



**BUDGET COMMENTARY 2021**

**Audit | Tax | Advisory |  
Business Services & Outsourcing**

## BUDGET COMMENTARY, 2021

This commentary has been prepared for our clients and staff for information and guidance only and is available for interested persons at our website <http://www.bdo.com.pk>. The notes contained herein are based on the Finance Act, 2021.

Clients are advised to consult the actual text of the Bill while interpreting the specific provisions and to consult our tax department for clear advice on specific issues. The budget provisions are applicable for tax year 2022 unless otherwise stated.

BDO EBRAHIM & CO.  
Dated: July 15, 2021

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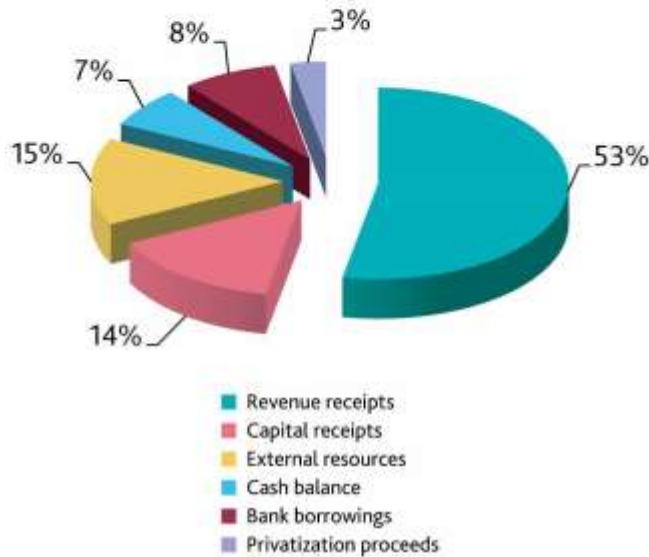
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**COMPARATIVE BUDGET AT A GLANCE**  
(AMOUNTS ROUNDED TO NEAREST BILLION)

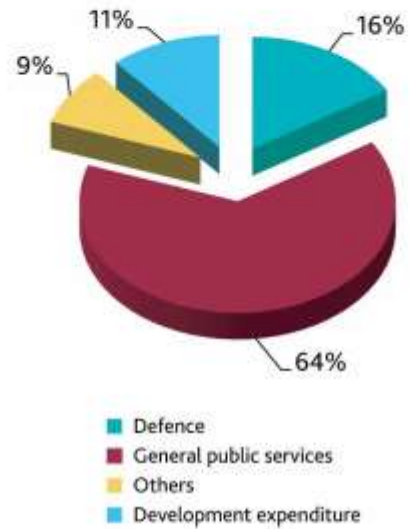
	2021-22		2020-21	
	Rs.	%	Rs.	%
<b>Receipts</b>				
<b>Revenue Receipts</b>				
Direct taxes	2,182	28	2,043	31
Indirect taxes	3,647	46	2,920	44
	<u>5,829</u>	<u>75</u>	<u>4,963</u>	<u>76</u>
Non-tax revenue	2,080	25	1,610	24
Gross revenue receipts	<u>7,909</u>	<u>100</u>	<u>6,573</u>	<u>100</u>
Less: Provincial share	<u>(3,412)</u>	<u>(40)</u>	<u>(2,874)</u>	<u>(40)</u>
<b>Net revenue receipts</b>	<b>4,497</b>	<b>53</b>	<b>3,700</b>	<b>51</b>
Capital receipts	1,241	15	1,463	20
External resources	1,246	16	810	11
Cash balance	570	7	242	3
Bank borrowings	681	8	917	13
Privatization proceeds	252	3	100	1
<b>Total Resources</b>	<b>8,487</b>	<b>100</b>	<b>7,231</b>	<b>100</b>
<b>Expenditure</b>				
<b>Current Expenditure</b>				
Defence	1,373	16	1,289	17
General public services	5,435	64	4,429	61
Others	715	8	627	9
	<u>7,523</u>	<u>89</u>	<u>6,345</u>	<u>88</u>
Development expenditure	964	11	886	12
<b>Total Expenditure</b>	<b>8,487</b>	<b>100</b>	<b>7,231</b>	<b>100</b>

## COMPARATIVE BUDGET AT A GLANCE

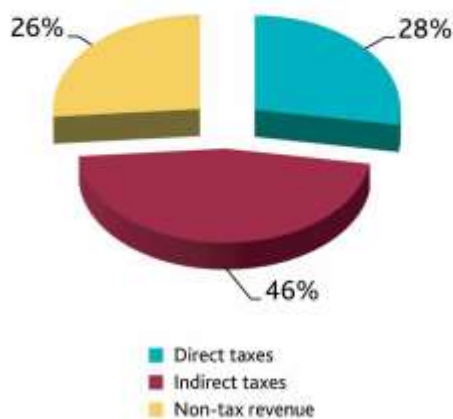
Sources of Funds



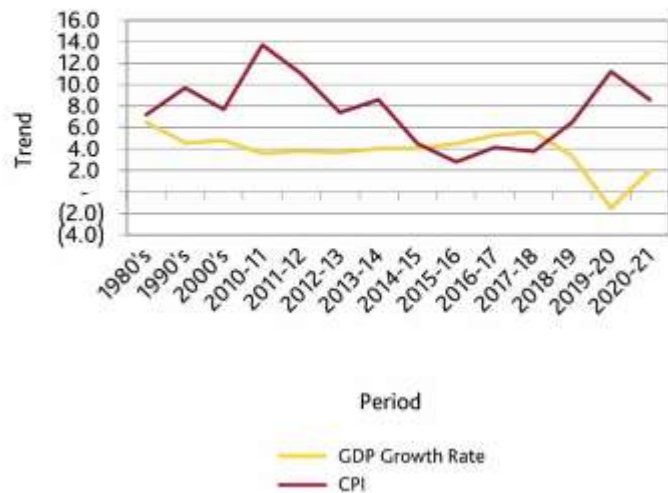
Utilisation of Funds



Breakup of Revenue Receipts

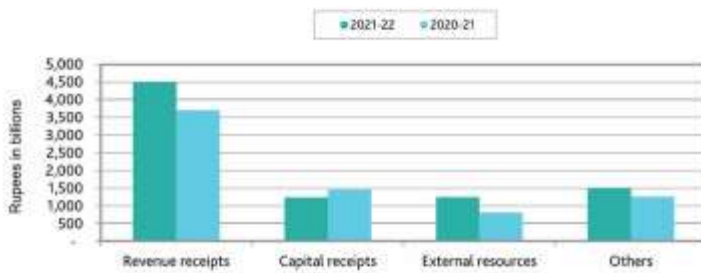


Trends in Growth and Inflation

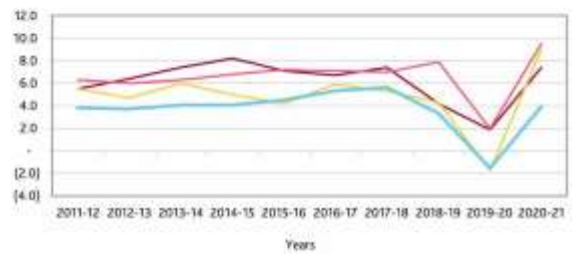


# COMPARATIVE BUDGET AT A GLANCE

### Comparison of Revenue



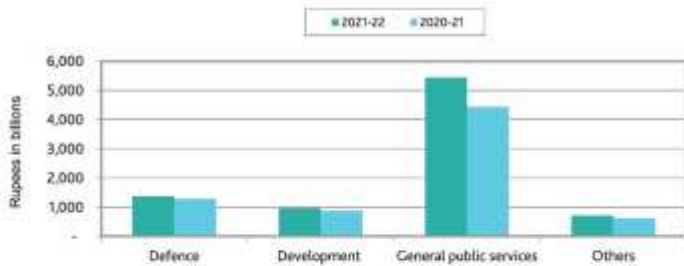
### Comparative Real GDP Growth Rate



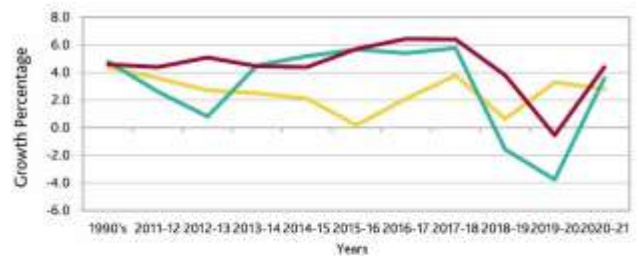
Source: World Economic Outlook (IMF)

- India
- Bangladesh
- Malaysia
- Pakistan

### Comparison of Expenses



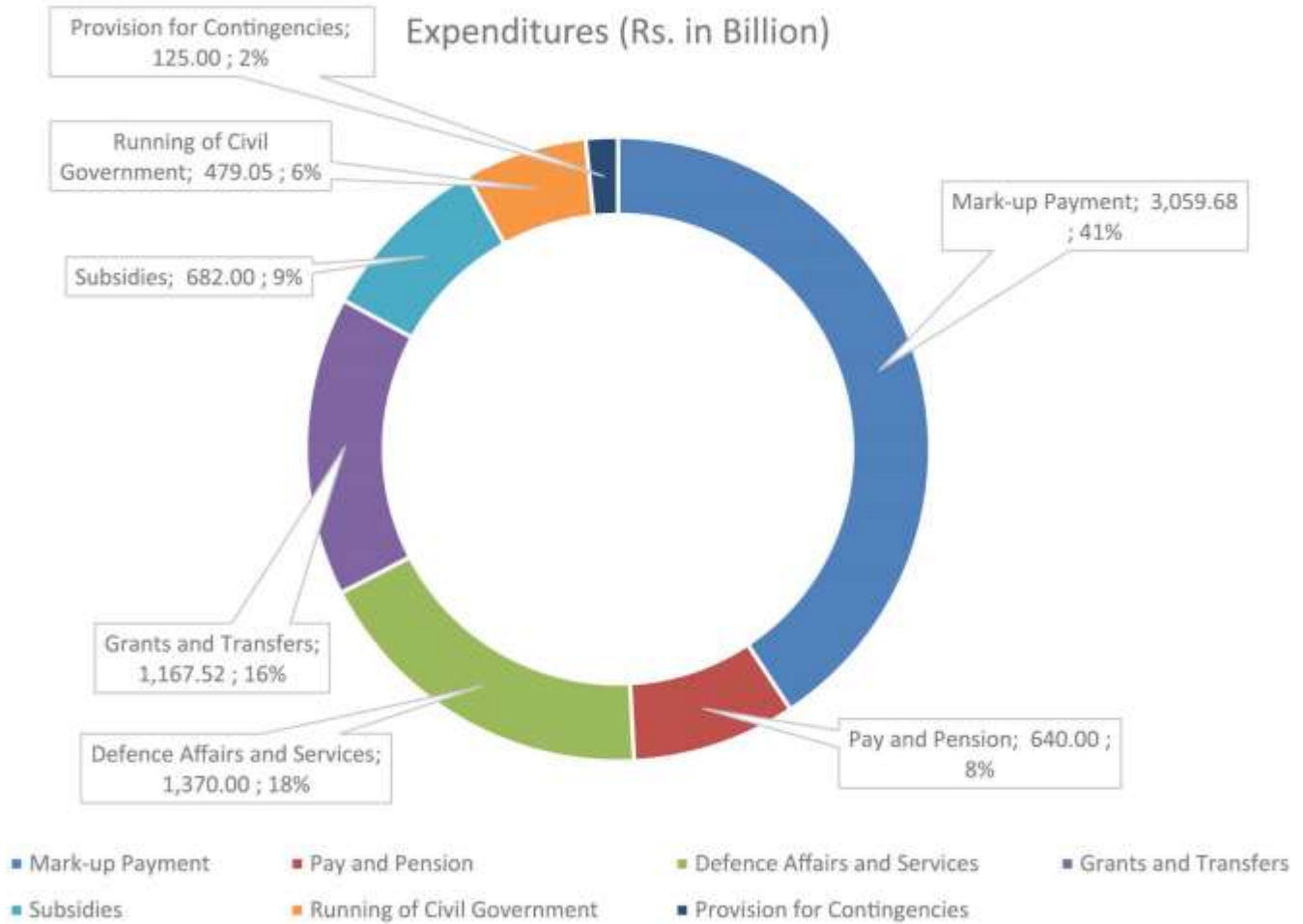
### Growth Performance of Components of Gross Domestic Product



Source: Pakistan Bureau of Statistics

- Agriculture
- Industrial Sector
- Services Sector

## EXPENDITURE (Rs. In Billion)





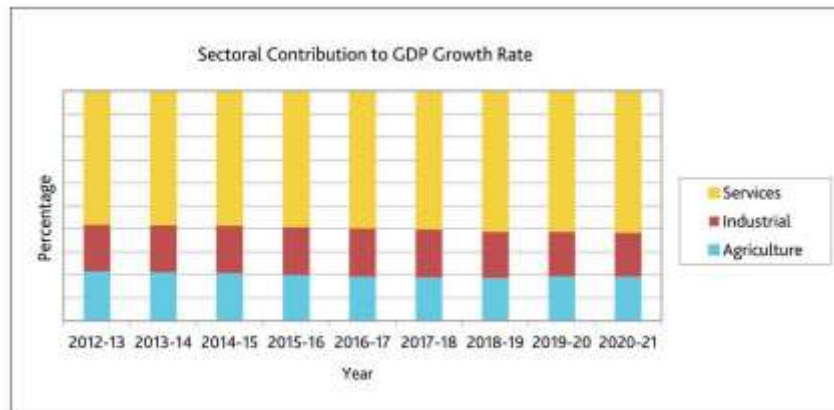
## Overview

Set with a total outlay of Rs. 8.48 trillion, the Amended Budget, sets a continuing ambitious tax revenue target of Rs. 5,83 trillion, an increase of 17.4% against the prior Budgetary target for tax revenues.

A perusal of the various components of the Economic Survey will provide a useful insight as to the key pillars of the economy.

## Growth

The economy has witnessed a V-shaped recovery with 3.94 percent growth in FY2021 against the negative growth of 0.47 percent last year. It is worth mentioning that after 15 years, the economic growth has surpassed its target. The outgoing fiscal year has witnessed a broad-based recovery across all sectors supported by various sector-specific measures implemented by the government. The measures to uplift the agriculture sector paid off in terms of improved productivity of important crops. Similarly, the performance in large scale manufacturing, construction, and export sectors is encouraging. The current account is in surplus, the fiscal deficit is manageable, the primary balance is also in surplus, the rupee is stable, and foreign exchange reserves have surpassed \$22 billion.



Source: Pakistan Bureau of Statistics

## Agriculture

The agriculture sector's performance during 2020-21 broadly stands encouraging as it grows by 2.77 percent against the target of 2.8 percent. The growth of important crops (wheat, rice, sugarcane, maize and cotton) during the year is 4.65 percent. The production of major Kharif crops, such as sugarcane, maize and rice indicate considerable improvement compared to last year and surpassed the production targets. The production of sugarcane increased by 22.0 percent to 81.009 million tonnes from 66.380 million tonnes, rice by 13.6 percent to 8.419 million tonnes from 7.414 million tonnes and maize by 7.4 percent to 8.465 million tonnes from 7.883 million tonnes. However, the cotton crop suffered mainly due to decline in area sown, heavy monsoon rains and pest attacks. The cotton production reduced by 22.8 percent to 7.064 million bales from 9.148 million bales last year.

Wheat is the most important crop of "Rabi", which showed growth of 8.1 percent and reached record high production level of 27.293 million tonnes compared to 25.248 million tonnes last year. For the Rabi crops 2020-21, the government provided a comprehensive "Rabi Package" comprising of subsidies on fertilizer, fungicides and weedicides, together with an increase in the Minimum Support Price (MSP) of wheat to Rs 1,800 per 40 Kg.

Other crops having a share of 11.69 percent in agriculture value addition and 2.24 percent in GDP, showed growth of 1.41 percent because of increase in production of fodder, vegetables and fruits. Cotton ginning declined by 15.58 percent due to fall in the production of cotton crop. The overall crops sector, having a share of 35.81 percent in agriculture value addition and 6.87 percent in GDP, witnessed a growth of 2.47 percent.

Water availability during Kharif 2020 remained at 65.1 million acre feet (MAF) showing a slight decrease of 0.2 percent compared to 65.2 MAF of Kharif 2019. Rabi season 2020-21 received 31.2 MAF, showing an increase of 6.9 percent over Rabi 2019-20.



## Industry

Manufacturing has witnessed broad-based growth as major sectors of LSM have shown significant improvement i.e., Textile, Food Beverages & Tobacco, Non-Metallic Mineral Products and Automobile. First nine months of FY2021 recorded highest period wise growth of 8.99 percent since FY2007.

The Large-Scale Manufacturing (LSM) performance has been favorable during July-March FY2021 and witnessed 8.99 percent growth as compared to 5.1 percent decline during the same period last year. The government's decision to resume the business activities and adoption of smart lockdown boosted the business sentiments and the economy gained traction after witnessing a hefty decline in FY2020. Targeted fiscal and monetary incentives accompanied by related support packages helped speed up the economic recovery.

Out of 15 subsectors, nine posted growth during July-March FY2021. Textile and Food Beverages & Tobacco, the top two sectors of LSM, grew by 5.9 and 11.7 percent, respectively. Coke & Petroleum Products, Non-metallic Mineral Products, Automobile and Pharmaceuticals also grew by 12.71, 24.31, 23.38 and 12.57 percent, respectively.

The Mining and Quarrying sector declined by 6.49 percent during FY2021, against 8.28 percent contraction last year. This sector is lagging behind despite huge potential due to interconnected and cross-cutting issues like poor regulatory framework, insufficient infrastructure at mines sites, outdated technology installed, semi-skilled labor, low financial support and lack of marketing. During July-March FY2021, production of major minerals plunged such as Coal, Natural Gas and Crude Oil declined by 5.97, 4.70 and 6.72 percent, respectively. However, some minerals witnessed positive growth during the period under review such as Chromite 28.28 percent, Magnesite 6.17 percent, Rock Salt 5.44 percent and Iron Ore 26.23 percent.

## Balance of payments

Current account posted a surplus of \$ 0.8 billion, during July-April, FY2021 for the first time in 17 years. Inflows of foreign exchange through the Roshan Digital Account (RDA) crossed the \$1 billion mark. During July-April FY2021, workers' remittances posted historically high growth of 29 percent and reached to \$ 24.2 billion. SBP's foreign exchange reserves rose to \$16 billion, four-years high. Keeping in view the significant performance pertaining to FATF conditions, potential of exports and e-commerce, Pakistan has been added into the Amazon's seller list.

Amidst the uncertain and precarious global economic environment, where the global economy was lurching under the impact of the unprecedented COVID-19 shock, Pakistan's external sector has appeared as a key buffer for resilience. The comfortable external balance position of Pakistan has been supported by surplus current account balance on the back of robust flow of remittances and a sustained recovery in exports. Furthermore, improvements in the services and primary income account also provided a cushion to turn the current account deficit of \$ 4.7 billion in FY2020 into a surplus of \$ 773 million during July-April FY2021. The inflow of workers' remittances in Pakistan has been rising consistently since FY2018 and the trend continued in FY2021 with a meritorious growth of 29.0 percent and reached \$ 24.2 billion during July-April FY2021.

Export of goods grew by 6.5 percent during July-April FY2021 and stood at \$ 21 billion as compared to \$ 19.7 billion in the same period last year. Import of goods grew by 13.5 percent to \$ 42.3 billion as compared to \$ 37.3 billion last year. Consequently, the trade deficit increased by 21.3 percent to \$ 21.3 billion as compared to \$ 17.6 billion last year.

## Monetary policy

The policy rate remained unchanged at 7.0 percent which improved business sentiments and thus stimulating economic activities enabling employment to recover. After the COVID-19 outbreak, the State Bank of Pakistan proactively reduced the policy rate by a cumulative 625 bps from 13.25 percent to 7.0 percent, within almost 3 months between March and June 2020. The target of monetary policy was shifted towards supporting growth and employment during the pandemic.

During FY2021, SBP has continued with an accommodative monetary policy stance with 7.0 percent policy rate which has supported the economic recovery while keeping inflation expectations under control and safeguarding financial stability. Besides sharply lowering the borrowing cost, SBP introduced a host of measures aimed at supporting the businesses and households during the challenging time. These measures, along with a fiscal stimulus package especially for revival of construction, led to a quick turnaround in economic activity in the country during FY2021.

## Inflation

The Consumer Price Index (CPI) inflation for the period July-May FY2021 was recorded at 8.8 percent against 10.9 percent during the same period last year. The other inflationary indicators like the Sensitive Price Indicator (SPI) was recorded at 13.5 percent against 14.0 percent last year. Wholesale Price Index (WPI) was recorded at 8.4 percent in July-May FY2021 compared to 11.1 percent last year.

During July-May FY2021, National CPI inflation for FY2021 remained lower than same period last year. Administrative measures including a crackdown on speculative elements and resumption of seasonal supplies of perishables helped to minimize the inflationary pressures. Furthermore, tax relief measures in Budget FY2021 in response to COVID-19 also provided relief in terms of stable prices of various goods.

## Energy

Installed capacity of electricity increased to 37,261 MW during July-April FY2021 compared to same period last year, showing an addition of 1,289 MW. Likewise, its generation increased to 102,742 GWh showing an additional generation of 6,360 GWh during the period under discussion. The share of Industry in electricity consumption has increased to 26.3 percent in July-March FY2021 as compared to 25.5 percent in the same period last year.

## Domestic Debt

Profile of domestic debt has improved significantly during the tenure of the present government as short-term debt as percentage of total domestic debt has decreased to 23 percent at end March, 2021 compared with 54 percent at end June, 2018. Over 80 percent of the net borrowing from domestic sources was through medium to- long term domestic debt instruments (Pakistan Investment Bonds & Government Ijara Sukuk) during first nine months of FY2021.

## Public Debt

Total public debt was recorded at Rs 38,006 billion at end March 2021. Domestic debt was recorded at Rs 25,552 billion while external public debt was recorded at Rs 12,454 billion or \$ 81.6 billion at end March 2021. Pakistan has been able to contain the growth in its public debt portfolio despite a very challenging macroeconomic situation around the globe due to the pandemic. In fact, Pakistan witnessed one of the smallest increases in its public debt. Global public debt to GDP Ratio increased by 13 percentage points, from 84 percent in 2019 to 97 percent in 2020, whereas, Pakistan's Debt-to-GDP ratio witnessed minimal increase of 1.7 percentage points and stood at 87.6 percent at end June 2020 compared with 85.9 percent at end June 2019. The Debt-to-GDP ratio of Pakistan is expected to reduce and will remain below 84 percent at the end of current fiscal year.

## Perspective on Economy

At the time the Budget Commentary for 2020 was being released, there was significant uncertainty regarding how Pakistan would weather the COVID-19 pandemic, economically and otherwise. Credit to timely government initiatives and undoubtedly a "Hand of God", Pakistan has been able to achieve an impressive economic growth this past year. This achievement has been credited by International lending agencies as having surpassed their own estimates as well.

At this stage, this business friendly budget will seek to build on this growth story, despite pressure from international bodies to maintain prudent policies and focus on fiscal consolidation. The Budgetary measures include reform of existing procedural issues such as the erstwhile problematic Self-Assessment Scheme and measures to reduce the cash in circulation through eliminating withholding tax on cash withdrawals. Supportive measures include some innovative measures supporting the SME sector engaged in manufacturing and for technology oriented entities. Going forward, a growth-friendly budget with an expansionary fiscal policy coupled with a low-interest rate regime is likely to keep economic activity upbeat.

The opposition party representatives were sighted on media several days before the Budget announcement announcing a pre meditated opposition to the Amended budget. Following the announcement of this pro-business and intelligently crafted budget, such opposition representatives will find it challenging to critique this Budget, except to state that it may not be achievable. Only time will tell.

