



REANDA

Reanda Haroon Zakaria Associates

Tax | Legal | Advisory



For Clients Only

COMMENTS ON FINANCE BILL – 2022

The information contained in this booklet has been prepared on the basis of Finance Bill 2022 and is not intended to be advice on any particular matter. No person should act on the basis of any matter contained in this publication without seeking appropriate professional advice. The amendments proposed by this bill become effective from **1st July 2022** unless specified otherwise after having been enacted as Finance Act 2022 with or without modification.

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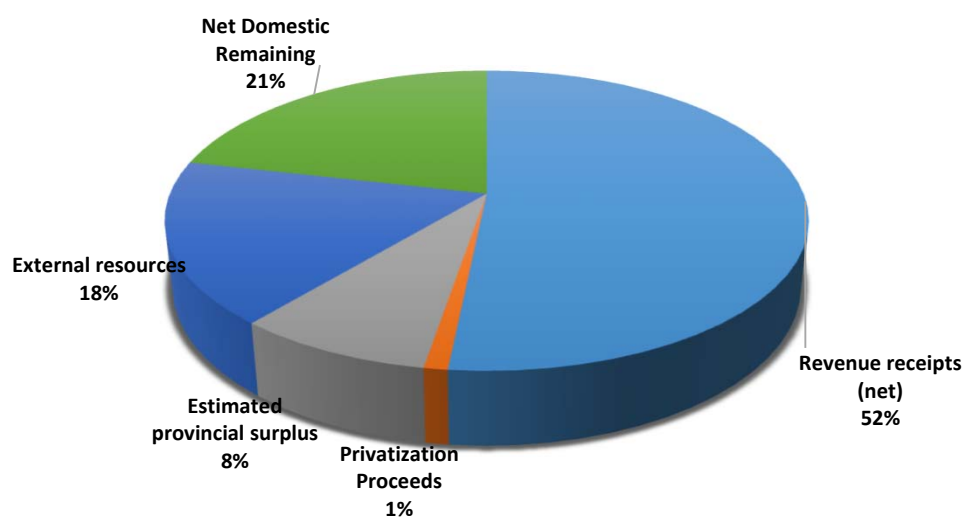
REANDA HAROON ZAKARIA ASSOCIATES

Dated: **June 10, 2022**

BUDGET 2022
AT A GLANCE

=== Rupees in Billion ===

	<u>2022-23</u>	<u>2021 -22</u> <u>Revised</u>
<u>RESOURCES</u>		
Internal resources		
Revenue receipts (net)		
Direct tax	2,573	2,204
Indirect tax	4,431	3,796
Non tax revenue	2,000	1,315
Less: Provincial share	(4,100)	(3,512)
Privatization Proceeds	96	
Estimated provincial surplus	800	570
	<u>5,800</u>	<u>4,373</u>
External resources	1,667	1,383
	<u>7,467</u>	<u>5,756</u>
Net Domestic Remaining	2,035	3,414
	<u>9,502</u>	<u>9,170</u>



EXPENDITURES

Current expenditures	8,694	8,516
Development expenditures (PSDP)	808	654
	<u>9,502</u>	<u>9,170</u>

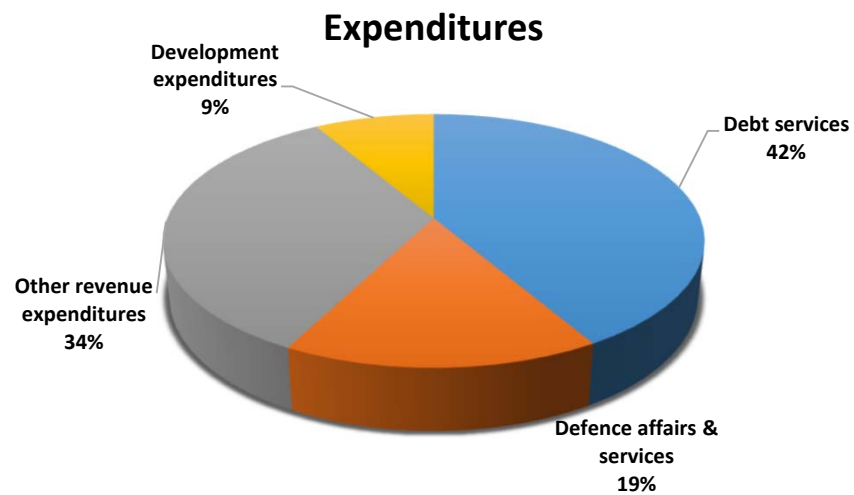
=== Rupees in Billion ===

Revenue Receipts (Gross)

	<u>2022-23</u>	<u>2021 -22</u> <u>Revised</u>
Direct tax	2,573	2,204
Indirect tax		
Customs	953	817
Sales Tax	3,076	2,635
Federal Excise	402	344
	<u>7,004</u>	<u>6,000</u>

EXPENDITURES

Debt services	3,950	3,144
Defence affairs & services	1,523	1,480
Other revenue expenditures	3,221	3,892
	<u>8,694</u>	<u>8,516</u>
Development expenditures	808	654
	<u>9,502</u>	<u>9,170</u>



Finance Bill 2022

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SALIENT FEATURES

FINANCE BILL 2022

Amendment in Income Tax Ordinance, 2001, Sales Tax Act, 1990, Customs Act, 1969 and under Federal Excise Act, 2005 shall have effect on the next day of assent given to this Act by the President of the Islamic Republic of Pakistan, rest of amendments shall come into force from the first day of July, 2022.

INCOME TAX ORDINANCE, 2001

- Seeks to allow 100% initial depreciation on purchase of new assets
- Seeks to impose tax on deemed rental income on immovable property subject to conditions
- Seeks to restrict section of cases for audit u/s 177/214C of the Income Tax Ordinance, 2001 subject to conditions.
- Seeks to restricts carryforward of unadjusted turnover tax u/s 113 of the Income Tax Ordinance, 2001.
- Seeks to withdraw benefit of declaring capital assets at fair market value in case of Gift, etc
- Seeks to withdraw benefit of 25% rebate on gain of capital asset u/s 37 of the Income Tax Ordinance, 2001
- Seeks to impose tax @ 2% of on high earning persons whose income exceeding Rs. 300millions
- Seeks to enhance rate of tax from 39% to 42% in case of Banking sector.
- Seeks to increase holding period in case of immovable property to avail benefit of Zero rate income tax.

SALIENT FEATURES

- Seeks to abolish tax credit under various provision of Income Tax Ordinance, 2001
- Seeks to declare collection of tax at import stage under section 148 of Income Tax Ordinance, 2001 in case of goods imported namely edible oil, packing material, paper and paper board and plastics as minimum tax.
- Seeks to disallow deduction under section 21 in case of non-integration with the board system
- Seeks to disallow deduction under section in case of payment made through other than banking channel over prescribed limits
- Seeks to provide relief on taxation for salaried and business individuals by increasing threshold for taxation.
- Seeks to bound NADRA for sharing of information for tax base broadening
- Seeks to benefit Behbood certificates holders by reduction of tax rate from 10% to 5%
- Seeks to withdraw advance tax on educational institutions u/s 236I of the Income Tax Ordinance, 2001
- Seeks to increase criteria for becoming tax resident individuals.
- Seeks to withdraw of deductible allowance for profit on debt and tax credit for investment in shares, health insurance and pension funds.
- Seeks to introduce fixed tax regime for retailers and specified service providers.
- Seeks to increase rate of tax from 1% to 2% on sale and purchase of property for filers.
- **Capital value Tax**
Seeks to levy capital value tax on certain assets held in Pakistan as well as abroad subject to conditions.

SALES TAX ACT-1990

- Condition of mentioning CNIC and consequence for non-declaration of CNIC or NTN on the supplies issued to unregistered recipient of goods is proposed to be omitted.
- Persons whose status is In-Active (not included in the ATL Sales tax) are also liable to pay Further Tax @ 3%.
- Federal Government is proposed to assign powers to allow the registered persons to pay sales tax on installments, as per the conditions and limitations specified through the notification.
- Public Limited Companies listed on Pakistan Stock Exchange are once again proposed to be included in the purview of section 8B, hence, liable to adjust input tax to the extent ninety percent of the output tax.
- It is proposed that goods imported by or donated by hospitals run by non-profit making institutions shall be exempt from chargeability of sales tax.
- By virtue of proposed amendment goods excluding electricity and gas supplied to Hospitals run by the charitable hospitals of fifty beds or more shall be exempt.

- Persons engaged in the supply of Articles of Jewelry, Precious metals or Metal clad with precious metals are proposed to be included in the ambit of Tier-I Retailers.
- Import of articles or parts of jewellery, precious metals or metal clad with precious metal are proposed to be charges @ 4%, whereas local supplies of the same are proposed to be exempt from chargeability of sales tax.
- Local supply of articles or parts of jewellery, precious metals or metal clad with precious metal are proposed to be charged @ 3%, whereas input tax adjustment shall not be allowed.
- Prepared food or foodstuff supplied by Restaurants and caterers are proposed to be exempt.
- Exemption of sales tax on Books has been expanded, since all books (excluding brochures, leaflets and directories) are proposed to be exempt.
- The production, transmission and distribution of electricity are proposed to be included in the definition of goods u/s 2(12) and Supply u/s 2(33) of the Sales Tax Act, 1990.
- It is proposed to introduce fixed slab rates for chargeability of sales tax on Tier-II retailers (for small traders).

- By virtue of proposed amendment Board has been assigned powers to charge rupees fifty thousand per month on their monthly electricity bill.
- Penalty on Non-issuance of Prescribed invoice number or Counterfeiting Barcode Number shall also include defacing of QR Code.
- Goods imported by various agencies of the United Nations, Diplomats, diplomatic missions, privileged persons and privileged organizations are proposed to be exempt from chargeability of sales tax.
- Temporarily imported goods, meant for subsequent exportation, charged to zero rate has been proposed to be exempt.
- Machinery, equipment and materials imported within the limits of Export Processing Zone shall be exempt from the chargeability of sales tax.
- Exemption on supply of bottled or canned ware potatoes and onions is withdrawn.
- All the Respective Headings of Detergents are proposed to be brought into the scope of Third Schedule.
- Exemption on Art Card for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per the qouta determined by IOCO.
- Scope of exemption on Pesticides are proposed to be expanded.

- Chargeability of Value Addition Tax (VAT) on consumption of compressor scrap (PCT Heading 7204.4940), motor scrap (PCT Heading 7204.4990) and copper cable cutting scrap (PCT Heading 7404.0090) as raw materials and intermediary goods imported by the manufacturer is proposed.
- It is proposed to exclude Fee and Service charges imposed and collected u/s 76 from the fine, penalty or fee imposed under the said Act.
- The designation of "Directorate General of Training and Research" under section 30C shall be substituted to "Inland Revenue Services Academy".
- New section regarding wearing of Uniform by Officers and staff of Inland Revenue Services is introduced.
- Photovoltaic Cells in modules are proposed to be exempted.
- It is proposed that Tractors and Seeds for sowing shall be exempt.
- Reduced rate on Locally produced coal and import of electric vehicle in CBU conditions is proposed to be withdrawn.
- Rate of sales tax on Potassium Chlorate (KClO₃) has been amendment to 17% along with Rs 60 per kilogram whereas conditions and limitations remain unchanged.
- Local supply of reclaim lead is proposed to be charged @ 1%, as per the condition and limitations specified thereon.
- Scope of supplies by registered person manufacturing lead batteries for the purpose of withholding sales tax has been increased from specified HS Code to all the Respective Headings.

FEDERAL EXCISE ACT, 2005

- Seeks to clarify the definition of term duty as defined u/s. 2(9) by excluding fee and service charges imposed and collected u/s. 49.
- Seeks to increase the duty on e-liquids from Rs. 10/ml to Rs. 10,000/KG.
- Seeks to increase duty from Rs. 5,200/- to Rs. 5,600/- per thousand cigarettes on locally produced cigarettes if retail price exceeds Rs. 5960/-.
- Seeks to increase the duty from Rs. 1,650/- to Rs. 1,850/- per thousand cigarettes on locally produced cigarettes if retail price does not exceed Rs. 5,960/-.
- Seeks to extend the scope of duty on all kinds of filter rod for cigarettes by substituting the particular PCT Heading 5502.9090 and also proposed to increase the rate of duty from Rs. 1 per filter rod to Rs. 1,500/- per KG.
- Seeks to increase the rate of duty on facilities for travel for first class and club business from Rs. 10,000/- to Rs. 50,000/-.
- Seeks to increase the rate of duty in case of telecommunication from 16% to 19.5%.

CUSTOMS ACT, 1969

- Seeks to abolish Customs Duty on import of agricultural machinery.
- Seeks to rationalize custom duties on various 400 items of raw material required by manufacturing sector.
- Seeks to rationalize Tariff structure on synthetic yarn.
- Seeks to eliminate customs duty on different pharma APIs.
- Seeks to introduce the concept of essential commodities by inserting Section 2 (kdd).
- Seeks to reduce the time period of 6 months to 90 days and in case of provisional determination of liability in terms of section 81(2).
- Seeks to allow the relief to the importer for getting the name of consignee changed in import documents for clearance u/s. 79.
- Seeks to introduce penal action for getting the unauthorized access, transfer, temper, damage, copy, interfere any protected data in relation to Pakistan Single Window Systems.
- Seeks to protect the official of provincial government while exercising the powers.

INCOME TAX

The amendments are applicable from date of assent by the President of Pakistan.

