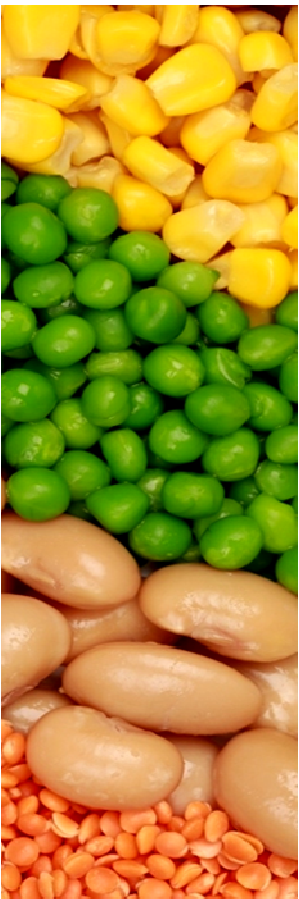


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of *PKF* International in Pakistan

FINANCE BILL 2014

HIGHLIGHTS



Highlights on the Finance Bill, 2014

This document summarizes significant changes proposed to be brought to statute vide the Finance Bill, 2014 (the Bill) relating to Income Tax, Sales Tax & Federal Excise Duty, Customs, Income Support Levy and Gas Infrastructure Development Act.

Effective date of applicability of these changes will be July 1, 2014, unless otherwise mentioned.

Nothing contained in this document shall be construed as our advice in general or on a given case, accordingly, for ascertaining any effect of these changes in general or particular, the wordings in the Bill should carefully be examined, taking into consideration the applicable laws and regulations, and precise advice should be sought before taking any decision based on, or acting up on any of the contents hereof.

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June 05, 2014

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SECTION I BUDGET AT A GLANCE

SOURCES OF FUNDS	2014-15	2013-14	Change
	Rupees in Billion		%
Net Revenue Receipts*	2,225	2,184	1.9
Net Capital Receipts	484	636	-23.9
External Receipts	869	714	21.7
Public Accounts Receipts	271	170	59.4
Provincial Surplus	289	183	57.9
Bank Borrowings	228	376	-39.4
Total	4,366	4,263	2.4

Source	2013-14 (%)	2014-15 (%)
Net Revenue Receipts*	51%	51%
Net Capital Receipts	15%	11%
External Receipts	17%	20%
Public Accounts Receipts	4%	6%
Provincial Surplus	4%	7%
Bank Borrowings	9%	5%

APPLICATION OF FUNDS	2014-15	2013-14	Change
	Rupees in Billion		%
General Public Service including Debt Servicing	2,543	2,365	7.5
Defense Affairs and Services	700	630	11.1
Development Expenditure	1,123	1,268	-11.4
Total	4,366	4,263	2.4

Application	2013-14 (%)	2014-15 (%)
General Public Service including Debt Servicing	55%	58%
Defense Affairs and Services	16%	15%
Development Expenditure	30%	26%

*NET REVENUE RECEIPTS	2014-15	2013-14	Change
	Rupees in Billion		%
Tax Revenue	3,129	2,514	24.5
Non-tax Revenue	816	1,083	-24.7
Gross Revenue Receipts	3,945	3,597	9.7
Less: Provincial Share in Taxes	1,720	1,413	21.7
Total	2,225	2,184	1.9

Category	2013-14 (%)	2014-15 (%)
Tax Revenue	70%	79%
Non-tax Revenue	30%	21%

SECTION 2 OVERVIEW OF THE ECONOMY

Though Pakistan succeeded in attaining 4.14 percent growth in the fiscal year 2013-14 compared to 3.7 percent in the previous comparable period, representing highest growth rate since 2008-09, it was yet another year of depressed economic performance as most of the key economic indicators missed their targets set in the previous fiscal budget.

Following is a synopsis of Pakistan economy during the fiscal year 2013-14:

- Fiscal deficit reduced to 3.2 percent during first nine months of current fiscal year against 4.7 percent of deficit in the comparable period of last year.
- Continued growth in government borrowing has contributed to decline in growth of Net Domestic Assets (NDA) of the banking sector. Growth in NDA stood at 4.8 percent (Rs.411.3 billion) during July-May, 2013-14 as compared to net expansion of 13.7 percent (Rs.970.2 billion) in the same period last year.
- Inflation during July-April 2013-14 rose to 8.7 percent as against 7.7 percent in the same period last year mainly due to increase in food prices.
- Imports grew by 1.2 percent compared to a decline of 0.9 percent in the previous comparable period whereas exports rose by 4.24 percent during the first ten months of the current fiscal year. The trade account deficit also increased to 2.8 percent compared to 2.5 percent in the previous year.
- Foreign Currency Reserves stood at US\$ 13.6 billion in May 2013-14 compared to US\$ 11.5 billion at the end of the previous fiscal year representing an increase of 28 percent. Further, PAK Rupee appreciated by 1.1 percent against US Dollar compared to a depreciation of 3.8 percent.
- As at March 2014, public debt reached at Rs.15,534 compared to Rs. 13,626 billion, representing an increase of Rs.1,168 billion or 8.0 percent over the debt stock at the end of last fiscal year. The Credit Rating of the country remained at B-.
- During the first ten months of current fiscal year, foreign direct investment (FDI) declined by 12.9 percent compared to an increase of 29.7 percent during the same period last year.
- National savings reduced to 12.9 percent of GDP in 2013-14 compared to 13.5 percent in 2012-13. Domestic savings witnessed a further decline and recorded at 7.5 percent of GDP in 2013-14 as compared to 8.3 percent of GDP in 2012-13.
- Capital market indicated better performance with KSE – 100 Index increasing by 29.3 percent compared to 52.2 percent in the comparable period of the previous year.

Summary of key performance indicators are as follows:

Description	2010-11	2011-12	2012-13	2013-14 P
Gross Domestic Product (GDP) – Growth %	3.6	3.8	3.7	4.1
Total Investment – Growth %	9.8	17.1	8.4	8.5
Consumer Price Index (CPI) – Growth %	13.7	11.0	7.4	8.7
Total Public Debt to GDP Ratio	58.5	63.1	63.9	61.2
Foreign Exchange Reserves – US\$ billion	18.2	16.5	10.6	13.6
Depreciation in Rupee Value against US\$ %	2.2	5.2	3.8	-1.1
International Credit Rating – S&P	B-	B-	B-	B-
KSE – 100 Index – Growth %	28.5	10.4	52.2	29.3

P = Provisional

GROWTH

- During the last five years, the economy of Pakistan grew on average by 2.9% per annum. GDP growth for 2012-13 has been estimated at 3.6 percent compared to 4.4 percent growth in fiscal year 2012 (base on year 2005-06).
- Lower growths were recorded in the agriculture and services sectors which declined to 2.1 percent and 4.3 percent respectively in comparison to previous year's growth rate of 2.9 percent and 4.9 percent respectively. The industrial sector expanded by 5.8 percent against the growth of 1.4 percent in last year, while large scale manufacturing posted growth of 5.3 percent against the growth of 4.1 percent in last year.
- Total consumption expenditures declined to 92.5 percent of GDP in 2013-14 compared to 92.14 percent in the outgoing year. The share of investment in GDP growth was marginal at 0.15 percent

compared to 0.21 percent in the outgoing year while net exports were negative at 0.74 percent compared to 1.74 percent. Domestic demand continued to be the most significant driving force for economic growth, with private consumption being the major contributor for sustaining aggregate demand.

Description	2010-11 Growth %	2011-12 Growth %	2012-13 Growth %	2013-14 P Growth %
Gross Domestic Product (GDP)	3.6	3.8	3.7	4.1
Agriculture	2.0	3.6	2.9	2.1
Manufacturing	2.5	2.1	4.5	5.6
Commodity Producing Sector	3.2	3.1	2.1	3.9
Services Sector	3.9	4.4	4.9	4.3

P = Provisional

INVESTMENT & SAVING

- Total investment is recorded at 14.0 percent of GDP as compared to 14.6 percent of GDP last year, while fixed investment declined to 12.4 percent of GDP against 13.0 percent of GDP in the outgoing year. Private investment also witnessed contraction and was recorded at 8.9 percent of GDP as compared to 9.6 percent of GDP in the previous fiscal year.
- Public investment has recorded an impressive growth rate at 17.1 percent as compared to negative growth (-0.4) percent last year.
- National savings are 12.9 percent of GDP in 2013-14 as compared to 13.5 percent in 2012-13. Domestic savings have also declined to 7.5 percent of GDP in 2013-14 compared to 8.3 percent of GDP in 2012-13. Net foreign resource inflows are financing the saving investment gap.
- Foreign direct investments stood at US\$ 750.9 million compared to 853.5 million in the outgoing fiscal year, representing a decline of 12.0 percent.

Description	2010-11 P	2011-12	2012-13	2013-14 P
Total Investment - % of GDP	14.1	15.1	14.6	14.0
Fixed Investment - % of GDP	12.5	13.5	13	12.4
Public Investment - % of GDP	3.2	3.7	3.3	3.5
Private Investment - % of GDP	9.3	9.7	9.6	8.9
National Saving - % of GDP	14.2	13	13.5	12.9

P = Provisional

CAPITAL MARKETS

- The Pakistan Stock Market depicted an outstanding performance during July 2012 – March 2013 which has witnessed an exponential growth consequent to various favorable events taking place at economic front including implementation of long awaited Capital Gain Tax Rules, Demutualization of the stock exchanges, stability in the discount rate and declining inflation rates etc.
- Karachi Stock Market remained in record high trajectory during 2013-14, with the KSE-100 Index setting new records by each passing day and trading at above 29,000 level in May 2014 for the first time in its history.
- The aggregate market capitalization at end of March 2014 stood at Rs. 7,116 compared to 5,336 billion in the comparable period of last year. KSE 100 Index opened at 21,006 points on July 1, 2013 and closed at 28,913 points level at the end of April 2014 showing a gain of 33.0 percent.
- The number of companies listed on all three Stock Exchanges reduced to 1254 compared to 1219 during the previous year. Some of the relevant statistics related to the Karachi Stock Exchange are as follows:

Description	2010-11 Growth %	2011-12 Growth %	2012-13 Growth %	2013-14 P Growth %
KSE – 100 Index	28.5	10.4	52.2	29.3
Aggregate Market Capitalization	21.4	6.2	47.6	25.4
Paid up Capital	3.7	13.4	4.3	3.3
Turnover of Shares	-34.8	36.0	42.5	-10.7
Funds Mobilized (Rs. Billion)	-72.2	271.3	-74.3	27.1

P = Provisional

INFLATION

- Inflation during July-April 2013-14 averaged 8.7% as against 7.4 percent in the same period last year.
- The food group with 37.47 percent weight in CPI basket showed an increase of 9.3 percent. This was higher than the 7.1 percent observed in the corresponding period of last year. Based on the current trend, the contribution of food inflation to the overall CPI is estimated at 40 percent and nonfood inflation at 60 percent as against 34 percent and 66 percent respectively in the comparable period last year.
- The non-food inflation remained constant at 8.2 percent during the period under review to be compared with 8.2 percent last year. Amongst the other non food groups, clothing & footwear prices increased by 13 percent due to higher manufacturing cost of textile based products. Recreation charges index increased by 9.2 percent. The furnishing, education and utilities group (housing, water, electricity, gas & fuel) each increased by 8.7 percent.
- Core inflation which is non food-non energy is estimated at 8.3 percent compared to 9.9 percent.

Description	2010-11	2011-12	2012-13	2013-14 P
CPI (Consumer Price Index)	13.7	11.0	7.4	8.7 A
Food Inflation	18.8	11.1	7.1	9.3 A
Non-food Inflation	10.8	10.7	8.2	8.2 A
SPI (Sensitive Price Index)	18.1	8.5	7.9	9.8 A
WPI (Wholesale Price Index)	21.0	11.2	8.0	8.3 A

P = Provisional; A= April 2014

BALANCE OF PAYMENTS & RESERVES

- Overall external account balance posted a surplus of US\$ 1,938 million during July-April, 2013-14, compared to a deficit of US\$ 2,090 million in the corresponding period of last year largely due to realization of floating of Pakistan Sovereign Bond inflows and grants from friendly countries.
- The capital and financial account improved substantially during the period under review and recorded a higher surplus of US\$ 5.0 billion during Jul-Apr, 2013-14 compared to a deficit of US\$ 0.4 billion during the corresponding period of last year.
- A deterioration in the current account deficit was recorded that reached to US\$ 2,162 million during Jul-Apr, 2013-14 compared to a deficit of US\$ 1,574 million in the corresponding period last year. The higher current account deficit was largely caused by the widening of trade and services account deficits. Specifically, higher services account deficit was the result of lower receipts under coalition support fund during Jul-Apr 2013-14.
- Trade account deficit increased by 3.0 percent in Jul-April 2013-14 as growth in imports was at 1.2 percent during Jul-April, 2013-14 compared to same period last year, whereas, export remained constant at 4.2 percent.
- Deficit in services account also widened manifold due to non- transfer of Coalition Support Fund and as such even a robust growth of 11.5 percent in current transfers (net) could not narrow the current account deficit.
- During July-April 2013-14, worker's remittances grew by 11.5.
- Pakistan's foreign exchange reserves reached to \$ 13.6 billion compared to \$ 10.6 billion as of March 2012-13. This improvement in reserve position was due to inflows from the IMF under the current program, coalition support fund (CSF), 3G/4G licenses, Issuance of Sovereign Bond, multilateral/bilateral institutions and inflows from friendly countries.
- The exchange rate by end June 2013-14 is worked out Rs. 98.77 against Rs. 99.66 per US\$ at end-June 2012-13.
- Some of the relevant statistics related to balance of payments and foreign exchange reserves are as follows:

Description	2010-11 Growth %	2011-12 Growth %	2012-13 Growth %	2013-14 P Growth %
Exports	28.9	-2.8	4.2	4.2
Imports	14.9	11.9	-1.9	1.2
Workers' Remittances	25.8	17.7	6.4	11.5
Foreign Direct Investment (FDI)	19.6	-49.1	31.1	-12.9
Foreign Exchange Reserves – US\$ billion	18.2	16.5	10.6	13.6

P = Provisional;

PUBLIC DEBT

- Public debt stock reached at Rs.15,534 billion as at end March, 2014 representing an increase of Rs.1,168 billion or 8 percent higher with that of last fiscal year.
- Public debt to GDP ratio declined to 61.2 percent of GDP by end-March 2013 compared to 63.9 percent during the same period last year. Similarly the ratio of interest payment to the GDP has also increased by 90 basis points.
- The primary source of increase in public debt during first nine months of current fiscal year was in domestic debt that positioned at Rs.10,823 billion representing an increase of Rs.1,306 billion, whereas, external debt posed at Rs.4,711 billion representing a decrease of Rs.138 billion as compared to end June 2013. The decline in external debt during first nine months of current fiscal year is mainly attributed to net repayments and appreciation of Pak Rupee against US Dollar.
- During July-March, 2013-14, the government issued fresh/rollover guarantees aggregating to Rs.104 billion or 0.4 percent of GDP. The outstanding stock of government guarantees as at end March, 2014 is positioned at Rs.558 billion.
- During July - March, 2013-14, public debt servicing reached at Rs.1,155 billion against the annual budgeted estimate of Rs.1,561 billion. Public debt servicing consumed nearly 46.6 percent of total revenues during July-March, 2013-14 against a ratio of 40.5 percent during the same period last year.

Description	2010-11 %	2011-12 %	2012-13 %	2013-14 P Growth %
Domestic Currency Debt – Growth	29.3	26.9	15.2	13.7
Foreign Currency Debt – Growth	10.0	7.1	-3.3	2.8
Foreign Currency Debt to Total Public Debt Ratio	43.8	39.6	33.8	30.3
Total Public Debt to GDP Ratio	58.5	63.1	63.9	61.2
Depreciation in the Value of Rupee against US\$	2.2	5.2	3.8	-1.1
Debt service/ GDP	4.7	5.1	5.4	4.5
International Credit Rating – S&P	B-	B-	B-	B-
New Guarantees issued as a percentage of GDP	0.1	0.71		0.4

P = Provisional

TAXATION EXEMPTIONS

- Total Taxation exemptions for fiscal year 2013-14 have been estimated at Rs. 477.1 billion compared to Rs. 239.5 billion for the previous fiscal year representing an increase of almost 100 percent.
- Exemptions in income tax contribute 20.0 percent to total exemptions whereas exemptions in sales tax and custom duties account for 52.0 percent and 28.0 percent respectively.
- Sales tax exemptions have been significantly increased from Rs. 37.4 billion to Rs. 249.0 billion for the fiscal year 2013-14.
- Income tax exemptions represent 17.0 percent growth whereas 10 percent growth is estimated in custom duties.

Description	2010-11	2011-12	2012-13	2013-14 P Rs. Billion
Income Tax	46.5	69.6	82.4	96.6
Sales Tax	33.8	24.3	37.4	249.0
Custom Duties	94.9	112.0	119.7	131.5
Total	175.2	205.9	239.5	477.1

P = Provisional

SECTION 3 SALIENT FEATURES

Income Tax

Relief measures

1. 50% reduction in tax liability for disabled persons;
2. Non-resident members of professional bodies and organizations no more required to file tax returns;
3. The tax of Re 1 immunes steel melters, steel re-rollers, composite steel units from compliances and exposures related to withholding taxes on local purchase of scrap;
4. 1% reduction in rate for collection of advance tax on mobile telephone and pre-paid telephone cards;
5. Advance tax on functions and gatherings reduced from prevailing 10% to proposed 5%;
6. 5 years tax exemption to new fruit processing or preservation units in certain areas;
7. Tax exemption for coal mining project in Sindh, supplying coal exclusively for power generation;
8. Reduced tax rate of 20% for industrial undertakings with minimum 50% FDI in project cost & working capital;
9. Concession on flying allowance received by pilots of Pakistani airlines enhanced;
10. Tax at net income to be levied on treasury operations; 10% on net income from dividends & 12.5% on net income from capital gains.

Revenue measures

1. Direct measures:

Certain direct measures have been adopted in the proposals to increase the Revenue exchequer on account of income tax. These measures include:

- (i) 5% final tax on bonus shares under the head income from other sources;
- (ii) Increase in minimum holding period to two years from existing one year for tax-free capital gains on disposal of immovable property;
- (iii) Increase the minimum holding period for securities from prevailing 12 to proposed 24 months with increase in tax slabs;
- (iv) Concession of 80% reduction in minimum tax available to distributors of consumer goods, including FMCGs, withdrawn;
- (v) Companies required to pay higher of corporate tax and alternative corporate tax (ACT at 17%) on accounting income to be computed as per specified method;
- (vi) Tax collected at the time of import of ships by ship-breakers to be treated as final tax;
- (vii) Concession on flying allowance for pilots of armed forces and civil aviation authority withdrawn;
- (viii) Exemption from deduction of tax u/s 152(2) available to foreign news agencies, etc. withdrawn;
- (ix) Initial allowance on building reduced from existing 25% to 10%.

2. Indirect measures:

Following the trend from the last year, implicit revenue measures continue form advance tax:

- (a) 20% adjustable tax on gross amount of directors' fee;
- (b) Change in the concept for taxing profits of an AOP of which a company is a member, with an expected increase in effective tax rate on the income of AOP;
- (c) General increase in rates for collection of tax at import stage;
- (d) Increase in rates for deduction of tax on account of supply of goods, rendering of services, execution of contracts and commission;
- (e) With an exception to expatriate Pakistanis acquiring property in government schemes, advance tax to be collected from purchasers of immovable property;
- (f) Advance tax to be collected on first/ business /club class air tickets.