BDO EBRAHIM & CO.  
DATED: JUNE 12, 2021

## HIGHLIGHTS

## INCOME TAX

- The Act has focused on capturing information of “business bank account” and brought specific definition for it. Further, The Act has approved penalty of Rs. 10,000 per day default for non-declaration of business bank account with a minimum penalty per non-declared bank account of Rs. 100,000.
- The Act has approved to include the Telecommunication companies in the definition of Industrial Undertaking. This insertion would allow the said companies to claim advance tax paid at import stage as an adjustable tax.
- The Act has approved to broaden the scope of IT enabled services by including cloud computing and data storage services
- The Act seeks to broaden the tax base by proposing a new regime of taxation for Small and Medium Enterprises (SME) engaged in manufacturing business. The scheme is governed through a newly inserted fourteenth schedule in the Ordinance, which provides 2 categories of SME based on turnover ( $\leq$  Rs. 100M &  $\leq$  Rs. 250 M) and tax rate on taxable income for the 2 categories is 7.5% & 15%.

Further, the scheme also gives option for the SME to opt for final taxation and offer tax on gross turnover based on turnover limit for turnover  $\leq$  Rs. 100M &  $\leq$  Rs. 250 M is 0.25% and 0.5%.

Furthermore, the SME’s shall be registered through IRIS by filing irrevocable option for three tax years and person opting for SME status under normal tax may be selected for tax audit through risk based parametric under section 214C of the Ordinance if its tax to turnover ratio is below tax rate of 0.25% and 0.5% whichever is applicable.

- The Act has approved to reduce the limits of profit on debt earned by an individual or Association of person to be taxed under the normal tax regime from amount exceeding thirty-six million to amount exceeding five million. This threshold limit has been reduced with the aim for increasing tax revenue from high net worth taxpayers.
- The Act has approved to tax the income from property earned by individual and Association of persons in the normal tax regime from the separate block of taxation.
- The Act has approved to apply the Non-recognition rule under section 79 on gain/loss on disposal of assets to non-residents under gift from relative, inheritance and agreement to live apart.

- The Act approves to empower the Commissioner Inland Revenue to determine the cost of the asset received through gift, which is a part of tax avoidance scheme. Earlier cost of person receiving property by way of gift was the fair market value of transferor at the time of transfer as per section 37(4A). However, this proposal would result the cost of gifted property in the hands of the transferee at the same cost of the transferor.
- The Act has approved to allow adjustment of loss against salary & property income.
- After the eighteenth Constitutional Amendment Act, 2010, there was an ambiguity as to whether payment with respect to levy of Worker Welfare Funds made to provincial authority would be allowed as a deductible allowance under section 60A. This ambiguity has now been removed through the approval to bring such payment under the ambit of section 60A.
- After the eighteenth Constitutional Amendment Act, 2010, there was an ambiguity as to whether payment with respect to levy of Worker Participation Funds made to provincial authority would be allowed as a deductible allowance under section 60B. This ambiguity has now been removed through the approval to bring such payment under the ambit of section 60B.
- The Act has approved to incentivize taxpayers and allow taxpayers tax credits on installation of point of sale machines.
- The Act has approved to enhance the threshold of individuals and AOPs for chargeability of minimum tax on turnover from Ten Million to 100 Million.

The Act also seeks to broaden the definition of turnover. Earlier, the amount of minimum tax could only be carried forward in subsequent period that was being the excess amount paid between the amount of tax liability on taxable income and turnover tax calculated. Now the said condition has been approved to relax and even in loss situation the amount of entire minimum tax paid can be carried forward for adjustment against future tax liability of five tax years.

- The Act approves to remove the time limit for Commissioner to issue notice for furnishing of return to persons having foreign income or foreign assets i.e. the Commissioner can issue a person who may have foreign assets or foreign income notice to submit return of one or more of the last ten year irrespective of the fact that whether the said person has filed its last five tax year returns or not.
- The requirement to update tax profile has been approved to be omitted

- The Act has approved to bring clarity regarding taxation of income of co-operative societies from sale and services to its own members
- The Act has restored the conditions for determining the residency of an individual i.e. stay in Pakistan for days in aggregate of 183 days or more
- The Act approves to withdraw the power of tax authorities to conduct inquiries under section 122(5A)

Further, The Act approves to prescribe time limit to dispose show cause notices for amendment of assessment.

- The Act has approved to introduce Special regime for export of services at par with export of goods to be taxed @ 1% under final tax regime.
- The Act has approved to streamline monitoring of withholding taxes requiring taxpayers to file online statement along with reconciliation.
- The Act has approved to introduce mechanism of electronic processing and electronic issuance of refund by the Board.
- The Act has approved recording of e-hearing to be admissible evidence.
- The Acts has approved to omit following withholding taxes

Provision	Description
153B	Collection of tax on payment of royalty to residents.
231A	Collection of tax on cash withdrawal.
231AA	Collection of tax on banking instruments.
236P	Collection of tax on banking transactions other than through cash.
236Y	Collection of tax from persons remitting amounts abroad through credit or debit or prepaid cards.
236B	Collection of tax on domestic air travel.
236L	Collection of tax on international air travel.
236V	Collection of tax on extraction of minerals.
233A	Collection of tax from members by a stock exchange registered in Pakistan.
233AA	Collection of tax on marginal financing by NCCPL

234A	Collection of tax from CNG stations.
236HA	Collection of tax on certain petroleum products.

- The Act has approved to Tax on "on" money on vehicles, if vehicle is disposed without registration.
- The Act has approved to expand the scope of withholding tax collection from supply chain below manufacturers and importers of specified sectors (sections 236G and 236H).
- The Act has approved to reduce the threshold of monthly electricity bill for withholding tax on electricity consumption from 75,000 to 25,000 from domestic users not appearing on Active Taxpayers' list.
- The Act has approved to allow Exemption to Special Economic Zone Enterprises from payment of minimum tax.
- The Act has approved a ten-year tax holiday period for Special Technology Zone Authority, Zone Developers and Zone Enterprises.
- The Act has approved tax exemption on the import of capital goods and dividend income of private funds from investment in special technology zone enterprise.
- The Act has approved exemption from tax on income of deep conversion new refineries and BMR projects of existing refineries for 10 years.
- The Act has approved to reduce rate of withholding tax to 3% on oilfield services, warehousing services, logistic services, collateral management services and telecommunication services.
- The Act has approved to reduce tax rate on capital gain tax on disposal of securities from 15% to 12.5%
- The Act has approved to reduce tax liability by 25% for women entrepreneurs
- The Act has approved an Automated mechanism for issuance of exemption certificates if application is not disposed by Commissioner within 15 days
- The Act has approved to delegate powers of Federal Government to Board with the approval of Federal Minister in-charge.
- The Acts has approved to establish designation of Directorate of compliance Risk Management in FBR.

## SALES TAX

- The minimum annual threshold of turnover from all supplies for cottage industry is Amended to be increased from Rs. 3 million to Rs. 10 million.
- The threshold of shop area in case of furniture outlet/showrooms is Amended to be 2000 square feet for inclusion in tier-1 retailer.
- Public limited companies are Amended to be excluded from the purview of restriction for adjustment of input upto 90% of the output.
- A separate section is Amended for allowing commissioner and chief commissioners to provide extension of time for furnishing of sales tax return.
- A show-cause notice can be issued for recovery of amounts not paid or short-paid within five years of relevant date. Since sales tax is payable on monthly basis, the time bar also applies on monthly basis. However, audits are undertaken on full-6-year basis. As, audits for income tax and sales tax for the same financial or tax year are undertaken concurrently, the demand in case of sales tax may get time-barred one to two years earlier as compared to demand for income tax. In order to streamline the said provision, the words “relevant date”, is Amended to be changed with the words “end of the financial year in which the relevant date falls”
- The Provisions is Amended to empower the FBR for sharing of data or information with other Ministries, Divisions of Federal or Provincial Government.
- The Provisions is Amended regarding sharing of data with foreign countries on reciprocal basis were introduced through Tax Laws (Amendment) Ordinance, 2021 which is now being incorporated in Sales Tax Act, 1990. Moreover, mechanism for assistance in recovery of taxes on request from foreign countries on reciprocal basis.
- FBR official can visit the Tier-1 business being integrated with FBR system i.e. POS and check the record randomly to avoid the tax evasion.
- Exemption on import of CKD kits for electric vehicles by manufacturers granted by Tax Laws (Amendment) Ordinance, 2021 is Amended to be incorporated in the Sixth Schedule
- Exemption from value addition tax on import of electric vehicles, CKD kits for small car, 2-3 wheelers, HCVs and all these vehicles in CBU conditions was granted vide Tax Laws (Amendment) Ordinance, 2021 is Amended to be incorporated in the Twelfth Schedule.
- To facilitate international athletes, exemption to goods temporarily imported by athletes/sportsmen granted by Tax Laws (Amendment) Ordinance, 2021 is Amended to be incorporated in the Sixth Schedule.
- Tax exemption to auto disable syringes granted vide Tax Laws (Second Amendment) Ordinance, 2021 is Amended to be incorporated in the Sixth Schedule.
- To encourage IT industry in the country, import of plant, machinery and raw material by Special Technology Zone is Amended to be exempted from sales tax.
- Reduced rate of sales tax @ 1% on locally supply of electric vehicles granted vide Tax Laws (Amendment) Ordinance, 2021 is Amended to be incorporated in the Sixth Schedule.
- In order to address litigation issue, fixed tax on SIM cards is Amended to be deleted with effect from 1st July, 2020.
- For facilitation purpose, the concept of settlement of payment is Amended to be introduced in section 73 but the adjustments of account only be allowed after payment of sales tax being involved in sales and purchases between the involved parties.
- For establishment of Border Sustenance Markets, exemption from sales tax is Amended to be granted on food related and other consumable goods.
- It is Amended that small cars with engine capacity up to 850cc may be exempted from value added tax besides reducing sales tax rate from 17% to 12.5%.
- The sale of goods through online market place is Amended to be brought into the sales tax net by deeming the online market place as supplier in respect of third party sales through their platform.
- For specified goods, it is Amended that it may be made mandatory for manufacturers of such goods to obtain brand license for each separate brand or SKU.
- Reclaimed lead and used lead batteries is an unorganized sector. Therefore, entire amount of sales tax in respect of sales of such goods is Amended to be withheld at source under Eleventh Schedule.
- To ensure collection of due taxes, sales tax on sugar is Amended to be levied on retail price by including the said product in Third Schedule.
- For Steel products thirteenth schedule is introduced for identification and calculation of sales tax on Steel products.



- If the retailer is has not integrated his retail outlet in the manner as prescribed then the adjustable input for whole of that period shall be reduced by 60%.

#### FEDERAL EXCISE ACT, 2005

- Amendments are Amended that approval for the revision of the filed return is not required within sixty days of original return filed and either the duty payable as per the revised return is more than the amount paid or the refund claimed therein is less than the amount as claimed.
- New section Amended to be inserted which required manufacturers of the specified goods to obtain brand license or stock keeping unit (SKU) and if sold without obtaining a license from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction.
- Amendments are Amended to empower the Board by giving power to share the data or information including real time data videos, images received with the Ministry or Division of the Federal Government or Provincial Government.
- Enabling provision has been Amended in respect of request from a foreign jurisdiction under the tax treaty a multilateral convention, and inter-governmental agreement are similar agreement or mechanism. Accordingly, the amendment is Amended that the Federal Government may enter into a bilateral or multilateral convention, and inter-governmental agreement or similar agreement or mechanism for assistance in the recovery of duties.
- The amendments Amended that the Board may authorize and prescribe the manner in which fee and service charges collected shall be expended.
- Excise duty of rupees five thousand two hundred per Kg, is levied on tobacco mixture in an electrically heated tobacco product by whatever name called, intended for consumption by using a tobacco heating system without combustion.
- Imported or locally manufactured electric vehicles (4 wheelers) are Amended for exemption from federal excise duty till 30th day of June, 2026.
- Small cars upto engine capacity of 850 cc has been Amended for exemption from federal excise duty.
- The rate of federal excise duty on telecommunication is Amended to be reduce from seventeen percent to sixteen percent.
- Excise duty to be imposed on mobile phone call, if call duration exceeds three minutes at the rate of one rupee per call in addition to the rates of duty specified.

- Excise duty to be imposed on internet services at the rate of five rupees per GB in addition to the rates of duty specified. Though, it may not be included in the final bill.
- Excise duty to be imposed on SMS services at the rate ten paisa per SMS in addition to the rates of duty specified.
- Edible oil excluding epoxidized soyabean oil falling, vegetable ghee and cooking oil , steel billets, ingots, ship plates, bars and other long re-rolled products goods on which duty is collectible under sales tax mode with entitlement for adjustment with sales tax and vice versa is Amended to be omitted in the second schedule.
- In the third schedule further goods is Amended to be added for conditional exemption when supplied within the limits of the border sustenance markets, established in cooperation with Iran and Afghanistan: Animal fats and oil and their fractions, vegetable fats and their fractions, vegetable oils and their fractions. This is Amended for the establishment of border sustenance markets.
- Exemption are Amended on import and supply of raw materials, components, parts and plant and machinery by register persons authorized under export facilitation scheme, 2021 notified by the Board with conditions limitations and restrictions.
- Payment on account of Merchant Discount Rate (MDR) is Amended to be excluded from the purview of the federal excise duty.
- It is Amended to withdraw federal excise duty on fruit juices, steel billets, edible oils and vegetable ghee and cooking oil.
- Exemption is being Amended for levy of federal excise duty to the industrial units located in FATA and PATA.

#### CUSTOMS ACT, 1969 – HIGHLIGHTS

- The Act approves multipronged changes to the Customs Act, majority of these changes are aimed at facilitation or automation of the processes involved, overall relief has been provided to various industrial activities. Further, certain improvements have also been made to facilitate exports. However, anti-smuggling features have been introduced in the law to strengthen the enforcement measures and to empower the customs officials to smoothly carry out their functions and duties.
- Various export facilitation measures that are being Amended include introduction of Uniform Export Facilitation Scheme for ease of doing business, certain measures for facilitation of transfer of goods through WeBOC system are also being considered, regulatory

- duty for certain items like molasses, skin and hides is also Amended to be reduced.
- The Act approves to increase rates of regulatory duties on import of non-essential or luxury items and to reduce duties on industrial use items.
  - The Act approves to provide exemption/reduction of customs duty / regulatory duty / additional customs duty on various textile, flat rolled products of HRC, stainless steel, various raw materials and intermediary goods, pharmaceutical products, raw materials for food processing industry, vaccines for veterinary medicines, tourism, paints and chemical, cables and optical fibers and electronics manufacturers etc.
  - The Act approves to extend the time limit for notifications issued after 1<sup>st</sup> July, 2016 which are neither presented before national assembly nor rescinded from June 2021 to June 2022.
  - The Act approves to enhance the time period of one year as a binding upon customs in case of advance rulings to three years to bring it as per international benchmark and to provide facilitation.
  - The Act introduces the concept of public, common and private warehousing for storage of dutiable goods without payment of custom duties subject to the conditions and limitations prescribed therein.
  - Facilitation measures also include correction of bona fide errors or omissions by Collector of Customs after clearance of goods subject to the condition that the reasons are documented.
  - Certain definitions have been added with regards to documentation, electronic assessment, vessel information report, owner of goods to streamline the procedures and to aid in ease of business.
  - Two new directorates have been Amended to be added, namely Directorate General of National Nuclear Detection Architecture and Directorate General of Marine to curb the smuggling of goods.
  - Certain changes have been Amended to patch-up the mechanism for determination of customs value and date of determination of import duty.
  - Various penalties have been Amended to be linked to number of times an offence is made and such penalties increase with the number of times offence is repeated.
  - Cash rewards have been Amended for customs and law enforcement agencies and informers providing credible information, upon realization of part or whole of the duties involved.
  - Power of Board has been Amended to be directed towards Chief Collector for taking over goods in order to avoid inordinate delays in confiscation of goods.
  - Bill seek changes to allow the importers to amend manifest till berthing event without seeking approval from custom authorities and hence ease of doing business.



SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
2(10A)	<p>Business Bank Account</p> <p>The Finance Act 2021 approves insertion of the definition of “Business Bank Account”.</p> <p>This insertion is in line of the government’s vision to improve documentation. Significant penalties have been approved in penal provisions for non-declaration of business bank account.</p>
2(13AA)	<p>Concealment of Income</p> <p>The Finance Act 2021 approves insertion of the definition of “Concealment of Income”.</p> <p>This insertion aims to support the tax department in justifying concealed income for the purpose of invoking section 111 of the Income Tax Ordinance 2001 (the Ordinance).</p>
2(29C)	<p>Industrial Undertaking</p> <p>The Finance Act 2021 approves omission of the sub clause (b) seeks to withdraw the powers to the Board to notify an industrial undertaking.</p>
Sub-clause (b)	
Sub-clause (c)	<p>The Finance Act 2021 approves insertion of the sub clause (c) in the definition of industrial undertaking as follows:</p> <p>“telecommunication companies operating under the license of Pakistan Telecommunication Authority (PTA)”</p> <p>The insertion is in line with the vision of the government to promote investment in the field of technology-based businesses. The inclusion of telecom sector companies in the definition of industrial undertaking would result in the advance tax paid on import of equipment and machinery, as an adjustable tax against its tax liability.</p>
2(30AD)	<p>Information Technology (IT)</p> <p>The Finance Act 2021 approves insertion of the definition of “Information Technology (IT)”.</p> <p>This insertion aims to streamline the definition, which previously was not present in the Ordinance.</p>
2(30AE)	<p>IT Enabled Services</p> <p>The Finance Act 2021 approves insertion of the definition of “Information Technology (IT)”.</p> <p>This insertion aims to streamline the definition of IT enabled services, which previously was not defined in the relevant section of the Ordinance.</p>
2(59A)	<p>Small and Medium Enterprises</p> <p>The Finance Act 2021 approves insertion of the definition of “Small and Medium Enterprises” as follows:</p> <p>“small and medium enterprise” means a person who is engaged in manufacturing as defined in clause (iv) of sub-section (7) of section 153 of the Ordinance and his business turnover in a tax year does not exceed two hundred and fifty million rupees:</p> <p>Provided that if annual business turnover of a small and medium enterprise exceeds two hundred and fifty million rupees, it shall not qualify as small and medium enterprise in the tax year in which annual turnover exceeds that turnover or any subsequent tax year.</p> <p>This insertion seeks to broaden the tax base by proposing a new regime of taxation for Small and Medium Enterprises (SME) engaged in manufacturing business. The scheme is governed through a newly inserted fourteenth schedule in the Ordinance, which provides 2 categories of SME based on turnover (<math>\leq</math> Rs. 100M &amp; <math>\leq</math> Rs. 250 M) and tax rate on taxable income for the 2 categories is 7.5% &amp; 15%.</p>

SECTION (CLAUSE)	<p>THE INCOME TAX ORDINANCE, 2001</p> <p>Further, the scheme also gives option for the SME to opt for final taxation and offer tax on gross turnover based on turnover limit for turnover &lt;= Rs. 100M &amp; &lt;= Rs. 250 M is 0.25% and 0.5%.</p> <p>Furthermore, the SME's shall be registered through IRIS by filing irrevocable option for three tax years and person opting for SME status under normal tax may be selected for tax audit through risk based parametric system under section 214C of the Ordinance if the SME's tax to turnover ratio is below tax rate of 0.25% and 0.5% whichever is applicable.</p> <p>Further, Export proceeds of SMEs shall be subject to final taxation at 0.25% in case turnover does not exceed Rs. 100 million. In case the turnover exceeds Rs. 100 million, the rate will be 0.5%.</p> <p>The provisions of section 113 (minimum tax) shall not apply to SMEs and the tax deductible under section 153(1)(a) on supply of goods by SMEs shall be adjustable.</p>
2(59AB)	<p>Small Company</p> <p>The Finance Act 2021 approves that previous clause (59A) renumbered as (59AB) and after sub-clause (iii) a new sub-clause (iv) will be inserted.</p> <p>This insertion seeks to streamline the definition of small company due to introduction of the legal framework of Small and Medium Enterprise.</p>
7B	<p>Tax on profit on Debt</p>
Sub-Section (3)	<p>The Finance Act 2021 approves substitution of the word of "thirty-six" as "five" in clause (b).</p> <p>Earlier to this proposal, any profit on debt earned by an individual or Association of person exceeding thirty-six million was subject to tax at the normal tax rate instead of final tax. This threshold limit has been reduced with the aim for increasing tax revenue from high net worth taxpayers.</p>
12	<p>Salary</p>
Sub-Section (2)	<p>The Finance Act 2021 approves insertion of the following explanation after Clause (c),:</p> <p>"For removal of doubt, it is clarified that the allowance solely expended in the performance of employee's duty does not include:</p> <ul style="list-style-type: none"> <li>(i) allowance which is paid in monthly salary on fixed basis or percentage of salary; or</li> <li>(ii) allowance which is not wholly, exclusively, necessarily or actually spent on behalf of the employer"</li> </ul> <p>This insertion aims to narrow the window for exclusion of benefits taxable under the head of salary.</p>
15	<p>Income from property</p>
Sub-Section (6)	<p>The Finance Act 2021 approves to omit sub-section (6) of section 15 for changing fixed tax regime into normal tax regime under the Head Income from Property for AOPs and individuals.</p>
Sub-Section (7)	<p>The Finance Act 2021 approves omission sub-section (7) of section 15 for changing fixed tax regime into normal tax regime under the Head Income from Property for AOPs and individuals.</p>
15A	<p>Deductions in computing income chargeable under the head "Income from Property"</p>
Sub-Section (1)	<p>The Finance Act 2021 approves substitution of the word of "company" as "person" whenever occurring. This omission seeks to streamline taxation of income from property under NTR for AOPs and individuals.</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Sub-Section (7)	The Finance Act 2021 approves omission of sub-section (6) of section 15, to streamline taxation of income from property under NTR for AOPs and individuals.
18	Income from business
Sub-Section (1)	The Finance Act 2021 approves addition of the explanation for tax on income of cooperative society.  Earlier based on the doctrine of mutuality the income of a cooperative society in the form of member's contribution was considered exempt from tax. The essence of the doctrine of mutuality lies in the principle that what is return is what is contributed by a member. A person cannot trade with himself. It is on the hypothesis that the income which falls within the purview of the doctrine of mutuality is exempt from taxation. However, this insertion seeks to nullify doctrine of mutuality. In our view, this insertion would be challenged as it's against the principle settled by higher adjudicating authorities.
20	Deductions in <b>computing income chargeable under the head "Income from Business</b>
Sub-Section (1A)	The Finance Act 2021 approves insertion of the word of "a deduction shall be allowed equal to" as to correct grammatical error.
23A	First Year Allowance  The Finance Act 2021 approves omission of First Year Allowance
37A	Capital gain on disposal of securities
Sub-Section (3)	The Finance Act 2021 approves insertion of the words of "unit of exchange traded fund" after the words of "debt securities".  Exchange traded funds (ETF) are an emerging product in capital market. In order to streamline its taxation, the units of ETF have been included in the definition of security.
Sub-Section (6)	The Finance Act 2021 approves insertion of new sub-section after sub-section (5).  This insertion seeks to empower to board to prescribe rules.
39	Income from other sources
Sub-Section (1)	The Finance Act 2021 In clause (1a) approves substitution of the words of "grandparents, parents, spouse, brother, sister, son or a daughter" as "relative as defined in sub-section (5) of section 85".  This insertion seeks to harmonize taxation provisions regarding disposal of asset under gift.
53	Exemptions and tax concessions in the Second Schedule
Sub-Section (2)	This insertion seeks to delegate powers of the Federal Government to the Federal Board of Revenue with the approval of Minister-in-Charge pursuant to the approval of ECC.
56	Set off of losses
Sub-Section (1)	The Finance Act 2021 approves omission of the words of "salary" and "income from property".  This insertion seeks to allow adjustment of loss against salary & property income. This is a relief measure.

