

BUDGET COMMENTARY 2019

Audit | Tax | Advisory |
Business Services & Outsourcing

BUDGET COMMENTARY, 2019

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, 2019 which upon enactment with or without modification shall be issued as Finance Act, 2019.

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 2020 unless otherwise stated.

BDO EBRAHIM & CO.**Dated: June 12, 2019**

*Continuing from 2016, for 2019,
BDO Pakistan is pleased to make available
an abridged version of our Budget
Commentary 2019 on Mobile Application.*



Please search "**BDO Pakistan**" on Google Play Store and download the application.

CONTENTS

SUBJECT	PAGES
Comparative budget at a glance	1-3
Overview	4-7
Highlights	8-10
The Income Tax Ordinance, 2001	11-30
The Sales Tax Act, 1990	31-35
Sales Tax Schedules	36-40
Islamabad Capital Territory (Tax on Services) Ordinance, 2001	41
The Federal Excise Act, 2005	42-44
The Customs Act, 1969	45-47
Stamp Act, 1899	48
West Pakistan Finance Act, 1964	49
West Pakistan Motor Vehicles Taxation Act, 1958	50
Information about Withholding Taxes	51-63
BDO International	68

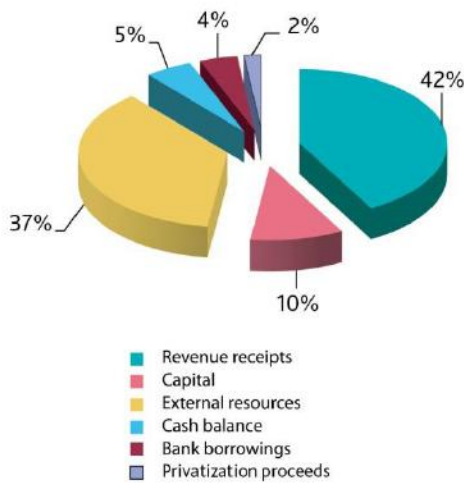
This page left blank

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

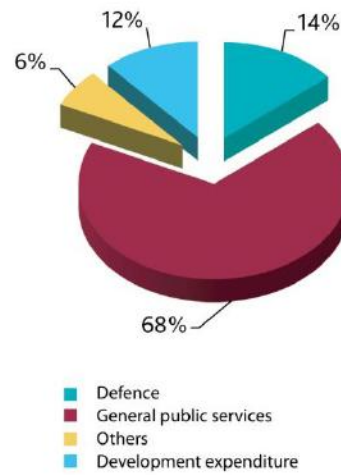
	2019-20		2018-19	
	Rs.	%	Rs.	%
Receipts				
Revenue Receipts				
Direct taxes	5,555	83	4,150	82
Indirect taxes	267	4	244	5
	<u>5,822</u>	<u>88</u>	<u>4,394</u>	<u>87</u>
Non-tax revenue	894	12	638	13
Gross revenue receipts	6,717	100	5,032	100
Less: Provincial share	(3,255)	(40)	(2,463)	(38)
Net revenue receipts	3,462	42	2,569	40
Capital receipts	832	10	1,032	16
External resources	3,032	38	1,403	22
Cash balance	423	5	59	1
Bank borrowings	339	4	1,356	21
Privatization proceeds	150	2	-	-
Total Resources	8,238	100	6,419	100
Expenditure				
Current Expenditure				
Defence	1,153	14	1,138	17
General public services	5,607	68	4,048	63
Others	529	6	403	6
	<u>7,288</u>	<u>88</u>	<u>5,589</u>	<u>87</u>
Development expenditure	950	12	830	13
Total Expenditure	8,238	100	6,419	100

COMPARATIVE BUDGET AT A GLANCE

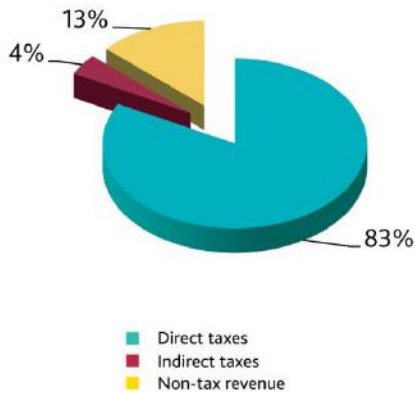
Sources of Funds



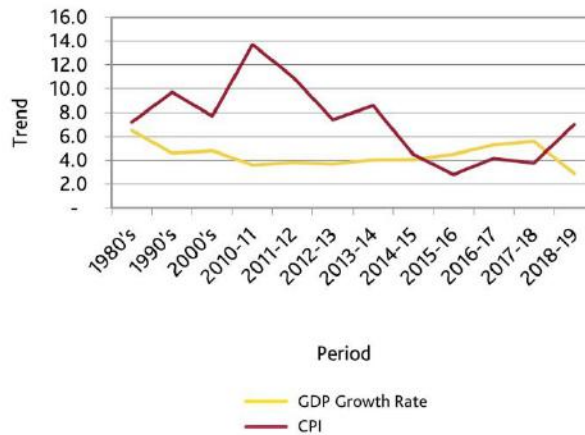
Utilisation of Funds



Breakup of Revenue Receipts

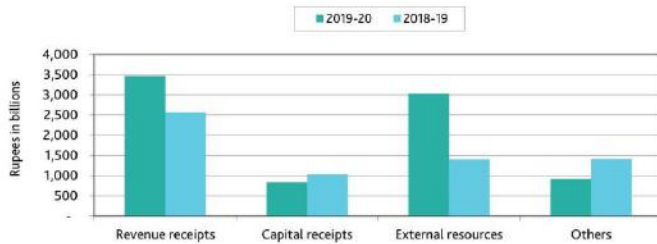


Trends in Growth and Inflation

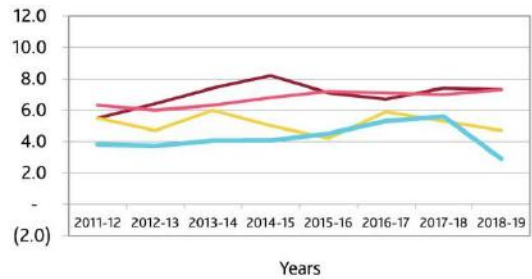


COMPARATIVE BUDGET AT A GLANCE

Comparison of Revenue



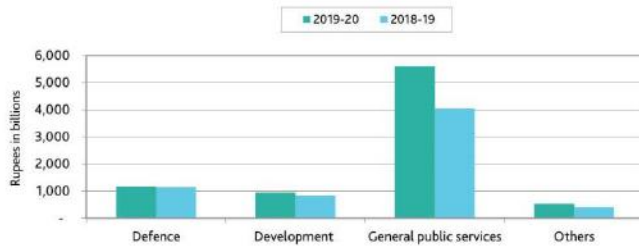
Comparative Real GDP Growth Rate



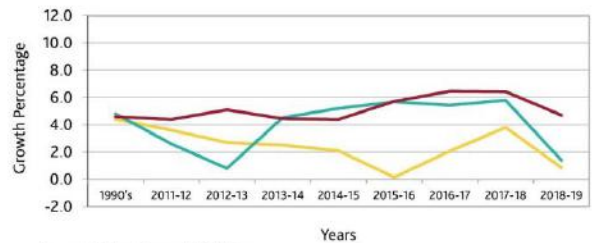
Source: World Economic Outlook (IMF)

- India
- Bangladesh
- Malaysia
- Pakistan

Comparison of Expenses



Growth Performance of Components of Gross Domestic Product



Source: Pakistan Bureau of Statistics

- Agriculture
- Industrial Sector
- Services Sector

Overview

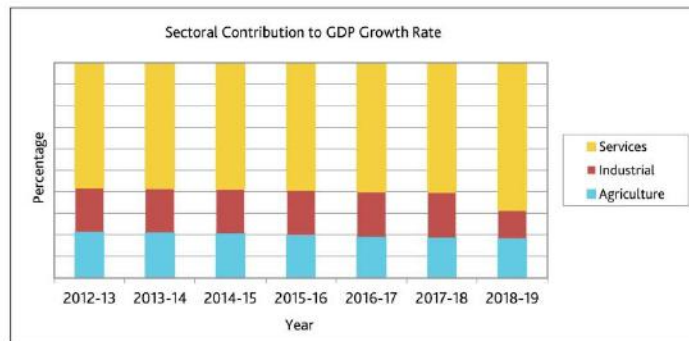
The inaugural Budget for the Pakistan Tehreek-e-Insaf led Government was delivered by State Minister for Revenue, Hammad Azhar, in the backdrop of a tumultuous day following arrests of several leaders of opposition political parties. The past few months have seen rising interest rates, devaluation of Pakistan Rupee and spiraling inflation and the Budget speech was expectedly delivered with a clear message at the outset that the faltering Pakistan economy was an inherited position for new Government. With the IMF stabilization program expected to come into place along with with the cost-cutting measures being put in place, the primary expectation for the next fiscal year is to achieve economic stability.

Set with a total outlay of Rs. 7,022 billion, the proposed Budget, sets a continuing ambitious tax revenue target of Rs. 5,555 billion, despite the fact that the prior year target was not achieved.

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 have grown towards the end of the year at 3.30 percent on the basis of 0.9, 1.4 and 4.7 percent growth in agricultural, industrial and services sectors, respectively. This is compared to a rate of 5.50 percent and an average of 4.70 percent during the years 2014–2018. The growth momentum of the Pakistani economy became unsustainable due to rising macroeconomic imbalances i.e. high and increasing fiscal and current account deficits. 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 an 18.50 percent share of the GDP and employing 38.50 percent of the country’s labour force, the agricultural sector continues to be a cornerstone in the economy of Pakistan.

The performance of Agriculture during 2018-19 remained subdued. On the aggregate, the sector grew by 0.85 percent, much lower than the target of 3.8 percent set at the beginning of the year. This under-performance of agriculture sector was mainly due to insufficient availability of water which led to a drop in cultivated area and a drop in fertilizer offtake. Pakistan is facing severe water stress due to an extremely inefficient irrigation system and practices, over-exploitation of groundwater, inadequate storage capacity and surface and groundwater pollution have collectively impacted quantity and quality of water. The prime objective of 12th Five Year Plan 2018-23 is to develop and line up investments for water sector in new storing facilities and increase system efficiency. The crops sector experienced a negative growth (-4.43 percent against the target of 3.6 percent) on the back of decline in growth of important crops by 6.55 percent. Sugarcane production declined by 19.4 percent, Cotton by 17.5 percent and Rice by 3.3 percent. Production of Maize crop increased by 6.9 percent and Wheat growth was marginally higher (by 0.5 percent). Other crops having a share of 11.21 percent in agriculture value addition and 2.08 percent in GDP, showed growth of 1.95 percent mainly due to increase in production of pulses and oilseeds. Cotton ginning declined by 12.74 percent due to decrease in production of cotton crop. Livestock having share of 60.54 percent in agriculture and 11.22 percent in GDP, maintained the growth at 4.0 percent against the target of 3.8 percent. The Fishing sector having share of 2.10 percent in agriculture value addition (and 0.39 percent in GDP), grew by 0.79 percent, while Forestry sector having share of 2.10 percent in agriculture (and 0.39 percent in GDP) grew by 6.47 percent due to increase in timber production in Khyber Pakhtunkhwa.

Industry

The contribution of Manufacturing in GDP is hovering around the 13.5-13.8 percent for almost decade, while for the current fiscal year it declined to 13.0 percent. The manufacturing sector is the most important sub-sector of the industrial sector. The growth in industrial sector has been estimated at 1.40 percent. The mining and quarrying sector has witnessed a negative growth of 1.96 percent mainly due to reduction in production of natural gas (-1.98 percent) and coal (-25.4 percent). The Large Scale Manufacturing (LSM) growth during July-March FY 2019 declined to 2.93 percent On Year on Year (YoY), LSM growth witnessed sharp decline of 10.63 percent in March 2019 compared to increase of 4.70 percent in March 2018. Major decline has been observed in Textile (-0.27 percent), Food, Beverage & Tobacco (-1.55 percent), Coke & Petroleum Products (-5.50 percent), Pharmaceuticals (-8.67 percent), Chemicals (-3.92 percent), Non-Metallic Mineral Products (-3.87 percent), Automobiles (-6.11 percent) and Iron & Steel products (-10.26). On the other hand, substantial growth in LSM has been observed in Electronics (34.63 percent) Engineering Products (8.63 percent) and Wood Products (17.84 percent). Electricity and gas sub sector has grown by 40.54 percent, whereas the construction activity has declined by 7.57 percent.

There are a number of factors which contributed to the slowdown in the growth of LSM including lower PSDP expenditures compared to last year, slowdown in the private sector construction activities and consumer spending on durable goods. This was more noticeable in construction-allied industries. Demand for housing moderated as the price of building materials and cost of financing increased. Certain sector-specific issues also contributed to the decline in LSM. Automobile prices witnessed multiple upward revisions due to PKR depreciation which held the potential buyers refrained from making booking and purchases. Certain restrictions on non-filers with respect to purchase of cars further dampened the automobile demand. Pharmaceutical also suffered due to a considerable lag in regulatory adjustments in prices.

Balance of payments

The adverse balance of payments remains a sticking point for the incumbent Government. Pakistan trade deficit has decreased by US\$ 1.879 billion in the current fiscal year (July-April 2018-19). Pakistan's exports during the period July-April (FY 2019) stood at US\$ 20.01 billion compared with US\$ 20.49 billion during the corresponding period of FY 2018. It reflects a 1.9 percent decline in dollar terms. Pakistan's imports during the period July-April (FY 2019) stood at US\$ 44.03 billion compared with US\$ 46.302 billion during the corresponding period of FY 2018. It reflects a 4.9 percent decrease in dollar terms. Overall, the trade deficit has decreased by 7.28 percent in the JulApr FY2019 to US\$ 23.93 billion from US\$ 25.81 billion in the same period last year. Current account deficit reached to US\$ 11.586 billion in Jul-April FY2019 as compared to US\$ 15.864 billion in the same period last year and showed a contraction of 26.9 percent, while last year during the same period it widened by 69.6 percent during July-April FY2018. The higher current account deficit was largely caused by the widening of trade and services account.

Foreign investment is on low growth trajectory. It dropped by 51.7 percent in July-April FY2019 to US \$ 1.376 billion as compared to US \$ 2.849 billion in July-April FY2018. FDI from China remained at 31.2 percent of overall inflows as compared to 60.5 percent in the preceding year.

The remittances have always been a key source of balance of payment support. The remittances registered a significant growth of 8.45 percent during July-April FY 2019 as compared to 5.36 percent last year and reached to US\$ 17.875 billion during first ten months of current fiscal year against US\$ 16.482 billion during the same period last year.

Reserves and Exchange Rate

Foreign exchange reserves stood at US\$ 15.722 billion till end-April FY2019. This was lower than the total reserves of US\$ 17.519 billion of the same period last year. Out of this SBP reserves were US\$ 8.781 billion, where reserves held with commercial banks were US\$ 6.941 billion. In the current fiscal year FY2019, as of May 20, 2019, PKR cumulatively depreciated by 18.7 percent against the US\$ since end June 2018. In effective terms, up till March 2019, NEER depreciated by 12.1 percent.

Monetary policy

Monetary policy is primarily focused on stimulating and sustaining economic growth through containment of inflationary pressures. The incumbent government has inherited the economy facing multiple challenges including unsustainable twin deficits that pose serious risks to the economy. Hence, to correct the imbalances in the economy, authorities have taken steps to curtail the fiscal deficits and tighten monetary policy to contain demand. SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The thrust of stabilization efforts is on monetary and fiscal tightening to control aggregate demand and inflation targeting. This allowed SBP to take a cautionary stance on changing the policy direction by increasing the policy rate by a cumulative 650 bps since January, 2018.

Inflation

During July-April FY2019 headline inflation measured by CPI averaged at 7.00 percent against 3.77 percent on the back of the prevalence of some underlying demand in the economy as well as continued pass through of exchange rate depreciation and higher fuel prices. The international oil prices continued on their upward trajectory which has also contributed to a pass through effect. Core inflation remained sticky since the start of current fiscal year and reached to 8.8 percent in February 2019 the highest in last seven months of current fiscal year. The downward trend started in March 2019 and in April 2019 it slowed down to 7.0 percent, while on average during July-April FY 2019, it is recorded at 8.11 percent compared to 5.60 percent of FY 2018. Considering these developments, the SBP is following a contractionary monetary policy and revised the policy rate to 12.25 percent in May 2019.

Perspective on Federal Budget and Economy

The Federal Budget FY2019-2020 is proposing to increase the tax revenue to nearly Rs 5.5 trillion, with fiscal expenditures at Rs 7 trillion. The fiscal deficit is expected at approximately 7.2 percent of GDP, while the tax revenues to GDP ratio is expected to be around 13 percent. However, this budget accompanies an economic slowdown as GDP is expected to decrease to less than 3 percent in FY20. This may result in lower collection of indirect taxes than the target as demand for several products, locally produced as well as imported, is likely to fall in the next fiscal year. Debt servicing is by far the largest item on the expenditure side with Rs 2.9 trillion expected to be paid in FY20. The proposed direct taxes collection is Rs 2.08 trillion.

