal has been made to bring stock brokers into Normal Tax Regime from Final Tax Regime.</i></p> <p>233A. Collection of tax by a stock exchange registered in Pakistan</p> <p>(2) The tax collected under sub-section (1) shall be adjustable</p>
236HA	<p>Non-Existent</p>	<p><i>A following new self-explanatory section has been proposed to be inserted.</i></p> <p>"236HA. Tax on sale of certain petroleum products:-</p> <p>(1) Every person selling petroleum products to a petrol pump operator or distributor, where such operator or distributor is not allowed a commission or discount, shall collect advance tax on exdepot sale price of such products at the rate specified in Division XVA of Part IV of the First schedule.</p> <p>(2) The tax deductible under sub-section (1) shall be a final tax on the income arising from the sale of petroleum products to which sub-section (1) applies</p>

236K(3)	<p>Non-Existent</p>	<p><i>The proposed amendment seeks to enhance scope of tax collection on properties purchased on installments.</i></p> <p>236K. Advance tax on purchase or transfer of immovable property</p> <p>(3) Any person responsible for collecting payments in installments for purchase or allotment of any immovable property where the transfer is to be effected after making payment of all installments, shall at the time of collecting installments collect from the allottee or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule</p>
236M	<p>236M. Bonus shares issued by companies quoted on stock exchange .-</p> <p>(1) Notwithstanding anything contained in any law for the time being in force, every company, quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold five percent of the bonus shares to be issued.</p>	<p><i>The bills propose to omit tax levied on bonus shares of quoted companies</i></p> <p>Omitted</p>

236N	<p>236N. Bonus shares issued by companies not quoted on stock exchange .-</p> <p>(1) Notwithstanding anything contained in any law for the time being in force, every company, not quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall deposit tax, within fifteen days of the closure of books, at the rate of five percent of the value of the bonus shares on the first day of closure of books, whether or not tax has been collected by the company under sub-section (3).</p>	<p><i>The bills proposes to omit tax levied on bonus shares of unquoted companies</i></p> <p>Omitted</p>
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236Y		<p><i>A following new self-explanatory section has been proposed to be inserted.</i></p> <p>“236Y. Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards.—</p> <p>Every banking company shall collect advance tax, at the time of transfer of any sum remitted outside Pakistan, on behalf of any person who has completed a credit card transaction, a debit card transaction, or a prepaid card transaction with a person outside Pakistan at the rate specified in Division XXVII of Part IV of the First Schedule.</p> <p>(2) The advance tax collected under this section shall be adjustable</p>
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241(2)	Non-Existent	<p><i>A new sub-section aimed at undoing judgments of High Court regarding validity of powers of Directorate of Intelligence and Investigation.</i></p> <p>“(2) Notwithstanding any omission, irregularity or deficiency in the establishment, or conferment of powers and functions, of the Directorate-General (Intelligence and Investigation), Inland Revenue and authorities specified in section 230, all orders passed, notices issued and actions taken in exercise or purported exercise of the powers and functions of the Commissioner under this Ordinance by the Directorate-General (Intelligence and Investigation), Inland Revenue or the authorities specified in section 230 shall be deemed to have been validly passed, issued and taken under this Ordinance.</p>
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DIVISION I RATES OF TAX FOR INDIVIDUALS

- (1) The rates of tax imposed on the taxable income of every individual has been proposed to be amended as under:

S. No.	Taxable Income	Rate of tax
1	Where the taxable income does not exceed Rs. 400,000/-	0%
2	Where the taxable income exceeds Rs. 400,000/- but does not exceed Rs. 800,000/-	Rs. 1,000/-
3	Where the taxable income exceeds Rs. 800,000/- but does not exceed Rs. 1,200,000/-	Rs. 2,000/-
4	Where the taxable income exceeds Rs. 12,00,000 but does not exceed Rs. 24,00,000/-	5% of the amount exceeding Rs. 1,200,000/-
5	Where the taxable income exceeds Rs.24,00,000/- but does not exceed Rs. 48,00,000/-	Rs. 60,000/- + 10% of the amount exceeding Rs. 24,00,000/-
6	Where the taxable income exceeds Rs. 4,800,000/-	Rs. 300,000/- + 15% of the amount exceeding Rs. 4,800,000/-

**RATES OF TAX FOR
Association of Persons**

The rate of tax for AOPs has been proposed to be amended as under:-

S. No	Taxable Income	Rate of tax
1	Where the taxable income does not exceed Rs. 400,000/-	0%
2	Where the taxable income exceeds Rs. 400,000/- but does not exceed Rs. 1,200,000/-	5% of the amount exceeding Rs. 400,000/-
3	Where the taxable income exceeds Rs. 1,200,000/- but does not exceed Rs. 2,400,000/-	Rs. 40,000 + 10% of the amount exceeding Rs. 1,200,000
4	Where the taxable income exceeds Rs. 2,400,000/- but does not exceed Rs. 3,600,000/-	Rs. 160,000 + 15% of the amount exceeding Rs. 2,400,000/-
5	Where the taxable income exceeds Rs. 3,600,000 but does not exceed Rs. 4,800,000	Rs. 340,000 + 20% of the amount exceeding Rs. 3,600,000
6	Where the taxable income exceeds Rs. 4,800,000 but does not exceed Rs. 6,000,000	Rs. 580,000 + 25% of the amount exceeding Rs. 4,800,000
7	Where the taxable income exceeds Rs. 6,000,000	Rs. 880,000 + 30% of the amount exceeding Rs. 6,000,000

Division II
RATES OF TAX FOR COMPANIES

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

Tax Year	Rate of Tax
2019	29%
2020	28%
2021	27%
2022	26%
2023 and onwards	25%

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%	3%	2%	0%
2	Person other than a banking company having income equal to or exceeding Rs. 500 Million	3%	2%	1%	0%

DIVISION IV
RATE OF TAX ON CERTAIN PAYMENTS TO NON RESIDENTS

The rate of tax on payments to nonresident has been proposed to be amended as under:

The rate of tax imposed under section 6 on payments to non-residents shall be 15% of the gross amount of the royalty or fee for technical services and 5% of the gross amount of the fee for offshore digital services.

DIVISION VIII
RATE OF TAX ON SALE OF IMMOVABLE PROPERTY

Amendment has been proposed to levy advance tax on first sale of immovable property acquired or allotted as an original allottee.

PART II
RATE OF ADVANCE TAX

Rate of advance tax to be collected under section 148 of the Income Tax Ordinance, 2001 on import of coal has been proposed at 4% for filer and 6% for non-filer.

PART III
DIVISION I
RATE OF DIVIDEND TAX

The rate of tax for individuals on dividend from rental REIT has been proposed to be reduced to 7.5%.

