



**FINANCE SUPPLEMENTARY
(SECOND AMENDMENT) ACT, 2019**

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



**Finance Supplementary
(Second Amendment) Act, 2019**

This amendment 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>.

Clients are advised to consult the actual text of the Act while interpreting the specific provisions and to consult our tax department for clear advice on specific issues.

BDO EBRAHIM & CO.
Dated: March 11, 2019

CONTENTS

SUBJECT	PAGES
The Income Tax Ordinance, 2001	01 - 06
The Sales Tax Act, 1990	07 - 10
The Customs Act, 1969	11 - 15
The Federal Excess Act, 2005	16 - 17

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
4B	Super Tax for Rehabilitation of Temporarily Displaced Person
(1)	The Supplementary Second Amendment Act 2019 (The Act) has approved further amendment in Section 4B by extending the period of this tax to future years. Prior to this approval the levy of this tax was applicable till 2020 only.
5A	Tax on undistributed profits
(1)	The Act has approved and restricted the chargeability of tax on undistributed profits of public companies (excluding schedule Banks and Modarabas) for the tax years 2017 to 2019 and not thereafter.
37A	Capital gain on disposal of securities
(5)	The Act has approved and restricted the facility to carry forward of loss sustained on disposal of securities upto three years immediately succeeding the tax year for which the loss was first computed. Before approval of this act the facility of carry forward of losses was for indefinite period.
49	Federal Government, Provincial Government and Local Government income
(4)	The Act has approved insertion in section 49, after sub-section (4), in the proviso, after the words "licenses" the words "and renewal thereof" shall be inserted. Presently, income from sale of spectrum licenses by PTA is treated as income of the Federal Government, The Act now provides that in addition to the above income from renewal thereof shall also be treated as income of the Federal Government, having exempt from tax.
99B	Special procedure for small traders and shop keepers
	The Act has approved insertion of new section which provides that Federal Government may by notification in the official gazette, prescribe special procedures for scope and payment of tax, filing of return and assessment in respect of such small traders and shopkeepers, in such cities or territories as is specified.
123	Provisional assessment in certain cases
(1A)	The Act has approved insertion of new section in the Ordinance which empowers the Commissioner to make a provisional assessment for a person in respect of offshore assets not declared which are discovered by the Commissioner or any department or agency of the Federal or Provincial Governments. The provisional assessment order is to be issued before issue of assessment order under section 121 or amended assessment order under section 122 and is to be issued for the last completed tax year of the person taking into account the offshore asset discovered.
148	Imports
(8)(a)	The Act has approved amendment to this section which seeks to make the tax paid at the time of import of goods which are sold in the same condition as when imported to be the final tax on the income earned from these sales.
165	Statements
(1)	The Act has approved the amendments to this section which seek to make the filing of withholding statements to be biannual instead of monthly.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
(2)	<p>The Act has approved the amendments to this section to provide for the timeline for filing of biannual withholding tax statements as follows:</p> <ul style="list-style-type: none"> • Half year ending June 30 to be filed by July 31 • Half year ending December 31 to be filed by January 31.
(2B)	<p>The Act has approved insertion of new sub-section in the Ordinance which seek to empower the Commissioner to call for withholding tax statements for any period and within any such time as the notice requires.</p>
227C	<p>Restrictions on purchase of certain assets</p>
	<p>The Act has approved the amendment to this section which seek to allow non-filers to purchase locally manufactured motor vehicle having engine capacity not exceeding 1300 cc; locally manufactured motorcycle, motorcycle-rickshaw and rickshaw; locally manufactured tractor.</p> <p>The Act has approved the amendment which seeks to allow purchase of vehicles by non-filers who are non- resident Pakistanis having foreign passports.</p>
