

INCOME TAX

Amendments are effective from July 01, 2010 specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2010	PROPOSED AMENDMENT THROUGH FINANCE BILL, 2010
2		<i>Various amendments have been made to re-designate authorities through Finance amendment Ordinance, 2009 with refresh to Inland Revenue, in order to make part of the Finance Act 2010 the amendment has been repeated.</i>
4 (1)	Tax on taxable income.- (1) Subject to this Ordinance, income tax shall be imposed for each tax year, at the rate or rates specified in Division I or II of Part I of the First Schedule, as the case may be, on every person who has taxable income for the year.	<i>Amended position as under:</i> Subject to this Ordinance, income tax shall be imposed for each tax year, at the rate or rates specified in Division I, IB or II of Part I of the First Schedule, as the case may be, on every person who has taxable income for the year
13(7)	Value of perquisites- Where a loan is made, on or after the 1st day of July, 2002, by an employer to an employee and either no profit on loan is payable by the employee or the rate of profit on loan is less than the benchmark rate, the amount chargeable to tax to the employee under the head "Salary" for a tax year shall include an amount equal to-	Where a loan is made, on or after the 1st day of July, 2002, by an employer to an employee and either no profit on loan is payable by the employee or the rate of profit on loan is less than the benchmark rate, the amount chargeable to tax to the employee under the head "Salary" for a tax year shall include an amount equal to-

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	<p>(a) the profit on loan computed at the benchmark rate, where no profit on loan is payable by the employee, or</p> <p>(b) the difference between the amount of profit on loan paid by the employee in that tax year and the amount of profit on loan computed at the benchmark rate, as the case may be.</p>	<p>(a) the profit on loan computed at the benchmark rate, where no profit on loan is payable by the employee, or</p> <p>(b) the difference between the amount of profit on loan paid by the employee in that tax year and the amount of profit on loan computed at the benchmark rate, as the case may be;</p> <p><i>A new proviso added namely:</i></p> <p>Provided that this sub-section shall not apply to such benefit arising to an employee due to waiver of interest by such employee on his account with the employer.</p>
<p>37(3)</p>	<p>Capital gains Where a capital asset has been held by a person for more than one year, the amount of any gain arising on disposal of the asset shall be computed in accordance with the following formula, namely:— $A \times \frac{3}{4}$ where A is the amount of the gain determined under sub-section (2).</p>	<p>Where a capital asset has been held by a person for more than one year other than shares of public companies including the vouchers of Pakistan Telecommunication Corporation, modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984), the amount of any gain arising on disposal of the asset shall be computed in accordance with the following formula, namely:— $A \times \frac{3}{4}$ where A is the amount of the gain determined under sub-section (2).</p>

<p>37(5)(a)</p>	<p>In this section, “capital asset” means property of any kind held by a person, whether or not connected with a business, but does not include – (a) any stock-in-trade (not being stocks and shares), consumable stores or raw materials held for the purpose of business;</p>	<p>In this section, “capital asset” means property of any kind held by a person, whether or not connected with a business, but does not include – (a) any stock-in-trade consumable stores or raw materials held for the purpose of business; <i>Since the exemption of gain on sale of public quoted company shares has been withdrawn, therefore, suitable amendment is proposed to be made in this Section.</i></p>
<p>37(A)</p>	<p><i>Non-existent</i></p>	<p>Capital gains on sale of securities.- (1) Subject to this Ordinance, a gain arising on the sale of securities shall be chargeable to tax at the rate specified in Division VII of Part I of the First Schedule; Provided that this sub-section shall not apply if the securities are held for a period of more than twelve months; Provided further that the provisions shall not apply to a banking company. (2) In this section securities means shares of a public company, vouchers of Pakistan Telecommunication Corporation, Modaraba Certificates or instruments of redeemable capital. (3) The amount of gain under this section shall be treated as a separate block of income;</p>

65(B)	<i>Non-existent</i>	<p>Tax credit for investment.-</p> <p>(1) Subject to sub-section (1), where a taxpayer being a company invests any amount in the purchase of a plant and machinery for installation, for the purposes of balancing, modernization and replacement in an industrial undertaking set up in Pakistan and owned by it, credit equal to ten per cent of the tax payable shall be allowed for the tax year in which the said costs are incurred against the tax payable by the company.</p> <p>(2) The provisions of sub-section (1) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2010, and the 30th day of June, 2015.</p> <p>(3) Where any credit is allowed under this section and subsequently it is discovered by the Commissioner Inland Revenue that any one or more of the conditions specified in this section was, or were, not fulfilled, as the case may be, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner Inland Revenue may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly;</p>
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65 (c)	<i>Non-existent</i>	<i>New clause inserted i.e</i> Tax credit for enlistment.- (1) Where a taxpayer being a company opts for enlistment in any registered stock exchange in Pakistan, a tax credit equal to five per cent of the tax payable shall be allowed for the tax year in which the said company is enlisted;
87 (2A)	<i>Non-existent</i>	Deceased individuals- <i>New sub clause inserted namely:</i> (2A) The liability under this Ordinance shall be the first charge on the deceased's estate.;
111 (2)	Unexplained Income or Assets The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax in the tax year immediately preceding the financial year in which it was discovered by the Commissioner.	The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax in the tax year to which such amount relates. <i>The amendment has enlarged scope of this Section.</i>
111(4)(a)	Sub-section (1) does not apply,- (a) to any amount of foreign exchange remitted from outside Pakistan through normal banking channels that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect; and	Sub-section (1) does not apply,- (a) to any amount of foreign exchange remitted from outside Pakistan through normal banking channels that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect.

