



## BUDGET COMMENTARY 2020

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

## BUDGET COMMENTARY, 2020

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 Bill, 2020 which upon enactment with or without modification shall be issued as Finance Act, 2020.

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 2021 unless otherwise stated.

BDO EBRAHIM & CO.

Dated: June 14, 2020

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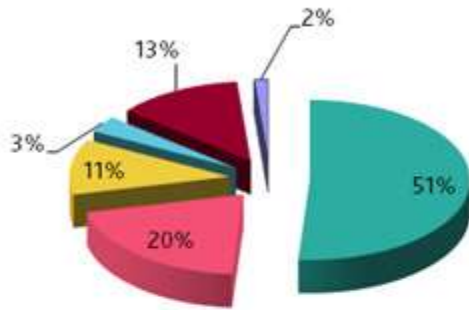
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**COMPARATIVE BUDGET AT A GLANCE**  
(AMOUNTS ROUNDED TO NEAREST BILLION)

	2020-21		2019-20	
	Rs.	%	Rs.	%
<b>Receipts</b>				
<b>Revenue Receipts</b>				
Direct taxes	4,963	76	3,908	71
Indirect taxes	501	8	300	5
	<u>5,464</u>	<u>84</u>	<u>4,208</u>	<u>76</u>
Non-tax revenue	1,109	16	1,296	24
Gross revenue receipts	6,573	100	5,504	100
Less: Provincial share	(2,874)	(40)	(2,402)	(30)
<b>Net revenue receipts</b>	<b>3,700</b>	<b>51</b>	<b>3,102</b>	<b>38</b>
Capital receipts	1,463	20	967	12
External resources	810	12	2,273	28
Cash balance	242	3	(81)	(1)
Bank borrowings	917	13	1,724	21
Privatization proceeds	100	1	150	2
<b>Total Resources</b>	<b>7,231</b>	<b>100</b>	<b>8,135</b>	<b>100</b>
<b>Expenditure</b>				
<b>Current Expenditure</b>				
Defence	1,289	18	1,227	14
General public services	4,429	61	5,538	68
Others	627	9	610	8
	<u>6,345</u>	<u>88</u>	<u>7,376</u>	<u>91</u>
Development expenditure	886	12	759	9
<b>Total Expenditure</b>	<b>7,231</b>	<b>100</b>	<b>8,135</b>	<b>100</b>

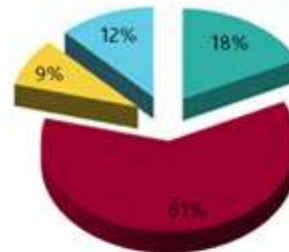
## COMPARATIVE BUDGET AT A GLANCE

Sources of Funds



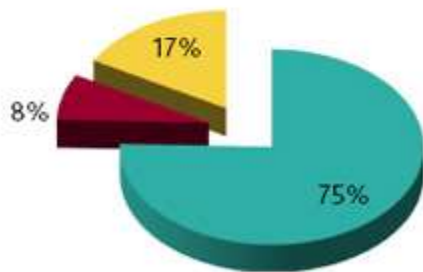
- Revenue receipts
- Capital receipts
- External resources
- Cash balance
- Bank borrowings
- Privatization proceeds

Utilisation Of Funds



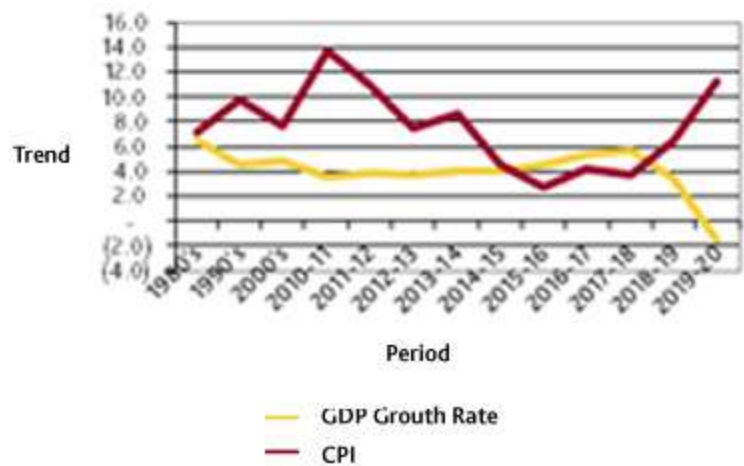
- Defence
- General public services
- Others
- Development expenditure

Breakup Of Revenue Receipts



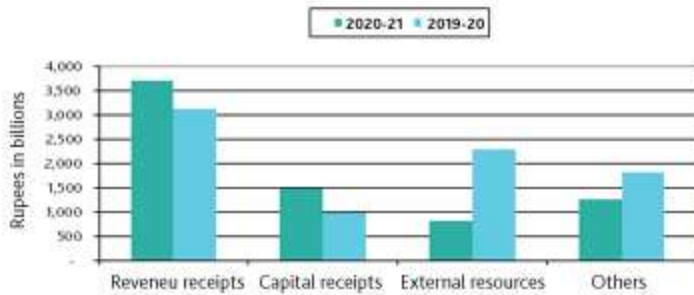
- Direct taxes
- Indirect taxes
- Non-tax revenue

Trends in Growth and Inflation

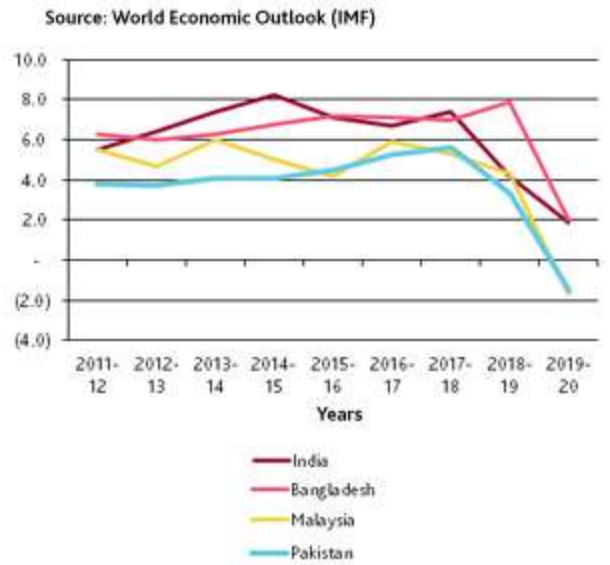


# COMPARATIVE BUDGET AT A GLANCE

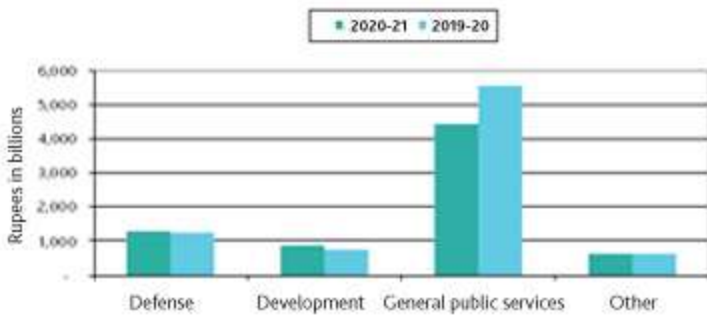
### Comparison Of Revenue



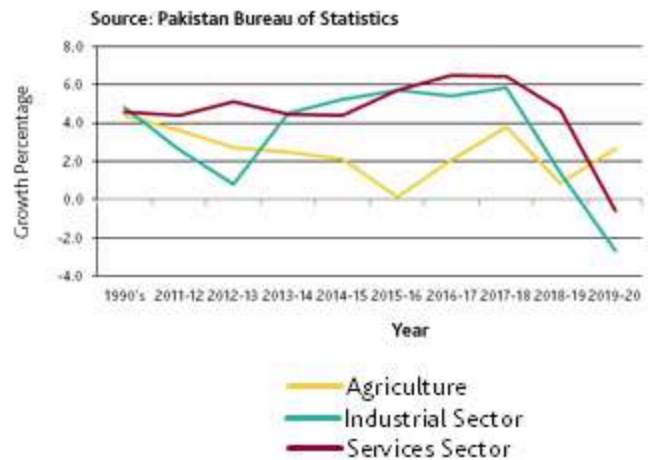
### Comparative Real GDP Growth Rate



### Comparison Of Expenses



### Growth Performance of Components of Gross Domestic Product



Overview

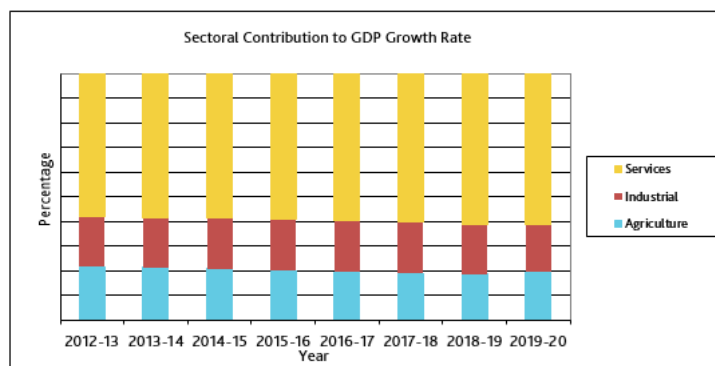
In the midst of a pandemic, masked men of the Government unveiled the Federal Budget 2020.

Set with a total outlay of Rs. 7,231 billion, the proposed Budget, sets a continuing ambitious tax revenue target of Rs. 5,464 billion, despite the fact that the prior year target was not achieved and the uncertainty around economic effects of the pandemic are yet to be manifested in totality.

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

Growth

Pakistan’s economy measured through GDP is estimated to decline towards the end of the year by 0.38 percent on the basis of 2.67 percent growth in agricultural sector and 2.64 and 0.59 percent decline in industrial and services sectors, respectively. To understand the change in growth rate from the past trend a perusal of the components would provide useful insight.



Source: Pakistan Bureau of Statistics

Agriculture

With a 19.30 percent share of the GDP, the agricultural sector continues to be a cornerstone in the economy of Pakistan. Although this sector has exhibit growth of 2.67 percent in FY 2020, the sector continues to underperform to its potential owing to perennial issues relating to climate change, pest attacks and availability of water. At the time of writing of this document, the country is also battling a locust attack which is expected to have significant impacts to the agricultural sector performance for ensuing year.

The crops sector, overall, experienced a growth of 2.98 percent due to increase in growth of important crops by 2.90 percent mainly due to sufficient availability of inputs (adequate water, certified seeds, pesticides, and an uptick in credit disbursement) despite lower fertilizer off-take. This compares to a negative growth of -4.43 percent in prior year on the back of decline in growth of important crops by 6.55 percent.

Rice production increased by 2.9 percent and Maize production by 6.0 percent while Cotton production declined by 6.9 percent and Sugarcane production declined by 0.4 percent. Wheat is the most important crop of “Rabi”, which showed growth of 2.5 percent. Livestock having share of 60.56 percent in agriculture and 11.69 percent in GDP achieved growth at 2.58 percent. The Fishing sector having share of 2.06 percent in agriculture value addition (and 0.40 percent in GDP), grew by 0.60 percent, while Forestry sector having share of 2.13 percent in agriculture (and 0.41 percent in GDP) grew by 2.29 percent.

Industry

The contribution of Manufacturing in GDP is hovering around 13.5-13.8 percent for almost a decade. The manufacturing sector is the most important sub-sector of the industrial sector. LSM has 78 percent share in Manufacturing and 9.5 percent in GDP whereas Small Scale Manufacturing accounts for 15.2 percent share in manufacturing and 2.04 percent share in GDP. The current year has been a hard year for Large Scale Manufacturing as it recorded negative growth of -2.28 percent. LSM sector was not able to withstand constrained economic environment triggered by exchange rate depreciation and contractionary monetary and fiscal policies. The distress continued during the whole current fiscal year and the LSM growth plunged to -5.4 percent during July-March FY2020 compared to -2.34 percent during last fiscal year. The major contributing sub-sectors such as Textile and Food, Beverages & Tobacco have experienced negative growth. Other sub-sectors such as Iron & Steel Products, Coke & Petroleum Products and Automobile growth have also turned negative during the period which dampened the overall growth of LSM. Year-on-year (YoY), LSM dived by -22.9 percent in March 2020 as compared to -7.35 percent decline in March 2019.



The government has announced a special package for construction sector. Package includes amnesty scheme, tax exemptions and Rs 30 billion subsidy for Naya Pakistan. This will provide impetus to the construction industries, specially cement, and shall also generate employment. A stimulus package has also been introduced to support businesses and stimulate the economy. According to the package, export-oriented industries would be given Rs 100 billion worth of tax refunds as well as deferment of interest payments. Government is providing a series of subsidies and incentives to industrial sector.

#### Balance of payments

During July-March FY2020, current account deficit reduced by 73.1 percent to US\$ 2.8 bn (1.1 percent of GDP) against US\$ 10.3 bn last year (3.7 percent of GDP) mainly due to reduction in trade deficit by 31.0 percent to US\$ 14.7 bn (US\$ 21.3 bn last year). During July-February FY2020, exports reached US\$ 15.6 billion compared to US\$ 15.1 billion last year, thus registering a growth of 3.6 percent. However, due to COVID-19 exports during July-April, FY2020 reached US\$ 18.4 billion compared to US\$ 19.2 billion during same period last year, showing a decline of 3.9 percent. Analysis of group-wise exports suggests that the food group registered a growth of 1.4 percent during July – March FY2020 compared to the same period last year. Within the food group, rice exports increased by 7.1 percent. Textile group, which has around 60 percent share in total exports, witnessed a growth of 4.2 percent during July – March, FY2020 compared to the corresponding period last year.

During July-Feb FY2020, imports remained US\$ 31.5 billion compared to US\$ 36.6 billion showing a decline of almost 14 percent. The total imports in July-April FY2020 decreased to US\$ 38.0 billion as compared to US\$ 45.4 billion the same period last year, thus registering a decline of 16.2 percent the lowest level in four years. Due to depressed industrial demand, there is lower import in quantum complemented with lower international commodity prices especially crude oil, LNG, coal, and metals. The implementation of a market-based exchange rate system, along with other demand management policies adopted earlier, resulted in a sharp 73.1 percent decline in the current account deficit to only US\$ 2.8 billion (1.1 percent of GDP) during July-March FY2020 against \$ 10.3 billion last year (3.7 percent of GDP). The improvement primarily came from imports, which declined by 16.2 percent during the period.

The Foreign portfolio investment during July-March FY2020 reached US\$ 227.5 million as against an outflow of US\$ 410.2 million the same period last year. Foreign fund managers invested into the T-bills and PIBs not only in chasing the risk adjusted returns offered by Pakistan on the government securities but also in response to a sharp improvement in the balance of payments, the reserves buffers, and particularly reforms initiated in the exchange rate market.

The remittances have always been a key source of balance of payment support. During July-April FY2020, workers' remittances increased by 5.5 percent to US\$ 18.8 billion as compared to US\$ 17.8 billion last year, although this is expected to come under stress in the ensuing year on account of Covid-19.

#### Reserves and Exchange Rate

Pakistan's total liquid foreign exchange reserves increased to US\$ 17.1 billion by the end of March 2020, up by US\$ 2.6 billion over end-June 2019. The breakup of reserves accumulation in March 2020 shows that the SBP's reserves increased by US\$ 3.6 billion to the US\$ 10.8 billion against depletion of US\$ 943.5 million to US \$ 6.3 billion in commercial bank's reserves. The improvement in the Foreign Exchange reserves led to a 3.8 percent appreciation of Pak rupee against the US dollar during July-February FY2020. However, due to the fallout of COVID -19, the PKR depreciated by 3.9 percent in just one month during July-March FY2020.

#### Monetary policy

Monetary policy is primarily focused on stimulating and sustaining economic growth through containment of inflationary pressures. The SBP adopted tight policy stance throughout FY2019 in order to contain the demand pressures and anchor inflation expectations. The policy rate was increased by cumulative 575 bps in six decisions taken during the year. In the current fiscal year, SBP raised the policy rate by 100 bps to 13.25 percent in July in view of the high inflationary pressures from exchange rate depreciation and the expected increase in short-term inflation due to adjustments in utility prices and other measures announced in Budget FY2020. With the outbreak of COVID which changed the global and domestic economic landscape, the SBP has changed its policy stance in March 2020 when Monetary Policy Committee (MPC) in meeting held on 17th March 2020 decided to reduce policy rate from 13.25 to 12.50 percent. The worsening outlook for global and domestic scenario convinced MPC to cut the policy rate in April 2020 by a further 200 bps to 9 percent. However, SBP has further reduced the policy rate by 100 bps to 8 percent in light of improved inflation outlook in May 2020. A cumulative cut in policy rate by 525 bps in two months is expected to provide cushion to growth and employment, and support for recovery as pandemic subsides.

## Inflation

During first seven months of the current fiscal year, inflationary pressures persisted. The headline inflation rose by 14.6 percent in January 2020, compared to 5.6 percent in the same month last year, primarily because of a steep surge in food inflation. This trend was attributed to a number of factors such as temporary supply disruptions in perishables and higher transportation costs. The headline inflation measured by the Consumer Price Index (CPI) is recorded at 11.22 percent during Jul-Apr FY2020 as against 6.51 percent during the same period last year. Perishable food items are the main contributory factor in jacking up the food inflation in the Food and Non-alcoholic Beverages group, as it is recorded at 34.7 percent against the decline of 7.1 percent during the same period. Inflation in Non-perishable food items is recorded at 12.4 percent against 5.5 percent during last year.

## Perspective on Economy

Whilst the COVID-19 pandemic has given time and pause to our citizens to reflect upon our blessings, it also has highlighted the fractures in our society in terms of availability and access to basic needs and infrastructure. The Government has been making efforts to address some of the macro-economic issues, and to a certain extent as verifiable through the metrics, was able to successfully manage the IMF program implementation. However, the onset of the pandemic has consumed the policymakers as it has globally. Businesses are struggling to adapting to the post-COVID reality and the policy makers, whilst well intentioned, are struggling to bring into play meaningful incentives and schemes which would bring resilience to the economy with a limited arsenal of means available at their disposal.

At this stage, there are murmurs of another mini budget to be introduced later in the year after the Government has been able to identify additional measures to target specific policy objectives in the context of post-COVID environment. Whether or not this will transpire is not clear. At the moment, 2020 has been marked off as a year to survive and this Budget does not fundamentally assist or deter from this objective. Individuals and businesses alike will be looking to the policymakers to provide such incentives, schemes and packages which provide relief to the poor and at the same time provide breathing space for businesses in terms of their ability to remain resilient through these challenging times.

BDO EBRAHIM & CO.  
DATED: JUNE 14, 2020



## HIGHLIGHTS

## INCOME TAX

- The concept of self-assessment based on the complete return of income filed by a taxpayer is proposed to be subjected to processing through automated system to arrive at correct amounts of total income, taxable income and tax payable.
- Concept of agreed assessment proposed to be introduced whereby taxpayer is provided an option to get its case settled through Assessment Oversight Committee subject to certain conditions.
- In relation to payment of quarterly advance tax under Section 147 the Bill proposes to calculate turnover for the quarter through an automated system.
- For allowability of lease rental deduction in the case of passenger vehicles not plying for hire, the cost thereof is proposed to be restricted to the extent of Rs 2.5 million of the principal.
- The Bill proposes that the Commissioner is required to issue exemption certificate to listed companies within fifteen days of filing of application by the taxpayer otherwise IRIS shall issue the certificate automatically.
- Interest/Profit on debt paid to foreign affiliates proposed to be restricted to 15% of taxable income before depreciation, amortization and foreign profit on debt.
- Taxation of capital gain arising on disposal of immovable property proposed to be revamped by significantly reducing the holding period.
- Threshold of expenditure liable to be disallowed as a business expense made other than through crossed banking instrument / online transfer of payment proposed to be enhanced from Rs 10,000 to Rs. 25,000
- Tax credit in respect of donation given by associate as donor proposed to be restricted.
- Tax credit on enlistment proposed to be restricted for companies opting for enlistment on or before 30 June 2022.
- Filing of statement of voluntary contribution and donations proposed to be made obligatory for Non-Profit Organization.
- Withholding tax on dividend proposed to be aligned with chargeability rates
- The Bill proposes to reduce the rate of withholding tax on payments to non-resident suppliers in relation to a cohesive business operation from 30 percent of tax chargeable to 20 percent of tax chargeable
- Threshold of collection charges as allowable deduction against rental income proposed to be reduced from 6% to 2%
- Threshold of deduction for cash payment against the business income under single account head proposed to be enhanced from Rs. 50,000 to Rs 250,000.
- Wealth statement proposed to be revised subject to prior approval from Commissioner in case of bonafide omission.
- Filing of Appeal at Appellate Tribunal proposed to be subject to payment of 10% of the tax amount upheld by Commissioner Appeal.
- Threshold proposed to be enhanced from Rs.15,000 to Rs 25,000 as allowable deduction against business income if the salary is paid in cash
- Expenditure incurred on account of utility bills proposed to be disallowed if in excess of the limits on violation of condition as may be prescribed
- Expenditure attributable to sales made to person liable to be registered but not registered under the Act 1990 proposed to be disallowed under specified conditions but the disallowance not to exceed 20%.
- Allowable deduction under the head depreciation proposed to be reduced by 50% on account of normal depreciation in the year asset is brought into use and proposed to be allowed 50% in the year of disposal.
- Certain specified persons are required to prepare and furnish the Taxpayer Profile to the FBR within the prescribed time. Non-furnishing of the Profile may lead to non-inclusion of the name of the taxpayer in the ATL, however, on payment of default surcharge by the persons same will be eligible for inclusion in the ATL.
- Tax regime for builders and developers introduced through the Tax Laws (Amendment) Ordinance, 2020 made part of the Bill.
- Statement of final taxation under section 115 proposed to be omitted.
- Rate of tax at import stage proposed to be revamped by inserting twelfth schedule.
- Import of by industrial undertakings where tax is collected at either 1% or 2%, pursuant to Part I or Part II of the Twelfth Schedule, is proposed to be adjustable against the eventual corporate tax liability of the industrial undertaking. For all other categories of import that tax paid at import stage is a minimum tax

- Toll manufacturing proposed to be treated a sale of goods under section 153.
- Scope of Industrial undertaking proposed to be enhanced to include builders and developers for the purpose of import of plant and machinery
- Withholding tax statement proposed to be filed on quarterly basis.
- Sectoral benchmark ratios provided by FBR proposed to be used by Commissioner for determining taxable income of the taxpayer in cases where taxpayer fails to furnish record or is unable to provide sufficient explanation
- Payment of dividend, fee for technical services, royalty, insurance and reinsurance premium to non-resident person proposed not to be subjected to Tenth Schedule.
- Collection of advance tax by educational institutions would not apply if the person appears on the ATL.