230E	<p>Directorate General of International Tax Operations</p>
	<p>The Act has now substituted the Directorate General of Transfer Pricing with the Directorate General of International Tax Operations with following features:</p> <ul style="list-style-type: none"> • The Directorate General of International Tax Operations shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other Officers as the Board may notify. • The functions and jurisdiction of the Directorate General and its Officers shall be notified by the Board who may confer them the powers of income tax authorities as well. • The functions and powers of the Directorate General of International Tax Operations shall include but not limited to- <ul style="list-style-type: none"> ➤ Receive and send information from other jurisdictions under spontaneous, automatic and on demand exchange of information under exchange of information agreements; ➤ Levy and recover tax by passing an assessment order under section 123(1A) in case of undeclared off-shore assets and incomes; ➤ Receive, transmit and exchange country by country reports to the jurisdictions that are parties to international agreements with Pakistan and ➤ Conduct transfer pricing audit in cases selected for such audit by the Director General of International Tax Operations. <p>The establishment of this office may result in concurrent powers over transfer pricing audits under this section and under section 177.</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001																					
233A	Collection of tax by a stock exchange registered in Pakistan																					
(3)	The Act has removed the requirement for collection of withholding tax from members of stock exchange on their commission with effect from March 1, 2019.																					
First Schedule	Part I – Rates of tax																					
Division IIA	<p>The Bill seeks to change the super tax rates as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Tax Year</th> <th>Present</th> <th>Amended</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Banking companies</td> <td>2018</td> <td>0%</td> <td>4%</td> </tr> <tr> <td>2019</td> <td>4%</td> <td>No change</td> </tr> <tr> <td>2020</td> <td>3%</td> <td>4%</td> </tr> <tr> <td>2021</td> <td>2%</td> <td>4%</td> </tr> <tr> <td>Person other than a</td> <td>2020</td> <td>1%</td> <td>0%</td> </tr> </tbody> </table> <p>Banking companies</p> <p>There is no guidance on how tax is to be paid for Tax Year 2018 as the Banks have already filed their returns and paid their taxes for Tax Year 2018.</p> <p>The Act approved to abolish the super tax on persons other than banking company, having income equal to or exceeding Rs 500 million from Tax Year 2020 onwards.</p>		Tax Year	Present	Amended	Banking companies	2018	0%	4%	2019	4%	No change	2020	3%	4%	2021	2%	4%	Person other than a	2020	1%	0%
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First Schedule	Part II Rates of Advance Tax																					
	<p>The Act has approved insertion of second proviso in Part-II of First schedule of the Ordinance to provide for new rates of tax on import of mobile phones as follows:</p> <table border="1"> <thead> <tr> <th>C&F value of mobile phones in Dollars</th> <th>Tax in Rupees</th> </tr> </thead> <tbody> <tr> <td>Up to 30</td> <td>70</td> </tr> <tr> <td>Exceeding 30 and up to 100</td> <td>730</td> </tr> <tr> <td>Exceeding 100 and up to 200</td> <td>930</td> </tr> <tr> <td>Exceeding 200 and up to 350</td> <td>970</td> </tr> <tr> <td>Exceeding 350 and up to 500</td> <td>3,000</td> </tr> <tr> <td>Exceeding 500</td> <td>5,200</td> </tr> </tbody> </table>	C&F value of mobile phones in Dollars	Tax in Rupees	Up to 30	70	Exceeding 30 and up to 100	730	Exceeding 100 and up to 200	930	Exceeding 200 and up to 350	970	Exceeding 350 and up to 500	3,000	Exceeding 500	5,200							
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First Schedule	Part IV Deduction or collection of advance tax																					
Division VI	The Act has approved the amendment which seeks to withdraw the requirement to collect tax at source at 0.3% from filers at the time of withdrawal of cash.																					