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111(4)(b)	to any amount referred to in sub-section (1), relating to a period beyond preceding five tax years or assessment years.	<i>Deleted.</i> <i>Restriction of time limit for five years has been removed, apparently concealed income relating to any previous period can be brought to the tax net. However, in our opinion the amendment assessment is subject to time limit specified in sub-section 4 of Section 122 of the Income Tax Ordinance, 2001, whereby five years time limit has been prescribed.</i>
113 (1)	Minimum tax on the income of certain persons.- (1) This section shall apply to a resident company where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force –	(1) This section shall apply to a resident company, an individual (having turnover of fifty million rupees or above in the tax year 2009 or in any subsequent tax year) and an association of persons (having turnover of fifty million rupees or above in the tax year 2007 or in any subsequent tax year)and where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force –
113(e)	The claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than one-half per cent of the amount representing the person's turnover from all sources for that year:	The claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than one per cent of the amount representing the person's turnover from all sources for that year:

<p>113 (2) (b)</p>	<p>The person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), an amount equal to one-half per cent of the person's turnover for the year;</p>	<p>The person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), an amount equal to one per cent of the person's turnover for the year;</p>
<p>114 (6)</p>	<p>Return of income: Any person who, having furnished a return, discovers any omission or wrong statement therein, without prejudice to any other liability, which he may incur under this Ordinance, may furnish a revised return for that tax year at any time, within five years from the end of the financial year in which original return was filed</p>	<p>Subject to sub-section (6A), any person who, having furnished a return, discovers any omission or wrong statement therein, may file revised return subject to the following conditions, namely:- (a) it is accompanied by the revised accounts or revised audited accounts, as the case may be; and (b) the reasons for revision of return, in writing, duly signed, by the taxpayers are filed with the return; <i>The amendment was made through Finance (Amendment) Ordinance, 2009.</i></p>
<p>115 (4B)</p>	<p>Persons not required to furnish a return of income- Every person (other than a company) filing statement under sub-section (4), falling under final tax regime (FTR) and has paid tax amounting to twenty thousand rupees or more for the tax year, shall file a wealth statement alongwith reconciliation of wealth statement.</p>	<p><i>Deleted .</i></p>

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116 (2A)	<i>Non-Existent</i>	(2A) Where a person files a return in response to a provisional assessment under section 122C, he shall furnish a wealth statement for that year along with that return and such wealth statement shall be accompanied by a wealth reconciliation statement and an explanation of sources of acquisition of assets specified therein; <i>This amendment was brought through Finance (Amendment) Ordinance, 2009 now in order to validate the amendment has been part of proposed bill.</i>
116 (4)	<i>Non-Existent</i>	<i>The new provision has been proposed to be added namely:</i> Every person (other than a company) filing statement under sub-section (4) of section 115, falling under final tax regime (FTR) and has paid tax amounting to thirty-five thousand rupees or more for the tax year, shall file a wealth statement alongwith reconciliation of wealth statement;
118 (3)	Method of furnishing returns and other documents- A return of income for any person (other than a company), an employer certificate of an individual or a statement required under sub-section (4) of section 115 shall be furnished on or before the thirtieth day of September next following the end of the tax year to which the return, certificate or statement relates.	<i>The amended sub-clause namely:</i> A return of income for any person (other than a company), an Annual Statement of deduction of income tax from salary, filed by the employer of an individual or a statement required under sub-section (4) of section 115 shall be furnished as per the following schedule, namely:-

		<p>(a) In the case of an Annual Statement of deduction of income tax from salary, filed by the employer of an individual, return of income through e-portal in the case of a salaried person or a statement required under sub-section (4) of section 115, on or before the 31st day of August next following the end of the tax year to which the return, Annual Statement of deduction of income tax from salary, filed by the employer or statement relates.</p> <p>(b) in the case of a return of income for any person (other than a company), as described under clause (a), on or before the 30th day of September next following the end of the tax year to which the return relates;</p>
<p>121 (1) (d)</p>	<p>Best Judgment Assessment</p> <p>Best Judgment Assessment produce before the Commissioner, or any person employed by a firm of chartered accountants under section 177, accounts, documents and records required to be maintained under section 174, or any other relevant document or evidence that may be required by him for the purpose of making assessment of income and determination of tax due thereon,</p>	<p>Best Judgment Assessment produce before the Commissioner, or any person employed by a firm of chartered accountants, or a firm of cost and management accountants under section 177, accounts, documents and records required to be maintained under section 174, or any other relevant document or evidence that may be required by him for the purpose of making assessment of income and determination of tax due thereon, by virtue of the proposed of amendment now cost and management accountant also included in the list of auditor to conduct audit Section 177 of Income Tax Ordinance, 2001.</p>

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<p>121 (2)(a)</p>	<p>As soon as possible after making an assessment under this section, the Commissioner shall issue the assessment order to the taxpayer stating-</p> <p>(a) the taxable income;</p>	<p>As soon as possible after making an assessment under this section, the Commissioner shall issue the assessment order to the taxpayer stating-</p> <p>(a) the taxable income or income After the insertion of word “income” the income covered under FTR also can be made subject to Best judgment Assessment.</p>
<p>122 (4)</p>	<p>Amendment of assessments.-</p> <p>Where an assessment order (hereinafter referred to as the “original assessment”) has been amended under sub-section (1) or (3), the Commissioner may further amend, as many times as may be necessary, the original assessment within the later of –</p>	<p>Where an assessment order (hereinafter referred to as the “original assessment”) has been amended under sub-section (1) or, (3) (5A) , the Commissioner may further amend, as many times as may be necessary, the original assessment within the later of –</p> <p><i>The subsection (5A) has been inserted meaning thereby now the Commissioner amend the order not with standing already action u/s. 122 (5A) has been initiated, in our opinion the proposed amendment to remove ambiguity persist after action u/s. 122 (5A).</i></p>

<p style="text-align: center;">122 (5AA)</p>	<p><i>Non-Existent</i></p>	<p><i>New subsection has been introduced (5AA) The Commissioner is deemed to have, and always had, the powers to amend or further amend an assessment order under sub-section (5A), where appeal has been filed or decided against the order of the Commissioner, in respect of any point or issue which was not the subject matter of such appeal.</i></p> <p><i>The proposed amendment is inline with Section 66A (1A) (b) of Repealed Income Tax Ordinance, 1979.</i></p>
<p style="text-align: center;">122 C</p>	<p><i>Non-Existent</i></p>	<p>Provisional assessment.-</p> <p>(1) Where in response to a notice under sub-section (3) or sub-section (4) of section 114 a person fails to furnish return of income for any tax year, the Commissioner may, based on any available information or material and to the best of his judgment, make a provisional assessment of the taxable income or income of the person and issue a provisional assessment order specifying the taxable income or income assessed and the tax due thereon.</p> <p>(2) Notwithstanding anything contained in this Ordinance, the provisional assessment order completed under sub-section (1) shall be treated as the final assessment order after the expiry of sixty days from the date of service of order of provisional assessment and the provisions of this Ordinance shall apply accordingly:</p>