#### SALES TAX

- The restriction on claim of input tax has been extended to services where supplies were made to un- registered persons without mentioning of NTN or CNIC
- Where a transactional value is less than PKR 100,000 a retailer is not required to mention CNIC or NTN of an un registered person.
- Commissioner or the Officer of Inland Revenue empowered to follow the decision by a High Court or the Appellate Tribunal in case of registered person in so far as it applies to question of law arising in any pending assessments.
- Commissioner or the Officer of Inland Revenue empowered to modify the assessment irrespective of the limitation period if subsequently decision of the High Court or the Appellate Tribunal is reversed or modified.
- Commissioner may conduct audit proceedings electronically through video links or any other facility as prescribed by FBR.
- Alternative Dispute Resolution process is proposed to be revamped with the aim to make these provisions more taxpayer friendly.
- Agencies including NADRA, FIA, provincial excise and taxation departments, utility companies etc. are now required to provide information to FBR on real-time basis.

- The restriction on registered manufacturers or producers to make taxable supplies to registered persons exceeding value of one hundred million rupees in a financial year and ten million rupees in a month, proposed to be extended to all registered persons.
- Zero rate on supplies of raw materials, components and goods for further manufacturing in the Gwadar Free Zones and exports thereof is proposed to be re-introduced effective from 01 June 2020.
- Zero rate on supplies of locally manufactured plant and machinery to the manufacturers located in Gwadar Free Zone is proposed to be re-introduced effective from 01 June 2020.
- The exemptions and zero rating for Gwadar Port and Gwadar Free Zone introduced through the Tax Laws Amendment Ordinance, 2019 are proposed to be part of Fifth and Sixth Schedules of the Act.
- Exemptions from sales tax on import and supply of ships and all floating crafts etc. is proposed to be extended up to the year 2023.
- Sales tax withholding for inactive registered person is proposed to be increased from 1/5th of sales tax shown on sales tax invoice to 5% of the gross value
- Rate of sales tax withholding applicable on purchases from unregistered persons has now been extended to registered persons who are not active taxpayers.

#### THE FEDERAL EXCISE ACT, 2005

- Amendments are proposed to empower the Board, by notification in the official Gazette, to impose restrictions on wastage of material on which input tax has been claimed in respect of the goods or class of goods.
- New section proposed to be inserted which allows the Commissioner or an officer of Inland Revenue, to follow the decision in respect of a question of law that has been decided by a High Court or the Appellate Tribunal in the case of a registered person, on or after first day of July 2005, until the decision of the High Court or of the Appellate Tribunal is reversed or modified.
- The scope of power to seize goods is proposed to include other dutiable goods on which duty of excise has not been paid in the manner as required under this Act and the rules made thereunder along with the counterfeited cigarettes or beverages which have been manufactured or produced unlawfully liable to seizure.

- The amendment is proposed to increase the scope of confiscation of goods by including goods subject to Federal Excise Duty which were earlier restricted to cigarettes, un-manufactured tobacco or beverages.
- The amendment is proposed to restrain the Commissioner (Appeals) from admitting any documentary material or evidence which was not produced before the Officer Inland Revenue.
- The amendment is proposed to empower the Appellate Tribunal to admit, hear and dispose of the appeal as per procedure laid down in sections 131 and 132 of the Income Tax Ordinance, 2001, and rules made thereunder.
- New sub section inserted seeking the parameters for selection of audit by the Board to be kept confidential.
- **New section inserted titled 'Real-time access to information and databases' seeking to empower the Board to have real-time access of information and database in the prescribed form and manner by making arrangements as described in the section. Agencies including NADRA, FIA, provincial excise and taxation departments, utility companies etc. are now required to provide information to the FBR on real-time basis.**
- Certain amendments have been proposed to restructure Table I of the First Schedule of the Federal Excise Act, 2005 to add certain goods for the levy of excise duty and to revise the rate of excise duty on goods as follows:
- **Excise duty to be imposed on "Caffeinated energy drinks" at the rate of 25% of the retail price.**
- Excise duty on Cigars, cheroots, cigarillos and cigarettes of tobacco to be enhanced from 65% to 100% while 100% Excise duty is proposed to be imposed on tobacco substitutes.
- Excise duty to be imposed on E-liquids by whatsoever name called, for electric cigarette kits at the rate of Rupees ten per ml.
- Excise duty on Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers is proposed to be reduced to One rupee and seventy-five paise per kilogram from Two rupees per kilogram.
- Excise duty on Imported double cabin (4x4) pick-up vehicles is proposed to be imposed at the rate of 25% ad valorem.
- Excise duty on Locally manufactured double cabin (4x4) pick-up vehicles is proposed to be imposed at the rate of 7.5% ad valorem.
- Excise duty on Filter rod for cigarettes is proposed to be increased to Rupee one per filter rod from Rupee 0.75 per filter rod

#### CUSTOMS ACT, 1969 – HIGHLIGHTS

- The bill proposes to prescribe new definition of advance ruling and proposed insertion of new section 212B seeks to define the scope advance ruling.
- The proposed amendment in definition of smuggle seeks to encompass carrying, transporting, removing, depositing, harboring, keeping, concealing of smuggled goods to make it more comprehensive.
- The bill proposes to empower and to legally bound Border Military Police (BMP) to assist the officers of customs in the discharge of their functions.
- The bill proposes to prescribe time limit for detention of goods that the period of detention shall not exceed fifteen days which may be extended by the Chief Collector or Director General for a period not exceeding fifteen days.
- The bill proposes that no duties and taxes shall be demanded where the value of imported goods does not exceed five thousand rupees.
- The bill proposes that the goods imported in new condition shall not be allowed scrapping and mutilation and shall be classified and chargeable to leviable duty and taxes as new goods.
- The bill proposes to make any person guilty of an offence of fiscal fraud who declares value which is significantly higher or lower than the actual value, that is, the price actually paid or payable for the goods when sold for export to Pakistan and proceedings may be initiated. The bill also proposes that an offence, having no revenue implication shall also be served with show cause notice within a period of 180 days of detection of such fraud for penal action.
- The bill proposes to rationalize the punishments for smuggling of goods in a cascading manner. The bill also proposes to specifically prescribe punishments for smuggling of currency, gold and other precious metals and stones in any form, with the intent of smuggling.
- The bill proposes to reduce the time limit for adjudicating cases of smuggling under section 2(s) from ninety days to thirty days. Now such cases shall be decided within a period of thirty days of the issuance of show cause notice.
- The bill proposes to reduce the time for deciding appeals in cases of smuggling under section 2(s) from sixty days to thirty days for their expeditious disposal.
- The bill proposes to prescribe a person for nomination as member of ADR Committee by the Board from a panel. The bill also proposes intimation of appointment of ADR Committee to the court of law or the appellate authority and the Collector. The bill further proposes that the recovery of duties and taxes

payable by the applicant in connection with any dispute for which ADR committee has been appointed shall be deemed to have been stayed from the date of appointment of the committee up to the date of decision of committee or its dissolution. The decision of the committee shall be binding on the Collector when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority and has communicated the order of withdrawal to the Collector. However, if the order of withdrawal is not communicated to the Collector within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Collector.

- The bill proposes to restrict the share of importer in sale proceeds of goods to the declared value of the goods in case where goods declaration has been filed.
- Industrial relief measures are proposed to be taken on the request of various local industries to either exempt or allow import of number of good / inputs / intermediary raw material at reduced rates.
- Custom duties and taxes on import of COVID-19 related items, **edible oils and oil seeds under PM's COVID-19 Relief Package**, Dietetic Foods for Children with inherited metabolic disorders, Diagnostic Kits for Cancer and Corona Virus, Ready to use Supplementary Foods (RUSF), lifesaving drug Meglumine Antimonite for treatment of leishmaniosis, plant and machinery for setting up new industries in erstwhile FATA area is proposed to be exempted

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
2	Definition
(29C)	The Bill seeks to include Builder and Developer in the definition of Industrial Undertaking for the purpose of import of plant and machinery. This insertion will result the advance tax paid by the Builder and Developer at the import stage as adjustable tax against tax liability rather than minimum tax under section 148(7) of the Income Tax Ordinance 2001 (the Ordinance). The new inserted sub clause is reproduced as follows
(aa)	<b>“from the 1st day of May, 2020, a person directly involved in the construction of buildings, roads, bridges and other such structures or the development of land, to the extent and for the purpose of import of plant and machinery to be utilized in such activity, subject to such conditions as may be notified by the Board; and”</b>
(30A)	The Bill seeks to renumber clause (30A) to (30AA)
(30AA)	The Bill seeks to renumber clause (30AA) to (30AB)
(30A)	Integrated Enterprise
	The Bill seeks to define integrated enterprise” means a person integrated with the Board through approved fiscal electronic device and software, and who fulfills obligations and requirements for integration as may be prescribed”. The insertion shows the intent of FBR towards digitization and use of IT.
(30AC)	IRIS
	The Bill seeks to define “IRIS” means a web based computer programme for operation and management of Inland Revenue taxes administered by the Board;”
(31A)	Local Government
	The Bill seeks to update the references of Local Government Acts in the Definition of term “Local Government” by substituting the definition of “Local Government” as follows
	“Local Government” shall have the same meaning for respective provisions and Islamabad Capital Territory as contained in the Balochistan Local Government Act, 2010 (V of 2010) the Khyber Pakhtunkhwa Local Government Act, 2013 (XXVIII of 2013), the Sindh Local Government Act, 2013 (XLII of 2013), the Islamabad Capital Territory Local Government Act, 2015 (X of 2015) and the Punjab Local Government Act, 2019 (XIII of 2019)
(36)	Non-profit organization
	The Bill seeks to substitute the term “or development purposes” with the expression “purposes for general public” in definition of “Non-Profit Organization”. This substitution significantly changes the scope of various operating NPOs and now in order to classify as a NPO it is mandatory that the objectives of the NPO be focused towards the public at large.
4(1)	Tax on taxable income
	The Bill seeks to omit the expression “IB” in section 4 as technical correction.
6(2)	Tax on certain payments to non-residents
	The Bill seeks to add the word “fee for offshore digital services” after the word “royalty” for aligning sub-section (2) with sub-section(1) of section 6.

SECTION (CLAUSE) 7A	THE INCOME TAX ORDINANCE, 2001  Tax on shipping of a resident person
(c)	<p>The Bill seeks to add the word “and” after the semi-colon at the end to add a new clause (c) after clause (b) in sub-section 1 of section 7A to charge tax on A Pakistan resident ship owning company to pay tonnage tax of an amount equivalent to seventy five US Cents per ton of gross registered tonnage per annum.” The insertion of new sub clause is as follows</p> <p>A Pakistan resident ship owning company registered with the Securities and Exchange Commission of Pakistan after the 15th day of November, 2019 and having its own sea worthy vessel registered under Pakistan Flag shall pay tonnage tax of an amount equivalent to seventy five US Cents per ton of gross registered tonnage per annum.”</p>
(2)	The Bill seeks to extend the applicability of this section from June 30, 2020 to June 30, 2023.
15A(1)	<b>Deductions in computing income chargeable under the head “Income from Property”</b>
(h)	The Bill seeks to reduce threshold for collection charges as deduction against rental income from 6% to 2%.
15A(7)	Earlier to Finance bill 2020, an individual earning income from property had an option for its income to be taxed under normal tax regime rather than presumptive tax regime. The Bill seeks to remove this condition.
21	Deduction not allowed
(l)	<p>The Bill seeks to enhance threshold of deduction for cash payment against business income under single account head from Rupees fifty thousand to Rupees two hundred and fifty thousand per annum. This proposal seeks to relieve businesses from making transactions through banking channel, as it is difficult for business to make every transaction through banking channel.</p> <p>Further The Bill seeks to increase the threshold of expenditure liable to be disallowed as a business expense if the same is not made through a crossed banking instrument/ online transfer of payment from Rs.10,000/- to Rs.25,000/ per transaction. Furthermore, The Bill seeks to enhance threshold from Rs.15,000/- to Rs.25,000/- as allowable deduction against business income if the salary is paid in cash.</p>
(p) & (q)	The Bill seeks to add two new clauses to regulate limit of expenditure on account of utility bill and sales made to persons required to be registered but not registered under the Sales Tax Act, 1990 as an admissible deduction against business income where sales equal to or exceed Rs. 100 M per person. However, the disallowance of expenditure shall not exceed 20% of total deduction claimed.
22(2)	<p><b>Depreciation</b></p> <p>The Bill seeks to add a new proviso to reduce allowable deduction under the head depreciation to 50% when a depreciable asset is brought to use in the person’s business for the first time on or after July 01, 2020. In our view, the insertion will be perceived negatively as it takes away the legitimate right of claiming depreciation expense and results in increase in taxable income of the taxpayer. We suggest that a balance approach should be taken by FBR i.e. Allowing depreciation deduction proportionate to the number of days used in the tax year.</p>
22(8)	Earlier to Finance bill 2020, no depreciation deduction was allowed in the year of disposal of the asset. Now The Bill seeks to add a new proviso, which allows for assets acquired on or after July 1, 2020, depreciation deduction equal to 50% in the tax year when the depreciable asset is disposed off.
28(1)	<b>Profit on debt, financial costs and lease payments</b>
(b)	The Bill seeks to add a new proviso to limit the cost of transport vehicle to the extent of two and a half million rupees for claim of lease rental to be allowable deduction against business income. This insertion aligns the position already present under the Ordinance pertaining to purchase of vehicle not plying for hire under section 22(13) of the Ordinance.



SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

37 Capital gains

(3A) The Bill seeks to amend sub-section (3A) of section 37 by reducing holding period in respect of taxation of capital gain on disposal of immovable property from eight years to four years

This is to incentivize and propel economic activity in the real estate sector, the bifurcation of plots and constructed property as introduced through Finance Act 2019 for determining holding period of capital gains is also being done away with.

The amount of any gain arising on disposal of an immovable property is proposed to be computed as per following table:

S. No.	Holding period	Gain
1	Where holding period of an immovable property does not exceed one year	A
2	Where the holding period of an immovable property exceeds one year but does not exceed two years	$A \times \frac{3}{4}$
3	Where the holding period of an immovable property exceeds two years but does not exceed three years	$A \times \frac{1}{2}$
4	Where the holding period of an immovable property exceeds three years but does not exceed four years	$A \times \frac{1}{4}$
5	Where the holding period of an immovable property exceeds four years	0

(3B) The Bill seeks to omit the said sub section

61(2) Charitable donation

The Bill seeks to restrict tax credit in respect of donations given to an associate by a donor and seeks to add following proviso

“Provided that where any sum is paid or any property is given to an associate by a donor, clause (b) of component C shall be, in the case of— (i) an individual or association of persons, fifteen percent of the taxable income of the person for the year; or (ii) a company, ten percent of the taxable income of the person for the year.”

65C Tax credit for enlistment

Section 65C was introduced by Finance Act, 2010 that provides tax credit equal to 20% of tax payable for companies, which opts to be listed on the Pakistan Stock Exchange. The Bill seeks to restrict the tax credits upto June 30 2022.

97A Disposal of asset under a scheme of arrangement and reconstruction

The Bill seeks to make a technical correction by updating reference of Companies Ordinance to Companies Act, 2017

100BA Special provision relating to persons not appearing in active taxpayers' list

The Bill seeks to insert a technical correction by inserting word “in respect of a person not appearing on the active taxpayer’s list”

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
100C	<p>Tax credit for certain persons</p> <p>The Bill seeks to further regularize the Non-profit Organizations that are availing 100% tax credit against their liability by proposing to add a new clause, which makes submission of donors and contributors statement of immediately preceding tax year obligatory for a Non-profit Organization. Further, for the purpose of calculation of tax on surplus fund, it has been proposed that donation from associates cannot be classified as part of restricted funds.</p>
100D	<p>Special provisions relating to builders and developer</p> <p>In light of the government policy for promoting the construction industry, The Bill seeks to insert new section 100D as an enabling provision for introducing special provision relating to separate taxation of builder and Developers. The respective rules for calculation of tax have been inserted as Eleventh Schedule of the Ordinance. Please refer to our publication on the Tax Laws (Amendment) Ordinance 2020.</p>
106A	<p>Restriction on deduction of profit on debt payable to associated enterprise</p> <p>The Bill seeks to add a new section 106A to restrict deduction of profit on debt payable by a foreign controlled resident company (FCRC) to an associated enterprise to 15%. This insertion seeks to discourage investments through foreign loans as it results in easy repatriation of foreign exchange. Further, this section shall not apply on a FCRC if total foreign profit on debt claimed as deduction is less than Rs. 10 M for a tax year.</p>
107	<p>Agreement for the avoidance of double taxation and prevention of fiscal evasion</p> <p>The Bill seeks to insert the expression "and spontaneous" in section 107 to incorporate spontaneous exchange of information as an international obligation for Federal Government to enter into an agreement with other government.</p>
111	<p>Unexplained income or assets</p> <p>The Bill seeks to amend sub-section (111)(1) to add unexplained receipt into business income instead of income from other sources in respect of suppressed amount of production, sale, receipt chargeable to tax.</p>
113	<p>Minimum tax on the income of certain persons</p> <p>The Bill seeks to amend section 113 to extend minimum tax under section 113 to Permanent establishment of a non-resident company.</p>
114(1) (ae)	<p>Return of income</p> <p>The Bill seeks to add a new clause "(ae)" in sub-section (1) of section 114 to include person whose income for the year is subject to final taxation, to file return. Earlier to this insertion, person whose income was only subject to final taxation were only required to file statement of final taxation.</p>
114 (2)(a)	<p>The Bill seeks to add a new proviso in clause (a) of sub-section (2) in section 114 as enabling provision that Board may prescribe different returns for different person including person subject to final tax.</p>
114(6)	<p>The Bill seeks to add a proviso in sub-section (6) to empower Commissioner to grant approval for revision of return in case of bonafide omission.</p>
114A	<p><b>Taxpayer's profile</b></p> <p>The Bill seeks to add a new section 114A for making it compulsory for every registered person upto September 30, 2020 to furnish and update his profile in prescribed manner by December 31, 2020 or within ninety days from change of any particulars as prescribed. The proposal is aimed towards improving documentation.</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
115	<p>Persons not required to furnish a return of income</p> <p>The Bill seeks to omit sub-section (4), (4A), (5) and (6) of section (115) to abolish practice of filling of statement instead of return.</p>
116(3)	<p>Wealth statement</p> <p>The Bill seeks to amend sub-section (3) of section 116 to make revision of wealth statement subject to prior approval of Commissioner. Earlier wealth statement could be revised without approval of Commissioner. Further, now it has been proposed that wealth statement cannot be revised after expiry of five years from the due date of return of income for that tax year.</p>
118	<p>Method of furnishing return and other documents</p> <p>The Bill seeks to omit all words pertaining to filing of statement under final taxation.</p>
119	<p>Extension of time for furnishing returns and other documents</p> <p>The Bill seeks to omit clause (c) of sub-section (1) of section 119, which refers to the statement of final taxation under section 115 of the Ordinance.</p>
120	<p>Assessment</p> <p>The Bill seeks to introduce a new concept of Automated processing of return for arriving at correct amounts of total income, taxable income and tax payable</p> <p>The Bill proposes to introduce following automatic adjustments:</p> <ul style="list-style-type: none"><li>• any arithmetical error in the return</li><li>• any incorrect claim, if such incorrect claim is apparent from any information in the return</li><li>• disallowance of any loss, deductible allowance or tax credit under Parts VIII, IX and X respectively of Chapter III; and</li><li>• disallowance of carry forward of any loss under clause (b) of sub-section (1) of section 182A</li></ul> <p>Provided that no such adjustments shall be made unless a system generated notice is given to the taxpayer specifying the adjustments intended to be made:</p> <p>Provided further that the response received from the taxpayer, if any, shall be considered before making any adjustment, and in a case where no response is received within thirty days of the issue of such notice, adjustments shall be made.</p> <p>Provided also that where no such adjustments have been made within six month of filing of return, the amounts specified in the return as declared by the taxpayer shall be deemed to have been taken as adjusted amounts on the day the return was filed and the taxpayer shall be intimated automatically through IRIS.</p>
121(1)	<p>Best judgment assessment</p> <p>The Bill seeks to omit in sub-section (1), clause “(aa)” which pertains to filing of statement of final taxation.</p>

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

122(5)

Amendment of assessments

The Bill seeks to substitute in the section 122 sub-section (5), for the expression “definite information acquired from an audit or otherwise,” the expression “audit or on the basis of definite information”.

In our view, this substitution has broadened the scope of amendment of assessment as now the Commissioner can amend the assessment based on any information received because of an audit and it not necessarily being a definite information.

122D

Agreed assessment in certain cases

The Bill seeks to insert a new section 122D to prescribe procedure and mechanism for agreed assessment in certain cases. This measure would relieve the taxpayer from litigation costs and undue hardship created from orders passed by the Commissioner Inland Revenue. The section is reproduced as following :

- In response to a notice under sub-section (9) of section 122, a person if intends to settle his case, may file offer of settlement in the prescribed form before the assessment oversight committee, hereinafter referred to as the Committee, in addition to filing reply to the Commissioner.
- The Committee shall decide the case after reviewing the taxpayers response
- Where the taxpayer is satisfied with the Committee decision, the taxpayer shall deposit the amount of tax payable
- The Commissioner shall amend assessment in accordance with the decision of the Committee once tax has been paid by the taxpayer
- The taxpayer shall waive the right to prefer appeal against such amended assessment; and
- No further proceedings shall be undertaken under this Ordinance in respect of issues decided by the Committee unless the taxpayer has not deposited the agreed tax.

•

The Committee shall comprise the following income tax authorities having jurisdiction over the taxpayer

- the Chief Commissioner Inland Revenue;
- the Commissioner Inland Revenue; and
- the Additional Commissioner Inland Revenue

This section shall not apply in cases involving concealment of income or where interpretation of question of law is involved having effect on other cases

127

Appeal to the Commissioner (Appeals)

(1) The Bill seeks to insert enabling provision resulting from Automatic processing of return under sub section 2A of section 120” in sub section 1 of section 127 to enable taxpayer to appeal against automated adjustment u/s 120(2A).

(4) Further, The Bill seeks to revise the fees for filing appeal as follows

## Appeal against assessment order

Person	Previous fee	Proposed fees
Company	Rs. 1,000	Rs. 5,000
Individual & AOP	Rs. 1,000	Rs. 2,500

## Appeal against order other than assessment orders

Person	Previous fee	Proposed fees
Company	Rs. 1,000	Rs. 5,000
Individual & AOP	Rs. 200	Rs. 1,000

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

129(4) Decision in appeal

The Bill seeks to bound the Commissioner appeal to specify the upheld amount in his order before serving it on taxpayer or commissioner.

131 Appeal to the Appellate Tribunal

The Bill seeks to insert a condition to deposit ten percent of the amount upheld by CIR appeal prior to appeal before Appellate Tribunal. In our view this insertion would result in increase in hardship on the part of the taxpayer.

