

Highlights on the Finance Supplementary (Second Amendment) Bill, 2019

January, 2019

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This document summarizes significant changes proposed to be brought to statute vide the Finance Supplementary (Second Amendment) Bill, 2019 (the Bill) relating to Income Tax, Sales Tax, Federal Excise Duty, Customs and Mobile Handset Levy under the Finance Act, 2018.

Effective date of applicability of these changes will be on immediate basis, once the Bill is passed, 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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January 24, 2019

SECTION I PROPOSAL SNAPSHOT

Income Tax

Relief measures

1. 5% tax on undistributed profits restricted up to tax year 2019;
2. Carry forward and set off capital loss on securities with such gains for immediately succeeding three tax years;
3. Effective rate of income tax on mobile phone imports reduced;
4. Non-filers could purchase new motor cars with engine capacity up to 1,300 cc
5. Pakistani nationals holding international passport could acquire assets in Pakistan, subject to condition of remittance via banking channel during past 60 days;
6. Cash withdrawal and banking transactions for filers not be subjected to collection of advance tax;
7. Immunity from collection of advance tax on cash withdrawals from Pak Rupee bank accounts for non-filers if the deposits in the account are made solely from foreign remittances in such accounts;
8. Abolishing collection of 0.02% advance tax by stock exchange from purchase & sale transaction of members;
9. Decrease in rate of advance tax for small marriage functions;
10. 5 years tax exemption for industrial undertakings set-up between March 2019 to June 2023 and engaged in manufacture of plant, machinery, equipment and items with dedicated use for generation of renewable energy;
11. Reduction of tax on dividend for companies under group relief scheme.

Revenue measures

1. Super tax on banking companies for tax year 2018;
2. Rate of advance tax for purchase of new motor vehicles increased for non-filers.

Other measures

1. Federal Government to prescribe special procedure for small traders and shopkeepers;
2. Commissioner to issue provisional assessment order or provisional amended assessment order for the last completed tax year in respect of un-declared offshore assets;

3. Commercial imports to be taxed under final tax regime;
4. Withholding statements to be filed bi-annually instead of monthly basis;
5. Banks not to furnish particulars of persons for withholding taxes collected on account of cash withdrawals and profit on debt.

Sales Tax & Federal Excise

Sales Tax

Relief Measures

1. Appliances and items required for ostomy procedures exempted from sales tax;
2. Plant and machinery imported by greenfield industries intending to manufacture taxable goods to be exempt.

Revenue Measures

Items with dedicated use of renewable source of energy not be exempted after June 2023.

Other Measures

1. Settling sales tax refunds through interest bearing promissory notes;
2. Sales tax on mobile phone import & supplies to be levied on value in USD basis instead of specifications.

Federal Excise Duty

Revenue Measure

Increase in FED on imported vehicles and imposition of FED on locally manufactured vehicles. Applicability in both cases for vehicles above 1,800cc.

Customs

Relief Measures

1. Items & appliances for ostomy procedures subjected to Zero% duty;
2. Reduction of duty on certain items of iron or non-alloy steel;
3. Imports of inputs/ raw materials at reduced rates by footwear sector, tanners, leather sector and registered manufacturers of gloves, furniture, ceramics, diapers/ sanitary napkins, home appliances, infant formula milk, chemical and PVC/ plastics.

SECTION 2 INCOME TAX

1. SUPER TAX [Section 4B & Div IIA Part I of First Schedule]

The Bill seeks to amend rates for super tax as under:

Taxpayer Type	Existing Rates				Proposed Rates			
	Tax Year				Tax Year			
	2018	2019	2020	2021	2018	2019	2020	2021
Banking companies	0%	4%	3%	2%	4%	4%	4%	4%
Others, with income of Rs. 500M and above	3%	2%	1%	0%	3%	2%	0%	0%

2. TAX ON UNDISTRIBUTED PROFITS [Section 5A]

From tax year 2017 and onwards income tax at 5% is payable on undistributed profits of public companies, other than banks, modarabas and companies with 50% or more holding by the government, calculated under section 5A of the Ordinance. The Bills seeks to limit applicability of this tax up to tax year 2019.