DIVISION III
RATES OF TAX FOR PAYMENTS FOR GOODS OF SERVICES

Rates of tax on payments against goods is proposed to be amended as under:

- a) In the case of sale of goods,-
 - i. In case of a company 4% of gross amount payable if company is a filer and 8% if the company is a non filer.
 - ii. In any other case 4.5% of the gross amount payable if the person is a filer and 9% if the person is a Non filer.
- b) In the case of execution of contract,-
 - i. In case of a company 7% of gross amount payable if company is a filer and 14% if the company is a non filer.
 - ii. In any other case, 7.5% of the gross amount payable if the person is a filer and 15% if the person is a Non filer.

PART-IV
DIVISION XI
ADVANCE TAX ON FUNCTIONS & GATHERING

It has been proposed to insert proviso as under:

Provided that the rate for the function of marriage in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, community place or any other place used for such purpose shall be as set out in the table below

S. No.	Rate of tax	
1	2	3
1	5% of the bill ad velorem or Rs. 20,000 per function whichever is higher	For Islamabad, Lahore, Multan, Faislabad, Rawalpindi, Gujranwala, Bahawalpur, Sargodha, Sahiwal, Sheikhpuram D.G Khan, Karachi, Hyderabad, Sukkur, Thatta, Larkana, Mirpur Khan, Nawabshah, Peshawar, Mardan, Abbotabad, Kohat, D.I Khan, Quetta, Sibi, Loralai, Khuzdar, Dera Murad Jamali and Turbat
2	5% of the bill ad velorem or Rs. 10,000 per function whichever is higher	For cities other than those mentioned above

PART-IV
DIVISION XVA
Advance Tax on Sale of certain Petroleum Products

It has been proposed to insert new rate of tax in insertion of section 236HA as under:

The rate of collection of tax under section 236HA shall be 0.5% of ex-deposit sale price for filers and 1% for non-filers."; and

**PART-IV
DIVISION XXI**

Advance tax on Banking transaction otherwise than through Cash

The rate of tax has been proposed to be reduced to 0.4% for non-filers on the transaction with respect to section 236P.

Division – XXVII

Advance tax on amount remitted abroad through Credit, Debit or
Prepaid Cards

In consequent to insertion of section 236Y, following new rate of tax has been proposed to be inserted

The rate of tax to be deducted under section 236Y shall be 1% of the gross amount remitted abroad for filers and 3% for non-filers

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

After clause (39) new self-explanatory clause has been proposed to be inserted as under:

(39A) Any amount paid as kit allowance, ration allowance, special messing allowance, SSG allowance, Northern Areas compensatory allowance, special pay for Northern Areas and height allowance to the Armed Forces personnel.

In clause (57), following institutes has been proposed to be inserted:

- (xv) Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund.
- (xvi) Khyber Pakhtunkhwa General Provident Investment Fund.
- (xvii) Khyber Pakhtunkhwa Pension Fund."

Under clause (61) following institutes has been proposed to be inserted:

- (xlv) Pakistan Sweet Home, Angels and Fairies Place.

- (xlvii) Al-Shifa Trust Eye Hospital.
- (xlviii) Aziz Tabba Foundation.
- (xlix) Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT.
 - (I) Sharif Trust.
 - (ii) The Kidney Centre Post Graduate Institute.
 - (iii) Pakistan Disabled Foundation.

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

- (xxxv) Third Pakistan International Sukuk Company Limited.
- (xlii) SAARC Energy Centre.
- (xliii) Pakistan Bar Council.
- (xliv) Pakistan Centre for Philanthropy.
- (xlv) Pakistan Mortgage Refinance Company Limited.
- (xlvii) Aziz Tabba Foundation.
- (I) Al-Shifa Trust Eye Hospital.
- (li) Saylani Welfare International Trust.
- (lii) Shaukat Khanum Memorial Trust.
- (liii) Layton Rahmatullah Benevolent Trust (LRBT).
- (liv) The Kidney Centre Post Graduate Training Institute.
- (lv) Pakistan Disabled Foundation.
- (lvi) Forman Christian College

Clause (72A) has been proposed to extend exemption to Sukuk Holders on income derived from Third Pakistan International Sukuk Company Limited as under:

Any income derived by Sukuk holder in relation to Sukuk issued by "The Second Pakistan International Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited, including any gain on disposal of such Sukuk.

Clause 90A

The following new clause has been proposed to be inserted as under;

(90A) Any profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, for a period of five years with effect from the 1st day of July, 2018.

Clause 100

Amendments has been proposed to extend scope of exemption to manufacturing activity as under:

(100) Any income, not being income from **manufacturing or** trading activity, of a modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), for any assessment year commencing on or after the first day of July, 1999.

The following new self explanatory clauses have been proposed to be inserted as under;

(110C) Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, during the period from the 1st day of July, 2018 till the 30th day of June, 2023.

(126BA) Profits and gains derived by a refinery set up between the 1st day of July, 2018 and the 30th day of June, 2023 with minimum 100,000 barrels per day production capacity for a period of twenty years beginning in the month in which the refinery is set up or commercial production is commenced, whichever is later. Exemption under this clause shall also be available to existing refineries, if

- (a) existing production capacity is enhanced by at least 100,000 barrels per day;
- (b) the refinery maintains separate accounts for income arising from aforesaid additional production capacity; and
- (c) the refinery is a deep conversion refinery.

PART-II REDUCTION IN TAX RATES

The following new self explanatory clause has been proposed to be inserted as under;

“(24AA) The rate of tax, under section 152 in the case of M/S CR-NORINCO JV (Chinese Contractor) as recipient, on payments arising out of commercial contract agreement signed with the Government of Punjab for installation of electrical and mechanical (E&M) equipment for construction of the Lahore Orange Line Metro Train Project, shall be 6% of the gross amount of payment.

PART-III REDUCTION IN TAX LIABILITY

It has been proposed to extend scope of clause (6) to Shuhuda Family Welfare Account as under:

(6) The tax payable under clause (c) of sub-section (1) of section 39, in respect of any amount paid as yield or profit on investment in Bahbood Savings Certificate or Pensioners Benefit Account **and Shuhada Family Welfare Account** shall not exceed 10% of such profit.

The following new self explanatory clause has been proposed to be inserted as under:

(7) The amount of tax payable by foreign film-makers from making films in Pakistan shall be reduced by fifty percent on income from film-making in Pakistan.

(8) The amount of tax payable by resident companies deriving income from film-making shall be reduced by fifty percent on income from film-making

Part-IV
EXEMPTION FROM SPECIFIC PROVISION

It has been proposed to extend scope of section 46 to Third Pakistan International Sukuk Company Limited as under:

- (1A) the provision of clause (d) of section 46 shall not apply to Sukuk issued by "The Second Pakistan International Sukuk Company Limited" "and the Third Pakistan International Sukuk Company Limited.