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001																																	
Division VIA	The Act has approved the amendment which seeks to withdraw the requirement to collect tax at 0.3% from filers at the time of issue of banking instruments.																																	
Division VII	<p>The Act has approved the amendment which seeks to increase the amount of tax to be collected from non-filers at the time of registration of cars to as follows:</p> <table border="1"> <thead> <tr> <th>Engine capacity</th> <th>Present</th> <th>Amended</th> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;">In rupees</td> </tr> </thead> <tbody> <tr> <td>Up to 850 cc</td> <td>10,000</td> <td>15,000</td> </tr> <tr> <td>851 cc to 1000 cc</td> <td>25,000</td> <td>37,500</td> </tr> <tr> <td>1001 cc to 1300 cc</td> <td>40,000</td> <td>60,000</td> </tr> <tr> <td>1301 cc to 1600 cc</td> <td>100,000</td> <td>150,000</td> </tr> <tr> <td>1601 cc to 1800 cc</td> <td>150,000</td> <td>225,000</td> </tr> <tr> <td>1801 cc to 2000 cc</td> <td>200,000</td> <td>300,000</td> </tr> <tr> <td>2001 cc to 2500 cc</td> <td>300,000</td> <td>450,000</td> </tr> <tr> <td>2501 cc to 3000 cc</td> <td>400,000</td> <td>600,000</td> </tr> <tr> <td>Above 3000 cc</td> <td>450,000</td> <td>675,000</td> </tr> </tbody> </table>	Engine capacity	Present	Amended		In rupees		Up to 850 cc	10,000	15,000	851 cc to 1000 cc	25,000	37,500	1001 cc to 1300 cc	40,000	60,000	1301 cc to 1600 cc	100,000	150,000	1601 cc to 1800 cc	150,000	225,000	1801 cc to 2000 cc	200,000	300,000	2001 cc to 2500 cc	300,000	450,000	2501 cc to 3000 cc	400,000	600,000	Above 3000 cc	450,000	675,000
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Division XI	The Act has approved the amendment which seeks to reduce the tax on booking of smaller marriage halls to 5% of the bill ad valorem or Rs 5,000 whichever is higher.																																	
Second Schedule	Part I: Exemption and tax concessions																																	
(66)	<p>The Act has approved the amendment which seeks to exempt the income of following institutions from charge of income tax:</p> <ul style="list-style-type: none"> • National Disaster Risk Management Fund • Deposit Protection Corporation • Sarmaya-e-Pakistan Limited 																																	
(103C)	Exemptions for Inter Corporate Dividends																																	
	The Act has approved insertion of new clause which has reduced the exemption on inter-corporate dividend in case of companies availing Group Relief in proportion to the percentage of ordinary shareholding of the recipient in the distributing company.																																	
(126L)	The Act has approved the amendment which seeks to enhance and extend exemption from tax on profit and gains to manufacturers of plant and machinery and equipment for dedicated use of renewable generation set up between March 1, 2019 and June 30, 2023 for 5 years.																																	
(126O)	Exemption of profit and gains derived by the Green Field Industrial Undertakings																																	
	The Act has approved insertion of new clause that grants exemption to profits and gains of a green field industrial undertaking incorporated on or after 1st day of July 2019 provided that it is not formed by the splitting up or reconstruction of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan before the commencement of the new business.																																	

