



AMENDMENTS VIDE FINANCE ACT 2024 | COMMENTS AND COMPARISON

JUNE 29, 2024



FINANCE ACT, 2024

The information contained in this document has been prepared on the basis of Finance Act 2024 [the “FA 2024”] as approved by the National Assembly on 28th June 2024 and is not intended for 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 through the FA 2024 will become effective from 1st July 2024 unless specified otherwise.

This document attempts to provide a comparison of amendments enacted through FA 2024 with the amendments proposed in FB 2024. This document is published for our clients and our team for information and guidance only and should not be published or reproduced without prior written permission of the Firm.

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June 29th 2024

FINANCE ACT, 2024

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INCOME TAX ORDINANCE, 2001

Amended position as per Finance Act 2024 [the “FA 2024”] is provided below:

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| 2(8) | <p>Board</p> <p>“Board” means the Central Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924), and on the commencement of Federal Board of Revenue Act, 2007, the Federal Board of Revenue established under section 3 thereof;</p> | <p><i>The powers of the Board under the Income Tax Ordinance, 2001 have been proposed to be extended to the Member of the Board if delegated under section 8 of the Federal Board of Revenue Act, 2007.</i></p> <p>“Board” means the Central Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924), and on the commencement of Federal Board of Revenue Act, 2007, the Federal Board of Revenue established under section 3 thereof; and includes a Member of the Federal Board of Revenue to whom powers of the Board have been delegated under section 8 of the Federal Board of Revenue Act, 2007;</p> | <p><i>Unchanged</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 2(11B) | <p>Chief Commissioner</p> <p>“Chief Commissioner” means a person appointed as Chief Commissioner Inland Revenue under section 208 and includes a Regional Commissioner of Income Tax and a Director-General of Income Tax and Sales Tax;</p> | <p><i>No amendments were proposed in the Finance Bill 2024.</i></p> | <p>“Chief Commissioner” means a person appointed as Chief Commissioner Inland Revenue under section 208 and includes a Chief Investigator Regional Commissioner of Income Tax and a Director-General of Income Tax and Sales Tax;</p> |
| 4AB | <p><i>Non-Existent</i></p> | <p><i>Non-Existent</i></p> | <p><i>A 10% surcharge has been imposed on every individual (including salaried individuals) and AOPs whose taxable income for the year exceeds PKR 10 million.</i></p> <p>(4AB) Subject to this Ordinance, a surcharge shall be payable by every individual and association of persons at the rate of ten percent of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees ten million.</p> <p><i>Illustration for TY2025: For example, if a non-salaried individual has taxable income of Rs. 12 million where the annual income tax will be Rs. 4,490,000 on which surcharge @ 10% will be Rs. 449,000. The total income tax will be Rs. 4,939,000, and effective tax rate being 41.16%.</i></p> |

| SE CTI | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 7F | <i>Non-Existent</i> | <i>Non-Existent</i> | <p><i>Through the FA 2024 a special tax regime has been introduced for Builders and Developers</i></p> <p>7F. Tax on builders and developers. – (1) A tax shall be imposed at the rate specified in Division I or II of Part-I of the First Schedule on the taxable profit of every person deriving income from the business of –</p> <p>(a) construction and sale of residential, commercial or other buildings;</p> <p>(b) development and sale of residential commercial or other plots; or</p> <p>(c) activities as mentioned in (a) and (b) above.</p> <p>(2) For the purpose of this section, taxable profit shall be –</p> <p>(a) ten percent of gross receipts in respect of activities specified in clause (a) of sub-section (1);</p> <p>(b) fifteen percent of gross receipts in respect of activities specified in clause (b) of sub-section (1); and</p> <p>(c) twelve percent of gross receipts in respect of activities specified in clause (c) of sub-section (1).</p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 7F | | | <p>Explanation: - For the removal of doubt, it is clarified that the provisions of this section shall only apply in respect of income accruing from gross receipts from activities specified in sub-section (1) and shall not be applicable to income or incomes from any other source or under any head of income.</p> <p>(3) Where a taxpayer, while explaining the nature and source of the amount credited or the investment made, money or valuable article owned or the funds from which the expenditure was made, takes into account any source of income which is subject to tax under this section, the taxpayer shall not be allowed to take credit of any sum as is in excess of taxable profit:</p> <p>Provided that where taxable income under section 9 is more than the taxable profit under this section, taxpayer shall be entitled to take credit of such taxable income subject to the payment of tax at the rate specified in Division I or II of Part I of First Schedule.</p> <p>(4) The provisions of this section shall not apply to a builder or developer established by an Act of the Parliament or a Provincial Assembly or by a Presidential Order and who is engaged in activities for the benefit of its employees or otherwise including activities for the planning and development of and for providing and regulating housing and ancillary facilities in a specified or notified area.</p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 37(6) | <p>Capital gains</p> <p>The person acquiring a capital asset, being shares of a company, shall deduct advance adjustable tax from the gross amount paid as consideration for the shares at the rate of ten percent of the fair market value of the shares which shall be paid to the Commissioner by way of credit to the Federal Government, within fifteen days of the payment.</p> | <p><i>(i) It has been proposed to extend the requirement for withholding on purchase of shares under section 37(6) of the Income Tax Ordinance, 2001 on purchases made against deferred consideration.</i></p> <p><i>(ii) It is further proposed that the withholding shall be made at the time of payment or at the time of registration of shares in the name of new owner whichever is earlier; meaning thereby withholding shall be applicable on every transaction whether or not consideration is paid at the time of transaction.</i></p> <p>The person acquiring a capital asset, being shares of a company, shall deduct advance adjustable tax from the gross amount paid or payable as consideration for the shares at the time of payment or at the time of registration of shares by the Securities and Exchange Commission of Pakistan or by the State Bank of Pakistan, whichever is earlier at the rate of ten percent of the fair market value of the shares which shall be paid to the Commissioner by way of credit to the Federal Government, within fifteen days of the payment.</p> | <p><i>Unchanged</i></p> |

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| 57(2C) | <p>Carry forward of business losses</p> <p><i>Non-Existent</i></p> | <p><i>The period for carry forward of losses in case of Pakistan International Airlines Corporation has been proposed to be extended for a period of ten years instead of otherwise six years.</i></p> <p>Where a loss, referred to in sub-section (2), relating to a tax year commencing on or after the first day of January, 2017 is sustained by Pakistan International Airlines Corporation Limited, the said loss shall be carried forward for a period of ten years.”;</p> | Unchanged |
| 65F(1)(b) | <p>Tax credit for certain persons.</p> <p>(b) a startup as defined in clause (62A) of section 2 for the tax year in which the startup is certified by the Pakistan Software Export Board and the next following two tax years; and</p> | <p><i>An explanation is proposed to be inserted clarifying that only the income derived from coal mining projects is to be considered for tax credit and not the entire income of such persons involved in coal mining projects in Sindh supplying coal to power generation projects.</i></p> <p>(b) a startup as defined in clause (62A) of section 2 for the tax year in which the startup is certified by the Pakistan Software Export Board and the next following two tax years.</p> <p>“Explanation. For the removal of doubt, it is clarified that tax credit under clause (a) shall only be available to the income derived from the operations of coal mining projects in Sindh supplying coal to power generation projects.”</p> | Unchanged |

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| 92(1) | <p>Principles of taxation of associations of persons.</p> <p>Provided that if at least one member of the association of persons is a company, the share of such company or companies shall be excluded for the purpose of computing the total income of the association of persons and the company or the companies shall be taxed separately, at the rate applicable to the companies, according to their share;</p> | <p><i>It has been proposed that share of income in the hands of member of associations of persons having turnover exceeding three hundred million rupees or above in the current or any preceding tax year shall not be exempt unless audited financial statements of such associations of persons are not filed along with return.</i></p> <p>Provided that if at least one member of the association of persons is a company, the share of such company or companies shall be excluded for the purpose of computing the total income of the association of persons and the company or the companies shall be taxed separately, at the rate applicable to the companies, according to their share;</p> <p>Provided further that the share of a member of an association of persons having turnover of three hundred million rupees or above during the tax year or any of the preceding tax years shall not be exempt if financial statements duly audited by a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), or a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966) have not been filed along with return of income by the association of persons to whom he is a member:";</p> | <p><i>Unchanged</i></p> |

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| 100BA | <p>Special provisions relating to persons not appearing in active taxpayers' list</p> <p>(1) The collection or deduction of advance income tax, computation of income and tax payable thereon in respect of a person not appearing on the active taxpayers' list shall be determined in accordance with the rules in the Tenth Schedule</p> | <p><i>Withholding, computation of income and tax payable for persons who filed the returns after due date despite appearing in active taxpayers' list has been proposed to be governed under the Tenth Schedule of the Income Tax Ordinance, 2001.</i></p> <p>(1) The collection or deduction of advance income tax, computation of income and tax payable thereon in respect of a person not appearing on the active taxpayers' list or persons appearing on the active taxpayers' list who have not filed return by the due date specified in section 118 or by the due date as extended under section 119 or 214A" shall be determined in accordance with the rules in the Tenth Schedule</p> | <p><i>Unchanged</i></p> |

| SEC TIO | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 101(3A) & 101(3B) | <p>Geographical Source of Income</p> <p><i>Non-Existent</i></p> | <p>Geographical Source of Income</p> <p><i>No amendments were proposed in the Finance Bill 2024.</i></p> | <p><i>New sub-sections 3A and 3B have been inserted under section 101 Geographical Source of Income. Through this insertion business connection has been defined to include 'significant economic presence in Pakistan' of a non-resident.</i></p> <p><i>(3A) For the purposes of clause (d) of sub-section (3), business connection in Pakistan shall include "significant economic presence in Pakistan" of a non-resident.</i></p> <p><i>(3B) significant economic presence in Pakistan shall mean-</i></p> <p><i>(a) transaction in respect of any goods, services or property carried out by a nonresident with any person in Pakistan including provision of download of data or software in Pakistan, if the aggregate of payments arising from such transaction or transactions during the tax year exceeds such amount as may be prescribed;</i></p> <p><i>(b) systematic and continuous soliciting of business activities or engaging in interaction through digital means with such number of users in Pakistan as may be prescribed, irrespective of whether or not –</i></p> <p><i>(i) the agreement for such transactions or activities is signed in Pakistan; (ii) the non-resident has a residence or place of business in Pakistan; or (iii) the non-resident renders services in Pakistan;</i></p> <p><i>Provided that only so much of income as is attributable to the transactions or activities referred to in clause (a) or clause (b) shall be deemed to accrue or arise from a business connection in Pakistan.</i></p> |

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| 108 (6) | <p>Transactions between associates</p> <p><i>Non-Existent</i></p> | <p><i>In our opinion 25% of claim of expense in respect of sale promotion, advertisement shall be disallowed in case of claim of royalty paid or payable to non-resident associate, the amendment shall be effective from tax year 2024, relevant clause reads as under:</i></p> <p>(6) Notwithstanding the provisions of sub-section (1), for the tax year 2024 and onwards, where any amount is claimed as deduction for the tax year or for any of the two preceding tax years on account of royalty paid or payable to an associate directly or indirectly in respect of use of any brand name, logo, patent, invention, design or model, secret formula or process, copyright, trademark, scientific or technical knowledge, franchise, license, intellectual property or other like property or right or contractual right, twenty five percent of the total expenditure for the tax year in respect of sales promotion, advertisement and publicity shall be disallowed and allocated to the said associate.</p> | <p><i>Through the FA 2024, the disallowance will now be made upon issuance of notice in this regard by the Commissioner requiring the taxpayer to justify that no benefit has accrued or conferred to the associate owning specified intangibles.</i></p> <p>(6) Notwithstanding the provisions of sub-section (1), for the tax year 2024 and onwards, where any amount is claimed as deduction for the tax year or for any of the two preceding tax years on account of royalty paid or payable to an associate directly or indirectly in respect of use of any brand name, logo, patent, invention, design or model, secret formula or process, copyright, trademark, scientific or technical knowledge, franchise, license, intellectual property or other like property or right or contractual right, and on a notice issued by the Commissioner, the taxpayer fails to furnish any explanation or evidence that no benefit has been conferred on the associate, twenty five percent of the total expenditure for the tax year in respect of sales promotion, advertisement and publicity shall be disallowed and allocated to the said associate.</p> |

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| 111(2A) | <p>Unexplained income or assets</p> <p><i>Non-Existent</i></p> | <p>Unexplained income or assets</p> <p><i>No amendments were proposed in the Finance Bill 2024.</i></p> | <p><i>Through the FA 2024, sub-section 2A of section 111 has been inserted whereby the 'year of discovery of foreign assets or concealed income or expenditure' is being defined as the year in which the Commissioner issued a notice requiring the person to explain the nature and source of such foreign assets or concealed income.</i></p> <p><i>(2A) for the purposes of clause (ii) of sub-section (2) of this section, the "year of discovery of foreign assets or expenditure or concealed income", shall mean the year in which the Commissioner has issued a notice requiring the person to explain the nature and source of such foreign assets, expenditure or concealed income.</i></p> |
| 114B | <p>Powers to enforce filing of returns.</p> <p>(b) discontinuance of electricity connection; or (c) discontinuance of gas connection.</p> | <p><i>This section is applicable in case of person who is not appearing in the Active Taxpayer's List meaning thereby the person having NTN but not filing return. The relevant clauses read as under:</i></p> <p>(b) discontinuance of electricity connection; (c) discontinuance of gas connection; or (d) restriction on foreign travel from the country for a citizen of Pakistan, excluding persons holding National Identity Card for Overseas Pakistanis (NICOP), minors, students and such other classes of persons as notified by the Board.”;</p> | <p><i>This section is applicable in case of person who is not appearing in the Active Taxpayer's List meaning thereby the person having NTN but not filing return. The relevant clauses read as under:</i></p> <p>(b) discontinuance of electricity connection; (c) discontinuance of gas connection; or (d) restriction on foreign travel from the country for a citizen of Pakistan, excluding persons holding National Identity Card for Overseas Pakistanis (NICOP), minors, students, persons proceeding abroad for Hajj or Umrah and such other classes of persons as notified by the Board.”;</p> |

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| 116 | <p>Wealth Statement.</p> <p>(1) The Commissioner may, by notice in writing, require any person being an individual to furnish, on the date specified in the notice, a statement (hereinafter referred to as the "wealth statement") in the prescribed form and verified in the prescribed manner giving particulars of</p> <p>(a) the person's total assets and liabilities as on the date or dates specified in such notice;</p> <p>(b) the total assets and liabilities of the person's spouse, minor children, and other dependents as on the date or dates specified in such notice;</p> <p>(c) any assets transferred by the person to any other person during the period or periods specified in such notice and the consideration for the transfer;</p> <p>(d) the total expenditures incurred by the person, and the person's spouse, minor children, and other dependents during the period or periods specified in the notice and the details of such expenditures ; and</p> <p>(e) the reconciliation statement of wealth.</p> | <p><i>It has been proposed that the individual to whom Commissioner requires to file a wealth statement shall also provide details of foreign assets in addition to local assets.</i></p> <p>(1) The Commissioner may, by notice in writing, require any person being an individual to furnish, on the date specified in the notice, a statement (hereinafter referred to as the "wealth statement") in the prescribed form and verified in the prescribed manner giving particulars of</p> <p>(a) the person's total assets including foreign assets and liabilities as on the date or dates specified in such notice;</p> <p>(b) the total assets including foreign assets and liabilities of the person's spouse, minor children, and other dependents as on the date or dates specified in such notice;</p> <p>(c) any assets including foreign assets transferred by the person to any other person during the period or periods specified in such notice and the consideration for the transfer;</p> <p>(d) the total expenditures incurred by the person, and the person's spouse, minor children, and other dependents during the period or periods specified in the notice and the details of such expenditures ; and</p> <p>(e) the reconciliation statement of wealth.</p> | <p><i>Through FA 2024, an explanation has been inserted with respect to assets of spouse.</i></p> <p>(1) The Commissioner may, by notice in writing, require any person being an individual to furnish, on the date specified in the notice, a statement (hereinafter referred to as the "wealth statement") in the prescribed form and verified in the prescribed manner giving particulars of</p> <p>(a) the person's total assets including foreign assets and liabilities including foreign liabilities as on the date or dates specified in such notice;</p> <p>(b) the total assets including foreign assets and liabilities including foreign liabilities of the person's spouse, minor children, and other dependents as on the date or dates specified in such notice;</p> <p>Explanation. - For removal of doubt, it is clarified that assets of spouse shall only be included in the wealth statement of the person if the spouse is dependent</p> <p>(c) any assets including foreign assets transferred by the person to any other person during the period or periods specified in such notice and the consideration for the transfer;</p> <p>(d) the total expenditures incurred by the person, and the person's spouse, minor children, and other dependents during the period or periods specified in the notice and the details of such expenditures ; and</p> <p>(e) the reconciliation statement of wealth.</p> |

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| 121(1)(ac) & 122(1A) | <p>Best judgement assessment.</p> <p><i>Non-Existent</i></p> | <p><i>It has been proposed that the Commissioner may proceed for best judgment assessment under section 121 of the Income Tax Ordinance, 2001 in case of discontinuance of business if return not filed despite receiving notice.</i></p> <p>(1) (ac) furnish return of income in response to notice under sub-section (3) of section 117; or</p> | <p><i>Through FA 2024, a new sub-section 1A has been inserted introducing the concept of sectoral benchmark ratios for the purpose of making best judgement assessment.</i></p> <p>(1) (ac) furnish return of income in response to notice under sub-section (3) of section 117; or</p> <p>(1A) For the purposes of making a best judgment assessment under sub-section (1), the Commissioner may determine taxable income on the basis of sectoral benchmark ratios prescribed by the Board.</p> <p>Explanation. – The expression “sectoral benchmark ratios” means standard business sector ratios notified by the Board on the basis of comparative cases and includes financial ratios, production ratios, gross profit ratio, not profit ratio, recovery ratio, wastage ratio and such other ratios in respect of such sectors as may be prescribed.</p> |
| 122A | <p>Revision by the Commissioner.</p> <p>(1) The Commissioner may suo moto, call for the record of any proceeding under this Ordinance or under the repealed Ordinance in which an order has been passed by any Officer of Inland Revenue other than the Commissioner (Appeals) if the value of the assessment or, as the case may be, refund of the tax does not exceed twenty million rupees,</p> | <p><i>Through Tax Laws (Amendment) Act, 2024 the power of revision under Section 122A was restricted to the extent of order in which the value of assessment does not exceeds twenty million rupees, now this restriction has been proposed to lift and the original position stands restored.</i></p> <p>(1) The Commissioner may suo moto, call for the record of any proceeding under this Ordinance or under the repealed Ordinance in which an order has been passed by any Officer of Inland Revenue.</p> | <p><i>Unchanged</i></p> |