Regulatory measures

- (i) NPOs and trusts' income now chargeable to tax with 100% tax credit, subject to same conditions that were applicable for their exempt tax status;
- (ii) Utility companies bound not to process commercial/ industrial connection applications, unless the applicant is registered as a tax payer;
- (iii) Airlines issuing tickets now required to collect 5% advance tax instead of their agencies;

- (iv) Distribution of stock dividend (bonus shares/ units/ certificate) not to be considered as part of minimum 90% dividends by Collective Investment Schemes and REITs to remain tax exempt;
- (v) Option for exporters to exit from final tax regime has been abolished, while a considerable increase proposed for opt-outs by commercial importers and on account of supply of goods. Opt-outs now also available to contractors, service-providers to exporters and for commission incomes cases (petrol pump operators & brokers).

Sales Tax & Federal Excise Duty

Sales tax

Relief measure

The bill seeks to exclude the further tax charged at the rate of 1% on supplies made by unregistered persons from the purview of input tax.

Revenue measures

1. The prevailing exemption threshold of Rs. 5 Million turnover available for retailers has been abolished;
2. Sales tax will also be from retailers on electricity bills;
3. Certain exemptions under SRO available on imports have been withdrawn and items are now charged to tax at reduced rate of 5%. This has been done by incorporating a new schedule (Eighth Schedule) to the Act.

Regulatory measures

1. The Bill seeks to re-arrange and consolidate various revenue and relief measures currently spread-across numerous SROs by incorporating these measures in the Sales Tax Act, 1990 and schedules thereto;
2. A new schedule (Ninth Schedule) to the Act has been incorporated, aligned to the intent of law to collect sales tax on importation and putting to use of mobile handsets, which is presently chargeable on SIM cards;
3. It has been sought to introduce electronic scrutiny and information (E- Scrutiny System) to issue electronic information/ advance notices to the tax payer for rectification of their errors;
4. The bill seeks to streamline Sixth Schedule by incorporating items exempt from sales tax by incorporating exempt entries from various SROs.

Federal Excise Duty

Relief measures

1. 10% ad. Valorem duty on locally manufactured motor vehicles of cylinder capacity of 1800cc or above has been withdrawn;
2. Reduction in rate of duty by 1% for telecommunication services, excluding such services in the areas of the province where such province has imposed provincial sales tax and has started collecting the same through its own board or authority.

Revenue measures

1. Rate of duty on locally produced cigarettes has been enhanced;
2. Basis of chargeability of duty on cement changed to 5% of retail price, which is presently being charged at Rs.400 PMT;
3. It has been proposed to enhance the rate of duty on services provided or rendered in respect of travel by air of the passengers embarking on international journey to or from Pakistan.

Income Support Levy

It has been sought to repeal the Income Support Levy Act, 2013 which was introduced through Finance Act 2013 to charge and collect Income Support Levy at 0.5% on net movable wealth in excess of one million rupees for running an income support fund for the economically distressed persons and their families.

SECTION 4 INCOME TAX

1. INDIVIDUALS AND ASSOCIATION OF PERSONS

Salary – Directors’ fee

[Section 149(3) & (4)]

The bill seeks to propose 20% adjustable withholding tax on gross amount of directorship fee or fee for attending board meeting or such fee by whatever name called.

Tax rates for individuals & association of persons

No change in the tax rates for individuals (both salaried and non-salaried) has been sought vide the Bill and the same are reproduced below for reference purpose only.

Salaried Persons				Non-salaried Persons & AOPs			
Taxable Income (Rs.)		Rate of Tax		Taxable Income (Rs.)		Rate of Tax	
From	To			From	To		
Up to	400,000		0.00%	Up to	400,000		0.00%
400,001	750,000		5.00% of the amount exceeding Rs.400,000	400,001	750,000		10.00% of the amount exceeding Rs. 400,000
750,001	1,400,000	Rs.17,500	10% of the amount exceeding Rs.750,000	750,001	1,500,000	Rs.35,000	15% of the amount exceeding Rs.750,000
1,400,001	1,500,000	Rs.82,500	12.5% of the amount exceeding Rs.1,400,000	1,500,001	2,500,000	Rs.147,500	20% of the amount exceeding Rs.1,500,000
1,500,001	1,800,000	Rs.95,000	15% of the amount exceeding Rs.1,500,000	2,500,001	4,00,000	Rs.347,500	25% of the amount exceeding Rs.2,500,000
1,800,001	2,500,000	Rs.140,000	17.5% of the amount exceeding Rs.1,800,000	4,00,001	6,000,000	Rs.722,500	30% of the amount exceeding Rs.4,000,000
2,500,001	3,000,000	Rs.262,500	20% of the amount exceeding Rs.2,500,000	Above 6,000,000		Rs.1,322,500	35% of the amount exceeding Rs.7,000,000
3,000,001	3,500,000	Rs.362,500	22.5% of the amount exceeding Rs.3,000,000				
3,500,001	4,000,000	Rs.475,000	25% of the amount exceeding Rs.3,500,000				
4,000,001	7,000,000	Rs.600,000	27.5% of the amount exceeding Rs.4,000,000				
Above 7,000,000		Rs.1,425,000	30% of the amount exceeding Rs.7,000,000				

Senior citizens and disabled persons [Clause 1B of Division I of Part I of First Schedule]

The Bill seeks to re-classify the existing 50% reduction in tax liability for senior citizens by including this already available relief in First Schedule, while omitting the same from Second Schedule, thereby conceptually maintaining this relief at the prevailing conditions (viz. age 60 or above on the commencement of tax year, taxable income up to Rs. 1 Million, excluding income subject to final tax).

The same relief has now also been sought for disabled persons, subject to an additional condition that the said person should hold National Database Registration Authority's Computerized National Identity Card for disabled persons.

2. DEFINITIONS

Filer & non-filer

[Section 2(23A) & 2(35C)]

The Bill seeks to introduce a new term 'filer', which means a taxpayer:

- a. whose name appears in the active taxpayers' list issued by the Board from time to time; or
- b. is holder of a taxpayer's card.

An additional definition for non-filer is also proposed to be introduced as a person who is not a filer.

Income – bonus shares

[Section 2(29)]

Bonus shares received by shareholders of a company are presently out of the ambit of income. With the proposed amendment of section 39, insertion of the new section 236M on collection of withholding tax on bonus shares and consequently proposing amendment to the definition of income, the Bill seeks to levy income tax in the nature of final tax on bonus shares.

Stock fund

[Section 2(61A)]

The Bill proposes to include definition for stock fund as a collective investment scheme or a mutual fund where the investible funds are invested by way of equity shares in companies, to the extent of more than seventy percent (70%) of the investment.

3. SURCHARGE

[Section 4A]

Surcharge at 15% on income tax payable by every taxpayer during the period from March to June 2011 was introduced vide the Finance (Amendment) Ordinance, 2011 in March 2011. This section becoming inoperative has now been proposed to be omitted.

4. TRANSFER TO PARTICIPATORY RESERVE

[Section 31]

It has been sought to change the reference for definition from Banking Tribunals Ordinance, 1984 to Financial Institutions (Recovery of Finances) Ordinance, 2001 (XLVI of 2001).

5. CAPITAL GAINS

[Section 37 & Division VIII of Part I of First Schedule]

The scope of the term capital asset for the purpose of computing capital gains was widened vide the Finance Act, 2012, by including immovable property under the purview of capital assets. Gain arising on the disposal of immovable property, held for a period up to two years is now proposed to be charged to tax in year of arising of gain under the head Capital Gains at 10% for holding period up to one year and at 5% for holding period up to 2 years.

While no change in existing rates has been proposed for disposal of immovable property within a period of two years from acquisition, disposal of immovable properties held for period beyond two years has now conceptually been brought under the ambit of income tax, though a rate of 0% has been proposed for cases with holding period beyond two years.

6. CAPITAL GAINS ON SECURITIES

[Section 37A & Division VII of Part I of First Schedule]

Presently capital gain on disposal of securities held for a period more than 12 months is taxable at 0%. It has now been sought to increase the minimum holding period for these securities from prevailing 12 months to 24 months by revising rates of tax for the tax year 2015 as follows:

Period of Holding	Tax Rate for 2015	
	Existing	Proposed
Where holding period of a security is less than 6 months	17.5%	12.5%
Where holding period of a security is less than 12 months	9.5%	12.5%
Where holding period of a security is 12 months or more but less than 24 months.	0%	10%
Where holding period of a security is 24 months or more	0%	0%

Furthermore, it has been proposed to enhance the ambit of gains on securities to include gains on disposal of 'debt securities'. The term 'debt securities' is proposed to mean the following:

- a. *Corporate Debt Securities* – such as:
 - (i) Term Finance Certificates (TFCs);
 - (ii) Sukuk Certificates (Sharia Compliant Bonds);
 - (iii) Registered Bonds & Commercial Papers;
 - (iv) Participation Term Certificates (PTCs); and
 - (v) all kinds of debt instruments issued by any Pakistani or foreign company or corporation registered in Pakistan.
- b. *Government Debt Securities* – such as:
 - (i) Treasury Bills (T-bills), Federal Investment Bonds (FIBs) & Pakistan Investment Bonds (PIBs);
 - (ii) Foreign Currency Bonds;
 - (iii) Government Papers & Municipal Bonds;
 - (iv) Infrastructure Bonds; and
 - (v) all kinds of debt instruments issued by Federal Government, Provincial Governments, Local Authorities and other statutory bodies.

7. INCOME FROM OTHER SOURCES [Section 39]

Bonus shares received by shareholders of a company are presently out of the ambit of income. With the proposed amendment to the definition of income and insertion of the new section 236M on collection of withholding tax on bonus shares; the Bill seeks to amend section 39 to include bonus shares under the purview of income from other sources.

8. FEDERAL, PROVINCIAL AND LOCAL GOVERNMENT INCOME [Section 49]

The Bill seeks to provide a retrospective treatment, effective March 2014, to income arising to the Pakistan Telecommunication Authority (PTA) from sale of spectrum licenses as the income of the Federal Government and not of PTA, thereby exempting this income from the purview of income tax.

9. SHARE PROFITS OF COMPANY IN ASSOCIATION OF PERSONS [Section 88A & 92]

Presently a company, as member of an Association of Persons (AOP), includes the share of profit from AOP in its (company's) income and pays tax on this income. However, the company is allowed a tax credit to its proportionate share in tax paid by the AOP on its (AOP's) income.

The Bill now seeks to withdraw section 88A and add a proviso to section 92, aimed to withdraw this proportionate credit to the company. The proposed proviso lays down as under:

- a. the share of company(ies) shall be excluded for the purpose of computing the total income of the AOP and
- b. the company(ies) shall be taxed separately, at the rate applicable to the companies, according to their share.

The proposed changes are anticipated to create confusion leading to grievances by additional/ non-recoupable tax burdens, primarily due to the case that income of AOPs is either covered under minimum or final tax regime. The following cases may be considered as example:

- a. services rendered by AOPs (consortiums/ joint ventures) whereby 7% tax is deducted as 'minimum tax' on the income of these consortiums/ joint ventures:
 - what if all the venturers are companies; how would the minimum (7%) withholding tax be adjusted as the net taxable income of such AOPs will be zero?
 - what if all the venturers are not companies; how would the minimum (7%) withholding tax be adjusted as 7% amount would have been withheld on the value of receipts of which a portion would be reflected in the income of non-company venturers?
- b. supplies & contracts by AOPs (consortiums/ joint ventures) whereby 4% and 6.5% tax respectively is deducted as 'final tax' on the income of these consortiums/ joint ventures:
 - what if all the venturers are companies; how would the final (4% or 6.5%) tax withheld be treated as the net taxable income of such AOPs will be zero?
 - what if all the venturers are not companies; how would the final (4% or 6.5%) tax withheld be treated as 4% or 6.5% amount would have been withheld on the value of receipts of which a portion would be reflected in the income of non-company venturers?

10. SPECIAL PROVISION RELATING TO CAPITAL GAIN TAX [Section 100B]

It has been sought to amend this section to exempt capital gains arising to companies on listed debt securities from taxation under Eighth Schedule.

11. Tax credit for certain persons

[Section 100C, Clauses 58, 58A, 59 & 60 of Part I of Second Schedule]

The Bill seeks to change the concept of tax concession from exemptions already available to certain cases by allowing 100% tax credit to these cases of non-profit entities, trusts or welfare institutions in lieu of withdrawal of these exemptions.

This 100% tax credit applies to all forms of the tax payable, including minimum tax and final taxes payable under any of the provisions of the Ordinance subject to certain conditions as under:

- (a) return has been filed;
- (b) tax required to be deducted or collected has been deducted or collected and paid; and
- (c) withholding tax statements for the immediately preceding tax year have been filed.

With this proposed conceptual change, income of these entities is no more exempt from tax but liable to tax and being eligible to full tax credit equal to tax liability.

	Existing Reference for Exemption	Proposed Reference for 100% Tax Credit
(a) any income of a trust or welfare institution or non-profit organization from donations, voluntary contributions, subscriptions, house property, investments in the securities of the Federal Government and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities: Provided that in the case of income under the head "income from business", the exemption in respect of income under the said head shall not exceed an amount which bears to the income, under the said head, the same proportion as the said amount bears to the aggregate of the incomes from the aforesaid sources of income.	Clause 58(1) of Part I to Second Schedule	Section 100C(2)(a)
(b) a trust administered under a scheme approved by the Federal Government in this behalf and established in Pakistan exclusively for the purposes of carrying out such activities as are for the benefit and welfare of—	Clause 58(2) of Part I to Second Schedule	Section 100C(2)(b)

	Existing Reference for Exemption	Proposed Reference for 100% Tax Credit
<p>(i) ex-servicemen and serving personnel, including civilian employees of the Armed Forces, and their dependents; or</p> <p>(ii) ex-employees and serving personnel of the Federal Government or a Provincial Government and their dependents, where the said trust is administered by a committee nominated by the Federal Government or, as the case may be, a Provincial Government.</p>		
<p>(c) a trust or welfare institution or non-profit organization approved by Chief Commissioner for the purposes of this sub-clause.</p>	<p>Clause 58(3) of Part I to Second Schedule</p>	<p>Section 100C(2)(c)</p>
<p>(d) income of a university or other educational institution being run by a non-profit organization existing solely for educational purposes and not for purposes of profit.</p>	<p>Clause 58A of Part I to Second Schedule</p>	<p>Section 100C(2)(d)</p>
<p>(e) any income which is derived from investments in securities of the Federal Government, profit on debt from scheduled banks, grant received from Federal Government or Provincial Government or District Governments, foreign grants and house property held under trust or other legal obligations wholly, or in part only, for religious or charitable purposes and is actually applied or finally set apart for application thereto: Provided that nothing in this clause shall apply to so much of the income as is not expended within Pakistan: Provided further that if any sum out of the amount so set apart is expended outside Pakistan, it shall be included in the total income of the tax year in which it is so expended or of the year in which it was set apart, whichever is the greater, and the provisions of section 122 shall not apply to any assessment made or to be made in pursuance of this proviso.</p> <p>Explanation.— Notwithstanding anything contained in the Mussalman Wakf Validating Act, 1913 (VI of 1913), or any other law for the time being in force or in the instrument relating to the trust or the institution, if any amount is set apart, expended or disbursed for the maintenance and support wholly or partially of the family, children or descendants of the author of the trust or the donor or, the maker of the institution or for his own maintenance and support during his life time or payment to himself or his family, children, relations or descendants or for the payment of his or their debts out of the income from house property dedicated, or if any expenditure is made other than for charitable purposes, in each case such expenditure, provision, setting apart, payment or disbursement shall not be deemed, for the purposes of this clause, to be for religious or charitable purposes</p>	<p>Clause 59 of Part I to Second Schedule</p>	<p>Section 100C(2)(e)</p>
<p>(f) any income of a religious or charitable institution derived from voluntary contributions applicable solely to religious or charitable purposes of the institution: Provided that nothing contained in this clause shall apply to the income of a private religious trust which does not ensure for the benefit of the public.</p>	<p>Clause 60 of Part I to Second Schedule</p>	<p>Section 100C(2)(f)</p>

12. MINIMUM TAX ON THE INCOME OF CERTAIN PERSONS

[Section 113, Division IX of Part I of First Schedule & Part III of Second Schedule]

Rates of minimum tax and concessions on this rates for specified sectors has now been proposed to be consolidated in Division IX Part I of First Schedule for an apparent ease of reference. No new concessions have though been given on minimum tax. The prevailing concession of 80% reduction in minimum tax available to distributors of consumer goods, including fast moving consumer goods, has now been proposed to be withdrawn.

Sr. No.	Person(s)	Minimum Tax (as percentage of the person's turnover for the year)	Remarks (Existing Reference for Reduction in Tax Liability – Part III of Second Schedule)
1.	(a) Oil marketing companies, Oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds Rs. 1 billion).	0.5%	Clause 9 – Reduction was already available at 0.5%
	(b) Pakistan International Airlines Corporation.	0.5%	Clause 12 – Concession was available by reducing the general rate of 1% by 50%
	(c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production.	0.5%	Clause 14 – Concession was available by reducing the general rate of 1% by 50%
2.	(a) Distributors of pharmaceutical products and fertilizers.	0.2%	Clause 8 – Concession was available by reducing the general rate of 1% by 80%
	(b) Distributors cigarettes.	0.2%	Clause 7 – Concession was available by reducing the general rate of 1% by 80%
	(c) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990.	0.2%	Clause 13 – Concession was available by reducing the general rate of 1% by 80%
	(d) Rice mills and dealers.	0.2%	Same as above
	(e) Flour mills	0.2%	Clause 10 – Concession was available by reducing the general rate of 1% by 80%
3.	Motorcycle dealers registered under the Sales Tax Act, 1990.	0.25%	Clause 15(ii) – Concession was available by reducing the general rate of 1% by 75%
4.	In all other cases	1%	Section 113(2)(b)

13. ALTERNATIVE CORPORATE TAX

[Section 113C]

A new concept of Alternative Corporate Tax (ACT) is sought to be introduced for tax year 2014 and onwards, whereby tax payable by a company will be higher of the Corporate Tax or the proposed ACT. This ACT at 17% is proposed to be levied on accounting income, excluding any exempt income. Companies will be liable to pay higher of ACT or normal corporate tax and the ACT paid will be available for carry-forward and adjustment for up to 10 years.

The following illustrates calculation of accounting income under the proposed section:

Illustration (All amounts in PKR)	Total as per Financial Statements	Adjustments under section 113C(7) & (8)				Accounting Income (Total less Adjustments)
		Exempt Income	Capital Gains (u/s 37A)	Income subject to Final Tax	Income subject to tax credit u/s 65D and/ or 65E	
Revenues	200,000	20,000	10,000	50,000	40,000	80,000
Less: Expenses	(125,000)	(6,250)	(3,750)	(21,875)	(37,500)	(55,625)
Accounting profit before tax for the tax year	75,000	13,750	6,250	28,125	2,500	24,375
Less: Share from associate(s) recognized under equity method of accounting	(50,000)	(4,583)	(2,500)	(13,125)	(2,000)	(27,792)
	25,000	9,167	3,750	15,000	500	
Accounting income as per section 113C(2)(a)						(3,417)

A definition of corporate tax is also proposed vide the Bill, whereby Corporate Tax means total tax payable by the company, including tax payable on account of minimum tax and final taxes payable, under any of the provisions of this Ordinance but not including those mentioned in sections 8 (general provisions relating to tax on dividends, certain payments to non-residents, shipping & air transport income of non-resident), 161 (penalty for failure to pay tax collected or deducted) and 162 (recovery of tax from the person from whom tax was not collected or deducted) and any amount charged or paid on account of default surcharge or penalty and the tax payable under this section.