3. CAPITAL GAIN ON DISPOSAL OF SECURITIES [Section 37A]

Capital gain on disposal of securities is treated as a separate block of income and no loss on this account could be carried forward for adjustment with gains in subsequent years. The Bill now seeks to allow carry forward and set off this loss arising in tax years 2019 and onwards with gains taxable under section 37A for immediately succeeding three tax years.

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

Income from sale of spectrum licenses by PTA on behalf of the Federal Government is treated as income of the Federal Government and not of PTA effective from March 2014, hence exempt from income tax. The Bill now seeks to include renewal of spectrum licenses under the purview of this treatment and exemption.

5. SPECIAL PROCEDURE FOR SMALL TRADERS AND SHOPKEEPERS [Section 99B]

It has been sought to empower the Federal Government to prescribe special procedure for scope and payment of tax, filing of return and assessment in respect of small traders and shopkeepers by notification in the official Gazette. The scope of these procedures will be limited to such small traders and shopkeepers operating in such cities as may be so notified.

6. PROVISIONAL ASSESSMENT IN CERTAIN CASES [Section 123]

The Commissioner, at any time before issuing any assessment order under section 121 or any amended assessment order under section 122, is empowered to issue to the person a provisional assessment order or provisional amended assessment order, as the case may be, for the last completed tax year of the person taking into account the concealed asset. The Bill now seeks to empower the Commissioner to issue a provisional assessment order or provisional amended assessment order for the last completed tax year in respect of any offshore asset of any person, not

declared earlier which is discovered by the Commissioner or any department or agency of the Federal or Provincial Government.

7. IMPORTS

[Section 148 & Part II of First Schedule]

Commercial imports

Commercial imports have been taxed under presumptive final tax regime since introduction of this concept to income tax law. However, tax collected to the extent of 5% was brought under the ambit of minimum tax under the Finance Act, 2018. The Bill now seeks to revert the taxation on commercial imports to final tax regime.

Import of mobile phones

It has been proposed to collect final tax at fixed amount based on monetary ranges for import value as under:

C & F Value of Mobile Phone (US Dollar)	Tax (Rupees)
Up to 30	70
Exceeding 30 and up to 100	730
Exceeding 100 and up to 200	930
Exceeding 200 and up to 350	970
Exceeding 350 and up to 500	3,000
Exceeding 500	5,200

8. RESTRICTION ON PURCHASE OF CERTAIN ASSETS

[Section 227C]

Resident non-filers are presently allowed to acquire new motorcycles with engine capacity of less than 200cc, motorcycle-rickshaw, agricultural tractor or any other motor vehicle with engine capacity of less than 200cc only. It has been sought to relax this restriction and these non-filers to be allowed to acquire the following new locally manufactured vehicles:

- (i) motor cars with up to 1,300cc engine capacity;
- (ii) motorcycles without any restriction on engine capacity;
- (iii) motor cycle rickshaw and rickshaw; and
- (iv) agricultural tractors.

Moreover, Pakistani nationals holding international passport to be allowed to acquire assets in Pakistan if they produce a certificate from scheduled banks for receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of past 60 days.

9. COLLECTION OR DEDUCTION OF WITHHOLDING TAX

Statements

[Section 165]

It has been sought to amend the requirement to file withholding statements from monthly basis to bi-annual schedule. Statements for half year ended June to be filed by July 31st and for half year ended December by January 31. However, the Commissioner may, by notice in writing, require any person, collecting or deducting tax under the Ordinance, to furnish a statement for any period specified in the notice within the timelines required as per the notice.

Cash withdrawal from a bank & advance tax on transactions in bank

[Section 231A & 231AA and Div VI & Div VIA Part IV of First Schedule]

The Bill seeks to abolish 0.3% advance tax collection from filers in case of cash withdrawal from banks and on certain banking transactions.

It has also been proposed to insert a new clause (101A) to Part IV of Second Schedule giving immunity from collection of advance tax on cash withdrawals from Pak Rupee bank accounts if the deposits in the account are made solely from foreign remittances credited directly into such accounts. With the proposed changes to section 231A for filers, the implication of clause (101A) being that this concession would actually be available for non-filers only.