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2022
2(7A)	Non-Existent	<p><i>New definition has been proposed to be inserted which reads as follows;</i></p> <p><i>(7A) “beneficial owner” means a natural person who – (a) ultimately owns or controls a Company or association of persons, whether directly or indirectly, through at least ten percent shares or voting rights; or (b) exercise ultimate effective control, through direct or indirect means, over the company or association of persons including control over the finances or decisions or other affairs of the company or association of persons.</i></p>
2(18A)	Non-Existent	<p><i>New definition has been proposed to be inserted, which reads as follows;</i></p> <p><i>“distributor” means a person appointed by a manufacturer, importer or any other person for a specified area to purchase goods from him for further supply</i></p>

2(22AA)	Non-Existent	<p>New definition has been proposed to be inserted, which reads as follows;</p> <p><i>“fair market value” means value as provided in section 68</i></p>
2(62B)	Non-Existent	<p>New definition has been proposed to be inserted, which reads as follows;</p> <p><i>“Synchronized Withholding Administration and Payment System agent” or “SWAPS agent” means any person or class of persons notified by Board to collect or deduct withholding taxes through Synchronized Withholding Administration and Payment System.</i></p>
2(66A)	Non-Existent	<p>New definition has been proposed to be inserted, which reads as follows:</p> <p><i>“tax invoice” means an invoice as prescribed under the Income Tax Rules, 2002</i></p>
4	<p><i>Tax on taxable income.</i></p> <p>---</p> <p><i>(4)(a) separate taxation as provided in sections 5, 6 and 7; or</i></p>	<p>Following statement has been proposed to substitute the existing clause as under;</p> <p>separate taxation as provided <i>under this chapter</i>; or</p> <p>By virtue of this proposed amendment income from chapter-II shall be subject to separate taxation.</p>

4.	<p><i>Tax on taxable income.</i></p> <p>---</p> <p>(5) Income referred to in sub-section (4) shall be subject to tax as provided for in section 5, 6 or 7, or Part V of Chapter X, as the case may be, and shall not be included in the computation of taxable income in accordance with section 8 or 169, as the case may be.</p>	<p><i>Following statement has been proposed to substitute the existing clause as under;</i></p> <p>(5) Income referred to in sub-section (4) shall be subject to tax as provided for <i>under this chapter</i> or Part V of Chapter X, as the case may be, and shall not be included in the computation of taxable income in accordance with section 8 or 169, as the case may be.</p> <p><i>By virtue of this proposed amendment income from chapter-II shall be subject to separate taxation.</i></p>
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4C	Non-Existent	<p><i>New section has been proposed to be inserted to tax high earning persons, (para materia of super tax) proposed section reads as follows:</i></p> <p>Tax on high earning persons for poverty alleviation.—</p> <p>(1) A tax shall be imposed for poverty alleviation for tax year 2022 at the rates specified in Division IIB of Part I of the First Schedule, on income of every person.</p> <p>(2) For the purposes of this section, “income” shall be the sum of the following:—</p> <p>(i) profit on debt, dividend, capital gains, brokerage and commission;</p> <p>(ii) taxable income (other than brought forward depreciation and brought forward business losses) under section 9 of the Ordinance, if not included in clause (i);</p> <p>(iii) imputable income as defined in clause (28A) of section 2 excluding amounts specified in clause (i); and</p>
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		<p>(iv) income computed, other than brought forward depreciation, brought forward amortization and brought forward business losses under Fourth, Fifth and Seventh Schedules.</p> <p>(3) The tax payable under sub-section (1) shall be paid, collected and deposited on the date and in the manner as specified in sub-section (1) of section 137 and all provisions of Chapter X of the Ordinance shall apply.</p> <p>(4) Where the tax is not paid by a person liable to pay it, the Commissioner shall by an order in writing, determine the tax payable, and shall serve upon the person, a notice of demand specifying the tax payable and within the time specified under section 137 of the Ordinance.</p> <p>(5) Where the tax is not paid by a person liable to pay it, the Commissioner shall recover the tax payable under sub- section (1) and the provisions of Part IV, X, XI and XII of Chapter X and Part I of Chapter XI of the Ordinance shall, so far as may be, apply to the collection of tax as these apply to the collection of tax under the Ordinance.</p>
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		(6) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.
6(1)	<p>Tax on certain payments to non-residents.— (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IV of Part I of the First Schedule, on every non-resident person who receives any Pakistan source royalty, fee for offshore digital services] or fee for technical services</p>	<p><i>Payments for certain services paid to non-resident persons have been proposed to be included under the final tax regime.</i></p> <p>Tax on certain payments to non-residents.— (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IV of Part I of the First Schedule, on every non-resident person who receives any Pakistan source royalty, fee for offshore digital services, fee for money transfer operations, card network services, payment gateway services, interbank financial telecommunication services or fee for technical services.</p>
6(2)	<p>Tax on certain payments to non-residents.— --- (2) The tax imposed under sub-section (1) on a non-resident person shall be computed by applying the relevant rate of tax to the gross amount of the royalty, free for offshore digital services or fee for technical services.</p>	<p><i>Payments for certain services paid to non-resident persons have been proposed to be included under the final tax regime. The proposed change in subsection (1) is given effect through amendment in subsection (2) which is as follows:</i></p> <p>(2) The tax imposed under sub-section (1) on a non-resident person shall be computed by applying the relevant rate of tax to the gross amounts of receipts mentioned in sub-section (1).</p>

6(3)(b)	<p>Tax on certain payments to non-residents.—</p> <p>---</p> <p>(b) any fee for technical services or fee for offshore digital services where the services giving rise to the fee are rendered through a permanent establishment in Pakistan of the nonresident person; or</p>	<p><i>Payments for certain services paid to non-resident persons have been proposed to be included under the final tax regime. The proposed change is given effect through amendment in subsection (3) which is as follows:</i></p> <p>(b) any fee where the services giving rise to the fee are rendered through a permanent establishment in Pakistan of the nonresident person;</p>
6(4)	<p>Tax on certain payments to non-residents.—</p> <p>---</p> <p>(4) Any Pakistani-source royalty, fee for offshore digital services or fee for technical services received by a non-resident person to which this section does not apply by virtue of clause (a) or (b) of sub-section (3) shall be treated as income from business attributable to the permanent establishment in Pakistan of the person.</p>	<p><i>Payments for certain services paid to non-resident persons have been proposed to be included under the final tax regime. The proposed change is given effect through amendment in subsection (4) which is as follows:</i></p> <p>(4) Any Pakistani-source royalty or fee received by a non-resident person to which this section does not apply by virtue of clause (a) or (b) of sub-section (3) shall be treated as income from business attributable to the permanent establishment in Pakistan of the person.</p>

7(E)	<p>Non-Existent</p>	<p><i>New section has been proposed to be inserted whereby deemed rental income @ 5% of fair market value of immovable property shall be worked out which shall be subject to income tax @ 20% of such deemed rental income. In case of the property already subject to taxation u/s.15 of the ITO-2001 chargeable income tax shall be higher of under both head of income. The section read as follows;</i></p> <p>Tax on deemed income.–</p> <p>(1) Notwithstanding anything contained in the Ordinance, for tax year 2022 and onwards, a tax shall be imposed at the rates specified in Division VIIIC of Part-I of the First Schedule, on the income specified in this section.</p> <p>(2) A resident person shall be treated to have received rent equal to five percent of the fair market value of an immovable property situated in Pakistan whether such property has actually been rented out for any consideration or not.</p> <p>3) This section shall not apply to –</p> <p>(a) one self owned immovable property.</p> <p>(b) self-owned business premises from which business is carried out;</p>
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7E		<p>(c) self-owned agriculture land where agriculture activity is carried out by person but does not include farmhouse and land annexed thereto;</p> <p>(d) where the fair market value of the property or properties, in aggregate, excluding properties mentioned in clauses (a), (b) & (c) does not exceed twenty five million Rupees;</p> <p>(e) a Provincial Government, a Local Government, a local authority or a development authority;</p> <p>(f) land development and construction projects of builders and developers registered with Directorate General of Designated Non-Financial Businesses and Professions of Board;</p> <p>(g) a property which is subject to tax under section 15 of the Ordinance and the tax chargeable is more than tax chargeable under this section:</p> <p>Provided that if tax chargeable under section 15 is less than the tax chargeable under this section so much of the amount of tax which is in excess of tax chargeable under section 15 shall be paid under this section.</p>
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7E		(4) The Federal Government may include or exclude any person or property for the purpose of this section.
8	8. General provisions relating to taxes imposed under sections 5, 5AA, 6, 7, 7A and 7B.— Subject to this Ordinance, the tax imposed under Sections 5, 5AA, 6, 7, 7A and 7B shall be a final tax on the amount in respect of which the tax is imposed and;	<p><i>Following statement has been proposed to substitute the existing expression in order to align scope of Final Tax Regime:</i></p> <p>8. General provisions relating to taxes imposed under sections 5, 5A, 5AA, 6, 7, 7A, 7B and 7E.— Subject to this Ordinance, the tax imposed under Sections 5, 5A, 5AA, 6, 7, 7A, 7B and 7E shall be a final tax on the amount in respect of which the tax is imposed and-</p>
8(d)	(d) the tax payable by a person under section 5, 5A, 5AA, 6, 7, 7A and 7B shall not be reduced by any tax credits allowed under this Ordinance; and	<p><i>Following statement has been proposed to substitute the existing expression in order to align scope of Final Tax Regime:</i></p> <p><i>(d) the tax payable by a person under section 5, 5A, 5AA, 6, 7, 7A, 7B and 7E shall not be reduced by any tax credits allowed under this Ordinance; and</i></p>
21(ea)	<p>Deductions not allowed:</p> <p>Non-Existent</p>	<p><i>The following new clause has been proposed to be inserted as follows;</i></p> <p>(ea) an amount in excess of fifty percent of contribution made by a person to an approved gratuity fund, an approved pension fund or an approved superannuation fund.”;</p>

21(i)	<p>Deductions not allowed:</p> <p>any expenditure for a transaction, paid or payable under a single account head which, in aggregate, exceeds two hundred and fifty thousand rupees, made other than by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of amount from the business bank account of the taxpayer</p>	<p><i>The following new clause has been proposed to restrict cash payments through non-banking channel for taxpayer other than company:</i></p> <p><i>any expenditure by a taxpayer not being a company for a transaction, paid or payable under a single account head which, in aggregate, exceeds two hundred and fifty thousand rupees, made other than by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of amount from the business bank account of the taxpayer.</i></p>
21(la)	<p>Deductions not allowed-</p> <p>Non-Existent</p>	<p><i>The following new clause has been proposed to restrict cash payments through non-banking channel:</i></p> <p>(la) any expenditure by a taxpayer being a company for a transaction, paid or payable under a single account head which, in aggregate, exceeds rupees one million, made other than by digital means from business bank account of the taxpayer notified to the Commissioner under section 114A:</p> <p>Provided that this clause shall not apply in the case of expenditures on account of —</p> <p>(A) utility bills;</p>

		<p>(B) freight charges; (C) travel fare; (D) postage; and (E) payment of taxes, duties, fee, fines or any other statutory obligation:</p> <p>Provided further that this clause shall be effective from such date as the Board may notify.”;</p>
21(m)	<p>Deductions not allowed:</p> <p>(m) any salary paid or payable exceeding twenty-five thousand rupees per month other than by a crossed cheque or direct transfer of funds to the employee’s bank account;</p>	<p><i>Payment through digital means has also been included in line with payment made through other banking channels. The proposed amendment reads as follows;</i></p> <p>(m) any salary paid or payable exceeding twenty-five thousand rupees per month other than by a crossed cheque or direct transfer of funds to the employee’s bank account or through digital means;</p>
21(r)	<p>Deductions not allowed:</p> <p>Non-Existent</p>	<p><i>The following new clause has been proposed to be inserted to disallow expenditure related to sales in case of person who fails to integrate with the Board system:</i></p> <p>any expenditure attributable to sales claimed by any person who is required to integrate but fails to integrate his business with the Board through approved fiscal electronic device and software:</p> <p>Provided that disallowance of expenditure under this clause shall not exceed ten percent of the allowable deduction.;</p>

22(2) Proviso	<p>Depreciation-</p> <p>Provided that where a depreciable asset is used in the person's business for the first time in a tax year commencing on or after the 1st day of July, 2020, the depreciation deduction shall be reduced by fifty percent.</p>	<p><i>Proposed to be omitted. After the omission, full depreciation shall be allowable in the year of purchase.</i></p>
22(8)(b) Proviso	<p>Depreciation-</p> <p>Provided that where a depreciable asset is used in the person's business for the first time in a tax year commencing on or after the 1st day of July, 2020, depreciation deduction equal to fifty percent of the rate specified in Part I of the Third Schedule shall be allowed in the year of disposal.</p>	<p><i>Proposed to be omitted. After the omission, no depreciation shall be allowable in the year of disposal.</i></p>
22(13)(a)	<p>Depreciation-</p> <p>(a) the cost of a depreciable asset being a passenger transport vehicle not plying for hire shall not exceed two and half million rupees</p>	<p><i>The cost of depreciable new passenger transport vehicle not plying for hire has been proposed to be reduced from two and half million to five million rupees:</i></p> <p>(a) the cost of a depreciable asset being a passenger transport vehicle not plying for hire shall not exceed five million rupees.</p>