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| 126A(1) and (4) and (5) | <p>Pecuniary jurisdiction in appeals.</p> <p>(1) Subject to other provisions of this Act,-</p> <p>(a) an appeal to the Commissioner (Appeals) shall lie where the value of assessment of tax or, as the case may be, refund of tax does not exceed twenty million rupees; or</p> <p>(b) an appeal to the Appellate Tribunal Inland Revenue shall lie where the value of assessment of tax or, as the case may be, refund of tax exceeds twenty million rupees.</p> | <p><i>(i) An explanation is proposed to be inserted to clarify the phrase "value of assessment" for pecuniary limit of filing of appeals which explains that the assessment of tax in the instant case shall mean the net increase in tax liability or net reduction of tax refund.</i></p> <p><i>(ii) It has been proposed that the date of transfer of appeals pending before Commissioner (Appeals) exceeding Rs. 20 million shall be extended from 16th June, 2024 to 16th September, 2024.</i></p> <p>(1) Subject to other provisions of this Ordinance,-</p> <p>(a) an appeal to the Commissioner (Appeals) shall lie where the value of assessment of tax or, as the case may be, refund of tax does not exceed twenty million rupees; or</p> <p>(b) an appeal to the Appellate Tribunal Inland Revenue shall lie where the value of assessment of tax or, as the case may be, refund of tax exceeds twenty million rupees.</p> <p>Explanation. For the purposes of this section value of assessment of tax means the net increase in tax liability of a person as a result of order sought to be assailed and value of refund means net reduction in refund as a result of order sought to be assailed.</p> | <p><i>(i) An explanation is proposed to be inserted to clarify the phrase "value of assessment" for pecuniary limit of filing of appeals which explains that the assessment of tax in the instant case shall mean the net increase in tax liability or net reduction of tax refund.</i></p> <p><i>(ii) Through FA 2024, It has been proposed that the date of transfer of appeals pending before Commissioner (Appeals) exceeding Rs. 20 million shall be extended from 16th June, 2024 to on or before 31st December 2024 which shall be deemed to have taken effect on and from 16th day of June, 2024.</i></p> <p>(1) Notwithstanding anything contained in any other provision of this Ordinance,-</p> <p>(a) an appeal to the Commissioner (Appeals) shall lie where the value of assessment of tax or, as the case may be, refund of tax does not exceed twenty million rupees; or</p> <p>(b) an appeal to the Appellate Tribunal Inland Revenue shall lie where the value of assessment of tax or, as the case may be, refund of tax exceeds twenty million rupees.</p> <p>Explanation. For the purposes of this section value of assessment of tax means the net increase in tax liability of a person as a result of order sought to be assailed and value of refund means net reduction in refund as a result of order sought to be assailed.</p> |

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| <p>126A(1) and (4) and (5)</p> | <p>(4) The cases pending before the Commissioner (Appeals) having the value of assessment of tax or, as the case may be, refund of tax exceeding twenty million rupees shall on and from the 16th day of June, 2024 stand transferred to the Appellate Tribunal Inland Revenue.</p> <p>(5) All cases transferred from the Commissioner (Appeals) to the Appellate Tribunal under sub-section (4) shall be decided by the Appellate Tribunal within the period provided for under section 132 which period shall commence from the 16th day of June, 2024.</p> | <p>(4) The cases pending before the Commissioner (Appeals) having the value of assessment of tax or, as the case may be, refund of tax exceeding twenty million rupees shall on and from the 16th day of September, 2024 stand transferred to the Appellate Tribunal Inland Revenue.</p> <p>(5) All cases transferred from the Commissioner (Appeals) to the Appellate Tribunal under sub-section (4) shall be decided by the Appellate Tribunal within the period provided for under section 132 which period shall commence from the 16th day of June, 2024.</p> | <p>(4) The cases pending before the Commissioner (Appeals) having the value of assessment of tax or, as the case may be, refund of tax exceeding twenty million rupees shall on or before the 31st day of December stand transferred to the Appellate Tribunal Inland Revenue.</p> <p>(5) All cases transferred from the Commissioner (Appeals) to the Appellate Tribunal under sub-section (4) shall be decided by the Appellate Tribunal within the period provided for under section 132 which period shall commence from the date of transfer under sub-section (4).</p> |
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| 127 | <p>Appeal to the Commissioner (Appeals)</p> <p>(1) Any person dissatisfied with any order passed by a Commissioner or an Officer of Inland Revenue under sub-section (2A) of section 120, section 121,122, 143, 144, 162, 170, 182, or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 declaring a person to be the representative of a non-resident person or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person may prefer an appeal to the Commissioner (Appeals) against the order.</p> | <p><i>In order to align with pecuniary limits introduced through the Tax Laws (Amendment) Act, 2024, the relevant amendment is proposed to be made in the said sub-section.</i></p> <p>(1) Any person dissatisfied with any order passed by a Commissioner or an Officer of Inland Revenue under sub-section (2A) of section 120, section 121,122, 143, 144, 162, 170, 182, or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 declaring a person to be the representative of a non-resident person or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person may prefer an appeal to the Commissioner (Appeals) against the order if the value of assessment of tax or, as the case may be, refund of tax does not exceed twenty million rupees.</p> | <p><i>In order to align with pecuniary limits introduced through the Tax Laws (Amendment) Act, 2024, the relevant amendment is proposed to be made in the said sub-section.</i></p> <p>(1) Subject to section 126A, any person dissatisfied with any order passed by a Commissioner or an Officer of Inland Revenue under sub-section (2A) of section 120, section 121,122, 143, 144, 162, 170, 182, or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 declaring a person to be the representative of a non-resident person or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person may prefer an appeal to the Commissioner (Appeals) against the order.</p> |

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| 131 | <p>Appeal to the Appellate Tribunal.</p> <p>(1) Subject to section 126A, any person, other than an SOE, aggrieved by any order passed by an officer of Inland Revenue or Commissioner or Chief Commissioner or the Board or Commissioner (Appeals) under this Ordinance or the rules made thereunder may, within thirty days of the receipt of such order, prefer an appeal to the Appellate Tribunal or, as the case may be, a reference to the High Court:</p> | <p><i>In order to align with amendments introduced through the Tax Laws (Amendment) Act, 2024, the said amendment is proposed to be made meaning thereby the order of Commissioner (Appeals) may only be challenged before High Court and not Appellate Tribunal Inland Revenue.</i></p> <p>(1) Subject to section 126A, any person, other than an SOE, aggrieved by any order passed by an officer of Inland Revenue or Commissioner or Chief Commissioner or the Board under this Ordinance or the rules made thereunder may, within thirty days of the receipt of such order, prefer an appeal to the Appellate Tribunal or, as the case may be, a reference to the High Court:</p> | <p><i>Unchanged</i></p> |

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| 133 | <p>Reference to the High Court.</p> <p>(1) Within thirty days of the communication of the order of the Appellate Tribunal under sub-section (8) of section 132, the aggrieved person or the Commissioner may file a reference, in the prescribed form, along with a statement of the case, before the High Court, stating any question of law or a mixed question of law and fact arising out of such order.</p> <p>Provided that the applicant shall also file complete record of the Appellate Tribunal within fifteen days of preferring an application under this section.</p> <p>(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law which arises out of its order.</p> <p>(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of such order referred to in sub-section (1), it may proceed to hear the case.</p> | <p><i>No amendments were proposed in the Finance Bill 2024.</i></p> | <p><i>Through FA 2024, certain amendments have been made to align with the amendments made through the Tax Laws (Amendment) Act, 2024, the relevant amendment is proposed to be made in the said sub-section.</i></p> <p>(1) Subject to section 126A, within thirty days of the communication of the order of the Appellate Tribunal under sub-section (8) of section 132, the aggrieved person or the Commissioner may file a reference, in the prescribed form, along with a statement of the case, before the High Court, stating any question of law or a mixed question of law and fact arising out of such order.</p> <p>Provided that the applicant shall also file complete record of the Appellate Tribunal or, as the case may be, the Commissioner (Appeals) within fifteen days of preferring an application under this section.</p> <p>Explanation. - For the removal of doubt it is clarified that reference against order of the Commissioner (Appeals), communicated after the date of commencement of the Tax Laws (Amendment) Act, 2024 (V of 2024), shall lie before the High Court notwithstanding the proceedings pending prior to the date of commencement of the said Act.</p> <p>(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal or, as the case may be, the Commissioner (Appeals) and the question of law which arises out of its order.</p> |

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| 133 | <p>(4) A reference to the High Court under this section shall be heard by a Special Bench, constituted for hearing cases under this section, comprising of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908), shall apply, so far as may be, notwithstanding anything contained in any other law for the time being in force.</p> <p>(5) The Special Bench shall decide a reference within six months from the date of its filing.</p> <p>(6) The High Court shall establish a case management system to ensure that sufficient number of Special Benches are constituted, so as to ensure that a reference filed under this section is decided within the stipulated six months.</p> | | |

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| 133 | <p>(7) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Appellate Tribunal's order shall stand modified accordingly.</p> <p>(8) The Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.</p> <p>(9) Notwithstanding that a reference has been filed before the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal:</p> <p style="padding-left: 40px;">Provided that the tax recovery shall not be made by the Commissioner for thirty days from the date of communication of the order of the Appellate Tribunal:</p> | | <p>(7) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Appellate Tribunal's order or, as the case may be, the Commissioner (Appeals)'s order shall stand modified accordingly.</p> |

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| | <p>(10) On an application filed in a particular reference and after affording an opportunity of being heard to the Commissioner, the High Court may stay recovery of tax, subject to deposit with the assessing authority of not less than thirty percent of the tax determined by the Appellate Tribunal. Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it was made unless the appeal is decided or such order is withdrawn by the High Court earlier.</p> <p>(11) Section 5 of the Limitation Act, 1908 (IX of 1908), shall apply to an application made to the High Court under sub-section (1).</p> <p>(12) An application under sub-section (1) shall be accompanied by a fee of fifty thousand rupees.</p> <p>(13) No application filed by the Commissioner under sub-section (1) shall be entertained unless it is accompanied by a written authorization by the relevant Chief Commissioner.</p> | | <p>(10) On an application filed in a particular reference and after affording an opportunity of being heard to the Commissioner, the High Court may stay recovery of tax, subject to deposit with the assessing authority of not less than thirty percent of the tax determined by the Appellate Tribunal or, as the case may be, the Commissioner (Appeals). Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it was made unless the appeal is decided or such order is withdrawn by the High Court earlier.</p> <p>(12) An application under sub-section (1) by the aggrieved person other than the Commissioner shall be accompanied by a fee of fifty thousand rupees.</p> |

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| 147 | <p>Advance tax paid by the taxpayer.</p> <p>(4) Where the taxpayer is an association of persons or a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:-</p> <p>$(A \times B/C) - D$</p> <p>Where -</p> <p>A. is the taxpayer's turnover for the quarter Provided that where the taxpayer fails to provide turnover or the turnover for the quarter is not known, it shall be taken to be one-fourth of one hundred and ten percent of the turnover of the latest tax year for which a return has been filed;</p> <p>B. is the tax assessed to the taxpayer for the latest tax year</p> <p>Explanation.- For removal of doubt it is clarified that tax assessed includes tax under sections 4C, 113 and 113C.</p> <p>C. is the taxpayer's turnover for the latest tax year; and</p> <p>D. is the tax paid in the quarter for which a tax credit is allowed under section 168.</p> | <p><i>(i) It has been proposed that for the purpose of computing advance tax liability, the turnover for the year shall be estimated to be one hundred and twenty percent of the turnover of latest tax year in case turnover is not known or not provided by the company. Relevant Sub-Sections are reproduced below:</i></p> <p>(4) Where the taxpayer is an association of persons or a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:-</p> <p>$(A \times B/C) - D$ Where -</p> <p>A. is the taxpayer's turnover for the quarter Provided that where the taxpayer fails to provide turnover or the turnover for the quarter is not known, it shall be taken to be one-fourth of one hundred and twenty percent of the turnover of the latest tax year for which a return has been filed;</p> <p>B. is the tax assessed to the taxpayer for the latest tax year</p> <p>Explanation.- For removal of doubt it is clarified that tax assessed includes tax under sections 4C, 113 and 113C.</p> <p>C. is the taxpayer's turnover for the latest tax year; and</p> <p>D. is the tax paid in the quarter for which a tax credit is allowed under section 168.</p> | <p><i>(i) It has been proposed that for the purpose of computing advance tax liability, the turnover for the year shall be estimated to be one hundred and twenty percent of the turnover of latest tax year in case turnover is not known or not provided by the company. Relevant Sub-Sections are reproduced below:</i></p> <p>(4) Where the taxpayer is an association of persons or a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:-</p> <p>$(A \times B/C) - D$</p> <p>Where -</p> <p>A. is the taxpayer's turnover for the quarter Provided that where the taxpayer fails to provide turnover or the turnover for the quarter is not known, it shall be taken to be one-fourth of one hundred and twenty percent of the turnover of the latest tax year for which a return has been filed;</p> <p>B. is the tax assessed to the taxpayer for the latest tax year</p> <p>Explanation.- For removal of doubt it is clarified that tax assessed includes tax under sections 4C, 113 and 113C.</p> <p>C. is the taxpayer's turnover for the latest tax year; and</p> <p>is the tax paid in the quarter for which a tax credit is allowed under section 168.</p> |

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| 147 | | <p><i>(ii) it has been proposed to insert new sub-section whereby the Commissioner is empowered to reject estimate filed by the taxpayer, which reads as under:</i></p> <p>(6B) Where an estimate of the amount of tax payable has been filed by the taxpayer under sub-sections (6) or (6A), as the case may be, the estimate shall contain turnover for the completed quarters of the relevant tax year, estimated turnover for the remaining quarters, supporting evidence of expenses or deductions in computing income, evidence of tax payments and tax credits and computation of estimated taxable income:</p> <p>Provided that where the Commissioner is not satisfied with the documentary evidence provided or where an estimate of the amount of tax payable is not accompanied by details mentioned in this sub-section, the Commissioner may reject the estimate after providing an opportunity of being heard to the taxpayer and the taxpayer shall pay advance tax according to the formula set out in sub-section (4).</p> | <p><i>(ii) it has been proposed to insert new sub-section whereby the Commissioner is empowered to reject estimate filed by the taxpayer, which reads as under:</i></p> <p>(6B) Where an estimate of the amount of tax payable has been filed by the taxpayer under sub-sections (6) or (6A), as the case may be, the estimate shall contain turnover for the completed quarters of the relevant tax year, estimated turnover for the remaining quarters, supporting evidence of expenses or deductions in computing income, evidence of tax payments and tax credits and computation of estimated taxable income:</p> <p>Provided that where the Commissioner is not satisfied with the documentary evidence provided or where an estimate of the amount of tax payable is not accompanied by details mentioned in this sub-section, the Commissioner may reject the estimate after providing an opportunity of being heard to the taxpayer and the taxpayer shall pay advance tax according to the formula set out in sub-section (4) or sub-section (4B), as the case may be.</p> |

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| 147 | | | <p><i>(iii) Through the FA 2024, a new sub-section has been inserted for collection of advance tax at the rate of 1% of foreign exchange proceeds or export proceeds, or exports, or payment, in addition to tax collectable or deductible under section 154.</i></p> <p><i>(6C) Notwithstanding anything contained in this Ordinance, the persons specified in sub-sections (1), (3), (3A), (3B) and (3C) of section 154 shall, at the time of realization of foreign exchange proceeds, or realization of the proceeds on account of sale of goods, or export of goods, or at the time of making payment to an indirect exporter, or clearing of goods exported, respectively, deduct or collect, as the case may be, advance income tax under this section at the rate of one percent of such foreign exchange proceeds, or export proceeds, or exports, or payment, in addition to tax collectable or deductible under section 154 of this Ordinance.</i></p> |

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| 148 | <p>Imports</p> <p>(6) The provisions of the Customs Act, 1969 (IV of 1969), in so far as relevant, shall apply to the collection of tax under this section.</p> <p>(9) In this section -</p> <p>“Collector of Customs” means the person appointed as Collector of Customs under section 3 of the Customs Act, 1969 (IV of 1969), and includes a Deputy Collector of Customs, an Additional Collector of Customs, or an officer of customs appointed as such under the aforesaid section;</p> <p>Value of goods means ---</p> <p>(a) in case of goods chargeable to tax at retail price under the Third Schedule of the Sales Tax Act, 1990, the retail price of such goods increased by sales tax payable in respect of the import and taxable supply of the goods; and</p> | <p><i>(i) and (ii) Through this amendment, it is proposed that the Board may determine the minimum value of goods for collection of advance tax at import stage.</i></p> <p><i>(iii) the minimum value as fixed by the Board is included in the definition of value of goods for congruity.</i></p> <p>(6) Subject to sub-section (6A), the provisions of the Customs Act, 1969 (IV of 1969), in so far as relevant, shall apply to the collection of tax under this section.</p> <p>(6A) The Board may, by notification in the official Gazette, determine the minimum value of goods for the purpose of collection of advance tax under this section</p> <p>(9) In this section -</p> <p>“Collector of Customs” means the person appointed as Collector of Customs under section 3 of the Customs Act, 1969 (IV of 1969), and includes a Deputy Collector of Customs, an Additional Collector of Customs, or an officer of customs appointed as such under the aforesaid section;</p> <p>Value of goods means ---</p> <p>(a) in case of goods chargeable to tax at retail price under the Third Schedule of the Sales Tax Act, 1990, the retail price of such goods increased by sales tax payable in respect of the import and taxable supply of the goods;</p> | <p><i>(i) and (ii) Through this amendment, it is proposed that the Board may determine the minimum value of goods for collection of advance tax at import stage.</i></p> <p><i>(iii) the minimum value as fixed by the Board is included in the definition of value of goods for congruity.</i></p> <p>(6) Subject to sub-section (6A), the provisions of the Customs Act, 1969 (IV of 1969), in so far as relevant, shall apply to the collection of tax under this section.</p> <p>(6A) The Board may, by notification in the official Gazette, determine the minimum value of goods for the purpose of collection of advance tax under this section</p> <p>(9) In this section -</p> <p>“Collector of Customs” means the person appointed as Collector of Customs under section 3 of the Customs Act, 1969 (IV of 1969), and includes a Deputy Collector of Customs, an Additional Collector of Customs, or an officer of customs appointed as such under the aforesaid section;</p> <p>Value of goods means ---</p> <p>(a) in case of goods chargeable to tax at retail price under the Third Schedule of the Sales Tax Act, 1990, the retail price of such goods increased by sales tax payable in respect of the import and taxable supply of the goods;</p> |

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| 148 | <p>(b) in case of all other goods; the value of the goods as determined under the Customs Act, 1969 (IV of 1969), as if the goods were subject to ad valorem duty increased by the custom-duty, federal excise duty and sales tax, if any, payable in respect of the import of the goods.; and</p> | <p>(b) in case of goods other than those specified in clauses (a) and (c); the value of the goods as determined under the Customs Act, 1969 (IV of 1969), as if the goods were subject to ad valorem duty increased by the custom-duty, federal excise duty and sales tax, if any, payable in respect of the import of the goods; and</p> <p>(c) minimum value as notified by the Board under subsection (6A) as if such goods were subject to ad valorem duty as increased by the custom-duty, federal excise duty and sales tax, payable in respect of the import of the goods.</p> | <p>(b) in case of goods other than those specified in clauses (a) and (c); the value of the goods as determined under the Customs Act, 1969 (IV of 1969), as if the goods were subject to ad valorem duty increased by the custom-duty, federal excise duty and sales tax, if any, payable in respect of the import of the goods; and</p> <p>(c) minimum value as notified by the Board under subsection (6A) as if such goods were subject to ad valorem duty as increased by the custom-duty, federal excise duty and sales tax, payable in respect of the import of the goods.</p> |