The major priority of the government is to tackle its current account and fiscal deficits, both currently at staggering levels. Although, the current account deficit has decreased by almost \$4.3 billion in the first ten months of FY19, the challenges on the external front still persists. Higher current account deficit adds to the debt servicing requirements on the fiscal side. The trade deficit has also decreased by more than 12% in the first ten months of FY19 compared to the same time period in FY18. However, the decrease was a result of a fall in imports rather than an increase in exports as the latter only increased marginally in FY19. The decline in imports was primarily due to the restructuring of the import composition as demand for power generating equipment and motor vehicles, two major components in the import basket, was curtailed. Although, imports of mineral products has increased on average in FY19 due to higher oil prices relative to the previous years, increasing substitution towards LNG may help absorb the cost differences.

One major policy change undertaken in the proposed budget is the withdrawal of zero-rate sales tax on inputs to five export-oriented sectors (SRO (1125(I)/2011)). The purpose of the incentive was to increase the competitiveness of the export sector. The measure was reported to be misused by manufacturers as FBR failed to authenticate the validity of several export transactions that were made to take advantage of the incentive. The sales tax is now proposed to be at the standard rate of 17%. However, it is expected that the refunds of sales tax to genuine exporters will be automated, ensuring that refunds will be paid immediately by SBP at the time of realization of exports. This is likely to eliminate dubious cases of refunds that has plagued the system. It may initially hurt the manufacturing sector as producers reorganize their production processes in order to accommodate this change in tariff regime. However, genuine exporters may benefit if the refund process is streamlined and refunds are made available as soon as exports are realized. It is also important to note here that except for exports of knitwear and readymade garments, exports of other products benefitting from the zero-rated facility has not increased in the first ten months of FY19 compared to the same time period previous fiscal year as reported in the data extracted from SBP. Therefore, new incentives to promote genuine exporters must be devised in order to increase exports from Pakistan.

All budgets have revenue and relief measures that hurt certain industries and benefit others. This time revenue measures have targeted some of the larger traditional industries in the country, such as the textile, sugar, tobacco, cement, steel and beverages industries. On the other hand, relief measures are provided on inputs to encourage domestic production, particularly to firms in non-traditional industries. The paper and wood industries have been provided special concessions, while several non-traditional industries such as home and electronic manufacturers have been awarded relief on custom duties on inputs. The government has also proposed a reduction in regulatory duties on mobile phones, smuggling prone items and tyres. These incentives could act as a measure to formalize and document the relevant sectors, particularly if the benefits to avoid regulatory duties and taxes are not high for the unregistered firms.

Bringing the fiscal deficit to a sustainable level will require not only a significant reduction in items such as debt servicing but also a shift in preference of collecting direct rather than indirect taxes. Unfortunately, factors affecting debt servicing may not be in much control of the current government relative to other items. On the other hand, the indirect taxes to direct taxes ratio increased from 1.55 in the budget last year to 1.67 this year. A significant jump in sales tax is reported in the budget for the next year, even though the economy itself is expected to slow down. It is recommended that the government fast tracks the procedures to register businesses as well as provides incentives to small and micro enterprises to pay their taxes. This fiscal year will be challenging as the government seeks to collect record revenue at a time when the economy is not only expected to report not one of its slowest growth rates in recent memory but the government is expected to make record debt-servicing payments.

Our Prime Minister is not one to shy away from challenges and achieving the Budgetary targets set out is no small challenge.

We wish the Government best of luck; Pakistan Paindabad!

BDO EBRAHIM & CO.
DATED: JUNE 12, 2019

Note: We would like to acknowledge the invaluable contribution of Dr. Aadil Nakhoda, Assistant Professor of Economics & Research Fellow at CBER, Institute of Business Administration (IBA), Karachi in assisting with economic analysis and commentary.

HIGHLIGHTS

INCOME TAX

- A new mode for settlement of refund claims has been introduced through FBR Refund Settlement Company Limited through which Income tax refunds vide issuance of bonds or promissory notes may be settled.
- Now a person who has filed income tax return after due date can include its name in the active tax payers list by paying surcharge amount as prescribed.
- A new tax credit has been introduced for the persons employing fresh graduates.
- Now gift received during the tax year from other than direct family members is liable to be included in the income from other sources.
- General rate for turnover tax have been increased from 1.25% to 1.5%.
- Rate of tax credit under section 65 B has been decreased from 10% to 5%, of the amount invested. Further, the period for availing this tax credit is now restricted to 30 June, 2019.
- Slab rates of tax on income from property have been increased.
- Introduction of withholding tax on payment of royalty to a resident person at 15%.
- The bill proposes to revise the slab rates for salaried, non-salaried person and association of persons.
- Corporate tax rate fixed for tax year 2019 and onwards is 29%. Further rate of tax on small companies has been withdrawn.
- The earlier taxation regime of capital gain on sales of immovable property has been replaced by normal tax regime wherein separate criteria for computing gain on sale of open plot and constructed property based on holding period has been defined.
- Transition of final tax regime to minimum tax regime for majority of transaction covered under the Income Tax Ordinance 2001 unless specified otherwise.
- Exclusion of credit from brought forward depreciation and business losses from computing income for the purpose of super tax in case of banking, insurance, oil and mineral exploration companies.
- Increase in the rates of tax on dividend income to 25% where dividend received from the companies is either exempt or not liable to tax due to excessive brought forward business losses and depreciation.
- Initial allowance of 15% on purchase of building has been withdrawn.
- Reduction in limit of foreign remittance as source of investment from Rs 10 million to Rs 5 million for explanatory purpose.
- Definition of "filer" and "non-filer" has been withdrawn and a new regime of tax has been introduced for persons not covered in the active taxpayer list of the Federal Board of Revenue through Tenth Schedule of the Income Tax Ordinance 2001.
- For purchase of immovable property with fair market value greater than Rs. 5 million or any other assets having fair market value greater than Rs. 1 million, the payment for such purchase has to be made through banking channel otherwise depreciation cannot be claimed on such assets and cost will be treated to be zero for the purpose of calculating capital gain on sale of such asset.

SALES TAX

- Cottage industry is proposed to be redefined as a manufacturing concern, which does not have an industrial gas or electricity connection; is located in a residential area; having less than ten workers; and annual turnover up to two million rupees.
- The definition of retail price is proposed to include price fixed by importer, in case of imported goods.
- The definition of Tier-1 retailers is proposed to include a retailer, whose shop measures one thousand square feet or more.
- The bill proposes to define value of supply in case of toll manufacturing as the actual consideration received by the manufacturer for the value addition carried out.
- The bill seeks to define value of supply in case of supply of electricity by an independent power producer, as the amount received on account of energy purchase price only; and the amount received on account of capacity purchase price, energy purchase price premium, excess bonus, supplemental charges etc. shall not be included in the value of supply.
- The bill seeks to define value of supply in case of supply of electric power and gas by a distribution company, as the total amount billed including price of electricity and natural gas, as the case may be, charges, rents, commissions and all duties and taxes local, provincial and federal but excluding the amount of late payment surcharge and the amount of sales tax.

- The rates for withholding or deduction of tax by the withholding agent is proposed to be introduced in the Eleventh Schedule.
- Tier-1 retailers shall pay sales tax at the rate as applicable to the goods sold. The customers of a Tier-1 retailer may receive a cash back of up to five percent of the tax involved.
- A registered person is sought to claim input tax from output tax, in case of supply of electricity or gas, if he holds a bill bearing his registration number and the address where the connection is installed.
- The minimum value addition tax, against the value added by the registered person is proposed to be introduced in Twelfth Schedule.
- The bill proposes to disallow the input tax paid on the input goods attributable to supplies made to un-registered person, on pro-rata basis, for which sale invoices do not bear the NIC number of the buyer.
- The bill proposes to grant power to the Federal Board of Revenue to relax the limit adjustable input tax from ninety percent to ninety five percent to a registered person.
- The bill proposes to mention NIC number of the recipient on tax invoice in case of supplies to unregistered person.
- The bill proposes to mention description including count, denier and construction in case of textile yarn and fabric on tax invoice.
- The officer of Inland Revenue authorized by the Commissioner may conduct audit of records once in a year.
- Revised return can be filed within sixty days of filing of return without approval of the Commissioner Inland Revenue if either the tax payable is more than the amount paid or the refund claimed is less than the amount as claimed, under the return sought to be revised.
- The bill proposes to enhance penalty on account of failure to furnish return within due date from five thousand rupees to ten thousand rupees. In case a person files a return within ten days of the due date, the penalty is proposed to be enhanced from one hundred rupees for each day of default to two hundred rupees.
- The Board shall prescribe rules to initiate criminal proceedings against the Officials of Sales Tax.
- The bill seeks to keep the parameters confidential for selection of audit.
- Certain items are proposed to be included as taxable supplies in the Third Schedule which shall be charged to tax at rate of seventeen percent (17%) of retail price.
- Sales tax exemptions have been proposed to be introduced on certain items such as supplies and imports of plant, machinery, equipment for installation in tribal areas, Supplies of electricity in tribal areas, Steel billets, ingots, ship plates, bars and other long re-rolled profiles on which federal excise duty is payable in sales tax mode, Cottonseed oil, Wheat Bran, "packed" items of meat and fish items, supply of uncooked poultry meat, whether or not fresh, frozen or otherwise, preserved or packed.
- Sales tax exemption on certain items such as ginned cotton, wheat and meslin flour, silver and gold in unworked condition, supply of electricity and natural gas to hospitals, offal, fish, fat filled milk is proposed to be withdrawn.
- Specific tax rates has been proposed to be withdrawn from the Eighth Schedule on reclaimed lead, rapeseed, sunflower seed and canola seed, soyabean seed and crystalline sugar.
- Specific tax rates are proposed to be levied on the following items in the Eighth Schedule:
 - Products of milling industry except wheat and meslin flour
 - Fat filled milk
 - Silver, in unworked condition
 - Gold, in unworked condition
 - Articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.
 - Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops
 - Ginned cotton
 - Supplies of Finished articles of textile, textile made-ups, leather and artificial leather, as made by retailers
 - LNG imported for servicing CNG sector and local supplies
- Rate of sales tax on cellular phones is proposed to be revised.
- The tax on bricks is proposed to be paid on fixed basis, on monthly return as per prescribed table.
- Levy and collection of tax on all imported goods on value addition and its procedures and conditions is proposed to be prescribed in Twelfth Schedule.
- SRO 1125(I)/2011 provides for zero-rate of sales tax on inputs and products of five export-oriented sectors i.e. textile, leather, carpets, sports goods and surgical goods. To streamline and prevent revenue leakage SRO 1125 is being rescinded, however, this has not been formally notified and this has been extracted from the Salient Features of the Budget documents.

FEDERAL EXCISE ACT, 2005

- Levy of excise duty is proposed on steel billets, ingot, steel bars and other long re-rolled products at the rate of 17% on ad valorem basis.
- Proposed withdrawal of exemption to be granted from levy of excise duty in case of protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and matters relating to international financial institutions or foreign government-owned financial institutions.
- Rules are proposed to be prescribed by the Board for initiating criminal proceedings against Federal excise officers.
- Proposed increase in excise duty on Edible oils excluding deoxidized soybean, Vegetable ghee and cooking oil, Aerated waters, Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers.
- Excise duty proposed to be levied on Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters
- The duty on un-manufactured tobacco shall be borne by the manufacturer and not to be passed on to grower.
- Excise duty on cigarettes proposed to be restructured and enhanced.
- Excise duty on locally manufactured or assembled motor cars, SUVs and other motor vehicles, principally designed for the transport of persons, including station wagons and racing cars proposed to be restructured and reduced.
- The rate of duty on LNG proposed to be levied at Rs. 10/MMBTU in place of Rs. 17.8/100 cubic meter.
- Excise duty on Oil seeds proposed to be abolished.
- Excise duty on Services provided or rendered in respect of travel by air of passengers within the territorial jurisdiction of Pakistan has been proposed to reduced from Rs.2,000 to Rs.1,500 for long routes and Rs.1,250 to Rs.900 for short routes.
- Proposed withdrawal of conditional exemption on Internet services whether dialup or broadband including email services, Data Communication Network services (DCNS) and Value-added data services.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
2	Definition
(1A)	The Bill proposes to insert new definition of "active taxpayers list" which means the list issued by the Board under section 181A of the Income Tax Ordinance 2001 (the Ordinance) and includes such list issued by the Azad Jammu and Kashmir Council Board of Revenue or Gilgit-Baltistan Council Board of Revenues. This insertion is in line with the new procedure inserted through section 100BA for person not appearing in active tax payers list read with 10 th Schedule of the Ordinance which is discussed in the later part of this document.
(5C)	The Bill proposes to insert new definition of "asset move" which means transfer of offshore assets to an unspecified jurisdiction by or on behalf of the person who owns, possesses, controls or is a beneficial owner of such offshore assets for the purpose of tax evasion. This insertion is in line with the Organization for Economic Cooperation and Development (OECD) requirement for automatic exchange of information between signatory countries regarding asset move.
(22C)	The Bill proposes to insert new definition of "FBR Refund Settlement Company Limited" which means the company incorporated under the Company Act, 2017 for the purpose of settlements of income tax refund claims including payment by the issuance of refund bonds under section 171A.
(23A)	The Bill proposes to omit the definition of "Filer". This omission is in line with the new procedure inserted through section 100BA for person not appearing in active tax payers list read with 10 th Schedule of the Ordinance which is discussed in the later part of this document.
(35C)	The Bill proposes to omit the definition of "Non-filer". This omission is in line with the new procedure inserted through section 100BA for person not appearing in active tax payers list read with 10 th Schedule of the Ordinance which is discussed in the later part of this document.
(38AB)	The Bill proposes to insert new definition of "Offshore Asset" which includes any movable, immovable asset held, any gain, profit or income derived, or any expenditure incurred outside Pakistan. This insertion is in line with the Organization for Economic Cooperation and Development (OECD) requirement for automatic exchange of information between signatory countries regarding offshore assets.
(38AC)	The Bill proposes to insert new definition of "Offshore Enabler" which means a person who owns, possesses, controls, or is the beneficial owner of an offshore asset and does not declare, or under declares or provides inaccurate particulars of such asset to the Commissioner. This insertion is in line with the OECD requirement for automatic exchange of information between signatory countries regarding offshore assets.
(38AD)	The Bill proposes to insert new definition of "Offshore Evader" which includes any person who, enables, assists or advises any person to plan, design, arrange or manage a transaction or declaration relating to offshore asset, which has resulted or may result in tax evasion. This insertion is in line with the OECD requirement for automatic exchange of information between signatory countries regarding offshore assets.
(60A)	The Bill proposes to insert new definition of "specified jurisdiction" which means any jurisdiction which has committed to automatically exchange information under the Common Reporting Standard with Pakistan. This insertion is in line with the OECD requirement for automatic exchange of information between signatory countries regarding offshore assets.
(73A)	The Bill proposes to insert new definition of "unspecified jurisdiction" which means a jurisdiction which is not a specified jurisdiction as defined in clause (60A).
4B (2)(iv)	Super tax for rehabilitation of temporarily displaced persons Super tax for rehabilitation of temporarily displaced person was introduced by the Finance Act, 2015. The proposed amendment seeks to exclude the credit for adjustment of brought forward depreciation and brought forward business losses from the income of persons covered under Fourth, Fifth, Seventh and Eight Schedule for the purpose of computing super tax.

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

7B(3) Tax on profit on debt

The Bill proposes to charge tax on profit on debt exceeding thirty-six million rupees even if such profit on debt is exempt under the Ordinance.

21 (ca) Deductions not allowed

The Bill proposes to insert a new clause which limits the supplier of Third Schedule items

- to pay commission to its agents not exceeding 0.2 % of the gross amount of supplies and
- if such commission exceeds the above limit prescribed then in that case such agents should be registered under the Sales Tax Act, 1990 and appearing in the active taxpayer list of the Ordinance.

Otherwise the amount of commission paid to the agent will be disallowed while computing income under the Ordinance.

24(4) Intangible Asset

The proposed amendment seeks to replace the deemed useful life of intangible asset from 10 years to 25 years where useful life of intangible asset is not ascertainable.

24(11) The proposed amendment seeks to exclude from the definition of intangible assets self-generated goodwill or any adjustment arising on account of accounting treatment.

37(1A) Capital gain on sale of immovable property

The Bill has completely omitted the tax regime on capital gain on sale of immovable property which was inserted through Finance Act 2012.