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Second Schedule	Part IV: Exemptions from specific provisions
(11A)	The Act has approved the amendment which seeks to grant exemption to following institutions: <ul style="list-style-type: none"> • National Disaster Risk Management • Deposit Protection Corporation • Sarmaya-e-Pakistan Limited • Green Field Industrial
(36B)	The Act has approved the amendment which seeks to grant exemption from withholding of taxes under section 151 of the Ordinance to: <p>Promisory notes and sales tax refund bonds issued under Sales Tax Act, 1990</p>
(36C)	The Act has approved the amendment which seeks to grant exemption from withholding of taxes under section 151 of the Ordinance to: <p>Pakistan Banao Certificates</p>
(36D)	The Act has approved the amendment which seeks to grant exemption from withholding of taxes under section 150 on payment of dividend and section 151 on profit on debt to SARMAYA-E-PAKISTAN LIMITED
(36E)	The Act has approved the amendment which seeks to grant exemption from withholding of taxes under section 151 of the Ordinance to: <p>Bonds issued by Federal Government Duty Drawback Bonds Rules, 2019.</p>
(38D)	The Act has approved the amendment which seeks to grant exemption to National Disaster Risk Management from provisions relating to withholding tax.
(60D)	The Act has approved the exemption from collection of tax under section 148 of the ordinance on imports of firefighting equipment by industrial undertaking set up in the special economic zones established by Federal Government.
(81A)	The Act has approved insertion of new clause to grant exemption to banking companies with respect to filing of withholding tax statements relating to withholding tax on profit on debt and cash withdrawals.
(95A)	The Act has approved insertion of new clause to grant exemption to profit arising from auction of franchising rights to participating teams in a national or international league organized by any Board or other organization established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by the Government with effect from July 1, 2019.
(101A)	The Act has approved insertion of new clause to grant exemption of withholding tax under section 231A from withdrawal of cash in bank accounts in which deposits are made solely from foreign remittances credited directly into such accounts.
(111)	The Act has excluded taxable income of banking company that is subjected to reduced rate of tax under newly inserted rules 7D, 7E and 7F to the Seventh Schedule for four (04) years (from Tax Year 2020 to Tax Year 2023) for payment of super tax under section 4B.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Seventh Schedule	Rules for the computation of the profits and gains of a banking company and tax payable thereon
Rule 7D	The Act has approved insertion of new clause to provide for a reduced rate of tax on income from additional advances to micro, small and medium enterprises (as defined in the Prudential Regulations issued by State Bank of Pakistan) provided details of these advances along with gross and net margin earned is filed. The reduced rate is 20% and the reduced rate is available for tax years 2020 to 2023. The term additional is to be measured against the average advances for this sector in tax year 2019.
Rule 7E	The Act has approved insertion of new clause to provide for a reduced rate of tax on income from additional advances for low cost housing (as defined in the Prudential Regulations of State Bank of Pakistan) provided details of these advances along with gross and net margin earned is filed. The reduced rate is 20% and the reduced rate is available for tax years 2020 to 2023. The term additional is to be measured against the advances for this sector in tax year 2019.
Rule 7F	The Act has approved insertion of new clause to provide for a reduced rate of tax on income from additional advances for farm credit in Pakistan (as defined in the Prudential Regulations of State Bank of Pakistan for Agriculture Financing excluding advances to a company) provided details of these advances along with gross and net margin earned is filed. The reduced rate is 20% and the reduced rate is available for tax years 2020 to 2023. The term additional is to be measured against the advances for this sector in tax year 2019.

**SECTION
(CLAUSE)** **SALES TAX ACT, 1990****Section 2(11A)** **FBR Refund Settlement Company (Private) Limited**

The Act has approved change of clause no 2(11A) to 2(11B) and inserted new clause with same title 2(11A).

According to new section 2(11A) a new company has been formed under the title of 'FBR Refund Settlement Company (Private) Limited' for the purpose of settlement of sales tax and income tax refund claims including the payment by way of refund bonds under section 67A.

Section 67A **Payment of refund through Promissory Notes**

The Act has approved insertion of new clause for sales tax refunds may be payable through promissory notes instead of paying sales tax refunds through cheques or electronic advice to State Bank of Pakistan for claimants who opt for payment in such manner.

1. **Application.** This Schedule applies to the sales tax refund promissory notes to be issued in lieu of payable refunds as provided in section 67A
2. **Definitions.** In this Schedule, unless there is anything repugnant in the subject or context: -
 - (1) "note" or "promissory note" means sales tax refund promissory note; and
 - (2) "promissory note office" or "note office" means an office established in the Board for issuance, registration, transfer, reissuance, redemption and handling other matters in relation to the notes.
3. **Issuance and printing.**
 - (1) The promissory notes shall be issued by the Note Office in lieu of sales tax refunds as found admissible under the Sales Tax Act, 1990, to the refund claimants.
 - (2) The notes shall be printed by Pakistan Security Printing Corporation with security features and in the form as the Board may determine.
4. **Features of promissory notes.**
 - (1) The maturity period of the promissory notes shall be three years from the date of issuance.
 - (2) The promissory notes shall be issued in multiples of one hundred thousand Rupees.
 - (3) The promissory notes shall bear annual simple profit at ten per cent and shall be redeemable after the period of maturity.
 - (4) The promissory notes shall be redeemable before maturity only at the option of the Board along with simple profit payable at the time of redemption.
 - (5) The promissory notes shall be traded freely in the country's secondary markets.
 - (6) The promissory notes shall be approved security for calculating the statutory liquidity reserve.
 - (7) The promissory notes shall be accepted by the banks as collateral.
 - (8) There shall be no compulsory deduction of Zakat against the promissory notes and sahib-e-nisab may pay Zakat voluntarily according to Shariah.