		<p>Provided that the provisions of sub-section (2) shall not apply if return of income alongwith wealth statement, wealth reconciliation statement and other documents required under sub-section (2A) of section 116 are filed by the person for the relevant tax year during the said period of sixty days;</p> <p><i>This amendment was brought through Finance (amendment) Ordinance, 2009 now in order to validate the amendment has been part of proposed bill.</i></p>
<p>124(2)</p>	<p>Assessment giving effect to an order.-</p> <p>(1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Part III of this Chapter by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court an assessment order or amended assessment order is to be issued to any person, the Commissioner shall issue the order within two years from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner.</p>	<p><i>The Provision has been amendment as under:</i></p> <p>(1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Part III of this Chapter by the Appellate Tribunal, High Court, or Supreme Court an assessment order or amended assessment order is to be issued to any person, the Commissioner shall issue the order within two years from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner.</p>

	<p>(2) Where, by an order made under Part III of this Chapter by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court, an assessment order is set aside wholly or partly, and the Commissioner or Commissioner (Appeals), as the case may be, is directed to make a new assessment order, the Commissioner or Commissioner (Appeals), as the case may be, shall make the new order within one year from the end of the financial year in which the Commissioner or Commissioner (Appeals), as the case may be, is served with the order Provided that limitation under this sub-section shall not apply, if an appeal or reference has been preferred, against the order setting aside the assessment, passed by a Commissioner (Appeals), Appellate Tribunal or a High Court.</p>	<p>(2) Where, by an order made under Part III of this Chapter by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court, an assessment order is set aside wholly or partly, and the Commissioner or Commissioner (Appeals), as the case may be, is directed to pass a new assessment order, the Commissioner or Commissioner (Appeals), as the case may be, shall make the new order within one year from the end of the financial year in which the Commissioner or Commissioner (Appeals), as the case may be, is served with the order Provided that limitation under this sub-section shall not apply, if an appeal or reference has been preferred, against the order passed by a, Appellate Tribunal or a High Court.</p> <p><i>Since u/s. 129 the Commissioner (Appeals) has no power to setting a side assessment order for remanding back therefore the required corresponding amendment has been made in this provision.</i></p>
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127 (1)	<p>Appeal to the Commissioner (Appeals).-</p> <p>(1) Any person dissatisfied with any order passed by a Commissioner or a taxation officer under section 121, 122, 143, 144, 162, 170, 182, 183, 184, 185, 186, 187, 188, 4[189 or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of 146 section 172 declaring a person to be the representative of a non-resident person or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person, may prefer an appeal to the Commissioner (Appeals) against the order.</p>	<p><i>Through the amendment there shall be no appeal lies against penalty order u/s. 183, 184, 185, 186, 187, 188 and 189 proposed amendment is:</i></p> <p>(1) Any person dissatisfied with any order passed by a Commissioner or a taxation officer under section 121, 122, 143, 144, 162, 170, 182, or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of 146 section 172 declaring a person to be the representative of a non-resident person [or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court], or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person, may prefer an appeal to the Commissioner (Appeals) against the order.</p>
127 (4)	<p>The prescribed fee shall be</p> <p>(a) in the case of an appeal against an assessment, one thousand rupees</p>	<p><i>(a), the words, or ten percent of the tax assessed shall be omitted in our opinion it appears there is mistake by repeating already amendment made through Finance Act 2009.</i></p>

<p>130 (4)</p>	<p>Appointment of Appellate Tribunal- A person may be appointed as an accountant member of the Appellate Tribunal if the person is an officer of the Income Tax Group equivalent in rank to that of a Regional Commissioner and the Commissioner of Income Tax or Commissioner of Income Tax (Appeals) having at least five years experience as Commissioner shall also be eligible for appointment.</p>	<p>A person may be appointed as an accountant member of the Appellate Tribunal if the person is an officer of Inland Revenue equivalent in rank to that of a Regional Commissioner and the Commissioner of Inland Revenue or Commissioner of Inland Revenue (Appeals) having at least five years experience as Commissioner or Collector shall also be eligible for appointment.</p>
<p>138 B</p>	<p><i>Non-Existent</i></p>	<p>Estate in bankruptcy.— (1) If a taxpayer is declared bankrupt, the tax liability under this Ordinance shall pass on to the estate in bankruptcy. (2) If tax liability is incurred by an estate in bankruptcy, the tax shall be deemed to be a current expenditure in the operations of the estate in bankruptcy and shall be paid before the claims preferred by other creditors are settled;</p>
<p>147 (1)(a)</p>	<p>Advance Tax Advance tax paid by the taxpayer. (1) Subject to sub-section (2), every taxpayer whose income was charged to tax for the latest tax year under this Ordinance or latest assessment year under the repealed Ordinance] other than – (a) income chargeable to tax under the head “Capital Gains”;</p>	<p><i>Since exemption on Capital gain has been withdrawn the Corresponding amendment u/s 147 has been made whereby section 147 (1) (a) has been omitted.</i></p>

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147 (2)	This section does not apply to an individual or association of persons where the individual's or association of persons latest assessed taxable income excluding income referred to in clauses (a), (b), (ba), (c) and (d) of sub-section (1) is less than two hundred thousand rupees.	This section does not apply to an individual where the individual's latest assessed taxable income excluding income referred to in clauses (a), (b), (ba), (c) and (d) of sub-section (1) is less than five hundred thousand rupees.
147 (4)	Where the taxpayer is a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:- (A x B/C) –D Where – A is the taxpayer's turnover for the quarter; B is the tax assessed to the taxpayer for the latest tax year; C is the taxpayer's turnover for the latest tax year; and D is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 155.	Where the taxpayer is association of person, a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:- (A x B/C) –D Where A is the taxpayer's turnover for the quarter; B is the tax assessed to the taxpayer for the latest tax year; C is the taxpayer's turnover for the latest tax year; and D is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 155. <i>Through proposed amendment a Company and Association of Persons have been brought at par for the purpose of competition of Advance Tax Liabilities.</i>
147 (4B)	Where the taxpayer is an individual or an association of persons having latest assessed income of two hundred thousand rupees or more as determined under sub-section (2), the amount of advance tax due for a quarter shall be computed according to the following formula, namely: -	Where the taxpayer is an individual having latest assessed income of five hundred thousand rupees or more as determined under sub-section (2), the amount of advance tax due for a quarter shall be computed according to the following formula, namely: -