37(3A) Computing taxable gain on sale of open plot

The Bill proposes to insert a new clause which provides following criteria based on holding period for computing taxable gain on sale of open plots as follows:

S. No.	Holding period	Gain taxable
1	Where holding period of open plot does not exceed 1 year	100%
2	Where holding period of open plot exceeds 1 year but does not exceed 10 years	75%
3	Where holding period of open plot exceeds 10 years	0%

37(3B) Computing taxable gain on sale of constructed property

The Bill proposes to insert a new clause which provides following criteria based on holding period for computing taxable gain on sale of constructed property as follows:

1	Where holding period of constructed property does not exceed 1 year	100%
2	Where holding period of constructed property exceeds 1 year but does not exceed 5 years	75%
3	Where holding period of constructed property exceeds 5 years	0%

39(1) (1a) Income from other sources

The Bill proposes to include the fair market value of any property received as gift or without consideration as income from other sources excluding gift of property received from grandparents, parents, spouse, real brother, real sister, son or a daughter.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
53(2)	<p>Exemption and tax concessions in the Second Schedule</p> <p>The Bills proposes to omit in relation to the powers of Federal Government for "removal of anomalies in taxes, development of backward areas". This amendment seeks to restrict the power of Federal Government to grant exemptions.</p>
62(A)(1)	<p>Tax credit for investment in health insurance</p> <p>The Bill seeks to omit the expression "being a filer" wherever occurring in this section. This is a consequential amendment due to omission of definition of "filer" and "non-filer" in the Ordinance.</p>
64C	<p>Tax credit for persons employing fresh graduates</p> <p>The Bill proposes to introduce new tax credit to persons employing freshly qualified graduates from a university or institution recognized by HEC in the tax year in which such graduates are employed.</p> <p>The tax credit shall be calculated using ratio of tax assessed to taxable income for the tax year on the lower of following</p> <ul style="list-style-type: none">(a) the annual salary paid in the year(b) 5% of the person's taxable income for the year <p>The tax credit shall be allowed for salary paid to the number of freshly qualified graduates not exceeding 15% of the total employees of the company in the tax year.</p>
65B (1) & (2)	<p>Tax credit on investment</p> <p>The tax credit on investment as per prescribed formula was inserted by Finance Act, 2011. The investment period was till June 30, 2021 and rate of credit was fixed at 10% of the amount so invested. The proposed amendment seeks to reduce the rate of credit to 5% and period for making investment in this section till June 30, 2019.</p>
75A	<p>Purchase of assets through banking channel</p> <p>The Bill proposes to insert a new section which sets out requirement for person making payment for purchasing:</p> <ul style="list-style-type: none">(a) Immovable property having fair market value > Rs. 5 million; or(b) Any other asset having fair market value > Rs. 1 million <p>through a crossed cheque drawn on a bank or through crossed demand draft or crossed pay order or any other crossed banking instrument showing transfer of amount from one bank account to another bank account.</p> <p>If the above requirement of payment is not fulfilled, then</p> <ul style="list-style-type: none">(a) Such asset shall not be eligible for any allowance for depreciation, initial allowance amortization under the Ordinance; and(b) Such amount shall not be treated as cost in terms of section 76 of the Ordinance for computation of any gain on sale of such asset
82 (ab)	<p>Resident individual</p> <p>Prior to this budget, an individual tax residency status for a tax year was based on his aggregate stay in Pakistan of 183 days or more for a tax year.</p> <p>The bill proposes to insert a new clause which further adds that an individual shall be a tax resident individual for a tax year if the individual;</p>

**SECTION
(CLAUSE)**

THE INCOME TAX ORDINANCE, 2001

- Is present in Pakistan for a period of, or periods amounting in aggregate to, 90 days or more in the tax year and who, in the 4 years preceding the tax years, has been in Pakistan for a period of, or periods amounting in aggregate to, 365 days or more

99C

Special procedure for certain persons

The Bill proposes to insert a new section which seeks to empower the Federal Government to prescribe special procedures for small businesses, construction businesses, medical practitioners, hospitals, educational institutions and any other sector specified by the Federal Government.

100BA

Special provisions relating to persons not appearing in active taxpayers list

The Bill proposes to insert a new section which provides enabling provision for a separate Schedule for taxation of persons not appearing in the active taxpayer's list.

**The Tenth
Schedule**

Rules for persons not appearing in the active taxpayer's list (ATL)

Following is the summary of rules for tax collected /deducted of persons not appearing in ATL

1. Rate of tax required to be deducted or collected from person not appearing in ATL shall be increased by 100% of the rate specified in the First Schedule of the Ordinance
2. Where the withholding agent is of the view that the person not appearing in ATL is not required to file return then the withholding agent shall seek written approval from the Commissioner in writing as per procedure prescribed
3. Where the tax has been deducted / collected as per Rule 1 above and the person does not file its return, the Commissioner has powers to issue provisional assessment order by imputing the taxable income on the amount of tax deducted or collected under Rule 1 and treating such income as concealed income under section 111(1)(d) of the Ordinance.
4. The provisional assessment order issued under Rule 3 shall be treated as final assessment order and after expiry of 45 days from the date of service of provisional assessment order unless the person files return within 45 days of the service of order. If the return is filed then the tax deducted / collected shall become adjustable against tax payable in the return filed for the relevant tax year.

Exclusions

The provision of the above rules shall not apply for following sections:

- (a) Tax deducted on salaries under section 149;
- (b) Tax deducted under section 152 other than sub- section (1), (1AA), (2), (2A) (b) and (2A) (c) of section 152;
- (c) Tax deducted on exports under section 154;
- (d) Tax deducted on rent under section 155;
- (e) Tax deducted on pension fund receipt under section 156B;
- (f) Tax deducted on cash withdrawal under section 231A;
- (g) Tax deducted on banking transaction under section 231AA;
- (h) Tax deducted on broker's commission under section 233AA;
- (i) Tax deducted on electricity consumption under section 235;
- (j) Tax deducted on domestic electricity consumption under section 235A;

**100C(1)
(e)**

Tax credit for certain persons

The Bill proposes to provide for requirement of approval of the Commissioner for claiming 100% tax credits by trusts, welfare institutions and NPOs with effect from July, 2020.

100C(1)(f)

The Bill proposes to provide for requirement for trusts, welfare institutions to refrain from benefiting donors or family, children or author of the trust or his descendants or the maker of the institution or any other person otherwise such benefit shall be added to the income of the donor.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
100C(2)(c)	The Bill proposes to omit this sub-clause. This is a technical amendment which empowers the Commissioner to grant approval instead of the Chief Commissioner.
107(1B)	The Bill proposes to provide provision for disclosure of information pertaining to double tax treaties
108A	Report from independent chartered accountant or cost and management accountant The Bill proposes to insert a new section which authorizes the Commissioner to seek report from a Chartered Accountant or Cost Accountant to determine fair market value of any asset, product, expenditure or service.
108AB	Transaction under dealership arrangement The Bill proposes to insert a new section which provides restriction for suppliers of third Schedule items or any other product prescribed by the board under the Sales Tax Act 1990 to make such supplies to only those dealers who are registered under Sales Tax Act 1990 and are on active taxpayers' list under this Ordinance otherwise 75% of the dealer's margin shall be added to the income of the person making such supplies. For the purpose of this section dealer's margin shall be 10% of the sale price of the manufacturer. The purpose of the insertion is to curtail manufactures from shifting profits to commission agents / dealers.
111(4)(a)	The Bill proposes to reduce the threshold of foreign remittances used as a source of investment from being probed, from Rs. 10 million to Rs. 5 million in a tax year.
111(4)(c)	The Bill proposes to omit the immunity from probe where registered value of property is less than FBR value of the property.
114(1)(b)(iii)	The Bill proposes to enhance the requirement for owners of immovable property to file return of income from 250 square yards to 500 square yards
118(3)(a)	The Bill proposes to substitute the date of filing return for salaried person from 31 st August to 30 th September
120B	Restriction of proceedings The Bill proposes to insert a new section which seeks to put bar on the income tax proceedings in respect of any declaration made under the Assets Declaration Act, 2019. This measure provides confidence to those persons who are opting to avail tax amnesty scheme under the Assets Declaration Act, 2019.
134A(2)(ii)(a)	The Bill proposes to includes cost & management accountants for the purpose of nomination by the tax payer from the panel notified by the board for Alternate Dispute Resolution Committee.
139(5) & (6)	The Bill proposes to insert new sub-section that seeks to provide provision for recovery of any unpaid amount of tax by an association of person (AOP) from its member by making both AOP and member jointly and severally liable for payment of tax due by the AOP.
145(5)	The Bills proposes to insert a new sub-section that seeks to authorize the Commissioner to freeze domestic assets of a person who is likely to leave Pakistan and is involved in offshore tax evasion.
147A(8)	The Bill seeks to substitute the expression "who was filer" with words "whose name was appearing in the active taxpayer's list" in this section. This is a consequential amendment due to omission of definition of "filer" and "non-filer" definition in the Ordinance.
148(7) & (8A)	The Bill proposes to change the regime of tax deducted at import stage for commercial importers and ship-breakers to minimum tax regime from final tax regime.
151(3)	The Bill proposes to change tax deducted on profit on debt received by person other than company to minimum tax

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	regime from final tax regime.
152(1B)	The Bill proposes to withdraw the option for a non-resident to opt for final tax regime in respect of income from contract execution.
152	The Bill proposes to change the tax deductible under this section from final tax liability to minimum tax liability.
152(4B)	<p>The bill proposes to insert a new sub-section which authorizes the Commissioner to allow payments which is part of an overall arrangement of a cohesive business arrangement at a tax deduction equal to 30% of the tax chargeable.</p> <p>The tax deducted shall be available as a credit to the permanent establishment of the non-resident accounting for overall profits arising on the overall cohesive business operation.</p>
153(3)(a)(b), (4) & (4A)	The Bill proposes to make tax deductible of minimum tax liability in case of payments for sale of goods, services and contracts and also proposes to omit the reduced rate available in clause (94) Part IV of the Second Schedule of the Ordinance.
153B	<p>Payment of royalty to resident persons</p> <p>The Bill proposes to insert a new section on withholding of tax on royalty payment to resident person at the rate of 15% on the gross amount payable.</p>
161(3)	The Bill proposes to insert a new sub-section which provides for the amendment or further amendment of an order of recovery from withholding agent under section 161 of the Ordinance in cases where such order is prejudicial to interest of revenue, however, the Commissioner would need to provide opportunity of being heard to the withholding agent before passing any such order.
165	The Bill proposes to replace the expression "Chapter XII" wherever occurring with the words "or the Tenth Schedule". This is a consequential amendment due to omission of definition of "filer" and "non-filer" in the Ordinance.
165A (1)(a) & (d)	The Bill seeks to omit the words filer and non-filer in the section. This is a consequential amendment due to omission of definition of "filer" and "non-filer" in the Ordinance.
168(3)	The Bill proposes to omit sub-section (3) of this section which disallows admissibility of tax credits for various sections which were under final tax liability.
169(4)	The Bill proposes to insert a new sub-section which provides for adjustability of excess tax collected or deducted due to Rule 4 of the Tenth Schedule for s person whose name is not appearing in the active taxpayer's list.
171A	<p>Payment of refund through income tax refund bonds</p> <p>The Bill proposes to insert a new section for the purpose of payment of refund through income tax refund bonds to be issued by FBR Refund Settlement Company Limited in book entry form in lieu of payment to be made through issuance of cheques or bank debit advice. The section provides details regarding the mechanism for issuance of such bonds and also prescribes a maturity period of three years and annual simple profit at ten percent.</p>
175(6A)	The Bill proposes to insert a new sub-section which authorizes the Commissioner to conduct raids on any premises where there is reliable information of undeclared assets.
177(6) & (6A)	The Bill proposes to insert new sub-sections which requires the Commissioner to furnish audit report containing audit observation and findings and after issuance of such report the Commissioner may amend an assessment after giving an opportunity of being heard to the taxpayer.
181D	<p>Business license scheme</p> <p>The Bill proposes to insert a new section which requires every person engaged in any business, profession or vocation to</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	obtain and display a business license as prescribed by board.
182	Offences and penalties The Bill proposes to enhance / provide penalties in followings cases: <ol style="list-style-type: none"> 1. Enhance penalty for non-filing of return under section 114 of the Ordinance from Rs. 20,000 to Rs. 40,000 2. Enhance penalty for non-filing of wealth statement and wealth reconciliation under section 116 of the Ordinance from Rs. 20,000 to Rs. 100,000 3. Enhance penalty for failure to apply for registration from Rs. 5,000 to Rs. 10,000 4. Enhance penalty for erroneous calculation in the return for more than one year and whereby tax is less than tax payable from Rs. 5,000 to Rs. 30,000 5. Enhance penalty for obstructing the commissioner from accessing premises, places, accounts, documents computers or stocks from Rs. 25,000 to Rs. 50,000 6. Enhance penalty for concealing income or furnishing inaccurate particulars of such income from Rs. 25,000 to Rs. 100,000 7. Enhance penalty for failure to collect or deduct or pay the collected or deducted tax from Rs. 25,000 to Rs. 40,000 8. Seek to introduce new penalties with respect to offshore tax evasion and failure to furnish information required under Common Reporting Standards
182A(1)(a)	Finance Act 2018, inserted this section which prohibited for inclusion of names in the active taxpayer's list for the entire tax year of persons who were late filers of returns. Now the Bills proposes to provide amendment to this sub-section and allows names of late filers to be included in active taxpayer's list subject to payment of surcharge as follows: <ol style="list-style-type: none"> (a) Rs. 20,000 in case of company (b) Rs. 10,000 in case of AOP (c) Rs. 1,000 in case of an individual
182(1)(b)	The Bill proposes to substitute new clause which provides for non-issuance of refund for the duration in which the person does not appear on active taxpayer's list.
191(1)	The Bill proposes to insert new sub-clause which provides to make non furnishing of withholding statement a prosecutable offence.
192B	Prosecution for concealment of an offshore asset The Bill proposes to insert new section which seeks to make concealment of offshore asset as a prosecutable offence.
195A	Prosecution for non-compliance with notice under section 116A The Bill proposes to insert new section which seeks to make non-compliance of notice under section 116A as a prosecutable offence.
195B	Prosecution for enabling offshore tax evasion The Bill proposes to insert new section which seeks to make offshore evasion as a prosecutable offence
215(1)	The Bill seeks to omit the words filer in the section. This is a consequential amendment due to omission of definition of "filer" and "non-filer" definition in the Ordinance
216(6B) & (6C)	The Bill proposes to insert new sub-section which provides to allow the Board for disclosures of names of offshore evaders and offshore enablers.
216A	The Bill proposes to insert new section which seeks to allow for invitation of criminal proceedings against officers and taxpayers who indulge in financial malpractices.
227C	The Bill proposes to omit this section which relates to restriction on purchase of certain assets as similar section 75A

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	with amendment has been proposed for insertion.
227D	Automatic impersonal tax regime The Bill proposes to insert new section which seeks to provide for the Board to design Automated Impersonal Tax Regime to minimize personal interaction between taxpayer and officers.
230F(23)	The Bill seeks to make technical amendment as corresponding amendments have been made with respect to immovable properties.
230G	Directorate General of Special Initiative The Bill proposes to insert new section which provide for establishment of Directorate General of Special Initiative.
230H	Directorate General of Valuation The Bill proposes to insert new section which provide for establishment of Directorate General of Valuation.
231B(1A)	The Bill seeks to substitute the word "non-filer" with the expression "person whose name is not appearing in the active taxpayer's list" in the section. This is a consequential amendment due to omission of definition of "filer" and "non-filer" definition in the Ordinance.
233	The Bill proposes to change tax on brokerage and commission from final tax liability to minimum tax liability.
234A	The Bill proposes to change tax on CNG stations from final tax liability to minimum tax liability.
236C	The Bill proposes to enhance the holding period for the seller from 3 years to 5 years in respect of withholding tax on sale of property.
236P(1) & (2)	The Bill seeks to substitute the word "non-filer" with the expression "person whose name is not appearing in the active taxpayer's list" in the section. This is a consequential amendment due to omission of definition of "filer" and "non-filer" definition in the Ordinance.
236U	The Bill seeks to substitute the word "non-filer" with the expression "person whose name is not appearing in the active taxpayer's list" in the section. This is a consequential amendment due to omission of definition of "filer" and "non-filer" definition in the Ordinance
236W	The Bill proposes to withdraw tax on purchase of property on difference of Federal Board of Revenue value of property and DC value.

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001
FIRST SCHEDULE RATES OF TAX
Part I Rates of tax
Division I Rates of Tax for Individuals and Association of Persons

The bill proposes to substitute the existing division I which prescribed rates of tax for non-salaried individual and associations of persons with new division I as follows:

Rates of tax for Association of Persons

The rates of tax imposed on the taxable income of every Association of Persons shall be as follows:

Taxable Income	Rate of tax
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

1A Rates of tax for Salaried Individual

The bill proposes to amend the existing division IA as income of salaried individual and now the criteria for becoming salaried persons has been increased from fifty percent to seventy-five per cent of taxable income, the rates of tax to be applied for salaried individual as follows:

Taxable Income	Rate of tax
Where the taxable income does not exceed Rs. 600,000	0%
Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,800,000	Rs. 30,000 plus 10% of the amount exceeding Rs. 1,200,000
Where taxable income exceeds Rs. 1,800,000 but does not exceed Rs. 2,500,000	Rs. 90,000 plus 15% of the amount exceeding Rs. 1,800,000
Where taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 3,500,000	Rs. 195,000 plus 17.5% of the amount exceeding Rs. 2,500,000
Where taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 5,000,000	Rs. 370,000 plus 20% of the amount exceeding Rs. 3,500,000
Where taxable income exceeds Rs. 5,000,000 but does not exceed Rs. 8,000,000	Rs. 670,000 plus 22.5% of the amount exceeding Rs. 5,000,000
Where taxable income exceeds Rs. 8,000,000 but does	Rs. 1,345,000 plus 25% of the amount exceeding Rs.