Clause 11A

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

- (xxviii) Third Pakistan International Sukuk Company Limited
(xxx) taxpayers qualifying for exemption under clause(126) of Part-I of this Schedule with effect from the tax year 2014

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

- (11E) The provisions of clause (b) of sub-section (1) of section 153 shall not apply to payments received by Sui Southern Gas Company Limited and Pakistan LNG Terminal Limited from Sui Northern Gas Pipelines Limited on account of re-gasification charges
- (12A) The provisions of section 150 shall not apply to dividend paid to Transmission Line Projects under Transmission Line Policy 2015

It has been proposed to extend scope of clause (36A) to Shuhuda Family Welfare Account as under:

- (36A) The provisions of clause (a) of sub-section (1) of section 151 shall not apply in respect of any amount paid as yield or profit on investment in Bahbood Savings Certificate or Pensioner's Benefit Account **and Shuhada Family Welfare Account.**

Clause (56)

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

“(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), Light diesel oil (PCT Code 2710.1921) and

Super Kerosene Oil 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, **Bakri Energy (Pvt) Ltd**, Overseas Oil Trading Company (Pvt) Ltd, Gas and Oil Pakistan (Pvt) Ltd and oil refineries.

The clause 56B has been proposed to be omitted which read as under:

- (56B) The provision of sub-section (7) of section 148, and clause (a) of sub-section (1) of section 169 shall not apply to a person being a commercial importer if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 5.5%, of the imports, if the person is a company and 6% otherwise.

Clause (57)

Amendment has been proposed in clause (57) to extend time limit for minimum tax till tax year 2021 as under:

(57) Provided further that minimum tax under section 113 shall be 0.5% upto the tax year 2021 and one per cent thereafter.

- (60A) The provisions of section 148 shall not apply for import of plant, machinery and equipment including dumpers and special purposes motor vehicles imported by the following for construction of Sukkur-

Multan section of Karachi-Peshawar Motorway project and Karakorum Highway (KKH) Phase-II (Thakot to Havellian Section) of CPEC project respectively, namely:-

- (a) M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and
- (b) M/s China Communication Construction Company (M/s.CCCC).

(60AA) The provisions of section 148 of the Income Tax Ordinance, 2001(XLIX of 2001), shall not apply for import of construction materials or goods up to a maximum of 10,898.000 million rupees imported by China State Construction Engineering Corporation (M/s CSCEC) for construction of Sukkur-Multan section of Karachi-Peshawar Motorway project of National Highway Authority under CPEC.”;

(60B) The provisions of section 148 shall not apply on import of thirty-five armoured and security vehicles imported by or for Ministry of Foreign Affairs, Government of Pakistan meant for security of visiting foreign dignitaries, subject to the following conditions, namely: -

- (a) That the vehicles imported under this clause shall only be used for the security purpose of foreign dignitaries and will be parked in Central Pool of Cars (CPC) in the Cabinet Division for further use as and when needed; and
- (b) that the importing Ministry at the time of import shall furnish an undertaking to the concerned Collector of Customs to the extent of customs-dues exempted under this clause on consignment to consignment basis binding themselves that the vehicles imported under this clause shall not be re-exported, sold or otherwise disposed of without prior approval of the Board and in the manner prescribed therefore.

(60C) The provision of section 148 shall not apply on import of equipment to be furnished or installed for Rail Based Mass Transit Projects in Lahore, Karachi, Peshawar and Quetta under CPEC.”;

It has been proposed to extend scope of clause (63) as under:

- (63) M/s Dawat-e-Hadiya, Karachi and **Lahore University of Management Sciences** shall be deemed to have been approved by the Commissioner for the purpose of sub-section (36) of section 2 notwithstanding the provisions of clause (c) of sub-section (36) of Section 2.

Clause (86)

It has been proposed to substitute clause (86) as under:

(86) (a) The provisions of section 111 shall not apply to-

- (i) investment made by an individual in a greenfield industrial undertaking directly or as an original allottee in the purchase of shares of a company establishing an industrial undertaking or capital contribution in an association of persons establishing an industrial undertaking;
- (ii) investment made by an association of persons in an industrial undertaking; and
- (iii) investment made by a company in an industrial undertaking

if the said investment is made on or after the 1st day of January, 2014 and commercial production commences on or before the 30th day of June, 2019.

b) The concessions given in this clause shall also apply to investment made in -

- (i) construction industry in corporate sector;
- (ii) low cost housing construction in the corporate sector;
- (iii) livestock development projects in the corporate sector;

- (iv) new captive power plants; and
 - (v) mining and quarrying in Thar coal, Balochistan and Khyber Pakhtunkhawa.
- (c) The concessions given in sub-clause (a) shall not apply to investment made in-
 - (i) arms and ammunitions;
 - (ii) explosives;
 - (iii) fertilizers;
 - (iv) sugar;
 - (v) cigarettes;
 - (vi) aerated beverages;
 - (vii) cement;
 - (viii) textile spinning units;
 - (ix) flour mills
 - (x) vegetable ghee; and
 - (xi) cooking oil manufacturing;
- (d) The term green field industrial undertaking shall include expansion projects for the purposes of this clause;
- (e) Immunity under this clause shall not be available to proceeds of crime relating to offences under the following laws, namely:-
 - (i) Control of Narcotics Substances Act, 1997;
 - (ii) Anti Terrorism Act, 1997; and
 - (iii) Anti-Money Laundering Act, 2010.

Clause (94)

It has been proposed to enhance scope of clause (94) as under:

(94) The provisions of clause (b) of the proviso to sub-section (3) of section 153 shall not apply for "the period beginning on the first day of July, 2015 and ending on the thirtieth day of June, 2017 to a company being a filer and engaged in providing or rendering freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, "IT services and IT enabled services as defined in clause (133) of Part I of this Schedule" tracking

services, advertising services (other than by print or electronic media), share registrar services, engineering services or car rental services (other than by print or electronic media), share register services engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Ltd and Pakistan Mercantile Exchange Limited, **inspection, certification, testing and training services** shall be inserted.

Provided that the tax payable or paid on the income from providing or rendering aforesaid services shall not be less than two percent of the gross amount of turnover from all sources and that the company furnishes in writing an irrevocable undertaking by the fifteenth day of November, 2015 to present its accounts to the Commissioner within thirty days of filing of return, for audit of its income tax affairs for (any of the tax years 2016 to **2019**)

Provided further that for tax year **2019**, the company shall furnish irrevocable undertaking by November, **2018**, to present its accounts to the Commissioner."