Further, The Bill seeks to revise the fees for filing appeal against order of Commissioner appeals as follows

Person	Previous fee	Proposed fees
Company	Rs. 2,000	Rs. 5,000
Individual & AOP	Rs. 2,000	Rs. 2,500

134A Alternative dispute resolution (ADR)

The Bill seeks to revamp the procedure and mechanism of ADR. The salient features are as following:

- An aggrieved person for any matter (except for criminal proceedings or cases involving question of law for identical cases) pending before a court of law or an appellate authority may apply to the Board for appointment of ADR committee
- The Board after examining the application constitute committee within 60 days of receipt of application
- The committee shall constitute (i) Chief Commissioner Inland Revenue having jurisdiction over the case, (ii) two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen.
- The Committee shall decide the case within 120 days of its appointment
- The Committee has also powers to grant stay against recovery for 120 days in aggregate or till its decision whichever is earlier
- The decision of the Committee shall be binding on the Commissioner on the condition that aggrieved person has withdrawn right of appeal and also communicated to the concerned authority such withdrawal of right within 60 days of the decision of the Committee otherwise the decision will not be binding on the Commissioner
- If the Committee fails to decide within 120 days of its appointment, the Board shall dissolve the Committee
- If the aggrieved person accepts the decision of the Committee and pay the tax accordingly, then all decisions and orders made or passed shall stand modified to that extent.

138 Recovery of tax out of property and through arrest of taxpayer

The Bill seeks to enhance the powers of the Commissioner Inland Revenue regarding recovery of outstanding tax liability as specified under section 48 of the Sales Tax Act, 1990

147 Advance tax paid by the taxpayer

The Bill seeks to add a new provisio wherein Board may prescribe procedure for filing and calculation of turnover for the quarter through an automated system.

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

148

Imports

The Bill has proposed significant amendments in section 148 of the Ordinance which is described as follows

Reference	Proposal	Effect
148(1)	Seeks to add the expression "in respect of goods classified in Parts I to III of the Twelfth Schedule" in sub-section (1) of section 148	Earlier rates of advance tax at import stage were classified in the First Schedule now a separate Twelfth Schedule is constituted which specifies goods wise rates
148(1)	Seeks to add a new proviso to initiate that the Board may, through a notification in the official Gazette, add a good in any Part or reclassify a good from one Part to another of the Twelfth Schedule	Board reserves powers to enter any good in the Twelfth Schedule
148(7)	Seeks to insert the expression "goods on which tax is required to be collected under this section at the rate of 1% or 2% by an Industrial undertaking for its own use" to make tax adjustable.	Tax at the rate of 1% or 2% paid by an Industrial undertaking for import of goods for its own use shall become adjustable tax.
148(7)	Seeks to omit the hyphen and clauses "(a),(c),(d) in	The omission results in withdrawal of exemption from advance tax at import stage provided to motor vehicles in CBU condition by manufacturer of motor vehicles and large import houses.
148(8) & 148(8A)	Seeks to omit sub-section (8) and (8A) of section 148	This will result in end of minimum tax regime for edible oil, packing material and plastic raw material and ships breakers and now tax paid at import stage can be claimed as adjustable tax if industrial undertaking criteria is fulfilled.
148(9)	Seeks to amend the term "value of Goods" by linking it with retail price under the Third Schedule of the Sales Tax Act, 1990, and other than Third Schedule items.	For the purpose of collection of advance income tax at import stage, value of goods has been aligned with the enabling provision of the Sales Tax Act 1990, which specifies the value for the purpose of sale tax at import stage.

148A

Tax on local purchase of cooking oil or vegetable ghee by certain persons

Earlier this section resulted in manufacture of vegetable ghee or cooking oil to pay 2% final tax on local purchase of locally produced edible oil. The Bill seeks to omit this section, which would result such manufacturer's income to be assessed under the normal tax regime. This omission is in line with the FBR's efforts towards documenting the economy and taxing real net income of the taxpayers.

152

Payment to non-resident

(1BBB)

The Bill seeks to add a new sub-section (1BBB) in section 152 to change final tax into minimum in case of payments made for advertisement services to non-resident media person.

152(2)(B)

The Bill seeks to amend sub-section (2B) of section 152 to create parity between resident person and Permanent Establishment of a non-resident. The substitution is as follows:

"The tax deductible under sub-section (2A) shall be minimum tax:



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Provided that tax deductible under clause (a) of sub-section (2A) shall not be minimum tax where payments are received for sale of goods by a company being a manufacturer of such goods.”

152(4B)

The Finance Act 2018 expanded the scope of taxing cohesive business operation particularly on the payment to non-resident for making offshore supplies. The amount of payment pertaining to offshore supplies constitutes a significant amount and taxpayers were resisting to pay 7% tax under section 152(1A) read with Division II of Part III of the First Schedule of the Ordinance on offshore supplies.

The Finance Act 2019 brought some relief for the taxpayers under section 152(4B) which empowers the Commissioner Inland Revenue to allow the taxpayer on an application to deduct tax while making payment for offshore supplies at the rate equal to 30% of the tax chargeable under sub-section (1A) of section 152.

Now the Bill seeks to further give relief to the taxpayer and the benefit of reduce rate has been proposed to be further reduced to 20% of the tax chargeable under sub-section (1A) of section 152

153

Payments for goods, services and contracts

(1a)

The Bill seeks to include toll manufacturing to be treated as sale of good for the purpose of withholding under this subsection. This inclusion clarifies the taxability of this segment and it will be minimum tax.

(3)

The Bill seeks to treat taxes withheld at source as minimum tax on payment of goods, services and execution of contracts.

(4)

The tax deducted at source is adjustable for the Company being manufacturer and the Public Listed Company registered on stock exchange. This inclusion will result in expansion of tax collection by the board.  
The Bill seeks that the Commissioner shall respond to application for the issuance of exemption certificate related to withholding of taxes against goods, services and execution of contracts to facilitate the public listed companies registered in stock exchange, within fifteen days.

Where not responded, the IRIS may issue exemption certificate provided that the advance tax under section 147 was paid by the taxpayer. The Commissioner retains the power to revoke the automatically issued certificate by IRIS on the basis of reasons to be recorded in writing after providing an opportunity of being heard.

(7)

The Bill has sought following amendments in the requirement of the prescribed person defined as withholding agent.

Existing Description

Individuals and association of person having turnover of fifty million rupees persons registered under Sales Tax Act, 1990.

Proposed Description

Individuals and association of person having turnover of one hundred million rupees. persons registered under Sales Tax Act, 1990 only are now required to meet turnover of one hundred million rupees or more in any preceding tax years to qualify as withholding agent.

156B

Withdrawal of balance under Pension Fund

The Bill seeks to omit the requirement for the pension fund manager for withholding taxes at the time of payment from individual pension account to individual before the age of retirement. The removal of tax facilitates the taxpayer by increasing their disposal income.

SECTION (CLAUSE) 159	THE INCOME TAX ORDINANCE, 2001  Exemption or lower rate certificate
(1) & (2)	The Bill seeks to introduce specific form for the application for exemption and lower rate certificate. The introduction of the form is designed to enhance the efficiency in the process of application by meeting the requirements of Commissioner in one go.
165	Statements
(1)	The Bill seeks to replace the furnishing of tax withholding statements from biannually to quarterly basis. The Bill intends to facilitate the taxpayer by increasing the frequency of furnishing withholding statement within the tax year as the taxpayer may need to deal with low volume of data for the purpose of preparation of statement.
(1A)	The Bill seeks to insert the requirement for filing tax withholding statement to every person who is engaged in economic activity as prescribed by the Board shall file the statement on quarterly basis.
(2)	The Bill seeks to further clarify the deadlines with respect to the furnishing of quarterly tax withholding statement for the tax year. Annexure A elaborates the furnishing deadlines for the quarterly tax withholding statements;

Annexure A

Period of filing tax withholding statement under section 165	Deadline for furnishing statement
1 January – 31 March	On or before 20 <sup>th</sup> day of April
1 April – 30 June	On or before 20 <sup>th</sup> day of July
1 July – 30 September	On or before 20 <sup>th</sup> day of October
1 October – 31 December	On or before 20 <sup>th</sup> day of January

165A	Furnishing of information by banks
(1d)	<p>The Bill seeks to enhance the access of information for the Board as previously only persons who were earning profit on debt for more than five hundred thousand rupees (Rs.500,000) were included in the statement required to be furnished by the banks in prescribed form and manner.</p> <p>The Bill now has proposed to amend this section and has required the banks to submit the details on the prescribed statement for all persons earning profit on debt without limiting the amount.</p>
168	Credit for tax collected or deducted
(3)	<p>The Bill seeks to update the list of tax deducted at source and add following taxes for which credit is not allowed being under final tax regime.</p> <ul style="list-style-type: none"> <li>• 152(A) Withholding of tax on payment made against foreign produced commercial.</li> <li>• 152(1E) Withholding tax on capital gain on debt instruments and Government securities where payment to non-resident having no permanent establishment in Pakistan is made.</li> </ul>
169	Tax collected or deducted as a final tax
	<p>The Bill seeks to amend the tax regime of the goods imported completely from final tax regime to minimum tax.</p> <p>Furthermore, the relevant administrative amendments have been made eliminating relevant sections from the list which are not final tax and new clauses are added which falls under the said regime.</p>

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

170 Refunds

(6) The Bill seeks to authorize the Board to introduce expeditious processing and automatic payment of refunds through centralized processing system.

This will facilitate the taxpayer, as it would improve the efficiency in refund processing cycle unlike current practices.

175 Power to enter and search premises

(1) The Bill seeks to empower the Commissioner to have real time electronic access of the information of the taxpayer.

(9) The Bill seeks to further empower the Commissioner to make rules with respect to real time electronic access of the information of the taxpayer for the purpose of audit or assessment of tax liability. This has broadened the scope in collection of information and would result in efficiency in assessments results.

175A Real-time access of information and database

(1) The Bill seeks to elaborate the arrangement of Board with other institution in prescribed form and manner. The information shared to the Board should be used for the tax purpose only and will be kept confidential. Below annexure states the name of institution included in the arrangement:

S. No	Name of Institution	Particulars of Data
1.	National Database and Registration Authority	National Identity Card, Pakistan Origin Card, Overseas Identity Card, Alien Registration Card & other related information
2.	Federal Investigation Agency/ Bureau of Emigration & Overseas Employment	Details of international entry & exit, information pertaining to work permits, employment visas and immigration visas
3.	Islamabad Capital Territory, provincial and local land record and development authorities	Details and records with respect to immovable properties
4.	Islamabad Capital Territory and provincial Excise and Taxation Departments	Details, records and associated information with respect to vehicles
5.	All electricity suppliers and gas transmission and distribution companies	Details, records and associated information with respect to The Bill charges and consumption

177 Audit

(2A) The Bill seeks to introduce audit proceedings electronically through video links or any other facility opted to facilitate taxpayer and Commissioner accordingly. The Bill aims to adopt advancement in technology to facilitate proceedings and improve the quality and efficiency throughout the execution of proceeding.

(2AA) **The Bill seeks to introduce the concept of 'Sectoral Benchmark Ratio' for the calculation of taxable income. The Commissioner in case where the taxpayer fails to produce required relevant records may calculate taxable income based on 'sectorial benchmark ratio'. It further elaborates that the sectorial benchmark ratio may base on financial ratios, production ratios, gross profit ratios; net profit ratio, recovery ratio, wastage ratio and such other ratio as may be prescribed. This amendment empowers the Commissioner to act against the taxpayer where adequate details are not provided by the taxpayer.**

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182

## THE INCOME TAX ORDINANCE, 2001

## Offences and penalties

The Bill seeks to impose additional penalties on the person who is required but does not furnish or update taxpayer's profile or is required to compulsorily register in certain cases in the tax net. The annexure below states the penalties applicable;

S. No	Offence	Amount of Penalty
4A	Non-compliance of 114A	Penalty of Rs. 2,500 for each day from the date of default to a minimum penalty of Rs. 10,000
4B	Non-compliance of 181AA	Penalty of Rs. 10,000 for each connection provided to unregistered person

182A

## Return not filed within due date

(2)

The Bill proposes non-inclusion of the taxpayer in the active taxpayers list for not updating taxpayer's profile within due date or extended period allowed by the Commissioner. The taxpayer on updating the tax profile after the due or extended date would have to pay below mentioned default surcharge to include their name in active taxpayer list.

- Rupees Twenty thousand in case of the Company
- Rupees Ten thousand in the case of the Association of Person
- Rupees One Thousand in the case of Individual

205

## Default Surcharge

(6)

The Bill proposes to empower the Commissioner to calculate default surcharge where the taxpayer is held liable for default surcharge irrespective of whether the actual tax due amount is paid or not.

209

## Jurisdiction of income tax authorities

(2)

The Bill proposes that the Commissioner may assign or confer power to any Officer of Inland Revenue provided that the Board has also assigned powers to the same person through Automated Case Selection System. For the purpose of this amendment, the Automated Case Selection System relates to random allocation of cases by using suitable technological methods.

210

## Delegation

(1A)

The Bill proposes to restrict the power of the Commissioner from assigning the powers to the Officer of Inland Revenue from executing amendment or further amendment of an order of recovery where the order is considered to be erroneous.

231B

## Advance tax on private motor vehicles

(7)

The Bill seeks to exclude rickshaw, motorcycle-rickshaw and any other motor vehicle having engine capacity up to 200cc, from the definition of motor vehicle and does not qualify for deduction of advance tax. The Bill aims to reduce the prices of the vehicles having engine capacity up to 200 cc.

235

## Electricity consumption

The Bill seeks to make a technical correction by inserting the expression 'Division IV of' to make the section logical.

SECTION (CLAUSE) 235B	<p>THE INCOME TAX ORDINANCE, 2001</p> <p>Tax on steel melters [and composite units]</p> <p>The Bill seeks to exclude steel melters from purview of advance tax which was previously collected by the electricity provider, based on the units of electricity consumed. The Bill proposes to provide relief to the steel industry by the means of reduction in cost.</p>
236A	<p>Advance tax at the time of sale by auction</p> <p>(1) The Bill seeks to clarify that the sale by public auction or auction by tender for the purpose of calculation of advance tax should include renewal of a license sold by public auction or auction by tender. It further clarifies that where the payment on sale by auction is made in installments, the advance tax is required to be collected with each installment.</p>
236 C	<p>Advance Tax on sale or transfer of immovable Property</p> <p>(3) The Bill seeks to amend the holding period for the immovable property from five to four year for the purpose of exemption on advance tax collected at the time of sale of property. This is an enabling provision in light of the changes made on capital gain on disposal of immovable property.</p>
236 D	<p>Advance tax on functions and gatherings</p> <p>The Bill seeks to exclude applicability of advance tax on the total amount of bill of person arranging or holding a function in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.</p>
236 F	<p>Advance tax on cable operators and other electronic media</p> <p>The Bill seeks to exclude applicability of advance tax required to be collected by Pakistan Electronic Media Regulatory Authority, at the time of issuance of license for distribution services or renewal of the license to a licensee.</p>
236 I	<p>Collection of advance tax by educational institutions</p> <p>(1) The Bill seeks to exclude active tax payers from whom the advance tax levied is collected by the educational institutions on the education fee. The amendment seeks to promote the inclusion of taxpayer in active tax payer list for the tax year.</p>
236J	<p>Advance tax on dealers, commission agents and arhatis etc.</p> <p>The Bill seeks to exclude applicability of advance tax required to be collected by every market committee from dealers, commission agents or arhatis at the time of issuance or renewal of license.</p>
SECTION (CLAUSE)	<p>THE INCOME TAX ORDINANCE, 2001</p>
FIRST SCHEDULE	<p>RATES OF TAX</p>
Part I	
Division VII	<p>Rates of Tax of Capital Gains on Disposal of Securities</p>
Section 37A	<p>The bill proposes to substitute the expression of "Tax Years 2018, 2019, 2020 and onwards" for the expression to extend the taxation on capital gain on disposal of securities.</p>

SECTION (CLAUSE)  
Division VIII

THE INCOME TAX ORDINANCE, 2001  
Rates of Tax of Capital Gains on Disposal of Immovable Property

Section 37 (1A) The bill proposes to decrease the tax rate on capital gain on disposal of immovable property and tax rate as follows:

S. No (1)	Amount of gain (2)	Rate of tax (3)
1.	Where the gain does not exceed Rs. 5 million	2.5%
2.	Where the gain exceeds Rs. 5 million but does not exceed Rs. 10 million	5%
3.	Where the gain exceeds Rs. 10 million but does not exceed Rs. 15 million	7.5%
4.	Where the gain exceeds Rs. 15 million	10%

Part II

148 Rates of Advance Tax

Section 148 The bill proposes to insert the new tax rate of advance tax to be collected by the Collector of Customs and the tax rates applicable are as follows:

S. No (1)	Persons (2)	Rate (3)
1.	Persons importing goods classified in Part I of the Twelfth Schedule	1% of the import value as increased by customs-duty, sales tax and federal excise duty
2.	Persons importing goods classified in Part II of the Twelfth Schedule	2% of the import value as increased by customs-duty, sales tax and federal excise duty
3.	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

The bill proposes to amend the category "a" and "b" of manufacturers and pharmaceutical products of advance tax to be collected by the Collector of Customs and the tax rates applicable are as follows:

- in case of manufacturers covered under rescinded Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 as it stood on 103 the 28th June, 2019 on import of items covered under the aforementioned S.R.O. shall be 1%;
- in case of persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan shall be 4%;

The bill proposes to insert the new tax rate of import of mobile phone by any person and the tax rates applicable are as follows:

S. No (1)	C & F Value of mobile phone (In US Dollar) (2)	Tax (In Rs.)	
		In CBU condition PCT Heading 8517.1219 (3)	In CKD/SKD condition under PCT Heading 8517.1211 (4)
1.	Up to 30 except smart phones	70	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	3,000	5,000
6.	Exceeding 500	5,200	11,500



SECTION (CLAUSE) Part III	THE INCOME TAX ORDINANCE, 2001	
Division I	Rates of Tax on Dividends	
Section 150	The bill proposed insertion of new clause after clause "b" a new clause shall be as follows:  (ba) 25% in case of a person receiving dividend from a company where no tax is payable by such company, due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III.	
Division IA	Rates of Tax for Profit on Debt	
Section 151	The bill proposed omission of word "where" in proviso and the new expression shall be insert as "the taxpayer furnishes a certificate to the payer of profit that during the tax year".	
Division IB	Rates of Tax for Return on Investment in Sukuks	
150A	The bill proposes to increase rate of tax for the sukuk-holder Company from 15% to 25%.	
Division II	Rates of Tax for Payments to non-resident	
Section 152 sub-paragraph (i)	The bill proposes to add new categories of services under the payments to non-residents as follows,	
	Existing	Proposed
	In case of transport services, 2 % of the gross amount payable	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 clause (133) of 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 inspection, certification, testing and training services;
sub-paragraph (ii)	The bill proposed omission of word "transport" in proviso and the new expression of sub-paragraph (i) shall be substituted covering the other services.	
Division III	Rates of Tax for Payments for goods and services	
Clause (1) (b)	The bill has proposed insertion of the word "including toll manufacturing" after the word "goods". By this change toll manufacturing services will be recognized for deduction section 153 (1)(a) of the Ordinance.	
Clause (2) (i)	The bill has proposed an omission of "engineering services" to be taxable under this heading at the rate of 3%.	
Part IV		
Division VIII	Rates of Tax on Advance tax at the time of sale by auction	
236A	The bill proposes the insertion of new clauses as follows:  By insertion of this clause sale of immovable property by auction has also been included. The rate for collection of tax in case of immovable property sold by auction, shall be 5% of the gross sale price.	

SECTION (CLAUSE) Division XI	THE INCOME TAX ORDINANCE, 2001  <b>Rates of Tax on Advance tax on functions and gatherings</b>
236D	The bill proposes withdrawal taxation on functions and gathering services.
Division XIII	<b>Rates of Tax on Advance tax on cable operators and other electronic media</b>
236F	The bill proposes withdrawal taxation on cable operators and other electronic media services.
Division XVII	<b>Rates of Tax on Advance tax on dealers, commission agents and arhatis, etc</b>
236J	The bill proposes withdrawal of taxation on dealers, commission agents and arhatis, etc services.
Division XXIV	<b>Rates of Tax on Advance tax on education related expenses remitted abroad</b>
236R	The bill proposes withdrawal of taxation on education related expenses remitted abroad.
Division XXV	<b>Rates of Tax on Advance tax on insurance premium</b>
236U	The bill proposes withdrawal of taxation on insurance premium
Division XXVI	<b>Rates of Tax on Advance tax extraction of minerals</b>
236V	The bill proposes to address the error in drafting of tax clause by omitting the expression “for persons who are not appearing in the active taxpayer’s list”.
SECOND SCHEDULE	
Part I	EXEMPTIONS FROM TOTAL INCOME
Clause (23A)	The bill proposes the insertion of new proviso which has allowed to tax the pension at the rate specified in sub-section (6) of section 12.  In case of withdrawal before retirement age or withdrawal at the time of or after retirement age in excess of fifty percent of the accumulated balance, tax shall be charged at the rate specified in sub-section (6) of section 12 and the pension fund manager shall at the time of making payment deduct tax at the said rate.
Clause (61) (Ivii) (Iviii) (Ivxi) (Ivxii) (Ivxiii) (Ivxiv) (Ivxv)	The bill proposes insertion of seven new serials after serial number (Ivi) seeking to grant exemption from tax to any amount paid as donation to the following institution, foundations, societies, boards, trusts and funds, namely: <ul style="list-style-type: none"> <li>• The Prime Minister’s COVID-19 Pandemic Relief Fund-2020</li> <li>• Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI)</li> <li>• Lahore University of Management Sciences;</li> <li>• Dawat-e-Hadiya, Karachi</li> <li>• Baitussalam Welfare Trust</li> <li>• Patients’ Aid Foundation</li> <li>• Alkhidmat Foundation; and</li> </ul>

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

The bill proposes insertion of new clause as follows:

“Provided further that the amount so donated by an associate shall not exceed”

- a. in the case of an individual or association of persons, fifteen percent of the taxable income of the person for the year; and
- b. in the case of a company, ten percent of the taxable income of the person for the year:

Provided also that the provisions of this clause shall apply only if donation is paid by a crossed cheque drawn on a bank

## Clause (66)

The bill has proposed following institutions whose income to be exempt from income taxation:

S. No (1)	Name (2)
(i)	International Islamic Trade Finance Corporation
(ii)	Islamic Corporation for Development of Private Sector
(iii)	National Memorial Bab-e-Pakistan Trust
(iv)	Pakistan Agricultural Research Council
(v)	The corporatized entities of Pakistan Water and Power Development Authority from the date of their creation upto the date of completion of the process of corporatization i.e. till the tariff is notified
(vi)	<b>The Prime Minister's Special Fund for victims of terrorism</b>
(vii)	<b>Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP</b>
(viii)	The Institutions of the Agha Khan Development Network (Pakistan) as contained in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and the Agha Khan Development Network
(ix)	Pakistan Council of Scientific and Industrial Research
(x)	The Pakistan Water and Power Development Authority established under the Pakistan Water and Power Development Authority Act, 1958 (W. P. Act XXXI of 1958)
(xi)	WAPDA First Sukuk Company Limited
(xii)	Pension of a former President of Pakistan and his widow
(xiii)	State Bank of Pakistan and State Bank of Pakistan Banking Services Corporation
(xiv)	International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVIII of 1956) and provided in section 9 of Article VI of Articles of Agreement 1955 as amended through April 1993.
(xv)	Pakistan Domestic Sukuk Company Ltd
(xvi)	ECO Trade and Development Bank
(xvii)	The Islamic Chamber of Commerce and Industry under the Organization of Islamic Conference (OIC)
(xviii)	Commission on Science and Technology for Sustainable Development in the South (COMSATS) formed under International Agreement signed on 5th October, 1994
(xix)	<b>WAPDA on issuance of twenty billion rupees TFC's/SUKUK certificates for consideration of DiamerBhasha Dam Projects</b>
(xx)	Federal Board of Revenue Foundation
(xxi)	WAPDA Second Sukuk Company Limited
(xxii)	Pakistan International Sukuk Company Limited
(xxiii)	Second Pakistan International Sukuk Company Limited
(xxiv)	Third Pakistan International Sukuk Company Limited
(xxv)	Asian Infrastructure Investment Bank and persons as provided in Article 51 of Chapter IX of the Articles of Agreement signed and ratified by Pakistan and entered into force on the 25th December, 2015
(xxvi)	Supreme Court of Pakistan – DiamerBhasha & Mohmand Dams – Fund
(xxvii)	National Disaster Risk Management Fund
(xxviii)	Deposit Protection Corporation established under sub-section (l) of section 3 of Deposit Protection Corporation Act, 2016 (XXXVII of 2016)
(xxix)	SAARC Energy Centre

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

S. No (1)	Name (2)
(xxx)	The Asian Development Bank established under the Asian Development Bank Ordinance, 1971 (IX of 1971)
(xxxii)	<b>The Prime Minister's COVID-19 Pandemic Relief Fund-2020</b>
(xxxii)	Saarc Arbitration Council (SARCO)
(xxxiii)	<b>International Parliamentarians' Congress</b>

The bill proposes exemptions of income from income tax on the following institutions subject to fulfilling the conditions as specified under section 100C of the Ordinance:

The above criteria for conditions under 100C shall be applicable with effect from the 1st day of July, 2021.

