



**REANDA**

**Reanda Haroon Zakaria & Company**  
Chartered Accountants



For Clients Only

## **COMMENTS ON FINANCE BILL – 2019**

The information contained in this booklet has been prepared on the basis of Finance Bill 2019 and is not intended to be advice on any particular matter. No person should act on the basis of any matter contained in this publication without seeking appropriate professional advice. The amendments proposed by this bill become effective from **01<sup>st</sup> July 2019** unless specified otherwise after having been enacted as Finance Act 2019 with or without modification.

The booklet is published for our clients and staff for information and guidance only and should not be published or reproduced without prior permission of the firm.

This document can be accessed on [www.hzco.com.pk](http://www.hzco.com.pk)

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

Dated: **June 11, 2019**

## BUDGET 2019 AT A GLANCE

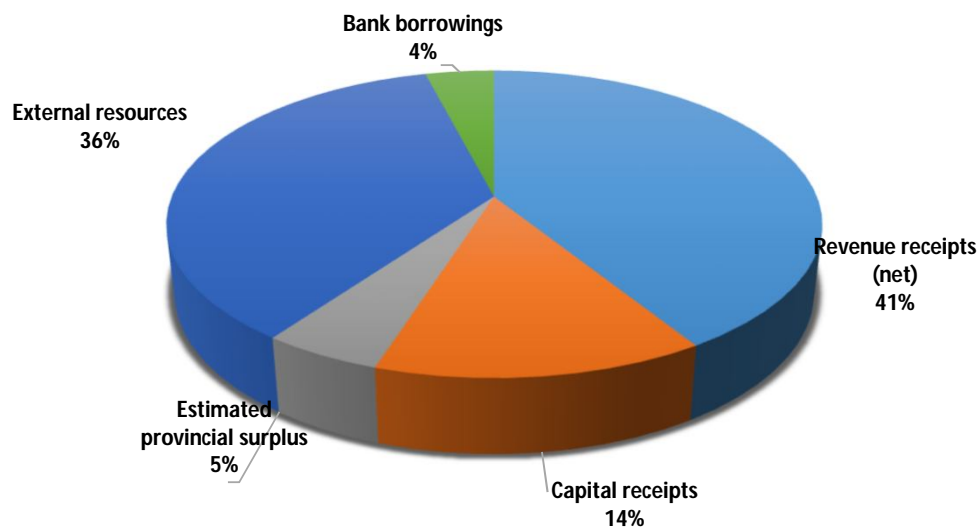
=== Rupees in Billion ===

### RESOURCES

#### Internal resources

	<u>2019-20</u>	<u>2018 -19</u> <u>Revised</u>
Revenue receipts (net)		
Direct tax	2,082	1,659
Indirect tax	3,473	2,491
Non tax revenue	894	638
Other taxes	267	244
Less: Provincial share	(3,255)	(2,463)
Capital receipts	1,167	1,236
Estimated provincial surplus	423	59
	<u>5,051</u>	<u>3,864</u>
External resources	3,032	1,403
	<u>8,083</u>	<u>5,267</u>

Bank borrowings	339	1,356
	<u>8,422</u>	<u>6,623</u>



### EXPENDITURES

Current expenditures	7,472	5,793
Development expenditures (PSDP)	950	830
	<u>8,422</u>	<u>6,623</u>

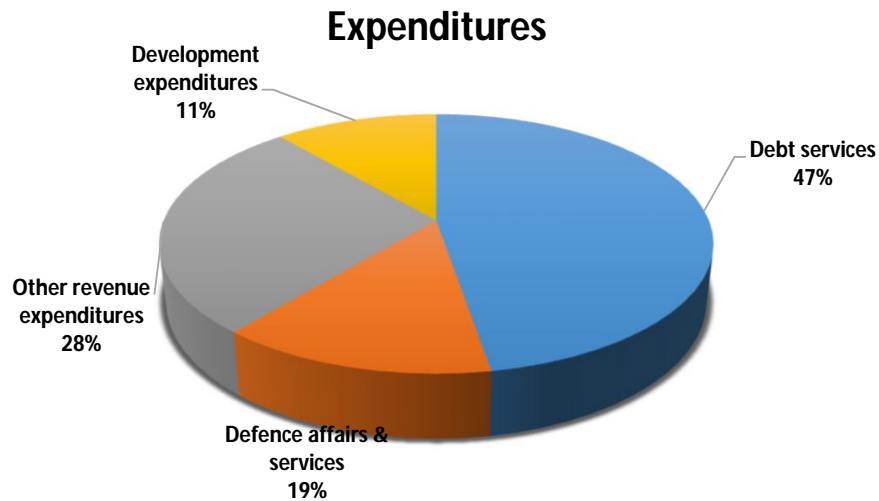
=== Rupees in Billion ===

**Revenue Receipts (Gross)**

	<b><u>2019-20</u></b>	<b><u>2018 -19</u></b> <b><u>Revised</u></b>
Direct tax	2,082	1,659
Indirect tax		
Customs	1,000	735
Sales Tax	2,108	1,490
Federal Excise	365	266
Others	267	244
	<b><u>5,822</u></b>	<b><u>4,394</u></b>

**EXPENDITURES**

Debt services	3,987	2,916
Defence affairs & services	1,153	1,138
Other revenue expenditures	2,332	1,739
	<b><u>7,472</u></b>	<b><u>5,793</u></b>
Development expenditures	950	830
	<b><u>8,422</u></b>	<b><u>6,623</u></b>



# Finance Bill 2019

## Table of Contents

<b>Salient Feature</b>	<b>Page No.</b>
Income Tax	01 – 04
Sales Tax	05 – 06
Federal Excise	07 – 08
Customs Act	09 – 10

### **Detailed comments on**

Income Tax	11 – 103
Sales Tax	104 – 159
Federal Excise	160 – 169
Customs Act	170- 182

## **SALIENT FEATURES**

### **FINANCE BILL 2019**

Amendment in Income Tax Ordinance, 2001, Sales Tax Act, 1990, Customs Act, 1990 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, 2019.

### **INCOME TAX ORDINANCE, 2001**

- Seeks to exclude brought forward depreciation and brought forward business losses from income for the purpose computation of super tax in case of insurance, banking and oil extracting businesses.
- Seeks to provide higher tax rates from income from profit on debt exceeds Rs 36 million at normal rates.
- Seeks to restrict claim of commission paid in respect of products listed in Third Schedule Sales Tax Act 1990 to persons who are registered under the said Act and also not appearing in the active taxpayers' list.
- Seeks to amortize expenditure of intangibles over actual useful life and where actual useful life is not ascertainable, over a period of 25 years instead of 10 years.
- Seeks to exclude self-generated goodwill from the definition of intangibles.
- Seeks to charge income under the head capital gains for immoveable property at normal tax rates subject to conditions by providing separate holding periods for open plots and constructed properties.
- Seeks to include gift received by a person as "income from other sources" except where received from relative

## **SALIENT FEATURES**

- Seeks to enhance 100% rate of withholding tax in case of person whose name is not appearing in the active taxpayer list.
- Seeks to introduce procedure to withholding tax in case of taxpayer whose name is not appearing in the active taxpayers list.
- Seeks to reduce the rate of tax credit on investment in BMR of Plant and Machinery to 5% from 10% and also limits time period for investment till tax year 2019.
- Seeks to allow non-filer to purchase of immovable property and vehicles subject to the condition that same is purchased through proper banking channel.
- Seeks to empower the Federal Government to prescribe special procedures for small businesses, construction businesses, medical practitioners, hospitals, educational institutions and any other sector specified by the Federal Government.
- Seeks to provide for requirement of approval of the Commissioner for claiming 100% tax credits by trusts welfare institutions and NPOs.
- Seeks to reduce the threshold of foreign remittance immune from being probed, from Rs 10 million to Rs 5 million in a tax year.
- Seeks to bar income tax proceedings in respect of any declaration in the Amnesty scheme.
- Seeks to change final tax regime to minimum tax regime for certain persons.
- Seeks to introduce withholding tax on royalty payment to resident persons.
- Seeks to provide for the amendment of an order of recovery from withholding agent under section 161 in case such order is prejudicial to interest of revenue.

- Seeks to provide for payment of refund through income tax refund bonds.
- Seeks to withdraw tax on purchaser of property on difference of FBR value of property and DC value.
- Seeks to increase tax rates for minimum tax on turnover subject to restrictions and conditions.
- Seeks to withdraw various withholding taxes for non-filers as a separate Schedule to the Income Tax Ordinance, 2001 is proposed to be inserted for non-filers.
- Seeks to withdraw the restriction to conduct audit once in a every three years.
- Seeks to provide rules for taxation, filing of return and assessment of person not appearing in active taxpayers' list through the Tenth schedule.
- Seeks to rationalizing punitive measures for late filers.
- Seeks to tax credit for persons employing fresh graduates.
- Seeks to allow exemption to Armed Forces Personnel.
- Seeks to enhance rate of tax from 7.5% to 15% in case of dividend received from power generation company.
- Seeks to revise tax rate card in case of income from property.
- Seeks to increase rate of minimum tax from 2% to 4% in case of company deriving income from services and was enjoying reduced rate of tax under clause (94) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.



## **SALIENT FEATURES**

- Seeks to revise the threshold of taxable income at Rs. 400,000 and Rs. 600,000 in case of non-salaried person and salaried person respectively.
- Seeks to abolish initial allowance on buildings.
- Seeks to separate audit and assessment proceeding to be performed by separate and independent officers.
- Seeks to introduce business requisition/license scheme.
- Seeks to restrict status of non-resident individual.
- Seeks to reduce full time teacher's allowance from 40% to 25%.
- Seeks to initiate proceeding against persons committing financial malpractices.
- Seeks to increase rate of tax from 0.5% to 1% to avail monitoring of withholding tax in case of goods transport contractors.
- Seeks to enhance rate of tax from 15% to 25% in case of a person receiving dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III.

**Sales Tax Act, 1990**

- Seeks to supply to unregistered person subject to restrictions and conditions
- Seeks to withdraw reduced sales tax rate on import of soya been, sunflower and Rapeseed now subject to standard rate.
- Seeks to restrict claim of input tax on supply to unregistered person subject to condition.
- Seeks to exempt supply of cotton seed oil and wheat bran.
- Seeks to abolish zero rated SRO 1125(I)/2011 dated 31-12-2011.
- Seeks to withdraw turnover tax regime in case of tier 1 retailers.
- Seeks to restore sales tax withholding regime on purchases from registered persons.
- Seeks to withhold hundred percent sales tax on purchases from unregistered persons.
- Seeks to enhance the chargeability of sales tax on supply of crystalline sugar from 8% to 17%.
- Seeks to impose fixed sales tax rate on supply of food by restaurants, caterers and bakeries at the rate of 7.5%, subject to no adjustment of input tax is allowed.
- Seeks to withdraw exemption on supply of gold and silver in unworked condition.
- Seeks to withdraw exemption on supply of fat filled milk, milk and cream, concentrated or containing added sugar or other sweetening matter.
- Seeks to charge standard rate on supply made by marble industries.

## **SALIENT FEATURES**

- Seeks to withdraw the payment of Value addition tax @ 3% on petroleum products and mobile phones.
- Seeks to impose fixed sales tax on Bricks Kilns.
- Seeks to withdraw the extra tax regime
- Seeks to allow zero rating on supplies of tobacco made to exporters
- Seeks to exclude the government bodies from the chargeability of further tax and extra tax paid through electricity bills.
- Seeks to withdraw the special procedures for steel sector and restore the normal tax regime.
- Seeks to increase the value of sales tax on supply of gas to CNG Dealers from gas distribution company.
- Seeks to simplify the sales tax registration process.
- Seeks to limit the scope of federal Government to grant zero rating or exemption from sales tax.
- Seeks to withdraw the restriction on powers of the Commissioner Inland Revenue to conduct sales tax audit once in every three years.
- Seeks to reduce rate of Sales Tax on concentrated milk (power)

**FEDERAL EXCISE ACT, 2005**

- Seeks to introduce the concept of FED in sales tax mode on minimum production and mode of payment of duties in case of steel sector subject to certain conditions and procedures.
- Seeks to levy FED at 17% on items Steel Billets, ingots, ship plates, bars and other long re-rolled products.
- Seeks to punish the person(s) who involves in selling cigarettes in retail at price lower than the retail price.
- Seeks to initiate criminal proceedings against the department officials if found guilty of any offence.
- Seeks to withdrawn levy of fixed FED at 0.40 per kg on Rs. 1/- kg on import of seeds and edible oil respectively.
- Seeks to rationalize levy of FED on cars.
- Seeks to increase the rate of duty on edible oil from 16% to 17%.
- Seeks to charge the duty on cooking oil sold in retail packing at 17% of retail and otherwise at rate of 17% ad-val.
- Seeks to enhance the rate of duty on sale of different kinds of Aerated Waters from 11.5% to 14% of retail price.
- Seeks to increase duties on different kinds of locally produced cigarettes.
- Seeks to increase the rate of duties on Portland cement from Rs. 1.5 per KG to Rs. 2 per KG

## ***SALIENT FEATURES***

- Seeks to impose the duty on fruit juices, syrups and squashes at 5% of retail price.
- Seeks to withdraw the FED at Rs. 0.40 per KG and Rs. 1 per KG on import of Oil Seeds and Edible Oil respectively.
- Seeks to reduce the FED on Travel within the territorial jurisdiction of Pakistan.
- Seeks to withdraw the exemption on Internet services and foreign satellite bandwidth services whether dialup or broadband including email services, Data Communication Network services (DCNS) and Value-added data services.
- Seeks to enlarge the scope of FED on different kinds of Cars.
- Seeks to increase in rate of FED on LNG.

**CUSTOMS ACT, 1969**

- Seeks to exempt customs duties on medicinal inputs/items and also on medicines for certain specific diseases.
- Seeks to exempt custom duties on different raw material/ industrial inputs including the raw material imported by Paper Industries.
- Seeks to exempt custom duties on import of wood, machinery parts and accessories for textile sector.
- Seeks to exempt custom duties on modular free operation theatre.
- Seeks to exempt custom duties on elastomeric Yarn and foundation cloth.
- Seeks to exempt custom duty on raw material for hemodialyzers used by kidney patients.
- Seeks to exempt custom duties on preparation for metal surfaces used as input for solar panels.
- Seeks to reduce custom duties on prefabricated structure for hotels in order to promote tourism.
- Seeks to reduce custom duties on writing and printing papers, Glass Board for LED Panel manufacturing, Acetic Acid, Oxalic Acid, Nonwoven Fabrics and Wooden Sheets for Veneering.
- Seeks to reduce custom duties on raw material of power coating industries and for paper sizing agents.
- Seeks to reduce custom duties on Bobbins, Spools of Paperboard and raw material for manufacturing of Pre-Sensitized Printing Plates.
- Seeks to reduce customs duties on base oil, white oil and other textile oils.

## **SALIENT FEATURES**

- Seeks to reduce custom duties on input goods paper based Liquid Food Packaging Industry.
- Seeks to reduce the regulatory duty on tyres, mobile phones as well as smuggling prone items and other industrial inputs.
- Seeks to rationalize tariff structure for Sim Card Manufacturing industry and Home Appliance Sector.
- Seeks to rationalize custom duties on aluminum beverage cans and inputs thereof.
- Seeks to increase in rate of additional custom duties on non-essential items.
- Seeks to withdraw the exemption on import of LNG.
- Seeks to extend the scope of Section 32 of the ACT in cases of exporters.
- Seeks to reduce the time period of adjudication from 120 days to 90 days.
- Seeks to take away powers of Collector to determine the Customs value of imported and exported goods under Section 25A of the ACT.

**INCOME TAX**

*The amendments are applicable from July 1, 2019 unless specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2019	PROPOSED AMENDMENT THROUGH FINANCE BILL 2019
2(1A)	Non-Existent	<p><i>Consequent to the insertion of Tenth Schedule to the Ordinance providing rules for persons not appearing in active taxpayer list, definition of filer is proposed to be replaced with following definition of active taxpayer list:</i></p> <p>"active taxpayers' list" means the list instituted by the Board under section 181A and includes such list issued by the Azad Jammu and Kashmir Council Board of Revenue or Gilgit-Baltistan Council Board of Revenues"</p>
2(5C)	Non-Existent	<p><i>The following new self-explanatory definition is proposed to be inserted</i></p> <p>"asset move" means the transfer of an offshore asset to an unspecified jurisdiction by or on behalf of a person who owns, possesses, controls, or is the beneficial owner of such offshore asset for the purpose of tax evasion;</p>



2(22C)	<b>Non-Existent</b>	<p><i>The following new self-explanatory definition is proposed to be inserted:</i></p> <p>FBR Refund Settlement Company Limited" means the company with this name as incorporated under the Companies Act, 2017 (XIX of 2017), for the purposes of settlement of income tax refund claims including payment by way of issuing refund bonds under section 171A;</p>
2(23A)	"filer" means a taxpayer whose name appears in the active taxpayers' list issued by the Board 5 [or Azad Jammu and Kashmir Council Board of Revenue or Gilgit-Baltistan Council Board of Revenue] from time to time or is holder of a taxpayer's card	<p><b>Omitted</b></p> <p><i>Consequent to the insertion of definition of active taxpayer list, the amendment proposed to omit definition of filer.</i></p>
2(35C)	"non-filer" means a person who is not a filer	<p><b>Omitted</b></p> <p><i>Consequent to the insertion of definition of active taxpayer list, the amendment proposed to omit definition of non-filer.</i></p>
2(38AB)	<b>Non-Existent</b>	<p><i>The following new self-explanatory definition is proposed to be inserted:</i></p> <p>offshore asset" in relation to a person, includes any movable or immovable asset held, any gain, profit, or income derived, or any expenditure incurred outside Pakistan</p>

2(38AC)	Non-Existent	<p><i>The following new self-explanatory definition is proposed to be inserted:</i></p> <p>“offshore enabler” means a person who owns, possesses, controls, or is the beneficial owner of an offshore asset and does not declare, or under declares or provides inaccurate particulars of such asset to the Commissioners</p>
2(38AD)	Non-Existent	<p><i>The following new self-explanatory definition is proposed to be inserted:</i></p> <p>“offshore evader” includes any person who, enables, assists, or advises any person to plan, design, arrange or manage a transaction or declaration relating to an offshore asset, which has resulted or may result in tax evasion;</p>
2(60A)	Non-Existent	<p><i>The following new self-explanatory definition is proposed to be inserted:</i></p> <p>“specified jurisdiction” means any jurisdiction which has committed to automatically exchange information under the Common Reporting Standard with Pakistan;</p>

2(73A)	<b>Non-Existent</b>	<p><i>The following new self-explanatory definition is proposed to be inserted:</i></p> <p>“unspecified jurisdiction” means a jurisdiction which is not a specified jurisdictions.</p>
4B(2)(iv)	<p>For the purposes of this section, “income” shall be the sum of the following:—</p> <p>(i) ...</p> <p>(ii) ...</p> <p>(iii)...</p> <p>(iv) income computed under Fourth, Fifth, Seventh and Eighth Schedules.</p>	<p><i>The proposed amendment seeks to bring in line income of the banking company for the purpose of super tax with other than banking companies as per section 4B(2)(ii) by restricting adjustment of brought forward losses and brought forward depreciation.</i></p> <p>For the purposes of this section, “income” shall be the sum of the following:—</p> <p>(i) ...</p> <p>(ii) ...</p> <p>(iii)...</p> <p>(iv) income computed (<b>other than brought forward depreciation and brought forward business losses</b>) under Fourth, Fifth, Seventh and Eighth Schedules.</p>

7B(3)	<p>(3) This section shall not apply to a profit on debt that is exempt from tax under this Ordinance</p>	<p><i>By virtue of the said proposed amendment, profit on debt for individuals shall be taxable at normal rates where it exceeds rupees thirty six million; which reads as under.</i></p> <p>(3) This section shall not apply to a profit on debt that—</p> <p>(a) is exempt from tax under this Ordinance; or</p> <p>(b) exceeds thirty six million rupees</p>
-------	--	---

21(ca)	Non-Existent	<p><i>The proposed amendment seeks to disallow commission paid in respect of products listed in Third Schedule to the Sales Tax Act 1990 to persons not registered under Sales Tax Act, 1990 and not appearing in active taxpayer list where it exceed 0.2 percent.</i></p> <p>(ca) any amount of commission paid or payable in respect of supply of products listed in the Third Schedule of the Sales Tax Act, 1990, where the amount of commission paid exceeds 0.2 percent of gross amount of supplies thereof unless the person to whom commission is paid or payable, as the case may be, is registered under the Sales Tax Act, 1990 and is appearing in the active taxpayer list under this Ordinance.</p> <p><i>In our opinion a clarification is sought as to whether person providing service as commission agent shall be required to be registered under Sales Tax Act, 1990.</i></p>
--------	--------------	--

24(4)	<p>(4) An intangible —</p> <p>(a) with a normal useful life of more than ten years; or</p> <p>(b) that does not have an ascertainable useful life,</p>	<p><i>The proposed amendment seeks to enhance amortization period to twenty five years from ten years in respect of intangibles having unascertained useful life.</i></p> <p>(4)An intangible that does not have an ascertainable useful life shall be treated as if it had a normal useful life of twenty-five years." ; and</p>
-------	--	---

<p><b>24(11)</b></p>	<p>(11) In this section, —</p> <p>“cost” in relation to an intangible, means any expenditure incurred in acquiring or creating the intangible, including any expenditure incurred in improving or renewing the intangible; and</p> <p>“intangible” means any patent, invention, design or model, secret formula or process, copyright , trade mark, scientific or technical knowledge, computer software, motion picture film, export quotas, franchise, licence, intellectual property], or other like property or right, contractual rights and any expenditure that provides an advantage or benefit for a period of more than one year (other than expenditure incurred to acquire a depreciable asset or unimproved land).</p>	<p><i>The proposed amendment seeks to clarify that goodwill generated internally and arising out of accounting adjustment shall not qualify for intangible.</i></p> <p>(11) In this section, —</p> <p>“cost” in relation to an intangible, means any expenditure incurred in acquiring or creating the intangible, including any expenditure incurred in improving or renewing the intangible; and</p> <p>“intangible” means any patent, invention, design or model, secret formula or process, copyright , trade mark, scientific or technical knowledge, computer software, motion picture film, export quotas, franchise, licence, intellectual property], or other like property or right, contractual rights and any expenditure that provides an advantage or benefit for a period of more than one year (other than expenditure incurred to acquire a depreciable asset or unimproved land) <b>but shall not include self-generated goodwill or any adjustment arising on account of accounting treatment in the manner as may be prescribed"</b></p> <p><i>In our opinion the amendment is proposed to undo the order of Hon'ble Sindh High Court judgment reported as 2017 PTD 1585.(H.C Khi)</i></p>
----------------------	---	--

**37. Capital gains.—**

(1A) Notwithstanding anything contained in sub-sections (1) and (3) gain arising on the disposal of immovable property by a person in a tax year, shall be chargeable to tax in that year under the head Capital Gains at the rates specified in Division VIII of Part I of the First Schedule.