	“(A/4) - B Where – A is the tax assessed to the taxpayer for the latest tax year or latest assessment year under the repealed Ordinance; and 171B is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 149 or 155.	“(A/4) - B Where – A is the tax assessed to the taxpayer for the latest tax year or latest assessment year under the repealed Ordinance; and 171B is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 149 or 155.
147 (5)	Advance tax is payable by an individual or an association of persons to the Commissioner – (a) in respect of the September quarter, on or before] the 15 th day of September; (b) in respect of the December quarter, on or before the 15 th day of December; (c) in respect of the March quarter, on or before the 15 th day of March; and (d) in respect of the June quarter, on or before the 15 th day of June.	Advance tax is payable by an individual to the Commissioner – (a) in respect of the September quarter, on or before the 15 th day of September; (b) in respect of the December quarter, on or before the 15 th day of December; (c) in respect of the March quarter, on or before the 15 th day of March; and (d) in respect of the June quarter, on or before the 15 th day of June.
147 (5A)	Advance tax is payable by a company to the Commissioner – (a) in respect of the September quarter, on or before the 15 th day of October; (b) in respect of the December quarter, on or before the 15 th day of January; (c) in respect of the March quarter, on or before the 15 th day of April; and (d) in respect of the June quarter, on or before the 15 th day of June.	Advance tax shall be payable by an association of persons or a company to the Commissioner- (a) in respect of the September quarter, on or before the 25 th day of September; (b) in respect of the December quarter, on or before the 25 th day of December; (c) in respect of the March quarter, on or before the 25 th day of March; and (d) in respect of the June quarter, on or before the 15 th day of June

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147 (5B)	<i>Non-Existent</i>	<i>Computation of advance tax liability in case of capital gain on sale of shares has been separately provided in this section.</i>
148 (7)	<p>Imports-</p> <p>The tax collected under this section shall be a final tax on the income of the importer arising from the imports subject to sub-section (1) and this subsection shall not apply in the case of import-</p>	<p>The tax collected under this section shall be a final tax (except as provided under sub section 8) on the income of the importer arising from the imports subject to sub-section (1) and this sub-section shall not apply in the case of import-</p>
151 (4)	<p>Profit on debt:</p> <p style="text-align: center;"><i>Non-Existent</i></p>	<p><i>New subsection has been inserted namely —</i></p> <p>(4) Tax deducted on profit on debt from Debt instruments, Government securities including Treasury Bills and Pakistan Investment Bonds, shall be final tax on profit or debt;</p>
152 (2)	<p>Payments to non-residents-</p> <p>Subject to sub-section (3), every person paying an amount to a non-resident person (other than an amount to which sub-section (1) or sub-section (1A) applies) shall deduct tax from the gross amount paid at the rate specified in Division II of Part III of the First Schedule.</p>	<p>Subject to sub-section (3), every person paying an amount to a non-resident person (other than an amount to which sub-section (1) or sub-section (1A), (1AA) applies) shall deduct tax from the gross amount paid at the rate specified in Division II of Part III of the First Schedule.</p>

153(9)(g)	<p>Payments for goods and services: In this section, – “prescribed person” means – (a) the Federal Government; (b) a company; (c) an association of persons constituted by, or under law; (cc) a non-profit organization; (d) a foreign contractor or consultant; (e) a consortium or joint venture; (f) an exporter or an export house for the purpose of sub-section (1A) (g) an association of persons, having turnover of fifty million rupees or above in tax year 2007 and on-wards.</p>	<p>In this section, – “prescribed person” means – (a) the Federal Government; (b) a company; (c) an association of persons constituted by, or under, law; (cc) a non-profit organization; (d) a foreign contractor or consultant; (e) a consortium or joint venture; (f) an exporter or an export house for the purpose of sub-section (1A) (g) an association of persons, having turnover of fifty million rupees or above in tax year 2007 or in any subsequent tax year.</p>
153 (9) (h)	<i>Non-Existent</i>	<p><i>New Sub-clause added :</i> (h) an individual, having turnover of fifty million rupees or above in the tax year 2009 or in any subsequent tax year.</p>
155 (2)	<p>Income from property- The tax deducted under sub-section (1) shall be a final tax on the income from property.</p>	<i>Omitted.</i>
165 (1)	<p>Statements.- (1) Every person collecting tax under Division II of this Part or Chapter XII or deducting tax from a payment under Division III of this Part or Chapter XII shall, within two months after the end of the financial year or within such further time as the Commissioner may allow by order in writing, furnish to the Commissioner a statement in the prescribed form setting out–</p>	<p>(1) Every person collecting tax under Division II of this Part or Chapter XII] or deducting tax from a payment under Division III of this Part or Chapter XII shall, within two months after the end of the each quarter or furnish to the Commissioner a statement in the prescribed form setting out–</p>

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165 (1) (a)	the name and address of each person from whom tax has been collected under Division II of this Part or Chapter XII or to whom payments have been made from which tax has been deducted under Division III of this Part or Chapter XII in the year;	the name and address of each person from whom tax has been collected under Division II of this Part or Chapter XII or to whom payments have been made from which tax has been deducted under Division III of this Part or Chapter XII in each quarter;
165 (1) (b)	the total amount of payments made to a person from which tax has been deducted under Division III of this Part or Chapter XII in the year ;	the total amount of payments made to a person from which tax has been deducted under Division III of this Part or Chapter XII in each quarter
165 (1) (c)	II of this Part or Chapter XII or deducted from payments made to a person under Division III of this Part or Chapter XII in the year; and	II of this Part or Chapter XII or deducted from payments made to a person under Division III of this Part or Chapter XII in each quarter
165 (1) proviso	<i>Non-Existent</i>	Provided that every person as provided in sub-section (1) shall be required to file withholding statement even where no withholding tax is collected or deducted during the period.;