SECTION
(CLAUSE)

SALES TAX ACT, 1990

5. **Transfer of notes.**

The notes shall be transferable only in the manner provided hereunder: -

- (a) It shall be transferable by endorsement and delivery like a promissory note payable to order;
- (b) no endorsement of a note shall be valid unless made by the signature of the holder or his duly constituted attorney or representative inscribed on the back of the note itself;
- (c) no writing on a note shall be valid for the purpose of negotiation if such writing purports to transfer only a part of the amount denominated by the note;
- (d) the note office may decline to accept a note endorsed in blank for any purpose unless the endorsement in blank is converted into that in full before presentation.

6. **Payment on redemption.**

- (1) When a note becomes due for payment, the Company shall return the promissory note to the Board and the Board shall make the payment of amount due under the bonds along with profit due to the bond holder it shall be presented at the note office by the holder.
- (2) On redemption, the profit on the notes shall be paid along with the face value, in the form of a crossed cheque drawn on the State Bank of Pakistan.
- (3) The cheque shall be signed by the incharge of note office and another signatory as appointed by the Board.
- (4) The principal amount along with the profit shall be debited to the revenue account "B02368-Sales Tax Refund".

7. **Procedure when a note is lost etc.**

- (1) The procedure to be followed for the issue of a duplicate note in place of a note which is claimed to have been lost, stolen, destroyed, mutilated or defaced either wholly or in part, shall, mutatis mutandis, be the same as laid out in respect of the promissory note in the Public Debt Rules, 1946.
- (2) In case of an executant being unable to write, the procedure as provided in the Public Debt Rules, 1946, shall be followed.
- (3)

Sixth Schedule
(Table -1)

Exemptions under Sixth Schedule

The Act has approved the amendment of the serial number 110 under Table-I of Sixth Schedule to the Sales Tax Act, 1990 to include the wording "for the period ending on the 30th June, 2023" to restrict the exemption period up to 30th June, 2023.

The Act has approved amendment to substitute the serial number 117 under Table-I of Sixth Schedule to the Sales Tax Act, 1990 with the following:

Serial No.	Description of Goods	PCT Heading
117	Appliances and items required for ostomy procedures as specified in the Chapter 99 of the First Schedule to the Customs Act, 1969, subject to same conditions as specified therein	99.25

The Act seeks to omit the serial number 118 under Table-I of Sixth Schedule to the Sales Tax Act, 1990 to remove the exemption on colostomy and urostomy bags.

The Act seeks to add new serial numbers and entries after serial number 149 to provide exemption from sales tax on import and supplies of following items under Table-I of Sixth Schedule to the Sales Tax Act, 1990.

SECTION
(CLAUSE)

SALES TAX ACT, 1990

Serial No.	Description of Goods	PCT Heading
150	<p>Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction: -</p> <p>Conditions:</p> <p>(a) the importer is registered under the Act on or after the first day of July, 2019; and</p> <p>(b) the industry is not established by splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from another industrial undertaking in Pakistan</p>	4802.5510

Sixth Schedule
(Table -3) Exemptions under Sixth Schedule

The Act seeks to substitute the existing word "etc" in the serial number 1 of serial number 7 under Table-3 of Sixth Schedule to the Sales Tax Act, 1990 with the wording "This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023" to restrict the exemption period to 30th June, 2023.

The Act seeks to substitute the existing word "etc" in the serial number 14A under Table-3 of Sixth Schedule to the Sales Tax Act, 1990 with the wording "as imported on or before the 30th June, 2023". This amendment results in a time limited provided on systems and items used with renewable source of energy.

