

HIGHLIGHTS ON  
**FINANCE**  
**BILL**  
**2021**

---

## Highlights on the Finance Bill, 2021

This document summarizes significant changes proposed to be brought to statute vide the Finance Bill, 2021 (the Bill).

Effective date of applicability of these changes will be July 1, 2021, 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.

### Table of contents

Section 1:	Budget at a Glance
Section 2:	Overview of the Economy
Section 3:	Salient Features
Section 4:	Income Tax
Section 5:	Sales Tax & Federal Excise Duty
Section 6:	Customs
Section 7:	Islamabad Capital Territory (Tax on Services) Ordinance, 2001
Section 8:	Rates for Withholding (Income) Tax   Tax Year 2022 Effective July 01, 2021   Proposed

June 13, 2021

---

## SECTION I BUDGET AT A GLANCE

SOURCES OF FUNDS	2021-22	2020-21	Change
	Rupees in Billion		%
Net Revenue Receipts*	4,497	3,700	21.5
Net Capital Receipts	1,241	1,463	-15.2
External Receipts	1,246	810	53.8
Privatization Proceeds	252	100	152.0
Provincial Surplus	570	242	135.5
Bank Borrowings	681	916	-25.7
<b>Total</b>	<b>8,487</b>	<b>7,231</b>	<b>17.4</b>

APPLICATION OF FUNDS	2021-22	2020-21	Change
	Rupees in Billion		%
General Public Service incl. others	6,153	5,056	21.7
Defense Affairs and Services	1,370	1,289	6.3
Development Expenditure	964	886	8.8
<b>Total</b>	<b>8,487</b>	<b>7,231</b>	<b>17.4</b>

*NET REVENUE RECEIPTS	2021-22	2020-21	Change
	Rupees in Billion		%
Tax Revenue	5,829	4,963	17.4
Non-tax Revenue	2,080	1,610	29.2
<b>Gross Revenue Receipts</b>	<b>7,909</b>	<b>6,573</b>	<b>20.3</b>
Less: Provincial Share in Taxes	3,412	2,874	18.7
<b>Total</b>	<b>4,497</b>	<b>3,700</b>	<b>21.5</b>

## SECTION 2 OVERVIEW OF THE ECONOMY

Pakistan economic growth for fiscal year 2020-21 has been recorded at 3.94 percent, against the target of 2.1 percent, compared to last year's at -0.47 percent. The growth observed was mainly due to various sector-specific measures implemented by the government, coupled with Fiscal Stimulus of rupees 1.24 trillion and monetary support given during the pandemic, resulting the economy witnessed a V-shaped recovery. The sectoral growth turned out to be 2.8 percent for agriculture, 3.6 percent for industry and 4.4 percent for services. National CPI inflation for FY2021 remained lower than last year, however during April 2021 inflation reached at 11.1 percent measured by CPI, against 11.22 percent same time last year. Administrative measures including crackdown on speculative elements and resumption of seasonal supplies of perishables helped to retain the inflationary pressures, still the inflation percentage remained high mainly due to substantial increase in international commodity prices.

Following is a synopsis of Pakistan economy during the fiscal year 2020-21:

- Fiscal deficit as a percent of GDP was confined at 3.5 percent as compared to 4.1 percent during same period of last year.
- Net Domestic Assets (NDA) of the banking system observed an expansion of rupees 714.6 billion during the period under review compared to an expansion of rupees 767.0 billion during same period last year.
- The Consumer Price Index (CPI) inflation for the period July-May FY2021 was recorded at 8.8 percent against 10.9 percent during the same period last year. The other inflationary indicators like the Sensitive Price Indicator (SPI) were recorded at 13.5 percent against 14.0 percent last year. Wholesale Price Index (WPI) was recorded at 8.4 percent in July-May FY2021 compared to 11.1 percent last year.
- Total imports during July-March FY2021 clocked at US\$ 39.5 billion as compared to US\$ 34.8 billion in the same period last year, showing a growth of 13.6 percent. Export of goods grew by 2.3 percent to US\$ 18.7 billion as compared to US\$ 18.3 billion the same period last year, while exports of services moderately increased from US\$ 4.34 billion to US\$ 4.37 billion, thus showing a growth of 0.6 percent.
- Total liquid foreign exchange reserves increased to \$ 22.7 billion by the end of April 2021, up by \$ 3.8 billion, indicating a growth of 20.1 percent over the end-June 2020.
- Total public debt was recorded at Rs 38,006 billion at end March 2021, registering an increase of Rs 1,607 billion during first nine months of current fiscal year which was much less when compared with the increase of Rs 2,499 billion witnessed during the same period last year.
- During July-March FY2021, FDI in Pakistan reached US\$ 1.4 billion compared to US\$ 2.2 billion last year mainly due to sharp increase in gross outflows, which reflects the repayment of intercompany loans by firms in the communication, electrical machinery and power sectors during the period.
- National Savings rose to 15.3% of GDP in 2020-21 (provisional) against the target of 13.8 percent, compared to 13.6% of GDP in 2019-20.
- During July-March FY2021, the market capitalization of the PSX increased by 20.9 percent. As of May 31, 2021, the total market capitalization of the Pakistan Stock Exchange was Rs. 8,267 billion. An increase of 26.6 percent was witnessed in market capitalization, compared with the June 30, 2020 market capitalization of Rs 6,529 billion.
- The Trade Deficit increased by 21.3 percent to \$ 21.3 billion as compared to \$ 17.6 billion last year, while Current Account Deficit, CAD during July-March FY2021 turned into surplus of US\$ 959 million on cumulative basis as compared to a deficit of US\$ 4.1 billion in the same period of FY2020.

Summary of key performance indicators are as follows:

Description	2017-18	2018-19	2019-20	2020-21P
Gross Domestic Product (GDP) – %	5.5	1.90	-0.4	3.94
Total Investment – Growth %	17.3	15.6	15.3	15.2
Consumer Price Index (CPI) – %	4.7	6.8	10.7	8.6
Trade Deficit - % of GDP	9.8	9.9	5.6	7.1
Current Account Deficit - % of GDP	6.1	4.8	1.7	0.7
Total Public Debt to GDP Ratio	72.08	86.13	84.37	81.4
Foreign Exchange Reserves – US\$ billion	16.4	14.8	17.1	20.6
Depreciation in Rupee Value against US\$ %	16.08	34	11.51	-9.5
International Credit Rating – S&P	B	B-	B-	Not rated
PSX – 100 Index (% change in market capitalization)	-10.1	-19.6	-13.43	20.9

P = Provisional (various durations)

## GROWTH

- Economy of Pakistan recovered strongly in FY2021 and posted growth of 3.94 percent which is not only substantially higher than the previous two years but also surpassed the target 2.1 percent for FY2021. Despite strict fiscal constraints, timely and appropriate policy measures taken by the government resulted in a V-Shaped economic recovery.
- Industrial sector, contributed 19.1 percent in GDP. The provisional growth in industrial sector has been estimated at 3.6. The industrial sector has witnessed a remarkable turnaround largely because of accommodative policies by the government in the form of industrial support packages; relief to export-oriented industries, duty exemption under China-Pak Free Trade Agreement-II, electricity and gas subsidy for the export-oriented industries and tax exemptions for electric vehicles manufacturers.
- The agricultural sector contributed for 19.2 percent of GDP, while the sector grew by 2.8 percent mainly due to 2.5 percent growth in crops and 3.1 percent growth in livestock. The growth in crops were recorded on account of 4.7 percent growth in important crops and 1.4 percent growth in other crops.
- Services Sector Accounts for 61.7 percent of GDP. The sector has witnessed a growth of 4.4 percent in current fiscal. Optimism in the commodity producing sector, in turn, filtered down to the services sector, with significant improvement in wholesale and retail trade.
- Growth in private consumption remained 17 percent in FY2021 as compared to 4 percent last year. On the other hand, growth in Public Consumption remained 11.4 percent, lower than 19.3 percent recorded last year, mainly due to lower growth in interest payments and squeezing of unnecessary expenditures.

Description	2017-18 Growth %	2018-19 Growth %	2019-20 Growth %	2020-21P Growth %
Gross Domestic Product (GDP)	5.5	1.90	-0.4	3.94
Agriculture	0.8	0.6	3.3	2.8
Manufacturing	0.96	-0.47	-0.5	8.7
Commodity Producing Sector	1.38	-0.5	-0.3	3.2
Services Sector	3.93	3.6	-0.6	4.4

P = Provisional

## INVESTMENT & SAVING

- Total investment recorded growth of 13.9 percent in FY2021. Fixed investment as percentage of GDP is recorded at 13.6 percent declined from 13.7 percent while Private investment as percentage of GDP at 9.8 percent also declined from 10.6 percent. Public investment as percentage of GDP has increased from 3.2 percent to 3.8 percent.
- National savings increased to 15.3 percent of GDP in this fiscal year against 13.6 percent last year.
- The inflows of FDI reached US\$ 2.3 billion during July-March FY2021 compared to US\$ 2.7 billion last year. The outflows of FDI during July-March FY2021 reached US\$ 872.8 million against US\$ 548.5 million last year.

Description	2017-18	2018-19	2019-20	2020-21 P
Total Investment - % of GDP	17.30	15.60	15.30	15.20
Fixed Investment - % of GDP	15.70	14.00	13.70	13.60
Public Investment - % of GDP	5.20	3.50	3.20	3.80
Private Investment - % of GDP	10.50	10.50	10.60	9.80
National Saving - % of GDP	11.30	10.80	13.60	15.30

P = Provisional

## CAPITAL MARKETS

- During FY 2021, the performance of stock markets presented an upward trend altogether, as on 27th May 2021, PSX observed an all-time high daily trading volume with 2.21 billion shares traded in a single session. While in 2020 during pandemic PSX earned the title of being the 'best Asian stock market', and fourth best-performing market across the world in 2020.
- During July-May FY2021, the benchmark KSE-100 index improved from 34,889 points to 47,896 points, gaining 13,006 points in the said period. As of May 31, 2021, the total market capitalization of the Pakistan Stock Exchange was Rs 8,267 billion. An increase of 26.6 percent was witnessed in market capitalization, compared with the June 30, 2020 market capitalization of Rs 6,529 billion.
- During July-March FY2021, corporations raised Rs 96.9 billion by issuing seventeen debt securities. Despite the COVID-19 outbreak, Pakistan Stock Exchange witnessed five IPOs between July 2020 and March 2021.

Some of the relevant statistics related to the Karachi Stock Exchange are as follows:

Description	2017-18	2018-19	2019-20	2020-21 P
KSE – 100 Index Points	41,998	33,766	34,889	47,896
KSE – 100 Index - Growth %	-10.1	-19.6	-13.43	27.15
Aggregate Market Capitalization (Growth %)	-9.0	-20.5	-18.4	26.6
Turnover of Shares (Rs. Billions)	46.5	39.9	52.8	49.86 A

P = Provisional (July-May 2020-21)

(A= April 2021)

## INFLATION

- Average inflation during July-April of the current fiscal year has been recorded at 8.6 percent, as against 11.2 percent during the same period last year. Due to the government measures for maintaining price stability, inflation in perishable food items was increased 0.1 percent against steep increase of 34.7 percent during same period last year.
- Non-perishable food items are the main contributing factor in rise of food inflation in the Food and beverages group, as it is recorded at 16.0 percent against the increase of 12.4 percent during the same period last year.
- Housing, Water, Electricity, Gas & other Fuel have recorded an increase of 5.7 percent during July-April FY2021 as against 7.1 percent during the same period last year.



- Core inflation for Urban and Rural recorded at 5.8 percent and 7.6 percent respectively during July-April FY2021 as compared to 7.8 percent and 8.7 percent during the same period last year.

Description	2017-18	2018-19	2019-20	2020-21 P
CPI (Consumer Price Index)	4.68	6.51	11.22	8.6
Average Food Inflation	3.09	4.69	15.09	14.1
Average Non-food Inflation	5.69	8.07	8.07	8.9
SPI (Sensitive Price Index) (Base Year 2015-16=100)	1.45	0.9	1.37	0.41 A
WPI (Wholesale Price Index) (Base Year 2015-16=100)	2.46	0.25	-0.32	-0.36 A

P = Provisional; (A=April, 2021)

## BALANCE OF PAYMENTS & RESERVES

- Trade deficit increased by 17.7 percent to US\$ 18.7 billion as compared to US\$ 15.9 billion last year (July-March FY2021), reason being the export of goods grew by 2.3 percent to US\$ 18.7 billion as compared to US\$ 18.3 billion the same period last year. Import of goods grew by 9.4 percent to US\$ 37.4 billion as compared to US\$ 34.2 billion last year.
- The exports of services moderately increased from US\$ 4.34 billion to US\$ 4.37 billion, thus showing a growth of 0.6 percent, owing to restrictions imposed on air travel during lockdowns.
- The current account deficit of \$ 4.7 billion in FY2020 into a surplus of \$773 million during July-April FY2021, due to the fact that flow of remittances and a sustained recovery in exports. Moreover, improvements in the services and primary income account also provided a cushion.
- Inflow of remittances in Pakistan has been rising consistently since FY2018 and the trend continued in FY2021 with a meritorious growth of 29.0% and reached \$ 24.2 billion during July-April FY2021.
- Pakistan's total liquid foreign exchange reserves increased to \$ 22.7 billion by the end of April 2021, up by \$ 3.8 billion, indicating a growth of 20.1 percent over the end-June 2020.
- Pakistani Rupee started to appreciate, on account of increased foreign exchange reserves, supported by remittances, exports and financial support from International Financial Institutions also due to introduction of a market-based exchange rate regime helped to stabilize the Rupee and the exchange rate reached Rs 153.5 per \$ by the end of April 2021, effectively appreciating by 9.5 percent over end-June 2020.
- Foreign investment witnessed a decline during the fiscal year mainly due to sharp increase in gross outflows, reflected by the repayment of intercompany loans by firms in the communication, electrical machinery and power sectors during the period. It dropped to US\$ 167.6 million in March FY2021 compared to US\$ 278.7 million in the same month last year. The inflows of FDI reached US\$ 2.3 billion during July-March FY2021 compared to US\$ 2.7 billion last year. The outflows of FDI during July-March FY2021 reached US\$ 872.8 million against US\$ 548.5 million last year.

Some of the relevant statistics related to balance of payments and foreign exchange reserves are as follows:

Description	2017-18 Growth %	2018-19 Growth %	2019-20 Growth %	2020-21 P Growth %
Exports	12.60	-2.10	-6.81	7.13
Imports	16.00	-6.80	-18.64	13.52
Workers' Remittances (\$ in billion)	2.9	9.2	6.0	26.2
Foreign Direct Investment (FDI)	26.37	-50.0	31.33	-14.81
Foreign Exchange Reserves – US\$ in billion	16.4	14.8	17.1	9.1

P = Provisional

## PUBLIC DEBT

- Total public debt was recorded at Rs 38,006 billion at end March 2021. Domestic debt was recorded at Rs 25,552 billion while external public debt was recorded at Rs 12,454 billion or \$ 81.6 billion at end March 2021.
- Out of this total increase, Domestic debt was recorded an increase of Rs 2,269 billion during first nine months of current fiscal year.
- During first nine month of current fiscal year, total external debt and liabilities depreciated by 3% and stood at \$115 billion till Mar 2021 vs \$118 billion last year.

Description	2017-18	2018-19	2019-20	2020-21 P
	Growth %	Growth %	Growth %	Growth %
Total Public Debt to GDP Ratio	7.49	19.49	(2.04)	1.7
Depreciation in Value of Rupee against US\$ - %	16.08	34	(1.61)	(9.5)
International Credit Rating – S&P	B	-B	-B	Not Rated
New Guarantees issued as a percentage of GDP	0.9	0.4	0.8	-

P = Provisional



## SECTION 3 SALIENT FEATURES

### Income Tax

#### Relief measures

1. Telecommunication companies given the status of industrial undertaking.
2. A new concept of small and medium enterprise to be introduced. Rate of tax for these enterprises to be 7.5% for cases with turnover up to Rs. 100M and 15% for up to Rs. 250M turnover. Option for final tax also to be available.
3. Certain deductions against income from property to be allowed to individuals and AOPs. Set-off of losses arising from other heads of income to be allowed from income from property.
4. Reduction of tax on capital gains up on disposal of securities to 12.5% from 15%.
5. Tax credit on purchase of POS machines at Rs. 150,000 per machine.
6. Non-recognition rules to apply to non-resident recipients on disposal of assets under transactions through gift, inheritance or agreement to live apart.
7. Turnover threshold for applicability of minimum tax u/s 113 for individuals and AOPs to be increased from existing Rs. 10M to Rs. 100M.
8. General rate of turnover tax u/s 113 to be reduced to 1.25% from existing 1.5% in addition to certain case-specific reductions, including 0.25% conditional rate for distributors, wholesalers and retailers of FMCG, fertilizer, locally manufactured mobile phones, sugar, electronics excluding imported mobile phones, cement and edible oil.
9. Commissioner may relax the requirement of filing audited financial statements or accounts for revising return of income.
10. Taxpayers may apply to FBR for formation of Alternate Dispute Resolution Committee even in case of criminal proceedings.
11. Commissioner no more empowered to reject the estimation of advance tax.
12. 0.25% tax rate is proposed for distributors, dealers, sub-dealers, wholesalers and Tier-1 retailers of fast-moving consumer goods, fertilizer, electronics (excluding mobile phones), sugar, cement, and edible oil, subject to the condition that they are borne on ATL.
13. Oilfield services, telecommunication services, warehousing services (already in existing list), collateral management services, travel and tour services are to be subjected to withholding tax on services at 3% of gross amount payable. However, payments to those service providers who have agitated the deduction of withholding tax on gross receipts basis will be made on the basis of withholding tax on service fee only at 8% for service providers which are companies and 10% for other cases.
14. Ceiling for non-deduction of withholding tax on rent for immoveable property to be increased from Rs. 200,000 to Rs. 300,000.
15. Reduction in advance tax collection rates on mobile and internet services from 12.5% to 10% for tax year 2022 and to 8% from tax year 2023 and onwards.
16. Relief measures for non-residents:
  - a. 10% final rate of tax for non-resident sukuk-holders.
  - b. 1% tax collected at the time of sale of immoveable property from non-residents Pakistanis to be treated as discharge of final liability from tax on capital gains.
  - c. 1% final tax to be collected from non-residents Pakistani at the time of purchase of immoveable property.

#### Revenue measures

1. Special allowance paid on fixed basis or as a percentage of salary to be taxed.
2. Payments from government provident funds and recognized provident funds on account of profit on debt exceeding Rs. 500,000 is to be taxed at 10% as separate block of income.
3. Tax at 10% as separate block to be applicable on withdrawals from approved pension funds of amounts representing profit on debt.
4. Free or subsidized food, education, medical or any other facility without marginal cost to the employer to be subjected to tax.
5. Medical facility and/ or allowance no more tax free.
6. 25% reduction in tax for full-time teachers and researchers abolished.
7. The Bill seeks to reduce the limit of profit on debt to be taxed at fixed/ final rates from existing Rs. 36M to Rs. 5M. The rate of tax is also proposed at fixed 15%.
8. Withdrawal of separate tax rates and minimum exemption threshold on income from property for individuals and AOPs.
9. Income of co-operative societies from the sale of goods, immoveable property or provision of

services to its members to be treated as subject to tax, on retrospective basis.

10. Gains on depreciable immovable property (being the excess of disposal value over tax WDV) to be taxed as capital gains.
11. Conceptual change to the concept of taxing capital gains increased holding period may be taxed higher.
12. Donations to organizations and NPOs under second schedule which were directly deductible from income are to be treated at par with donations to other NPOs and to be subjected to applicable ceilings.
13. Proceeds on disposal of immovable property included to the scope of turnover for the purpose of turnover tax u/s 113.
14. Cessation of tax exemptions and imposition of 1% final tax on exports of computer software or IT services or IT enabled services; services or technical services rendered outside Pakistan or exported from Pakistan; foreign royalty, commission or fees derived by a resident company from a foreign enterprise.

#### Other measures

1. A new section 100C and Thirteenth Schedule to be introduced for NPOs.
2. No need to issue separate notice under section 111 in concealment cases where the taxpayer is also confronted under notice for amendment of assessment.
3. Updating online taxpayer profile no more mandatory.
4. The Commissioner's powers to conduct an enquiry u/s 122 even in cases other than based on audits or on the basis of definite information sought to be withdrawn. These cases are to be finalized within 120 days, extendible to further 90 days.
5. Immediate payment of tax in case of appeal effect orders instead of present 30 days.
6. Legal mechanism for the recovery of tax demand under the Ordinance on request of foreign jurisdiction under a tax treaty, a multilateral convention, an inter-governmental agreement or similar arrangement or mechanism.
7. All corporate manufacturers who have paid advance tax u/s 147 to be entitled to certificate for exemption from section 153(1)(a) within 15 days of application.
8. Cessation of tax concession and imposition of 1% final tax on Construction contracts executed outside Pakistan.
9. Obligation to withhold tax on brokerage and commission to be extended to all cases of AOPs and individuals having turnover at Rs. 100M or more.

10. Manufacturers and importers of Pharmaceuticals, Poultry and animal feed, Edible oil and ghee, Battery, Tyers, Varnishes, Chemicals, Cosmetics and IT equipment to collect 0.1% advance tax from their distributors, dealers and wholesalers.
11. Manufacturers and importers of Pharmaceuticals, Poultry and animal feed, Edible oil and ghee, Battery, Tyers, Varnishes, Chemicals, Cosmetics and IT equipment to collect 0.1% advance tax at the time of sales to retailers and sales from distributor or dealer to another wholesaler in respect of the said sectors.
12. Failure to declare business bank account(s) in the registration form or return of income or wealth statement shall be considered an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year, or both.
13. Assistant Commissioner of Inland Revenue or any other officer of equal or higher rank authorized by the Board in this behalf, who on the basis of material evidence has reason to believe that any person has committed offence of concealment of income or any offence warranting prosecution under this Ordinance, may cause arrest of such person.

---

### Sales Tax

---

#### Relief measures

1. Enhancement of maximum annual turnover threshold from supplies made by cottage industry to be increased to Rs. 10 million from existing Rs. 3 million.
2. Excluding Public limited companies listed on Pakistan Stock exchange to allow 100% input tax adjustment in the same tax period from existing 90% in purview of section 8B.
3. Exemption for art and printing paper used in publication and printing of Holy Quran.
4. Exemption of Sales Tax to encourage IT industry in the country for import of plant, machinery and raw material by Special Technology Zone.
5. Exemption of Sales tax on locally manufactured silos till June 30, 2026.
6. A new concept of Common Identifier Number whereby NTN in case of AOP/ companies and CNIC in case of individuals will be the CIN.
7. Exemption from Sales tax on food related and other consumable goods for establishment of Border Sustenance Markets.
8. Zero rating on local supply and exemption on import to the exporters registered in Export Facilitation Scheme in respect of raw materials, components, parts and plant and machinery.
9. Supply of small motor cars up to engine capacity of 850cc to be charged Sales tax at a reduced rate of 12.5%.

### Revenue measures

1. Sale of goods through online market place to be brought to the sales tax net by deeming the online market place as supplier in respect of third-party sales through their platform.
2. Manufacturers of specifically itemized goods to mandatorily obtain brand license for each separate brand or SKU.
3. Mystery shopping on Tier-1 Retailers.
4. Sales tax on potassium chlorate increased from Rs. 80 per kg to Rs. 90 per kg. No change in 17% standard rate.
5. Withdrawing the reduced rates in Eighth Schedule items other than relating to basic food items, health and education by proposing to brought them into standard regime.
6. Sales tax on supply of lead and reclaimed lead for batteries to be subjected to 100% Sales tax withholding by customers.
7. Sugar to be included in Third Schedule, except for the sugar supplied as industrial raw material to Pharma, beverage and confectionery industry.
8. Broadening of definition of Tier-1 retailers by including retailers using POS for accepting payment via debit or credit cards or any other digital payment service provider.