<p>165 (2)</p>	<p>In addition to the annual statement required to be furnished under sub-section (1), a person collecting tax under Division II of this Part or Chapter XII] or deducting tax under Division III of this Part or Chapter XII] may be required to furnish statements on a monthly, quarterly or six monthly basis as may be prescribed.</p>	<p><i>The following shall be substituted, namely:-</i></p> <p>Every person collecting tax under Division II of this Part or Chapter XII or deducting tax under Division III of this Part or Chapter XII shall furnish statements under sub-section (1) as per the following schedule, namely in respect of the September quarter, on or before the 20th day of October;</p> <p>(b) in respect of the December quarter, on or before the 20th day of January;</p> <p>(c) in respect of the March quarter, on or before the 20th day of April; and</p> <p>(d) in respect of the June quarter, on or before the 20th day of July</p>
<p>169</p>	<p>Tax collected or deducted as a final tax.- (1) This section shall apply where –</p> <p>(b) the deduction of tax is a final tax under clauses (a), (b) and (d) of sub-section (1) of section 151, sub-section (1B) or subsection (1BB) of section 152, sub-section (6) of section 153, section 153A, sub-section (4) of section 154, section 155, sub-section (3) of section 156, sub-section (2) of section 156A or sub-section (1) and (3) of section 233 on the income from which it has been deducted.</p>	<p>(b) the deduction of tax is a final tax under clauses (a), (b) and (d) of sub-section (1) of section 151, sub-section (1B) or subsection (1BB) of section 152, sub-section (6) of section 153, section 153A, sub-section (4) of section 154, sub-section (3) of section 156, sub-section (2) of section 156A or sub-section (1) and (3) of section 233 on the income from which it has been deducted.</p>

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<p>169 (3)</p>	<p>Where all the income derived by a person in a tax year is subject to final taxation under the provisions referred to in sub-section (1) or under sections 5, (other than dividend received by a company) 6 and 7, an assessment shall be treated to have been made under section 120 and the person shall not be required to furnish a return of income under section 114 for the year.</p>	<p>Where all the income derived by a person in a tax year is subject to final taxation under the provisions referred to in sub-section (1) or under sections 5, (other than dividend received by a company) 6 and 7, 15 an assessment shall be treated to have been made under section 120 and the person shall not be required to furnish a return of income under section 114 for the year.</p>
<p>169 (Explanation)</p>	<p><i>Non-Existent</i></p>	<p>An assessment shall be treated to have been made under section 120 means,</p> <p>(a) the Commissioner shall be taken to have made an assessment of income for that tax year, and the tax due thereon equal to those respective amounts specified in the return or statement under sub-section (4) of section 115; and</p> <p>(b) the return or the statement under sub-section (4) of section 115 shall be taken for all purposes of this Ordinance to be an assessment order.</p>
<p>174</p>	<p>Record:</p> <p>The accounts and documents required to be maintained under this section shall be maintained for five years after the end of the tax year to which they relate.</p>	<p>The accounts and documents required to be maintained under this section shall be maintained for six years after the end of the tax year to which they relate.</p>

<p style="text-align: center;">174 (b)</p>	<p><i>Non-Existent</i></p>	<p><i>The following proviso and the explanation shall be added, namely:</i></p> <p>Provided that where any proceeding is pending before any authority or court the taxpayer shall maintain the record till final decision of the proceedings.</p> <p>Explanation.- Pending proceedings include proceedings for assessment or amendment of assessment, appeal, revision, reference, petition or prosecution and any proceedings before an Alternative Dispute Resolution Committee;</p>
<p style="text-align: center;">176(c)</p>	<p>Notice to obtain information or evidence:</p> <p>The firm of chartered accountants, as appointed by the Board, to conduct audit under section 177, for any tax year, may with the prior approval of the Commissioner concerned, enter the business premises of a taxpayer, selected for audit, to obtain any information, require production of any record, on which the required information is stored and examine it within such premises; and such firm may if specifically delegated by the Commissioner, also exercise the powers as provided in subsection (4).</p>	<p><i>The Commissioner in addition to the Board has also been empowered to appoint firm of chartered accountants through this amendment.</i></p>

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177(I)	<p>Audit: Non-existent</p>	<p>The Commissioner may call for any record or documents including books of accounts maintained under this Ordinance or any other law for the time being in force for conducting audit of the income tax affairs of the person and where such record or documents have been kept on electronic data, the person shall allow access to the Commissioner or the officer authorized by the Commissioner for use of machine and software on which such data is kept and the Commissioner or the officer may take into possession such machine and duly attested hard copies of such information or data for the purpose of investigation and proceedings under this Ordinance in respect of such person or any other person; Provided that-</p> <p>(a) the Commissioner may, after recording reasons in writing call for record or documents including books of accounts of the taxpayer; and</p> <p>(b) the reasons shall be communicated to the taxpayer while calling record or documents including books of accounts of the taxpayer: Provided further that the Commissioner shall not call for record or documents of the taxpayer after expiry of six years from the end of the tax year to which they relate;</p> <p><i>This amendment was originally made through Finance (Amendment) Ordinance, 2009.</i></p>
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177(2)	The Commissioner shall select a person or classes of persons for audit in accordance with the criteria laid down by the Board under sub-section (1).	<p>After obtaining the record of a person under sub-section (1) or where necessary record is not maintained, the Commissioner shall conduct an audit of the income tax affairs (including examination of accounts and records, enquiry into expenditure, assets and liabilities) of that person or any other person and may call for such other information and documents as he may deem appropriate;</p> <p><i>This amendment was originally made through Finance (Amendment) Ordinance, 2009.</i></p>
177(3)	The Board shall keep the criteria confidential.	<i>Omitted through Finance (Amendment) Ordinance, 2009.</i>
177(4)	<p>In addition to the selection referred to in sub-section (2), the Commissioner may also select a person or classes of persons for an audit of the person's income tax affairs having regard to</p> <p>(a) the person's history of compliance or non-compliance with this Ordinance;</p> <p>(b) the amount of tax payable by the person;</p> <p>(c) the class of business conducted by the person; and</p> <p>(d) any other matter which in the opinion of Commissioner is material for determination of correct income.</p>	<i>Omitted through Finance (Amendment) Ordinance, 2009.</i>