Advance tax on registration of new motor vehicle

[Section 231B(1) Div VII(1) Part IV of First Schedule]

Despite the fact that non-filers are not permitted to acquire new motor cars exceeding 1300cc engine capacity, it has been proposed to increase rate for collection of advance tax on all categories of motor vehicles as under:

Engine Capacity	Rate of Advance Tax			Remarks
	Filers (No Change in Rates)	Non-filers		
		Existing Rates	Proposed Rates	
Up to 850cc	Rs. 7,500	Rs. 10,000	Rs. 15,000	} Proposed increase in rates for non-filers does not appear to have any practical implications considering they are not allowed to buy vehicles in these engine categories.
851cc to 1000cc	Rs. 15,000	Rs. 25,000	Rs. 37,500	
1001cc to 1300cc	Rs. 25,000	Rs. 40,000	Rs. 60,000	
1301cc to 1600cc	Rs. 50,000	Rs. 100,000	Rs. 150,000	
1601cc to 1800cc	Rs. 75,000	Rs. 150,000	Rs. 225,000	
1801cc to 2000cc	Rs. 100,000	Rs. 200,000	Rs. 300,000	
2001cc to 2500cc	Rs. 150,000	Rs. 300,000	Rs. 450,000	
2501cc to 3000cc	Rs. 200,000	Rs. 400,000	Rs. 600,000	
Above 3000cc	Rs. 250,000	Rs. 450,000	Rs.675,000	

Collection of tax by a stock exchange registered in Pakistan

[Section 233A]

Stock exchange collects advance tax at 0.02% on transaction value in lieu of tax on commission on both sale and purchase transactions from its members. The Bill now seeks to abolish collection of this advance tax with effect from February 01, 2019.

Advance tax on functions and gatherings [Section 236D & Div XI Part IV of First Schedule]

Advance tax at 5% is collectible on functions and gathering, which is further subject to monetary minimums for specified cities in case functions and gathering for marriages. The Bill now seeks to reduce the monetary minimums and further specify the function area for this tax collection.

City	Existing Minimum Amount	Proposed Minimum Amount	
		Total Function Area on One Floor up to 500 Sq. Yds	Other Cases
Islamabad, Lahore, Multan, Faisalabad, Rawalpindi, Gujranwala, Bahawalpur, Sargodha, Sahiwal, Shekhupura, Dera Ghazi Khan, Karachi, Hyderabad, Sukkur, Thatta, Larkana, Mirpur Khas, Nawabshah, Peshawar, Mardan, Abbottabad, Kohat, Dera Ismail Khan, Quetta, Sibi, Loralai, Khuzdar, Dera Murad Jamali and Turbat	Rs. 20,000	Rs. 5,000	Rs. 20,000
Other cities	Rs. 10,000	Rs. 5,000	Rs. 10,000

10. EXEMPTIONS FROM TOTAL INCOME

[Second Schedule Part I]

Exemptions proposed to be granted

a. *Exemption on income*

[Clause (66) (Ixiii) & (Ixiv)]

Any income derived by:

- (i) National Disaster Risk Management Fund
- (ii) Deposit Protection Corporation established under sub-section (1) of section 3 of Deposit Protection Corporation Act 2016 (Act XXXVII of 2016)

b. *Industrial undertaking manufacturing PME for production of renewable energy*

[Clause (126I)]

It has been sought to grant exemption from tax on income for industrial undertakings set-up between March 2019 to June 2023 engaged in manufacture of plant, machinery, equipment and items with dedicated use (i.e. no multiple uses) for generation of renewable energy. This exemption is proposed to be granted for 5 years from the set-up date.

11. REDUCTION IN TAX LIABILITY

[Second Schedule Part III]

Exemptions proposed to be granted

Tax on dividend for companies availing group relief

[Clause (17)]

For cases of a group of companies availing group relief under section 59B of the Ordinance, where a company in the group has received or surrendered loss to another company in the group and such loss receiving/ surrendering company receives any dividend from another group company, it has been sought that the tax on dividend is to be reduced. This reduction in tax on dividend is proposed to be restricted to ordinary shareholding % of the dividend recipient company.