23(5)(e)	<p>Initial Allowance</p> <p>Non-Existent</p>	<p><i>The following sub-clause (e) has been proposed to be inserted restricting the initial allowance on any immovable property or structural improvement</i></p> <p><i>(5) In this section, “eligible depreciable asset” means a depreciable asset other than —</i></p> <p><i>(a) any road transport vehicle unless the vehicle is plying for hire;</i></p> <p><i>(b) any furniture, including fittings;</i></p> <p><i>(c) any plant or machinery¹[that has been used previously in Pakistan]; or</i></p> <p><i>(d) any plant or machinery in relation to which a deduction has been allowed under another section of this Ordinance for the entire cost of the asset in the tax year in which the asset is acquired.</i></p> <p><i>(e) immovable property or structural improvement to the immovable property;</i></p>
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37(1A)	<p>37. Capital gains.-</p> <p>---</p> <p>(1A) Notwithstanding anything contained in sub-sections (1) and (3) gain under sub-section (3A) by a person in a tax year, shall be chargeable to tax in that year under the head Capital Gains at the rates specified in Division VIII of Part I of the First Schedule.</p>	<p><i>The following new clause has been proposed to be inserted, whereby holding period stands increase from four years to six years to avail zero rate tax along-with substituted tax rate.</i></p> <p>(1A) Notwithstanding anything contained in sub-section (1), gain arising on disposal of immovable property situated in Pakistan, to a person in a tax year shall be chargeable to tax under the head capital gains at the rates specified in Division VIII of Part I of the First Schedule.</p>
37(2)	<p>37. Capital Gains</p> <p>(2) Subject to sub-sections (3) and (4), the gain arising on the disposal of a capital asset by a person shall be computed in accordance with the following formula, namely:—</p> <p>A – B</p> <p>where —</p> <p>A is the consideration received by the person on disposal of the asset; and</p> <p>B is the cost of the asset.</p>	<p><i>The following amendment has been made to give effect to the proposed omission of sub-section(3):</i></p> <p>(2) Subject to sub-section (4), the gain arising on the disposal of a capital asset by a person shall be computed in accordance with the following formula, namely:—</p> <p>A – B</p> <p>where —</p> <p>A is the consideration received by the person on disposal of the asset; and</p> <p>B is the cost of the asset</p>

37(3)	<p>37. Capital Gains</p> <p>(3) 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 Act, 2017 (XIX of 2017), the amount of any gain arising on disposal of the asset shall be computed in accordance with the following formula, namely: —</p> <p>$A \times \frac{3}{4}$</p> <p>where A is the amount of the gain determined under sub-section (2).</p>	<p><i>Proposed to be omitted. By virtue of omission, there is no rebate of 25% on gain on disposal of capital assets in case of holding period exceeding one year.</i></p>
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37(3A)	<p>37. Capital Gains</p> <p>(3A) Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of an immovable property shall be computed in accordance with the formula specified in the Table below, namely:-</p> <p>TABLE</p> <p>S.No. Holding period Gain</p> <p>(1) (2) (3)</p> <p>1. Where the holding period of an immovable property does not exceed one year A</p> <p>2. Where the holding period of an immovable property exceeds one year but does not exceed two years $A \times \frac{3}{4}$</p> <p>3. Where the holding period of an immovable property exceeds two years but does not exceed three years $A \times \frac{1}{2}$</p> <p>4. Where the holding period of an immovable property exceeds three years but does not exceed four years $A \times \frac{1}{4}$</p> <p>5. Where the holding period of an immovable property exceeds four years 0</p> <p>where A is the amount of gain determined under sub-section (2).</p>	<p><i>Proposed to be omitted. Accordingly, the rate of tax on immovable property shall be in accordance with Division-VIII of Part-I of Second Schedule to the Income Tax Ordinance, 2001.</i></p>
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37(4A)	<p>37. Capital Gains</p> <p>(4A) Where the capital asset becomes the property of the person —</p>	<p><i>Proposed to be omitted. Accordingly, benefit of declaring capital assets at fair market value on the date of transfer in case of Gift, inheritance, succession, devolution or distribution of assets on dissolution of AOP or distribution of assets on liquidation of a company is done away.</i></p>
	<p>(a) under a gift from a relative as defined in sub section (5) of section 85, bequest or will;</p> <p>(b) by succession, inheritance or devolution;</p> <p>(c) a distribution of assets on dissolution of an association of persons; or</p> <p>(d) on distribution of assets on liquidation of a company, the fair market value of the asset, on the date of its transfer or acquisition by the person shall be treated to be the cost of the asset:</p> <p>Provided that, if the capital asset acquired through gift is disposed of within two years of acquisition and the Commissioner is satisfied that such gift arrangement is a part of tax avoidance scheme, then the provisions of sub-section (3) of section 79 shall apply for the purpose of determining the cost of asset in the hands of recipient of the gift.</p>	

44(3)	<p>Exemptions under international agreements.—</p> <p>(3) Any income received by a person not being a citizen of Pakistan engaged as a contractor, consultant, or expert on a project in Pakistan shall be exempt from tax under this Ordinance to the extent provided for in a bilateral or multilateral technical assistance agreement between the Federal Government and a foreign government or public international organisation, where —</p>	<p><i>The following amendment has been made as follows;</i></p> <p><i>(3) Any income received by a person not being a citizen of Pakistan engaged as a contractor, consultant, or expert on a project in Pakistan shall be exempt from tax under this Ordinance to the extent provided for in a bilateral or Multilateral.....agreement between the Federal Government and a foreign government or public international organisation, where</i></p>
44(4)	<p>Exemptions under international agreements- Non-Existent</p>	<p><i>The following new sub-section has been inserted;</i></p> <p><i>(4) Federal Government may, in respect of an official development assistance financed loans and grants-in-aid, subject to such conditions and limitations as it may specify, exempt income of any person on a case to case basis through a notification in the official Gazette.</i></p>
53(2)	<p>Exemptions and tax concessions in the Second Schedule.—</p> <p>(2) The Board with the approval of the Federal Minister-incharge may, from time to time, pursuant to the approval of the Economic Coordination Committee of the Cabinet.....make such amendment in the Second Schedule by</p>	<p><i>The following amendment has been made as follows;</i></p> <p><i>(2) The Federal Government or the Board with the approval of the Federal Minister-incharge may, from time to time, pursuant to the approval of the Economic Coordination Committee of the Cabinet.....make such amendment in the Second Schedule by</i></p>

59C	Carry forward of business losses of sick industrial units—	<i>Proposed to be omitted and deemed to have been omitted w.e.f. 02.03.2022</i>
60	Deductible allowance for profit on debt-	<i>Proposed to be omitted.</i>
62	Tax credit for investment in shares and insurance —	<i>Proposed to be omitted.</i>
62	Tax credit for investment in health insurance—	<i>Proposed to be omitted.</i>
63	Contribution to an Approved Pension Fund—	<i>Proposed to be omitted.</i>
6	Tax credit for certain persons-	<i>Proposed to be omitted.</i>
65H	Tax credit for foreign investment for industrial promotion-	<i>Proposed to be omitted and deemed to have been omitted w.e.f. 02.03.2022</i>
82(d)	Resident individual- Non-Existent	<i>The following new clause has been proposed to be inserted;</i> <i>(d) being citizen of Pakistan is not a tax resident of any other country</i>
92	Principles of taxation of associations of persons- Non-Existent	<i>The following explanation has been proposed to be inserted;</i> <i>Explanation.— For removal of doubt it is clarified that if the income of association of persons is exempt and no tax is payable under the Ordinance due to this exemption, the share received in the capacity as member out of the income of the association shall remain exempt.</i>

99A	<p>Special provisions relating to traders.-</p> <p>Substituted</p>	<p><i>The following new section related to taxation of traders has been proposed to be inserted;</i></p> <p>99A. Special provisions relating to payment of tax through electricity connections.</p> <p>(1) Notwithstanding anything contained in the Ordinance, a tax shall be charged and collected from retailers other than Tier-I retailers as defined in Sales Tax Act, 1990 (VII of 1990) and specified service providers on commercial electricity connections at the rates provided in clause (2A) of Division IV, Part IV of the First Schedule.</p> <p>(2) A retailer who has paid sales tax under sub-section (9) of section 3 of Sales Tax Act, 1990 (VII of 1990), shall not be required to pay tax under this section and the sales tax so paid shall constitute discharge of tax liability under this section.</p>
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		<p>(3) The tax collected or paid under this section shall be final tax on the income of persons covered under this section in respect of business being carried out from the premises where the electricity connection is installed.</p> <p>(4) For the purposes of this section, Board with the approval of the Minister in-charge may issue an income tax general order to-</p> <p>(a) provide the scope, time, payment, recovery, penalty, default surcharge, adjustment or refund of tax payable under this section in such manner and with such conditions as may be specified.</p> <p>(b) provide record keeping, filing of return, statement and assessment in such manner and with such conditions as may be specified;</p> <p>(c) provide mechanism of collection, deduction and payment of tax in respect of any person; or</p> <p>(d) include or exempt any person or classes of persons, any income or classes of income from the application of this section, in such manner and with such conditions as may be specified.</p>
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100C(4)(e)	<p>Tax credit for charitable organizations.—</p> <p>Provided that the condition of approval in respect of persons mentioned in Table-II of clause (66) of Part I of the Second Schedule to this Ordinance, shall take effect from the first day of July, 2022 and the requirements of clause (36) of section 2, shall not be applicable for earlier years;</p>	<p><i>The deadline in the following proviso is proposed to be extended from July, 2022 to July, 2024;</i></p> <p>Provided that the condition of approval in respect of persons mentioned in Table-II of clause (66) of Part I of the Second Schedule to this Ordinance, shall take effect from the first day of July, 2024 and the requirements of clause (36) of section 2, shall not be applicable for earlier years;</p>
100F	<p>Special Provision relating to Investment for Industrial Promotion-</p>	<p><i>Proposed to be omitted and deemed to have been omitted w.e.f. 02.03.2022</i></p>
109(1)(e)	<p>Non-Existent</p>	<p><i>The following new clause is proposed to be inserted;</i></p> <p>(e) from tax year 2018 and onwards, treat a place of business in Pakistan as a permanent establishment, if the said place fulfills the conditions as specified in sub-clause (g) of clause (41) of section 2.</p>

111(4)	<p>Unexplained Income or assets- Non-Existent</p>	<p><i>The following new explanation is proposed to be inserted;</i></p> <p><i>Explanation.— For removal of doubt, it is clarified that the remittance through money service bureaus, exchange companies or money transfer operators shall be deemed to constitute foreign exchange remitted from outside Pakistan through normal banking channels as provided under this sub-section.</i></p>
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111(5)	<p>Unexplained Income or assets-</p> <p>Explanation.—For the removal of doubt, a separate notice under this section is not required to be issued if the explanation regarding nature and sources of amount credited or the investment of money, valuable article, or the funds from which expenditure was made has been confronted to the taxpayer through a notice under sub-section (9) of section 122 of this Ordinance.</p>	<p><i>The following new explanation is proposed to be substituted;</i></p> <p><i>Explanation.— For the removal of doubt, it is clarified that a separate notice under this section is not required to be issued if the explanation regarding nature and sources of;</i></p> <p><i>(i) any amount credited in a person's books of account; or</i></p> <p><i>(ii) any investment made or ownership of money or valuable article; or</i></p> <p><i>(iii) funds from which expenditure was made; or</i></p> <p><i>(iv) suppression of any production, sales, or any amount chargeable to tax; or</i></p> <p><i>(v) suppression of any item of receipt liable to tax in whole or in part has been confronted to the taxpayer through a notice under sub-section (9) of section 122 of the Ordinance.</i></p>
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113(2)(c)	<p>Minimum tax on the income of certain persons.-</p> <p>(c) where tax paid under sub-section (1) exceeds the actual tax payable under Part I, clause (1) of Division I, or Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year:</p> <p>Provided that if tax is paid under sub-section (1) due to the fact that no tax is payable or paid for the year, the entire amount of tax paid under sub-section (1) shall be carried forward for adjustment in the manner stated aforesaid:</p> <p>Provided further that the amount under this clause shall be carried forward and adjusted against tax liability for five tax years immediately succeeding the tax year for which the amount was paid.</p>	<p><i>Proposed to be omitted. Accordingly, benefit of carry forward of unadjusted amount of minimum tax is done away.</i></p>
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114B	<p>Powers to enforce filing of returns-</p> <p>Non-Existent</p>	<p>The following new section has been proposed to be inserted;</p> <p>114B. Powers to enforce filing of returns—</p> <p>(1) Notwithstanding anything contained in any other law for the time being in force, the Board shall have the powers to issue income tax general order in respect of persons who are not appearing on active taxpayers' list but are liable to file return under the provisions of the Ordinance.</p> <p>(2) The income tax general order issued under sub- section (1) may entail any or all of the following consequences for the persons mentioned therein, namely:—</p> <p>(a) disabling of mobile phones or mobile phone SIMS;</p> <p>(b) discontinuance of electricity connection; or</p> <p>(c) discontinuance of gas connection.</p> <p>(3) The Board or the Commissioner having jurisdiction over the person mentioned in the income tax general order may order restoration of mobile phones, mobile phone SIMS and connections of electricity and gas,</p>
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		<p>in cases where he is satisfied that —</p> <p>(a) the return has been filed; or</p> <p>(b) person was not liable to file return under the provisions of the Ordinance.</p> <p>(4) No person shall be included in the general order under sub-section (1) unless following conditions have been met with, namely:—</p> <p>(a) notice under sub-section (4) of section 114 has been issued;</p> <p>(b) date of compliance of the notice under sub-section- 4 of section 114 has elapsed; and</p> <p>(c) the person has not filed the return.</p> <p>(5) The action under this section shall not preclude any other action provided under the provisions of the Ordinance.</p>
121(3)	<p>Best judgement assessment-</p> <p>(3) An assessment order under this section shall only be issued within five years after the end of the tax year or the income year to which it relates:</p>	<p><i>The following amendment is proposed in the given sub-section;</i></p> <p>(3) An assessment order under this section shall only be issued within six years after the end of the tax year or the income year to which it relates:</p>