**SECTION
(CLAUSE)**
THE INCOME TAX ORDINANCE, 2001

not exceed Rs. 12,000,000	8,000,000
Taxable Income	Rate of tax
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

Division II
Rates of Tax for Companies

The bill proposes to fix the corporate rate of tax for tax year 2019 and onwards at the rate of 29%.

The bill proposes to withdraw tax rate of 25% for small companies as defined under section 2(59A) of the Ordinance.

Division III
Rates of Tax of Dividend

- (a) The bill proposes to increase rate of tax on dividend on Project privatized by WAPDA or Power Generation Companies supplying coal for Power Generation Projects. from 7.5% to 15%
- (b) The bill proposed substitution the expression "(a) and (c)" by "(a) and (d)". The bill proposed and maintained rate of tax of 15% for categories other than "(a) and (d)".
- (c) The bill proposed withdrawal of tax rates for Mutual Funds, Stocks Funds and REIT Scheme covered in clause (c)
- (d) The bill proposes to insert a new clause (d) after the omitted clause (c) to prescribe the rate of tax of 25% in the case of a person receiving dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III.

Division IIIA
Rates of Tax of Profit on Debts

The bill proposes to enhance the rates of tax for Profit on Debts in existing division IIIA as follows:

Profit on Debts	Rate of Tax
Where profit on debt does not exceed Rs.5,000,000	15%
Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000	17.5%
Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.36,000,000	20%

Division VIA
Rates of Tax of Income from Property
Section 15

The bill proposed to increase the slab of gross amount of rent exceeds Rs. 2,000,000 but does not exceed Rs.4,000,000 at serial no. 5 but the rate of tax of this slab remains the same.

The bill proposes to insert further new slabs and tax rates after slab no. 5 at serial number 6,7and 8 as follows:

S. No.	Gross amount of rent	Rate of tax
6	Where the gross amount of rent exceeds Rs.4,000,000 but does not exceed Rs.6,000,000.	Rs.610,000 plus 25 per cent of the gross amount exceeding Rs.4,000,000
7	Where the gross amount of rent exceeds Rs.6,000,000 but does not exceed Rs.8,000,000	Rs.1,110,000 plus 30 per cent of the gross amount exceeding Rs.6,000,000
8	Where the gross amount of rent exceeds Rs.8,000,000	Rs.1,710,000 plus 35 percent of the gross amount exceeding Rs.8,000,000.

**SECTION
(CLAUSE)**
THE INCOME TAX ORDINANCE, 2001
Division VII
Rates of Tax of Capital Gains on Disposal of Securities
Section 37A

The bill proposes to exclude the tax rate for non-filers for tax year 2018 and 2019 and further provided tax rates for tax year 2020 as follows:

S. No	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax Years 2018, 2019 and 2020	
					Securities acquired before 01.07.2016	Securities acquired after 01.07.2016
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Where holding period of a security is less than twelve months	12.5 %	15%	15%	15%	15%
2.	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5 %	12.5%	12.5%	
3.	Where holding period of a security is twenty - four months or more but the security was acquired on or after 1st July, 2013.	0%	7.5%	7.5%	7.5%	
4.	Where the security was acquired before 1st July, 2013	0%	0%	0%	0%	0%
5.	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%	5% and

**Explanation
Section 37A**

The bill proposes to insert explanation "For removal of doubt, it is clarified that, the provisions of this proviso shall be applicable only in case of a mutual fund or collective investment scheme or a REIT scheme" after the full stop at the end of fifth proviso.

Division VIII
Rates of Tax of Capital Gains on Disposal of Immovable Property
Section 37 (1A)

The bill proposed withdrawal of Capital Gains tax on disposal of properties acquired before or after July 01, 2016.

Division IX
Rates of Tax of Minimum Tax Under Section 113
Section 113

The bill proposed to enhance the minimum tax rate as follows:

S. No	Person(s)	Rate			
		Existing	Proposed		
1.	(a)	Oil marketing companies, Oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.)	0.50%	0.75%	
	(b)				Pakistani Airlines; and
	(c)				Poultry industry including poultry breeding, broiler production, egg production and poultry feed production
	(d)				Dealers or distributors of fertilizer 4 [; and]
	(e)				person running an online marketplace as defined in clause (38B) of section 2.]
2.	(a)	Distributors of pharmaceutical products, 1 [] fast moving consumer goods 2 [] and cigarettes;	0.20%	0.25%	
	(b)				Petroleum agents and distributors who are registered under the Sales Tax Act, 1990
	(c)				Rice mills and dealers; and

**SECTION
(CLAUSE)**
THE INCOME TAX ORDINANCE, 2001

S. No	Person(s)	Rate	
		Existing	Proposed
3.	Motorcycle dealers registered under the Sales Tax Act, 1990	0.25%	0.30%
4.	In all other cases.	1.25%	1.50%

Part II
Rates of tax
148
Rates of Advance Tax
Section 148

The bill proposes to exclude the advance tax rate for non-filers in column (4) and the tax rates applicable are as follows:

S. No	Persons	Rate
1.	(i) Industrial undertaking importing remelttable steel (PCT Heading 72.04) and directly reduced iron for its own use;	1% of the import value as increased by customs-duty, sales tax and federal excise duty
	(ii) Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision No.ECC-155/12/2004 dated the 9th December, 2004;	
	(iii) Persons importing urea;	
	(iv) Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011;	
	(v) Persons importing Gold;	
	(vi) Persons importing Cotton; and	
	(vii) Persons importing LNG]	
2.	Persons importing pulses	2% of the import value as increased by customs-duty, sales tax and federal excise duty
3.	Commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011.	3% of the import value as increased by customs-duty, sales tax and federal excise duty
4.	Persons importing coal	4%
5.	Persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan	4%
6.	Ship breakers on import of ships	4.5%
7.	Industrial undertakings not covered under S. Nos. 1 to 6	5.5%
8.	Companies not covered under S. Nos. 1 to 7	5.5%
9.	Persons not covered under S. Nos. 1 to 8	6% and

(a) and (b)

Further, the bill proposed to exclude the expression "being a filer". This is a consequential amendment due to omission of definition of "filer" and "non-filer" in the Ordinance.

Part III
Rates of tax
Division I
Rates of Tax on Dividends
Section 150

The bill proposes to increase rate of tax on dividend on Project privatized by WAPDA or Power Generation Companies supplying coal for Power Generation Projects. from 7.5% to 15%.

The bill proposed omission of the word for "filers" and maintained rate of tax of 15% for persons covered other than (a).

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
	The bill proposed to withdraw tax rate of 20% on dividend for non-filers in paragraph (c). This is a consequential amendment due to omission of definition of "filer" and "non-filer" in the Ordinance.
Division IA	Rates of Tax for Profit on Debt
Section 151	The bill proposes to enhance rate of tax on profit on debts from 10% to 15%. The bill proposed withdrawal the said proviso charging tax rate of 17.5% on profit on debts for non-filers. The bill proposes to exclude the word of non-filer of yield or profit paid is rupees five hundred thousand at the rate of 10%.
Division IB	Rates of Tax for Return on Investment in Sukuks
Section 150A	The bill proposes to omit the proviso (d) containing tax rate of 17.5% for non-filer.
Division II	Rates of Tax for Payments to non-resident
Section 152(1)	The bill proposes to exclude the expression "in case a person is a filer" and tax rate of 13% for non-filer in respect of payments to non-resident persons. The applicable rate of tax in this category is 7%.
Clause (4) sub-clause (i)	The bill proposes to exclude the expression "if the Company is a filer" and tax rate of 7% for non-filer in respect of payments to non-resident Company. The applicable rate of tax in this category is 4%.
Clause (4) sub-clause (ii)	The bill proposes to exclude the expression "if the person is a filer" and tax rate of 7.75% for non-filer in respect of payments to non-resident in any other case. The applicable rate of tax in this category is 4%.
Clause (5) sub-clause (ii)(a)	The bill proposes to exclude the expression "if the Company is a filer" and tax rate of 14% for non-filer in respect of payments to non-resident Company. The applicable rate of tax in this category is 8%.
Clause (5) sub-clause (ii)(b)	The bill proposes to exclude the expression "if the person is a filer" and tax rate of 17.5% for non-filer in respect of payments to non-resident in any other case. The applicable rate of tax in this category is 10%.
Clause (6) sub-clause (ii)(a)	The bill proposes to exclude the expression "in case a person is filer" applicable rate of tax is 7%
Clause (6) sub-clause (ii)(b)	The bill proposes to exclude the expression "and 13% if the person is a non-filer" in respect to payments to non-resident persons. applicable rate of tax is 7%
Division III	Rates of Tax for Payments for Goods or Services
Section 153 (1) sub-clause (b) (i)	The bill proposes to exclude the expression "if the Company is a filer" and tax rate of 8% for non-filer in respect of sale of goods of a Company. The applicable rate of tax is 4%.
Clause (1) sub-clause (b) (ii)	The bill proposes to exclude the expression "if the person is a filer" and tax rate of 9% for non-filer in respect of sale of goods of other than a Company. The applicable rate of tax is 4.5%
Clause (2) sub-clause (b) (i)	The bill proposes in addition to transport services, additional categories of services and enhancement in tax rate from 2% to 4% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection, certification, testing and training services;

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

- Clause (2) sub-clause (b) (ii)(a)** The bill proposes to exclude the tax rate of 14.5% for non-filer in respect of payments for rendering the services of the Company. The applicable rate of tax is 8%
- Clause (2) sub-clause (b) (ii)(b)** The bill proposes to exclude the tax rate of 17.5% for non-filer in respect of payments for rendering the services of Other than a Company. The applicable rate of tax is 10%
- Clause (2) sub-clause (b) (ii)(c)** The bill proposes to exclude the tax rate of 12% in the case of Company and 15% in the case of other than a company for non-filers in respect of payments for electronic and print media for advertising services. The applicable rate of tax is 1.5%
- Clause (3) sub-clause (ii)** The bill proposes to exclude the expression “if the Company is a filer” and tax rate of 14% for non-filer in respect of payments for rendering the services of execution of contracts of the Company. The applicable rate of tax is 7%
- Clause (3) sub-clause (iii)** The bill proposes to exclude the expression “if the person is a filer” and tax rate of 15% for non-filer in respect of payments for rendering the services of execution of contracts of the Other than a Company. The applicable rate of tax is 7.5%

Division III B Rates of Tax for Royalty paid to resident persons

Section 153 B The bill proposes to insert a new division III B in respect of royalty paid to resident persons to prescribe the rate of tax 15% of the gross amount payable.

Division V Rates of Tax of Income from Property

Section 155 The bill proposed to increase the slab of gross amount of rent exceeds Rs. 2,000,000 but does not exceed Rs.4,000,000 at serial no. 5 but the rate of tax of this slab remains the same.

The bill proposes to insert further new slabs and tax rates after slab no. 5 at serial number 6,7 and 8 as follows:

S. No.	Gross amount of rent	Rate of tax
6	Where the gross amount of rent exceeds Rs.4,000,000 but does not exceed Rs.6,000,000.	Rs.610,000 plus 25 per cent of the gross amount exceeding Rs.4,000,000
7	Where the gross amount of rent exceeds Rs.6,000,000 but does not exceed Rs.8,000,000	Rs.1,110,000 plus 30 per cent of the gross amount exceeding Rs.6,000,000
8	Where the gross amount of rent exceeds Rs.8,000,000	Rs.1,710,000 plus 35 percent of the gross amount exceeding Rs.8,000,000.

(b) The bill proposes to exclude the expression “for filers and 17.5% of the gross amount of rent for non-filers” in respect of payments of rent by a Company. The applicable rate of tax is 15%.

Division VI Rates of Tax of Prizes and Winnings

Section 156 The bill proposes to exclude the expression “for filers and 25% of the gross amount paid for non-filers” in respect of payments for prize bonds and winnings. The applicable rate of tax is 15%.

Division VIA Rates of Tax of Petroleum Products

Section 156A The bill proposes to exclude the expression “for filers and 17.5% for non-filers” in respect of payments for petroleum products. . The applicable rate of tax is 12%

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

Division VIB Rates of Tax of CNG Stations

Section 234A The bill proposes to exclude the expression “for filers and 6% for non-filers” in respect of payments for CNG Stations. The applicable rate of tax is 4%

Part IV Rates of tax

Division II Rates of Tax of Brokerage and Commission

Section 233 The bill proposes to exclude the tax rates for brokerage and commission for non-filers and the applicable tax rates are as follows:

S. No.	Persons	Rate of tax
1.	Advertising agents	10%
2.	Life insurance agents where commission received is less than Rs. 0.5 million per annum	8%
3.	Persons not covered in 1 and 2 above	12%

Division III Rates of Tax on Motor Vehicles

Section 234 Clause (1) The bill proposes to exclude the expression “for filer and four rupees per kilogram of the laden weight for non-filer” in respect of payments for annual tax on motor vehicles. The applicable rate of tax is 2.5%

Clause (2) The bill proposes to exclude the tax rates for motor vehicles for non-filers and the applicable tax rates as follows

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

Clause (3) The bill proposes to exclude the tax rates for other private motor vehicles for non-filers and the applicable tax rates as follows

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

Clause (4) The bill proposes to exclude the tax rates for lump sum motor vehicles for non-filers and the new tax rates as follows

1.	upto 1000cc	Rs. 10,000
2.	1001cc to 1199cc	Rs. 18,000
3.	1200cc to 1299cc	Rs. 20,000
4.	1300cc to 1499cc	Rs. 30,000
5.	1500cc to 1599cc	Rs. 45,000
6.	1600cc to 1999cc	Rs. 60,000
7.	2000cc & above	Rs. 120,000

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001
Division VI Rates of Tax of Cash Withdrawal from a Bank

Section 231A The bill proposes to exclude the expression “non-filers” with the words “the persons whose name is not appearing in the active taxpayer list”.

Division VIA Rates of Tax of Advance tax on Transactions in Bank

Section 231AA The bill proposes to exclude the expression “non-filers” with the words “the persons whose name is not appearing in the active taxpayer list”.

Division VII Rates of Tax of Advance tax on Purchases, Registration and Transfer of Motor Vehicles

Section 231B The bill proposes to exclude the tax rates for non-filers and the applicable tax rates are as follows:

Clause (a)

S. No.	Engine Capacity	Rs. per seat per annum
1.	upto 850cc	Rs. 7,500
2.	851cc to 1000cc	Rs. 15,000
3.	1001cc to 1300cc	Rs. 25,000
4.	1301cc to 1600cc	Rs. 50,000
5.	1601cc to 1800cc	Rs. 75,000
6.	1801cc to 2000cc	Rs. 100,000
7.	2001cc to 2500cc	Rs. 150,000
8.	2501cc to 3000cc	Rs. 200,000
9.	Above 3000cc	Rs. 250,000

Clause (b)

The bill proposes to exclude the tax rates by Excise and Taxation Department for Transfer of Registration or ownership of a Private Motor vehicles for non-filers and the applicable tax rates as follows:

1.	upto 850cc	Rs. 0
2.	851cc to 1000cc	Rs. 5,000
3.	1001cc to 1300cc	Rs. 7,500
4.	1301cc to 1600cc	Rs. 12,500
5.	1601cc to 1800cc	Rs. 18,750
6.	1801cc to 2000cc	Rs. 25,000
7.	2001cc to 2500cc	Rs. 37,500
8.	2501cc to 3000cc	Rs. 50,000
9.	Above 3000cc	Rs. 62,500

Division VIII Rates of Tax of Advance tax at the time of sale by Auction

Section 236A The bill proposes to omit the expression “for filers and tax rate of 15% of the gross sale price of any property or goods sold by auction for non-filers”. The applicable rate of tax is 10%

Division X Rates of Tax of Advance tax on Sale or Transfer of Immovable Property

Section 236C The bill proposes to omit the expression “for filers and 2 % of the gross amount of the consideration received for non-filers”. **The applicable rate of tax is 1% of the gross amount of consideration received.**

Division XIV Rates of Tax of Advance tax on sale to distributors, dealers or wholesalers

Section 236G The bill proposes to exclude the tax rates for non-filers and the applicable tax rates are as follows:

**SECTION
(CLAUSE)**
THE INCOME TAX ORDINANCE, 2001

S. No.	Category of sale	Rate of tax
1.	Fertilizers	0.7%
2.	Other than fertilizers	0.1%

Division XV
Rates of Tax of Advance tax on sale to retailers
Section 236H

The bill proposes to exclude the tax rates for non-filers and the applicable tax rates are as follows:

1.	Electronics	1%
2.	Others	0.5%

Division XVA
Rates of Tax of Advance tax on sale of certain Petroleum Products
Section 236HA

The bill proposes to exclude the expression “for filer and 1% for non-filer” in respect to payments for sale of certain Petroleum Products. . The applicable rate of tax is 0.5% of ex-depot sales price.

Division XVII
Rates of Tax of Advance tax on Dealers, Commission Agents and Arhatis, etc
Section 236J

The bill proposes to enhance the tax rates and the applicable tax rates are as follows:

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

Division XVIII
Rates of Tax of Advance tax on Purchases of immovable property
Section 236K

The bill proposes reduction in tax rate from 2% to 1% on the fair Market Value and exclude the tax rate of 4% for Non-Filer of the Immovable Property having value upto 4 million.