**(3A) Non- Existent**

*The proposed amendment seeks to omit fixed tax regime in respect of capital gain on immovable properties and taxing the same under normal tax regime by providing holding periods as per following table:*

(1A) Omitted

(3A) Notwithstanding anything contained in sub- section (3), the amount of any gain arising on disposal of immovable property being an open plot shall be computed in accordance with the following formula, namely:—

**TABLE**

<b>S. No</b>	<b>Holding Period</b>	<b>Gain</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Where the holding period of open plot does not exceed one year	A
2.	Where the holding period of open plot is exceeds one year but does not exceed ten years	$A \times \frac{3}{4}$
3	Where the holding period of open plot exceeds ten years	0



37(1A), (3B)	(3B) Non-Existent	(3B) Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of immovable property being a constructed property shall be computed in accordance with the following formula, namely:—															
		TABLE															
		<table><tr><th>S. No</th><th>Holding Period</th><th>Gain</th></tr><tr><th>(1)</th><th>(2)</th><th>(3)</th></tr><tr><td>1.</td><td>Where the holding period Where the holding period of constructed property does not exceed one year</td><td>A</td></tr><tr><td>2.</td><td>Where the holding period of constructed property exceeds one year but does not exceed five years</td><td>A x 3/4</td></tr><tr><td>3</td><td>Where the holding period of constructed property exceeds five years</td><td>0</td></tr></table>	S. No	Holding Period	Gain	(1)	(2)	(3)	1.	Where the holding period Where the holding period of constructed property does not exceed one year	A	2.	Where the holding period of constructed property exceeds one year but does not exceed five years	A x 3/4	3	Where the holding period of constructed property exceeds five years	0
		S. No	Holding Period	Gain													
		(1)	(2)	(3)													
1.	Where the holding period Where the holding period of constructed property does not exceed one year	A															
2.	Where the holding period of constructed property exceeds one year but does not exceed five years	A x 3/4															
3	Where the holding period of constructed property exceeds five years	0															

39(1)(la)	Non-Existent	<p><i>The proposed amendment seeks to tax gift received from person other than grandparents, parents, spouse, real brother, real sister, son or a daughter.</i></p> <p><i>(la) subject to sub-section (3), any amount or fair market value of any property received without consideration or received as gift, other than gift received from grandparents, parents, spouse, real brother, real sister, son or a daughter.</i></p>
-----------	--------------	---

53	<p>(2) The Federal Government may 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, <b>removal of anomalies in taxes, development of backward areas</b> implementation of bilateral and multilateral agreements or granting an exemption from any tax imposed under this Ordinance including a reduction in the rate of tax imposed under this Ordinance or a reduction in tax liability under this Ordinance or an exemption from the operation of any provision of this Ordinance to any international financial institution or foreign Government owned financial institution operating under an agreement, memorandum of understanding or any other arrangement with the Government of Pakistan , by notification in the official Gazette, make such amendment in the Second Schedule by —</p>	<p><i>The proposed amendment seeks to withdraw power of Board to issue notification for amendment in second schedule for the purpose of removal of anomalies and development of backward areas.</i></p> <p>(2) The Federal Government may 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, implementation of bilateral and multilateral agreements or granting an exemption from any tax imposed under this Ordinance including a reduction in the rate of tax imposed under this Ordinance or a reduction in tax liability under this Ordinance or an exemption from the operation of any provision of this Ordinance to any international financial institution or foreign Government owned financial institution operating under an agreement, memorandum of understanding or any other arrangement with the</p>
----	--	--

		Government of Pakistan, by notification in the official Gazette, make such amendment in the Second Schedule by —
	<p>(a) adding any clause or condition therein;</p> <p>(b) omitting any clause or condition therein; or</p> <p>(c) making any change in any clause or condition therein, as the Government may think fit, and all such amendments shall have effect in respect of any tax year beginning on any date before or after the commencement of the financial year in which the notification is issued.</p>	<p>(a) adding any clause or condition therein;</p> <p>(b) omitting any clause or condition therein; or</p> <p>(c) making any change in any clause or condition therein, as the Government may think fit, and all such amendments shall have effect in respect of any tax year beginning on any date before or after the commencement of the financial year in which the notification is issued.</p>

62A	<p><b>62A. Tax credit for investment in health insurance.—</b> (1) A resident person being a filer other than a company shall be entitled to a tax credit for a tax year in respect of any health insurance premium or contribution paid to any insurance company registered by the Securities and Exchange Commission of Pakistan under the Insurance Ordinance, 2000 (XXXIX of 2000), provided the resident person being a filer is deriving income chargeable to tax under the head “salary” or “income from business</p>	<p><i>The proposed amendment seeks to omit condition of filer for entitlement of claim under section 62A.</i></p> <p><b>62A. Tax credit for investment in health insurance.—</b> (1) A resident person other than a company shall be entitled to a tax credit for a tax year in respect of any health insurance premium or contribution paid to any insurance company registered by the Securities and Exchange Commission of Pakistan under the Insurance Ordinance, 2000 (XXXIX of 2000), provided the resident person is deriving income chargeable to tax under the head “salary” or “income from business</p>
-----	--	--

64C	Non-Existent	<p><i>The proposed amendment seeks to provide tax credit on employing fresh graduates as under:</i></p> <p><b>64C. Tax credit for persons employing fresh graduates.—</b> (1) A person employing freshly qualified graduates from a university or institution recognized by Higher Education Commission shall be entitled to a tax credit in respect of the amount of annual salary paid to the freshly qualified graduates for a tax year in which such graduates are employed.</p> <p>(2) The amount of tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:—</p> $(A/B) \times C$ <p>where—</p> <p>A is the amount of tax assessed to the person for the tax year before allowance of tax credit under this section;</p> <p>B is the person's taxable income for the tax year; and</p> <p>C is the lessor of —</p> <p>(a) the annual salary paid to the freshly qualified graduates referred to in sub-section (1) in the year; and</p> <p>(b) five percent of the person's taxable income for the year;</p>
-----	--------------	--

		<p>(3) The tax credit shall be allowed for salary paid to the number of freshly qualified graduates not exceeding fifteen percent of the total employees of the company in the tax year.</p> <p>(4) In this section, "freshly qualified graduate" means a person who has graduated after the first day of July, 2017 from any institution or university recognized by the Higher Education Commission."</p>
65B(1)	<b>Non-Existent</b>	<p><i>The proposed amendment seeks to reduce rate of tax credit to five percent from ten percent as per self explanatory proviso</i></p> <p><i>Provided that for the tax year 2019 the rate of credit shall be equal to five percent of the amount so invested:</i></p> <p><i>Provided further that the provisions of sub-section (5) relating to carry forward of the credit to be deducted from tax payable, to the following tax years, as specified in the said sub-section, shall continue to apply after tax year 2019.</i></p>
65B(2)	<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, 2021.</p>	<p><i>The proposed amendment seeks to restrict claim of tax credit after tax year 2019.</i></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>

75A	Non-Existent	<p><i>The proposed amendment seeks to insert following new self explanatory section.</i></p> <p>75A. Purchase of assets through banking channel.— (1) Notwithstanding anything contained in any other law, for the time being in force, no person shall purchase—</p> <p>(a) immovable property having fair market value greater than rupees five million; or</p> <p>(b) any other asset having fair market value more than one million rupees, otherwise than by a crossed cheque drawn on a bank or through crossed demand draft or crossed pay order or any other crossed banking instrument showing transfer of amount from one bank account to another bank account.</p> <p>(2) For the purposes of this section, fair market value means value notified by the Board under sub-section (4) of section 68 or value fixed by the provincial authority for the purposes of stamp duty, whichever is higher.;</p>
-----	--------------	---



		<p>(3) In case the transaction is not undertaken in the manner specified in sub-section (1),—</p> <p>(a) such asset shall not be eligible for any allowance under sections 22,23, 24 and 25 of this Ordinance; and</p> <p>(b) such amount shall not be treated as cost in terms of section 76 of this Ordinance for computation of any gain on sale of such asset."</p>
82	<b>Non-Existent</b>	<p><i>The proposed amendment seeks to restrict scope of non-resident individual for tax purpose by insertion of following clause. The said clause is identical to conditions specified under section 2(40) of the Repealed Ordinance.</i></p> <p>(ab) is present in Pakistan for a period of, or periods amounting in aggregate to, ninety days or more in the tax year and who, in the four years preceding the tax year, has been in Pakistan for a period of, or periods amounting in aggregate to, three hundred and sixty-five days or more; or</p>

99C	Non-Existent	<p><i>The proposed amendment seeks to empower federal government to prescribe special procedure with regard to taxation of certain sectors as under:</i></p> <p><b><i>"99C. Special procedure for certain persons.—</i></b>  <i>Notwithstanding anything contained in this Ordinance, the Federal Government may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, record keeping, filing of return and assessment in respect of such small businesses, construction businesses, medical practitioners, hospitals, educational institutions and any other sector specified by the Federal Government, in such cities or territories, as may be specified therein.</i></p>
-----	--------------	---

100BA	Non-Existent	<p><i>The amendment is proposed to introduce new section providing special regime for persons not appearing in active taxpayer list.</i></p> <p><b>100BA. Special provisions relating to persons not appearing in active taxpayers' list.—</b></p> <p>(1) The collection or deduction of advance income tax, computation of income and tax payable thereon shall be determined in accordance with the rules in the Tenth Schedule.</p> <p>(2) The provisions of the Tenth Schedule shall have effect notwithstanding anything to the contrary contained in this Ordinance.</p>
-------	--------------	--

100C(1)&(2)	<p>(1) ... Non-Existent</p> <p>(2).. Persons and incomes eligible for tax credit under this section include-</p> <p>...</p> <p>(c) a trust or welfare institution or non-profit organization approved by Chief Commissioner for the purposes of this clause;</p>	<p><i>The proposed amendment seeks to provide following two self explanatory conditions for the purpose of claim of tax credit and seeks to withdraw power of Chief Commissioner to grant tax credit under this section:</i></p> <p>(1) ...</p> <p><i>(e) approval of the Commissioner has been obtained as per the requirement of clause (36) of section 2:</i></p> <p><i>Provided that this clause shall take effect from the first day of July, 2020; and</i></p> <p><i>(f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendent or the maker of the institution or to any other person:</i></p> <p><i>Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor:</i></p>
-------------	--	---

107(1B)	<p>(1B) Notwithstanding the provisions of the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied, and any concomitant communication or correspondence made, under a tax treaty, a tax information exchange agreement, a multilateral convention, a similar arrangement or mechanism, shall be confidential</p>	<p><i>The proposed amendment seeks to provide for disclosure of information received in pursuance to tax treaties.</i></p> <p>(1B) Notwithstanding the provisions of the Freedom of Information Ordinance, 2002 (XCVI of 2002) subject to clause (a) of sub-section (3) of section 216 of this Ordinance, any information received or supplied, and any concomitant communication or correspondence made, under a tax treaty, a tax information exchange agreement, a multilateral convention, a similar arrangement or mechanism, shall be confidential</p>
---------	---	--

108A	Non-Existent	<p><i>The following new amendment is proposed to restrict powers of Commissioner with regard to transactions not subject to arm's length transaction.</i></p> <p><b>108A. Report from independent chartered accountant or cost and management accountant.—</b> (1) Where the Commissioner is of the opinion that a transaction has not been declared at arm's length, the Commissioner may obtain report from an independent chartered accountant or cost and management accountant to determine the fair market value of asset, product, expenditure or service at the time of transaction.</p> <p>(2) The scope, terms and conditions of the report shall be as may be prescribed.</p> <p>(3) Where the Commissioner is satisfied with the report of the independent chartered accountant or cost and management accountant, the fair market value of asset, product, expenditure or service determined in the report shall be treated as definite information for the purpose of sub-section (8) of section 122.</p>
------	--------------	---

		<p>(4) Where the Commissioner is not satisfied with the report of the independent chartered accountant or cost and management accountant, the Commissioner may record reasons for being not satisfied with the report and seek report from another independent chartered accountant or cost and management accountant, to determine the fair market value of asset, product, expenditure or service at the time of transaction.</p> <p>(5) The Commissioner shall seek report under sub-section (1) or sub-section (3), as the case may be, with prior approval of the Board.</p>
--	--	---

108AB	Non-Existent	<p><i>The following new self explanatory section is proposed to be inserted.</i></p> <p><b>108AB.Transactions under dealership arrangements.—</b>  (1) Where a person supplies products listed in the Third Schedule to the Sales Tax Act, 1990 or any other products as prescribed by the Board, under a dealership arrangement with the dealers who are not registered under the Sales Tax Act, 1990 and are not appearing in the active taxpayers' list under this Ordinance, an amount equal to seventy-five percent of the dealer's margin shall be added to the income of the person making such supplies.</p> <p>(2) For the purposes of operation of this section, ten percent of the sale price of the manufacturer shall be treated as dealers margin.</p>
-------	--------------	--



<p><b>111(4)</b></p>	<p>(4) Sub-section (1) does not apply,—</p> <p>(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</p> <p>(c) to an amount invested in acquiring immoveable property and computed according to the following formula, namely:—</p> <p>A - B</p> <p>Where.—</p> <p>A is the value of immovable property determined under section 68;</p> <p>B is the value recorded by the authority registering or attesting the transfer:</p> <p>Provided that this clause shall only apply if the value as computed under section 68 is greater than the value recorded by the authority registering or attesting the transfer;</p>	<p><i>The proposed amendment seeks to</i></p> <p><i>(i) reduce threshold limit of foreign remittance from ten million to five million</i></p> <p><i>(ii) by virtue of omission of section 236W of the Ordinance, the immunity with regard to property valuation is done away.</i></p> <p>(4) Sub-section (1) does not apply,—</p> <p>(a) to any amount of foreign exchange remitted from outside Pakistan through normal banking channels not exceeding five 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</p> <p>Omitted</p>
----------------------	--	---

	(2) Where a person has paid tax under section 236W, the person shall be entitled to incorporate in the books of accounts the amount computed under this clause in tangible form.	
114	<p>114. Return of income. — (1) Subject to this Ordinance, the following persons are required to furnish a return of income for a tax year, namely:—</p> <p>(iii) owns immovable property with a land area of two hundred and fifty square yards or more or owns any flat located in areas falling within the municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory</p>	<p><i>The proposed amendment seeks to enhance requirement for owners of immovable properties from 250 sq yds to 500 sq yds for filing of return.</i></p> <p>114. Return of income. — (1) Subject to this Ordinance, the following persons are required to furnish a return of income for a tax year, namely:—</p> <p>(iii) owns immovable property with a land area of <b>five hundred</b> or more or owns any flat located in areas falling within the municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory</p>

<p><b>118</b></p>	<p><b>118. Method of furnishing returns and other documents.</b>                      (3) A return of income for any person (other than a company), or a statement required under sub-section (4) of section 115 shall be furnished as per the following schedule, namely:—                      (a) in the case of a statement required under sub-section (4) of section 115 or a return required to be filed through e-portal in the case of a salaried individual, on or before the 31<sup>st</sup> day of August next following the end of the tax year to which the statement or return relates; or</p>	<p><i>The proposed amendment seeks to extend date of filing of return for salaries individual and final statements:</i></p> <p><b>118. Method of furnishing returns and other documents.</b>                      (3) A return of income for any person (other than a company), or a statement required under sub-section (4) of section 115 shall be furnished as per the following schedule, namely:—                      (a) in the case of a statement required under sub-section (4) of section 115 or a return required to be filed through e-portal in the case of a salaried individual, on or before the <b>30<sup>th</sup> Day of September</b> next following the end of the tax year to which the statement or return relates; or</p>
-------------------	--	--

120B	Non-Existent	<p><i>The following new self explanatory section is proposed to be inserted as under:</i></p> <p>120B. Restriction of proceedings.—          (1) Where any person entitled to declare undisclosed assets, undisclosed expenditure and undisclosed sales under the Assets Declaration Act, 2019 declares such assets, expenditures or sales to pay tax, no proceedings shall be undertaken under this Ordinance in respect of such declaration.          (2) Notwithstanding anything contained in any other law, for the time being in force, sub-section (3) of section 216, except the provisions of clauses (a) and (g) of sub-section (3) of section 216, particulars of the persons making declaration under the Assets Declaration Act, 2019 or any information received in any declaration made under the said Act shall be confidential.</p>
------	--------------	--

134A(2)	<p><b>Alternative Dispute Resolution.—</b></p> <p>(2) The Board may, after examination of the application of an aggrieved person, appoint a committee, within sixty days of receipt of such application in the Board, comprising,—</p> <p>(i) an officer of Inland Revenue not below the rank of a Commissioner;</p> <p>(ii) person to be nominated by the taxpayer from a panel notified by the Board comprising,—</p> <p>(a) senior chartered accountants and senior advocates having experience in the field of taxation; and</p>	<p><i>The proposed amendment seeks to include Cost and Management Accountant and prescribes experience of 10 years for the purpose of member of committee</i></p> <p><b>Alternative Dispute Resolution.—</b></p> <p>(2) The Board may, after examination of the application of an aggrieved person, appoint a committee, within sixty days of receipt of such application in the Board, comprising,—</p> <p>(i) an officer of Inland Revenue not below the rank of a Commissioner;</p> <p>(ii) person to be nominated by the taxpayer from a panel notified by the Board comprising,—</p> <p>(a) senior chartered accountants, <b>cost and management accountants</b> and senior advocates having <b>minimum ten years</b> experience in the field of taxation; and</p>
---------	--	---

139(5)&(6)	Non-Existent	<p><i>The proposed amendment seeks to hold member of an Association of Person (AOP) liable for any tax recoverable from AOP.</i></p> <p>"(5) Notwithstanding anything contained in any other law, for the time being in force, where any tax payable by an association of persons in respect of any tax year cannot be recovered from the association of persons, every person who was, at any time in that tax year, a member of the association of persons, shall be jointly and severally liable for payment of the tax due by the association of persons.</p> <p>(6) Any member who pays tax under sub-section (5) shall be entitled to recover the tax paid from the association of persons or a share of the tax from any other member.</p>
------------	--------------	---

145(5)	<p><b>Non-Existent</b></p>	<p><i>The following new self explanatory sub-section is proposed to be inserted.</i></p> <p>(5) Notwithstanding anything contained in any other law, for the time being in force, where on the basis of information received from any offshore jurisdiction, the Commissioner has reason to believe that such person who is likely to leave Pakistan may be involved in offshore tax evasion or such person is about to dispose of any such asset, the Commissioner may freeze any domestic asset of the person including any asset beneficially owned by the person for a period of one hundred and twenty days or till the finalization of proceedings including but not limited to recovery proceedings under this Ordinance whichever is earlier.</p>
147A(8)	<p><b>Advance tax from provincial sales tax registered person.-</b></p> <p>(8) This section shall not apply to a person who was filer on the thirtieth day of June of the previous tax year.</p>	<p><i>The amendment has been proposed in consequence of substitution of filer concept with active taxpayer list.</i></p> <p><b>Advance tax from provincial sales tax registered person.-</b></p> <p>(8) This section shall not apply to a person whose name was appearing in the active taxpayers' list on the thirtieth day of June of the previous tax year.</p>