### Regulatory measures

1. Rules to be prescribed for determining transfer pricing of taxable supplies between associates to reflect fair market value in an arm's length transactions.
2. Electronic version as a form of maintaining records to be kept under this section to streamline the requirement of record keeping.

### Federal Excise Duty

#### Relief measure

1. The rate of duty on telecommunication is proposed to be reduced from 17% to 16%.
2. Federal excise duty on fruit juices to be withdrawn.

#### Revenue measure

1. Federal excise on mobile phone calls, SMS message and internet data usage is being proposed.
2. Electronically heated tobacco products are also proposed to be brought into the tax net.

#### Others measures

Revision of return without prior approval of the Commissioner-IR to be allowed within 60 days of filing original return in case of increase in duty or decrease in refund.

### Customs

#### Relief Measures

1. Reduction and exemptions from customs duties for various industrial and consumer goods
2. Incentivizing textile industry through reduction of duties
3. Keeping the market prices of pharmaceutical products stable by reducing duties on raw materials and medical machinery and equipment.
4. Reduction in duties on raw material of various industries including paint, chemical & artificial leather, electronics and cables manufacturing, poultry and footwear industries.
5. Exemption of custom duties on various lifesaving drugs and specified ready to use foods.

#### Revenue Measures

1. Imposition of customs duty at the rate of 20% on Himalayan and other rock salt.
2. Imposition of customs duty at the rate of 16% on PVC electric insulation tapes in logs exceeding 100 cm.
3. Imposition of customs duty at the rate of 11% on submersible pumps having 5 to 10 inch diameter.
4. Increase in the rate of customs duty from 3% to 11% on Motor spirit.

#### Other measures

1. Rationalization of tariff structure for auto sector and various other raw material and intermediary goods.
2. Facilitating the licensing for public and private warehouses and introduction of the concept of common warehouses to encourage businesses.
3. Extending the legality of various notifications issued for exemption of customs duty under emergent situations.
4. Facilitating the determination of customs value through various simplified provisions.
5. Allowing for the amendment of import manifest without seeking approvals, until the berthing or cross-over event.
6. Relieving the provisions related to the recoveries of short paid or excess refunded duties for the amount up to Rs. 20,000/-
7. Providing opportunity of hearing before suspension of unique user identifier.
8. Discouraging retailer from selling smuggled goods through various provisions and penalty.
9. Providing for the expeditious adjudication of cases through imposing 30 days' time limit.
10. Incentivizing other law enforcement agencies through cash rewards for their support and role in seizing smuggled goods and vehicles.

## SECTION 4 INCOME TAX

### 1. SALARIED INDIVIDUALS

#### Special allowance

[Section 12(2)(c) | CI (39) Pt 1 Second Sch.]

Any allowance solely expended in the performance of the employee's duties of employment is presently exempt from tax. The most common/ admissible allowances covered are TA/ DA being paid as special allowance. It is now proposed to amend this concept by omitting clause (39) as per Part I of Second Schedule and by way of adding a clarification to section 12 that the allowance solely expended in the performance of employee's duty does not include:

- a. allowance which is paid in monthly salary on fixed basis or percentage of salary; or
- b. allowance which is not wholly, exclusively, necessarily or actually spent on behalf of the employer.

#### Payment from provident funds

[CI (22) & (23) Pt 1 Second Sch.]

Any payment from government provident funds and recognized provident funds on account of profit on debt in excess of Rs. 500,000 is proposed to be subjected to tax at 10% as separate block of income.

#### Payment from approved pension funds

[CI (23C) Pt 1 Second Sch.]

Tax at 10% as separate block is proposed to be applicable on such portion of withdrawals from approved pension funds that represent any amount on account of profit on debt.

#### Perquisites received by virtue of employment

[CI (53A) Pt 1 Second Sch.]

The Bill seeks to treat as income the following perquisites received by employees by virtue of their employment:

- a. Free or subsidized food provided by hotels and restaurants to its employees during duty hours;
- b. Free or subsidized education provided by an educational institution to the children of its employees;
- c. Free or subsidized medical treatment provided by a hospital or a clinic to its employees; and
- d. Any other perquisite or benefit for which the employer does not have to bear any marginal (additional) cost, as notified by FBR.

#### Free medical facility to employees

[CI (139) Pt 1 Second Sch.]

All types of free medical treatment and/ or hospitalization or the reimbursement of the medical charges and/ or hospital charges or 10% tax free medical allowance where no medical facility was provided to employees are all proposed to be taxed.

#### Reduction in tax liability for full-time teachers & researchers

[CI (2) Pt 3 Second Sch.]

The existing reduction in tax liability by 25% available to full-time teachers and researchers is proposed to be abolished.

### 2. DEFINITIONS

- a. The following new definitions are proposed to be adopted:

- (i) **Business bank account**

[Section 2(10A)]

Business bank account means a bank account utilized by the taxpayer for business transaction declared to the Commissioner through original or modified registration form prescribed under section 181.



(ii) **Concealment of income** **[Section 2(13AA)]**

Concealment of income includes -

- (a) the suppression of any item of receipt liable to tax in whole or in part, or failure to disclose income chargeable to tax;
- (b) claiming any deduction or any expenditure not actually incurred; and
- (c) any act referred to in sub-section (1) of section 111.

Explanation.- For the removal of doubt, it is clarified that where any item of receipt declared by the taxpayer is claimed as exempt from tax, or where any deduction in respect of any expenditure is claimed, mere disallowance of such claim shall not constitute concealment of income or the furnishing of inaccurate particulars of income, unless it is proved that the taxpayer deliberately claimed exemption from tax in respect of the aforesaid item of receipt or claimed deduction in respect of such expenditure not actually incurred by him.

(iii) **Information Technology (IT) services** **[Section 2(30AD)]**

Information Technology (IT) services include software development, software maintenance, system integration, web design, web development, web hosting and network design.

(iv) **IT enabled services** **[Section 2(30AE)]**

IT enabled services include inbound or outbound call centers, medical transcription, remote monitoring, graphics design, accounting services, Human Resource (HR) services, telemedicine centers, data entry operations, cloud computing services, data storage services, locally produced television programs and insurance claims processing.

(v) **Small and medium enterprise** **[Section 2(59A)]**

Small and medium enterprise means a person who is engaged in manufacturing as defined in clause (iv) of sub-section (7) of section 153 of the Ordinance and his business turnover in a tax year does not exceed Rs. 250M.

In case annual business turnover of a small and medium enterprise exceeds Rs. 250M, it shall not qualify as small and medium enterprise in the tax year in which annual turnover exceeds that turnover or any subsequent tax year.

b. The following clauses have been renumbered:

- (ii) Clause (13AA) proposed to be re-numbered as clause (13AB);
- (iii) Clause (59A) to be re-numbered as clause (59AB).

c. The following definitions are proposed to be amended:

(i) **Income** **[Section 2(29)]**

The definition of income is sought to be amended to correct a technical mistake by omitting section 233A.

(ii) **Industrial undertaking** **[Section 2(29C)]**

- a. The powers of the Federal Board of Revenue (Board) to grant the status of industrial undertaking by way of notification in the official gazette were withdrawn earlier by the Tax Laws (Second Amendment) Ordinance, 2021. The Bill seeks to enact this amendment.
- b. Telecommunication companies operating under the license of Pakistan Telecommunication Authority (PTA) proposed to be given the status of industrial undertaking.

(iii) **Small company** **[Section 2(59B)]**

Small and medium enterprise as per the newly inserted/ renumbered section 59A is proposed not to be considered under the domain of small companies.

### 3. CHARGE OF TAX

#### Tax on profit on debt [Section 7B | Div IIIA Pt 1 First Sch.]

The Bill seeks to reduce the limit of profit on debt to be taxed at fixed/ final rates from existing Rs. 36M to Rs. 5M. The rate of tax is also proposed at fixed 15%.

### 4. INCOME FROM PROPERTY

#### Tax on income from property [Section 15(6)&(7) | Div VIA Pt 1 First Sch.]

It has been sought to withdraw separate tax rates and minimum exemption threshold on income from property for individuals and AOPs. Thereby, income from property for this class of persons is proposed to be no more treated as a sperate block of income. The net/ taxable income from property is to be computed and added to total income from all other normal sources of income and taxed at applicable normal rates after considering minimum exempt income threshold of Rs. 600,000. This is expected to result in higher tax burden due to clubbing of income from property to other normal income.

#### Deductions in computing income from property [Section 15A]

Certain deductions were available for individuals and AOPs till tax year 2016 for computing income from property for tax purposes, which were earlier limited to companies only vide the Finance Act, 2016. The Bill now seeks to reinstate these deductions for individuals and AOPs. These deductions include:

- a. Deduction for repairs at an amount of 1/5<sup>th</sup> of rent chargeable;
- b. Building insurance premium;
- c. Property tax and like rates, charges and cess;
- d. Ground rent;
- e. Profit on debt/ interest in respect of construction, renovation and acquisition of property;
- f. Administration and collection charges up to 4% of rent chargeable;
- g. Legal expenses to defend the ownership title; and
- h. Unpaid rent, subject to condition.

#### Set off of losses [Section 56(1)]

It has also been proposed to allow set-off of losses arising from other heads of income from the taxpayer's income from property during the tax year.

### 5. INCOME FROM BUSINESS

#### Income derived by co-operative societies [Section 18(1)(b)]

It has been sought to treat as subject to income tax, on retrospective basis, income derived by co-operative societies from the sale of goods, immoveable property or provision of services to its members.

#### Tax on disposal of business-purpose immoveable property [Section 22(13)(d)]

Any gain arising out of disposal of depreciable immoveable property is not subject to tax since the cost of the property upon disposal is implied as equal to the disposal proceeds. The Bill now seeks to tax the gains (being the excess of disposal value over tax WDV) as capital gains to be treated under section 37 and subjecting the taxable gain to period of holding u/s 37(3A). However, it appears that necessary corresponding amendments to section 37(5)(b) have not been made, since it continues to exclude depreciable assets from the very scope of capital assets to be treated and taxed under section 37.

### First year allowance

[Section 23A, 57(4)&(5), Part II Third Sch.]

First year allowance of 90% of cost of eligible depreciable assets available to industrial undertakings in rural/ under-developed area and cellphone manufacturers was already withdrawn earlier by the Tax Laws (Second Amendment) Ordinance, 2021. The Bill now seeks to enact this withdrawal.

## 6. CAPITAL GAINS

### Capital gains

[Section 37 | Div VIII Pt 1 First Sch.]

A major conceptual change, increasing the tax burden on account of capital gains on immoveable property, has been proposed to sub-section (1A) with an implication that gains on increased holding period may be taxed higher. It is since, the existing holding-period-based slabs as per section 37(3A) are proposed to be applied first to determine whether the taxable gain exceeds Rs. 5M. Separate block for capital gains will only apply to cases exceeding Rs. 5M at a flat rate of 5%. All other cases (i.e., where taxable capital gain is up to Rs. 5M) will be added to normal taxable income for the year and taxed accordingly.

Taxable Gain After Applying Period Slabs as per Section 37(3A)	Tax Treatment	Tax Rate
Up to Rs. 5M	To be added to normal income	Effective rate applicable to the Taxpayer's Total Income
Above Rs. 5M	To be taxed as separate block	Flat 5%

It has also been sought to add an explanation that where a person is habitually engaged in transactions of sale and purchase of immoveable property or such sale and purchase is adventure in the nature of trade and business, the provisions of sub-section (1A) shall not apply and the income from such transactions shall be chargeable under the head Income from Business.

A new proviso has also been proposed after sub-section (4A) that if a capital asset acquired through gift is disposed of within two years of acquisition and the Commissioner is satisfied that such gift arrangement is a part of tax avoidance scheme, then the provisions of section 79(3) shall apply for the purpose of determining the cost of asset in the hands of recipient of the gift. However, in this case, no gain is expected to arise since character and cost of the asset is considered the same for recipient of assets alike to the character and cost for the person disposing the asset.

### Capital gains arising to non-residents on disposal of immoveable property

The Bill also seeks to enact a proviso brought vide Tax Laws (Amendment) Ordinance, 2021 whereby, in case if a seller or transferor is a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) who had acquired the said immovable property through a Foreign Currency Value Account (FCVA) or NRP Rupee Value Account (NRVA) maintained with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan, the *tax collected under section 236C at 1% shall be final discharge of tax liability in lieu of capital gains* taxable under section 37 earned by the seller or transferor from the property so disposed of.

### Capital gain on disposal of securities

[Section 37A | Div VII Pt 1 First Sch.]

It has been sought to reduce capital gain tax to 12.5% from existing 15% for tax year 2022 and onwards.

## 7. TAX CREDITS

### Charitable donations

[Section 61, Clause 61 Pt 1 Second Sch, Thirteenth Sch.]

It has been proposed, to enact the amendment vide the Tax Laws (Second Amendment) Ordinance, 2021, that voluntary contributions and subscriptions shall also be admissible to tax credits in addition



to donations. Likewise, for clarity, it has also been proposed that such payments to persons eligible for tax credit under section 100C also to be included in the list of eligible recipients.

On the other hand, the most significant amendment in this regard is to abolish the concept of direct reduction in taxable income under Clause 61 of Part 1 of Second Schedule to the Ordinance for payments to organizations listed in the said clause. It has been proposed that donations, contributions and subscriptions payable to all these organizations will now be eligible to tax credits instead of reduction in income. A new schedule (Thirteenth Schedule) is proposed to be enacted, accordingly.

Moreover, since no increase or relaxations in maximum ceilings have been proposed, these amendments will result in an overall lowering of receipts by NPOs and thereby reduce their capability, increasing the burden on government's shoulders to provide relief to the needy people in terms of various sectors, including education and health.

#### **Tax credit for point-of-sale machine**

**[Section 64D]**

It has been proposed that persons who are required to integrate with Board's computerized system for real time reporting of sale or receipt, shall be entitled to tax credit in respect of the amount invested in purchase of point-of-sale machine. The amount of tax credit allowed for a tax year in which point of sale machine is installed, integrated and configured with the Board's computerized system shall be lower of amount actually invested in purchase of point-of sale machine or Rs. 150,000 per machine.

It has further been proposed that the term point-of-sale machine shall mean a "machine" meant for processing and recording the sale transactions for goods or services, either in cash or through credit and debit cards or online payments in an internet-enabled environment. Although internet-enabled environment is intended for the credit, the limitation of the credit to the term "machine" may limit the actual benefits of the credit to physical facilities/ shops only and not the IT infrastructure and software needed for online payment systems and merchant/ vendor wallets, etc.

#### **Tax credit for certain persons**

**[Section 65F]**

The Bill seeks to enact 100% tax credit of the tax payable brought to statute vide the Tax Laws (Second Amendment) Ordinance, 2021, in respect of the following taxpayers:

- a. **persons engaged in coal mining projects** in Sindh supplying coal exclusively to power generation projects;
- b. **startups** as defined in clause (62A) of section 2 for the tax year in which the startup is certified by the Pakistan Software Export Board and the next following two tax years; and
- c. Income from **exports of computer software or IT services or IT enabled services** up to the period ending on the 30th day of June, 2025, subject to the condition that 80% of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.

Following further conditions, where applicable, apply for availing tax credits under sub-section (1) shall be available subject to filing of:

- a. income tax return;
- b. withholding tax statements and withholding compliances; and
- c. sales tax returns.

#### **Tax credit for specified industrial undertakings**

**[Section 65G]**

It has been sought to enact tax credit earlier brought to statute vide the Tax Laws (Second Amendment) Ordinance, 2021, on capital investments, whereby the eligible taxpayers shall be allowed to take an investment tax credit of 25% of the eligible investment amount, against tax payable, including minimum and final taxes. The tax credit not fully adjusted during the year of investment shall be carried forward to a maximum of subsequent two tax years.

Investment made in purchase and installation of new machinery, buildings, equipment, hardware and software, except self-created software and used capital goods shall be eligible for tax credit.

The following tax payers are eligible for this tax credit:

- a. Green field industrial undertakings as defined in clause (27A) of section 2 engaged in:
  - (i) the manufacture of goods or materials or the subjection of goods or materials to any process which substantially changes their original condition; or
  - (ii) ship building:

Provided that the company must be incorporated between June 30, 2019 and June 30, 2024 and is not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery, plant or building from an undertaking established in Pakistan prior to commencement of the new business and is not part of an expansion project.

- b. Industrial undertakings set up by June 30, 2023 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from the date such industrial undertaking is set up.

### **Enactment of withdrawal of tax credit vide Tax Laws (Second Amendment Ordinance, 2021)**

The Bill seeks to enact the withdrawal of certain tax credits vide the Tax Laws (Second Amendment Ordinance, 2021):

- a. Tax credit for persons employing fresh graduates [Section 64C]
- b. Tax credit for enlistment [Section 65C]
- c. Tax credit for newly established industrial undertakings [Section 65D]

## **8. ASSETS | Non-recognition rules [Section 79(2)]**

It has been sought to extend the application of non-recognition rules to non-resident recipients on disposal of assets under transactions through gift, inheritance or agreement to live apart.

## **9. SPECIAL INDUSTRIES**

### **Tax credit for charitable organizations [Section 100C]**

The Bill seeks to substitute the existing section 100C related to charitable organizations as under:

- (1) The persons mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred percent of tax payable under any of the provisions of this Ordinance including minimum and final taxes in respect of incomes mentioned in sub-section (3) subject to the conditions and limitations laid down in sub-section (4).
  - (c) a trust;
  - (d) a welfare institution registered with Provincial or Islamabad Capital Territory (ICT) social welfare department;
  - (e) a not-for-profit company registered with the Securities and Exchange Commission of Pakistan under section 42 of the Companies Act, 2017;
  - (f) a welfare society registered under the provincial or Islamabad Capital Territory (ICT) laws related to registration of co-operative societies;
  - (g) a waqf registered under Mussalman Waqf 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;
- (2) The provisions of this section shall apply to the following persons, namely:
  - (a) persons specified in Table - II of clause (66) of Part I of the Second Schedule to this Ordinance;
  - (b) a trust administered under a scheme approved by the Federal Government and established in Pakistan exclusively for the purposes of carrying out such activities as are for the welfare of ex-employees and serving personnel of the Federal Government or a Provincial Government or armed forces including civilian employees of armed forces and their dependents where the said trust is administered by a committee nominated by the Federal Government or a Provincial Government;

- (h) a university or education institutions being run by non-profit organization existing solely for educational purposes and not for the purposes of profit;
  - (i) a religious or charitable institution for the benefit of public registered under any law for the time being in force; and
  - (j) international non-governmental organizations (INGOs) approved by the Federal Government.
- (3) The following income is eligible for tax credit, namely:
- (a) income from donations, voluntary contributions and subscriptions;
  - (b) income from house property;
  - (c) income from investments in the securities of the Federal Government;
  - (d) profit on debt from scheduled banks and microfinance banks;
  - (e) grant received from Federal, Provincial, Local or foreign Government;
  - (f) 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", only so much of such income shall be eligible for tax credit under this section that bears the same proportion as the said amount of business income bears to the aggregate of income from all sources; and
  - (g) any income of the persons mentioned in clauses (a), (b) and (h) of sub-section (2) of this section.
- (4) Eligibility for tax credit shall be subject to the following conditions, namely:
- (a) return has been filed;
  - (b) tax required to be deducted or collected has been deducted or collected and paid;
  - (c) withholding tax statements for the relevant tax year have been filed;
  - (d) the administrative and management expenditure does not exceed 15% of the total receipts:  
Provided that clause (d) shall not apply to a non-profit organization, if:
    - (i) charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; or
    - (ii) total receipts of the non-profit organization during the tax year are less than one hundred million Rupees;
- (e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2: Provided that the condition of approval in respect of persons mentioned in Table – II of clause (66) of Part I of the Second Schedule to this Ordinance, shall take effect from the first day of July, 2022 and the requirements of clause (36) of section 2, shall not be applicable for earlier years
- (f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person:  
Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor; and
  - (g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.
- (5) Notwithstanding anything contained in sub-section (1), surplus funds of organizations to which this section applies shall be taxed at a rate of ten percent.
- (6) For the purpose of sub-section (5), surplus funds mean funds or monies:
- (a) not spent on charitable and welfare activities during the tax year;
  - (b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;
  - (c) which are more than twenty-five percent of the total receipts of the non-profit organization received during the tax year; and
  - (d) are not part of restricted funds.  
Explanation.- For the purpose of this clause, "restricted funds" mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor or funds received in kind.

### Special provisions relating to builders and developers

#### [Section 100D | Eleventh Schedule]

It has been sought to enact the extension in milestones vide the earlier Income Tax (Amendment) Ordinance, 2021.

## Special provisions relating to small and medium enterprises

[Section 100E | Fourteenth Sch.]

It has been proposed to inset a new section 100E and Fourteenth Schedule governing the rules for taxation of small and medium enterprises for tax year 2021 and onwards. It has also been proposed to empower the Board to prescribe a simplified return for a small and medium enterprise.

The proposed Fourteenth Schedule laying down Rules for Computation of Profit and Gains for Small and Medium Enterprises is reproduced below:

1. **Application** | These rules shall apply to small and medium enterprises as defined in Clause (59A) of Section 2 of the Ordinance.
2. **Registration** | Small and medium enterprise shall be required to register with FBR on its Iris web portal or Small and Medium Enterprises Development Authority on its SME registration portal (SMERP).
3. **Categories and tax rates** | There shall be following two categories of small and medium enterprises and tax on their taxable income shall be computed at the tax rates given in the table below, namely:

Sr. No.	Category	Annual Business Turnover	Rates
1.	Category-1	Up to Rs. 100M	7.5% of taxable income
2.	Category-2	Above Rs. 100M Up to Rs. 250M	15% of taxable income

4. **Option for Final Tax Regime** |
  - (1) The small and medium enterprises may opt for taxation under final tax regime at the rates given in the table below:

Sr. No.	Category	Annual Business Turnover	Rates
1.	Category-1	Up to Rs. 100M	0.25% of gross turnover
2.	Category-2	Above Rs. 100M Up to Rs. 250M	0.5% of gross turnover

- (2) Option under sub-rule (1) of this rule shall be exercised at the time of filing of return of income and option once exercised shall be irrevocable for three tax years.
  - (3) The provisions of section 177 and 214C shall not apply to SME who opts for taxation under sub-rule (1) of this rule.
5. **Audit** |
  - (1) SMEs who opt for taxation under normal law under rule 3 may be selected for tax audit through risk based parametric computer ballot under section 214C of the Ordinance if its tax to turnover ratio is below tax rates given in rule 4 of these rules.
  - (2) The cases selected under sub-rule (1) of this rule shall not exceed 5% of the total population of SMEs whose tax to turnover ratio is below tax rates given in rule 4 of these rules.
6. **Provisions of Ordinance to apply** | The other provisions of the Ordinance shall apply mutatis mutandis to the SMEs.

## 10. ANTI AVOIDANCE

### Unexplained income or assets

[Section 111]

The Bill seeks to eliminate the need to issue separate notice under section 111 in concealment cases where the taxpayer is also confronted under notice for amendment of assessment.

## 11. MINIMUM TAX

### Minimum tax on income of certain persons

[Section 113 | Div IX of Pt 1 of First Sch. | Cl (24D) of Pt 2 Second Sch.]

It has been sought to:

- a. enhance the turnover threshold for applicability of minimum tax for individuals and AOPs from existing Rs. 10M to Rs. 100M; and
- b. include the proceeds on disposal of immoveable property to the scope of turnover by way of adding an explanation.