122(9)	<p>Amendment of assessments.—</p> <p>Provided that order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, so however, such extended period shall in no case exceed ninety days. This proviso shall be applicable to a show cause notice issued on or after the first day of July, 2021.</p>	<p><i>The following amendment is proposed in the given proviso;</i></p> <p>Provided that order under this section shall be made within one hundred and eighty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, so however, such extended period shall in no case exceed ninety days. This proviso shall be applicable to a show cause notice issued on or after the first day of July, 2021.</p>
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134A	<p>Alternative Dispute Resolution.—</p>	<p>The following section is proposed to be substituted;</p> <p>Alternative Dispute Resolution.</p> <p>(1) Notwithstanding any other provision of the Ordinance, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—</p> <p>(a) the liability of tax of one hundred million and above against the aggrieved person or admissibility of refund, as the case may be;</p> <p>(b) the extent of waiver of default surcharge and penalty; or</p> <p>(c) any other specific relief required to resolve the dispute; may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an Appellate Authority, except where criminal proceedings have been initiated.</p> <p>(2) The application for dispute resolution shall be accompanied by an initial proposition for resolution of the dispute, including an offer of tax payment, from which, the applicant would not be entitled to retract.</p>
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134A		<p>(3) The Board may, after examination of the application of an aggrieved person, appoint a committee, within forty five days of receipt of such application in the Board, comprising,—</p> <p>(i) Chief Commissioner Inland Revenue having jurisdiction over the case;</p> <p>(ii) person to be nominated by the taxpayer from a panel notified by the Board comprising –</p> <p>(a) chartered accountants, cost and management accountants and advocates having a minimum of ten years' experience in the field of taxation;</p> <p>(b) officers of the Inland Revenue Service who have retired in BS 21 or above; or</p> <p>(c) reputable businessmen as nominated by Chambers of Commerce and Industry:</p> <p>Provided that the taxpayer shall not nominate a Chartered Accountant or an advocate if the said Chartered Accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and</p>
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134A		<p>(d) person to be nominated through consensus by the members appointed under (i) and (ii) above, from the panel as notified by the Board in (ii) above: Provided that where the member under this clause cannot be appointed through consensus, the Board may nominate a member proposed by the taxpayer eligible to be nominated as per clause (ii).</p> <p>(4) The aggrieved person, or the Commissioner, or both, as the case may be, shall withdraw the appeal pending before any court of law or an Appellate Authority, after constitution of the committee by the Board under sub-section (3), in respect of dispute as mentioned in sub-section (1).</p> <p>(5) The committee shall not commence the proceedings under sub-section (6) unless the order of withdrawal by the court of law or the Appellate Authority is communicated to the Board: Provided that if the order of withdrawal is not communicated within seventy five days of the appointment of the committee, the said committee shall be dissolved and provisions of this section shall not apply.</p>
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134A		<p>(6) The Committee appointed under sub-section (3) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:</p> <p>Provided that in computing the aforesaid period of one hundred and twenty days, the period, if any, for communicating the order of withdrawal under sub-section (5) shall be excluded.</p> <p>(7) The decision by the Committee under sub-section (6) shall not be cited or taken as a precedent in any other case or in the same case for a different tax year.</p> <p>(8) The recovery of tax payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (3) shall be deemed to have been stayed on withdrawal of appeal up to the date of decision by the Committee or the dissolution of the Committee whichever is earlier.</p>
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134A		<p>(9) The decision of the committee under sub-section (6) shall be binding on the Commissioner and the aggrieved person.</p> <p>(10) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (6), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the Appellate Authority which issued the order of withdrawal under sub-section (5) and the appeal shall be treated to be pending before such court of law or the Appellate Authority as if the appeal had never been withdrawn.</p> <p>(11) The Board shall communicate the order of dissolution to the court of law or the Appellate Authority and the Commissioner.</p> <p>(12) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the Appellate Authority, which shall decide the appeal within six months of the communication of said order.</p>
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		<p>(13) The aggrieved person may make the payment of income tax and other taxes as decided by the committee under sub- section (6) and all decisions, orders and judgments made or passed shall stand modified to that extent.</p> <p>(14) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (3).</p> <p>(15) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.</p>
148(7)	<p>Imports.—</p> <p>(7) The tax required to be collected under this section shall be minimum tax 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 of goods on which tax is required to be collected under this section at the rate of 1% or 2% by an industrial undertaking for its own use.</p>	<p><i>The following amendment is proposed in the given sub-section. However, rate of tax as per schedule-XII remains unchanged.</i></p> <p>(7) The tax required to be collected under this section shall be Final tax 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 of goods on which tax is required to be collected under this section.....by an industrial undertaking for its own use.</p>

148(7A)	<p>Imports-</p> <p>Non-Existent</p>	<p><i>The following new sub-section is proposed to be inserted;</i></p> <p>(7A) Notwithstanding anything contained in sub-section (7), the tax required to be collected under this section shall be minimum tax on the income every person arising from imports of following goods –</p> <ul style="list-style-type: none"> (i) edible oil; (ii) packaging material; (iii) paper and paper board; or (iv) plastics: <p>Provided that the Board with the approval of Minister in- charge may, by a notification in the official Gazette, add any entry thereto or omit any entry therefrom or amend any entry therein this sub-section.</p>
149(1)	<p>Salary— (1) Every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee</p>	<p>The following amendment has been proposed in the given sub-section;</p> <p>Salary— (1) Every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee</p>

	chargeable under the head “Salary” for the tax year in which the payment is made after making adjustment of tax withheld from employee under other heads and tax credit admissible under section 61, 62, 63 and 64 during the tax year after obtaining documentary evidence, as may be necessary, for	chargeable under the head “Salary” for the tax year in which the payment is made after making adjustment of tax withheld from employee under other heads and tax credit admissible under section 61..... during the tax year after obtaining documentary evidence, as may be necessary, for
152(1DC)	<p>Payments to non-residents-</p> <p>Non-Existent</p>	<p><i>The following new sub-section has been proposed to be inserted;</i></p> <p>“(1DC) Every exchange company licensed by the State Bank of Pakistan shall deduct tax at the time of making payment of service charges or commission or fee, by whatever name called, to the global money transfer operators, international money transfer operators or such other persons engaged in international money transfers or cross-border remittances for facilitating outward remittances, at the rates given in Division IV, Part I of the First Schedule:</p> <p>Provided that where such person retains service charges or commission or fee, by whatever name called from the amount payable to the exchange company on any account, the exchange company shall be deemed to have paid the service charges</p>

		or commission or fee, by whatever name called and the exchange company shall collect the tax accordingly.
152(1DD)	<p>Payments to non-residents</p> <p>Non-Existent</p>	<p><i>The following new sub-section has been proposed to be inserted;</i></p> <p>(1DD) Every banking company while making payment to card network company or payment gateway or any other person, of any transaction fee or licensing fee or service charges or commission or fee by whatever name called or Interbank financial telecommunication services, shall deduct tax at the rates given in Division IV, Part I of the First Schedule: Provided that where card network company or payment gateway or any other person retains money in relation to aforementioned services from the amount payable to the banking company on any account, the banking company shall be deemed to have paid the amount and the banking company shall collect the tax accordingly</p>
152(1E)	<p>Payments to non-residents-</p> <p>(1E) The tax deductible under sub-sections (1D), (1DA) and (1DB) shall be a final tax in respect of persons and income mentioned therein.</p>	<p><i>The following amendment has been proposed in the given sub-section;</i></p> <p>(1E) The tax deductible under sub-sections (1D), (1DA), (1DB), (1DC) and (1DD) shall be a final tax in respect of persons and income mentioned therein.</p>

154A(1)(a)	<p>Export of Services.—</p> <p>(a) exports of computer software or IT services or IT enabled services in case tax credit under section 65F is not available;</p>	<p><i>The following amendment has been proposed in the given sub-section;</i></p> <p>(a) exports of computer software or IT services or IT enabled services.</p>
164(1)	<p>Certificate of collection or deduction of tax.—</p> <p>(1) Every person collecting tax under Division II of this Part or deducting tax from a payment under Division III of this Part or deducting or collecting tax under Chapter XII shall, at the time of collection or deduction of the tax, furnish to the person from whom the tax has been collected or to whom the payment from which tax has been deducted has been made, copies of the challan of payment or any other equivalent document along with a certificate setting out the amount of tax collected or deducted and such other particulars as may be prescribed.</p>	<p><i>The following amendment has been proposed in the given sub-section.</i></p> <p>(1) Every person collecting tax under Division II of this Part or deducting tax from a payment under Division III of this Part or deducting or collecting tax under Chapter XII shall, at the time of collection or deduction of the tax, furnish to the person from whom the tax has been collected or to whom the payment from which tax has been deducted has been made, copies of the computerized payment receipts (CPR) or any other equivalent document along with a certificate setting out the amount of tax collected or deducted and such other particulars as may be prescribed.</p>
164(1)Proviso	<p>Certificate of collection or deduction of tax.—</p> <p>Non-Existent</p>	<p><i>The following new proviso has been proposed to be inserted;</i></p> <p>Provided that in case of persons or class of persons notified as SWAPS agent, SWAPS Payment Receipt (SPR) shall be replaced with Computerized Payment Receipt (CPR).</p>

164(2)	<p>Certificate of collection or deduction of tax.—</p> <p>(2) A person required to furnish a return of taxable income for a tax year shall attach to the return copies of the challan of payment on the basis of which a certificate is provided to the person under this section in respect of tax collected or deducted in that year.</p>	<p><i>The following amendment has been proposed in the given sub-section;</i></p> <p>(2) A person required to furnish a return of taxable income for a tax year shall attach to the return copies of the Computerized Payment Receipt (CPR) or SWAPS Payment Receipt (SPR) on the basis of which a certificate is provided to the person under this section in respect of tax collected or deducted in that year.</p>
164A	<p>Payment of tax collected or deducted by SWAPS agents.-</p> <p>Non-Existent</p>	<p><i>The following new section has been proposed to be inserted;</i></p> <p>Payment of tax collected or deducted by SWAPS agents.-</p> <p>(1) Subject to the Ordinance, the Board may, by notification in the official gazette, notify any person or class of persons required to deduct or collect tax under the Ordinance to integrate with Synchronized Withholding Administration and Payment System and to act as SWAPS agent within the time and in the manner as may be prescribed.</p>

164A		<p>(2) The tax collected or purported to be collected or deducted or purported to be deducted under the Ordinance by a notified SWAPS agent and credited to the Commissioner through digital mode, shall be treated to have been paid under section 160 of the Ordinance.</p> <p>(3) Where tax has been paid by a notified SWAPS agent in accordance with sub-section (2) of this section, copy or number of SWAPS Payment Receipt (SPR) shall replace copy or number of Computerized Payment Receipts (CPR) for the purposes of the Ordinance.</p> <p>(4) Any notified SWAPS agent shall not be eligible for tax credit under Part X of Chapter III of the Ordinance and exemption under any of the provisions of the Ordinance if notified SWAPS agent fails to integrate with Board.</p> <p>(5) All persons from whom the tax has been collected or deducted by the notified SWAPS agents shall be eligible for credit of tax withheld against SPR issued by SWAPS Agent.</p> <p>(6) All other provisions of the Ordinance, not specifically dealt with in this section, shall, mutatis mutandis, apply to the notified SWAPS agents.</p>
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174(3)	<p>Records.—</p> <p>Non-Existent</p>	<p><i>The following new proviso has been proposed to be inserted;</i></p> <p>Provided that limitation prescribed under this sub-section shall not apply to the records pertaining to income, assets, expenses or transactions to which clause (ii) of sub-section (2) of section 111 applies.</p>
175B	<p>National Database and Registration Authority (NADRA)-</p> <p>Non-Existent</p>	<p><i>The following new section has been proposed to be inserted;</i></p> <p>National Database and Registration Authority (NADRA).</p> <p>(1) The National Database and Registration Authority shall, on its own motion or upon application by the Board, share its records and any information available or held by it, with the Board, for broadening of the tax base or carrying out the purposes of the Ordinance.</p> <p>(2) The National Database and Registration Authority may —</p> <p>(i) submit proposals and information to the Board with a view to broadening the tax base;</p> <p>(ii) identify in relation to any person, whether a taxpayer or not —</p> <p>(a) income, receipts, assets, properties, liabilities, expenditures, or transactions that have escaped or otherwise;</p>

		<p>(b) the value of anything mentioned in sub- clause (a) of clause (ii), if such value is at variance with the value notified by the Board or the district authorities, as the case may be, or if no such value has been notified the true or market value; and</p> <p>(iii) enter into a memorandum of understanding with the Board for a secure exchange and utilization of a person's information.</p> <p>(3) The Board may use and utilize any information communicated to it by the National Database and Registration Authority and forward such information to an income tax authority having jurisdiction in relation to the subject matter regarding the information, who may utilize the information for the purposes of the Ordinance.</p> <p>(4) The National Database and Registration Authority may compute indicative income and tax liability of anyone mentioned under sub-sections (1) or (2) by use of artificial intelligence, mathematical or statistical modeling or any other modern device or calculation method.</p>
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		<p>(5) The indicative income and tax liability computed by the National Database and Registration Authority under sub-section (4) shall be notified by the Board to the person in respect of whom such indicative income and tax liability has been determined, who shall have the option to pay the determined amount on such terms, conditions, installments, discounts, reprieves pertaining to penalty and default surcharge, and time limits that may be prescribed by the Board.</p> <p>(6) In case the person against whom a liability has been determined under sub-section (4), does not pay such liability within the time prescribed under sub-section (5), the Board shall take action under the Ordinance, upon the basis of tax liability computed under sub-section (4).</p> <p>(7) If the person against whom the liability has been determined under sub-section (4) pays such liability in terms of sub-section (5), such payment shall be construed to be an amended assessment order under section 120 or sub-section (1) of section 122 or sub-section (4) of section 122, as the case may be.</p>
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		(8) For the purposes of sub-sections (4) and (5), the Board may prescribe the extent of installments, reprieves pertaining to penalty and default surcharge and time limits
177(6)	177. Audit. (6) After compilation of the audit, the Commissioner shall, after obtaining taxpayer's explanation on all the issues raised in the audit, issue an audit report containing audit observations and finding.	<i>Proposed to be omitted. The mandatory requirement of issuance of audit report is done away.</i>
177(6A)	177. Audit. (6A) After issuing the audit report, the Commissioner may, if considered necessary, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be, after providing an opportunity of being heard to the taxpayer under sub-section (9) of section 122.	<i>The following amendment has been proposed in the given sub-section. However, as per proposed amendment through clause 105A of Part-IV of Second Schedule to the Income Tax Ordinance, 2001, NO audit u/s.177/214C can be conducted, if any of preceding four tax years have been subjected to audit.</i> (6A) After completion of the audit , the Commissioner may, if considered necessary, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be, after providing an opportunity of being heard to the taxpayer under sub-section (9) of section 122.