148(7)	<p><b>148. Imports.—</b>          (7) The tax required to be collected under this section shall be a final tax <b>except as provided under sub-section (8)</b> on the income of the importer arising from the imports subject to sub-section (1) and this sub-section shall not apply in the case of import of—</p> <p>(8A) The tax collected under this section at the time of import of ships by ship-breakers shall be final tax.</p>	<p><i>The proposed amendment seeks to replace existing final tax regime on imports to minimum tax regimes</i></p> <p><b>148. Imports.—</b>          (7) The tax required to be collected under this section shall be a <b>minimum</b> tax on the income of the importer arising from the imports subject to sub-section (1) and this sub-section shall not apply in the case of import of—</p> <p>(8A) The tax collected under this section at the time of import of ships by ship-breakers shall be minimum tax.</p> <p><i>In our opinion minimum tax regime does not have legal support and open to litigation being confiscatory in nature and contradictory to definition of total income as defined under section 11 of the Ordinance</i></p>
151(3)	<p><b>151. Profit on debt. —</b>          (3) Tax deductible under this section shall be a final tax on the profit on debt arising to a taxpayer, except where —          (a) taxpayer is a company; or          (b) profit on debt is taxable under section 7B.</p>	<p><i>The proposed amendment seeks to withdraw final tax regime on profit on debt.</i></p> <p><b>151. Profit on debt. —</b>          (3) Tax deductible under this section shall be a <b>minimum</b> tax on the profit on debt arising to a taxpayer, except where —          (a) taxpayer is a company; or          (b) profit on debt is taxable under section 7B.</p>



152	Non-Existent	<p><i>The proposed amendment seeks to withdraw final tax regime on payments received by non-resident person and seeks to insert following new-subsection allowing Commissioner to allow payment in case of cohesive arrangement at deduction of thirty percent of amount chargeable to tax.</i></p> <p>(4B) The Commissioner may, in case of payment that constitutes part of an overall arrangement of a cohesive business operation as referred to in paragraph (ii) of sub-clause (g) of clause (41) of section 2, on application made by the person making payment and after making such inquiry, as the Commissioner thinks fit, allow by order in writing, the person to make payment after deduction of tax equal to thirty percent of the tax chargeable on such payment under sub-section (2):</p> <p>Provided that the credit of the tax so deducted shall be available to the permanent establishment of the non-resident accounting for overall profits arising on the overall cohesive business operation.</p>
-----	--------------	---

153(3)	<p>(3) The tax deductible under clauses (a) and (c) of sub-section (1) and under sub-section (2) of this section, on the income of a resident person or , shall be final tax.</p> <p>Provided that,—</p> <p>(a) tax deducted under clause (a) of sub-section (1) shall be adjustable where payments are received on sale or supply of goods, by a, —</p> <p>...</p> <p>(b) tax deductible shall be a minimum tax on transactions referred to in clause (b) of sub-section (1), <b>provided that-]</b></p> <p><b>(i) where the aforesaid minimum tax for providing or rendering services, in respect of sectors as specified in clause (94) of Part IV of the Second Schedule is in excess of tax payable under Division II of Part. I of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year;</b></p>	<p><i>The proposed amendment seeks to withdraw final tax regime available to traders and individuals and omits operation of clause (94) of Part IV of Second Schedule.</i></p> <p>(3) The tax deductible under clauses (a) and (c) of sub-section (1) and under sub-section (2) of this section, on the income of a resident person or, shall be <b>minimum tax.</b></p> <p>Provided that,—</p> <p>(a) tax deducted under clause (a) of sub-section (1) <b>shall not be minimum tax</b> where payments are received on sale or supply of goods, by a, —</p> <p>....</p> <p>(b) tax deductible shall be a minimum tax on transactions referred to in clause (b) of sub-section (1).</p> <p><i>In our opinion no exemption certificate is required to be issued in case of services subject to 4% withholding tax.</i></p>
--------	---	--

	<p>(ii) where the excess tax is not wholly adjusted, the amount not adjusted shall be carried forward to the following tax year and adjusted against tax liability under the aforesaid Part for that year, and so on, but the said excess shall not be carried forward to more than five tax years immediately succeeding the tax year for which the excess was first paid; and</p> <p>(iii) the said excess amount shall not be carried forward in case of a company for which provisions of this clause are not applicable under clause (94) of Part IV of the Second Schedule;</p>	
153(4)	<p>(4) The Commissioner may, on application made by the recipient of a payment referred to in sub-section (1) and after making such inquiry as the Commissioner thinks fit, may allow in cases where tax deductible under sub-section (1) is adjustable, by an order in writing, any person to make the payment,—</p>	<p><i>The amendment is proposed as under in consequent to amendment in sub-section (3)</i></p> <p>(4) The Commissioner may, on application made by the recipient of a payment referred to in sub-section (1) and after making such inquiry as the Commissioner thinks fit, may allow in cases where tax deductible under sub-section (1) is not minimum, by an order in writing, any person to make the payment,—</p>

153B	Non-Existent	<p><i>The proposed amendment seeks to introduce withholding tax on payment of royalty to resident person;</i></p> <p><b>Payment of royalty to resident persons.</b></p> <p><b>(1)</b> Every person paying an amount of royalty, in full or in part including by way of advance, to a resident person shall deduct tax from the gross amount payable (including Federal excise duty and provincial sales tax, if any) at the rate specified in Division IIIB of Part III of the First Schedule.</p> <p><b>(2)</b> The tax deductible under sub-section (1) shall be adjustable.";</p>
161(3)	Non-Existent	<p><i>The following new self-explanatory sub-section is proposed to be inserted;</i></p> <p><b>(3)</b> The Commissioner may, after making, or causing to be made, such enquiries as he deems necessary, amend or further amend an order of recovery under sub-section (1), if he considers that the order is erroneous in so far it is prejudicial to the interest of revenue:</p> <p>Provided that the order of recovery shall not be amended, unless the person referred to in sub-section (1) has been provided an opportunity of being heard.";</p>

<p><b>165A(D)</b></p>	<p><b>Furnishing of information by banks.—</b>                      (1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), if any, on the subject every banking company shall make arrangements to provide to the Board in the prescribed form and manner;</p> <p>(d) a list of persons receiving profit on debt exceeding <b>one million rupees for filers and</b> five hundred thousand rupees for non-filers and tax deductions thereon during preceding financial year</p>	<p>The proposed amendment seeks to reduce threshold limit for furnishing of information by bank in respect of profit on debt as under;</p> <p><b>Furnishing of information by banks.—</b>                      (1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), if any, on the subject every banking company shall make arrangements to provide to the Board in the prescribed form and manner;</p> <p>(d) a list of persons receiving profit on debt exceeding five hundred thousand rupees for non-filers and tax deductions thereon during preceding financial year</p>
-----------------------	--	--

168(3)	<p><b>168. Credit for tax collected or deducted.</b> — (1) For the purposes of this Ordinance</p> <p>(3) No tax credit shall be allowed for any tax collected or deducted that is a final tax under—</p> <ul style="list-style-type: none"> <li>(a) sub-section (7) of section 148;</li> <li>(b) sub-section (3) of section 151;</li> <li>(c) sub-section (1B) and (1BB) of section 152;</li> <li>(d) sub-section (3) of section 153;</li> <li>(e) sub-section (4) of section 154;</li> <li>(f) sub-section (3) of section 156;</li> <li>(g) sub-section (2) of section 156A;</li> <li>(h) sub-section (3) of section 233;</li> <li>[and]</li> <li>(j) sub-section (3) of section 234A.</li> </ul>	<p><i>Consequent to the withdrawal of final tax regime, the proposed amendments seeks to omit the said sub-section</i></p> <p><b>Omitted</b></p>
--------	--	--

169(4)	<p><b>169. Tax collected or deducted as a final tax.—(1) This section shall apply where —</b></p> <p>(4) Where the tax collected or deducted is final tax under any provision of the Ordinance and separate rates for filer and non-filer have been prescribed for the said tax, the final tax shall be the tax rate for filer and the excess tax deducted or collected on account of higher rate of non-filer shall be adjustable in the return filed for the relevant tax year</p>	<p><i>Consequent to the insertion of Tenth Schedule to the Ordinance, the said subsection is proposed to be substituted as under;</i></p> <p><b>169. Tax collected or deducted as a final tax.—(1) This section shall apply where —</b></p> <p>“(4) Where the tax collected or deducted is final tax under any provision of this Ordinance and hundred percent higher tax rate has been prescribed for the said tax under the Tenth Schedule, the final tax shall be the tax rate prescribed in the First Schedule and the excess tax collected under the Tenth Schedule specified for persons not appearing in the active taxpayers’ list shall be adjustable in case the return is filed before finalization of assessment as provided in rule 4 of the Tenth Schedule.”;</p>
--------	--	---

171A	Non-Existent	<p><i>The following self-explanatory section is proposed to be inserted as under;</i></p> <p><b>171A. Payment of refund through income tax refund bonds.—</b> (1) Notwithstanding anything contained in sections 170 and 171, the income tax refunds payable under this Ordinance may also be paid through income tax refund bonds to be issued by FBR Refund Settlement Company Limited, in book-entry form through an establishment licensed by the Securities and Exchange Commission of Pakistan as a central depository under the Securities Act, 2015 (III of 2015), in lieu of payment to be made through issuance of cheques or bank debit advice.</p> <p>(2) The Board shall issue a promissory note to FBR Refund Settlement Company Limited, hereinafter referred to as the company, incorporating the details of refund claimants and the amount of refund determined as payable to each for issuance of income tax refund bonds, hereinafter referred to as the bonds, of the same amount.</p> <p>(3) The bonds shall be issued in values in multiples of one hundred thousand rupees.</p>
------	--------------	---



		<p>(4) The bonds so issued shall have a maturity period of three years and shall bear annual simple profit at ten percent.</p> <p>(5) The bonds shall be traded freely in the country's secondary markets.</p> <p>(6) The bonds shall be approved security for calculating the statutory liquidity reserve.</p> <p>(7) The bonds shall be accepted by the banks as collateral.</p> <p>(8) There shall be no compulsory deduction of Zakat against the bonds and Sahib-e-Nisab may pay Zakat voluntarily according to Shariah.</p> <p>(9) After period of maturity, the company shall return the promissory note to the Board and the Board shall make the payment of amount due under the bonds, along with profit due, to the bond holders.</p> <p>(10) The bonds shall be redeemable in the manner as in sub- section (9) before maturity only at the option of the Board along with simple profit payable at the time of redemption in the light of general or specific policy to be formulated by the Board.</p> <p>(11) The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner.</p>
--	--	--

		(12) The Federal Government may notify procedure to regulate the issuance, redemption and other matters relating to the bonds, as may be required.”;
175(6A)	<b>Non-Existent</b>	<p><i>The proposed amendment seeks to empower Commissioner to raid and confiscate undeclared gold, bearer security or foreign currency.</i></p> <p>(6A) The Commissioner shall, subject to the condition as may be prescribed, raid any premises where there is reliable information of undeclared gold, bearer security or foreign currency and confiscate the same in order to enforce any provision of this Ordinance.”;</p>
177(6)	<p><b>177. Audit.—</b></p> <p>6) After completion of the audit, the Commissioner may, if considered necessary, after obtaining taxpayer’s explanation on all the issues raised in the audit, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be</p>	<p><i>The proposed amendment seeks to differentiate and segregate audit and assessment functions</i></p> <p><b>177. Audit.—</b></p> <p><b>6) After completion of the audit, the Commissioner shall, after obtaining taxpayer’s explanation on all the issues raised in the audit, issue an audit report containing audit observations and findings.”; and</b></p>

177(6A)	Non-Existent	<p><i>The following self-explanatory sub-section is proposed to be inserted as under;</i></p> <p><b>(6A) After issuing the audit report, the Commissioner may, if considered necessary, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be, after providing an opportunity of being heard to the taxpayer under sub-section (9) of section 122.;</b></p>
181D	Non-Existent	<p><i>The amendment has been proposed to insert following new self explanatory section as under:</i></p> <p>181D. Business licence scheme.— Every person engaged in any business, profession or vocation shall be required to obtain and display a business licence as prescribed by the Board.”;</p>

182	<p><b>182. Offences and Penalties</b></p> <p>(1) Where any person fails to furnish a return of income as required under section 114 within the due date.</p> <p>(2) Where any person fails to furnish wealth statement or wealth reconciliation statement.</p> <p>(3) Any person who is required to apply for registration under this Ordinance but fails to make an application for registration.</p>	<p><i>The following amendments are proposed to penal provision.</i></p> <p><i>Such person shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than forty thousand rupees or no tax is payable for that tax year such person shall pay a penalty of twenty thousand rupees.</i></p> <p><b><i>Provided that if seventy-five percent of the income is from salary and the amount of income under salary is less than five million rupees, the minimum amount of penalty shall be five thousand rupees</i></b></p> <p><i>Such person shall pay a penalty of 0.1% of the taxable income per week or <b>Rs. 100,000</b> whichever is higher.</i></p> <p><i>Such person shall pay a penalty of <b>ten thousand rupees</b></i></p>
-----	--	---

<p>(6) Any person who repeats erroneous calculation in the return for more than one year whereby amount of tax less than the actual tax payable under this Ordinance is paid</p>	<p><i>Such person shall pay a penalty of <b>thirty thousand</b> rupees or three per cent of the amount of the tax involved, whichever is higher</i></p>
<p>(11) Any person who denies or obstructs the access of the Commissioner or any officer authorized by the Commissioner to the premises, place, accounts, documents, computers or stocks.</p>	<p><i>Such person shall pay a penalty of <b>fifty</b> thousand rupees or one hundred per cent of the amount of tax involved, whichever, is higher.</i></p>
<p>(12) Where a person has concealed income or furnished inaccurate particulars of such income, including but not limited to the suppression of any income or amount chargeable to tax, the claiming of any deduction for any expenditure not actually incurred or any act referred to in sub-section (1) of section 111, in the course of any proceeding under this Ordinance before any Income Tax authority or the appellate tribunal.</p>	<p><i>Such person shall pay a penalty of <b>one hundred thousand</b> rupees or an amount equal to the tax which the person sought to evade whichever is higher. However, no penalty shall be payable on mere disallowance of a claim of exemption from tax of any income or amount declared by a person or mere disallowance of any expenditure declared by a person to be deductible, unless it is proved that the person made the claim knowing it to be wrong.</i></p>
<p>(15) Any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160.</p>	<p><i>Such person shall pay a penalty of <b>fifty</b> thousand rupees or the 10% of the amount of tax whichever is higher.</i></p>

	<p><b>Non- Existent</b></p>	<p><b>Offence</b>  <i>Any person who purchases immovable property having fair market value greater than rupees five million through cash or bearer cheque</i></p> <p><b>Penalty</b>  <i>Such person shall pay a penalty of five percent of the value of property determined by the Board under sub- section (4) of section 68 or by the provincial authority for the purposes of stamp duty, whichever is higher.</i></p> <p><b>Offence</b>  <i>Where an offshore tax evader is involved in offshore tax evasion in the course of any proceedings under this Ordinance before any Income Tax authority or the appellate tribunal.</i></p> <p><b>Penalty</b>  <i>Such person shall pay a penalty of one hundred thousand rupees or an amount equal to two hundred per cent of the tax which the person sought to evade, whichever is higher.</i></p>
--	-----------------------------	---

		<p><b>Offence</b> Where in the course of any transaction or declaration made by a person an enabler has enabled, guided, advised or managed any person to design, arrange or manage that transaction or declaration in such a manner which has resulted or may result in offshore tax evasion in the course of any proceedings under this Ordinance.</p> <p><b>Penalty</b> Such person shall pay a penalty of three hundred thousand rupees or an amount equal to two hundred per cent of the tax which was sought to be evaded, whichever is higher.</p> <p><b>Offence</b> Any person who is involved in asset move as defined in clause (5C) of section 2 of the Ordinance from a specified territory to an unspecified territory.</p> <p><b>Penalty</b> Such person shall pay a penalty of one hundred thousand rupees or an amount equal to one hundred per cent of the tax whichever is higher.</p>
--	--	--

		<p><b>Offence</b> Where a Reporting Financial Institution fails to comply with any provisions of section 165B of the Ordinance or Common Reporting Standard Rules in Chapter XIIA of Income Tax Rules, 2002.</p> <p><b>Penalty</b> Such Reporting Financial Institution shall pay a penalty of Rs.10, 000 for each default and an additional Rs. 10,000 each month until the default is redressed.</p> <p><b>Offence</b> Where a Reporting Financial Institution files an incomplete or inaccurate report under provisions of section 165B of the Ordinance and Common Reporting Standard Rules in Chapter XIIA of Income Tax Rules, 2002.</p> <p><b>Penalty</b> Such Reporting Financial Institution shall pay a penalty of Rs.10, 000 for each default and an additional Rs. 10,000 each month until the default is redressed.</p>
--	--	--



		<p><b>Offence</b> Where a Reporting Financial Institution fails to obtain valid self-certification for new accounts or furnishes false self-certification made by the Reportable Jurisdiction Person under Common Reporting Standard Rules in Chapter XIA of Income Tax Rules, 2002.</p> <p><b>Penalty</b> Such Reporting Financial Institution shall pay a penalty of Rs. 10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.</p> <p><b>Offence</b> Where a Reportable Jurisdiction Person fails to furnish valid self-certification or furnishes false self-certification under Common Reporting Standard Rules in Chapter XIA of Income Tax Rules, 2002</p> <p><b>Penalty</b> Such Reportable Jurisdiction Person shall pay a penalty of Rs. 5,000 for each default and an additional Rs. 5,000 each month until the default is redressed.</p>
--	--	---

182A	<p><b>182A. Return not filed within due date.</b>  (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><i>The proposed amendment seeks to allow inclusion of taxpayers name in active taxpayer list upon late filing of return subject to payment of default surcharge.</i></p> <p><b>182A. Return not filed within due date.</b>  (a) not be included in the active taxpayers' list for the year for which return was not filed within the due date; and  Provided that without prejudice to any other liability under this Ordinance, the person shall be included in the active taxpayers' list on filing return after the due date, if the person pays surcharge at rupees—  (i) twenty thousand in case of a company;  (ii) ten thousand in case of an association of persons;  (iii) one thousand in case of an individual.";</p>
------	---	---

182C	<p><b>Non-Existent</b></p>	<p><i>The proposed amendment seeks to provide non issuance of refund to persons whose name does not appear in active taxpayer list.</i></p> <p><i>(c) not be issued refund during the period the person is not included in the active taxpayers' list; and</i></p> <p><i>(d) not be entitled to additional payment for delayed refund under section 171 and the period the person is not included in the active taxpayers' list, shall not be counted for computation of additional payment for delayed refund.</i></p>
191	<p><b>Non-Existent</b></p>	<p><i>The proposed amendment seeks for prosecution of person who fails to furnish statement under section 165.</i></p> <p><b>191. Prosecution for non-compliance with certain statutory obligations. —</b></p> <p>(1) Any person who, without reasonable excuse, fails to —</p> <p>...</p> <p>(ca) furnish particulars or complete or accurate particulars of persons mentioned in sub-section (1) of section 165.</p>

192B	Non-Existent	<p><i>The following new section is proposed to be inserted making concealment of offshore asset as prosecutable offence.</i></p> <p><b>192B. Prosecution for concealment of an offshore asset. —</b></p> <p>(1) Any person who fails to declare an offshore asset to the Commissioner or furnishes inaccurate particulars of an offshore asset and revenue impact of such concealment or furnishing of inaccurate particulars is one hundred thousand rupees or more shall commit an offence punishable on conviction with imprisonment up to seven years or with a fine up to two hundred percent of the amount of tax evaded or both.</p>
------	--------------	---

195A&195B	Non-Existent	<p><i>The following new self-explanatory sections are proposed to be inserted</i></p> <p><b>195A. Prosecution for non-compliance with notice under section 116A.—</b> Any person who, without reasonable excuse, fails to comply with a notice under subsection (2) of section 116A; shall commit an offence punishable on conviction with imprisonment up to two years or with a fine up to a penalty of two percent of the offshore asset not declared or both.</p> <p><b>195B. Prosecution for enabling offshore tax evasion.—</b> Any enabler who enables, guides or advises any person to design, arrange or manage a transaction or declaration in such a manner which results in offshore tax evasion, shall commit an offence punishable on conviction with imprisonment for a term not exceeding seven years or with a fine up to five million rupees or both.</p>
-----------	--------------	---

215	<p><b>215. Furnishing of returns, documents etc.</b> — (1) Where, by virtue of an order under section 210, the Commissioner has delegated to any an officer of Inland Revenue the function and power to receive, or to call for and receive, any returns of income, certificates, documents, accounts and statements from any person or persons or class of persons (hereinafter called 'filer'), the filer shall furnish such returns, certificates, documents, accounts and statements to that officer of Inland Revenue and, when furnished, shall be treated as having been furnished to the Commissioner</p>	<p><i>The proposed amendment seeks to omit word filer and replace the same with persons</i></p> <p><b>215. Furnishing of returns, documents etc.</b> — (1) Where, by virtue of an order under section 210, the Commissioner has delegated to any an officer of Inland Revenue the function and power to receive, or to call for and receive, any returns of income, certificates, documents, accounts and statements from any person, the person shall furnish such returns, certificates, documents, accounts and statements to that officer of Inland Revenue and, when furnished, shall be treated as having been furnished to the Commissioner</p>
-----	---	--

216(6)	Non-Existent	<p><i>The amendment is proposed to exclude from confidentiality clause, names of persons who have evaded offshore tax equal to Rs. 2.5 million or above.</i></p> <p>(6B) Nothing contained in sub-section (1) shall prevent the Board from publishing the names of offshore evaders, in the print and electronic media who have evaded offshore tax equal to or exceeding rupees two and half million.</p> <p>(6C) Nothing contained in sub-section (1) shall prevent the Board from publishing the names of offshore tax enablers, in the print and electronic media who have enabled offshore tax evasion.</p>
--------	--------------	--