SECTION (CLAUSE) 59B	THE INCOME TAX ORDINANCE, 2001  Group relief
Sub-Section (1)	<p>The Finance Act 2021 approves substitution of the words of “being a subsidiary of a holding company” as “being a subsidiary or a holding company”.</p> <p>This substitution seeks to remove ambiguity regarding surrender of losses between holding or subsidiary companies.</p>
60A	<p><b>Workers' Welfare Fund</b></p> <p>The Finance Act 2021 approves substitution of the words of “(XXXVI of 1971)” as “or under any law relating to the Workers’ Welfare Fund enacted by Provinces after the eighteenth Constitutional Amendment Act, 2010”.</p> <p>After the eighteenth Constitutional Amendment Act, 2010, there was an ambiguity as to whether payment with respect to levy of Worker Welfare Funds made to provincial authority would be taken as a deductible allowance under section 60A. This ambiguity has now been removed through this proposed insertion.</p>
60B	<p><b>Workers' Participation Fund</b></p> <p>The Finance Act 2021 approves substitution of the words of “(XII of 1968)” as “or under any law relating to the Workers’ Welfare Fund enacted by Provinces after the eighteenth Constitutional Amendment Act, 2010”.</p> <p>After the eighteenth Constitutional Amendment Act, 2010, there was an ambiguity as to whether payment with respect to levy of Worker Participation Fund made to provincial authority would be taken as a deductible allowance under section 60B. This ambiguity has now been removed through this proposed insertion.</p>
61	Charitable donations
Sub-Section (1)	<p>The Finance Act 2021 approves insertion of the expression “Voluntary contribution or subscription” after the word donation.</p> <p>The Finance Act 2021 approves to add the expression “or any person eligible for tax credit under section 100C of this Ordinance”</p> <p>This insertion seeks to streamline tax credit for donations to charitable organizations.</p>
62	Tax credit for investment in shares and insurance
Sub-Section (1)	<p>The Finance Act 2021 approves insertion of the new clause (ib) after clause (ia):</p> <p>“In respect of cost of acquiring in the tax year, unit of Exchange Traded Fund offered (ETF) to public and traded on stock exchange in Pakistan ; or”</p> <p>Now tax credit has also been allowed for investment in ETF at par with investment in shares and insurance premium.</p>
64C	Tax credit for persons employing fresh graduates
	The Finance Act 2021 approves omission of tax credit for persons employing fresh graduates.
64D	Tax credit for point of sale machine
	The Finance Act 2021 approves insertion of the new section.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	This proposed insertion is a documentation measure, which incentivizes taxpayers to avail tax credits on installation of point of sale machines.
65C	Tax credit for enlistment
	The Finance Act 2021 approves omission of tax credit for enlistment of companies in any registered stock exchange of Pakistan.
65D	Tax credit for newly established industrial undertakings
	The Finance Act 2021 approves omission of tax credit for newly established industrial undertaking.
65F	Tax credit for certain persons
	The Finance Act 2021 approves insertion of new section 65F which allows 100% tax credit reproduced as follows:
	(1) Income of following taxpayers shall be allowed a tax credit equal to one hundred per cent of the tax payable under any provisions of this Ordinance including minimum and final taxes for the period, to the extent, upon fulfillment of conditions and subject to limitations detailed as under: -
	(a) persons engaged in coal mining projects in Sindh supplying coal exclusively to power generation projects;
	(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 following two tax years;
	(c) persons deriving income from exports of computer software or IT services or IT enabled services up-to the period ending on the 30th day of June, 2025:
	Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.
	(2) The tax credit under sub-section (1) shall be available subject to fulfillment of the following conditions, namely:-
	a) return has been filed;
	b) tax required to be deducted or collected has been deducted or collected and paid;
	c) withholding tax statement for the immediately preceding tax year have been filed; and
	d) sales tax returns for the tax periods corresponding to relevant tax year have been filed:
	This insertion seeks to shift startups, coal-mining projects, exporters of IT and IT enabled Services to tax credit regime from exemption regime by proposing to add new section 65F.
65G	Tax credit for specified industrial undertakings
	The Finance Act 2021 approves insertion of the new section as follows:
	Tax credit for specified industrial undertakings.
	This insertion of tax credit is in result of withdrawal of the tax exemption on greenfield projects under Clause (126O) and tax exemption on profits and gains of an Industrial undertaking under Clause (126I) in Part I of Second Schedule of the Ordinance to tax credit regime.
79	Non-recognition rules
Sub-Section (2)	The Finance Act 2021 approves insertion of the words of “in respect of disposal of an asset as mentioned in clauses (d), (e) and (f)” after the word “acquisition”.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	This insertion seeks to extend application of non-recognition rule to non-resident recipients regarding disposal of assets under transactions through gift, inheritance or agreement to live apart.
82	Resident Individual
Sub-Section (ab)	The Finance Act 2021 approves omission of sub-section (ab).
	This omission provides relation in criteria of non-resident status. Now in order to become a resident, a person shall be required to be in Pakistan for a period in aggregate to 183 days or more in a tax year.
99B	Special procedure for small traders and shopkeepers
	The Finance Act 2021 approves substitution of the words of “Federal Government” as “Board with the approval of the Minister-in-charge”.
	This substitution seeks to delegate power of the Federal Government to the Federal Board of Revenue with the approval of the Minister-In-Charge.
99C	Special procedure for certain persons
	The Finance Act 2021 approves substitution of the words of “Federal Government” as “Board with the approval of the Minister-in-charge”.
	This substitution seeks to delegate power of the Federal Government to the Federal Board of Revenue with the approval of the Minister-In-Charge.
100	<b>Special provisions relating to the production of oil and natural gas, and exploration and extraction of other mineral deposits</b>
	The Finance Act 2021 approves substitution of the words of “Federal Government” as “Board with the approval of the Minister-in-charge”.
	This substitution seeks to delegate power of the Federal Government to the Federal Board of Revenue with the approval of the Minister-In-Charge.
100C	Tax credit for charitable organizations
	The Finance Act 2021 approves clarity for eligibility of 100% tax credit under section 100C by restructuring the said section.
	This insertion seeks to streamline tax credit to certain organizations including NPOs, Trusts or Welfare Institutions.
100D	Special provisions relating to builders and developers
Sub-Section (1)	The Finance Act 2021 approves substitution of the words of “30th day of September, 2022” as “30th day of September, 2023”.
	Further in clause (b) The Finance Act 2021 approves insertion of words “ or tax year 2020” in the proviso after the word of “2019”:
Sub-Section (3)	The Finance Act 2021 approves substitution of the words of “31st day of December, 2020” as “30th day of June, 2021”.
	Further in clause (c) The Finance Act 2021 approves insertion of words “30th day of June, 2021” after the word of “portal”.

SECTION (CLAUSE) Sub-Section (4)	THE INCOME TAX ORDINANCE, 2001  The Finance Act 2021 in clause (a) approves substitution of the words of “30th day of September, 2022” as “30th day of September, 2023”  In sub-clauses of (i) and (ii) of clause (b) The Finance Act 2021 approves substitution of the words of “30th day of December, 2020” as “30th day of June, 2021”  In sub-clause of (iii) of clause (b) The Finance Act 2021 approves substitution of the words of “31st day of December, 2020” as “31st day of December, 2021”
Sub-Section (9)	The Finance Act 2021 approves substitution of the words of “31st day of December, 2020” as “31st day of December, 2021”.  Further in sub-clause (iv) of clause (d) The Finance Act 2021 approves insertion of words “or tax year 2020” in the proviso after the word of “2019”:  The substitutions seek to extend timelines to avail tax benefits introduced vide section 100D to Builders and Developers.
100E	Special provisions relating to small and medium enterprises  The Finance Act 2021 approves insertion of the new section as follows:  Special provision relating to small and medium enterprises  (1) For tax year 2021 and onwards, the tax payable by a small and medium enterprise as defined in clause (59A) of section 2 shall be computed and paid in accordance with rules made under the Fourteenth Schedule.  (2) The Board may prescribe a simplified return for a small and medium enterprise.”  This insertion seeks to introduce special procedure for Small and Medium Enterprises in accordance with the rules in Fourteenth Schedule.
107	Restriction on deduction of profit on debt payable to associated enterprise
Sub-Section (1)	The Finance Act 2021 approves insertion of words “or assistance in the recovery of taxes” after the word of “avoidance of taxes”  The substitution seeks to provide enabling legal provisions for assistance in recovery of tax on the request of foreign jurisdictions.
111	Unexplained income or assets
Sub-Section (2)	In clause (ii) The Finance Act 2021 approves substitutions of words “incurred outside Pakistan and concealed income is foreign-source” as “incurred outside Pakistan or concealed income is foreign-source”.
Sub-Section (4)	The Finance Act 2021 approves substitutions of sub section (4) as follows:  “(4) Sub-section (1) does not apply to any amount of foreign exchange remitted from outside Pakistan through normal banking channels not exceeding five million Rupees in a tax year that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect”.
Sub-Section (5)	The Finance Act 2021 approves to insert new explanation in sub section (5) as follows:  “Explanation. – For the removal of doubt, a separate notice under this section is not required to be issued if the explanation regarding nature and sources of amount credited or the investment of money, valuable article, or the funds from which expenditure was made has been confronted to the taxpayer through a notice under sub-section (9) of section 122 of this Ordinance.”



SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	<p>The insertion seeks to eliminate requirement of issuance of separate notice under section 111 in concealment cases where the same has been confronted under notice for amendment of assessment.</p>
113	Minimum tax on the income of certain persons
Sub-Section (1)	<p>The Finance Act 2021 approves substitution of the words of “ten” as “hundred”.</p> <p>The substitution seeks to enhance the threshold of individuals and AOPs for chargeability of minimum tax on turnover from Ten Million to 100 Million.</p>
Sub-Section (2)	<p>The Finance Act 2021 in Clause (a) approves explanation to insert new explanation as follows:</p> <p>“Explanation. - For the removal of doubt, it is clarified that the definition of turnover covers receipts from all business activities in line with expression “turnover from all sources” used in sub-section (1) including but not limited to receipts from sale of immoveable property where such receipt is taxable under the head Income from Business;”</p> <p>Further in Clause (c) The Finance Act 2021 approves to substitute proviso as follows:</p> <p>“Provided that if tax is paid under sub-section (1) due to the fact that no tax is payable or paid for the year, the entire amount of tax paid under sub-section (1) shall be carried forward for adjustment in the manner stated aforesaid:</p> <p>Provided further that the amount under this clause shall be carried forward and adjusted against tax liability for five tax years immediately succeeding the tax year for which the amount was paid.”</p> <p>This insertion seeks to broaden the definition of turnover. Further, earlier to above substitution in Clause (c) of sub-section (2) the amount of minimum tax could only be carried forward in subsequent period that was being the excess amount paid between the amount of tax liability on taxable income and turnover tax calculated.</p> <p>Now the said condition has been relaxed and even in loss situation the amount of entire minimum tax paid can be carried forward for adjustment against tax liability of future five tax years.</p>
114	Return of income
Sub-Section (1)	<p>The Finance Act 2021 approves to omit the clause (ad) as follows:</p> <p>“(ad) any welfare institution approved under Clause (58) of Part I of the Second Schedule”</p> <p>This omission is a technical correction as Clause (58) of Part I of the Second Schedule has already been omitted in the past.</p>
Sub-Section (5)	<p>The Finance Act 2021 approves to insert new proviso in sub section (5) as follows:</p> <p>“Provided further that the time-limitation provided under this sub-section shall not apply if the Commissioner is satisfied on the basis of reasons to be recorded in writing that a person who failed to furnish his return has foreign income or owns foreign assets.”</p> <p>This insertion seeks to remove the time limit for Commissioner to issue notice for furnishing of return to persons having foreign income or foreign assets i.e. the Commissioner can issue notice to a person who may have foreign assets or foreign income to submit return of one or more of the last ten year irrespective of the fact that whether the said person has filed its last five tax year returns or not.</p>

SECTION (CLAUSE) Sub-Section (6)	THE INCOME TAX ORDINANCE, 2001  The Finance Act 2021 in clause (a) approves to insert new proviso in the end as follows:  “Provided that Commissioner may waive this condition if Commissioner is satisfied that filing of revised accounts or audited accounts is not necessary”  This insertion seeks to authorize Commissioner to waive off the condition of filing revised audited accounts while revising the return of income.
114A	Business Bank Account  The Finance Act 2021 approves to substitution of the section related to update of tax profile from time to time with business bank account.  This insertion seeks to substitute the requirement for the taxpayer to regularly update tax profile with requirement of declaring business bank account.
120	Assessments
Sub-Section (1)	The Finance Act 2021 approves to omit In Clause (a) the words “equal to the respective amounts adjusted under sub-section (2A)”.  In Clause (b) The Finance Act 2021 approves to substitute the words “equal to the respective amounts adjusted under sub-section (2A)” as “return was furnished”. Further at end new proviso proposes to insert as follows:  "Provided that until the date specified under the fourth proviso to sub-section (2A) is notified, this subsection shall be in force as if sub-section (2A) is not in operation:  Provided further that once the date under the fourth proviso to sub-section (2A) is notified, clauses (a) and (b) shall only apply when the provisions of sub-section (2A), if invoked, are first complied with:  Provided further once compliance is made under the second proviso,  (i)       the adjusted amount under sub-section (2A) shall be construed to be the tax payable and due under clause (a) and the date of the compliance under sub-section (2A) shall be the date for the purposes of clause (b)."
Sub-Section (2A)	The Finance Act 2021 in clause (iv) approves to insert new proviso.  This insertion seeks to empower Board to notify date for the applicability of provisions regarding system-based issuance of notice for automated adjustments in the return of income.
122	Amendment of assessments
Sub-Section (5A)	The Finance Act 2021 approves to omit the words “after making, or causing to be made, such enquiries as he deems necessary”  This omission seeks to withdraw the power of tax authorities to conduct inquiries under section 122(5A).
Sub-Section (9)	The Finance Act 2021 approves to insert new proviso at end as follows:  This insertion approves to prescribe time limit to dispose show cause notices for amendment of assessment not exceeding 120 days. This is a good measure taken by the legislature as it is usually observed that proceedings are unnecessarily prolonged, which causes inconvenience to the taxpayer.

SECTION (CLAUSE) 122A	THE INCOME TAX ORDINANCE, 2001  Revision by the Commissioner  The Finance Act 2021 approves to insert new sub section (5)  This insertion seeks to prescribe time limit to complete proceedings in pursuant to the order of the Commissioner.
127	Appeal to the Commissioner (Appeals)
Sub-Section (2)	The Finance Act 2021 approves to substitute sub section (2)  This substitution seeks to make technical correction by removing repetitive clauses.
Sub-Section (3A)	The Finance Act 2021 approves to insert a new sub section (3A)  This insertion seeks to provide enabling legal provisions for electronic filing of appeals.
130	Appellate Tribunal
Sub-Section (4)	The Finance Act 2021 approves substitution in Clause (a) of the words of “Regional Commissioner” as “Chief Commissioner Inland Revenue”.  In clause (b) The Finance Act 2021 approves omit of the words of “collector”.  This insertion seeks to make technical correction by replacing Regional Commissioner with Chief Commissioner.
134A	Alternative Dispute Resolution
Sub-Section (1)	The Finance Act 2021 approves to omit the words “where criminal proceedings have been initiated or”  This insertion seeks to allow taxpayers against whom criminal proceeding has been initiated to avail alternate dispute resolution mechanism.  The Finance Act 2021 approves to insert new sub section 1(A).  This insertion seeks to require taxpayer to file initial proposal for dispute resolution.
Sub-Section (2)	The Finance Act 2021 approves substitution of the words of “thirty” as “sixty”. This substitution seeks to reduce time limit from 60 days to 30 days to constitute Alternate Dispute Resolution Committee.
Sub-Section (4)	The Finance Act 2021 approves substitution of the words of “one hundred and twenty days of its appointment” as “Sixty days of its appointment extendable by another thirty days for the reasons to be recorded in writing”.  This substitution seeks to reduce the time limit from 120 days to 60 days for decision by ADRC.
Sub-Section (5)	The Finance Act 2021 approves substitution of the existing sub section (5) as follows:  “(5) The recovery of tax shall be stayed on the constitution of committee till the final decision or dissolution of the committee, whichever is earlier”  The substitution seeks to grant stay of recovery of demand till decision or dissolution of ADRC committee whichever is earlier.

SECTION (CLAUSE) Sub-Section (6A)	THE INCOME TAX ORDINANCE, 2001  The Finance Act 2021 approves to insert new sub section (6A ).  The insertion seeks to re-constitute second committee on failure to decide the matter by first ADRC committee in the time prescribed.
Sub-Section (7)	The Finance Act 2021 approves substitution of the words of “the Committee fails to decide within the period of one hundred and twenty days” as “the Second Committee fails to decide within time limit prescribed”.  The insertion seeks to provide enabling mechanism for the working of the Second ADRC Committee.
146C	Assistance in the recovery and collection of taxes  The Finance Act 2021 approves to insert new section  The insertion seeks to provide enabling legal mechanism for the recovery of tax demand on request of foreign jurisdiction.
147	Advance tax paid by the taxpayer
Sub-Section (6)	The Finance Act 2021 approves to omit second proviso  This omission seeks to withdraw the power of the Commissioner to reject the estimation of advance tax.
150	Dividends  The Finance Act 2021 approves to insert the words “collect tax from the amount of dividend in specie” after the word of “paid”.  This is an enabling insertion and seeks to merge provisions regarding collection of tax on cash dividend and dividend in specie.
150A	Return on investment in Sukuks  The Finance Act 2021 approves to omit this section.
151	Profit on debt
Sub-Section(1A)	The Finance Act 2021 approves to insert a new sub section (1A)  This insertion seeks to merge provisions regarding withholding taxes on profit on debt on sukuku with general provisions regarding profit on debt.
152	Payments to non-residents
Sub-Sections (1B), (1BB) and (1BBB)	The Finance Act 2021 approves to substitute sub sections (1A), (1BB) and (1BBB) and seeks to merge withholding tax provisions regarding non-residents.
Sub-Section(1DA) & (1DB)	The Finance Act 2021 approves to insert a new sub sections (1DA) and (1DB).  This insertion seeks to provide concessional rates on capital gain arising on the disposal of debt instruments to non-residents through specified accounts. It also provides for merger of provisions regarding withholding of taxes on profit on sukuku to non-resident sukuku holders with general provisions applicable to non-residents.  Further, the insertion seeks to merge provisions regarding withholding taxes on profit on debt on sukuku to non-resident sukuku holder with general provisions of withholding provisions applicable to non-residents.  The objective is to streamline taxation of non-residents under FTR on certain transactions.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Sub-Section (1E)	<p>The Finance Act 2021 approves to substitute sub sections (1E).</p> <p>The objective is to streamline taxation of non-residents under FTR on certain transactions.</p>
152A	<p>Payment for foreign produced commercials.</p> <p>The Finance Act 2021 approves to omit section 152A as separate legal provision for deduction of tax on payment for foreign produced commercial is already covered.</p>
153	<p>Payments for goods, services and contracts</p>
Sub-Section (4)	<p>The Finance Act 2021 approves substitution of the words of “public company listed on registered stock exchange in Pakistan” as “company”.</p> <p>This substitution seeks to provide mechanism for automated issuance of exemption certificates to corporate entities if application is not disposed off by the Commissioner within fifteen days.</p>
Sub-Section (5)	<p>The Finance Act 2021 approves to omit Clause (b).</p> <p>This is a consequential omission as a result of withdrawal of benefit from withholding under Clause (45A) of Part-IV of the Second Schedule</p>
153B	<p>Payment of royalty to resident persons</p> <p>The Finance Act 2021 approves to omit withholding tax provision on payment of royalty to resident persons.</p>
154A	<p>Export of Services</p> <p>The Finance Act 2021 approves to insert a new section as follows:</p> <p><b>154A. Export of Services:</b></p> <p>This insertion seeks to introduce legal framework for charging tax on exports of services.</p>
155	<p>Income from Property:</p>
Sub-Section (1)	<p>The Finance Act 2021 approves to substitute the words “income from” with “Rent of immovable”</p> <p>The substitution seeks to make enabling provision regarding withholding of tax on rental income of owner of the property and sub-lessee of the property.</p>
159	<p>Exemption or lower rate certificate</p>
Sub-Section (1)	<p>The Finance Act 2021 approves to substitute the words “Section 100C” as the word of “under the ordinance”.</p> <p>The substitution seeks to insert enabling provisions for issuance of exemption certificate where income of taxpayer is subject to 100% tax credit.</p> <p>Further, the insertion seeks to provide mechanism for automated issuance of exemption certificates to corporate entities if application is not disposed off by the Commissioner within fifteen days.</p>

SECTION (CLAUSE) 165	THE INCOME TAX ORDINANCE, 2001  Statements
Sub-Section (7) and (8)	<p>The Finance Act 2021 approves to insert a new sub section</p> <p>This insertion seeks to streamline the mechanism of monitoring of withholding of taxes by requiring taxpayers to file annual statement of payments other than salaries along with reconciliation of such statement at the time of filing return of income.</p>
168	Credit for tax collected or deducted
Sub-Section (3)	<p>The Finance Act 2021 approves to insert a new clause as follows: "(ea) sub-section (2) of section 154A"</p> <p>This is an enabling provision and seeks to align final tax regime for export of services.</p>
169	Tax collected or deducted as a final tax
Sub-Section (1)	<p>The Finance Act 2021 approves to insert the words "sub section (2) of section 154A" after the word of "section 154" "(ea) sub-section (2) of section 154A"</p> <p>This is an enabling provision and seeks to align final tax regime for export of services.</p>
170A	<p>Electronic processing and electronic issuance of Refunds by the Board</p> <p>The Finance Act 2021 approves to insert a new section.</p> <p>This proposal is to introduce mechanism of electronic processing and electronic issuance of refund by the Board.</p>
182	<p>Offences and penalties</p> <p>The Finance Act 2021 approves to rationalize penalty regime.</p>
182A	Return not filed within due date
Sub-Section (2)	<p>The Finance Act 2021 approves to omit sub section (2) as follows:</p> <p>This omission is consequent to the omission for requirement to update tax profile under section 114A.</p>
191	Prosecution for non-compliance with certain statutory obligations
Sub-Section (1)	<p>The Finance Act 2021 approves to omit In clause (e) the word "or" in the end.</p> <p>This insertion seeks to define non-declaration of bank account as an offence under the Ordinance.</p>
203	Trial by Special Judge
Sub-Section (2)	<p>The Finance Act 2021 approves to insert a new proviso.</p> <p>Provided that where the offence of concealment of income which has resulted in non-payment of tax of rupees one hundred million and above in case of a filer and rupees twenty-five million or above in case of non-filer, the procedure provided in section 203B shall be applicable.</p>

SECTION (CLAUSE) 203B	THE INCOME TAX ORDINANCE, 2001 Power to arrest and prosecute  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
203C	Procedure to be followed on arrest of a person  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
203D	Special Judges  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
203E	Cognizance of Offences by Special Judges  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
203F	Special Judge, etc. to have exclusive jurisdiction  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
203G	Provisions of Code of Criminal Procedure, 1898, to apply.–  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
203H	Transfer of cases  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
203I	Place of Sittings  The Finance Act 2021 approves to insert a new section  This insertion seeks to harmonize investigation and prosecution procedure under domestic tax laws.
204	Power to tender immunity from prosecution  The Finance Act 2021 approves to substitute the words “Federal Government” as the word of “Board with the approval of the Minister-in-charge”.
212	Authority of approval The Finance Act 2021 approves to substitute the words “Regional Commissioner” as the word of “Chief Commissioner Inland Revenue”.