The Bill also seeks to propose the following rates for payment of minimum tax u/s 113 of the Ordinance:

Sr. No.	Persons	Minimum Tax Rate
1.	(a) Oil marketing companies, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.) (b) Pakistan International Airlines Corporation; and (c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production.	0.75%
2.	(a) Oil refineries (b) Motorcycle dealers registered under the Sales Tax Act, 1990	0.5%
3.	(a) Distributors of pharmaceutical products, fast moving consumer goods and cigarettes; (b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; (c) Rice mills and dealers; (d) Tier-1 retailers of fast-moving consumer goods who are integrated with Board or its computerized system for real time reporting of sales and receipts; (e) Person's turnover from supplies through e-commerce including from running an online marketplace as defined in clause (38B) of section 2. (f) Persons engaged in the sale and purchase of used vehicles.	0.25%
4.	In all other cases	1.25%

Moreover, a new clause (24D) is sought to be inserted in Part II of Second Schedule to specify reduced rate of 0.25% for minimum tax for distributors, dealers, sub-dealers, wholesalers and retailers of fast-moving consumer goods, fertilizer, locally manufactured mobile phones, sugar, electronics excluding imported mobile phones, cement and edible oil. Applicability of reduced rates will be subject to the following conditions:

- a. Taxpayer shall be appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001;
- b. Limited-scope application to Tier-1 retailers as defined under Sales Tax Act, 1990 who are integrated and configured with Board or its computerized system for real time reporting of sales or receipts.

## 12. RETURN OF INCOME

[Section 114]

Presently there is a mandatory requirement to submit revised accounts or revised audited accounts for revision of return filed. It has been proposed to empower the Commissioner to relax this mandatory requirement for revising return of income.



### 13. TAXPAYER'S PROFILE

[Section 114A & 182A(2)]

A new section 114A was inserted vide Finance Act, 2020, whereby the certain persons were required to furnish a profile. The Bill seeks to omit this section 114A. Accordingly, the penalty for not updating taxpayer's profile is also proposed to be omitted.

### 14. ASSESSMENTS

[Section 120]

A new concept of arithmetical & allied verification and notice issuance process of returns filed was brought to the statute vide the Finance Act, 2020. The Bill seeks to keep this process in abeyance till a date to be specified by the Board.

### 15. AMENDMENT OF ASSESSMENTS

[Section 122(5A)&(9)]

The Commissioner is empowered to conduct an enquiry even in cases other than based on audits or on the basis of definite information. It has been sought to withdraw this power.

It has further been sought that an order for amendment shall be made within 120 days of issuance of show cause notice or within such extended period up to 90 days. It has, however, proposed to apply this timeframe restriction to show cause notices issued on or after the July 1, 2021. Moreover, any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or agreed assessment proceedings under section 122D or the time taken through adjournment by the taxpayer not exceeding 60 days is to be excluded from the computation of the period specified.

### 16. REVISION BY THE COMMISSIONER

[Section 122A(5)]

A new clause (5) is proposed to be inserted, limiting a timeline of 120 days in case the Commissioner prefers to remanded back to any lower authority for modification, alteration, implementation of directions or de novo proceedings.

### 17. APPEALS

#### Appeal to the Commissioner (Appeals)

[Section 127(3)]

The Bills seeks to enact the legal provisions for filing of appeals electronically.

### 18. ALTERNATIVE DISPUTE RESOLUTION

[Section 134A]

Presently the taxpayer may not apply to the Board for formation of Alternate Dispute Resolution Committee in case where criminal proceedings have been initiated. The Bill seeks to do away with this restriction. A new proviso is also sought to empower the Board to decide, while taking into consideration all relevant facts and circumstances, whether or not ADRC may be constituted if the issue involves a mixed question of fact and law.

It has also been proposed that the taxpayer has to file an initial proposition for dispute resolution. Further that the timelines for formation of committee by the Board to be reduced from 60 to 30 days and the timeframe for deciding the dispute to be reduced from 120 to 60 days, extendible by another 30 days.

It has been sought that no separate consideration of hardship to taxpayer to be required for granting stay against recovery upon constitution of committee and that stay shall prevail till the final decision or dissolution of the committee. The Board shall dissolve the committee upon failure to decide within the specified timeframe and may reconstitute the committee. The second committee shall decide in the specified timeframe, failing which the matter is to be decided by the court of law or appellate authority where the dispute is pending.

## 19. COLLECTION AND RECOVERY OF TAX

### Due date for payment of tax

[Section 137]

The timeframe for payment of tax in case of appeal effect orders is presently 30 days, which the Bill seeks to make payable immediately.

### Assistance in the recovery and collection of taxes

[Section 146C]

It has been sought to adopt legal mechanism for the recovery of tax demand under sections 138, 138A, 138B, 139, 140, 141, 142, 143, 144, 145, 146, 146A, and 146B upon request of foreign jurisdiction under a tax treaty, a multilateral convention, an inter-governmental agreement or similar arrangement or mechanism.

## 20. ADVANCE TAX

### Advance tax paid by the taxpayer

[Section 147]

The Bill seeks to withdraw the power of the Commissioner to reject the estimation of advance tax.

## 21. IMPORTS

### CKD kits of electric vehicles

[Section 148 | Proviso Cl (c) Pt 2 First Sch.]

Vide the Tax Laws (Amendment) Ordinance, 2021 imports of CKD kits of electric vehicles for small cars or SUVs with up to 50kwh battery and LCVs with up to 150kwh battery was allowed at a reduced rate of 1%. The Bill now seeks to enact this reduction in tax rate.

## 22. PAYMENTS TO NON-RESIDENTS

### Capital gain arising on the disposal of debt instruments invested through FCVA and NRVA

[Section 152(1DA) | Division II Pt II First Sch.]

It has been sought to enact that banks will collect final tax at 10% from capital gain arising on the disposal of debt instruments and government securities and certificates (including Shariah compliant variant) invested through the Foreign Currency Value Accounts (FCVA) or a Non-resident Pakistani Rupee Value Accounts (NRVA) of non-resident individuals holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC).

### Profit on sukus

[Section 152(1DB) | Division IB Pt III First Sch.]

The Bill seeks to adopt provisions for collection of withholding tax under section 152, whereby the collection is in the nature of final tax from non-resident sukuk-holders at 10%.

## 23. COLLECTION OR DEDUCTION OF WITHHOLDING TAX

### Dividends

[Section 150 & 236S | Div I Pt III First Sch.]

It has been sought to consolidate the provisions of law by omitting section 236S and adopting tax on dividend in specie under section 150.

### Profit on debt/ return on investment in Sukus

[Section 151/ 150A | Div IB Pt 3 First Sch.]

The Bill seeks to transpose the provisions for collection of advance tax on Sukus by omitting section 150A and inserting the same to section 151.

### Payment for goods, services and contracts

#### a. Distributor of FMCG

[Section 153(1)(a) | Cl (ab) Div III Pt 1 First Sch. | Cl (24C) Pt 2 Second Sch.]

It has been sought to omit the reduced rates of 2% applicable to companies and 2.5% applicable to other cases of distributors of fast-moving consumer goods as well to enact a concessionary rate



of 0.25% of gross amount payable. This 0.25% rate is proposed for distributors, dealers, sub-dealers, wholesalers and retailers of fast-moving consumer goods, fertilizer, electronics (excluding mobile phones), sugar, cement, and edible oil, subject to the conditions that the beneficiary shall be appearing on ATL for Sales Tax Act, 1990 and the Income Tax Ordinance, 2001. Moreover, for retailers, the benefit is only to be restricted to Tier-1 retailers as per Sales Tax Act, 1990.

b. **Specified service providers** [Section 153(1)(b) | Div III Pt 3 First Sch.]

Certain services were made subject 3% withholding tax of gross amount payable in the nature of minimum tax. With the proposed addition of few more service to this list, the following comprises these sectors:

**Existing sectors** | Transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services (as defined Section 65F), tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services

**New sectors added** | Oilfield services, telecommunication services, warehousing services (already in existing list), collateral management services, travel and tour services.

It has also been proposed to add an explanation in Division III of Part III to the First Schedule that the reduced tax rate of 3% on gross amount of receipt shall be applicable to such service providers who have not agitated taxation of gross receipts before any court of law. Accordingly, payments to those service providers who have agitated the deduction of withholding tax on gross receipts basis will be made on the basis of withholding tax on service fee only. Tax rates in these cases will be 8% for service providers which are companies and 10% for other cases.

c. **Manufacturers being companies** [Section 153(4)]

In case of manufacturers, which are listed companies and which discharge advance tax liability under section 147, are entitled to issuance of certificate for exemption from withholding tax. These exemptions are to be automatically allowed within 15 days in case of no proceedings and the Commissioner may modify or cancel these automatically allowed exemptions for reasons to be recorded in writing after providing an opportunity of being heard. The Bill now seeks to extend this facility to all cases of manufacturers which are companies.

d. **Local vendors of specified export-oriented sectors** [Section 153(5)(b) | CI (45A) Pt 4 Second Sch.]

Supply of good and services to five export-oriented sectors is subject to concessional rates of withholding tax under clause (45A) of Part IV to the Second Schedule. It is intended to add another explanatory note to clarify on limitation of these concessionary rates to local supply of goods and services only.

**Payment of royalty to resident persons** [Section 153B | Div IIIB Pt III First Sch.]

Royalty paid to resident persons was subjected to withholding tax at 15% vide the Finance Act, 2019. It has now been sought to withdraw this concept.

**Export of services** [Section 154A, 168 & 169 | Div IVA Pt III First Sch.]

A new section for collection of 1% tax on foreign proceeds on account of various services is proposed to be adopted. The following services which are conditionally or unconditionally exempt from income tax are now proposed to be taxed covered under the ambit of this collection:

- a. exports of computer software or IT services or IT enabled services in case tax credit under section 65F is not available;

- b. services or technical services rendered outside Pakistan or exported from Pakistan;
- c. royalty, commission or fees derived by a resident company from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise;
- d. construction contracts executed outside Pakistan; and
- e. other services rendered outside Pakistan as notified by the Board from time to time.

The tax deductible under this section shall be a final tax on the income arising from the transactions referred to in this section, upon fulfilment of the following conditions:

- a. return has been filed;
- b. withholding tax statements for the relevant tax year have been filed; and
- c. sales tax returns under Federal or Provincial laws have been filed, if required under the law;
- d. no credit for foreign taxes paid shall be allowed.

Taxpayers will have option not be taxed under the final tax regime. However, the option shall be exercised every year at the time of filing of return under section 114.

Where a taxpayer, while explaining the nature and source of any amount, investment, money, valuable article, expenditure, referred to in section 111, takes into account any source of income which is subject to final tax in accordance with the provisions of this section, he shall not be entitled to avail credit of a sum that can be reasonably attributed to the business activity or activities covered under this section.

The Board in consultation with State Bank of Pakistan shall prescribe mode, manner and procedure of payment of tax under this section and the Board shall have power to include or exclude certain services for applicability of provisions of this section.

#### Income from [rent of immoveable] property

[Section 155 | Div V Pt 3 First Sch.]

It has been sought to clarify the withholding rates applicable for paying rent of immoveable property as per Division V of Part III of First Schedule shall apply irrespective of the head of income where this income is reported by the recipient. The following new rates have also been proposed for deducting withholding tax on rent of immoveable property:

<i>Gross Amount of Rent</i>	<i>Rate of Tax</i>
Up to Rs. 300,000	NIL
Above Rs. 300,000 and up to Rs. 600,000	5% of the amount exceeding Rs. 300,000
Above Rs. 600,000 and up to Rs. 2M	Rs. 15,000 <b>PLUS</b> 5% of the amount exceeding Rs. 600,000
Above Rs. 2M	Rs. 155,000 <b>PLUS</b> 25% of the amount exceeding Rs. 2M

#### Premium on vehicle bookings | advance tax on private motor vehicles

[Section 231B | Div VII Pt 4 First Sch.]

As an effort to curb bookings of vehicles by investors and sale before registration against premiums, the Tax Laws (Amendment) Ordinance, 2021 brought the concept of collecting advance tax on this activity. Whereas, this causes extra cost burden to the actual/ ultimate buyers the Bill seeks to amend and enact the provisions for collection of advance tax in case of locally manufactured motor vehicles sold prior to registration by the person who originally purchased it from the local manufacturer at the following rates:

<i>Engine Capacity</i>	<i>Tax</i>
Up to 1,000cc	Rs. 50,000
Above 1,000cc up to 2,000cc	Rs. 100,000
Above 2,000cc	Rs. 200,000

### Brokerage and commission

[Section 233]

Obligation to withhold tax on brokerage and commission is proposed to be extended to all cases of AOPs and individuals having turnover at Rs. 100M or more.

### Electricity consumption

[Section 235 & 235A | Div IV Pt 4 First Sch.]

It has been proposed to collect advance tax on domestic electricity bills from consumers who are not borne on ATL and omitting section 235A and the existing slab/ rate applicable for collection of advance tax from domestic users. Moreover, the following new rates have been proposed for electricity consumers:

#### a. Rates for commercial & industrial consumers

Gross Amount of Bill	Tax
Up to 500	NIL
Above Rs. 500 and up to Rs. 20,000	10% of the amount
Above Rs. 20,000	<i>Commercial consumers</i>   Rs. 1950 plus 12% of the amount exceeding Rs. 20,000 <i>Industrial consumers</i>   Rs. 1950 plus 5% of the amount exceeding Rs. 20,000

#### b. Rates for domestic consumers not borne on ATL

Amount of Monthly Bill	Tax
Up to 25,000	NIL
Above Rs. 25,000	7.5% of the amount of monthly bill

### Internet, mobile telephone & prepaid cards

[Section 236 | Div V Pt 4 First Sch.]

It has been proposed to reduce the rates of tax collection for mobile and internet users as under:

Tax Year	Existing Rate	Proposed Rates
2022	12.5%	10%
Onwards	12.5%	8%

### Advance Tax on sale or transfer of immovable property

[Section 236C | Div X Pt 4 First Sch.]

It has been sought to include public and private real estate projects registered/ governed under any law, joint ventures, private commercial concerns in the list of persons obliged to collect advance tax u/s 236 at the time of registering, recording or attesting the transfer for sale from the seller or transferor.

The Bill also seeks to enact a proviso brought vide Tax Laws (Amendment) Ordinance, 2021 whereby, in case if a seller or transferor is a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) who had acquired the said immovable property through a Foreign Currency Value Account (FCVA) or NRP Rupee Value Account (NRVA) maintained with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan, the tax collected at 1% shall be final discharge of tax liability in lieu of capital gains taxable under section 37 earned by the seller or transferor from the property so disposed of.

### Advance tax on sales to distributors, dealers and wholesalers

[Section 236G | Div XIV Pt 4 First Sch.]

Manufacturers and commercial importers of electronics, sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector are liable to collect advance tax at 0.1% and for fertilizer at 0.7% on gross amount of sales at the time of sale to distributors, dealers and wholesalers.

It is now proposed to enact the amendment earlier brought to statute vide Tax Laws (Amendment) Ordinance, 2021, that the rate applicable for fertilizer sector shall be 0.25% if they are already appearing on both the ATLS issued under the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001.

The following sectors/ items have now also been proposed to be included under the purview of this collection of advance tax at 0.1%:

- |                            |              |                 |
|----------------------------|--------------|-----------------|
| a. Pharmaceuticals         | d. Battery   | g. Chemicals    |
| b. Poultry and animal feed | e. Tyers     | h. Cosmetics    |
| c. Edible oil and ghee     | f. Varnishes | i. IT equipment |

### Advance tax on sales to retailers

[Section 236H | Div XV Pt 4 First Sch.]

Manufacturers and commercial importers of sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector liable to collect advance tax at 0.5% and for electronics at 1% on gross amount of sales at the time of sale to retailers and sales from distributor or dealer to another wholesaler in respect of the said sectors.

0.5% rate of collection has been proposed for electronics in line with other sectors.

The following new sectors/ items have now also been proposed to be included under the purview of this collection of advance tax under this section:

- |                            |              |                 |
|----------------------------|--------------|-----------------|
| a. Pharmaceuticals         | d. Battery   | g. Chemicals    |
| b. Poultry and animal feed | e. Tyers     | h. Cosmetics    |
| c. Edible oil and ghee     | f. Varnishes | i. IT equipment |

### Advance tax on purchase or transfer of immovable property

[Section 236K | Div XVIII Pt 4 First Sch.]

It has been sought to include public and private real estate projects registered/ governed under any law, joint ventures, private commercial concerns in the list of persons obliged to collect advance tax u/s 236K at the time of registering, recording or attesting the transfer from the purchaser or transferee.

The Bill also seeks to enact a proviso brought vide Tax Laws (Amendment) Ordinance, 2021 whereby, in case if a seller or transferor is a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) who had acquired the said immovable property through a Foreign Currency Value Account (FCVA) or NRP Rupee Value Account (NRVA) maintained with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan, the tax collected at 1% shall be final discharge of tax liability for such buyer or transferee.

A new proviso has also been sought to be added, clarifying that where tax has been collected along with installments, no further tax under this section shall be collected at the time of transfer of property in the name of buyer from whom tax has been collected in installments which is equal to the amount payable in this section.

## Advances tax provisions omitted

Section	Omitted provisions	Schedule
231A	Non-filers   cash withdrawal from a bank	Div VI Pt 4 First Sch.
231AA	Non-filers   certain transactions in bank	Div VIA Pt 4 First Sch.
233A	Collection of tax by a stock exchange	Div IIA Pt 4 First Sch.
233AA	Collection of tax by NCCPL	Div IIB Pt 4 First Sch.
234A	Gas bills of CNG stations	Div VIB Pt 3 First Sch.
236B	Purchase of domestic air ticket	Div IX Pt 4 First Sch.
236HA	Sale of certain petroleum products	Div XVA Pt 4 First sch..
236L	Purchase of international air ticket	Div XX Pt 4 First Sch.
236P	Non-filers   banking transactions otherwise than through cash	Div XXI Pt 4 First Sch.
236V	Extraction of minerals	Div XXVI Pt 4 First Sch.
236Y	Persons remitting amounts abroad through credit or debit or prepaid cards	Div XXVII Pt 4 First Sch.

### Exemption or lower rate certificate

[Section 159]

It has been proposed that all cases eligible for 100% tax credits need to avail a certificate from Commissioner to this effect.

Moreover, it has been sought that, in case of a company, the Commissioner shall issue exemption or lower rate certificate under section 159 within 15 days of filing of application. The Commissioner shall be deemed to have issued the exemption certificate upon the expiry of such 15 days from filing of application and the certificate shall be automatically processed and issued by IRIS. However, the Commissioner shall be empowered to modify or cancel the certificate issued automatically by IRIS on the basis of reasons to be recorded in writing after providing an opportunity of being heard.

## 24. STATEMENTS

### Annual withholding statements

[Section 165(7) & (8)]

The Bill seeks that all cases of payments covered under Division II and III of Part V, Chapter XII and Tenth Schedule of the Ordinance be subjected to filing of annual withholding statements within 30 days from the end of tax year. Statements to reconcile annual statements with return of income and audited accounts or financial statements are also proposed to be filed along with the return of income.

## 25. REFUNDS

### Electronic processing and electronic issuance of Refunds by the Board [Section 170A]

A new section 170A is proposed to be inserted whereby, commencing from tax year 2021, the Board may process and issue refund to the taxpayer who has filed the return of income without requiring refund application by the taxpayer to the extent of tax credit verified by the Board's computerized system as may be prescribed. The refund amount sanctioned shall be electronically transferred in the taxpayer's notified bank account.



## 26. OFFENCES AND PENALTIES

[Section 182]

Following new offences and penalties are proposed to be enacted, adopted or amended:

- a. **Sr. No. 1** | Penalty for failure to furnish return of income u/s 114 by due date where taxable income is up to Rs. 800,000 is to be imposed at a minimum amount of Rs. 5,000.
- b. **Sr. No. 1** | Penalty for delayed filing of return of income to be reduced by 75%, 50% and 25% if the return is filed within 1, 2 & 3 months respectively after the due date or extended due date of filing of return.
- c. **Sr. No. 1A** | Penalty for failure to furnish statement u/s 165, 165A, 165A or 165B within the due date in cases where there is no tax payable is to be imposed at a minimum amount of Rs. 10,000.
- d. **Sr. No. 4A** | Penalty for not updating tax payer's profile to be omitted.
- e. **Sr. No. 4B** | Penalty for contravention to the provisions of section 181AA (compulsory registration in certain cases) to be enhanced from Rs. 10,000 to Rs. 100,000.
- f. **Sr. No. 6** | In respect of penalty for repeating erroneous calculation in the return for more than one year whereby amount of tax paid less than the actual tax payable is to, it is proposed that no penalty shall be imposed to the extent of the tax shortfall occurring as a result of the taxpayer taking a reasonably arguable position on the application of the Ordinance to the taxpayer's position.
- g. **Sr. No. 10** | In respect of the penalty for furnishing false or misleading statements, information and documents and omissions of material particulars a penalty of higher of Rs. 25,000 or 100% of the amount of tax is presently imposed. It is proposed to enact a reduction of percentage from 100% to 50%.
- h. **Sr. No. 11** | Higher of Rs. 50,000 or 50% of the amount of tax involved is to be imposed on persons who deny or obstruct the access of the Commissioner or any officer authorized by the Commissioner to the premises, place, accounts, documents, computers or stocks.
- i. **Sr. No. 16** | Penalty for non-displaying NTN to be adopted in the like manner for non-display of business license.
- j. **Sr. No. 29** | A new penalty is proposed to be imposed for failure to declare business bank account(s) in registration application or failure to amend the registration profile to declare existing business bank account(s). A penalty of Rs. 10,000 is to be imposed for each day of default since the date of submission of application for registration or date of opening of undeclared business bank account whichever is later. However, the minimum penalty for each business bank account shall be Rs.100,000. This provision shall be applicable from the October 1, 2021 during which period the taxpayer may update their registration forms.

A new explanation is also sought to be adopted that the penalties shall be levied without establishing mens rea, i.e., penalties shall be applicable for instances caused by errors and omissions also and not necessarily for events backed by criminal or guilty mind.

## 27. OFFENCES AND PROSECUTIONS

### Prosecution for non-compliance with certain statutory obligations [Section 191(1)(g)]

It has been proposed that a person who fails to declare business bank account(s) in the registration form or updated registration form or return of income or wealth statement shall be considered to have committed an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year, or both.

### Power to compound offences and trial by Special Judge [Section 202 & 203]

It has been sought to omit the sections 202 and 203 respectively related to the powers of the Chief Commissioner to compound certain offences subject to payment of tax as well as provisions related to trial by Special Judge appointed by the Federal Government.

## Proposed regulatory framework for offences and prosecutions

The following new sections are proposed to be adopted for the regulatory framework on offences and penalties:

### **Power to arrest and prosecute**

#### **[Section 203A]**

Section 203A is proposed to be substituted as under:

(1) An officer of Inland Revenue not below the rank of an Assistant Commissioner of Inland Revenue or any other officer of equal rank authorized by the Board in this behalf, who on the basis of material evidence has reason to believe that any person has committed offence of concealment of income or any offence warranting prosecution under this Ordinance, may cause arrest of such person.

(2) All arrests made under this Ordinance shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (Act V of 1898).

(3) Notwithstanding anything contained in sub-sections (1) and (2) or any other provision of this Ordinance, where any person has committed offence of concealment of income or any offence warranting prosecution under this Ordinance, the Chief Commissioner with the prior approval of the Board may, either before or after the institution of any proceedings for recovery of tax, compound the offence if such person pays the amount of tax due along with such default surcharge and penalty as is determined under the provisions of this Ordinance.

(4) Where the person suspected of offence of concealment of income or any offence warranting prosecution under this Ordinance is a company, every director or officer of that company whom the authorized officer has reason to believe is personally responsible for actions of the company contributing to offence of concealment of income or any offence warranting prosecution under this Ordinance shall be liable to arrest: Provided that any arrest under this sub-section shall not absolve the company from the liabilities of payment of tax, default surcharge and penalty imposed under this Ordinance.

#### **Procedure to be followed on arrest of a person [Section 203B]**

(1) When an officer of Inland Revenue authorized in this behalf arrests a person under section 203A, he shall immediately intimate the fact of the arrest of that person to the Special Judge who may direct such officer to produce that person at such time and place and on such date as the Special Judge considers expedient and such Officer shall act accordingly.

(2) Notwithstanding anything contained in the sub-section (1), any person arrested under this Ordinance shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.

(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit. Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considers that the affording of such opportunity shall defeat the purposes of this Ordinance.

(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorizing his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.

(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of an officer of Inland Revenue holding inquiry against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order: Provided that the period of such custody shall not exceed more than fourteen days.