216A	Non-Existent	<p><i>This amendment seeks to insert new section providing for initiating criminal proceedings against Officer of Inland Revenue and taxpayers involve in malpractice</i></p> <p>216A. Proceedings against persons.—(1) Subject to section 227, the Board shall prescribe rules for initiating proceedings including criminal proceedings against any authority mentioned in section 207 and officer of the Directorates General mentioned in Part II and Part III of Chapter XI including any person subordinate to the aforesaid authorities or officers of the Directorates General who willfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both.</p> <p>(2) Where proceedings under subsection (1) have been initiated against a person or authority, the Board shall simultaneously intimate the relevant Governmental agency to initiate criminal proceedings against the taxpayer.</p> <p>(3) The proceedings under this section shall be without prejudice to any liability that the authority, person or taxpayer may incur under any other law for the time being in force.</p>
------	--------------	---



227C	<b>227C. Restriction on purchase of certain assets.—</b>	<p><i>The proposed amendment seeks to omit section 227C placing restriction on non-filers from purchasing property having value above five million and certain vehicles.</i></p> <p><i>Omitted.</i></p>
227D	<b>Non-Existent</b>	<p><i>The amendment has been proposed to introduce tax regime for low risk and compliance taxpayers to minimize direct personal interaction between taxpayers and officers.</i></p> <p>227D. Automated impersonal tax regime.— (1) The Board may design an alternate impersonal taxation regime whereby personal interaction will be minimized.</p> <p>(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf.</p> <p>(3) This section shall be applicable only for low risk and compliant taxpayers as may be prescribed.</p>

230F	<p><b>230F. Directorate General of Immovable Property.—</b>          (23) From the date of appointment as mentioned in sub-section (22), 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>	<p><i>Consequent to the changes in taxes on immovable property, amendment has been proposed for omission of said sub-section.</i></p> <p><b>Omitted</b></p>
230G&230H	<p><b>Non-Existent</b></p>	<p><i>The following new section is proposed to be inserted which is self explanatory</i></p> <p><b>230G. Directorate General of Special Initiative.—</b> (1) The Directorate General of Special Initiative shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.          (2) The Board may, by notification in the official Gazette,—</p> <p>(a) specify the functions, jurisdiction and powers of the Directorate General of Special Initiative and its officers; and          (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.</p>

230H		<p><i>The following new section is proposed to be inserted which is self explanatory</i></p> <p>230H. Directorate General of Valuation.— (1) The Directorate General of Valuation shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.</p> <p>(2) The Board may, by notification in the official Gazette,—</p> <p>(a) specify the functions, jurisdiction and powers of the Directorate General of Valuation and its officers; and</p> <p>(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.</p>
------	--	--

231B	<p><b>231B. Advance tax on private motor vehicles.—</b>  (1A) Every leasing company or a scheduled bank or a non-banking financial institution or an investment bank or a modaraba or a development finance institution, whether shariah compliant or under conventional mode, at the time of leasing of a motor vehicle to a non-filer, either through ijara or otherwise, shall collect advance tax at the rate of four per cent of the value of the motor vehicle</p>	<p><i>The amendment has been proposed in consequence of substitution of filer concept with active taxpayer list.</i></p> <p><b>231B. Advance tax on private motor vehicles.—</b>  (1A) Every leasing company or a scheduled bank or a non-banking financial institution or an investment bank or a modaraba or a development finance institution, whether shariah compliant or under conventional mode, at the time of leasing of a motor vehicle to a person whose name is not appearing in the active taxpayers' list, either through ijara or otherwise, shall collect advance tax at the rate of four per cent of the value of the motor vehicle</p>
233	<b>233. Brokerage and commission.</b>	<i>The amendment seeks to withdraw Final Tax Regime on Commission and replace the same with Minimum Tax Regime.</i>
234A	<b>234A CNG Stations.—</b>	<i>The amendment seeks to withdraw Final Tax Regime on and replace the same with Minimum Tax Regime.</i>

236C	<p><b>236C. Advance Tax on sale or transfer of immovable Property.—</b>                      (3) Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding three years.</p>	<p><i>The proposed amendment seeks to enhance exemption limit on collection of advance tax on sale of immovable property from three to five years.</i></p> <p><b>236C. Advance Tax on sale or transfer of immovable Property.—</b>                      (3) Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding five years..</p>
236P	<p><b>236P. Advance tax on banking transactions otherwise than through cash.—</b></p>	<p><i>The amendment has been proposed in consequence of substitution of filer concept with active taxpayer list.</i></p>
236U	<p><b>236U. Advance tax on insurance premium.-</b></p>	<p><i>The amendment has been proposed in consequence of substitution of filer concept with active taxpayer list.</i></p>
236W	<p><b>236W. Tax on purchase or transfer of immovable property.—(1)</b>                      Every person responsible for registering, recording or attesting transfer of any immovable property shall at the time of registering, recording or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate of three per cent of the amount computed under clause (c) of sub-section (4) of section 111.                      (2) Tax collected under sub-section (1) shall not be adjustable.]</p>	<p><i>The amendment has been proposed to omit the section,</i></p> <p>Omitted</p>

## PART I

### RATE OF TAX FOR INDIVIDUALS & AOP

#### DIVISION-I

The proposed slabs of tax for Business Individuals and Association of Persons has been revised as under;

Sr. #	Taxable Income	Rate of Tax
1.	Where taxable income does not exceed Rs. 400,000	0%
2.	Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 600,000	5% of the amount exceeding Rs. 400,000
3.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	Rs. 10,000 plus 10% of the amount exceeding Rs. 600,000
4.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 70,000 plus 15% of the amount exceeding Rs. 1,200,000
5.	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000	Rs. 250,000 plus 20% of the amount exceeding Rs. 2,400,000
6.	Where taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	Rs. 370,000 plus 25% of the amount exceeding Rs. 3,000,000
7.	Where taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000	Rs. 620,000 plus 30% of the amount exceeding Rs. 4,000,000
8.	Where taxable income exceeds Rs. 6,000,000	Rs. 1,220,000 plus 35% of the amount exceeding Rs. 6,000,000

## PART I

### RATE OF TAX FOR INDIVIDUALS & AOP

#### DIVISION-I

The proposed slabs of tax for Salaried Individuals has been revised as under;

Sr. #	Taxable Income	Rate of Tax
1.	Where taxable income does not exceed Rs. 600,000	0%
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
3.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,800,000	Rs. 30,000 plus 10% of the amount exceeding Rs. 1,200,000
4.	Where taxable income exceeds Rs. 1,800,000 but does not exceed Rs. 2,500,000	Rs. 90,000 plus 15% of the amount exceeding Rs. 1,800,000
5.	Where taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 3,500,000	Rs. 195,000 plus 17.5% of the amount exceeding Rs. 2,500,000
6.	Where taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 5,000,000	Rs. 370,000 plus 20% of the amount exceeding Rs. 3,500,000
7.	Where taxable income exceeds Rs. 5,000,000 but does not exceed Rs. 8,000,000	Rs. 670,000 plus 22.5% of the amount exceeding Rs. 5,000,000
8.	Where taxable income exceeds Rs. 8,000,000 but does not exceed Rs. 12,000,000	Rs. 1,345,000 plus 25% of the amount exceeding Rs. 8,000,000
9.	Where taxable income exceeds Rs. 12,000,000 but does not exceed Rs. 30,000,000	Rs. 2,345,000 plus 27.5% of the amount exceeding Rs. 12,000,000
10.	Where taxable income exceeds Rs. 30,000,000 but does not exceed Rs. 50,000,000	Rs. 7,295,000 plus 30% of the amount exceeding Rs. 30,000,000

Sr. #	Taxable Income	Rate of Tax
11.	Where taxable income exceeds Rs. 50,000,000 but does not exceed Rs. 75,000,000	Rs. 13,295,000 plus 32.5% of the amount exceeding Rs. 50,000,000
12.	Where taxable income exceeds Rs. 75,000,000	Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000"

### DIVISION-II

- ii). Provided further that the rate of tax imposed on taxable income of a company, other than banking company shall be 32% for the tax year 2016, 31% for tax year 2017 and 30% for tax year 2018 and **29% for tax year 2019 and onwards**

### DIVISION-III

#### Rate of Dividend Tax

*The rate of tax imposed under section 5 on dividend received from a company has been proposed to be increased as follows;*

- (a) **15%** in the case of dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects; and
- (b) 15%, in cases other than mentioned in clauses (a) and (d);
- (c) **Omitted**
- (d) 25% in the case of a person receiving dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III



**Division-III A**

*The rate of tax for profit on debt imposed under section 7B has been proposed to be increased as follows;*

<b>Sr. #</b>	<b>Profit on Debt</b>	<b>Rate of tax</b>
1.	Where profit on debt does not exceed Rs.5,000,000	15%
2.	Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000	17.5%
3.	Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.36,000,000	20%

**DIVISION VIA****INCOME FROM PROPERTY**

*The rate of tax to be paid under section 15, in the case of individual and association of persons, has been proposed to be paid under following slabs;*

<b>Sr. #</b>	<b>Gross amount of rent</b>	<b>Rate of tax</b>
1	Where the gross amount of rent does not exceed Rs.200,000.	Nil
2	Where the gross amount of rent exceeds Rs.200,000 but does not exceed Rs.600,000	5 per cent of the gross amount exceeding Rs.200,000
3	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.1,000,000.	Rs.20,000 plus 10 per cent of the gross amount exceeding Rs.600,000
4	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.	Rs.60,000 plus 15 per cent of the gross amount exceeding Rs.1,000,000

Sr. #	Gross amount of rent	Rate of tax
5	Where the gross amount of rent exceeds Rs.2,000,000 <b>but does not exceed Rs.4,000,000</b>	Rs.210,000 plus 20 per cent of the gross amount exceeding Rs.2,000,000
6	Where the gross amount of rent exceeds Rs.4,000,000 but does not exceed Rs.6,000,000	Rs.610,000 plus 25 per cent of the gross amount exceeding Rs.4,000,000
7	Where the gross amount of rent exceeds Rs.6,000,000 but does not exceed Rs.8,000,000	Rs.1,110,000 plus 30 per cent of the gross amount exceeding Rs.6,000,000
8	Where the gross amount of rent exceeds Rs.8,000,000	Rs.1,710,000 plus 35 per cent of the gross amount exceeding Rs.8,000,000

## DIVISION VII

## CAPITAL GAINS ON DISPOSAL OF SECURITIES

*The rate of tax to be paid under section 37A has been proposed to be revised as follows:*

Sr. No.	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax years 2018, 2019 and 2020	
					Securities acquired before 01.07.2016	Securities acquired before 01.07.2016
1.	Where holding period of a security is less than twelve months	12.5%	15%	15%	15%	15%
2.	Where holding period of a security is twelve months or more but less	10%	12.5%	12.5%	12.5%	

Sr. No.	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax years 2018, 2019 and 2020	
					Securities acquired before 01.07.2016	Securities acquired before 01.07.2016
	than 24 months					
3.	Where holding period of a security is twenty four months or more but the security was acquired on or after 1st July, 2013.	0%	7.5%	7.5%	7.5%	
4.	Where the security was acquired before 1st July, 2013	0%	0%	0%	0%	0%
5.	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%	5%"; and

[Provided that the rate of tax on cash settled derivatives traded on the stock exchange shall be 5% for the tax years 2018 to 2020.]

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

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

Category	Rate
Individual and association of persons	10% for stock funds 10% for other funds
Company	10% for stock funds 25% for other funds

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

Provided further that no capital gains tax shall be deducted, if the holding period of the security is more than four years.

***“Explanation.— For removal of doubt, it is clarified that, the provisions of this proviso shall be applicable only in case of a mutual fund or collective investment scheme or a REIT scheme.***

#### DIVISION VIII

Division VIII has been proposed to be omitted.

#### DIVISION IX

*Minimum tax under section 113 has been proposed to be increased as follows;*

S.No.	Person(s)	Minimum Tax as percentage of the person's turnover for the year
(1)	(2)	(3)
1.	(a) Oil marketing companies, Oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.) (b) Pakistani Airlines; and (c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production. 3 [(d) Dealers or distributors of fertilizer 4 [; and] 5 [(e) person running an online marketplace as defined in clause (38B) of section 2.]	0.75%

S.No.	Person(s)	Minimum Tax as percentage of the person's turnover for the year
(1)	(2)	(3)
1	(a) Distributors of pharmaceutical products, fast moving consumer goods and cigarettes; (b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; (c) Rice mills and dealers; and (d) Flour mills.	0.25%
2	Motorcycle dealers registered under the Sales Tax Act, 1990.	0.3%
3	In all other cases.	1.5%

## PART II

### RATES OF ADVANCE TAX Division II of Part V of Chapter X

*The rate of advance tax to be collected by the Collector of Customs under section 148 has been proposed to be changed as follows;*

Sr No.	Persons	Rate
1.	(i) Industrial undertaking importing remeltable steel (PCT Heading 72.04) and directly reduced iron for its own use; (ii) Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision	1% of the import value as increased by customs-duty, sales tax and federal excise duty

Sr No.	Persons	Rate
	No.ECC-155/12/2004 dated the 9 <sup>th</sup> December, 2004; (iii) Persons importing urea; (iv) Manufacturers covered under Notification No.S.R.O.1125 (I) / 2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011; (v) Persons importing Gold; (vi) Persons importing Cotton; and (vii) Persons importing LNG]	
2.	Persons importing pulses	2% of the import value as increased by customs-duty, sales tax and federal excise duty
3.	Commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O.1125(I)/ 2011 dated the 31st December, 2011.	3% of the import value as increased by Customs-Duty, Sales Tax and Federal Excise Duty
4.	Persons importing coal	4%
5.	Persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan	4%
6.	Ship breakers on import of ships	4.5%
7.	Industrial undertakings not covered under S. Nos. 1 to 6	5.5%
8.	Companies not covered under S. Nos. 1 to 7	5.5%

<b>Sr No.</b>	<b>Persons</b>	<b>Rate</b>
9.	Persons not covered under S. Nos. 1 to 8	6%"; and

Provided that the rate specified in column (3),—

- (a) in the case of industrial undertaking, importing plastic raw material falling under PCT Heading 39.01 to 39.12 for its own use shall be 1.75% of the import value as increased by customs duty, sales tax and Federal excise duty; and
- (b) in the case of a commercial importer, importing plastic raw material falling under PCT Heading 39.01 to 39.12 shall be 4.5 % of the import value as increased by customs duty, sales tax and Federal excise duty] 2  
[:]

**PART II****RATES OF ADVANCE TAX****DIVISION II OF PART V OF CHAPTER X****DEDUCTION OF TAX AT SOURCE****(See Division III of Part V of Chapter X)****DIVISION I****ADVANCE TAX ON DIVIDEND**

The rate of tax to be deducted under section 150 ["and 236S"] are proposed to be increased as follows-

- (a) 15% in the case of dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects;
- (b) [15] % other than mentioned in (a) above;
- (c) [20] % for non-filers other than mentioned in (a) above;

**DIVISION IA****Profit on Debt**

The rate of tax to be deducted under section 151 are proposed to be increased from 10% to **15%** of the yield or profit paid.

***"Provided that the rate shall be 10% in cases where yield or profit paid is rupees five hundred thousand rupees or less."***

**DIVISION IB****Return on Investment in Sukuks**

The rate of tax to be deducted under section 150A for non-filer sukuk-holder has been proposed to be deleted.



**DIVISION II**  
**Payments to non-residents**

The rate of tax to be deducted from a payment referred to in section 152 has been proposed to be at the same rate for filer and non-filer.

**DIVISION III**  
**Payments for Goods or Services**

The rate of tax to be deducted from a payment referred to in section 153 has been proposed to be at the same rate for filer and non-filer.

- (i) 4% of the gross amount payable, in the cases of transport services, 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 the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection, certification, testing and training services; +
- (ii) in case of rendering of or providing of services other than sub-clause (i),—
  - (a) in case of a company, 8% of the gross amount payable;
  - (b) in any other case, 10% of the gross amount payable; and
  - (c) in respect of persons making payments to electronic and print media for advertising services, 1.5% of the gross amount payable;”;
- (iii) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be
  - (i) 10% of the gross amount payable in case of sportspersons;
  - (ii) in case of a company, 7% of the gross amount payable, if the company is a filer; and
  - (iii) in any other case, 7.5% of the gross amount payable, if the person is a filer.

**DIVISION IIIB****Royalty paid to resident persons**

The rate of tax to be deducted under section 153B shall be 15% of the gross amount payable.”;

**DIVISION V****Income from property**

The rate of tax to be deducted under section 155, in the case of individual and association of persons, is proposed to be as follows:-

<b>S.No</b>	<b>Gross amount of Rent</b>	<b>Rate of tax</b>
1	Where the gross amount of rent does not exceed Rs.200,000.	
2	Where the gross amount of rent exceeds Rs.200,000 but does not exceed Rs.600,000.	5 per cent of the gross amount exceeding Rs.200,000
3	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.1,000,000	Rs.20,000 plus 10 per cent of the gross amount exceeding Rs.600,000
4	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.	Rs.60,000 plus 15 per cent of the gross amount exceeding Rs.1,000,000.
5	Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs. 4,000,000	Rs.210,000 plus 20 per cent of the gross amount exceeding Rs.2,000,000”
6	Where the gross amount of rent exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000	Rs. 610,000 plus 25 per cent of the gross amount exceeding Rs. 4,000,000
7	Where the gross amount of rent exceeds Rs. 6,000,000 but does not exceed Rs. 8,000,000	Rs. 1,110,000 plus 30 per cent of the gross amount exceeding Rs. 6,000,000
8	Where the gross amount of rent exceeds Rs. 8,000,000	Rs. 1,710,000 plus 35 percent of the gross amount exceeding Rs. 8,000,000”

- (b) The rate of tax to be deducted under section 155, in the case of company shall be 15% of the gross amount of rent.

**DIVISION VI**  
**Prizes and Winnings**

- (1) The rate of tax to be deducted under section 156 on a prize on prize bond or cross-word puzzle shall be [15]% of the gross amount paid.
- (2) The rate of tax to be deducted under section 156 on winnings from a raffle, lottery, prize on winning a quiz, prize offered by a company for promotion of sale, shall be 20% of the gross amount paid.]

**DIVISION VIA**  
**Petroleum Products**

Rate of collection of tax under section 156A shall be [12] of the amount of payment.

**DIVISION VIB**  
**CNG STATIONS**

The rate of tax to be collected under section 234A in the case of a Compressed Natural Gas station shall be four per cent of the gas consumption charges.

**PART IV**  
**(See Chapter XII)**  
**DEDUCTION OR COLLECTION OF ADVANCE TAX**

**[DIVISION II**  
**BROKERAGE AND COMMISSION**

<b>Sr.#</b>	<b>Person</b>	<b>Rate of tax</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1	Advertising agents	10%
2	Life insurance agents where commission received is less than Rs. 0.5 million per annum	8%
3	Persons not covered in 1 and 2 above	12%

**DIVISION III**  
**Tax on Motor Vehicles]**  
**Rates of collection of tax under section 234**

In case of goods transport vehicles, tax of two rupees and fifty paise per kilogram of the laden weight shall be charged.

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

S.No.	Capacity	Rs. per seat per annum
(1)	(2)	(3)
1	Four or more persons but less than ten persons	50
2	Ten or more persons but less than twenty persons.	100
3	Twenty persons or more.	300

- (3) In case of other private motor vehicles shall be as set out in the following Table, namely:—

S.No.	Engine Capacity	Rs. per seat per annum
(1)	(2)	(3)
1	Upto 1000cc	Rs. 800
2	1001cc to 1199cc	Rs. 1,500
3	1200cc to 1299cc	Rs. 1,750
4	1300cc to 1499cc	Rs. 2,500
5	1500cc to 1599cc	Rs. 3,750
6	1600cc to 1999cc	Rs. 4,500
7	2000cc & above	Rs. 10,000

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

Sr.No	Engine Capacity	Rs. per seat per annum
(1)	(2)	(3)
1	Upto 1000cc	Rs. 1,000

2	1001cc to 1199cc	Rs. 1,8000
3	1200cc to 1299cc	Rs. 20,000
4	1300cc to 1499cc	Rs. 30,000
5	1500cc to 1599cc	Rs. 45,000
6	1600cc to 1999cc	Rs. 60,000
7	2000cc & above	Rs. 120,000

**DIVISION VI****Cash withdrawal from a bank**

The Rate of tax to be deducted under section 231A shall be ["0.6"] % of the cash amount withdrawn, the person whose name is not appearing in the active taxpayers list.

**DIVISION VIA****Advance tax on Transactions in Bank**

The rate of tax to be deducted under section 231AA shall be at the rate of [0.6% of the transactions for the person whose name is not appearing in the active taxpayers list.

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

“(1) The rate of tax under sub-sections (1) and (3) of section 231B is proposed to be as set out in the following Table:

<b>Sr.No</b>	<b>Engine Capacity</b>	<b>Rs. per seat per annum</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1	Upto 850cc	Rs. 7,500
2	851cc to 1000cc	Rs. 1,5000
3	1001cc to 1300cc	Rs. 25,000
4	1301cc to 1600cc	Rs. 50,000

5	1601cc to 1800cc	Rs. 75,000
6	1801cc to 2000cc	Rs. 100,000
7	2001cc & 2500cc	Rs. 150,000
8	2501cc & 3000cc	Rs. 200,000
9	Above 3000cc	Rs. 250,000

- (2) The rate of tax under sub-sections (2) of section 231B is proposed to be substituted as follows;

Sr. No	Engine Capacity	Rs. per seat per annum
(1)	(2)	(3)
1	Upto 850cc	-
2	851cc to 1000cc	Rs. 5,000
3	1001cc to 1300cc	Rs. 7,500
4	1301cc to 1600cc	Rs. 12,500
5	1601cc to 1800cc	Rs. 18,750
6	1801cc to 2000cc	Rs. 25,000
7	2001cc & 2500cc	Rs. 37,500
8	2501cc & 3000cc	Rs. 50,000
9	Above 3000cc	Rs. 62,500

### Division VIII

#### Advance tax at the time of sale by auction

The rate of collection of tax under section 236A shall be [10] % of the gross sale price of any property or goods sold by auction.