Clause 95

It has been proposed to substitute clause (95) as under:

- (95) the provisions of sections 147, 150A, 151, 152, 231A, 231AA, 236A and 236K shall not apply to "The Second Pakistan International Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited, as a payer."

Clause 96

It has been proposed to substitute clause (96) as under:

- (96) the provisions of sections 147, 150A, 151, 155 and 236K shall not apply to "The second Pakistan international Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited, as a recipient."

Following new self explanatory clauses has been proposed to be inserted:

- (103) The provisions of section 7B shall not apply to yield or profit on investment in Bahbood Savings Certificate or Pensioner's Benefit Account, provided that tax on the said yield or profit on debt is paid at the rates specified in Division I of Part I of the First Schedule subject to clause (6) of Part III.
- (104) The provisions of section 5A shall not apply to a company where a restriction has been imposed on distribution of dividend on account of an agreement with the Government of Pakistan.
- (105) The provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding three tax years: Provided that the Commissioner may select a person under section 177 for audit, with approval of the Board.";

SEVENTH SCHEDULE

Consequential amendments has been made to incorporate effect of super tax and amendments made in section 100A

SALES TAX

The Amendments are applicable from July 1, 2018 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2018	PROPOSED AMENDMENT THROUGH FINANCE BILL 2018
3(1A)	<p>3. <u>Scope of payment of tax</u></p> <p>1A) Subject to the provision of sub section (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 charged, levied and paid a further tax at the rate of 6 [two] percent of the value In addition to the rate specified in sub sections (1), (1B), (2), (5), 7 [(6) and section 4] provided that the Federal Govt. may, by notification in the official Gazette, specify the taxable supplies in respect of which the further tax shall not be charged, levied and paid.</p>	<p><i>It is proposed to amended sub - section 1(A) of section 3 by increasing the rate of further tax from 2% to 3%</i></p> <p>1A) Subject to the provision of sub section (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 charged, levied and paid a further tax at the rate of 6 [Three] percent of the value In addition to the rate specified in sub sections (1), (1B), (2), (5), 7 [(6) and section 4] provided that the Federal Govt. may, by notification in the official Gazette, specify the taxable supplies in respect of which the further tax shall not be charged, levied and paid.</p>

3(2)(b), 3(3A), 3(5), 4(c), 7(3), 7(4), 7A(1), 7A(2), 8(1)(b)	<p>3. <u>Scope of payment of tax</u></p> <p>(b) The [Board with the approval of the Federal Minister-in-charge] 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>	<p><i>It has been proposed to confers the power from "Federal Minister-in-charge", to "Federal Government" to impose tax at such higher or lower rate as may be specified in the notification. By virtue of the proposed amendment previous position stand re-stored</i></p>
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8(1)(m)	<p>Non- Existent</p>	<p><i>It has been proposed to insert a new clause (m) in sub section 1 of section 8 of the Sales Tax Act, 1990.</i></p> <p>import of scrap of compressors falling under PCT heading 7204.4940".;</p> <p><i>Through the proposed amendment input tax on import of scraped has been declared inadmissible, in our opinion the amendment shall adversely affect person falls under Rule 58H of Special Procedure Rules, 2007.</i></p>
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11(B) (1)	<p>Non- Existent</p>	<p><i>It has been proposed to insert a new sub-section (1) & (2) in section 11(B) in the Sales Tax Act, 1990. Defining functions of the Commissioner or an officer of Inland Revenue empowered in this behalf.</i></p> <p>11B. Assessment giving effect to an order.– (1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Chapter-VIII by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court an order of assessment of tax is to be issued to any registered person, the Commissioner or an officer of Inland Revenue empowered in this behalf shall issue the order within one year from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner or officer of Inland Revenue</p>
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11(B) (2)	Non- Existent	<p><i>(2) Where, by an order made under Chapter-VIII by the Appellate Tribunal, High Court or Supreme Court, an order of assessment is set aside wholly or partly and the Commissioner or Commissioner (Appeals) or officer of Inland Revenue, as the case may be, is directed to pass a new order of assessment, the Commissioner or Commissioner (Appeals) or officer of Inland Revenue, as the case may be, shall pass the new order within one year from the end of the financial year in which the Commissioner or Commissioner (Appeals) or officer of Inland Revenue, as the case may be, is served with the order Provided that limitation under this sub-section shall not apply, if an appeal or reference has been preferred against the order passed by Appellate Tribunal or a High Court</i></p> <p><i>There was no provision available in Sales Tax Act, 1990 to give appeal order effect. Now the proposed amendment is para materia of section 124 of the Income Tax Ordinance, 2001.</i></p>
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13(2)(a)	<p>13. <u>Exemption.</u></p> <p>The [Board with the approval of the Federal Minister-in-charge] 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 multilateral agreements and matters relating to international financial institutions or foreign government-owned financial institutions] by notification in the official Gazette, exempt any taxable.</p>	<p><i>It has been proposed to confer the power to the Board to allow Exemption of taxable supplies or import or supply of any goods or class of goods from the chargeability of tax under the Sales Tax Act, 1990 by notification in the official Gazette.</i></p> <p><i>The [Board] 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 multilateral agreements and matters relating to international financial institutions or foreign government-owned financial institutions] by notification in the official Gazette, exempt any taxable.</i></p>
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25(2)	<p><u>25. Access to record, documents, etc</u></p> <p>(2) The officer of Inland Revenue authorized by the Commissioner, on the basis of the record, obtained under sub-section (1), may, once in a year, conduct audit:</p> <p>Provided that in case the Commissioner has information or sufficient evidence showing that such registered person is involved in tax fraud or evasion of tax, he may authorize an officer of Inland Revenue, not below the rank of Assistant Commissioner, to conduct an inquiry or investigation under section 38:</p> <p>Provided further that nothing in this sub-section, shall bar the officer of Inland Revenue from conducting audit of the records of the registered person if the same were earlier audited by the office of the Auditor-General of Pakistan</p>	<p><i>It is has been proposed to add a new proviso to sub section 2 of section 25 of the Sales Tax Act, 1990, namely:-</i></p> <p><i>“Provided also that audit under this section shall be conducted only once in every three years.”;</i></p> <p><i>The power of Commissioner Inland Revenue to conduct Audit u/s 25 of the Sales Tax Act, 1990 has been restricted, however no corresponding amendment made in section 72B of the Sales Tax Act, 1990, which is in our opinion required to be made in line with proposed amendment made in section 214C of the Income Tax Ordinance, 2001 as per proposed amendment by inserting clause 105 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001</i></p>
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30(A)	<p>30-A Directorate General (Intelligence and Investigation), Inland Revenue.—</p> <p>(1) The Directorate General (Intelligence and Investigation) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.</p> <p>(2) The Board may, by notification in the official Gazette,—</p> <p>(a) specify the functions and jurisdiction of the Directorate General and its officers; and</p> <p>(b) confer the powers of authorities specified in section 30 upon the Directorate General and its officers.”;</p>	<p><i>It has been proposed to make amendment in section 30 (A) by amending section with sub-section (1) and insert a new sub section (2) in Sales Tax Act, 1990 to specify the class of officers and defining the functions and powers of officers as the board may specify by notification in the official Gazette.</i></p> <p>(1) The Directorate General (Intelligence and Investigation) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.</p> <p>(2) The Board may, by notification in the official Gazette,—</p> <p>(a) specify the functions and jurisdiction of the Directorate General and its officers; and</p> <p>(b) confer the powers of authorities specified in section 30 upon the Directorate General and its officers.”;</p> <p><i>The proposed amendment has made to bring the section in line with section 230 of the Income Tax Ordinance, 2001, earlier SRO 116(i)/2015, dated; 09.02.2015 was declared unlawful by Hon'ble High Court Sindh, Karachi (2014 PTD 1733) H.C, new life is being given through proposed amendment.</i></p>
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34	<p>34. <u>Default Surcharge</u></p> <p>The person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of [KIBOR plus three per cent per annum], of the amount of tax due or the amount of refund erroneously made</p>	<p><i>It has been proposed to make amendment in clause (a) in sub - section 1 of section 34 by amending the previously stated criteria of calculating the default surcharge with a fix rate of twelve percent.</i></p> <p><i>The person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of [twelve percent per annum], of the amount of tax due or the amount of refund erroneously made</i></p>
40(B)	<p>40B. Posting of [Inland Revenue] Officer.— Subject to such conditions and restrictions, as deemed fit to impose, the [Board], or [Chief Commissioner] may post Officer of [Inland Revenue] to the premises of registered person or class of such persons to monitor production, sale of taxable goods and the stock position: Provided that if a [Commissioner] on the basis of material evidence, has reason to believe that a registered person is involved in evasion of sales tax or tax fraud, he may, by recording the reason in writing, post an [Inland Revenue] to the premises of such registered person to monitor production or sale of taxable goods and the stocks position</p>	<p><i>It has been proposed to confer the powers to the Board to place an officer of Inland Revenue to the premises of registered person to monitor their business activities with regard to limitation and restrictions as may be prescribed.</i></p> <p>Subject to such conditions and restrictions, as deemed fit to impose, the [Board], may post Officer of [Inland Revenue] to the premises of registered person or class of such persons to monitor production, sale of taxable goods and the stock position.</p> <p><i>The power of the Chief Commissioner Inland Revenue done away in very rare circumstances, the Commissioner Inland Revenue shall exercise such power.</i></p>