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177(5)	After selection of a person or classes of persons for audit under sub-section (2) or (4), the Commissioner shall conduct an audit of the income tax affairs (including examination of accounts and records, enquiry into expenditure, assets and liabilities) of such person or classes of persons.	<i>Omitted through Finance (Amendment) Ordinance, 2009.</i>
177(6)	After completion of the audit under sub-section (5) or sub-section (8), the Commissioner may, if considered necessary, after obtaining taxpayer's explanation on all the issues raised in the audit, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be.	After completion of the audit under the Commissioner may, if considered necessary, after obtaining taxpayer's explanation on all the issues raised in the audit, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be. <i>Omitted through Finance (Amendment) Ordinance, 2009.</i>
177(7)	The fact that a person has been audited in a year shall not preclude the person from being audited again in the next and following years where there are reasonable grounds for such audits, particularly having regard to the factors in sub-section (4).	The fact that a person has been audited in a year shall not preclude the person from being audited again in the next and following years. <i>Omitted through Finance (Amendment) Ordinance, 2009.</i>
177(8)	The Board may appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), to conduct an audit of the income tax affairs of any person or classes of	The Board may appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), or a firm of cost and Management Accountants as defined under the cost

	<p>persons selected for audit by the Commissioner or by the Board and the scope of such audit shall be as determined by the Board on a case to case basis.</p>	<p>and Management Accountants Act, 1966 (XIV of 1966) to conduct an audit of the income tax affairs of any person or classes of persons and the scope of such audit shall be as determined by the Board or the Commissioner on a case to case basis.</p>
<p>177(10)</p>	<p><i>Non-existent</i></p>	<p>Notwithstanding anything contained in sub-sections (2) and (6) where a person fails to produce before the Commissioner or a firm of Chartered Accountants or a firm of Cost and Management Accountants appointed by the Board or the Commissioner under sub-section (8) to conduct an audit, any accounts, documents and records, required to be maintained under section 174 or any other relevant document, electronically kept record, electronic machine or any other evidence that may be required by the Commissioner or the firm of Chartered Accountants or the firm of Cost and Management Accountants for the purpose of audit or determination of income and tax due thereon, the Commissioner may proceed to make best judgment assessment under section 121 of this Ordinance and the assessment treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect.</p>

181A	<i>Non-existent</i>	<p>181A. Active taxpayers' list.- (1) The Board shall have the power to institute active taxpayers' list. (2) Active taxpayers' list shall be regulated as may be prescribed;</p>
182	<p>Penalty for failure to furnish a return or statement.- (1) Any person who, without reasonable excuse, fails to furnish, within the time allowed under this Ordinance, return of income or a statement as required under sub-section (4) of section 115 or wealth statement for any tax year as required under this Ordinance shall be liable for a penalty equal to one-tenth of one per cent of the tax payable for each day of default subject to a minimum penalty of five hundred rupees and a maximum penalty of twenty-five per cent of the tax payable in respect of that tax year. (2) Any person who, without reasonable excuse, fails to furnish, within the time allowed under this Ordinance, any statement required under section 165 shall be liable for a penalty of two thousand rupees. (3) Where a person liable to a penalty under sub-section (2) continues to fail to furnish the statement, the person shall be liable for an additional penalty of two hundred rupees for each day of default after the imposition of the penalty under sub-section (2).</p>	<p>Offences and penalties.— <i>Through amendment various quantum of penalty have been tabulated against violation of various provision of Income Tax Ordinance, 2001. This is inline with Section 33 of the Sales Tax Act, 1990.</i></p>

183	<p>Exemption from penalty and default surcharge.-</p> <p>Penalty for non-payment of tax.- (1) A taxpayer who fails to pay any tax (other than penalty imposed under this section) due under this Ordinance by the due date shall be liable for a penalty equal to –</p> <p>(a) in the case of the first default, five per cent of the amount of tax in default;</p> <p>(b) in the case of a second default, an additional penalty of twenty per cent of the amount of tax in default;</p> <p>(c) in the case of a third default, an additional penalty of twenty five per cent of the amount of tax in default; and</p> <p>(d) in the case of a fourth and subsequent default, an additional penalty of up to fifty per cent of the amount of tax in default as determined by the Commissioner, but the total penalty in respect of the amount of tax in default shall not exceed one hundred per cent of such amount of tax.</p> <p>(2) Where, in consequence of any order under this Ordinance, the amount of tax in respect of which any penalty imposed under subsection (1) is reduced, the amount of the penalty shall be reduced accordingly.</p>	<p><i>It is proposed to substitute the Section namely:</i></p> <p>The Federal Government may, by notification in the official Gazette, or the Board by an order published in the official Gazette for reasons to be recorded in writing, exempt any person or class of persons from payment of the whole or part of the penalty and default surcharge payable under this Ordinance subject to such conditions and limitations as may be specified in such notification or, as the case may be, order;</p> <p><i>This amendment is paramateria of Section 34A of the Sales Tax Act, 1990.</i></p>
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		<i>Section 184, 185, 186, 187, 188, 189 & 190 proposed to be omitted.</i>
		<i>Section 202, 203, 205, 205A, 207, 209, 210 & 211 have been amended through Finance (Amendment) Ordinance, 2009. The same has been covered through this Finance Bill 2010 to be part of the Act.</i>
214C	Non-existent	<p><i>New section has been inserted namely:</i></p> <p>Selection for audit by the Board,-</p> <p>(1) The Board may select persons or classes of persons for audit of Income Tax affairs through computer ballot which may be random or parametric as the Board may deem fit.</p> <p>(2) Audit of Income Tax affairs of persons selected under sub-section (1) shall be conducted as per procedure given in section 177 and all the provisions of the Ordinance, except the first proviso to sub-section (1) of section 177, shall apply accordingly.</p> <p>(3) For the removal of doubt it is hereby declared that Board shall be deemed always to have had the power to select any persons or classes of persons for audit of Income Tax affairs;</p> <p><i>The board has been empowered to select the cases under this Section in addition to power given u/s. 177 of the Income Tax Ordinance, 2001.</i></p>