181E	<p>Record of beneficial owners.-</p> <p>Non-Existent</p>	<p><i>The following new section has been proposed to be inserted;</i></p> <p>Record of beneficial owners.-</p> <p>(1) Every company and association of persons shall electronically furnish particulars of its beneficial owners in such form and manner as may be prescribed.</p> <p>(2) Every company and association of persons shall update the particulars of its beneficial owners as and when there is a change in the particulars of the beneficial owners.</p>
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182(1)	1	<p>Where any person fails to furnish a return of income as required under section 114 within the due date.</p>	<p><i>"Such person shall pay a penalty equal to higher of—</i></p> <p><i>(a) 0.1% of the tax payable in respect of that tax year for each day of default; or</i></p> <p><i>(b) rupees one thousand for each day of default:</i></p> <p><i>Provided that minimum penalty shall be —</i></p> <p><i>(i) rupees ten thousand in case of individual having seventy-five percent or more income from salary; or</i></p> <p><i>(ii) rupees fifty thousand in all other cases:</i></p> <p><i>Provided further that maximum penalty shall not exceed two hundred percent of tax payable by the person in a tax year</i></p>	114 *[and 118]
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			<p><i>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law;</i></p> <p><i>Explanation.— For the purposes of this entry, it is declared that the expression "tax payable" means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122D.</i></p>	
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The following new entries have been proposed to be inserted in the table under section 182(1) of the Income Tax Ordinance, 2001.

	Serial No.	Offences	Penalties	Section of the ordinance to which offence has reference.
182(1)	30.	Any company or Association of Persons who contravenes the provisions of Section 181E.	Such company or Association of Persons shall pay a penalty of Rs. 1,000,000/- for each default.	181E

	31.	Any person who fails to integrate or perform roles and functions as specified, after being duly notified by the Board as SWAPS Agent.	Such person shall pay a penalty of: (i)Rs.50,000 for first default of 07 days (ii) Rs. 100,000 for second default of next 07 days (iii) Rs. 50,000 for each week after the second consecutive week of default: Provided that no penalty shall be imposed for the period for which extension from integration is granted by the Commissioner subject to the condition that, if the SWAPS	164A
182(1)	31.		Agent fails to integrate within such extended time, penalties shall be imposed as if no extension was granted."	164A

182(1)		Any person, who is integrated for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or QR code or bears duplicate invoice number or counterfeit QR code, or defaces the prescribed invoice number or QR code, or any person who abets commissioning of such offence	Such person shall pay a penalty of five hundred thousand rupees or two hundred per cent of the amount of tax involved, whichever is higher	237A
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182(1)	33.	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under law.	Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of two months after imposition of penalty as aforesaid, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub-section (3) of section 237A, as the case may be.	237A
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182(1)_	34.	A person required to integrate his business as stipulated under sub-section (3) of section 237A, who fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.	Such person shall be liable to pay- i)penalty of five hundred thousand rupees for first default; ii) penalty of one million rupees for second default after fifteen days of order for first default; iii) penalty of two million rupees for third default after fifteen days of order for second default; iv)penalty of three million rupees for fourth default after fifteen days of order for third default:	237A
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			<p>Provided that if such person fails to integrate his business within fifteen days of imposition of penalty for fourth default, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub-section (3) of section 237A: Provided further that if the Board's computerized system before imposition of penalty for second default, penalty for first default shall be waived by the Commissioner."</p>	
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191(1)(h)	<p>Prosecution for non-compliance with certain statutory obligations.</p> <p>Non-Existent</p>	<p><i>The following new clause has been proposed to be inserted;</i></p> <p>(h) integrate his business with Board's computerized system; or</p>
191(1)(i)	<p>Prosecution for non-compliance with certain statutory obligations.</p> <p>Non-Existent</p>	<p><i>The following new clause has been proposed to be inserted;</i></p> <p>(i) generate tax invoice verifiable by the Board's system;</p>
209A	<p>Uniform-</p> <p>Non-Existent</p>	<p><i>The following new section has been proposed to be inserted;</i></p> <p>Uniform.- The Board may by notification in the official gazette, prescribe rules for wearing of uniform by officers and staff of Inland Revenue Service of Pakistan.</p>
214A	<p>Condonation of time limit.—</p> <p>Where any time or period has been specified under any of the provisions of the Ordinance or rules made there-under within which any application is to be made or any act or thing is to be done, the Board may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate.</p>	<p><i>The following amendment has been proposed in the given section;</i></p> <p>Where any time or period has been specified under any of the provisions of the Ordinance or rules made there-under within which any application is to be made or any act or thing is to be done, the Board may, at any time before or after the expiry of such time or period, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate.</p>

216(2)	<p>Disclosure of information by a public servant.-</p> <p>(2) Notwithstanding anything contained in the Qanun-e Shahadat, 1984 (P.O. Order No. 10 of 1984), or any other law for the time being in force, no court or other authority shall be, save as provided in this Ordinance, entitled to require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under this Ordinance, or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof.</p>	<p><i>The following sub-section has been proposed to be substituted;</i></p> <p>Notwithstanding anything contained in the Qanun-e Shahadat, 1984 (P.O. No. 10 of 1984), the National Accountability Ordinance, 1999 (XVIII of 1999), the Federal Investigation Agency Act, 1974 (VIII of 1975) and the Right of Access to Information Act, 2017 (XXXIV of 2017), or any other law for the time being in force, no court or other authority shall, save as provided in the Ordinance, require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under the Ordinance, or declarations made under the Voluntary Declaration of Domestic Assets Act, 2018, the Foreign Assets (Declaration and Repatriation) Act, 2018 or the Assets Declaration Act, 2019 or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof."; and</p>
216(3)(kb)	<p>Disclosure of information by a public servant.-</p> <p>(kb) to National Database and Registration Authority for the purpose of broadening of the tax base</p>	<p><i>Proposed to be omitted.</i></p>

21	Proceeding against authority and persons-	<i>Proposed to be omitted</i>
218(1)(b)	Service of notices and other documents.— (b) sent by registered post or courier service to the place specified in clause (b) of sub-section (2) or to the individual's usual or last known address in Pakistan; or	<i>The following amendment has been proposed in the given clause;</i> (b) sent by registered post or courier service to the place specified in clause (b) of sub-section (2) or to the individual's usual or last known address in Pakistan;
229	Directorate General of Training and Research.— (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. (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.	<i>The following amendment has been proposed in the given section;</i> Inland Revenue Service Academy.— (1) The Inland Revenue Service Academy 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. (2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Inland Revenue Service Academy and its officers.

235(1A)	Electricity Consumption- Non-Existent	<i>The following new sub-section has been proposed to be inserted;</i> (1A) In addition to tax collectible under sub-section (1), there shall be collected tax at the rates given in the Division IV of Part IV of First Schedule from retailers and service providers as provided under section 99A of the Ordinance.
236C(3)	Advance Tax on sale or transfer of immovable Property- Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding four years.	<i>The following amendment has been proposed in the given sub-section;</i> Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding ten years.
236	Collection of advance tax by educational institutions.—	<i>Proposed to be omitted.</i>
236Q	Payment to residents for use of machinery and equipment-	<i>Proposed to be omitted.</i>

236Y	<p>236Y. Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards.—</p> <p>Non-Existent</p>	<p><i>The following new section has been proposed to be inserted;</i></p> <p>236Y. Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards.—</p> <p>(1) Every banking company shall collect advance tax, at the time of transfer of any sum remitted outside Pakistan, on behalf of any person who has completed a credit card or debit card or prepaid card transaction with a person outside Pakistan at the rate specified in Division XXVII of Part IV of the First Schedule.</p>
237A(3)	<p>Power to make rules-</p> <p>Non-Existent</p>	<p><i>The following new sub-section has been proposed to be inserted;</i></p> <p>(3) In case of an integrated enterprise, no sale shall be made or service shall be rendered, as the case may be, without generating fiscal invoices as prescribed.</p>
237B	<p>237B Prize schemes to promote tax culture.-</p> <p>Non-Existent</p>	<p><i>The following new section has been proposed to be inserted;</i></p> <p>237B Prize schemes to promote tax culture.-</p> <p>The Board may prescribe prize schemes to encourage the general public to make purchases, or avail services only from integrated enterprises issuing tax invoices.</p>

The amendments are applicable from date of assent by the President of Pakistan.

THE FIRST SCHEDULE

DIVISION I

Part I

Rate of Tax for Individuals and Association of Persons

"TABLE

Rates have been proposed to be amended as follows;

S#	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 600,000/-	0%
2.	Where taxable income exceeds Rs.600,000 but does not exceed Rs. 800,000	5% of the amount exceeding Rs.600,000
3.	Where taxable income exceeds Rs.800,000 but does not exceed Rs. 1,200,000	Rs. 10,000 + 12.5% of the amount exceeding Rs. 800,000
4.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 60,000 + 17.5% of the amount exceeding Rs.1,200,000
5.	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000	Rs. 270,000 + 22.5% of the amount exceeding Rs. 2,400,000
6.	Where taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	Rs. 405,000 + 27.5% of the amount exceeding Rs. 3,000,000
7.	Where taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000	Rs. 680,000 + 32.5% of the amount exceeding Rs. 4,000,000
8.	Where taxable income exceeds Rs. 6,000,000	Rs. 1,330,000 + 35% of the amount exceeding Rs.6,000,000."

(2) Rates of tax for Salaried Individuals have been proposed to be amended as follows:-

TABLE

S#	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 600,000	0
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	Rs. 100
3.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	7% of the amount exceeding Rs. 1,200,000
4.	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,600,000	Rs. 84,000 + 12.5% of the amount exceeding Rs. 2,400,000
5.	Where taxable income exceeds Rs. 3,600,000 but does not exceed Rs. 6,000,000	Rs. 234,000 + 17.5% of the amount exceeding Rs. 3,600,000
6.	Where taxable income exceeds Rs. 6,000,000 but does not exceed Rs. 12,000,000	Rs. 654,000 + 22.5% of the Amount exceeding Rs. 6,000,000
7.	Where taxable income exceeds Rs.12,000,000	Rs. 2,004,000 + 32.5% of the amount exceeding Rs.12,000,000.”

DIVISION II**Rates of Tax for Companies**

The rate of tax imposed on the taxable income of a company have been proposed to be amended as per following Table, namely:-

Type of Company	Rate of Tax
Small company	20%
Banking company	42%
Any other company	29%

DIVISION IIA**Rate of super tax****TABLE**

S.No.	Person	Rate of super tax			
		Rate (percentage of income)			
		Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021 and 2022
(1)	(2)	(3)	(4)	(5)	(6)
1.	Banking company	4[4]%	4%	5[4]%	6 [4]%
2.	Person other than a banking company, having income equal to or exceeding Rs.500 million	3%	2%	1[0]%	0%

DIVISION IIB**Tax on high earning persons for poverty alleviation**

The rate of tax under section 4C have been proposed to be amended as follows:-

Income under section 4C	Rate of tax
Where income does not exceed Rs. 300 million	0% of the income
Where income exceeds Rs. 300 million	2% of the income

DIVISION IV
Rate of Tax on Certain Payments

The rate of tax imposed under section 6 on payments has been proposed to be 15% of the gross amount of royalty or fee for technical services and 10% in any other case.”;

DIVISION VII

TABLE

Proposed rates are as follows;

S.No.	Holding Period	Rate of Tax for Tax year 2023 and onwards
(1)	(2)	(3)
1.	Where the holding period does not exceed one year	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%
4.	Where the holding period exceeds three years but does not exceed four years	7.5%
5.	Where the holding period exceeds four years but does not exceed five years	5%
6.	Where the holding period exceeds five years but does not exceed six years	2.5%
7.	Where the holding period exceeds six years	0%
8.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5%”;

DIVISION VIII

The rate of tax to be paid shall under sub-section (1A) of section 37 have been proposed to be amended as follows:

S.No	Holding Period	Rate of Tax		
		Open Plots	Constructed Property	Flats
(1)	(2)	(3)	(4)	(5)
1.	Where the holding period does not exceed one year	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	0
4.	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	-
5.	Where the holding period exceeds four years but does not exceed five years	5%	0	-
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-
7.	Where the holding period exceeds six years	0%	-	-

New Division is proposed to be added namely:

DIVISION VIIC

Tax on deemed rental income

The rate of tax under section 7E has been proposed to be 20%.