47(A)	<p>47A. Alternative dispute resolution</p> <p>(1) Notwithstanding any other provisions of this Act, or the rules made there under, any registered person aggrieved in connection with any dispute pertaining to:—</p> <p>(a) the liability of tax against the registered person, or admissibility of refunds, as the case may be; (b) the extent of waiver of default surcharge and penalty; (c) the quantum of input tax admissible in terms of sub-section (3) of section 7; (d) relaxation of any procedural or technical irregularities and condonation of any prescribed time limitation; and (e) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any Court of Law or an Appellate authority, except in the cases where first information reports (FIRs) have been lodged under the Act or criminal proceedings initiated or where interpretation of question of law having larger revenue impact in the opinion of the Federal Board of Revenue is involved, may apply to the Federal Board</p>	<p><i>It has been proposed to make amendment in section 47A of the Sales Tax Act, 1990 and sub section (1), (2), (3), (4), (4A), (5) & (6) of section 47A has been substituted with the following new sub sections.</i></p> <p>(1) Notwithstanding any other provision of this Act or the rules made thereunder, an aggrieved person, who has filed an appeal which is pending before an Appellate Authority, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, except where prosecution proceedings have been initiated or where interpretation of question of law having effect on identical other cases is involved</p> <p>(2) <i>The Board after examination of the application of an aggrieved person shall, within sixty days of receipt of such application in the Board, appoint a committee consisting of an officer of Inland Revenue not below the rank of Commissioner and two persons from a panel comprising of retired High Court judges, retired District and Session Judges, Chartered or Cost Accountants, Advocates, Income Tax Practitioners or reputable taxpayers for the resolution of the hardship or dispute</i></p>
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	<p>of Revenue for the appointment of a committee for the resolution of dispute in appeal and only such application may be entertained for dispute resolution under the provisions of this section.</p> <p>(2) The Board may, after examination of the application of a registered person, appoint a committee within thirty days of receipt of such application in the Board, consisting of an officer of [Inland Revenue not below the rank of an Commissioner] and two persons from the notified panel consisting of retired Judges not below District and Sessions Judge, chartered or cost accountants, advocates, representatives of trade bodies or associations, or any other reputable taxpayers, for the resolution of dispute</p>	<p><i>(3) The aggrieved person and the Board, as the case may be, shall withdraw the appeal pending before the appellate authority.</i></p> <p><i>(4) The committee shall not commence the proceeding under sub-section (2) unless the order of withdrawal from the appellate authority is communicated to the Board:</i></p> <p><i>Provided that if the order of withdrawal is not communicated within seventy-five days of the appointment of the committee, the said committee shall be dissolved and this section shall not apply.</i></p> <p><i>(5) The committee appointed under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an</i></p>
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<p>(3) The committee constituted under sub-section (2) shall examine the issue and may if it deems fit, conduct inquiry, seek expert opinion, direct any officer of the [Inland Revenue] or any other person to conduct an audit and shall make recommendations within ninety days of its constitution in respect of the dispute. If the committee fails to make recommendations within the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision.</p>	<p>audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:</p> <p>Provided that in computing the aforesaid period of one hundred and twenty days, the period, if any, for communicating the order of withdrawal under sub-section (3) shall be excluded.</p> <p>(6)The decision of the committee made under sub-section (5) shall be binding on the Board and the aggrieved person.</p> <p>(7) If the committee fails to decide the dispute within the period of one hundred and twenty days under sub-section (5), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the appellate authority, which issued the order of withdrawal under sub-section (3) and the appeal shall be treated to be pending before such appellate authority as if the appeal had never been withdrawn.</p>
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	<p>(4) The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate [within [ninety] days of the receipt of the recommendations of the Committee] Provided that if such order is not passed by the Board within the aforesaid period, the recommendation of the Committee shall be treated to be an order passed by the Board under this sub-section(4A) Notwithstanding anything contained in sub-section (4) or under sub-section (4) the</p>	<p>(8) The Board shall communicate the order of dissolution to the appellate authority mentioned in sub-section (1) and the Commissioner.</p> <p>(9) The aggrieved person may make the payment of sales tax and other taxes as decided by the committee under sub-section (5) and all decisions, orders and judgments made or passed shall stand modified to that extent and all proceedings under this Act or the rules made thereunder by any authority shall abate.</p>
	<p>Chairman may on the application of an aggrieved person, for reasons to be recorded in writing, and on being satisfied that there is an error in order or decision, pass such order may be deemed just and equitable</p>	<p>(10) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.</p>
	<p>(5) The registered person may make payment of sales tax and other duty and taxes as determined by the Board in its order under sub-section (4), 1[or under sub section (4A)] and such order of the Board shall be submitted before the forum, tribunal or the Court where the matter is subjudice for consideration of orders as deemed appropriate (6) The Board may,</p>	