SECTION (CLAUSE) 222A	THE INCOME TAX ORDINANCE, 2001 Fee and service charges
Sub-Section (2)	<b>The Finance Act 2021 approves to insert a new sub section (2)</b>  <b>This insertion seeks to make technical correction regarding fees and service charges collected by FBR.</b>
227BA	Reward and benefits for certain persons
Sub-Section (2)	<b>The Finance Act 2021 approves to insert a new section</b>  <b>This insertion seeks to provide rewards and incentives for e-intermediaries for filing of returns of new tax payers.</b>
227E	E-Hearing  <b>The Finance Act 2021 approves to insert a new section (227E).</b>  <b>This insertion seeks to provide enabling mechanism for admissibility of recording of e-hearing as evidence.</b>
230I	Directorate General of Compliance Risk Management  <b>The Finance Act 2021 approves to insert a new section (230I)</b>  <b>This insertion seeks to establish directorate general of compliance risk management in FBR.</b>
231A	Cash withdrawal from a bank  <b>The Finance Act 2021 approves to omit section (231A) related to advance tax on cash withdrawal on bank.</b>
231AA	Advance tax on transactions in bank  <b>The Finance Act 2021 approves to omit section (231AA) related to advance tax on various banking transaction.</b>
231B	Advance tax on private motor vehicles  <b>The Finance Act 2021 approves to insert new sub section (2A)</b>  <b>This insertion seeks to curb “on” money on vehicles by imposing collection of tax at the time of registration.</b>
233	Brokerage and commission
Sub-Section (1)	<b>The Finance Act 2021 approves to substitute the words “association of persons constituted by, or under any law” as the word of “association of person or individual having turnover of hundred million rupees or more”.</b>  <b>The substitution seeks to extend the definition of withholding agents for payment on brokerage and commission.</b>
233A	Collection of tax by a stock exchange registered in Pakistan  <b>The Finance Act 2021 approves to omit section (233A) related to collection of tax by stock exchange registered in Pakistan.</b>
233AA	Collection of tax by NCCPL  <b>The Finance Act 2021 approves to omit section (233AA) related to collection of tax by NCCPL.</b>

SECTION (CLAUSE) 234A	THE INCOME TAX ORDINANCE, 2001  CNG Stations  The Finance Act 2021 approves to omit section (234A) related to collection of tax by CNG Stations.
235	Electricity consumption
Sub-Section (1)	The Finance Act 2021 approves to merge withholding tax provisions regarding electricity consumption by industrial or commercial or domestic consumers.  Further, the insertion seeks to limit the withholding tax provisions regarding domestic electricity consumption to non ATL domestic consumers.
Sub-Section (3)	The Finance Act 2021 approves to substitute the words “for the tax year” as the word of “under section 147 or whose entire income is subject to final tax regime or minimum tax regime under any provisions of this Ordinance other than this section”.  The insertion seeks to streamline issuance of exemption certificate and discharging of advance tax liabilities regarding tax on electricity consumption.
235A	Domestic electricity consumption  The Finance Act 2021 approves to omit section (235A) related to deductions of tax on domestic electricity consumption.  The omission seeks to streamline withholding tax provision regarding electricity consumption by merging section 235 and 235A.
236	Telephone and internet users
Sub-Section (1)	The Finance Act 2021 approves to insert the words “Division V” after the word of “specified in”.
236B	Advance tax on purchase of air ticket  The Finance Act 2021 approves to omit section (236B) related to advance tax deduction on purchase of air tickets.
236C	Advance Tax on sale or transfer of immovable Property
Sub-Section (1)	The Finance Act 2021 approves to insert the words “public and private real estate projects registered/governed under any law, joint ventures, private commercial concerns” in explanation after the word of “co-operative society”.  Further, a new proviso also approves to be inserted.  This insertion seeks to streamline scope of collection agent on transactions relating to the transfer of property. Further, this insertion seeks to facilitate Roshan Digital Account Holders by declaring tax collected on the sale of property as final tax which was purchased by making payment through Roshan Digital Account.
236G	Advance tax on sales to distributors, dealers and wholesalers
Sub-Section (1)	The Finance Act 2021 approves to insert the words “pharmaceuticals, poultry and animal feed, edible oil and ghee, battery, tiers, varnishes, chemicals, cosmetics, IT equipment,” after the word “of”.  This insertion seeks to extend the scope of collection of tax from distributors, dealers, sub-dealers, wholesalers of specified sectors.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
236H	Advance tax on sales to retailers
Sub-Section (1)	<p>The Finance Act 2021 approves to insert the words “pharmaceuticals, poultry and animal feed, edible oil and ghee, battery, tiers, varnishes, chemicals, cosmetics, IT equipment,” after the word “of”.</p> <p>This insertion seeks to extend the scope of collection of tax from retailers of specified sectors.</p>
236HA	<p>Tax on sale of certain petroleum products</p> <p>The Finance Act 2021 approves to omit section (236HA) related to advance tax deduction on certain petroleum products.</p>
236K	Advance tax on purchase or transfer of immovable property
Sub-Section (1)	<p>The Finance Act 2021 approves to insert the words “public and private real estate projects registered/governed under any law, joint ventures, private commercial concerns” in explanation after the word of “co-operative society”.</p> <p>This insertion seeks to streamline scope of collection agent on transactions relating to the transfer of property.</p>
Sub-Section (2)	<p>The Finance Act 2021 approves a new proviso.</p> <p>This insertion seeks to facilitate Roshan Digital Account Holders by declaring tax collected on the purchase of property as final tax if property is purchased by making payment through Roshan Digital Account.</p>
Sub-Section (3)	<p>The Act 2021 approves a new proviso.</p> <p>This insertion seeks to facilitate buyers of property on installments.</p>
236L	<p>Advance tax on purchase of international air ticket</p> <p>The Finance Act 2021 approves to omit section (236L) related to advance tax deduction on purchase of international air tickets.</p>
236P	<p>Advance tax on banking transactions otherwise than through cash</p> <p>The Finance Act 2021 approves to omit section (236P) related to advance tax on banking transactions otherwise through cash.</p>
236S	<p>Dividend in specie</p> <p>The Finance Act 2021 approves to omit section (236S) related to advance tax on receipt of dividend.</p>
236V	<p>Advance tax on extraction of minerals</p> <p>The Finance Act 2021 approves to omit section (236V) related to advance tax on extraction of minerals.</p>
236Y	<p>Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards</p> <p>The Finance Act 2021 approves to omit section (236Y) related to advance tax on remitting amounts aboard through credit or debit or prepaid cards.</p>

SECTION  
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

242

Benefits of Repealed Provisions

The Finance Act 2021 approves to insert a new section (242) as under:

“242. Benefits of repealed provisions:

This insertion seeks to introduce grandfather clause to eliminate confusion regarding the applicability of repealed provisions through Tax Laws (Second) Amendment Ordinance, 2021.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001																
FIRST SCHEDULE	RATES OF TAX																
Part I	Rates of tax																
Division IIA	Rate of Tax of Super Tax  The Finance Act 2021 approved to maintain rate of super tax for Banking Companies at 4% for tax year 2021 and onwards																
Division III	Rate of Tax of Dividend Tax  The Finance Act 2021 approved insertion of expression after the word “funds” to “Real Estate Investment Trusts”.  By the insertion of this expression the Real Estate Companies dividend is also be taxable at the rate of 15%.																
Division IIIA	Rate of Tax of Profit on Debts  The Finance Act 2021 approved restriction in rate of tax on profit on debts at 15% on all profits receipts irrespective of the amount.  The comparison in reduction of tax with respect to previous year are provided as under:																
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">S. No.</th> <th style="text-align: left;">Profit on Debt</th> <th style="text-align: left;">Existing rate</th> <th style="text-align: left;">Approved rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Where profit on debt does not exceed Rs.5,000,000</td> <td style="text-align: center;">15%</td> <td></td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000</td> <td style="text-align: center;">17.5%</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.36,000,000</td> <td style="text-align: center;">20%</td> <td></td> </tr> </tbody> </table>	S. No.	Profit on Debt	Existing rate	Approved rate	1.	Where profit on debt does not exceed Rs.5,000,000	15%		2.	Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000	17.5%	15%	3.	Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.36,000,000	20%	
S. No.	Profit on Debt	Existing rate	Approved rate														
1.	Where profit on debt does not exceed Rs.5,000,000	15%															
2.	Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000	17.5%	15%														
3.	Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.36,000,000	20%															
Division VIA	Rate of Tax of Income from Property  The Finance Act 2021 approved chargeability of withholding tax on income from property to be omitted from fixed tax regime to normal tax regime.																
Division VII	Rate of tax on capital gains on disposal of securities  The Finance Act 2021 approved substitution of expression “2020 and onwards” to the expression “2020 and 2021”.  The applicable rate of tax in respect of securities purchase before July 01, 2016 and after July 01, 2016 with respect to their withholding periods will only applicable for tax year 2020 and 2021.																

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

The Finance Act 2021 approved insertion of new tax rate as applicable for tax year 2022 as under:

S. No.	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax Years 2018, 2019, 2020 and 2021		Tax Year 2022 and onwards
					Securities acquired before 01.07.2016	Securities acquired after 01.07.2016	
1.	Where holding period of a security is less than twelve month	12.5%	15%	15%	15%		
2.	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5%	12.5%	12.5%		
3.	Where holding period of a security is twenty - four months or more but the security was acquired on or after 1st July, 2013.	0%	7.5%	7.5%	7.5%		
4.	Where the security was acquired before 1st July, 2013	0%	0%	0%	0%	0%	0%
5.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	0%	0%	5%	5%	5%	5%

SECTION  
(CLAUSE)  
Division VIII

## THE INCOME TAX ORDINANCE, 2001

## Rate of tax on capital gains on disposal of immovable property

The Finance Act 2021 approved revised rates by increasing rate of tax with respect to previous year are provided as under:

S. No.	Profit on Debt	Existing rate	Approved rate
1.	Where the gain does not exceed Rs.5 million	2.5%	3.5%
2.	Where the gain exceeds Rs.5 million but does not exceed Rs.10 million	5%	7.5%
3.	Where the gain exceeds Rs.10 million but does not exceed Rs.15 million	7.5%	10%
4.	Where the gain exceeds Rs.15 million	10%	15%

## Division IX

## Rate of tax of minimum tax

The Finance Act 2021 approved substitution of tax rate on turnover as under:

S. No.	Person(s)	Minimum Tax as percentage of the person's turnover for the year
1.	a. Oil marketing companies, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.) b. Pakistan International Airlines Corporation; and c. Poultry industry including poultry breeding, broiler production, egg production and poultry feed production;	0.75%
2.	a. Oil refineries b. Motorcycle dealers registered under the Sales Tax Act, 1990	0.5%
3.	a. Distributors of pharmaceutical products, fast moving consumer goods and cigarettes; b. Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; c. Rice mills and dealers; d. Tier-1 retailers of fast moving consumer goods who are integrated with Board or its computerized system for real time reporting of sales and receipts; e. Person's turnover from supplies through e-commerce including from running an online marketplace as defined in clause (38B) of section 2. f. Persons engaged in the sale and purchase of used vehicles g. Flour mills	0.25%
4.	In all other cases	1.25%

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Part II	Rates of advance tax  The Finance Act 2021 approved insertion of new clause “c” after clause “b” in respect of advance tax collected by Collector of Customs at import stage as under:
(c)	“in case of importers of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below shall be one percent”
Part III	Deduction of tax at source
Division I	Rate of tax on Dividend in Specie  The Finance Act 2021 approved omission of section 236S.
Clause (b)	The Finance Act 2021 approved insertion of expression after the word “funds” to “Real Estate Investment Trusts”.  By the insertion of this expression the Real Estate Companies dividend is also be taxable at the rate of 15%.
Division IA	Rates of tax on profit on debts  The Finance Act 2021 approved substitution of full stop at the end of the first proviso and thereafter proviso to be omitted. It means that withholding tax applicable on profit on debts is at the rate of 15% only.
Division IB	Return on Investment in Sukuks  The Finance Act 2021 approved substitution of expression “under section 150A” with “on return on investment in sukuks from a sukuk holder”
Division II	Payment to non-resident  The Finance Act 2021 approved substitution of expression “sub-section (1D)” with “sub-section (1D) and (IDA)”
1DA	Every banking company maintaining a Foreign Currency Value Account (FCVA) or a non-resident Pakistani Rupee Value Account (NRVA) of a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) shall deduct tax from capital gain arising on the disposal of debt instruments and government securities and certificates (including Shariah compliant variant) invested through aforesaid accounts at the rate specified in Division II of Part III of the First Schedule.
Clause (5)(i)	The Finance Act 2021 approved substitution of expression “clause (133) of part I of the second schedule” with “section 2”  The Finance Act 2021 approved substitution of expression “training services” with “oilfield services”
Division III	Payment for goods and services  The Finance Act 2021 approved omission sub-paragraph “ab” from paragraph 1.



SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

The Finance Act 2021 approved substitution in paragraph (2), for sub-paragraph (i) the following shall be substituted, as under :-

“3% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section 2, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services, oilfield services, telecommunication services, 114 Collateral management services, travel and tour services.

Explanation:-- The tax rate under this sub-paragraph shall be applicable only to a service provider whose services are subjected to withholding tax on gross receipts and the service provider has not agitated taxation of gross receipts before any court of law”

 paragraph  
(3)(ii)(A)

The Finance Act 2021 approved substitution in sub-paragraph (ii), for the figure “7%” with the figure “6.5%” for Companies.

 paragraph  
(3)(ii)(B)

By the reduction in rate of tax contractual services provide will get benefit of tax.

The Finance Act 2021 approved substitution in sub-paragraph (ii), for the figure “7.5%” with the figure “7%” for other than Companies

By the reduction in rate of tax contractual services provide will get benefit of tax.

## Division IIIB

**Royalty paid to resident person**

The Finance Act 2021 approved omission of the clause.

By omission of this clause tax implication on royalty paid to resident person has been withdrawn.

## Division IVA

**Exports of Services**

The Finance Act 2021 approved insertion “Division IVA” after Division IV. The withholding tax approved to be deducted by 1% at the time of export of services.

## Division V

**Income from Property**

The Finance Act 2021 approved substitution of tax for withholding on payment of rent in below table as under:

S. No.	Gross amount of rent	Rate of tax
1	Where the gross amount of rent does not exceed Rs. 300,000	Nil
2	Where the gross amount of rent exceeds Rs. 300,000 but does not exceed Rs. 600,000	5 per cent of the gross amount exceeding Rs. 300, 000
3	Where the gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 2,000,000	Rs. 15,000 plus 10 per cent of the gross amount exceeding Rs. 600, 000
4	Where the gross amount of rent exceed Rs. 2,000,000	Rs. 155,000 plus 25 per cent of the gross amount exceeding Rs. 2,000, 000

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

Division VIB **CNG Station**

The Finance Act 2021 approved omission of advance tax on consumption of CNG station.

Part IV **Deduction or collection of advance tax**

Division IIA **Rates for collection of tax by a stock exchange registered in Pakistan**

The Finance Act 2021 approved omission of Division of IIA, collection of withholding Tax by stock exchange registered in Pakistan at the time of sale and purchase of shares.

Division IIB **Rates for collection of tax by NCCPL**

The Finance Act 2021 approved omission of Division IIB, collection of tax by NCCPL on profit, markup earned by the members.

Division IV **Electricity Consumption**

The Finance Act 2021 approved to substitution of electricity consumption tax rate in respect of commercial and industrial consumers from gross amount of Act as under:

S. No	Gross amount of Act	Tax
1	Up to Rs. 500	Rs. 0
2	exceeds Rs. 500 but does not exceed Rs. 20,000	10% of the amount
3	exceeds Rs.20,000	Rs. 1950 plus 12% of the amount exceeding Rs. 20,000 for commercial consumers Rs. 1950 plus 5% of the amount exceeding Rs. 20,000 for industrial consumers

The Finance Act 2021 approved new rate of tax to be collected from domestic electricity consumers as under:

- (i) zero percent the amount of monthly bill is less than Rs. 25,000; and
- (ii) 7.5% if the amount of monthly bill is Rs. 25,000 or more;

Division V **Telephone Users**

The Finance Act 2021 approved substitution of expression "12.5" with "10% for tax year 2022 and 8% onwards".

By this revision of rates, the tax applicable in tax year 2022 will be at 10% but it will be reducing 8% for future years.

Division VI **Cash withdrawal from a Bank**

The Finance Act 2021 approved omission of tax withholding at source by banks on cash withdrawal transactions under section 231A.

SECTION  
(CLAUSE) THE INCOME TAX ORDINANCE, 2001

Division VIA **Advance tax on transaction in banks**

The Finance Act 2021 approved omission of tax withholding at source by banks on all banking transaction under section 231AA.

Division VII **Advance tax on purchase, registration and transfer of motor vehicles**

The Finance Act 2021 proposes insertion of new clause "2A" to be added after clause "2" as under

S. No.	Engine capacity	Tax
1.	Up to 1000cc	Rs.50,000
2.	1001cc to 2000cc	Rs.100,000
3.	2001cc and above	Rs. 200,000; and

Division IX **Advance tax on purchase of air tickets**

The Finance Act 2021 approved omission of tax withholding by travel agents at the time of purchase of air tickets.

Division XIV **Advance tax on sale to distributor, dealer or wholesalers**

The Finance Act 2021 approved insertion of new proviso after the table as under:

"Provided that the rate of advance tax on sale to distributors, dealers or wholesalers of fertilizer shall be 0.25%, if they are already appearing on both the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001)".

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

The Finance Act 2021 approved rate of collection of tax under section 236H on the gross amount of sale as under:

S. No.	Category of sale	Existing Rate of tax	Approved Rate of tax
1.	Electronics	1%	0.5%
2.	Others	0.5%	

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

The Finance Act 2021 approved omission Division XVA for advance tax on sale of certain petroleum products

Divisions XIX **Advance tax on Domestic Electricity Consumption**

The Finance Act 2021 approved omission Division XIX for advance tax on domestic electricity consumption

Divisions XX **Advance tax on international air ticket**

The Finance Act 2021 approved omission Division XX for advance tax on international air ticket

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Divisions XXI	<p><b>Advance Tax on Banking Transactions Otherwise Than Through Cash</b></p> <p>The Finance Act 2021 approved omission of Division XXI for advance tax on banking transactions otherwise than through cash</p>
Divisions XXVI	<p><b>Advance tax on extraction of minerals</b></p> <p>The Finance Act 2021 approved omission of Division XXVI for advance tax on extraction of minerals</p>
Divisions XXVII	<p><b>Advance tax on amount remitted abroad through credit, debit or prepaid cards</b></p> <p>The Finance Act 2021 approved omission of Division XXVII for advance tax on amount remitted abroad through credit, debit or prepaid cards</p>
SECOND SCHEDULE	EXEMPTION AND TAX CONCESSIONS
Part I	<b>Exemption from total income</b>
Part I of Second Schedule of the Ordinance	<b>Following exemptions have been withdrawn</b>
Various clauses omitted	The Finance Act 2021 approved omission of Clause 4, Clause 39, Clause 57 sub-clause (1), paragraph (iii), Clause 61, Clause 64A, Clause 64B, Clause 64C, Clause 65, Clause 72, Clause 72A, Clause 74, Clause 80, Clause 90, Clause 90A, Clause 91, Clause 98, Clause 100, Clause 101, Clause 103, Clause 103C, Clause 104, Clause 105, Clause 105A, Clause 110B, Clause 110C, Clause 114, Clause 114AA, Clause 117, Clause 126BA, Clause 126C, Clause 126G, Clause 126H, Clause 126I, Clause 126J, Clause 126K, Clause 126L, Clause 126N, Clause 126O, Clause 131, Clause 132A, Clause 132B, Clause 133, Clause 135A, Clause 136, Clause 141, Clause 143, Clause 146, and Clause 148,
Clause 57(2)	The Finance Act 2021 approved to substitution of “Companies Ordinance, 1984 (XLVII of 1984)” with “Companies Act, 2017 (XIX of 2017)”
Clause 66(1)	<p>The Finance Act 2021 approved insertion of new entries after serial no. (xxxvi) following entries added are as under:</p> <ul style="list-style-type: none"> <li>(xxxvii) Islamic Naya Pakistan Certificates Company Limited (INPCCL)</li> <li>(xxxviii) Abdul Sattar Edhi Foundation.</li> <li>(xxxix) Patient’s Aid Foundation.                             <ul style="list-style-type: none"> <li>(xl) Indus Hospital and Health Network.</li> <li>(xli) Securities and Exchange Commission of Pakistan.</li> <li>(xlii) Dawat-e-Hadiya, Karachi.</li> <li>(xliii) Privatisation Commission of Pakistan.</li> <li>(xliv) The Citizens Foundation.</li> <li>(xlv) Sundus Foundation.</li> <li>(xlvi) Ali Zaib Foundation</li> <li>(xlvii) Fauji Foundation.</li> <li>(xlviii) Make a Wish Foundation</li> <li>(xlix) Audit Oversight Board.</li> <li>(xlx) Supreme Court Water Conservation Account.</li> <li>(xlxi) Layton Rahmatullah Benevolent Trust (LRBT).</li> </ul> </li> </ul>

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

- (xlxii) Baluchistan Education Endowment Fund (BEEF).
- (xlxiii) Saylani Welfare International Trust.
- (xlxiv) Chiniot Anjuman Islamia.
- (xlxv) Army Welfare Trust.II;

The Finance Act 2021 approved omission in sub clause 2 in Table 2 in column following serial number omitted as under:

- (i) Abdul Sattar Edhi Foundation
- (viii) The Citizens Foundation
- (x) Indus Hospital, Karachi.
- (xx) Layton Rahmatullah Benevolent Trust (LRBT)
- (xxx) Audit Oversight Board
- (xxxi) Patient's Aid Foundation
- (xxxiii) Saylani, Welfare International Trust
- (xxxvi) Dawat-e-Hadiya, Karachi.

## Clause 75

The Finance Act 2021 substituted the clause as follows:

Any profit on debt and capital gains derived by any agency of foreign Government or any non-resident person approved by the Federal Government for the purpose of this clause from debt and debt instruments approved by the Federal Government.

## Clause 78

The Finance Act 2021 approved substitution of expression "citizens of Pakistan and foreign nationals residing abroad, foreign association of persons, companies registered and operating abroad and foreign nationals residing in Pakistan" with "non- resident individuals, non-resident association of persons and non-resident companies" shall be substituted".

## Clause 79

The Finance Act 2021 approved substitution of expression "citizen of Pakistan residing abroad" with "non-resident individual holding a Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC)" shall be substituted".

## Clause 99A

The Finance Act 2021 approved substitution profits and gains accruing to a person on sale of immovable property to a [REIT Scheme] upto thirtieth day of June "2015" with "2023".

## Clause 103D

The Finance Act 2021 approved insertion of new clause 103D after deleted clause 103C as under:

Dividend income and long term capital gains of any venture capital fund from investments in zone enterprises as defined in clause (p) of section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years commencing from issuance of licence by the Authority to the zone enterprise.