12. EXEMPTIONS FROM SPECIFIC PROVISIONS

[Second Schedule Part IV]

Exemption proposed to be granted

a. *Exemptions from minimum tax under section 113*

[Clause (11A) (xxxi) & (xxxii)]

The Bill seeks to allow exemption from minimum tax under section 113 of the Ordinance to the following cases:

- (i) National Disaster Risk Management Fund.
- (ii) Deposit Protection Corporation established under sub-section (1) of section 3 of Deposit Protection Corporation Act 2016 (Act XXXVII of 2016)

b. *Exemptions from certain withholding taxes*

[Clause (38D)]

It has been sought that the withholding provisions under section 151 (profit on debt) and 153 (payment for goods, services and contracts) shall not apply to the National Disaster Risk Management Fund.

c. *Relaxation for details to be filed by banks for withholding taxes*

[Clause (81A)]

It has been proposed that the banks will no more be required to furnish particulars of persons in case of withholding taxes collected by banks on account of cash withdrawals by non-filers and profit on debt.

d. *Exemption from collection of advance tax at the time of sale by auction*

[Clause (95A)]

The Bill proposes that advance tax not to be collected with effect from July 2019 in respect of auction of franchise rights to participating teams in a national or international league organized by any board or other organization established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by the Government.

- e. Exemption from collection of advance tax from non-filers** [Clause (101A)]
It has been proposed not to collect advance tax for cash withdrawals from Pak Rupee bank accounts if the deposits in the account are made solely from foreign remittances credited directly into such accounts.
- f. Exemption from super tax for banking companies** [Clause (111)]
The Bill proposes that for the tax years 2020 to 2023 super tax not to apply to so much of the taxable income of banking companies subject to reduced rate of tax at 20% on interest income under following newly proposed rules of the Seventh Schedule:
- (i) Rule 7D – Additional Advances to Micro, Small and Medium Enterprises
 - (ii) Rule 7E – Additional Advances to Low Cost Housing Finance; and
 - (iii) Rule 7F – Additional Advances as Farm Credits

13. BANKING COMPANIES

[Seventh Schedule]

The Bill seeks to introduce the following new Rules 7D, 7E and 7F (all applicable to tax years 2020 to 2023) as under:

- a. Reduced rate of tax for additional advances to micro, small and medium enterprise** [Rule 7D]
- (1) The amount of interest income offered for tax arising from additional advances to micro and small enterprises, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule:
Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances.
 - (2) For the purpose of this rule, the terms "micro, small and medium enterprises" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan.
 - (3) Additional advances mean advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.
- b. Reduced rate of tax for additional advances to low cost housing finance** [Rule 7E]
- (1) The amount of interest income offered for tax arising from additional advances for low cost housing finance, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule:
Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances.
 - (2) For the purpose of this rule, the terms "low cost housing" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan.
 - (3) Additional advances mean advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.
- c. Reduced rate of tax for additional advances as Farm Credit** [Rule 7F]
- (1) The amount of interest income offered for tax arising from additional advances to Farm Credit in Pakistan, for tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule:
Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances.
 - (2) For the purpose of this rule, the terms "Farm Credit" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan for Agriculture Financing excluding advances made to a company as defined in section 80.
 - (3) Additional advances mean advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.

SECTION 3 SALES TAX & FEDERAL EXCISE DUTY

1. SALES TAX ACT, 1990

Payment of refund through promissory notes

[Section 67A & Tenth Schedule]

In addition to the existing process for paying sales tax refunds through cheques or electronic advice to State Bank of Pakistan, it has been sought to introduce a new section 67A giving the concept for settling sales tax refunds through promissory notes where the claimant, to whom the sales tax refund is payable, exercises this option. In this regard the following procedure has been proposed through a new schedule 'Tenth Schedule', which is reproduced below:

1. **Application.** This Schedule applies to the sales tax refund promissory notes to be issued in lieu of payable refunds as provided in section 67A.
2. **Definitions.** - In this Schedule, unless there is anything repugnant in the subject or context,-
 - (1) "note" or 'promissory note' means sales tax refund promissory note; and
 - (2) "promissory note office" or "note office" means an office established in the Board for issuance, registration, transfer, reissuance redemption and handling other matters in relation to the notes.
3. **Issuance and printing.**- (1) The promissory notes shall be issued by the Note Office in lieu of sales tax refunds as found admissible under the Sales Tax Act, 1990, to the refund claimants.
 - (2) The notes shall be printed by Pakistan Security Printing Corporation with security features and in the form as the Board may determine.
4. **Features of promissory notes.**- (1) The maturity period of the promissory notes shall be three years from the date of issuance.
 - (2) The promissory notes shall be issued in multiples of one hundred thousand Rupees.
 - (3) The promissory notes shall bear annual simple profit at ten per cent and shall be redeemable after the period of maturity.
 - (4) The promissory notes shall be redeemable before maturity only at the option of the Board along with simple profit payable at the time of redemption.
 - (5) The promissory notes shall be traded freely in the country's secondary markets.
 - (6) The promissory notes shall be approved security for calculating the statutory liquidity reserve.
 - (7) The promissory notes shall be accepted by the banks as collateral.
 - (8) There shall be no compulsory deduction of Zakat against the promissory notes and *sahib-e-nisab* may pay zakat voluntarily according to *Shariah*.
5. **Transfer of notes.** - The notes shall be transferable only in the manner provided hereunder:-
 - (a) It shall be transferable by endorsement and delivery like a promissory note payable to order;
 - (b) no endorsement of a note shall be valid unless made by the signature of the holder or his duly constituted attorney or representative inscribed on the back of the note itself;
 - (c) no writing on a note shall be valid for the purpose of negotiation if such writing purports to transfer only a part of the amount denominated by the note;
 - (d) The note office may decline to accept a note endorsed in blank for any purpose unless the endorsement in blank is converted into that in full before presentation.
6. **Payment on redemption.**- (1) When a note becomes due for payment, it shall be presented at the note office by the holder.
 - (2) On redemption, the profit on the notes shall be paid along with the face value, in the form of a crossed cheque drawn on the State Bank of Pakistan.
 - (3) The cheque shall be signed by the incharge of note office and another signatory as appointed by the Board.
 - (4) The principal amount along with the profit shall be debited to the revenue account "B02368-Sales Tax Refund"
7. **Procedure when a note is lost etc.**- (1) The procedure to be followed for the issue of a duplicate note in place of a note which is claimed to have been lost, stolen, destroyed, mutilated or defaced either wholly or in part, shall, *mutatis mutandis*, be the same as laid out in respect of the promissory note in the Public Debt Rules, 1946.
 - (2) In case of an executant being unable to write, the procedure as provided in the Public Debt Rules, 1946, shall be followed.

Exemptions

[Sixth Schedule]

[Table 1 – Imports or Supplies]

1. Certain items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad are exempt from sales tax at import and supply stage under Sr. 110. It appears that there is a typo-error in the proposal and the Bill seeks to limit this exemption for tax periods up to June 30, 2023.
2. The Bill seeks to substitute the exemption available on Colostomy appliances (PCT Heading 99.25) under Sr. No. 117 with exemption on appliances and items required for ostomy procedures as specified in the Chapter 99 of the First Schedule to the Customs Act, 1969, subject to same conditions as specified therein.
3. It has been sought to withdraw the existing exemption on colostomy and urostomy bags available under Sr. 118.
4. It has been proposed to insert the following new items in the Sixth Schedule of the Act:

Sr.	Description	PCT
150	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction:- Conditions: (a) the importer is registered under the Act on or after the first day of July, 2019; and (b) the industry is not established by spitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from another undertaking in Pakistan	Chapters 84 and 85

[Table 3 – Imports or Supplies]

The bill seeks to limit the exemption available against the following Serial Numbers up to June 30, 2023:

1. Sr. No. 7 (Entry No. 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.
2. Sr. No. 14A – Certain specified systems & items for dedicated use with renewable source of energy like solar, wind, geothermal etc.