	by notification in the official Gazette, make rules for carrying out the purposes of this section.	
48(1)	<p><u>Recovery of arrears of tax.</u></p> <p>(1) Provided that the Commissioner Inland Revenue or any officer of Inland Revenue shall not issue notice under this section or the rules made thereunder for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 45B in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that twenty-five per cent of the amount of tax due has been paid by the taxpayer</p>	<p><i>It has been proposed to make amendment that the payment of 25% of tax demand to avail automatic stay from recovery upon filing of appeal u/s 45-B has been reduced to ten percent.</i></p> <p><i>Proposed proviso reads as under;</i></p> <p><i>(1) Provided that the Commissioner Inland Revenue or any officer of Inland Revenue shall not issue notice under this section or the rules made thereunder for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 45B in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that ten percent of the amount of tax due has been paid by the taxpayer</i></p>

58	<p>58. Liability for payment of tax in the case of private companies [or business enterprises]</p> <p>58 Notwithstanding anything contained in the Companies Ordinance 1984, (XLVII of 1984), where any private company [or business enterprise] is wound up and any tax chargeable on the company [or business enterprise], whether before, or in the course, or after its liquidation, in respect of any tax period cannot be recovered from the company [or business enterprise], every person who was a [owner of, or partner in, or director of,] the company [or business enterprise] during the relevant period shall, jointly and severally with such persons, be liable for the payment of such tax.</p>	<p><i>The procedural proposed amendment by replacing word Companies Act, 2017 instead of Companies Ordinance, 1984.</i></p> <p>58 Notwithstanding anything contained in the Companies Act 2017, (XIX of 2017), where any private company [or business enterprise] is wound up and any tax chargeable on the company [or business enterprise], whether before, or in the course, or after its liquidation, in respect of any tax period cannot be recovered from the company [or business enterprise], every person who was a [owner of, or partner in, or director of,] the company [or business enterprise] during the relevant period shall, jointly and severally with such persons, be liable for the payment of such tax.</p>
60, 65 & 71	<p><u>Powers to deliver certain goods without payment of tax.</u></p>	<p><i>It has been proposed to confers the power from "Federal Minister-in-charge", to "Federal Government" to impose tax at such higher or lower rate as may be specified in the notification. By virtue of the proposed amendment previous position stand re-stored</i></p>

74(A)(1) & (2)	<p><u>74A. Validation</u></p> <p>All notifications and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2017 shall be deemed to have been validly issued and notified in exercise of those powers.</p>	<p><i>It has been proposed to make amendment in section 74(A) by amending section with sub-section (1) and insert a new sub section (2) to validate notifications issued by the Federal Government prior to Finance Act, 2018 and specifying the class of officers and defining the functions and powers of officers specified therein.</i></p> <p><i>(1) All notifications and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2018 shall be deemed to have been validly issued and notified in exercise of those powers</i></p>
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74(A)(1) & (2)	<p><i>Notwithstanding any omission, irregularity or deficiency in the establishment of or conferment of powers and functions on the Directorate General (Intelligence and Investigation), Inland Revenue and authorities specified in section 30A, all orders passed, notices issued and actions taken, before commencement of the Finance Act, 2018, in exercise or purported exercise of the powers and functions of the officers of Inland Revenue under this Act by the Director General (Intelligence and Investigation), Inland Revenue or the authorities specified in section 30A shall be deemed to have been validly passed, issued and taken under this Act.</i></p> <p><i>In our opinion proposed amendment to give legal cover in the light of case of M/s Musfata Impex V/s Government of Pakistan 2016 PTD 2269 (S.C)</i></p>
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FIFTH SCHEDULE

Serial No. 12	Non – Existent	<p><i>The following items have been declared zero rated which were earlier exempt under Sixth Schedule of the Sales Tax Act, 1990.</i></p> <p>(xx) Colors in sets (PCT heading 3213.1000).</p> <p>(xxi) Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090)</p> <p>(xxii) Erasers (PCT heading 4016.9210 and 4016.9290)</p> <p>(xxiii) Exercise books (PCT heading 4820.2000)</p> <p>(xxiv) Pencil sharpeners (PCT heading 8214.1000)</p> <p>(xxv) Geometry boxes (PCT heading 9017.2000)</p> <p>(xxvi) Pens, ball pens, markers and porous tipped pens (PCT heading 96.08)</p> <p>(xxvii) Pencils including color pencils (PCT heading 96.09)“.”;</p>
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SIXTH SCHEDULE**TABLE-I**

Serial No. 127	Paper weighing 60 g/m for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO	4802.5510	Entry as mentioned in column 2 of the table has been newly inserted.
138	Fish Feed	Respective heading	Entry as mentioned in column 2 of the table has been newly inserted.
139	Fans for dairy farms	8414.5990	Entry as mentioned in column 2 of the table has been newly inserted.
140	Bovine semen	0511.1000	Entry as mentioned in column 2 of the table has been newly inserted.
141	Preparations for making animal feed	2309.9000	Entry as mentioned in column 2 of the table has been newly inserted.
142	Promotional and advertising material including technical literature, pamphlets, brochures and other give-aways of no commercial value, distributed free of cost by the exhibitors	9920(3)	Entry as mentioned in column 2 of the table has been newly inserted.

143	(i) Hearing aids (all types and kinds) (ii) Hearing assessment equipment; (a) Audiometers (b) Tympanometer (c) ABR (d) Oto Acoustic Omission	9937	Entry as mentioned in column 2 of the table has been newly inserted.
144	Liquefied Natural Gas imported by fertilizer manufacturers for use as feed stock	2711.1100	Entry as mentioned in column 2 of the table has been newly inserted.

SIXTH SCHEDULE
TABLE (III) ANNEXURE

Entries as mentioned in column II of the table below has been newly inserted.