(i)	Abdul Sattar Edhi Foundation
(ii)	Al-Shifa Trust
(iii)	Bilquis Edhi Foundation
(iv)	Fatimid Foundation
(v)	Pakistan Engineering Council
(vi)	The Institution of Engineers
(vii)	Liaquat National Hospital Association
(viii)	The Citizens Foundation
(ix)	Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT
(x)	Greenstar Social Marketing Pakistan (Guarantee) Limited
(xi)	Indus Hospital, Karachi
(xii)	Gulab Devi Chest Hospital
(xiii)	Pakistan Poverty Alleviation Fund
(xiv)	National Academy of Performing Arts
(xv)	Pakistan Sweet Homes Angels and Fairies Place
(xvi)	National Rural Support Programme
(xvii)	Pakistan Bar Council
(xviii)	Pakistan Centre for Philanthropy
(xix)	Pakistan Mortgage Refinance Company Limited
(xx)	Aziz Tabba Foundation
(xxi)	ShaukatKhanum Memorial Trust
(xxii)	Layton Rahmatullah Benevolent Trust (LRBT)
(xxiii)	The Kidney Centre Post Graduate Training Institute
(xxiv)	Pakistan Disabled Foundation
(xxv)	Forman Christian College
(xxvi)	Habib University Foundation
(xxvii)	Begum AkhtarRukhsana Memorial Trust Hospital
(xxviii)	Al-Khidmat Foundation
(xxix)	Dawat-e-Islami Trust
(xxx)	Sardar Trust Eye Hospital, Lahore
(xxxii)	Akhwat
(xxxii)	Audit Oversight Board
(xxxiii)	<b>Patient's Aid Foundation</b>
(xxxiv)	Al-Shifa Trust Eye Hospital
(xxxv)	Saylani Welfare International Trust
(xxxvi)	Sarmaya-e-Pakistan Limited
(xxxvii)	Lahore University of Management Sciences, Lahore
(xxxviii)	Dawat-e-Hadiya, Karachi.
(xxxix)	Ghulam Ishaq Khan Institute of Engineering Sciences and Technology.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001								
	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">S. No (1)</td> <td style="text-align: left;">Name (2)</td> </tr> <tr> <td style="text-align: center;">(xl)</td> <td>Society for the Promotion of Engineering Sciences and Technology in Pakistan (SOPREST)</td> </tr> <tr> <td style="text-align: center;">(xli)</td> <td>Businessmen Hospital Trust</td> </tr> <tr> <td style="text-align: center;">(xlii)</td> <td>Baitussalam Welfare Trust.</td> </tr> </table>	S. No (1)	Name (2)	(xl)	Society for the Promotion of Engineering Sciences and Technology in Pakistan (SOPREST)	(xli)	Businessmen Hospital Trust	(xlii)	Baitussalam Welfare Trust.
S. No (1)	Name (2)								
(xl)	Society for the Promotion of Engineering Sciences and Technology in Pakistan (SOPREST)								
(xli)	Businessmen Hospital Trust								
(xlii)	Baitussalam Welfare Trust.								
Clause (99A)	The bill proposes extension to grant tax exemption from June 30, 2020 to June 30, 2021 to any amount paid as profit and gain on sale of Immovable property to a development REIT Scheme.								
Clause (114AA)	<p>The bill proposes insertion of new clause after clause "114A" as follows:</p> <p>Any income chargeable under the head "capital gains" derived by a resident individual from the sale of constructed residential property.</p> <p>Provided that exemption under this clause shall only apply, if</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">(a)</td> <td>at the time of sale, the residential property was being used for the purpose of personal accommodation by the resident individual, his spouse or dependents and for which any of the utility bills is issued in the name of such individual</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td>the land area of the property does not exceed 500 square yards in case of a house and 4000 square feet in case of a flat; and</td> </tr> <tr> <td style="text-align: center;">(c)</td> <td>exemption under this clause has not previously been availed by the individual, his spouse or dependents."; and</td> </tr> </table>	(a)	at the time of sale, the residential property was being used for the purpose of personal accommodation by the resident individual, his spouse or dependents and for which any of the utility bills is issued in the name of such individual	(b)	the land area of the property does not exceed 500 square yards in case of a house and 4000 square feet in case of a flat; and	(c)	exemption under this clause has not previously been availed by the individual, his spouse or dependents."; and		
(a)	at the time of sale, the residential property was being used for the purpose of personal accommodation by the resident individual, his spouse or dependents and for which any of the utility bills is issued in the name of such individual								
(b)	the land area of the property does not exceed 500 square yards in case of a house and 4000 square feet in case of a flat; and								
(c)	exemption under this clause has not previously been availed by the individual, his spouse or dependents."; and								
Section 126A	The bill proposes omission of word "Gwadar Port" in proviso and the new expression shall be inserted as "and Gwadar Free Zone" and its applicable with effect from 1st June, 2020								
Section 126AB	The bill has proposed the addition in names of these Companies "China Overseas Port Holding Company Pakistan (Private) Limited, Gwadar International Terminals Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited" after the expression "China Overseas Ports Holding Company Limited," and its applicable with effect from 1st June, 2020.								
Section 126AC	The bill proposes insertion of word " and Gwadar Free Zone" in proviso after the word "Gwadar Port" and its applicable with effect from 1st June, 2020								
Section 126E	<p>The bill proposes an addition of proviso as follows:</p> <p>"Provided that this clause shall also apply to a co-developer as defined in Special Economic Zone Rules, 2013 subject to the condition that a certificate has been furnished:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">(a)</td> <td>by the developer that he has not claimed exemption under this clause and has relinquished his claim in favor of the co-developer; and</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td>by the Special Economic Zone Authority validating that the developer has not claimed exemption under this clause and has relinquished claim in favor of the co-developer</td> </tr> </table>	(a)	by the developer that he has not claimed exemption under this clause and has relinquished his claim in favor of the co-developer; and	(b)	by the Special Economic Zone Authority validating that the developer has not claimed exemption under this clause and has relinquished claim in favor of the co-developer				
(a)	by the developer that he has not claimed exemption under this clause and has relinquished his claim in favor of the co-developer; and								
(b)	by the Special Economic Zone Authority validating that the developer has not claimed exemption under this clause and has relinquished claim in favor of the co-developer								
Clause (147)	<p>The bill proposes insertion of new clause after clause "146" as follows:</p> <p>Any income derived by the Federal Government Employees Housing Authority for the tax year 2020 and the following four tax years.</p>								

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Part II	REDUCTION IN TAX RATES
Clause (5AA)	<p>The bill proposes insertion of new clause after clause “5A” as follows:</p> <p>“The rate of tax to be deducted under sub-section (2) of section 152, in respect of payments to an individual, on account of profit on debt earned from a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 and purchased exclusively through a bank account maintained abroad, a non-resident Rupee account repatriable (NRAR) or a foreign currency account maintained with a banking company in Pakistan shall be ten (10) percent of the gross amount paid”:</p> <p>Provided that tax deducted on such profit on debt shall be <u>final tax</u>.</p>
Clause (24CA)	<p>The bill proposes insertion of new clause after clause “24C” as follows:</p> <p>The rate of tax under clause (a) of sub-section (1) of section 153 in case of a person, other than a company, as a recipient of payment for goods supplied to Utility Stores Corporation of Pakistan shall be 1.5% of the gross amount of payment in respect of supply of tea, spices, salt, dry milk, sugar, pulses wheat flour and ghee for the period commencing from the 7th day of April, 2020 and ending on 30th day of September, 2020</p> <p>Provided that this clause shall not be applicable to supply of tea, spices, salt and dry milk which are sold under a brand name:</p> <p>Provided further that this clause shall not be applicable where rate of tax under clause (a) of sub-section (1) of section 153 is less than 1.5% of the gross amount of payment under any provisions of the Ordinance.</p>
Part III	REDUCTION IN TAX LIABILITY
Clause (9B)	<p>The bill has proposed insertion of new clause after clause “9A” as follows:</p> <p>The tax payable on the income, profits and gains of projects of 'low cost housing' developed or approved by Naya Pakistan Housing and Development Authority (NAPHDA) or under the Ehsaas Programme shall be reduced by 90%.</p>
Part IV	EXEMPTION FROM SPECIFIC PROVISIONS
Clause (9A)	The bill has proposed omission of clause 9A.
Clause (11A) (xiii)	<p>The Clause regarding exemption from 113 Minimum Tax, the bill proposes to amend the sub clause (xiii) “a modaraba qualifying for exemption under clause (100) of Part-I of this Schedule”</p> <p>The Clause regarding exemption from 113 Minimum Tax, the bill also proposed insertion of new clause after clause “xxxiv” as follows:</p>
Clause (11A) sub clause (xxxv)	The Prime Minister’s COVID-19 Pandemic Relief Fund-2020
Clause (11A) sub clause (xxxvi)	The Federal Government Employees Housing Authority for the tax year 2020 and the following four tax years.
Clause (12B)	<p>The bill has proposed insertion of new clause after clause “12A” as follows:</p> <p>The provisions of section 148 shall not apply to the import of following goods for a period commencing from 20th day of March, 2020 and ending on 30th day of September, 2020.</p>

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

S. No (1)	Description (2)	PCT (3)
1.	Real-time PCR system (standard 96-well plate and 0.2ml tubes format, 5 channel)	
2.	Biosafety Cabinet	
3.	Auto Clave 50 Liter Capacity	
4.	Multi channel pipette (0.5-10 µl)	
5.	Single channel pipette a) 2 µl b) 10 µl c) 200 µl d) 1000 µl	
6.	Muti channel pipette 20-200 ml	
7.	Vacuum fold	
8.	Micro Centrifuge (Non-refrigerated, Rotor capacity: 12 x 1.5 / 2.0 ml vessels, 2 x PCR strip, Max. speed: 12,100 x g (13,400 rpm))	
9.	PCR Cabinet (HEPA filter system, UV and white light)	
10.	Real-time PCR kit for the detection of Coronavirus (SARS-CoV-2)	
11.	Viral RNA Extraction Kit and machine (Automatic Extractors)	
12.	VTM (Viral Transport Medium)	
13.	Dr Oligo Synthesizer	Respective Headings
14.	Refrigerator/freezer (-20 °C)	
15.	Vortex Machine	
16.	Refrigerated Centrifuge Machine (Rotor capacity 1.5ml x 24, max. speed 14000 rpm)	
17.	UPS (6 KVA)	
18.	Tyvek Suits	
19.	N-95	
20.	Biohazard Bags (18 Liters)	
21.	PAPR (Powdered Air Purifying respirators)	
22.	Multimode ventilator with air compressor	
23.	Vital sign monitor with 2IBP and ETco2 two Temp	
24.	ICU motorized patient bed with side cabinet and over bed table	
25.	Syringe infusion pump	
26.	Infusion pump	
27.	Electric suction machine	
28.	Defibrillator	
29.	X-Ray Mobile Machine	
30.	Simple Nebulizer	
31.	Ultrasound machine	
32.	Noninvasive BIPAP	
33.	ECG Machine	
34.	Pulse Oximeters	
35.	Ripple mattress	
36.	Blood gas analyzer	
37.	AMBU Bag	
38.	Nitrile Gloves	Respective Headings
39.	Latex Gloves	
40.	Goggles	
41.	Face Shields	
42.	Gum Boots	
43.	Mackintosh bed sheets	
44.	Surgical Masks	
45.	Air Ways	
46.	Diaflow	
47.	Disposable Nebulizer Mask Kit	
48.	ECG Electrodes	
49.	ETT Tube (Endotracheal Tubes) All sizes	
50.	Humidifier Disposable Flexible	

SECTION  
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

S. No (1)	Name (2)
51.	IV Cannula all sizes
52.	IV Chambers
53.	Oxygen Recovery Kit
54.	Padded Sheets
55.	Stomach Tube
56.	Stylet for Endotracheal Tube
57.	Suction Tube control valve
58.	Tracheostomy Tube 7, 7.5, 8
59.	Ventilator Circuit
60.	Ventury Masks
61.	Disposable shoes cover (water proof)

Clause (12C) The bill has proposed insertion of new clause after clause "12B" as follows:

The provision of section 148 shall not apply to persons importing pulses for a period commencing from the 7th day of April, 2020 and ending on 30th September, 2020

Clause (46AA) The bill has proposed insertion of new clause after clause "46A" as follows:

The provisions of section 153 shall not apply to the following persons as recipients of payment, namely

- (i) a Provincial Government
- (ii) a local authority
- (iii) persons who are residents of Azad Kashmir and execute contracts in Azad Kashmir only and produce a certificate to this effect from the concerned income tax authority
- (iv) persons receiving payments from a company or an association of persons having turnover of fifty million rupees or more or from an individual having turnover of fifty million rupees or more exclusively for the supply of agriculture produce including fresh milk, fish by any person engaged in fish farming, live chicken, birds and eggs by any person engaged in poultry farming and by an industrial undertaking engaged in poultry processing which has not been subjected to any process other than that which is ordinarily performed to render such produce fit to be taken to market
- (v) companies receiving payments for the supply of electricity and gas
- (vi) companies receiving payments for the supply of crude oil
- (vii) hotels and restaurants receiving payments in cash for providing accommodation or food or both, as the case may be; and
- (viii) shipping companies and air carriers receiving payments for the supply of passenger tickets and for the cargo charges of goods transported

Clause (56) sub clause (v) The Clause regarding exemption from 148 Imports, the bill has proposed insertion of new sub clause after clause "V" as follows:

- (vi) the Federal Government
- (vii) a Provincial Government
- (viii) a Local Government
- (ix) a foreign company and its associations whose majority share capital is held by a foreign government
- (x) a person who imports plant and machinery for execution of a contract with the Federal Government or a provincial government or a local government and produces a certificate from that government
- (xi) companies importing high speed diesel oil, light diesel oil, high octane blending component or kerosene oil, crude oil for refining and chemical used in refining thereof in respect of such imports; and
- (xii) Petroleum (E&P) companies covered under the Customs and Sales Tax Notification No. S.R.O.678 (I)/2004, dated the 7th August, 2004, except motor vehicles imported by such companies



SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Clause (56C)	The bill proposes omission of clause 56C
Clause (56D)	The bill proposes omission of clause 56D
Clause (56E)	The bill proposes omission of clause 56E
Clause (56G)	The bill proposes omission of clause 56G
Clause (63)	The bill proposes omission of clause 63
Clause (72AA)	The bill proposes insertion of new clause after clause "72A" a new clause shall be as follows:  The provisions of section 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations
Clause (72B)	The bill proposes omission of clause 72B
Clause (101AA)	The bill proposes insertion of new clause after clause "101A" a new clause shall be as follows:  The provisions of sections 231A, 231AA and 236P shall not apply to a Pak Rupee Account in a tax year to the extent of foreign remittances credited into such account during that tax year.
Clause (102A)	The bill has proposed insertion of new clause after clause "102" as follows:  The provisions of section 233 shall not apply to commission received by a retail branchless banking agent on any amount disbursed by the Ehsaas Emergency Cash Transfer Programme for the period commencing on 16th April, 2020 and ending on 30th day of September, 2020.
Clause (111A)	The bill has proposed insertion of new clause after clause "111" a new clause shall be as follows:  The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to the extent of payment of dividend to non-resident persons.
Clause (112A)	The bill proposes insertion of new clause after clause "112" as follows:  The provisions of section 236P shall not apply to a non-resident rupee account repatriable (NRAR) or a foreign currency account maintained with a banking company in Pakistan of a non-resident individual investing in a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944.
Clause 114	The bill proposes substitution of expression "115(4)" by the expression "clause (ae) of sub-section (1) of section 114"
Clause (114A)	The bill proposes insertion of new clause after clause "114" as follows:  The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a non-resident individual solely by reason of profit on debt earned from a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 and purchased exclusively through a bank account maintained abroad, a non-resident rupee account repatriable (NRAR) or a foreign currency account maintained with a banking company in Pakistan; and  The bill proposes insertion of new clause after clause "115" a new clause shall be as follows:
Clause (116)	The provisions of section 151, 231A, 231AA and 236P shall not apply to The Prime Minister's COVID-19 Pandemic Relief Fund-2020
Clause (117)	The provisions of section 236P shall not apply at the time of transfer of any sum to The Prime Minister's COVID-19 Pandemic Relief Fund- 2020

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
SEVENTH SCHEDULE	
Rule 7C	The bill proposes extension of exemption of section 4B for banking companies from “years 2015 to 2020” to “years 2015 to 2021”.
TENTH SCHEDULE	<b>RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS’ LIST</b>
Rule 2 sub-rule (1)	Persons not required to file return or statement  The bill proposes omission of the expression “or a statement under sub-section (4) of section 115”
Rule 3 sub-rule (1)	Provisional assessment  The bill proposes omission of the expression “or statement, as the case may be” and The bill proposes omission of the expression “or sub-section (5) of section 115”
Rule 10 sub-rule (b)	The bill proposes the substitution the section “(1), (1AA), (2)” by the expression “2A(a)”
Rule 10 sub-rule (bb)	The bill proposed insertion of new sub clause after clause “ba” a new clause shall be as follows:  “tax deducted under sub-section (2) of section 152 to the extent of clause (5AA) of Part II”.  The bill proposes omission of the following clauses as follows:  (k) tax collection under section 235B (n) tax collection under section 236D (o) tax collection under section 236F (q) tax collection under section 236J (u) tax collection under section 236R (v) tax collection under section 236U (w) tax collection under section 236V and (x) tax collection under section 236X
ELEVENTH SCHEDULE	<b>RULES FOR COMPUTATION OF PROFITS AND GAINS OF BUILDERS AND DEVELOPERS AND TAX PAYABLE THEREON</b>  Please refer to our firm’s publication on <b>Tax Laws (Amendment) Ordinance 2020</b> where rules for computing profits and gains of Builder & Developer has already been covered.
TWELFTH SCHEDULE	<b>IMPORT</b>  This bill proposes insertion of Twelfth Schedule comprising the list of materials with description and PCT codes for taxation under section 148 of the Ordinance.  PART I PCT CODE      DESCRIPTION  2711.1100      Natural Gas 3102.1000      Urea, Whether Or Not In Aqueous Solution 31.04            Mineral or chemical fertilisers, potassic. 52.01            Cotton, not carded or combed. 52.02            Cotton waste (including yarn waste and garnetted stock

SECTION  
(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

PART I PCT CODE	DESCRIPTION
5203.0000	Cotton, carded or combed.
71.08	Gold (including gold plated with platinum) unwrought or in semi- manufactured forms, or in powder form.
72.04	Ferrous waste and scrap; remelting scrap ingots of iron or steel.
84.01	Nuclear reactors; fuel elements (cartridges), non- irradiated, for nuclear reactors; machinery and apparatus for isotopic separation
84.02	Steam or other vapour generating boilers (other than central heating hot water boilers capable also of producing low pressure steam); super- heated water boilers.
84.03	Central heating boilers other than those of heading 84.02
84.04	Auxiliary plant for use with boilers of heading 84.02 or 84.03 (for example, economisers, super- heaters, soot removers, gas recoverers); condensers for steam or other vapour power units.
84.05	Producer gas or water gas generators, with or without their purifiers; acetylene gas generators and similar water process gas generators, with or without their purifiers.
84.06	Steam turbines and other vapour turbines.
84.10	Hydraulic turbines, water wheels, and regulators therefor.
84.11	Turbo- jets, turbo- propellers and other gas turbines.
84.12	Other engines and motors.
84.16	Furnace burners for liquid fuel, for pulverised solid fuel or for gas; mechanical stokers, including their mechanical grates, mechanical ash dischargers and similar appliances.
84.17	Industrial or laboratory furnaces and ovens, including incinerators, non- electric.
84.19	Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking, roasting, distilling, rectifying, sterilising, pasteurising, steaming, drying, evaporating, vaporising, condensing or cooling, other than machinery or plant of a kind used for domestic purposes; instantaneous or storage water heaters, non- electric.
84.20	Calendering or other rolling machines, other than for metals or glass, and cylinders therefor.
84.21	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases.
8422.3000	- Machinery for filling, closing, sealing, or labelling bottles, cans, boxes, bags or other containers; machinery for capsuling bottles, jars, tubes and similar containers; machinery for aerating beverages
8422.4000	- Other packing or wrapping machinery (including heat- shrink wrapping machinery)
84.23 (Except 8423.1000)	Weighing machinery (excluding balances of a sensitivity of 5 cg or better), including weight operated counting or checking machines; weighing machine weights of all kinds.
84.26	Ships' derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane.
84.27	Fork- lift trucks; other works trucks fitted with lifting or handling equipment.
84.28 (Except 8428.1010 and 8428.4000)	Other lifting, handling, loading or unloading machinery (for example, lifts, escalators, conveyors, teleferics).
84.29	Self- propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers.
84.30	Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile- drivers and pile- extractors; snow- ploughs and snow- blowers.
84.31	Parts suitable for use solely or principally with the machinery of headings 84.25 to 84.30.
84.32	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; lawn or sports- ground rollers.
84.33 (Except 8433.1100 and 8433.1900)	Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 84.37.