Part II

The rate of advance tax to be collected by the Collector of Customs under section 148 shall be- S.No	Persons	Rate
(1)	(2)	(3)
1.	Persons importing goods classified in Part I of the Twelfth Schedule	1% of the import value as increased by customs-duty, sales tax and federal excise duty
2.	Persons importing goods classified in Part II of the Twelfth Schedule	2% of the import value as increased by customs-duty, sales tax and federal excise duty and 4% of the import value as increased by customs duty, sales tax and federal excise duty in case of commercial importer.
3.	Persons importing goods classified in Part III of the	5.5% of the import value as increased by customs-duty,

	Twelfth Schedule	sales tax and federal excise duty’.
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Amendment in Finance Act, 2018 (XXX of 2018).– In the Finance Act, 2018 (XXX of 2018), in section for the TABLE, the following shall be substituted, namely:-

“TABLE

Sr. No	Mobile Phones having C&F Value (US Dollars)	Rate of levy per set in Pak Rupees
(1)	(2)	(3)
1.	Up to 30	100
2.	Above 30 and up to 100	200
3.	Above 101 and up to 200	600
4.	Above 201 and up to 350	1800
5.	Above 351 and up to 500	4000
6.	Above 501 and up to 700	8000
7.	Above 701 and above	16000”

PART III DEDUCTION OF TAX AT SOURCE

Sub-paragraph (i) is proposed to be substituted by the Finance Act, 2022. The substituted sub-paragraph read as follows:

(i) 3% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, 1[warehousing services, services rendered by asset management companies, data services provided under licence issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services,] car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection, certification, testing and training services, oil field services, telecommunication services, collateral management services, tour and travel services, ***REIT management services, services rendered by National Clearing Company of Pakistan Limited.***”;

DIVISION IVA Exports of Services

The rate of tax to be deducted under section 154A is proposed to be: -

S. No.	Types of Receipts	Rate of Tax
(1)	(2)	(3)
1	Export proceeds of computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25% of proceeds
2	Any other case	1% of proceeds’:

**PART IV
(DIVISION III)**

DEDUCTION OR COLLECTION OF ADVANCE TAX

Clause (2) is proposed to be substituted as follows:

S. No.	Capacity	Rs per seat per annum	Rs per seat per annum
		Non Air Conditioned	Air Conditioned
(1)	(2)	(3)	(4)
(i)	Four or more persons but less than ten persons.	500	1000
(ii)	Ten or more persons but less than twenty persons.	1500	2000
(iii)	Twenty persons or more.	2500	4000

New clause (3) is proposed to be inserted as follows:

(3) the rate of tax leviable under section (99A), and collectable under sub section (1A) of Section 235 is proposed to be as under: -

Gross amount of monthly bill	Tax
Where the amount does not exceed Rs.30,000	Rs. 3,000
Where the amount exceeds Rs.30,000 but does not exceed Rs.50,000	Rs. 5,000
Where the amount exceeds Rs.50,000 but does not exceed Rs.100,000	Rs. 10,000
Specified retailers and service providers through Income Tax General Order	Rs. 50,000”:

DIVISION VII
Advance Tax on Purchase, Registration
and Transfer of Motor Vehicles

(1) The rate of tax under sub-sections (1) and (3) of section 231B proposed to be as set out in the following Table:—

TABLE

No.	Engine capacity	Tax
(1)	(2)	(3)
1.	upto 850cc	Rs. 10,000
2.	851cc to 1000cc	Rs. 20,000
3.	1001cc to 1300cc	Rs. 25,000
No.	Engine capacity	Tax
(1)	(2)	(3)
4.	1301cc to 1600cc	Rs. 50,000
5.	1601cc to 1800cc	Rs. 150,000
6.	1801cc to 2000cc	Rs. 200,000
7.	2001cc to 2500cc	Rs. 300,000
8.	2501cc to 3000cc	Rs. 400,000
9.	Above 3000cc	Rs. 500,000

Provided that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be 3% of the import value as increased by customs duty, sales tax and federal excise duty in case of imported vehicles or invoice value in case of locally manufactured or assembled vehicles.”

(2) The rate of tax under sub-sections (2) of section 231B is proposed to be as follows:—

No.	Engine capacity	Tax
(1)	(2)	(3)
1.	upto 850cc	-
2.	851cc to 1000cc	5,000
3.	1001cc to 1300cc	7,500
4.	1301cc to 1600cc	12,500

5.	1601cc to 1800cc	18,750
6.	1801cc to 2000cc	25,000
7.	2001cc to 2500cc	37,500
8.	2501cc to 3000cc	50,000
9.	Above 3000cc	62,500]

Provided that the rate of tax to be collected has been proposed to be reduced by 10% each year from the date of first registration in Pakistan.

“Provided that in case where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be Rupees twenty thousand:

Provided further that the rate of tax to be collected under this clause shall be reduced by ten percent each year from the date of first registration in Pakistan.”;

DIVISION X

Advance tax on sale or transfer of Immovable property

The rate of tax to be collected under section 236C is proposed to be **2%** of the gross amount of the consideration received.

Division XA

TABLE

S.No	Description	Rate of Tax
(1)	(2)	(3)
1.	Foreign-produced TV drama serial or play	Rs.1,000,000 per episode
2.	Foreign-produced TV play (single episode)	Rs.3,000,000
3.	Advertisement starring foreign actor	Rs.100,000 per second.”;

DIVISION XVI

“Omitted”

DIVISION XVIII**Advance tax on purchase of immovable property**

The rate of tax to be collected under section 236K is proposed to be “2%” of the fair market value.

DIVISION XXIII

“Omitted”

DIVISION XXVII**Advance tax on amount remitted abroad through credit, debit or prepaid cards**

The rate of tax to be deducted under section 236Y has been proposed to be 1% of the gross amount remitted abroad.”;

**THE SECOND SCHEDULE
EXEMPTIONS AND TAX CONCESSIONS**

[See section 53]

**PART I
EXEMPTIONS FROM TOTAL INCOME**

(23A) The exemption available was earlier on 50% of accumulated balance, which has been proposed to be increased upto 100%.

The proposed amendment in the clause is as follows;

The accumulated balance received from the voluntary pension system offered by a pension fund manager under the Voluntary Pension System Rules, 2005.”;

(23B) **Omitted**

(66) sub-clause (1) serial number proposed to be renumbered from (xix) to (xlxv) in column I in table 1 and new organizations has been proposed to added:

TABLE 1

it has been proposed to be renumber and insert new organizations as follows;

Sr.No	Name
(1)	(2)
(I)	Supreme Court Water Conservation Account
(Iii)	Layton Rahmatullah Benevolent Trust (LRBT).
(Iiii)	Baluchistan Education Endowment Fund(BEEF).
(Iiv)	Saylani Welfare International Trust.
(Iv)	Chiniot Anjuman Islamia.
(Ivi)	Pakistan Mortgage Refinance Company Limited.;
(Ivii)	The Pakistan Global Sukuk Programme Company Limited."
(Iviii)	Karandaaz Pakistan from tax year 2015 onwards

(lix)	Pakistan Sweet Homes Angels and Fairies Place.
(Ix)	Public Private Partnership Authority for tax year 2022 and subsequent four tax years
(Ixi)	Dawat-e-Islami Trust
(Ixi)	Hamdard Laboratories (Waqf) Pakistan

Following organization have been proposed to omitted in Sub-clause (2) column (1), Sr. No (xiv), (xviii) and (xxvii) and entries relating thereto in column (2):

TABLE 2

Sr.No.	Name
(1)	(2)
(xiv)	Pakistan Sweet Homes Angels and Fairies Place - Omitted
(xviii)	Pakistan Mortgage Refinance Company Limited - Omitted
(xxvii)	Dawat-e-Islami Trust - Omitted

(99) It has been proposed that accumulated losses should also be adjusted in addition to the capital gains in case of Any income derived by a Collective Investment Scheme or a REIT Scheme. The clause after proposed amendment reads as follows:

*Any income derived by a Collective Investment Scheme or a REIT Scheme, if not less than ninety per cent of its accounting income of that year, as reduced by **accumulated losses and** capital gains whether realized or unrealized, is distributed amongst the unit or certificate holders or shareholders as the case may be*

(102A) omitted

(103D) Dividend income and long term capital gains of any venture capital fund from investments in zone enterprises as defined in clause (p) of section

2 of **the Special Technology Zones Authority Act, 2021 (XVII of 2021)** for a period of ten years commencing from issuance of license by the Authority to the zone enterprise.]

(126EA) Profits and gains derived by—

- (a) zone developer as defined in **the Special Technology Zones Authority Act, 2021 (XVII of 2021)** from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement;
- (b) **Zone Enterprises as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021)** for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and
- (c) Special Technology Zones Authority established under the Special Technology Zones **Authority Act, 2021 (XVII of 2021)**.”

(132) New explanation has been proposed to be inserted to limit the time line for exemption available under this clause; explanation inserted as below;

“Explanation:- For the removal of doubt it is clarified that exemption under this clause shall continue to remain available to those persons to whom exemption under this clause was available on or before 30th day of June, 2021 before insertion of sixth proviso vide Finance Act, 2021:

Provided further that the exemption under this clause shall be available for the life cycle of the project or 25 years from the date of commencement of commercial production, whichever is earlier.

(150). *New clause has been proposed to be inserted, which reads as follows; Income derived by Siyahkalem Engineering Construction Industry and Trade Company Limited from contract dated 23rd day of May 2017 with Earthquake Reconstruction and Rehabilitation Authority, financed by the Saudi Fund for Development with effect from tax year 2017.*

(151). *New clause has been proposed to be inserted, which reads as follows;*

Any income derived by a person from cinema operations in a tehsil or town where there is no cinema, for five years from the commencement of cinema operations.

Provided that this exemptions shall only be available to those persons who start cinema construction on or before 31 day of December, 2023.

PART II REDUCTION IN TAX RATES

(24C) It has been proposed that the rate of tax under clause (a) of sub-section (1) of section 153 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of "steel" as recipient of payment shall be 0.25% of gross amount of payments. The clause after proposed amendment reads as follows;

The rate of tax under clause (a) of sub-section (1) of section 153 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, electronics excluding mobile phones, sugar, cement, ***steel*** and edible oil as recipient of payment shall be 0.25% of gross amount of payments subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001).

(24D) It has been proposed that the rate of minimum tax under sub-section (1) of section 113 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of "steel" as recipient of payment shall be 0.25% of gross amount of payments. The clause after proposed amendment reads as follows;

The rate of minimum tax under sub-section (1) of section 113 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, locally manufactured mobile phones, sugar, electronics excluding imported mobile phones, cement, ***steel*** and edible oil shall be 0.25% subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001.

PART III REDUCTION IN TAX LIABILITY

(1) Omitted

(1AA) Omitted

(6) it has been proposed that limit of tax imposed on profit of investment in Bahbood Savings Certificate or Pensioners Benefit Account shall be reduced to 5%. The clause after proposed amendment reads as follows;

The tax payable under clause (c) of sub-section (1) of section 39, in respect of any amount paid as yield or profit on investment in Bahbood Savings Certificate or Pensioners Benefit Account 4 [and Shuhada Family Welfare Account] shall not exceed 5% of such profit.

(9A) Omitted

(20) Omitted

PART IV EXEMPTION FROM SPECIFIC PROVISIONS

(11A) it has been proposed to include mobile phone manufacturers to exclude from the applicability of section 113, reads as follows;

“(xlv)	Mobile phone manufacturers engaged in the local manufacturing of mobile phone devices.”;
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(12B) it has been proposed that the provisions of section 148 shall not apply to the import of following goods for a period commencing from 20th day of March, 2020 and ending on **31st day of December, 2021.**

(12BA) New clause has been proposed to be added which read as follows :

“(12BA) The provisions of section 148 shall not apply on import of thirty million adult 3xPly Knit face masks received as

humanitarian assistance from M/s HANES Brands Inc. North Carolina, USA for distribution within the population of Lahore Division, Government of the Punjab.”;

(120) New clauses has been proposed to be inserted which read as follows :

The provisions of section 148 shall not apply on import of drones donated by Ministry of Agriculture and Rural Affairs (MARA), Government of China to Pakistan through Sea Route.

(12P) New clauses has been proposed to be inserted which read as follows :

The provisions of section 148 shall not apply on import of cinematographic equipment as notified by the Federal Government ”;

(60DA) The provisions of section 148 shall not apply to the import of the capital equipment as defined in section 2 of the Special Technology Zones Ordinance 2020 (XIII of 2020) by:

(a) zone developers as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for consumption in the special technology zones for the period of 10 years commencing from the date of signing the development agreement;

(b) zone enterprises as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and

(c) Special Technology Zones Authority established under Special Technology Zones Authority Act, 2021 (XVII of 2021).

(86) Omitted

(95) it has been proposed to make following changes in the clause as follows;

The provisions of sections **147, 151, 152, 236A and 236K** shall not apply to “The second Pakistan international Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited **and The Pakistan Global Sukuk Programme Company Limited**, as a payer.

(96) the provisions of sections **151, 153, 155 and 236C** shall not apply to “The second Pakistan international Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited **and the Pakistan Global Sukuk Programme Company Limited, as a recipient”; and**

(97A) New clause has been proposed to be added which reads as follows:

The provisions of sections 37, 236C and 236K shall not apply to National Highway Authority in respect of transfer of immovable property to the Pakistan Global Sukuk Programme Company Limited and in respect of transfer of immoveable property to National Highway Authority from the Second Pakistan International Sukuk Company Limited or the Pakistan Global Sukuk Programme Company Limited.”.