### Division X

#### Advance tax on sale or transfer of Immovable property

The rate of tax to be collected under section 236C shall be 6 [1] % of the gross amount of the consideration received.

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

The rate of collection of tax under section 236G is proposed as follows:

<b>Sr. No</b>	<b>Category of Sale</b>	<b>Rate of Tax</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1	Fertilizers	0.7%
2	Other Than Fertilizers	0.1%

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

The rate of collection of tax under section 236H on the gross amount of sales is proposed to be substituted as follows;

<b>Sr. #</b>	<b>Category of Sale</b>	<b>Rate of Tax</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1	Electronics	1%
2	Others	0.5%

**Division XVA**  
**Advance tax on sale of certain petroleum products**

The rate of collection of tax under section 236HA shall be 0.5% of ex-depot sale price for filers.

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

The amount of collection of tax under section 236J is proposed to be as set out in the following Table, namely;

TABLE

Group or Class	Amount of tax (per annum)
Group or Class A	Rs. 100,000
Group or Class B	Rs. 75,000
Group or Class C	Rs. 50,000
Any other category	Rs. 50,000

**DIVISION XVIII****Advance tax on purchase of immovable property**

The rate of tax to be collected under section 236K is proposed to be 1% of the fair market value.

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

The rate of tax to be collected under section 236P shall be 0.6% of the transaction for persons who are not appearing in Active taxpayer's List.

**DIVISION XXV****ADVANCE TAX ON INSURANCE PREMIUM**

The rate of tax to be collected from persons who are not appearing in the Active Taxpayer's List under section 236U is proposed to be as under;

Sr. No	Type of Premium	Rate
(1)	(2)	(3)
1	General insurance premium	4%
2	Life insurance premium if [exceeding Rs 0.3 million in aggregate] per annum	1%
3	Others	0%



**DIVISION XXVI  
ADVANCE TAX ON EXTRACTION OF MINERALS**

The rate of tax to be collected under section 236V shall be 5% of the value of the minerals for persons who are not appearing in the Active Taxpayer's List.

**DIVISION XXVII  
Advance tax on amount remitted abroad through credit, debit or prepaid cards**

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

**THE SECOND SCHEDULE  
EXEMPTIONS AND TAX CONCESSIONS  
[See section 53]  
PART I EXEMPTIONS FROM TOTAL INCOME**

- (39A) Any amount paid as ***internal security allowance, compensation in lieu of bearer allowance*** 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.
- (61) Following two sub-clauses have been proposed to be inserted;  
(iv) Layton Rahmatullah Benevolent Trust (LRBT).  
(vi) Akhuwat.
- (66) Following two sub-clauses have been proposed to be inserted;  
(ixvi) Akhuwat.  
(ixvii) Audit Oversight Board.
- (99A) Profits and gains accruing to a person on sale of immovable property to a 4 [REIT Scheme] upto thirtieth day of June, 5 [2015]6 [":"] 7 ["Provided that profit and gains on sale of immovable property to a Developmental REIT Scheme with the object of development and construction of residential buildings shall be exempt upto thirtieth day of June, 2020;

***Provided further that the profit and gains on sale of immovable property to a rental REIT scheme shall be exempt up to the 30th day of June, 2021.***

- (103C)** Dividend income derived by a company, if the recipient of the dividend, for the tax year ***is eligible for*** group relief under section 59B, computed according to the following formula

$$A \times B / C$$

Where

- A** is the amount of dividend;
- B** is the shareholding of the company receiving the dividend in the company distributing the dividend; and
- C** is the total ordinary share capital of the company distributing the dividend.

- (114B)** ***Profit and gains accruing to persons mentioned in proviso to sub-section (1) of section 236C in respect of first sale of immovable property acquired from or allotted by the Federal Government or Provincial Government or any authority duly certified by the official allotment authority, and the property acquired or allotted is in recognition of services rendered by the Shaheed or the person who dies in service.***
- (146)** ***Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive).***

**PART III  
REDUCTION IN TAX LIABILITY**

- (2) The tax payable by a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to **[25]%** of tax payable on his income from salary;

***Provided that this clause shall not apply to teachers of medical profession who derive income from private medical practice or who receive share of consideration received from patient.***

- (9A) The amount of tax payable on income chargeable under the head, "Capital Gains" on disposal of immovable property shall be reduced by fifty percent on the first sale of immovable property acquired or allotted to ex-servicemen and serving personnel of Armed Forces or ex-employees or serving personnel of Federal and Provincial Governments, being original allottees of the immovable property, duly certified by the allotment authority.***

## PART IV EXEMPTION FROM SPECIFIC PROVISIONS

- (43E) The provisions of clause (a) of sub section (1) of section 153 shall not apply in case of goods transport contractors, provided that such contractors pay tax at the rate of **3%** on payments for rendering or providing of carriage services.
- (81) Omitted.
- (81A) Omitted.
- (94) Omitted.
- (105) Omitted.
- (110) *The provisions of sections in Division III of Part V of Chapter X and Chapter XII of this Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Baluchistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive).*

### **THE THIRD SCHEDULE**

#### **PART II**

- (1) The rate of initial allowance under section 23 shall be [25]% 5 [for plant and machinery.

### **THE FOURTH SCHEDULE**

**(See Section 99)**

- 6E. *Notwithstanding anything contained in this Schedule, the Commissioner shall be authorized to examine and amend the amount of income as disclosed in the financial statement presented to the Securities and Exchange Commission of Pakistan with respect to commission paid and claimed for losses.***

### **THE SEVENTH SCHEDULE**

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

- (1) ...
- (e) Provisions for advances and off balance sheet items shall be allowed upto a maximum of 1% of total advances; [and provisions for advances and off-balance sheet items shall be allowed at 5% of total advances for consumers and small and medium enterprises (SMEs) (as defined under the State Bank Prudential Regulations)] provided a certificate from the external auditor is furnished by the banking company to the effect that such provisions are based upon and are in line with the Prudential Regulations. Provisioning in excess of 1% [of total advances for a banking company and 5% of total advances for consumers and small and medium enterprises (SMEs)] would be allowed to be carried over to succeeding years:

Provided that if provisioning is less than 1% of advances, for a banking company then actual provisioning for the year shall be allowed:]

Provided further that if provisioning is less than 5% of advances for consumers and small and medium enterprises (SMEs) then actual

provisioning for the year shall be allowed and this provisioning shall be allowable from the first day of July, 2010;

**Explanation.— For removal of doubt, it is clarified that—**

- (i) **provision for advances and off balance sheet items allowed under this clause, at the rate of 1 percent or 5 percent, as the case may be, shall be exclusive of reversals of such provisions;**
  - (ii) **reversal of “bad debts” classified as “doubtful” or “loss” are taxable as the respective provisions have been allowed under this clause; and**
  - (iii) **with effect from tax year 2020 and onward; reversal of “bad debts” classified as “loss” are taxable as the respective provisions have been allowed under this clause.**
- (f) The amount of “bad debts” classified as **“or “doubtful”** under the Prudential Regulations issued by the State Bank of Pakistan shall not be allowed as expense.
- (g) Where any addition made under sub-rule (d) is reclassified by the taxpayer under the Prudential Regulations issued by the SBP, ‘loss’, provision of sub-rule (c) shall mutatis mutandis apply in computing the provision for that tax year.
- (h) An adjustment shall be made for exclusions from income on account of paragraph (g) for determining the cost of related item in the financial statement in the year of disposal of such item or asset or the discharge of the liability, as the case may be;

**Explanation.— For removal of doubt, it is clarified that nothing contained in this Schedule shall be so construed as to restrict power of Commissioner, while conducting audit of the income tax affairs under section 177, to call for record or such other information and documents as he may deem appropriate in order to examine accounts and records to conduct enquiry into expenditure, income, assets and liabilities of a banking company and all provisions of this Ordinance shall be applicable accordingly.**

**6C.** Enhanced rate of tax on taxable income from Federal Government securities.—

- (1) The taxable income arising from additional income earned from additional investment in Federal Government securities for the tax years 2020 and onwards, shall be taxed at the rate of 37.5% instead of the rate provided in Division II of Part I of the First Schedule-
- (2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of Income certifying the amount of such money invested in Federal Government securities in preceding tax year, additional investments made for the tax year and net mark-up earned from such additional investments for the tax year.
- (3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the investments in Federal Government securities to determine the applicability of the enhanced rate of tax.
- (4) "Additional income earned" means any average earned in addition to average amount of such income earned from investment in Federal Government securities by the bank for the tax year.
- (5) The taxable income arising from additional investment under sub-rule (1) shall be determined according to the following formula, namely:- Taxable income subject to enhanced rate of tax =  $A \times B/C$

Where

- A. is taxable income of the banking company;
- B. is net mark up income earned from such additional income earned for the tax year as declared in the annual accounts; and
- C. is total of the net mark-up and non mark-up income of the banking company as per accounts."

- (7C)** For tax year 3 [years 2015 to 2020] the provisions of section 4B shall apply to banking companies and shall be taxed at the rate specified in Division IIA of Part I of First Schedule;

***Provided that brought forward losses, if any, shall be excluded from income computed under this Schedule for the purpose of section 4B of this Ordinance.***

- (7D)** Reduced rate of tax on additional advances for micro, small and medium enterprises.-

- (1) The taxable income arising from additional advances to micro, small and medium enterprises, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule

## **THE TENTH SCHEDULE** **(See section 100BA)**

### **RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS' LIST** **Following new Schedule has been proposed to be inserted**

- 1. Rate of deduction or collection of tax**—Where tax is required to be deducted or collected under any provision of this Ordinance from persons not appearing in the active taxpayers' list, the rate of tax required to be deducted or collected, as the case may be, shall be increased by hundred percent of the rate specified in the First Schedule to this Ordinance.
- 2. Persons not required to file return or statement.**—
  - 1) Where the withholding agent is satisfied that a person not appearing in the active taxpayers' list was not required to file a return of income under section 114, or a statement under sub-section (4) of section 115, as the case may be, he shall before collecting or deducting tax under this Ordinance, furnish to the Commissioner a notice in writing electronically setting out—



- a) the name, CNIC or NTN and address of the person not appearing in the active taxpayers' list;
  - b) the nature and amount of the transaction on which tax is required to be collected or deducted; and
  - c) reason on the basis of which it is considered that the person was not required to file return or statement, as the case may be.
- 2) The Commissioner, on receipt of a notice under sub-rule (1), shall within thirty days pass an order accepting the contention or making the order under sub-rule (3)
- 3) Where the withholding agent has notified the Commissioner under sub-rule (1) and the Commissioner has reasonable grounds to believe that the person not appearing in the active taxpayers' list was required to file return or statement, as the case may be, the Commissioner may, by an order in writing, direct the withholding agent to deduct or collect tax under rule 1: Provided that in case the Commissioner does not pass any order within thirty days of receipt of notice under sub-rule (1), the Commissioner shall be deemed to have accepted the contention under sub-rule (2) and approval shall be treated to have been granted.

**3. Provisional assessment. —**

- 1) Where for a tax year a person's tax has been collected or deducted in accordance with rule 1 and the person fails to file return of income or statement, as the case may be, for that tax year within the due date provided in section 118 or as extended by the Board, the Commissioner shall notwithstanding anything contained in sub-sections (3) and (4) of section 114 or sub-section (5) of section 115, within sixty days of the due date provided in section 118 or as extended by the Board make a provisional assessment of the taxable income of the person and issue a provisional assessment order specifying the taxable income assessed and tax due thereon.

- 2) In making the provisional assessment under sub-rule (1), the Commissioner shall impute taxable income on the amount of tax deducted or 167 collected under rule 1 by treating the imputed income as concealed income for the purposes of clause (d) of sub-section (1) of section 111.

#### **4. Finalization or abatement of provisional assessment.—**

- 1) The provisional assessment under rule 3, shall be treated as the final assessment order after the expiry of forty-five days from the date of service of order of provisional assessment and the provisions of this Ordinance shall apply accordingly.
  - 2) The provisional assessment shall stand abated and shall be taken to be assessment finalized under sub-section (1) of section 120 where the returns of income for the relevant tax year and the preceding tax year along with prescribed forms, statements or documents are filed by the person within a period of forty-five days of receipt of provisional assessment order.
  - 3) Where returns have been filed before provisional assessment or under sub-rule (2), the tax deducted or collected under rule 1 shall be adjustable against the tax payable in the return filed for the relevant tax year.
5. Where the provisional assessment has been treated as final assessment under sub-rule (1) of rule 4, the Commissioner may within thirty days of the final assessment initiate proceedings for imposition of penalties under section 182 on account of non-furnishing of return and concealment of income.
6. For the purposes of this Schedule, imputed income means—
- (a) income for individuals and association of persons which would have resulted in the amount of tax given in paragraph (1) of 168 Division I of the First Schedule equal to the tax collected or deducted under rule 1 for not appearing in the active taxpayers' list; or

- (b) income for companies which would have resulted in the amount of tax given in Division II of the First Schedule equal to the tax collected or deducted at the higher rate under rule 1 for not appearing in the active taxpayers' list.
7. Where the withholding agent fails to furnish in the withholding statement complete or accurate particulars of persons not appearing on active taxpayers' list, the Commissioner shall initiate proceedings under sections 182 and 191 against the withholding agent within thirty days of filing of withholding statement under section 165.

**8. Amendment of assessment.**

- 1) The Commissioner may amend an assessment order where on the basis of definite information acquired from an audit or otherwise, the Commissioner is satisfied that—
  - (a) any income chargeable to tax has escaped assessment; or
  - (b) total income has been under-assessed, or assessed at too low a rate, or has been the subject of excessive relief or refund; or
  - (c) any amount under a head of income has been misclassified.
- 2) Notwithstanding the provisions of sub-rule (1), where a provisional assessment has been treated as final assessment or where in response to the provisional assessment, return has been filed within forty five days or where assessment has been amended under sub-rule (1) and the 169 assessment order is considered erroneous in so far it is prejudicial to the interest of revenue, the Commissioner may, after making or causing to be made, such enquiries as he deems necessary, amend the assessment order.
- 3) For the purposes of sub-rule (1), "definite information" shall have the same meaning as defined in sub-section (8) of section 122.

- 9. Provisions of Ordinance to apply—** The provisions of this Ordinance not specifically dealt with in the aforesaid rules shall apply, mutatis mutandis, in the case of proceedings against the persons not appearing on active taxpayers' list.
- 10.** The provisions of this Schedule shall not apply on tax collectible or deductible in case of the following sections:
- a) tax deducted under section 149;
  - b) tax deducted under section 152 other than sub-section (1), (1AA), (2), (2A)(b) and (2A)(c) of section 152
  - c) tax collected or deducted under section 154;
  - d) tax deducted under section 155;
  - e) tax deducted under section 156B.
  - f) tax deducted under section 231A;
  - g) tax deducted under section 231AA;
  - h) tax collected under section 233AA;
  - i) tax deducted under section 235;
  - j) tax deducted under section 235A
  - k) tax collected under section 235B;
  - l) tax collected under section 236B;
  - m) tax collected under section 236D;
  - n) tax collected under section 236F;
  - o) tax collected under section 236I;
  - p) tax collected under section 236J ;
  - q) tax collected under section 236L;
  - r) tax collected under section 236P;
  - s) tax collected under section 236Q;
  - t) tax collected under section 236R;
  - u) tax collected under section 236U;
  - v) tax collected under section 236V;
  - w) tax collected under section 236X."

**SALES TAX**

*The amendments are applicable from date of assent by the President of Pakistan.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2019	PROPOSED AMENDMENT THROUGH FINANCE BILL 2019
2(5AB)	<p><b>Cottage Industry</b> means a manufacturer whose annual turnover from taxable supplies made in any tax period during the last twelve months ending any tax period does not exceed [ten] million rupees or whose annual utility (electricity, gas and telephone) bills during the last twelve months ending any tax period do not exceed [eight] hundred thousand rupees;</p>	<p><i>It has been proposed to re-define the cottage industry and limiting the scope of cottage industry specifying the ful-fulfillment of certain conditions.</i></p> <p><b>“Cottage Industry”</b> means a manufacturing concern, which fulfils each of following conditions, namely:–</p> <ul style="list-style-type: none"> <li>(a) does not have an industrial gas or electricity connection;</li> <li>(b) is located in a residential area;</li> <li>(c) does not have a total labour force of more than ten workers; and</li> <li>(d) annual turnover from a all supplies does not exceed two million rupees</li> </ul>

2(11 A)	<p><b>2(11A)-</b> "FBR Refund Settlement Company (Private) Limited" means the company with this name as incorporated under the Companies Ordinance, 1984 (XLVII of 1984), for the purpose of settlement of sales tax and income tax refund claims including payment by way of issuing refund bonds under section 67A'</p>	<p><i>The procedural amendment has been proposed by enhancing the scope of refund settlement from Private Limited Company to Limited Company and by replacing the word Companies Act, 2017 instead of Companies Ordinance, 1984.</i></p> <p>(11A)"FBR Refund Settlement Company Limited" means the company with this name as incorporated under the "Companies Act, 2017(XIX of 2017" for the purpose of settlement of sales tax and income tax refund claims including payment by way of issuing refund bonds under section 67A'</p>
---------	---	---

2(27)	<p><b>2(27) "retail price"</b>, with reference to the Third Schedule, means the price fixed by the manufacturer [...], inclusive of all [duties], charges and taxes (other than sales tax at which any particular brand or variety of any article should be sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price</p> <p>Provided that the Board may through a general order specify zones or areas for the purpose of determination of highest retail price for any brand or variety of goods.]</p>	<p><i>It is proposed to re-define the "Retail Price" in addition to manufacturers, now importers can fix the price of goods to be supplied in retail packing.</i></p> <p><b>"retail price"</b>, with reference to the Third Schedule, means the price fixed by the manufacturer or importer, in case of imported goods [...], inclusive of all [duties], charges and taxes (other than sales tax at which any particular brand or variety of any article should be sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price</p> <p>Provided that the Board may through a general order specify zones or areas for the purpose of determination of highest retail price for any brand or variety of goods.]</p>
-------	---	--

2 (33)	<p><b>"supply"</b> means a sale or other transfer of the right to dispose of goods as owner, including such sale or transfer under a hire purchase agreement, and also includes –</p> <p><b>Provided that the Federal Government may, by notification in the official Gazette, specify such other transactions which shall or shall not constitute supply;]</b></p>	<p><i>It has been proposed to amend the definition of "Supply" by conferring the powers from the Federal Government to Federal minister in-charge to regulate the scope and nature of supply under the Sales Tax Act, 1990.</i></p> <p><b>"supply"</b> means a sale or other transfer of the right to dispose of goods as owner, including such sale or transfer under a hire purchase agreement, and also includes –</p> <p><b>Provided that the "Board, with the approval of the Minister-in-charge", by notification in the official Gazette, specify such other transactions which shall or shall not constitute supply;]</b></p>
2(43)	<p><b>"tax period"</b> means a period of one month or such other period as the Federal Government may by notification in the official Gazette, specify;</p>	<p><i>It has been proposed to amend the definition of "tax period" by conferring the powers from the Federal Government to Federal minister in-charge to determine the tax period.</i></p> <p><b>"tax period"</b> means a period of one month or such other period as the Board, with the approval of the Minister-in-charge may by notification in the official Gazette, specify;</p>



2(43A)	<p><b>Tier-1 retailers means</b></p> <p>(a) a retailer operating as a unit of a national or international chain of stores;</p> <p>(b) a retailer operating in an air-conditioned shopping mall, plaza or centre, excluding kiosks;</p> <p>(c) a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds Rupees six hundred thousand; and</p> <p>(d) a wholesaler-cum-retailer, engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers;";]</p>	<p><i>It is proposed to be inserted a new clause (43A)(e) in section 2, stretching the scope of Tier-1 retailers, which is reproduced below;</i></p> <p><b>Tier-1 retailers means</b></p> <p>(a) a retailer operating as a unit of a national or international chain of stores;</p> <p>(b) a retailer operating in an air-conditioned shopping mall, plaza or centre, excluding kiosks;</p> <p>(c) a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds Rupees six hundred thousand;</p> <p>(d) a wholesaler-cum-retailer, engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers;"; and]</p> <p>(e) a retailer, whose shop measures one thousand square feet in area or more."; and</p>
--------	--	--

2(46)	<p>"value of supply" means:-- (d) in case of imported goods, the value determined under section 25 of the Customs Act, including the amount of customs-duties and central excise duty levied thereon;</p>	<p><i>It has been proposed to amend the definition of "value of supply" in case of imported goods by excluding the items under third schedule which is reproduced below;</i></p> <p><b>"value of supply" means:-- (d) in case of imported goods, excluding those as specified in Third Schedule the value determined under section 25 of the Customs Act, including the amount of customs-duties and central excise duty levied thereon;</b></p>
	<p>(f) in case the goods other than taxable goods are supplied to a registered person for processing, the value of supply of such processed goods shall mean the price excluding the amount of sales tax which such goods will fetch on sale in the market:]</p>	<p><i>It is proposed to substitute the clause 46(f) of section 2 which is reproduced below;</i></p> <p><i>(f) in case of manufacture of goods belonging to another person, the actual consideration received by the manufacturer for the value addition carried out in relation to such goods;"</i> <i>and</i></p> <p>By virtue of the said amendment the value of supply in case of toll manufacturing is to be determined based on actual consideration received i.e. conversion charges only.</p>