Serial No. 17	Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited	Respective heading	NIL
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18	The following parts for assembling and manufacturing of personal computers and laptops:	Respective Heading	if imported by manufacturers and assemblers of computers and laptops, registered with and certified by Engineering Development Board in accordance with quota determined by IOCO
	i) Bare PCBs	8534.0000	
	(ii) Power Amplifier	8542.3300	
	(iii) Microprocessor/ Controllers	85.42	
	(iv) Equipment for SMT Manufacturing	8486.2000	
	(v) Laptop batteries	8506.5000	
	(vi) Adopters	8504.4020	
	(vii) Cooling fans	8414.5190	
	(viii) Heat sink	7616.9920	
	(ix) Hard Disk SSD	8471.7020	
	(x) RAM/ROMS	8471.7060	
	(xi) System on Chip/FPGA-IC	and	
	(xii) LCD / LED Screen	8471.7090	
	(xiii) Motherboards	85.42	
	(xiv) power supply	8528.7211	
	(xv) Optical Drives	8534.0000	
	(xvi) External Ports	84.73	
	(xvii) Network cards	8471.7040	
	(xviii) Graphic cards	8536.2090	
	(xix) wireless cards	8517.6990	
	(xx) micro phone	8471.5000	
	(xxi) Trackpad	8517.6970	
		8518.3000	
		8471.6020	

19	Plant and machinery, except the items listed under Chapter 87 of the Pakistan Customs Tariff, imported for setting up of a Special Economic Zone (SEZ) by zone developers and for installation in that zone by zone enterprises, on one time basis as prescribed in the SEZ Act, 2012 and rules thereunder subject to such condition, limitations and restriction as a Federal Board of Revenue may impose from time to time.	9917(2)	Nil; and
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EIGHT SCHEDULE

Amendment in Eight Schedule

25	Agricultural Tractors	8701.9020	Entry having PCT heading 8701.9020 as mentioned in column III of the table have been proposed to be substituted as 8701.9220 and 8701.9320.
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The rate of sales tax relating to entries from Serial No. 26 to 30 have been proposed to be reduced as specified below.

<i>S.No</i>	<i>Items</i>	<i>Existing rate of Sales Tax</i>	<i>Proposed rate of Sales Tax</i>
26	Tillage and seed bed preparation equipment	7%	5%
27	Seeding or planting equipment:	7%	5%
28	irrigation, drainage and agro-chemical application equipment:	7%	5%
29	Harvesting, threshing and storage equipment	7%	5%

30	Post-harvest handling and processing & miscellaneous machinery	7%	5%
33	Urea, whether or not in aqueous solution	5%	omitted
35	DAP	Rs. 100 per 50 kg bag	omitted
36	NP (22-20)	Rs. 168 per 50 kg bag	omitted
37	NP (18-18)	Rs. 165 per 50 kg bag	omitted
38	NPK-I	Rs. 251 per 50 kg bag	omitted
39	NPK-II	Rs. 222 per 50 kg bag	omitted
40	NPK-II	Rs. 341 per 50 kg bag	omitted
41	SSP	Rs. 31 per 50 kg bag	omitted
42	CAN	Rs. 98 per 50 kg bag	omitted
43	Natural gas	10%	5%
48	Liquefied Natural Gas	5%	omitted
49	Fish feed	10%	Exempt

After serial No. 49 Entries as mentioned in column 2,3,4 & 5 of the table below has been newly inserted.

50	LNG	2711.1100	12%	If imported by M/s Pakistan State Oil and M/s Pakistan LNG Limited
51	RLNG	2711.2100	12%	If supplied by M/s Pakistan State Oil and M/s Pakistan LNG Limited to M/S SNGPL

52	Fertilizers (all types)	Respective heading	3%	Nil
53.	The Following cinematographic equipment imported during the period commencing on the 1 st day of July 2018 and ending on the 30 th June 2023	9007.2000 9007.9200 9032.8990 9010.6000 9010.9000 9004.9000 8518.2200 8519.8190 8518.2990 8518.5000 7326.9090 8537.1090 8519.8990 9401.7100 9401.7900 7308.9090 9405.4090 9405.6000 6809.1100 3214.9090	5%	Subject to same imitations and conditions as are specified in Part-1 of Fifth Schedule to the Customs Act, 1969 for availing 3% concessionary rate of customs duty on the import of these equipment.";
54	Lithium iron phosphate Battery (Li-Fe PO ₄)	8506.5000	12%	NIL and

TABLE II**ANNEXURE**

Entry as mentioned in column 2,3 & 4 of the table below has been newly inserted.

9	Capital goods otherwise not exempted, for Transmission Line Projects.	Respective heading	The concession will be available in respect of those transmission Line Projects which are being executed under Standard Implementation Agreement under Policy Framework for Private Sector Transmission Line Projects, 2015 and Projects Specific Transmission Services Agreement. Provided that sales tax charged under this provision shall be non-adjustable and non-refundable. 8701.9320.
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FEDERAL EXCISE ACT, 2005

The amendments are applicable from July 1, 2018 unless specified otherwise.

Section	PRESENT POSITION AS ON 30 TH JUNE, 2018	PROPOSED AMENDMENT THROUGH FINANCE BILL 2018
3	<i>The Board with approval of Federal Minister Incharge was authorized to levy regulatory duty.</i>	After the declaration of regulatory duty unconstitutional imposed by the Board with the approval of minister incharge in case of Mustufa Impex this amendment has been made in this regard. However, in pursuance of this judgment the authority has once again been shifted back to Federal Government.
8	Default surcharge The rate of the default surcharge is KIBOR + 3% per annum	Through this amendment the rate of default surcharge has been fixed @ 12% per annum.
14B	NON-EXISTENT	Assessment giving effect an order. By way of this amendment, the new section has been provided to cater the situation of giving effect to appellate orders within the provided time period of one year.