## Clause 126B

The Finance Act 2021 approved to substitute the said clause as under:

Profits and gains derived by a refinery

- (a) from new deep conversion refinery of at least 100,000 barrels per day for which approval is given by the Federal Government before the 31st day of December, 2021; or

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	<p>(b) for the purpose of upgradation, modernization or expansion project of any existing refinery which makes undertaking to the Federal Government in writing before the 31st day of December, 2021 in this regard:</p> <p>Provided that this exemption shall be available for a period of twenty years beginning from the date of commencement of commercial production in the case of new refinery and ten years from the date of completion of up gradation, modernization or expansion project of existing refinery.</p> <p>Provided further that the exemption under this clause shall only be available to those refineries whose products fulfill Euro 5 standards</p>
Clause 126EA	<p>The Finance Act 2021 approves to insert new clause “126EA” to be added after clause “126E” as under</p> <p>Profits and gains derived by</p> <p>(a) zone developer as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement;</p> <p>(b) profits and gains of Zone Enterprises as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and</p> <p>(c) Special Technology Zones Authority established under the Special Technology Zones Ordinance 2020</p>
Clause 126M	<p>The Finance Act 2021 approved substitution of expression “Companies Ordinance, 1984” with “Companies Act, 2017”.</p> <p>The Finance Act 2021 approved proviso for the figure “2018” with “2022”.</p>
Clause 132	<p>The Finance Act 2021 approved substitution of expression “Companies Ordinance, 1984” with “Companies Act, 2017”.</p> <p>The Finance Act 2021 approved addition in sub-clause (c) in fifth proviso after the full stop at the end as under</p> <p>Provided further that no exemption under this clause shall be available to persons, who enter into agreement or to whom letter of intent is issued by Federal or Provincial Government for setting up an electric power generation project in Pakistan after the 30th day of June, 2021</p>
Clause 132AA	<p>The Finance Act 2021 approved insertion of new clause 132AA after omitted clause 132A as under:</p> <p>Profits and gains derived from sale of electricity by National Power Parks Management Company (Private) Limited or demerged entities of National Power Parks Management Company (Private) Limited commencing from the commercial operation dates and continuing after the date of change of ownership as a result of privatization by the Privatization Commission of Pakistan.</p>
Clause 132C	<p>The Finance Act 2021 approved insertion of new clause 132C after omitted clause 132B as under:</p> <p>Profits and gains derived by a taxpayer from a bagasse/biomass based cogeneration power project having one or more boilers of not less than 60 bar (kg/CM<sup>3</sup>) pressure each, commissioned after the first day of January 2013.</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Clause 149	<p>The Finance Act 2021 approved insertion of new clause 149 after omitted clause 148 as under:</p> <ul style="list-style-type: none"><li>(i) remitted to Pakistan through banking channels in foreign currency received by an international buying house from its non-resident principal to meet its expenses in Pakistan; and</li><li>(ii) chargeable under the head "Salary" received by a person who, not being a citizen or resident of Pakistan, is engaged as an expert by an international buying house.</li></ul> <p>Explanation.-For the purpose of this clause international buying house means persons acting as buying offices, buyers' agents, or representatives of international buyers for facilitating exports from Pakistan and are registered as liaison offices with Board of Investment or companies registered with SECP. Provided that such buying houses act as cost centers with the sole purpose to bring export orders to Pakistan on behalf of their principals and do not enter into any local business transactions in Pakistan and their expenses are remitted to Pakistan.</p>
Part II, Second Schedule	<b>Reduction in tax rates</b>
Various clauses omitted	<p>The Finance Act 2021 approved to omit Clause 2, Clause 3, Clause 3B, Clause 5B, Clause 18, Clause 18A, Clause 18B, Clause 24AA , Clause 28A and Clause 28B</p> <b>Payments to non-resident person on profit on debt</b>
Clause 5A	<p>The Finance Act 2021 approved insertion of expression "Pakistan" with "other than those covered under clauses (78) and (79) of Part I of the Second Schedule". This is a consequential amendment resulting from amendment in Clause 78 &amp; 79 of Part I of the Second Schedule.</p> <p>Section 78 and 79 are reproduced as under:</p> <p><b>Section 78:</b> "Any profit on debt derived from foreign currency accounts held with authorised banks in Pakistan, 5 [or certificate of investment issued by investment banks] in accordance with Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, by citizens of Pakistan and foreign nationals residing abroad, foreign association of persons, companies registered and operating abroad and foreign nationals residing in Pakistan"</p> <p><b>Section 79:</b> "Any profit on debt derived from a rupee account held with a scheduled bank in Pakistan by a citizen of Pakistan residing abroad, where the deposits in the said account are made exclusively from foreign exchange remitted into the said account".</p> <b>Foreign Currency Value Account (FCVA)</b>
Clause 5AB	<p>The Finance Act 2021 approved insertion of new clause 5AB after clause 5AA as under:</p> <p>The rate of tax to be deducted under section 151 shall be ten percent from the profit on debt from a debt instrument, whether conventional or Shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 (XVIII of 1944) or its wholly owned special purpose company, purchased by a resident citizen of Pakistan who has already declared foreign assets to the Board through a Foreign Currency Value Account (FCVA) maintained with authorized banks in Pakistan under the foreign exchange regulation issued by the State Bank of Pakistan"</p> <p>Provided that the tax so deducted shall be the final tax.</p>



SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Clause 5AC	<p>The Finance Act 2021 approved insertion of new clause 5AC after clause 5AB as under:</p> <p>The rate of tax to be deducted under sub-section (2) of section 152 or under section 151, as the case may be, shall be zero percent of the gross amount of profit on debt paid, covered under clauses (78) and (79) of Part I of the Second Schedule</p> <p><b>Private Equity &amp; Venture Capital</b></p> <p>The Finance Act 2021 approved insertion of new clauses (9AA), (9AB) and (9AC) after omitted clause (9A) as under:</p>
Clause (9AA)	<p>In respect of import of white sugar from the 25th day of August, 2020 to the 15th day of November, 2020 both days inclusive, tax under section 148 shall be collected at the rate of 0.25% as per quantity, quality, mode and manner prescribed by Ministry of Commerce during the said period</p>
Clause (9AB)	<p>Tax under section 148 on commercial import of the white sugar shall be collected at the rate of 0.25% from the 26th day of January 2021 till the 30th day of June, 2021</p>
Clause (9AC)	<p>Subject to quota allotment by Commerce Division, tax under section 148 shall be collected at the rate of 0.25% on import of raw sugar imported by sugar mills from the 26th day of January, 2021 to the 30th day of June, 2021 both days inclusive provided that such imports shall not exceed fifty thousand metric tons per sugar mill and three hundred thousand metric tons in aggregate by the sugar Industry.</p>
Clause 18C	<p><b>Attributable dividends and profit on debts</b></p> <p>The Finance Act 2021 approved insertion of new clause 18C added after omitted clause 18B as under:</p> <p>The rate of tax as specified in Division-III of Part-I of First Schedule shall be reduced to 7.5% in case of dividends declared by a company as are “attributable” to profits and gains derived from a bagasse and biomass based co-generation power project qualifying for exemption under clause (132C) of Part-I of this Schedule:</p> <p>Provided that the amount of “attributable” dividends shall be computed in accordance with the following formula, namely:-</p> <p><b>AXB/C</b></p> <p>Where-</p> <p>A: is the total amount of dividend for the year;</p> <p>B: is the accounting profit for the year attributable to the bagasse and biomass based cogeneration power project qualifying for exemption under clause (132C) of Part-I of this Schedule; and</p> <p>C: is the total accounting profit before tax for the year.</p> <p>Explanation.— For the removal of doubt, it is clarified that accounting profit attributable to the bagasse/biomass based cogeneration power project would be determined by the external auditor of the company and the external auditor shall issue a certificate to this effect.</p>
Clause 24A	<p>The Finance Act 2021 approved omission of expression “and for large distribution houses who fulfill all the conditions for a large import house as laid down under clause (d) of sub-section (7) of section 148, for large import houses”.</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Clause 24C	<p>The Finance Act 2021 approved substitution of existing clause as under:</p> <p>The rate of tax under clause (a) of sub-section (1) of section 153 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, electronics excluding mobile phones, sugar, cement, and edible oil as recipient of payment shall be 0.25% of gross amount of payments subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001):</p> <p>Provided that the benefit under this clause shall only be available to those Tier-1 retailers as defined under Sales Tax Act, 1990 who are integrated and configured with Board or its computerized system for real time reporting of sales or receipts.</p>
Clause 24D	<p>The Finance Act 2021 approved substitution of existing clause as under:</p> <p>The rate of minimum tax under sub-section (1) of section 113 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, locally manufactured mobile phones, sugar, electronics excluding imported mobile phones, cement and edible oil shall be 0.25% subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001:</p> <p>Provided that the benefit under this clause shall be available to only those Tier-1 retailers as defined under Sales Tax Act, 1990 who are integrated and configured with Board or its computerized system for real time reporting of sales or receipts.</p> <p><b>Hybrid Cars</b></p>
Clause 28E	The Finance Act 2021 approved omission of expression "for the tax year 2020".
Clause 28F	<p>The Finance Act 2021 approved insertion of new clause (28F) after omitted clause (28E) as under:</p> <p>The rate of tax under clause (b) of sub-section (1) of section 153 in case of oil tanker contractor services shall be 2% of the gross amount of the payments.</p>
Part III Second Schedule	<b>Reduction In Tax Liability</b>
Various clauses omitted	The Finance Act 2021 approved omission of Clause 2, Clause 7 and Clause 8
Clause 9 & 9B	<p>The Amendment Ordinance has restricted reduction in tax liability allowed under clause 9 (for low cost housing projects) and clause 9B (low cost housing projects developed or approved by Naya Pakistan Housing and Development Authority or under the Ehsaas Programme) of Part III of the Second Schedule to the Ordinance to only such projects set up by 30 June 2024.</p> <p>The approved has inserted condition for completion of project by 30 June 2024 in order to for availing tax credit.</p>
Clause 17	<p>The Finance Act 2021 approved insertion of new clause after omitted clause 16 as under:</p> <p>The tax payable by cotton ginners on their income and profits shall not be more than sum of 1% of their turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake:</p> <p>Provided that the tax so payable shall be final tax in respect of their cotton ginning and oil milling activities only."; and</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Clause 18	<p>The Finance Act 2021 approved insertion of new clause after newly clause inserted 17 as under:</p> <p>The rate of withholding tax on value of offshore supply contract of an Independent Power Producer located wholly or partly in territories of AJ and K shall be 1% provided:</p> <ul style="list-style-type: none"> <li>(i) PPIB has issued Letter of Support for the project;</li> <li>(ii) its EPC Contract has been executed and submitted to NEPRA for EPC stage tariff determination prior to the enactment of Finance Act, 2018;</li> <li>(iii) offshore supply contract arrangement of offshore supply contractor having permanent establishment in Pakistan falls under the purview of cohesive business operation as contemplated under Income Tax Ordinance, 2001; and</li> <li>(iv) such 1% tax shall be full and final liability of the offshore contractor.</li> </ul>
Clause 19	<p>The Finance Act 2021 approved insertion of new clause after newly clause inserted 18 as under:</p> <p>The tax payable by woman enterprises on profit and gains derived from business chargeable to tax under the head "Income from Business" shall be reduced by 25%.</p> <p>Explanation.- For the purpose of this clause a woman enterprise means a startup established on or after first day of July 2021 as sole proprietorship concern owned by a woman or an AOP all of whose members are women or a company whose 100% shareholding is held or owned by women:</p> <p>Provided that benefit of this clause shall not be available to a business that is formed by the transfer or reconstitution or reconstruction or splitting up of an existing business.</p>
Clause 20	<p>The Finance Act 2021 approved insertion of new clause after newly clause inserted 19 as under:</p> <p>The tax payable by a person other than a banking or insurance company in respect of profit on debt from investment in Federal Government securities shall be fifteen percent of the gross amount of the profit on debt:</p> <p>Provided that tax so payable shall be final tax on the income representing profit on debt from investment in Federal Government securities.</p>
Part IV Schedule	<p><b>Exemption from Specific Provisions</b></p>
Various omitted	<p>The Finance Act 2021 approved omission of Clause 2, Clause 57A, Clause 61, Clause 72A, Clause 101, Clause 10A, Clause 101AA, Clause 109, Clause 112, Clause 112A, and Clause 117,</p>
Clause 4A	<p>The Finance Act 2021 approved insertion of new clause after omitted clause 4 as under:</p> <p>No provision of this Ordinance shall apply for recoup of tax credit already allowed to National Power Parks Management Company (Private) Limited for investment in plant and machinery notwithstanding non issuance of share certificates or any restructuring of its ownership pattern or debt to equity ratio prior to privatization as part of the privatization process</p>

SECTION  
(CLAUSE) THE INCOME TAX ORDINANCE, 2001

Clause 11A The Finance Act 2021 approved omission of following sub-clauses as under:

- (ix) non-profit organizations approved under clause (36) of section 2 or clause (58) or included in clause (61) of Part-I of this Schedule
- (x) a taxpayer who qualifies for exemption under clause (133) of Part-I of this Schedule, in respect of income from export of computer software or IT services or IT enabled services
- (xiii) a modaraba qualifying for exemption under clause (100) of Part-I of this Schedule
- (xv) The corporatized entities of Pakistan Water and Power Development Authority, so far as they relate to their receipts on account of sales of electricity, from the date of their creation upto the date of completion of the process of corporatization i.e. till the tariff is notified
- (xviii) companies, qualifying for exemption under clause (132B) of Part-I of this Schedule, in respect of receipts from a coal mining project in Sindh, supplying coal exclusively to power generation projects start-up as defined in clause (62A) of section 2
- (xxix)

The Finance Act 2021 approved insertion of following sub-clauses as under:

- (xxxix) Islamic Naya Pakistan Certificates Company Limited (INPCCL);
- (xli) receipts from sale of electricity produced from a bagasse and biomass based co-generation power project qualifying for exemption under clause (132C) of Part-I of this Schedule;
- xli) National Power Parks Management Company (Private) Limited or demerged entities of National Power Parks Management Company (Private) Limited commencing from the commercial operation dates and continuing after the date of change of ownership as a result of privatization by the Privatization Commission of Pakistan
- (xlii) Persons qualifying for exemption under clause (126E) of Part I of this Schedule for tax year 2021 and onwards
- (xlili) Persons qualifying for exemption under clause (126EA) of Part I of this Schedule;
- (xliv) Persons mentioned in Table I of clause (66) of Part I of Second Schedule

Clause 12B The Finance Act 2021 approved substitution of expression "30th day of September, 2020" with "30th day of June, 2021".

The advance tax section 148 not applicable on various items as specified table in clause 12B.

Clause 12F, 12G, 12H, 12I, 12J, 12K, 12L, 12M, 12N The Finance Act 2021 approved insertion on new clauses after clause 12E as under:

Clause 12F The provision of section 148 shall not apply on import of 1.5 million tons of wheat having PCT Heading 1001.1900 and 1001.9900 in pursuance of Cabinet Decision in case No.399/23/2020 dated the 16th June, 2020;

Clause 12G The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 541/30/2020 dated the 4th August, 2020, not apply on import by the Trading Corporation of Pakistan of 300,000 metric tons of white sugar having PCT heading 1701.9910,1701.9920, specification B;

Clause 12H (a) The provisions of section 148 shall not apply on import of following goods for a period of three months starting from the 23rd of June, 2020, namely:

S.No.	Description	PCT Code
1.	Oxygen gas	2804.4000
2.	Cylinders (for oxygen gas)	7311.0090
3.	Cryogenic tanks (for oxygen gas)	7311.0030

(b) the concessions given in this clause shall also apply in respect of the letters of credit opened or goods declaration forms filed on or after the 23rd June, 2020

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Clause 12I The provisions of section 148 shall not apply on import of 83 X Micron sprayers for Anti-Locust Operation (Respective heading) by National Disaster Management Authority (NDMA).

Clause 12J The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 34/02/2021, dated the 12th January, 2021, not apply on import of three hundred thousand metric tons of wheat through tendering process by the Trading Corporation of Pakistan;

Clause 12K (a) The provisions of section 148 shall not apply on import of following goods by the manufacturers of oxygen for a period of three months starting from the 25th day of December, 2020, namely:

S. No	Description	PCT Code
1.	Cryogenic Tanks (for oxygen Gas)	7311.0030

(b) the concessions given in this clause shall also apply in respect of the letters of credit opened or goods declaration forms filed on or after the 25th day of December, 2020;

Clause 12L The provisions of section 148 and 153 shall not apply on import and subsequent supply of five hundred thousand metric tons of white sugar imported by the Trading Corporation of Pakistan

Clause 12M The provisions of section 148 shall not apply on import of following goods for a period of one hundred and eighty days starting from the 14th day of May, 2021, namely

S. No	Description	PCT Code
1.	- Oxygen	2804.4000
2.	- - - Other (Oxygen Cylinders)	7311.0090
3.	- - - For Cryogenic (Tanks/Vessels)	7311.0030
4.	Oxygen Concentrators / Generators / Manufacturing Plants of all specifications and capacities	Respective headings”;

Clause 12N Border sustenance markets

(a) The provisions of section 148 shall not apply on the import of goods which takes place within the jurisdiction of Border sustenance markets specified in Table -I

(b) The provisions of section 154 shall not apply on the export of goods which takes place within the jurisdiction of Border sustenance markets specified in Table -II below:–

The exemption under this clause shall be available on the import of goods subject to following conditions

- (i) Such goods shall be supplied only within the limits of Border Sustenance Markets established in cooperation with Iran and Afghanistan;
- (ii) If the goods, on which exemption under this table has been availed, are brought outside the limits of such markets, income tax shall be charged on the import value as per provisions of section 148 of this Ordinance;
- (iii) Such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of income tax involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction;
- (iv) The said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets; and
- (v) Breach of any of the conditions specified herein shall attract relevant legal provisions of the Ordinance, besides recovery of the amount of income tax along with default surcharge and penalties involved.

SECTION (CLAUSE) Clause 19	THE INCOME TAX ORDINANCE, 2001  The Finance Act 2021 approved substitution of expression “Companies Ordinance, 1984” with “Companies Act, 2017”.
Clause 43D	The Finance Act 2021 approved substitution of clause “a” with “a” and “b” as under  a. The withholding tax on oil tanker contractors under section 153(1)(a) approved to be increased from 2.5% to 3.5% b. The above section with effect from tax year 2012 has been withdrawn.
Clause 43E	The Finance Act 2021 approved substitution of clause “a” with “a” and “b”. The withholding tax on goods transport contractors under section 153(1)(a) approved to be increased from 3% to 3.5%
Clause 43G	The Finance Act 2021 approved insertion of new clause after clause 43F as under:  The provisions of section 153 shall not apply to commodity futures contracts listed on a Futures Exchange licensed under the Futures Market Act, 2016 (XIV of 2016)
Clause 45	The Finance Act 2021 approved omission of paragraph “c” as under:  “nothing contained in this clause shall apply to payments made on account of purchase of the goods in respect of which special rates of tax deduction have been specified 5 [under the provisions of the repealed Ordinance”.
Clause 45A	The Finance Act 2021 approved the expression “a” has been withdrawn  The Finance Act 2021 approved after sub-clause “v” new explanation has been inserted as under:  “Explanation.— For removal of doubt, it is clarified that the relief of reduced rate for withholding tax under clause (a) and (b) of sub-section (1) of section 153 is available only to the local sales, supplies and services made by the taxpayers of categories specified at serial no (i) to (v) of this clause.”; and  The Finance Act 2021 approved omission of sub-clause “b” as under:  “provisions of clause (a) of sub-section (1) of section 111 of this Ordinance shall not apply to the amounts credited in the books of accounts maintained for the period ending on the 30 th June 2011, by the sellers, suppliers, service providers to the categories of sales tax zero-rated taxpayers, as mentioned in sub-clause (a)”.
Clause 45B	The Finance Act 2021 approved insertion of new clause after clause 45A as under:  “The provisions of section 153 shall not apply on the purchase of used motor vehicles from general public”.
Clause 46AA	The Finance Act 2021 approved substitution sub-clause (iv) as under:  subject to fulfillment of procedure laid down in clause (12) of Part IV of Second Schedule, persons receiving payments exclusively for the supply of agriculture produce including following  (I) fresh milk; (II) fish by any person engaged in fish farming; (III) live chicken, birds and eggs by any person engaged in poultry farming; (IV) live animals by any person engaged in cattle farming; (V) unpackaged meat; and (VI) raw hides:

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001  Provided that this clause shall not apply to the payments for agriculture produce which has been subjected to any process other than that which is ordinarily performed to render such produce to be fit to be taken to the market”;  The Finance Act 2021 approved substitution sub-clause (v) as under:  companies receiving payments for the supply of electricity and gas including companies receiving payments for the transmission of electricity and gas.
Clause 47B	The Finance Act 2021 approved omission of the word “or a modaraba” with “or a Private Equity and Venture Capital Fund”
Clause 56	The Finance Act 2021 approved insertion of new clause after clause (iii) as under
(iia)	“Goods temporarily imported into Pakistan by international athletes which would be subsequently taken back by them within one hundred and twenty days of temporary import;”
	The Finance Act 2021 approved insertion of new clauses after clause (xii) as under
(xiii)	Goods produced or manufactured and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969) are complied with;
(xiv)	plant and machinery imported for setting up of a bagasse/biomass based cogeneration power project qualifying for exemption under clause (132C) of Part-I of this Schedule.;
(xv)	persons authorized under Export Facilitation Scheme 2021 notified by the Board with such scope, conditions, limitation, restrictions and specification of goods.;
(xvi)	motor vehicles upto 850cc in CBU condition
(xvii)	Printed books excluding brochures, leaflets and similar printed matter, whether or not in single sheets.(PCT code 49.01); and
(xviii)	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material (PCT code 49.02)
(xix)	blind talking mobile phones imported by blind persons as per rules issued by the Board (respective PCT headings)
Clause 59	The Finance Act 2021 approved substitution of expression “Companies Ordinance, 1984” with “Companies Act, 2017”.
Clause 60DA	The Finance Act 2021 approved insertion of new clause after clause 60D as under:  The provisions of section 148 shall not apply to the import of the capital equipment as defined in section 2 of the Special Technology Zones Ordinance 2020 ( XIII of 2020) by –  (a) zone developers as defined in section 2 of the Special Technology Zones Ordinance 2020 for consumption in the special technology zones for the period of 10 years commencing from the date of signing the development agreement; (b) zone enterprises as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and (c) Special Technology Zones Authority established under the Special Technology Zones Ordinance 2020.”



SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	The Finance Act 2021 approved insertion of new clauses after clause (79) as under
Clause 79A	“The provisions of clause (b) of sub-section (1) of section 153 shall not apply to payments received by National Telecommunication Corporation against provision of telecommunication services including ancillary services specified in sub-section (3) of section 41 of the Pakistan Telecommunication (Re-organization) Act, 1996 (XVII of 1996).”;
Clause 91	The Finance Act 2021 approved insertion in paragraph (iv) of under the heading Harvesting, threshing and storage equipment, a new item has been added after sub-paragraph (xvi) as under:
(xvii)	Corn harvester/corn picker and silage maker with their respective PCT heading
Clause 95	The Finance Act 2021 approved omission of expression of section “231A, 231AA”
Clause 108	The Finance Act 2021 approved substitution of expression “113, 151, 231A, 231AA and 236P” with “131 and 151”.
	This implication of tax will not be applicable to Supreme Court of Pakistan – Diامر Bhasha & Mohmand Dams – Fund under section 131 and 151.
Clause 111AB	The Finance Act 2021 approved insertion of new clause after clause 111A as under:
	The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan.”;
Clause 114A	The Finance Act 2021 approved substitution of section as under:
	The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or a Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan.
	Provided that this clause shall not apply if the person referred in this clause has Pakistan-source taxable income other than the following; namely:
	(a) profit on debt on FCVA or Non-resident Pakistani Rupee Value Account (NRVA);
	(b) profit on debt earned on Government of Pakistan (GOP) securities either conventional or Shariah Compliant where investment has been made from proceeds of FCVA or NRVA;
	(c) capital gain on disposal of immovable property acquired from proceeds of FCVA or NRVA;
	(d) capital gain on disposal of securities traded on Pakistan Stock Exchange and units of mutual funds that are acquired from proceeds of FCVA or NRVA; or
	(e) dividend income from securities traded on Pakistan Stock Exchange and mutual funds that are acquired from proceeds of FCVA or NRVA.”
Clause 116	The Finance Act 2021 approved omission of expression “231A, 231AA and 236P”
	By this proposal tax will only be exempt under section 151 The Prime Minister’s COVID-19 Pandemic Relief Fund-2020
Clause 118	The Finance Act 2021 approved insertion of new clause after clause 117 as under

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001	
	The provisions of withholding taxes contained in the Income Tax Ordinance, 2001 (XLIX of 2001) shall not apply to Islamic Naya Pakistan Certificates Company Limited (INPCCL) as a recipient	
Clause 119	The provisions of section 153(1)(a) shall with effect from the first day of July, 2020 not apply to distributors, dealers, wholesalers and retailers of locally manufactured mobile phone devices as withholding agent	
Third Schedule Part I	The Finance Act 2021 omission of serial no. IV entry (a) Below ground installations has been withdrawn	
Part II	The Finance Act 2021 approved omission of expression "23A" first year allowance has been withdrawn.  After this proposal Companies will be allowed initial allowance under section 23 and accelerated depreciation to alternate energy projects under section 23B only.  The Finance Act 2021 approved omission of expression "23A" first year allowance has been withdrawn.	
Fifth Schedule Part II	<b>Rules for the computation of the profits and gains from the exploration and extraction of mineral deposits (Other Than Petroleum)</b>  The Finance Act 2021 approved omission of Part II, rule 4 as under:  After the commencement of commercial production, depreciation in respect of machinery and plant for extracting the ore shall be allowed as a deduction from the profits and gains of the tax year in which they are used for the first time in an amount equal to the original cost of such asset and the provisions of section 22 shall apply accordingly.	
Seventh Schedule	<b>Rules for the computation of the profits and gains of a banking company and tax payable thereon</b>  The Finance Act 2021 approved substitution of expression "2021" with "onwards"  The Finance Act 2021 approved new insertion of sub-rule (6A) as under:	
Rule 6A	For tax year 2022 onwards, the taxable income attributable to investment in the Federal Government securities shall be taxed at the rate of-	
	(i) 40% instead of rate provided in Division II of Part I of the First schedule if the assets to deposit ratio as on last day of the tax year is upto 40% (ii) 37.5% instead of rate provided in Division II of Part I of the First schedule if the assets to deposit ratio as on last day of the tax year exceeds 40% but does not exceed 50%; and (iii) at the rates provided in Division II of Part I of the First schedule if assets to deposit ratio as on last day of the tax year exceeds 50%	
Rule 7C	The Finance Act 2021 approved substitution of expression "2021" with "onwards"	
Eight Schedule	<b>Rules for the computation of capital gains on listed securities</b>  The Finance Act 2021 approved substitution of expression in rule 6 "Companies Ordinance, 1984" with "Companies Act, 2017".	
Tenth Schedule	<b>Rules For Persons Not Appearing In The Active Taxpayers' List</b>  The Finance Act 2021 approved omission of following clauses as under:	
	(d) tax deducted under section 155 (f) tax deducted under section 231A (g) tax deducted under section 231AA (h) tax deducted under section 233AA	Withdrawn Withdrawn Withdrawn Withdrawn

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001	
	(j) tax deducted under section 235A	Withdrawn
	(m) tax collected under section 236B	Withdrawn
	(r) tax collected under section 236L	Withdrawn
	(s) tax collected under section 236P	Withdrawn
Eleventh Schedule	<b>Rules for computation of profits and gains of builders and developers and tax payable thereon</b>	
(a)	<p>The Finance Act 2021 approved substitution in rule 2 in sub-rule (2) in clause b the word “two” with “three”</p> <p>After this approved changed estimated project life for tax purposes shall not exceed three and a half years.</p> <p>The Finance Act 2021 approved substitution of first proviso as under:</p> <p>“Provided that in case of existing incomplete projects, the estimated project life shall be treated as four years maximum from tax year 2020 through tax year 2023 and the tax payable shall be reduced by the percentage of completion up to the last day of accounting period pertaining to tax year 2019 or tax year 2020 as declared in the registration form”</p> <p>The Finance Act 2021 approved omission of second proviso as under</p> <p>Provided further that tax liability of tax year 2020 shall be paid along with return</p>	
(b)	<p>The Finance Act 2021 approved substitution of expression in rule 3 in sub-rule (1) “31st day of December, 2020” with “31st day of December, 2021”</p> <p>Deadline for registration of builder / developers has been extended till 31st day of December, 2021.</p> <p>The Finance Act 2021 approved insertion of new proviso after clause (a) as under:</p> <p>Provided further that where benefit of sub-section (3) of section 100D is required to be claimed by builder or developer, the project shall be registered latest by 30th day of June, 2021; and</p>	
(c)	<p>The Finance Act 2021 approved substitution of expression in rule 6 with new proviso as under:</p> <p>Provided that profits and gains accruing from such projects in excess of ten times of tax paid under Rule (2) shall be incorporated by paying tax at the rate of 20% on profits and gains which are in excess of said limit</p>	
(d)	<p>The Finance Act 2021 approved of substitution of expression in rule 8 in clause (c) “31st day of December, 2020” with “31st day of December, 2021”</p> <p>Deadline for registration of builder / developers has for change in partners or shareholders been extended till 31st day of December, 2021.</p>	
(e)	<p>The Finance Act 2021 approved of substitution of expression in rule 9 in clause (d) “31st day of December, 2020” with “31st day of December, 2021”</p> <p>Deadline for registration of builder / developers for commencement of projects has been extended till 31st day of December, 2021.</p>	
The Thirteenth Schedule	<b>Charitable donations</b>	
	<p>The Finance Act 2021 approved insertion of Thirteenth Schedule pursuant to omission of clause (61) of Part I of the Second Schedule to the Ordinance containing a list of entities, organizations and funds earlier donor to such entities was eligible for straight deduction from taxable income. The Amendment Ordinance has now</p>	

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

added such list under Thirteenth Schedule to the Ordinance. Now the taxpayers will not be allowed to claim straight deduction but a tax credit only as per the provisions of section 61 of the Ordinance.