	<b>Non-Existent</b>	<p><i>It is proposed to be inserted the new clause 46(h) in section 2 which is reproduced below;</i></p> <p><b>(h) in case of supply of electricity by an independent power producer, the amount received on account of energy purchase price only; and the amount received on account of capacity purchase price, energy purchase price premium, excess bonus, supplemental charges etc. shall not be included in the value of supply; and</b></p>
<b>2(46)</b>	<b>Non-Existent</b>	<p><i>It is proposed to be inserted the new clause 46(i) in section 2 which is reproduced below;</i></p> <p><b>(i) in case of supply of electric power and gas by a distribution company, the total amount billed including price of electricity and natural gas, as the case may be, charges, rents, commissions and all duties and taxes local, provincial and federal but excluding the amount of late payment surcharge and the amount of sales tax;”;</b></p> <p>The determination of value of supply of electricity by distribution companies has been limited by excluding the late payment surcharge and amount of sale tax.</p>

3(1B)	<p>(1B) The Board may, by notification in the Official Gazette, in lieu of levying and collecting tax under sub section (1) on taxable supplies, levy and collect tax –</p> <p>(a) On the production capacity of plants, machinery, undertaking, establishments or installation producing on manufacturing such goods; or</p> <p>(b) On fixed basis, as it may deem fit, from any person who is in a position to collect such tax due to the nature of the business.]</p>	<p><i>It has been proposed to substitute the sub section (1B) of section 3 and new schedule has been made part of the main statute to specify goods or class of goods on which tax is to be levied and collected in the manner as specified.</i></p> <p>(1B) On the goods specified in the Tenth Schedule, in lieu of levying and collecting tax under sub-section (1), the tax shall be levied and collected, in the mode and manner specified therein–</p> <p>(a) on the production capacity of plants, machinery, undertaking, establishments or installation producing on manufacturing such goods; or</p> <p>(b) on fixed basis, from any person who is in a position to collect such tax due to the nature of the business, and different rates may be so prescribed for different regions or areas.”;</p>
-------	---	--

3(2)(a)	<p>Notwithstanding the provisions of sub-section (1)</p> <p>taxable supplies specified in the Third Schedule shall be charged to tax at the rate of [seventeen] per cent of the retail price [or in case such supplies are also specified in the Eighth Schedule, at the rates specified therein and the retail price thereof,] along with the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the manufacturer on each article, packet, container, package, cover or label, as the case may be; [Provided that the Federal Government, may, by notification in the official Gazette, exclude any taxable supply from the said Schedule or include any taxable supply therein;</p>	<p><i>It has been proposed to amend the scope and payment of tax by importers engaged in the import and supply of items as specified in 3<sup>rd</sup> Schedule.</i></p> <p>Notwithstanding the provisions of sub-section (1)</p> <p>taxable supplies and "import of goods" specified in the Third Schedule shall be charged to tax at the rate of [seventeen] per cent of the retail price [or in case such supplies "or imports" are also specified in the Eighth Schedule, at the rates specified therein and the retail price thereof,] along with the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the manufacturer "or the importer, in case of imported goods" on each article, packet, container, package, cover or label, as the case may be; [Provided that the Federal Government, may, by notification in the official Gazette, exclude any taxable supply "or imports" from the said Schedule or include any taxable supply therein;</p>
---------	---	---

3(3A)	<p>Notwithstanding anything contained in clause (a) of sub-section (3), the [Federal Government] may, by a notification in the official Gazette, specify the goods in respect of which the liability to pay tax shall be of the person receiving the supply.]</p>	<p><i>It has been proposed to confer the powers from the Federal Government to the Board with the approval of Federal minister In charge to specify the goods or class of goods on which the buyer is to be held liable for the payment of sales tax.</i></p> <p><b>Notwithstanding anything contained in clause (a) of sub-section (3), the "Board, with the approval of the Minister-in-charge," may, by a notification in the official Gazette, specify the goods in respect of which the liability to pay tax shall be of the person receiving the supply.]</b></p>
-------	---	---

3(7)	<p>The Federal Government may, by notification in the official Gazette, specify any person or class of persons as withholding agent for the purpose of deduction and deposit of tax at the specified rate in such manner and subject to such conditions or restrictions as the Federal Government may prescribe in this behalf.</p>	<p><i>It has been proposed to substitute the sub section (7) of section 3 and new schedule has been made part of the main statute to specify any person or class of persons for the purpose of deduction of sales tax on purchases in the manner as specified therein.</i></p> <p><b><i>The tax shall be withheld by the buyer at the rate as specified in the Eleventh Schedule, by any person or class of persons as withholding agent for the purpose of depositing the same, in such manner and subject to such conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette.</i></b></p> <p>The same withholding concept was available as per Sales tax Special Procedure (Withholding) Rules, 2007, now it shall be part of the main statute.</p>
------	---	--

3(9)	<p>Notwithstanding anything contained in subsection (1), tax shall be charged from retailers through their monthly electricity bills, at the rate of five percent where the monthly bill amount does not exceed rupees twenty thousand and at the rate of seven and half per cent where the monthly bill amount exceeds the aforesaid amount, subject to the exclusions, procedure, restrictions and limitations as prescribed in Chapter II of the Sales Tax Special Procedure Rules, 2007: Provided that the tax under this sub-section shall be in addition to the tax payable on supply of electricity under sub section (1), (1A) and (5).</p>	<p><i>It has been proposed to amend the subsection (9) of section 3 by limiting the chargeability of sales tax through electricity bills on retailers excluding Tier-1 retailers as specified.</i></p> <p><i>Notwithstanding anything contained in subsection (1), tax shall be charged from retailers “, other than those falling in Tier-1,” through their monthly electricity bills, at the rate of five percent where the monthly bill amount does not exceed rupees twenty thousand and at the rate of seven and half per cent where the monthly bill amount exceeds the aforesaid amount, “and the electricity supplier shall deposit the amount so collected directly without adjusting against his input tax”</i></p> <p><i>Provided that the tax under this sub-section shall be in addition to the tax payable on supply of electricity under sub section (1), (1A) and (5); “Provided further that the Commissioner of Inland Revenue having jurisdiction shall issue order to the electricity supplier regarding exclusion of a person who is either a Tier-1 retailer, or not a retailer.”; and</i></p>
------	---	--



3(9A)	<p>[(9A) Notwithstanding anything contained in this Act, Tier-1 retailers shall pay sales tax at the rate specified in sub-section (1) and shall observe all the applicable provisions of this Act and rules made thereunder, including the requirement to file monthly sales tax returns in the manner prescribed in Chapter II of the Sales Tax Rules, 2006:</p> <p>Provided that the retailers making supplies of finished goods of the five sectors specified in Notification No. S.R.O. 1125(I)/2011, dated the 31st December, 2011 shall pay sales tax in respect of such supplies at the rates prescribed in the said Notification:</p> <p>Provided further that Tier-1 retailers, in lieu of net tax payable at the applicable rate, shall have an option to pay sales tax under the turnover regime at the rate of two percent of their total turnover, including turnover relating to exempt supplies, without adjustment of any input tax whatsoever:</p>	<p><i>It has been proposed to substitute the sub section (9A) of section 3, which is reproduced below:</i></p> <p><b><i>“(9A) Notwithstanding anything contained in this Act, Tier-1 retailers shall pay sales tax at the rate as applicable to the goods sold under relevant provisions of this Act or a notification issued there under:</i></b></p> <p><b><i>Provided that the customers of a Tier-1 retailer shall be entitled to receive a cash back of up to five percent of the tax involved, from such date in the manner and to the extent, as may be prescribed by the Board.”;</i></b></p>
-------	--	---

3(9A)	<p>Provided also that retailers opting to pay sales tax on the basis of total turnover shall file an option to the Chief Commissioner of Regional Tax Office or Large Taxpayers Unit having jurisdiction by fifteenth day of July opting to pay sales tax on the basis of turnover and such an option shall remain in force for the whole financial year.”;</p>	<p><i>By virtue of the proposed amendment the turnover tax regime for retailers has been withdrawn and retailers shall pay sales tax at applicable rates as specified under the Sales Tax Act, 1990.</i></p> <p>Further, the federal government has introduced a new cash back policy to the extent of 5% of the sales tax amount as shown on the invoice to encourage the customers to demand a sales tax invoice from retailers.</p>
-------	---	--

4(c)	<p>Zero rating.– (c) such other goods as the [Federal Government] may, by notification in the Gazette, specify:]</p>	<p><i>It has been proposed to substitute the clause (c) of section 3, which is reproduced below;</i></p> <p><b><i>(c) such other goods, as the Federal Government may specify by notification in the official Gazette, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements:"; and</i></b></p> <p>By virtue of the proposed amendment the power of the Federal Government has been limited to specify the goods to be charged at the rate of zero percent and the same is being limited to the extent of emergency situations only.</p>
4(d)	<p>(d) such other goods as may be specified by the Federal Board of Revenue through a general order as are supplied to a registered person or class of registered persons engaged in the manufacture and supply of [goods supplied at reduced rate of sales tax.]</p>	<p><i>It has been proposed to omit the clause (d) of section 4.</i></p>

7(2)(i)	<p><b>Determination of tax liability</b></p> <p>i) in case of a claim for input tax in respect of a taxable supply made [***], he holds a tax invoice [in his name and bearing his registration number] in respect of such supply for which a return is furnished</p>	<p><i>It has been proposed to amend the sub section (2)(i) of section 7, which is reproduced below;</i></p> <p><b>Determination of tax liability</b></p> <p>i) in case of a claim for input tax in respect of a taxable supply made [***], he holds a tax invoice [in his name and bearing his registration number] in respect of such supply ", or in case of supply of electricity or gas, a bill bearing his registration number and the address where the connection is installed"</p> <p>By virtue of the proposed amendment, the registered person can only be allowed adjustment of input tax paid on utilities unless the invoice bill in this respect bearing his/her registration number and address of the permanent establishment.</p>
---------	---	--

7(3)	<p>Notwithstanding anything in sub-sections (1) and (2), the [Federal Government] may, by a special order, subject to such conditions, limitations or restrictions as may be specified therein allow a registered person to deduct input tax paid by him from the output tax determined or to be determined as due from him under this Act.</p>	<p><i>It has been proposed to confer the powers from the Federal Government to the Board with the approval of Federal minister In charge to allow/dis-allow a registered person to adjust output tax from his input tax.</i></p> <p>Notwithstanding anything in sub-sections (1) and (2), the "Board, with the approval of the Minister-in-charge," may, by a special order, subject to such conditions, limitations or restrictions as may be specified therein allow a registered person to deduct input tax paid by him from the output tax determined or to be determined as due from him under this Act.</p>
------	---	---

7(A)(2)	<p><b>Levy and collection of tax on specified goods on value addition.</b></p> <p>(2) Notwithstanding anything contained in this Act or the rules made there under, the [Federal Government] may, by notification in the official Gazette, and subject to the conditions, limitations, restrictions and procedure mentioned therein, specify the minimum value addition required to be declared by certain persons or categories of persons, for supply of goods of such description, or class as may be prescribed, and to waive the requirement of audit or scrutiny of records if such minimum value addition is declared.]</p>	<p><i>It has been proposed to substitute the sub section (A)(2) of section 7 and new schedule i.e. Twelfth Schedule has been made part of the main statute to specify any person or class of persons and any goods or class of goods for the purpose of payment of value addition tax in the manner as specified therein and the Federal Government enjoys the power to add or amend the said schedule.</i></p> <p><b>Levy and collection of tax on specified goods on value addition.</b></p> <p>Notwithstanding anything contained in this Act or the rules made thereunder, in respect of the goods or class of goods specified in the Twelfth Schedule, the minimum value addition tax, against the value added by the registered person, shall be payable, at the rate and by the registered persons or class of registered persons, specified therein, subject to the conditions, limitations, restrictions and procedure specified therein: Provided that the Federal Government may, through a notification published in the official Gazette, amend any provision of the said Twelfth Schedule.";</p>
---------	--	--

<p><b>8(1)(m)</b></p>	<p>Tax credit not allowed.</p> <p>import of scrap of compressors falling under PCT heading 7204.4940.]</p>	<p><i>It has been proposed to substitute clause (m) of section 8(1), which is reproduced below;</i></p> <p>Tax credit not allowed.</p> <p>“(m) the input goods attributable to supplies made to un-registered person, on pro-rata basis, for which sale invoices do not bear the NIC number of the buyer.”; and</p> <p>By virtue of the said amendment, the person the input tax paid on the purchase of goods can only be adjustable if the sale invoice of such goods bears the CNIC number of the buyer.</p>
-----------------------	--	---

8(6)	<p>Notwithstanding anything contained in any other law for the time being in force or any provision of this Act, the Federal Government may, by notification in the official Gazette, specify any goods or class of goods which a registered person cannot supply to any person who is not registered [***] under this Act.]</p>	<p><i>It has been proposed to confer the powers to the Board with the approval of the Minister-in-charge from the Federal Government to restrict the supply of goods or class of goods to the un-registered persons any notification in the official gazette.</i></p> <p><b><i>Notwithstanding anything contained in any other law for the time being in force or any provision of this Act, the "Board, with the approval of the Minister-in-charge," by notification in the official Gazette, specify any goods or class of goods which a registered person cannot supply to any person who is not registered [***] under this Act.]</i></b></p>
------	--	--



8(B)	<p><b>Adjustable Input Tax</b></p> <p>Provided further that the Board may by notification in the official Gazette, exclude any person or class of persons from the purview of sub-section (1).</p>	<p><i>It has been proposed to amend the sub section (1) of section 8B which is reproduced below;</i></p> <p><b><i>Provided further that the Board may by notification in the official Gazette, exclude any person or class of persons from the purview of sub-section (1) "and may also in the like manner relax the aforesaid limit to ninety-five per cent"</i></b></p> <p>by virtue of the proposed amendment, the Federal government has restricted the adjustment of input tax to extent of 95% which was 100% in the previous position in case of certain persons as specified by the notification in the official gazette.</p>
10(1)	<p><b>Refund of input tax</b></p> <p>Provided further that the Board may, from such date and subject to such conditions and restrictions as it may impose, by notification in the official Gazette, direct that refund of input tax against exports shall be paid along with duty drawback at the rates notified in the such notification.</p>	<p><i>It has been proposed to amend the second proviso of sub section (1) of section 10 by restricting the refund of input tax against exports at fixed rates as the Federal Government may notify.</i></p> <p>Provided further that the Board may, from such date and subject to such conditions and restrictions as it may impose, by notification in the official Gazette, direct that refund of input tax against exports shall be paid "at the fixed rates and in the manner as" notified in the such notification.</p>

13 (2)(a)	<p>Exemption.</p> <p>(a) the [Federal Government may], 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 supplies made [***] or [import or supply of] any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein; [***]</p>	<p><i>It has been proposed to substitute the clause (a) of section 13(2), which is reproduced below;</i></p> <p><b><i>“(a) the Federal Government may, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements, by notification in the official Gazette, exempt any supplies made or imports, of any goods or class of goods from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein;”;</i></b></p> <p>By virtue of the proposed amendment the power of the Federal Government has been limited to grant exemption on specific goods and the same is limited to the extent of emergency situations only.</p>
-----------	---	---

23(1)	<p><b>Tax Invoices</b></p> <p>(1) A registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing the following particulars, namely: –</p> <p>(a) name, address and registration number of the supplier;</p> <p>(b) name address and registration number] of the recipient;</p> <p>(c) date of issue of invoice;</p> <p>(d) description and quantity of goods;</p> <p>(e) value exclusive of tax;</p> <p>(f) amount of sales tax; and [(ff) ***]</p> <p>(g) value inclusive of tax:</p>	<p><i>It has been proposed to amend sub section (1) of section 23 which I reproduced below;</i></p> <p>(1) A registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing the following particulars, “in Urdu or English Language” namely: –</p> <p>(a) name, address and registration number of the supplier;</p> <p>(b) name address and registration number] “or in case of supplies to unregistered person, NIC No.” of the recipient;</p> <p>(c) date of issue of invoice;</p> <p>(d)description “, including count, denier and construction in case of textile yarn and fabric,” and quantity of goods;</p> <p>(e) value exclusive of tax;</p> <p>(f) amount of sales tax; and [(ff) ***]</p> <p>(g) value inclusive of tax:</p> <p>By virtue of the proposed amendment, the registered person has been allowed to issue invoice either in Urdu or English and has been urged to provide the complete description and quantity of goods and CNIC Number of the buyer in case of un-registered supply.</p>
-------	---	--

25(2)	<p><b>Access to record, documents, etc.</b></p> <p>[Provided also that audit under this section shall be conducted only once in every three years.]</p>	<p><i>It has been proposed to omit the third proviso of subsection 2 of section 25.</i></p> <p>By virtue of the proposed omission the restriction on the powers of the Commissioner Inland Revenue to conduct Audit once every three years has been withdrawn and the previous position stands restored.</p>
-------	---	--

26(3)	<p>Return.</p> <p>3) A registered person may, subject to approval of the [Commissioner Inland Revenue] having jurisdiction, file a revised return within [one hundred and twenty] days of the filing of return under sub-section (1) or, as the case may be, sub-section (2), [ or under clause (a) or clause (b) of section 27], to correct any omission or wrong declaration made therein.]</p>	<p><i>It has been proposed to add a new proviso to sub section 3 of section 26, which is reproduce below;</i></p> <p>3) A registered person may, subject to approval of the [Commissioner Inland Revenue] having jurisdiction, file a revised return within [one hundred and twenty] days of the filing of return under sub-section (1) or, as the case may be, sub-section (2), [ or under clause (a) or clause (b) of section 27], to correct any omission or wrong declaration made therein:</p> <p><b><i>“Provided that the approval under this sub-section shall not be required if revised return is filed within sixty days of filing of return and either the tax payable therein is more than the amount paid or the refund claimed therein is less than the amount as claimed, under the return sought to be revised.”;</i></b></p> <p>The proposed amendment has been made to allow the registered person to file a revised return without approval of the concerned commissioner after the fulfillment of conditions as specified above.</p>
-------	---	--

30(A)	(1) Directorate General (Intelligence and Investigation), Inland Revenue.	<i>It has been proposed to amend the sub section (A) of section 30, which is reproduced below;</i>
	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, post.	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".

### Section 33. Offences and penalties.–

**TABLE**

The penalty for late filing of sales tax return has been increased as mentioned in column 2 & 3 of the table below;

Offences	Penalties	Section of the Act to which offence has reference
(1)	(2)	(3)
1. Where any person fails to furnish a return within the due date.	Such person shall pay a penalty of "ten" thousand rupees: Provided that in case a person files a return within [ten] days of the due date, he shall pay a penalty of "two" hundred rupees for each day of default	26

33(A)	Non-Existent	<p><i>It has been proposed to insert a new section 33A, which is reproduced below;</i></p> <p><b>Proceedings against persons.–</b>          (1) Subject to section 51, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in section 30 to 30DDD including any person subordinate to the aforesaid authorities, who wilfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both.          (2) Where proceedings under sub-section (1) have been initiated against a person or authority, the Board shall simultaneously intimate the relevant government agency to initiate criminal proceedings against the taxpayer.          (3) The proceedings under this section shall be without prejudice to any liability that the authority, person or taxpayer may incur under any other law for the time being in force.”;</p>
-------	--------------	---

37(B)	<p><b>37B. Procedure to be followed on arrest of a person.—</b></p> <p>(1) When a Sales Tax Officer authorized in this behalf arrests a person under Section 37A, he shall immediately intimate the fact of the arrest of that person to the Special Judge who may direct such Officer to produce that person at considers such time and place and on such date as the Special Judge considers expedient and such Officer shall act accordingly.</p>	<p><i>The procedural proposed amendment by replacing the word Officer Inland Revenue instead of Sales Tax officer and conferring the powers from the Federal Government to Federal minister In-charge to authorize by notification any person to act as an officer Inland Revenue.</i></p> <p>(1) When “an Officer of Inland Revenue” authorized in this behalf arrests a person under Section 37A, he shall immediately intimate the fact of the arrest of that person to the Special Judge who may direct such Officer to produce that person at considers such time and place and on such date as the Special Judge considers expedient and such Officer shall act accordingly.</p>
37(B)	<p>(2)Notwithstanding anything contained in the sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.</p>	<p>(2)Notwithstanding anything contained in the sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.</p>



<p><b>37(B)</b></p>	<p>(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit:</p> <p>Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considered that the affording of such opportunity shall defeat the purposes of this Act.</p>	<p>(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit:</p> <p>Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considered that the affording of such opportunity shall defeat the purposes of this Act.</p>
---------------------	---	---

37(B)	<p>(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.</p>	<p>(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.</p>
37(B)	<p>(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of the Sales Tax Officer holding inquiry against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order:</p> <p>Provided that in no case the period of such custody shall exceed fourteen days.</p>	<p>(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of the "an officer of Inland Revenue" holding inquiry against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order:</p> <p>Provided that in no case the period of such custody shall exceed fourteen days.</p>

37(B)	<p>(6) When any person is arrested under this Act, the Sales Tax Officer shall record the fact of arrest and other relevant particulars in the register specified in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, excluding the time necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate, make a request for his further detention in his custody.</p>	<p>(6) When any person is arrested under this Act, "an officer of Inland Revenue" shall record the fact of arrest and other relevant particulars in the register specified in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, excluding the time necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate, make a request for his further detention in his custody.</p>
37(B)	<p>(7) While holding an inquiry under sub-section (6), the Sales Tax Officer shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.</p>	<p>(7) While holding an inquiry under sub-section (6), "an officer of Inland Revenue" shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.</p>

37(B)	(8) If the Sales Tax Officer, after holding an inquiry as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.	(8) If the "an officer of Inland Revenue", after holding an inquiry as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.
37(B)	(9) The Special Judge to whom a report has been made under sub-section, (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.	(9) The Special Judge to whom a report has been made under sub-section, (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

37(B)	<p>(10) Sales Tax Officer empowered to hold inquiry under this section shall maintain a register to be called "Register of Arrests and Detentions" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such Officer is so directed by him.</p>	<p>(10) "an officer of Inland Revenue" empowered to hold inquiry under this section shall maintain a register to be called "Register of Arrests and Detentions" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such Officer is so directed by him.</p>
37(B)	<p>(11) After completing the inquiry, the Sales Tax Officer shall, as early as possible, submit to Special Judge a complaint in the same form and manner in which the officer incharge of a police station submits a report, before a court.</p>	<p>(11) After completing the inquiry, "an officer of Inland Revenue" shall, as early as possible, submit to Special Judge a complaint in the same form and manner in which the officer incharge of a police station submits a report, before a court.</p>

37(B)	(12) Magistrate of the first class may record any statement or confession during inquiry under this Act, in accordance with the provisions of Section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).	(12) Magistrate of the first class may record any statement or confession during inquiry under this Act, in accordance with the provisions of Section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).
37(B)	(13) Without prejudice to the foregoing provisions of this section, the Federal Government may, by notification in the official Gazette, authorize any other officer working under the [Board] to exercise the powers and perform the functions of a Sales Tax Officer under this section, subject to such conditions, if any, that it may deem fit to impose.]	(13) Without prejudice to the foregoing provisions of this section, the "Board, with the approval of the Minister-in-charge," may, by notification in the official Gazette, authorize any other officer working under the [Board] to exercise the powers and perform the functions of a "an officer of Inland Revenue" under this section, subject to such conditions, if any, that it may deem fit to impose.]