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## THE INCOME TAX ORDINANCE, 2001

PART I PCT CODE	DESCRIPTION
84.34	Milking machines and dairy machinery.
84.35	Presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages.
84.36	Other agricultural, horticultural, forestry, poultry- keeping or bee- keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders. Machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables; machinery used in the milling industry or for the working of cereals or dried leguminous vegetables, other than farm-type machinery.
84.37	Machinery, not specified or included elsewhere in this Chapter, for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils.
84.38	Machinery for making pulp of fibrous cellulosic material or for making or finishing paper or paperboard.
84.39	Book- binding machinery, including book- sewing machines.
84.40	Other machinery for making up paper pulp, paper or paperboard, including cutting machines of all kinds.
84.41	Machinery, apparatus and equipment (other than the machines of headings 84.56 to 84.65), for preparing or making plates, cylinders or other printing components; plates, cylinders and other printing components; plates, cylinders and lithographic stones, prepared for printing purposes (for example, planed, grained or polished).
84.42	Offset printing machinery, reel-fed
8443.1100	Offset printing machinery, sheet-fed, office type (using sheets with one side not exceeding 22 cm and the other side not exceeding 36 cm in the unfolded state)
8443.1200	Other offset printing machinery
8443.1300	Letterpress printing machinery, reel fed, excluding flexographic printing
8443.1400	Letterpress printing machinery, other than reel fed, excluding flexographic printing
8443.1500	Flexographic printing machinery
8443.1600	Gravure printing machinery
8443.1700	Hot stamping machines
8443.1910	Label printing/embossing machines
8443.1920	Flat bed printing presses
8443.1930	Proof presses
8443.1940	On cotton textile
8443.1951	Other
8443.1959	Other
8443.1990	Other
8444.0000	Machines for extruding, drawing, texturing or cutting man- made textile materials.
84.45	Machines for preparing textile fibres; spinning, doubling or twisting machines and other machinery for producing textile yarns; textile reeling or winding (including weft- winding) machines and machines for preparing textile yarns for use on the machines of heading 84.46 or 84.47.
84.46	Weaving machines (looms).
84.47	Knitting machines, stitch- bonding machines and machines for making gimped yarn, tulle, lace, embroidery, trimmings, braid or net and machines for tufting.
84.48	Auxiliary machinery for use with machines of heading 84.44, 84.45, 84.46 or 84.47 (for example, dobbies, Jacquards, automatic stop motions, shuttle changing mechanisms); parts and accessories suitable for use solely or principally with the machines of this heading or of heading 84.44, 84.45, 84.46 or 84.47 (for example, spindles and spindle flyers, card clothing, combs, extruding nipples, shuttles, healds and heald- frames, hosiery needles).
8449.0000	Machinery for the manufacture or finishing of felt or nonwovens in the piece or in shapes, including machinery for making felt hats; blocks for making hats.

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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

## PART I

## PCT CODE

## DESCRIPTION

84.51	Machinery (other than machines of heading 84.50) for washing, cleaning, wringing, drying, ironing, pressing (including fusing presses), bleaching, dyeing, dressing, finishing, coating or impregnating textile yarns, fabrics or made up textile articles and machines for applying the paste to the base fabric or other support used in the manufacture of floor coverings such as linoleum; machines for reeling, unreeling, folding, cutting or pinking textile fabrics.
84.53	Machinery for preparing, tanning or working hides, skins or leather or for making or repairing footwear or other articles of hides, skins or leather, other than sewing machines.
84.54	Converters, ladles, ingot moulds and casting machines, of a kind used in metallurgy or in metal foundries.
84.55	Metal- rolling mills and rolls therefor.
84.56	Machine- tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electro- discharge, electro- chemical, electron beam, ionic- beam or plasma arc processes; water-jet cutting machines.
84.57	Machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal.
84.58	Lathes (including turning centres) for removing metal.
84.59	Machine- tools (including way- type unit head machines) for drilling, boring, milling, threading or tapping by removing metal, other than lathes (including turning centres) of heading 84.58.
84.60	Machine- tools for deburring, sharpening, grinding, honing, lapping, polishing or otherwise finishing metal or cermets by means of grinding stones, abrasives or polishing products, other than gear cutting, gear grinding or gear finishing machines of heading 84.61.
84.61	Machine- tools for planing, shaping, slotting, broaching, gear cutting, gear grinding or gear finishing, sawing, cutting- off and other machine- tools working by removing metal or cermets, not elsewhere specified or included.
84.62	Machine- tools (including presses) for working metal by forging, hammering or die- stamping; machine- tools (including presses) for working metal by bending, folding, straightening, flattening, shearing, punching or notching; presses for working metal or metal carbides, not specified above.
84.63	Other machine- tools for working metal or cermets, without removing material.
84.64	Machine- tools for working stone, ceramics, concrete, asbestos- cement or like mineral materials or for cold working glass.
84.68	Machinery and apparatus for soldering, brazing or welding, whether or not capable of cutting, other than those of heading 85.15; gas- operated surface tempering machines and appliances.
84.74	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or moulding solid mineral fuels, ceramic paste, unhardened cements, plastering materials or other mineral products in powder or paste form; machines for forming foundry moulds of sand.
84.75	Machines for assembling electric or electronic lamps, tubes or valves or flashbulbs, in glass envelopes; machines for manufacturing or hot working glass or glassware.
84.77	Machinery for working rubber or plastics or for the manufacture of products from these materials, not specified or included elsewhere in this Chapter.
84.78	Machinery for preparing or making up tobacco, not specified or included elsewhere in this Chapter.
84.79	Machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter.
(Except 8479.8960 and 8479.8990)	
84.80	Moulding boxes for metal foundry; mould bases; moulding patterns; moulds for metal (other than ingot moulds), metal carbides, glass, mineral materials, rubber or plastics.
84.86	Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits or flat panel displays; machines and apparatus specified in Note 9 (c) to this Chapter; parts and accessories.

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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

## PART I

PCT CODE	DESCRIPTION
8501.3300	Of an output exceeding 75 kW but not exceeding 375 kW
8501.3400	Of an output exceeding 375 kW
8502.1190	Other
8502.1200	Of an output exceeding 75 kVA but not exceeding 375 kVA
8502.3100	Wind-powered
8502.3900	Other
8503.0090	Other
8504.2100	Having a power handling capacity not exceeding 650 kVA
8504.2200	Having a power handling capacity exceeding 650 kVA but not exceeding 10,000 kVA
8504.2300	Having a power handling capacity exceeding 10,000 kVA
8504.3400	Having a power handling capacity exceeding 500 kVA
8504.5000	Other inductors
85.14	Industrial or laboratory electric furnaces and ovens (including those functioning by induction or dielectric loss); other industrial or laboratory equipment for the heat treatment of materials by induction or dielectric loss.
85.15	Electric (including electrically heated gas), laser or other light or photon beam, ultrasonic, electron beam, magnetic pulse or plasma arc soldering, brazing or welding machines and apparatus, whether or not capable of cutting; electric machines and apparatus for hot spraying of metals or cermets.
8543.3000	Machines and apparatus for electroplating, electrolysis or electrophoresis
85.45 (Except 8545.1100 and 8545.9020)	Carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles of graphite or other carbon, with or without metal, of a kind used for electrical purposes.
85.46	Electrical insulators of any material.
85.47	Insulating fittings for electrical machines, appliances or equipment, being fittings wholly of insulating material apart from any minor components of metal (for example, threaded sockets) incorporated during moulding solely for purposes of assembly, other than insulators of heading 85.46; electrical conduit tubing and joints therefor, of base metal lined with insulating material.
89052000	- Floating Or Submersible Drilling Or Production Platforms

## Part II

PCT CODE	DESCRIPTION
05.05	Skins and other parts of birds, with their feathers or down, feathers and parts of feathers (whether or not with trimmed edges) and down, not further worked than cleaned, disinfected or treated for preservation; powder and waste of feathers or parts of feathers.
05.06	Bones and horn-cores, unworked, defatted, simply prepared (but not cut to shape), treated with acid or degelatinised; powder and waste of these products.
05.07	Ivory, tortoise-shell, whalebone and whalebone hair, horns, antlers, hooves, nails, claws and beaks, unworked or simply prepared but not cut to shape; powder and waste of these products.
05.08	Coral and similar materials, unworked or simply prepared but not otherwise worked; shells of molluscs, crustaceans or echinoderms and cuttle-bone, unworked or simply prepared but not cut to shape, powder and waste thereof.
0510.0000	Ambergris, castoreum, civet and musk; cantharides; bile, whether or not dried; glands and other animal products used in the preparation of pharmaceutical products, fresh, chilled, frozen or otherwise provisionally preserved.
05.11	Animal products not elsewhere specified or included; dead animals of Chapter 1 or 3, unfit for human consumption.

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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE (1)	DESCRIPTION (2)
07.01	Potatoes, fresh or chilled.
0702.0000	Tomatoes, fresh or chilled.
07.03	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.
07.04	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled.
07.05	Lettuce ( <i>Lactuca sativa</i> ) and chicory ( <i>Cichorium spp.</i> ), fresh or chilled.
07.06	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled.
0707.0000	Cucumbers and gherkins fresh or chilled.
07.08	Leguminous vegetables, shelled or unshelled, fresh or chilled.
07.11	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption.
07.13	Dried leguminous vegetables, shelled, whether or not skinned or split.
10.02	Rye.
10.03	Barley.
10.04	Oats.
10.05	Maize (corn).
1006.1010	Seed for sowing
11.08	Starches; inulin.
12.01	Soya beans, whether or not broken.
12.05	Rape or colza seeds, whether or not broken.
1206.0000	Sunflower seeds, whether or not broken.
12.07	Other oil seeds and oleaginous fruits, whether or not broken.
12.09	Seeds, fruit and spores, of a kind used for sowing.
12.10	Hop cones, fresh or dried, whether or not ground, powdered or in the form of pellets; lupulin.
12.11	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh, chilled, frozen or dried, whether or not cut, crushed or powdered.
15.02	Fats of bovine animals, sheep or goats, other than those of heading 15.03.
15.07	Soya- bean oil and its fractions, whether or not refined, but not chemically modified.
15.11	Palm oil and its fractions, whether or not refined, but not chemically modified.
1518.0000	Animal or vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading 15.16; inedible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, not elsewhere specified or included.
18.03	Cocoa paste, whether or not defatted.
23.06	Oil- cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading 23.04 or 23.05.
2502.0000	Unroasted iron pyrites.
2503.0000	Sulphur of all kinds, other than sublimed sulphur, precipitated sulphur and colloidal sulphur.
25.04	Natural graphite.
25.05	Natural sands of all kinds, whether or not coloured, other than metal bearing sands of chapter 26.
25.06	Quartz (other than natural sands); quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape.
2507.0000	Kaolin and other kaolinic clays, whether or not calcined.
25.08	Other clays (not including expanded clays of heading 68.06), andalusite, kyanite and sillimanite, whether or not calcined; mullite; chamotte or dinas earths.
2509.0000	Chalk.
25.10	Natural calcium phosphates, natural aluminium calcium phosphates and phosphatic chalk.
25.11	Natural barium sulphate (barytes); natural barium carbonate (witherite), whether or not calcined, other than barium oxide of heading 28.16.



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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
2512.0000	Siliceous fossil meals (for example, kieselguhr, tripolite and diatomite) and similar siliceous earths, whether or not calcined, of an apparent specific gravity of 1 or less.
25.13	Pumice stone; emery; natural corundum, natural garnet and other natural abrasives, whether or not heat- treated.
2514.0000	Slate, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape.
25.18	Dolomite, whether or not calcined or sintered, including dolomite roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape; dolomite ramming mix.
25.19	Natural magnesium carbonate (magnesite); fused magnesia; dead- burned (sintered) magnesia, whether or not containing small quantities of other oxides added before sintering; other magnesium oxide, whether or not pure.
25.20	Gypsum; anhydrite; plasters (consisting of calcined gypsum or calcium sulphate) whether or not coloured, with or without small quantities of accelerators or retarders.
2521.0000	Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement.
25.25	Mica, including splittings; mica waste.
2528.0000	Natural borates and concentrates thereof (whether or not calcined), but not including borates separated from natural brine; natural boric acid containing not more than 85 % of H3BO3 calculated on the dry weight.
25.29	Feldspar; leucite; nepheline and nepheline syenite; fluorspar.
25.30	Mineral substances not elsewhere specified or included.
26.01	Iron ores and concentrates, including roasted iron pyrites.
2602.0000	Manganese ores and concentrates, Including ferruginous manganese ores and concentrates with a manganese content of 20 % or more, calculated on the dry weight.
2603.0000	Copper ores and concentrates.
2604.0000	Nickel ores and concentrates.
2605.0000	Cobalt ores and concentrates.
2606.0000	Aluminium ores and concentrates.
2607.0000	Lead ores and concentrates.
2608.0000	Zinc ores and concentrates.
2609.0000	Tin ores and concentrates.
2610.0000	Chromium ores and concentrates.
2611.0000	Tungsten ores and concentrates.
26.12	Uranium or thorium ores and concentrates.
26.13	Molybdenum ores and concentrates.
2614.0000	Titanium ores and concentrates.
26.15	Niobium, tantalum, vanadium or zirconium ores and concentrates.
26.16	Precious metal ores and concentrates.
26.17	Other ores and concentrates.
2618.0000	Granulated slag (slag sand) from the manufacture of iron or steel.
2619.0000	Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel.
26.20	Slag, ash and residues (other than from the manufacture of iron or steel) containing metals, arsenic or their compounds.
27.01	Coal; briquettes, ovoids and similar solid fuels manufactured from coal.
27.02	Lignite, whether or not agglomerated, excluding jet.
2703.0000	Peat (including peat litter), whether or not agglomerated.
27.04	Coke and semi- coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon.
2705.0000	Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons.
27.07	Oils and other products of the distillation of high temperature coal tar; similar products in which the weight of the aromatic constituents exceeds that of the non- aromatic constituents.



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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
27.08	Pitch and pitch coke, obtained from coal tar or from other mineral tars.
2709.0000	Petroleum oils and oils obtained from bituminous minerals, crude
28.03	Carbon (carbon blacks and other forms of carbon not elsewhere specified or included).
28.04	Hydrogen, rare gases and other non- metals.
28.05	Alkali or alkaline- earth metals; rare- earth metals, scandium and yttrium, whether or not intermixed or inter- alloyed; mercury.
28.08	Nitric acid; sulphonitric acids.
28.09	Diphosphorus pentaoxide; phosphoric acid; polyphosphoric acids, whether or not chemically defined.
28.11	Other inorganic acids and other inorganic oxygen compounds of non-metals.
28.14	Ammonia, anhydrous or in aqueous solution.
28.15	Sodium hydroxide (caustic soda); potassium hydroxide (caustic potash); peroxides of sodium or potassium.
2817.0000	Zinc oxide; zinc peroxide.
28.18	Artificial corundum, whether or not chemically defined; aluminium oxide; aluminium hydroxide.
28.19	Chromium oxides and hydroxides.
28.20	Manganese oxides.
28.21	Iron oxides and hydroxides; earth colours containing 70 % or more by weight of combined iron evaluated as Fe <sub>2</sub> O <sub>3</sub> .
2822.0000	Cobalt oxides and hydroxides; commercial cobalt oxides.
28.23	Titanium oxides.
28.24	Lead oxides; red lead and orange lead.
28.25	Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides.
28.26	Fluorides; fluorosilicates, fluoroaluminates and other complex fluorine salts.
28.27	Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides.
28.28	Hypochlorites; commercial calcium hypochlorite; chlorites; hypobromites.
28.29	Chlorates and perchlorates; bromates and perbromates; iodates and periodates.
28.30	Sulphides; polysulphides, whether or not chemically defined.
28.31	Dithionites and sulphonylates.
28.32	Sulphites; thiosulphates.
28.33	Sulphates; alums; peroxosulphates (persulphates).
28.34	Nitrites; nitrates.
28.35	Phosphinates(hypophosphites), phosphonates (phosphites) and phosphates; polyphosphates, whether or not chemically defined.
28.36	Carbonates;peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate.
28.39	Silicates; commercial alkali metal silicates.
28.40	Borates; peroxoborates (perborates).
28.41	Salts of oxometallic or peroxometallic acids.
28.42	Other salts of inorganic acids or peroxyacids (including aluminosilicates whether or not chemically defined), other than azides.
28.43	Colloidal precious metals; inorganic or organic compounds of precious metals, whether or not chemically defined; amalgams of precious metals.
28.44	Radioactive chemical elements and radioactive isotopes (including the fissile or fertile chemical elements and isotopes) and their compounds; mixtures and residues containing these products.
28.45	Isotopes other than those of heading 28.44; compounds, inorganic or organic, of such isotopes, whether or not chemically defined.
28.46	Compounds, inorganic or organic, of rare- earth metals, of yttrium or of scandium or of mixtures of these metals.
28.49	Carbides, whether or not chemically defined.

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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
2850.0000	Hydrides, nitrides, azides, silicides and borides, whether or not chemically defined, other than compounds which are also carbides of heading 28.49.
28.52	Inorganic or organic compounds of mercury, whether or not chemically defined, excluding amalgams.
28.53	Phosphides, whether or not chemically defined, excluding ferrophosphorus; other inorganic compounds (including distilled or conductivity water and water of similar purity); liquid air (whether or not rare gases have been removed); compressed air; amalgams, other than amalgams of precious metals.
29.01	Acyclic hydrocarbons.
29.02	Cyclic hydrocarbons.
29.03	Halogenated derivatives of hydrocarbons.
29.04	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated.
29.05	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.06	Cyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.07	Phenols; phenol- alcohols.
29.08	Halogenated, sulphonated, nitrated or nitrosated derivatives of phenols or phenol- alcohols.
29.09	Ethers, ether- alcohols, ether- phenols, ether- alcohol- phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.10	Epoxides, epoxyalcohols, epoxyphenols and epoxyethers, with a three- membered ring, and their halogenated, sulphonated, nitrated or nitrosated derivatives.
2911.0000	Acetals and hemiacetals, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.12	Aldehydes, whether or not with other oxygen function; cyclic polymers of aldehydes; paraformaldehyde.
2913.0000	Halogenated, sulphonated, nitrated or nitrosated derivatives of products of heading 29.12.
29.14	Ketones and quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.15	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.16	Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.17	Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.18	Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.19	Phosphoric esters and their salts, including lactophosphates; their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.20	Esters of other inorganic acids of non-metals (excluding esters of hydrogen halides) and their salts; their halogenated, sulphonated, nitrated or nitrosated derivatives.
29.21	Amine- function compounds.
29.22	Oxygen- function amino- compounds. Quaternary ammonium salts and hydroxides; lecithins and other phosphoaminolipids, whether or not chemically defined.
29.23	Carboxamide- function compounds; amide- function compounds of carbonic acid.
29.24	Carboxyimide- function compounds (including saccharin and its salts) and imine- function compounds.
29.25	
29.26	Nitrile- function compounds.
29.27	Diazo- , azo- or azoxy- compounds.

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## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
29.28	Organic derivatives of hydrazine or of hydroxylamine.
29.29	Compounds with other nitrogen function.
29.30	Organo- sulphur compounds.
29.31	Other organo- inorganic compounds.
29.32	Heterocyclic compounds with oxygen hetero- atom(s) only.
29.33	Heterocyclic compounds with nitrogen hetero- atom(s) only.
29.34	Nucleic acids and their salts, whether or not chemically defined; other heterocyclic compounds.
29.35	Sulphonamides.
29.36	Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, whether or not in any solvent.
29.37	Hormones, prostaglandins, thromboxanes and leukotrienes, natural or reproduced by synthesis; derivatives and structural analogues thereof, including chain modified polypeptides, used primarily as hormones.
29.38	Glycosides, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives.
29.39	Alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives.
29.41	Antibiotics.
2942.0000	Other organic compounds.
30.01	Glands and other organs for organo- therapeutic uses, dried, whether or not powdered; extracts of glands or other organs or of their secretions for organo- therapeutic uses; heparin and its salts; other human or animal substances prepared for therapeutic or prophylactic uses, not elsewhere specified or included.
31.02 (except 3102.1000)	Mineral or chemical fertilisers, nitrogenous.
31.03	Mineral or chemical fertilisers, phosphatic.
31.05	Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen, phosphorus and potassium; other fertilisers: goods of this Chapter in tablets or similar forms or in packages of a gross weight not exceeding 10 kg.
32.01	Tanning extracts of vegetable origin; tannins and their salts, ethers, esters and other derivatives.
32.02	Synthetic organic tanning substances; inorganic tanning substances; tanning preparations, whether or not containing natural tanning substances; enzymatic preparations for pre- tanning.
32.14	Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics; painters' fillings; non- refractory surfacing preparations for facades, indoor walls, floors, ceilings or the like.
33.02	Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages.
34.03	Lubricating preparations (including cutting- oil preparations, bolt or nut release preparations, anti- rust or anti- corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment of textile materials, leather, furskins or other materials, but excluding preparations containing, as basic constituents, 70 % or more by weight of petroleum oils or of oils obtained from bituminous minerals.
3504.0000	Peptones and their derivatives; other protein substances and their derivatives, not elsewhere specified or included; hide powder, whether or not chromed.
35.05	Dextrins and other modified starches (for example, pre- gelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches.
37.02	Photographic film in rolls, sensitised, unexposed, of any material other than paper, paperboard or textiles; instant print film in rolls, sensitised, unexposed.
37.03	Photographic paper, paperboard and textiles, sensitised, unexposed.
3704.0000	Photographic plates, film, paper, paperboard and textiles, exposed but not developed.
3705.0000	Photographic plates and film, exposed and developed, other than cinematographic film.

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## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
37.07	Chemical preparations for photographic uses (other than varnishes, glues, adhesives and similar preparations); unmixed products for photographic uses, put up in measured portions or put up for retail sale in a form ready for use.
38.01	Artificial graphite; colloidal or semi- colloidal graphite; preparations based on graphite or other carbon in the form of pastes, blocks, plates or other semi- manufactures.
3803.0000	Tall oil, whether or not refined.
3804.0000	Residual lyes from the manufacture of wood pulp, whether or not concentrated, desugared or chemically treated, including lignin sulphonates, but excluding tall oil of heading 38.03.
38.06	Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums.
38.09	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included.
38.10	Pickling preparations for metal surfaces; fluxes and other auxiliary preparations for soldering, brazing or welding; soldering, brazing or welding powders and pastes consisting of metal and other materials; preparations of a kind used as cores or coatings for welding electrodes or rods.
38.12	Prepared rubber accelerators; compound plasticisers for rubber or plastics, not elsewhere specified or included; anti- oxidising preparations and other compound stabilisers for rubber or plastics.
38.15	Reaction initiators, reaction accelerators and catalytic preparations, not elsewhere specified or included.
3816.0000	Refractory cements, mortars, concretes and similar compositions, other than products of heading 38.01.
3817.0000	Mixed alkylbenzenes and mixed alkylnaphthalenes, other than those of heading 27. 07 or 29. 02.
3818.0000	Chemical elements doped for use in electronics, in the form of discs, wafers or similar forms; chemical compounds doped for use in electronics.
3821.0000	Prepared culture media for the development or maintenance of micro- organisms (including viruses and the like) or of plant, human or animal cells
38.23	Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols.
38.24	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included.
39.01	Polymers of ethylene, in primary forms.
39.02	Polymers of propylene or of other olefins, in primary forms.
39.03	Polymers of styrene, in primary forms.
39.04	Polymers of vinyl chloride or of other halogenated olefins, in primary forms.
39.07	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms.
39.08	Polyamides in primary forms.
3910.0000	Silicones in primary forms.
39.14	Ion- exchangers based on polymers of headings 39.01 to 39.13, in primary forms.
40.01	Natural rubber, balata, gutta- percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip.
40.02	Synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip; mixtures of any product of heading 40.01 with any product of this heading, in primary forms or in plates, sheets or strip.
4003.0000	Reclaimed rubber in primary forms or in plates, sheets or strip.
40.04	Waste, parings and scrap of rubber (other than hard rubber) and powders and granules obtained therefrom.
40.05	Compounded rubber, unvulcanised, in primary forms or in plates, sheets or strip.