“THE THIRTEENTH SCHEDULE (See section 61)”

**S. No Name**

1. any Sports Board or institution recognized by the Federal Government for the purposes of promoting, controlling or regulating any sport or game
2. The Citizens Foundation.
3. Fund for Promotion of Science and Technology in Pakistan.
4. Fund for Retarded and Handicapped Children.
5. National Trust Fund for the Disabled.
6. Fund for Development of Mazaar of Hazarat Burri Imam.
7. Rabita-e-Islami's Project for printing copies of the Holy Quran.
8. Fatimid Foundation, Karachi
9. Al-Shifa Trust.
10. Society for the Promotion of Engineering Sciences and Technology in Pakistan.
11. Citizens-Police Liaison Committee, Central Reporting Cell, Sindh Governor House, Karachi.
12. ICIC Foundation
13. National Management Foundation.
14. Endowment Fund of the institutions of the Agha Khan Development Network (Pakistan listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network
15. Shaheed Zulfiqar Ali Bhutto Memorial Awards Society.
16. Iqbal Memorial Fund
17. Cancer Research Foundation of Pakistan, Lahore
18. Shaukat Khanum Memorial TFUS, Lahore.
19. Christian Memorial Hospital, Sialkot.
20. National Museums, National Libraries and Monuments or institutions declared to be National Heritage by the Federal Government.
21. Mumtaz Bakhtawar Memorial Trust Hospital, Lahore.
22. Kashmir Fund for Rehabilitation of Kashmir Refugees and Freedom Fighters.
23. Institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network.
24. Azad Kashmir President's Mujahid Fund, 1972.
25. National Institute of Cardiovascular Diseases, (Pakistan) Karachi.
26. Businessmen Hospital Trust, Lahore.
27. Premier Trust Hospital, Mardan.
28. Faisal Shaheed Memorial Hospital Trust, Gujranwala.
29. Khair-un-Nisa Hospital Foundation, Lahore.
30. Sind and Balochistan Advocates' Benevolent Fund.
31. Rashid Minhas Memorial Hospital Fund.
32. Any Relief or welfare fund established by the Federal Government.
33. Mohatta Palace Gallery Trust.
34. Baq-e-Quaid-e-Azam project, Karachi.
35. Any amount donated for Tameer-e-Karachi Fund.
36. Pakistan Red Crescent Society.
37. Bank of Commerce and Credit International Foundation for Advancement of Science and Technology.
38. Federal Board of Revenue Foundation,

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

39. The Indus Hospital, Karachi.
40. Pakistan Sweet Homes Angels and Fairies Place.
41. Al-Shifa Trust Eye Hospital.
42. Aziz Tabba Foundation.
43. Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT.
44. Sharif Trust.
45. The Kidney Centre Post Graduate Institute.
46. Pakistan Disabled Foundation.  
Sardar Trust Eye Hospital, Lahore.
48. Supreme Court of Pakistan — Diamer Bhasha & Mohmand Dams — Fund.
49. Layton Rahmatullah Benevolent Trust (LRBT).
50. Akhuwat.
51. The Prime Minister's COVID-19 Pandemic Relief Fund-2020.
52. Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI).
53. Lahore University of Management Sciences.
54. Dawat-e-Hadiya, Karachi.
55. Baitussalam Welfare Trust.
56. Patients' Aid Foundation.
57. Alkhidmat Foundation.
58. Alamgir Welfare Trust International.
59. Prime Minister's Special Fund for victims of terrorism
60. Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of KPK
61. Prime Minister's Flood Relief Fund 2010 and Provincial Chief Minister's Relief Funds for victims of flood 2010
62. Waqf for Research on Islamic History, Art and Culture, Istanbul

 FOURTEENTH  
SCHEDULE

**Rules for computation of profit and gains for Small and Medium Enterprises**

The Finance Act 2021 approved insertion of fourteen schedule as under:

- 1 **Application.**- These rules shall apply to small and medium enterprises as defined in Clause (59A) of Section 2 of the Ordinance
- 2 **Registration.**- Small and medium enterprise shall be required to register with FBR on its Iris web portal or Small and Medium Enterprises Development Authority on its SME registration portal (SMERP)
- 3 **Categories and tax rates:** There shall be following two categories of small and medium enterprises and tax on their taxable income shall be computed at the tax rates given in the table below, namely

Sr. No.	Category	Turnover	Rates
1	Category-1	Where annual business turnover does not exceed Rupees 100 million	7.5% of taxable Income
2	Category-2	Where annual turnover exceeds Rupees 100 Million but does not exceed Rupees 250 Million	15% of taxable income

SECTION  
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

4

**Option for Final Tax Regime.**

The small and medium enterprises may opt for taxation under final tax regime at the rates given in the table below

Sr. No.	Category	Turnover	Rates
1	Category-1	Where annual business turnover does not exceed Rupees 100 million	0.25% of gross turnover
2	Category-2	Where annual turnover exceeds Rupees 100 Million but does not exceed Rupees 250 Million	0.5% of gross turnover

(2) Option under sub-rule (1) of this rule shall be exercised at the time of filing of return of income and option once exercised shall be irrevocable for three tax years.

3) The provisions of section 177 and 214C shall not apply to SME who opts for taxation under sub-rule (1) of this rule

5

**Audit.**

(1) SMEs who opt for taxation under normal law under rule 3 may be selected for tax audit through risk based parametric computer ballot under section 214C of the Ordinance if its tax to turnover ratio is below tax rates given in rule 4 of these rules

(2) The cases selected under sub-rule (1) of this rule shall not exceed 5% of the total population of SMEs whose tax to turnover ratio is below tax rates given in rule 4 of these rules.

6

**Exports**

The export proceeds of SMEs shall be taxed at the reduced rate of 0.25% and 0.5% final tax on the basis of their category

7

**Exclusion from Minimum Tax on Turnover**

The provisions of section 113 of the Ordinance shall not apply to SMEs.

8

**Tax on Supply of Goods**

The tax deductible under clause (a) of sub-section (1) of section 153 shall not be minimum tax where payments are received on sale or supply of goods by SMEs

SECTION  
(CLAUSE) SALES TAX ACT, 1990

4(AA) Commissioner Appeals

The Finance Act 2021 has approved insertion of new clause to define commissioner appeals.

(5AB)(d) Cottage Industry

The Finance Act 2021 has approved to increase the turnover limit from three million to ten million.

18A Online Market Place

The Finance Act 2021 has approved an insertion of new clause for definition of "Online Market Place".

The Purpose of the said new insertion is to bring the online business and e-commerce within the ambit of sales tax deeming it as supplier in respect of third party sales through their platform.

37(III) Tax Fraud

The Finance Act 2021 has approved to insert the word "of" after the word "falsification" to correct the drafting error

43(A) Tier-1 Retailer

The Finance Act 2021 has approved to add further categories to cover more retailers under the ambit of tier-1 retailer. The bill has Amended the following:

Existing	Amended
(e) a retailer, whose shop measures one thousand square feet in area or more; and (f) any other person or class of persons as prescribed by the Board.	(e) a retailer, whose shop measures one thousand square feet in area or more; or two thousand square feet in area <u>or more in the case of retailer of furniture.</u> (f) <u>a retailer who has acquired point of sale for accepting payment through debit or credit cards from banking companies or any other digital payment service provider authorized by State Bank of Pakistan;and</u> " (h) any other person or class of persons as prescribed by the Board.

44 Time of supply

The Finance Act 2021 has approved to amend the definition as follows:

Existing	Amended
(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 <u>or the time when any payment is received by the supplier in respect of that supply, whichever is earlier;</u>	(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.

Section 3  
3(1B)(a)

Scope of tax

The Finance Act 2021 has approved to amend as follows:

Existing	Amended
(a) on the production capacity of plants, machinery, undertaking, establishments or installation producing <u>on</u> manufacturing such	(a) on the production capacity of plants, machinery, undertaking, establishments or installation producing <u>or</u> manufacturing such



SECTION  
(CLAUSE)

## SALES TAX ACT, 1990

goods; or	goods; or
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This amendment is to rectify the drafting error.

 3(9A)  
3(9AA)

The Finance Act 2021 has approved to omit this clause which provided the entitlement to retailer for 5 % cash back.

Further the Finance Act 2021 has approved to insert sub-section (9AA), which deals with the taxation of steel products. The Section has provided that if minimum production so determined exceeds the actual supplies for the month, such minimum production shall be treated as quantity supplied during the month and the liability to pay tax shall be discharged accordingly and no refunds would be available on annual basis.

## Section 8B

## Adjustable Input tax

The Finance Act 2021 has approved to insert “other than public limited companies listed on Pakistan Stock Exchange” after the word “person”.

The purpose of amendment of this clause is to allow the public limited Companies listed on Pakistan Stock Exchange to adjust input in excess of 90% of its output tax.

The Finance Act 2021 has also approved to amend sub section (6) as follows:

Existing	Amended
(6) In case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-section (9A) of section 3, during a tax period or part thereof, the adjustable input tax for whole of that tax period shall be reduced by <b>15%</b> .	(6) In case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-section (9A) of section 3, during a tax period or part thereof, the adjustable input tax for whole of that tax period shall be reduced by <b>60%</b> .

## Section 11

The Finance Act 2021 approved to amend as follows:

Existing	Amended
(5) No order under this section shall be made by an officer of Inland Revenue unless a notice to show cause is given within five years, of the relevant date, to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation made by such person and provide him with an opportunity of being heard:	(5) No order under this section shall be made by an officer of Inland Revenue unless a notice to show cause is given within five years, of the end of the financial year in which the relevant date falls, to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation made by such person and provide him with an opportunity of being heard:

This insertion seeks to streamline the provision, as the show-cause notice can be issued for recovery of amounts not paid or short-paid within five years of relevant date. Since sales tax is payable on monthly basis, the time bar also applies on monthly basis. However, audits are undertaken on full-6 year basis.

Furthermore, audits for income tax and sales tax for the same financial or tax year are undertaken concurrently, the demand in case of sales tax may get time-barred one to two years earlier as compared to demand for income tax. In order to rationalize the said provision, the words “relevant date”, is Amended to be changed with the words “end of the financial year in which the relevant date falls”

SECTION (CLAUSE) SALES TAX ACT, 1990

Section 22 Records

The Finance Act 2021 has approved as follows:

Existing	Amended
(e) invoices, credit notes, debit notes, bank statements, banking instruments in terms of section 73, inventory records, utility bills, salary and labor bills, rental agreements, sale purchase agreements and lease agreements (ea) Record relating to Gate passes, inward or outward and transport receipts.	(e) invoices, credit notes, debit notes, bank statements, banking instruments in terms of section 73, inventory records, utility bills, salary and labor <u>cash book</u> , rental agreements, sale purchase agreements and lease agreements (ea) Record relating to Gate passes, inward or outward and transport receipts. (eb) Electronic version of records mentioned in clauses (a) to (ea) of this sub-section.

This amendment is to rectify the drafting error and include the electronic versions of records under the definition of records.

Section 25AA Transactions between associates

The Finance Act 2021 has renumbered the existing sub-section as sub-section (1) for insertion of sub-section (2) which is as follows:

(2) The Board may, by notification in official gazette, prescribe rules for carrying out the purpose of sub-section (1).

The purpose of this insertion is to authorize the board to prescribe any rule to guide the Commissioner or officer to determine the fair market value in case of transactions between the associates

Section 26AB Extension of time for furnishing returns

The Finance Act 2021 has approved to insert following new section to prescribe the procedure for extension of time for filing of sales tax return.

Previously there were no provision for authorizing the Commissioner for allowing the extension for late filing the sales tax return. This insertion authorized the Commissioner and Chief Commissioner to grant extension to the person for filing their sales tax return.

Section 40D Provisions relating to goods supplied from tax-exempt areas

The Finance Act 2021 has approved to insert word "Border Sustenance Markets and" after the word "Gilgit-Baltistan".

The purpose is to provide relief to the border sustenance markets and include them in the tax-exempt areas.

Section 40E Licensing of brand name

The Finance Act 2021 has approved to insert following new section namely "Licensing of brand name":

The purpose of this insertion is to make mandatory for manufacturers to obtain the license for each separate brand or stock keeping unit (SKU).

SECTION (CLAUSE) SALES TAX ACT, 1990

Section 48 Recovery of arrears of tax

The Finance Act 2021 has approved to insert following new sub-section:

This is an enabling provision it has been inserted in respect to entertain the request of recovery from a foreign jurisdiction under a tax treaty, a multilateral convention, and inter-governmental agreement or similar agreement or mechanism.

Section 50 Power to make rules

The Finance Act 2021 has approved to insert the words “or may be placed regularly on the official website maintained by the Board” after the word “price” in sub-section (2).

After the insertion the sub-section 2 would be as follows:

Existing	Amended
(2) All rules made under sub-section (1) or any other provisions of this Act, shall be collected, arranged and published along with general orders and departmental instructions and rulings, if any, at appropriate intervals and sold to the public at reasonable price.	(2) All rules made under sub-section (1) or any other provisions of this Act, shall be collected, arranged and published along with general orders and departmental instructions and rulings, if any, at appropriate intervals and sold to the public at reasonable price <u>or may be placed regularly on the official website maintained by the Board.</u>

The purpose for this insertion is to streamline the procedure for collection, arrangement and publishing of the rules issued under Sales Tax Act, 1990.

Section 56A Agreement for the Exchange of Information or assistance in recovery of taxes

The Finance Act 2021 has approved to insert “or assistance in recovery of taxes” after the word “information” in the title.

The Finance Act 2021 has approved to insert new sub-section (1A) and (3).

The purpose of these Provisions is to empower the FBR for sharing of data or information with other Ministries, Divisions of Federal or Provincial Government.

Provision regarding sharing of data with foreign countries on reciprocal basis were introduced through Tax Laws (Amendment) Ordinance, 2021 that is now being incorporated in Sales Tax Act, 1990. Moreover, mechanism for assistance in recovery of taxes on request from foreign countries on reciprocal basis.

Section 56C Prize Schemes to Promote Tax Culture

The Finance Act 2021 has approved to renumber the existing sub-section as sub-section (1) for insertion of sub-section (2)

Purpose of the insertion is to control the fraudulent behavior of Tier-1 Retailer where there system is being integrated via POS with FBR online system.

Section 67 Delayed Refund

The Finance Act 2021 has approved to substitute semi colon at the end of first proviso of section 67 just for rearrangement of the proviso and insertion of following new proviso.

By inserting this proviso board plan to compensate a taxpayer for delay in payment of determined refund under section 66 of the Sales Tax Act 1990.

SECTION  
(CLAUSE)  
Section 73

 SALES TAX ACT, 1990  
Certain Transactions not Admissible

The Finance Act 2021 has approved to insert new proviso after first proviso of sub-section (1). New proviso.

The purpose of this insertion is to allow the settlement of balances by the seller and buyer considering the conditions are met and to control the tax evasion during process of adjustment of accounts.

## Section 76

Fee and Service Charges

The Finance bill 2021 has renumbered the existing sub-section as sub-section (1) for insertion of sub-section (2).

The Finance Bill seek to allow the board to set the criteria and prescribe the procedure whereby charges collected under this section may be utilized by the board.

 SECTION  
(CLAUSE)

SALES TAX SCHEDULES

## Third Schedule

**The following items are inserted in the Schedules**

S No.	Description	Heading Nos of the First Schedule to the Customs Act, 1969 (IV of 1969)
"50	Sugar except where it is supplied as an industrial raw material to pharmaceutical, beverage and confectionery industries	Respective Headings

## Fifth Schedule

**Zero Rated**

S No.	Description	Heading Nos of the First Schedule to the Customs Act, 1969 (IV of 1969)
"15	Local supplies of 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.";	-
"16	Milk (PCT heading 04.01).	
"17	Fat filled milk excluding that sold in retail packing under a brand name or a trademark (PCT heading 1901.9090).	
"18	(i) Supply, repair or maintenance of any ship which is neither; (a) a ship of gross tonnage of less than 15 LDT; nor (b) a ship designed or adapted for use for recreation or pleasure. (ii) Supply of spare parts and equipment for ships falling under (i) above. (iii) Supply of equipment and machinery for salvage or towage services. (iv) Supply of equipment and machinery for other services provided for the handling of ships in a port.  s	

## Sixth Schedule

Table-1		
S No	Description	Heading Nos. of the First schedule to the Customs Act 1969
"157	Import of CKD (in kit form) of following electric vehicles (4 wheelers) by local manufacturers till 30th June, 2026: (i) Small cars/SUVs with 50 Kwh battery or below; and (ii) Light commercial vehicles (LCVs) with 150 kwh battery or below	Respective headings

158.	Goods temporarily imported into Pakistan by International Athletes which shall be subsequently taken by them within 120 days of temporary import	Respective headings
159.	Import of auto disable Syringes till 30th June, 2021 (i) with needles (ii) without needles	9018.3110 9018.3120
160.	Import of following raw materials for the manufacturers of auto disable syringes till 30th June, 2021 (i) Tubular metal needles (ii) Rubber Gaskets	9018.3200 4016.9310
161.	Import of plant, machinery, equipment and raw materials for consumption of these items within Special Technology Zone by the Special Technology Zone Authority, zone developers and zone enterprises	Respective headings
162.	Import of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the Board Respective headings with such conditions, limitations and restrictions.”	Respective headings

SECTION  
(CLAUSE)

## SALES TAX SCHEDULES

## Sixth Schedule

In Table-2		
S No	Description	Heading Nos. of the First schedule to the Customs Act 1969
"26.	Supply of locally produced silos till 30.06.2026	Respective headings
27	Wheat Bran	2302.3000
28	Sugar Beet	1212.9100
29	Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	2009.1100, 2009.1200, 2009.1900, 2009.2100, 2009.2900, 2009.3100, 2009.3900, 2009.4100, 2009.4900, 2009.5000, 2009.6100, 2009.6900, 2009.7100, 2009.7900, and 2009.9000
30	Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name	04.02
31	Flavored milk, excluding that sold in retail packing under a brand name	0402.9900
32	Yogurt, excluding that sold in retail packing under a brand name	0403.1000
33	Whey, excluding that sold in retail packing under a brand name	04.04
34	Butter, excluding that sold in retail packing under a brand name	0405.1000
35	Desi ghee, excluding that sold in retail packing under a brand name	0405.9000
36	Cheese, excluding that sold in retail packing under a brand name	0406.1010
37	Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name	0406.3000
38	Sausages and similar products of poultry meat or meat offal excluding sold in retail packing under a brand name or trademark	1601.0000
39	Products of meat or meat offal excluding sold in retail packing under a brand name or trademark	1602.3200, 1602.3900, 1602.5000, 1604.1100, 1604.1200, 1604.1300, 1604.1400, 1604.1500, 1604.1600, 1604.1900, 1604.2010, 1604.2020 and 1604.2090
S No	Description	Heading Nos. of the First schedule to the Customs Act 1969

In Table-3

In the approved Finance Act 2021 after S. No. 20 a new S.No.21 were added following in the Schedules:

S No	Description	Heading Nos. of the First schedule to the Customs Act 1969
21	POS machines 33 machines 8470.9000 imported for installation <b>on retail outlets as are integrated with the Board's computerized system for real-time reporting of sales.</b>   .	8470.9000

 SECTION  
(CLAUSE)

SALES TAX SCHEDULES

Sixth Schedule

In Table-4

The goods specified in column (2) of the Annexure below falling under the PCT codes specified in column (3) of the said Annexure, when supplied within the limits of the Border Sustenance Markets, established in cooperation with Iran and Afghanistan, shall be exempted from the whole of the sales tax, subject to the following conditions, namely:—

- (i) Such goods shall be supplied only within the limits of Border Sustenance Markets established in cooperation with Iran and Afghanistan;
- (ii) If the goods, on which exemption under this Table has been availed, are brought outside the limits of such markets, sales tax shall be charged on the value assessed on the goods declaration import or the fair market value, whichever is higher;
- (iii) Such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of sales tax involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction;
- (iv) The said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets; and
- (v) Breach of any of the conditions specified herein shall attract relevant legal provisions of this Act, besides recovery of the amount of sales tax along with default surcharge and penalties involved.

Eighth Schedule

Table -1				
S.No	Description	Heading	Rate	Condition
71	Following locally Manufactured or assembled electric vehicles (4 wheelers) till 30th June, 2026: (i) Small cars/ SUVs with 50 Kwh battery or below; and (ii) Light commercial vehicles (LCVs) with 150 kwh battery or below	Respective heading	1%	If supplied locally
72	Motorcars	87.03	12.5%	Locally manufactured or assembled motorcars of cylinder capacity upto 850cc
73	Import and local supply of Hybrid Electric Vehicles: Upto 1800 cc From 1801 cc to 2500 cc	87.03 87.03	8.5% 12.75%;	
74	Goods Supplied from tax-exempt areas of erstwhile FATA/PATA to the taxable areas	Respective Headings	16%	



## Eleventh Schedule

S.No	Withholding agent	Supplier category	Rate or extent of deduction
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: 8548.1010, 8548.1090	75% of the sales tax applicable  .
8	Online market place	Persons other than active taxpayers	2% of gross value of supplies: Provided that the provisions of this entry shall be effective from the date as notified by the Board.