(6) When any person is arrested under this Ordinance, an officer of Inland Revenue shall record the fact of arrest and other relevant



particulars in the register specified in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, excluding the time necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate, make a request for his further detention in his custody.

(7) While holding an inquiry under sub-section (6), an officer of Inland Revenue shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Ordinance.

(8) If an officer of Inland Revenue, after holding an inquiry as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.

(9) The Special Judge to whom a report has been made under sub-section, (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(10) An officer of Inland Revenue empowered to hold inquiry under this section shall maintain a register to be called "Register of Arrests and Detentions" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Ordinance, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such Officer is so directed by him.

(11) After completing the inquiry, an officer of Inland Revenue shall, as early as possible, submit to Special Judge a complaint in the same form and manner in which the officer in-charge of a police station submits a report, before a court.

(12) Magistrate of the first class may record any statement or confession during inquiry under this Ordinance, in accordance with the provisions of

section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).

(13) Without prejudice to the foregoing provisions of this section, Board, with the approval of the Federal Minister-in-charge, may, by notification in the official Gazette, authorize any other officer working under the Board to exercise the powers and perform the functions of an officer of Inland Revenue under this section, subject to such conditions, if any, that it may deem fit to impose.

### **Special Judges**

#### **[Section 203C]**

(1) The Federal Government shall by notification in the official Gazette, appoint as many Special Judges as it considers necessary and, where it appoints more than one Special Judge, it shall specify in the notification the headquarter of each Special Judge and the territorial limits within which he shall exercise jurisdiction under this Ordinance.

(2) No person shall be appointed as a Special Judge unless he is or has been a Sessions Judge.

### **Cognizance of Offences by Special Judges**

#### **[Section 203D]**

(1) Notwithstanding anything contained in this Ordinance or any other law for the time being in force, a Special Judge may, within the limits of his jurisdiction, take cognizance of any offence punishable under this Ordinance upon-

(a) a report in writing made by an officer of Inland Revenue or by any other officer especially authorized in this behalf by the Federal Government; or

(b) receiving a complaint or information of facts constituting such offence made or communicated by any person; or

(c) his own knowledge acquired during any proceeding before him under this Ordinance or under any other law for the time being in force.

(2) Upon the receipt of report under clause (a) of sub-section (1), the Special Judge shall proceed with the trial of the accused.

(3) Upon the receipt of a complaint or information under clause (b), or acquired in the manner referred to in clause (c) of sub-section (1), the Special Judge may, before issuing a summon or warrant for appearance of the person complained against, hold a preliminary inquiry for the purpose of ascertaining the truth or falsehood of the complaint, or direct any magistrate or any officer of Inland Revenue or any police officer to hold such inquiry and submit a report, and such Magistrate or officer shall conduct such inquiry and make report accordingly.

(4) If, after conducting such inquiry or after considering the report of such Magistrate or

officer, the Special Judge is of the opinion that there is –

- (a) no sufficient ground for proceeding, he may dismiss the complaint, or
- (b) sufficient ground for proceeding, he may proceed against the person complained against in accordance with law.
- (5) A special Judge or a Magistrate or an officer holding inquiry under sub-section (3) may hold such inquiry, as early as possible, in accordance with the provision of section 202 of the Code of Criminal Procedure, 1898 (Act V of 1898).

#### **Special Judge, etc. to have exclusive jurisdiction [Section 203E]**

Notwithstanding anything contained in this Ordinance or in any other law for the time being in force no,—

- (a) court other than the Special Judge having jurisdiction, shall try an offence punishable under this Ordinance;
- (b) other court or officer, except in the manner and to the extent specifically provided for in this Ordinance, shall exercise any power, or perform any function under this Ordinance;
- (c) court, other than the High Court, shall entertain, hear or decide any application, petition or appeal under chapters XXXI and XXXII of the Code of Criminal Procedure, 1898 (Act V of 1898), against or in respect of any order or direction made under this Ordinance; and
- (d) no court, other than the Special Judge or the High Court, shall entertain any application or petition or pass any order or give any direction under chapters XXXVII, XXXIX, XLIV or XLV of the aforesaid Code.

#### **Provisions of Code of Criminal Procedure, 1898, to apply [Section 203F]**

(1) The provision of the Code of Criminal procedure, 1898 (Act V of 1898), so far as they are not inconsistent with the provisions of this Ordinance, shall apply to the proceedings of the

court of a Special Judge and such court shall be deemed to be a court of Sessions for the purpose of the said Code and the provisions of Chapter XXIIA of the foresaid Code, so far as applicable and with the necessary modifications, shall apply to the trial of cases by the Special Judge under this Ordinance.

(2) For the purposes of sub-section (1), the Code of Criminal Procedure, 1898 (Act V of 1898), shall have effect as if an offence punishable under this Ordinance were one of the offences referred to in sub-section (1) of section 337 of the said Code.

#### **Transfer of cases [Section 203G]**

(1) Where more than one Special Judge are appointed within the territorial jurisdiction of a High Court, the High Court, and where not more than one Special Judge is so appointed, the Federal Government, may by order in writing direct the transfer, at any stage of the trial, of any case from the court of one Special Judge to the Court of another Special Judge for disposal, whenever it appears to the High Court or, as the case may be, the Federal Government, that such transfer may promote the ends of justice or tend to the general convenience of the parties or witnesses.

(2) In respect of a case transferred to a Special Judge under sub-section (1), such Special Judge shall not by reason of the said transfer, be bound to recall and rehear any witness whose evidence has been recorded in the case before the transfer and may act upon the evidence already recorded or produced before the court which tried the case before the transfer.

#### **Place of Sittings [Section 203H]**

A Special Judge shall ordinarily hold sittings at his headquarters but, keeping in view the general convenience of the parties or the witnesses, he may hold sittings at any other place.

## **28. ADMINISTRATION**

### **E-hearing**

### **[Section 227E]**

It has been sought to legally enable the necessary provisions for conducting e-hearing, whereby the Board is sought to be empowered to design and prescribe e-hearing module for the purpose of conducting hearings, granting opportunity of being heard and electronically receiving any information for the purpose of this Ordinance.

The recording of e-hearing proceedings shall be admissible as evidence before any forum or court of law for the purpose of this Ordinance and the Board may make rules for the purpose of this section.

## 29. BENEFITS OF REPEALED PROVISIONS

[Section 242]

With a view to cater the existing cases of beneficiaries for tax credits, a new section 242 has been sought to be introduced the such existing beneficiaries of exemptions or concessionary provisions of the Ordinance, already expired or expiring, on thirtieth day of June, 2021 or repealed by Tax Laws (Second Amendment) Ordinance, 2021 shall continue to enjoy benefits of the repealed provisions for the periods prescribed therein and subject to conditions and limitations specified therein.

## 30. EXEMPTIONS FROM TOTAL INCOME

[Second Schedule Part I]

### Exemptions proposed to be granted

#### *Unconditional exemptions from tax on total income*

[Clause (66) Table 1]

It has been proposed to unconditional exemption from tax on total income to the following organizations/ funds:

- Islamic Naya Pakistan Certificates Company Limited (INPCCL).
- Abdul Sattar Edhi Foundation.
- Patient's Aid Foundation.
- Indus Hospital and Health Network.
- Securities and Exchange Commission of Pakistan.
- Dawat-e-Hadiya, Karachi.
- Privatization Commission of Pakistan.
- The Citizens Foundation.
- Sundus Foundation.
- Ali Zaib Foundation
- Fauji Foundation.
- Make a Wish Foundation.
- Audit Oversight Board.
- Supreme Court Water Conservation Account.
- Political Parties registered with Election Commission of Pakistan.

#### *Gains to venture capital fund from investments in zone enterprises*

[Clause (103D)]

Dividend income and long-term capital gains of any venture capital fund from investments in zone enterprises as defined in clause (p) of section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years commencing from issuance of license by the Authority to the zone enterprise is proposed to be exempted from tax.

#### *Profits and gains derived by refineries*

[Clause (126B)]

Profits and gains derived by a refinery:

- (a) from new deep conversion refinery of at least 100,000 barrels per day for which approval is given by the Federal Government before the December 31, 2021; or
- (b) for the purpose of upgradation, modernization or expansion project of deep conversion refinery of at least 100,000 barrels per day of any existing refinery which makes undertaking to the Federal Government in writing before the December 31, 2021 in this regard:

Provided that this exemption shall be available for a period of ten years beginning from the date of commencement of commercial production in the case of new refinery and from the date of completion of up gradation, modernization or expansion project of existing refinery.

#### *Profits and gains related technology zones*

[Clause (126EA)]

Profits and gains derived by:

- (a) **Zone developers** as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement;
- (b) **Zone Enterprises** as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and
- (c) **Special Technology Zones Authority** established under the Special Technology Zones Ordinance 2020.

### **National Power Parks Management Company Limited**

**[Clause (132AA)]**

Profits and gains derived from sale of electricity by National Power Parks Management Company Limited proposed to be exempt from tax commencing from the date of change of ownership as a result of privatization by the Privatization Commission of Pakistan.

### **Bagasse/ biomass-based cogeneration power project**

**[Clause (132C)]**

It has been sought to exempt profits and gains derived by a taxpayer from a bagasse/ biomass-based cogeneration power project having one or more boilers of not less than 60 bar (kg/CM<sup>3</sup>) pressure each, commissioned after the January 1, 2013.

### **Extension in period for exemption**

#### **Gain on sale of immovable property to a REIT Scheme**

**[Clause (99A)]**

It has been sought to extend the period of tax exemption over gains from disposal of immovable property to REIT schemes.

#### **Profits & gains from new transmission line projects**

**[Clause (99A)]**

It has been proposed to extend the deadline for setting-up of projects for availing tax exemption up to June 2022.

### **Exemptions withdrawn**

Clause (4)		<i>Salary income of Pakistani seafarers</i>
Clause (40)		<i>Local travelling allowance for newspaper employees</i>
Clause (57)(1)(iii)		<i>Income of Sheikh Sultan Trust, Karachi</i>
Clause (72)		<i>Profit on debt on foreign private loans</i>
Clause (72A)		<i>Income &amp; gains from Sukuk issued by Second &amp; Thirds Pakistan International Sukuk Companies</i>
Clause (74)		<i>Profit on debt derived by HUBCO</i>
Clause (90)		<i>Profit on debt paid on private foreign currency borrowings of industrial undertakings</i>
Clause (90A)		<i>Profit on debt on bonds issued by Pakistan Mortgage Refinance Company</i>
Clause (91)		<i>Income of provincial text book boards</i>
Clause (98)		<i>Income of certain sports boards</i>
Clause (100)		<i>Income of modarabas</i>
Clause (101)		<i>Income of Venture Capital Companies, Venture Capital Fund and Private Equity &amp; Venture Capital Funds</i>
Clause (103)		<i>Distributions received from a collective investment scheme on account of capital gains</i>
Clause (103C)		<i>Dividends received by a company availing group relief u/s 59B</i>
Clause (104)		<i>Income of Libyan Arab Foreign Investment Company from dividend of the Pak-Libya Holding Company</i>
Clause (105)		<i>Income of the Govt. of KSA from dividend from Saudi-Pak Industrial and Agricultural Investment Company Limited</i>
Clause (105A)		<i>Income of Kuwait Foreign Trading Contracting &amp; Investment Company or Kuwait Investment Authority from dividend of Pak-Kuwait Investment Company</i>
Clause (110B)		<i>Income on transfer of personal membership to corporate membership</i>
Clause (110C)		<i>Gain on transfer of a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market</i>

Clause (114)		<i>Capital gains from an industrial undertaking set up in an area declared by the Federal Government to be an Export Processing Zone</i>
Clause (114AA)		<i>Capital gains derived by a resident individual from the sale of constructed residential property under personal use</i>
Clause (117)		<i>Income from plying of any vehicle registered in AJ&amp;K to a person who is resident in Pakistan and non-resident in those territories</i>
Clause (131)		<i>Royalty and fee for technical services rendered outside Pakistan</i>
Clause (132)		<i>No more exemptions to be granted to electric power generation projects setup after June 30, 2021</i>
Clause (141)		<i>Profits and gains to LNG Terminal Operators and Terminal Owners for a period of 5 years from commencement of commercial operations</i>
Various clauses		<i>Various other time-bared exemption clauses to be omitted</i>

### 31. REDUCTION IN TAX RATES

[Second Schedule Part II]

#### Exemptions proposed to be granted

##### ***Certain profit on debt to resident individuals***

[Clause (5AB) | Section 151]

It is proposed to deduct tax under section 151 at a reduced rate of 10% as final tax from the profit on debt from a debt instrument, whether conventional or Shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 (XVIII of 1944) or its wholly owned special purpose company, purchased by a resident citizen of Pakistan who has already declared foreign assets to the Board through a Foreign Currency Value Account (FCVA) maintained with authorized banks in Pakistan under the foreign exchange regulation issued by the State Bank of Pakistan.

##### ***Certain profit on debt to non-resident individuals***

[Clause (5AC) | Section 151 & 152(2)]

It has been proposed that rate of tax to be deducted under sub-section (2) of section 152 or under section 151, as the case may be, shall be 0% of the gross amount of profit on debt paid, covered under clauses (78) and (79) of Part I of the Second Schedule.

##### ***Commercial import of white sugar***

[Clause (9AA) & (9AB) | Section 148]

The Bill seeks to provide legal cover the exemption on import of white sugar at a concessional rate of 0.25% as per quota awarded by Ministry of Commerce during August 25 to November 15, 2020 vide SRO 771(I)/2020 dated August 24, 2020. Likewise, it has also been sought to seek legal cover to the prevailing SRO 235(I)/2021 dated February 23, 2021 for import of white sugar by commercial importers during the period from January 26 to June 30, 2021 at a concessional rate of 0.25%.

##### ***Import of raw sugar by sugar mills***

[Clause (9AC) | Section 148]

The Bill seeks to provide legal cover to the prevailing SRO 235(I)/2021 dated February 23, 2021 for import of raw sugar by sugar mills during the period from January 26 to June 30, 2021 at a concessional rate of 0.25%. The quota as per the said SRO is 350 MTon aggregate imports by the sugar industry, limited to a per mill quota of 50 MT.

##### ***Dividend from bagasse/ biomass-based co-gen power project***

[Clause (18C) | Section 5 | Div III Pt 1 First Sch.]

The Bill seeks to insert the following new clause 18C to tax dividends at a reduced rate of 7.5% in case of dividends declared by a company as are "attributable" to profits and gains derived from a bagasse and biomass-based co-generation power project qualifying for exemption under clause (132C) of Part-



I of Second Schedule. Provided that the amount of “attributable” dividends shall be computed in accordance with the following formula:

$$AXB/C$$

Where:

- A** is the total amount of dividend for the year;
- B** is the accounting profit for the year attributable to the bagasse and biomass based cogeneration power project qualifying for exemption under clause (132C) of Part-I of this Schedule; and
- C** is the total accounting profit before tax for the year.

It has also been sought to clarify that accounting profit attributable to the bagasse/biomass-based cogeneration power project would be determined by the external auditor of the company and the external auditor shall issue a certificate to this effect.

### Extension in period for exemption

#### *Minimum tax on trader of yarn*

[Clause (28E)]

The existing reduction in minimum tax rate for the individuals being traders of yarn applicable at 0.5% for the tax year 2020 is sought to be extended to an indefinite period.

### Exemptions proposed to be withdrawn

#### *Income from services rendered outside Pakistan & construction contracts executed outside Pakistan*

[Clause (3)]

It has been proposed to withdraw the 50% concession in tax rates on income from services rendered outside Pakistan & construction contracts executed outside Pakistan.

#### *Capital gains on sale of shares or assets to Private Equity and Venture Capital Fund*

[Clause (5b)]

The tax in respect of capital gains derived by a person from the sale of shares or assets by a private limited company to Private Equity and Venture Capital Fund is charged at 10% of such gains. It has been sought to withdraw this concessional rate of tax.

#### *Income of modarabas*

[Clause (18)]

Income of modarabas other than from trading and export activities is subject to tax at a reduced rate of 25%. The Bill now seeks to withdraw this concession.

#### *Shari'ah compliant companies*

[Clause (18B)]

It has been sought to withdraw the tax concession of 2% for Shari'ah compliant companies which was available subject to certain conditions.

#### *Large distribution houses*

[Clause (24A)]

The Bill seeks to amend clause (24A) to the effect of withdrawing the concession of 1% tax rate to large distribution houses.

#### *Other exemptions proposed to be withdrawn*

- Clause (2) | *Income from letting out of pipeline for carriage of petroleum*
- Clause (3B) | *Certain income of Pakistan Cricket Board earned outside Pakistan*
- Clause (28A) | *Reduction of tax on import of hybrid cars*

## 32. REDUCTION IN TAX LIABILITY

[Second Schedule Part III]

### Exemptions proposed to be granted with effect from tax year 2020

#### *Cotton ginner*s

[Clause (17)]

It has been proposed to restrict tax payable by cotton ginner on their income and profits at not more than 1% of their total turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake. The tax so payable shall be final tax in respect of their cotton ginning and oil milling activities only and is proposed to be deemed applicable with effect from tax year 2020.

#### *Offshore supply contracts of IPPs*

[Clause (18)]

The Bill seeks to introduce concessionary rate of 1% final tax on value of offshore supply contract of Independent Power Producers located wholly or partly in territories of AJ&K. This will be subject to the following conditions:

- PPIB has issued Letter of Support for the project;
- its EPC Contract has been executed and submitted to NEPRA for EPC stage tariff determination prior to the enactment of Finance Act, 2018;
- offshore supply contract arrangement of offshore supply contractor having permanent establishment in Pakistan falls under the purview of cohesive business operation as contemplated under Income Tax Ordinance, 2001.

#### *Woman enterprises*

[Clause (19)]

It has been sought to reduce by 25% the tax payable by woman enterprises on profit and gains derived from business chargeable to tax under the head "Income from Business".

**Explanation** | For the purpose of this clause a woman enterprise means a startup established on or after July 1, 2021 as sole proprietorship concern owned by a woman or an AOP all of whose members are women or a company whose 100% shareholding is held or owned by women.

Provided that benefit of this clause shall not be available to a business that is formed by the transfer or reconstitution or reconstruction or splitting up of an existing business.

### Extension in period for concession

#### *Low-cost housing projects*

[Clause (9)]

50% reduction in tax liability on profits and gains derived from low-cost housing projects proposed to be extended to tax year 2024.

#### *Low-cost housing projects approve NAPHDA or under the Ehsaas Program* [Clause (9B)]

90% reduction in tax liability on profits and gains derived from low-cost housing projects Naya Pakistan Housing and Development Authority (NAPHDA) or under the Ehsaas Programme proposed to be extended to tax year 2024.

### Exemptions proposed to be withdrawn

- |            |  |   |
|------------|--|---|
| Clause (7) |  | Concession for tax payable by foreign film-makers from making films in Pakistan |
| Clause (8) |  | Concession for resident companies deriving income from film-making              |

## 33. EXEMPTIONS FROM SPECIFIC PROVISIONS

[Second Schedule Part IV]

### Exemptions proposed to be granted

#### *Tax credits already allowed to NPPMCL*

[Clause (4A)]

It has sought to immune National Power Parks Management Company Limited for recouping of tax credit for investment in plant and machinery in the eve of privatization merely for the reasons of change in its ownership pattern or debt to equity ratio.



### Exemptions from minimum tax u/s 113

[Clause (11A)]

The Bill seeks to grant exemptions from minimum tax u/s 113 to the following cases:

Clause (11A)(xxxix)		Islamic Naya Pakistan Certificates Company Limited (INPCCL)
Clause (11A)(xl)		Receipts from sale of electricity produced from a bagasse and biomass based co-generation power project qualifying for exemption under clause (132C) of Part-I of Second Schedule
Clause (11A)(xli)		New entity taking over National Power Parks Management Company Limited in the eve of privatization;
Clause (11A)(xlii)		Persons qualifying for exemption under clause (126E) of Part I of Second Schedule for tax year 2021 and onwards
Clause (11A)(xliii)		Persons qualifying for exemption under clause (126EA) of Part I of Second Schedule
Clause (11A)(xliv)		Persons mentioned in Table I of clause (66) of Part I of Second Schedule

**Exemptions from tax at import stage u/s 148** | To provide legal cover to cabinet decisions and already promulgated SROs:

Clause (12F) | Import of 1.5MMT wheat having PCT Heading 1001.1900 and 1001.9900 in pursuance of Cabinet Decision in case No.399/23/2020 dated the 16th June, 2020.