Division XXI
Rates of Tax of Advance tax on Banking Transactions Otherwise than through cash
Section 236P

The bill proposes to exclude the expression “non-filers” with the words “the persons whose name is not appearing in the active taxpayer list”.

Division XXV
Rates of Tax of Advance tax on Insurance Premium
Section 236U

The bill proposes to exclude the expression “non-filers” with the words “the persons whose name is not appearing in the active taxpayer list”.

Division XXVI
Rates of Tax of Advance tax on Extraction of Minerals
Section 236V

The bill proposes to exclude the expression “non-filers” with the words “the persons whose name is not appearing in the active taxpayer list”.

Division XXVII
Rates of Tax of Advance tax on Amount Remitted Abroad Through Credit, Debit or Prepaid Cards
Section 236Y

The bill proposes to omit the expression “for filers and 3% for non-filers”. The applicable rate of tax is 1%.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
SECOND SCHEDULE	RATES OF TAX
Part I	EXEMPTIONS FROM TOTAL INCOME
Clause (39A)	The bill proposed insertion of expressions "internal security allowance, compensation in lieu of bearer allowance," for seeking exemption from tax.
Clause (61) (lv) (lvi)	The bill proposed new insertion seeks 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"> • Layton Rahmatullah Benevolent Trust (LRBT). • Akhuwat
Clause (66) (lxvi) (lxvii)	The bill proposed new insertion seeks to grant exemption from tax to any income derived by the following: <ul style="list-style-type: none"> • Akhuwat • Audit Oversight Board
Clause (99A)	The bill proposed new amendment seeks to grant exemption from tax to any amount paid as profit and gain on sale of Immovable property to a rental REIT Scheme shall be exempted upto June 30, 2021.
Clause (103C)	The bill proposed the substitution of the word "has availed" by "is eligible for" in respect of group tax credits on receipt of Dividend income derived by a Company between associate and group Companies.
Clause (114B)	The bill proposed insertion of new clause after clause 114 as "Profit and gains accruing to persons mentioned in proviso to sub-section (1) of section 236C in respect of first sale of immovable property acquired from or allotted by the Federal Government or Provincial Government or any authority duly certified by the official allotment authority, and the property acquired or allotted is in recognition of services rendered by the Shaheed or the person who dies in service".
Clause (146)	The bill proposed insertion of new clause after omitted clause 145 regarding "any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive)" and
Part III	REDUCTION IN TAX LIABILITY
Clause (2)	The bill proposes omission of the word "training and" reduced the tax reduction relief to a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary. <p>The bill proposed insertion of new clause after the full stop at the end a colon of clause (2) as "Provided that this clause shall not apply to teachers of medical profession who derive income from private medical practice or who receive share of consideration received from patients".</p>
Clause (9A)	The bill proposed insertion of new clause after clause 9 as "The amount of tax payable on income chargeable under the head, "Capital Gains" on disposal of immovable property shall be reduced by fifty percent on the first sale of immovable property acquired or allotted to ex-servicemen and serving personnel of Armed Forces or ex-employees or serving personnel of Federal and Provincial Governments, being original allottees of the immovable property, duly certified by the allotment authority".

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Part IV	EXEMPTION FROM SPECIFIC PROVISIONS
Clause (43E)	The bill proposes to enhance the rates of tax of 3% from 2% on rendering or providing of carriage services by goods transport contractors for his entitlement for non-deduction of tax under section 153(1)(a).
Clause (81)	The bill proposed omission of clause 81
Clause (81A)	The bill proposed omission of clause 81A.
Clause (94)	The bill proposed omission of clause 94
Clause (105)	The bill proposed omission of clause 105
Clause (110)	The bill proposed insertion of new clause after clause 109 "The provisions of sections in Division III of Part V of Chapter X and Chapter XII of this Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive)
THIRD SCHEDULE	RATES OF TAX
Part II	INITIAL ALLOWANCE AND FIRST YEAR ALLOWANCE
Section 23	The bill proposed withdrawal of Initial allowance of 15% for building.
FOURTH SCHEDULE	RATES OF TAX
Rule 6E	The bill proposed insertion of new rule after rule 6D as "Notwithstanding anything contained in this Schedule, the Commissioner shall be authorized to examine and amend the amount of income as disclosed in the financial statement presented to the Securities and Exchange Commission of Pakistan with respect to commission paid and claimed for losses".
SEVENTH SCHEDULE	RATES OF TAX
Rule 1	The bill proposes addition in clause C after the second as follows: <ul style="list-style-type: none"> (i) proviso provision for advances and off balance sheet items allowed under this clause, at the rate of 1 percent or 5 percent, as the case may be, shall be exclusive of reversals of such provisions; (ii) reversal of "bad debts" classified as "doubtful" or " loss" are taxable as the respective provisions have been allowed under this clause; and (iii) with effect from tax year 2020 and onward; reversal of "bad debts" classified as " loss" are taxable as the respective provisions have been allowed under this clause."
Clause (d)	The bill proposed addition of expression "or "doubtful" after the word "sub-standard", debts not allowed by SBP as expense.
Clause (e)	The bill proposed omission of expression "as 'doubtful' or" as allowed by SBP under Prudential issued time to time for computing the provision for the tax year.

**SECTION
(CLAUSE)**

THE INCOME TAX ORDINANCE, 2001

**Explanation after
clause (h)**

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

Clause 6C

Enhanced rate of tax on taxable income from Federal Government securities

The bill proposed insertion of new clause after omitted clause 6B as follows

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

Taxable income subject to enhanced rate of tax = $A \times B/C$

Where-

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

Clause 7C

The bill proposed insertion of explanation after the full stop at the end a colon of clause (7C) as "Provided that brought forward losses, if any, shall be excluded from income computed under this Schedule for the purpose of section 4B of this Ordinance." and

Clause 7D

The bill proposed omission of word "interest income" in proviso (1) rate of tax on income arising from additional advances for micro, small and medium enterprises.

SECTION (CLAUSE)	SALES TAX ACT, 1990
Section 2	Definitions
(5AB)	<p>The bill seeks to re-define cottage industry as follows:</p> <p>"cottage industry" means a manufacturing concern, which fulfils each of following conditions, namely:</p> <ul style="list-style-type: none">(a) does not have an industrial gas or electricity connection;(b) is located in a residential area;(c) does not have a total labour force of more than ten workers; and(d) annual turnover from all supplies does not exceed two million rupees;"
(11A)	<p>The bill seeks to make editorial corrections.</p>
(27)	<p>The bill seeks to include price fixed by importer, in case of imported goods in the definition of retail price.</p>
(33)	<p>The bill proposes to amend the proviso of definition of supply whereby the power vested in Federal Government to notify in the official Gazette, such other transactions which shall or shall not constitute supply will now be vested in Federal Board of Revenue, with the approval of the Minister-in-charge.</p>
(43)	<p>The bill proposes to amend definition of tax period whereby the power vested in Federal Government to notify in the official Gazette, such other period will now be vested in Federal Board of Revenue, with the approval of the Minister-in-charge.</p>
(43A)	<p>The bill seeks to include a retailer, whose shop measures one thousand square feet in area or more in the definition of Tier-1 retailers.</p>
(46)	<p>The bill seeks to amend the definition of value of supply whereby value of supply in case of imported goods shall be determined excluding those as specified in the Third Schedule.</p> <p>The bill also proposes to amend the definition of value of supply whereby existing clause (f) is substituted with new clause to prescribe value of supply in case of manufacture of goods belonging to another person, shall be the actual consideration received by the manufacturer for the value addition carried out in relation to such goods.</p> <p>The bill also seek to insert two new clauses in the definition of value of supply as follows:</p> <ul style="list-style-type: none">(h) in case of supply of electricity by an independent power producer, the amount received on account of energy purchase price only; and the amount received on account of capacity purchase price, energy purchase price premium, excess bonus, supplemental charges etc. shall not be included in the value of supply.(i) in case of supply of electric power and gas by a distribution company, the total amount billed including price of electricity and natural gas, as the case may be, charges, rents, commissions and all duties and taxes local, provincial and federal but excluding the amount of late payment surcharge and the amount of sales tax.
Section 3	Scope of tax
Sub-section (1B)	<p>The bill seeks to substitute existing sub-section with new sub-section as follows:</p> <p>On the goods specified in the Tenth Schedule, in lieu of levying and collecting tax under sub-section (1), the tax shall be levied and collected, in the mode and manner specified therein:</p> <ul style="list-style-type: none">a) on the production capacity of plants, machinery, undertaking, establishments or installation producing on manufacturing such goods; or

SECTION (CLAUSE)	SALES TAX ACT, 1990
	b) (b) on fixed basis, from any person who is in a position to collect such tax due to the nature of the business, and different rates may be so prescribed for different regions or areas.
Sub-section (2)	<p>The bill proposes to amend clause (a) of sub-section (2) to include import of goods specified in the Third Schedule which shall be charged to tax at the rate of seventeen per cent of the retail price or in case such imports are also specified in the Eighth Schedule, at the rates specified therein and the retail price thereof, along with the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the importer in case of imported goods on each article, packet, container, package, cover or label.</p> <p>Provided that the Federal Government, may, by notification in the official Gazette, exclude any import from the said Schedule or include any import therein.</p>
Sub-section (3A)	The bill proposes to amend sub-section (3A) whereby the power vested in Federal Government to notify in the official Gazette, the goods in respect of which the liability to pay tax shall be of the person receiving the supply will now be vested in Federal Board of Revenue, with the approval of the Minister-in-charge.
Sub-section (7)	<p>The bill seeks to substitute existing sub-section with new sub-section as follows:</p> <p>The tax shall be withheld by the buyer at the rate as specified in the Eleventh Schedule as withholding agent for the purpose of depositing the same, in such manner and subject to such conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette.</p>
Sub-section (9)	<p>The bill proposes to amend sub-section (9) whereby provision of sub-section (9) shall not apply to those retailers falling in Tier-1. By virtue of proposed amendment, tax shall be charged from retailers other than those falling in Tier-1 through their monthly electricity bills, at the rate of five percent where the monthly bill amount does not exceed rupees twenty thousand and at the rate of seven and half per cent where the monthly bill amount exceeds the aforesaid amount and the electricity supplier shall deposit the amount so collected directly without adjusting against his input tax.</p> <p>The bill proposes to insert new proviso after existing proviso as follows:</p> <p>Provided further that the Commissioner of Inland Revenue having jurisdiction shall issue order to the electricity supplier regarding exclusion of a person who is either a Tier-1 retailer, or not a retailer.</p>
Sub-section (9A)	<p>The bill seeks to substitute existing sub-section (9A) with new sub-section whereby Tier-1 retailers shall pay sales tax at the rate as applicable to the goods sold under relevant provisions of this Act or a notification issued there under:</p> <p>Provided that the customers of a Tier-1 retailer shall be entitled to receive a cash back of up to five percent of the tax involved, from such date in the manner and to the extent, as may be prescribed by the Board.</p>
Section 4	Zero rating <p>The bill seeks to substitute existing clause (c) with new clause as follows:</p> <p>Such other goods, as the Federal Government may specify by notification in the official Gazette, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements.</p> <p>The bill also proposes to omit clause (d) of section 4 relating to such other goods as may be specified by the Federal Board of Revenue through a general order as are supplied to a registered person or class of registered persons engaged in the manufacture and supply of goods supplied at reduced rate of sales tax.</p>
Section 7	Determination of tax liability
Sub-section (2)	The bill proposes to amend sub-section (2) for a registered person, in case of supply of electricity or gas, to claim input tax from output tax, if he holds a bill bearing his registration number and the address where the connection is installed.
Sub-section (3)	The bill proposes to amend sub-section (3) whereby the power vested in Federal Government to notify in the official

SECTION (CLAUSE)	SALES TAX ACT, 1990
	Gazette, to allow a registered person or class of persons to deduct such amount of input tax from the output tax will now be vested in Federal Board of Revenue, with the approval of the Minister-in-charge.
Section 7A	Levy and collection of tax on specified goods on value addition
Sub-section (2)	The proposed amendment seeks to insert reference of Twelfth Schedule in respect of the goods or class of goods specified in the Twelfth Schedule, relating to the minimum value addition tax, against the value added by the registered person, as a reference to this sub-section.
Section 8	Tax credit not allowed
Sub-section (1)	The bill proposes to substitute existing clause (m) with new clause (m) to disallow the input tax paid on the input goods attributable to supplies made to un-registered person, on pro-rata basis, for which sale invoices do not bear the NIC number of the buyer. By virtue of the proposed substitution, a registered person shall now be entitled to claim input tax paid on import of scrap of compressors falling under PCT heading 7204.4940.
Sub-section (6)	The bill proposes to amend sub-section (6) whereby the power vested in Federal Government to notify in the official Gazette, any goods or class of goods which a registered person cannot supply to any person who is not registered will now be vested in Federal Board of Revenue, with the approval of the Minister-in-charge.
Section 8B	Adjustable input tax
Sub-section (1)	The bill proposes to amend second proviso of sub-section (1) of section 8B to grant power to the Federal Board of Revenue to relax the limit prescribed in sub-section (1) from ninety percent to ninety five percent to a registered person to adjust input tax from output tax.
Section 10	Refund of input tax
Sub-section (1)	The proposed amendment seeks to empower the Board to direct that refund of input tax against exports shall be paid at the fixed rates and in the manner as may be notified. By virtue of the proposed amendment, refund of input tax against export shall not be paid along with duty drawback now.
Section 13	Exemption
Sub-section (2)	The bill proposes to substitute existing clause (a) of sub-section (2) of section 13 with new clause as follows: The Federal Government may, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements, by notification in the official Gazette, exempt any supplies made or imports, of any goods or class of goods from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein.
Section 23	Tax Invoices
Sub-section (1)	The bill proposes to amend sub-section (1) to specify that issue of tax invoice by a registered person making a taxable supply shall contain the particulars in Urdu or English language. The bill proposes to amend clause (b) of sub-section (1) to specify that in case of supplies to unregistered person, NIC number of the recipient shall be mentioned on tax invoice. The bill proposes to amend clause (d) of sub-section (1) to specify that description including count, denier and construction in case of textile yarn and fabric shall be mentioned on tax invoice.
Section 25	Access to record, documents, etc.

SECTION (CLAUSE)	SALES TAX ACT, 1990
Sub-section (2)	The bill proposes to omit third proviso to sub-section (2) whereby the officer of Inland Revenue authorized by the Commissioner may conduct audit once in a year under this section as opposed to only once in every three years.
Section 26	Return
Sub-section (3)	The bill seeks to insert proviso to sub-section (3) whereby approval of the Commissioner Inland Revenue shall not be required if revised return is filed within sixty days of filing of return and either the tax payable therein is more than the amount paid or the refund claimed therein is less than the amount as claimed, under the return sought to be revised.
Section 30A	Directorate General (Intelligence and Investigation), Inland Revenue The proposed amendment in sub-section (1) seeks to make editorial correction.
Section 33	Offences and penalties The bill proposes to enhance penalty on account of failure to furnish return within due date from five thousand rupees to ten thousand rupees. In case a person files a return within ten days of the due date, the penalty is proposed to be enhanced from one hundred rupees for each day of default to two hundred rupees.
Section 33A	Proceedings against persons The bill proposes to insert new section 33A as follows: <ol style="list-style-type: none">(1) Subject to section 51, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in section 30 to 30DDD including any person subordinate to the aforesaid authorities, who wilfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both.(2) Where proceedings under sub-section (1) have been initiated against a person or authority, the Board shall simultaneously intimate the relevant government agency to initiate criminal proceedings against the taxpayer.(3) The proceedings under this section shall be without prejudice to any liability that the authority, person or taxpayer may incur under any other law for the time being in force.
Section 37B	Procedure to be followed on arrest of a person The bill proposes to replace the reference of Sales Tax Officer in this section with an officer of Inland Revenue. The bill proposes to amend sub-section (13) whereby the power vested in Federal Government to notify in the official Gazette, to authorize any other officer working under the Board to exercise the powers and perform the functions of an officer of Inland Revenue under this section will now be vested in Federal Board of Revenue, with the approval of the Minister-in-charge.
Section 58	Liability for payment of tax in case of private companies or business enterprises The bill proposed to substitute section 58 as follows: <ol style="list-style-type: none">(1) Notwithstanding anything contained in the Companies Act, 2017 (XIX of 2017), where any private company or business enterprise is wound up and any tax chargeable on the company or business enterprise, whether before, or in the course, or after its liquidation, in respect of any tax period cannot be recovered from the company or business enterprise, every person who was an owner of, or partner in, or director of, or a shareholder, owning not less than ten per cent of the paid-up capital, in the company or business enterprise, as the case may be, during the relevant period shall jointly and severally with such persons, be liable for the payment of such tax.(2) Any director, partner or shareholder, who pays tax under subsection (1) shall be entitled to recover the tax paid by

SECTION (CLAUSE)	SALES TAX ACT, 1990
	<p>him from the company or business enterprise, or a share of the tax from other director or partner, or a share in the proportion of holding from another shareholder, as the case may be.</p> <p>(3) The provisions of this Act shall apply to any amount due under this section as if it were tax due under an order for assessment made under this Act.</p>
Section 67A	Payment of refund through sales tax refund bonds
	The bill seeks to make editorial corrections.
Sub-section (12)	The bill proposes to amend sub-section (12) whereby the power vested in Federal Government to notify procedure to regulate the issuance, redemption and other matters relating to the bonds will now be vested in Federal Board of Revenue, with the approval of the Minister-in-charge.
Section 71	Special procedure
Sub-section (1)	The bill proposes to amend sub-section (1) whereby the power vested in Federal Government to notify in official gazette, to prescribe special procedure for scope and payment of tax, registration, book keeping and invoicing requirements and returns, etc. in respect of such supplies as may be specified will now be vested in Federal Board of Revenue.
Section 72B	Selection of audit by the Board
Sub-section (1A)	The bill seek to insert new sub-section whereby the Board shall keep the parameters confidential for selection of audit.
SRO 1125(I)/2011	Streamlining SRO 1125(I)/2011 Regime
	<p>SRO 1125(I)/2011 provides for zero-rate of sales tax on inputs and products of five export-oriented sectors i.e. textile, leather, carpets, sports goods and surgical goods. The objective was to resolve delay in refund payments. However, zero rating has created loophole and the benefit is being availed by unintended beneficiaries / non-exporters. Reduced rates for finished goods is also harming revenues. Huge misuse of SRO on import of fabric and processed fabrics has been reported. To streamline and prevent revenue leakage SRO 1125 is being rescinded, however, this has not been formally notified and this has been extracted from the Salient Features of the Budget documents.</p> <ul style="list-style-type: none"> • It is proposed that SRO 1125 be rescinded, thus restoring standard rate of 17% on items covered under SRO. • The rate of sales tax on local supplies of finished articles of textile and leather and finished fabric may be raised from current 6% for integrated businesses, and 9% for others, to 15% and 17%, respectively. • Zero-rating of utilities (gas, electricity and fuels) allowed to these export oriented sectors through various sales tax general orders be withdrawn. • Refund of sales tax to these sectors be automated, thus ensuring that the sales tax paid on inputs is immediately refunded. Refund Payment Orders (RPOs) shall be immediately sent to SBP for payment as soon as these are generated. • Ginned cotton which is presently exempt is proposed to be subjected to reduced rate of 10%

**SECTION
(CLAUSE)**

SALES TAX SCHEDULES

Third Schedule

Taxable supplies specified in the Third Schedule which shall be charged to tax at rate of seventeen percent (17%) of retail price.