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| 149 | <p>Salary.</p> <p>(1) Every [person responsible for] paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee’s average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head “Salary” for the tax year in which the payment is made after making [adjustment of tax withheld from employee under other heads and tax credit admissible under section 61 [and 63] during the tax year after obtaining documentary evidence, as may be necessary, for</p> <p style="padding-left: 40px;">(i) tax withheld from the employee under this Ordinance during the tax year;</p> <p style="padding-left: 40px;">(ii) any excess deduction or deficiency arising out of any previous deduction; or</p> <p style="padding-left: 40px;">(iii) failure to make deduction during the year</p> | <p><i>No amendments were proposed in the Finance Bill 2024.</i></p> | <p><i>Through FA 2024 amendments have been made to require employers to withhold the above amount of surcharge from payments of salaries to the respective employees.</i></p> <p>(1) Every [person responsible for] paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee’s average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head “Salary” for the tax year in which the payment is made including tax under section 4AB after making [adjustment of tax withheld from employee under other heads and tax credit admissible under section 61 [and 63] during the tax year after obtaining documentary evidence, as may be necessary, for</p> <p style="padding-left: 40px;">(i) tax withheld from the employee under this Ordinance during the tax year;</p> <p style="padding-left: 40px;">(ii) any excess deduction or deficiency arising out of any previous deduction; or</p> <p style="padding-left: 40px;">(iii) failure to make deduction during the year</p> |

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| 149 | <p>(2) The average rate of tax of an employee for a tax year for the purposes of sub-section (1) shall be computed in accordance with the following formula, namely:-</p> <p>A/B</p> <p>where -</p> <p>A is the tax that would be payable if the amount referred to in component B of the formula were the employee's taxable income for that year; and</p> <p>B is the employee's estimated income under the head "Salary" for that year.</p> | | <p>(2) The average rate of tax of an employee for a tax year for the purposes of sub-section (1) shall be computed in accordance with the following formula, namely:-</p> <p>A/B</p> <p>where -</p> <p>A is the tax that would be payable if the amount referred to in component B of the formula were the employee's taxable income for that year plus tax chargeable under section 4AB; and</p> <p>B is the employee's estimated income under the head "Salary" for that year.</p> |

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| 152 | <p>Payments to non-residents</p> <p>(4A) The Commissioner may, on application made in the prescribed form by the recipient of payment referred to in sub-section (1A) having permanent establishment in Pakistan, or by a recipient of payment referred to in sub-section (2A), as the case may be, and after making such inquiry as the Commissioner thinks fit, allow by order in writing, in cases where the tax deductible under sub-section (1) or sub-section (2A) is not minimum tax, any person to make the payment without deduction of tax or deduction of tax at a reduced rate.</p> | <p><i>Through this proposed amendment the Commissioner may allow the payment subject to deduction of tax @ reduced rate.</i></p> <p>(4A) The Commissioner may, on application made in the prescribed form by the recipient of payment referred to in sub-section (1A) having permanent establishment in Pakistan, or by a recipient of payment referred to in sub-section (2A), as the case may be, and after making such inquiry as the Commissioner thinks fit, allow by order in writing, in cases where the tax deductible under sub-section (1) or sub-section (2A) is not minimum tax, any person to make the payment with deduction of tax at a reduced rate.</p> | <p><i>Through FA 2024, the Commissioner may allow the payment subject to deduction of tax restricted up to 80% of the normal rate.</i></p> <p>(4A) The Commissioner may, on application made in the prescribed form by the recipient of payment referred to in sub-section (1A) having permanent establishment in Pakistan, or by a recipient of payment referred to in sub-section (2A), as the case may be, and after making such inquiry as the Commissioner thinks fit, allow by order in writing, in cases where the tax deductible under sub-section (1) or sub-section (2A) is not minimum tax, any person to make the payment after deduction of tax at a reduced rate but such reduction shall not exceed eighty percent of the rate specified in the said Division.</p> |

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| 153 | <p>Payments for goods, services and contracts.</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 subsection (1) is not minimum, by an order in writing, any person to make the payment,</p> <p>(a) without deduction of tax; or (b) deduction of tax at a reduced rate</p> <p>Provided that the Commissioner shall issue certificate for payment under clause (a) of sub-section (1) without deduction of tax within fifteen days of filing of application to a company if advance tax liability has been discharged:</p> <p>Provided further that the Commissioner shall be deemed to have issued the exemption certificate upon the expiry of fifteen days to the aforesaid company and the certificate shall be automatically processed and issued by Iris:</p> | <p><i>Through this proposed amendment the Commissioner may pass order in writing for making payment after deduction of tax @ reduced rate against, before amendment the Commissioner was empowered to issue order for making payment without deduction of tax. It appears that exemption certificate from making payment without deduction of payment has been done away only certificate for reduced rate may be allowed, however, it is open to interpret the word "Reduced Rate". In our opinion may be Zero rate subject to fulfilment of condition under Section 147 of the Income Tax Ordinance, 2001, relevant section reads as under:</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 after deduction of tax at reduced rate:</p> <p>Provided that the Commissioner shall issue reduced rate certificate within fifteen days of filing of application to a company if advance tax liability has been discharged:</p> <p>Provided further that the Commissioner shall be deemed to have issued the reduced rate certificate upon the expiry of fifteen days to the aforesaid company and the certificate shall be automatically processed and issued by Iris:</p> | <p><i>Through FA 2024, the Commissioner may allow the payment subject to deduction of tax restricted up to 80% of the normal rate.</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 after deduction of tax at reduced rate but such reduction shall not exceed eighty percent of the rate specified in the said Division:</p> <p>Provided that the Commissioner shall issue reduced rate certificate within fifteen days of filing of application to a company if advance tax liability has been discharged:</p> <p>Provided further that the Commissioner shall be deemed to have issued the reduced rate certificate upon the expiry of fifteen days to the aforesaid company and the certificate shall be automatically processed and issued by Iris:</p> |

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| 153 | <p>Provided also that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.</p> | <p>Provided also that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.</p> | <p>Provided also that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.</p> |

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| 154 | <p>Exports</p> <p>(1) Every authorised dealer in foreign exchange shall, at the time of realisation of foreign exchange proceeds on account of the export of goods by an exporter, deduct tax from the proceeds at the rate specified in Division IV of Part III of the First Schedule.</p> <p>(4) The tax deductible under this section shall be a final tax on the income arising from the transactions referred to in this section.</p> <p>(5) The provisions of sub-section (4) shall not apply to a person who opts not to be subject to final taxation:</p> <p>Provided that this sub-section shall be applicable from tax year 2015 and the option shall be exercised every year at the time of filing of return under section 114:</p> <p>Provided further that the tax deducted under this sub-section shall be minimum tax.</p> | <p><i>Through this proposed amendment a drastic concept has been introduced whereby, firstly withholding @ 1% shall be treated as minimum tax liability instead of final tax liability, secondly in addition further 1% tax shall be withheld from export proceeds which will be treated as advance tax liability which shall be adjustable. Relevant Section is reproduced below:</i></p> <p>(1) Every authorised dealer in foreign exchange shall, at the time of realisation of foreign exchange proceeds on account of the export of goods by an exporter, deduct tax including advance tax from the proceeds at the rate specified in Division IV of Part III of the First Schedule.</p> <p>(4) The tax deductible under this section shall be a minimum tax on the income arising from the transactions referred to in this section.</p> <p>(5) Omitted</p> | <p><i>Unchanged</i></p> |

| SEC TIO | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 159 | <p>Exemption or lower rate certificate.</p> <p>(1) Where the Commissioner is satisfied that an amount to which Division II or III of this Part or Chapter XII applies is -</p> <p>(a) exempt from tax under this Ordinance; or (b) subject to tax at a rate lower than that specified in the First Schedule or (c) is subject to hundred percent tax credit under this Ordinance,</p> <p>the Commissioner shall, upon application in writing by the person, in the prescribed form issue the person with an exemption or lower rate certificate.</p> <p>Provided that in case of a company, the Commissioner shall issue exemption or lower rate certificate under this section within fifteen days of filing of application by the company:</p> <p>Provided further that the Commissioner shall be deemed to have issued the exemption certificate upon the expiry of fifteen days from filing of application by the aforesaid company and the certificate shall be automatically processed and issued by Iris:</p> | <p><i>It has been proposed that the Commissioner shall only issue a certificate for reduced rate and not exemption certificate.</i></p> <p>(1) Where the Commissioner is satisfied that an amount to which Division II or III of this Part or Chapter XII applies is -</p> <p>(a) exempt from tax under this Ordinance; or (b) subject to tax at a rate lower than that specified in the First Schedule or (c) is subject to hundred percent tax credit under this Ordinance,</p> <p>the Commissioner shall, upon application in writing by the person, in the prescribed form issue the person with a lower rate certificate.</p> <p>Provided that in case of a company, the Commissioner shall issue lower rate certificate under this section within fifteen days of filing of application by the company:</p> <p>Provided further that the Commissioner shall be deemed to have issued the lower rate certificate upon the expiry of fifteen days from filing of application by the aforesaid company and the certificate shall be automatically processed and issued by Iris:</p> | <p><i>The amendments proposed in this section have been withdrawn and section 159 in its original position has been reinstated.</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 159 | <p>Provided also that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.</p> <p>(1A) The Commissioner shall, upon application from a person, in the prescribed form whose income is not likely to be chargeable to tax under this Ordinance, issue exemption certificate for the profit on debt referred to in clause (c) of sub-section (1) of section 151.</p> | <p>Provided also that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.</p> <p>(1A) The Commissioner shall, upon application from a person, in the prescribed form whose income is not likely to be chargeable to tax under this Ordinance, issue lower rate certificate for the profit on debt referred to in clause (c) of sub-section (1) of section 151.</p> | |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 168 | <p>Credit for tax collected or deducted.</p> <p>(3) No tax credit shall be allowed for any tax collected or deducted that is a final tax under –</p> <p>(a) (b) (c) (ca) sub-section (1E) of section 152; (cb) sub-section (2) of section 152A; (d) (e) sub-section (4) of section 154; (ea) sub-section (2) of section 154A; (f) sub-section (3) of section 156; (g) sub-section (2) of section 156A; (h) and (j) (k) sub-section (7) of section 236Z.</p> | <p><i>Through this amendment, corresponding effect is brought about to incorporate the proposed change for excluding the exports from Final Tax Regime.</i></p> <p>(3) No tax credit shall be allowed for any tax collected or deducted that is a final tax under –</p> <p>(a) (b) (c) (ca) sub-section (1E) of section 152; (cb) sub-section (2) of section 152A; (d) (e) omitted. (ea) sub-section (2) of section 154A; (f) sub-section (3) of section 156; (g) sub-section (2) of section 156A; (h) and (j) (k) sub-section (7) of section 236Z.</p> | <p><i>Unchanged.</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 169 | <p>Tax collected or deducted as a final tax.</p> <p>(1) This section shall apply where –</p> <p>(b) the tax required to be deducted is a final tax under subsection (1E) of section 152, 152A, sub-section (4) of section 154, sub-section (2) of section 154A sub-section (3) of section 156, sub-section (2) section 156A or subsection (7) of section 236Z on the income from which it was deductible.</p> | <p>Through this amendment, corresponding effect is brought about to incorporate the proposed change for excluding the exports from Final Tax Regime.</p> <p>(1) This section shall apply where –</p> <p><i>(b) the tax required to be deducted is a final tax under subsection (1E) of section 152, 152A, sub-section (2) of section 154A sub-section (3) of section 156, sub-section (2) section 156A or subsection (7) of section 236Z on the income from which it was deductible.</i></p> | <p><i>Unchanged.</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 182 | <p>Offences and Penalties</p> <p><i>Non-Existent</i></p> | <p><i>(i) Penalty for non-filing of return under section 117(3) of the Income Tax Ordinance, 2001 for discontinuation of business is proposed to be introduced.</i></p> <p><i>(ii) Penalty for non-registration under section 99B of the Income Tax Ordinance, 2001 is proposed to be introduced.</i></p> <p><i>(iii) Penalty for person failing to comply with income tax general order under section 114B of the Income Tax Ordinance, 2001 is also proposed to be introduced.</i></p> <p><i>(iv) Penalty for person failing to withhold tax under section 37(6) of the Income Tax Ordinance, 2001 on sale of shares is proposed to be introduced.</i></p> <p><i>(v) Penalty for non-furnishing complete details, relevant particulars and annexures along with the return of income in case of company and associations of persons is proposed to be introduced.</i></p> | <p><i>The only change through FA 2024 is with respect to S. No. 10A [pertaining to failing to comply with income tax general order] where the penalties have been reduced from 100 million to 50 million for first default and from 200 million to 100 million for subsequent default and such penalties shall be imposed effective from such date as the Board may notify.</i></p> |

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| | | 1B | Where any person fails to furnish a return of income as required under sub-section (3) of section 117 within the time specified in the notice | Such person shall pay a penalty equal to higher of (a) 0.1% of the tax payable in respect of that tax year for each day of default; or (b) Rs. 1,000 per day of default: Provided that minimum penalty shall be Rs.10,000 in case of an individual and Rs.50,000 in all other cases. | 117(3) | |
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| | | 3A | Where any person being a trader or a shopkeeper who is required to apply for registration under this Ordinance but fails to register or fails to pay advance tax as specified in a scheme of special procedure prescribed under section 99B. | The shop of such person shall be sealed for seven days for first default and for twenty one days for each subsequent default | 99B | |
| | | 10A | Any person who fails to comply with income tax general order issued by the Board within fifteen days of issue of such order. | Such person shall pay penalty of fifty million rupees for first default and one hundred million for each subsequent default. Provided that said penalty shall be imposed effective from such date as the Board may notify | 114B | |

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| | | 12A | Where any person fails to pay tax at the time of making payment as consideration of shares or at the time of registration of shares by the Securities & Exchange Commission of Pakistan or the State Bank of Pakistan, whichever is earlier. | Such person shall pay a penalty equal to fifty percent of the amount of tax involved | 37(6) | |
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| | | 35 | Any company and an association of persons who (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; (b) furnishes any annexure, statement or document specified in the return of income as blank or with incomplete or irrelevant particulars; or (c) attaches blank or incomplete annexures, statements or documents where such annexures, statements or records were | Such company, including a banking company and an association of persons shall pay a penalty of Rs.500,000 or 10% of the tax chargeable on the taxable income, whichever is higher.” | 114(2) | |
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| | | | required to be filed. | | | |
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| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 191 | <p>Prosecution for non-compliance with certain statutory obligations.</p> <p>(1) Any person who, without reasonable excuse, fails to – (a) comply with a notice under sub-section (3) and sub-section (4) of section 114 or sub-section (1) of section 116</p> | <p><i>Prosecution for person not furnishing return of income under section 117(3) of the Income Tax Ordinance, 2001 on discontinuance of business is proposed to be introduced.</i></p> <p>(1) Any person who, without reasonable excuse, fails to – (a) comply with a notice under sub-section (3) and sub-section (4) of section 114, sub-section (3) of section 117” or sub-section (1) of section 116.</p> | <p><i>Unchanged.</i></p> |
| 191A | <p>Non-Existent</p> | <p><i>(i) Prosecution for non-furnishing of complete details, relevant particulars and annexures along with the return by company or associations of persons is proposed to be introduced.</i></p> <p>Prosecution for failure to furnish information in return of income.</p> <p>Any company including a banking company and an association of persons who – (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; (b) furnishes blank or incomplete particulars or information as specified in the return of income; or (c) attaches blank or incomplete annexures, statements or documents where such annexures, statements or records were required to be filed, shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year or both.</p> | <p><i>Unchanged.</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 191B | Non-Existent | <p><i>(ii) Prosecution for person failing to comply with registration requirements under section 99B of the Income Tax Ordinance, 2001 is proposed to be introduced</i></p> <p><i>The rate of default surcharge under section 205 of the Income Tax Ordinance, 2001 is proposed to be increased from 12% to "KIBOR + 3%"; meaning thereby the fixed rate of default has been changed to variable rate.</i></p> <p>Prosecution for non-registration.</p> <p>Any person specified in section 99B who is required to apply for registration but fails to do so shall commit an offence punishable on conviction with imprisonment for a term not exceeding six months or fine or both.</p> | Unchanged. |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 205 | <p>Default surcharge.</p> <p>(1) A person who fails to pay – (a) any tax, excluding the advance tax under section 147 and default surcharge under this section; (b) any penalty; or (c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for default surcharge at a rate equal to “12” per cent per annum on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid:</p> <p>(1A) A person who fails to pay advance tax under section 147 shall be liable for [default surcharge] at a rate equal to “12” per cent per annum] on the amount of tax unpaid computed for the period commencing on the date on which it was due and ending on the date on which it was paid or date on which the return of income for the relevant tax year was due, whichever is earlier</p> | <p><i>The rate of default surcharge under section 205 of the Income Tax Ordinance, 2001 is proposed to be increased from 12% to “KIBOR + 3%”; meaning thereby the fixed rate of default has been changed to variable rate. Relevant section reproduced below:</i></p> <p>(1) A person who fails to pay (a) any tax, excluding the advance tax under section 147 and default surcharge under this section; (b) any penalty; or (c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for default surcharge at a rate equal to “KIBOR plus three” per cent per annum on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid:</p> <p>(1A) A person who fails to pay advance tax under section 147 shall be liable for default surcharge at a rate equal to “KIBOR plus three per cent per annum on the amount of tax unpaid computed for the period commencing on the date on which it was due and ending on the date on which it was paid or date on which the return of income for the relevant tax year was due, whichever is earlier.</p> | <p><i>Through FA 2024 The rate of default surcharge under section 205 of the Income Tax Ordinance, 2001 has been made the higher of 12% or KIBOR plus 3% per annum. Relevant section reproduced below:</i></p> <p>(1) A person who fails to pay (a) any tax, excluding the advance tax under section 147 and default surcharge under this section; (b) any penalty; or (c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for default surcharge at a rate equal to twelve percent or KIBOR plus three percent per annum, whichever is higher on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid:</p> <p>(1A) A person who fails to pay advance tax under section 147 shall be liable for default surcharge at a rate equal to twelve percent or KIBOR plus three percent per annum, whichever is higher on the amount of tax unpaid computed for the period commencing on the date on which it was due and ending on the date on which it was paid or date on which the return of income for the relevant tax year was due, whichever is earlier.</p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| | | <p>(1B) Where, in respect of any tax year, any taxpayer fails to pay tax under sub-section (4A), or (6) of section 147 or the tax so paid is less than ninety per cent of the tax chargeable for the relevant tax year, he shall be liable to pay default surcharge at the rate of KIBOR plus three per cent per annum on the amount of tax so chargeable or the amount by which the tax paid by him falls short of the ninety per cent, as the case may be; and such default surcharge shall be calculated from the first day of April in that year to the date on which assessment is made or the thirtieth day of June of the financial year next following, whichever is the earlier:</p> <p>(3) A person who fails to collect tax, as required under Division II of Part V of this Chapter or Chapter XII or deduct tax as required under Division III of Part V of this Chapter or Chapter XII or fails to] pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for default surcharge at a rate equal to “KIBOR plus three” per cent per annum on the amount unpaid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it was paid to the Commissioner:</p> | <p>(1B) Where, in respect of any tax year, any taxpayer fails to pay tax under sub-section (4A), or (6) of section 147 or the tax so paid is less than ninety per cent of the tax chargeable for the relevant tax year, he shall be liable to pay default surcharge at the rate of twelve percent or KIBOR plus three percent per annum, whichever is higher on the amount of tax so chargeable or the amount by which the tax paid by him falls short of the ninety per cent, as the case may be; and such default surcharge shall be calculated from the first day of April in that year to the date on which assessment is made or the thirtieth day of June of the financial year next following, whichever is the earlier:</p> <p>(3) A person who fails to collect tax, as required under Division II of Part V of this Chapter or Chapter XII or deduct tax as required under Division III of Part V of this Chapter or Chapter XII or fails to] pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for default surcharge at a rate equal to twelve percent or KIBOR plus three percent per annum, whichever is higher on the amount unpaid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it was paid to the Commissioner:</p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 216 | <p>Disclosure of information by a public servant</p> <p>(3) (kc) <i>Non-Existent</i></p> | <p><i>The subject amendment is proposed to allow sharing of information to National Database and Registration Authority (NADRA) for analyzing such data for the purpose of broadening of tax database.</i></p> <p>(3) (kc) to National Database and Registration Authority to process and analyze such data for the purposes of broadening of tax base;</p> | <p><i>Unchanged.</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 230K | <i>Non-Existent</i> | <i>Non-Existent</i> | <p><i>Through FA 2024, a new section has been inserted to establish Tax Fraud Investigation Wing Inland Revenue [TFIW] to detect, analyze, investigate, combat and prevent tax evasion and fraud.</i></p> <p>230K. Tax Fraud Investigation Wing Inland Revenue. -</p> <p>(1) There shall be established a wing to be known as Tax Fraud Investigation Wing Inland Revenue.</p> <p>(2) The functions of the Tax Fraud Investigation Wing Inland Revenue shall be to detect, analyze, investigate, combat and prevent tax evasion and fraud.</p> <p>(3) The Tax Fraud Investigation Wing Inland Revenue shall comprise Fraud Intelligence and Analysis Unit, Fraud Investigation Unit, Legal Unit, Accountants Unit, Digital Forensic and Scene of Crime Unit, Administrative Unit or any other Unit as may be approved by the Board or the Federal Government.</p> <p>(4) The Tax Fraud Investigation Wing Inland Revenue shall consist of a Chief Investigator and as many following officers, as may be notified by the Board -</p> <p>(a) Senior Investigators, Investigators, Junior Investigators or any other officer of Inland Revenue with any other designation;</p> <p>(b) a Senior Forensic Analyst and as many Forensic Analysts and Junior Forensic Analysts; and</p> <p>(c) a Senior Data Analyst and as many Data Analysts and Junior Data Analysts.</p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
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| 230K | | | <p>(5) The Board may, by notification in the official Gazette, -</p> <p>(c) specify the functions and jurisdiction of the Tax Fraud Investigation Wing Inland Revenue and its officers; and</p> <p>(d) confer the powers of authorities specified in section 207 upon the Tax Fraud Investigation Wing Inland Revenue and its officers in clause (a) of sub-section 4.</p> <p>(6) Nothing contained in this section shall prevent the authorities appointed under section 207 and 208 or any other authority or officer conferred with the power of authorities under section 207 and 208 from conducting prosecution Part XI of Chapter X of the Ordinance.</p> |