Clause (12G) | Import by the Trading Corporation of Pakistan of 300,000MTons of white sugar having PCT heading 1701.9910,1701.9920, specification B in pursuance of the Cabinet Decision in case No. 541/30/2020 dated the August 4, 2020

Clause (12H)(a) | Import of following goods for a period of three months starting from the June 23, 2020 and the concessions also to apply to cases where LCs were opened or goods declaration forms filed on or after June 23, 2020

Sr.	Description	PCT Code
1.	Oxygen gas	2804.4000
2.	Cylinders (for oxygen gas)	7311.0090
3.	Cryogenic tanks (for oxygen gas)	7311.0030

Clause (12I) | Import of 83 X Micron sprayers for Anti-Locust Operation (Respective heading) by National Disaster Management Authority (NDMA)

Clause (12J) | Import of 300,000MTons wheat through tendering process by the Trading Corporation of Pakistan in pursuance of the Cabinet Decision in case No. 34/02/2021, dated the January 12, 2021

Clause (12K)(a) | Import of Cryogenic Tanks PCT 7311.0030 (for oxygen Gas) by the manufacturers of oxygen for a period of three months starting from December 25, 2020. The concessions shall also apply in respect of the letters of credit opened or goods declaration forms filed on or after December 25, 2020

Clause (12M) | Import of following goods for a period of 180 days starting from May14, 2021:

Sr.	Description	PCT Code
1.	Oxygen	2804.4000
2.	Cylinders (for oxygen gas)	7311.0090
3.	Cryogenic tanks (for oxygen gas)	7311.0030
4.	Oxygen Concentrators/ Generators/ Manufacturing Plants of all specifications and capacities.	Respective Headings

### Border sustenance markets

### [Clause (12N)]

It has been proposed to immune from provisions of section 148 import of such goods which takes place within the jurisdiction of Border sustenance markets specified in **Table-I** below:

Sr.	PCT	Description	Sr.	PCT	Description
1	7011000	SEED (Potatoes)	49	15162010	Vegetable Fats and their fractions
2	7020000	TOMATOES, FRESH OR CHILLED.	50	15162020	Vegetable Oils and their fractions
3	7031000	ONIONS AND SHALLOTS	51	82089010	Knives and cutting blades for paper and paper board
4	7032000	GARLIC	52	4011000	OF A FAT CONTENT, BY WEIGHT, NOT EXCEEDING 1 % (Milk and Cream)
5	7049000	OTHERS which qualify for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets	53	4012000	OF A FAT CONTENT, BY WEIGHT, EXCEEDING 1 % BUT NOT EXCEEDING 6 % (Milk and Cream)
6	7061000	CARROTS AND TURNIPS	54	4014000	Of a fat content, by weight, exceeding 6 % but not exceeding 10% (Milk and Cream)
7	7070000	CUCUMBERS AND GHERKINS FRESH OR CHILLED.	55	4015000	Of a fat content, by weight, exceeding 10 % (Milk and Cream)
8	7081000	PEAS (PISUM SATIVUM)	56	7039000	LEEKs AND OTHER ALLIACEOUS VEGETABLES
9	7082000	BEANS (VIGNA SPP., PHASEOLUS SPP.)	57	7041000	CAULIFLOWERS AND HEADED BROCCOLI
10	7089000	OTHER LEGUMINOUS VEGETABLES	58	7042000	BRUSSELS SPROUTS
11	7131000	Peas (Pisum sativum)	59	7051100	CABBAGE LETTUCE (HEAD LETTUCE)
12	7132010	Grams (Dry/Whole)	60	7051900	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
13	7132090	other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets	61	7052100	WITLOOF CHICORY (CICHORIUM INTYBUS VAR.FOLIOSUM)
14	7133100	Beans of the species Vigna mungo (L.) Hepper or Vigna radiata (L.) Wilczek	62	7052900	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
15	7133200	small red (Adzuki) beans (Phaseolus or Vigna angularis)	63	7069000	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
16	7133300	Kidney beans including white beans	64	7096000	Fruits of the genus Capsicum or of the genus Pimenta
17	7133400	Bambara – vigna subteranea or vaahdzeia subterrea	65	8042000	Figs
18	7133500	Cow peas (Vigna unguiculata)	66	8061000	FRESH (Grapes)
19	7133990	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets	67	8062000	DRIED (Grapes)
20	7134010	Lentils (Dry Whole)	68	8071100	WATERMELONS
21	7135000	Broad beans (Vicia faba var. major) and horse beans (Vicia faba var. equina, Vicia faba var. minor)	69	8071900	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
22	7136000	Pigeon peas (cajanus cajan)	70	8081000	APPLES
23	7139090	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets	71	9021000	Green Tea
24	9051000	Vanilla (Neither crushed nor ground)	72	9022000	Other Green Tea
25	9061100	Cinnamon	73	9101200	Crushed or ground (Ginger)
26	9061900	Other (Cinnamon And Cinnamon Tree Flowers)	74	9103000	TURMERIC (CURCUMA)
27	9071000	Neither crushed nor ground (Cloves)	75	9109990	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
28	9072000	Crushed or ground (Cloves)	76	17021110	Lactose (Sugar)
29	9081100	Neither Crushed nor ground (Nutmeg)	77	17021120	Lactose syrup
30	9081200	Crushed or ground (Nutmeg)	78	17021900	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
31	9082100	Neither crushed nor ground (Maze)	79	17029020	CARAMEL
32	9082200	Crushed or ground (Maze)	80	23040000	OILCAKE AND OTHER SOLID RESIDUES, WHETHER OR NOT GROUND OR IN THE FORM OF PELLETS, RESULTING FROM THE EXTRACTION OF SOYA BEAN OIL
33	9083110	Large (Cardammoms)	81	23099000	Other (animal feed)
34	9083120	Small (Cardammoms)	82	52042010	FOR Sewing (Thread)
35	9083200	Crushed or ground (Cardammoms)	83	52042020	For embroidery (Thread)
36	9092100	Neither crushed nor ground (Coriander)	84	82011000	Spades and shovels
37	9092200	Crushed or ground (Coriander)			
38	9093100	Neither crushed nor ground (Seeds of Cumins)			
39	9093200	Crushed or ground (Seeds of Cumins)			
40	9096100	Neither crushed nor ground (Seeds of Anise, Badian, Caraway, Fennel etc)			
41	9096200	Crushed or ground (Seeds of Anise, Badian, Caraway, Fennel etc)			
42	9109910	THYME; BAY LEAVES			
43	10031000	Barley (Seeds)			
44	10039000	Other (Barley)			
45	12060000	Sunflower seeds ,whether or not broken			
46	12129200	Locust beans			
47	12130000	Cereal straws and husks			
48	15161000	Animal Fats and Oil and their fractions			

Sr.	PCT	Description
85	82055900	Other (Tools for masons, watchmakers, miners and hand tools nes)
86	82083000	For kitchen appliances or for machines used by the food industry
87	82089090	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
88	4031000	YOGURT
89	7019000	Other (Potatoes)
90	7104000	Sweet corn
91	7109000	Mixtures of vegetables
92	8041010	Fresh (Dates)
93	8041020	Dried (Dates)
94	8091000	APRICOTS
95	8092100	Sour cherries (Prunus cerasus)
96	8092900	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
97	8093000	PEACHES, INCLUDING NECTARINES
98	8094000	PLUMS AND SLOES
99	8101000	Strawberries
100	8105000	Kiwi Fruit
101	9101100	Neither crushed nor ground (Ginger)
102	10011900	Other (Durum wheat (excl. seed for sowing))
103	10019900	Other (Wheat and meslin (excl. seed for sowing, and durum wheat))
104	11010010	Of Wheat (Flour)
105	11010020	Of Meslin (Flour)
106	19021920	VERMICELLI
107	19059000	Other (Packed Cake)
108	20071000	Homogenized preparations
109	20079100	Citrus Fruit

Sr.	PCT	Description
110	20079900	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
111	34013000	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
112	34022000	Preparations put up for retail sale
113	34029000	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
114	69111090	Others (Tableware and kitchenware of porcelain or China)
115	69119000	Other (Household articles nes & toilet articles of porcelain or China)
116	70134900	Other (Glassware for table or kitchen purposes (excl. glass having a linear c))
117	70139900	Other (Glassware nes (other than that of 70.10 or 70.18))
118	82159910	Spoons
119	82159990	Other (Tableware articles not in sets and not plated with precious metal)
120	87120000	Bicycles and other cycles (including delivery tricycles), not motorized.
121	96170010	Vacuum flasks
122	96170020	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets

The provisions of section 154 shall not apply to the export of goods which takes place within the jurisdiction of Border sustenance markets specified in **Table- II** below:

Sr.	PCT Heading	Description
1	2012000	Other cuts with bone in (Meat of bovine animals, fresh or chilled)
2	2013000	Boneless (Meat of bovine animals, fresh or chilled)
3	2022000	Other cuts with bone in (Meat of bovine animals, frozen)
4	2023000	Boneless (Meat of bovine animals, frozen)
5	3021100	Fish
6	4090000	Honey
7	6022000	Plants
8	7011000	SEED (Potatoes)
9	7019000	Other (Potatoes)
10	7020000	TOMATOES, FRESH OR CHILLED.
11	7031000	ONIONS AND SHALLOTS
12	7032000	Garlic
13	7061000	CARROTS AND TURNIPS
14	7069000	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
15	07070000	Cucumbers
16	7093000	Egg Plant
17	7096000	Fruits of the genus Capsicum or of the genus Pimenta (pepper)
18	7099900	Others (Lady Finger)
19	7101000	Fresh Potato
20	7102100	Pea
21	7103000	Spinach
22	8031000	Plantains (Bananas)
23	8039000	Other (Bananas)
24	8041010	Fresh (Dates)
25	8041020	Dried (Dates)

Sr.	PCT Heading	Description
26	8045020	Mangoes
27	8052100	Mandarins (including tangerines and satsumas)
28	8052910	Kino (fresh)
29	8061000	Grapes (Fresh)
30	8071100	WATERMELONS
31	8071900	Melons
32	8091000	Apricots
33	8092900	Cherries
34	8093000	Peaches
35	8101000	Strawberries
36	8109010	Pomegranates
37	8109090	Fresh fruits nes (Other)
38	8133000	Apple
39	9021000	Green Tea
40	9022000	Other green tea
41	9030000	Mate
42	9042110	Red Chilies (Whole)
43	9042190	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
44	09042210	Red Chilies (Powder)
45	9042290	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
46	09051000	Neither crushed nor ground (Vanilla)
47	9052000	Crushed or ground (Vanilla)
48	10061010	SEED FOR SOWING (Rice)
49	10061090	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or

Sr.	PCT Heading	Description
		Federal Excise Act, 2005 for Border Sustenance Markets
50	10062000	HUSKED (BROWN) RICE
51	10063010	BASMATI (Rice)
52	10063090	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
53	10064000	BROKEN RICE
54	11010010	Flour (of Wheat)
55	12074000	Sesamum seeds
56	12079900	Other (hemp Seeds)
57	12119000	Ajwain
58	15162020	Vegetable Oils and their fractions
59	19021920	VERMICELLI
60	19041090	Papad
61	20071000	Homogenized preparations
62	20081900	Nimko
63	21069090	OTHER (Custard Powder)
64	23099000	Other (Animal feed)
65	25010010	Table Salt
66	25010020	Rock Salt
67	25010030	Sea Salt
68	25010090	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
69	34060000	Candles
70	36050000	Safety Match
71	39264090	OTHER (Plastic Articles)
72	53101000	Woven fabrics of jute or of other textile bast fibers, unbleached
73	53109010	Jute (hessian cloth)
74	56074100	Binder or baler twine
75	56074900	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
76	56075000	Of other synthetic fibers
77	58021100	Unbleached (Terry toweling in similar woven terry fabrics, of cotton)
78	58021900	Other (Terry toweling In similar woven Terry fabrics, OF cotton)
79	58022000	Terry toweling and similar woven terry fabrics, of other textile materials
80	58023000	Tufted textile fabrics
81	58043000	Handmade lace
82	58050000	Handwoven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais and the like, and

Sr.	PCT Heading	Description
		needle worked tapestries (for example, petit point, cross stitch), whether or not made up.
83	58064000	Fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)
84	59011000	Textile fabrics coated with gum or amylaceous substances, of a kind used for the outer covers of books or the like
85	61119000	Mix Goods/Garments (Babies garments&clothg accessories)
86	62031990	OTHER (Men or Boys Suits etc)
87	62042200	Of cotton
88	62042900	Of other textile materials
89	62043900	Of other textile materials
90	62044210	Shisha embroidered dresses
91	62129000	OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets
92	63021090	OTHER (Bed linen, Toilet linen etc)
93	63051000	Jute Bags (of jute or of other textile bast fibers of heading 53.03)
94	63052000	Sacks and bags, for packing of goods, of cotton
95	63090000	Worn clothing and other worn articles
96	69111090	Other (Tableware and kitchenware of porcelain or China)
97	69119000	Others (Household articles nes & toilet articles of porcelain or China)
98	70133700	Drinking glasses (excl. glasses of glass ceramics or of lead crystal a
99	73181690	Nuts, iron or steel, nes (Others)
100	82055900	Tools for masons, watchmakers, miners and hand tools nes (Other)
101	82059000	Hand tools (Other, including sets of articles of two or more subheadings of this heading)
102	82119100	Table knives having fixed blades
103	82119200	Other knives having fixed blades
104	82159990	Tableware articles not in sets and not plated with precious metal
105	84485100	Needle
106	96170010	Vacuum flasks
107	96170020	Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets

The exemption under this clause shall be available on the import of goods subject to following conditions, namely:

- Such goods shall be supplied only within the limits of Border Sustenance Markets established in cooperation with Iran and Afghanistan;
- If the goods, on which exemption under this table has been availed, are brought outside the limits of such markets, income tax shall be charged on the import value as per provisions of section 148 of this Ordinance;
- Such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of income tax involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction;
- The said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets; and
- Breach of any of the conditions specified herein shall attract relevant legal provisions of the Ordinance, besides recovery of the amount of income tax along with default surcharge and penalties involved.

### **Oil tanker contractors**

**[Clause (43D)]**

Receipts by oil tanker contractors are immune from withholding provisions for supply of good where these contractors pay 2.5% on these payments. It has now been sought to increase this rate to 3.5% and also immune from the withholding provisions applicable to rendering of carriage services.

### **Goods transport contractors**

**[Clause (43E)]**

Receipts by goods transport contractors are immune from withholding provisions for supply of good where these contractors pay 3% on these payments. It has now been sought to increase this rate to 3.5% and also immune from the withholding provisions applicable to rendering of carriage services.

### **Commodity futures contracts**

**[Clause (43G)]**

It has been sought to grant exemption from the provisions of withholding tax under section 153 to commodity futures contracts listed on Futures Exchange licensed under the Futures Market Act, 2016.

### **Withholding tax on payments by manufacturer-cum-exporter**

**[Clause (45)]**

The Bill seeks to extend the purview of immunity available to payments by manufacturer-cum-exporters to all types of payments for goods, services and contracts.

### **Purchase of used motor vehicles**

**[Clause (45B)]**

Purchase of motor vehicles from general public is proposed to be immuned from withholding provisions.

### **Purchase of agricultural produce**

**[Clause (46AA(iv))]**

It has been sought to link the exemption from withholding provisions for supply of agricultural produce to fulfilment of conditions specified under clause (12) of Part IV of Second Schedule. Moreover, the benefit is also proposed to be granted to supply of live animals by cattle farms and supply of un-packaged meat and raw hides.

### **Imports**

**Clause (56)** | It has been sought to provide immunity from collection of tax at import stage to the following cases:

- a. Goods temporarily imported into Pakistan by international athletes which would be subsequently taken back by them within 120 days of temporary import;
- b. Goods produced or manufactured and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969) are complied with;
- c. Plant and machinery imported for setting up of a bagasse/ biomass-based cogeneration power project qualifying for exemption under clause (132C) of Part-I of Second Schedule;
- d. Persons authorized under Export Facilitation Scheme 2021 notified by the FBR;
- e. motor vehicles up to 850cc in CBU condition;
- f. Printed books excluding brochures, leaflets and similar printed matter, whether or not in single sheets (PCT code 49.01); and
- g. Newspapers, journals and periodicals, whether or not illustrated or containing advertising material (PCT code 49.02).

**Clause (91)(iv)(xvii)** | It has also been sought to immune the import of Corn-harvesters/ Corn-pickers and Silage Maker from collection tax under section 148.

### **Special technology zones**

**[Clause (60DA)]**

It has been sought to immune import of the capital equipment as defined in section 2 of the Special Technology Zones Ordinance, 2020 from collection of tax under section 148 by:



- a. zone developers as defined in section 2 of the Special Technology Zones Ordinance, 2020 for consumption in the special technology zones for the period of 10 years commencing from the date of signing the development agreement;
- b. zone enterprises as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of 10 years from the date of issuance of license by the Special Technology Zone Authority; and
- c. Special Technology Zones Authority established under the Special Technology Zones Ordinance, 2020.

#### **National Telecommunication Corporation**

**[Clause (79A)]**

It has been sought to immune payment for telecommunication services rendered by National Telecommunication Corporation from withholding provisions under section 153(1)(b).

#### **Non-Resident Pakistanis**

**Clause (111AB)** | It has been sought to enact immunity to non-resident Pakistanis maintaining a Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan from the provisions related to non-filers; viz, Section 100BA and Rule 1 of the Tenth Schedule.

**Clause (114A)** | The Bill also seeks to enact immunity to non-resident Pakistanis maintaining a Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRVA) from the requirement to avail tax registration under section 181 and from filing return of income under section 114. However, this immunity shall not be available for non-resident Pakistanis having Pakistan-source taxable income other than the following:

- a. profit on debt on FCVA or Non-resident Pakistani Rupee Value Account (NRVA);
- b. profit on debt earned on Government of Pakistan (GOP) securities either conventional or Shariah Compliant where investment has been made from proceeds of FCVA or NRVA;
- c. capital gain on disposal of immovable property acquired from proceeds of FCVA or NRVA;
- d. capital gain on disposal of securities traded on Pakistan Stock Exchange and units of mutual funds that are acquired from proceeds of FCVA or NRVA; or
- e. dividend income from securities traded on Pakistan Stock Exchange and mutual funds that are acquired from proceeds of FCVA or NRVA.

#### **Islamic Naya Pakistan Certificates Company Limited (INPCCL)**

**[Clause (118)]**

It has been proposed to enact that all the provisions of withholding taxes shall not apply to INPCCL as a recipient.

#### **Locally manufactured mobile phone devices**

**[Clause (119)]**

The Bill seeks to enact that the provisions of section 153(1)(a) shall not apply to distributors, dealers, wholesalers and retailers of locally manufactured mobile phone devices as withholding agent with effect from July 1, 2020

#### **Exemptions proposed to be withdrawn**

**Clause (47B)** | *Immunity from withholding tax on dividend, profit on debt and commission income for modaraba and private equity and venture capital funds.*

**Various Clauses** | *Certain time-barred and inoperative clauses.*

### **34. DEPRECIATION**

**[Third Schedule]**

#### **Below ground installations of mineral oil concerns**

**[Section 22 | Pt 1 Third Sch.]**

It has been sought to enact deletion of entry for 100% rate of depreciation on below ground installations of mineral oil concerns. However, the same remains applicable for 100% deduction from profits and gains for the cost of these installations as per Fifth Schedule.

### First year allowance

[Section 23A | Pt 2 Third Sch.]

The Bill seeks to abolish first year allowance which was available to eligible cases under section 23A. Corresponding amendment is also, therefore, proposed in Third Schedule.

### 35. EXPLORATION AND EXTRACTION OF MINERAL DEPOSITS

[Fifth Schedule]

#### Profits from Refining or Concentrating Mineral Deposits

[Rule | Pt 2 Fifth Sch.]

The existing exemption from tax up to 10% of return on capital employed for business of refining or concentrating in Pakistan the mineral deposits is proposed to be abolished.

### 36. BANKING COMPANIES

[Seventh Schedule]

#### Super tax

The Bills seeks to enact the extension in the applicability of super tax under section 4B of the Ordinance to all tax years onwards to 2021.

### 37. RULES FOR PERSONS NOT APPEARING ON ACTIVE TAXPAYERS' LIST [Tenth Schedule]

Certain amendments to cater omission of withholding tax sections are proposed in the Tenth Schedule.

### 38. THE THIRTEENTH SCHEDULE | WRT Section 61

Sr.	Description	Sr.	Description	Sr.	Description
1.	Any Sports Board or institution recognised by the Federal Government for the purposes of promoting, controlling or regulating any sport or game.		institutions declared to be National Heritage by the Federal Government.	40.	Pakistan Sweet Homes Angels and Fairies Place.
2.	The Citizens Foundation.	21.	Mumtaz Bakhtawar Memorial Trust Hospital, Lahore.	41.	Al-Shifa Trust Eye Hospital.
3.	Fund for Promotion of Science and Technology in Pakistan.	22.	Kashmir Fund for Rehabilitation of Kashmir Refugees and Freedom Fighters.	42.	Aziz Tabba Foundation.
4.	Fund for Retarded and Handicapped Children.	23.	Institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network.	43.	Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT. Sharif Trust.
5.	National Trust Fund for The Disabled.	24.	Azad Kashmir President's Mujahid Fund, 1972.	44.	The Kidney Centre Post Graduate Institute.
6.	Fund for Development of Mazaar of Hazarat Burn i Imam.	25.	National Institute of Cardiovascular Diseases, (Pakistan) Karachi.	45.	Pakistan Disabled Foundation.
7.	Rabita-e-Islami's Project for printing copies of the Holy Quran.	26.	Businessmen Hospital Trust, Lahore.	46.	Sardar Trust Eye Hospital, Lahore.
8.	Fatimid Foundation, Karachi.	27.	Premier Trust Hospital, Mardan.	47.	Supreme Court of Pakistan — Diامر Bhasha & Mohmand Dams — Fund.
9.	Al-Shifa Trust.	28.	Faisal Shaheed Memorial Hospital Trust, Gujranwala.	48.	Layton Rahmatullah Benevolent Trust (LRBT).
10.	Society for the Promotion of Engineering Sciences and Technology in Pakistan.	29.	Khair-un-Nisa Hospital Foundation, Lahore.	49.	Akhuwat.
11.	Citizens-Police Liaison Committee, Central Reporting Cell, Sindh Governor House, Karachi.	30.	Sind and Balochistan Advocates' Benevolent Fund.	50.	The Prime Minister's COVID-19 Pandemic Relief Fund-2020.
12.	ICIC Foundation.	31.	Rashid Minhas Memorial Hospital Fund.	51.	Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI).
13.	National Management Foundation.	32.	Any relief or welfare fund established by the Federal Government.	52.	Lahore University of Management Sciences.
14.	Endowment Fund of the institutions of the Agha Khan Development Network (Pakistan listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network.	33.	Mohatta Palace Gallery Trust.	53.	Dawat-e-Hadiya, Karachi.
15.	Shaheed Zulfigar Ali Bhutto Memorial Awards Society.	34.	Bagh-e-Quaid-e-Azam project, Karachi.	54.	Baitussalam Welfare Trust.
16.	Iqbal Memorial fund.	35.	Any amount donated for Tameer-e-Karachi Fund.	55.	Patients' Aid Foundation.
17.	Cancer Research Foundation of Pakistan, Lahore. ,	36.	Pakistan Red Cres-cent Society.	56.	Alkhidmat Foundation.
18.	Shaukat Khanum Memorial Trust, Lahore.	37.	Sank of Commerce and Credit International Foundation for Advancement of Science and Technology.	57.	Alamqir Welfare Trust International.
19.	Christian Memorial Hospital, Sialkot.	38.	Federal Board of Revenue Foundation.	58.	Prime Minister's Special Fund for victims of terrorism.
20.	National Museums, National Libraries and Monuments or	39.	The Indus Hospital, Karachi.	59.	Chief Ministers (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of KPK.
				60.	Prime Ministers Flood Relief Fund 2010 and Provincial Chief Ministers Relief Funds for victims of flood 2010.
				61.	Waqf for Research on Islamic History, Art and Culture, Istanbul.
				62.	

## SECTION 5 SALES TAX & FEDERAL EXCISE DUTY

### 1. SALES TAX ACT, 1990

#### Definitions

##### Commissioner (Appeals)

[Section 2(4AA)]

The Bill seeks to insert new clause after Section 2 (4A), where it proposes to add the definition of earlier said Commissioner (Appeals) to Commissioner of Inland Revenue (Appeals) appointed under section 30.

##### Cottage Industry

[Section 2(5AB)]

The Bill seeks to propose the enhancement of the maximum threshold condition of turnover from all supplies made by a manufacturing concern from existing Rs. 3 Million to 10 Million, as a relief measure to support Cottage Industry.

##### Online market place

[Section 2(18A)]

A new definition has been proposed to include an electronic interface such as a marketplace, e-commerce platform, portal or similar means which facilitate sale of goods, including third-party sale, in any of the following manner, namely:

- (a) by controlling the terms and conditions of the sale;
- (b) authorizing the charge to the customers in respect of the payment for the supply; or
- (c) ordering or delivering the goods.

##### Tier-1 Retailer

It has been sought to make the following amendments to the definition of Tier-1 Retailer:

- |                   |  |  |
|-------------------|--|--|
| Section 2(43A)(e) |  | Increase the threshold of shop area in case of retailer of furniture by enhancing existing 1000 square feet to 2000 square feet or more for consideration in Tier- 1, for other retailers the shop area threshold has been kept the same to be 1000 square feet. |
| Section 2(43A)(f) |  | Include a new clause to extend the coverage of retailer operating an online market place supplying goods through e-commerce platform, whether or not the goods are owned by him.   |
| Section 2(43A)(g) |  | Extend the coverage of retailer who has acquired point of sale for accepting payment through debit or credit cards from banking companies or any other digital payment service provider authorized by State Bank of Pakistan.                                    |

##### Scope of tax

It has been sought to make the following amendments to the definition of scope of tax:

- |                 |  |  |
|-----------------|--|--|
| Section 3(3)(c) |  | Extend the scope of tax by adding online market place in the case of supply of goods of the person running online market place, whether or not the goods are owned by him. |
| Section 3(9A)   |  | Omit the entitlement of award of five percent cash back of the tax involved to the customers of Tier -1 retailers.   |

### **Adjustable input tax**

**[Section 8B]**

It has been proposed to provide relief and exclude the Public limited companies listed on Pakistan Stock Exchange from the purview of section 8B and to allow them 100% input tax adjustment in the same tax period, rather than restricting the input adjustment up to 90% for a particular tax period as applicable on other registered persons.

### **Assessment of tax & recovery of tax not levied or short-levied or erroneously refunded**

**[Section 11(5)]**

The proposed Bill seeks to amend the concept of relevant date by relating it to close of the financial year in which the tax period falls. Accordingly, the timeframe for perusal of cases has been increased to a few more months since the ceiling period of five years for issuance of notices will now be reckoned from the close of related financial year.

### **Common identifier number**

**[Section 21B]**

The proposed Bill seeks this new clause, where the individual having Computerized National Identity Card issued by the National Database and Registration Authority, registered or liable to be registered under the provisions of section 14, CNIC shall be the common identifier number in addition to the sales tax registration number.

Whereas in case of association of persons or company, having National Tax Number, registered or liable to be registered under the provisions of section 14, NTN shall be the common identifier number in addition to the sales tax registration number.

### **Records**

**[Section 22(1)(ea)]**

The Bill seeks to include electronic version as a form of maintaining records to be kept under this section.