Mobile phones

[Ninth Schedule]

The bill seeks to propose that cellular mobile phones or satellite phones to be charged to sales tax on the basis of import value per set, or equivalent value in rupees (in case of supply by manufacturer) at the following rates:

Import Value in USD or Equivalent Value in PKR (in case of supply by the manufacturer)	Sales Tax on Import or Local Supply	Sales Tax Chargeable at the Time of Registration of IMEI Number by CMOs
A. Not exceeding US\$ 30	Rs. 150	Rs. 150
B. Exceeding US\$ 30 but not exceeding US\$ 100	Rs. 1,470	Rs. 1,470
C. Exceeding US\$ 100 but not exceeding US\$ 200	Rs. 1,870	Rs. 1,870
D. Exceeding US\$ 200 but not exceeding US\$ 350	Rs. 1,930	Rs. 1,930
E. Exceeding US\$ 350 but not exceeding US\$ 500	Rs. 6,000	Rs. 6,000
F. Exceeding US\$ 500	Rs. 10,300	Rs. 10,300

2. FEDERAL EXCISE ACT, 2005

Excisable goods

[Table I in the First Schedule to the Act]

The bill seeks to amend Sr. No. 55 and to add a new Sr. No. 55A and 55B for motor vehicles as under:

Sr.	Description of goods	Heading/ Sub-Heading Number	Rate of FED
55.	Imported motor cars, SUV's and other motor vehicles of cylinder capacity of 1800 cc or above but not exceeding 3000 cc principally 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 but not exceeding 3000 cc.	87.03	25% ad. val.
55A.	Imported motor cars, SUV's and other motor vehicles of cylinder capacity of 3000 cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 3000 cc or above.	87.03	30% ad. val.
55B.	Locally manufactured or assembled motor cars, SUV's and other motor vehicles of cylinder capacity of 1800 cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800 cc or above	87.03	10% ad. val.

SECTION 4 CUSTOMS ACT, 1969

First Schedule

[Chapter 99 Sub-Chapter-VII | Miscellaneous]

The Bill seeks to substitute Sub-Chapter-VII of Chapter 99 as under:

PCT CODE	Description	CD %	PCT CODE	Description	CD %
9925	(A) Artificial kidneys, hemodialysis machines, hemodialyzers, A.V. fistula needles, hemodialysis fluids and powder, blood tubing tines for dialysis, reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheters for renal failure patients, peritoneal dialysis solution and cardiac catheters.	0	16.	Ostomy (Colostomy/ Ileostomy/ Urostomy) Protective Seal	
	(B) Following items and appliances for Ostomy use-		17.	Plastic Clips for closing the Ostomy bags	
	1. Baseplate/Stoma Wafer/Flange		18.	Liquid washers and wipes for cleaning and washing peristomalskin	
	2. Ostomy (Colostomy/ Ileostomy/ Urostomy) bags (All type)		19.	Night Drainage Bag	
	3. Ostomy (Colostomy/ Ileostomy/ Urostomy) Paste		20.	Cystoscope	
	4. Ostomy (Colostomy/ Ileostomy/ Urostomy) Belt		21.	Lithotripter	
	5. Ostomy (Colostomy/ Ileostomy/ Urostomy) Deodorizers		22.	Colonoscope	
	6. Ostomy (Colostomy/ Ileostomy/ Urostomy) Strip Paste		23.	Sigmoidoscope	
	7. Stoma Powder/Ostomy Powder (Colostomy/ Ileostomy/ Urostomy Powder/ Ileostomy/ Urostomy Powder)		24.	Laparoscope	
	8. Ostomy (Colostomy/ Ileostomy/ Urostomy) Skin Barrier Spray and wipe		25.	Suprapubic Cytostomy Set	
	9. Ostomy (Colostomy/ Ileostomy/ Urostomy) Adhesive Remover Spray and Wipe		26.	Ryles Tube (Nasogastric Tube)	
	11. Ostomy (Colostomy/ Ileostomy/ Urostomy) Mouldable Ring		27.	Foley's Catheter	
	12. Ostomy (Colostomy/ Ileostomy/ Urostomy) Elastic Tape		28.	Endoscope (Video Endoscopes)	
	13. Ostomy (Colostomy/ Ileostomy/ Urostomy) Barrier Cream		29.	Linear Cutter/Stapler	
	14. Ostomy (Colostomy/ Ileostomy/ Urostomy) Protective Sheets		30.	Circular Stapler	
	15. Ostomy (Colostomy/ Ileostomy/ Urostomy) Cap		31.	Right Angle Cutter / Stapler	
			32.	Laparoscopic Hand Instruments:	
			a)	Dissector	
			b)	Grasper	
			c)	Scissors	
			d)	Clipper	
			e)	Hook	
			f)	Retractors	
			g)	Needles Holders	
			h)	Knot Pusher	
			i)	Telescope (0, 30)	
			33.	Urological Endoscopic Instruments:	
			(a)	Resectoscope (Rotating and Fix)	
			(b)	Optical Urethrotome	
			(c)	Telescope (0, 30, 75)	
			(d)	Turp Resecting Loops	