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| 236C | <p>Advance Tax on sale or transfer of immovable Property.</p> | <p><i>No amendments were proposed in the Finance Bill 2024.</i></p> | <p><i>Through the FA 2024 insertion has been made in the proviso to exclude from section 236C a war wounded person while in service of Pakistan Armed Forces or Federal or Provincial Government or an ex-serviceman and serving personnel of armed forces or ex-employees or serving personnel of Federal and Provincial Government.</i></p> |
| 236G | <p>Advance tax on sales to distributors, dealers and wholesalers.</p> <p>(1) Every manufacturer or commercial importer of pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to distributors, dealers and wholesalers, shall collect advance tax at the rate specified in Division XIV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.</p> | <p><i>Through this proposed amendment the provision shall be applicable across the board irrespective of specific sector, the clause reads as under:</i></p> <p>(1) Every manufacturer or commercial importer, at the time of sale to distributors, dealers and wholesalers, shall collect advance tax at the rate specified in Division XIV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.</p> | <p>Unchanged.</p> |

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| 236H | <p>Advance tax on sales to retailers.</p> <p>(1) Every manufacturer, distributor, dealer, wholesaler or commercial importer of pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers, and every distributor or dealer to another wholesaler in respect of the said sectors, shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.</p> | <p><i>Through this proposed amendment the provision shall be applicable across the board irrespective of specific sector, the clause reads as under:</i></p> <p>(1) Every manufacturer, distributor, dealer, wholesaler or commercial importer at the time of sale to retailers, and every distributor or dealer to another wholesaler in respect of the said sectors, shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.</p> | <p>Unchanged.</p> |
| 239 | <p>Savings.</p> <p>(18) Non-Existent</p> | <p><i>Through this amendment, it has been proposed that the time limitation specified for filing appeal before Appellate Tribunal and reference before High Court for any order of Commissioner (Appeals) or Appellate Tribunal received prior to the introduction of Tax Laws Amendment (Act), 2024 shall be as specified in Tax Laws Amendment (Act), 2024.</i></p> <p>(18) The period of limitation provided in clause (d) of sub-section (2) of section 131 and sub-section (1) of section 133 shall continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.</p> | <p>Unchanged.</p> |

THE FIRST SCHEDULE

PART-I (RATES OF TAX)

DIVISION I

Rates of Tax for Individuals and Association of Persons has been amended as under:

(1) Subject to clause (2), the rates of tax imposed on income of every individual and association of persons except a salaried individual shall be as set out in the following Table, namely-

| S. No | Taxable Income | Rate of Tax |
|-------|--|--|
| (1) | (2) | (3) |
| 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 | 15% of amount exceeding the Rs. 600,000 |
| 3. | Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,600,000 | Rs. 90,000 + 20% of the amount exceeding Rs.1,200,000 |
| 4. | Where taxable income exceeds Rs. 1,600,000 but does not exceed Rs. 3,200,000 | Rs. 170,000 + 30% of the amount exceeding Rs.1,600,000 |

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| 5. | Where taxable income exceeds Rs. 3,200,000 but does not exceed Rs. 5,600,000 | Rs. 650,000 + 40% of the amount exceeding Rs. 3,200,000 |
| 6. | Where taxable income exceeds Rs. 5,600,000: Provided that in the case of an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating their profession, the 45% rate of tax mentioned against serial number 6 of the Table shall be 40% | Rs. 1,610,000 + 45% of the amount exceeding Rs. 5,600,000 |

Rate of tax for salaried individuals has been amended as under:

Where the income of an individual chargeable under the head “salary” exceeds seventy-five per cent of his taxable income, the rates of tax to be applied shall be as set out in the following table, namely:

| S. No | Taxable Income | Rate of Tax |
|-------|--|--|
| (1) | (2) | (3) |
| 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. 2,200,000 | Rs. 30,000 + 15% of the amount exceeding Rs. 1,200,000 |
| 4. | Where taxable income exceeds Rs. 2,200,000 but does not exceed Rs. 3,200,000 | Rs. 180,000 + 25% of the amount exceeding Rs.2,200,000 |
| 5. | Where taxable income exceeds Rs. 3,200,000 but does not exceed Rs. 4,100,000 | Rs. 430,000 + 30% of the amount exceeding Rs.3,200,000 |
| 6. | Where taxable income exceeds Rs. 4,100,000 | Rs. 700,000 + 35% of the amount exceeding Rs.4,100,000 |

DIVISION III

RATE OF DIVIDEND TAX

The rate of tax on dividend has been amended as under:

(a) 7.5% in the case of dividends paid by Independent Power [Producers] where such dividend is a pass-through item under an Implementation Agreement or Power Purchase Agreement or Energy Purchase Agreement and is required to be re-imbursed by Central Power Purchasing (CPPA-G) or its predecessor or

(b) 15% in the case of mutual funds, Real Estate Investment Trusts and cases other than those mentioned in clauses (a), (c) and (d):

Provided that the rate of tax on dividend received from mutual funds deriving fifty percent or more income from profit on debt shall be 25%.

(c) 0% in case of dividend received by a REIT scheme from Special Purpose Vehicle and 35% in case of dividend received by others from Special Purpose Vehicle as defined under the Real Estate Investment Trust Regulations, 2015.

(d) 25% in case of a person receiving dividend from a company where no tax 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 VII

CAPITAL GAINS ON DISPOSAL OF SECURITIES

The rate of tax on Capital Gains on Disposal of Securities has been amended as follows:

| S. No. | Holding Period | Rate of Tax on disposal of securities acquired between 1 st day of July, 2022 and 30 th June, 2024 (both dates inclusive) | Rate of Tax on disposal of securities acquired on or after 1st day of July, 2024 |
|--------|---|---|--|
| 1. | Where the holding period does not exceed one year | 15% | 15% for persons appearing on the Active Taxpayers' List on the date of acquisition and the date of disposal of securities and at the rate specified in Division I for individuals and association of persons and Division II for companies in respect of persons not appearing on the Active Taxpayers' List on the date of acquisition and date of disposal of securities: Provided that the rate of tax for individuals and association of persons not appearing on the Active Taxpayers' List, the rate of tax shall not be less than 15% in any case. |
| 2. | Where the holding period exceeds one year but does not exceed two years | 12.5% | |
| 3. | Where the holding period exceeds two years but does not exceed three years | 10% | |
| 4. | Where the holding period exceeds three years but does not exceed four years | 7.5% | |
| 5. | Where the holding period exceeds four years but does not exceed five years | 5% | |
| 6. | Where the holding period exceeds five years but does not exceed six years | 2.5% | |
| 7. | Where the holding period exceeds six years | 0% | |

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|----|--|----|-----|
| 8. | Future commodity contracts entered into by members of Pakistan Mercantile Exchange | 5% | 5%: |
|----|--|----|-----|

Provided that for securities except at S. No. 8 of the Table

- (i) the rate of 12.5% tax shall be charged on capital gain arising on disposal where the securities are acquired on or after the first day of July, 2013 but on or before the 30th day of June, 2022; and
- (ii) the rate of 0% tax shall be charged on capital gain arising on disposal where the securities are acquired before the first day of July, 2013:

Provided further that the rate for companies in respect of debt securities shall be as specified in Division II of Part I of the First Schedule:

Provided also 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 | 15% for stock funds |
| | 15% for other funds |
| Company | 15% for stock funds |
| | 25% for other funds: |

Provided also that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be **15%**:

Provided also that no capital gain shall be deducted, if the holding period of the security acquired on or before 30th day of June 2024 is more than six years.

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

DIVISION VIII

CAPITAL GAINS ON DISPOSAL OF IMMOVABLE PROPERTY

The rate of tax on capital gains on disposal of immovable properties proposed has been amended as follows: -

| S. No. | Holding Period | Rate of Tax on properties acquired on or before 30th day of June, 2024 | | | Rate of Tax on properties acquired on or after 1st day of July, 2024 |
|--------|---|--|----------------------|-------|---|
| | | Open Plots | Constructed Property | Flats | |
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1. | Where the holding period does not exceed one year | 15% | 15% | 15 % | 15% for persons appearing on the Active Taxpayers' List on date of disposal of property and at the rates specified in Division I for individuals and association of persons and Division II for companies in respect of persons not appearing on the Active Taxpayers' List on the date of disposal of property: Provided that the rate of tax for individuals and association of persons not appearing on the Active Taxpayers' List on the date of disposal, the rate of tax shall not be less than 15% of the gain. |
| 2. | Where the holding period exceeds one year but does not exceed two years | 12.5% | 10% | 7.5 % | |
| 3. | Where the holding period exceeds two years but does not exceed three years | 10% | 7.5% | 0 | |
| 4. | Where the holding period exceeds three years but does not exceed four years | 7.5% | 5% | - | |

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| 5. | Where the holding period exceeds four years but does not exceed five years | 5% | 0 | - |
| 6. | Where the holding period exceeds five years but does not exceed six years | 2.5% | - | - |
| 7. | Where the holding period exceeds six years | 0% | - | - |

PART III
DEDUCTION OF TAX AT SOURCE
(SEE DIVISION III OF PART V OF CHAPTER X)

DIVISION I
ADVANCE TAX ON DIVIDEND

The rate of advance tax on dividend has been substituted as follows:

a) 7.5% in case of dividend paid by Independent Power [Producers] where such dividend is a pass-through item under an Implementation Agreement or Power Purchase Agreement or Energy Purchase Agreement and is required to be re-imbursed by Central Power Purchasing Agency (CPPAG) or its predecessor or successor entity.

b) 15% in the case of mutual funds, Real Estate Investment Trusts and cases other than those mentioned in clauses (a), (c) and (d):

Provided that the rate of tax on dividend received from mutual funds deriving fifty percent or more income from profit on debt shall be 25%.

(c) 0% in case of dividend received by a REIT scheme from Special Purpose Vehicle and 35% in case of dividend received by others from Special Purpose Vehicle as defined under the Real Estate Investment Trust Regulations, 2015; and]

(d) 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 Chapter III or claim of tax credits under Part X of Chapter III.

DIVISION III

PAYMENTS FOR GOODS OR SERVICES

Sub Paragraph (b) for clauses (i) & (ii) have been substituted.

The substituted sub-paragraphs read as follows:

“(i) in case of a company, 9% of the gross amount payable for toll manufacturing and 5% of the gross amount payable in case other than toll manufacturing; and

(ii) in case other than a company, 11% of the gross amount payable for toll manufacturing and 5.5% of the gross amount payable in other than toll manufacturing.”; and

DIVISION IV

EXPORTS

The amendment under this division has been withdrawn vide FA 2024.

~~*The rate of Advance tax on Exports proposed to be amended as follows:*~~

~~(1) The rate of tax to be deducted under sub-sections (1), (3), (3A), (3B) or (3C) of section 154 shall be 1% of the proceeds of the export~~

~~*(2A) the rate of tax to be deducted as advance tax shall be 1% of the proceeds of export in addition to the tax deducted under paragraph (1).*~~

PART IV
(SEE CHAPTER XII)
DIVISION V
TELEPHONE USERS

New proviso has been inserted in clause (b) as follows:

| | |
|--|---|
| <p>(b) in the case of subscriber of internet, mobile telephone and pre-paid internet or telephone card</p> | <p>15% of the amount of bill or sales price of internet pre-paid card or prepaid telephone card or sale of units through any electronic medium or whatever form;</p> <p><i>Provided that in the case of persons mentioned in income tax general order issued under section 114B, the rate of collection of tax shall be 75% of the amount of bill or sale price of internet pre-paid card or prepaid telephone card or sale of units to any electronic medium or whatever form.”;</i></p> |
|--|---|

**DIVISION VII
ADVANCE TAX ON PURCHASE, REGISTRATION
AND TRANSFER OF MOTOR VEHICLES**

The rate of Advance Tax on Purchase, Registration and Transfer of Motor Vehicles has been amended as under in the following Table:

TABLE

| S. No. | Engine capacity | Rate of Tax |
|---------------|------------------------|--------------------|
| (1) | (2) | (3) |
| 1. | Upto 850 cc | 0.5% of the value |
| 2. | 851cc to 1000cc | 1% of the value |
| 3. | 1001cc to 1300cc | 1.5% of the value |
| 4. | 1301cc to 1600cc | 2% of the value |
| 5. | 1601cc to 1800cc | 3% of the value |
| 6. | 1801cc to 2000cc | 5% of the value |
| 7. | 2001cc to 2500cc | 7% of the value |
| 8. | 2501cc to 3000cc | 9% of the value |
| 9. | Above 3000cc | 12% of the value |

The first proviso in the above said division has been amended as under:

Provided that the value for the purpose of the above Table shall be in case of motor vehicle –

- (i) imported in Pakistan, the import value assessed by the Customs authorities as increased by customs duty, federal excise duty and sales tax payable at import stage;
- (ii) manufactured or assembled locally in Pakistan, the invoice value inclusive of all duties and taxes; or
- (iii) auctioned, the auction value inclusive of all duties and taxes:

Provided further that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be 3% of the import value as increased by customs duty, sales tax and federal excise duty in case of imported vehicles or invoice value in case of locally manufactured or assembled vehicles.

DIVISION X

ADVANCE TAX ON SALE OR TRANSFER OF IMMOVABLE PROPERTY

The rate of advance tax to be collected under section 236C of the Income Tax Ordinance, 2001 on sale or transfer of Immovable property has been amended as follows:

| S. No. | Amount | Tax Rate |
|--------|--|----------|
| (1) | (2) | (3) |
| 1 | Where the gross amount of the consideration received does not exceed Rs. 50 million | 3% |
| 2 | Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs 100 million | 3.5% |
| 3 | Where the gross amount of the consideration received exceeds Rs. 100 million. | 4% |

DIVISION XVIII

ADVANCE TAX ON PURCHASE OF IMMOVABLE PROPERTY

The rate of advance tax to be collected u/s 236K of the ITO,2001 on purchase of immovable property has been amended as follows:

| S. No. | Amount | Tax Rate |
|--------|---|----------|
| (1) | (2) | (3) |
| 1 | Where the fair market value does not exceed Rs. 50 million | 3% |
| 2 | Where the fair market value exceeds Rs. 50 million but does not exceed Rs 100 million | 3.5% |
| 3 | Where the fair market value exceeds Rs. 100 million | 4% |

THE SECOND SCHEDULE
EXEMPTIONS AND TAX CONCESSIONS
PART I

(99B) Income of a Special Purpose Vehicle buying Diversified Payment Rights from the Authorized Dealers in Pakistan.

Explanation. For the purpose of this clause, Diversified Payment Rights, Special Purpose Vehicle and Authorized Dealers shall mean the 'Diversified Payment Rights', 'Special Purpose Vehicle' and 'Authorized Dealers', respectively, in each case, as referred in the State Bank of Pakistan's Circular(s) or Regulations on Diversified Payment Rights

(102A) Omitted

(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 ~~Shahid or the person who dies in service.~~ persons specified in the said proviso.

(145A) *It has been proposed to make the following changes which read as follows:*

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 Area 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, 2025 (both days inclusive).

PART II

REDUCTION IN TAX RATES

(24A) It has been proposed to make the following changes which read as follows:

The rate of tax, under clause (a) of sub-section (1) of section 153, from distributors of cigarette “*shall be 2.5% gross amount of payment*” and pharmaceutical products shall be 1% of the gross amount of payments.

PART III

REDUCTION IN TAX LIABILITY

(2) This clause was omitted under the FB 2024, but now has been restored vide the FA 2024:

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 teacher of medical profession who derive income from private medical practice or who receive share of consideration received from patients.

PART IV

EXEMPTION FROM SPECIFIC PROVISIONS

The following changes have been made vide FA 2024:

For clause 11A, which pertains to non-applicability of minimum tax u/s. 113, sub-clause (xlili) has been amended as follows. This means that zone enterprise as defined in the Special Economic Zones Act, 2012 are now exempt from minimum tax u/s. 113:

(xlili) Persons qualifying for exemption under clause **(126E) and** (126EA) of Part I of this Schedule

(38AAA) The provisions of section 152 shall not apply to Special Purpose Vehicle referred to in clause 99B of Part I of this Schedule.

(109A) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the 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 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, 2025 (both days inclusive).

(110) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the 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 person 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, 2025 (both days inclusive).

THE SEVENTH SCHEDULE

(See section 100A)

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

Sub Rule (d) of Rule 1 has been substituted as follows:

(d) The amount of “bad debts” classified as “sub- standard” or “doubtful” under the Prudential Regulations issued by the State Bank of Pakistan or provisions for advances, off-balance sheet items or any other financial asset classified in stage I, II or III as performing, under-performing or non-performing under any applicable accounting standard including IFRS 09 shall not be allowed as expense:

Provided that only “bad debts” classified as “loss” pertaining to non-performing assets under the Prudential Regulations issued by the State Bank of Pakistan shall be allowed as expense.”;

New Sub Rule (da) has been inserted in Rule 1 which read as follows:

(da) Provisions or Expected Credit loss for Advances and off balance sheet items or any other financial asset existing before or after the 1st day of January, 2024 under IFRS 09 shall not be allowed as an expense or deduction.;

The following changes have been made in Sub Rule (g) of Rule 1 which read as follows;

Adjustment made in the annual accounts, on account of “*any applicable accounting standard or policy or any guidelines or instructions of State Bank of Pakistan*”

Explanation: For removal of doubt, it is clarified that nothing in this clause shall be so construed as to allow a notional loss, or charge to tax any notional gain on any investment under any regulation or instruction unless all the events that determine such gain or loss have occurred and the gain or loss can be determined with reasonable accuracy.