(120) New clause has been proposed to be added which reads as follows:

The provisions of Divisions II and III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax shall not apply to the persons mentioned in Table 1 of clause (66) of Part I of the second schedule as recipients of payment:

Provided that such persons shall continue to perform functions as withholding and collecting agent under the aforesaid provisions.”

New clause (105A) propose to be added which read as follows:

(105A) It has been proposed that audit u/s 177/214C should be conducted once in four years; the proposed clause reads as follows;

The provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding four tax years

Provided that the Commissioner may select a person under section 177 for audit with approval of the Board.”;

THE FOURTH SCHEDULE

(See Section 99)

RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF INSURANCE BUSINESS

6DA. New rule has been proposed to be inserted to charge **Tax on high earning persons for poverty alleviation** which read as follows:

“6DA. The provisions of section 4C shall apply to the taxpayers under this Schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year 2022 onwards.”;

THE FIFTH SCHEDULE

(See Section 100)

PART I

RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS FROM THE EXPLORATION AND PRODUCTION OF PETROLEUM

(4AB) New rule has been proposed to be inserted to charge **Tax on high earning persons for poverty alleviation** which read as follows:

The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year 2022 onwards.”;

THE SEVENTH SCHEDULE

(See section 100A)

RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON

(6A) It has been proposed to increase the rate of tax on the income from investment in Federal Government Securities; the substituted rule reads as under;

(6C)

For tax year 2022 and onwards, the taxable income attributable to investment in the Federal Government securities shall be taxed at the rate of—

- (i) **55%** instead of rate provided in Division II of Part I of the First schedule if **the gross advances to deposit ratio** as on last day of the tax year is upto 40%;
- (ii) **49%** instead of rate provided in Division II of Part I of the First schedule if **the gross advances to deposit ratio** as on last day of the tax year exceeds 40% but does not exceed 50%; and
- (iii) at the rates provided in Division II of Part I of the First schedule if **gross advances to deposit ratio** as on last day of the tax year exceeds 50%.

Explanation.- For the removal of doubt it is clarified that the tax rate under this sub-rule is applicable to total income attributable to total investment in Federal Government securities.” and

(7CA) New rule has been proposed to be inserted to charge **Tax on high earning persons for poverty alleviation** which read as follows:

The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates

THE TENTH SCHEDULE

(See section 100BA)

RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS' LIST

- (1) New proviso proposed to be added as under:

“Provided that the tax required to be collected under section 231B shall be increased by two hundred percent of the rate specified in First Schedule in case of persons not appearing in the active taxpayers' list: Provided further that the tax required to be collected under section 236K shall be increased by two hundred and fifty percent of the rate

specified in Division XVIII of Part IV of the First Schedule in case of persons not appearing in the active taxpayers.

(10) it has been proposed to exclude/ include following sections from the application of Tenth Schedule, proposed amendment reads as follows:

“(ca) tax collected or deducted under section 154A

(e) ***Omitted***

(p) ***Omitted***

(t) ***Omitted***

THE TWELFTH SCHEDULE

[See Section 148]

PART I

New PCT code in column 1 and 2 before PCT code No. 2711.1100 proposed to be added as :

“27.01	Coal; briquettes, ovoids and similar solid fuels manufactured from coal.
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PART II

27.01	Coal; briquettes, ovoids and similar solid fuels manufactured from coal – Omitted
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New PCT codes 8504.3100 and 8504.4090 proposed to be added as :

8504.3100	SMD Inductors for LED Bulb and Lights.
8504.4090	Constant Current Power Supply of LED Lights and Bulbs.”;

New PCT code 8532.2200 proposed to be added as :

8504.3100	Electrical Capacitors Aluminum Electrolytic for LED Bulbs and Lights.”;
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New PCT codes 8539.9020 and 8539.9090 proposed to be added as:

8539.9020	Base Cap for all Kinds of LED Bulbs.
8539.9090	Bare or Stuffed Metal Clad Printed Circuit Boards (MCPCB) for all kinds of LED Bulbs.
8539.9090	Housing/Shell, Shell Cover and Base Cap for all Kinds of LED Bulbs.”;

New PCT code 9001.9000 proposed to be added as :

9001.9000	Lenses for LED Bulbs and Lights.”;
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New PCT codes 9405.1090 and 9405.9900 proposed to be added as:

9404.1090	Housing/Shell, Shell Cover and Base Cap for all Kinds of LED Lights.
9405.9900	Bare or Stuffed Metal Clad Printed Circuit Boards (MCPCB) for all kinds of LED Lights.”.

THE THIRTEENTH SCHEDULE

(See section 61)

In the Table 1, in column (1), after S. No. 62 and entries relating thereto in column (2), the following S. No and entry relating thereto proposed to be added, namely: —

63	All entities mentioned in Table-I of clause (66) of Part-I of the Second Schedule of the Ordinance.”;
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SALES TAX

The amendments are applicable from date of assent by the President of Pakistan.

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2022
2(12)	Goods: - Every kind of movable property other than actionable claims, money, stocks, shares and securities; were considered as goods.	It has been proposed to insert <i>“production, transmission and distribution of Electricity.”</i> , in the definition of Goods .
29(A)(b)	Amendment in definition of Sales Tax: - (b) a fine, penalty or fee imposed or charged under this Act; and	By virtue of the said amendments, Service charges collected under section 76 by FBR shall be excluded from the fine, penalty or fee in the definition of Sales Tax .
2(33)(e)	Supply: - Non-Existent	New Clause has been proposed to be inserted which reads as follows: <i>production, transmission and distribution of Electricity.</i>
43A(ga)	Tier-I Retailers: -	By virtue of proposed amendments, new clause shall be inserted as follows: <i>“a person engaged in supply of articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal;”</i>

3(1A)	Further Tax: -	By virtue of the proposed amendment, the persons appearing as non-Active has been brought into the scope of section 3(1A), which is reproduced as under: <i>“Persons who have not yet obtained registration number or he is not an active taxpayer”</i>
3(9)	Tier-II Retailers: - Sales tax at the rate five percent was charged where the monthly bill amount does not exceed rupees twenty thousand and seven and half percent was charged where monthly bill amount exceeds twenty thousand.	<i>It has been proposed that in case of small trader the Sales tax amounting “rupees three thousand per month where the monthly electricity bill amount does not exceed rupees thirty thousand, rupees five thousand per month where the monthly bill amount exceeds rupees thirty thousand but does not exceed rupees fifty thousand and rupees ten thousand per month where the monthly bill amount exceeds rupees fifty thousand”</i>
3(9)	Non-Existent	<i>Board shall have the power to prescribe, “Any persons or class of person through Sales Tax General Order to pay rupees fifty thousand per month through their monthly electricity bill.”</i>
3(11)	Repeal of section 3(10) and insertion of section 3(11)	<i>It has been proposed that Board shall have the power to oblige, any person or class of persons to integrate their invoice issuing machines with the Board’s Computerized System for real time reporting of sales in such mode and manner and from such date as may be prescribed.</i>

6(5)	<p>Time and manner of Payment: -</p> <p>Non-Existent</p>	<p><i>By virtue of proposed amendment</i> Federal Government may allow payment of sales tax on installment basis by the Federal or Provincial Government or any public sector organization or import or supply of any goods. However, such payment may be allowed from any previous date specified in the notification.</p>
8(1)(m)	<p>Consequence for Declaration of CNIC in Sales Tax Invoice: -</p> <p>Input tax attributable to supplies made to unregistered persons, for which sale invoice do not bear the NIC or NTN as stipulated in section 23, shall be disallowed.</p>	<p><i>The amendment has been proposed</i> that there will no consequence of Non-Declaration of CNIC or NTN consequently the proviso stand omitted.</p>
8B	<p>Restriction of Section 8B on Public Limited Companies listed on Pakistan Stock exchange: -</p> <p>Public limited companies listed on Pakistan Stock Exchange were excluded from the purview of section 8B of the Sales Tax Act, 1990 and were allowed to adjust 100% of the input tax from output tax.</p>	<p>Omitted</p> <p><i>By virtue of this proposed amendment,</i> Public Limited Companies shall now be obliged to follow the restriction of section 8B of the Sales Tax Act, 1990 and shall be able to adjust ninety percent of output tax from input tax.</p>

14(A)	<p>Discontinuance of Gas & Electricity connections</p>	<p><i>Section 14 (AB) proposed to insert without any charges;</i></p> <p>14A. Discontinuance of gas and electricity connections.—</p> <p>Notwithstanding anything contained in this Act or any other law for the time 307Section 14 substituted by Finance Act, 2015. 308 New section 14A inserted by Tax Laws (Third Amendment) Ordinance, 2021. being in force, the Board shall have power through Sales Tax General Order to direct the gas and electricity distribution companies for discontinuing the gas and electricity connections of any person who fall in the following categories, namely:— (a) Any person, including tier-1 retailers, who fail to register for sales tax purpose; or (b) Notified tier-1 retailers registered but not integrated with the Board's Computerized System. Provided that upon registration or integration, as the case may be, of the above said persons, the Board shall notify the restoration of their gas or electricity connection through Sales Tax General Order</p>
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23(1)(b)	<p>Declaration of CNIC on issuing Sales Tax Invoice to Unregistered Persons: -</p> <p>Registered persons were liable to declare Name, Address and Registration Number / NTN or NIC of the recipient on the Sales tax Invoice.</p>	<p><i>Condition to mention CNIC in case of supply to unregistered person done away.</i></p> <p><i>By virtue of this proposed amendment, Supplier of the goods are now only liable to provide Name, Address and Registration number of the recipient on the Sales tax Invoice. However, declaration of CNIC number in case of goods supplied to unregistered persons is withdrawn.</i></p>
30C	<p>Director General of Training & Research</p>	<p><i>By virtue of this proposed amendment, the designation "Director General of Training & Research" shall be substituted to "Inland Revenue Services Academy".</i></p>
33(24)(1)	<p>Penalty on Non-issuance of Prescribed invoice number or Counterfeiting Barcode Number: -</p> <p>Registered person was liable to be penalized on non-issuance of prescribed Invoice number or counterfeiting barcode number.</p>	<p><i>It has been proposed that after the word barcode the word "or QR Code" shall be inserted.</i></p> <p>Registered person will be penalized same on defacing the QR Code.</p>

77	<p>Uniform: -</p>	<p><i>By virtue of this new proposed insertion Board will notify Dress Code for the officers of Inland Revenue. Relevant section is reproduced below:</i></p> <p><i>“Uniform. - The Board may, by notification in the Official Gazzette, prescribe Rules for wearing of uniform by Officers and staff of Inland Revenue Services”.</i></p>
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THIRD SCHEDULE

See 717

[clause (a)] of sub-section (2) of section 3]

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Proposed Amendment
1	2	3	4
7	Detergents	3402.2000	Respective Heading

SIXTH SCHEDULE

[See section 13(1)]

TABLE-1

(Imports or Supplies)

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Proposed Amendment
1	2	3	
13	Edible vegetables [imported from Afghanistan] including roots and tubers, ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled [or] canned	0709.5910 0709.5990	By virtue of this proposed amendment 0709.5910 and 0709.5990 are omitted
32	Newsprint and educational text books but excluding brochures, leaflets and directories	Respective headings	Newsprint and books but excluding brochures, leaflets and directories
45	Dextrose and saline infusion giving sets along with empty	9018.3910, 9018.3920, 9021.3100,	Respective Headings

	non-toxic bags for infusion solution, Dextrose and saline infusion giving sets, Artificial parts of the body, Intra-Ocular lenses and Glucose testing equipment	[9021.3900] and 9027.8000	
120	Diagnostic kits or equipment's	3822.0000	Respective headings
133	Pesticides and their active ingredients registered by the Department of Plant Protection under the Agricultural Pesticides Ordinance, 1971 (II of 1971), stabilizers, emulsifiers and solvents, namely:-	"2930.9090" "2931.0010" "2931.0090" "2932.2920" "2933.3930" "2941.9050" "3402.1110" "3402.1190" "3402.1290" "3402.1300" and "3402.1990"	Respective headings
137	Paper weighing 60 g/m ² art paper and printing paper] for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO		Paper weighing 60 g/m ² art paper and printing paper and art card for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO
163	---	99.01, 99.02, 99.03 and 99.06	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged

			persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government Provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 (IV of 1969), and the conditions laid therein. Provided further that exemption under this serial shall be available with effect from the 15th day of January, 2022.
164	---	8541.4200 And 8541.4300	Photovoltaic cells whether or not assembled in modules or made up into panels
165	---	99.13 and 99.14	Goods imported by or donated to hospitals run by the non-profit making institutions subject to the similar restrictions, limitations, conditions and

			procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969).
166	---	Respective headings	Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more
167	---	99.19, 99.20 and 99.21	Goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).

168	---	8701.9220 and 8701.9320	Tractor
169	---	Respective heading	Seeds for sowing
170	---	Respective headings	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply.