Tax credit for investment under section 65B will be available on ACT. If Corporate Tax or ACT is enhanced or reduced as a result of any amendment, or as a result of any order under the Ordinance, the excess amount to be carried forward will be reduced or enhanced accordingly.

ACT will not apply to the following cases:

- a. Insurance companies – covered under Fourth Schedule
- b. Companies engaged in exploration and production of petroleum – covered under Fifth Schedule
- c. Banking companies – covered under Seventh Schedule

The Commissioner may make adjustments and proceed to compute accounting income as per historical accounting pattern after providing an opportunity of being heard.

14. RETURN OF INCOME

[Section 114]

An amendment brought the statute vide the Finance Act, 2013 made filing of tax returns compulsory for all the members of chamber of commerce and industry, trade or business associations, market committees, professional bodies (including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan). This was creating discomfort among non-resident members of these bodies and organizations.

To do away with this matter, the Bill now proposes to exclude non-resident members of these bodies and organizations from the requirement to file their tax returns.

15. TAX OFFICIALS

[Sections 122B, 127 & 130]

The Bills seeks to substitute post of 'Regional Commissioner' with 'Chief Commissioner' & 'Taxation Officer' with 'Officer of Inland Revenue'. It has also been sought to change eligibility criteria for

appointment as member of Appellate Tribunal by including persons who have, for at least 10 years, practiced professionally as a cost & management accountant.

16. FINAL TAX REGIME

Imports

[Section 148(8A)]

It has been proposed to treat tax collected at the time of import of ships by ship-breakers as final tax.

Bonus share

[Section 236M(3)]

It has been sought to collect 5% withholding tax, being final tax, on value of bonus shares issued by a company irrespective of the type of recipient – i.e. this is proposed to be final tax for both corporate and non-corporate shareholders in a company issuing bonus shares. For collection the proposed tax, the value of bonus shares will be determined on the basis of day-end price on the first day of closure of books.

17. COMPULSORY REGISTRATION IN CERTAIN CASES

[Sections 181AA]

It has been sought to bind utility companies not to process any application for commercial or industrial connection of electricity or natural gas, unless the person applying for electricity or gas connection is registered as a tax payer under section 181.

18. TRIAL BY SPECIAL JUDGE

[Sections 203]

A new proviso is sought to be added, empowering the Federal Government, by notification in official Gazette, to declare that a special judge appointed under section 185 of the Customs Act 1969 (IV of 1969) shall have jurisdiction to try offences under the Ordinance.

19. RATES OF TAX

[First Schedule Part I]

Rates of dividend tax

[Division III]

The Bill seeks to substitute the existing Division III for tax on dividends under section 5 as follows:

Nature of Dividend	Rate of Tax
Dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects	7.5%
Dividend from cases other than above	10%
Dividend received by a person from a stock fund for tax year 2015 and onwards, if dividend receipts are less than capital gains	12.5%
Dividend received by a company from a collective investment scheme or a mutual fund, other than a stock fund for tax year 2015 and onwards	25%

20. RATES OF ADVANCE TAX

[First Schedule Part II]

It has been sought to substitute the existing Part II of First schedule as under:

S. No.	Persons	Rate
1.	<ul style="list-style-type: none"> (i) Industrial undertaking importing remelttable steel (PCT Heading 72.04) and directly reduced iron for its own use; (ii) Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision No. ECC-155/12/2004 dated the 9th December, 2004; (iii) Persons importing urea; and (iv) Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011. 	1% of import value as increased by customs-duty, sales tax and federal excise duty

S. No.	Persons	Rate
2.	Persons importing pulses	2% of import value as increased by customs-duty, sales tax and Federal excise duty
3.	Commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31 st December, 2011.	3% of import value as increased by customs-duty, sales tax and federal excise duty
4.	Ship breakers on import of ships	4.5%
5.	Industrial undertakings not covered under S. Nos. 1 to 4	5.5%
6.	Companies not covered under S. Nos. 1 to 5	5.5%
7.	Persons not covered under S. Nos. 1 to 6	6%

21. COLLECTION OR DEDUCTION OF WITHHOLDING TAX

Dividend [Section 150 & Division I of Part III of First Schedule]

Nature of Dividend	Rate of Withholding Tax	
	Recipient	Rate
Dividends from collective investment scheme or a mutual fund:		
a. Paid by Money market Fund, Income Fund or any other fund	Individual	10%
	Company	25%
	AOP	10%
b. Paid by Stock Fund	Individual	10%
	Company	10%
	AOP	10%
	If dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5%	
Dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects		7.5%
Dividend from cases other than above	a. 10% for filers	
	b. 15% for non-filers (10% will be treated as final tax for non-company recipients and balance 5% will be in the nature of advance tax)	

Profit on debt [Section 151 & Division IA of Part III of First Schedule]

Category of Recipient	Rate of Withholding Tax	
	<i>Prevailing</i>	<i>Proposed</i>
Filers	10%	10%
Non-filers with debt yield up to Rs. 500,000	10%	10%
Non-filers with debt yield above Rs. 500,000	10%	15%
	(10% will be treated as final tax for non-company recipients and balance 5% will be in the nature of advance tax)	

Payments for goods, services & contracts

[Section 153 & Division III of Part III of First Schedule]

Type of Payment	Rate of Withholding Tax	
	<i>Prevailing</i>	<i>Proposed</i>
Supply of goods by companies	3.5%	4%
Supply of goods by others	4%	4.5%
Provision of services by companies	6%	8%
Provision of services by others	7%	10%
Contracts by sports persons	7%	10%
Execution of contract by companies	6%	7%
Execution of contract by others	6.5%	7.5%

The Bill also seeks to insert an explanation in clause (57) of Part IV of Second Schedule for withholding taxes by companies operating trading houses as under:

“Explanation.- For the removal of doubt, exemption under this clause, in respect of section 153, shall only be available as a recipient and not as withholding agent.”

Services & supplies to exporters & export houses

[Section 153(2) & Division IV of Part III of First Schedule]

Rate of withholding tax has been proposed to be enhanced to 1% from prevailing rate of 0.5%.

Petroleum products

[Section 156A & Division VIA of Part III of First Schedule]

Rate of withholding tax on commission or discount allowed to petrol pump operators is proposed to be enhanced to 12% from existing rate of 10%.

Cash withdrawal from a bank

[Section 231A & Division VI of Part IV of First Schedule]

Advance tax on daily cash withdrawal above Rs.50,000	Rate of Withholding Tax	
	<i>Prevailing</i>	<i>Proposed</i>
For filers	0.3%	0.3%
For non-filers	0.3%	0.5%

Advance tax on private motor vehicles

[Section 231B & Division VII of Part IV of First Schedule]

Section 231B and respective Division VII of Part IV of First Schedule is proposed to be substituted as under:

S. No.	Engine Capacity	Tax for filers	Tax for Non-filers
(1)	(2)	(3)	(4)
1.	Upto 850cc	Rs. 10,000	Rs. 10,000
2.	851cc to 1000cc	Rs. 20,000	Rs. 25,000
3.	1001cc to 1300cc	Rs. 30,000	Rs. 40,000
4.	1301cc to 1600cc	Rs. 50,000	Rs. 100,000
5.	1601cc to 1800cc	Rs. 75,000	Rs. 150,000
6.	1801cc to 2000cc	Rs.100,000	Rs. 200,000
7.	2001cc to 2500cc	Rs.150,000	Rs. 300,000
8.	2501cc to 3000cc	Rs.200,000	Rs. 400,000
9.	Above 3000cc	Rs.250,000	Rs. 450,000

The afore-mentioned advance tax will be collectible by motor vehicle registering authorities of Excise & Taxation Department at the time of registration of private motor cars and jeeps as well as at the time of effecting transfer of registration or ownership. Likewise, manufacturers of motor cars and jeeps will collect similar tax at above rates at the time of sale. Although there is an apparent mistake on sub-section reference in the proposed section 231B; it appears that motor vehicle registering authorities will not collect this tax in case a person produces evidence that tax has already been collected from him by manufacturer in case of locally manufactured vehicle or tax under section 148 was collected from him in the case of imported vehicle in respect of the same vehicle.

Brokerage and Commission

[Section 233, Division II of Part IV of First Schedule & Clause (26) of Part II of Second Schedule]

Type of Commission	Rate of Withholding Tax	
	Prevailing	Proposed
Commission to advertising agents	5%	7.5%
Other cases	10%	12%

Tax on private motor cars

[Section 234 and Clause 3 & 4 of Division III of Part IV of First Schedule]

Where Motor Vehicle Tax is collected Annually				Where Motor Vehicle Tax is collected in Lump-sum			
S No.	Engine capacity	For filers	For non-filers	S No.	Engine capacity	For filers	For non-filers
(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
1.	upto 1000cc	Rs. 1,000	Rs.1,000	1.	upto 1000cc	Rs. 10,000	Rs.10,000
2.	1001cc to 1199cc	Rs. 1,800	Rs. 3,600	2.	1001cc to 1199cc	Rs. 18,000	Rs. 36,000
3.	1200cc to 1299cc	Rs. 2,000	Rs.4,000	3.	1200cc to 1299cc	Rs. 20,000	Rs.40,000
4.	1300cc to 1499cc	Rs. 3,000	Rs.6,000	4.	1300cc to 1499cc	Rs. 30,000	Rs.60,000
5.	1500cc to 1599cc	Rs 4,500	Rs 9,000	5.	1500cc to 1599cc	Rs 45,000	Rs 90,000
6.	1600cc* to 1999cc	Rs. 6,000	Rs.12,000	6.	1600cc to 1999cc	Rs. 60,000	Rs.120,000
7.	2000cc & above	Rs. 12,000	Rs.24,000	7.	2000cc & above	Rs. 120,000	Rs.240,000

* Apparently incorrectly mentioned as 1500 in the Bill

Domestic electricity consumption

[Section 235A & Division XIX of Part IV of First Schedule]

The purview of collection of advance tax is proposed to be broadened to domestic electricity consumption as per the following rates:

Amount of monthly bill	Rate of Withholding Tax	
	Prevailing	Proposed
Less than Rs. 100,000	0%	0%
Rs. 100,000 and above	0%	7.5%

Tax on steel melters, re-rollers etc.

[Section 235B]

Despite this segment of industry heavily relies on non-electricity based power sources, tax is proposed to be collected on electricity bills of steel melters, steel re-rollers, composite steel units, registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007 at the rate of Re. 1 per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS products) excluding stainless steel.

This tax comes with benefit from exposures on any non-deduction of tax on the payment for local purchase of scrap.

Telephone users [Section 236 & Division V of Part IV of First Schedule]

Description	Rate of Withholding Tax	
	Prevailing	Proposed
In the case of a telephone subscriber (other than mobile phone subscriber) where the amount of monthly bill exceeds Rs.1000	10% of amount exceeding Rs. 1,000	10% of amount exceeding Rs. 1,000
In the case of subscriber of mobile telephone and pre-paid telephone card	15%	14%

Advance tax on purchase of air ticket

[Section 236B & Division IX of Part IV of First Schedule]

The rate of advance tax collectible by persons preparing air tickets is 5% on gross the amount of air ticket. Now the Bill seeks to substitute the responsibility for collecting this tax from persons preparing tickets to airlines issuing these tickets with rules to be prescribed for mode, manner and time of collection of this tax.

Advance tax on sale, purchase or transfer of immovable property

[Section 236C & 236K and Division X & Division XVIII of Part IV of First Schedule]

Advance tax was already collectible from sellers or transferors of immovable property at 0.5%. The Bill now seeks not only to enhance the purview of this collection from purchasers or transferees but also introduce discriminatory rates based on filer and non-filer status as follows:

Category of Party	Value of Property	Rate of Withholding Tax	
		Prevailing	Proposed
Seller or transferor being filers	Any value	0.5%	0.5%
Seller or transferor being non-filers	Any value	0.5%	1%
Purchaser or transferee being both filers and non-filers	Up to Rs. 3 Million	0%	0%
Purchaser or transferee being a filer	Above Rs. 3 Million	0%	1%
Purchaser or transferee being a non-filer until an appointed date through SRO	Above Rs. 3 Million	0%	1%
Purchaser or transferee being a non-filer after an appointed date through SRO	Above Rs. 3 Million	0%	2%
Expatriate Pakistanis acquiring property covered under a scheme introduced by the Federal or Provincial Government or an Authority established under a Federal or Provincial law	Any Value	0%	0%

Advance tax on functions and gatherings

[Section 236D & Division XI of Part IV of First Schedule]

Advance tax is collectible at 10% from a person arranging or holding almost every type of function in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose. This also applies to food service or any other facility for these functions. The Bill now seeks to reduce rate of this advance tax at 5%.

Advance tax on purchase of international air ticket

[Section 236L & Division XX of Part IV of First Schedule]

The Bill seeks to oblige every airline, operating in Pakistan, to collect advance tax as per following rates, on the gross amount of international air tickets issued to passengers booking one-way or return, from Pakistan in the same manner air ticket charges are collected or charged, either manually or electronically:

Type of Ticket	Category of Person/ Rate	
	Filer	Non-Filer
Economy	0%	0%
First/ Business /Club class	3%	6%

Bonus shares

[Section 236M]

Value of bonus shares received by shareholders of a company is presently out of the ambit of income. By virtue of the proposed amendments, companies issuing bonus shares will be required to collect tax at 5% on value of the bonus shares determined on the basis of day-end price on the first day of closure of books. The Bill also seeks to require companies issuing bonus shares to make 'adequate' arrangements for collection of this tax and in case of default, the said tax will be collected from the company, without in addition to any other liability which it may incur under the Ordinance.

22. EXEMPTION FROM TOTAL INCOME

[Second Schedule Part I]

Exemptions proposed to be granted

a. Provincial pension fund

[Clause (57)(3)]

Exemption was earlier granted in 2010 to the income of Punjab Pension Fund established under the Punjab Pension Fund Act, 2007 (I of 2007) and the trust established thereunder. Now the Bill seeks to extend the scope of this exemption to Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002.

b. Greenstar Social Marketing Pakistan (Guarantee) Limited

[Clause (66)xxx.]

A new entry for Greenstar Social Marketing Pakistan (Guarantee) Limited is proposed to be made to cases eligible to exemption from total income.

c. Public sector universities

[Clause (126) substituted]

The existing inoperative clause 126 applicable to certain industrial undertakings is proposed to be substituted with a new clause (126) granting tax exemption to public sector universities.

d. Gawadar port operations

[Clause (126A) substituted]

It has been sought to grant retrospective exemption from taxation effective from February 6, 2007, to China Overseas Ports Holding Company Limited.

e. Fruit processing or preservation units in certain areas

[Clause (126H)]

The Bill seeks to grant tax exemption to fruit processing or preservation units set up in Makran Division, Malakand Division, Gilgit-Baltistan and FATA between the July 1, 2014 to the June 30, 2017 engaged in processing of locally grown fruits, for a period of 5 years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later.

f. Coal mining project in Sindh

[Clause (132B)]

Profits and gains derived by a taxpayer from a coal mining project in Sindh, supplying coal exclusively to power generation projects has been proposed to exempt from income tax.

Exemptions proposed to be withdrawn

a. Compensatory allowance

[Clause (35)]

Income representing compensatory allowance payable to a citizen of Pakistan locally recruited in Pakistan Mission abroad is presently exempt to the extent of 75% of gross salary. The Bill now seeks to withdraw this exemption.

b. Income of certain non-profit organizations and trusts [Clauses (58), (58A), (59) & (60)]

With the proposed omission of clauses (58), (58A), (59) and (60) and proposal to 100% tax credit to these cases of non-profit entities, trusts or welfare institutions through the proposed section 100C, it has been sought to introduce a conceptual change as income of these entities will no

more be exempt from tax but liable to tax and being eligible to full tax credit equal to tax liability. Despite there is no financial impact of this proposal currently, tax first needs to be computed and nullified by equivalent tax credit, the exempt status for these non-profit organizations and trusts would now be annulled.

c. Inoperative/ time-bared exemption clauses [Clauses (81A), (88A), (92A), (93A) & (135)]

The Bill seeks to omit clauses for certain inoperative/ time-bared exemptions.

d. Income of Hamdard Laboratories (Waqf) Pakistan [Clause (66)v.]

The Bill seeks to withdraw the available exemption of tax on total income of Hamdard Laboratories (Waqf) Pakistan.

Conditional exemption

Collective Investment Schemes or REIT Schemes [Clause (99)]

To remain exempt from tax, Collective Investment Schemes or REIT Schemes are required to distribute 90% of their accounting income of a year, as reduced by capital gains whether realized or unrealized, amongst the unit or certificate holders or shareholders. The Bill now seeks to add another condition that bonus shares, units or certificates as the case may be, will not be taken into account in computing the required 90% distribution.

23. REDUCTION IN TAX RATES

[Second Schedule Part II]

a. Income from services rendered & contracts outside Pakistan [Clauses (3) & (3A)]

Income from services rendered and contracts executed outside Pakistan is taxable at concessionary rate of 1% of the gross receipts where such receipts are brought into Pakistan in foreign exchange through normal banking channel under existing clauses (3) and (3A) respectively. It has now been sought to consolidate these existing concessions into clause (3) and omitting the thereby redundant clause (3A).

b. Concession granted

FDI in new industrial undertakings [Clause (18A)]

20% tax rate is proposed for industrial undertakings set up between July 1, 2014 and June 30, 2017 by a company through foreign direct investments, in 50% of project cost and working capital, for a period of 5 years beginning from the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later.

c. Concession withdrawn

Withdrawal of reduced rate on supply to Utility Stores by REAP [Clause (13HH)]

As per existing clause (13HH) tax is deductible under section 153 at the rate of 1% on the sale value of rice sold by Rice Exporters Association of Pakistan (REAP) to Utility Store Corporation, in accordance with the provisions of the agreement, signed with Ministry of Food, Agriculture and Livestock on May 5, 2008. The Bill seeks to omit this clause (13HH).

Rate of tax for amalgamated company [Clause (19)]

It has been sought to omit clause (19), which provides that in respect of tax year commencing on or after 01 July 2002, the rate of income tax in respect of income of amalgamated company for its different businesses shall be the same as applicable to such businesses in the relevant tax year, for the tax year in which amalgamation takes place and two tax years next following.

d. Inoperative/ time-bared exemptions

Steel Melters and Steel Re-rolling Mills [Clause (24B)]

In 2012 Steel Melters and Steel Re-rolling Mills who opted under the Sales Tax Special Procedure Rules, 2007 were given special concession to regularize past non-compliances regarding minimum tax liability and withholding taxes on scrap purchases with retrospective

effect from 2008 to 2012. Now this concession, being time barred, has been proposed to be omitted from statute.

Payment to traders and distributors

[Clause (29)]

The inoperative clause for concessional rate of advance tax at 0.1% collectible due to omission of corresponding section 153A vide Finance Act, 2013 is now proposed to be omitted.