After rule 3, the following new rule has been inserted vide FA 2024:

3A. Notwithstanding any other provision of this Ordinance, where any assets are transferred by an Authorized Dealer, as a consequence of a Diversified Payment Rights transaction, to a Special Purpose Vehicle, it shall be treated as a financing transaction irrespective of the method of accounting adopted by the Authorized Dealer. Explanation. – For the purpose of this clause, Diversified Payment Rights, Special Purpose Vehicle and Authorized Dealer shall mean the ‘Diversified Payment Rights’, ‘Special Purpose Vehicle’ and ‘Authorized Dealer’, respectively, in each case, as referred in the State Bank of Pakistan’s Circular(s) or Regulations on Diversified Payment Rights.

The following explanation has been inserted in Rule (7CA):

(7CA) The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year 10 [2023] onwards.

Explanation. For removal of doubt it is clarified that the expression “tax year 2023 onwards”, means that provisions of section 4C are applicable for the tax year 2023 and for all subsequent tax years.

THE TENTH SCHEDULE

(See section 100BA)

RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS' LIST

The following change in Rule 1 has been made as follows:

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 this Ordinance.

Provided that the tax required to be collected under section 231B shall be increased by two hundred percent of the rate specified in First Schedule in case of persons not appearing in the active taxpayers' list:

The Second Proviso of above said rule has been amended as follows:

Provided further that the tax required to be collected under section 236K shall be at the rates set out in the following table, in case of persons not appearing in the active taxpayers' list:-

TABLE

| S. No. | Fair Market Value of Immovable Property | Tax Rate |
|---------------|--|-----------------|
| (1) | (2) | (3) |
| 1 | Where the fair market value does not exceed Rs. 50 million | 12% |
| 2 | Where the fair market value exceeds Rs. 50 million but does not exceed Rs. 100 million | 16% |
| 3 | Where the fair market value exceeds Rs. 100 million | 20% |

Provided also that the tax required to be collected or deducted, under sections specified in column (2) against transactions specified in column (3) shall be at the rates specified in column (4) of the following Table, in case of persons not appearing in the active taxpayers' list:-

| S. No. | Section | Description | Tax Rate |
|---------------|----------------|--|-----------------|
| (1) | (2) | (3) | (4) |
| 1. | Section 151 | On yield or profit on debt | 35% |
| 2. | Section 236C | On the gross amount of consideration received on sale or transfer of immovable property | 10% |
| 3. | Section 236G | On the gross amount of sale to distributors, dealers or wholesalers other than sale of fertilizer. | 2% |
| 4. | Section 236H | On the gross amount of sale to retailers | 2.5% |

A new Rule being Rule 1A has been inserted as follows:

1A. Rate of deduction or collection of tax from persons who are appearing on active taxpayers' list but have not filed return by the due date. – Where tax is required to be collected in respect of persons appearing on the active taxpayers' list who have not filed the return by the due date specified in section 118 or by the due date as extended under section 119 or 214A, the rate of tax shall be –

(a) as per rates set out in the following Table in case of tax to be collected under section 236C;

TABLE

| S. No. | Gross Amount of Consideration Received | Tax Rate |
|---------------|---|-----------------|
| (1) | (2) | (3) |
| 1 | Where the gross amount of consideration received does not exceed Rs. 50 million | 6% |
| 2 | Where the gross amount of consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million | 7% |
| 3 | Where the gross amount of consideration received exceeds Rs. 100 million | 8% |

(b) as per rates set out in the following Table in case of tax to be collected under section 236K:

TABLE

| S. No. | Fair Market Value of Immovable Property | Tax Rate |
|--------|--|----------|
| (1) | (2) | (3) |
| 1 | Where the fair market value does not exceed Rs. 50 million | 6% |
| 2 | Where the fair market value exceeds Rs. 50 million but does not exceed Rs. 100 million | 7% |
| 3 | Where the fair market value exceeds Rs. 100 million | 8% |

Provided that the provisions of this rule shall not apply to a person who has filed return by the due date specified in section 118 or by the due date as extended under section 119 or section 214A for all of the last three tax years preceding the tax year for which the return has not been filed by the due date specified in section 118 or by the due date as extended under section 119 or 214A

New Sub-Rule has been inserted in Rule 10 as follows

(y) tax collected under section 37A.

SALES TAX ACT, 1990

Amended position as per Finance Act 2024 [the "FA 2024"] is provided below:

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
|---------|---|--|---|
| 2(3) | <p>Definition of Associates (associated persons).</p> | <p><i>Through amendment the definition of Associates (associated persons) has been proposed to be substituted:</i></p> <p><i>"associates (associated persons)" shall have the same meaning as defined in sub-section (1) of section 85 of the Income Tax Ordinance, 2001(XLIX of 2001)</i></p> | <p><i>Through FA 2024, reference to sub-section (1) has been omitted, revised definition now read as follows:</i></p> <p><i>"associates (associated persons)" shall have the same meaning as defined in section 85 of the Income Tax Ordinance, 2001(XLIX of 2001)</i></p> |
| 2(4) | <p>Definition of Board.</p> <p>means the Federal Board of Revenue established under section 3 of the Federal Board of Revenue Act, 2007.</p> | <p><i>It has been proposed to insert Central Board of Revenue established under the Central Board of Revenue Act, 1924. Amended definition is as under:</i></p> <p><i>"Board" shall have the same meaning as defined under clause (8) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001)</i></p> | <p><i>Unchanged</i></p> |

| | | | |
|--------|---------------------------------|--|--|
| 2(14) | Definition of Input tax. | No amendments were proposed in the Finance Bill 2024. | Through FA 2024, sub-clause (d) of clause 14 has been amended as follows: (14) "input tax", in relation to a registered person, means – (a) tax levied under this Act on supply of goods to the person; (b) tax levied under this Act on the import of goods by the person; (c) in relation to goods or services acquired by the person, tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services; (d) Provincial Sales Tax levied on services rendered or provided to the person excluding those services as specified by the Board through notification in the official Gazette subject to such conditions, restrictions and limitations as mentioned therein; and (e) levied under the Sales Tax Act, 1990 as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by the person; |
| 2(14A) | Non-Existent | (14A) " investigative audit " means investigative audit under section 25A of this Act. | This clause has been withdrawn through the FA 2024. |
| 2(15A) | Non-Existent | (15A) " licensed integrator " means any person licensed by the Board to provide electronic invoicing system for integration of registered persons in the prescribed manner; | Unchanged |

| | | | |
|-------|---|---|--|
| 2(37) | <p>Definition of Tax Fraud.</p> <p>“Tax fraud” means knowingly, dishonestly or fraudulently and without any lawful excuse (burden of proof of which excuse shall be upon the accused) -</p> <p>(i) doing of any act or causing to do any act; or</p> <p>(ii) omitting to take any action or causing the omission to take any action, [including the making of taxable supplies without getting registration under this Act; or,</p> <p>(iii)] falsifying [or causing falsification [of] the sales tax invoices, in contravention of duties or obligations imposed under this Act or rules or instructions issued thereunder with the intention of understating the tax liability [or underpaying the tax liability for two consecutive tax periods] or overstating the entitlement to tax credit or tax refund to cause loss of tax;</p> | <p><i>By virtue of this proposed amendment, section 2(37) shall be substituted as under:</i></p> <p>“Tax fraud” means intentional evasion of legally due tax or obtaining of undue refund by submission of false return, statements or false documents or withholding of correct information or documents and includes-</p> <p>(a) suppression of sales or receipts that are chargeable to tax under this Act;</p> <p>(b) false claim of input tax credit;</p> <p>(c) making taxable supplies of goods without issuing any tax invoice, in violation of the provisions of this Act or the rules made thereunder;</p> <p>(d) issuance of any tax invoice without supply of goods leading to inadmissible claim of input tax credit or refund;</p> <p>(e) evasion of tax by availing undue input tax credit or obtaining inadmissible refund by any means or methods other than that covered under clauses (a) to (d);</p> <p>(f) collection of any amount as tax but failing to deposit the same in the prescribed manner beyond a period of three months from due date of payment of tax;</p> <p>(g) falsification or substitution of financial records or production of fake accounts or documents or furnishing of any false information through human, mechanical or</p> | <p><i>Through FA 2024, the definition has been amended as follows:</i></p> <p>“Tax fraud” means intentionally understating or underpaying the tax liability or overstating the entitlement to tax credit or tax refund in contravention of duties or obligations imposed under this Act by way of submission of false return, statements or false documents to cause loss of tax or withholding of correct information or documents and includes-</p> <p>(a) suppression of supplies that are chargeable to tax under this Act;</p> <p>(b) false claim of input tax credit;</p> <p>(c) making taxable supplies of goods without issuing any tax invoice, in violation of the provisions of this Act or the rules made thereunder;</p> <p>(d) issuance of any tax invoice without supply of goods leading to inadmissible claim of input tax credit or refund;</p> <p>(e) evasion of tax by availing undue input tax credit or obtaining inadmissible refund by any means or methods other than that covered under clauses (a) to (d);</p> <p>(f) collection of any amount as tax but failing to deposit the same in the prescribed manner beyond a period of three months from due date of payment of tax;</p> <p>(g) falsification or causing falsification of invoice or substitution of financial records or production of fake accounts or documents or furnishing of any false information through human, mechanical or electronic means with an intention to evade tax due or claim inadmissible refund;</p> |
|-------|---|---|--|

| | | |
|--|---|---|
| | <p>electronic means with an intention to evade tax due or claim inadmissible refund;</p> <p>(h) tampering with or destroying of any material evidence or documents required to be maintained under this Act or the rules made thereunder through human or digital means; or (i) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation under this Act or the rules made thereunder; or</p> <p>(i) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation under this Act or the rules made thereunder.</p> <p>Explanation. – Any act or omission mentioned in this clause shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing a tax fraud.</p> | <p>(h) tampering with or destroying of any material evidence or documents required to be maintained under this Act or the rules made thereunder through human or digital means; or (i) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation under this Act or the rules made thereunder; or</p> <p>(i) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation under this Act or the rules made thereunder;</p> <p>(j) making of taxable supplies without getting registration under this Act; or</p> <p>(k) intentional doing of any act or causing to do an act or omitting to take any action or causing the omission to take any action to cause loss of tax under this Act.</p> <p>Explanation. – Any act or omission mentioned in this clause shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing a tax fraud.</p> |
|--|---|---|

| | | | |
|----------|--|---|-----------|
| 2(44) | <p>Definition of Time of Supply.</p> <p>“time of supply”, in relation to,</p> <p>(a) a supply of goods, other than under hire purchase agreement, means the time at which the goods are delivered or made available to the recipient of the supply</p> | <p><i>By virtue of proposed amendment time of supply shall be considered upon delivery of goods or receipt of payment whichever is earlier.</i></p> <p>(a) a supply of goods, other than under hire purchase agreement, means the time at which the goods are delivered or made available to the recipient of the supply or the time when any payment is received by the supplier in respect of that supply, whichever is earlier.</p> | Unchanged |
| 2(46)(j) | <p>Second proviso of section 2(46)(j):</p> <p>Provided that, where the Board deems it necessary it may, by notification in the official Gazette, fix the value of any imported goods or taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of imported goods or supplies</p> | <p><i>By virtue of proposed amendment, Board through a notification issued in the official Gazette can also fix the Value of supply on goods falling under Third Schedule. Amended position is as under:</i></p> <p>Provided that, where the Board deems it necessary it may, by notification in the official Gazette, fix the value of any imported goods including those as specified in the Third Schedule or taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of imported goods or supplies</p> | Unchanged |

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| 3(11) | <p>3. Scope of tax.-</p> <p>(11) Notwithstanding anything contained in the Act, the Board through Notification in the official Gazette, may require class of persons to integrate their invoice issuing machines with the Board's Computerized System for real time reporting of sales in such mode and manner and from such date as may be prescribed.</p> | <i>Proposed to omit section 3(11).</i> | <i>Unchanged</i> |
| 11 | Assessment of Tax & Recovery of Tax not levied or short levied or erroneously refunded. | <i>Proposed to be omitted.</i> | <i>Unchanged</i> |
| 11B | <p>11B. Assessment giving effect to an order.-</p> <p>(1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Chapter-VIII by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court an order of assessment of tax is to be issued to any registered person, the Commissioner or an officer of Inland Revenue empowered in this behalf shall issue the order within one year from the end of the</p> | <p><i>By virtue of the proposed amendment Limitation for Appeal Effect has been proposed to be expanded from one year to two years from the end of financial year. Amended position is as under:</i></p> <p>(1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Part III of this Chapter by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court an assessment order or amended assessment order is to be issued to any person, the Commissioner shall issue the order within two years from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner.</p> | <i>Unchanged</i> |

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| | <p>financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner or officer of Inland Revenue.</p> | | |
| <p>11D</p> | <p>Non-Existent</p> | <p><i>Through this proposed amendment new section has been inserted namely:</i></p> <p>11D. Best judgment Assessment.</p> <p>(1) Where a person,</p> <p>(a) fails to furnish a sales tax return in response to notice under subsection (2A) of section 26; or</p> <p>(b) fails to produce before the Officer of Inland Revenue not below the rank of Assistant Commissioner under section 25 or 38A, accounts, documents and records required, or any other relevant document or evidence that may be required by him, the officer of Inland Revenue not below the rank of Assistant Commissioner may, after a notice to show cause to such person, based on any available information or material and to the best of his judgment, make an assessment of tax payable or refund due and also charge penalty and default surcharge.</p> <p>(2) For the purposes of clause (b) of sub section (1), the officer of Inland Revenue may also disallow or reduce a taxpayer’s input tax on goods or services if the taxpayer is unable, to provide invoice or other record or evidence of the transaction or circumstances giving rise to such claim.</p> | <p><i>Through FA 2024, the sub-section (3) has been amended as follows:</i></p> <p>11D. Best judgment Assessment.</p> <p>(1) Where a person,</p> <p>(a) fails to furnish a sales tax return in response to notice under subsection (2A) of section 26; or</p> <p>(b) fails to produce before the Officer of Inland Revenue not below the rank of Assistant Commissioner under section 25 or 38A, accounts, documents and records required, or any other relevant document or evidence that may be required by him, the officer of Inland Revenue not below the rank of Assistant Commissioner may, after a notice to show cause to such person, based on any available information or material and to the best of his judgment, make an assessment of tax payable or refund due and also charge penalty and default surcharge.</p> <p>(2) For the purposes of clause (b) of sub section (1), the officer of Inland Revenue may also disallow or reduce a taxpayer’s input tax on goods or services if the taxpayer is unable, to provide invoice or other record or evidence of the transaction or circumstances giving rise to such claim.</p> <p>(3) Where a best judgment assessment has been made due to default of clause (a) of sub-section (1) and the person files the</p> |

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| | | <p>(3) Where a best judgment assessment has been made due to default of clause (a) of sub-section (1) and the person files the return thereafter and pays the amount of tax payable along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.</p> <p>(4) Notwithstanding anything in sub-section (1), where the Federal Board of Revenue has specified conditions for the purpose of determination of minimum tax liability in respect of a person who is required to file return but who fails to file such return, the Officer of Inland Revenue shall determine such liability of the registered person in accordance thereof.</p> | <p>return within sixty days of issuance of order under this section thereafter and pays the amount of tax payable along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.</p> <p>(4) Notwithstanding anything in sub-section (1), where the Federal Board of Revenue has specified conditions for the purpose of determination of minimum tax liability in respect of a person who is required to file return but who fails to file such return, the Officer of Inland Revenue shall determine such liability of the registered person in accordance thereof.</p> |
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">11E</p> | <p>Non-Existent</p> | <p><i>Through this proposed amendment new section has been inserted namely:</i></p> <p>11E. Assessment of Tax and Recovery of tax not levied or short levied or erroneously refunded.</p> <p>(1) Where due to any reason any tax or charge has not been levied or short levied or where the officer of Inland Revenue not below the rank of Assistant Commissioner suspects on the basis of audit or otherwise that due to any reason a person has;</p> <p>(a) not paid or short paid due sales tax;</p> <p>(b) claimed input tax credit or refund which is not admissible; or</p> <p>(c) has obtained an amount of refund not due, the officer of Inland Revenue after issuing a show cause notice to the person shall pass an order to determine and recover the amount of tax unpaid or short paid, inadmissible input tax or refund, or unlawful refund obtained and shall also</p> | <p><i>Through FA 2024, the sub-section (1) has been amended as follows:</i></p> <p>11E. Assessment of Tax and Recovery of tax not levied or short levied or erroneously refunded.</p> <p>(1) Where due to any reason including by way of collusion or a deliberate act any tax or charge has not been levied or short levied or where the officer of Inland Revenue not below the rank of Assistant Commissioner suspects on the basis of audit or otherwise that due to any reason a person has;</p> <p>(a) not paid or short paid due sales tax;</p> <p>(b) claimed input tax credit or refund which is not admissible; or</p> <p>(c) has obtained an amount of refund not due, the officer of Inland Revenue after issuing a show cause notice to the person shall pass an order to determine and recover the amount of tax unpaid or short paid, inadmissible input tax or refund, or</p> |

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| | | <p>impose penalty and default surcharge in accordance with sections 33 and 34.</p> <p>(2) For the purposes of sub-section (1), the officer of Inland Revenue may also disallow input tax on goods or services if the taxpayer is unable, without reasonable cause, to provide a receipt, or invoice or other record or evidence of the transaction or circumstances giving rise to such claim.</p> <p>(3) Where a tax or charge has not been levied under clause (a) of subsection (1), the mount of tax shall be recovered as tax fraction of the value of supply.</p> | <p>unlawful refund obtained and shall also impose penalty and default surcharge in accordance with sections 33 and 34.</p> <p>(2) For the purposes of sub-section (1), the officer of Inland Revenue may also disallow input tax on goods or services if the taxpayer is unable, without reasonable cause, to provide a receipt, or invoice or other record or evidence of the transaction or circumstances giving rise to such claim.</p> <p>(3) Where a tax or charge has not been levied under clause (a) of subsection (1), the mount of tax shall be recovered as tax fraction of the value of supply.</p> |
| 11F | Non-Existent | <p><i>Through this proposed amendment new section has been inserted namely:</i></p> <p>11F. Failure to withhold sales tax- Where any person, required to withhold sales tax under sub-section (7) of section 3, fails to withhold the tax or having withheld the tax fails to deposit the same in the prescribed manner, the officer of Inland Revenue not below the rank of Assistant Commissioner shall after a notice to such person to show cause pass an order to determine and recover the amount in default and impose penalty and default surcharge under section 33 and 34.</p> | <i>Unchanged</i> |
| 11G | Non-Existent | <p><i>Through this proposed amendment new section has been inserted namely:</i></p> <p>11G. Limitation for Assessment. (1) The show cause notice under sections 11D to 11F shall be issued within</p> | <i>Unchanged</i> |

five years, from the end of the financial year in which the relevant date falls. (2) An order under sections 11D, 11E and 11F shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded, in writing specify, provided that such extended period shall in no case exceed from ninety days: Provided that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the registered person not exceeding sixty days shall be excluded from the computation of the period specified in this sub-section.