## Twelfth Schedule

In clause 2 after the sub-clause (x) under procedure and conditions, the following new clauses shall be added, namely:

“(xi) Electric vehicles (4 wheelers) CKD kits for small cars/SUVs, with 50 kwh battery or below and LCVs with 150 kwh battery of below till 30th June, 2026;

(xiii) Electric vehicles (2-3 wheelers and heavy commercial vehicles) in CBU condition till 30th June, 2025; and

(xiv) motor cars of cylinder capacity up to 850cc

## Thirteenth Schedule

In Finance Act 2021 inserted the following new Schedule is added; namely:

(Minimum Production)

[See sub-section (9AA) of section 3]

Minimum production of steel products.—

The minimum production for steel products shall be determined as per criterion specified against each in the Table below:

S. No.	Product	Production criteria
1	Steel billets and ingots	One metric ton per 700 kwh of electricity consumed
2	Steel bars and other re-rolled long profiles of steel	One metric ton per 110 kwh of electricity consumed
3	Ship plates and other re-rollable scrap	85% of the weight of the vessel imported for breaking  ; and

Procedure and conditions:–

- (i) both actual and minimum production and the local supplies shall be declared in the monthly return. In case, the minimum production exceeds actual supplies for the month, the liability to pay tax shall be discharged on the basis of minimum production:

Provided that in case, in a subsequent month, the actual supplies exceed the minimum production, the registered person shall be entitled to get adjustment of excess tax on account of excess of minimum production over actual supplies:

Provided further that in a full year, as per financial year of the company or registered person, or period starting from July to June of next year, in other cases, the tax actually paid shall not be less than the liability determined on the basis of minimum production for that year and in case of excess payment no refund shall be admissible:

Provided also that in case of ship-breaking, the liability against minimum production, or actual supplies, whichever is higher, shall be deposited on monthly basis on proportionate basis depending upon the time required to break the vessel;

- (ii) the payment of tax on ship plates in aforesaid manner does not absolve ship breakers of any tax liability in respect of items other than ship plates obtained by ship-breaking;
- (iii) The melters and re-rollers employing self-generated power shall install a tamperproof meter for measuring their consumption. Such meter shall be duly locked in room with keys in the custody of a nominee of the Commissioner Inland Revenue having jurisdiction. The officers Inland Revenue having jurisdiction shall have full access to such meter;  
the minimum production of industrial units employing both distributed power and self-generated power shall be determined on the basis of total electricity consumption.

The following items are amended in the Schedules

**Sixth Schedule**

S No	Existing Description	Amended Description
19	Cereals and products of milling industry excluding the products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brand name or a trademark.	Cereals and products of milling industry
133	Various items	Added White Spirit [2710.1240] and solvent oil [2710.1250]
137	(ii) (a) Paper weighing 60 g/m <sup>2</sup> for printing of Holy Quran imported by federal or Provision Government and Nashiran-e Quran as per quota determined by IOCO.  (ii) (b) "4802.5510",	(ii) (a) Paper weighing 60 g/m <sup>2</sup> <u>art paper and printing paper</u> for printing of Holy Quran imported by federal or Provision Government and Nashiran-e Quran as per quota determined by IOCO.  (ii) (b) "4802.5510", 4810.1990, 4810.1910 and 4802.6990"

**Eighth Schedule**

S No	Description	Existing Description		Amended Description	
		Rate of Sales Tax	Condition	Rate of Sales Tax	Condition
56	Potassium Chlorate (KCLO <sub>3</sub> )	17% along with rupees <u>80</u> per kilogram	Import and supply thereof. Provided that rate of rupees	17% along with rupees <u>90</u> per kilogram	Import and supply thereof. Provided that rate of rupees <u>90</u> per

			<b>70</b> per kilogram shall not apply on imports made by and supplies made to organizations under the control of Ministry of Defense Production.		kilogram shall not apply on imports made by and supplies made to organizations under the control of Ministry of Defense Production.
<b>63</b>	<b>Articles of jeweler, or parts thereof, of precious metal</b>	<b>1.5% of value of gold plus 0.5% of value of diamond, used therein, plus 3% of making charges</b>		<b>1.5% of value of gold plus 2% of value of diamond, used therein, plus 3% of making charges</b>	
66	Supplies as made from retail outlets as are integrated with board's computerized system for real-time reporting of sale	<b>12%</b>			10%.

The following items are omitted in the Schedules

Fifth Schedule

<b>S No.</b>	<b>Description</b>	
1	(i) Supply, repair or maintenance of any ship which is neither; (a) a ship of gross tonnage of less than 15 LDT; nor (b) a ship designed or adapted for use for recreation or pleasure. (ii) Supply, repair or maintenance of any aircraft which is neither; (a) an aircraft of weight-less than 8000 kilograms; nor (b) an aircraft designed or adapted for use for recreation or pleasure. (iii) Supply of spare parts and equipment for ships and aircraft falling under (i) and (ii) above. (iv) Supply of equipment and machinery for pilot age, salvage or towage services. (v) Supply of equipment and machinery for air navigation services. (vi) Supply of equipment and machinery for other services	Serial No. 1, 6, 10 and 11 and entries relating thereto in column (2) shall be omitted
6	Supplies of such locally manufactured plant and machinery to petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors] as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification.]	
10	Petroleum Crude Oil (PCT heading 2709.0000).	
11	Raw materials, components, sub-components and parts, if imported or purchased locally for use in the manufacturing of such plants and machinery as is chargeable to sales tax at the rate of zero percent, subject to the condition that the importer or purchaser of such goods holds a valid sales tax registration showing his registration category as "manufacturer"; and in case of import , all the conditions, restrictions,	

	limitations and procedures as are imposed by notification under section 19 of the Customs Act, 1969 (IV of 1969), shall apply.	
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- Sixth Schedule** The Finance Act 2021 has approved to omit in Table -1 Serial No. 22, 24, 26, 27, 29, 29C, 73A, 74, 75, 76, 77, 78, 79, 80, 82, 83, 84, 85, 91, 93, 101, 103, 106, 108, 115, 123, 124, 125, 128 and 153 and entries relating thereto in columns (2) and (3)
- Sixth Schedule** The Finance Act 2021 has approved to omit in Table -2 serial Nos. 17, 18, 19, 20, 24 and 25 and entries relating thereto in columns (2) and (3)
- Eighth Schedule in Table-1, in column (1)** The Finance Act 2021 has approved to omit in Table -1 Serial No. 1, 5, 19, 22, 50, 51, 65 and 67 and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted
- Eighth Schedule in S.No. 15, in column (3)** The Finance Act 2021 has approved to omit in Serial No. 15, in column (3), the expression “ 2302.3000 (Wheat Bran)” shall be omitted
- Eighth Schedule** After the amendment in the S.No.63 and 66 in column (1), in column (4),

SECTION  
(CLAUSE)

ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001

Section 3

After subsection (1) the following new sub section (1A) shall be inserted  
(1A) Notwithstanding the provision of sub- section (1), the export of services shall be charged at the rate of zero percent.

SECTION (CLAUSE) 4(4)	THE FEDERAL EXCISE ACT, 2005
	The Amended new proviso added within this sub-section seeks about the revision of return that approval for return revision is not required within sixty days of filing of the original return and either the duty payable is more than the amount paid or the refund claimed therein is less than the amount as claimed originally.
14(4)	The Amended new sub-section is added seeks to include the assistance regarding collection and recovery of duties on request from a foreign jurisdiction under a tax treaty, a multilateral convention, and inter-governmental agreement or similar agreement or mechanism.
45AA	The Amended new section inserted title 'licensing of brand name' seeks to add requirement for the manufacturers of the specified goods to obtain brand license for each brand or stock keeping unit (SKU). If any specified brand and SKU sold without obtaining a license from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction in the prescribed manner.
47A	It is Amended to amend the title by adding the word "or assistance in recovery of duties" after the word information".
47(1A)	The Amended new sub-section (1A) is added to empower the Board to share the data or information including the real time data video, images received with any Ministry or Division of the Federal Government or Provincial Government, subject to such limitations and conditions as may be specified by the Board.
47(3)	The Amended new sub-section (3) is added for assistance in the recovery of duties: the Federal Government may enter into bilateral or multilateral convention, and inter-governmental agreement or similar agreement or mechanism.
49(2)	The Amended new sub-section (2) is added seeks the Board authorize and prescribed the manner in which fee and services charges shall be expended.

## First Schedule

 Table I  
Excisable goods

Table I of the First Schedule of the Federal Excise Act, 2005 has been Amended to be restructured to omit the S. No. 1, 2, 57, 58 and new addition of S. No. 8c certain goods for the levy of excise duty amendments in existing clauses are as follows:

S. No.	Description of Goods	Existing rate of excise duty	Amended rate of excise duty
1	Edible oils excluding deoxidized soybean Vegetable ghee and cooking oil	Omitted	Omitted
2	(a) in retail packing (b) not in retail packing	Omitted	Omitted
57	Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters	Omitted	Omitted
58	Steel Billets, ingots, ship plates, bars and other long re-rolled products	Omitted	Omitted
8c	Tobacco mixture in an electrically heated tobacco product by whatever name called, intended for consumption by using a tobacco heating system without combustion	Nil	Rupees five thousand two hundred per kg";
55	An exclusion is added after the figure 87.02 "and till the 30th day of June, 2026 for imported electric vehicles (4 wheelers)".	No change	No change
55B	(a) An exclusion is added after the figure 87.02 "and till the 30th day of June, 2026 for imported electric vehicles (4 wheelers)". (b) the expression "1000cc", the expression "851cc to 1000cc" shall be substituted; and	No change	No change
56	No Change	5502.9090 instead of 5502.0090	No Change

SECTION  
(CLAUSE)

## THE FEDERAL EXCISE ACT, 2005

 Table II  
Excisable Services

The Amended amendment in the heading word “Goods” shall be substituted with the word “Services”. Table II of the First Schedule of the Federal Excise Act, 2005 has been Amended to be restructured by adding S. No. 6, 6A, 8 certain services for the levy of excise duty and certain amendments in existing clauses are as follows:

S. No.	Description of Services	Existing rate of excise duty	Amended rate of excise duty
6	Telecommunication services , excluding such services in the area of a Province where such Province has imposed Provincial sales tax and has started collecting the same through its own Board or Authority, as the case may be.	Seventeen	Sixteen
6A.	Following telecommunication services:  (a) Mobile phone call, if call duration exceeds three minutes;  (b) Internet services;  (c) SMS services	Nil  Nil  Nil	One rupee per call in addition to the rates of duty specified under Serial No.6  Five rupees per GB in addition to the rates of duty specified under Serial No.6  Ten paisa per SMS in addition to the rates of duty specified under serial no.6
8	“excluding Merchant Discount Rate (MDR) for accepting digital payment” shall be inserted.	No change	No change

## Second Schedule

The Amended amendment is omitting the S. No. 1, 2, 4.

S. No.	Description of Services	Status
1	Edible oil excluding epoxidized soyabean oil falling under heading 15.18 imposed Provincial sales tax and has started collecting the same through its own Board or Authority, as the case may be.	Omitted
2	Vegetable ghee and cooking oil	Omitted
4	Steel Billets, ingots, ship plates, bars and other long re-rolled products	Omitted



SECTION  
(CLAUSE)

## THE FEDERAL EXCISE ACT, 2005

 Third Schedule  
(Conditional  
exemptions)  
Table I  
Goods

Table I of the Third Schedule of the Federal Excise Act, 2005 has been Amended to be restructured to add S. No. 24, 25 certain goods for the levy of excise duty as follows:

S. No.	Description of Goods	Heading /Sub-Heading Numbered
24	<p>The following goods, when supplied within the limits of the Border Sustenance Markets, established in cooperation with Iran and Afghanistan:</p> <ul style="list-style-type: none"> <li>(i) Animal Fats and Oil and their fractions</li> <li>(ii) Vegetable Fats and their fractions</li> <li>(iii) Vegetable Oils and their fractions</li> </ul> <p>Provided that, such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of duty involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction:</p> <p>Provided further that, the said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets.</p>	<p>1516.1000 1516.2010 1516.2020</p>
25	<p>Import and supply of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.”</p>	<p>Respective headings</p>

SECTION (CLAUSE)	CUSTOMS ACT, 1969
2(kka)	<p>Definition of documents The Amended amendment seeks to add 'master of bill of lading' 'certificate of origin' in definition of documents.</p>
2(kkc)	<p>Electronic assessment Amended amendment seeks to define electronic assessment as an assessment of goods declaration in customs computerized system according to the selectivity criteria to avoid unnecessary litigations.</p>
2(ld)	<p><b>Vessel Information Report ('VIR')</b> The Amended amendment seeks to define VIR as a means of intimation regarding impending arrival of a vessel at a customs sea port, where the customs computerized system is operational, to the customs authorities in the form and manner, by the carrier or his agent. Purpose of such amendment is to provide clarity and to avoid unnecessary litigation.</p>
2(oo)	<p>Owner of goods The owner of goods is Amended to be defined as any person who is for the time being entitled, either as owner or agent for the owner, to the possession of goods, such amendment is also aimed to bring clarity.</p>
2(s)	<p>In the definition of smuggling the expression 'retailing' is added to include the retailer found in possession of goods.</p>
3CCB	<p>Directorate General of National Nuclear Detection Architecture The Amended amendment seeks to add a new directorate to the customs cadre namely Directorate General of National Nuclear Detection Architecture and shall consist of a Director General and as many Deputy Director Generals, Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint. Purpose of such amendment is to comply with International Obligations under the International Atomic Energy Agency agreements.</p>
3CCC	<p>Directorate General of Marine The Amended amendment seeks to add a new directorate to the customs cadre namely Directorate General of Marine and shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint. Such directorate is added to curb anti-smuggling activities being carried out through sea route.</p>
12	<p>Licensing for public warehouses Bill seeks to amend the licensing conditions for public warehouse licenses where dutiable goods may be deposited without payment of customs duty and it has been added in conditions that incase customs computerized system is operational the application shall be filed through the system. However, the powers of Collector of customs to cancel or suspend license remain the same. Such an amendment has been added to cover the future initiative of bonded warehouse system and to encourage small and medium enterprises.</p>
12A	<p>Licensing for common warehouses Bills seeks to add a new provision for licensing of common warehouses with same terms and conditions as per the amended conditions for licensing of public warehouses.</p>
13	<p>Licensing for private warehouses Bills seeks to add a new provision for licensing of private warehouses with same terms and conditions as per the amended conditions for licensing of public warehouses.</p>

SECTION (CLAUSE)	CUSTOMS ACT, 1969
18E	<p>Disputes resolution</p> <p>Through the Finance Act a proviso has been added that empowers Board to constitute a committee or a center for settlement of disputes regarding classification of goods and to avoid undue litigations .</p>
19(5)	<p>Validity for notifications</p> <p>Amended amendment seeks to extend the validity of notifications issued after 1<sup>st</sup> day of July, 2016 which are not presented before national assembly and are also not rescinded upto June 2022.</p>
25(9)	<p>Fall back method</p> <p>Through Finance Act explanation has been inserted to clarify that determination made under fall back method should be done by using reasonable means. Purpose of this section is to align provisions with World Trade Organization valuation agreement and to provide mechanism for data obtained through data exchange protocols with foreign customs administrations.</p>
25A(1)	<p>The Finance Act approves to add a clarificatory amendment in power of Collector of Customs to determine customs value by his own motion.</p>
25A(2A)	<p>Amended amendment seek to add the following in determination of customs value:</p> <p>In case of any conflict in the customs value determined under sub-section (1), the Director General of Valuation shall determine the applicable customs value. Purpose of this amendment is to discourage group under invoicing.</p>
25A(4)	<p>Power to use data exchange information for determination of customs value, explanatory amendment has been added to include amendment in made section 25A(2A) above in 25A(4).</p>
25C	<p>The Amended amendment seek to divert the power of Board to the Chief Collector for taking over of goods in order to avoid inordinate delays.</p>
25D	<p>Review of value determined</p> <p>The mechanism for review of customs value determined has been Amended to be amended and under the new amendment Director General Valuation may on his own motion or in pursuance to a review petition made to him within thirty days from the date of determination by any person or an officer of Customs may rescind or determine the value afresh: Provided that the proceedings so initiated shall be completed within sixty days of the filing of the review petition or initiation of proceedings as the case may be.</p>
27A	<p>Mutilation or scrapping of goods</p> <p>Through the Amended amendment clarification has been added that allows mutilation or scrapping of goods upon request of the owner to be made only before filing of goods declaration. Such an amendment has been Amended to remove anomaly and to bring uniformity between Customs Act and the rules</p>
30	<p>Date of determination of import duty</p> <p>Previously the date of duty in case of goods declaration filed in advance of arrival of conveyance was the date on which manifest of the conveyance was delivered, however, through the Amended amendment following provision has been inserted:</p> <p>Provided that, where a goods declaration has been manifested in advance of the arrival of the conveyance by which the goods have been imported, the relevant date for the purposes of this section shall be the date on which the goods declaration is manifested under section 79 or section 104, as the case may be, except for those goods declaration in respect of which the rate of duty change after the submission of the goods declaration and before the berthing or cross-over event of the vessel or the respectively, as the case may be, the relevant date in which case, for the purposes of this section, shall be the date on which the vessel has berthed or the vehicle has crossed-over the border, as the case may be.</p>

SECTION (CLAUSE)	CUSTOMS ACT, 1969
32(3A)	<p>Recoverable amount in case of false statement</p> <p>The Amended amendment seek to increase the limit of non-recoverable amount in case of any error or omission identified by way of investigation or audit from Rs 100 to Rs 20,000 to bring the threshold at par with other relevant provisions of the Customs Act.</p>
32C	<p>Report of mis-declaration of value</p> <p>Through the Amended amendment existing process of submission of report case of mis-declaration of value for illegal transfer of funds into or out of Pakistan by Additional Collector of Customs with the help of experts has been done away with and the role of the State Bank of Pakistan has now been removed and Board has been empowered to make rules in connection therewith.</p>
44	<p>Delivery of import manifest</p> <p>Through the Amended amendment timeline for delivery of import manifest in respect of a conveyance other than a vessel has been changes from twenty-four hours of arrival to the following:</p> <p>The person-in-charge of a conveyance other than a vessel shall before arrival or as per following timelines, after arrival thereof at a land customs-station or customs-airport, as the case may be, deliver or file electronically an import manifest to appropriate officer of Customs:(a) for customs airport: within three hours of landing; and (b) for land Customs-station: at the time of entry into the country as prescribed under the rules. Purpose of this change is to increase the trade facilitation by reducing time.</p>
45	<p>Import Manifest</p> <p>An additional proviso has been Amended to be added in relation to signature and contents of import manifest and amendment thereof which is pasted below:</p> <p>“Provided that before the berthing of the vessel or the crossover of the vehicle, as the case may be, the person in charge of a conveyance or his duly authorized agent may amend the import manifest subject to the rules notified by the Board.</p>
79(1)	<p>In relation to declaration and assessment for home consumption or warehousing or transshipment the new condition has been Amended to be added which manifests that documents mandatory for assessment of goods shall be uploaded by the importer or his agent with the goods declaration as may be prescribed by the Board. The purpose of the said amendment is to reduce time and to ease out the process.</p>
80(4)	<p>Checking of goods declaration by customs</p> <p>The Amended amendments seeks to insert condition for clearance of goods declaration through green channel which specifies that goods may be examined with the prior approval of Collector of Customs</p>
82	<p>Goods not cleared within 15 days</p> <p>In case of goods not cleared or warehoused or transshipped or exported or removed from the port within fifteen days after unloading or filing of declaration, a new procedure has been inserted which empowers Collector of Customs to direct the importer or in case importer is not traceable, the shipping line to re-export out of Pakistan any goods, banned or restricted through a notification issue by the Federal Government, if the same are not cleared or auctioned within sixty days of the date of their arrival. The purpose of such change is to make shipping lines responsible for the implementation of Import Policy Order.</p>
82B	<p>The Amended amendment seek to add outright before confiscation in case of provisional release of imported goods to bring clarity.</p>
88	<p>Correction of bona fide error</p> <p>Previously the correction of a bona fide error or inadvertence can only be made before warehousing of goods is completed, now it is Amended that Collector of Customs to be empowered to correct any bona fide error or omission by recording reasons in writing to facilitate trade.</p>

SECTION (CLAUSE)	CUSTOMS ACT, 1969
98(1)(a)	<p>Period for which goods may remain warehoused</p> <p>Earlier the collector of customs was only empowered for one month of warehousing in case owner pays the advance surcharge of duties and taxes at 1% per month now such condition time limitation has been Amended to be relaxed upto 6 months for facilitation of trade.</p>
131(2)	<p>Through the Amended amendment the expression 'where Customs Computerized System has not been introduced' is omitted to make the provisions for clearance of good for exportation in line with the computerized system. Purpose of this change is to remove inefficiencies in the system to facilitate exporters.</p>
155F	<p>Opportunity of being heard is added in the Amended amendments in case of cancellation of registration of registered user to meet the ends of justice.</p>
155R	<p>Correction of clerical errors</p> <p>A new proviso has been Amended to be added for correction of errors which is as follows:</p> <p>Provided that in case where any clerical or typographical error is noted in goods declaration except as provided in section 29 of this Act, the exporter or importer may apply to the concerned officer not below the rank of Assistant Collector for issuance of correction or corrigendum certificate and the concerned officer upon his satisfaction may issue such certificate for subsequent correction in the computerized goods declaration. This measure is also aimed at facilitation.</p>
156	<p>Following amendments have been Amended in relation to penalties, relevant excerpts after incorporation of Amended changes are as follows:</p>

S No.	Offence	Penalty	Section ref
1 (ii)	If any person contravenes the requirement of placement of invoice and packing list inside the import container or consignment	Such person shall be liable to a penalty as under 1 <sup>st</sup> time = Rs 100,000 2 <sup>nd</sup> time = Rs 500,000 3 <sup>rd</sup> time = Rs 1,000,000 4 <sup>th</sup> time = outright confiscation of goods and blockage of WeBOC user ID for one year.	General
1(iii)	If any person fails to attach or electronically upload mandatory documents required under section 79 or 131 of the Customs Act, 1969-	Such person shall be liable to a penalty as under  1st time = Rs 50,000 2nd time = Rs 100,000 3rd time = Rs 150,000 4th time = Rs 200,000 5th time and onwards Rs 250,000	
89	If any person without lawful excuse, the proof of which shall be on such person, acquires possession of, or is in any way concerned in carrying, removing, depositing, harboring, keeping or concealing, <b>retailing</b> or in any manner dealing with smuggled goods or any goods in respect to which there may be reasonable suspicion that they are smuggled goods;	Such goods shall be liable to confiscation and any person concerned in the offence shall be liable to a penalty not exceeding ten times the value of the goods; and, where the value of such goods exceeds Three hundred thousand rupees, shall further be liable, upon conviction by a Special Judge, to imprisonment for a term not exceeding six years and to a fine not exceeding ten times the value of such goods	General

SECTION  
(CLAUSE)

## CUSTOMS ACT, 1969

S No.	Offence	Penalty	Section ref
90	If any person, without lawful excuse the proof of which shall be on such person, acquires possession of, or is in any way concerned in carrying, removing, depositing, harbouring, keeping or concealing <b>retailing</b> or in any manner dealing with any goods, not being goods referred to in clause 89, which have been unlawfully removed from a warehouse, or which are chargeable with a duty which has not been paid, or with respect to the importation or exportation of which there is a reasonable suspicion that any prohibition or restriction for the time being in force under or by virtue of this Act has been contravened, or if any person is in relation to any such goods in any way, without lawful excuse, the proof of which shall be on such person, concerned in any fraudulent evasion or attempt at evasion of any duty chargeable thereon, or of any such prohibition or restriction as aforesaid or of any provision of this Act applicable to those goods	Such goods shall be liable to confiscation, and any person concerned shall also be liable to a penalty not exceeding ten times the value of the goods.	General

156 Entry 47A

The Amended amendment seeks to omit S. No. 47A being superfluous.

157

Extent of confiscation

The Amended amendment seeks to add a new proviso as follows:

Provided further that where a conveyance liable to confiscation has been seized for the third time, no option to pay fine in lieu of the confiscation shall be given. Such an action is taken to curb the smuggling of goods being done through the same vessel.