### **Transactions between associates**

**[Section 25AA]**

It has been sought to add a new subsection to provide enabling provision in the act for prescribing rules for determining transfer pricing of taxable supplies between associates to reflect fair market value in arm's length transactions.

### **Extension of time for furnishing returns**

**[Section 26AB]**

The Bill seeks to include a new section to provide mechanism of extension time of 15 days or for more days in case of exceptional circumstances for furnishing of monthly returns, upon an application made by the registered person due to his sickness or other misadventure or absence from Pakistan and any other reasonable grounds as per the satisfaction of the Commissioner. The extension can also be granted and be further extended to 15 days or for more days in case of exceptional circumstances by the Chief Commissioner.

### **Provisions relating to goods supplied from tax exempt areas**

**[Section 40D]**

The Bill seeks to broaden the range of tax exempt areas to Border Sustenance Markets.

### **Licensing of brand name**

**[Section 40E]**

The Bill seeks to include a new clause making it mandatory for manufacturer to obtain brand license for each separate brand or Stock keeping unit, in such manner as may be prescribed by the Board. Whereas, any specified brand and Stock keeping unit found to be sold without obtaining a license from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction in the prescribed manner and such destruction and confiscation shall be without prejudice to any other penal action which may be taken under this Act.

### Recovery of arrears of tax

**[Section 48(3)]**

It has been proposed to include a new sub clause to streamline measures in respect of providing assistance in collection and recovery of taxes based on the request from a foreign jurisdiction under a tax treaty, a multilateral convention, and inter-governmental agreement or similar agreement or mechanism.

### Power to make rules

**[Section 50(2)]**

With a view to improve the procedure for collection, arrangement and publishing of the rules, general orders and departmental instructions and rulings issued under Sales Tax Act, 1990, the Bill seeks to formally adopt the manner of publication of placement at FBR's website.

### Agreement for the exchange of information or assistance in recovery of taxes **[Section 56A]**

It has been sought to include a new sub section (1A) to empower Board to share data or information including real time data videos, images received under the provisions of the Act with any other Ministry or Division of the Federal Government or Provincial Government, subject to such limitations and conditions as may be specified.

It has also been proposed by inserting a new sub-section (3) that the Federal Government may enter into bilateral or multilateral convention, and inter-governmental agreement or similar agreement or mechanism for assistance in the recovery of taxes.

### Prize schemes to promote tax culture

**[Section 56C]**

The Bill seeks to introduce a new subsection to conduct Mystery Shopping on random basis of the invoices issued by the Teir-1 retailers with the integrated FBR online system, for this the Board may prescribe the procedure to ensure that the incentive is not misused and that all the relevant provision of the Act shall apply on any discrepancy.

### Delayed refund

**[Section 67]**

It has been sought to include a new proviso to introduce the streamlining of mechanism of refund for tax payer, provided further that where a refund due in the consequence of any order passed under section 66 is not made within forty five days of date of such order, there shall be paid to the claimant in addition to the amount of the refund due to him, a further sum equal to KIBOR per annum of the amount of refund, due from the date of the refund order.

### Certain transactions not admissible

**[Section 73]**

Under existing section 73 for the entitlement of tax input the payments exceeding 50,000 rupees are required to be made through banking channel within 180 days. Now the Bill seeks to insert a proviso of payment adjustment, incase made by registered person in respect of amount payable and receivables with same party upon fulfillment of the conditions that sales tax has been charged and paid by both the parties under the relevant provisions of the Act and rules prescribed thereunder and the registered person has sought prior approval of the Commissioner before making such adjustments.

### Fee and service charges

**[Section 76]**

It has been proposed that fee and charges collected are to be expended in a regulated manner to be prescribed by FBR.

### Sales tax on retail price

**[Third Schedule]**

The Bill proposes to insert following new items in the Third Schedule of the Sales Tax Act 1990:

Sr.	Description	PCT Heading
50.	Sugar except where it is supplied as an industrial raw material to pharmaceutical, beverage and confectionery industries	Respective headings



## Zero rate

## [Fifth Schedule]

The Bill proposes to omit following items from the Fifth Schedule of the Sales Tax Act 1990:

Sr.	Description
1.	<ul style="list-style-type: none"> <li>(i) Supply, repair or maintenance of any ship which is neither;                             <ul style="list-style-type: none"> <li>(a) a ship of gross tonnage of less than 15 LDT; nor</li> <li>(b) a ship designed or adapted for use for recreation or pleasure.</li> </ul> </li> <li>(ii) Supply, repair or maintenance of any aircraft which is neither;                             <ul style="list-style-type: none"> <li>(a) an aircraft of weight-less than 8000 kilograms; nor</li> <li>(b) an aircraft designed or adapted for use for recreation or pleasure.</li> </ul> </li> <li>(iii) Supply of spare parts and equipment for ships and aircraft falling under (i) and (ii) above.</li> <li>(iv) Supply of equipment and machinery for pilot age, salvage or towage services.</li> <li>(v) Supply of equipment and machinery for air navigation services.</li> <li>(vi) Supply of equipment and machinery for other services provided for the handling of ships or aircraft in a port or Customs Airport.</li> </ul>
6.	Supplies of such locally manufactured plant and machinery to petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification.
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 plants 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.

It has also been sought to insert following new items in the Fifth Schedule of the Sales Tax Act 1990:

Sr.	Description
15.	Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.";

## Exemptions

## [Sixth Schedule]

The Bill proposes to transpose the following items from the Table I (Import or Supplies) to Table II (Local supplies only):

Sr. No. of Table I	Sr. No. of Table II	Description	PCT Heading
11.	27.	Eggs including eggs for hatching	0407.1100, 0407.1900 and 0407.2100, 0407.2900
19.	28.	Cereals and products of milling industry 4[excluding the products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brand name or a trademark].	1001.1000, 1001.9000, 1002.0000, 1003.0000, 1004.0000, 1005.1000, 1005.9000, 1006.1090, 1006.2000, 1006.3010, 1006.3090, 1006.4000, 1007.0000, 1008.1000, 1008.2000, 1008.3000, 1008.9000, 1101.0010, 1101.0020, 1102.2000, 1102.9000, 1103.1100, 1103.1300, 1103.1900, 1104.2200, 1104.2300, 1104.2900 and 1104.3000
22.	29.	Sugar beet.	1212.9100
26.	30.	Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	2009.1100, 2009.1200, 2009.1900, 2009.2100, 2009.2900, 2009.3100, 2009.3900, 2009.4100, 2009.4900, 2009.5000, 2009.6100, 2009.6900, 2009.7100, 2009.7900, and 2009.9000
73A.	31.	Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name	04.02
74.	32.	Flavored milk, excluding that sold in retail packing under a brand name	0402.9900
75.	33.	Yogurt, excluding that sold in retail packing under a brand name	0403.1000
76.	34.	Whey, excluding that sold in retail packing under a brand name	04.04
77.	35.	Butter, excluding that sold in retail packing under a brand name	0405.1000
78.	36.	Desi ghee, excluding that sold in retail packing under a brand name	0405.9000
79.	37.	Cheese, excluding that sold in retail packing	0406.1010

Sr. No. of Table I	Sr. No. of Table II	Description	PCT Heading
		under a brand name	
80.	38.	Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name	0406.3000
82.	39.	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal, excluding those sold in retail packing under a brand name or a trademark	1601.0000
83.	40.	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish, excluding those sold in retail packing under a brand name or a trademark	1602.3200,1602.3900,1602.5000,1604.1100,1604.1200,1604.1300,1604.1400,1604.1500,1604.1600,1604.1900,1604.2010.1604.2020,1604.2090
84.	41.	Preparations suitable for infants, put up for retail sale	1901.1000
85.	42.	Fat filled milk excluding that sold in retail packing under a brand name or a trademark	1901.9090

**The Bill proposes to omit following items from Table I:**

Sr.	Description	PCT Heading
24.	Edible oils and vegetable ghee, including cooking oil, on which Federal Excise Duty is charged, levied and collected by a registered manufacturer or importer as if it were a tax payable under section 3 of the Act. Explanation.— Exemption of this entry shall not be available on local supplies made by importers, distributors, wholesalers or retailers.	1507.9000, 1508.9000, 1509.1000, 1509.9000, 1510.0000, 1511.1000, 1511.9020, 1511.9030, 1512.1900, 1513.1900, 1513.2900, 1514.1900, 1514.9900, 1515.2900, 1515.5000, 1516.2010, 1516.2020, 1517.1000, 1517.9000 and 1518.0000
27.	Ice and waters excluding those for sale under brand names or trademarks.	2201.1010
29.	Table salt including iodized salt excluding salt sold in retail packing bearing brand names and trademarks.	2501.0010
29C.	Glass bangles	7020.0090
91.	Energy saver lamps	8539.3110
93.	Bicycles	87.12
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
103.	Import and supply thereof, up to the year 1[2030], of ships 2[...] 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 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
106.	Import of Halal edible offal of bovine animals	0206.1000,0206.8000 and 0206.9000
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 8539.9040 3206.5010 3824.9099 3824.8400 3214.1050 3215.9010 2850.0000
115.	Plant, machinery and equipment imported for setting up fruit processing and preservation units in Gilgit-Baltistan, Balochistan Province and Malakand Division up to the 30th June, 2019 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
123.	Aircraft, whether imported or acquired on wet or dry lease 1[:] Provided that in case of import or acquisition on wet or dry lease by Pakistan International Airlines Corporation, this exemption shall be available with effect from 19th March, 2015.	8802.4000
124.	Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000	Respective headings
125.	Spare parts for use in aircrafts, trainer aircrafts or simulators	Respective headings
128.	Aviation simulators imported by airline company recognized by Aviation Division.	Respective headings
153.	Steel billets, ingots, ship plates, bars and other long re-rolled profiles, on such imports and supplies by the manufacturer on which federal excise duty is payable in sales tax mode	Respective headings

The Bill proposes to adopt the following amendment to Sr. 137 of Table I:

Existing			Proposed		
Sr.	Description	PCT Heading	Sr.	Description	PCT Heading
137.	Paper weighing 60 g/m2 for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO	4802.5510	137.	Paper weighing 60 g/m2 art paper and printing paper for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO	4802.5510, 4810.1990, 4810.1910 and 4802.6990

The Bill proposes to insert following new items in Table I:

Sr.	Description	PCT Heading
157.	Import of CKD (in kit form) of following electric vehicles (4 wheelers) by local manufacturers till 30th June, 2026: (i) Small cars/SUVs with 50 Kwh battery or below; and (ii) Light commercial vehicles (LCVs) with 150 kwh battery or below	Respective headings
158.	Goods temporarily imported into Pakistan by International Athletes which shall be subsequently taken by them within 120 days of temporary import	Respective headings
159.	Import of auto disable Syringes till 30th June, 2021 (i) with needles (ii) without needles	9018.3110 9018.3120
160.	Import of following raw materials for the manufacturers of auto disable syringes till 30th June, 2021 (i) Tubular metal needles (ii) Rubber Gaskets	9018.3200 4016.9310
161.	Import of plant, machinery, equipment and raw materials for consumption of these items within Special Technology Zone by the Special Technology Zone Authority, zone developers and zone enterprises	Respective headings
162.	Import of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.”;	Respective headings

The Bill proposes to omit following items from Table I:

Sr.	Description	PCT Heading
17.	Raw and pickled hides and skins, wet blue hides and skins	41.01, 41.02, 41.02, 4104.1000, 4105.1000, 4106.2100, 4106.3000, 4106.9000
19.	Bricks (up to 30th June, 2018)	6901.1000
24.	LED or SMD lights and bulbs meant for conservation of energy	8539.5010, 8539.5020, 9405.1030 and 9405.4020
25.	Cottonseed oil	1512.2100 and 1512.2900

It has been proposed to insert the following new entry in Table II:

Sr.	Description	PCT Heading
26.	Supply of locally produced silos till 30.06.2026	Respective heading

**Table IV |** The Bill proposes to insert following new entries in Table IV to the Sixth Schedule:

The goods specified in column (2) of the Annexure below falling under the PCT codes specified in column (3) of the said Annexure, when supplied within the limits of the **Border Sustenance Markets**, established in cooperation with Iran and Afghanistan, shall be exempted from the whole of the sales tax, subject to the following conditions, namely:

- (i) Such goods shall be supplied only within the limits of Border Sustenance Markets established in cooperation with Iran and Afghanistan;

- (ii) If the goods, on which exemption under this Table has been availed, are brought outside the limits of such markets, sales tax shall be charged on the value assessed on the goods declaration import or the fair market value, whichever is higher;
- (iii) Such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of sales tax involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction;
- (iv) The said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets; and
- (v) Breach of any of the conditions specified herein shall attract relevant legal provisions of this Act, besides recovery of the amount of sales tax along with default surcharge and penalties involved.

S. No.	Description	PCT Heading
(1)	(2)	(3)
1	Seed (Potatoes)	0701.1000
2	Tomatoes, fresh or chilled	0702.0000
3	Onions and shallots	0703.1000
4	Garlic	0703.2000
5	Cauliflowers cabbage	0704.9000
6	Carrots and turnips	0706.1000
7	Cucumbers and gherkins fresh or chilled	0707.0000
8	Peas (pisum sativum)	0708.1000
9	Beans (vigna spp., phaseolus spp.)	0708.2000
10	other leguminous vegetables	0708.9000
11	Peas (Pisum sativum)	0713.1000
12	Grams (Dry/Whole)	0713.2010
13	Dried leguminous vegetables	0713.2090
14	Beans of the species Vigna mungo (L.) Hepper or Vigna radiata (L.) Wilczek	0713.3100
15	Small red (Adzuki) beans (Phaseolus or Vigna angularis)	0713.3200
16	Kidney beans including white beans	0713.3300
17	Bambara – vigna subteranea or vaahdzeia subterrea	0713.3400
18	Beans vigna unguiculata	0713.3500
19	Other	0713.3990
20	Lentils (Dry/Whole)	0713.4010
21	Broad beans (Vicia faba var. major) and horse beans (Vicia faba var. equina, Vicia faba var. minor)	0713.5000
22	Pigeon peas (cajanus cajan)	0713.6000
23	Vanilla (Neither crushed nor ground)	0905.1000
24	Cinnamon	0906.1100
25	Other (Cinnamon And Cinnamon Tree Flowers)	0906.1900
26	Neither crushed nor ground (Cloves)	0907.1000
27	Crushed or ground (Cloves)	0907.2000
28	Neither Crushed nor ground (Nutmeg)	0908.1100
29	Crushed or ground (Nutmeg)	0908.1200
30	Neither crushed nor ground (Maze)	0908.2100
31	Crushed or ground (Maze)	0908.2200
32	Large (Cardammoms)	0908.3110
33	Small (Cardammoms)	0908.3120
34	Crushed or ground (Cardammoms)	0908.3200
35	Neither crushed nor ground (Coriander)	0909.2100
36	Crushed or ground (Coriander)	0909.2200
37	Neither crushed nor ground (Seeds of Cumins)	0909.3100
38	Crushed or ground (Seeds of Cumins)	0909.3200
39	Neither crushed nor ground (Seeds of Anise,	0909.6100

S. No.	Description	PCT Heading
(1)	(2)	(3)
	Badian, Caraway, Fennel etc)	
40	Crushed or ground (Seeds of Anise, Badian, Caraway, Fennel etc)	0909.6200
41	Thyme; bay leaves	0910.9910
42	Barley (Seeds)	1003.1000
		1003.9000
43	Sunflower seeds ,whether or not broken	1206.0000
44	Locust beans	1212.9200
45	Cereal straws and husks	1213.0000
46	Knives and cutting blades for paper and paper board	8208.9010
47	Of a fat content, by weight, not exceeding 1 % (milk and cream)	0401.1000
48	Of a fat content, by weight, exceeding 1 % but not exceeding 6 % (milk and cream)	0401.2000
49	Of a fat content, by weight, exceeding 6 % but not exceeding 10% (Milk and Cream)	0401.4000
50	Of a fat content, by weight, exceeding 10 % (Milk and Cream)	0401.5000
51	Leeks and other alliaceous vegetables	0703.9000
52	Cauliflowers and headed broccoli	0704.1000
53	Brussels sprouts	0704.2000
54	Cabbage lettuce (head lettuce)	0705.1100
55	Lettuce	0705.1900
56	Chicory	0705.2100
		0705.2900
57	Fruits of the genus Capsicum or of the genus Pimenta	0709.6000
58	Figs	0804.2000
59	Fresh (grapes)	0806.1000
60	Dried (Grapes)	0806.2000
61	Melons	0807.1100
		0807.1900
62	Apples	0808.1000
63	Green Tea	0902.1000
64	Other Green Tea	0902.2000
65	Crushed or ground (Ginger)	0910.1200
66	Turmeric (curcuma)	0910.3000
67	Other (spice)	0910.9990
68	Lactose (Sugar )	1702.1110
69	Sugar Syrup	1702.1120
70	Sugar Other	1702.1900
71	Caramel	1702.9020
72	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soya bean oil.	2304.0000
73	Other (animal feed)	2309.9000
74	For Sewing (Thread)	5204.2010
75	For embroidery (Thread)	5204.2020
76	Spades and shovels	8201.1000

S. No.	Description	PCT Heading
(1)	(2)	(3)
77	Tools for masons, watchmakers, miners and hand tools nes	8205.5900
78	For kitchen appliances or for machines used by the food industry	8208.3000
79	Other kitchen appliances	8208.9090
80	Yogurt	0403.1000
81	Other (Potatoes)	0701.9000
82	Sweet corn	0710.4000
83	Mixtures of vegetables	0710.9000
84	Fresh (Dates)	0804.1010
85	Dried (Dates)	0804.1020
86	Apricots	0809.1000
87	Sour cherries (Prunus cerasus)	0809.2100
88	Other (Apricots)	0809.2900
89	Peaches, including nectarines	0809.3000
90	Plums and sloes	0809.4000
91	Strawberries	0810.1000
92	Kiwi Fruit	0810.5000
93	Neither crushed nor ground (Ginger)	0910.1100
94	Wheat and Meslin(Other)	1001.1900
95	Wheat and Meslin (Other )	1001.9900
96	Of Wheat (Flour)	1101.0010
97	Of Meslin	1101.0020
98	Vermacelli	1902.1920
99	Other (Packed Cake)	1905.9000
100	Homogenized preparations	2007.1000
101	Citrus Fruit	2007.9100
102	Other (jams)	2007.9900
03	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	3401.3000
104	Preparations put up for retail sale	3402.2000
105	Other (washing preparations)	3402.2000
106	Tableware and kitchenware of porcelain or China	6911.1090
107	Household articles nes & toilet articles of porcelain or China	6911.9000
108	Glassware for table or kitchen purposes (excl. glass having a linear c	7013.4900
109	Glassware nes (other than that of 70.10 or 70.18)	7013.9900
110	Spoons	8215.9910
111	Tableware articles not in sets and not plated with precious metal	8215.9990
112	Bicycles and other cycles (including delivery tricycles), not motorized	8712.0000
113	Vacuum flasks	9617.0010
114	Vacuum flasks/vacuum vessels complete w/cases; parts o/t glass inners (others)	9617.0020

**Eight Schedule**

**[Table I]**

The bill proposes to omit the following entries from Table I of the Eight schedule of the Sales Tax Act 1990:

Sr	Description	PCT Heading
1.	Soyabean meal	2304.0000
5.	Raw cotton and ginned cotton	Respective headings
6.	Plant and machinery not manufactured locally and having no compatible local substitutes	Respective headings
7.	Flavoured milk	0402.9900
8.	Yogurt	0403.1000
9.	Cheese	0406.1010
10	Butter	0405.1000
11	Cream	04.01 and 04.02
14	Milk and cream, concentrated or containing added sugar or other sweetening matter	0402.1000 and 0402.2000
15	Ingredients of poultry feed, cattle feed, except soya bean meal of PCT heading 2304.0000 and oil-cake of cotton-seed falling under PCT heading 2306.1000	2301.1000], 2305.0000, 2306.2000, 2306.3000, 2306.4100, 2306.5000, 2309.9010, 2309.9020, 2309.9090, 2936.2100, 2936.2200, 2936.2300, 2936.2400, 2936.2500, 2936.2600, 2936.2700, 2936.2800, and 2308.9000 (Guar Meal), 2303.1000 (Corn Gluton Feed/Meal), 2303.1000 (Residues of starch manufacture and similar residues), 3507.9000 (Enzymes-other), 2302.1000 (Maize Bran), 2302.2000 (Rice Bran), 2302.3000 (Wheat Bran), 2302.4000 (Other Cereals), 2302.5000 (Bran of Leguminous Plants), 2306.7000 (Oil- cake and other solid residues of Maize (corn) germ), 2306.4900 (Sesame Cake), 2306.9000 (Sesame Meal/other Meal), 2842.1000 (Double or complex silicates, including aluminosilicates whether or not chemically defined), 1[2301.2090] (Fish Meal),

Sr	Description	PCT Heading
		0505.9000 (Poultry by product Meal), and the following items only of Feed Grade: 2827.6000 (Potassium Lodide), 2833.2990 (Manganese Sulphate), 2[2833.2940] (Zinc Sulphate), 2817.4000 (Zinc Oxide), 2833.2500 (Copper Sulphate), 2833.2910 (Ferrous Sulphate), 2915.5000 (Propionic acid, its salts and esters), 2930.4000 (DL Methionine), 2930.4000 (Methionine Hydroxy Analogue (liquid)), 2922.4100 (Lysine Monohydro Chloride /sulphate), 2923.2000 (Lecithins), 1[2923.9010] (Betafin), 2922.4290 (Arganine), 2934.9910 (Furazolidon), 2922.5000 (Threonine), 2835.2600 (Mono Calcium Phosphate), 2835.2500 (Di Calcium Phosphate), and 2835.2600 (Mono Di Calcium Phosphate)
19	Waste paper	47.07
20	Plant, machinery, 2[and equipment] used in production of bio-diesel	Respective headings
22	Soya bean seed	1201.1000
29	(i) Harvesting, threshing and storage equipment:	
	(ii) Wheat thresher	8433.5200
	(iv) Maize or groundnut thresher or sheller	8433.5200
	(v) Groundnut digger	8433.5900
	(vi) Potato digger or harvester	8433.5300
	(vii) Sunflower thresher	8433.5200
	(viii) Post hole digger	8433.5900
	(ix) Straw balers	8433.4000
	(x) Fodder rake	8433.5900

Sr	Description	PCT Heading
	(xi) Wheat or rice reaper	8433.5900
	(xii) Chaff or fodder cutter	8433.5900
	(xiii) Cotton picker	8433.5900
	(xiv) Onion or garlic harvester	8433.5200
	(xv) Sugar harvester	8433.5200
	(xvi) Tractor trolley or forage wagon	8716.8090
	(xvii) Reaping machines	8433.5900
	(xviii) Combined harvesters	8433.5100
	(xix) Pruner/shears	8433.5900
45	Following machinery for poultry sector :	
	(i) Machinery for preparing feeding stuff	8436.1000
	(ii) Incubators, brooders and other poultry equipment	8436.2100 and 8436.2900
	(iii) Insulated sandwich panels	Respective heading
	(iv) Poultry sheds	9406.1020 and 9406.9020
	(v) Evaporative air cooling system	8479.6000
	(vi) Evaporative cooling pad	8479.9010
50	LNG/RLNG	2711.1100
51	LNG/RLNG	2711.1100 and 2710.2100
60	Fat filled milk	1901.9090
61	Silver, in unworked condition	7106.1000, 7106.9110 and 7106.9190
62	Gold, in unworked condition	7108.1100, 7108.1210 and
63	Articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal.	71.13
65	Ginned cotton	Respective headings
67	LNG imported for servicing CNG sector and local supplies thereof	2711.1100, 2711.2100



The Bill seeks to adopt change in rate of sales tax and condition on the following item in Table I:

S. #	Description	Existing		Proposed	
		Rate of Sales Tax	Condition	Rate of Sales Tax	Condition
56.	Potassium Chlorate (KCLO3)	17% along with rupees 80 per kilogram	Import and supply thereof. Provided that rate of rupees 70 per kilogram shall not apply on imports made by and supplies made to organizations under the control of Ministry of Defence Production.	17% along with rupees 90 per kilogram	Import and supply thereof. Provided that rate of rupees 90 per kilogram shall not apply on imports made by and supplies made to organizations under the control of Ministry of Defence Production.