Ninth
Schedule

Sales tax on the import and supply of goods

The Act seeks to substitute serial number 2 under Table of Ninth Schedule to the Sales Tax Act, 1990 with the following, to simplify the applicability of sales tax according to the price of the cellular mobile phones instead of the hardware specifications as mentioned earlier:

S. No	Description / Specification of Goods	Sales tax on import	Sales tax	Sales tax on supply
2.	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category:			
	A. Not exceeding US\$ 30	Rs. 150	Rs. 150	
	B. Exceeding US\$ 30 but not exceeding US\$ 100	Rs. 1,470	Rs. 1,470	
	C. Exceeding US\$ 100 but not exceeding US\$ 200	Rs. 1,870	Rs. 1,870	
	D. Exceeding US\$ 200 but not exceeding US\$ 350	Rs. 1,930	Rs. 1,930	
	E. Exceeding US\$ 350 but not exceeding US\$ 500	Rs. 6,000	Rs. 6,000	-
	F. Exceeding US\$ 500	Rs. 10,300	Rs. 10,300	

SECTION
(CLAUSE)

CUSTOMS ACT, 1969 (IV OF 1969)

The Act has substituted the words "plant and machinery" with "plant, machinery and firefighting equipment" at serial (2) in column (2) under PCT code 9917 resulting in firefighting equipment also been zero rated.

The Act has substituted column (2) and (3) under PCT Code 9925 in zero rating with:

9925	<p>A. Artificial kidneys, hemodialysis machines, 0"; and hemodialyzers, A.V. fistula needles, hemodialysis fluids and powder, blood tubing tines for dialysis, reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheters for renal failure patients, peritoneal dialysis solution and cardiac catheters.</p> <p>B. Following items and appliances for Ostomy use:-</p> <ol style="list-style-type: none"> 1. Baseplate/Stoma Wafer/Flange 2. Ostomy (Colostomy/Ileostomy/ Urostomy) bags (All type) 3. Ostomy (Colostomy/Ileostomy/ Urostomy) Paste 4. Ostomy (Colostomy/Ileostomy/ Urostomy) Belt 5. Ostomy (Colostomy/Ileostomy/ Urostomy) Deodorizers 6. Ostomy (Colostomy/Ileostomy/ Urostomy) Strip Paste 7. Stoma Powder/Ostomy Powder (Colostomy/ Ileostomy/Urostomy Powder/ Ileostomy/ Urostomy Powder) 8. Ostomy (Colostomy/Ileostomy/ Urostomy Skin Barrier Spray and Wipe 9. Ostomy (Colostomy/ Ileostomy/ Urostomy) Adhesive Remover Spray and Wipe 10. Ostomy (Colostomy/Ileostomy/ Urostomy) Mouldable Ring 11. Ostomy (Colostomy/Ileostomy/ Urostomy) Elastic Tape 12. Ostomy (Colostomy/Ileostomy/ Urostomy) Barrier Cream 13. Ostomy (Colostomy/Ileostomy/ Urostomy) Protective Sheets 14. Ostomy (Colostomy/Ileostomy/ Urostomy) Cap 15. Ostomy (Colostomy/Ileostomy/ Urostomy) Protective Seal 16. Plastic Clips for closing the Ostomy bags. 17. Liquid washers and wipes for cleaning and washing peristomal skin 18. Night Drainage Bag 19. Cystoscope 20. Lithotripter 21. Colonoscope 22. Sigmoidoscope 23. Laparoscope 24. Suprapubic Cystostomy Set 25. Ryles Tube (Nasogastric Tube) 26. Foley's Catheter 27. Endoscope (Video Endoscopes) 28. Linear Cutter/Stapler 29. Circular Stapler 30. Right Angle Cutter/Stapler
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SECTION CUSTOMS ACT, 1969 (IV OF 1969)
(CLAUSE)