Scheme for filing of returns by non-filing individuals during tax year 2008 to 2012

[Clause (30)]

A temporary scheme for compliance and filing of tax return for tax years 2008 to 2012 was December 2013, which has already lapsed and now omission is sought to remove this inoperative clause (30).

e. Concession transposed to first schedule

Concession	Omitted Clause (Ref. of Second Schedule Part II)	New Ref. from First Schedule
Tax u/s 148 collectible at 1% on import value of remeltable steel (PCT Heading 72.04) and directly reduced Iron imported by an industrial undertaking for its own use.	Clause (9B)	Part II Sr. No. 1(i)
Tax u/s 148 collectible at 1% in case of manufacturers & 3% in case of commercial importers covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011	(9C)	Part II Sr. No. 1(iv)
Tax u/s 148 collectible at 1% percent on import value of potassic fertilizers (imported pursuant to ECC's decision No. ECC-155/12/2004 dated December 9, 2004) as increased by customs-duty and sales tax, if any, levied thereon	(13E)	Part II Sr. No. 1(ii)
Tax u/s 148 collectible on import of urea fertilizer at 1% of import value as increased by customs-duty, sales tax and federal excise duty, if any levied thereon	(23)	Part II Sr. No. 1(iii)
Tax u/s 148 collectible on import of pulses at 2% of import value as increased by customs-duty, sales tax and federal excise duty, if any levied thereon	(24)	Part II Sr. No. 2
Tax as specified in Division III of Part-I of First Schedule reduced to 7.5% in case of dividends declared or distributed by purchaser of a power project privatised by WAPDA	(17)	Part III Div I Clause (a)
Tax rate of 7.5% in case of dividend declared or distributed on shares of a company set up for power generation	(20)	Part III Div I Clause (a)
Existing tax rate of 5%, in the case of advertising agents with a proposed raise to 7.5% of the amount of payment	(26)	Part IV Div II Clause (a)

24. REDUCTION IN TAX LIABILITY

[Second Schedule Part III]

Flying allowance of pilots

[Clause (1) & newly inserted Clause (1AA)]

It has been sought to increase the concession on flying allowance of pilots of Pakistani Airlines by taxing these allowances exceeding the amount of basic pay at 7.5%. However, it appears that concession presently available to pilots of Pakistan Armed Forces and Civil Aviation Authority is proposed to be abolished. This concession was by way of taxing flying allowance of these pilots up to amount equal to basic salary as a separate block of income at 2.5%.

Concession proposed to be withdrawn

Reduction in minimum tax liability on consumer goods

[Clause (8)]

Concession for distributors of consumer goods, including fast moving consumer goods is currently available at 80% of general rate of minimum tax of 1%, with an effective prevailing minimum tax of 0.2%. This exemption has now sought to be abolished and these distributors will be required to deposit minimum tax at 1% in applicable cases.

Concession transposed to section 113 (Minimum Tax)

Clause Ref.	Description
(7)	Reduction in minimum tax for business of distribution of cigarettes manufactured in Pakistan
(8)	Reduction in minimum tax for distributors of pharmaceutical products, fertilizers
(9)	Reduction in minimum tax for oil marketing companies, oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (only for the cases where annual turnover exceeds rupees one billion)
(10)	Reduction in minimum tax for flour mills
(12)	Reduction in minimum tax for M/s Pakistan International Airlines Corporation
(13)	Reduction in minimum tax for petroleum agents and distributors who are registered under the Sales Tax Act, 1990 and rice mills and dealers
(14)	Reduction in minimum tax for poultry industry including poultry breeding, broiler production, egg production and poultry feed production
(15)(ii)	Reduction in minimum tax for motorcycle dealers registered under the Sales Tax Act, 1990

Inoperative/ time-bared exemptions

a. *Steel Melters and Steel Re-rolling Mills*

[Clause (24B)]

In 2012 Steel Melters and Steel Re-rolling Mills who opted under the Sales Tax Special Procedure Rules, 2007 were given special concession to regularize past non-compliances regarding minimum tax liability and withholding taxes on scrap purchases with retrospective effect from 2008 to 2012. Now this concession, being time barred, has been proposed to be omitted from statute.

b. *Other time barred concessions*

[Clauses (5) & (11)]

Following inoperative concessionary clauses, being time barred are proposed to be omitted:

- (i) Minimum tax for the year 2013 available to corporatized entities of Pakistan Water and Power Development Authority and National Transmission and Dispatch Company;
- (ii) Surcharge payable on the Income Tax liability for the Tax Year 2011 under section 4A computable on the proportionate amount of Income Tax liability 3½ months.

25. EXEMPTION FROM SPECIFIC PROVISIONS

[Second Schedule Part IV]

Exemptions granted

a. *Steel melters, steel re-rollers and composite steel units*

[Clause (9A)]

A new clause (9A) is sought to be inserted, whereby steel melters, steel re-rollers and composite steel units will be exempted from the liability to withhold tax on scrap purchases. It is noticeable that a similar benefit is also proposed vide the new section 235B, which relieves such units from withholding tax on scrap purchases by virtue of being taxed at Rs. 1 per unit of electricity consumed in the production of steel billets, ingots and mild steel.

b. *Ship breakers*

[Clause (9AA)]

Pursuant to the proposed change to bring ship breakers under the ambit of final tax under the newly proposed section 148(8A), it has also been proposed to exempt supplies by these ship breakers from the purview of withholding tax under section 153(1)(a), provided that this exemption will be available for ships imported after July 1, 2014.

c. *Minimum tax on taxpayer from a coal mining project*

[Clause (11A)(v)]

It has been sought to grant exemption from the ambit of minimum tax to a taxpayer from a coal mining project in Sindh, supplying coal exclusively to power generation projects.

Exemptions withdrawn

a. *Inoperative/ time-bared exemption clauses*

[Clauses (10), (10A), (80), (84), (85), (87) & (88)]

The Bill seeks to omit clauses for certain inoperative/ time-bared exemptions.

b. Withholding tax on dividend received by IDB [Clauses (38B) & (38C)]

The Bill seeks to consolidate the exemptions available to Islamic Development Bank from the purview of withholding taxes in one single clause (38C).

c. Option for exit from final tax regime [Various Clauses]

Certain changes are proposed for cases under final regime for opt-out to normal tax regime, while few more categories of taxpayers in final regime are proposed for this option; as follows:

Taxpayer	Existing Scenario/ Financial Impact (Existing Threshold at Prevailing Rates)		Proposed Scenario/ Financial Impact (Proposed Threshold at Proposed Rates)	
	Clause Ref.	Tax Impact on Presumed Income	Clause Ref.	Tax Impact on Presumed Income
Commercial importers being a company	(41A)	3% [i.e. 60% of 5%]	(56B)	5.5% of the value of imports
Commercial importers not being a company	(41A)	3.3% [i.e. 60% of 5.5%]	(56B)	6% of the value of imports
Exporters	(41AA)	0.5% [i.e. 50% of 1%]		- Not Applicable -
Supply of goods by a company	(41AAA)	2.45% [i.e. 70% of 3.5%]	(56C)	3.5% of gross sales
Supply of goods by others	(41AAA)	2.8% [i.e. 70% of 4%]	(56C)	4% of gross sales
Contracts executed by Companies		- Not Applicable -	(56D)	6% of contract receipts
Contracts executed by others		- Not Applicable -	(56D)	6.5% of contract receipts
Services to exporters		- Not Applicable -	(56E)	0.5% of gross amount of services received
Petrol pump operators		- Not Applicable -	(56F)	10% of the commission or discount received
Brokerage and commission		- Not Applicable -	(56G)	10% of the commission

d. Foreign news agencies. etc. not having a PE in Pakistan [Clauses (41B)]

Foreign news agencies, syndicate services and non-resident contributors, who have no permanent establishment in Pakistan were relaxed from application of provisions for deduction of tax under section 152(2) vide Finance Act 2007. It has now again been sought to withdraw this relaxation.

26. INITIAL ALLOWANCE [Third Schedule Part II Clause 1]

The Bill seeks to reduce the prevailing rate of initial allowance on building from existing 25% to 10%.

27. BANKING COMPANIES [Seventh Schedule]

Tax on income computed [Rule 6]

Income from dividends and capital is presently taxable on gross amounts at 10%. It has been sought to tax income from dividend and capital gains on net income basis at the following rates:

Net income from	Rate of tax
Dividends	10%
Capital gains	12.5%

Computation of net income from dividend and capital gains

[Rule (6A) & (6B)]

The Bill seeks to introduce the following rules for computation of net income from dividend and capital gains:

6A. For the purpose of rule 6, net income from dividend shall be computed according to the following formula, namely:-

$$(A/C) \times B$$

where-

A is the total amount of expenditure as per the Schedule;

B is the gross amount of dividend received; and

C is the gross amount of receipts including dividend.

6B. For the purpose of rule 6, net income from capital gains shall be computed according to the following formula, namely:-

$$(A/C) \times B$$

where-

A is the total amount of expenditure as per the Schedule;

B is the gross amount of capital gains; and

C is the gross amount of receipts including capital gains.

SECTION 5 SALES TAX & FEDERAL EXCISE DUTY

1. SALES TAX ACT, 1990

Definitions

Retail price

[Section 2(27)]

The Bill seeks to empower the Board to specify zones or areas for the purpose of determination of highest retail price for any brand or variety of goods.

Scope of tax

[Section 3(2)(aa)]

The Bill seeks to introduce Eighth Schedule to the Sales Tax Act, 1990 wherein goods specified to be charged to sales tax at reduced rates subject to conditions and limitations specified therein.

[Section 3(3B)]

Further, it has also been sought to introduce Ninth Schedule to the Sales Tax Act, 1990 wherein sales tax on import and supply of mobile/ satellite phones is proposed to be levied as per the rates and conditions specified therein or as may be prescribed.

[Section 3(9)]

It has been proposed to charge sales tax from retailers through their monthly electricity bills as under in addition to the tax payable on supply of electricity, subject to exclusions provisions, restrictions and limitations prescribed in respect thereof:

Monthly Electricity Bill	Rate of Tax
Up to Rs.20,000	5%
Exceeding Rs.20,000	7.5%

Apparently, in line with the above purpose, an amendment has also been sought as major changeover by broadening the purview of the chargeability of sales tax on retailers who previously were exempt under Table 2 of Sixth Schedule from sales tax since their annual turnover did not exceed Rupees 5 million.

Determination of tax liability

[Section 7(1)]

The Bill seeks to clarify that further tax charged at the rate of 1% on supplies made to unregistered persons is not to be considered as output tax.

[Section 7(2)(iiia)]

It has been sought to restrict the input tax adjustment to the extent of goods and services actually used in manufacturing/ sales by the registered person in respect of the taxable activity meaning that goods and services against which input tax is claimed are:

- a. Imported or purchased for the purpose of sale/ resale;
- b. Used directly as raw material in the manufacture or production of taxable goods;
- c. Electricity, natural gas and other fuel directly consumed in the manufacture, production or supply of taxable goods;
- d. Plant, machinery and equipment used for the manufacture production or supply of taxable goods;

Tax credit not allowed

[Section 8]

The Bill seeks to adopt the following instances in the Act that is already covered through SRO 490(I)/2004 dated June 12, 2004:

- a. goods and services not related to the taxable supplies made by the registered person;
- b. goods and services acquired for personal or non-business consumption;
- c. goods used in, or permanently attached to, immovable property, such as building and construction materials, paints, electrical and sanitary fittings, pipes, wires and cables, but excluding such goods acquired for sale or re-sale or for direct use in the production or manufacture of taxable goods; and
- d. vehicles falling in Chapter 87 of the First Schedule to the Customs Act, 1969 (IV of 1969), parts of such vehicles, electrical and gas appliances, furniture, furnishings, office equipment (excluding electronic cash registers), but excluding such goods acquired for sale or re-sale.

Electronic scrutiny and intimation

[Section 50(B)]

It has been sought to introduce a computerized system allowing for automated scrutiny, analysis and cross matching of sales tax returns and also the retention of data and records relating to the registered persons and to electronically send intimations to such registered persons.

Further, the registered person shall also be allowed to clarify the issue, rectify any mistake or take any corrective action and such responses shall be recorded electronically on the aforementioned computerized system.

Zero rating of sales tax

[Fifth Schedule]

The following items chargeable to sales tax at the rate of zero percent have been proposed to be added in the Fifth Schedule of the Act by adopting enunciations as per SRO 549(I)/2008 and SRO 670(I)/2013:

S.#	Description
9.	Goods exempted under section 13, if exported by a manufacturer who makes local supplies of both taxable and exempt goods.
10.	Petroleum Crude Oil (PCT heading 2709.0000)
11.	Raw materials, components, sub-components and parts, if imported or purchased locally for use in the manufacturing of such plant and machinery as is chargeable to sales tax at the rate of zero percent, subject to the condition that the importer or purchaser of such goods holds a valid sales tax registration showing his registration category as "manufacturer"; and in case of import, all the conditions, restrictions, limitations and procedures as are imposed by Notification under section 19 of the Customs Act, 1969 (IV of 1969), shall apply.
12.	The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as specified in Chapter XIV of the Sales Tax Special Procedure Rules, 2007:–
	Colors in sets (PCT heading 3213.1000) Yogurt (PCT heading 0403.1000)
	Writing, drawing and marking inks (PCT heading 3215.9010 and 3215.9090) Cheese (PCT heading 0406.1010)
	Erasers (PCT heading 4016.9210 and 4016.9290) Butter (PCT heading 0405.1000)
	Exercise books (PCT heading 4820.2000) Cream (PCT heading 04.01 and 04.02)
	Pencil sharpeners (PCT heading 8214.1000) Desi ghee (PCT heading 0405.9000)
	Geometry boxes (PCT heading 9017.2000) Whey (PCT heading 04.04)
	Pens, ball pens, markers and porous tipped pens(PCT heading 96.08) Milk and cream, concentrated and added sugar or other sweetening matter (PCT heading 0402.1000)
	Pencils including color pencils (PCT heading 96.09) Preparations for infant use put up for retail sale (PCT heading 1901.1000)
	Milk including flavored milk (PCT heading 04.01 and 0402.9900) Fat filled milk (PCT heading 1901.9090)
	Bicycles (PCT heading 87.12).

Exemptions

The Bill seeks to exempt two new items namely Palm Crude Oil (PCT Code 1511.1000) and Cochlear Implants Systems (PCT Code: 99.37) and also to consolidate numerous exemptions scattered across various SROs in the Sixth Schedule by adding the following items already exempt from Sales Tax under Table I under the said various SROs:

[Sixth Schedule]

[Table I – Imports or Supplies]

S No.	Description	Heading/ Sub-Heading No.	S No.	Description	Heading/ Sub-Heading No.	
72.	Uncooked poultry meat	02.07		development of Zone's infrastructure.		
73.	Milk and cream	04.01 and 04.02	101.	Raw and pickled hides and skins, wet blue hides and skins, finished leather, and accessories, components and trimmings, if imported by a registered leather goods manufacturer, for the manufacture of goods wholly for export, provided that conditions, procedures and restrictions laid down in rules 264 to 278 of the Customs Rules, 2001 are duly fulfilled and complied with.	Respective headings	
74.	Flavored milk	0402.9900 and 22.02				
75.	Yogurt	0403.1000				
76.	Whey	04.04				
77.	Butter	0405.1000				
78.	Desi ghee	0405.9000				
79.	Cheese	0406.1010				
80.	Processed cheese not grated or powdered	0406.3000	103.	Import and supply thereof, up to the year 2020, of ships of gross tonnage of less than 15 LDT and all floating crafts including tugs, dredgers, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistan entity and flying the Pakistan flag, except ships or crafts acquired for demolition purposes or are designed or adapted for use for recreation or pleasure purposes, subject to the condition that such ships or crafts are used only for the purpose for which they were procured, and in case such ships or crafts are used for demolition purposes within a period of five years of their acquisition, sales tax applicable to such ships purchased for demolition purposes shall be chargeable.	Respective headings	
81.	Cotton seed	1207.2000				
82.	Frozen, prepared or preserved sausages and similar products of poultry meat or meat offal	1601.0000				
83.	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry meat and fish	1602.3200, 1602.3900, 1602.3900, 1602.5000, 1604.1100, 1604.1200, 1604.1300, 1604.1400, 1604.1500, 1604.1600, 1604.1900, 1604.2010, 1604.2020, 1604.2090, 1604.3000		104.	Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under Chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except the following, even if medicated or medicinal in nature, namely:- (a) filled infusion solution bags imported with or without infusion given sets; (b) scrubs, detergents and washing preparations; (c) soft soap or no-soap soap; (d) adhesive plaster; (e) surgical tapes; (f) liquid paraffin; (g) disinfectants; and (h) cosmetics and toilet preparations.	Respective headings
84.	Preparations for infant use, put up for retail sale	1901.1000				
85.	Fat filled milk	1901.9090				
86.	Colours in sets (Poster colours)	3213.1000				
87.	Writing, drawing and marking inks	3215.9010 & 3215.9090				
88.	Erasers	4016.9210 & 4016.9290				
89.	Exercise books	4820.2000				
90.	Pencil sharpeners	8214.1000				
91.	Energy saver lamps	8539.3910				
92.	Sewing machines of the household type	8452.1010 and 8452.1090				
93.	Bicycles	87.12				
94.	Wheelchairs	8713.1000 and 8713.9000	105.	Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding ten per cent advalorem, either under the First Schedule to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.	Respective headings	
95.	Vessels for breaking up	89.08				
96.	Other drawing, marking out or mathematical calculating instruments (geometry box)	9017.2000				
97.	Pens and ball pens	96.08				
98.	Pencils including colour pencils	96.09				
99.	Compost (non-chemical fertilizer) produced and supplied locally	Respective headings				
100.	Construction materials to Gawadar Export Processing Zone's investors and to Export Processing Zone Gawadar for	Respective headings				