It has been sought to insert the following new entries in Table I:

Sr.	Description	PCT Heading	Rate of Sales Tax	Conditions
71.	Following locally manufactured or assembled electric vehicles (4 wheelers) till 30th June, 2026: (i) Small cars/ SUVs with 50 Kwh battery or below; and (ii) Light commercial vehicles (LCVs) with 150 kwh battery or below	Respective heading	1%	If supplied locally
72.	Motorcars	87.03	12.5%	Locally manufactured or assembled motorcars of cylinder capacity up to 850cc
73.	Import and local supply of Hybrid Electric Vehicles: (a) Up to 1800 cc (b) From 1801 cc to 2500 cc	87.03 87.03	8.5% 12.75%	

### Eleventh Schedule

The Bill seeks to include the following in Eleventh Schedule:

Sr.	Withholding Agent	Supplier Category	Rate or extent of deduction
7.	Registered persons manufacturing lead batteries	Persons supplying reclaimed lead or used lead batteries	Whole of the sales tax applicable

## **2. FEDERAL EXCISE ACT, 2005**

### **Definition**

#### **Filing of return and payment of duty etc.**

**[Section 4]**

It has been proposed to add a new proviso to allow registered person to revise return without the approval of Commissioner Inland Revenue, subject to below conditions:

- The revised return needs to be filed within sixty days of the filing of the original return;
- The duty paid is more than the amount paid in the original return; or
- The refund claimed is less than the amount claimed in the original return.

#### **Recovery of unpaid duty or of erroneously refunded duty or arrears of duty etc.[Section 14(4)]**

The bill seeks to insert a new subsection to empower tax authorities to assist in collection and recovery of duties in pursuance of a request from a foreign jurisdiction under a tax treaty, a multilateral convention, and inter-governmental agreement or similar agreement or mechanism.

#### **Licensing of brand name**

**[Section 45(AA)]**

It has been sought to insert a new sub section requiring manufacturers of the specified goods to obtain brand license for each brand or stock keeping unit (SKU) in such manner as may be prescribed by the Board.

Any specified brand and SKU found to be sold without obtaining a license from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction in the prescribed manner and such destruction and confiscation shall be without prejudice to any other penal action which may be taken under this Act.

#### **Agreement for exchange of information or assistance in recovery of duties [Section 47(1A)]**

It has been proposed to empower the Board to share data or information including real time data videos, images received under the provisions of Federal excise Act, 2005 with any other Ministry or Division of the Federal Government or Provincial Government, subject to such limitations and conditions as may be specified by the Board.

The Bill also seeks to add a new sub section where Federal Government may enter into a bilateral or multilateral convention, and inter-governmental agreement or similar agreement or mechanism for assistance in the recovery of duties.

#### **Fee & service charges**

**[Section 49]**

It has been proposed that fee and charges collected are to be expended in a regulated manner to be prescribed by FBR.

**[First Schedule]**  
**[Table I – Excisable goods]**

The Bill proposes to omit following items from Table I:

S. #	Description of Goods	Heading/ sub-heading Number	Rate of Duty
1.	Edible oils excluding deoxidized soybean	15.07, 15.08, 15.09, 15.10, 15.11, 15.12, 15.13, 15.14, 15.15, 15.16 1517, and 15.18,	Seventeen percent ad val.
2.	Vegetable ghee and cooking oil (a) in retail packing  (b) not in retail packing	Respective heading	Seventeen per cent of retail price. Seventeen per cent ad val.
57.	Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters	Respective headings	Five percent of retail price.
58.	Steel Billets, ingots, ship plates, bars and other long re-rolled products	Respective headings	Seventeen percent ad val.

The Bill proposes to insert in Table I:

S. #	Description of Goods	PCT	Rate of Duty
8C.	Tobacco mixture in an electrically heated tobacco product by whatever name called, intended for consumption by using a tobacco heating system without combustion	2403.9990	Rupees five thousand two hundred per kg

The Bill proposes following changes in Table I:

Existing				Proposed			
S. #	Description of Goods	PCT Heading	Rate of Duty	S. #	Description of Goods	PCT Heading	Rate of Duty
55.	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars (a) of cylinder capacity up to 1000cc (b) of cylinder capacity from 1001cc to 1799cc (c) of cylinder capacity 1800cc to 3000cc (d) of cylinder capacity exceeding 3001cc	87.03	2.5% ad val. 5% ad val. 25% ad val. 30% ad val.	55.	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02 and till the 30th day of June, 2026 electric vehicles (4 wheelers)), including station wagons and racing cars (a) of cylinder capacity up to 1000cc (b) of cylinder capacity from 1001cc to 1799cc (c) of cylinder capacity 1800cc to 3000cc (d) of cylinder capacity exceeding 3001cc	87.03	2.5% ad val. 5% ad val. 25% ad val. 30% ad val.
55B.	Locally manufactured or assembled motor cars, SUVs and other motor vehicles, excluding auto rickshaws principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars: (a) of cylinder capacity up to 1000cc (b) of cylinder capacity from 1001cc to 2000cc (c) of cylinder capacity 2001cc and above	87.03	2.5% ad val. 5% ad val. 7.5% ad val.	55B.	Locally manufactured or assembled motor cars, SUVs and other motor vehicles, excluding auto rickshaws principally designed for the transport of persons (other than those of headings 87.02 and till the 30th day of June, 2026 electric vehicles (4 wheelers), including station wagons and racing cars: (a) of cylinder capacity up to 851cc to 1000cc (b) of cylinder capacity from 1001cc to 2000cc (c) of cylinder capacity 2001cc and above	87.03	2.5% ad val. 5% ad val. 7.5% ad val.
56.	Filter rod for cigarettes	5502.0090	Rupee 0.75 per filter rod	56.	Filter rod for cigarettes	5502.9090	Rupee 0.75 per filter rod

**[Table II – Excisable services]**

The Bill proposes following changes in Table II:

Existing				Proposed			
S. #	Description of Goods	PCT Heading	Rate of Duty	S. #	Description of Services	PCT Heading	Rate of Duty
6.	Telecommunication services, excluding such services in the area of a 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.	98.12 (All sub headings)	seventeen per cent of charges	6.	Telecommunication services, excluding such services in the area of a 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.	98.12 (All sub headings)	sixteen per cent of charges

The Bill proposes to insert following items in Table II:

S. #	Description of Goods	PCT Heading	Rate of Duty
6A.	Following telecommunication services:	Respective sub-heading of 98.12	One rupee per call in addition to the rates of duty specified under Serial No.6
	(a) Mobile phone call, if call duration exceeds three minutes;		
	(b) Internet services;	9812.6000	Five rupees per GB in addition to the rates of duty specified under Serial No.6
	(c) SMS services	9812.1710	Ten paisa per SMS in addition to the rates of duty specified under serial No.6

**[First Schedule]**

**[Table II – Excisable services]**

The bill proposes following changes in Table II:

Existing				Proposed			
S. #	Description of Goods	PCT Heading	Rate of Duty	S. #	Description of Goods	PCT Heading	Rate of Duty
8.	Services provided or rendered by banking companies, insurance companies, cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, non-banking financial institutions, Assets Management Companies and other persons dealing in any such services.	98.13	Sixteen percent of the charges.	8.	Services provided or rendered by banking companies, insurance companies, cooperative financing societies, Modaraba, musharikas, leasing companies excluding Merchant Discount Rate (MDR) for accepting digital payment, foreign exchange dealers, non-banking financial institutions, Assets Management Companies and other persons dealing in any such services.	98.13	Sixteen percent of the charges.

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

The Bill proposes to omit following entries from the Second schedule of the Federal Excise Act, 2005:

S. #	Description of Goods	Heading/ sub-heading Number
1.	Edible oil excluding epoxidized soyabean oil falling under heading 15.18	15.07, 15.08, 15.09, 15010, 15.11, 15.12, 15.13, 15.14 15.15, 15.16, 15.17 & 15.18
2	Vegetable ghee and cooking oil	Respective headings
4.	Steel Billets, ingots, ship plates, bars and other long re-rolled products	Respective headings

**Conditional exemptions**

**[Third Schedule]**

The Bill proposes to add following entries in the Third schedule of the Federal Excise Act, 2005:

S. #	Description of Goods	Heading/ sub- heading No.
24.	<p>The following goods, when supplied within the limits of the Border Sustenance Markets, established in cooperation with Iran and Afghanistan:</p> <ul style="list-style-type: none"> <li>(i) Animal Fats and Oil and their fractions</li> <li>(ii) Vegetable Fats and their fractions</li> <li>(iii) Vegetable Oils and their fractions</li> </ul> <p>Provided that, such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of duty involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction.</p> <p>Provided further that, the said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets.</p>	<p>1516.1000 1516.2010 1516.2020</p>
25.	<p>Import and supply of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.</p>	<p>Respective headings</p>



## SECTION 6 CUSTOMS DUTY

### 1. DEFINITIONS

#### Documents

[Section 2(kka)]

The bill seeks to broaden the definition of documents by including master bill of lading and certificate of origin.

#### Electronic assessment

[Section 2(kkc)]

It has been sought to include a new clause to define electronic assessment to mean the assessment of a goods declaration in Customs Computerized System by an officer of Customs or by the computerized system according to the selectivity criteria.

#### Vessel Intimation Report (VIR)

[Section 2(ld)]

The bill seeks to include a new clause to define Vessel Intimation Report (VIR) to mean an intimation regarding impending arrival of a vessel at a customs sea port, where the customs computerized system is operational, to the customs authorities in the form and manner, by the carrier or his agent, as may be prescribed by rules.

#### Owner

[Section 2(oo)]

It has been proposed to insert a new clause Owner of goods which includes any person who is for the time being entitled, either as owner or agent for the owner, to the possession of the goods.

#### Smuggle

[Section 2(s)]

The bill proposes to broaden the definition of smuggling by including retailing of smuggled goods.

### 2. DIRECTORATE GENERAL OF NATIONAL NUCLEAR DETECTION ARCHITECTURE [Section 3CCB]

The Bill seeks to insert a new section '3CCB' to specify the composition of the Directorate General of National Nuclear Detection Architecture and states that it shall consist of Director General and as many other officers as the Board may appoint.

### 3. DIRECTORATE GENERAL OF MARINE

[Section 3CCC]

The Bill seeks to insert a new section '3CCC' to specify the composition of the Directorate General of Marine and states that it shall consist of Director General and as many other officers as the Board may appoint.

### 4. POWER TO APPOINT OR LICENSE PUBLIC WAREHOUSES

[Section 12]

The Bill seeks to empower the respective collector of customs having jurisdiction over an area to appoint or license public warehouses wherein dutiable goods may be deposited without payment of customs-duty. The application for license shall be made as prescribed by respective collector of customs, and license may be cancelled or suspended by the respective collector of customs.

### 5. POWER TO APPOINT OR LICENSE COMMON WAREHOUSES

[Section 12A]

The Bill proposes a new section to empower the respective collector of customs, having jurisdiction over an area, to appoint or license common warehouses wherein dutiable goods may be deposited without payment of customs-duty on owner or licensee own account. The application for license shall

be made as prescribed by respective collector of customs, and license may be cancelled or suspended by the respective collector of customs.

**6. POWER TO LICENSE PRIVATE WAREHOUSES** **[Section 13]**

The Bill proposes to amend the existing Section 13 to empower the respective collector of customs, having jurisdiction over an area, to license private warehouses wherein dutiable goods may be deposited without payment of customs-duty on owner or licensee own account. The application for license shall be made as prescribed by respective collector of customs, and license may be cancelled or suspended by the respective collector of customs.

**7. PAKISTAN CUSTOMS TARIFF** **[Section 18E]**

The Board, being empowered under section 18E to make changes in the Pakistan Customs Tariff, for disputes on classification of goods, the Bill proposes a new proviso to empower the Board to constitute a committee or center for settlement of such disputes. The Board may also prescribe rules for carrying out its power under this section.

**8. GENERAL POWER TO EXEMPT FROM CUSTOMS-DUTIES** **[Section 19(5)]**

The Bill seeks to provide legal cover to the notifications issued after July 1, 2016, for exemption of custom duties under emergent and other specified situations, which are due to expire on June 30, 2021, by making them operative till June 30, 2022.

**9. FALL BACK METHOD** **[Section 25(9)]**

It has been proposed to provide more flexibility for the determination of the value of imported goods under this sub section by resorting to the use of 'reasonable basis' for such determination of the value.

**10. POWER TO DETERMINE THE CUSTOMS VALUE** **[Section 25A]**

**Sub-section (1)** | The Bill proposes to extend the power under this section, to determine the customs value of any goods imported into or exported out of Pakistan, to the Collector of Customs. The bill also proposes to empower the Director of Customs Valuation to incorporate the values from internationally acclaimed publications, periodicals, bulletins, and official websites, for determination of customs value under this section.

**Sub-section (2A)** | The bill further seeks to incorporate a new sub-section to clarify that in case of any conflict in the customs value determination, The Director General of Valuation shall determine the applicable customs value.

**Sub-section (4)** | The bill also seeks to clarify that the customs value determined under sub-section (1) or the newly proposed sub-section (2A) shall remain valid until revised or rescinded by the competent authority.

**11. POWER TO TAKEOVER THE IMPORTED GOODS** **[Section 25C]**

The Bill proposes that instead of the Board, the approval of respective Chief Collector be obtained, by the Collector of Customs prior to passing any order under this section.

**12. REVIEW OF THE VALUE DETERMINED** **[Section 25D]**

It has been sought to substitute the existing section 25D and empower the Director General Valuation to determine fresh valuation or rescind the valuation determined, on his own motion or under a review petition made to him, by any person or officer of Customs.

**13. ALLOWING MUTILIATION OR SCRAPPING OF GOODS**

**[Section 27A]**

The Bill seeks to propose that the request, for the mutilation or scrapping of goods by the owner, is to be made before the filing of goods declaration.

**14. FALSE STATEMENT, ERROR, ETC.**

**[Section 32(3A)]**

The Bill seeks to enhance the immunity from the provisions of this sub-section, which provides for the recovery notice of short-levied or excess-refunded duties within five years, up to a recoverable amount of less than twenty thousand rupees.

**15. MIS-DECLARATION OF VALUE FOR ILLEGAL TRANSFER OF FUNDS INTO OR OUT OF PAKISTAN**

**[Section 32C(1)]**

The Bill seeks to empower the Board to formulate the rules in order to carry out the purpose of this sub-section which provides for the serving of show cause notice on any person who mis declares the value of goods with a view to illegally transfer funds into or out of Pakistan.

**16. DELIVERY OF IMPORT MANIFEST IN RESPECT OF A CONVEYANCE OTHER THAN A VESSEL**

**[Section 44]**

The Bill proposes to substitute the existing section 44 to reduce the time limit, for a conveyance other than a vessel, for submitting the import manifest as per following, from the current limit of within 24 hours:

- Arrival at customs airport: within three hours of landing
- Arrival at land customs-station: at the time of entry into the country, as prescribed under the rules

**17. SIGNATURE AND CONTENTS OF IMPORT MANIFEST AND AMENDMENT THEREOF [Section 45(2)]**

The Bill proposes to provide amendment of import manifest before the berthing of the vessel or cross-over of the vehicle, subject to the rules notified by the Board.

**18. DECLARATION AND ASSESSMENT FOR HOME CONSUMPTION OR WAREHOUSING OR TRANSSHIPMENT**

**[Section 79(1)(aa)]**

The Bill seeks to broaden the procedure of goods declaration and assessment by requiring that the documents mandatory for the assessment be uploaded with the goods declaration, as may be prescribed by the Board.

**19. CHECKING OF GOODS DECLARATION BY THE CUSTOMS**

**[Section 80(4)]**

The Bill proposes to insert a new proviso to allow for the examination of the goods declared through green channel with prior approval of the Collector of Customs.

**20. PROCEDURE IN CASE OF GOODS NOT CLEARED OR WAREHOUSED OR TRANSSHIPPED OR EXPORTED OR REMOVED FROM THE PORT WITHIN FIFTEEN DAYS AFTER UNLOADING OR FILING OF DECLARATION**

**[Section 82(c)]**

It has been sought to add a new proviso where Collector of Customs may direct importer or shipping line for the re-export out of Pakistan any banned or restricted goods, if the same are not cleared or auctioned within sixty days of the arrival.

**21. RECEIPT OF GOODS AT WAREHOUSE**

**[Section 88(5)]**

The Bill seeks to replace the existing sub-section and provide that if the quantity or value of goods has been incorrectly declared due to inadvertence or bonafide error, the Collector of Customs may direct the correction of the said error.

**22. CANCELLATION OF REGISTRATION OF REGISTERED USER** **[Section 155F]**

The Bill proposes to allow for a show cause notice and reasonable opportunity of being heard to the person before the Collector suspends his unique user identifier under this section.

**23. CORRECTION OF CLERICAL ERRORS** **[Section 155R]**

The Bill seeks to insert a new proviso to clarify that in case of clerical or typographical error in goods declaration, a correction or corrigendum certificate may be obtained from the concerned officer not below the rank of an Assistant Collector, for subsequent correction in the computerized goods declaration.

**24. PUNISHMENT FOR OFFENCES** **[Section 156(1)]**

**Table | Serial 1(ii)** | The Bill seeks to introduce an occurrence wise penalty for contravention of the requirements of placement of invoice and packing list inside the container as follows:

1 <sup>st</sup> Time	: Rs. 100,000/-
2 <sup>nd</sup> Time	: Rs. 500,000/-
3 <sup>rd</sup> Time	: Rs. 1,000,000/-
4 <sup>th</sup> Time	: Outright confiscation of goods and blockage of WeBOC user ID for one year

**Table | Serial 1(iii)** | The Bill seeks to insert new sub-serial to propose the following penalties for an offence involving failure to attach or electronically upload mandatory documents:

1 <sup>st</sup> Time	: Rs. 50,000/-
2 <sup>nd</sup> Time	: Rs. 100,000/-
3 <sup>rd</sup> Time	: Rs. 150,000/-
4 <sup>th</sup> Time	: Rs. 200,000/-
5 <sup>th</sup> Time	: Rs. 250,000/- and onwards

**Table | Serial 47A)** | The Bill seeks to remove the offence and the related penalty for non-filing of goods declaration within the prescribed period of ten days.

**Table | Serial 89(i)** | The Bill proposes to broaden the scope of the offence related to smuggled goods by including the act of 'retailing' smuggled goods within the purview of the offence.

**Table | Serial 90** | The Bill proposes to broaden the scope of the offence related to the contravention with various provision of the Act, by including the act of 'retailing' the subject goods within the purview of the offence.

**25. EXTENT OF CONFISCATION** **[Section 157(2)]**

It has been proposed to add a new proviso to specify that no option to pay fine in lieu of the confiscation will be given if such conveyance has been seized for the third time.

**26. POWER OF ADJUDICATION** **[Section 179(3)]**

The Bill seeks to add a new proviso to propose the time limit of thirty days, from the issuance of the show cause notice, for adjudication of such cases wherein the goods are lying at airport, seaport or dry port. The limit is also proposed to be further extendible by another fifteen days by the Collector of Customs.

## 27. REFERENCE TO HIGH COURT

[Section 196(1)]

It has been sought to substitute the ranking officer of customs from Additional Collector or Additional Director to Deputy Collector or Deputy Director respectively, who may prefer an application to the High Court against the order of the Appellate Tribunal under this sub-section.

## 28. REWARD TO OFFICERS AND OFFICIALS OF CUSTOMS AND LAW ENFORCEMENT AGENCIES

[Section 202B(1)]

The Bill proposes to extend the eligibility for cash rewards to the officers and officials of other law enforcement agencies as well, for their instrumental role in seizure of smuggled goods and vehicles.

## 29. ADVANCE RULING

[Section 212B]

The Bill seeks to extend the binding of the advance ruling, on the Customs, from existing period of one year to three years.

## 30. FIRST SCHEDULE

1. The bill seeks to decrease customs duty from existing 11% to proposed 0% on the following:

PCT Code	Description
2712.2000	"- Paraffin wax containing by weight less than 0.75% of oil"
3002.2090	--- Other
3824.7800	-- Containing perfluorocarbons (PFCs) or hydrofluorocarbons (HFCs), but not containing chlorofluorocarbons (CFCs) or hydrochlorofluorocarbons (HCFCs)
5109.1000	- Containing 85 % or more by weight of wool or of fine animal hair
5109.9000	- Other
5110.0000	Yarn of coarse animal hair or of horsehair (including gimped horsehair yarn), whether or not put up for retail sale.
5202.1000	- Yarn waste (including thread waste)
5202.9100	-- Garnetted stock
5202.9900	-- Other
5307.1000	- Single
5307.2000	- Multiple (folded) or cabled
5308.1000	- Coir yarn
5308.2000	- True hemp yarn
5308.9000	- Other
5401.1000	- Of synthetic filaments
5402.1100	-- Of aramids
5402.1900	-- Other
5402.3100	-- Of nylon or other polyamides, measuring per single yarn not more than 50 tex
5402.3200	-- Of nylon or other polyamides, measuring per single yarn more than 50 tex
5402.4490	--- Other
5402.4500	-- Other, of nylon or other polyamides
5402.4800	-- Other, of polypropylene
5402.5300	-- Of polypropylene
5402.6100	-- Of nylon or other polyamides
5402.6300	-- Of polypropylene
5403.1000	- High tenacity yarn of viscose rayon
5403.3100	-- Of viscose rayon, untwisted or with a twist not exceeding 120 turns per meter
5403.3300	-- Of cellulose acetate
5403.3990	--- Other
5403.4200	-- Of cellulose acetate
5403.4900	-- Other
5404.1100	-- Elastomeric
5404.1200	-- Other, of polypropylene
5404.1900	-- Other
5404.9000	- Other
5405.0000	"Artificial monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1mm; strip and the like (for example, artificial straw) of artificial textile materials of an apparent width not exceeding 5 mm.
5406.0000	Man-made filament yarn (other than sewing thread), put up for retail sale.
5501.3000	- Acrylic or modacrylic
5502.1000	- Of cellulose acetate
5502.9090	--- Other
5503.3000	- Acrylic or modacrylic
5503.4000	- Of polypropylene
5505.1000	- Of synthetic fibers
5505.2000	- Of artificial fibers

PCT Code	Description
5506.3000	- Acrylic or modacrylic
5506.4000	- Of polypropylene
5509.1100	-- Single yarn
5509.1200	-- Multiple (folded) or cabled yarn
5509.3100	-- Single yarn
5509.3200	-- Multiple (folded) or cabled yarn
7019.1100	-- Chopped strands, of a length of not more than 50 mm
7019.1200	-- Rovings
7019.1900	-- Other
7019.9010	--- Insulating sleeves
7019.9020	--- Glass wool
7208.1090	--- Other
7208.2590	--- Other
7208.2690	--- Other
7208.2790	--- Other
7208.3690	--- Other
7208.3790	--- Other
7208.3890	--- Other
7208.3990	--- Other
7208.4090	--- Other
7208.5190	--- Other
7208.5290	--- Other
7208.5390	--- Other
7208.5490	--- Other
7208.9090	--- Other
7225.1100	-- Grain-oriented
7225.1900	-- Other
7225.3000	- Other, not further worked than hot-rolled, in coils
7225.4000	"- Other, not further worked than hot-rolled, not in coils"
7226.1100	-- Grain-oriented
7226.1900	-- Other
7226.2000	- Of high speed steel
7226.9100	-- Not further worked than hot-rolled
9018.4900	-- Other