The following items are proposed to be inserted in the Third Schedule:

S No.	Description	Heading
38	Household electrical goods, including air conditioners, refrigerators, deep freezers, televisions, recorders and players, electric bulbs, tube-lights, electric fans, electric irons, washing machines and telephone sets.	Respective headings
39	Household gas appliances, including cooking range, ovens, geysers and gas heaters.	Respective headings
40	Foam or spring mattresses and other foam products for household use.	Respective headings
41	Paints, distempers, enamels, pigments, colours, varnishes, gums, resins, dyes, glazes, thinners, blacks, cellulose lacquers and polishes sold in retail packing	Respective headings
42	Lubricating oils, brake fluids, transmission fluid, and other vehicular fluids sold in retail packing.	Respective headings
43	Storage batteries excluding those sold to automotive manufacturers or assemblers	Respective headings
44	Tyres and tubes excluding those sold to automotive manufacturers or assemblers	Respective headings
45	Motorcycles	Respective headings
46	Auto rickshaws	Respective headings

Sixth Schedule

Supply of goods exempt from tax

Serial (2)(3)

The proposed insertion seeks to include "packed" items of meat and fish items prescribed in sixth schedule.

Serial 19

The proposed amendment seeks to exclude products wheat and meslin flour, as sold in retail packing bearing brand name or a trade mark from list of exempt items.

Serial (36)(37)

The proposed omission seeks to exclude silver and gold in unworked condition from the list of exempt items.

Serial 52A

The proposed insertion seeks to exclude supply of electricity and natural gas to hospitals listed in Sixth Schedule from the list of exempt items.

Serial 72

The proposed insertion seeks to clarify that supply of uncooked poultry meat, whether or not fresh, frozen or otherwise, preserved or packed shall be exempt from tax on supply.

Serial 73A

The proposed omission seeks to correct Heading Number for milk category.

Serial 82

The proposed amendment seeks to exclude offal, as sold in retail packing bearing brand name or a trade mark from list of exempt items.

Serial 83

The proposed amendment seeks to exclude fish, as sold in retail packing bearing brand name or a trade mark from list of exempt items.

Serial 85

The proposed amendment seeks to exclude fat filled milk, as sold in retail packing bearing brand name or a trade mark from list of exempt items.

**SECTION
(CLAUSE)**
SALES TAX SCHEDULES
Serial 151

The proposed amendment seeks to insert the following items in Sixth Schedule:

S. No.	Description	Heading No.
151	<p>(a) Supplies; and</p> <p>(b) imports of plant, machinery, equipment for installation in tribal areas and of industrial inputs by the industries located in the tribal areas, as defined in the Constitution of Islamic Republic of Pakistan, as made till 30th June, 2023, to which the provisions of the Act or the notifications issued thereunder, would have not applied had Article 247 of the Constitution not been omitted under the Constitution (Twentyfifth Amendment) Act, 2018 (XXXVII of 2018):</p> <p>Provided that, in case of imports, the same shall be allowed clearance by the Customs authorities on presentation of a post-dated cheque for the amount of sales tax payable under the Sales Tax Act, 1990, and the same shall be returned to the importer after presentation of a consumption or installation certificate, as the case may be, in respect of goods imported as issued by the Commissioner Inland Revenue having jurisdiction:</p> <p>Provided further that if plant, machinery and equipment, on which exemption is availed under this serial number, is transferred or supplied outside the tribal areas, the tax exempted shall be paid at applicable rate on residual value.</p>	Respective heading
153	Supplies of electricity, as made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, till 30 th June, 2023, to all residential and commercial consumers in tribal areas, and to such industries in the tribal areas which were set and started their industrial production before 31st May, 2018, but excluding steel and ghee or cooking oil industries	2716.0000
154	Steel billets, ingots, ship plates, bars and other long re-rolled profiles, on such imports and supplies by the manufacturer on which federal excise duty is payable in sales tax mode	Respective headings

**Sixth Schedule
Table 2**
Local Supplies Only
Serial 16

The proposed omission seeks to exclude supply of ginned cotton from list of exempt items in local supply.

Serial 25, 26

The proposed insertion seeks to include the following items in list of exempt items for local supply.

Serial No.	Description	Heading No.
25	Cottonseed oil	1512.2100 and 1512.2900
26	Wheat Bran	2302.3000

Eighth Schedule
Specific rates and headings
**Serial 18, 21, 22,
32**

The proposition omissions seeks to exclude the following categories from the Eighth Schedule wherein a specific rate has been notedL

- Reclaimed lead,
- Rapeseed, sunflower seed and canola seed
- Soyabean seed
- Crystalline sugar

**SECTION
(CLAUSE)**
SALES TAX SCHEDULES
Serial 56

The proposed amendment seeks to change the rate of supply of Potassium Chlorate from "17% alongwith rupees 65 per kilogram" to "17% alongwith rupees 70 per kilogram".

Serial 59-67

The proposed insertion seeks to include the following items in the Eighth Schedule:

S. No.	Description	Rate	Comment
59	Products of milling industry except wheat and meslin flour	10%	If sold in retail packing under a brand name or trademark
60	Fat filled milk	10%	If sold in retail packing under a brand name or trademark
61	Silver, in unworked condition	1% plus 2% value Addition	
62	Gold, in unworked condition	1% plus 2% value addition	
63	Articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.	1.5% of value of gold, plus 0.5% of value of diamond, used therein, plus 3% of making charges	No input tax adjustment to be allowed except of the tax paid on gold
64	Prepared Food, foodstuff And sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops	7.5%	Supplies only, subject to condition that no input tax shall be adjusted.
65	Ginned cotton	10%	
66	Supplies of Finished articles of textile, textile made-ups, leather and artificial leather, as made by retailers	15%	If they are integrated with FBR's online system and data is transmitted to the FBR's computerized system in real time in such mode and manner as may be prescribed by the Board
67	LNG imported for servicing CNG sector and local supplies thereof	5%	

Ninth Schedule
Cellular phones
Serial 2

The proposed substitution seeks to amend the mechanism for categorizing cellular phones for the purpose of charge of tax.

S. No.	Description	Sales Tax on import (or local supply)	Sales tax on supply (payable at time of supply by CMOs)
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		

**SECTION
(CLAUSE)**
SALES TAX SCHEDULES

category:			
A. Not exceeding US\$ 30		Rs. 135	Rs. 135
B. Exceeding US\$ 30 but not exceeding US\$ 100		Rs. 1,320	Rs. 1,320
C. Exceeding US\$ 100 but not exceeding US\$ 200		Rs. 1,680	Rs. 1,680
D. Exceeding US\$ 200 but not exceeding US\$ 350		Rs. 1,740	Rs. 1,740

Tenth Schedule

The proposed insertion of Tenth Schedule seeks to prescribe rates of tax on supply of bricks, which shall be paid on fixed basis, on monthly return, at rates specified in Table below:

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

Eleventh Schedule

Rates for Withholding or Deduction by the Withholding Agent (Proposed new schedule insertion)

S. No.	Withholding agent	Supplier category	Rate or extent of deduction
1.	(a) Federal and provincial government departments; autonomous bodies; and public sector organizations (b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Registered persons	1/5th of Sales Tax as shown on invoice
2.	(a) Federal and provincial government departments; autonomous bodies; and public sector organizations (b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Person registered as a wholesaler, dealer or distributor	1/10th of Sales Tax as shown on invoice`
3.	Federal and provincial government departments; autonomous bodies; and public sector organizations	Unregistered persons	Whole of the tax involved or as applicable to supplies on the basis of gross value of supplies
4.	Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Unregistered persons	5% of gross value of supplies
5.	Registered persons as recipient of	Person providing advertisement	Whole of sales tax applicable

**SECTION
(CLAUSE)**

SALES TAX SCHEDULES

	advertisement services	services	
--	------------------------	----------	--

Twelfth Schedule

Levy and collection of tax on specified goods on value addition (Proposed new schedule insertion)

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

Procedure and conditions:—

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

SECTION
(CLAUSE)

ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001

 Serial 41
Serial 42-59

The proposed amendment seeks to change the rate of tax from 18.5% to 17% for call centres.
The proposed amendment seeks to include the following services in the list of taxable supply.

43	Advertisement on hoarding boards, pole signs and signboards, and websites or internet	9802.9000	Sixteen percent
44	Services provided by landscape designers	9814.4000	Sixteen percent
45	Sponsorship services	9805.9100	Sixteen percent
46	Services provided or rendered for purchase or sale or hire of immovable property	-	Sixteen percent
47	Services provided or rendered by legal practitioners and Consultants	9815.2000	Sixteen percent
48	Services provided by accountants and auditors	9815.3000	Sixteen percent
49	Service provided or rendered by Stockbrokers, future brokers and commodity brokers, money exchanger, surveyors, outdoor photographers, event photographers, videographers, art painters, auctioneers (excluding value of goods) and registrar to an issue	9819.1000, 9819.2000, 9819.5000, 9819.7000, 9819.8000, 9819.9100, 9819.9500 and 9819.9090	Sixteen percent
50	Services provided by race clubs: Entry/ admission and other services	-	Sixteen percent
51	Services provided or rendered by corporate law consultants	9815.9000	Sixteen percent
52	Visa processing services, including advisory or consultancy services for migration or visa application filing services	-	Sixteen percent
53	Debt collection services and other debt recovery services	-	Sixteen percent
54	Supply chain management or distribution (including delivery) services	-	Sixteen percent
55	Services provided or rendered by persons engaged in intercity transportation or carriage of goods by road or through pipeline or conduit	-	Sixteen percent
56	Ready mix concrete services	-	Sixteen percent
57	Public relations services	-	Sixteen percent
58	Training or coaching services other than education services	-	Sixteen percent
59	Cleaning services including janitorial services, collection of waste and processing of domestic waste	9822.2000, 9822.3000 and	Sixteen percent

**SECTION
(CLAUSE)**
ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001

		9822.9000	
--	--	-----------	--

**SECTION
(CLAUSE)**
THE FEDERAL EXCISE ACT, 2005
2(23a)

The amendment seeks to empower the Board, with the approval of Minister-in-charge, to notify certain transactions in the official Gazette from time to time for the purposes of definition of Supply.

3(5A)

New Sub Section added in order to determine the minimum production of steel billets and ingot, steel bars and other re-rolled long profiles of steel and ship plates.

By addition of Serial No. 58 in Table I of First Schedule levy of excise duty is proposed on steel billets, ingot, steel bars and other long re-rolled products at the rate of 17% on ad valorem basis. Following related amendments for levy of said excise duty have also been proposed:

- Addition of Serial No. 4 in Second Schedule thereby prescribing the mode of collection of said duty on steel billets ingot, steel bars and other long re-rolled products under sales tax mode with entitlement for adjustment with sales tax and vice versa
- Addition of Fourth Schedule for prescribing the criterion for the determination of minimum production under new Sub Section 5A of Section 3.

7(2)

The amendment seeks to empower the Board, with the approval of Minister-in-charge, to notify, in the official Gazette, any of the provisions of the Sales Tax Act, 1990, for the purposes of applicability, with regard to like matters in respect of the duty leviable under this the Federal Excise Act, 2005.

16(2)

The amendment seeks withdraw exemption to be granted from levy of excise duty in case of protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and matters relating to international financial institutions or foreign government-owned financial institutions.

19(2)(d)

New sub-clause inserted for the purpose of imposing penalty on a person who sells cigarettes in retail at a price lower than the retail price plus the amount of sales tax as printed thereon.

19(A)

New section inserted titled 'Proceedings against person' for the purpose of rules to be prescribed by the Board for initiating criminal proceedings against Federal excise officers as mentioned in section 29.

22(13)

The amendment seeks to empower the Board, with the approval of Minister-in-charge, by notification in the official Gazette authorize any other officer working under the Board to exercise the powers and perform the functions under this section.

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	Edible oils excluding deoxidized soybean	16%	17%
2	Vegetable ghee and cooking oil	16% ad valorem	
	(a) in retail packing		17% of retail price
	(b) not in retail packing		17% ad valorem
3	Aerated waters	11.5%	14%

SECTION
(CLAUSE)

THE FEDERAL EXCISE ACT, 2005

4	Aerated waters, containing added sugar or other sweetening matter or flavored	11.5%	14%
5	Aerated waters if manufactured wholly from juices or pulp of vegetables, food grains or fruits and which do not contain any other ingredient, indigenous or imported, other than sugar, coloring materials, preservatives or additives in quantities prescribed under the West Pakistan Pure Food Rules, 1965.	11.5%	14%
6	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers	One rupee and fifty paise per kilogram	Two rupees per kilogram
7	Liquefied Natural Gas	Seventeen rupees and eighteen paise per hundred cubic meters.	Ten rupees per Million British Thermal Unit (MMBTu)
8	Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters [New goods added as Serial No. 57 to the Table]	Nil	5% of retail price
9	Steel Billets, ingots, ship plates, bars and other long re-rolled products [New goods added as Serial No. 58 to the Table]	Nil	17% ad valorem

Structure of excise duty on cigarettes is proposed to be revised as follows:

Category	Rate
Locally produced cigarettes if their on-pack printed retail price exceeds five thousand nine hundred and sixty rupees per thousand cigarettes.	Rs. 5,200 per thousand cigarettes
Locally produced cigarettes if their on-pack printed retail price does not exceed five thousand nine hundred and sixty rupees per thousand cigarettes.	Rs. 1,650 per thousand cigarettes

Structure of excise duty on imported vehicles has not been amended while excise duty on locally manufactured or assembled vehicles has been proposed to be revised as follows:

Locally manufactured or assembled motor cars, SUVs and other motor vehicles, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars:

(a) of cylinder capacity up to 1000cc	2.5% ad valorem
(b) of cylinder capacity from 1001cc to 2000cc	5% ad valorem
(c) of cylinder capacity 2001cc and above	7.5% ad valorem

For the purposes of levy of excise duty on un-manufactured tobacco, an explanation has been added to clarify that the duty payable on un-manufactured tobacco shall always be borne by the cigarette manufacturer and the burden thereof shall not be passed on to the tobacco grower in any manner.

Excise duty on Oil seeds proposed to be abolished.

**First Schedule
Restriction-1-
Reduction**

The amendment seeks to impose the restriction on reduction in retail price by cigarette manufacturer. No cigarette manufacturer shall reduce retail price on or after the day of announcement of latest budget.

First Schedule

SECTION (CLAUSE) THE FEDERAL EXCISE ACT, 2005

Table II Excisable services Rate of excise duty on Services provided or rendered in respect of travel by air of passengers within the territorial jurisdiction of Pakistan has been reduced to Rs. 1,500 from Rs. 2,000 for long routes and Rs. 900 from Rs. 1,250 short routes.