37(3)	<p>Deposit pending appeal of duty demand or penalty levied.</p> <p>The option of automatic stay was available subject to condition of making 25% payment of due tax.</p>	<p>In order to considering worst financial issues and unnecessary litigation the amount of 25% payment has been reduced to 10%.</p>
38	<p>Alternate dispute resolution</p>	<p>Through this amendment the system of alternate dispute resolution has been restructured and now its scope also widen to cover the cases pending before the appellate tribunal. However, the function and constitution of the Committee has been briefly prescribed therein. The decision of the Committee made there under shall be binding on the Board and the aggrieved person.</p>
45	<p>Access to records and posting of excise staff.</p>	<p>The authority of the Chief Commissioner has been taken away in relation to posting any official to the premises of registered person and now it only rests with Board.</p>
46(10)	<p>Audit</p>	<p>To give the relief from continue audit for every year by the department the limit has been introduced by way of insertion of new sub-section. By virtue of this amendment the audit shall now be conducted only once in three years.</p>

47C(2)	<p><u>Validation</u> <u>NON-EXISTENT</u></p>	<p>The new sub-section has been issued to validate the orders and notices issued by the officers and Director General duly authorized under the respective section. The same is reproduced below:</p> <p><i>“(2) Notwithstanding any omission, irregularity or deficiency in the establishment of or onferment of powers and functions on the Directorate General (Intelligence and Investigation), Inland Revenue and authorities specified in clause (a) of sub-section (2) of section 29 of this Act, all orders passed, notices issued and actions taken in exercise or purported exercise of the powers and functions of the Officers of Inland Revenue under this Act by the Director General (Intelligence and Investigation), Inland Revenue or the authorities specified in clause (a) of sub-section (2) of section 29 of this Act shall be treated to have been validly passed, issued and taken under this Act.”;</i></p>
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**FIRST SCHEDULE
TABLE I
EXCISABLE GOODS**

9	Locally produced cigarettes if their on-pack printed retail price does not exceed four thousand five hundred rupees per thousand cigarettes.	Through this proposed amendment the corresponding entries relating in columns (2), (3) and (4) has been substituted as under.			
		9	Locally produced cigarettes if their onpack printed retail price exceeds four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees three thousand nine hundred and sixty four per thousand cigarettes
10	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty five rupees per thousand cigarettes but does not exceed four thousand five hundred rupees per thousand cigarettes.	10	Locally produced cigarettes if their onpack printed retail price exceeds two thousand nine hundred and twenty-five rupees per thousand cigarettes but does not exceed four thousand five hundred rupees per Thousand cigarettes.	24.02	Rupees one thousand even hundred and seventy per thousand cigarettes
10(a)	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty five rupees per thousand cigarettes.	10 (a) —	Locally produced cigarettes if their onpack printed retail price does not exceed two thousand nine hundred and twenty-five rupees per thousand cigarettes.	24.02	Rupees eight hundred and forty eight per thousand cigarettes "; and

13	Portland Cement including Slag, Super Sulphate, Aluminous Cement subject to duty @ Rs.1.25/per kg.	13	Portland Cement including Slag, Super Sulphate, Aluminous Cement.	25.23	The rate of the duty has been increased by Rs.25 paise/Kg.
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THIRD SCHEDULE TABLE I (Goods)

22	Non-Existent	The new serial number has been inserted giving the conditional exemption to the equipment imported by M/s. China Railway Corporation for the purpose of Orange Line Metro Train Project subject to certain conditions.
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TABLE II (Services)

14	Non-Existent	The new entry has been added covering the commission paid by the State Bank and its subsidiaries to National Bank of Pakistan or any other banking company for handling of banking services of Federal and Provisional Government.
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Health levy on Tobacco

The concept of health levy has been introduced, through this amendment Rs.10 per Kg shall be levied at the time of collecting cess on Tobacco directly or indirectly from the purchaser.

Mobile handset levy

The above levy at certain rates shall be imposed on smart phones of different categories at the following rates:

S.No.	Category of smart phone	Rate of levy per Set in rupees
(1)	(2)	(3)
1.	Where Import value of handset (including duties and taxes) does not exceed Rs.10,000/-	Nil
2.	Where Import value of handset (including duties and taxes) exceeds Rs.10,000 but does not exceed Rs.40,000/-	1000
3.	Where Import value of handset (including duties and taxes) exceeds Rs.40,000 but does not exceed Rs.80,000 /-	3000
4.	Where Import value of handset (including duties and taxes) exceeds Rs.80,000	5000

CUSTOMS ACT

The amendments are applicable from July 1, 2018 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2018	PROPOSED AMENDMENT THROUGH FINANCE BILL 2018
2(p)	<i>Pakistan Customs Water means the water extending into the sea to distance of twelve nautical miles.</i>	Through this proposed amendment the water limit of twelve nautical miles has been extended upto twenty nautical miles.
18(3) and 19(1)	<u>Goods dutiable</u> <i>The Board with approval of Federal Minister Incharge was authorized to levy regulatory duty.</i>	Good dutiable After the declaration of regulatory duty unconstitutional imposed by the Board with the approval of minister incharge in case of Mustufa Impex, the authority has once again shifted back to Federal Government.
25(AA)	Non-Existent	Power to use data exchange information for determination of customs value. This new section has been introduced and by virtue of this the transactional exchange data may be utilized by the department for purpose of determining the assessment including its valuation of imported goods.

25(C)	<p><u>Power to takeover the imported goods.</u></p> <p>The Collector was required to get the approval from the Board in order to entertain the application of the person for releasing the goods at the declared value of the importer.</p>	By way of this amendment, the authority has now been vested with the Chief Collector instead of the Board.
32(3)	<i>Non-Existent</i>	Through this amendment, the new 2nd proviso has been inserted and if the person voluntarily makes the amount of short paid duty / taxes or other charges before initiation of audit, the section 32 will not be applicable in this situation.
33(3A)	<i>Non-Existent</i>	The new sub-section has been introduced for fixing the time limit of 180 days for the disposing of the refund application filed in this respect.

83B	<p>Non-Existent</p>	<p>Provisional release of imported goods</p> <p>To giving the relaxation in cases where there is no element of confiscation and apparently it needs further investigation the Collector has given powers to release the goods provisionally subject to securing the amount of involved duties and taxes. The same is reproduced below:</p> <p><i>“Where any offence is detected in respect of imported goods which are not liable to confiscation or needed for evidence at a later stage, the Collector of Customs may, on written request of owner of the goods, allow release of the same on payment of duty, taxes or other charges and furnishing bank guarantee or pay order against the amount of any penalty or fine which may be imposed on such goods.”</i></p>
156(63(i))	<p>Punishment for offences Non-Existent</p>	<p>The new clause has been added through this amendment which contains that if any goods loaded for onward transshipment and failed to reach or pilfered the same conveyance and the goods shall be liable to confiscation. Further, any person involved in such activity shall also liable to face the litigation.</p>

193A	Non-Existent	The Collector Appeal has been authorized to stay the recovery for 30 days after affording the opportunity of being heard to the department.
212A	Non-Existent	Authorized economic operator programme The new section has been inserted in order to monitor economic activities and providing data to secure supply chain of imported and exported goods. The Board has been authorized with approval of the Federal Government to prescribe the rules and regulations in this regard.
221A	Non-Existent	Savings The sub-section (2) has been inserted in order to legalize all the notifications issued after the Finance Act, 2017 and before the commencement of Finance Act, 2018 in relation to imposition of regulatory duty including its collection and realization.