(3)

For the purpose of sections 11D, 11E and 11F, the words “relevant date” means—

(a) the time of payment of sales tax or charge as provided under section 6;

(b) the time of payment for goods or services on which sales tax was to be withheld under sub-section (7) of section 3; and

(c) in a case where sales tax or charge has been erroneously refunded, the date of its refund.

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| 21(2) | <p>De-registration, blacklisting and suspension of registration</p> <p>(2) Notwithstanding anything contained in this Act, in cases where the [Commissioner] is satisfied that a registered person is found to have issued fake invoices or has otherwise committed tax fraud, he may blacklist such person or suspend his registration in accordance with such procedure as the Board may by notification in the official Gazette, prescribe.</p> | <p><i>A mandatory condition has been proposed to be inserted for the Commissioner to issue a Blacklisting Order before blacklisting the registration of the registered person. Amended position is as under:</i></p> <p>(2) Notwithstanding anything contained in this Act, in cases where the [Commissioner] is satisfied that a registered person is found to have issued fake invoices or has otherwise committed tax fraud, he may issue an order of blacklisting such person or suspend his registration in accordance with such procedure as the Board may by notification in the official Gazette, prescribe.</p> | <p><i>Through FA 2024, sub-section (2) of section 21 has been further amended as follows:</i></p> <p>(2) Notwithstanding anything contained in this Act, in cases where the [Commissioner] is satisfied that a registered person is found to have issued fake invoices or has otherwise committed tax fraud, he may issue an order of suspension and blacklisting such person or suspend his registration in accordance with such procedure as the Board may by notification in the official Gazette, prescribe.</p> |
| 21(5) | <p>Non-Existent</p> | <p><i>Through this proposed amendment new sub-section has been inserted. In our opinion proposed amendment shall reduce litigation.</i></p> <p>(5) Notwithstanding anything contained in this Act, the Chief Commissioner may, either of his own motion or on application made by the registered person call for and examine the record of proceedings and the order of blacklisting under sub-section (2) and after making such inquiry as is necessary, may modify such order as he may deem fit:</p> <p>Provided that no order under this sub-section shall be passed unless an opportunity of being heard has been provided to the registered person.</p> | <p><i>Through FA 2024, sub-section (5) of section 21 has been further amended as follows:</i></p> <p>(5) Notwithstanding anything contained in this Act, the Chief Commissioner may, either of his own motion or on application made by the registered person call for and examine the record of proceedings and the order of suspension and blacklisting under sub-section (2) and after making such inquiry as is necessary, may modify such order as he may deem fit:</p> <p>Provided that no order under this sub-section shall be passed unless an opportunity of being heard has been provided to the registered person.</p> |

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| 25 | <p>25. Access to record, documents, etc.-</p> <p>(1) A person who is required to maintain any record or documents under this Act or any other law] shall, as and when required by [Commissioner], produce record or documents which are in his possession or control or in the possession or control of his agent; and where such record or documents have been kept on electronic data, he shall allow access to [the officer of Inland Revenue authorized by the Commissioner] and use of any machine on which such data is kept.]</p> <p>[(2)] The officer of Inland Revenue authorized by the Commissioner, on the basis of the record, obtained under sub-section (1), may, once in a year, conduct audit:</p> <p>Provided that in case the Commissioner has information or sufficient evidence showing that such registered person is involved in tax fraud or evasion of tax, he may authorize an officer of Inland Revenue, not below the rank of Assistant Commissioner, to conduct an inquiry or investigation under section 38</p> | <p><i>By virtue of proposed amendment, section 25 has been substituted as under:</i></p> <p>25. Audit of sales tax affairs.</p> <p>(1) The Commissioner on the basis of reasons to be recorded in writing, may direct the officer of Inland Revenue not below the rank of Assistant Commissioner to conduct audit of sales tax affairs of any registered person and issue a notice to such registered person intimating him regarding audit of sales tax affairs.</p> <p>Explanation: For the removal of doubt, it is declared that the powers of the Commissioner to direct conduct of audit and to issue a notice under this subsection are independent of the powers of the Board under section 72B and 66 nothing contained in section 72B restricts the powers of the Commissioner to direct conduct of audit and to issue notice under this sub-section.</p> <p>(2) The Commissioner shall communicate the reasons recorded by the Commissioner to the registered person whose audit is to be conducted through the notice under sub-section (1).</p> <p>Explanation. - For the removal of doubt, it is declared that the Commissioner may not provide an opportunity of hearing and shall pass any order before issuance of notice under sub-section (1).</p> | <p><i>Through FA 2024, section 25 has been further amended as follows:</i></p> <p>(2) The Commissioner shall communicate the reasons referred to in sub-section (1) to the registered person whose audit is to be conducted through the notice under sub-section (1).</p> <p>Explanation. - For the removal of doubt, it is declared that the Commissioner may not provide an opportunity of hearing and shall pass any order before issuance of notice under sub-section (1).</p> |
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| 25 | <p>Provided further that nothing in this sub-section shall bar the officer of Inland Revenue from conducting audit of the records of the registered person if the same were earlier audited by the office of the Auditor-General of Pakistan.</p> <p>(2A) For the purpose of sub-section (2) of section 25, the Commissioner may conduct audit proceedings electronically through video links, or any other facility as prescribed by the Board.]</p> <p>[(3)] After completion of Audit under this section or any other provision of this Act, the officer of Inland Revenue may, after obtaining the registered person's explanation on all the issues raised in the audit shall pass an order under section 11</p> <p>[(4) ***]</p> <p>[(4A) ***]</p> | <p>(3) The reasons referred to in sub-section (1) shall be based on scrutiny by the Commissioner or any other sales tax authority of the available records including sales tax and federal excise returns, income tax returns and withholding statements, financial statements or third-party information:</p> <p>Provided that the reasons shall not include the mere verification of input tax, output tax, refund claim and compliance of legal provisions without identifying risk factors that require such verification.</p> <p>(4) Subsequent to the issuance of notice under sub-section (1), the officer of Inland Revenue may call for any record or documents including record maintained under the Act, the rules made thereunder or any other law for the time being in force for conducting audit of the sales tax affairs of the person and where such record or documents have been kept on electronic data, the registered person shall allow access to the officer of Inland Revenue or the sales tax authority authorized by the Officer of Inland Revenue for the use of machine and software on which such data is kept and the officer of Inland Revenue or the authority may obtain duly attested hard copies of such information or data:</p> <p>Provided that the Officer of Inland Revenue shall not call for record or documents of the registered person after expiry of six years from the end of the financial year to which they relate.</p> | <p>(3) The reasons referred to in sub-section (1) shall be based on scrutiny by the Commissioner or any other sales tax authority of the available records including sales tax and federal excise returns, income tax returns and withholding statements, financial statements or third-party information:</p> <p>(4) Subsequent to the issuance of notice under sub-section (1), the officer of Inland Revenue, may call for any record or documents including record maintained under this Act, the rules made thereunder or any other law for the time being in force for conducting audit of the sales tax affairs of the person. Where such record or documents have been kept on electronic data, the registered person shall allow authorize officer of Inland Revenue access to the use of machine and software on which such data is kept and the officer of Inland Revenue may obtain duly attested hard copies of such information or data from the registered person:</p> <p>Provided that the officer of Inland Revenue shall not call for record or documents of the registered person after expiry of six years from the end of the financial year to which they relate.</p> |
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(5) Notwithstanding the penalties prescribed in section 33, if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with 388[default surcharge] voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:

Provided if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with [default surcharge] during the audit, or at any time before issuance of show cause notice [***] he may deposit the evaded amount of tax, [default surcharge] under section 34, and twenty-five per cent of the penalty payable under section 33:

(5) The officer of Inland Revenue may require the person being audited to attend at his office in person or through an authorized representative or to produce, or cause to be produced such accounts, documents or any evidence as the officer of Inland Revenue may consider necessary.

(6) The officer of Inland Revenue not below the rank of Assistant Commissioner may conduct or cause to be conducted such enquiry and obtain such information from any third party as he considers appropriate.

(7) The officer of Inland Revenue not below the rank of Assistant Commissioner shall conduct audit of the sales tax affairs to verify the correctness or otherwise of the declared tax liability, output tax shown, input tax claimed, tax paid, refund claimed, stocks consumed and available and to ascertain compliance or otherwise with the provisions of this Act and the rules made thereunder on the basis of the record and evidence obtained under subsections (5) to (5B) and other documents maintained or furnished under this Act and the rules made thereunder or under any other law.

(5) The officer of Inland Revenue may require the registered person to attend his office in person or through an authorized representative. The registered person shall produce such accounts, documents or any evidence as the officer of Inland Revenue may consider necessary.

(7) The officer of Inland Revenue not below the rank of Assistant Commissioner shall conduct audit of the sales tax affairs to verify the correctness or otherwise of the declared tax liability, output tax ~~shown~~, input tax claimed, tax paid, refund claimed, stocks consumed **or available for ascertaining** compliance or otherwise with the provisions of this Act and the rules made thereunder on the basis of the record and evidence obtained under subsections (5) **or (6)**.

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| 25 | <p>Provided further that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with [default surcharge] after issuance of show cause notice, he shall deposit the evaded amount of tax, [default surcharge] under section 34, and full amount of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated.</p> <p>Explanation.- For the purpose of sections 25, 38, 38A, 38B and 45A and for removal of doubt, it is declared that the powers of the Board, Commissioner or officer of Inland Revenue under these sections are independent of the powers of the Board under section 72B and nothing contained in section 72B restricts the powers of the Board, Commissioner or Officer of Inland revenue to have access to premises, stocks, accounts, records, etc. under these sections or to conduct audit under these sections.</p> | <p>(8) The officer of Inland Revenue may conduct audit proceedings electronically through video links, or any other facility as may be prescribed by the Board.</p> <p>(9) After completion of the audit, the officer of Inland Revenue may, if required pass an order under section 11E, after providing an opportunity of being heard to the taxpayer under sub-section (1) of section 11E.</p> <p>(10) Notwithstanding anything contained in sub-sections (7) and (9) where a registered person fails to produce before the officer of Inland Revenue, any accounts, documents and records required to be maintained under this Act or the rules made thereunder, or any other relevant document electronically kept record, electronic machine or any other evidence that may be required by the officer of Inland Revenue for the purpose of audit. The officer of Inland Revenue may proceed to make best judgment assessment under section 11D of this Act.</p> | <p>(9) After completion of the audit, the officer of Inland Revenue may, if required pass an order under section 11E, after providing an opportunity of being heard to the registered person under sub-section (1) of section 11E.</p> <p>(10) Notwithstanding anything contained in sub-sections (7) and (9) where a registered person fails to produce before the officer of Inland Revenue, any accounts, documents or records required to be maintained under this Act or the rules made thereunder, or any other relevant document electronically kept record, electronic machine or any other evidence that may be required by the officer of Inland Revenue for the purpose of audit. The officer of Inland Revenue may proceed to make best judgment assessment under section 11D of this Act.</p> |
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| 25 | <p>(11) Where during the course of audit the officer of Inland Revenue suspects that such person is involved in tax fraud, he may with the approval of Commissioner, conduct an investigative audit under section 25AB.</p> <p>(12) Notwithstanding the penalties prescribed in section 33, if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:</p> <p style="padding-left: 40px;">Provided that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge during the audit, or at any time before issuance of show cause notice under section 11E, he may deposit the evaded amount of tax, default surcharge under section 34, and twenty-five per cent of the penalty payable under section 33:</p> <p style="padding-left: 40px;">Provided that further that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge after issuance of show cause notice under section 11E, he shall deposit the evaded amount of tax, default surcharge under section 34, and full amount of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated.</p> | <p><i>Sub-section 11 has been omitted.</i></p> <p>(11) Notwithstanding the penalties prescribed in section 33, if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:</p> <p style="padding-left: 40px;">Provided that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge during the audit, or at any time before issuance of show cause notice under section 11E, he may deposit the evaded amount of tax, default surcharge under section 34, and twenty-five per cent of the penalty payable under section 33:</p> <p style="padding-left: 40px;">Provided that further that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge after issuance of show cause notice under section 11E, he shall deposit the evaded amount of tax, default surcharge under section 34, and full amount of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated.</p> |
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| 25AB | <p>Non-Existent</p> | <p><i>By virtue of proposed amendment, new section 25AB has been inserted as under:</i></p> <p>25AB. Investigative Audit.- (1) Where on the basis of information from audit as provided in sub-section (11) of section 25, or otherwise, the officer of Inland Revenue not below the rank of Assistant Commissioner, on the balance of probabilities, suspects that a registered person is involved in tax fraud, he may with the prior approval of the Commissioner in writing, initiate investigative audit against such person.</p> <p>(2) The officer of Inland Revenue shall conduct investigative audit under sub-section (1) on the basis of the record and evidence obtained under sections 37, 37A, 38, 38A, 38B and 40 within ninety days of the initiation of the investigative audit.</p> <p>(3) After completion of investigative audit the officer of Inland Revenue may take one or more of the following actions:</p> <p>(a) pass an order under section 11E, after providing an opportunity of being heard to the registered person under that section on all the issues arising from the investigative audit.-</p> <p>(b) issue a best judgment assessment order under section 11D, where the registered person fails to produce, any accounts, documents records or evidence or any other relevant document that may be required by the officer of Inland Revenue;</p> | <p><i>This section has been withdrawn through the FA 2024.</i></p> |
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| | | <p>(c) blacklist the registered person under section 21; and</p> <p>(d) impose penalty and cause prosecution of the registered person as provided against Serial. No. 13 of the Table in section 33.</p> <p>(4) For the purposes of clause (a) and (b) of sub-section (3), the officer of Inland Revenue may disallow input tax on goods or services, if the registered person is unable, without reasonable cause, to provide a receipt, or invoice or other record or evidence of the transaction or circumstances giving rise to such claim.</p> | |
| 26(2A) | <p>26. Return.-</p> <p><i>Non-Existent</i></p> | <p><i>Through this proposed amendment new sub-section (2A) has been inserted namely:</i></p> <p>(2A) The officer of Inland Revenue may, by notice in writing, require any person who, in his opinion, is required to file a return under this section for a tax period or tax periods but who has failed to do so, to furnish the return or returns within fifteen days from the date of service of such notice or such longer or shorter period as may be specified in such notice or as the officer of Inland Revenue may allow:</p> <p>Provided that the notice under this sub-section shall only be issued within fifteen years from the end of the financial year in which the return was to be filed, in cases of tax fraud and five years in all other cases.</p> | <i>Unchanged</i> |

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| 30AB | <i>Non-Existent</i> | <i>Non-Existent</i> | <i>Through FA 2024, a new section 30AB has been inserted which authorizes the establishment of Tax Fraud Investigation Wing-Inland Revenue with defined functions to detect, analyze, investigate, combat and prevent tax fraud.</i> |
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| 33 | <p>33. Offences and penalties.</p> | <p><u>S.No. 11 Column (1):</u> By virtue of the proposed amendment, penalty for submission of false or forged document, alteration, mutilation or falsification the records and knowingly or fraudulently making false statement, false declaration, false representation, false personification, and giving any false information is increased. The amendment in penalty column is made as follows:</p> <p><u>S.No. 11, Column (2):</u> The person who commits, causes to commit or attempt to commit the tax fraud shall pay a penalty of twenty five thousand rupees or one hundred percent of the amount of tax evaded or sought to be evaded, whichever is higher. Without prejudice to the above, he shall also be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is upto five hundred or million or above, and which may extend to ten years if the tax evaded or sought to be evaded is one billion and above and fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded. The person who abets or connives in commissioning of tax fraud shall be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is upto five hundred million or above and which may extend to ten years if the tax evaded or sought to be evaded is one billion and above, and with fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded.</p> | <p>Through FA 2024, amendments have been made in the following penalty columns of the following serial nos. and any amendments not provided below have remain unchanged from FB 2024:</p> <p><u>S.No. 11 Column (1):</u> Penalty for submission of false or forged document, alteration, mutilation or falsification the records and knowingly or fraudulently making false statement, false declaration, false representation, false personification, and giving any false information.</p> <p><u>S.No. 11, Column (2):</u> Such person shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax evaded or sought to be evaded, whichever is higher. Without prejudice to the above, he shall also be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is less than one billion, and which may extend to ten years if the tax evaded or sought to be evaded is one billion and above and fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.</p> |
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S.No. 12, Column (1): Any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to the stocks, accounts or records or fails to present the same when required under section 25, 38, 38A or 40B.

S.No. 12, Column (2): Such person shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. Without prejudice to above, he shall also be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.

S.No. 13, Column (1): Any person who commits, causes to commit or attempts to commit the tax fraud, or abets or connives in commissioning of tax fraud, the penalty column has been proposed to be amended as follows:

S.No. 13, Column (2): The person who commits, causes to commit or attempt to commit the tax fraud shall pay a penalty of twenty-five thousand rupees or one hundred percent of the amount of tax evaded or sought to be evaded, whichever is higher.

Without prejudice to the above, he shall also be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is upto five hundred million and above, and which may extend to ten years if the tax evaded or sought to be evaded is one billion and above and fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded.

The person who abets or connives in commissioning of tax fraud shall be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is upto five hundred million and above and which may extend to ten years if the tax evaded or sought to be evaded is one billion and above, and with fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded.

S.No. 13, Column (1): Any person who commits, causes to commit or attempts to commit the tax fraud, or abets or connives in commissioning of tax fraud.

S.No. 13, Column (2): (a) The person who commits, causes to commit or attempts to commit the tax fraud shall pay a penalty of twenty-five thousand rupees or one hundred percent of the amount of tax evaded or sought to be evaded, whichever is higher. Without prejudice to the above, he shall also be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is less than one billion rupees, and which may extend to ten years if the tax evaded or sought to be evaded is one billion rupees and above, and fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.

(b) The person who abets or connives in commissioning of tax fraud shall be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is less than one billion rupees, and which may extend to ten years if the tax evaded or sought to be evaded is one billion rupees and above, and with fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded or with both.

S.No. 14, Column (1): Where any person violates any embargo placed on removal of goods in connection with recovery of tax.

S.No. 14, Column (2): Such person shall pay a penalty of twenty five thousand rupees or ten per cent of the amount of the tax involved, whichever is higher. Without prejudice to above, he shall also be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.

S.No. 18, Column (1): Where any officer of [Inland Revenue] authorized to act under this Act, acts or omits or attempts to act or omit in a manner causing loss to the sales tax revenue or otherwise abets or connives in any such act.

S.No. 18, Column (2): Such officer of [Inland Revenue] shall be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.

S.No. 22, Column (1): Any person who: (a) knowingly and without lawful authority gains access to or attempts to gain access to the system; or (b) unauthorizedly uses or discloses or publishes or otherwise disseminates information obtained from the computerized system; or (c) falsifies any record or information stored in the computerized system; or (d) knowingly or dishonestly damages or impairs the computerized system; or (e) knowingly or dishonestly damages or impairs any duplicate tape or disc or other medium on which any information obtained from the computerized system is kept or stored; or (f) unauthorizedly uses unique user identifier of any other registered user to authenticate a transmission of information to the computerized system; or (g) fails to comply with or contravenes any of the conditions prescribed for security of unique user identifier.

S.No. 22, Column (2): Such person shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. **Without prejudice to above, he shall also be liable**, upon conviction by the Special Judge, to imprisonment for a term which may extend to one year, or with fine **which may extend to an amount equal to the amount of tax evaded or sought to be evaded**, or with both.