Second Schedule Addition of Serial No. 4 in Second Schedule has been proposed prescribing the mode of collection of said duty on Steel Billets, ingots, ship plates, bars and other long re-rolled products under sales tax mode with entitlement for adjustment with sales tax and vice versa.

Third Schedule **Goods on which duty is collectible under sales tax mode with entitlement for adjustment with sales tax and vice versa)**

Table II Conditional exemption on Internet services whether dialup or broadband including email services, Data Communication Network services (DCNS) and Value-added data services proposed to be abolished.

Fourth Schedule Minimum Production

New schedule added for the purpose of prescribing the criterion for the determination of minimum production of steel billets and ingot, steel bars and other re-rolled long profiles of steel and ship plates under new Sub Section 5A of Section 3.

Fourth Schedule Table Minimum production of steel products

S. No	Product	Production Criteria
1	Steel billets and ingots	One metric ton per 700 kwh of electricity consumed
2	Steel bars and other re-rolled long profiles of steel	One metric ton per 110 kwh of electricity consumed
3	Ship plates	75% of the weight of the vessel imported for breaking

Fourth Schedule

Procedure and conditions Certain procedures and conditions have been prescribed for the purposes of declaring minimum production, actual production and local supplies consumed in production of steel billets and ingot, steel bars and other re-rolling long profiles of steel and ship plates.

Both actual and minimum production, and the local supplies shall be declared in the monthly return.

In case, the minimum production exceeds actual supplies for the month, the liability to pay duty shall be discharged on the basis of minimum production.

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

In a full year, as per financial year of the company or registered person, or period starting from July to June next year, in other cases, the duty actually paid shall not be less than the liability determined on the basis of minimum production for that year

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

The Board, may notify minimum values for steel products as mentioned in the Table

The payment of FED on ship plates in aforesaid manner does not absolve ship breakers of any tax liability in respect of items other than ship plates obtained by ship-breaking.

The melters and re-rollers employing self-generated power shall install a tamperproof meter for measuring their

**SECTION
(CLAUSE)**

THE FEDERAL EXCISE ACT, 2005

consumption. Such meter shall be duly locked in room with keys in the custody of a nominee of the Commissioner Inland Revenue having jurisdiction. The officers Inland Revenue having jurisdiction shall have full access to such meter.

The minimum production of industrial units employing both distributed power and self-generated power shall be determined on the basis of total electricity consumption.

**SECTION
(CLAUSE)**

CUSTOMS ACT, 1969

- 2 The definitions of "customs controls", "risk management system" and "selectivity criteria" seeks to be inserted in relation to use of Risk Management System by the Custom officer(s) to establish controls as may be defined in the Rules.
- 3E The Board shall now specify the powers and functioning of Directorates as well as "Directorates General".
- 18D Seeks to empowering Board for levying fee and service charges with approval of Federal Minister-in-charge instead of the Federal Government.
- 19 The amendment seeks to restrict the power of the Federal Government to grant exemption of customs duty.
- 25A Seeks to withdraw powers of the Collector of Customs to determine value of the imported or exported goods on his own motion or on a reference made to him by any person.
- 30, 30A, 31 Seeks to empowering Board with approval of Federal Minister-in-charge instead of the Federal Government, to specify for any class of imported goods, any other date for determination of duty than those given in the section.
- 32(3A) Seeks to give legal cover for proceedings to recover amount of any duty taxes or charge has not been levied or has been short-levied or has been erroneously refunded pointed out as a result of audit of "exporter's record".
- 32B Seeks to empower Directors besides Collectors to compound the offence on payment of duty or tax due along with payment of penalty.
- 32C Seeks to include offences related to possible scenarios of trade mis-invoicing leading to illegal transfer of funds across border, not expressly covered under the provisions of section 32 of the Act.
- 33 Seeks to empower the Board to allow sanction of refund subject to pre-audit and to define the pecuniary limit of the various refund sanctioning authorities, through issuance of notification.
- 79 Seeks to reduce the time for filing of Goods Declaration from the date of arrival, to ten days.
- 80AA Seeks to give proper reference to the establishment of Risk Management System.
- 81 Seeks to extend scope to assessment of provisional liability to exported goods as well in addition to imported goods.
- 82 Seeks to reduce the time period for placing of un-cleared goods in auction, to fifteen days and further extendable period to five days.
- 90 Seeks to extend its operationalization under customs computerized system and to include provision for making rules.
- 98 Seeks to reduce the warehousing period of perishable goods, to empower Chief Collector to grant extension of warehoused goods as deemed appropriate by him and to withdraw such powers of the Board and Federal Government. Also seeks to empower the Board to regulate the period for which the goods may remain in the warehouse.
- 155A Seeks to empower the Board instead of Federal Government to determine the date for application of all or specific

SECTION (CLAUSE)	CUSTOMS ACT, 1969
	provisions of the Customs Act, 1969, related to the Customs computerized system on any Customs station.
156	Seeks to segregate the penalty imposed for violation of section 32 in proportion to the severity of the offences mentioned under the respective sub-sections, to provide penalty for an offence under section 32C and to enhance the penalty under clause 47A of section 156.
156A	Seeks to insert a new section to penalize officers and taxpayers who commit an act of commission or omission resulting in personal benefit or undue advantage.
179	Seeks to withdraw the powers of the Assistant Collector to adjudicate cases, to enhance the pecuniary limit of cases adjudicated by Superintendent and Principal Appraiser and to reduce the time period for passing an order to ninety days.
181	Seeks to expand scope for purposes of option to pay fine in lieu of confiscated goods for any other violation of the Act in addition to violation under Section 15 relating to prohibitions under the Act.
185	Seeks to empower Prime Minister instead of the Federal Government, to appoint Special Judge Customs in consultation with the Chief Justice of the concerned High Court.
185D	Seeks to empower Prime Minister instead of the Federal Government, to transfer cases from the jurisdiction of one Special Judge Customs to another, in consultation with the Chief Justice of the concerned High Court.
193	Seeks to give an option for appeal against an order passed under section 131 of the Act.
193A	Seeks to reduce the statutory time period for deciding an appeal by Collector (Appeals) from 120 days to 90 days.
194	Seeks to empower the Prime Minister to appoint judicial members, technical members, chairman and to determine terms and conditions of their appointment. Also seeks to include Director or Chief of the Board with minimum three years' experience for appointment as technical member in Appellate Tribunal, to make selection of advocate of High Court as judicial member subject to FPSC Ordinance, 1977 and Civil Servants Act, 1973 and to fix the tenure of the technical member to two years.
195	Seeks to withdraw the powers of the Collector (Adjudication) to reopen cases and to empower Chief Collectors to reopen cases. Also seeks to specify the time limit for passing of order after re-opening of case under section 195.
195C	Seeks to align the provisions related to Alternate Dispute Resolution with similar provisions in other taxing statutes.
200	Seeks to include responsibility of exporter in respect of expenses relating to arrangement for inspection of goods by customs.
202	Seeks to align the provisions with nomenclature of prevalent acts and tax authorities.
203	Seeks to include provision for making rules in relation to Wharfage or storage fees
212A	Seeks to omit approval of the Federal Government for Board to make rules for authorized economic operators program.
SCHEDULES	Seeks to amend First Schedule to the Customs Act, 1969 by that provided in the Finance Act, 2018 and seeks to substitute Fifth Schedule to the Customs Act, 1969 with the Second Schedule to this Act.

RELIEF MEASURES

1. Duty free import of good quality Art paper for Holy Quran printing
2. Exemption of Customs Duty (CD) on certain medicinal inputs/items
3. Exemption of CD on Modular / Particle Free Operation Theatre
4. Exemption of CD on certain rare diseases medicines

5. CD on pre-fabricated structures for hotels has been reduced

MEASURES TO PROTECT AND ENCOURAGE LOCAL MANUFACTURING

1. CD exemption on more than 1650 raw materials/industrial inputs
2. CD reduction on Writing & Printing Papers
3. CD exemption on Raw-materials of Paper Industry
4. CD exemption on import of Wood
5. CD reduction on Glass Board for LED Panel manufacturing
6. CD reduction on input goods for paper based Liquid Food Packaging Industry
7. CD reduction on Acetic Acid
8. CD reduction on Nonwoven fabrics
9. CD exemption on Machinery Parts / Accessories for Textile Sector
10. CD exemption on Elastomeric Yarn
11. CD exemption on raw material for hemodialyzers used by kidney patients
12. CD reduction on Base Oil as input for Coning Oil, White Oil and other Textile Oils
13. CD reduction on Raw Material for Manufacturing of Pre-Sensitized Printing Plates
14. CD exemption on Preparations for Metal Surfaces as input for Solar Panels
15. CD exemption on Foundation Cloth
16. CD reduction on Wooden Sheets for Veneering
17. CD reduction on Oxalic Acid
18. CD reduction on Raw Material of Powder Coating Industry
19. CD reduction on Raw Material for Paper Sizing Agents
20. CD reduction on Bobbins & Spools of Paperboard
21. CD exemption for Hydrocracker Industry for oil refining

TARIFF RATIONALIZATION

1. Rationalization of CD on Aluminum Beverage Cans & Inputs thereof
2. Tariff rationalization on Home Appliance Sector
3. Rationalization of tariff structure for SIM card manufacturing industry

REVIEW OF REGULATORY DUTY

1. Regulatory Duty (RD) reduction on Mobile Phones
2. RD reduction on smuggling prone items and other industrial inputs
3. RD reduction on Tyres

REVENUE MEASURES

1. Increase in rate of Additional Customs Duty for non-essential items
2. Exemption withdrawal on import of LNG

**SECTION
(CLAUSE)
Section 27A**

STAMP ACT, 1899

A new section 27A has been proposed to be added after section 27 for determination of valuation of immovable property. The land and structure on it shall be valued separately and the value of the structure stated in the instrument shall, subject to the provisions of this Act, be accepted.

27A Valuation of immovable property. –

- (1) Where any instrument chargeable with ad valorem duty under Articles 23,31 or 33 of Schedule-I relates to an immovable property, the value of the immovable property shall be calculated according to the valuation table notified by the district collector in respect of immovable property situated in the locality.
- (2) Where an instrument, mentioned in sub-section (1), relates to immovable property consisting of land and structure, it shall state the value of the land and structure separately and the value of the structure stated in the instrument shall, subject to the provisions of this Act, be accepted.
- (3) Where the value of immovable property stated in an instrument to which sub-section (1) applies is more than the value fixed according to the valuation table, the value declared in the instrument shall be accepted as value for the purposes of stamp duty.
- (4) Where the value given in the valuation table notified under sub- section (1), when applied to any immovable property, appears to be excessive, the deputy commissioner or commissioner (revenue) or any other person notified by the Government for this purpose may, on application made to him by the aggrieved person, determine its correct value and for that purpose the provisions of sections 31 and 32 shall apply as nearly as possible."; and

Section 3

The Schedule of Stamp Duty as per section 3 and 27A is proposed to be updated.
Major Changes

Description of Instruments	Proper Stamp-duty
(1)	(2)
20. CERTIFICATE OF SALE (in respect of each property put up as a separate lot and sold) granted to the purchaser of any property sold by public auction by a Civil or Revenue Court, or Collector or other Revenue Officer—	Four percent of the consideration equal to the amount of the purchase money.
21. CERTIFICATE OR OTHER DOCUMENT evidencing the right or title of the holder thereof or any other person, either to any shares, scrip or stock in or of any incorporated company or other body corporate, or to become proprietor of shares, scrip or stock in or of any such company or body. See also LETTER OF ALLOTMENT OF SHARES (No.38).	Fifty rupees
33. EXCHANGE OF PROPERTY— Instrument of EXTRACT.	Four percent of the value of the property
35. GIFT—Instrument of, not being SETTLEMENT OR WILL OR TRANSFER. HIRING AGREEMENT or AGREEMENT FOR SERVICE.	Four percent of the value of the property
50. POWER-OF-ATTORNEY as defined by section 2(21) of Stamps Act, 1899 (II of 1899), not being a proxy (No.54)— (a) when executed for the sole purpose of procuring the registration of one or more documents in relation to a single transaction or for admitting execution of one or more such document; (b) when authorizing one person or more to act in a single transaction other than the case mentioned in clause (a); (c) when authorizing not more than five persons to act jointly and severally in more than one transaction or generally; (d) when authorizing more than five but not more than ten persons to act jointly and severally in more than one transaction or generally; (e) when given for consideration and 39 authorizing the attorney to sell any immovable property. (f) in any other case	Five Hundred rupees One thousand rupees One thousand rupees One thousand rupees One thousand rupees One thousand rupees

SECTION
(CLAUSE)

STAMP ACT, 1899

65.TRANSFER OF LEASE by way of assignment and not by way of under-lease.	Four percent of the value of the property
--	---

*Please refer to the updated Schedule given in Finance Bill for complete listing of all changes
WEST PAKISTAN FINANCE ACT, 1964

 SECTION
(CLAUSE)

Section 11

Seventh Schedule has proposed to be substituted in relation to Professional Tax to be paid to Excise & Taxation department in Islamabad Capital Territory on trades, professions, callings and employments:

S. No.	Categories	Rates of tax per annum in ICT in Rupees
(1)	(2)	(3)
1.	Companies registered under the Companies Act 2017 having;	
a.	Capital Upto PKR 5 million but not exceeding PKR 10 million	7,000
b.	Capital exceeding PKR 5 million but not exceeding PKR 50 million	18,000
c.	Capital exceeding PKR 50 million but not exceeding PKR 100 million	35,000
d.	Capital exceeding PKR 100 million but not exceeding PKR 200 million	80,000
e.	Capital exceeding PKR 200 million	90,000
f.	Employees not exceeding 10	1,000
g.	Employees exceeding 10 but not exceeding 25	2,000
h.	Employees exceeding 25	5,000
2.	Lawyers	1,000
3.	Members of Stock Exchanges	5,000
4.	Money Changers	3,000
5.	Motorcycle Dealers	5,000
6.	Motor Car Dealers and Real Estate Agents	10,000
7.	Health Clubs, Gymnasiums & Others	5,000
8.	Recruiting Agents	10,000
9.	Jewelers, Departmental Stores, Electronic Goods Stores, Cable Operators, Printing Presses and Pesticide Dealers	1,000
10.	Tobacco Vendors – Wholesalers	2,000
11.	Medical consultants or specialists/dental surgeons	5,000
12.	Registered medical practitioners	2,000
13.	Others	1,000

Section 12

Bed Tax as applied on those hotels which are situated within the territorial jurisdiction of Islamabad and consist of *more than 20 lodging units (Number of bed rooms)*. These hotels are divided into two categories, which are:

Category I: Liquor Sale License Holder (Rate: Rs. 01 per lodging unit per day).

Category II: Without Liquor Sale License Holder (Rate: Rs. 0.50 per lodging unit per day).

Now Bed Tax has been proposed to be charged at 5% on the invoice or bill excluding sales tax and other applicable taxes on those hotels having atleast 25 lodging units.