S No.	Description	Heading/ Sub-Heading No.	S No.	Description	Heading/ Sub-Heading No.
106.	Import of Halal edible offal of bovine animals.	0206.1000,0206.2000 0206.8000 & 0206.9000		D.TEMPORARY PACEMAKERS (with leads, connectors and accessories)	
107.	Import and supply of iodized salt bearing brand names and trademarks whether or not sold in retail packing.			E.PERMANENT PACEMAKER (with leads, connectors and accessories)	
108.	Components or sub-components of energy saver lamps, namely:- (a) Electronic Circuit (b) Plastic Caps (Upper and Lower) (c) Base Caps B22 and E27 (d) Tungsten Filaments (e) Lead-in-wire (f) Fluorescent Powder (Tri Band Phosphor) (g) Adhesive Additive (h) Al-Oxide Suspension (i) Capping Cement (j) Stamp Pad Ink (k) Gutter for Suspension	8539.9040, 8539.9040, 8539.9040, 8539.9040, 3206.5010, 3824.9099, 3824.9099, 3214.1050, 3215.9010, 2850.0000		F. HEART FAILURE DEVICES (with leads, connectors and accessories) G.IMPLANTABLE CARDIOVERTES (with leads, connectors and accessories) H.CARDIAC ELECTROPHYSIOLOGY PRODUCTS 1.Electrophysiology catheters 2.Electrophysiology cables 3.Electrophysiology connectors	
109.	Goods imported temporarily with a view to subsequent exportation, as concurred by the Board, including passenger service item, provision and stores of Pakistani Airlines.	Respective headings		I.LEAR CARDIOLOGY PRODUCTS 1.Radioactive isotopes 2.Cold kits (Cardiolite MAA, DTPA etc) J.CARDIAC SURGERY PRODUCTS 1.Oxygenators 2.Cannulas 3.Prosthetic Heart Valves 4.Luminal Shunts for heart surgery 5.Artificial limbs and appliances	
110.	The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad:- a. Solar PV panels; b. LVD induction lamps; c. SMD, LEDs with or without ballast, with fittings and fixtures; d. Wind turbines including alternators and mast; e. Solar torches; f. Lanterns and related instruments; PV modules along with related components, including invertors, charge controllers and batteries.	8541.5000, 8539.3990, 9405.1090, 8502.3100, 8513.1040, 8513.1090, 8541.4000,8504.4090, 9032.8990 and 8507.0000		K.EQUIPMENT 1.Cardiac Angiography Machine 2.Echocardiography Machines 3.ETT Machines 4.Gamma Camera for Nuclear cardiology studies L.PERIPHERAL INTERVENTIONS EQUIPMENT Disposables and other equipment for peripheral interventions including stents (including carotid and wall stents), balloons, sheaths, catheters, guide wires, filter wires coils, needles, valves (including rotating homeostatic valves), connecting cables, inflation devices adaptors.	
111.	White crystalline sugar	1701.9910 and 1701.9920			
112.	Following cardiology/cardiac surgery, neurovascular, electrophysiology, endosurgery, endoscopy, oncology, urology, gynaecology, disposables and other equipment:- A. ANGIOPLASTY PRODUCTS 1.Coronary Artery Stents 2.Drugs Eluting Coronary Artery Stents 3.Coronary Artery Dilatation Catheters (Balloons) 4.PTCA Guide Wire 5.PTCA Guiding Catheters 6.Inflation Devices/Priority Packs B.ANGIOGRAPHY PRODUCTS 1.Angiography Catheters 2.Sheaths 3.Guide Wires 4.Contrast Lines 5.Pressure Lines 6.Mannifolds C.CONTRAST MEDIA FOR ANGIOGRAPHY/ ANGIOPLASTY 1.Angiography Accessories 2.ASD Closure Devices 3.ASD Delivery Systems 4.VSD Closure Devices 5.VSD Delivery System 6.Guide Wires 7.Sizing Balloons 8.Sizing Plates 9.PDA Closure Devices 10.PDA Delivery system	Respective Headings	113.	High Efficiency Irrigation Equipment. (If used for agriculture sector) 1) Submersible pumps (up to 75 lbs and head 150 meters) 2) Sprinklers including high and low pressure (center pivotal) system, conventional sprinkler equipment, water reel traveling sprinkler, drip or trickle irrigation equipment, mint irrigation sprinkler system. 3) Air release valves, pressure gauges, water meters, back flow preventers, and automatic controllers.	8413.7010 8424.8100, 8424.2010 8481.1000, 8481.3000 9026.2000, 9032.8990
			114.	Green House Farming and Other Green House Equipment. (If used for agriculture sector) 1) Tunnel farming equipment. 2)Green houses (prefabricated).	8430.3100, 8430.3900, 9406.0010
			115.	Plant, machinery and equipment imported for setting up fruit processing and preservation units in Gilgit-Baltistan, Balochistan Province and Malakand Divisions subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969 (IV of 1969).	Respective headings
			116.	Plant, machinery and equipment imported for setting up industries in FATA subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969 (IV of 1969).	Respective headings

Exemptions

[Sixth Schedule]

The Bill seeks to amend serial number 3 of Table II of the Sixth Schedule of the Act whereby supplies made by the cottage industry continue to enjoy exemption from sales tax.

The clause relating to supplies made by retailer has been omitted. Now the retailers are chargeable to sales tax at the rates prescribed under sub section 9 of section 3 of the sales tax act 1990.

The following items, already exempt through SRO 551(I)/2008, have been proposed to be included under Table II of the Sixth Schedule of the Act:

Exemptions

**[Sixth Schedule]
[Table II – Local Supplies]**

S No.	Description	Heading/ Sub-Heading No.
13.	Reclaimed lead, if supplied to recognized manufacturers of lead batteries	Respective headings
14.	Waste paper	Respective headings
15.	a) Sprinkler Equipment b) Drip Equipment c) Spray Pumps and nozzles	Respective headings
16.	Raw cotton and ginned cotton	Respective headings

Exemptions

[Sixth Schedule]

The following items, already exempt through SRO 575(I)/2006, have now been proposed to be included under Table III of the Sixth Schedule of the Act:

[Table III – Annexure]

S No.	Description	PCT Heading	Conditions
1.	Machinery and equipment for initial installation, balancing, modernization, replacement or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting.	Respective headings	Nil
2.	Following machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and fittings imported by hospitals and medical or diagnostic institutes:- A. Medical Equipment. 1) Dentist chairs 2) Medical surgical dental or veterinary furniture 3) Operating Table. 4) Operating Lights. 5) Emergency Operating Lights. 6) Hospital Beds with mechanical fittings 7) Gymnasium equipment. 8) Cooling Cabinet. 9) Refrigerated Liquid Bath. 10) Contrast Media Injections (for use in Angiography & MRI etc). 11) Breathing Bags. 12) Automatic blood cell counter. 13) Automatic Cell Separator for preparation of platelets.	9402.1010 9402.9090 9402.9010 9018.9090 9405.4090 9402.9020 9506.9100 8418.5000 3824.9099 3822.0000 9020.0020 9018.9090 9018.9090	Locally manufactured goods of description as specified in column (2) and pre-fabricated buildings can also be imported upon fulfillment of the following conditions, namely:- (a) The project requirement shall be approved by the Board of Investment (BOI). The authorized officer of BOI shall certify the item wise requirement of the project in the prescribed format and manner as per Annex-B and shall furnish all relevant information Online to Pakistan Customs Computerized System against a specific user ID and password obtained under Section 155D of the Customs Act, 1969 (IV of 1969); (b) the exception shall be available on one time basis for setting up of new projects and expansion of existing ones, and shall not be available on the spare parts. (c) only those importers shall be eligible

S No.	Description	PCT Heading	Conditions
	B. Cardiology/Cardiac Surgery Equipment		
	1) Cannulas.	9018.3940	to avail the aforesaid exception whose cases are recommended and forwarded by BOI to FBR;
	2) Manifolds.	8481.8090	
	3) Intravenous cannula i.v. catheter.	9018.3940	
	C. Disposable Medical Devices		(d) the goods shall not be sold or otherwise disposed of without prior approval of the FBR and the payment of customs-duties and taxes at statutory rates be leviable at the time of import. Breach of this condition shall be construed as a criminal offence under the Customs Act, 1969 (IV of 1969)
	1) Self-disabling safety sterile syringes.	9018.3110	
	2) Insulin syringes.	9018.3110	
	3) Burettes.	7017.9000	
	E. Other Related Equipments		
	1) Fire extinguisher.	8424.1000	
	2) Fixtures & fittings for hospitals	Respective Headings	
3.	1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non-luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mine construction phase or extraction phase.	Respective Headings	
	2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for mine construction or extraction phase.	Respective Headings	
4.	Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups, imported for Thar Coal Field.	Respective Headings	This concession shall be available to those mining companies or their authorized operators or contractors who hold permits, licenses, leases and who enter into agreements with the Government of Pakistan or a Provincial Government. The goods shall not be sold or otherwise disposed of without prior approval of the Board and the payment of customs duties and taxes leviable at the time of import. These shall, however, be allowed to be transferred to other entitled mining companies with prior approval of the Board.
5.	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through oil, gas, coal, wind and wave energy including under construction projects, which entered into an implementation agreement with the Government of Pakistan.	Respective Headings	(i) This concession shall also be available to primary contractors of the project upon fulfillment 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 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 sales tax leviable at the time of import;
	2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.		(ii) temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of sales tax and the amount payable under this notification, along with an undertaking to pay the sales tax at the statutory rates in case such goods are not re-exported on conclusion of the

S No.	Description	PCT Heading	Conditions
			project.
6.	<p>1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through gas, coal, hydel, and oil including under construction projects.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p>	Respective Headings	Do
7.	<p>1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel bio-energy, ocean, waste-to-energy and hydrogen cell etc.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p> <p>Explanation.- The expression "projects for power generation" means any project for generation of electricity whether small, medium or large and whether for supply to the national grid or to any other user or for in house consumption.</p>	Respective Headings	Do
8.	<p>1. Machinery and equipment meant for power transmission and grid stations including under construction projects.</p> <p>Explanation.- For the purpose of this serial number, "machinery and equipment" shall mean,-</p> <p>(a) machinery and equipment operated by power of any description, such as is used in the generation of power;</p> <p>(b) apparatus, appliances, metering and testing apparatus, mechanical and electrical control, transmission gear and transmission tower, power transmission and distribution cables and conductors, insulators, damper spacer and hardware and parts thereof adapted to be used in conjunction with the machinery and equipment as specified in clause (a) above; and</p> <p>(c) components parts of machinery and equipment, as specified in clause (a) and (b) above, identifiable for use in or with machinery imported for the project and equipment including spares for purposes of the project.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p>	Respective Headings	Do
9.	<p>Following machinery, equipment and other education and research related items imported by technical, training institutes, research institutes, schools, colleges and universities:-</p> <p>1) Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of semiconductor wafers.</p> <p>2) Other dryers</p> <p>3) Filtering or purifying machinery and apparatus for water</p> <p>4) Other filtering or purifying machinery and apparatus for liquids</p> <p>5) Personal weighing machines, including baby</p>	<p>7017.1010</p> <p>8419.3900</p> <p>8421.2100</p> <p>8421.2900</p> <p>8423.1000</p>	NIL

S No.	Description	PCT Heading	Conditions
	scales; household scales		
	6) Scales for continuous weighing of goods on conveyors	8423.2000	
	7) Constant weight scales and scales for discharging a predetermined weight of material into a bag or container, including hopper scales	8423.3000	
	8) Other weighing machinery having a maximum weighing capacity not exceeding 30 kg	8423.8100	
	9) Other weighing machinery having a maximum weighing capacity exceeding 30 kg but not exceeding 5,000kg	8423.8200	
	10) Other weighing machinery	8423.8900	
	11) Weighing machine weights of all kinds; parts of weighing machinery of machines of heading 8423.2000 & 8423.3000	8423.9000	
	12) Other weighing machine weights of all kinds; parts of weighing machinery of machines of heading 8423.2000 & 8423.3000	8423.9000	
	13) Networking equipments like routers, LAN bridges, hubs excluding switches and repeaters.	8517.6970	
	14) Other furnaces and ovens	8514.3000	
	15) Electronic balances of a sensitivity of 5 cg or better, with or without weights.	9016.0010	
	16) Other balances of a sensitivity of 5 cg or better, with or without weights.	9016.0090	
	17) Thermostats of a kind used in refrigerators and air-conditioners	9032.1010	
	18) Other thermostats	9032.1090	
	19) Manostats	9032.2000	
	20) Other instruments and apparatus Hydraulic or pneumatic	9032.8100	
	21) Other instruments and apparatus	9032.8990	
	22) Parts and accessories of automatic regulating or controlling instruments and apparatus	9032.9000	
	23) Spares, accessories, and reagents for scientific equipments.	Respective headings	
10.	Machinery, equipment, raw materials, components and other capital goods for use in buildings, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.	Respective headings	Nil
11.	Following machinery and equipment for marble, granite and gem stone extraction and processing industries:		
	1) Polishing cream or material	3405.4000, 3405.9000	<p>1. For the projects of Gem Stone & Jewellery Industry, CEO/COO, Pakistan Gem and Jewellery Company shall certify in the prescribed format and manner as per Annex-B that the imported goods are bonafide project requirement. The authorized person of the Company shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969.</p> <p>2. For the projects of Marble & Granite Industry, CEO/COO, Pakistan Stone Development Company shall certify in the prescribed format and manner as per Annex-B that the imported goods are</p>
	2) Hand sharpening and polishing stones.	6804.3000	
	3) Fiber glass mesh	7019.5190	
	5) Chain saw/diamond wire saw in all sizes and dimensions and spares thereof, diamond wire joints all types and dimensions, chain for chain saw and diamond wires for wire saw and spare widia.	8202.4000, 8202.9100	
	6) Gin saw blades.	8202.9910	
	7) Gang saw blades/diamond saw blades/multiple blades or all types and dimensions.	8202.9990	

S No.	Description	PCT Heading	Conditions	
	8) All interchangeable tools	8207.9000	bonafide project requirement. The authorized persons of the Company shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969.	
	9) Air compressor (27 cft and above)	8414.8010		
	10) Quarry winches (100 ton capacity and above)	8425.3100		
	11) Quarry winches and electric motor jacks (30 ton capacity and above)	8425.3900		
	12) Quarry crane.	8426.3000		
	13) Fork lifter	8427.9000		
	14) Excavators	8429.5900		
	15) Ultrasonic machine tools.	8456.2090		
	16) Sharpening machine.	8460.3900		
	17) All diamond saw machines, diamond tools and segments.	8464.1000 & Respective headings		
	18) Grinding machines.	8464.2010		3. The goods shall not be sold or otherwise disposed of within a period of five years of their import except with the prior approval of the FBR and payment of customs duties and taxes leviable at the time of import.
	19) Polishing machines of all types and dimensions.	8464.2090 & Respective headings		
	20) Other machine tools for working stones	8464.9000		
	21) Pneumatic machines and tools.	8467.1100		
	22) Horizontal and Vertical pneumatic line drilling machine. Pneumatic grinding machines.	8467.1900		
	23) Machine and tool for stone work; sand blasting machines; tungsten carbide tools; diamond tools & segments (all type & dimensions), hydraulic jacking machines, hydraulic manual press machines, air/hydro pillows, compressed air rubber pipes, hydraulic drilling machines, manual and power drilling machines, steel drill rods and spring (all sizes and dimensions), whole finding system with accessories, manual portable rock drills, cross cutter and bridge cutters.	8464.9000 & Respective headings		
	24) Integral drilling steel for horizontal and vertical drilling, extension thread rods for pneumatic super long drills, tools and accessories for rock drills.	8466.9100		
12.	Machinery, equipment and other project related items including capital goods, for setting up of hotels, power generation plants, water treatment plants and other infrastructure related projects located in an area of 30 km around the zero point in Gwadar.	Respective Headings	1. Ministry of Industries, Production & Special Initiatives, shall certify in the prescribed manner and format as per Annex-B that the imported goods are bonafide project requirement. The authorized officer of the Ministry shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969. 2. The goods shall not be sold or otherwise disposed of without prior approval of the FBR and payment of customs duties and taxes leviable at the time of import.	
13.	Effluent treatment plants	Respective headings	NIL	
14.	Following items with dedicated use of renewable source of energy like solar, wind, geothermal etc:- 1. Solar Home Systems. a). Inverters.	8504.4090		

S No.	Description	PCT Heading	Conditions
	c). Charge controllers/current controllers.	9032.8990	
	d). Energy saver lamps of varying voltages (operating on DC).	8539.3910	
	e). Energy saver lamps of varying voltages (operating on AC).	8539.3910	
	f). Light emitting diodes (light emitting indifferent colors).	8541.5000	
	g). Water pumps operating on solar energy.	8413.7090, 8413.7010	
	h). Water purification plants operating on solar energy.	8421.2100	
	i) Batteries NiCd, Li-ion & Lead Acid specific utilization and integrated with solar electrification system.	8507.3000 8507.8000	
	(j) Energy Saving Tube Lights	8539.3920	
	2. Solar Parabolic Trough Power Plants.	8502.3900	
	a). Parabolic Trough collectors modules.	8503.0010	
	b). Absorbers/Receivers tubes.	8503.0090	
	c). Steam turbine of an output exceeding 40MW.	8406.8100	
	d). Steam turbine of an output not exceeding 40MW.	8406.8200	
	e). Sun tracking control system.	8543.7090	
	f). Control panel with other accessories.	8537.1090	
	3. Solar Dish Sterling Engine.	8412.8090	
	a). Solar concentrating dish.	8543.7000	
	b). Sterling engine.	8543.7000	
	c). Sun tracking control system.	8543.7090	
	d).Control panel with accessories.	8406.8200	
	e) Generator	8501.6100	
	4. Solar Air Conditioning System	8415.1090	
	a). Absorption chillers.	8418.6990	
	b). Cooling towers.	8419.8910	
	c). Pumps.	8413.3090	
	d). Air handling units.	8415.8200	
	e). Fan coils units.	8415.9099	
	f). Charging & Testing equipment.	9031.8000	
	5. Solar Desalination System	8421.2100	
	a) Solar photo voltaic panels	8541.4000	
	b) Solar water pumps	8413.3090	
	c) Storage batteries.	8507.2090	
	d) Charge controllers.	9032.8990	
	e) Inverters.	8504.4090	
	6. Solar Thermal Power Plants with accessories.	8502.3900	
	7. Solar Water Heaters with accessories.	8419.1900	
	a) Vacuum tubes (Glass).	7020.0090	
	b) Selective coating for absorber plates.	Respective heading	
	c) Copper, aluminum and stainless steel sheets.	Respective heading	

S No.	Description	PCT Heading	Conditions
	d) Copper and aluminum tubes.	Respective heading	
	8. PV Modules	8541.4000	
	c). Steam turbine of an output exceeding 40MW.	8406.8100	
	d). Steam turbine of an output not exceeding 40MW.	8406.8200	
	e). Sun tracking control system.	8543.7090	
	f). Control panel with other accessories.	8537.1090	
	3. Solar Dish Sterling Engine.	8412.8090	
	a). Solar concentrating dish.	8543.7000	
	b). Sterling engine.	8543.7000	
	c). Sun tracking control system.	8543.7090	
	d).Control panel with accessories.	8406.8200	
	e) Generator	8501.6100	
	4. Solar Air Conditioning System	8415.1090	
	a). Absorption chillers.	8418.6990	
	b). Cooling towers.	8419.8910	
	c). Pumps.	8413.3090	
	d). Air handling units.	8415.8200	
	e). Fan coils units.	8415.9099	
	f). Charging & Testing equipment.	9031.8000	
	5. Solar Desalination System	8421.2100	
	a) Solar photo voltaic panels	8541.4000	
	b) Solar water pumps	8413.3090	
	c) Storage batteries.	8507.2090	
	d) Charge controllers.	9032.8990	
	e) Inverters.	8504.4090	
	6. Solar Thermal Power Plants with accessories.	8502.3900	
	7. Solar Water Heaters with accessories.	8419.1900	
	a) Vacuum tubes (Glass).	7020.0090	
	b) Selective coating for absorber plates.	Respective heading	
	c) Copper, aluminum and stainless steel sheets.	Respective heading	
	d) Copper and aluminum tubes.	Respective heading	
	8. PV Modules	8541.4000	
	a). Solar cells.	8541.4000	
	b). Tempered Glass.	7007.2900	
	c) Aluminum frames.	7610.9000	
	d) O-Ring.	4016.9990	
	e) Flux	3810.1000	
	f) Adhesive labels.	3919.9090	
	g) Junction box + Cover	8538.9090	
	h) Sheet mixture of Paper and plastic	3920.9900	
	i) Ribbon for PV Modules (made of silver & Lead)	Respective headings	
	j) Bypass diodes.	8541.1000	

S No.	Description	PCT Heading	Conditions
	k) EVA (Ethyl Vinyl Acetate) Sheet (Chemical).	3920.9900	
	9. Solar Cell Manufacturing Equipment.		
	a) Crystal (Grower) Puller (if machine).	8479.8990	
	b). Diffusion furnace.	8514.3000	
	c) Oven.	8514.3000	
	d). Wafering machine	8479.8990	
	e). Cutting and shaping machines for silicon ingot.	8461.9000	
	f). Solar grade polysilicon material.	3824.9099	
	g). Phosphene Gas.	2848.0000	
	h). Aluminum and silver paste.	Respective headings	
	9A Pyranometers and accessories for solar data collection	9030.8900	
	9B. Solar chargers for charging electronic devices	8504.4020	
	9C. Remote control for solar charge controller.	8543.7010	
	10. Wind Turbines.	8412.8090	
	a). Rotor	8412.9090	
	b). Hub	8412.9090	
	c) Generator	8501.6490	
	d) Deep cycle battery	8507.8000	
	10A. Wind water pump	8413.8190	
	11. Geothermal energy equipments.		
	1). Geothermal Heat Pumps	8418.6100, 8418.6990	
	2). Geothermal Reversible Chillers	8418.6990	
	3). Air handlers for indoor quality control equipments	8415.8300	
	4). Hydronic heat pumps	8418.6100	
	5). Slim Jim heat exchangers	8419.5000	
	6). HDPE fusion tools	8515.8000	
	7). Geothermal energy Installation tools and Equipment	8419.8990	
	8). Dehumidification equipment	8479.6000	
	9). Thermostats and Intelli Zone	9032.1090	
	12. Any other item approved by the Alternative Energy Development Board (AEDB) and concurred to by the FBR.		
15.	Following items for promotion of renewable energy technologies		NIL
	1. LVD induction lamps	8539.3990	
	2. SMD, LEDs with or without ballast with fittings and fixtures.	9405.1090	
	3. Wind turbines including alternators and mast.	8502.3100	
	4. Solar torches	8513.1040	
	5. Lanterns and related instruments	8513.1090	
	6. PV module, with or without, the related components including invertors, charge controllers and batteries	8541.4000, 8504.4090, 9032.8990, 8507.0000	Subject to certification by AEDB that the inverters, charge controllers and batteries being imported are in quantities which commensurate with the PV modules being imported.