SIXTH SCHEDULE
Table-2
(Local Supplies only)

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969	Proposed Amendment
1	2	3	
11	Supply of ware potato and onions	0701.9000 and 0703.1000	Omitted
32	Yogurt, excluding that sold in retail packing under a brand name	0403.1000	Respective heading
45	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise reserved (e.g. in cold storage) but excluding those bottled or canned.	Respective Heading	Edible vegetables including roots and tubers whether fresh, frozen or otherwise reserved (e.g. in cold storage) but excluding those bottled or canned
52	---	71.13	Supply of articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal on which tax has been paid at the import stage @ 4%
53	---	Respective Heading	Prepared food or foodstuff supplied by Restaurants and caterers

TABLE 3
ANNEXURE

Serial No.	Description	PCT Heading	Conditions	Proposed Amendments
22	---	Respective Heading	(i) This concession shall also be available to primary contractors of the project upon fulfilment of the following conditions, namely: (a) the contractor shall submit a copy of the contract or agreement under which he intends to import the goods for the project; (b) the Chief Executive or head of the contracting company shall certify in the prescribed manner and format as	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through hydel, oil, gas, coal, nuclear and renewable energy sources including under construction projects entered into an implementation agreement with the Government of Pakistan prior to 15th day of January, 2022. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of

			per Annex-A that the imported goods are the projects bona fide requirement; and (c) the goods shall not be sold or otherwise disposed of without prior approval of the FBR on payment of salestax leviable at the time of import; (ii) temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of sales tax and the amount payable along with	project.
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			an under-taking to pay the sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.	
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TABLE 4
ANNEXURE

Serial No.	Description	Heading Nos of the First Schedule to the Customs Act, 1969 (IV of 1969)	Proposed Amendments
80	Yogurt	0403.1000	0403.2000

EIGHT SCHEDULE

TABLE I

See clause (aa) of sub-section (2) of section 3]

Serial No.	Description	Heading Nos of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Condition	Proposed Amendments
1	2	3	4	5	
25	Agricultural tractors	[8701.9220 and 8701.9320]	5%		Omitted
47	Locally produced coal	27.01	Rs. 425 per metric tonne or 17% ad valorem, whichever is higher	NIL	Omitted

75	Import of electric vehicle in CBU conditions	8703.8090	12.5%		Omitted
53	The following Cinematographic equipment imported during the period commencing on the 1st day of July, 2018 and ending on the 30th day of June, 2023.		5%	9405.40 90	Respective heading
56	Potassium Chlorate (KClO ₃)	Respective headings	17% along with	Import and supply	17% along with rupees [60]

			rupees [90] per kilogram	thereof. Provide d that rate of rupees [60] per kilogra m shall not apply on imports made by and supplies made to organiza tions under the control of Ministry of Defence Producti on.	per kilogram
78	---	71.13	3%	No input tax shall be adjusted	Supply of articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.
79	---	71.13	4%	No	Import of

				input tax shall be adjusted	articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.
80	---	Respective heading	1%	Subject to the conditions that: (i) Supplies are made to registered manufacturers of lead and 27 lead batteries; and (ii) No refund of input tax shall be admissible."	Local supply of reclaimed lead

ELEVENTH SCHEDULE
[See sub-section (7) of section 3]
TABLE

Serial No.	Withholding agent	Supplier category	Rate or extent of deduction	Proposed Amendments in column (3)
1	2	3	4	
7	Registered persons manufacturing lead batteries	8548.1010 8548.1090	75% of the sales tax applicable".	Respective Headings

TWELFTH SCHEDULE
[See sub-section (2) of section 7A]
TABLE

Procedure and conditions:–

Clause (2) of sub-clause (i)

NEWLY INSERTED

It is proposed to substitute condition under sub-clause (i) Clause (2) as under;

Raw materials and intermediary goods imported by a manufacturer for in-house consumption excluding compressor scrap (PCT heading 7204.4940), motor scrap (PCT heading 7204.4990) and copper cable cutting scrap (PCT heading 7404.0090).

FEDERAL EXCISE ACT, 2005

The amendments are applicable from date of assent by the President of Pakistan.

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2022
2(9)	“duty”	Through this proposed amendment the definition of term duty has been further clarified by excluding fee and service charges imposed and collected u/s. 49.

CUSTOMS ACT, 1969

The amendments are applicable from date of assent by the President of Pakistan.

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2022
2(bbc)	Non-Existent	<p><i>By way of this amendment new proposed sub-clause has been inserted, and it read as under:</i></p> <p><i>“(bbc) “bordering and coastal areas” means all districts located along international borders including coastal areas of Pakistan, notified as such by Provincial Governments;”;</i></p>
2(kkd)	Non-Existent	<p><i>It is proposed to add the new clause, read as under:</i></p> <p><i>“(kkd) “essential commodities” means those items availability of which is considered vital for domestic use or consumption, as notified by the Board, from time to time, in consultation with the ministries concerned;”;</i></p>
2(oa)	Non-Existent	<p><i>It is proposed to add the new clause, read as under:</i></p> <p><i>(oa) “other government agencies” means as defined under the clause (n) of sub-section (1) of section 2 of the Pakistan Single Window Act, 2021 (III of 2021);”;</i></p>

2(pb)	Non-Existent	<p><i>It is proposed to add the new clause, read as under:</i></p> <p><i>"(pb) "Pakistan Single Window" means as defined under the clause (m) of sub-section (1) of section 2 of the Pakistan Single Window Act, 2021 (III of 2021);";</i></p>
2(s)	Smuggle	<p><i>Through this amendment it is proposed to extend the scope of smuggling by covering the items of essential commodities as defined u/s. 2(kkd).</i></p>
2(sa)	Non-Existent	<p><i>It is proposed to add the new clause, read as under:</i></p> <p><i>"(sa) "trade controls" means as defined under the clause (x) of sub-section (1) of section 2 of the Pakistan Single Window Act, 2021 (III of 2021);";</i></p>
81(2)	Provisional determination of liability	<p><i>By virtue of this amendment the time period of six months has been reduced to ninety days in case of provisional determination of the amount of duties and taxes.</i></p> <p><i>Further the period of ninety days provided for final determination <u>in exceptional cases</u> has been curtailed to thirty days in order to quick disposal of issues.</i></p>

98(1)(a) & (aa)	Period for which goods may remain warehoused	<p>Through this amendment the authority to exercise the powers of the Collector and Chief Collector has been vested with Additional Collector and Collector of Customs by substituting the relevant clause, and it read as under:</p> <p>“(a) by the Additional Collector of Customs, for a period not exceeding one month;</p> <p>(aa) by the Collector of Customs, for a period not exceeding six months; and;”</p>
138	Frustrated cargo how dealt with	In order to resolve the dispute of change the name of the trading party in import documents, the facility provided to the importer for getting amendment of name of the consignee for clearance u/s. 79.
156(105)	Non-Existent	Through this proposed amendment the new entry 105 has inserted, relating to punishment for violation of unauthorized access to information, copy, transfer, tamper, transmit, damage, interfere any protected data in relation to Pakistan Single Window System or systems connected thereto.
157(2)	The conveyance used in the removal of any banned goods shall be liable to confiscation under this act.	Through this amendment, the sub-section has deleted by allowing the release of vehicle used in removal of goods and lessened the burden of the owner of the conveyance.

170A	Non-Existent	<p>Through this amendment new Section 107A has been proposed to be inserted as under:</p> <p>"Procedure in case of seizure of essential commodities. - In case of seizure of essential commodities, as notified by the Board, such seized goods shall be deposited in the nearest customhouse or the nearest place appointed by the Collector of Customs, as the case may be, for deposit of goods so seized.";</p>
196	Reference to High Court.	<i>Through this proposed amendment the power to file the Customs reference before the honorable High Court has been transferred to Officer of Customs as appointed u/s. 3 instead of the already particular assigned authority of Collector and Director.</i>
217	Protection of action taken under the Act.	<i>By way of this proposed amendment the Provincial Government also included in this Section by giving the full protection to officer of the Provincial Government.</i>

LEVY OF TAX ON CAPITAL VALUE OF CERTAIN ASSETS:-

- (1) A tax shall be levied, charged and collected, to be called the capital value tax 2022 on the value of assets at the rates provided in the First Schedule to this section.
- (2) Capital value tax shall be charged on the following assets-
 - (a) motor vehicle held in Pakistan where the value of motor vehicle exceeds rupees five million;
 - (b) assets of a resident individual, whether movable or immovable, held abroad where the value of such assets exceeds rupees one hundred million; or
 - (c) such assets or class of assets as specified by the Federal Government through a notification in the official Gazette, at such rates and in such manner as may be specified.
- (3) Value of the assets, for the purposes of this tax, shall be determined in the following manner –
 - (a) in case of motor vehicle mentioned in clause (a) of sub-section (2) above –
 - (i) where the vehicle is imported in Pakistan, the import value assessed by the Customs authorities as increased by customs duties;
 - (ii) where the vehicle is manufactured or assembled locally in Pakistan, the value at which the motor vehicle is sold by the local manufacturer or assembler;
 - (iii) where the vehicle is auctioned, the auction price; or

- (iv) in any other case, the total consideration paid to acquire, alter or improve the vehicle;
- (b) the value of the motor vehicle mentioned in clause (c) above, shall be reduced by ten percent for each year from the end of financial year in which the motor vehicle is acquired:

Provided that the value shall be treated as zero-

- (i) after ten years from the end of financial year in which the motor vehicle is acquired; or
 - (ii) where the value after reduction as mentioned in this clause, is less than or equal to rupees five million;
- (c) in case of assets mentioned in clause (b) of sub-section (2) above, the value shall be the higher of -
- (i) the total consideration paid to acquire, alter or improve the asset; or
 - (ii) the fair market value of the asset;
- (d) in case of assets notified by Federal Government in terms of clause (c) of sub-section (2) above, the value shall be as specified in such notification.
- (4) The tax shall be collected or paid in following manner –
- (a) the Collector of Customs shall collect tax at the time of import of motor vehicle mentioned in clause (a) of sub-section (2) on the import value as increased by customs duties at the rate specified in the First Schedule.
 - (b) the provisions of the Customs Act, 1969 (IV of 1969), in so far as relevant, shall apply to the collection and payment of tax under clause (a) of this sub-section;

- (c) Local manufacturer or assembler shall collect tax from the buyer of the motor vehicle mentioned in clause (a) of sub-section (2) on sale value at the rate specified in the First Schedule;
- (d) any person making sale by public auction or auction by a tender of motor vehicle mentioned in clause (a) of sub-section (2) shall collect tax from the person to whom such motor vehicle is sold on the sale value 'auction price' of motor vehicle at the rate specified in the First Schedule;
- (e) where clauses (c) or (d) apply, the tax shall be collected at the time of sale or where the payment is made in installments at the time of payment of first installment and the tax collected shall be paid to the credit of the Federal Government through remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan within seven days of the date of collection:

Provided that the tax collected by the Federal Government, a Provincial Government or a Local Government shall be paid to the credit of the Federal Government on the day the tax is collected;

- (f) Every motor vehicle registering authority of Excise and Taxation Department at the time of collecting motor vehicle tax shall also collect tax on the value of motor vehicle at the rate specified in the First Schedule:

Provided that tax under this clause shall not be collected from the person in the financial year in which tax has been paid or collected from the said person under this section at the time of-

- (i) import;
- (ii) purchase from local manufacturer or assembler; or

- (iii) auction;
 - (g) in case of assets mentioned in clauses (b) of sub-section (2), the person holding the assets shall be liable to pay tax at the time of filing of income tax return for the tax year in the manner prescribed; and
 - (h) in case of assets notified by Federal Government in terms of clause (c) of sub-section (2) above, the tax shall be collected or paid in the manner as specified in such notification.
- (5) The proceeds of the tax collected under this section shall be credited to the Federal Consolidated Fund under the head specified by the Federal Government.
- (6) Where a person fails to-
- (a) pay tax to the credit of the Federal Government;
 - (b) collect tax; or
 - (c) pay to the credit of the Federal Government after having collected the tax, the person shall be personally liable to pay—
- (i) the amount of tax; and
 - (ii) the default surcharge at a rate equal to twelve per cent per annum on the tax unpaid computed for the period commencing on the date on which the tax was due and ending on the date on which it was paid.
- (7) Where sub-section (6) applies, the officer of Inland Revenue may pass an order after giving the person an opportunity of being heard, and proceed to recover the tax under the provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) and the Income Tax Rules, 2002 as if the tax were an arrear of income tax.

- (8) The Commissioner, on an application by the person, may revise any order made under this section.
- (9) The provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) and the Income Tax Rules, 2002 in so far as relevant, shall apply to the collection and recovery of tax under this section.
- (10) Any person dissatisfied with any order passed by the Commissioner or an officer of Inland Revenue under this section may prefer an appeal before the Commissioner (Appeals) against the order as provided in section 127 of the Income Tax Ordinance, 2001 (XLIX of 2001) and all provisions of Part III of Chapter X of the Income Tax Ordinance, 2001 shall apply accordingly.
- (11) The Federal Board of Revenue may, by notification in the official Gazette, prescribe the manner and procedure relating to the collection and recovery of, or any other matter relating to the capital value tax.
- (12) The Federal Government may, by notification in the official Gazette, exempt any asset or class of assets from tax subject to such conditions as may be specified.
- (13) In this section –
 - (a) “**Commissioner**” means Commissioner as defined in the Income Tax Ordinance, 2001 (XLIX of 2001);
 - (b) “**Commissioner (Appeals)**” means Commissioner (Appeals) as defined in the Income Tax Ordinance, 2001 (XLIX of 2001);
 - (c) “**officer of Inland Revenue**” means an officer of Inland Revenue as defined in the Income Tax Ordinance, 2001 (XLIX of 2001);
 - (d) “**person**” means a person as defined in section 80 of the Income Tax Ordinance, 2001 (XLIX of 2001);

(e) “**resident individual**” shall have the same meanings as defined in the Income Tax Ordinance, 2001 (XLIX of 2001);

(f) “**tax**” means capital value tax and includes any default surcharge, penalty, fee, any amount or sum leviable or payable under this section or the rules prescribed under this section.

FIRST SCHEDULE
(See section 1)
Rates of Capital Value Tax
TABLE

S. No.	Assets / Description	Rate
(1)	(2)	(3)
1	Motor vehicle mentioned in clause (a) of sub-section (2)	2% of the value
2	Assets held abroad mentioned in clause (b) of sub- section (2)	1% of the value

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