S.No. 23, Column (1): Any person who manufactures, possesses, transports, distributes, stores or sells [goods or class of goods as specified by the Board under sub-section (1) of section 40C] with counterfeited tax stamps, banderoles, stickers, labels or barcodes or without tax stamps, banderoles, stickers, labels or barcodes.

S.No. 23, Column (2): (i) Such [specified goods] shall be liable to outright confiscation as **maybe prescribed**. Any person committing the offence shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to simple imprisonment for a term which may extend to three years, or with additional fine which may extend to an amount equal to the loss of tax involved, or with both.

(ii) In case of transport of [specified goods] with counterfeited tax stamps, banderoles, stickers, labels or barcodes, or without tax stamps, banderoles, stickers, labels or barcodes, permanent seizure of the vehicle used for transportation of non-conforming or counterfeit [specified goods]; and

(iii) In case of repeat sale of [specified goods] without or with counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the

S.No. 23, Column (1): Any person who manufactures, possesses, transports, distributes, stores or sells [goods or class of goods as specified by the Board under sub-section (1) of section 40C] with counterfeited tax stamps, banderoles, stickers, labels or barcodes or without tax stamps, banderoles, stickers, labels or barcodes.

S.No. 23, Column (2): (i) Such [specified goods] shall be liable to outright confiscation as maybe prescribed. Any person committing the offence shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. **Without prejudice to above, he shall also be liable**, shall be substituted, upon conviction by a Special Judge, to simple imprisonment for a term which may extend to three years, or with additional fine **which may extend to an amount equal to the amount of tax evaded or sought to be evaded**, or with both.

(ii) In case of transport of [specified goods] with counterfeited tax stamps, banderoles, stickers, labels or barcodes, or without tax stamps, banderoles, stickers, labels or barcodes, permanent seizure of the vehicle used for transportation of non-conforming or counterfeit [specified goods]; and

(iii) In case of repeat sale of [specified goods] without or with counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the premises used for such sale shall be liable to be sealed by an officer of Inland Revenue in the manner as may be prescribed.

premises used for such sale **shall be liable to be sealed by an officer of Inland Revenue in the manner as may be prescribed.**

S.No. 25, Column (1): Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under law.

*S.No. 25, Column (2): Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of [two] months after imposition of penalty as aforesaid, his business premises **shall be liable to be sealed by an officer of Inland Revenue in the manner as may be prescribed.***

*S.No. 25A, Column (1): A person required to integrate his business as stipulated under sub-section (9A) of section 3 **or sub-section (4) of section 40C**, who fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.*

*S.No. 25A, Column (3): Sub-section (9A) of section 3 **and sub-section (4) of section 40C.***

S.No. 25AA [New Insertion]:

S.No. 25A, Column (1): Any licensed integrator who is authorized to provide electronic invoicing system for integration of registered persons fails

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| | | <p>to integrate such registered persons in the manner as required under this Act and rules made thereunder.</p> <p>S.No. 25A, Column (2): Such person shall be liable to pay penalty of rupees one million or one percent of the total value of the sales suppressed, whichever is higher</p> <p>S.No. 25A, Column (3): sub-section (5) of section 40C.</p> <p><i>After the table u/s. 33 the following new sub-section has been proposed as a non-obstante clause:</i></p> <p>(2) Notwithstanding anything contained in the Code of Criminal Procedure 1898 (Act V of 1898), the offences under this Act, whose punishment may extend upto ten years</p> | |
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| 34 | <p>34. Default Surcharge.-</p> <p>(1) Notwithstanding the provisions of section 11, if a registered person does not pay the tax due or any part thereof, whether willfully or otherwise, in time or in the manner specified under this Act, rules or notifications issued thereunder or claims a tax credit, refund or makes an adjustment which is not admissible to him, or incorrectly applies the rate of zero per cent to supplies made by him, he shall, in addition to the tax due, pay default surcharge at the rate mentioned below: –</p> <p>(a) [...] the person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of 500[twelve per cent per annum], of the amount of tax due or the amount of refund erroneously made; [and]</p> | <p><i>Through the proposed amendment, default surcharge has been revised from twelve percent per annum to KIBOR plus three percent. Amended position is as under:</i></p> <p>(1) Notwithstanding the provisions of section 11, if a registered person does not pay the tax due or any part thereof, whether willfully or otherwise, in time or in the manner specified under this Act, rules or notifications issued thereunder or claims a tax credit, refund or makes an adjustment which is not admissible to him, or incorrectly applies the rate of zero per cent to supplies made by him, he shall, in addition to the tax due, pay default surcharge at the rate mentioned below: –</p> <p>(a) [...] the person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of [<i>KIBOR plus three percent</i> per annum], of the amount of tax due or the amount of refund erroneously made; [and]</p> | <p><i>Through FA 2024, the rate of default surcharge has been amended to 12% per annum or KIBOR plus 3%, whichever is higher.</i></p> |
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| 37A(4) | <p>Power to arrest and prosecute. –</p> <p>(4) Notwithstanding anything contained in sub-section (1) to subsection (3) or any other provision of this Act, where any person has committed a tax fraud [or any offence warranting prosecution under this Act], the [Commissioner] may, either before or after the institution of any proceedings for recovery of tax, compound the offence if such person pays the amount of tax due along with such [default surcharge] and penalty as is determined under the provisions of this Act.</p> | <p><i>No amendments were proposed in the Finance Bill 2024.</i></p> | <p><i>Through FA 2024, sub-section (4) has been amended as follows:</i></p> <p>(4) Notwithstanding anything contained in sub-section (1) to subsection (3) or any other provision of this Act, where any person has committed a tax fraud [or any offence warranting prosecution under this Act], the [Commissioner] may, either before or after the institution of any proceedings for recovery of tax, compound the offence if such person pays the amount of tax evaded or sought to be evaded along with default surcharge and penalty as provided under this Act.</p> |
| 40C(4) | <p>Non-Existent</p> | <p><i>Through proposed amendment section 40C(2) has been added, which is as under:</i></p> <p>(4) Notwithstanding anything contained in this Act, the Board through notification in the official Gazette, may require any person or class of persons to integrate their electronic invoicing system with the Board’s Computerized System for real time reporting of sales in such mode and manner and from such date as may be specified therein; and</p> <p>(5) Licensed integrator shall integrate electronic invoicing system of registered persons referred to in sub-section (4) in such mode and manner as may be prescribed.</p> | <p><i>Unchanged</i></p> |

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| 43A(4) | <p>Pecuniary jurisdiction in appeals.-</p> <p>(4) The cases pending before the Commissioner (Appeals) having the value of assessment of tax or, as the case may be, refund of tax exceeding ten million rupees shall on and from the 16th day of June, 2024 stand transferred to the Appellate Tribunal Inland Revenue.</p> | <p><i>Through the amendment it has been proposed to extend the date of transfer of CIR(A) to ATIR from 16th June 2024 to 16th September 2024.</i></p> | <p><i>Through the FA 2024, the date of transfer of CIR(A) to ATIR has been extended from 16th June 2024 to 31st December 2024 and this shall deemed to have taken effect from the 16th day of June, 2024</i></p> |
| 46(1) | <p>46. Appeals to Appellate Tribunal.-</p> <p>[(1) Subject to section 43A, any person, other than an SOE, aggrieved by any order passed by an officer of Inland Revenue, or the Board or Commissioner (Appeals) under this Act or the rules made there under may, within thirty days of the receipt of such order, prefer an appeal to the Appellate Tribunal or, as the case may be, a reference to the High Court:</p> | <p><i>By virtue of proposed amendment, Blacklisting order has been excluded from the scope of Appeals before Appellate Tribunal. Amended position is as under:</i></p> <p>[(1) Subject to section 43A, any person, other than an SOE, aggrieved by any order excluding the order of blacklisting under sub-section (2) of section 21 passed by an officer of Inland Revenue, or the Board or Commissioner (Appeals) under this Act or the rules made there under may, within thirty days of the receipt of such order, prefer an appeal to the Appellate Tribunal or, as the case may be, a reference to the High Court:</p> | <p><i>Unchanged</i></p> |

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| 47AB | Non-Existent | <p><i>By virtue of proposed amendment new section 47AB has been inserted, which is as under:</i></p> <p>47AB. Saving. The period of limitation provided in clause (c) of subsection (1) of section 46 and sub-section (1) of section 47 shall continue to apply where any decision of the commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024 (V of 2024).</p> | Unchanged |
| 73(1) | <p>Certain transactions not admissible.-</p> <p>(1) Notwithstanding anything contained in this Act or any other law for the time being in force, payment of the amount for a transaction exceeding value of fifty thousand rupees, excluding payment against a utility bill, shall be made by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of the amount of the sales tax invoice in favour of the supplier from the business bank account of the buyer.</p> | <p><i>Through FB 2024, the following amendment has been proposed:</i></p> <p>(1) Notwithstanding anything contained in this Act or any other law for the time being in force, payment of the amount for a transaction exceeding value of fifty thousand rupees in aggregate, excluding payment against a utility bill, shall be made by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of the amount of the sales tax invoice in favour of the supplier from the business bank account of the buyer.</p> | <p><i>Through FA 2024, to provide clarity further amendment has been made in the subsection (1) of section 73 as follows:</i></p> <p>(1) Notwithstanding anything contained in this Act or any other law for the time being in force, payment of the amount for a transaction exceeding value of fifty thousand rupees in aggregate to a single supplier in a tax period, excluding payment against a utility bill, shall be made by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of the amount of the sales tax invoice in favour of the supplier from the business bank account of the buyer.</p> |

| EXISTING POSITION | | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] | | | |
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| FIFTH SCHEDULE [ZERO-RATING] | | <i>Through FB 2024, entries 12, 16, 17, and 21 have been proposed to be omitted.</i> | <i>Through FA 2024, entries all clauses of entry number 12 have been deleted with the exception of clause (xxiii) Exercise books (PCT heading 4820.2000). Amended relevant extract of Fifth Schedule table is hereunder:</i> | | | |
| S.NO. | DESCRIPTION | | | | | |
| 12. | <p>The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as [prescribed by the Board]:</p> <p>.</p> <p>.</p> <p>.</p> <p>(xvii) [Preparations suitable for infants, put up for retail sale [not exceeding rupees [six] hundred per two hundred grams] (PCT Heading 1901.1000)</p> <p>(xx) [Colors in sets (PCT heading 3213.1000)</p> <p>(xxi) Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090)</p> <p>(xxii) Erasers (PCT heading 4016.9210 and 4016.9290)</p> <p>(xxiii) Exercise books (PCT heading 4820.2000)</p> | <table border="1"> <thead> <tr> <th>S.NO.</th> <th>DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>12.</td> <td> <p>The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as [prescribed by the Board]:</p> <p>.</p> <p>.</p> <p>.</p> <p>(xvii) [Preparations suitable for infants, put up for retail sale [not exceeding rupees [six] hundred per two hundred grams] (PCT Heading 1901.1000)</p> <p>(xx) [Colors in sets (PCT heading 3213.1000)</p> <p>(xxi) Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090)</p> </td> </tr> </tbody> </table> | S.NO. | DESCRIPTION | 12. | <p>The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as [prescribed by the Board]:</p> <p>.</p> <p>.</p> <p>.</p> <p>(xvii) [Preparations suitable for infants, put up for retail sale [not exceeding rupees [six] hundred per two hundred grams] (PCT Heading 1901.1000)</p> <p>(xx) [Colors in sets (PCT heading 3213.1000)</p> <p>(xxi) Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090)</p> |
| S.NO. | DESCRIPTION | | | | | |
| 12. | <p>The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as [prescribed by the Board]:</p> <p>.</p> <p>.</p> <p>.</p> <p>(xvii) [Preparations suitable for infants, put up for retail sale [not exceeding rupees [six] hundred per two hundred grams] (PCT Heading 1901.1000)</p> <p>(xx) [Colors in sets (PCT heading 3213.1000)</p> <p>(xxi) Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090)</p> | | | | | |

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| | <p>(xxiv) Pencil sharpeners (PCT heading 8214.1000)</p> <p>(xxv) [other drawing, marking out or mathematical calculating instruments (geometry box) (PCT heading 9017.2000)]</p> <p>(xxvi) Pens, ball pens, markers and porous tipped pens (PCT heading 96.08)</p> <p>(xxvii) Pencils including color pencils (PCT heading 96.09).]</p> | | | <p>(xxii) Erasers (PCT heading 4016.9210 and 4016.9290)</p> <p>(xxiii) Exercise books (PCT heading 4820.2000) [reinstated]</p> <p>(xxiv) Pencil sharpeners (PCT heading 8214.1000)</p> <p>(xxv) [other drawing, marking out or mathematical calculating instruments (geometry box) (PCT heading 9017.2000)]</p> <p>(xxvi) Pens, ball pens, markers and porous tipped pens (PCT heading 96.08)</p> <p>(xxvii) Pencils including color pencils (PCT heading 96.09).]</p> | |
| 16 | Milk (PCT heading 04.01). | | | 16 | Milk (PCT heading 04.01). |
| 17 | Fat filled milk (PCT heading 1901.9090) | | | 17 | Fat filled milk (PCT heading 1901.9090) |
| 21 | Local supplies of [commodities,] raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions as specified therein. | | | 21 | Local supplies of [commodities,] raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions as specified therein. |

| EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|----|--|----|--|----|---|----|--------------------------------|----|----------------------------------|----|---------|---|-------|-------------|-----|-----|---|------------------|---|-------|-------------|---------------|---|---------------|---|--------------------|---|----|--------------------------------|
| <p>SIXTH SCHEDULE [EXEMPT ITEMS]</p> <p>Table-1 (Imports or Supplies)</p> <table border="1" data-bbox="62 544 723 1374"> <thead> <tr> <th>S.NO.</th> <th>DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>13</td> <td>Edible vegetables [imported from Afghanistan] including roots and tubers, [except ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled [or] canned</td> </tr> <tr> <td>15</td> <td>Fruit imported from Afghanistan excluding apples PCT 0808.1000</td> </tr> <tr> <td>32</td> <td>Newsprint and books but excluding brochures, leaflets and directories</td> </tr> <tr> <td>86</td> <td>Colors in sets (Poster colors)</td> </tr> <tr> <td>87</td> <td>Writing, drawing and making inks</td> </tr> <tr> <td>88</td> <td>Erasers</td> </tr> </tbody> </table> | S.NO. | DESCRIPTION | 13 | Edible vegetables [imported from Afghanistan] including roots and tubers, [except ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled [or] canned | 15 | Fruit imported from Afghanistan excluding apples PCT 0808.1000 | 32 | Newsprint and books but excluding brochures, leaflets and directories | 86 | Colors in sets (Poster colors) | 87 | Writing, drawing and making inks | 88 | Erasers | <p>Through FB 2024:</p> <p>For Table-I (Imports or Supplies) -</p> <p>(i) Serial Nos. 13,15, 32, 86, 87, 88, 89, 90, 96, 97, 98, 112, 120, 151, 152, 166, 169, 170 and 174 and entries relating thereto in column (2) and (3) have been proposed to be omitted.</p> <p>(ii) after omitted Serial No. 174, the following new serial Nos. and entries relating thereto have been proposed to be added:</p> <table border="1" data-bbox="837 860 1503 1334"> <thead> <tr> <th>S.NO.</th> <th>DESCRIPTION</th> <th>PCT</th> </tr> </thead> <tbody> <tr> <td>175</td> <td>Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization.</td> <td>9908(i) and 9911</td> </tr> </tbody> </table> | S.NO. | DESCRIPTION | PCT | 175 | Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization. | 9908(i) and 9911 | <p>Through FA 2024:</p> <p>For Table-I (Imports or Supplies), Serial Nos. 32, 112, 151, 152, 166 have been reinstated. New Serial Nos. have been added as 177, 178, 179 and 180. Amended relevant extract of Sixth Schedule tables are hereunder:</p> <table border="1" data-bbox="1534 683 2163 1342"> <thead> <tr> <th>S.NO.</th> <th>DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>13</td> <td>Edible vegetables [imported from Afghanistan] including roots and tubers, [except ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled [or] canned</td> </tr> <tr> <td>15</td> <td>Fruit imported from Afghanistan excluding apples PCT 0808.1000</td> </tr> <tr> <td>32 [reinstated]</td> <td>Newsprint and books but excluding brochures, leaflets and directories</td> </tr> <tr> <td>86</td> <td>Colors in sets (Poster colors)</td> </tr> </tbody> </table> | S.NO. | DESCRIPTION | 13 | Edible vegetables [imported from Afghanistan] including roots and tubers, [except ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled [or] canned | 15 | Fruit imported from Afghanistan excluding apples PCT 0808.1000 | 32 [reinstated] | Newsprint and books but excluding brochures, leaflets and directories | 86 | Colors in sets (Poster colors) |
| S.NO. | DESCRIPTION | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | Edible vegetables [imported from Afghanistan] including roots and tubers, [except ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled [or] canned | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | Fruit imported from Afghanistan excluding apples PCT 0808.1000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 32 | Newsprint and books but excluding brochures, leaflets and directories | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 86 | Colors in sets (Poster colors) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 87 | Writing, drawing and making inks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 88 | Erasers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S.NO. | DESCRIPTION | PCT | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 175 | Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization. | 9908(i) and 9911 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S.NO. | DESCRIPTION | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 15 | Fruit imported from Afghanistan excluding apples PCT 0808.1000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 32 [reinstated] | Newsprint and books but excluding brochures, leaflets and directories | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 89 | Exercise books | | Subject to the recommendations of the Minister Incharge and concurrence by the Federal Board of Revenue subject to condition that the concerned Ministry shall verify the genuineness of such cases and furnish an undertaking to the effect that donated goods shall not be sold, utilized or disposed of otherwise than for the purpose for which the same have been imported. | | 87 | Writing, drawing and making inks | | | |
| 90 | Pencil sharpeners | | | | 88 | Erasers | | | |
| 96 | Other drawing, marking out or mathematical calculating instruments (geometry box) | | | | 89 | Exercise books | | | |
| 97 | Pens, ball pens, markers and porous tipped pens | | | | 90 | Pencil sharpeners | | | |
| 98 | Pencils including color pencils | | | | 96 | Other drawing, marking out or mathematical calculating instruments (geometry box) | | | |
| 112 | Following cardiology/ cardiac surgery, neurovascular, electrophysiology, endosurgery, endoscopy, oncology, urology, gynaecology, disposables and other equipment:-- <i>[Please refer to the STA 1990 for complete list]</i> | | | | 97 | Pens, ball pens, markers and porous tipped pens | | | |
| 120 | Diagnostic kits or equipment, namely:- <i>[Please refer to the STA 1990 for complete list]</i> | | | | 98 | Pencils including color pencils | | | |
| 151 | (a) Supplies; and (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 [30th June, 2024], to which the provisions of the Act or the notifications issued thereunder, would have not applied | | | | 176 | POL products: (i) MS (Petrol) (ii) High Speed Diesel Oil (iii) Kerosene (iv) Light Diesel Oil | 2710.1210, 2710.1931, 2710.1911 and 2710.1921 | 112 [reinstated] | Following cardiology/ cardiac surgery, neurovascular, electrophysiology, endosurgery, endoscopy, oncology, urology, gynaecology, disposables and other equipment:-- <i>[Please refer to the STA 1990 for complete list]</i> |
| | | | | | | | | 120 | Diagnostic kits or equipment, namely:- <i>[Please refer to the STA 1990 for complete list]</i> |

| | | | | | |
|-----|---|--|--|---------------------------|--|
| | <p>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 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: 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> | | | | |
| 152 | Supplies of electricity, as made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, till [30th June, 2024], 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 | | | | |
| 166 | Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more. | | | | |
| 169 | Oil cake and other solid residues | | | | |
| | | | | 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 [30th June, 2025], 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 pay order for the amount of sales tax payable under the Sales Tax Act, 1990, and the same shall be returned to the importer after within six months 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> |
| | | | | [reinstated with changes] | |

| | | | | | |
|-----|---|--|--|--|--|
| 170 | Tractor | | | 152 [reinstated with changes] | Supplies of electricity, as made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, till [30th June, 2025], 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 |
| 174 | Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969), subject to the conditions, limitations and restrictions specified thereunder. | | | 166 [reinstated] | Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more. |
| | | | | 169 | Oil cake and other solid residues |
| | | | | 170 | Tractor |
| | | | | 174 | Machinery and equipment as listed at serial number 32 of the Table of Part I of Fifth Schedule to the Customs Act, 1969 (IV of 1969), subject to the conditions, limitations and restrictions specified thereunder. |
| | | | | 175 | Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization. Subject to the recommendations of the Minister Incharge and |

| | | | |
|--|--|---------------------------|--|
| | | | concurrence by the Federal Board of Revenue subject to condition that the concerned Ministry shall verify the genuineness of such cases and furnish an undertaking to the effect that donated goods shall not be sold, utilized or disposed of otherwise than for the purpose for which the same have been imported. |
| | | 176 [new insertion] | POL products: (i) MS (Petrol) (ii) High Speed Diesel Oil (iii) Kerosene (iv) Light Diesel Oil |
| | | 177 [new insertion] | Supply of electricity to Azad Jammu and Kashmir [Respective headings] |
| | | 178 [new insertion] | Import of gold under entrustment scheme under SRO 760(I)/2013 [Respective headings] |
| | | 179 [new insertion] | Import of cystagon, cysta drops and trientine capsules (for personal use only) [3004.9099] |
| | | 180 [new insertion] | Bovine semen [0511.1000] |

SIXTH SCHEDULE [EXEMPT ITEMS]

Table-2 (Local Supplies only)

| S.NO. | DESCRIPTION |
|-------|--|
| 7 | vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers. |
| 21 | Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal [2306.3000, 2306.4900 and respective headings] |

Through FB 2024, it has been proposed to delete Serial Nos. 7 and 21 and entries relating thereto. Also, it has been proposed to insert new Serial Nos. being 56 and 57.