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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
41.01	Raw hides and skins of bovine (including buffalo) or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment- dressed or further prepared), whether or not dehaired or split.
41.02	Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment- dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1 (c) to this Chapter.
41.03	Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment- dressed or further prepared), whether or not dehaired or split, other than those excluded by Note 1 (b) or 1 (c) to this Chapter.
41.04	Tanned or crust hides and skins of bovine (including buffalo) or equine animals, without hair on, whether or not split, but not further prepared.
41.05	Tanned or crust skins of sheep or lambs, without wool on, whether or not split, but not further prepared.
41.06	Tanned or crust hides and skins of other animals, without wool or hair on, whether or not split, but not further prepare
41.07	Leather further prepared after tanning or crusting, including parchment- dressed leather, of bovine (including buffalo) or equine animals, without hair on, whether or not split, other than leather of heading 41. 14
4112.0000	Leather further prepared after tanning or crusting, including parchment- dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 41.14.
41.13	Leather further prepared after tanning or crusting, including parchment- dressed leather, of other animals, without wool or hair on, whether or not split, other than leather of heading 41. 14.
41.14	Chamois (including combination chamois) leather; patent leather and patent laminated leather; metallised leather.
41.15	Composition leather with a basis of leather or leather fibre, in slabs, sheets or strip, whether or not in rolls; parings and other waste of leather or of composition leather, not suitable for the manufacture of leather articles; leather dust, powder and flour.
42.05 (Except 4205.0090)	Other articles of leather or of composition leather.
43.01	Raw furskins (including heads,tails, paws and other pieces or cuttings, suitable for furriers' use), other than raw hides and skins of heading 41.01, 41.02 or 41.03.
43.02	Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading 43.03.
44.01	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.
44.02	Wood charcoal (including shell or nut charcoal), whether or not agglomerated.
44.03	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.
44.04	Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking- sticks, umbrellas, tool handles or the like;chipwood and the like.
4405.0000	Wood wool; wood flour.
44.06	Railway or tramway sleepers (cross- ties) of wood.
4701.0000	Mechanical wood pulp.
4702.0000	Chemical wood pulp, dissolving grades.
47.03	Chemical wood pulp, soda or sulphate, other than dissolving grades.
47.04	Chemical wood pulp, sulphite, other than dissolving grades.
4705.0000	Wood pulp obtained by a combination of mechanical and chemical pulping processes.

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## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
47.06	Pulps of fibres derived from recovered (waste and scrap) paper or paperboard or of other fibrous cellulosic material.
47.07	Recovered (waste and scrap) paper or paperboard.
48.04	Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading 48.02 or 48.03.
48.10	Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface- coloured, surface- decorated or printed, in rolls or rectangular (including square) sheets, of any size.
48.13	Cigarette paper, whether or not cut to size or in the form of booklets or tubes.
48.22	Bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened).
4823.9040	Double Side Adhesive Tapes
5001.0000	Silk- worm cocoons suitable for reeling.
5002.0000	Raw silk (not thrown).
5003.0000	Silk waste (including cocoons unsuitable for reeling, yarn waste and garnetted stock).
5004.0000	Silk yarn (other than yarn spun from silk waste) not put up for retail sale.
5005.0000	Yarn spun from silk waste, not put up for retail sale.
51.01	Wool, not carded or combed.
51.02	Fine or coarse animal hair, not carded or combed.
51.03	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock.
5104.0000	Garnetted stock of wool or of fine or coarse animal hair.
51.05	Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments).
51.06	Yarn of carded wool, not put up for retail sale.
51.07	Yarn of combed wool, not put up for retail sale.
51.08	Yarn of fine animal hair (carded or combed), not put up for retail sale.
52.05	Cotton yarn (other than sewing thread), containing 85 % or more by weight of cotton, not put up for retail sale.
52.06	Cotton yarn (other than sewing thread), containing less than 85 % by weight of cotton, not put up for retail sale.
53.01	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock).
53.02	True hemp (Cannabis sativa L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock).
53.03	Jute and other textile bast fibres (excluding flax, true hemp and ramie), raw or processed but not spun; tow and wastes of these fibres (including yarn waste and garnetted stock).
53.05	Coconut, abaca (Manila hemp or Musa textilis Nee), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garnetted stock).
53.06	Flax yarn.
53.07	Yarn of jute or of other textile bast fibres of heading 53.03.
54.02	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex.
55.01	Synthetic filament tow.
55.02	Artificial filament tow.
55.03	Synthetic staple fibres, not carded, combed or otherwise processed for spinning.
55.04	Artificial staple fibres, not carded, combed or otherwise processed for spinning.
55.05	Waste (including noils, yarn waste and garnetted stock) of man- made fibres.
55.06	Synthetic staple fibres, carded, combed or otherwise processed for spinning.
5507.0000	Artificial staple fibres, carded, combed or otherwise processed for spinning.

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## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
55.08	Sewing thread of man- made staple fibres, whether or not put up for retail sale.
55.09	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale.
55.10	Yarn (other than sewing thread) of artificial staple fibres, not put up for retail sale.
55.11	Yarn (other than sewing thread) of man- made staple fibres, put up for retail sale.
55.12	Woven fabrics of synthetic staple fibres, containing 85 % or more by weight of synthetic staple fibres.
55.13	Woven fabrics of synthetic staple fibres, containing less than 85 % by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170 g/m <sup>2</sup> .
55.14	Woven fabrics of synthetic staple fibres, containing less than 85 % by weight of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170 g/m <sup>2</sup> .
55.15	Other woven fabrics of synthetic staple fibres.
55.16	Woven fabrics of artificial staple fibres.
56.01	Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill neps.
56.08	Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials.
59.02	Tyre cord fabric of high tenacity yarn of nylon or other polyamides, polyesters or viscose rayon.
63.10	Used or new rags, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of textile materials.
68.15	Articles of stone or of other mineral substances (including carbon fibres, articles of carbon fibres and articles of peat), not elsewhere specified or included.
70.02	Glass in balls (other than microspheres of heading 70.18), rods or tubes, unworked.
71.05	Dust and powder of natural or synthetic precious or semi- precious stones.
72.01	Pig iron and, spiegeleisen in pigs, blocks or other primary form.
72.02	Ferro- alloys.
72.03	Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having a minimum purity by weight of 99.94 %. In lumps, pellets or similar forms.
72.05	Granules and powders, of pig iron, spiegeleisen, iron or steel.
72.06	Iron and non- alloy steel in ingots or other primary forms (excluding iron of heading 72.03).
72.08	Flat- rolled products of iron or non- alloy steel, of a width of 600 mm or more, hot- rolled, not clad, plated or coated.
72.09	Flat- rolled products of iron or non- alloy steel, of a width of 600 mm or more, cold- rolled (cold- reduced), not clad, plated or coated.
72.10	Flat- rolled products of iron or non- alloy steel, of a width of 600 mm or more, clad, plated or coated.
72.11	Flat- rolled products of iron or non- alloy steel, of a width of less than 600 mm, not clad, plated or coated.
72.12	Flat- rolled products of iron or non- alloy steel, of a width of less than 600 mm, clad, plated or coated.
72173010	Of A Kind Used In Manufacture Of Pneumatic Tyres(Bead Wire)
72.18	Stainless steel in ingots or other primary forms; semi- finished products of stainless steel.
72.19	Flat- rolled products of stainless steel, of a width of 600 mm or more.
72.20	Flat- rolled products of stainless steel, of a width of less than 600 mm.
72.25	Flat- rolled products of other alloy steel, of a width of 600 mm or more.
72.26	Flat- rolled products of other alloy steel, of a width of less than 600 mm.
72.27	Bars and rods, hot- rolled, in irregularly wound coils, of other alloy steel.
7315.1920	Other For Motor Cars And Vehicles
7401.0000	Copper mattes; cement copper (precipitated copper).
7402.0000	Unrefined copper; copper anodes for electrolytic refining.
74.03	Refined copper and copper alloys, unwrought.



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(CLAUSE)

## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
74.04	Copper waste and scrap.
7405.0000	Master alloys of copper.
74.06	Copper powders and flakes.
74.07	Copper bars, rods and profiles.
74.08	Copper wire.
74.09	Copper plates, sheets and strip, of a thickness exceeding 0.15 mm.
74.10	Copper foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials), of a thickness (excluding any backing) not exceeding 0.15 mm.
74.11	Copper tubes and pipes.
7413.0000	Stranded wire, cables, plaited bands and the like, of copper, not electrically insulated.
75.01	Nickel mattes, nickel oxide sinters and other intermediate products of nickel metallurgy.
75.02	Unwrought nickel.
7503.0000	Nickel waste and scrap.
7504.0000	Nickel powders and flakes.
75.05	Nickel bars, rods, profiles and wire.
75.06	Nickel plates, sheets, strip and foil.
76.01	Unwrought aluminium.
76.02	Aluminium waste or scrap.
76.03	Aluminium powders and flakes.
76.06	Aluminium plates, sheets and strip, of a thickness exceeding 0.2 mm.
76071100	Rolled But Not Further Worked
76.08	Aluminium tubes and pipes.
78.01	Unwrought lead.
7802.0000	Lead waste and scrap.
78.04	Lead plates, sheets, strip and foil; lead powders and flakes.
79.01	Unwrought zinc.
7902.0000	Zinc waste and scrap.
79.03	Zinc dust, powders and flakes.
79.04	Zinc bars, rods, profiles and wire.
79.07	Other articles of zinc.
80.01	Unwrought tin.
8002.0000	Tin waste and scrap.
8003.0000	Tin bars, rods, profiles and wire
81.01	Tungsten (wolfram) and articles thereof, including waste and scrap.
81.02	Molybdenum and articles thereof, including waste and scrap.
81.03	Tantalum and articles thereof, including waste and scrap.
81.04	Magnesium and articles thereof, including waste and scrap.
81.05	Cobalt mattes and other intermediate products of cobalt metallurgy; cobalt and articles thereof, including waste and scrap.
8106.0000	Bismuth and articles thereof, including waste and scrap.
81.07	Cadmium and articles thereof, including waste and scrap.
81.08	Titanium and articles thereof, including waste and scrap.
81.09	Zirconium and articles thereof, including waste and scrap.
81.10	Antimony and articles thereof, including waste and scrap.
8111.0000	Manganese and articles thereof, including waste and scrap.
81.12	Beryllium, chromium, germanium, vanadium, gallium, hafnium, indium, niobium (columbium), rhenium and thallium, and articles of these metals, including waste and scrap.
8113.0000	Cermets and articles thereof, including waste and scrap.
83.09	Stoppers, caps and lids (including crown corks, screw caps and pouring stoppers), capsules for bottles, threaded bungs, bung covers, seals and other packing accessories, of base metal.



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## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
83.11	Wire, rods, tubes, plates, electrodes and similar products, of base metal or of metal carbides, coated or cored with flux material, of a kind used for soldering, brazing, welding or deposition of metal or of metal carbides; wire and rods, of agglomerated base metal powder, used for metal spraying.
84.07	Spark- ignition reciprocating or rotary internal combustion piston engines.
84.08	Compression- ignition internal combustion piston engines (diesel or semi- diesel engines).
84.09	Parts suitable for use solely or principally with the engines of heading 84.07 or 84.08.
8414.1000	Vacuum pumps
8414.3010	Used with HCFC and non-CFC gases
8414.9010	Of machines of heading 8414.1000 and 8414.3010
84.65	Machine- tools (including machines for nailing, stapling, glueing or otherwise assembling) for working wood, cork, bone, hard rubber, hard plastics or similar hard materials.
84.66	Parts and accessories suitable for use solely or principally with the machines of headings 84.56 to 84.65, including work or tool holders, self- opening dieheads, dividing heads and other special attachments for the machines; tool holders for any type of tool for working in the hand.
84.67	Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non- electric motor.
8479.8990	Other
84.82	Ball or roller bearings.
84.84	Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal; sets or assortments of gaskets and similar joints, dissimilar in composition, put up in pouches, envelopes or similar packings; mechanical seals.
8501.1000	Motors of an output not exceeding 37.5 W
8501.2000	Universal AC/DC motors of an output exceeding 37.5 W
8501.3110	Photovoltaic generators consisting of panels of photocells combined with other apparatus
8501.4010	Of an output not exceeding 60 watts
8501.4090	Other
8501.5120	AC clutch motors for industrial sewing machine
	Of an output exceeding 75 kW but not exceeding 375 kW (500 HP)
8501.5310	
85.03	Parts suitable for use solely or principally with the machines of heading 85.01 or 85.02.
(except	
8503.0090)	
8504.9010	On load-tape changer for power transformers
8504.9020	Bushings for power transformers
8504.9030	Of machines of heading 8504.4090
8504.9040	Toroidal cores and strips
8504.9090	Other
85.05	Electro- magnets; permanent magnets and articles intended to become permanent magnets after magnetisation; electro- magnetic or permanent magnet chucks, clamps and similar holding devices; electro- magnetic couplings, clutches and brakes; electro- magnetic lifting heads.
85.11	Electrical ignition or starting equipment of a kind used for spark- ignition or compression- ignition internal combustion engines (for example, ignition magnetos, magneto- dynamos, ignition coils, sparking plugs and glow plugs, starter motors); generators (for example, dynamos, alternators) and cut- outs of a kind used in conjunction with such engines.
85.12	Electrical lighting or signalling equipment (excluding articles of heading 85.39), windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles.
8528.7213	In CKD/SKD condition
85.29	Parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28.
85.33	Electrical resistors (including rheostats and potentiometers), other than heating resistors.

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## THE INCOME TAX ORDINANCE, 2001

Part II PCT CODE	DESCRIPTION
8534.0000	Printed circuits.
85.35	Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, fuses, lightning arresters, voltage limiters, surge suppressors, plugs and other connectors, junction boxes), for a voltage exceeding 1,000 volts.
85.37	Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus of heading 85.35 or 85.36, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of Chapter 90, and numerical control apparatus, other than switching apparatus of heading 85.17.
85.38	Parts suitable for use solely or principally with the apparatus of heading 85.35, 85.36 or 85.37.
85.40	Thermionic, cold cathode or photo- cathode valves and tubes (for example, vacuum or vapour or gas filled valves and tubes, mercury arc rectifying valves and tubes, cathode- ray tubes, television camera tubes).
85.41	Diodes, transistors and similar semi- conductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes(LED); mounted piezo- electric crystals.
85.42	Electronic integrated circuits.
8545.1100	Of A Kind Used For Furnaces
8545.9020	For dry battery cells
85.48	Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators; electrical parts of machinery or apparatus, not specified or included elsewhere in this Chapter.
8701.2010	Components For The Assembly / Manufacture of Road Tractors For Semi-Trailers (Prime Movers), In Any Kit Form, of Less Than 280 Hp
8701.2030	Components For The Assembly / Manufacture of Road Tractors For Semi-Trailers (Prime Movers), In Any Kit Form, of 280 Hp And Above
8702.1010	Components For Assembly / Manufacture of Vehicles, In Any Kit Form
8703.2111	Components For The Assembly/ Manufacture of Vehicles, In Any Kit Form Excluding Those Of Headings 8703.2113 And 8703.2115
8703.2112	Components For The Assembly / Manufacture of Mini Van Type Vehicles, In Any Kit Form
8703.2114	Components For The Assembly/ Manufacture of Auto Rickshaws, In Any Kit Form
8703.2191	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form Excluding Those Of Heading 8703.2193 And 8703.2195
8703.2194	Components For The Assembly / Manufacture of Mini Van, In Any Kit Form
8703.2210	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form Excluding Those Of Heading 8703.2240
8703.2311	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form
8703.2321	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form Excluding Of Heading 8703.2323
8703.2322	Components For The Assembly / Manufacture of Sport Utility Vehicles 4X4, In Any Kit Form
8703.3310	Components For The Industrial Assembly/ Manufacture Of Vehicles, In Any Kit Form
8704.1010	Components For Assembly/ Manufacture of Dump Trucks Designed For Off-Highway Use
8704.2110	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form
8704.2211	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form
8704.2291	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form
8704.2310	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form
8704.3110	Components For The Assembly / Manufacture, In Any Kit Form Excluding Those of Heading 8704.3130 And 8704.3150
8704.3120	Components For The Assembly / Manufacture of Mini Cargo Van, In Any Kit Form

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Part II

PCT CODE	DESCRIPTION
8704.3140	Components For The Assembly / Manufacture of 3-Wheeler Cargo Loader, In Any Kit Form
8711.2010	Components For The Assembly / Manufacture of Vehicles, In Any Kit Form
8908.0000	Vessels and other floating structures for breaking up.
90.32	Automatic regulating or controlling instruments and apparatus.
91.04	Instrument panel clocks and clocks of a similar type for vehicles, aircraft, spacecraft or vessels.
9107.0000	Time switches with clock or watch movement or with synchronous motor.
9401.9010	Seat Parts Made of Foam, Head/Arm Rests And Seat Frames For Motor Cars of Heading 87.03 And Vehicles of Sub-Headings 8703.2113, 8703.2115, 8703.2193, 8703.2195, 8703.2240,
9401.9030	Other For Motor Cars And Vehicles
96.06	Buttons, press- fasteners, snap- fasteners and press- studs, button moulds and other parts of these articles; button blanks.
96.07	Slide fasteners and parts thereof.

PART III

Respective headings	Goods not specifically mentioned in Part I or II
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SECTION (CLAUSE)	SALES TAX ACT, 1990
Section 2	Definitions
(1)(a)	Active tax payer  The Bill has amendment the proviso of definition by omitting the words "or is blocked".
(1)(d)	The Bill has amendment the proviso of definition by substitution of the words "two consecutive monthly" by the word "quarterly".
(20)(c)	Output tax  The Bill has proposed to substitute the clause as:  "sales tax levied on the services rendered or provided by the person under Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001)
(46)	Value of supply  The Bill, seeks to insert in sub-clause (h), after the word "producer", the words "or WAPDA" is proposed to be inserted and shall be deemed to have been inserted with effect from 1st July, 2019; and  The Bill has proposed insertion of new clause in the definition of value of supply as follows:  "(j) in case of registered person who is engaged in purchasing used vehicles from general public on which sales tax had already been paid at the time of import or manufacturing, and which are, later on, sold in the open market after making certain value addition, value of supply will be the difference between sale and purchase price of the said vehicle."
Section 3	Scope
Sub-section 7	The Bill has proposed to omit the word "by the buyer" from the clause, and has proposed to insert the word "being purchaser of goods or services".
Section 7	Determination of tax liability  The Bill has proposed to insert sub-section (5) as follows:  (5) Notwithstanding anything contained in this Act or the rules made thereunder, the Board, by notification in the official Gazette, may impose restrictions on wastage of material on which input tax has been claimed in respect of the goods or class of goods."
Section 8	Tax credit not allowed  The Finance bill, 2020 has proposed to disallow input tax on services provided to un-registered person, on pro-rata basis, for which sale invoices do not bear the NIC number or NTN as the case may be, of the recipient as stipulated.

SECTION (CLAUSE) SALES TAX ACT, 1990

Section 11C Power of tax authorities to modify orders, etc.

The Bill has proposed to insert new section to authorize the Commissioner or an officer of Inland Revenue to modify orders, as follows:

(1) Where a question of law has been decided by a High Court or the Appellate Tribunal in the case of a registered person, on or after first day of July, 1990, the Commissioner or an officer of Inland Revenue may, notwithstanding that he has preferred an appeal against the decision of the High Court or made an application for reference against the order of the Appellate Tribunal, as the case may be, follow the said decision in the case of the said taxpayer in so far as it applies to said question of law arising in any assessment pending before the Commissioner or an officer of Inland Revenue, until the decision of the High Court or of the Appellate Tribunal is reversed or modified.

(2) In case the decision of High Court or the Appellate Tribunal, referred to in sub-section (1), is reversed or modified, the Commissioner or an officer of Inland Revenue may, notwithstanding the expiry of period of limitation prescribed for making any assessment or order, within a period of one year from the date of receipt of decision, modify the assessment or order in which the said decision was applied so that it conforms to the final decision.”

Section 23 Tax Invoices

The Bill has proposed to enhance reporting of particulars of customer for transaction limit from Rs.50,000 to Rs.100,000.

Section 25 Access to record, documents,

The Bill has proposed to insert new clause, which allows the Commissioner to conduct audit proceedings electronically through video links, or any other facility as prescribed by the Board.”

Section 26 Return

The Bill has proposed to insert new word “complete” after the word “true”.

Section 33 Offences and penalties.

The Bill has proposed to modify the following penalties

S.No	Offences	Current Penalties	Proposed Penalties
25	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under law.	Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of six months after imposition of penalty as aforesaid, his business premises shall be sealed and an embargo shall be placed on his sales.	Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of <b>two months</b> after imposition of penalty as aforesaid, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub-section (9A) of section 3 or section 40C, as the case may be.

SECTION  
(CLAUSE)

## SALES TAX ACT, 1990

S.No	Offences	Current Penalties	Proposed Penalties
28	Any person who is required to share information under section 56AB, fails to do so in the manner as required under the law	-	Such person shall pay a penalty of <u>twenty-five thousand rupees</u> (Rs.25,000) for first default and <u>fifty thousand rupees</u> (Rs.50,000) for each subsequent default

## Section 38

## Authorized officers to have access to premises, stocks, accounts and records

The Bill in sub section (1) has proposed to insert new word "including real-time electronic access" after the word "access".

The Bill has proposed to insert new sub section as follows:

"(4) For the purpose of sub-section (1), the Board may make rules relating to electronic real-time access for audit or a survey of persons liable to tax."

## Section 45B

## Appeals

The Bill has proposed following changes in this section:

After sub section (1) following proviso is omitted:

Provided further that the appeal shall be accompanied by a fee of one thousand rupees to be paid in such manner as the Board may prescribe.

Following new subsections are inserted:

(1A) An appeal under sub-section (1) shall—

- (a) be in the prescribed form;
- (b) be verified in the prescribed manner;
- (c) state precisely the grounds upon which the appeal is made;
- (d) be accompanied by the prescribed fee specified in sub- section (1B); and
- (e) be lodged with the Commissioner (Appeals) within the time set out in sub-section (1).

(1B) The prescribed fee shall be—

- (a) in the case of an appeal against an assessment—
  - (i) where the appellant is a company, five thousand rupees; or
  - (ii) where the appellant is not a company, two thousand and five hundred rupees; and
- (b) in any other case—
  - (i) where appellant is a company, five thousand rupees; or
  - (ii) where the appellant is not a company, one thousand rupees."; and

SECTION  
(CLAUSE)

## SALES TAX ACT, 1990

(5) The Commissioner (Appeals) shall not admit any documentary material or evidence which was not produced before the Officer Inland Revenue unless the Commissioner (Appeals) is satisfied that the appellant was prevented by sufficient cause from producing such material or evidence before the Officer Inland Revenue."