	<p>31. Laparoscopic Hand Instruments:</p> <p>(a) Dissector; (b) Grasper; (c) Scissors; (d) Clipper; (e) Hook; (f) Retractors; (g) Needles Holders; (h) Knot Pusher; and (i) Telescope (0°, 30°).</p> <p>32. Urological Endoscopic Instruments: —</p> <p>(a) Resectoscope (Rotating and Fix); (b) Optical Urethrotome; (c) Telescope (0°, 30°, 75°); and (d) Turp Resecting Loops.</p>
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Fifth Schedule The Act has approved insertion after serial No. 33, a new serial No. 34 by giving zero-rating of the following plants & machinery falling under chapter 84 and 85 of the First Schedule to the Customs Act, 1969.

"33	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period.	Chapters 84 and 85	0%	<p>This exemption shall be available subject to fulfillment of following conditions, namely:</p> <p>a) the importer is registered under the Sales Tax Act on or after the first day of July, 2019;</p> <p>b) the industry is not established by splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from another industrial undertaking in Pakistan.</p> <p>c) exemption certificate issued by the Commissioner Inland Revenue having jurisdiction; and</p> <p>d) the goods shall not be sold or otherwise disposed of without prior approval of the FBR and the payment of customs duties and taxes leviable at the time of import";</p>
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Part VII – Miscellaneous (Table-B)

The Act has approved substitution of reduction of customs duty on Polymers of ethylene in primary form and Polymers of propylene or of other olefins in primary form from 5% to 3%.

The Act has approved substitution of reduction of customs duty on Newsprints in rolls or sheets from 5% to 0%.

Part VIII – Imports of industrial inputs/raw materials

The Act has approved insertion of Part VIII to provide reduced rates of customs duty for the following items:

S. No.	Description	PCT Code	Customs Duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
1	Magnesium oxide	2519.9010	0%	Nil
2	Other	2836.9990	0%	Nil
3	Cyclopentane	2902.1910	0%	Nil
4	o-Xylene	2902.4100	0%	Nil
5	Tetrafluoroethane	2903.3930	0%	Nil
6	Octanol (octyl alcohol) and isomers thereof	2905.1600	0%	Nil
7	Formic acid	2915.1100	16%	Nil
8	Sodium formate	2915.1210	0%	Nil
9	Other	3204.9000	16%	Nil
10	Vitrifiable enamels and glazes, engobes (slips) and similar preparations	3207.2000	3%	Nil
11	Of a kind used in the leather or like industries	3403.1110	16%	Nil
12	Of a kind used in the leather or like industries including fat liquors	3403.9110	16%	Nil
13	Of a kind used in the paper or like industries	3809.9200	11%	Nil
14	Of a kind used in the leather or like industries	3809.9300	11%	Nil
15	Acrylonitrile butadiene styrene (ABS) copolymers	3903.3000	0%	Nil
16	Other poly-ethers	3907.2000	0%	Nil
17	Polyurethanes	3909.5000	0%	Nil
18	Insulation tape double sided	3919.1010	0%	Nil
19	Shoe lasts	3926.9060	16%	Nil
20	Latex	4002.1100	0%	Nil
21	Other	4002.1900	0%	Nil
22	Other	4016.1090	5%	Nil
23	Containing by weight more than 50 % of graphite or other carbon or of a mixture of these products	6903.1000	3%	Nil
24	Other	6903.2090	3%	Nil
25	Adhesive tape	7607.1910	0%	Nil
26	Used with HCFC and non-CFC gases	8414.3010	0%	Nil
27	Of machines of heading 8414.1000 and 8414.3010	8414.9010	0%	Nil
28	Evaporators (roll bond / fin / tube on plate types)	8418.9910	0%	Nil
29	Machines for reeling, unreeling, folding, cutting or pinking textile fabrics	8451.5000	0%	Nil
30	Other	8452.2900	0%	Nil
31	Machinery for preparing, tanning or working hides, skins or leather	8453.1000	0%	Nil
32	Machinery for making or repairing footwear	8453.2000	0%	Nil
33	Parts	8453.9000	0%	Nil
34	Other	8465.9190	0%	Nil
35	Other	8477.3090	0%	Nil
36	Parts	8477.9000	0%	Nil
37	Injection or compression types	8480.7100	0%	Nil