179

Power of adjudication

The new proviso seeks to reduce the adjudication time limit by mandating that adjudication to be completed within thirty days of issuance of show cause in case of goods that are lying at sea port or dry port and such time period may be relaxed by Collector of Customs if required by 15 days..

195

Power of board or Chief Collector to pass certain orders has been rephrased to correct the sequence of officers as per seniority.

196

In connection with reference to be filed before High Court against any order of the Appellate Tribunal amendments have been Amended to replace the hierarchy of Additional Collector or Additional Director with Deputy Collector or Deputy Director. Effect of such amendment is that Deputy Collector or Deputy Director shall be able to file appeal before High Court.

SECTION (CLAUSE)	CUSTOMS ACT, 1969
202 B	<p>The rewards to officers and officials of Customs and Law Enforcement Agencies has been Amended to be amended as follows:</p> <p>In cases involving evasion of customs-duty and other taxes and confiscation of goods, cash reward shall be sanctioned to the officers of Customs Service of Pakistan, as defined under the Occupational Groups and Services (Probation, Training and Seniority) Rules, 1990 and officials including officers and officials of other law enforcement agencies, who assist Customs officers and officials or are actually instrumental in seizure of smuggled goods and vehicles as confirmed by the respective Collectorate of Customs, for their meritorious conduct in such cases, and to the informer providing credible information leading to such confiscation or detection, as may be prescribed by rules by the Board, only after realization of part or whole of the duty and taxes involved in such cases.</p>
212B	<p>Advance Rulings</p> <p>The time period for which advance ruling shall be binding upon the customs is Amended to be enhanced from one year to three years to bring it in accordance with international benchmarks.</p>
SCHEDULES	The bill proposes to amend First Schedule and Fifth Schedule to the Customs Act, 1969 by that provided in the Finance Bill, 2020.

#### INDUSTRIAL RELIEF MEASURES

- Reduction / exemption of CD, ACD & RD on import of goods falling under 589 PCT codes to incentivize the textile industry.
- Reduction / exemption of CD, ACD & RD on import of flat rolled products of HRC and stainless steel.
- Reduction / exemption of CD and ACD on raw materials and intermediary goods and point of sale machines falling under 328 tariff lines as a consequent of tariff rationalization.
- To incentivize the pharmaceutical sector and to keep the prices stable in the market, -
  - Exemption of CD & ACD on more than 350 APIs
  - Plant, machinery and equipment subject to concessionary rate of 5%
  - Exemption of CD & ACD on raw material of auto-disable syringes and reduction in tariff on finished auto-disable syringes
- Reduction / exemption on inputs / raw materials of food processing industry.
- Reduction of CD & ACD on uncoated paper and paperboard for printing and graphic arts industry.
- Reduction / exemption of CD & ACD on Vaccines for veterinary medicines and feed additives to incentivize the dairy sector.
- Reduction / exemption of CD & ACD on goods falling under more than 100 PCT codes relating to Tourism industry.
- Reduction of duties on raw material/inputs of footwear industry.
- Reduction / exemption of CD & ACD on inputs for poultry industry.
- Reduction / exemption of CD & ACD on raw material for manufacturer of aseptic plastic packaging.
- Exemption of ACD on import of raw materials for cables / optical fiber manufacturers.
- Reduction / Exemption of CD & ACD on raw materials for Paint Industry.
- Reduction / Exemption of CD & ACD on raw materials for Chemical and Artificial Leather Industry.
- Reduction / Exemption of CD & ACD on inputs for Electronics Manufacturing Industry.
- Reduction / exemption of CD & ACD on raw materials / inputs of furniture, coating, boiler manufacturing industry, bobbins and cops manufacturing industry etc.

#### RELIEF TO COMMON MAN

- Reduction of ACD on goods falling under 2436 tariff lines pertaining to 20% customs duty slab from 7% to 6%.
- Extension in exemption from customs duties on import of COVID-19 related items for further six month.
- Exemption of CD & ACD on Inputs of Ready-To-Use Supplementary Foods (RUSF) and Ready-To-Use Therapeutic Food (RUTF).
- Exemption of CD & ACD on 06 life-saving drugs.
- Enhance the value of unsolicited gifts through post or courier from Rs. 20,000 to 30,000.
- Exemption of CD & ACD on import of grain storage hermetic bags and cocoons.
- Rationalization of tariff structure on auto sector



- Establishment of Border Sustenance Markets to mitigate the problems faced by the people residing in border areas due to fencing and counter-smuggling measures.

ENFORCEMENT FEATURES:

- Inclusion of master bill of lading and certificate of origin in the existing definition of document to discourage origin fraud.
- Inclusion of the retailing in definition of smuggling to discourage retailers from selling smuggled goods.
- Making shipping lines responsible for re-export of banned items imported in commercial quantities.
- Increasing the pitch of fine in case of non-placement of invoice and packing list in container to inculcate compliance.
- Discouraging smuggling by denying release of vehicles used repeatedly for smuggling against redemption fine

## INFORMATION ABOUT WITHHOLDING TAXES

## APPENDIX – I

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/ COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
148	(1) Import of goods	1% of the import value as increased by customs-duty, sales tax and federal excise duty	Collector of Customs	Minimum Tax
	ii. Persons importing goods classified in Part I of the Twelfth Schedule	2% of the import value as increased by customs-duty, sales tax and federal excise duty		
	iii. Persons importing goods classified in Part III of the Twelfth Schedule	5.5% of the import value as increased by customs-duty, sales tax and federal excise duty"		
148(A)	Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011;	1%	Collector of Customs	Minimum Tax
148(B)	Persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan	4%	Collector of Customs	Minimum Tax
148(C)	Person Importer of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below.	1%	Collector of Customs	Minimum Tax
S. No.	C & F Value of mobile phone (in US Dollar)	Tax (in Rs)		
		In CBU condition PCT Heading 8517.1219	In CKD/SKD condition under PCT Heading 8517.1211	
(1)	(2)	(3)	(4)	
1	Up to 30 except smart phones	700	0	
2	Exceeding 30 and up to 100 and smart phones up to 100	100	0	
3	Exceeding 100 and up to 200	930	0	
4	Exceeding 200 and up to 350	970	0	
5	Exceeding 350 and up to 500	3000	5000	
6	Exceeding 500	5,200	11,500	

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLL ECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
149	Rate of tax of Salaried Individual			
	Taxable Income		Rate of Tax	
	Where the taxable income does not exceed Rs. 600,000		0%	
	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000		5% of the amount exceeding Rs. 600,000	
	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,800,000		Rs. 30,000 plus 10% of the amount exceeding Rs. 1,200,000	
	Where taxable income exceeds Rs. 1,800,000 but does not exceed Rs. 2,500,000		Rs. 90,000 plus 15% of the amount exceeding Rs. 1,800,000	
	Where taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 3,500,000		Rs. 195,000 plus 17.5% of the amount exceeding Rs.2,500,000	
	Where taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 5,000,000		Rs. 370,000 plus 20% of the amount exceeding Rs.3,500,000	
	Where taxable income exceeds Rs. 5,000,000 but does not exceed Rs. 8,000,000		Rs. 670,000 plus 22.5% of the amount exceeding Rs.5,000,000	
	Where taxable income exceeds Rs. 8,000,000 but does not exceed Rs. 12,000,000		Rs. 1,345,000 plus 25% of the amount exceeding Rs.8,000,000	
	Where taxable income exceeds Rs. 12,000,000 but does not exceed Rs.30,000,000		Rs. 2,345,000 plus 27.5% of the amount exceeding Rs.12,000,000	
	Where taxable income exceeds Rs. 30,000,000 but does not exceed Rs.50,000,000		Rs. 7,295,000 plus 30% of the amount exceeding Rs.30,000,000	
	Where taxable income exceeds Rs. 50,000,000 but does not exceed Rs.75,000,000		Rs. 13,295,000 plus 32.5% of the amount exceeding Rs.50,000,000	
	Rate of tax for Non-Salaried Individual			
	Where taxable income exceeds Rs.75,000,000		Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000	
	Where the taxable income does not exceed Rs. 400,000		0%	
	Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 600,000		5% of the amount exceeding Rs. 400,000	
	Where the taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000		Rs. 10,000 + 10% of the amount exceeding Rs. 600,000	
	Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000		Rs. 70,000 + 15% of the amount exceeding Rs. 1,200,000	
	Where the taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000		Rs. 250,000 + 20% of the amount exceeding Rs. 2,400,000	
	Where the taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000		Rs. 370,000 + 25% of the amount exceeding Rs. 3,000,000	
	Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000		Rs. 620,000 + 30% of the amount exceeding Rs. 4,000,000	
	Where the taxable income exceeds Rs. 6,000,000		Rs. 1,220,000 + 35% of the amount exceeding Rs. 6,000,000	

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
150	Payments of dividend declared / distributed by:  (a) In the case of dividend paid by independent power purchasers where such dividend is a pass-through item under an Implementation agreement and is required to be reimbursed by Central Power Purchasing Agency (CPPA-G) or its predecessor or successor entity.	7.5%	Every person paying dividend	Final
	(b) In the case of mutual funds and other than those mentioned in clauses (a).	15%		
	(ba) In the case of a person receiving dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III."	25%		
150(A)	On Payment of return on investment in Sukuks:  a) In case the Sukuk- holder is a company,	25%	Every person paying dividend	Final
	b) In case the Sukuk- holder is a individual or an Association of person, if the return of invest is more than one million	12.5%		
	c) In case the Sukuk- holder is a individual or an Association of person, if the return of invest is less than one million	10%		
151	The rate of tax of profit on debt imposed under section 7B shall be--	15%	Payer of the profit or yield	Minimum
152	Payments to non-residents: Sales of good in case of company	4%	Federal Government, Company, Association of Persons (under law), non-profit organization, Foreign Contractor or Consultant and Consortium or Joint Venture, Individual (turnover of Rs. 50M or above), AOP (normal) (turnover of Rs. 50M or above), A person registered under the Sales Tax Act, 1990, an	Minimum Tax
	• Sales of good in case of other then company	4.5%		
	• Transport services, Freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard service, software development services, IT services and IT enable services as defined in clause (133) of the part I of the second Schedule. tracking services, advertising services (other than by print or electronic media), share registrar services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited	3%		

	inspection and certification, testing and training services		exporter or an export house	
	<ul style="list-style-type: none"> <li>Other than transport services in case of Company</li> </ul>	8%		
	<ul style="list-style-type: none"> <li>Other than transport services in any other case</li> </ul>	10%		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	<ul style="list-style-type: none"> <li>• Execution of contract                             <ul style="list-style-type: none"> <li>i) In the case of companies</li> <li>ii) In the case other taxpayers</li> <li>iii) In the case of Sportsperson</li> </ul> </li> <li>• Fees for technical services</li> <li>• Fee for offshore digital services</li> <li>• Shipping income</li> <li>• Air Transport income</li> <li>• Contract or sub contract under a construction,                             <ul style="list-style-type: none"> <li>• assembly or installation project</li> </ul> </li> <li>• Advertisement services rendered by T.V. Satellite Channel</li> <li>• Advertisement services relaying from outside Pakistan</li> </ul>	7% 7.5% 10% 15% 5% 8% 3% 7% 7% 3% 10%		
	<ul style="list-style-type: none"> <li>• Insurance premium or re-insurance premium</li> </ul>	5%		
	<ul style="list-style-type: none"> <li>• Other cases</li> </ul>	20%		
153	<ul style="list-style-type: none"> <li>• Sale of goods on amount inclusive of Sales Tax                             <ul style="list-style-type: none"> <li>➤ General                                     <ul style="list-style-type: none"> <li>i) In the case of companies</li> <li>ii) In the case of other taxpayers</li> </ul> </li> </ul> </li> </ul>	4% 4.5%	Federal Government, Company, Association of Persons(under law), non-profit organization, Foreign Contractor or Consultant and Consortium or Joint Venture, Individual (turnover of Rs. 50M or above), AOP (normal)(turnover of Rs. 50M or above), A person registered under the Sales Tax Act, 1990, an exporter or an export house	Minimum Tax  Adjustable for manufacturer company or listed companies
	<ul style="list-style-type: none"> <li>• Rice, cotton seed oil and edible oil other than mentioned below</li> </ul>	1.5%		Minimum Tax
	<ul style="list-style-type: none"> <li>• Payment to electronic and print media for advertising services</li> </ul>	1.5%		Adjustable for manufacturer company or listed companies

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	<ul style="list-style-type: none"> <li>• Rendering of services                             <ul style="list-style-type: none"> <li>➤ General                                     <ul style="list-style-type: none"> <li>i) In the case of companies</li> <li>ii) In the case of other taxpayers</li> </ul> </li> <li>➤ Transport services, freight forwarding services, air cargo services, courier services, man power outsourcing services, hotel services, security guard services, software development services, IT Services and IT enabled services as defined in clause (65F) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Ltd. &amp; Pakistan Mercantile Exchange Ltd. , inspection, certification, testing &amp; training services oilfield services, telecommunication services, warehousing services, collateral management services, travel and tour services.</li> </ul> </li> </ul>	8% 10%		Minimum Tax
	<ul style="list-style-type: none"> <li>• Execution of contract                             <ul style="list-style-type: none"> <li>i) In the case of companies</li> <li>ii) In the case of other taxpayers</li> <li>iii) In case of sportspersons</li> </ul> </li> </ul>	7% 7.5% 10%		
154	Realization of proceeds on account of: <ul style="list-style-type: none"> <li>• Exports of goods and sales of goods by indirect exporter under inland back to back letter of credit or standard purchase order of goods specified in seventh schedule</li> <li>• Exports of goods by an industrial undertaking located in the export processing zones.</li> <li>• Payment for firm contract to an indirect exporter.</li> <li>• Indenting commission</li> </ul>	1%  1%  1%  5%	Authorized Dealer in foreign exchange, Collector of Customs and Banking Company  EPZ authority established under the EPZ authority Ordinance, 1980.  Direct exporter and an export house registered under the Duty and Tax Remission for Export Rules 2001.  Authorized Dealer in foreign exchange.	Final



SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
154A	The rate of tax to be deducted under section 154A on the following (a) exports of computer software or IT services or IT enabled services in case tax credit under section 65F is not available; (b) services or technical services rendered outside Pakistan or exported from Pakistan; (c) royalty, commission or fees derived by a resident company from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise; (d) construction contracts executed outside Pakistan; and (e) other services rendered outside Pakistan as notified by the Board from time to time;	1%	Authorized Dealer in foreign exchange, Collector of Customs and Banking Company	Final
155	<ul style="list-style-type: none"> <li>Payment of rent (including advance) on immovable property,</li> </ul>		Federal Government, Provincial Government, Local Authority, Company, Non-Profit Organization, Charitable Organization and Diplomatic Mission of Foreign State, Private Educational Institution, Boutique, Beauty parlor, Hospital, Clinic, Maternity Home, Individuals or AOPs paying gross rent of Rs 1.5 million or more in a year.  Paid by the company	Adjustable
	<ul style="list-style-type: none"> <li>Gross amount of rent</li> </ul>	Rate of tax		
	<ul style="list-style-type: none"> <li>Where the gross amount of rent does not exceed Rs. 300,000</li> </ul>	NIL		
	<ul style="list-style-type: none"> <li>Where the gross amount of rent exceeds Rs. 300,000 but does not exceed Rs. 600,000</li> </ul>	5 per cent of the gross amount exceeding Rs. 300,000		
	<ul style="list-style-type: none"> <li>Where the gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 2,000,000</li> </ul>	Rs. 15,000 plus 10 per cent of the gross amount exceeding Rs. 600,000		
	<ul style="list-style-type: none"> <li>Where the gross amount of rent exceed Rs. 2,000,000</li> </ul>	Rs. 155,000 plus 25 per cent of the gross amount exceeding Rs. 2,000,000";		
	<ul style="list-style-type: none"> <li>Payment of rent on immovable property (In case of company)</li> </ul>	15%		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
156	• Payment of prize on prize bond or crosswords puzzle	15%	Person paying the amount where the payment is not in cash	Final
	• Payment of prize on winning of raffle, lottery, a quiz, offered by companies for promotion of sale.	20%		
156A	• Payment of commission or discount allowed to a petrol pump operator	12%	Person selling petroleum products to a petrol pump operator	Final
231B	• Purchase, Registration of Transfer of Motor Vehicles	Rs. 7,500 To 250,000	Excise and Taxation (Motor Vehicle)	Adjustable
231B (2)	• Transfer of Registration or ownership of a private motor vehicle:	Rs. 0 To 62,500	Excise and Taxation (Motor Vehicle)	Adjustable
231B(2A)	• Transfer of Registration or ownership of a private motor vehicle:	Rs. 0 To 62,500	Excise and Taxation (Motor Vehicle)	Adjustable
S.No.	<b>Engine capacity</b>	<b>Tax</b>		
1.	Up to 1000cc	Rs. 50,000	Excise and Taxation (Motor Vehicle)	Adjustable
2.	1001cc to 2000cc	Rs. 100,000		
3.	2001cc and above	Rs. 200,000"; and		
233	Payment of Brokerage and Commission		Federal Government, Local Government, Local Government, Company and Association of Person constituted by or under any law	Minimum Tax
	• Advertising Agents	10%		
	• Life Insurance Agents where commission received is less than Rs. 0.5 million per annum	8%		
	• Person not covered in Advertising and Life Insurance Agents above	12%		
234	On collection of motor vehicle tax of:		Person collecting motor vehicle tax	Adjustable
	• Passenger transport vehicle with registered seating capacity of 4 to 10 persons	per seat per annum Rs. 50		
	• Passenger transport vehicle with registered seating capacity of 10 to 20 persons	Rs. 100		
	• Passenger transport vehicle with registered seating capacity of 20 or more	Rs. 300		
	• Goods transport vehicle.	per kilogram of the laden weight per annum Rs. 2.50		
	• In the case of goods transport vehicles with minimum laden weight of 8,120 Kg, advance tax after a period of ten years from the date of first registration of vehicle in Pakistan.	Rs. 1,200 per annum		
	• Other private motor vehicle.	Rs. 800 to 10,000		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	<ul style="list-style-type: none"> <li>Where the motor vehicle tax is collected in lump sum</li> </ul>	Rs.10,000 to 120,000	Person collecting motor vehicle tax	Adjustable
235	On collection of amounts of commercial and industrial of electricity bill:		Person preparing electricity consumption bill	Adjustable for Companies (minimum for others for bill amounting to Rs. Rs.30,000 per month / adjustable for the amount of bill which exceeds Rs. 30,000)
	<ul style="list-style-type: none"> <li>Where the amount of electricity bill upto Rs.500</li> </ul>	0		
	<ul style="list-style-type: none"> <li>exceeds Rs. 500 but does not exceed Rs. 20,000</li> </ul>	10% of the Amount		
	<ul style="list-style-type: none"> <li>exceeds Rs.20,000</li> </ul>	Rs. 1950 plus 12% of the amount exceeding Rs. 20,000 for commercial consumers Rs. 1950 plus 5% of the amount Exceeding Rs. 20,000 for industrial consumers		
	On collection of amounts of domestic electricity bill:			
	i) Where bill is less than Rs 25,000	0%		
	ii) Where bill exceeds Rs 25,000	7.5%		
235B	Production of steel billets, ingots and mild steel excluding stainless steel	Rs. 1/units of electricity consumed	Person preparing electricity consumption bill	Final
236	On collection of amounts of telephone charges of:		Person preparing telephone bills	Adjustable
	<ul style="list-style-type: none"> <li>Telephone subscriber (bill exceeds Rs. 1,000)</li> </ul>	10		
	<ul style="list-style-type: none"> <li>subscriber of internet, mobile telephone and pre-paid internet or telephone card</li> </ul>	10 for tax year 2022 and 8% on wards	Person preparing telephone bills	Adjustable
236A	<ul style="list-style-type: none"> <li>On the sale by public auction or auction by tender</li> </ul>	10%	Any person making sale by public auction or auction by tender	Adjustable
	<ul style="list-style-type: none"> <li>In case of immoveable property sold by auction</li> </ul>	5%		
236C	<ul style="list-style-type: none"> <li>On sale or transfer of immovable property for:</li> </ul>	1%	Any person responsible for registering or attesting transfer of immovable property	Minimum Tax if property is acquired and disposed-off within the same tax year; Otherwise Adjustable.

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
236G	Sales to distributors, dealers and wholesalers Fertilizers			
	Fertilizers	0.7%		
	Other then Fertilizers	0.1%		
	Provided that the rate of advance tax on sale to distributors, dealers or wholesalers of fertilizer shall be 0.25%, if they are already appearing on both the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001)	0.25%	Every manufacturer or commercial importer of occurring for the first time, the expression "pharmaceuticals, poultry and animal feed, edible oil and ghee, battery, tyers, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector	Adjustable
236H	Advance tax on Sales to retailers	0.5%	Every manufacturer, distributor, dealer, wholesaler or commercial importer of occurring for the first time, the expression "pharmaceuticals, poultry and animal feed, edible oil and ghee, battery, tyers, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector	Adjustable
236I	<ul style="list-style-type: none"> <li>Fee paid to an educational institution Where annual fee exceeds Rs 200,000</li> </ul>	5%	The person preparing fee voucher or challan	Adjustable

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
236K	<ul style="list-style-type: none"> <li>On purchase or transfer of immovable property</li> </ul>	1% Fair Market value of Immovable Property	Any person responsible for registering or attesting transfer for local authority, housing authorities, housing society, public and private real estate projects registered/governed under any law, joint ventures, private commercial concerns.	Adjustable
236Q	<ul style="list-style-type: none"> <li>On use or right to use industrial, commercial and scientific equipment</li> </ul>	10%	Federal Government, Company, Association of Persons (under law), non-profit organization, Foreign Contractor or Consultant and Consortium or Joint Venture, Individual (turnover of Rs. 50M or above), AOP (normal) (turnover of Rs. 50M or above), A person registered under the Sales Tax Act, 1990, an exporter or an export house	Final
236X	<ul style="list-style-type: none"> <li>Advance tax on tobacco</li> </ul>	5% of purchase value	Pakistan Tobacco Board	Adjustable

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Bonaire	Bahrain	Malawi		French Polynesia
Brazil	Belarus	Malta		Hong Kong & Macao
British Virgin Islands	Belgium	Mauritius		India
Canada	Botswana	Moldova		Indonesia
Cayman Islands	Bulgaria	Mongolia		Japan
Chile	Burundi	Montenegro		Korea
Colombia	Cape Verde	Morocco		Laos
Costa Rica	Comoros	Mozambique		Malaysia
Curacao	Croatia	Namibia		Myanmar
Dominica & Grenada	Cyprus	Netherlands		Nepal
Dominican Republic	Czech Republic	Niger		New Caledonia and Wallis & Futuna
Eastern Caribbean	Denmark & Faroe Islands	Nigeria		Futuna
Ecuador	Egypt	Northern Ireland		New Zealand
El Salvador	Estonia	Norway		Pakistan
Guatemala	Ethiopia	Oman		Papua New Guinea
Honduras	Finland	Poland		Philippines
Jamaica	France	Portugal		Samoa
Mexico	Francophone West Africa	Qatar		Singapore
Montserrat	French Guiana	Republic of Srpska (Bosnia and Herzegovina)		Sri Lanka & Maldives
Nicaragua	Georgia	Reunion Island and Mayotte		Taiwan
Panama	Germany	Romania		Thailand
Paraguay	Gibraltar	Russia		Vietnam
Peru	Greece	Rwanda		
Puerto Rico	Greenland	San Marino		
St. Kitts & Nevis	Guernsey	Saudi Arabia		
St. Lucia	Hungary	Serbia		
St. Maarten	Iceland	Seychelles		
St. Vincent & Grenadines	Ireland	Sierra Leone		
Suriname	Isle of Man	Slovak Republic		
Trinidad & Tobago	Israel	Slovenia		
Turks & Caicos	Italy	South Africa		
United States of America	Ivory Coast	Spain		
Uruguay	Jersey	Sweden		
US Virgin Islands	Jordan	Switzerland		
Venezuela	Kazakhstan	Tajikistan		
	Kenya	Tanzania		
	Kosovo	Togo		
	Kuwait	Tunisia		
		Turkey		
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