217(3)	<p>Forms and notices; authentication of documents</p> <p>A notice or other document issued, served or given by the Commissioner under this Ordinance shall be sufficiently authenticated if the name or title of the Commissioner, or authorised taxation officer, is printed, stamped or written on the notice or document.</p>	<p>A notice or other document issued, served or given by the Commissioner under this Ordinance shall be sufficiently authenticated if the name or title of the Commissioner, or authorised officer of inland revenue, is printed, stamped or written on the notice or document or if it is computer generated and bears the authentication in the manner prescribed by the Board.</p>
226(b)	<p>Computation of limitation period</p> <p>In the case of an assessment or other proceeding under this Ordinance, the period, if any, for which such proceedings were stayed by any Court, Appellate Tribunal or any other authority.</p>	<p>In the case of an assessment or other proceeding under this Ordinance,-</p> <p>(i) the period, if any, for which such proceedings were stayed by any Court, Appellate Tribunal or any other authority; or</p> <p>(ii) the period, if any, for which any proceeding for the tax year remained pending before any Court, Appellate Tribunal or any other authority;</p>
227	<p>Bar of suits in Civil Courts.-</p> <p>No suit or other legal proceeding shall be brought in any Civil Court against any order made under this Ordinance, and no prosecution, suit or other proceedings shall be made against any person for anything which is in good faith done or intended to be done under this Ordinance or any rules or orders made thereunder.</p>	<p><i>Sub-clause (2) has been inserted namely:</i></p> <p>(2) Notwithstanding anything contained in any other law for the time being in force, no investigation or inquiry shall be undertaken or initiated by any governmental agency against any officer or official for anything done in his official capacity under this Ordinance, rules, instructions or direction made or issued there-under without the prior approval of the Board;</p>

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229	Non-existent	<p>Directorate General of Training and Research.-</p> <p>(1) The Directorate General of Training and Research shall consist of a Director General, Additional Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such officers as the Board, may, by notification in the official Gazette, appoint.</p> <p>(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate General of Training and Research and its officers;</p>
231AA	<i>Non-Existent</i>	<p>Advance tax on transactions in bank.-</p> <p>(1) Every banking company shall deduct tax at the rate specified in Division VIA of Part IV of the First Schedule, if the payment for withdrawal is made through any mode of banking transactions including Demand Draft, Payment Order, Online Transfer, Telegraphic Transfer, CDR, STDR, RTC, or the sum total of the payments for such transaction in a day, exceeds twenty-five thousand rupees.</p> <p>(2) Advance tax under this section shall not be collected in the case of withdrawals made by,-</p>

		<p>(a) the Federal Government or a Provincial Government;</p> <p>(b) a foreign diplomat or a diplomatic mission in Pakistan; or</p> <p>(c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt;</p> <p><i>Now withholding tax at 0.3% is also applicable in case of transaction mentioned above in addition to cash withdrawal.</i></p>
233A(2)	<p>Collection of tax by a stock exchange registered in Pakistan.-</p> <p>The tax collected under clauses (a) to (c) of sub-section (1) shall be minimum tax.</p>	<p>The tax collected under clauses (a) to (c) of sub-section (1) shall be adjustable.</p> <p><i>Through this amendment withholding tax is now adjustable instead of minimum tax liability, meaning thereby, in case of tax liability lesser than tax amount withheld, the balance shall be refundable.</i></p>
236(c)	<p><i>Non-existent</i></p>	<p>Telephone users</p> <p>sale of units through any electronic medium or whatever form.</p>

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236(3A)	<i>Non-existent</i>	The person issuing or selling units through any electronic medium or whatever form shall collect advance tax under sub-section (1) from the purchaser at the time of issuance or sale of units;
236B	<i>Non-existent</i>	<p>Advance tax on purchase of air ticket.- (1) There shall be collected advance tax at the rate specified in Division IX of Part IV of the First Schedule, on the purchase of gross amount of domestic air ticket. (2) The person preparing air ticket shall charge advance tax under sub-section (1) in the manner air ticket charges are charged;</p>
239B	<i>Non-existent</i>	<p>Reference to authorities.- Any reference to the Regional Commissioner of Income Tax, Commissioner of Income Tax, Commissioner of Income Tax (Appeals) and Taxation Officer, wherever occurring, in this Ordinance and the rules made thereunder and notifications, orders, circulars or clarifications or any instrument issued thereunder shall be construed as reference to the Chief Commissioner Inland Revenue, Commissioner Inland Revenue, Commissioner Inland Revenue (Appeals) and officer of Inland Revenue, respectively;</p>

RATE OF TAX FOR INDIVIDUALS
FIRST SCHEDULE
PART-I Division 1 Sub-Clause (1)

TABLE S. No.	Taxable Income.	Rate of tax.
1.	Where taxable income does not exceed Rs.300,000	0%
2.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.400,000	7.50%
3.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000	10.00%
4.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.600,000	12.50%
5.	Where the taxable income exceeds Rs.600,000 but does not exceed Rs.800,000	15.00%
6.	Where the taxable income exceeds Rs.800,000 but does not exceed Rs.10,00,000	17.50%
7.	Where the taxable income exceeds Rs.10,00,000 but does not exceed Rs.13,00,000	21.00%
8.	Where the taxable income exceeds Rs.13,00,000	25.00%

RATE OF TAX FOR SALARY INDIVIDUALS
PART-I Division 1 Sub-Clause (1)

TABLE S.No.	Taxable Income.	Rate of tax.
1.	Where the taxable income does not exceed Rs.300,000,	0%
2.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.350,000,	0.75%
3.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000,	1.50%
4.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000,	2.50%
5.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000,	3.50%
6.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000,	4.50%
7.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000,	6.00%
8.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000,	7.50%
9.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000,	9.00%
10.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000,	10.00%
11.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000,	11.00%

12.	Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000,	12.50%
13.	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000,	14.00%
14.	Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs. 2,250,000	15.00%
15.	Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs.2,850,000,	16.00%
16.	Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000,	17.50%
17.	Where the taxable income exceeds Rs.3,550,000 but does not exceed Rs.4,550,000,	18.50%
18.	Where the taxable income exceeds Rs.4,550,000.	20.00%

The rate of tax in case of retailer, whose turnover does not exceed Rs. 5,000,000 has been enhanced from 0.5% to 1%.