Fifth Schedule

[Part VII – Miscellaneous Table - B]

The Bill seeks to propose following changes:

Sr.	Description	Existing			Proposed			
		PCT Code	Customs duty %	Condition	Description	PCT Code	Customs duty %	Condition
15.	L or T sections (of a height exceeding 150 mm)	7216.4010	5	Nil	L or T sections (of a height exceeding 150 mm)	7216.4010	3	Nil
16.	Wire of stainless steel	7223.0000	5	Nil	Wire of stainless steel	7223.0000	3	Nil
18.	Of high speed Steel	7227.1000	5	Nil	Of high speed Steel	7227.1000	0	Nil

[Part VIII – Imports of Inputs/ Raw Materials of Industrial Sector]

The Bill seeks to insert new Part VIII as under, effective from March 31, 2019:

S. No.	Description	PCT Code	CD (%)	Conditions	S. No.	Description	PCT Code	CD (%)	Conditions
1	Footwear Sector:				7	Ceramics:			
	(i) Toluene	2902.3000	3%	If imported by manufacturer of Footwear, registered under the Sales Tax Act, 1990		(i) Vitriifiable enamels and glazes, engobes (slips) and similar preparations	3207.2000	3%	If imported by manufacturer registered under the Sales Tax Act, 1990
	(ii) Butanone (methyl ethyl ketone)	2914.1200	3%			(ii) Containing by weight more than 50 % of graphite or other carbon or of a mixture of these products	6903.1000	3%	
	(iii) Other	3207.1090	3%			(iii) Other	6903.2090	3%	
	(iv) Other	3208.1090	20%		8	Diapers / Sanitary Napkins:			If imported by manufacturer of diapers/sanitary napkins registered under the Sales Tax Act, 1990 subject to annual quota determination and verification by the Input Output Co-efficient Organization (IOCO) and certification by the Engineering Development Board
	(v) Other	3208.9090	20%			(i) Other	3506.9190	5%	
	(vi) Mould release preparations	3403.9910	3%			(ii) Other	3906.9090	5%	
	(vii) Shoe adhesives	3506.9110	16%			(iii) Of polymers of ethylene	3920.1000	16%	
	(viii) Other	3506.9190	16%			(iv) Of other plastics	3921.1900	16%	
	(ix) Shoe lasts	3926.9060	16%			(v) Of polymers of ethylene	3923.2100	5%	
	(x) Other	4005.1090	11%			(vi) Weighing not more than 25 g/m2	5603.1100	11%	
	(xi) Other	4005.9900	11%			(vii) Weighing more than 25 g/m2 but not more than 70 g/m2	5603.9200	16%	
	(xii) Machinery for making or repairing footwear	8453.2000	0%			(viii) Weighing more than 70 g/m 2 but not more than 150 g/m2	5603.9300	11%	
	(xiii) Parts	8477.9000	0%		9	Home Appliance Sector:			
	(xiv) Injection or compression types	8480.7100	0%			(i) Cyclopentane	2902.1910	0%	
2	Tanners:				(ii) Tetrafluoroethane	2903.3930	0%		
	(i) Formic acid	2915.1100	16%	If imported by Tanners, registered under the Sales Tax Act, 1990	(iii) Acrylonitrile butadiene styrene (ABS) copolymers	3903.3000	0%		
	(ii) Other	2915.1290	3%			(iv) Other poly-ethers	3907.2000	0%	
	(iii) Other	2933.9990	11%			(v) Insulation tape double sided	3919.1010	0%	
	(iv) Synthetic organic tanning substances	3202.1000	3%			(vi) Adhesive tape	7607.1910	0%	
	(v) Other	3202.9090	11%			(vii) Used with HCFC and non-CFC gases	14.3010	0%	