## Section 47 A

## Alternative dispute resolution

The Bill has proposed to substitute the following:

- (1) Notwithstanding any other provision of this Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—
  - (a) the liability of tax against the aggrieved person, or admissibility of refunds, as the case may be;
  - (b) the extent of waiver of default surcharge and penalty; or
  - (c) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an Appellate Authority, except where criminal proceedings have been initiated or where interpretation of question of law having effect on identical cases is involved having effect on other cases.
- (2) The Board may, after examination of the application of an aggrieved person, appoint a committee, within sixty days of receipt of such application in the Board, comprising, —
  - (a) Chief Commissioner Inland Revenue having jurisdiction over the case; and
  - (b) two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen.
- (3) The Board shall communicate the order of appointment of committee to the court of law or the appellate authority where the dispute is pending and the Commissioner.
- (4) The Committee appointed under sub-section (2) shall examine the issue and may, if it deemed necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute through consensus, within one hundred and twenty days of its appointment.
- (5) The Committee may, in case of hardship, stay recovery of tax payable in respect of dispute pending before it for a period not exceeding one hundred and twenty days in aggregate or till the decision of the Committee or its dissolution, whichever is earlier.
- (6) The decision of the committee under sub-section (4) shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before any appellate authority or the court of law and has communicated the order of withdrawal to the Commissioner:

Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.
- (7) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (4), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending.

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(CLAUSE)

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- (8) The Board shall communicate the order of dissolution to the court of law or the Appellate Authority and the Commissioner.
- (9) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the appellate authority, where the dispute is pending.
- (10) The aggrieved person may make the payment of sales tax and other taxes as decided by the committee under sub-section (4) and all decisions and orders made or passed shall stand modified to that extent.
- (11) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (2).
- (12) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.

## Section 56

## Service of orders; decisions etc.

The Bill has proposed to substitute following words in following:

Subsection (1) (d) for the words "limited companies, both public and private", the words "registered person" has been substituted; and

Subsection (2) (d) for the expression "limited companies, both public and private", the words "registered person" shall be substituted;

## Section 56 AB

## Real-time access to information and databases.

The Bill has proposed to insert the following new section:

- (1) Notwithstanding anything contained in any law for the time being in force, including but not limited to the National Database and Registration Authority Ordinance, 2000 (Ordinance VIII of 2000), and the Emigration Ordinance, 1979 (Ordinance XVIII of 1979), arrangements shall be made to provide real-time access of information and database to the Board in the prescribed form and manner by—
- (a) the National Database and Registration Authority with respect to information pertaining to National Identity Card (NIC), Pakistan Origin Card, Overseas Identity Card, Alien Registration Card, and other particulars contained in the Citizen Database;
  - (b) the Federal Investigation Agency and the Bureau of Emigration and Overseas Employment with respect to details of international entry and exit of all persons and information pertaining to work permits, employment visas and immigration visas;
  - (c) the Islamabad Capital Territory and Provincial and local land record and development authorities with respect to record-of- rights including digitized edition of record-of-rights, periodic record, record of mutations and report of acquisition of rights;
  - (d) the Islamabad Capital Territory and Provincial Excise and Taxation Departments with respect to information regarding registration of vehicles, transfer of ownership and other associated record;
  - (e) all electricity suppliers and gas transmission and distribution companies with respect to particulars of a consumer, the units consumed and the amount of bill charged or paid:

Provided that where the connection is shared or is used by a person other than the owner, the name and NIC of the owner and the user shall also be furnished:



SECTION  
(CLAUSE)

SALES TAX ACT, 1990

Provided further that all electricity suppliers and gas transmission and distribution companies shall make arrangements by the 1st day of January, 2021 for allowing consumers to update the ratio of sharing of a connection or the particulars of users, as the case may be; and

(f) any other agency, authority, institution or organization, notified by the Board.

(2) The Board shall make arrangements for laying the infrastructure for real-time access to information and database under sub-section (1) and aligning it with its own database in the manner as may be prescribed.

(3) Until real-time access to information and database is made available under sub-section (1), such information and data shall be provided periodically in such form and manner as may be prescribed.

(4) Subject to section 56B, all information received under this section shall be used only for tax purposes and kept **confidential**;

Section 58 A

**Representatives**

The Bill has proposed to modify the wording as follows:

Existing	Proposed
Where a person is a non-resident person, the representative of the persons for the purpose of this Act for a tax year shall be any person in Pakistan.	Where a person is a non-resident person, the representative of the said person for the purpose of this Act, for a financial year in which the relevant tax period falls, shall be any person in Pakistan.

the following explanation shall be added, namely:

“Explanation: For the purposes of this sub-section, non-resident person shall have the same meaning assigned thereto under the Income Tax Ordinance, 2001 (XLIX of 2001).”

Section 73

Certain transactions not admissible.

The Bill has proposed to substitute the words “manufacturer or producer”, by the word “person”.

SECTION (CLAUSE) SALES TAX SCHEDULES

Fifth Schedule Zero Rated

The following item has been proposed to be inserted:

S No.	Description
13	Supplies of raw materials, components and goods for further manufacture of goods in the Gwadar Free Zone and export thereof, provided that in case of supply to tariff area of Pakistan, tax shall be charged on the value assessed on the Goods Declaration for import
14	<p>Supplies of locally manufactured plant and machinery of the following specifications, to manufacturers in the Gwadar Free Zone, subject to the conditions, restrictions and procedure given below, namely:</p> <ul style="list-style-type: none"> <li>(i) plant and machinery, operated by power of any description, as is used for the manufacture or production of goods by that manufacturer.</li> <li>(ii) apparatus, appliances and equipment specifically meant or adapted for use in conjunction with the machinery specified in clause (i).</li> <li>(iii) mechanical and electrical control and transmission gear, meant or adapted for use in conjunction with machinery specified in clause (i).</li> <li>(iv) parts of machinery as specified in clauses (i), (ii) and (iii), identifiable for use in or with such machinery.</li> </ul> <p>Conditions, restrictions and procedures:</p> <ul style="list-style-type: none"> <li>(a) the supplier of the machinery is registered under the Act;</li> <li>(b) proper bill of export is filed showing registration number;</li> <li>(c) the purchaser of the machinery is an established manufacturer located in the Gwadar Free Zone and holds a certificate from the Gwadar Port Authority to that effect;</li> <li>(d) the purchaser submits an indemnity bond in proper form to the satisfaction of the concerned Commissioner Inland Revenue that the machinery shall, without prior permission from the said Commissioner, not be sold, transferred or otherwise moved out of the Gwadar Free Zone before a period of five years from the date of entry into the Zone;</li> <li>(e) if the machinery is brought to tariff area of Pakistan outside Gwadar Free Zone, sales tax shall be charged on the value assessed on the Goods Declaration for import; and</li> <li>(f) breach of any of the conditions specified herein shall attract legal action under the relevant provisions of the Act, besides recovery of the amount of sales tax along with default surcharge and penalties involved.";</li> </ul>

## SECTION (CLAUSE) SALES TAX SCHEDULES

Sixth Schedule Exemptions

The following modifications has been proposed as per the Bill to be inserted:

Table -1 (Imports or Supplies)

S.No.	Existing Description	Proposed Description
100A	Materials and equipment plant, machinery, equipment, appliances and accessories for construction and operation of Gwadar Port and development of Free Zone for Gwadar Port as imported by or supplied to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited (ii) Gwadar International Terminal Limited, (iii) Gwadar Marin Services Limited and (iv) Gwadar Free Zone Company Limited, their contractors and sub-contractors; and Ship Bunker Oils bought and sold to the ships calling on/visiting Gwadar Port, having Concession Agreement with the Gwadar Port Authority, for a period of forty year, subject to the following conditions and procedure, namely,	Materials and equipment plant, machinery, equipment, appliances and accessories for construction and operation of Gwadar Port and development of Free Zone for Gwadar Port as imported by or supplied to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited (ii) Gwadar International Terminal Limited, (iii) Gwadar Marin Services Limited and (iv) Gwadar Free Zone Company Limited, their contractors and sub-contractors; and Ship Bunker Oils bought and sold to the ships calling on/visiting Gwadar Port, <u>by the aforesaid operating companies</u> , having Concession Agreement with the Gwadar Port Authority, for a period of forty year, subject to the following conditions and procedure, namely,
	(A). Conditions and procedure for imports.  (iii) The goods so imported shall not be sold or disposed of without prior approval of the FBR and payment of sales tax leviable at the time of import, provided that this condition shall not apply to ship bunker oils.	A). Conditions and procedure for imports.  (iii) The goods so imported <u>and also those already imported under Notification No. S.R.O. 115(I)/2008, dated the 6th February, 2008</u> shall not be sold or disposed of without prior approval of the FBR and payment of sales tax leviable at <u>applicable rate on residual value</u> , provided that this condition shall not apply to ship bunker oils.

SECTION  
(CLAUSE)

## SALES TAX SCHEDULES

Table -1 (Imports or Supplies)

S.No.	Existing Description	Proposed Description
103	Import and supply thereof, up to the year 2020, of ships and all floating crafts including tugs, dredgers, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistan entity and flying the Pakistan flag, except ships or crafts acquired for demolition purposes or are designed or adapted for use for recreation or pleasure purposes, subject to the condition that such ships or crafts are used only for the purpose for which they were procured and in case such ships or crafts are used only for the purpose for which they were procured, and in case such ships or crafts are used for demolition purposes within a period of five years of their acquisition, sales tax applicable to such ships purchased for demolition purposes shall be chargeable.	Import and supply thereof, up to the year <u>2023</u> , of ships and all floating crafts including tugs, dredgers, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistan entity and flying the Pakistan flag, except ships or crafts acquired for demolition purposes or are designed or adapted for use for recreation or pleasure purposes, subject to the condition that such ships or crafts are used only for the purpose for which they were procured and in case such ships or crafts are used only for the purpose for which they were procured, and in case such ships or crafts are used for demolition purposes within a period of five years of their acquisition, sales tax applicable to such ships purchased for demolition purposes shall be chargeable.

Table -3 Annexure

S.No.	Existing Description	Proposed Description												
5	Conditions under column (4) (ii) temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of sales tax and the amount payable under this notification, along with an undertaking to pay the sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.	(ii) temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of sales tax and the amount payable <del>under this notification</del> , along with an undertaking to pay the sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.												
15A	<b>Parts and Components for manufacturing LED lights and bulbs</b> <table border="1" data-bbox="462 1465 922 1703"> <thead> <tr> <th>Items</th> <th>Code</th> </tr> </thead> <tbody> <tr> <td>(i) Aluminium Housing/ Shell for LED (LED Light Fixture)</td> <td>9405.1090</td> </tr> <tr> <td>(ii) Metal Clad Printed Circuit Boards (MCPCB) for LED</td> <td>8534. 0000</td> </tr> </tbody> </table>	Items	Code	(i) Aluminium Housing/ Shell for LED (LED Light Fixture)	9405.1090	(ii) Metal Clad Printed Circuit Boards (MCPCB) for LED	8534. 0000	<b>Parts and Components for manufacturing LED lights and bulbs</b> <table border="1" data-bbox="950 1465 1399 1801"> <thead> <tr> <th>Items</th> <th>Code</th> </tr> </thead> <tbody> <tr> <td>(i) Hou (ii) sing /shell. Shell cover and base cap for all kinds of LED lights and bulbs</td> <td>Respective heading</td> </tr> <tr> <td>(iii) Bare and stuffed Metal Clad Printed Circuit Boards (MCPCB) for LED</td> <td>8534. 0000</td> </tr> </tbody> </table>	Items	Code	(i) Hou (ii) sing /shell. Shell cover and base cap for all kinds of LED lights and bulbs	Respective heading	(iii) Bare and stuffed Metal Clad Printed Circuit Boards (MCPCB) for LED	8534. 0000
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SECTION  
(CLAUSE)

## SALES TAX SCHEDULES

The Bill to be inserted following new serial:

Table -1 (Imports or Supplies)

S. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
100D	Machinery, equipment, materials and goods imported either for exclusive use within the limits of Gwadar Free Zone, or for making exports therefrom, subject to the conditions that such machinery, equipment, materials and goods, are imported by investors of Gwadar Free Zone, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (Act IV of 1969) and rules made thereunder shall, mutatis mutandis, apply provided that if any of such goods are taken out of the Zone for purpose other than the export, the tax on the same shall be paid by the importer.	Respective headings
154	Dietetic foods intended for consumption by children suffering from inherent metabolic disorder subject to the conditions that the importer shall acquire approval and quota from Ministry of National Health Services, Regulations and Coordination.	Respective heading

## Eighth Schedule

## Specific rates

The following modifications has been proposed as per the Bill, to be inserted:

Table -1

S.No.	Existing Description	Proposed Description
56	<u>Potassium Chlorate (KClO<sub>3</sub>)</u> Sales tax at the rate of 17% along with rupees 70 per kilogram	Potassium Chlorate (KClO <sub>3</sub> ) Sales tax at the rate of 17% along with rupees 80 per kilogram
66	<u>Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales</u>  Sales tax at the rate of 14%	<u>Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales</u>  Sales tax at the rate of 12%

SECTION  
(CLAUSE)

## SALES TAX SCHEDULES

Table -2 Annexure

S.No.	Existing Description	Proposed Description
4	Conditions  2. Temporarily imported goods shall be cleared against a security in the form of a postdated cheque for the differential amount between the statutory rate of customs duty and sales tax and the amount payable under this notification, along with an undertaking to pay the customs duty and sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.	Conditions  2. Temporarily imported goods shall be cleared against a security in the form of a postdated cheque for the differential amount between the statutory rate of customs duty and sales tax and the amount payable <del>under this notification,</del> along with an undertaking to pay the customs duty and sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.

## Ninth Schedule Cellular Mobile Phones

The following modifications has been proposed as per the Bill to be inserted:

Table

Existing Description	Proposed Description
A. Not exceeding US\$ 30	A. Not exceeding US\$ 30 (excluding smart phones)
B. Exceeding US\$ 30 but not exceeding US\$ 100	B. Exceeding US\$ 30 but not exceeding US\$ 100 (excluding smart phones)

## Eleventh Schedule Withholding Tax

The following modifications has been proposed as per Finance bill, 2020 to be inserted:

Existing Description	Proposed Description
The rates for withholding or deduction by the withholding agents "not applicable to goods and supplies specified at the end of the following Table"	The rates for withholding or deduction by the withholding agents are specified as below provided that withholding tax shall not be applicable to the goods and supplies specified vide clauses (i) to (viii) after the Table
<b>Serial No. 1 Column 3</b> Registered persons	<b>Serial No. 1 Column 3</b> Active Taxpayers
<b>Serial No. 2 Column 3</b> Person registered as a wholesaler, dealer or distributor	<b>Serial No. 2 Column 3</b> Active Taxpayer registered as a wholesaler, dealer or distributor
<b>Serial No. 3,4,5 and 6 Column 3</b> Unregistered persons	<b>Serial No. 3,4,5 and 6 Column 3</b> Persons other than Active Taxpayers

## SECTION (CLAUSE) SALES TAX SCHEDULES

Twelfth Schedule Withholding Tax

The following modifications has been proposed as per Finance bill, 2020 to be inserted:

Existing Description	Proposed Description
Procedure and conditions  (i) Raw materials and intermediary goods meant for use in an industrial process which are subject to customs duty at a rate less than 16% ad valorem under First Schedule to the Customs Act, 1969;	Procedure and conditions  (i) Raw materials and intermediary goods imported by a manufacturer for in-house consumption.

SECTION (CLAUSE)	THE FEDERAL EXCISE ACT, 2005
6	Adjustment of duties of excise
6(2AB)	The proposed new sub-section added seeks to empower the Board, by notification in the official Gazette, to impose restrictions on wastage of material on which input tax has been claimed in respect of the goods or class of goods.
14(C)	Power of tax authorities to modify orders, etc.  The proposed new section inserted titled 'Power of tax authorities to modify orders, etc.' seeks to empower the Commissioner or an officer of Inland Revenue, where the decision in respect of a question of law that has been decided by a High Court or the Appellate Tribunal in the case of a registered person, on or after first day of July 2005, to follow the said decision in the case of said taxpayer, in so far as it applies to said question of law arising in any assessment pending before the Commissioner or an officer of Inland Revenue, notwithstanding that taxpayer has preferred an appeal against the decision of the High Court or made an application for reference against the order of the Appellate Tribunal, as the case may be, until the decision of the High Court or of the Appellate Tribunal is reversed or modified.  In case the decision of High Court or the Appellate Tribunal is reversed or modified, the Commissioner or an officer of Inland Revenue may, notwithstanding the expiry of period of limitation prescribed for making any assessment or order, within a period of one year from the date of receipt of decision, modify the assessment or order in which the said decision was applied so that it conforms to the final decision.
26	Power to seize
26(1)	The proposed amendment seeks to include other dutiable goods on which duty of excise has not been paid in the manner as required under this Act and the rules made thereunder along with the counterfeited cigarettes or beverages which have been manufactured or produced unlawfully liable to seizure.
27	Confiscation of goods subject to Federal Excise Duty
27(2)	The proposed amendments seek to substitute the words "dutiable goods" with the expression "cigarettes, un-manufactured tobacco or beverages" wherever occurring in the sub-section thereby broadening the scope of sub-section to all the dutiable goods.
33	Appeals to Commissioner (Appeals)
33(1B)	The proposed new sub-section inserted seeks to prescribe the manner in which an appeal under Sub Section (1) is to be filed before the Commissioner (Appeals).
33(1C)	The proposed new sub-section inserted to prescribe the fees as mentioned in sub-section 1B as follows:  (a) in the case of an appeal against an assessment  (i) where the appellant is a company, Rs. 5,000 (ii) where the appellant is not a company, Rs. 2,500  (b) in any other case  (i) where appellant is a company, Rs. 5,000 (ii) where the appellant is not a company, Rs. 1,000



SECTION (CLAUSE)	THE FEDERAL EXCISE ACT, 2005
33(4)	The proposed new sub-section inserted seeks to restrain the Commissioner (Appeals) from admitting any documentary material or evidence which was not produced before the Officer Inland Revenue unless the Commissioner (Appeals) is satisfied that the appellant was prevented by sufficient cause from producing such material or evidence before the Officer Inland Revenue.
34	Appeals to the Appellate Tribunal
34(3)	The proposed new sub-section inserted seeks to empower the Appellate Tribunal to admit, hear and dispose of the appeal as per procedure laid down in sections 131 and 132 of the Income Tax Ordinance, 2001, and rules made thereunder.
38	Alternative Dispute Resolution
38	The amendments have been proposed in the mechanism and procedures related to constitution and proceedings of Alternate Dispute Resolution Committee.
42B	Selection for audit by the Board
42B(1A)	The proposed new sub-section inserted seeks to keep the parameters for selection of audit by the Board confidential.
46	Audit
46(10)	The proposed omission of sub-section seeks to remove the time period within which the audit of a registered person under this section shall be conducted thereby making it consistent with sub-section (1).
47	Service of notices and other documents
47(1)	The proposed amendment seeks to broaden the applicability of clause (d) of sub-section 1 by substituting the expression "limited companies, both public and private" with the words "registered person".
47(2)	The proposed amendment seeks to broaden the applicability of clause (d) by substituting the expression "limited companies, both public and private" with the words "registered person".
47AB	Real-time access to information and databases  The proposed new section inserted titled 'Real-time access to information and databases' seek to empower the Board to have real-time access of information and database in the prescribed form and manner by making arrangements as described in the section.
47AB(1)	The proposed sub-section seeks to describe the various authorities/bodies from which the Board have Real-time access to information and database in the prescribed form and manner. The said authorities and bodies include National Database and Registration Authority (NADRA), Federal Investigation Agency and the Bureau of Emigration and Overseas Employment, Islamabad Capital Territory and provincial and local land record and development authorities, Islamabad Capital Territory and provincial excise and taxation departments, all electricity suppliers and gas transmission and distribution companies and any other agency, authority, institution or organization notified by the Board in respect of various matters.
47AB(2)	The proposed sub-section seeks to empower the Board to make arrangements for laying the infrastructure for real-time access to information and database under sub-section (1).

SECTION (CLAUSE) THE FEDERAL EXCISE ACT, 2005

47AB(3) The proposed sub-section seeks to have the information and data base under sub-section (1) to be provided to the Board periodically in such form and manner as may be prescribed until arrangements under sub-section (2) are made.

47AB(4) The proposed sub-section seeks to keep the confidentiality of all information received under this section which shall only be used for tax purposes.