PART-IV

- The withholding tax on utility bills has been reduced from 10% to 5% in case of electricity bill exceeding Rs. 20,000/-.

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Division IB
Rates of Tax for Association of Persons

The rate of tax imposed on the taxable income of Association of Persons for the tax year 2010 and onward shall be 25%.

(d) In case of small company the tax rate has been increased from 20% to 25%.

Division VII
Capital Gains on Sale of Securities

The rate of tax to be paid under section 37A shall be as follows-

S.No.	Period.	Tax Year.	Rate of tax.
1.	Where holding period of a security is less than six months.	2010	10.0%
		2011	10.0%
		2012	12.5%
		2013	15.0%
		2014	17.5%
2.	Where holding period of a security is more than six months but less than twelve months.	2010	7.5%
		2011	8.0%
		2012	8.5%
		2013	9.0%
		2014	9.5%
		2015	10.0%

(ii) Withholding tax at import stage in case of commercial importer has been increased from 4% to 5%.

(iii) In case of payment to non-resident other than technical fee and execution of contract withholding tax has been reduced to 20%.

Division VI
Prizes and Winnings

- (1) The rate of tax to be deducted under section 156 on a prize on prize bond or cross-word puzzle shall be 10% of the gross amount paid.
- (2) The rate of tax to be deducted under section 156 on winnings from a raffle, lottery, prize on winning a quiz, prize offered by a company for promotion of sale, shall be 20% of the gross amount paid.

“Division VIA
Advance tax on Transactions in Bank

The rate of tax to be deducted under section 231AA shall be at the rate of 0.3% of the transaction.

Division IX
Advance tax on Purchase of Air Ticket

The rate of tax to be deducted under section 236B shall be 5% of the gross amount of air ticket.

SECOND SCHEDULE

EXEMPTION AND TAX CONCESSION

The following amendments have been proposed in the Schedule which are listed below:

PART-I

- New sub-clause-(iii) has been inserted in Clause 72, in case of profit on debt payable to non-resident person.
being a foreign individual, company, firm or association of persons in respect of a foreign loan as is utilized for industrial investment in Pakistan provided that the agreement for such loan is concluded on or after the first day of February, 1991, and is duly registered with the State Bank of Pakistan;
- New clause has been added namely:
92A - Any income of any university or any other educational institution established in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA, for a period of two years ending on the 30th day of June, 2011;
- clause (102), shall be omitted; (Dividend received by ICP)
- clause (110), shall be omitted; (Capital gain on sale of shares)
- clause (110A), shall be omitted; (Transfer of Stock Exchange Membership Card).

- New Clause has been added namely:
(126F) Profits and gains derived by a taxpayer located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA for a period of three years starting from the tax year 2010:
Provided that this concession shall not be available to the manufacturers and suppliers of cement, sugar, beverages and cigarettes;

PART-IV

- New Clause has been added namely:
(10A) (i) The provisions of serial No. 5 of the Table given in sub-section (1) of section 182 and clause (a) of sub-section (1) of section 205 shall not apply to business located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA, provided that the principal amount of tax due is paid by the 30th day of June, 2010;

(ii) the provisions of section 235, regarding advance tax on electricity, shall not apply to commercial and industrial consumers of electricity located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA till the 30th day of June, 2011;

(iii) the provisions of section 154, regarding withholding tax on exports, shall not be applicable to the export of goods originating from the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA, till the 30th day of June, 2011;

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Provided that this clause shall only be restricted to the exporters based in the above areas;

(iv) the provisions of section 148 shall not be applicable on the import of plant and machinery for establishment of businesses in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA till the 30th day of June, 2011:

Provided that this concession shall not be available to the manufacturers and suppliers of cement, sugar, beverages and cigarettes;

- New Clause has been added namely:
(73) To mitigate part of the cost of obtaining foreign support to fill productivity gap, income tax payable by a foreign experts shall be exempted provided that such expert is acquired with the prior approval of the Ministry of Textile Industry;

FIFTH SCHEDULE

- New Clause has been added namely:
“4A. Decommissioning cost.- With effect from the Tax Year 2010, Decommissioning Cost as certified by a Chartered Accountant or a Cost Accountants, in the manner prescribed, shall be allowed over a period of ten years or the life of the development and production or mining lease whichever is less, starting from the year of commencement of commercial production or commenced prior to the 1st July, 2010, deduction for decommissioning cost as referred earlier shall be allowed from the Tax Year 2010 over the period of ten years or the remaining life of the development and production or mining lease, which ever is less;

SEVENTH SCHEDULE

- New Clause has been added namely:

—8A. Transactional provisions.—

(1) Amounts provided for in the tax year 2008 and prior to the said tax year for or against irrecoverable or doubtful advances, which were neither claimed nor allowed as a tax deductible in any tax year, shall be allowed in the tax year in which such advances are actually written off against such provisions, in accordance with the provision of sections 29 and 29A.

(2) Amounts provided for in the tax year 2008 and prior to the said tax year for or against irrecoverable or doubtful advances, which were neither claimed nor allowed as a tax deductible in any tax year, which are written back in the tax year 2009 and thereafter in any tax year and credited to the profit and loss account, shall be excluded in computing the total income of that tax year under rule 1 of this Schedule.

(3) The provisions of this Schedule shall not apply to any asset given or acquired on finance lease by a banking company up to the tax year 2008, and recognition of income and deductions in respect of such asset shall be dealt in accordance with the provisions of the Ordinance as if this Schedule has not come into force:

Provided that un-absorbed depreciation in respect of such assets shall be allowed to be set-off against the said lease rental income only;