38	Motors of an output not exceeding 37.5W	8501.1000	0%	Nil
39	Other	8501.4090	16%	Nil
40	Burglar or fire alarms and similar apparatus	8531.1000	0%	Nil
S. No.	Description	PCT Code	Customs Duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
41	Other	9030.8900	0%	Nil
42	Of a kind used in refrigerators, deep freezers and air conditioners	9032.1010	0%	Nil
43	Other	9032.1090	16%	Nil
44	(a) Other	3506.9190	5%	If imported by manufacturers of diapers/sanitary napkins registered under the Sales Tax Act, 1990, subject to annual quota determination and verification by the Input Output Co-efficient Organization (IOCO) and certification by the Engineering Development Board.
	(b) Other	3906.9090	5%	
	(c) Of polymers of ethylene	3920.1000	16%	
	(d) Of other plastics	3921.1900	16%	
	(e) Of polymers of ethylene	3923.2100	5%	
	(f) Weighing not more than 25 g/m ²	5603.1100	11%	
	(g) Weighing more than 25 g/m ² but not more than 70 g/m ²	5603.9200	16%	
	(h) Weighing more than 70 g/m ² but not more than 150 g/m ²	5603.9300	11%	
45	Other	1901.9090	5%	Imports by manufacturers of infant formula milk, registered under the Sales Tax Act, 1990, subject to annual quota determination and verification by the Input Output Co-efficient Organization (IOCO)."

Federal Excise Duty

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001		
29	Appointment of Federal Excise officers and delegation of powers		
(2)(aa)(ii)	<p>The Act empowers the Board to confer powers of authorities specified in Section 29(1) upon the Directorate General (Intelligence & Investigation) and its officers.</p> <p>However, instead of referring to Section 29(1), reference was made to Section 30, which has now been corrected.</p>		
	FED rates enhanced on imported vehicles		
	Table-I of the First Schedule		
	Description of goods	Existing FED Rate	Amended FED Rate
55.	Imported motor cars, SUVs and other motor vehicles of cylinder capacity of 1800cc or above but not exceeding 3000cc, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800cc or above but not exceeding 3000cc	20% ad.val.	25% ad.val.
	The Act, besides enhancing the FED rate from 20% to 25%, also inserts the expression 'but not exceeding 3000cc', as highlighted above.		
	New slabs of FED rates for imported and locally assembled vehicles		
	Table-I of the First Schedule		
	Description of goods (classified under PCT heading 87.03)	Amended FED Rate	
55A	The Act has approved insertion of new serial number 55A as imported motor cars, SUVs and other motor vehicles of cylinder capacity of 3000cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 3000cc or above	30% ad.val.	
55B	The Act has approved insertion of new serial number 55B as locally manufactured or assembled motor cars, SUVs and other motor vehicles of cylinder capacity of 1700cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1700cc or above	10% ad.val.	
	Previously, imported vehicles exceeding 1800cc were liable to 20% FED and no FED was applicable on locally manufactured vehicles. Now, imported vehicles of 1800cc to 3000cc will be liable to 25% FED and imported vehicles exceeding 3000cc will be liable to 30% FED. Whereas, locally manufactured vehicles exceeding 1700 cc will be liable to 10% FED.		

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001		
	Mobile Handset Levy		
	Revision of rates		
	The Act has revised the rates of Mobile Handset Levy, as introduced and enforced vide Finance Act, 2018. Following is the new rate Table comprising of 06 different slabs on the basis of C&F values in US Dollars, as being substituted:		
	S. No.	Mobile Phones having C&F Value (US Dollars)	Rate of levy per set in Pak Rupees
	1.	Upto 30	Nil
	2.	Above 30 and upto 100	Nil
	3.	Above 100 and upto 200	5,00
	4.	Above 200 and upto 350	1,500
	5.	Above 350 and upto 500	3,500
	6.	Above 500	7,000

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