	(vi) Basic dyes and preparations based thereon	3204.1300	3%			(viii) Of machines of heading 8414.1000 and 8414.3010	4.9010	0%	
	(vii) Other	3204.9000	16%			(ix) Evaporators (roll bond / fin / tube on plate types)	8418.9910	0%	
	(viii) Of a kind used in the paper or like industries	3809.9200	11%			(x) Motors of an output not exceeding 37.5 W	8501.1000	0%	
	(ix) Of a kind used in the leather or like industries	3809.9300	11%			(xi) Other	8501.4090	16%	
	(x) Acrylic binders	3906.9020	20%			(xii) Burglar or fire alarms and similar apparatus	8531.1000	0%	
	(xi) Polyurethanes	3909.5000	0%			(xiii) Other	9030.8900	0%	
	(xii) Machinery for preparing tanning or working hides, skins or leather	8453.1000	0%			(xiv) Of a kind used in refrigerators, deep freezers and air conditioners	9032.1010	0%	
	(xiii) Parts	8453.9000	0%			(xv) Other	9032.1090	16%	
3	Leather Sector:				10	Infant Formula:			Imports by manufacturer of infant formula milk, registered under the Sales Tax Act, 1990 subject to annual quota determination and verification by the Input Output Co-efficient Organization (IOCO)
	(i) Magnesium oxide	2519.9010	0%	If imported by manufacturer of leather sector, registered under the Sales Tax Act, 1990	Other	1901.9090	5%		
	(ii) Other	2836.9990	0%		11	Chemical Manufacturing sector:			If imported by manufacturer of chemicals, registered under the Sales Tax Act, 1990
	(iii) Sodium formate	2915.1210	0%			(i) o-Xylene	2902.4100	0%	
	(iv) Tanning substances, tanning preparations based on chromium sulphate	3202.9010	20%			(ii) Octanol (octyl alcohol) and isomers thereof	2905.1600	0%	
	(v) Disperse dyes and preparations based thereon	3204.1100	16%		12	Other	3812.3900	3%	If imported by PVC / Plastic manufacturers, registered under the Sales Tax Act, 1990
	(vi) Stamping foils	3212.1000	11%						
	(vii) Of a kind used In the leather or like industries	3403.1110	16%						
	(viii) Of a kind used In the leather or like industries including fat liquors	3403.9110	16%						
4	Gloves:				If imported by manufacturer of Gloves, registered under the Sales Tax Act, 1990				
	(i) Latex	4002.1100	0%						
	(ii) Other	4002.1900	0%						
	(iii) Other	4016.1090	5%						
	(iv) Machines for reeling, unreeling , folding, cutting or pinking textile fabrics	8451.5000	0%						
	(v) Other	8452.2900	0%						
	(vi) Other	8477.3090	0%						
	(vii) Buttons	9606.2920	20%						
	(viii) Other	9606.2990	20%						
6	Furniture:			If imported by manufacturer of Furniture, registered under the Sales Tax Act, 1990					
	Other	8465.9190	0%						

SECTION 5 FINANCE ACT, 2018

MOBILE HANDSET LEVY

A new levy on mobile handsets was imposed vide the Finance Act, 2018. The Bill now seeks to revise the basis and rates for this levy as under:

Sr. No.	Mobile Phones having C&F Value (US Dollars)	Rate of Levy Per Set
1	Up to 30	NIL
2	Above 30 and up to 100	NIL
3	Above 100 and up to 200	Rs. 500
4	Above 200 and up to 350	Rs. 1,500
5	Above 350 and up to 500	Rs. 3,500
6	Above 500	Rs. 7,000