SECTION
(CLAUSE)
Section 3

WEST PAKISTAN MOTOR VEHICLES TAXATION ACT, 1958

Schedule for Motor Vehicle Taxation has been proposed to be substituted in Islamabad Capital Territory:

TABLE 1

S. No.	Categories	Rates of tax per annum in ICT in Rupees
(1)	(2)	(3)
Token Tax (Motor Cycle and Scooter)		
1.	Motor Cycle and Scooter Upto 200 cc	1,000 (lifetime)
2.	Motor Cycle and Scooter from 201 cc to 400 cc	2,000 (lifetime)
3.	Motor Cycle and Scooter from 401 and above	5,000 (lifetime)
Provided that quarterly rates under section 3 shall not be applicable to lifetime tax		

Table 2

S. No.	CATEGORY	TAX RATES FOR ICT Rs.	Period
(1)	(2)	(3)	(4)
TOKEN TAX (Motor Vehicles)			
	Engine capacity upto 1000 CC	1,000	Lifetime Provided that quarterly rate under section 3 shall not be applicable to lifetime tax.
4.	Engine capacity from 1001 to 1300 cc	1,500	per annum
5.	Engine capacity from 1301 to 1500 cc	4,000	per annum
6.	Engine capacity from 1501 to 2000 cc	5,000	per annum
7.	Engine capacity from 2001 to 2500 cc	8,000	per annum
8.	Engine capacity from 2501 and above	12,000	per annum

Table 3

MOTOR CABS UPTO 6 SEATS

S. No.	CATEGORY	TAX RATES FOR ICT Rs.
(1)	(2)	(3)
9	Engine capacity upto 1000 CC	600 per annum
10	Engine capacity upto 1001 and above	1,000 per annum

Table 4

Public Service Vehicle

S. No.	Category	Tax rates of for ICT in Rupees
(1)	(2)	(3)
11.	Vehicle (8 seater)	200 per seat per annum
12.	Vehicle (13 seater)	250 per seat per annum
13.	Vehicle (15 seater)	300 per seat per annum
14.	Vehicle (16 seater)	300 per seat per annum
15.	Vehicle (42 seater)	400 per seat per annum
16.	Vehicle (52 seater)	500 per seat per annum

Table 5

Commercial Vehicles and Loading Vehicles

S. No.	Category	Tax rates of for ICT in Rupees
(1)	(2)	(3)
17.	Vehicles not exceeding 1250 KG in laden weight	500 per annum
18.	Vehicles with maximum laden capacity exceeding 1250 KG but not exceeding 2030 KG	800 per annum
19.	Vehicles with maximum laden capacity exceeding 2030 KG but not exceeding 4060 KG	2,000 per annum
20.	Vehicles with maximum laden capacity exceeding 4060 KG but not exceeding 6090 KG	3,000 per annum

SECTION (CLAUSE) WEST PAKISTAN MOTOR VEHICLES TAXATION ACT, 1958

21.	Vehicles with maximum laden capacity exceeding 6090 KG but not exceeding 8120 KG	3,500 per annum
22.	Vehicles with maximum exceeding 8120 KG laden capacity	4,000 per annum

INFORMATION ABOUT WITHHOLDING TAXES
APPENDIX – I

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
148	(1) Import of goods Industrial undertaking importing remelttable steel (PCT Heading 72.04) and directly reduced iron for its own use; ii. Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision No.ECC-155/12/2004 dated the 9th December,2004; iii. Persons importing urea; iv. Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011;	1	Collector of Customs
	v. Persons importing Gold; vi. Persons importing Cotton;and vii. Persons importing LNG] (2) Persons Importing pulses	2	Collector of Customs

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
148(3A)	(3) Commercial importers under Notification No. S.R.O 1125(I)/2011 dated December 31, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31 st December, 2011	3	Collector of Customs
	(4) Persons importing coal	4	Collector of Customs
	(5) 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
	(6) Ship breakers on import of ships	4.5	Collector of Customs
	(7) Industrial undertakings not covered under S. Nos. 1 to 6	5.5	Collector of Customs
	(8). Companies not covered under S. Nos. 1 to 7	5.5	Collector of Customs
	(9) Persons not covered under S.No. 1 to 8	6	Collector of Customs
	149	Payment of salary	Average rate of tax computed on the basis of formula

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
150	Payments of dividend declared / distributed by: <ul style="list-style-type: none"> • Purchaser of a power project privatized by WAPDA • Company set up for power generation • Company supplying coal exclusively to power generation projects • 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." 	15 15 15 25	Every person paying dividend
151	Payment of profit / yield to resident in respect of following after deducting zakat thereon: <ul style="list-style-type: none"> • Deposit or account maintained with banking company or financial institution by: <ul style="list-style-type: none"> ➤ Person having profit / yield payment is Rs. 500,000 or less • Yield on National Saving Schemes and Post Office Saving Account by: 	15 10 10	Payer of the profit or yield Payer of the profit or yield Payer of the profit or yield

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
152	Payments to non-residents: <ul style="list-style-type: none"> • Sales of good in case of company • Sales of good in case of other then company • Transport services • Other than transport services in case of Company • Other than transport services in any other case • Execution of contract <ul style="list-style-type: none"> i) In the case of companies ii) In the case of other taxpayers iii) In case of sportspersons 	4 4.5 2 8 10 7 7 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
	<ul style="list-style-type: none"> • Royalty • Fees for technical services • Fee for offshore digital services • Shipping income • Air Transport income • Contract or sub contract under a construction, assembly or installation project • Advertisement services rendered by T.V. Satellite Channel • Advertisement services relaying from outside Pakistan • Any other contract for construction or services • Insurance premium or re-insurance premium • Other cases 	15 15 5 8 3 6 6 10 6 5 20	

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
153	Payments to resident person or permanent establishment of non-resident person on account of: <ul style="list-style-type: none"> • Supplies made by distributors of fast moving consumer goods <ul style="list-style-type: none"> ➤ In the case of companies ➤ In the case of other than company • Sale of goods on amount inclusive of Sales Tax <ul style="list-style-type: none"> ➤ General <ul style="list-style-type: none"> i) In the case of companies ii) In the case of other taxpayers 	2 2.5 4 4.5	Federal Government, Company, Association of Persons(under law), non-profit organization, Foreign Contractor or Consultant and Consortium or Joint Venture, Individual (turnover of Rs. 50M or above), AOP (normal)(turnover of Rs. 50M or above), A person registered under the Sales Tax Act, 1990, an exporter or an export house
	<ul style="list-style-type: none"> • Rice, cotton seed oil and edible oil other than mentioned below • Edible oil purchased locally by manufacturers of cooking oil and vegetable ghee or both • From distributor of cigarette and pharmaceuticals products and for large distribution houses • Payment to electronic and print media for advertising services 	1.5 2 1 1.5	

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
	<ul style="list-style-type: none"> • Rendering of services <ul style="list-style-type: none"> ➤ General <ul style="list-style-type: none"> i) In the case of companies ii) In the case of other taxpayers ➤ Rendering of or providing of stitching, dyeing, printing, embroidery, washing, sizing and weaving ➤ 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. • Execution of contract <ul style="list-style-type: none"> iv) In the case of companies v) In the case of other taxpayers vi) In case of sportspersons 	<ul style="list-style-type: none"> 8 10 1 4 7 7.5 10 	
154	Realization of proceeds on account of: <ul style="list-style-type: none"> • 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 • Exports of goods by an industrial undertaking located in the export processing zones. • Payment for firm contract to an indirect exporter. • Indenting commission 	<ul style="list-style-type: none"> 1 1 1 5 	<ul style="list-style-type: none"> Authorized Dealer in foreign exchange, Collector of Customs and Banking Company EPZ authority established under the EPZ authority Ordinance, 1980. Direct exporter and an export house registered under the Duty and Tax Remission for Export Rules 2001. Authorized Dealer in foreign exchange.

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
155	<ul style="list-style-type: none"> Payment of rent (including advance) on immovable property, 	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.
	<ul style="list-style-type: none"> Payment of rent on immovable property (In case of company) 	15	Paid by the company
156	Payment of prize on prize bond or crosswords puzzle	15	Person paying the amount where the payment is not in cash
	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
231B	Purchase, Registration of Transfer of Motor Vehicles	Rs. 7,500 To 250,000	Excise and Taxation (Motor Vehicle)
231B(2)	Transfer of Registration or ownership of a private motor vehicle:	Rs. 0 To 62,500	Excise and Taxation (Motor Vehicle)
233	Payment of Brokerage and Commission		Federal Government, Local Government, Local Government, Company and Association of Person constituted by or under any law
	<ul style="list-style-type: none"> Advertising Agents 	10	
	<ul style="list-style-type: none"> Life Insurance Agents where commission received is less than Rs. 0.5 million per annum 	8	
	<ul style="list-style-type: none"> Person not covered in Advertising and Life Insurance Agents above 	12	
233A	On purchase of shares	0.02	Registered Stock Exchange
	On sale of shares	0.02	

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
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
234	On collection of motor vehicle tax of : <ul style="list-style-type: none"> • Passenger transport vehicle with registered seating capacity of 4 to 10 persons • Passenger transport vehicle with registered seating capacity of 10 to 20 persons • Passenger transport vehicle with registered seating capacity of 20 or more • Goods transport vehicle. • 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. • Other private motor vehicle. 	per seat per annum Rs. 50 Rs. 100 Rs. 300 per kilogram of the laden weight per annum Rs. 2.50 Rs. 1,200 per annum Rs. 800 to 10,000	Person collecting motor vehicle tax Person collecting motor vehicle tax Person collecting motor vehicle tax Person collecting motor vehicle tax Person collecting motor vehicle tax Person collecting motor vehicle tax Person collecting motor vehicle tax
	<ul style="list-style-type: none"> • Where the motor vehicle tax is collected in lump sum 	Rs. 10,000 to 120,000	Person collecting motor vehicle tax
234A	<ul style="list-style-type: none"> • In the case of a compressed natural gas station 	4	Person preparing Gas Consumption bills

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
235	On collection of amount of electricity bill: <ul style="list-style-type: none"> Where the amount of electricity bill is exceeding Rs 400 but does not exceed Rs 20,000 Where bill exceeds Rs 20,000 <ol style="list-style-type: none"> For commercial consumers For industrial consumers 	Rs. 80 to 1,500 per month 12 5	Person preparing electricity consumption bill
235A	On collection of amount of electricity bill of: <ul style="list-style-type: none"> Domestic consumer having monthly bill of less than Rs. 75,000 Domestic consumer having monthly bill of Rs. 75,000 or more 	0 7.5	Person preparing electricity consumption bill
235B	Production of steel billets, ingots and mild steel excluding stainless steel	Rs. 1/units of electricity consumed	Person preparing electricity consumption bill
236	On collection of amount of telephone charges of: <ul style="list-style-type: none"> Telephone subscriber (bill exceeds Rs. 1,000) subscriber of internet, mobile telephone and pre-paid internet or telephone card 	10 12.5	Person preparing telephone bills
236A	On the sale by public auction or auction by tender	10	Any person making sale by public auction or auction by tender
236B	Domestic air tickets	5	Airline issuing air tickets
236C	On sale or transfer of immovable property for:	1	Any person responsible for registering or attesting transfer of immovable property
236D	The Act has approved the amended which seek to reduce the rate the tax on booking of smaller marriage hall	5% of the bill at valorem or rupees 5000 which is higher	Owner, a lease holder, an operator or a manager of marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)		DEDUCTING/COLLECTING AUTHORITY
		Tax On License Fee	Tax On Renewal	
236F	Cable operators and other electronic media on issuance of license for distribution services or renewal of license <ul style="list-style-type: none"> In case of Cable Television Operator License category H to B-10 In case of IPTV, FM Radio, MMDS, Mobile TV, Mobile Audio, Satellite TV Channel, and landing rights	Rs 7,500 to Rs 875,500	Rs 10,000 to Rs 900,000	Pakistan Electronic Media Regulatory Authority
236G	Sales to distributors, dealers and wholesalers Fertilizers: Other than fertilizer	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
236H	Advance tax on Sales to retailers <ul style="list-style-type: none"> Electronic Others 	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
236HA	Advance tax on sale of certain petroleum products	0.5		Every person selling petroleum products to a petrol pump operator or distributor
236I	Fee paid to an educational institution Where annual fee exceeds Rs 200,000	5		The person preparing fee voucher or challan
236J	On the issuance or renewal of licenses of dealers, commission agents and arhatis etc: Group or Class A Group or Class B Group or Class C Any other category	(per annum)	Rs 100,000 Rs 75,000 Rs 50,000 Rs 50,000	Every market committee
236K	On purchase or transfer of immovable property: Fair Market value of Immovable Property	1		Any person responsible for registering or attesting transfer of any immovable property

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
236L	On purchase of international air ticket (one-way or return) issued from Pakistan on: <ul style="list-style-type: none"> ➤ First Executive Class ➤ Other excluding Economy: ➤ Economy 	Rs. 16,000 per person Rs. 12,000 per person Rs. 0	Every airline issuing ticket for journey originating from Pakistan
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
236R	On education related expenses remitted abroad	5	Banks, financial institutions, foreign exchange companies or any other person

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY
236S	Payments of dividend declared / distributed by:		
	• Purchaser of a power project privatized by WAPDA	7.5	Every person paying dividend
	• Company set up for power generation	7.5	
	• Company supplying coal exclusively to power generation projects	7.5	
	• Any other	12.5	
	• Dividend received from a Stock Fund by:		
	➤ Individual	12.5	Collective Investment Scheme
	➤ Company	12.5	REIT Scheme or mutual fund
	➤ AOP	12.5	
	• Dividend from Stock fund is less than capital gains	12.5	
• Dividend received from Money Market Fund, Income Fund or any other fund by:			
➤ Individual	12.5	Collective Investment Scheme	
➤ Company	25	REIT Scheme or mutual fund	
➤ AOP	12.5		
• Dividend received by an individual from Renal REIT Scheme	7.5	Collective Investment Rental REIT Scheme	
236W	Advance tax on purchase or transfer of immovable property	3	Every person responsible for registering or attesting transfer of any immovable property
236X	Advance tax on tobacco	5% of purchase value	Pakistan Tobacco Board
236Y	Advance tax on amount remitted abroad through credit, debit or prepaid cards	1	Every Banking Company

For final discharge of tax liability, the reference to deducted and collected shall be read as "to be deducted" and "to be collected".

The proposed new section 236X added whereby advance tax on tobacco shall collect at the rate of 5% of the purchase value of tobacco from every person purchasing tobacco including manufacturers of cigarettes.

For final discharge of tax liability, the reference to deducted and collected shall be read as "to be deducted" and "to be collected".

The proposed new section 236X added whereby advance tax on tobacco shall collect at the rate of 5% of the purchase value of tobacco from every person purchasing tobacco including manufacturers of cigarettes.

NOTES

NOTES

NOTES

NOTES

BDO INTERNATIONAL

BDO International is a world wide network of public accounting firms, called BDO Member Firms, serving international clients. Each BDO Member Firm is an independent legal entity in its own country. BDO Ebrahim & Co., a Pakistan registered partnership firm and BDO Ebrahim Consulting (Private) Limited, a Pakistan private limited company, are members of BDO International Limited, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

BDO's International Office is located in Brussels. As at September 30, 2018, BDO had 1,591 offices in 162 countries, and more than 80,087 BDO partners and staff providing professional auditing, accounting, tax and consulting services on every continent.

There are BDO Members Firms in each of the following countries:

AMERICAS	EMEA	EMEA	EMEA	ASIA PACIFIC
Anguilla	Albania	Angola	Bahrain	Afghanistan
Antigua & Barbura	Algeria	Botswana	Egypt	Australia
Aruba	Armenia	Burundi	Israel	Brunei Darussalam
Bahamas	Austria	Cape Verde	Jordan	Cambodia
Barbados	Azerbaijan	Comoros	Kuwait	China
Belize	Belarus	Ethiopia	Lebanon	Fiji
British Virgin Islands	Belgium	Kenya	Oman	Hong Kong & Macao
Canada	Bulgaria	Ivory Coast	Qatar	India
Cayman Islands	Croatia	Madagascar	Saudi Arabia	Indonesia
Curaçao	Czech Republic	Malawi	UAE	Japan
Dominica	Cyprus	Mauritius	West Bank & Gaza	Korea
Dominican Republic	Denmark & Faroe Islands	Mozambique		Laos
Grenada	Estonia	Namibia		Malaysia
Jamaica	Finland	Niger		Myanmar
Montserrat	France (French Guiana)	Nigeria		New Zealand
Puerto Rico	French Polynesia	Poland		Pakistan
St Kitts & Nevis	Georgia	Portugal		Papua New Guinea
St Lucia	Germany	Republic of Srpska (Bosnia and Herzegovina)		Philippines
St Maarten	Gibraltar	Reunion Island and Mayotte		Samoa
St Vincent & The Grenadines	Greece	Romania		Singapore
Suriname	Greenland	Russia		Sri Lanka & the Maldives
Trinidad & Tobago	Guernsey	San Marino		Taiwan
United States of America	Hungary	Serbia		Thailand
US Virgin Islands	Iceland	Slovak Republic		Timor-Leste
Argentina	Ireland	Rwanda		Vietnam
Brazil	Isle of Man	Seychelles		
Chile	Italy	Sierra Leone		
Colombia	Jersey	South Africa		
Costa Rica	Kazakhstan	Tanzania		
Ecuador	Kosovo	Togo		
El Salvador	Latvia	Uganda		
Guatemala	Liechtenstein	Zambia		
Honduras	Lithuania	Zimbabwe		
Mexico	Luxembourg	Slovenia		
Nicaragua	Macedonia	Spain		
Panama	Malta	Sweden		
Paraguay	Moldova	Switzerland		
Peru	Mongolia	Tajikistan		
Uruguay	Montenegro	Tunisia		
Venezuela	Morocco	Turkey		
	Netherlands	Turkmenistan		
	New Caledonia & Wallis Futuna	Ukraine		
	Norway	United Kingdom		

BDO OFFICES

KARACHI

2nd Floor, Block C, Lakson Square Building No. 1,
Sarwar Shaheed Road, Karachi – 74200
Telephone: +92 21 3568 3030
Telefax: +92 21 3568 4239

ISLAMABAD

3rd Floor, Saeed Plaza, 22-East Blue Area,
Jinnah Avenue, Islamabad - 44000
Telephone: +92 51 260 4461-5
Telefax: +92 51 260 4468

LAHORE

F-2, First Floor, Grace Centre, Canal Bank Road,
1-B Canal Park, Gulberg-II, Lahore - 54660
Telephone: +92 42 3587 5709
Telefax: +92 42 3571 7351

KABUL

2nd Floor, Muslim Business Plaza, Haji Yaqoob Square,
Shahr-e-Naw, Kabul, Afghanistan
Telephone: +93 0 20221 2428
Telefax: +92 21 3568 4239

E-mail: info@bdo.com.pk

Website: www.bdo.com.pk

This publication has been carefully prepared, but should be seen as general guidance only. You should not act upon the information contained in this publication without obtaining specific professional advice. Please contact BDO Ebrahim & Co. Chartered Accountants to discuss these matters in the context of your particular circumstances. BDO accepts no responsibility for any loss incurred as a result of acting on information in this publication.

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

BDO is the brand name for the BDO International network and for each of the BDO Member Firms.

Copyright © June 2019 BDO Ebrahim & Co. All rights reserved.