S No.	Description	PCT Heading	Conditions
16.	Plant, machinery, equipment and specific items used in production of bio-diesel.	Respective headings	The Alternative Energy Development Board (AEDB), Islamabad shall certify in the prescribed manner and format as per Annex-B that the imported goods are bonafide project requirement. The goods shall not be sold or otherwise disposed of within a period of five years of their import except with the prior approval of the FBR and payment of customs duties and taxes leviable at the time of import.

Eighth schedule

By way of introduction of Eighth Schedule to the Sales Tax Act, 1990, the Bill seeks to adopt reduced rate of sales tax at the rate of 5% on import and supply of the following items that were previously exempt from sales tax vide certain SROs.

S No.	Description	PCT Heading	Conditions
1	Soya bean meal	2304.0000	
2	Oil cake and other solid residues, whether or not ground or in the form of pellets	2306.1000	
3	Directly reduced iron	72.03	
4	Oilseeds meant for sowing.	Respective headings	Import thereof subject to the condition that Plant Protection Department of Ministry of Food, Agriculture and Livestock certifies that the imported seeds are fungicide and insecticide treated and are meant for sowing.
5	Raw cotton and ginned cotton	Respective headings	On import
6	Plant and machinery not manufactured locally and having no compatible local substitutes	Respective headings	<p>(i) On import of such plant and machinery by registered manufacturers, post-dated cheque(s) equal to the differential amount of sales tax payable at import stage, shall be submitted to the customs authorities, which shall be returned on furnishing proof of filing of first sales tax return after import of such machinery, showing the import of such machinery;</p> <p>(ii) On import by commercial importers, good-for-payment cheque, bank guarantee, pay order or treasury challan showing deposit, equal to the differential amount of sales tax payable at import stage, shall be submitted to the customs authorities, which shall be returned back, or as the case may be, refunded, after evidence of subsequent supply to registered manufacturers or industrial users is furnished to the customs authorities;</p> <p>(iii) Supply of such imported plant and machinery by commercial importers to unregistered persons or persons other than manufacturers shall be liable to standard rate of tax, and evidence to that effect shall be produced to the customs authorities for release of the abovementioned instruments or refund of the amount paid at import stage;</p>

S No.	Description	PCT Heading	Conditions
			(iv) Subsequent supply of plant and machinery imported or acquired by registered manufacturers to unregistered persons or persons other than manufacturers shall be liable to tax at standard rate; and (v) the validity period of instruments furnished under this provision shall not be less than one hundred and twenty days. <i>Explanation.</i> — For the purpose of this provision, plant and machinery means such plant and machinery as is used in the manufacture or production of goods.

The Plant and Machinery has been further proposed to be elaborated in the following annexure:

[Eighth Schedule] – Annexure

S No.	Description	PCT Heading	Conditions
1	Machinery and equipment for development of grain handling and storage facilities.	Respective headings	NIL
2	Cool chain machinery and equipment.	Respective headings	NIL
3	Following items imported by Call Centers, Business Processing Outsourcing facilities duly approved by Telecommunication Authority. UPS, inverters/converters Fax machines Photo copiers IP Phones Telephone sets/ head sets. Dialers Generator. Cat 5/Cat 6/Power cables PAPX Switch Multimedia projectors Video conferencing equipment. CCTV Plasma TV PUD's Dedicated telephone exchange system for call centers. Parts, voice cards. Other (digital call recorders) VAST terminals	8504.4010 8504.4090 8443.3260 8443.3910 8517.1890 8517.1100 8517.7000 8502.1200 8544.4990 8517.6290 8528.6110 8525.8090 8525.8010 8528.7212 8525.8090 8517.6290 8517.7000 8519.8990 8525.6040	NIL
4.	1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mineral exploration phase. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as	Respective Headings	1. This concession shall be available to those Mineral Exploration and Extraction Companies or their authorized operators or contractors who hold permits, licenses, leases and who enter into agreements with the Government of Pakistan or a Provincial Government.

S No.	Description	PCT Heading	Conditions
	required for the exploration phase.		2. 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 customs duty and sales tax and the amount payable under this notification, along with an undertaking to pay the customs duty and sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.
5.	Complete plants for relocated industries.	Respective Headings	NIL
6.	Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining (mineral oil, hydro- cracking and other value added petroleum products), petrochemical and petrochemical downstream products including fibers and heavy chemical industry, cryogenic facility for ethylene storage and handling.	Respective Headings	NIL
7.	Proprietary Formwork System for building/structures of a height of 100 ft and above and its various items/ components consisting of the following, namely:-	7308.4000	(i) If not manufactured locally and imported by the construction companies registered with the Pakistan Engineering Council;
	1) Plastic tube.	3917.2390	(ii) the system is to be procured from a well renowned international manufacturer;
	2) Plastic tie slot filters/plugs, plastic cone.	3926.9099	(iii) a certificate from one of the following International Pre-shipment Inspection Companies/Survey Firms to the extent that all the components/parts are to be used in the Proprietary Formwork System for construction of structures/buildings of more than 100 feet height, is produced, namely:-
	3) Standard steel ply panels, Special sized steel ply panels, wedges, tube clamps (B-Type & G Type), push/pull props, brackets (structure), steel soldiers (structure), drop head, standard, prop tic, buard rail post (structure), coupler brace, cantilever frame, decking beam/Infill beam and doorway angles.	7308.4000	(a) Messrs Lloyds of London; (b) Messrs Quality Tech, LLC; (c) Messrs ABS; (d) Messrs Bureau Veritas; and (e) Messrs SGS; and (iv) The Pakistan Engineering Council shall certify that the imported Proprietary Formworks System conform to the requirement of the Company's project.
	4) Lifting Unit (Structure)	7308.9090	-do-
	5) Bolts, tie bolts, anchor bolt assembly (fastener), anchor screw (fastener).	7318.1590	-do-
	6) Nuts	7318.1690	-do-
	7) Steel pins, tie wing nut (fastener).	7318.1900	-do-
	8) Steel washers, water plate (fastener).	7318.2290	-do-
	9) Special hammers	8205.2000	-do-
	10) Extraction keys.	8205.5900	-do-
	11) Adjustable base jack (thread rod with nut and steel plate), adjustable fork head (threaded rod with nut and steel channel).	8425.4900	-do-

Ninth schedule

Presently import of handset and activation of new SIM card is liable to tax vide SRO 460(I)/2013. However, since the intent of law is to collect sales tax on importation and putting to use of mobile handsets, it has now been proposed to insert a new schedule (Ninth Schedule) to the Act as under:

(1)	(2)	(3)
Description / Specification of Goods	Sales tax payable at the time of import	Sales tax payable at the time of registration of a new International Mobile Equipment Identity (IMEI) number
A. <u>Low Priced Cellular Mobile Phones or Satellite Phones</u>		
(i) All cameras: 2.0 mega-pixels or less	Rs. 150 per phone	Rs. 250 per registration
(ii) Screen size: 2.6 inches or less		
(iii) Key pad		
B. <u>Medium Priced Cellular Mobile Phones or Satellite Phones</u>		
(i) One or two cameras: between 2.1 to 10 mega-pixels	Rs. 250 per phone	Rs. 250 per registration
(ii) Screen size: between 2.6 inches and 4.2 inches		
(iii) Micro-processor: less than 2 GHZ		
C. <u>Smart Cellular Mobile Phones or Satellite Phones</u>		
(i) One or two cameras: 10 mega-pixels and above		
(ii) Touch Screen: size 4.2 inches and above		
(iii) 4GB or higher Basic Memory		
(iv) Operating system of the type IOS, Android V2.3, Android Gingerbread or higher, Windows 8 or Blackberry RIM	Rs. 500 per phone	Rs. 250 per registration
(v) Micro-processor: 2GHZ or higher, dual core or quad core		

Liability, procedure and conditions

- i. The liability to pay sales tax at the time of import of cellular mobile phones or satellite phones shall be on the importer, and the liability to pay sales tax at the time of registration of a new International Mobile Equipment Identity (IMEI) number for the first time shall be on the Cellular Mobile Operator who registers the IMEI number in his system.
- ii. The Cellular Mobile Operators shall, if not already registered, obtain registration under the Sales Tax Act, 1990.
- iii. No IMEI shall be registered by a Cellular Mobile Operator without charging and collecting the sales tax as specified in the Table.
- iv. The Cellular Mobile Operator shall deposit the sales tax so collected through his monthly tax return in the manner prescribed in section 26 of the Sales Tax Act, 1990, and rules made thereunder.
- v. The Cellular Mobile Operator shall maintain proper records of all IMEI numbers registered for a period of six years, and such records shall be produced for inspection, audit or verification, as and when required, by an authorized officer of Inland Revenue.
- vi. The Pakistan Telecommunication Authority shall provide data regarding IMEI numbers registered with other Cellular Mobile Operators to prevent double taxation on the same IMEI number in case of switching by a subscriber from one operator to another, and to provide data regarding registration of IMEI numbers to the Board on monthly basis.
- vii. No adjustment of input tax shall be admissible to the Cellular Mobile Operator or any purchaser of cellular mobile phone against the sales tax charged and paid in terms of this Schedule.
- viii. Notwithstanding anything contained in any other law for the time being in force, the levy, collection and payment of sales tax under Notification No. S.R.O. 460(I)/2013 dated the 30th May, 2013, shall be always deemed to have been lawfully and validly, levied, collected and paid in accordance with sub-section (3B) of section 3 of the Sales Tax Act, 1990.

2. OTHER SALES TAX NOTIFICATIONS (SROs)

SROs amended

Amended SRO	Effect	Effective Date
1125(I)/2011	Sales tax to be charged at the standard rate of 17% on import of finished articles of leather and textile that were previously chargeable to tax at the reduced rate of 5% and value addition at the rate of 2%.	July 01, 2014

SROs rescinded

Rescinded SRO	Effect	Effective Date
69(I)/2006	Enhancement of the chargeability of sales tax on rape seed, sunflower seed and canola seed at the standard rate of 17% from the existing reduced rate of 14%	July 01, 2014

3. FEDERAL EXCISE ACT, 2005

Registration

[Section 13]

The Bill seeks to empower the Board to specify zones or areas for the purpose of determination of highest retail price for any brand or variety of goods.

Changes to the description of goods and/ or rate of duty

The Bill seeks to propose following changes to the rates of the Federal Excise Duty.

[Table I to First Schedule to the Act]

Existing		Proposed		
Sr.	Description of goods	Rate of FED	Rate of FED	
9.	Locally produced cigarettes if their on-pack printed retail price exceeds rupees two thousand two hundred & eighty six per thousand cigarettes.	Rupees Two thousand three hundred and twenty five per thousand cigarette	Locally produced cigarettes if their on-pack printed retail price exceeds rupees two thousand seven hundred & six per thousand cigarettes.	Rupees Two thousand six hundred and thirty two per thousand cigarette
10.	Locally produced cigarettes if their on-pack printed retail price does not exceeds rupees two thousand two hundred & eighty six per thousand cigarettes.	Rupees eight hundred and eighty per thousand cigarette	Locally produced cigarettes if their on-pack printed retail price does not exceeds rupees two thousand seven hundred & six per thousand cigarettes.	Rupees one thousand and eighty five per thousand cigarette
13.	Portland cement, Aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers	Rs.400 per metric ton	No change in description of goods	5% of the retail price
55.	Motor cars, SUVs and other motor vehicles of cylinder capacity of 1800 cc or above, principally and designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800 cc or above	10% ad. Val.	Imported motor cars, SUVs and other imported motor vehicles of cylinder capacity of 1800 cc or above, principally and designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800 cc or above	10 % ad. Val.

Abolishment of duty

It has been sought to abolish the whole amount of Federal Excise Duty leviable on Motor Cars, Sports Utility Vehicle (SUV) and other motor cars exceeding 1,800cc presently chargeable at the rate of 10%;

Changes to the description of services and/ or rate of duty

The Bill also seeks to propose following changes to the description of services as well as subjecting chartered flights to the incidence of duty as under:

[Table II to First Schedule to the Act]

Existing			Proposed	
Sr.	Description of services	Rate of FED	Description of goods	Rate of FED
3b.	Services provided or rendered in respect of travel by air of the passengers embarking on international journey to or from Pakistan		Services provided or rendered in respect of travel by air of the passengers embarking on international journey to or from Pakistan	
	(i) Economy & economy plus	Rs. 3,840	(i) Economy & economy plus	Rs. 5,000
	(ii) Club, Business & First Class	Rs. 6,840	(ii) Club, Business & First Class	Rs. 10,000
6.	Telecommunication services	19.5% of the charges	Telecommunication services excluding such services in the areas of the province where such province has imposed provincial sales tax and has started collecting the same through its own board or authority, as the case may be.	18.5% of the charges
15.	New insertion		Chartered flights	16% of the charges

SECTION 6 CUSTOMS

CUSTOMS ACT, 1969

Customs- station

[Section 2 (k)(m)]

The Bill seeks to merge the definitions of customs-station and land customs-station to mean any customs-station, customs airport, an inland river port, land customs station or any place declared as such under section 9 to the Customs Act, 1969.

Due to the revision of the above definition the definition of land customs-station has been sought to be omitted.

Goods dutiable

[Section 18(1A)]

The Bill proposes to insert a new sub-section under section 18 to levy customs duties on import of certain goods or class of goods. For this purpose Fifth Schedule has also been proposed to be inserted under the said Act describing the applicable rates of custom duties along with certain conditions, limitations and restrictions.

False statement, error, etc.

[Section 32]

It has been proposed to include the word taxes alongwith duty or other charge for the purpose of issuing show cause notices within the specified periods to recover such duty, taxes or other charge that has not been levied or has been short-levied or has been erroneously refunded.

Checking of goods declaration by the Customs

[Section 80]

The Bill seeks to include taxes and other charges alongwith duty for the purpose of reassessment of goods where the declaration or any other information submitted for the purpose of assessment is found to be incorrect.

Special judge, etc. to have exclusive jurisdiction

[Section 185B]

It has been sought to limit the jurisdiction of the Special Judge to exclude offences relating to narcotics and narcotic substances that shall be tried by the Special Courts established under the Control of Narcotics Substances Act, 1997.

Appellate Tribunal

[Section 194(3)]

The Bill proposes to reduce the experience of Senior Collector from existing five years to three years for eligibility to become technical member of the Appellate Tribunal.

First schedule

The Bill seeks to levy 1% customs duty on the following items mentioned against respective PCT Headings as against zero percent currently applicable to such items:

PCT Heading	Description	PCT Heading	Description
0102.2110	--- Bulls	0713.4020	--- Split
0102.2120	--- Cows	0713.5000	- Broad beans (Vicia faba var. major) and horse beans (Vicia faba var. equina, Vicia faba var. minor)
0102.2130	--- Oxen		- Pigeon peas (Cajanus cajan)
0102.2190	--- Other		--- Black matpe (dry whole)
0102.2910	--- Bulls	0713.6000	--- Mash dry whole
0102.2920	--- Cows	0713.9010	--- Mash split or washed
0102.2930	--- Oxen	0713.9020	--- Other
0102.2990	--- Other	0713.9030	--- Seed
0102.3100	-- Pure-bred breeding animals	0713.9090	--- Pepper seeds for sowing
0102.3900	-- Other	0801.1910	--- Red chillies seeds for sowing
0102.9000	- Other	0904.1130	-- Neither crushed nor ground
0104.1000	- Sheep	0904.2120	-- Crushed or ground
0104.2000	- Goats	0909.2100	-- Neither crushed nor ground
0201.1000	- Carcasses and half- carcasses	0909.2200	-- Crushed or ground
0201.2000	- Other cuts with bone in	0909.3100	-- Neither crushed nor ground
0201.3000	- Boneless	0909.3200	-- Crushed or ground
0202.1000	- Carcasses and half- carcasses	0909.6100	-- Neither crushed nor ground
0202.2000	- Other cuts with bone in	0909.6200	-- Crushed or ground
0202.3000	- Boneless	1005.1000	- Seed
0204.1000	- Carcasses and half carcasses of lamb, fresh or chilled	1006.1010	--- Seed for sowing
0204.2100	-- Carcasses and half-carcasses	1007.1000	- Seed
0204.2200	-- Other cuts with bone in	1007.9000	- Other
0204.2300	-- Boneless	1008.3000	- Canary seeds
0204.3000	- Carcasses and half- carcasses of lamb, frozen	1101.0010	--- Of Wheat
0204.4100	-- Carcasses and half-carcasses	1201.1000	- Seed
0204.4200	-- Other cuts with bone in	1201.9000	- Other
0204.4300	-- Boneless	1204.0000	Linseed, whether or not broken.
0204.5000	- Meat of goats	1205.1000	- Low erucic acid rape or colza seeds
0511.1000	- Bovine semen	1205.9000	- Other
0511.9110	--- Fish eggs	1206.0000	Sunflower seeds, whether or not broken.
0601.1010	--- Bulbs	1207.1000	- Palm nuts and kernels
0601.1090	--- Other	1207.2100	-- Seed
0601.2000	- Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, in growth or in flower; chicory plants and roots	1207.2900	-- Other
0602.1000	- Unrooted cuttings and slips	1207.3000	- Castor oil seeds
0602.2000	- Trees, shrubs and bushes, grafted or not, of kinds which bear edible fruits or nuts	1207.4000	- Sesamum seeds
0602.3000	- Rhododendrons and azaleas, grafted or not	1207.5000	- Mustard seeds
0602.4000	- Roses, grafted or not	1207.6000	- Safflower (Carthamus tinctorius) seeds
0602.9010	--- Mushroom spawn	1207.7000	- Melon seeds
0602.9090	--- Other	1207.9900	-- Other
0701.1000	- Seed	1209.1000	- Sugar beet seeds
0701.9000	- Other	1209.2100	-- Lucerne (alfalfa) seeds
0702.0000	Tomatoes, fresh or chilled.	1209.2200	-- Clover (Trifolium spp.) seeds
0703.1000	- Onions and shallots	1209.2300	-- Fescue seeds
0703.2000	- Garlic	1209.2400	- - Kentucky blue grass (Poa pratensis L.) seeds
0704.1000	- Cauliflowers and headed broccoli	1209.2500	- - Rye grass (Lolium multiflorum Lam., Lolium perenne L.) seeds
0713.1000	- Peas (Pisum sativum)	1209.2900	-- Other
0713.2010	--- Grams (dry whole)	1209.3000	- Seeds of herbaceous plants cultivated principally for their flowers
0713.2020	--- Grams split	1209.9110	--- Of onion
0713.2090	--- Other	1209.9120	--- Of tomato
0713.3100	- - Beans of the species Vigna mungo (L.)Hepper or Vigna radiata (L.)Wilczek	1209.9130	--- Of okra
0713.3200	- - Small red (Adzuki) beans (Phaseolus or vigna angularis)	1209.9190	--- Other
0713.3300	-- Kidney beans, including white pea beans (Phaseolus vulgaris)	1209.9900	-- Other
0713.3400	- - Bambara beans (Vigna subterranea or Voandzeia subterranea)	1212.9200	-- Locust beans (carob)
0713.3500	-- Cow peas (Vigna unguiculata)	2507.0000	Kaolin and other kaolinic clays, whether or not calcined.
0713.3910	--- Green beans (dry whole)	2510.1000	- Unground
0713.3920	--- Green beans (split)	2510.2000	- Ground
0713.3990	--- Other	2523.1000	- Cement clinkers
0713.4010	--- Dry whole	2523.2900	-- Other
		2602.0000	Manganese ores and concentrates, including ferruginous manganese ores and concentrates with a manganese content of 20 % or more, calculated on the dry weight.