58	<p><b>Liability for payment of tax in the case of private companies [or business enterprises].–</b></p> <p>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>	<p><i>It has been proposed to make amendment in Section 58 and said section has been substituted with the following new sub-sections, which are reproduced below;</i></p> <p>(1) 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 an owner of, or partner in, or director of, or a shareholder, owning not less than ten per cent of the paid-up capital, in the company or business enterprise, as the case may be, during the relevant period shall jointly and severally with such persons, be liable for the payment of such tax.</p> <p>(2) Any director, partner or shareholder, who pays tax under sub-section (1) shall be entitled to recover the tax paid by him from the company or business enterprise, or a share of the tax from other director or partner, or a share in the proportion of holding from another shareholder, as the case may be.</p>
----	---	---

		3) The provisions of this Act shall apply to any amount due under this section as if it were tax due under an order for assessment made under this Act.”;
--	--	---



67(A)	<p><b>Payment of refund through sales tax refund bonds.—</b></p> <p>(1) Notwithstanding anything contained in section 67, the sales tax refunds payable under this Act may also be paid through sales tax refund bonds to be issued by FBR Refund Settlement Company (Private) Limited, in book-entry form through an establishment licensed by the Securities and Exchange Commission of Pakistan as a central depository under the Securities Act, 2015, (111 of 2015), in lieu of payment to be made through issuance of cheques or bank debit advice.</p> <p>(2) The Board shall issue a promissory note to FBR Refund Settlement Company (Private) Limited, hereinafter referred to as the company, incorporating the details of refund claimants and the amount of refund determined as payable to each for issuance of sales tax refund bonds, hereinafter referred to as the bonds, of the same amount.</p>	<p><i>The procedural amendment has been proposed by enhancing the scope of refund settlement from Private Limited Company to Limited Company and conferring the powers from the federal Government to the Federal minister In charge to determine and notify the issuance of refunds.</i></p> <p>(1) Notwithstanding anything contained in section 67, the sales tax refunds payable under this Act may also be paid through sales tax refund bonds to be issued by FBR Refund Settlement Company Limited, in book-entry form through an establishment licensed by the Securities and Exchange Commission of Pakistan as a central depository under the Securities Act, 2015, (111 of 2015), in lieu of payment to be made through issuance of cheques or bank debit advice.</p> <p>(2) The Board shall issue a promissory note to FBR Refund Settlement Company Limited, hereinafter referred to as the company, incorporating the details of refund claimants and the amount of refund determined as payable to each for issuance of sales tax refund bonds, hereinafter referred to as the bonds, of the same amount</p>
-------	---	---

	(3) The bonds shall be issued in values in multiples of one hundred thousand rupees.	(3) The bonds shall be issued in values in multiples of one hundred thousand rupees
67(A)	<p>(4) The bonds so issued shall have a maturity period of three years and shall bear annual simple profit at ten per cent.</p> <p>(5) The bonds shall be traded freely in the country's secondary markets.</p> <p>(6) The bonds shall be approved security for calculating the statutory liquidity reserve.</p> <p>(7) The bonds shall be accepted by the banks as collateral.</p> <p>(8) There shall be no compulsory deduction of Zakat against the bonds and Sahib-e-Nisab may pay Zakat voluntarily according to Shariah.</p> <p>(9) After period of maturity, the company shall return the promissory note to the Board and the Board shall make the payment of amount due under the bonds, along with profit due, to the bond holders.</p> <p>(10) The bonds shall be redeemable in the manner as in the preceding sub-section before maturity only at the option of the Board along with simple profit payable at the time of redemption in the light of general or specific policy to be formulated by the Board</p>	<p>(4) The bonds so issued shall have a maturity period of three years and shall bear annual simple profit at ten per cent.</p> <p>(5) The bonds shall be traded freely in the country's secondary markets.</p> <p>(6) The bonds shall be approved security for calculating the statutory liquidity reserve.</p> <p>(7) The bonds shall be accepted by the banks as collateral.</p> <p>(8) There shall be no compulsory deduction of Zakat against the bonds and Sahib-e-Nisab may pay Zakat voluntarily according to Shariah.</p> <p>(9) After period of maturity, the company shall return the promissory note to the Board and the Board shall make the payment of amount due under the bonds, along with profit due, to the bond holders.</p> <p>(10) The bonds shall be redeemable in the manner as in the preceding sub-section before maturity only at the option of the Board along with simple profit payable at the time of redemption in the light of general or specific policy to be formulated by the Board</p>

67(A)	<p>(11) The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner.</p> <p>(12) The Federal Government may notify procedure to regulate the issuance, redemption and other matters relating to the bonds, as may be required.]</p>	<p>(11) The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner.</p> <p>(12) The "Board, with the approval of the Minister-in-charge," may notify procedure to regulate the issuance, redemption and other matters relating to the bonds, as may be required.]</p>
71(1)	<p><b>Special procedure.</b>—</p> <p>[(1)] Notwithstanding anything contained in this Act, the [Federal Government] may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, registration, book keeping and invoicing requirements and returns, etc. in respect of such supplies as may be specified therein.</p>	<p><i>It has been proposed to amend the sub section (1) of section 71 conferring the powers to the Board to specify the scope and payment under special procedures through notification in the official Gazette.</i></p> <p>[(1)] Notwithstanding anything contained in this Act, the "subject to the provisions of this Act, the Board may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, registration, book keeping and invoicing requirements and returns, etc. in respect of such supplies as may be specified therein.</p>

72(B)(1a)	<p><b>Non-Existent</b></p>	<p><i>It has been proposed to insert a new section 1A, which is reproduced below;</i></p> <p>(1A) Notwithstanding anything contained in this Act or any other law, for the time being in force, the Board shall keep the selection parameters confidential."</p> <p>By virtue of the proposed amendment, the federal government now has the powers to keep the audit selection criteria confidential.</p>
-----------	----------------------------	---

### THIRD SCHEDULE

*Entries as mentioned in column 2 of the table has been newly inserted*

Serial No.	Description	Heading Nos. of the First Schedule the Customs Act, 1969 (IV of 1969)
(1)	(2)	(3)
38	Household electrical goods, including air conditioners, refrigerators, deep freezers, televisions, recorders and players, electric bulbs, tube-lights, electric fans, electric irons, washing machines and telephone sets.	Respective headings
39	Household gas appliances, including cooking range, ovens, geysers and gas heaters.	Respective headings
40	Foam or spring mattresses and other foam products for household use.	Respective headings
41	Paints, distempers, enamels, pigments, colours, varnishes, gums, resins, dyes, glazes, thinners, blacks, cellulose	Respective headings

	lacquers and polishes sold in retail packing	
42	Lubricating oils, brake fluids, transmission fluid, and other vehicular fluids sold in retail packing.	Respective headings
43	Storage batteries excluding those sold to automotive manufacturers or assemblers	Respective headings
44	Tyres and tubes excluding those sold to automotive manufacturers or assemblers	Respective headings
45	Motorcycles	Respective headings
46	Auto rickshaws	Respective headings;

## SIXTH SCHEDULE

Serial No.	Description	Heading Nos. of the First Schedule the Customs Act, 1969 (IV of 1969)	
(1)	(2)	(3)	
2	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen or otherwise, preserved or packed.	02.01, 02.02 and 02.04.]	Packed meat has been excluded from the purview of exemption.
3	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved or packed.	03.02, 03.03, 03.04, 03.05 and 03.06]	Packed sea food has been excluded from the purview of exemption.
19	Cereals and products of milling industry "excluding the	1001.1000, 1001.9000, 1002.0000,	Items sold in retail packing bearing brand name or

	products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brand name or a trademark".	1003.0000, 1004.0000, 1005.1000, 1005.9000,[***] 1006.1090], 1006.2000, 1006.3010, 1006.3090, 1006.4000, 1007.0000, 1008.1000, 1008.2000, 1008.3000, 1008.9000, 1101.0010, 1101.0020, 1102.1000, [..], 1102.9000, 1103.1100, 1103.1300, 1103.1900, [1104.2200, 1104.2300, 1104.2900 and 1104.3000]	trade mark has been excluded from the purview of sixth schedule.
36	Silver, in unworked condition.	7106.1000, 7106.9110 and 7106.9190	Omitted
37	Gold, in un-worked condition.	[7108.1100, 7108.1210 and 7108.1290	Omitted
52A	Goods excluding electricity and natural gas supplied to hospitals run by the Federal or Provincial Governments or charitable operating hospitals of fifty beds	Respective headings	Said entry has been amended and supply of electricity and gas to the hospitals of 50 or more

	or more or the teaching hospitals of statutory universities of two hundred or more beds		beds shall be charged to tax at applicable rate.
72	Uncooked poultry Meat whether or not fresh, frozen or otherwise, preserved or packed.	02.07	Packed poultry meat has been excluded from the purview of exemption
73A	Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name	04.02	Entry having PCT heading 04.01 and 04.02 has been proposed to be substituted as 04.02
82	Frozen prepared or preserved sausages and similar products of poultry meat or meat "excluding those sold in retail packing under a brand name or a trademark"	1601.0000	Items sold in retail packing bearing brand name or trade mark has been excluded from the purview of sixth schedule
83	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish "excluding those sold in retail packing under a brand name or a trademark.	1602.3200,1602.3900,1602.5000,1604.1100,1604.1200,1604.1300,1604.1400,1604.1500,1604.1600,1604.1900,1604.2010,1604.2020,1604.2090,	Items sold in retail packing bearing brand name or trade mark has been excluded from the purview of sixth schedule
85	Fat filled milk "excluding that	1901.9090	Items sold in

	sold in retail packing under a brand name or a trademark"		retail packing bearing brand name or trade mark has been excluded from the purview of sixth schedule
151	<p>(a)Supplies; and</p> <p>(b)imports of plant, machinery, equipment for installation in tribal areas and of industrial inputs by the industries located in the tribal areas, as defined in the Constitution of Islamic Republic of Pakistan, as made till 30<sup>th</sup> June, 2023, to which the provisions of the Act or the notifications issued thereunder, would have not applied had Article 247 of the Constitution not been omitted under the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018):</p> <p>Provided that, in case of imports, the same shall be allowed clearance by the Customs authorities on presentation of a post-dated cheque for the amount of sales tax payable under the Sales Tax Act, 1990, and the same shall be</p>	Respective heading	Newly Inserted



	<p>returned to the importer after presentation of a consumption or installation certificate, as the case may be, in respect of goods imported as issued by the Commissioner Inland Revenue having jurisdiction:</p> <p>Provided further that if plant, machinery and equipment, on which exemption is availed under this serial number, is transferred or supplied outside the tribal areas, the tax exempted shall be paid at applicable rate on residual value</p>		
153	Supplies of electricity, as made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, till 30th June, 2023, to all residential and commercial consumers in tribal areas, and to such industries in the tribal areas which were set and started their industrial production before 31st May, 2018, but excluding steel and ghee or cooking oil industries	2716.0000	Newly Inserted
154	Steel billets, ingots, ship plates, bars and other long re-rolled profiles, on such imports and supplies by the manufacturer on which	Respective headings";	Newly Inserted

	federal excise duty is payable in sales tax mode		
--	--	--	--

**SIXTH SCHEDULE  
TABLE-II**

Serial No.	Description	Heading Nos. of the First Schedule the Customs Act, 1969 (IV of 1969)	
(1)	(2)	(3)	
16	Raw cotton	Respective headings	Said entry has been amended and supply of ginned cotton has been excluded from the purview of sixth schedule
25	Cottonseed oil	1512.2100 and 1512.2900	Newly inserted
26	Wheat Bran	2302.3000	Newly inserted

**EIGHT SCHEDULE  
TABLE-I**

Serial No.	Description	Heading Nos. of the First Schedule the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Condition	
(1)	(2)	(3)	(4)	(5)	
14	Milk and cream,	0402.1000	10%	Sold in retail packing	PCT heading

	concentrated or containing added sugar or other sweetening matter	and 0402.2000		under a brand name";	0402.2000 has been inserted in Column 3 of the Table
18	Reclaimed lead	Respective headings	5%	If supplied to recognized manufacturers of lead and lead batteries	Omitted
21	Rapeseed, sunflower seed and canola seed	1205.0000, 1206.0000	16%	On import by solvent extraction industries	Omitted
22	Soya bean seed	1201.1000	6%	On import by solvent extraction industries, subject to the condition that no refund of input tax shall be admissible";	Omitted
27	Seeding or planting equipment:  (i) Seed-cum-fertilizer drill (wheat, rice barley, etc.)	8432.3010  8432.3900	5%		Entry having PCT heading 8432.3090 has been proposed to be

	(ii) Cotton or maize planter with fertilizer attachment (iii) Potato planter (iv) Fertilizer or manure spreader or broadcaster (v) Rice transplanter (vi) Canola or sunflower drill (vii) Sugarcane planter	8432.3900 8432.4100 8432.3900 8432.3100 8432.3900			substituted as 8432.3900.
32	White crystalline sugar	1701.9910 and 1701.9920	8%		Omitted
56	Potassium Chlorate (KClO <sub>3</sub> )	Respective headings	17% alongwith rupees [70] per kilogram	Import and supply thereof. Provided that rate of rupees [70] per kilogram shall not apply on imports made by and supplies made to organizations	It has been proposed to amend the chargeability of tax from Rs. 65 to Rs. 70 on supply of per Kilogram.

				under the control of Ministry of Defence Production.	
59	Products of milling industry except wheat and meslin flour	1101.0010, 1101.0020, 1102.2000, 1102.9000, 1103.1100, 1103.1300, 1103.1900, 1104.2200, 1104.2300, 1104.2900 and 1104.3000	10%	If sold in retail packing under a brand name or trademark	Newly Inserted
60	Fat filled milk	1901.9090	10%	If sold in retail packing under a brand name or trademark	Newly Inserted
61.	Silver, in unworked condition	7106.1000, 7106.9110 and 7106.9190	1% plus 2% value addition		Newly Inserted
62	Gold, in unworked condition	7108.1100, 7108.1210 and 7108.1290	1% plus 2% value addition		Newly Inserted
63	Articles of jewellery, or parts thereof, of precious metal or of metal clad	71.13	1.5% of value of gold, plus 0.5% of value of diamond, used	No input tax adjustment to be allowed except of the tax paid on gold	Newly Inserted

	with precious metal.		therein, plus 3% of making charges		
64	Prepared Food, foodstuff and sweet meats supplied by restaurants, bakeries, caterers and sweetmeat shops	Respective headings	7.5%	Supplies only, subject to condition that no input tax shall be adjusted	Newly Inserted
65	Ginned cotton	Respective headings	10%		Newly Inserted
66	Supplies of finished articles of textile, textile made-ups, leather and artificial leather, as made by retailers	Respective heading	Respective heading	If they are integrated with FBR's online system and data is transmitted to the FBR's computerized system in real time in such mode and manner as may be prescribed	Newly Inserted
67	LNG imported for servicing CNG sector and local supplies thereof	2711.1100, 2711.2100	5% ";		Newly Inserted

**NINTH SCHEDULE  
TABLE-II**

The rate of sales tax relating to entry at serial no. 02 has been proposed to be substituted by the following as specified under column 3 & 4 of the table;

Serial No.	Description / Specification of Goods	Sales tax on import 2 [or local supply]	Sales tax chargeable at the time of registration (IMEI number by CMOs)	Sales tax on supply (payable at time of supply by CMOs)
(1)	(2)	(3)	(4)	(5)
2.	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category:--  A. Not exceeding US\$ 30 B. Exceeding US\$ 30 but not exceeding US\$ 100 C. Exceeding US\$ 100 but not	Respective headings          Rs. 135  Rs. 1,320  Rs. 1,680	          Rs. 135  Rs. 1,320  Rs. 1,680	

	exceeding US\$ 200 D. Exceeding US\$ 200 but not exceeding US\$ 350 E. Exceeding US\$ 350 but not exceeding US\$ 500 F. Exceeding US\$ 500	Rs. 1,740	Rs. 1,740	
		Rs. 5,400	Rs. 5,400	
		Rs. 9,270	Rs. 9,270	

**TEN SCHEDULE**

The following schedule has been newly inserted.

Serial No.	Region or area	Tax payable per month]	
(1)	(2)	(3)	
1.	Lahore, Rawalpindi and Islamabad districts	Rs. 12,500	
2	Attock, Chakwal, Jehlum, Mandi Bahauddin, Sargodha, Gujrat, Sialkot, Narowal, Gujranwala, Hafizabad, Sheikhupura, Kasur, Nankana Sahib, Chiniot, Faisalabad, Jhang, Toba Tek Singh, Okara and Sahiwal districts	Rs. 10,000	
3	Khushab, Mianwali, Bhakar, Layyah, Muzaffargarh, Dera Ghazi Khan, Rajanpur, Multan, Lodhran, Khanewal, Vehari, Bahawalpur, Pakpattan, Bahawalnagar, Rahim Yar Khan districts; and Sindh, Khyber-Pakhtunkhwa provinces and Baluchistan	Rs. 7,500	



## ELEVENTH SCHEDULE

[see sub-section (7) of section 3]

The following schedule has been newly inserted.

TABLE

The rates for withholding or deduction by the withholding agent

Serial No.	Rate or extent of deduction	Supplier category	Rate or extent of deduction
(1)	(2)	(3)	
1.	(a) Federal and provincial government departments; autonomous bodies; and public sector organizations (b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Registered persons	1/5 <sup>th</sup> of Sales Tax as shown on invoice
2	(a) Federal and provincial government departments; autonomous bodies; and public sector organizations (b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Person registered as a wholesaler, dealer or distributor	1/10 <sup>th</sup> of Sales Tax as shown on invoice
3	Federal and provincial government departments; autonomous bodies; and public sector organizations	Unregistered persons	Whole of the tax involved or as applicable to

			supplies on the basis of gross value of supplies
4	Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Unregistered persons	5% of gross value of supplies
5	Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Person providing advertisement services	Whole of sales tax applicable

**TWELFTH SCHEDULE**

[see sub-section (2) of section 7A]

**The following schedule has been newly inserted.****TABLE****The rates for withholding or deduction by the withholding agent**

S. No.	Goods or class of goods	PCT Heading	Rate
(1)	(2)	(3)	(4)
1	All imported goods subject to exclusions as in conditions and procedure given after the table	Respective Heading	3% ad valorem

**Procedure and conditions:–**

- (1) The sales tax on account of minimum value addition as payable under this Schedule (hereinafter referred to as value addition tax), shall be levied and collected at import stage on all taxable goods as are chargeable to tax under section 3 of the Act or any notification issued thereunder at the rate specified in the Table in addition to the tax chargeable under section 3 of the Act or a notification issued thereunder:
- (2) The value addition tax under this Schedule shall not be charged on,—
  - (i) Raw materials and intermediary goods meant for use in an industrial process which are subject to customs duty at 16% or 20% ad valorem under First Schedule to the Customs Act, 1969;
  - (ii) The petroleum products falling in Chapter 27 of Pakistan Customs Tariff as imported by a licensed Oil Marketing Company for sale in the country;
  - (iii) Registered service providers importing goods for their in-house business use for furtherance of their taxable activity and not intended for further supply; and
  - (iv) Cellular mobile phones or satellite phones.
- (3) The value addition tax paid at import stage shall form part of input tax, and the importer shall deduct the same from the output tax due for the tax period, subject to limitations and restrictions under the Act, for determining his net liability. The excess of input tax over output tax shall be carried forwarded to the next tax period as provided in section 10 of the Act.
- (4) In no case, the refund of excess input tax over output tax, which is attributable to tax paid at import stage, shall be refunded to a registered person.