Through FA 2024, deletion of Serial Nos. 7 and 21 has been confirmed while new Serial Nos. 56 and 57 have been inserted with some modifications. Relevant extract of Table-2 of Sixth Schedule is provided below:

| S.NO. | DESCRIPTION |
|-----------------------|---|
| 7 | vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers. |
| 21 | Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal [2306.3000, 2306.4900 and respective headings] |
| 56 [new insertion] | Milk excluding: (i) that sold under a brand name; or (ii) supplied by corporate dairy farms [04.01] |
| 57 [new insertion] | Iron and steel scrap excluding supplied by manufacturer-cum-exporter of recycled copper, authorized under Export Facilitation Scheme, 2021. [7204.4100, 7204.3000, 7204.4990.] |

| EXISTING POSITION | | | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] | |
|--|--|---|--|---|---|
| EIGHTH SCHEDULE [SPECIFIED RATES] | | | <p><i>Through FB 2024, amendments have been proposed in respect of items deleted from Fifth Schedule and Sixth Schedule; Serial Nos. 58, 66 and 73 have been proposed to be deleted; and changes have been proposed for Serial No. 77 and Serial No. 81.</i></p> | <p><i>After promulgation of FA 2024, the revised relevant extract of Table-1 of Eighth Schedule is provided hereunder:</i></p> | |
| Table-I | | | | | Table-I |
| S. NO. | DESCRIPTION & PCT | RATE OF TAX & CONDITION | | | S. NO. |
| 58 | LPG [2711.1910] | 10% Imports thereof and local supplies of such imported LPG | 58 | LPG [2711.1910] | 10% Imports thereof and local supplies of such imported LPG |
| 66 | Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales [Respective Headings] | 15% if supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to the condition that they have maintained 4% value addition during the last six months | 66 | Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales [Respective Headings] | 15% if supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject |

| | | | | | | |
|----|---|---|--|----|---|---|
| 73 | Locally manufactured Hybrid electric vehicle: (a) Upto 1800 cc [87.03] (b) From 1801 cc to 2500 cc [87.03] | (a) 8.5% (b) 12.75% | | | | to the condition that they have maintained 4% value addition during the last six months |
| 77 | personal computers and Laptop computers, notebooks whether or not incorporating multimedia kit [8471.3020 and 8471.3010] | 5% If imported in CBU condition | | 73 | Locally manufactured Hybrid electric vehicle till 30 th June 2026: (a) Upto 1800 cc [87.03] (b) From 1801 cc to 2500 cc [87.03] | (a) 8.5% (b) 12.75% |
| 81 | Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except the following, even if medicated or medicinal in nature, namely:- (a) filled infusion solution bags imported with or without infusion given sets; (b) scrubs, detergents and washing preparations; (c) soft soap or no soap; (d) adhesive plaster; (e) surgical tapes; (f) liquid paraffin; (g) | 1% Subject to the conditions that: (i) Tax charged and deposited by the manufacturer or importer, as the case may be, shall be final discharge of tax in the supply chain (ii) No input tax shall be adjusted in the supply chain. | | 77 | personal computers and Laptop computers, notebooks whether or not incorporating multimedia kit [8471.3020 and 8471.3010] | 10% If imported in CBU condition |

| | | | | | |
|--|--|--|-----------|--|---|
| <p>disinfectants, and (h) cosmetics and toilet preparations. This substitution shall be deemed to have been made from the 1st day of July, 2022.</p> | | | <p>81</p> | <p>Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except the following, even if medicated or medicinal in nature, namely:- (a) filled infusion solution bags imported with or without infusion given sets; (b) scrubs, detergents and washing preparations; (c) soft soap or no soap; (d) adhesive plaster; (e) surgical tapes; (f) liquid paraffin; (g) disinfectants, and (h) cosmetics and</p> | <p>1 % Subject to the conditions that: (i) Tax charged and deposited by the manufacturer or importer, as the case may be, shall be final discharge of tax in the supply chain (ii) No input tax shall be adjusted in the supply chain.</p> |
|--|--|--|-----------|--|---|

| | | | | |
|--|--|------------------------------------|--|------------|
| | | | <p>toilet preparations. This substitution shall be deemed to have been made from the 1st day of July, 2022.</p> | |
| | | <p>84 [new insertion]</p> | <p>(i) Colors in sets (ii) Writing, drawing and marking inks (iii) Erasers (iv) Pencil sharpeners (v) other drawing, marking out or mathematical calculating instruments (geometry box) (vi) Pens, ball pens, markers and porous tipped pens (vii) Pencils including color pencils</p> | <p>10%</p> |

| | | | | |
|--|--|--|---|---|
| | | 85 [new insertion] | Oil cake and other solid residue [2306.1000] | 10% |
| | | 86 [new insertion] | Tractors [8701.9220 and 8701.9320] | 10% |
| | | 87 [new insertion] | Local supply of vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers. [Respective Headings] | 10% |
| | | 88 [new insertion] Condition has been withdrawn vide FA 2024 | Local supply of poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal [2306.3000, 2306.4900 and respective headings] | 10% Subject to the condition that refund of excess input tax, if any, shall not be admissible. |

AMENDED NINTH SCHEDULE TABLE-II AFTER FA 2024**TABLE-II [CELLULAR MOBILE PHONES IN CKD/CBU FORM]:**

| S.NO. | DESCRIPTION / SPECIFICATION OF GOODS | SALES TAX ON CBUS AT THE TIME OF IMPORT OR REGISTRATION (IMEI NUMBER BY CMOS) | SALES TAX ON IMPORT IN CKD/SKD CONDITION | SALES TAX ON SUPPLY OF LOCALLY MANUFACTURED MOBILE PHONES IN CBU CONDITION IN ADDITION TO TAX UNDER COLUMN (4) |
|-------|--|---|--|--|
| 1 | 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\$ 500 | 18% AD VALOREM | 18% AD VALOREM | 18% AD VALOREM |
| | B. EXCEEDING US\$ 500 | 25% AD VALOREM | 18% AD VALOREM | 18% AD VALOREM |

LIABILITY, PROCEDURE AND CONDITIONS [clauses (iii), (iv) and (v) omitted]

(i) The liability to pay the tax on the goods specified in this Schedule shall be-

- (a) in case of the goods specified in Table-I, of the Cellular Mobile Operator (CMO);
- (b) in case of goods specified in columns (3) and (4) of Table-II, of the importer; and
- (c) in case of goods specified in column (5) of Table-II, of the local manufacturers of the goods.

(ii) The time of payment of tax due under this Schedule shall be the same as specified in section 6;

~~(iii) The tax paid under this Schedule shall not be deductible against the output tax payable by the purchaser or importer of the goods specified in this Schedule;~~

~~(iv) The input tax paid on the input goods attributable to the goods specified in this Schedule shall not be deductible for the tax payable under this Schedule; and~~

~~(v) The Board may prescribe further mode and manner of payment of tax due under this Schedule.]~~

AMENDED ELEVENTH SCHEDULE AFTER FA 2024

TABLE

The rates for withholding or deduction by the withholding agents are specified as below provided that withholding of tax under this Schedule shall not be applicable to the goods and supplies specified vide clauses after the Table.

| S.No. | Withholding Agent | Supplier Category | Rate or extent of deduction |
|-------|--|--|---|
| 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) | Active Taxpayers | 1/5th 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) | Active Taxpayer registered as a wholesaler, dealer or distributor | 1/10th of Sales Tax as shown on invoice |
| 3 | Federal and provincial government departments; autonomous bodies; and public sector organizations | persons other than Active Taxpayers | 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) [excluding companies exporting surgical instruments] | persons other than Active Taxpayers | 5% of gross value of supplies |
| 5 | Registered persons as recipient of advertisement services | Person providing advertisement services | Whole of sales tax applicable |
| 6 | Registered persons purchasing cane molasses | persons other than Active Taxpayers | Whole of sales tax applicable |
| 7 | Registered persons manufacturing lead batteries | Persons supplying any kind of lead under chapter 78 (PCT Headings: 7801.1000, 7801.9100, 7801.9900, 7802.0000, 78.03, 7804.1100, 7804.1900, 7804.2000, 78.05, 7806.0010, 7806.0020, 7806.0090) or scrap batteries under chapter 85 (PCT Headings: Respective headings] | 80% of the sales tax applicable |
| 8 | Online market place | Persons other than active taxpayers | 1% of gross value of supplies: Provided that the provisions of this entry shall be effective from the date as notified by the Board. |

| S.No. | Withholding Agent | Supplier Category | Rate or extent of deduction |
|-------|---|--|---------------------------------|
| 9 | Registered persons manufacturing cement | Persons supplying any kind of gypsum under chapter 25 (PCT headings 2520.1010, 2520.1020, 2521.0000) or limestone flux under chapter 25 (PCT headings 2520.1010, 2520.1020, 2521.0000) | 80% of the sales tax applicable |
| 10 | Registered persons | Persons supplying any kind of coal under chapter 27 (PCT headings 2701.1100, 2701.1200, 2701.1900, 2701.2000, 2704.0010, 2704.0020, 2704.0090) or | 80% of the sales tax applicable |
| 11 | Registered persons | Persons supplying any kind of waste of paper and paper board (Respective headings) | 80% of the sales tax applicable |
| 12 | Registered persons | Persons supplying any kind of plastic waste (Respective headings) | 80% of the sales tax applicable |
| 13 | Registered persons | Persons supplying crush stone and silica | 80% of the sales tax applicable |

(i) Electrical energy;

(ii) Natural Gas;

(iii) Petroleum Products as supplied by petroleum production and exploration companies, oil refineries, oil marketing companies and dealers of motor spirit and high speed diesel;

(iv) Vegetable ghee and cooking oil;

(v) Telecommunication services;

(vi) Goods specified in the Third Schedule to the Sales Tax Act, 1990;

(vii) Supplies made by importers who paid value addition tax on such goods at the time of import;

(viii) Supplies made by an Active Taxpayer as defined in the Sales Tax Act, 1990 to another registered person with the exception of supplies referred to in S. Nos. 5, 7, 9, 10, 11, 12 and 13 of the Table; and

(ix) Supply of sand, stone, gravel/crush and clay to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority.

FEDERAL EXCISE ACT, 2005

Amended position as per Finance Act 2024 [the “FA 2024”] is provided below:

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
|----------|--|---|--|
| 8 | <p>Default Surcharge: The rate of the default surcharge shall be 12% per annum.</p> | <p><i>Through this proposed amendment the rate 12% has been replaced with KIBOR plus 3%.</i></p> | <p><i>Through this amendment the rate of 12% or KIBOR plus 3%, whichever is higher has been imposed.</i></p> |
| 19(3)(f) | <p>Offences, penalties and allied matters. <i>Non-Existent</i></p> | <p><i>Through this proposed amendment the action of removing the plant and machinery from the premises shall be considered as an offence. However, the new sub-clause has been added which reads as under:</i></p> <p>“(f) where the value of the plant and machinery is rupees fifty million and above, installs such plant and machinery, commences production or removes such plant and machinery without prior permission of the Commissioner.”</p> | <p><i>Unchanged</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
|---------|--|--|--|
| 19(10A) | <p>Offences, penalties and allied matters.</p> <p><i>Non-Existent</i></p> | <p><i>Through this proposed amendment the illegal retail sale of cigarettes shall constitute as an offence and in this regard new sub-section has been added which reads as under:</i></p> <p>“(10A) If any retailer is found selling cigarettes packs without affixing, or affixing counterfeited, tax stamps, banderoles, stickers, labels or barcodes, notwithstanding any other provision of this Act, the retail outlet of such person shall be liable to be sealed in the manner as may be prescribed.”.</p> | <p><i>Unchanged</i></p> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
|---------|--|--|---|
| 29A | <i>Non-Existent</i> | <i>Non-Existent</i> | <i>Through this amendment new Section 29A has been inserted to establish Tax Fraud Wing Inland Revenue to detect, analyze, investigate combat and prevent tax fraud.</i> |
| 33(1) | <p>Appeals to [Commissioner] (Appeals)</p> <p>(1) Any person other than Federal Excise officer aggrieved by any decision or order [if the value of the assessment or, as the case may be, refund of the tax does not exceed five million rupees,] passed under this Act or the rules made there under by a [officer of Inland Revenue up to the rank of [Additional Commissioner Inland Revenue], other than a decision or order or notice given or action taken for recovery of the arrears of duty under this Act or rules made there under may within thirty days of receipt of such decision or order prefer appeal there from to the [Commissioner] (Appeals).</p> | <p>Appeals to [Commissioner] (Appeals)</p> <p>(1) Any person other than Federal Excise officer aggrieved by any decision or order [if the value of the assessment of tax or, as the case may be, refund of the tax does not exceed five million rupees,] passed under this Act or the rules made there under by a [officer of Inland Revenue up to the rank of [Additional Commissioner Inland Revenue], other than a decision or order or notice given or action taken for recovery of the arrears of duty under this Act or rules made there under may within thirty days of receipt of such decision or order prefer appeal there from to the [Commissioner] (Appeals).</p> | <i>Unchanged</i> |
| 33A | <i>Non-Existent</i> | <i>It has been proposed that the date of transfer of appeals to ATIR pending before Commissioner (Appeals) shall be extended from 16th June 2024 to 16th September 2024.</i> | <i>Through this amendment the date of transfer of appeals to ATIR pending before Commissioner (Appeals) shall be extended from 16th September 2024 to 31st December 2024.</i> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
|---------|---------------------|--|--|
| 34AB | <i>Non-Existent</i> | <p><i>Through this proposed amendment the anomaly of limitation relating to filing appeals before the CIR(A) as well Tribunal has been removed by inserting new section which reads as under:</i></p> <p><i>34AB. Saving.- The period of limitation provided in sub-section (1) of section 34 and sub-section (1) of section 34A shall continue to apply where any decision of the commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024 (V of 2024).</i></p> | <i>Unchanged</i> |

Other Changes

- Through FA 2024, FED on portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers has been increased to PKR 4 per kg.
- Through FA 2024, FED has been levied at the rate of 5% ad valorem on lubricating oil having Tarif Headings: 2710.1951, 2710.1952 and 2710.1953.
- Through the FA 2024, FED has been increased on services provided or rendered in respect of international travel by air.
- Through the FA 2024, FED at PKR 15 per kg has been levied on supply of white crystalline sugar by any person to a manufacturing, processing and packaging entity.

- Through the FA 2024, different rates of FED on allotment and transfer of immovable property have been introduced for filer, late filer and non-filer. See table below:

| Description of Items | Rate of Duty |
|---|--|
| <p>Allotment or transfer of commercial property and first allotment or first transfer of open plots or residential property by any developer or builder in such mode and manner and subject to such conditions and restrictions as may be prescribed by the Board</p> | <p>(i) 3% of gross amount of consideration involved where the buyer is appearing on active taxpayer list maintained under section 181A of the Income Tax Ordinance, 2001 on the date of acquisition of property;</p> <p>(ii) 5% of gross amount of consideration involved where the buyer has not filed the income tax return by due date as specified in proviso to Rule 1A of Tenth Schedule to the Income Tax Ordinance, 2001; and</p> <p>(iii) 7% of gross amount of consideration involved where the buyer is not appearing on active taxpayer list maintained under section 181A of the Income Tax Ordinance, 2001 on the date of acquisition of property.</p> |

CUSTOMS ACT, 1969

Amended position as per Finance Act 2024 [the “FA 2024”] is provided below:

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
|-------------|---|---|--|
| 2(na) (qaa) | Non-Existent. | <i>Through this proposed amendment the new subclauses have been added which reads as under: “(na) “nuclear material” means the nuclear material as defined in the Pakistan Nuclear Regulatory Authority Ordinance, 2001 (III of 2001);” and “(qaa) “radioactive material” means the radioactive material as defined in Pakistan Nuclear Regulatory Authority Ordinance 2001 (III of 2001)”;</i> | <i>Unchanged</i> |
| 19 | General Power to exempt custom duties. The certain notifications issued on or after 1 st July 2016 shall continue to be in force till 30-06-2024 | <i>Through this proposed amendment the extension of one year granted shall continue in force till 30-06-2025.</i> | <i>Unchanged</i> |
| 194 | Appellate Tribunal. | <i>Through this proposed amendment the structure of Appellate Tribunal including appointment of members as well as mode and manner of filing and disposal of appeals have been re-defined.</i> | <i>No significant changes</i> |

| SECTION | EXISTING POSITION | PROPOSED AMENDMENT THROUGH FINANCE BILL 2024 | AMENDMENTS VIDE FINANCE ACT 2024 [HIGHLIGHTED AND MARKED IN RED] |
|---------|--|---|---|
| 194C | Procedure of Appellate Tribunal. | <i>Through this proposed amendment the Section 194C is proposed to be omitted.</i> | <i>Through FA 2024, section 194C has been restored however certain amendments have been made as to the constitution of benches.</i> |
| 195C | Alternate Dispute Resolution [ADR]. | <i>By way of this proposed amendment this Section has been substituted by remodeling the foundation of Alternate Dispute Resolution Committee (ADRC).</i> | <i>No significant changes</i> |
| 196 | Reference to High Court. | <i>This proposed amendment seeks to replace the procedure of filing and disposal of references before the High Court.</i> | <i>Unchanged</i> |

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