PCT Heading	Description	PCT Heading	Description
2610.0000	Chromium ores and concentrates.	3105.2000	- Mineral or chemical fertilisers containing the three fertilising elements nitrogen, phosphorus and potassium
2615.1000	- Zirconium ores and concentrates		
2701.1200	-- Bituminous coal	3105.3000	- Diammonium hydrogenorthophosphate (diammonium phosphate)
2701.1900	-- Other coal		
2704.0010	--- Coke of coal	3105.4000	- Ammoniumdihydrogen orthophosphate (monoammonium phosphate) and mixtures thereof with diammonium hydrogenorthophosphate (diammonium phosphate)
2709.0000	Petroleum oils and oils obtained from bituminous minerals, crude		
2710.1210	--- Motor spirit		
2710.1220	--- Aviation spirit		
2710.1230	--- Spirit type jet fuel	3105.5100	-- Containing nitrates and phosphates
2710.1911	--- -Kerosene	3105.5900	-- Other
2710.1912	--- -J.P.1	3105.6000	- Mineral or chemical fertilisers containing the two fertilising elements phosphorus and potassium
2710.1913	--- -J.P.4		
2710.1919	--- -Other	3105.9000	- Other
2710.1921	--- -Light diesel oil	3201.2000	- Wattle extract
2710.1941	--- -Furnace-oil	3204.1300	- - Basic dyes and preparations based thereon
2710.1998	--- -Spin finish oil		
2711.1100	-- Natural gas	3204.1510	--- Indigo blue
2711.1200	-- Propane	3207.4010	--- Glass frit
2711.1300	-- Butanes	3207.4090	--- Other
2711.1400	- - Ethylene, propylene, butylene and butadiene	3403.1131	--- -Spin finish oil
		3403.9131	--- -Spin finish oil
2711.1910	--- L.P.G.	3404.9030	--- Wax for wax jet engraver
2711.2100	-- Natural gas	3404.9040	--- Wax for fungicides
2713.1100	-- Not calcined	3505.2030	- - - Printing gum (pre-gelatinized modified 0% starch for textile printing)
2713.1200	-- Calcined		
2713.2000	- Petroleum bitumen	3701.1000	- For X- ray
2714.1000	- Bituminous or oil shale and tar sands	3803.0000	Tall oil, whether or not refined.
2714.9000	- Other	3808.9130	--- Sex pheromone
2715.0000	Bituminous mixtures based on natural asphalt, on natural bitumen, on petroleum bitumen, on mineral tar or on mineral tar pitch (for example, bituminous mastics, cut- backs).	3808.9140	--- PB rope L& LTT
		3808.9210	- - - Products registered under the Agricultural Pesticides Ordinance 1971
		3808.9220	--- For leather industry
2716.0000	Electrical energy. (optional heading)	3808.9290	--- Other
2818.3000	- Aluminium hydroxide	3809.9110	- - - Printing gum (preparation of modified starches with other gums having specific application in textile printing)
2829.9000	- Other		
2835.3100	- - Sodium triphosphate (sodium tripolyphosphate)	3824.1000	- Prepared binders for foundry moulds or cores
2905.3100	-- Ethylene glycol (ethanediol) (MEG)		
2909.1910	--- Methyl tertiary butyle ether (MTBE)	3906.9030	--- Pigment thickener
2916.1400	-- Esters of methacrylic acid	3906.9040	--- Dispersing agent and acrylic thickeners
2916.1910	- - - Maleic acid, AZDN (2-AZOBIS) Isobutyronitrile 99% Min)	3919.1010	--- Insulation tape double sided
		3926.9050	--- Colostomy bags and urine bags
2924.1920	- - - Acrylamido methyl propane sulphonic acid (AMPS)	4001.1000	- Natural rubber latex, whether or not pre-vulcanised
2926.1000	- Acrylonitrile	4001.2100	-- Smoked sheets
3102.1000	- Urea, whether or not in aqueous solution	4001.2200	- - Technically specified natural rubber (TSNR)
3102.2100	-- Ammonium sulphate		
3102.2900	-- Other	4001.2900	-- Other
3102.3000	- Ammonium nitrate, whether or not in aqueous solution	4001.3000	- Balata, gutta- percha, guayule, chicle and similar natural gums
3102.4000	- Mixtures of ammonium nitrate with calcium carbonate or other inorganic non- fertilising substances	4002.1100	-- Latex
		4002.1900	-- Other
3102.5010	--- Crude	4002.2000	- Butadiene rubber (BR)
3102.5090	--- Other	4002.3100	- - Isobutene-isoprene (butyl) rubber (IIR)
3102.6000	- Double salts and mixtures of calcium nitrate and ammonium nitrate	4002.3900	-- Other
		4002.4100	-- Latex
3102.8000	- Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution	4002.4900	-- Other
		4002.5100	-- Latex
3102.9000	- Other, including mixtures not specified in the foregoing subheadings	4002.5900	-- Other
		4002.6000	- Isoprene rubber (IR)
3103.1000	- Superphosphates	4002.7000	- Ethylenepropylene non- conjugated diene rubber (EPDM)
3103.9000	- Other		
3104.2000	- Potassium chloride	4002.8000	- Mixtures of any product of heading 40.01 with any product of this heading
3104.3000	- Potassium sulphate		
3104.9000	- Other	4002.9100	-- Latex
3105.1000	- Goods of this Chapter in tablets or similar forms or in packages of a gross weight not exceeding 10 kg	4002.9900	-- Other
		4101.2000	- Whole hides and skins, unsplit, of a weight per skin not exceeding 8 kg when simply dried, 10 kg when dry- salted, or 16 kg when

PCT Heading	Description	PCT Heading	Description
4101.5010	fresh, wet- salted or otherwise preserved	4407.2500	- - Dark Red Meranti, Light Red Meranti and Meranti Bakau
4101.5020	- - - Hides, buffalo	4407.2600	- - White Lauan, White Meranti, White Seraya, Yellow Meranti and Alan
4101.5090	- - - Other	4407.2700	- - Sapelli
4101.9000	- Other, including butts, bends and bellies	4407.2800	- - Iroko
4102.1010	- - - Lamb skins	4407.2900	- - Other
4102.1020	- - - Sheep skins	4407.9100	- - Of oak (Quercus spp.)
4102.2110	- - - Lamb skins without wool	4407.9200	- - Of beech (Fagus spp.)
4102.2120	- - - Sheep skins without wool	4407.9300	- - Of maple (Acer spp.)
4102.2900	- - Other	4407.9400	- - Of cherry (Prunus spp.)
4103.2000	- Of reptiles	4407.9500	- - Of ash (Fraxinus spp.)
4103.9010	- - - Goat skins	4407.9900	- - Other
4103.9020	- - - Kids skins	4413.0000	Densified wood, in blocks, plates, strips or profile shapes.
4103.9090	- - - Other	4701.0000	Mechanical wood pulp.
4104.1100	- - Full grains, unsplit; grain splits	4702.0000	Chemical wood pulp, dissolving grades.
4104.1900	- - Other	4703.1100	- - Coniferous
4104.4100	- - Full grains, unsplit; grain splits	4703.1900	- - Non-coniferous
4104.4900	- - Other	4703.2100	- - Coniferous
4105.1000	- In the wet state (including wet- blue)	4703.2900	- - Non-coniferous
4105.3000	- In the dry state (crust)	4704.1100	- - Coniferous
4106.2100	- - In the wet state (including wet- blue)	4704.1900	- - Non-coniferous
4106.2200	- - In the dry state (crust)	4704.2100	- - Coniferous
4106.4000	- Of reptiles	4704.2900	- - Non-coniferous
4106.9100	- - In the wet state (including wet- blue)	4705.0000	Wood pulp obtained by a combination of mechanical and chemical pulping processes.
4106.9200	- - In the dry state (crust)	4706.2000	- Pulps of fibres derived from recovered (waste and scrap) paper or paperboard
4107.1100	- - Full grains, unsplit	4706.3000	- Other, of bamboo
4107.1200	- - Grain splits	4706.9100	- - Mechanical
4107.1900	- - Other	4706.9200	- - Chemical
4107.9100	- - Full grains, unsplit	4706.9300	- - Obtained by a combination of mechanical and chemical processes
4107.9200	- - Grain splits	4707.1010	- - - In pressed bundles
4107.9900	- - Other	4707.2010	- - - In pressed bundles
4112.0000	Leather further prepared after tanning or crusting, including parchment- dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 41.14.	4707.3010	- - - In pressed bundles
4113.1000	- Of goats or kids	4707.9010	- - - In pressed bundles
4113.3000	- Of reptiles	4821.1040	- - - Printed labels of paper
4113.9000	- Other	4901.9100	- - Dictionaries and encyclopaedias, and serial instalments thereof
4302.1910	- - - Leather shearling-finished leather with wool	4901.9910	- - - Holy Quran(Arabic text with or without translation)
4303.9000	- Other	4901.9990	- - - Other
4304.0000	Artificial fur and articles thereof.	4902.1000	- Appearing at least four times a week
4401.1000	- Fuel wood, In logs, In billets In twigs, faggots or In similar forms	4902.9000	- Other
4401.2100	- - Coniferous	4903.0000	Children's picture, drawing or colouring books.
4401.2200	- - Non-coniferous	5004.0000	Silk yarn (other than yarn spun from silk waste) not put up for retail sale.
4401.3100	- - Wood pellets	5005.0000	Yarn spun from silk waste, not put up for retail sale.
4401.3900	- - Other	5101.1100	- - Shorn wool
4402.1000	- Of bamboo	5101.1900	- - Other
4402.9000	- Other	5101.2100	- - Shorn wool
4403.1000	- Treated with paint, stains, creosote or other preservatives	5101.2900	- - Other
4403.2000	- Other, coniferous	5101.3000	- Carbonised
4403.4100	- - Dark Red Meranti, Light Red Meranti and Meranti Bakau	5105.1000	- Carded wool
4403.4910	- - - Sawlogs and veneer logs of non-coniferous species	5105.2100	- - Combed wool in fragments
4403.4990	- - - Other	5105.2900	- - Other
4403.9100	- - Of oak (Quercus spp.)	5201.0030	- - - Length not exceeding 20.5 mm
4403.9200	- - Of beech (Fagus spp.)	5201.0040	- - - Length exceeding 20.5 mm but not exceeding 24.5 mm
4403.9900	- - Other	5201.0050	- - - Length exceeding 24.5 mm but not exceeding 28.5 mm
4404.1000	- Coniferous	5201.0060	- - - Length exceeding 28.5 mm but not exceeding 31 mm
4404.2000	- Non- coniferous	5201.0070	- - - Length exceeding 31 mm but not exceeding 34.5 mm
4405.0000	Wood wool; wood flour.	5201.0080	- - - Length exceeding exceeding 34.5 mm
4406.1000	- Not impregnated		
4406.9000	- Other		
4407.1000	- Coniferous		
4407.2100	- - Mahogany (Swietenia spp.)		
4407.2200	- - Virola, Imbuia and Balsa		

PCT Heading	Description	PCT Heading	Description
5201.0090	- - - Other		or not incorporating multi media kit
5301.1000	- Flax, raw or retted	8471.3020	- - - Personal computers
5301.2100	- - Broken or scutched	8471.3090	- - - Other
5301.2900	- - Other	8471.4110	- - - Micro computer
5301.3000	- Flax tow and waste	8471.4120	- - - Large or Main frame
5302.1000	- True hemp, raw or retted	8471.4190	- - - Other
5302.9000	- Other	8471.4900	- - Other, presented in the form of systems
5303.1010	- - - Jute, cutting	8471.5000	- Processing units other than those of sub-heading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of unit: storage units, input units, output units
5303.1020	- - - Jute, waste		- - - Key boards
5303.1090	- - - Other		- - - Mouse and other pointing devices
5303.9000	- Other		- - - Scanner
5305.0010	- - - Sisal and other textile fibres of the genus Agave, raw	8471.6010	- - - Other
		8471.6020	- - - Floppy disk drives
5305.0020	- - - Abaca raw	8471.6030	- - - Hard disk drive
5305.0090	- - - Other	8471.6090	- - - Tape drive
5402.4410	- - - Elastomeric yarn mainly composed of polyurethane (like spandex and lycra excluding other poly-urethane yarn).	8471.7010	- - - CD-ROM drive
		8471.7020	- - - Digital video disc drive
5608.1100	- - Made up fishing nets	8471.7030	- - - Removable or exchangeable disc drives
5608.1900	- - Other	8471.7040	- - - Other
5608.9000	- Other	8471.7050	- - - C.D.ROM writer
5806.4000	- Fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	8471.7060	- - - Other
		8471.7090	- - - Control units
7102.1000	- Unsorted	8471.8010	- - - Multi media kits for PCs
7102.3100	- - Unworked or simply sawn, cleaved or bruted	8471.8090	- - - Other
7103.1000	- Unworked or simply sawn or roughly shaped	8471.9010	- - - Casings (with power supply) for computers
7201.1000	- Non- alloy pig iron containing by weight 0.5 % or less of phosphorus	8471.9020	- - - Cleaning discs for computer drives
7201.2000	- Non- alloy pig iron containing by weight more than 0.5 % of phosphorus:	8471.9090	- - - Other
7201.5000	- Alloy pig iron; spiegeleisen:	8473.3010	- Parts and accessories of the machines of heading 84.72
7203.1000	- Ferrous products obtained by direct reduction of iron ore	8473.3020	- Parts and accessories equally suitable for use with machines of two or more of the headings 84.69 to 84.72
		8473.3090	- - - Of an output not exceeding 5 kVA
7203.9000	- Other	8473.4000	- - - Routers
7204.1010	- - - Re-rollable		- - - Networking equipments like LAN bridges, hubs, switches and repeaters
7204.1090	- - - Other	8502.1110	- - - Multi-station access units
7204.2100	- - Of stainless steel	8517.6930	- - - Digital Quran
7204.2900	- - Other	8517.6970	- - - Other
7204.3000	- Waste and scrap of tinned iron or steel		- - - Of a kind solely or principally used in an automatic data processing system of heading 84.71
7204.4100	- - Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings, whether or not in bundles	8517.6980	- - - Energy saving lamp
		8523.8050	- - - Energy saving tube
7204.4910	- - - Re-rollable	8528.4190	- - - Batteries plates
7204.4930	- - - Waste and scrap of auto parts in pressed bundle condition	8528.5100	- - - Fully dedicated CNG buses (CBU)
			- - - Fully dedicated LPG buses (CBU)
7204.4990	- - - Other		- Dredgers
7204.5000	- Remelting scrap ingots	8539.3910	Vessels and other floating structures for breaking up.
7311.0010	- - - For CNG	8539.3920	- - - Oxygenator with accessories
7311.0020	- - - For LPG	8548.1010	- Gas or smoke analysis apparatus
7326.1920	- - - Forgings of surgical & dental instruments	8702.9020	- Chromatographs and electrophoresis instruments
7403.1100	- - Cathodes and sections of cathodes	8702.9030	- Spectrometers, spectrophotometers and spectrographs using optical radiations (UV, visible, IR)
7404.0010	- - - Brass scrap	8905.1000	- Other instruments and apparatus using optical radiations (UV, visible,IR)
7404.0090	- - - Other	8908.0000	- Other instruments and apparatus
7601.1000	- Aluminium, not alloyed		- Microtomes; parts and accessories
7601.2000	- Aluminium alloys	9019.2010	- - - Studs
7602.0090	- - - Other	9027.1000	
7802.0000	Lead waste and scrap.	9027.2000	
8443.3210	- - - Dot matrix printers	9027.3000	
8443.3220	- - - Ink jet printers		
8443.3230	- - - Laser jet printers	9027.5000	
8443.3240	- - - Line printer		
8443.3250	- - - Letter quality daisy wheel printer	9027.8000	
8443.3290	- - - Other	9027.9000	
8443.9950	- - - Toner and ink cartridges for computer printers excluding disposable type	9606.2910	
8471.3010	- - - Laptop computers, notebooks whether		

The Bill seeks to reduce 5% customs duty on the following items mentioned against respective PCT Headings from existing 30% to 25%:

PCT Heading	Description	PCT Heading	Description
0403.1000	- Yogurt	0813.4020	--- Cherries
0403.9000	- Other	0813.4030	--- Pine nut (chilgoza)
0405.1000	- Butter	0813.4040	--- Peaches (arroz)
0405.2000	- Dairy spreads	0813.4050	--- Plums (allocha)
0405.9000	- Other	0813.4060	--- Lichis
0406.1010	--- Cheese	0813.4070	--- Raisins
0406.1020	--- Curd	0813.4090	--- Other
0406.1090	--- Other	0813.5000	- Mixtures of nuts or dried fruits of this Chapter
0406.2000	- Grated or powdered cheese, of all kinds		
0406.3000	- Processed cheese, not grated or powdered	0814.0000	Peel of citrus fruit or melons (Including watermelons) fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions.
0406.4000	- Blue- veined cheese and other cheese containing veins produced by <i>Penicillium roqueforti</i>		
0406.9000	- Other cheese		
0409.0000	Natural honey.	1108.1200	-- Maize (corn) starch
0804.1010	--- Fresh	1704.1000	- Chewing gum, whether or not sugar-coated
0804.1020	--- Dried		
0804.2000	- Figs	1704.9010	--- White chocolate
0804.3000	- Pineapples	1704.9090	--- Other
0804.4000	- Avocados	1806.1000	- Cocoa powder, containing added sugar or other sweetening matter
0804.5010	--- Guavas		
0804.5020	--- Mangoes	1806.2010	--- Chocolate preparation
0804.5030	--- Mangosteens	1806.2090	--- Other
0804.5040	--- Frozen mango	1806.3100	-- Filled
0804.5050	--- Mango pulp	1806.3200	-- Not filled
0804.5090	--- Other	1806.9000	- Other
0805.1000	- Oranges	1901.9010	--- Malt extract
0805.2010	--- Kino (fresh)	1901.9020	--- Preparations other than in retail packing, not containing cocoa
0805.2090	--- Other		
0805.4000	- Grapefruit, including pomelos	1901.9090	--- Other
0805.5000	- Lemons (<i>Citrus limon</i> , <i>Citrus limonum</i>) and limes (<i>Citrus aurantifolia</i> , <i>Citrus latifolia</i>)	1902.1100	-- Containing eggs
		1902.1910	--- Macaroni raw
		1902.1920	--- Vermacelli
		1902.1990	--- Other
0805.9000	- Other	1902.2000	- Stuffed pasta, whether or not cooked or otherwise prepared
0806.1000	- Fresh		
0806.2000	- Dried	1902.3000	- Other pasta
0807.1100	-- Watermelons	1902.4000	- Couscous
0807.1900	-- Other	1904.1010	--- Corn flakes
0807.2000	- Papaws (papayas)	1904.1090	--- Other
0808.1000	- Apples	1904.2000	- Prepared foods obtained from unroasted cereal flakes or from mixtures of unroasted cereal flakes and roasted cereal flakes or swelled cereals
0808.3000	- Pears		
0808.4000	- Quinces	1904.3000	- Bulgur wheat
0809.1000	- Apricots	1904.9000	- Other
0809.2100	-- Sour cherries (<i>Prunus cerasus</i>)	1905.1000	- Crispbread
0809.2900	-- Other	1905.2000	- Gingerbread and the like
0809.3000	- Peaches, including nectarines	1905.3100	-- Sweet biscuits
0809.4000	- Plums and sloes	1905.3200	-- Waffles and wafers
0810.1000	- Strawberries	1905.4000	- Rusks, toasted bread and similar toasted products
0810.2000	- Raspberries, blackberries, mulberries and loganberries		
0810.3000	- Black, white or red currants and gooseberries	1905.9000	- Other
0810.4000	- Cranberries, bilberries and other fruits of the genus <i>Vaccinium</i>	2001.1000	- Cucumbers and gherkins
0810.5000	- Kiwifruit	2001.9010	--- Pickles
0810.6000	- Durians	2001.9090	--- Other
0810.7000	- Persimmons	2002.1000	- Tomatoes, whole or in pieces
0810.9010	--- Pomegranates	2002.9010	--- Tomatoes paste
0810.9090	--- Other	2002.9090	--- Other
0811.1000	- Strawberries	2003.1000	- Mushrooms of the genus <i>Agaricus</i>
0811.2000	- Raspberries, blackberries, mulberries, loganberries, black, white or red currants and gooseberries	2003.9000	- Other
		2004.1000	- Potatoes
		2004.9000	- Other vegetables and mixtures of vegetables
0811.9000	- Other		
0812.1000	- Cherries	2005.1000	- Homogenised vegetables
0812.9000	- Other	2005.2000	- Potatoes
0813.1000	- Apricots	2005.4000	- Peas (<i>Pisum sativum</i>)
0813.2000	- Prunes	2005.5100	-- Beans, shelled
0813.3000	- Apples	2005.5900	-- Other

PCT Heading	Description	PCT Heading	Description
2005.6000	- Asparagus	2403.1900	- - Other
2005.7000	- Olives	2403.9100	- - "Homogenised" or "reconstituted" tobacco
2005.8000	- Sweet corn (Zea mays var. saccharata)	2403.9910	- - - Tobacco for chewing
2005.9100	- - Bamboo shoots	2403.9990	- - - Other
2005.9900	- - Other	2710.1995	- - - -Liquid paraffin
2006.0000	Vegetables, fruit, nuts, fruit- peel and other parts of plants, preserved by sugar (drained, glacé or crystallised).	3303.0010	- - - Eau-de-cologne
2007.1000	- Homogenised preparations	3303.0020	- - - Perfumes
2007.9100	- - Citrus fruit	3303.0090	- - - Other
2007.9900	- - Other	3304.1000	- Lip make- up preparations
2008.9300	- - Cranberries (Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vitis-idaea)	3304.2000	- Eye make- up preparations
2008.9700	- - Mixtures	3304.3010	- - - Nail polish
2008.9900	- - Other	3304.3090	- - - Other
2009.1100	- - Frozen	3304.9110	- - - Face powder
2009.1200	- - Not frozen, of a Brix value not exceeding 20	3304.9120	- - - Talcum powder
2009.1900	- - Other	3304.9190	- - - Other
2009.2100	- - Of a Brix value not exceeding 20	3304.9910	- - - Face and skin creams and lotions
2009.2900	- - Other	3304.9920	- - - Tonics and skin food
2009.3100	- - Of a Brix value not exceeding 20	3304.9990	- - - Other
2009.3900	- - Other	3305.1000	- Shampoos
2009.4100	- - Of a Brix value not exceeding 20	3305.2000	- Preparations for permanent waving or straightening
2009.4900	- - Other	3305.3000	- Hair lacquers
2009.5000	- Tomato juice	3305.9010	- - - Cream for hair
2009.6100	- - Of a Brix value not exceeding 30	3305.9020	- - - Dyes for hair
2009.6900	- - Other	3305.9090	- - - Other
2009.7100	- - Of a Brix value not exceeding 20	3306.1010	- - - Tooth paste
2009.7900	- - Other	3306.1090	- - - Other
2009.8100	- - Cranberry (Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vitis-idaea) juice	3306.2000	- Yarn used to clean between the teeth (dental floss)
2009.8900	- - Other	3306.9000	- Other
2009.9000	- Mixtures of juices	3307.1000	- Pre- shave, shaving or after- shave preparations
2103.1000	- Soya sauce	3307.2000	- Personal deodorants and antiperspirants
2103.2000	- Tomato ketchup and other tomato sauces	3307.3000	- Perfumed bath salts and other bath preparations
2103.3000	- Mustard flour and meal and prepared mustard	3307.4100	- - "Agarbatti" and other odoriferous preparations which operate by burning
2103.9000	- Other	3307.4900	- - Other
2104.1000	- Soups and broths and preparations therefor	3307.9010	- - - Contact lens solution
2104.2000	- Homogenised composite food preparations	3307.9090	- - - Other
2105.0000	Ice cream and other edible ice, whether or not containing cocoa	3401.1100	- - For toilet use (including medicated products)
2106.1010	- - - Protein hydrolysates	3401.1900	- - Other
2106.1090	- - - Other	3401.2000	- Soap in other forms
2106.9010	- - - Concentrates for aerated beverage in all forms	3401.3000	- Organic surface- active products and preparations for washing the skin, in the form of liquid or cream and put up for retail sale, whether or not containing soap
2106.9020	- - - Syrups and squashes	6802.2100	- - Marble, travertine and alabaster
2106.9030	- - - Flavouring powders for preparation of food	6802.2300	- - Granite
2106.9040	- - - Emulsifying agents for food and dairy products	6802.2900	- - Other stone
2106.9050	- - - Preparations including tablets consisting of saccharin, lactose	6802.9100	- - Marble, travertine and alabaster
2106.9060	- - - Sweet meats	6802.9200	- - Other calcareous stone
2106.9090	- - - Other	6802.9300	- - Granite
2201.1010	- - - Mineral waters	6802.9900	- - Other stone
2201.1020	- - - Aerated waters	6907.1000	- Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7cm
2201.9000	- Other	6907.9000	- Other
2202.1010	- - - Aerated waters	6908.1000	- Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7cm
2202.1090	- - - Other	6908.9010	- - - Tiles
2202.9000	- Other	6908.9090	- - - Other
2309.1000	- Dog or cat food, put up for retail sale	6910.1010	- - - Wash basin
2402.1000	- Cigars, cheroots and cigarillos, containing tobacco	6910.1020	- - - Bath tubs ceramic
2402.2000	- Cigarettes containing tobacco	6910.1030	- - - Bidets ceramic
2402.9000	- Other	6910.1040	- - - Cisterns ceramic
2403.1100	- - Water pipe tobacco specified in Subheading Note 1 to this Chapter	6910.1050	- - - Sink ceramic

PCT Heading	Description	PCT Heading	Description
6910.1060	- - - Toilet ceramic	8418.6930	- - - Water dispenser
6910.1070	- - - Urinals ceramic	8450.1100	- - Fully-automatic machines
6910.1080	- - - Water loaset pans	8450.1200	- - Other machines, with built-in centrifugal drier
6910.1090	- - - Other		- - Other
6910.9000	- Other	8450.1900	- Machines, each of a dry linen capacity exceeding 10 kg
6911.1010	- - - Dinner sets	8450.2000	- Parts
6911.1020	- - - Dishes		- - - Un-interrupted power supply (UPS) of power rating upto 1.5 kVA
6911.1030	- - - Plates	8450.9000	- - - Food grinders
6911.1040	- - - Tea cups and saucers	8504.4010	- - - Fruit mixers
6911.1090	- - - Other		- - - Fruit or vegetable juice extractors
6911.9000	- Other	8509.4010	- Other appliances
6912.0010	- - - Tableware and kitchenware	8509.4020	- - Hair dryers
6912.0090	- - - Other	8509.4030	- - Other hair-dressing apparatus
6913.1000	- Of porcelain or china	8509.8000	- - Hand-drying apparatus
6913.9000	- Other	8516.3100	- Electric smoothing irons
6914.1000	- Of porcelain or china	8516.3200	- Microwave ovens
6914.9000	- Other	8516.3300	- - - Electric oven
7225.3000	- Other, not further worked than hot- rolled, in coils	8516.4000	- - - Electric ranges
7225.4000	- Other, not further worked than hot- rolled, not in coils	8516.5000	- - - Electric roasters/grillers
7225.5000	- Other, not further worked than cold- rolled (cold- reduced)	8516.6010	- - - Other
7225.9100	- - Electrolytically plated or coated with zinc	8516.6020	- - Coffee or tea makers
7225.9200	- - Otherwise plated or coated with zinc	8516.6030	- - Toasters
7225.9900	- - Other	8516.6090	- - - Other
7226.1100	- - Grain-oriented	8516.7100	- - - Other
7226.1900	- - Other	8516.7200	- - Pocket-size radio cassette-players
7226.2000	- Of high speed steel	8516.7990	- - Other Apparatus combined with sound recording or reproducing Apparatus
7226.9100	- - Not further worked than hot-rolled	8516.8090	- - Other
7226.9200	- - Not further worked than cold-rolled (cold-reduced)	8527.1200	- - - Reception apparatus for receiving satellite signals of a kind used with TV (satellite dish receivers)
7226.9900	- - Other	8527.1300	- - - Other
7321.1110	- - - Cooking ranges		- - - Liquid crystal display
7321.1190	- - - Other	8528.7190	- - - Other
7321.1200	- - For liquid fuel	8528.7211	- - - Other
7321.1900	- - Other, including appliances for solid fuel	8528.7212	- - - Reception apparatus for receiving satellite signals of a kind used with TV (Satellite dish receivers)
7321.8100	- - For gas fuel or for both gas and other fuels	8528.7220	- - - Other
7321.8200	- - For liquid fuel		- - - Pistols, single barrel , semi-automatic or otherwise
7321.8900	- - Other, including appliances for solid fuel	8528.7290	- - - Pistols, multiple barrel
7321.9000	- Parts	8528.7300	- - - Other
8414.5110	- - - Ceiling fan	9302.0092	- - - Muzzle- loading firearms
8414.5120	- - - Pedestal fan		- - - Pump-action
8414.5130	- - - Table fan	9302.0093	- - - Semi-automatic
8414.5140	- - - Exhaust fan	9302.0099	- - - Other
8414.5190	- - - Other	9303.1000	- - - Shotguns, multiple barrel, including combination guns
8415.1010	- - - Window or wall type	9303.2011	- - - Other
8415.1020	- - - Self contained or split type comprising of inner and outer unit whether or not imported separately	9303.2012	- - - Single-shot
8415.1030	- - - Tropical MPS multi system unit 5 tonnes capacity and above	9303.2019	- - - Semi-automatic
8415.1090	- - - Other	9303.2020	- - - Other
8415.8100	- - Incorporating a refrigerating unit and a valve for reversal of the cooling/heat cycle (reversible heat pumps)	9303.2090	- - - Other
8415.8200	- - Other, incorporating a refrigerating unit	9303.3010	- - - Single-shot
8415.8300	- - Not incorporating a refrigerating unit	9303.3020	- - - Semi-automatic
8418.1000	- Combined refrigerator- freezers, fitted with separate external doors	9303.3090	- - - Other
8418.2100	- - Compression-type	9303.9000	- Other
8418.2900	- - Other	9304.0000	Other arms (for example, spring, air or gas guns and pistols, truncheons), excluding those of heading 93.07.
8418.3000	- Freezers of the chest type, not exceeding 800 l capacity	9306.2100	- - Cartridges
8418.4000	- Freezers of the upright type, not exceeding 900 l capacity	9306.2900	- - Other
8418.5000	- Other furniture (chests, cabinets, display counters, show- cases and the like) for storage and display, incorporating refrigerating or freezing equipment.	9306.3010	- - - Cartridges for riveting or similar tools or for captive-bolt human killers and parts thereof
		9306.3090	- - - Other
		9306.9000	- Other
		9403.1000	- Metal furniture of a kind used in offices
		9403.2000	- Other metal furniture
		9403.3000	- Wooden furniture of a kind used in offices
		9403.4000	- Wooden furniture of a kind used in the

<u>PCT Heading</u>	<u>Description</u>	<u>PCT Heading</u>	<u>Description</u>
	kitchen		trees
9403.5010	- - - Wooden cabinets	9405.4090	- - - Other
9403.5020	- - - Wooden beds	9405.5000	- Non- electric lamps and lighting fittings
9403.5030	- - - Other	9405.6000	- Illuminated signs, illuminated name- plates and the like
9403.6000	- Other wooden furniture		
9403.7000	- Furniture of plastics	9616.1000	- Scent sprays and similar toilet sprays, and mounts and heads therefor
9403.8100	- - Of bamboo or rattan		
9403.8900	- - Other	9616.2000	- Powder- puffs and pads for the application of cosmetics or toilet preparations
9403.9000	- Parts		
9405.1010	- - - Chandeliers	9617.0010	- - - Vacuum flasks
9405.1090	- - - Other	9617.0020	- - - Other
9405.2000	- Electric table, desk, bedside or floor-standing lamps		
9405.3000	- Lighting sets of a kind used for Christmas		

It has been proposed to increase customs duty on the following items by 5% from existing 5% to 10%.

<u>PCT Heading</u>	<u>Description</u>	<u>PCT Heading</u>	<u>Description</u>
2710.1996	- - - White oil		internet
8421.1900	- - Other	8517.6960	- - - Attachments for telephones
8517.6210	- - - Voice frequency telegraphy	8517.6990	- - - Other
8517.6220	- - - Modems	8523.4910	- - - containing software
8517.6230	- - - High bit rate digital hierarchy system (SDH)	8525.6010	- - - Blue tooth whether or not capable Of connecting to an automatic data processing machine
8517.6240	- - - Digital loop carrier system (DLC)		
8517.6250	- - - Synchronous digital hierarchy system (SDH)	8525.6020	- - - Radio paging apparatus
		8525.6060	- - - Vehicle tracking system
8517.6260	- - - Multiplexers, statistical multiplexers	8525.6070	- - - Modems
8517.6910	- - - ISDN system	8527.9910	- - - Modems
8517.6920	- - - ISDN terminal adapters		
8517.6940	- - - Subscriber end equipment		
8517.6950	- - - Set top boxes for gaining access to		

It has been sought to increase customs duty on the following items from existing 10% to 15%:

<u>PCT Heading</u>	<u>Description</u>	<u>PCT Heading</u>	<u>Description</u>
1108.1300	- - Potato starch	3204.1100	- - Disperse dyes and preparations based thereon
8504.4090	- - - Other		

The bill seeks to reduce the rate of customs duty on the following items from existing 20% to 10%.

<u>PCT Heading</u>	<u>Description</u>	<u>PCT Heading</u>	<u>Description</u>
8523.4110	- - - Compact disc (CD)		containing images or video material
8523.4120	- - - Digital versatile discs (DVD)	8523.4990	- - - Other
8523.4190	- - - Other		
8523.4920	- - - Discs for laser reading system containing audio material		
8523.4930	- - - Discs for laser reading system		

It has been further been proposed to increase the existing rates of 5% applicable to the under-mentioned items to 15% for the next fiscal year:

<u>PCT Heading</u>	<u>Description</u>
3204.1590	- - - Other
3204.1910	- - - Dyes, sulphur
3204.1990	- - - Dyes, synthetic

SECTION 7 INCOME SUPPORT LEVY ACT 2013

The Finance Bill 2014 proposes to repeal the Income Support Levy Act, 2013 which was introduced through Finance Act 2013 to charge and collect Income Support Levy at 0.5% on net movable wealth in excess of one million rupees for running an income support fund for the economically distressed persons and their families.

SECTION 8 GAS INFRASTRUCTURE DEVELOPMENT CESS ACT 2011

Introduction

The Gas Infrastructure Development Cess Act (the Act) was introduced in 2011 with an aim to collect the Gas Infrastructure Development Cess from specified consumers for the purpose of infrastructure development of Iran Pakistan Pipeline Project, Turkaministan, Afghanistan, Pakistan, India (TAPI) Pipeline Project, LNG or other projects or for price equalization of other imported alternative fuel including LPG. The Act also allowed the companies to claim the cess as an admissible expense under the Income Tax Ordinance, 2001 for the purpose of computing profits or gains of that company.

Levy of cess

[Section 3]

The Bill proposes to insert a proviso to section 3 to empower Federal Government to reduce the rate of Gas Infrastructure Development Cess (GIDC) on any category of consumers on socio economic considerations.

Previously, this section only enunciated that the notified companies shall collect and pay GIDC to Federal Government in the specified manner. It also included penalty for non-payment of such GIDC to the Federal Government within specified time.

First schedule

The Bill seeks to amend the First schedule to the Gas Infrastructure Development Cess Act, 2011 to include the name of Oil and Gas Development Company Limited and any other company engaged in sale of gas to any category of consumers as notified in the official gazette.

Second schedule

It has been sought to completely replace the existing schedule thereby applying a uniform increased rate of GIDC (Rs. 300/MMBTU) to all consumers specified therein excluding Liberty Power Plant and domestic consumers which continue to remain exempted.

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102.19	+6.04	+3.01	45
34.18	-1.35	-4.57	87
458.04	-7.02	-3.72	114
887.32	+9.03	+3.96	98
673.54	+14.28	+2.54	252
552.09	-11.32	-2.13	86
401.76	+9.45	+1.96	19
215.68	+8.35	+3.32	24
458.92	+6.29	+1.03	39
282.18	-13.84	-3.45	54
			62