First Schedule

Table I Excisable goods Table I of the First Schedule of the Federal Excise Act, 2005 has been proposed to be restructured to add certain goods for the levy of excise duty and to revise the rate of excise duty on goods as follows:

S. No.	Description of Goods	Existing rate of excise duty	Proposed rate of excise duty
1	Caffeinated energy drinks	Nil	25% of the retail price
2	Cigars, cheroots, cigarillos and cigarettes of tobacco Cigarettes tobacco substitutes	65% Nil	100% 100%
3	E-liquids by whatsoever name called, for electric cigarette kits [New goods added as Serial No. 8a to the Table]	Nil	Rupees ten per ml
4	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers	Two rupees per kilogram	One rupee and seventy-five paise per kilogram
5	Imported double cabin (4x4) pick-up vehicles [New goods added as Serial No. 55C to the Table]	Nil	25% ad valorem
6	Locally manufactured double cabin (4x4) pick-up vehicles [New goods added as Serial No. 55D to the Table]	Nil	7.5% ad valorem
7	Filter rod for cigarettes	Rupee 0.75 per filter rod	Rupee one per filter rod

SECTION (CLAUSE)	CUSTOMS ACT, 1969
2(ai)	<p>Advance ruling</p> <p>The proposed amendment seeks to substitute the definition of advance ruling as follows:</p> <p>Advance ruling means a written decision by the Board or any officer or a committee authorized by Board, on the request of an applicant for determination of classification, origin or applicability of a particular relief or exemption on goods prior to their importation or exportation, valid for a specified period of time.</p>
2(s)	<p>Smuggle</p> <p>The proposed amendment seeks to include carrying, transporting, removing, depositing, harboring, keeping, concealing of smuggled goods in the definition of smuggle to make it more comprehensive.</p>
7	<p>Assistance to the officers of customs</p> <p>The proposed amendment seeks to empower and to legally bound Border Military Police (BMP) to assist the officers of customs in the discharge of their functions.</p>
17	<p>Detention, seizure and confiscation of goods imported in violation of section 15 or section 16</p> <p>The proposed insertion of proviso seeks to prescribe time limit for detention of goods that the period of detention shall not exceed fifteen days which may be extended by the Chief Collector or Director General for a period not exceeding fifteen days.</p>
19	<p>General power to exempt from customs-duties</p> <p>The proposed amendment seeks to extend the enforceability of all notifications issued on or after July 01, 2016, and placed before the National Assembly till June 30, 2021 if not earlier rescinded by the Federal Government or the National Assembly.</p>
19C	<p>Minimal duties not to be demanded</p> <p>The proposed amendment seeks to substitute the section with following:</p> <p>Where the value of imported goods does not exceed five thousand rupees, no duties and taxes shall be demanded, subject to conditions and restrictions as may be prescribed by the Board under the rules.</p>
21	<p>Power to deliver certain goods with-out payment of duty and to repay duty on certain goods</p> <p>The proposed amendment seeks to clarify that repayment of duty and taxes as levied under section 18 or 18A includes additional customs duty, regulatory duty or special customs duty, whatever the case may be which is paid on the importation of any goods which have been used in the production, manufacture, processing, repair or refitting in Pakistan of goods meant for exportation, or for supplies against international tenders or for supply to industrial units, projects, institutions, agencies and organizations, entitled to import the same at concessionary rates.</p>
27A	<p>Allowing mutilation or scrapping of goods</p> <p>The proposed insertion of proviso seeks to prescribe that the goods imported in new condition shall not be allowed scrapping and mutilation and shall be classified and chargeable to leviable duty and taxes as new goods.</p>

SECTION (CLAUSE)	CUSTOMS ACT, 1969
32A	Fiscal fraud
32A(1)(ca)	The proposed amendment seeks to insert new clause in sub-section (1) to make any person guilty of an offence under this section who declares value which is significantly higher or lower than the actual value, that is, the price actually paid or payable for the goods when sold for export to Pakistan, proceedings may be initiated under this section subject to conditions or limitations as may be prescribed by the Board under the rules.
32A(2)	The proposed insertion of proviso seeks to prescribe that an offence, having no revenue implication but covered under sub-section (1), shall also be served with show cause notice within a period of 180 days of detection of such fraud for penal action under the relevant provisions of law.
80	Checking of goods declaration by the Customs
80(3)	The proposed insertion of proviso seeks to prescribe that in case of reassessment of goods, a notice shall be served to the importer through Customs Computerized System and opportunity of hearing shall be provided, if he so desires.
139	Declaration by passenger or crew of baggage
139(2)	The proposed amendment seeks to prescribe that where any passenger or a member of the crew makes a false declaration or fails to make such declaration as required under sub-section (1), he shall be guilty of an offence under this Act.
139(3)	The proposed new subsection seeks to prescribe that where any person attempts to bring into or takes out of Pakistan, currency, gold, precious metals or stones, in any form, through concealment in baggage or circumventing customs controls at airports, sea-ports and land border custom-stations, he shall be guilty of an offence of smuggling within the meaning of clause (s) of section 2.
156	Punishment for offences
156(1)	The proposed amendment seeks to substitute S. No. 8(i) to rationalize the punishments for smuggling of goods in a cascading manner as follows:

S. No.	Offences	Penalties	Section of this Act to which offence has reference
8(i)	<p>where any goods be smuggled into or out of Pakistan:</p> <p>(a) if the value of the goods is from PKR 150,001 to 3,000,000 (both inclusive);</p> <p>(b) if the value of the goods is from PKR 3,000,001 to 5,000,000 (both inclusive);</p>	<p>such goods shall be liable to confiscation and any person concerned in the offence shall be liable to: a penalty not exceeding the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding two years;</p> <p>a penalty not exceeding two times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding three years:</p> <p>Provided that the sentence of the imprisonment shall not be less than two years.</p>	General

SECTION  
(CLAUSE)

CUSTOMS ACT, 1969

S. No.	Offences	Penalties	Section of this Act to which offence has reference
	(c) if the value of the goods is from PKR 5,000,001 to 7,500,000 (both inclusive);	a penalty not exceeding three times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding five years: Provided that the sentence of the imprisonment shall not be less than two and half years.	
	(d) if the value of the goods is from PKR 7,500,001 to 10,000,000 (both inclusive);	a penalty not exceeding four times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding ten years: Provided that the sentence of the imprisonment shall not be less than three years.	
	(e) if the value of the goods exceeds PKR 10,000,000;	a penalty not exceeding five times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding fourteen years: Provided that the sentence of the imprisonment shall not be less than five years and the whole or any part of his moveable and immoveable assets and property shall also be liable to forfeiture in accordance with section 187 of the Customs Act, 1969: Provided further that, in the case of such goods as may be notified by the Federal Government in the official Gazette, the sentence of imprisonment shall not be less than five years and the whole or any part of his property shall also be liable to forfeiture.	

156(1)

The proposed amendment seeks to substitute S. No. 8(iii) to specifically prescribe punishments for smuggling of currency, gold and other precious metals and stones in any form, with the intent of smuggling as follows:

8(iii)	If the smuggled or prohibited goods comprise currency, gold, silver, platinum or precious stones in any form: (a) if the value of the currency or goods is upto US \$ 10,000 or equivalent in value (currency of other denomination) etc;  (b) if the value of the currency or goods is from US \$ 10,001 to US \$ 20,000 (both inclusive) or equivalent in value (currency of other denomination) etc;	such currency or goods shall be liable to confiscation and any person concerned in the offence shall be liable to:  a penalty not exceeding the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding two years;  a penalty not exceeding two times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding three years: Provided that the sentence of the imprisonment shall not be less than two years.	General
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SECTION  
(CLAUSE)

CUSTOMS ACT, 1969

SECTION (CLAUSE)	S. No.	Offences	Penalties	Section of this Act to which offence has reference
		(c) If value of the currency or goods is from US \$ 20,001 to US \$ 50,000 (both inclusive) or equivalent in value (currency of other denomination) etc;	a penalty not exceeding three times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding five years: Provided that the sentence of the imprisonment shall not be less than two and half years.	
		(d) if the value of the currency or goods is from US \$ 50,001 to US \$ 100,000 (both inclusive) or equivalent in value (currency of other denomination) etc;	a penalty not exceeding four times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding ten years: Provided that the sentence of the imprisonment shall not be less than three years.	
		(e) if the value of the currency or goods exceeds US \$ 100,000 or equivalent in value (currency of other denomination) etc;	a penalty not exceeding five times the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding fourteen years: Provided that the sentence of the imprisonment shall not be less than five years and the whole or any part of his moveable and immoveable assets and property shall also be liable to forfeiture in accordance with section 187 of the Customs Act, 1969.	
156(1)		The proposed amendment seeks to omit S. No. 8(iv) of section 156(1) being superfluous after amendment in S. No. 8(iii) of section 156(1).		
179		Power of adjudication		
179(3)		The proposed insertion of proviso seeks to reduce the time limit for adjudicating cases of smuggling under section 2(s) from ninety days to thirty days. Now such cases shall be decided within a period of thirty days of the issuance of show cause notice.		
		The proposed amendment also seeks to insert the word "further" in the existing proviso to sub-section (3) of section 179 to make the expression in conformity with the legal terminology.		
187		Burden of proof as to lawful authority etc.		
		The proposed insertion of proviso seeks to prescribe that any person, alleged to have committed an offence under this Act, shall bear the burden of proof that any property owned by him in his name or someone else name was not acquired from the proceeds of such crime.		
		The proposed insertion of proviso seeks to further prescribe that the procedure for forfeiture of such property shall be prescribed by the Board under the rules.		
194B		Orders of Appellate Tribunal		

SECTION (CLAUSE) 194B(1)	CUSTOMS ACT, 1969  The proposed insertion of proviso seeks to reduce the time for deciding appeals in cases of smuggling under section 2(s) from sixty days to thirty days for their expeditious disposal. Now such appeals shall be decided within a period of thirty days.
195C	Alternative dispute resolution (ADR)
195C(2)(c)	The proposed substitution seek to prescribe a person for nomination as member of ADR Committee by the Board from a panel mentioned in clause (b) of Section 195C(2).
195C(3)	The proposed substitution of sub-section seeks to prescribe regarding intimation of appointment of ADR Committee that the Board shall communicate the order of appointment of committee to the court of law or the appellate authority and the Collector.
195C(4)	The proposed amendment seeks to omit sub-section (4) being superfluous after the substitution of sub-section (3) of section 195C.
195C(5)	The proposed amendment seeks to omit proviso to sub-section (5) of section 195C being superfluous after the substitution of sub-section (3) of section 195C.
195C(6)	The proposed amendment seeks to prescribe that the recovery of duties and taxes payable by the applicant in connection with any dispute for which ADR committee has been appointed under sub-section (2) of Section 195C shall be deemed to have been stayed from the date of appointment of the committee up to the date of decision of committee or its dissolution, as the case may be.
195C(7)	The proposed substitution seeks to prescribe that the decision of the committee under sub-section (5) shall be binding on the Collector when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority and has communicated the order of withdrawal to the Collector. However, if the order of withdrawal is not communicated to the Collector within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Collector.
195C(8)	The bill proposes to amend sub-section (8) of section 195C to align the same with other amendments in the section.
201	Procedure for sale of goods and application of sale proceeds
201(3)	The proposed insertion of proviso seeks to restrict the share of importer in sale proceeds of goods to the declared value of the goods in case where goods declaration has been filed.
212A	Authorized economic operator programme
212A(3)	The proposed insertion of new sub-section seeks to prescribe that the Board may, subject to such conditions, limitations or restrictions as it thinks fit to impose, grant benefits to the authorized economic operators, in such manner as may be provided under the rules made, including: <ul style="list-style-type: none"> <li>(a) laying down any procedure or mode for collection of customs duties, fee, surcharge, penalty or any other levy under this Act or any other law;</li> <li>(b) deferring collection of customs duties, fee, surcharge, penalty or any other levy either in whole or in part;</li> <li>(c) condoning or substituting whole or part of the bank guarantee or pay order of a scheduled bank required under this Act with any other financial instrument as deemed appropriate.</li> </ul>

SECTION (CLAUSE)	CUSTOMS ACT, 1969
212B	<p>Advance ruling</p> <p>The proposed insertion of new section 212B seeks to define the scope advance ruling as follow:</p> <p>(1) An applicant desirous of advance ruling shall make an application in such form and in such manner as may be prescribed under the rules, stating any of the questions as contained in sub-section (2), on which the advance ruling is sought.</p> <p>(2) The question on which advance ruling is sought shall be in respect of:</p> <ul style="list-style-type: none"> <li>(i) classification of goods under First Schedule to this Act;</li> <li>(ii) determination of origin of the goods under the rules of origin notified for bilateral and multilateral agreements;</li> <li>(iii) applicability of notifications issued in respect of duties under this Act or any tax or duty chargeable under any other law for the time being in force in the same manner as duty of customs leviable under this Act; or</li> <li>(iv) any other matter as the Board may specify by notification in the official Gazette.</li> </ul> <p>(3) The advance ruling issued under sub-section (1) shall be binding on the applicant.</p> <p>(4) The advance ruling issued under sub-section (1) shall be binding on the customs collectorates for the period specified by the Board in the rules, unless there is a change in law or facts or circumstances on the basis of which the advance ruling was pronounced.</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

1. Exemption of additional custom duties (CDs) on those tariff lines which are now @ 0% custom duty (CD) in tariff.
2. Reduction in CD on 40 raw materials of various industries.
3. Tariff rationalization under National Tariff Policy 2019, by reducing CD on 90 tariff lines from 11% to 3% and 0%.
4. Allowing the exemption on import of raw material to those Nashiran-e-Quran also who do not have their own in-house printing facility.
5. Reduction in regulatory duty from 12.5% and 17.5% to 6% and 11%, respectively on Hot Rolled Coils (HRC) of Iron and steel falling under PCT codes 7208 and 7225& 7226, respectively.
6. Reduction of CDs on import of raw materials by manufacturers of Butyl Acetate.
7. Exemption of CD on import of raw material by manufacturer of syringes and saline infusion sets.
8. Exemption of CDs on import of raw material by manufacturers of buttons.
9. Reduction in CD on import of raw material by manufacturers of interlining/buckram.
10. Reduction in CD and additional CD and regulatory duty on import of raw materials by manufacturers of Wire rod
11. Exemption of CDs and regulatory duty on import of machinery, equipment and other project related items for setting up of internet cable landing stations.
12. Exemption of CDs on import of raw material by beverage can manufacturers.
13. Reduction in CD and exemption from additional CD on import of raw material by food packaging industry.

#### Relief to Common Man

1. Exemption from CDs on import of 61 COVID-19 related items, which was due to expire on 20th June has been extended due to the continuation of pandemic.
2. Exemption from 2% ACD on import of edible oils and oil seeds under PM's COVID-19 Relief Package has been extended.
3. Exemption of duties and taxes on import of Dietetic Foods for Children with inherited metabolic disorders.
4. Exemption of all duties and taxes on import of Diagnostic Kits for Cancer and Corona Virus.
5. Exemption of CDs on inputs of Ready to use Supplementary Foods (RUSF).
6. Exemption of CDs on import of life saving drug Meglumine Antimonite for treatment of leishmaniasis.



7. Extension up to 2023, in exemption of CDs on imports of plant and machinery for setting up new industries in erstwhile FATA area.

#### Miscellaneous

1. Reduction in regulatory duty on smuggling prone items to bring these items under legal imports
2. Regulatory duty on several industrial inputs is also being reduced to decrease their cost of doing business
3. Tariff protection for domestic industry by increasing/levy of regulatory duty on import of those items which are also locally manufactured
4. Incentivizing soap manufacturing industry by reducing rate of Additional CD on Palm Stearin
5. Enhancing scope of concessions available to Special Economic Zones

## INFORMATION ABOUT WITHHOLDING TAXES

## APPENDIX – I

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
148	(i) 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(3A)	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(3B)	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
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	

Rate of tax of Salaried Individual		
	Taxable Income	Rate of Tax
149	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
	Where taxable income exceeds Rs. 75,000,000	Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000
	Rate of tax of AOP	
	Taxable Income	Rate of Tax
Part 1 Division 1 of First Schedule	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/COLLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
150	Payments of dividend declared / distributed by:		Every person paying dividend	Final
	(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		
	(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:		Every person paying dividend	Final
	a) In case the Sukuk- holder is a company,	25		
	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	Payment of profit / yield to resident in respect of following after deducting zakat thereon:		Payer of the profit or yield	Minimum Tax on the profits on debt arising to a taxpayer except where, (a) Tax payer is a Company (b) Profit on debt is taxable under section 7B
	<ul style="list-style-type: none"> <li>Deposit or account maintained with banking company or financial institution by:</li> </ul>	15		
	<ul style="list-style-type: none"> <li>Person having profit / yield payment is Rs. 500,000 or less</li> </ul>	10		
	<ul style="list-style-type: none"> <li>Yield on National Saving Schemes and Post Office Saving Account by:</li> </ul>	10		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
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 exporter or an export house	Minimum Tax
	• Sales of good in case of other than 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 inspection and certification, testing and training services	3		
	• Other than transport services in case of Company	8		
	• Other than transport services in any other case	10		
	• Execution of contract i) In the case of companies ii) In the case other taxpayers iii) In the case of Sportsperson	7 7 10		
	152 (1A)	• Royalty		
• Fees for technical services		15		
• Fee for offshore digital services		5		
• Shipping income		8		
• Air Transport income		3		
• Contract or sub contract under a construction, assembly or installation project		6		
• Advertisement services rendered by T.V. Satellite Channel		6		
• Advertisement services relaying from outside Pakistan		10		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	<ul style="list-style-type: none"> <li>Any other contract for construction or services</li> </ul>	6		
	<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	Payments to resident person or permanent establishment of non-resident person on account of:		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>Supplies made by distributors of fast-moving consumer goods                             <ul style="list-style-type: none"> <li>➤ In the case of companies</li> <li>➤ In the case of other than company</li> </ul> </li> </ul>	2		
		2.5		
	<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		
	<ul style="list-style-type: none"> <li>Rice, cotton seed oil and edible oil other than mentioned below</li> </ul>	1.5		
	<ul style="list-style-type: none"> <li>Payment to electronic and print media for advertising services</li> </ul>	1.5		
	<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> </ul> </li> </ul>	8		
		10		
	<ul style="list-style-type: none"> <li>➤ Rendering of or providing of stitching, dyeing, printing, embroidery, washing, sizing and weaving</li> </ul>	1		
<ul style="list-style-type: none"> <li>➤ Transport services, Freight forwarding services, air cargo services, courier 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.</li> </ul>	3			
			Minimum Tax  Adjustable for manufacturer company or listed companies	

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLLECTING 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 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:			Final
	<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> </ul>	1	Authorized Dealer in foreign exchange, Collector of Customs and Banking Company	
	<ul style="list-style-type: none"> <li>Exports of goods by an industrial undertaking located in the export processing zones.</li> </ul>	1	EPZ authority established under the EPZ authority Ordinance, 1980.	
	<ul style="list-style-type: none"> <li>Payment for firm contract to an indirect exporter.</li> </ul>	1	Direct exporter and an export house registered under the Duty and Tax Remission for Export Rules 2001.	
	<ul style="list-style-type: none"> <li>Indenting commission</li> </ul>	5	Authorized Dealer in foreign exchange.	
155	<ul style="list-style-type: none"> <li>Payment of rent (including advance) on immovable property,</li> </ul>	5% to 35% in accordance with slab rates as specified in Division V Part III of First Schedule	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.	Adjustable
	<ul style="list-style-type: none"> <li>Payment of rent on immovable property (In case of company)</li> </ul>	15	Paid by the company	

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
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
	<ul style="list-style-type: none"> <li>Advertising Agents</li> </ul>	10		
	<ul style="list-style-type: none"> <li>Life Insurance Agents where commission received is less than Rs. 0.5 million per annum</li> </ul>	8		
	<ul style="list-style-type: none"> <li>Person not covered in Advertising and Life Insurance Agents above</li> </ul>	12		
233A	On purchase or sale of shares	0.02	Registered Stock Exchange	Adjustable
233AA	On margin financing in shares business or on providing of any margin financing, margin trading or securities lending under Securities (Leveraged Markets and Pledging) Rules, 2011 in share business	10% of profit or mark-up or interest earned by the member, margin financier or securities lender	National Clearing Company Pakistan Limited	Adjustable
234	On collection of motor vehicle tax of:		Person collecting motor vehicle tax	Adjustable
	<ul style="list-style-type: none"> <li>Passenger transport vehicle with registered seating capacity of 4 to 10 persons</li> </ul>	per seat per annum Rs. 50		
	<ul style="list-style-type: none"> <li>Passenger transport vehicle with registered seating capacity of 10 to 20 persons</li> </ul>	Rs. 100		
	<ul style="list-style-type: none"> <li>Passenger transport vehicle with registered seating capacity of 20 or more</li> </ul>	Rs. 300		



SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	<ul style="list-style-type: none"> <li>Goods transport vehicle.</li> </ul>	per kilogram of the laden weight per annum Rs. 2.50		
	<ul style="list-style-type: none"> <li>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.</li> </ul>	Rs. 1,200 per annum		
	<ul style="list-style-type: none"> <li>Other private motor vehicle.</li> </ul>	Rs. 800 to 10,000		
	<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
234A	<ul style="list-style-type: none"> <li>In the case of a compressed natural gas station</li> </ul>	4	Person preparing Gas Consumption bills	Minimum Tax
235	On collection of amounts of electricity bill: <ul style="list-style-type: none"> <li>Where the amount of electricity bill is exceeding Rs 400 but does not exceed Rs 20,000</li> </ul>	Rs. 80 to 1,500 per month	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 bill exceeds Rs 20,000                             <ol style="list-style-type: none"> <li>For commercial consumers</li> <li>For industrial consumers</li> </ol> </li> </ul>	12 5		
235A	On collection of amounts of electricity bill of: <ul style="list-style-type: none"> <li>Domestic consumer having monthly bill of less than Rs. 75,000</li> <li>Domestic consumer having monthly bill of Rs. 75,000 or more</li> </ul>	0 7.5	Person preparing electricity consumption bill	Adjustable
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: <ul style="list-style-type: none"> <li>Telephone subscriber (bill exceeds Rs. 1,000)</li> </ul>	10	Person preparing telephone bills	Adjustable

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
	<ul style="list-style-type: none"> <li>subscriber of internet, mobile telephone and pre-paid internet or telephone card</li> </ul>	12.5		
236A	<ul style="list-style-type: none"> <li>On the sale by public auction or auction by tender</li> <li>In case of immovable property sold by auction</li> </ul>	10 5	Any person making sale by public auction or auction by tender	Adjustable
236B	Domestic air tickets	5	Airline issuing air tickets	Adjustable
236C	On sale or transfer of immovable property for:	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.
236G	<ul style="list-style-type: none"> <li>Sales to distributors, dealers and wholesalers Fertilizers</li> <li>Other than fertilizer</li> </ul>	0.7 0.1	Every manufacturer or commercial importer of 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 <ul style="list-style-type: none"> <li>Electronic</li> <li>Others</li> </ul>	1 0.5	Every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector	Adjustable
236HA	Advance tax on sale of certain petroleum products	0.5	Every person selling petroleum products to a petrol pump operator or distributor	Final
236I	Fee paid to an educational institution Where annual fee exceeds Rs 200,000	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	On purchase or transfer of immovable property	1% Fair Market value of Immovable Property	Any person responsible for registering or attesting transfer of any immovable property	Adjustable
236L	On purchase of international air ticket (one-way or return) issued from Pakistan on: <ul style="list-style-type: none"> <li>➤ First Executive Class</li> <li>➤ Other excluding Economy</li> <li>➤ Economy</li> </ul>	Rs. 16,000 per person Rs. 12,000 per person Rs. 0	Every airline issuing ticket for journey originating from Pakistan	Adjustable
236Q	On use or right to use industrial, commercial and scientific equipment	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
236S	Payments of dividend declared / distributed by: <ul style="list-style-type: none"> <li>• Purchaser of a power project privatized by WAPDA</li> </ul>	7.5	Every person paying dividend	Final
	<ul style="list-style-type: none"> <li>• Company set up for power generation</li> </ul>	7.5		
	<ul style="list-style-type: none"> <li>• Company supplying coal exclusively to power generation projects</li> </ul>	7.5		
	<ul style="list-style-type: none"> <li>• Any other</li> </ul>	12.5		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	<ul style="list-style-type: none"> <li>• Dividend received from a Stock Fund by:                             <ul style="list-style-type: none"> <li>➤ Individual</li> <li>➤ Company</li> <li>➤ AOP</li> </ul> </li> </ul>	12.5	Collective Investment Scheme REIT Scheme or mutual fund	
	<ul style="list-style-type: none"> <li>• Dividend from Stock fund is less than capital gains</li> <li>• Dividend received from Money Market Fund, Income Fund or any other fund by:                             <ul style="list-style-type: none"> <li>➤ Individual</li> <li>➤ Company</li> <li>➤ AOP</li> </ul> </li> </ul>	12.5	Collective Investment Scheme REIT Scheme or mutual fund	
		12.5 25 12.5		
	<ul style="list-style-type: none"> <li>• Dividend received by an individual from Renal REIT Scheme</li> </ul>	7.5	Collective Investment Rental REIT Scheme	
236V	On Advance Tax extraction of Minerals	5	Provincial Authorities	Adjustable
236X	Advance tax on tobacco	5% of purchase value	Pakistan Tobacco Board	Adjustable
236Y	Advance tax on amount remitted abroad through credit, debit or prepaid cards	1	Every Banking Company	Adjustable

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