- (5) The registered person, if also dealing in goods other than imported goods, shall be entitled to file refund claim of excess carried forward input tax for a period as provided in section 10 or in a notification issued there under by the Board after deducting the amount attributable to the tax paid at import stage i.e. sum of amounts paid during the claim period and brought forward to claim period. Such deducted amount may be carried forward to subsequent tax period”

**FEDERAL EXCISE ACT, 2005**

*The amendments are applicable from date of assent by the President of Pakistan.*

Section	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2019	PROPOSED AMENDMENT THROUGH FINANCE BILL 2019
2(23a)	Supply includes sale, lease or other disposition of goods and shall include such transaction as the <b>Federal Government</b> may notify in the official Gazette from time to time;]	The word "Federal Government" has been replaced with "Board with the approval of the Minister in-charge". However, the authority to notify the transaction as supply has been given to Board subject to permission of Minister instead of Federal Government.
3(5A)	<b>Non-Existent</b>	The new sub-section has been inserted and through this proposed amendment the minimum production in case of steel products has been determined subject to certain conditions. However, if the production exceeds the actual supply of the month, the balanced unsold quantity would be considered as sale and tax shall be paid accordingly. which reads as under: <i>"(5A) In respect of goods, specified in the Fourth Schedule, the minimum production for a month shall be determined on the basis of a single or more inputs as consumed in the production process as per criterion specified in the Fourth Schedule and if minimum production so determined exceeds the actual</i>

3(5A)	Non-Existent	<p><i>supplies for the month, such minimum production shall be treated as quantity supplied during the month and the liability to pay duty shall be discharged accordingly.”;</i></p> <p>Procedure and conditions laid down in this regard are as under: –</p> <p>(i) Both actual and minimum production, and the local supplies shall be declared in the monthly return. In case, the minimum production exceeds actual supplies for the month, the liability to pay duty shall be discharged on the basis of minimum production:</p> <p>Provided that in case, in a subsequent month, the actual supplies exceed the minimum production, the registered person shall be entitled to get adjustment of excess duty on account of excess of minimum production over actual supplies:</p> <p>Provided further that in a full year, as per financial year of the company or registered person, or period starting from July to June next year, in other cases, the duty actually paid shall not be less than the liability determined on the basis of minimum production for that year:</p>
-------	--------------	---

3(5A)		<p>Provided also that in case of ship-breaking, the liability against minimum production, or actual supplies, whichever is higher, shall be deposited on monthly basis on proportionate basis depending upon the time required to break the vessel.</p> <p>(ii) The Board, may notify minimum values for steel products as mentioned in the Table above in exercise of powers under sub-section (5) of section 12.</p> <p>(iii) The payment of FED on ship plates in aforesaid manner does not absolve ship breakers of any tax liability in respect of items other than ship plates obtained by ship-breaking.</p> <p>(iv) The melters and re-rollers employing self-generated power shall install a tamperproof meter for measuring their consumption. Such meter shall be duly locked in room with keys in the custody of a nominee of the Commissioner Inland Revenue having jurisdiction. The officers Inland Revenue having jurisdiction shall have full access to such meter.</p> <p>(v) The minimum production of industrial units employing both distributed power and self-generated power shall be determined on the basis of total electricity consumption. It is clarified that the levy of FED is in lieu of Sales Tax.</p>
-------	--	---

16(2)	<p>The [Federal Government may], 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 duties, development of backward areas [,] implementation of bilateral and multilateral agreements [and matters relating to international financial institutions or foreign government-owned financial institutions],] by notification in the official Gazette, exempt subject to such conditions as may be specified therein, any goods or class of goods or any services or class of services from the whole or any part of the duty leviable under this Act.</p>	<p>By way of this proposed amendment the sub-section has been rephrased and reads as under:</p> <p><i>"The Federal Government may, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements, by notification in the official Gazette, exempt subject to such conditions as may be specified therein, any goods or class of goods or any services or class of services from the whole or any part of the duty leviable under this Act.";</i></p>
19 (2)(d)	Non-Existent	<p>The scope of offences, penalties and fines has been extended by way of inserting new sub-clause which reads as under:</p> <p><i>"a person who sells cigarettes in retail at a price lower than the retail price plus the amount of sales tax as printed thereon,";</i></p>



19A	Non-Existent	<p>Through this proposed amendment the criminal proceedings against the tax authorities could be initiated who willfully and deliberately does any offense. However, the proposed section is reproduced as under:</p> <p><b>“19A. Proceedings against persons</b></p> <p>(1) Subject to section 41, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in section 29 including any person subordinate to the aforesaid authorities, who willfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both.</p> <p>(2) Where proceedings under subsection (1) have been initiated against a person or authority, the Board shall simultaneously intimate the relevant government agency to initiate criminal proceedings against the taxpayer.</p> <p>(3) The proceedings under this section shall be without prejudice to any liability that the authority, person or taxpayer may incur under any other law for the time being in force.</p>
-----	--------------	---

**FIRST SCHEDULE  
TABLE I  
EXCISABLE GOODS**

1	<b>Edible oils excluding deoxidized Soybean subjected to duty at 16% ad val.</b>	<i>Through this proposed amendment the rate of 16% has been increased to 17%.</i>
2	<b>Vegetable ghee and cooking oil subject to 16% ad val.</b>	<i>It is proposed to re-structure the entry and now the vegetable ghee and cooking oil if sold in retail packing subjected to duty @ 17% of retail price. However, in other cases where not sold in retail packing would be charged @ 17% ad val.</i>
4,5	<b>Sale of Aerated waters in different quality is chargeable to duty at 11.5% of retail price.</b>	<i>By way of this proposed amendment the duty has been fixed at increased rate of 14%.</i>
7	<b>Un-manufactured tobacco</b>	<p><i>The new explanation has been added through this amendment which reads as under:</i></p> <p><i><u>"Explanation</u> The duty payable under this serial number shall always be borne by the cigarette manufacturer and the burden thereof shall not be passed on to the tobacco grower in any manner.";</i></p>
9	<b>Locally produced cigarettes if their on-pack printed retail price does not exceed four thousand five hundred rupees per thousand cigarettes.</b>	<i>Through this proposed amendment the corresponding entries relating in columns (2), (3) and (4) has been substituted as under.</i>

		9	Locally produced cigarettes if their on pack printed retail price exceeds five thousand nine hundred and sixty rupees per thousand cigarettes.	24.02	Rupees five thousand two hundred 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 on pack printed retail price exceeds five thousand nine hundred and sixty rupees per thousand cigarettes.	24.02	Rupees one thousand six hundred and fifty per thousand cigarettes
10a	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty-five rupees per thousand cigarettes.	10a	The referred section is proposed to be omitted.		
13	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers.	13	The rate of one rupee and fifty paise per KG has been increased to Two Rupees		
31	Liquified Natural Gas.	31	The rate of seventeen Rupees and Eighteen Paise per Hundred Cubic Meter has been replaced with Rupees Ten per MMBtu.		
54	Oil Seeds.	54	The entry has been omitted.		

55B	Locally manufactured or assembled motor cars, SUVs and other motor vehicles of cylinder capacity of 1700cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1700cc or above.	55 B	Through this amendment the referred section has been substituted as under: Locally manufactured or assembled motor cars, SUVs and other motor vehicles, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars: (a) of cylinder capacity up to 1000cc (b) of cylinder capacity from 1001cc to 2000cc (c) of cylinder capacity 2001cc and above	87.03	2.5% ad val.  5% ad val.  7.5% ad val.
57	Non-Existent	57	Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters	Respective Headings	Five percent of retail price.
58	Non-Existent	58	Steel Billets, ingots, ship plates, bars and other long rolled products	Respective Headings	Seventeen percent ad val."; and

**FIRST SCHEDULE  
TABLE II  
EXCISABLE SERVICES**

<b>3(a)(i)(ii)</b>	<b>Facilities for travel</b>	<i>Through this proposed amendment the rate of duty in respect of travel within the country has been reduced as under.:</i>		
		(a) Services provided or rendered in respect of travel by air of passengers within the territorial jurisdiction of Pakistan: (i) Long routes (ii) Short routes	9803.1000	Rs. 1500 Rs. 900

**SECOND SCHEDULE**

<b>4</b>	<b>Non-Existent</b>	Steel Billets, ingots, ship plates, bars and other long re-rolled products.	Respective headings “;
----------	---------------------	---	------------------------

**THIRD SCHEDULE  
TABLE-II  
(Services)**

<b>2(i)</b>	<b>Telecommunication services: (i) Internet services whether dialup or broadband including email services, Data Communication Network services (DCNS) and Value added data services.</b>	Through this proposed amendment the entry has been omitted and now no more exemption is available on such services.	-
-------------	--	---	---

**FOURTH SCHEDULE  
(Minimum Production)**

.	<b>Non-Existent</b>	The new schedule has been inserted in order to determine the minimum production of steel sector subject to certain conditions and the same is as under:		
		S. No	Product	Production Criteria
		(1)	(2)	(3)
		1.	Steel billets and ingots	One metric ton per 700 kwh of electricity consumed
		2.	Steel bars and other re-rolled long profiles of steel	One metric ton per 110 kwh of electricity consumed
		3.	Ship plates	75% of the weight of the vessel imported for breaking

**CUSTOMS ACT**

*The amendments are applicable from date of assent by the President of Pakistan.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2019	PROPOSED AMENDMENT THROUGH FINANCE BILL 2019
2 (ic), (qb) and (rrr)	NON-EXISTENT	<p>Through this proposed amendment the mechanism of managing the risks and monitor the compliance and customs clearance process has been introduced by inserting the new sub-sections which read as under:</p> <p><b>"Customs controls"</b> means measures applied by the officers of customs or through Customs Computerized System to manage risks and ensure compliance."</p> <p><b>"Risk Management System"</b> means the systematic application of Customs Controls and Management Procedures on pre-arrival, Customs clearance processes and post clearance of goods and passengers, for identifying, analyzing, evaluating, monitoring, reviewing and treating the risk associated with them;" and</p> <p><b>"Selectivity Criteria"</b> means the risk parameters determined by the Risk Management Committee constituted under the rules for the application of Risk Management System;"</p>

18D	The <b>Federal Government</b> is authorized to levy of fee and service charges by issuing notification in official gazette subject to certain conditions and restrictions as may deem fit.	The word "Federal Government" has been replaced with "Board with the approval of the Minister in-charge". However, the authority in this regard has been shifted to Board subject to permission of Minister In-charge instead of Federal Government.
25A	<b>Power to determine the custom value.</b> The Collector of Customs and Director of Customs Valuation both have authority to determine the customs value of any imported and exported goods.	By way of this proposed amendment, the power of Collector to determine the value has been taken away.
32(3A)	<b>Untrue statement, error, etc.</b> This section is applicable to the importers only.	Through this proposed amendment the scope of this section has been extended to the exporters as well and shall be punished in case of mis/false declaration.



32C	<p><b>Non-Existent</b></p>	<p>The proposed section has been inserted in order to control the activities of misdeclaration of value of imported and exported goods including illegal transfer of funds abroad, which reads under:</p> <p><i>“Mis-declaration of value for illegal transfer of funds abroad.- Without prejudice to any action that may be taken under this Act or any other law for the time being in force, if any person overstates the value of imported goods or understates the value of exported goods or vice versa, such person shall be served with a notice within a period of two months from the seizure of goods to show cause as to why such goods may not be confiscated.”;</i></p>
33(3A)	<p><b>Refund to be claimed within one year</b></p> <p>The refund claim filed shall be disposed off within one hundred and twenty days from the date of filing of such claim.</p>	<p>By way of this amendment the condition of pre-audit has been made mandatory before sanctioning the refund claim and in this regard the new sub-section 5 has inserted.</p>
79	<p><b>Declaration and assessment for home consumption or warehouse:</b></p> <p>The owner of the imported goods is bound to make the entry and file the declaration within fifteen days of arrival of the goods.</p>	<p>Through this proposed amendment the period of 15 days has been shortened to 10 days.</p>

81	<b>Provisional determination of liability:</b> To determine the provisional duty in case of dispute this section is applicable in cases of imported goods.	It is proposed to extend the scope of this section to the exported goods indeed.
82	<b>Procedure in case of goods not cleared or warehoused or transhipped or exported or removed from the port within [twenty days] after unloading or filing of declaration.</b>	By way of this proposed amendment the period of 20 and 10 days wherever occurring has been replaced with 10 and 5 days respectively.
90	<b>Warrant to be given when goods are warehoused.</b>	Through this proposed amendment the new proviso has been added after sub-section 2 introducing the concept of issuance of e-warrant through system generated documents.
98	<b>Period for which goods may remain warehoused.</b>	It is proposed to cut the period of 03 months to 01 month in case of perishable goods.
156(14)	<b>Punishment for offences</b>	By way of this proposed amendment the rate of penalty of Rs. 25,000/- has been increased up to Rs. 200,000/- and the sub-section is substituted accordingly.
156(14B)	<b>Non-Existent</b>	Through this proposed amendment the new clause has been inserted in order to penalize the person who commits an offense under Section 32C of the Act.
156(47A)	<b>If the goods declaration is not filed within the prescribed period of fifteen days, the penalty of Rs. 15,000/- shall be imposed.</b>	By way of this proposed amendment the penalty has been fixed at Rs. 5,000/- per day for initial 5 days and Rs. 10,000/- for subsequent days of default.

156A	Non-Existent	<p>Through this proposed amendment the criminal proceedings against the customs authorities mentioned in section 3 to 3DDD could be initiated who willfully and deliberately does any offense. However, the proposed section is reproduced as under:</p> <p>Proceedings against persons. -</p> <p>(1) Subject to section 217, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in sections 3 to 3DDD, including any person subordinate to the aforesaid authority, who willfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both.</p> <p>(2) Where proceedings under sub section (1) have been initiated against a person or authority, the Board shall simultaneously intimate the relevant Government agency to initiate criminal proceedings against the taxpayer.</p> <p>(3) The proceedings under this section shall be without prejudice to any liability that the authority, person or taxpayer may incur under any other law for the time being in force.</p>
------	--------------	---

179	<b>Power of Adjudication:</b>	It is proposed to omit the authority of Assistant Collector of Customs and further the period of adjudication provided in sub-section 3 has been curtailed to 90 days from the period of 120 days.
185	<b>Special Judges:</b>  Now the authority to appoint Special Judges has been vested with the Federal Government.	Through this proposed amendment the prerogative power of appointment has been given to Prime Minister in consultation with the Chief Justice of the Concerned High Court.
193	<b>Appeals to Collector (Appeals).</b> The facility of filing appeal was available to the cases of imports.	It is proposed to give the right of filing the appeal against the orders passed in cases of exports under Section 131 of the Act.
193-A	<b>Procedure in Appeal:</b> Now the Collector Appeals is required to pass the order within 120 days from date of filing Appeal.	It is proposed to reduce the time period of 120 days to 90 days in order to expediate the pending cases.

194	<p><b>Appellate Tribunal:</b></p>	<p>By way of this proposed amendment the entire section has been re-constructed which reads as under:</p> <p>Appellate Tribunal. –</p> <p>(1) There shall be established an Appellate Tribunal to be called the Customs Appellate Tribunal to exercise the powers and perform the functions conferred on the Appellate Tribunal by this Act.</p> <p>(2) The Appellate Tribunal shall consist of a chairman and such other judicial and accountant members as are appointed by the Prime Minister having regards to the needs of the Tribunal.</p> <p>(3) No person shall be appointed as a judicial member of the Appellate Tribunal unless such person-</p> <ul style="list-style-type: none"> <li>(a) has been a judge of a High Court;</li> <li>(b) has exercised the powers of a District Judge and is qualified to be a judge of the High Court; or</li> <li>(c) is or has been an advocate of a High Court and is qualified to be appointed as a judge of a High Court:</li> </ul>
-----	-----------------------------------	--

		<p>Provided that the person who is or has been an advocate of High Court shall not be appointed as judicial member unless selected in accordance with the Civil Servants Act, 1973 (LXXI of 1973) and the Federal Public Service Commission Ordinance, 1977 (XLV of 1977).</p> <p>(4) No person shall be appointed as a technical member of an Appellate Tribunal unless such person-</p> <p>(a) is an officer of Pakistan Customs Service equivalent in rank to the Member of the Board or Chief Collector of Customs or Director General; or</p> <p>(b) is a Collector or Director or Chief of the Board having at least three years' experience in that position.</p> <p>(5) The Prime Minister shall appoint one of the Members of the Appellate Tribunal to be the chairman thereof.</p> <p>(6) The terms and conditions of appointment of the chairman and judicial and technical members shall be as such as the Prime Minister may determine:</p> <p>Provided that the appointment of a technical member shall be for a period of two years.";</p>
195	<b>Power of Board, Collector of Customs and the Collector of Customs (Adjudication) have powers to call for and examine the record of any proceedings under this Act.</b>	Through this proposed amendment the Chief Collector of Customs also empowered to exercise such authority.

195C	<b>Alternate Dispute Resolution:</b>	<p>It is proposed to substitute the referred section as under:</p> <p>Alternative dispute resolution (ADR)</p> <p>(1)Notwithstanding anything contained in this Act, or the rules made there under, any aggrieved person, in connection with any dispute pertaining to liability of customs-duty, admissibility of refund or rebate, waiver or fixation of penalty or fine, confiscation of goods, relaxation of any time period or procedural and technical condition 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 or criminal proceedings have been initiated or where interpretation of question of law having larger revenue impact in the opinion of the Board is involved, may apply to the Board for the appointment of a committee for the resolution of dispute in appeal.</p>
------	--------------------------------------	---

195C	<p>(2) The Board may, subject to the provisions of sub-section (1), after examination of the application of an aggrieved person, appoint a committee, within sixty days of receipt of such application, consisting of-</p> <ul style="list-style-type: none"> <li>(a) an officer of customs not below the rank of Chief Collector;</li> <li>(b) a person to be nominated by the applicant from a panel notified by the Board, comprising- <ul style="list-style-type: none"> <li>(i) senior chartered accountants and senior advocates having minimum ten years' experience in the field of taxation; and</li> <li>(ii) reputable businessmen as nominated by Chambers of Commerce and Industry;</li> </ul> </li> </ul> <p>Provided that the taxpayer shall not nominate a chartered accountant or an advocate if the said chartered accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and</p> <ul style="list-style-type: none"> <li>(iii) a retired judge not below the rank of District and Sessions Judge, to be nominated through consensus by the members appointed under clauses (i) and (ii).</li> </ul>
------	--



195C	<p>(3) The aggrieved person or the concerned Collector or both, as the case may, shall withdraw the appeal pending before any court of law or an appellate authority, after constitution of the committee by the Board under sub-section (2).</p> <p>(4) The committee shall not commence the proceedings under sub-section (5) unless the order of withdrawal by the appellate authority is communicated to the Board:</p> <p>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 provision of this section shall not apply.</p> <p>(5) The committee constituted under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of customs or any other person to conduct an audit and shall decide the dispute by majority, within ninety days of its constitution in respect of the resolution of dispute as it deem fit:</p>
------	--

195C		<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 (4) shall be excluded.</p> <p>(6) The recovery of duties and taxes payable by the applicant in connection with any dispute for which a committee has been appointed under sub-section (2) shall be deemed to have been stayed on withdrawal of appeal upto the date of decision by the committee.</p> <p>(7) The decision of the committee under sub-section (5) shall be binding on the Collector and the aggrieved person.</p> <p>(8) If the committee fails to make recommendations within a stipulated period of ninety 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 (4) and the appeal shall be treated to be pending before such appellate authority as if the appeal had never been withdrawn.</p>
------	--	---

195C	<p>(9) The Board shall communicate the order of dissolution to the court of law or the appellate authority and the Collector and the aggrieved person.</p> <p>(10) The aggrieved person, on receipt of the order of dissolution, shall communicate the order to the appellate authority, which shall decide the appeal within six months of the communication of the said order.</p> <p>(11) The aggrieved person may make payment of customs duty and other taxes as determined by the committee under sub-section (6) and all decisions, orders and judgments made or passed shall stand modified to that extent.</p> <p>(12) The Board may prescribe the amount to be paid as remuneration for the services of the members of the committee, other than the member appointed under clause (a) of sub-section (2).</p> <p>(13) The Board may, by notification in the official Gazette make rules for carrying out the purposes of this section, including the procedures and manner of conducting of ADR committee meetings.”;</p>
------	--

## **Reanda Haroon Zakaria & Company**

Chartered Accountants

---

Room No. M1-M4, Mezzanine Floor, Progressive Plaza, Plot No. 5-CL-10,  
Civil Lines Quarter, Beaumont Road, Near Dawood Centre, Karachi-75530 Pakistan.  
Phone: +92 21 35674741-44 | Fax: +92 21 35674745  
Email: [info@hzco.com.pk](mailto:info@hzco.com.pk) | URL: <http://www.hzco.com.pk>