2. The bill seeks to decrease customs duty from existing 20% to proposed 11% on the following:

PCT Code	Description
2106.903	--- Flavouring powders for preparation of food
2524.9000	- Other
3005.1010	--- Surgical tape in jumbo rolls
3005.1090	--- Other
3005.9090	--- Other
3918.1000	- Of polymers of vinyl chloride
3918.9000	- Of other plastics
4009.3190	--- Other
4009.3200	-- With fittings
5208.1100	-- Plain weave, weighing not more than 100 g/m <sup>2</sup>
5208.1200	-- Plain weave, weighing more than 100 g/m <sup>2</sup>
5208.1300	-- 3-thread or 4-thread twill, including cross twill
5208.1900	-- Other fabrics
5208.2100	-- Plain weave, weighing not more than 100 g/m <sup>2</sup>
5208.2200	-- Plain weave, weighing more than 100 g/m <sup>2</sup>
5208.2300	-- 3-thread or 4-thread twill, including cross twill
5208.2900	-- Other fabrics

PCT Code	Description
5208.3100	-- Plain weave, weighing not more than 100 g/m <sup>2</sup>
5208.3200	-- Plain weave, weighing more than 100 g/m <sup>2</sup>
5208.3300	-- 3-thread or 4-thread twill, including cross twill
5208.3900	-- Other fabrics
5208.4100	-- Plain weave, weighing not more than 100 g/m <sup>2</sup>
5208.4200	-- Plain weave, weighing more than 100 g/m <sup>2</sup>
5208.4300	-- 3-thread or 4-thread twill, including cross twill
5208.4900	-- Other fabrics
5208.5100	-- Plain weave, weighing not more than 100 g/m <sup>2</sup>
5208.5200	-- Plain weave, weighing more than 100 g/m <sup>2</sup>
5208.5900	-- Other fabrics
5209.1100	-- Plain weave
5209.1200	-- 3-thread or 4-thread twill, including cross twill
5209.1900	-- Other fabrics
5209.2100	-- Plain weave
5209.2200	-- 3-thread or 4-thread twill, including cross twill
5209.2900	-- Other fabrics
5209.3100	-- Plain weave
5209.3200	-- 3-thread or 4-thread twill, including cross twill
5209.3900	-- Other fabrics
5209.4100	-- Plain weave
5209.4200	-- Denim
5209.4300	-- Other fabrics of 3-thread or 4-thread twill, including cross twill
5209.4900	-- Other fabrics
5209.5100	-- Plain weave
5209.5200	-- 3-thread or 4-thread twill, including cross twill
5209.5900	-- Other fabrics
5601.2100	-- Of cotton
5601.2200	-- Of man-made fibers
5601.2900	-- Other
5607.2100	-- Binder or baler twine
5607.2900	-- Other
5607.4100	-- Binder or baler twine
5607.4900	-- Other
5607.5000	-- Of other synthetic fibers
5607.9000	-- Other
5609.0000	Articles of yarn, strip or the like of heading 54.04 or 54.05, twine, cordage, rope or cables, not elsewhere specified or included.
5801.1000	- Of wool or fine animal hair
5801.2100	-- Uncut weft pile fabrics
5801.2200	-- Cut corduroy
5801.2300	-- Other weft pile fabrics
5801.2600	-- Chenille fabrics
5801.2700	-- Warp pile fabrics
5801.3100	-- Uncut weft pile fabrics
5801.3200	-- Cut corduroy
5801.3300	-- Other weft pile fabrics
5801.3600	-- Chenille fabrics
5801.3700	-- Warp pile fabrics
5801.9000	- Of other textile materials
5802.1100	-- Unbleached
5802.1900	-- Other
5802.2000	- Terry toweling and similar woven terry fabrics, of other textile materials
5802.3000	- Tufted textile fabrics
5803.0000	Gauze, other than narrow fabrics of heading 58.06.
5804.1000	- Tullies and other net fabrics
5804.2100	-- Of man-made fibers
5804.2900	-- Of other textile materials
5804.3000	- Hand-made lace
5805.0000	Hand- woven tapestries of the types Gobelins, Flanders, Aubusson, Beauvais and the like, and needle- worked tapestries (for example, petit point, cross stitch) whether or not made up.
5806.1000	- Woven pile fabrics (including terry toweling and similar terry fabrics) and chenille fabrics
5806.2000	- Other woven fabrics, containing by weight 5 % or more of elastomeric yarn or rubber thread
5806.3100	-- Of cotton
5806.3200	-- Of man-made fibers
5806.3900	-- Of other textile materials
5807.1010	--- Badges
5807.1020	--- Ribbons
5807.1030	--- Tapes
5807.1040	--- Webbing
5807.1090	--- Other
5807.9000	- Other
5808.1000	- Braids in the piece
5808.9000	- Other
5809.0000	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56.05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included.
5810.1000	- Embroidery without visible ground
5810.9100	-- Of cotton
5810.9200	-- Of man-made fibers

PCT Code	Description
5810.9900	-- Of other textile materials
5811.0000	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 58.10.
5901.9010	--- Buckram
5903.1000	- With poly(vinyl chloride)
5903.2000	- With polyurethane
5903.9000	- Other
5904.1000	- Linoleum
5905.0000	Textile wall coverings.
5906.1000	- Adhesive tape of a width not exceeding 20 cm
5908.0000	Textile wicks, woven, plaited or knitted, for lamps, stoves, lighters, candles or the like; incandescent gas mantles and tubular knitted gas mantle fabric therefor, whether or not impregnated.
5909.0000	Textile hosepiping and similar textile tubing with or without lining, armour or accessories of other materials.
5910.0000	Transmission or conveyor belts or belting, of textile material, whether or not impregnated, coated, covered or laminated with plastics, or reinforced with metal or other material.
6001.1010	--- Unbleached
6001.1090	--- Other
6001.2110	--- Unbleached
6001.2190	--- Other
6001.2210	--- Unbleached
6001.2290	--- Other
6001.2910	--- Unbleached
6001.2990	--- Other
6001.9110	--- Unbleached
6001.9190	--- Other
6001.9210	--- Unbleached
6001.9290	--- Other
6001.9910	--- Unbleached
6001.9990	--- Other
6002.4000	- Containing by weight 5 % or more of elastomeric yarn but not containing rubber thread
6002.9000	- Other
6003.1010	--- Unbleached
6003.1090	--- Other
6003.2010	--- Unbleached
6003.2090	--- Other
6003.3010	--- Unbleached
6003.3090	--- Other
6003.4010	--- Unbleached
6003.4090	--- Other
6003.9010	--- Unbleached
6003.9090	--- Other
6004.1000	- Containing by weight 5% or more of elastomeric yarn but not containing rubber thread
6004.9000	- Other
6005.2110	--- Unbleached
6005.2120	--- Bleached
6005.2200	--- Dyed
6005.2300	--- Of yarns of different colours
6005.2400	--- Printed
6005.3500	--- Fabrics specified in Subheading Note 1 to this Chapter
6005.3610	--- Unbleached
6005.3620	--- Bleached
6005.3700	--- Other, dyed
6005.3800	--- Other, of yarns of different colours
6005.3900	--- Other printed
6005.4110	--- Unbleached
6005.4120	--- Bleached
6005.4200	--- Dyed
6005.4300	--- Of yarns of different colours
6005.4400	--- Printed
6005.9010	--- Unbleached
6005.9090	--- Other
6006.9010	--- Unbleached
6805.1000	- On a base of woven textile fabric only
6807.1000	- In rolls
6812.8000	- Of crocidolite
6812.9100	-- Clothing, clothing accessories, footwear and headgear
6812.9200	-- Paper, millboard and felt
6813.2090	--- Other
7019.3200	-- Thin sheets (voiles)
7019.3900	-- Other
7019.4000	- Woven fabrics of rovings
7019.5190	--- Other
7019.5200	-- Of a width exceeding 30 cm, plain weave, weighing less than 250 g/m <sup>2</sup> , of filaments measuring per single yarn not more than 136 tex:
7019.5900	-- Other



3. The bill seeks to decrease customs duty from existing 20% to proposed 0% on the following:

PCT Code	Description
6812.9300	-- Compressed asbestos fibre jointing, in sheets or rolls
6812.9900	-- Other
7019.9090	--- Other
7208.1010	--- Of secondary quality
7208.2510	--- Of secondary quality
7208.2610	--- Of secondary quality
7208.2710	--- Of secondary quality
7208.3610	--- Of secondary quality
7208.3710	--- Of secondary quality
7208.3810	--- Of secondary quality
7208.3910	--- Of secondary quality
7208.4010	--- Of secondary quality
7208.5110	--- Of secondary quality
7208.5210	--- Of secondary quality
7208.5310	--- Of secondary quality
7208.5410	--- Of secondary quality
7208.9010	--- Of secondary quality

4. The bill seeks to decrease customs duty from existing 3% to proposed 0% on the following:

PCT Code	Description
2502.0000	Unroasted iron pyrites.
2503.0000	Sulphur of all kinds, other than sublimed sulphur, precipitated sulphur and colloidal sulphur.
2504.9000	- Other
2505.9000	- Other
2508.1000	- Bentonite
2509.0000	Chalk.
2510.1000	- Unground
2510.2000	- Ground
2513.2020	--- Garnet natural
2517.1000	- Pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, shingle and flint, whether or not heat-treated
2519.1000	- Natural magnesium carbonate (magnesite)
2519.9090	--- Other
2520.1010	--- Gypsum
2520.1020	--- Anhydrite
2525.1000	- Crude mica and mica rifted into sheets or splittings
2525.2000	- Mica powder
2525.3000	- Mica waste
2528.0000	Natural borates and concentrates thereof (whether or not calcined), but not including borates separated from natural brine; natural boric acid containing not more than 85 % of H3BO3 calculated on the dry weight.
2529.2100	-- Containing by weight 97 % or less of calcium fluoride
2529.2200	-- Containing by weight more than 97 % of calcium fluoride
2529.3000	- Leucite; nepheline and nepheline syenite
2530.1000	- Vermiculite, perlite and chlorites, unexpanded
2530.2000	- Kieserite, epsomite (natural magnesium sulphates)
2530.9010	--- Natural manganese dioxide
2530.9020	--- Zirconium silicate
2530.9030	--- Earth colours
2619.0000	Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel.
2710.1240	--- White spirit
2714.9000	- Other
2801.2000	- Iodine
2801.3000	- Fluorine; bromine
2804.5000	- Boron; tellurium
2804.6100	-- Containing by weight not less than 99.99 % of silicon
2804.6900	-- Other
2804.7000	- Phosphorus
2804.8000	- Arsenic
2804.9000	- Selenium
2811.1100	-- Hydrogen fluoride (hydrofluoride acid)
2811.1200	-- Hydrogen cyanide (hydrocyanic acid)
2811.1920	--- Phosphorous acid hypo phosphoric acid
2811.1990	--- Other
2811.2910	--- Sulphurous acid gas
2811.2990	--- Other
2812.1100	-- Carbonyl dichloride (phosgene)
2812.1200	-- Phosphorus oxychloride
2812.1300	-- Phosphorus trichloride;
2812.1400	-- Phosphorus pentachloride
2812.1500	-- Sulphur monochloride
2812.1600	-- Sulphur dichloride
2812.1700	-- Thionyl chloride
2812.1910	--- Arsenic trichloride
2812.1990	--- Other

PCT Code	Description
2812.9000	- Other
2813.1000	- Carbon disulphide
2813.9000	- Other
2815.2000	- Potassium hydroxide (caustic potash)
2815.3000	- Peroxides of sodium or potassium
2816.1010	--- Magnesium hydroxide
2816.1090	--- Other
2816.4000	- Oxides, hydroxides and peroxides of strontium or barium
2821.1020	--- Iron hydroxides
2821.2000	- Earth colours
2827.3200	-- Of aluminium
2827.4100	-- Of copper
2827.4900	-- Other
2827.5100	-- Bromides of sodium or of potassium
2827.5900	-- Other
2827.6000	- Iodides and iodide oxides
2833.2500	-- Of copper
2833.2700	-- Of barium
2833.2940	--- Of zinc
2833.2990	--- Other
2835.3900	-- Other
2836.9930	--- Bicarbonate of ammonium
2837.1100	-- Of sodium
2844.1000	- Natural uranium and its compounds; alloys, dispersions (including cermet), ceramic products and mixtures containing natural uranium or natural uranium compounds
2844.2000	- Uranium enriched in U 235 and its compounds; plutonium and its compounds; alloys, dispersions (including cermet), ceramic products and mixtures containing uranium enriched in U 235,
2844.3000	- Uranium depleted in U 235 and its compounds; thorium and its compounds; alloys, dispersions (including cermet), ceramic products and mixtures containing uranium depleted in U 235, thorium or compounds of these products
2844.4000	- Radioactive elements and isotopes and compounds other than those of subheading 2844.10, 2844.20 or 2844.30; alloys, dispersions (including cermet), ceramic products and mixtures containing these elements, isotopes or compounds; radioactive residues
2844.5000	- Spent (irradiated) fuel elements (cartridges) of nuclear reactors
2845.1000	- Heavy water (deuterium oxide)
2845.9000	- Other
2901.1010	--- Butane, pentane and hexane
2901.1090	--- Other
2901.2200	-- Propene (propylene)
2901.2910	--- Heptenes
2901.2990	--- Other
2902.1100	-- Cyclohexane
2902.1920	--- Limonene(Dipentene)
2902.1990	--- Other
2902.2000	- Benzene
2902.3000	- Toluene
2902.4200	-- m-Xylene
2902.4300	-- p-Xylene
2902.4400	-- Mixed xylene isomers
2902.5000	- Styrene
2902.6000	- Ethylbenzene
2902.7000	- Cumene
2902.9010	--- Naphthalene
2902.9090	--- Other
2903.9200	-- Hexachlorobenzene (ISO) and DDT (ISO) (clofenotane (INN), 1,1,1-trichloro-2,2-bis(p-chlorophenyl)ethane)
2904.1010	--- Benzene sulphonic acid
2904.3600	-- Perfluorooctane sulphonyl fluoride
2911.0000	Acetals and hemiacetals, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives.
2915.2100	-- Acetic acid
2915.3920	--- Amyl acetate
2915.4000	- Mono-, di- or trichloroacetic acids, their salts and esters
2915.5000	- Propionic acid, its salts and esters
2915.6010	--- Butyric acid
2915.6020	--- Salts and ester of butyric acid
2915.6030	--- Salts and ester of valeric acid
2915.6090	--- Other
2915.7090	--- Other
2915.9000	- Other
2917.1110	--- Oxalic acid
2921.4510	--- Sodium naphthionate
2923.1000	- Choline and its salts
2923.2000	- Lecithins and other phosphoaminolipids
2923.3000	-Tetraethylammonium perfluorooctane sulphonate
2923.4000	- Didecyltrimethylammonium perfluorooctane sulphonate
2923.9010	--- Betaine
2923.9090	--- Other

PCT Code	Description
2929.9020	--- N,N-Dialkyl(methyl, ethyl, n-propyl, or isopropyl) phosphoramidic dihalides
2929.9030	--- Dialkyl(methyl, ethyl, n-propyl or isopropyl)N,N-dialkyl (methyl, ethyl, n-propyl or isopropyl)phosphoramidates
2929.9090	--- Other
2931.3920	--- O-Alkyl (< C10, including cycloalkyl)N,N- dialkyl (methyl, ethyl, n-propyl or isopropyl) phosphoramidocyanidates
2933.4100	-- Levorphanol (INN) and its salts
2933.7990	--- Other
2933.9100	-- Alprazolam (INN), camazepam (INN), chlordiazepoxide (INN), clonazepam (INN), clorazepate, delorazepam (INN), diazepam (INN), estazolam (INN), ethyl loflazepate (INN), fludiazepam (INN), flunitrazepam (INN), flurazepam (INN), halazepam (INN), lorazepam (INN), lormetazepam (INN), mazindol (INN), medazepam (INN), midazolam (INN), nimetazepam (INN), nitrazepam (INN), nordazepam (INN), oxazepam (INN), pinazepam (INN), prazepam (INN), pyrovalerone (INN), temazepam (INN), tetrazepam (INN) and triazolam (INN);salts thereof
2933.9200	-- Azinphos-methyl (ISO)
2934.1090	--- Other
2935.1000	- N-Methylperfluorooctane sulphonamide
2935.2000	- N-Ethylperfluorooctane sulphonamide
2935.3000	- N-Ethyl-N-(2-hydroxyethyl) perfluorooctane sulphonamide
2935.4000	- N-(2-Hydroxyethyl)-N-methylperfluorooctane sulphonamide
2935.5000	- Other perfluorooctane sulphonamides
2939.6900	-- Other
2939.7900	-- Other
2939.8090	--- Other
2941.9020	--- Gramicid trycidine
2941.9030	--- Thricin
2941.9070	--- Ingredients for pesticides
2942.0000	Other organic compounds.
3002.3000	-- Vaccines for veterinary medicine
3102.5010	--- Crude
3105.5100	-- Containing nitrates and phosphates
3204.1300	-- Basic dyes and preparations based thereon
3204.1300	-- Basic dyes and preparations based thereon
3204.1710	--- Powdered
3207.3000	- Liquid lusters and similar preparations
3207.4090	--- Other
3503.0020	--- Gelatin of pharmaceutical grade
3802.1000	- Activated carbon
3802.9000	- Other
3803.0000	Tall oil, whether or not refined.
3807.0000	Wood tar; wood tar oils; wood creosote; wood naphtha; vegetable pitch; brewers' pitch and similar preparations based on rosin, resin acids or on vegetable pitch.
3808.9130	--- Sex pheromone
3808.9140	--- PB rope L&LTT
3808.9180	--- Phosphatic insecticides
3808.9210	--- Products registered under the Agricultural Pesticides Ordinance 1971
3808.9290	--- Other
3808.9910	--- Products registered under the Agricultural Pesticides Ordinance 1971
3809.9110	--- Printing gum (preparation of modified starches with other gums having specific application in textile printing)
3811.2100	-- Containing petroleum oils or oils obtained from bituminous minerals
3811.2900	-- Other
3811.9000	- Other
3812.1000	- Prepared rubber accelerators
3818.0000	Chemical elements doped for use in electronics, in the form of discs, wafers or similar forms; chemical compounds doped for use in electronics.
3823.1200	-- Oleic acid
3824.1000	- Prepared binders for foundry moulds or cores
3824.9100	-- Mixtures and preparations consisting mainly of (5-ethyl-2-methyl-2-oxido-1,3,2-dioxaphosphinan- 5-yl)methyl molds methylphosphonate and bis[(5- ethyl-2-methyl-2-oxido-1,3,2- dioxaphosphinan-5-yl)methyl] methylphosphonate
3905.3000	- Poly(vinyl alcohol), whether or not containing unhydrolysed acetate groups
3906.9040	--- Dispersing agent and acrylic thickeners
3909.3100	-- Poly(methylene phenyl isocyanate) (crude MDI, polymeric MDI)
3921.9010	--- Of polyethylene, foamed and bridged, having a specific gravity of 0.032 to 0.042 g/cm3
4005.1020	--- Sheets
4005.9100	-- Plates, sheets and strip
4301.1000	- Of mink, whole, with or without head, tail or paws

PCT Code	Description
4301.3000	- Of lamb, the following: Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian, Chinese, Mongolian or Tibetan lamb, whole, with or without head, tail or paws
4301.6000	- Of fox, whole, with or without head, tail or paws
4301.8000	- Other furskins, whole, with or without head, tail or paws
4301.9000	- Heads, tails, paws and other pieces or cuttings, suitable for furriers' use
4302.1100	-- Of mink
4302.1910	--- Leather shearing-finished leather with wool
4302.1990	--- Other
4302.2000	- Heads, tails, paws and other pieces or cuttings, not assembled
4302.3000	- Whole skins and pieces or cuttings thereof, assembled
4408.1000	- Coniferous
4408.3100	-- Dark Red Meranti, Light Red Meranti and Meranti Bakau
4408.3900	-- Other
4408.9090	--- Other
4908.1000	- Transfers (decalcomanias), vitrifiable
5001.0000	Silk- worm cocoons suitable for reeling.
5002.0000	Raw silk (not thrown).
5003.0000	Silk waste (including cocoons unsuitable for reeling, yarn waste and garmetted stock).
5004.0000	Silk yarn (other than yarn spun from silk waste) not put up for retail sale.
5005.0000	Yarn spun from silk waste, not put up for retail sale.
5006.0000	Silk yarn and yarn spun from silk waste, put up for retail sale; silk- worm gut.
5101.1100	-- Shorn wool
5101.1900	-- Other
5101.2100	-- Shorn wool
5101.2900	-- Other
5101.3000	- Carbonised
5102.1100	-- Of Kashmir (cashmere) goats
5102.1900	-- Other
5102.2000	- Coarse animal hair
5103.1000	- Nails of wool or of fine animal hair
5103.2000	- Other waste of wool or of fine animal hair
5103.3000	- Waste of coarse animal hair
5104.0000	Garmetted stock of wool or of fine or coarse animal hair.
5105.2900	-- Other
5105.3100	-- Of Kashmir (cashmere) goats
5105.3900	-- Other
5105.4000	- Coarse animal hair, carded or combed
5106.1000	- Containing 85 % or more by weight of wool
5106.2000	- Containing less than 85 % by weight of wool
5107.1000	- Containing 85 % or more by weight of wool
5107.2000	- Containing less than 85 % by weight of wool
5108.1000	- Carded
5108.2000	- Combed
5303.1090	--- Other
5305.0020	--- Abaca raw
5306.1000	- Single
5306.2000	- Multiple (folded) or cabled
5401.2010	--- Of viscose rayon
5401.2090	--- Other
5402.5100	-- Of nylon or other polyamides
5403.3200	-- Of viscose rayon, with a twist exceeding 120 turns per meter
5403.3910	--- Of cuprammonium rayon
5403.4100	-- Of viscose rayon
5501.1000	- Of nylon or other polyamides
5502.9010	--- Of viscose rayon
5503.1100	-- Of aramids
5503.1900	-- Other
5504.1000	- Of viscose rayon
5504.9000	- Other
5506.1000	- Of nylon or other polyamides
5507.0000	Artificial staple fibers, carded, combed or otherwise processed for spinning.
5608.1100	-- Made up fishing nets
6902.1090	--- Other
7019.3100	-- Mats
7218.1000	- Ingots and other primary forms
7218.9100	-- Of rectangular (other than square) cross-section
7218.9900	-- Other
7219.1100	-- Of a thickness exceeding 10 mm
7219.1200	-- Of a thickness of 4.75 mm or more but not exceeding 10 mm
7219.1300	-- Of a thickness of 3 mm or more but less than 4.75 mm
7219.1400	-- Of a thickness of less than 3 mm
7219.2100	-- Of a thickness exceeding 10 mm
7219.2200	-- Of a thickness of 4.75 mm or more but not exceeding 10 mm

PCT Code	Description
7219.2310	--- Of a width up to 700 mm, thickness up to 4mm of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7219.2390	--- Other
7219.2410	--- Of a width up to 700 mm, of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7219.2490	--- Other
7219.3100	-- Of a thickness of 4.75 mm or more
7219.3210	--- Of a width up to 700 mm, thickness up to 4mm of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7219.3290	--- Other
7219.3310	--- Of a width up to 700 mm, of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7219.3390	--- Other
7219.3410	--- Of a width up to 700 mm, of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7219.3490	--- Other
7219.3510	--- Of a width up to 700 mm, thickness up to 4mm of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7219.3590	--- Other
7219.9010	--- Sheets in circular shape of all sizes
7219.9090	--- Other
7220.1100	-- Of a thickness of 4.75 mm or more
7220.1210	--- Of a thickness up to 4mm of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7220.1290	--- Other
7220.2010	--- Of a thickness up to 4mm of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7220.2090	--- Other
7220.9010	--- Of a thickness up to 4mm of Series 200, 301, 303, 304, 304L, 316, 316L, 410, 420 & 430
7220.9090	--- Other
7407.2100	-- Of copper-zinc base alloys (brass)
7407.2900	-- Other
8404.9010	--- For machines of heading 8404.1000
8421.9110	--- Of machines of heading 8421.1100 & 8421.1900
8421.9910	--- Of machine of heading 8421.3910, 8421.3920 & 8421.3930
8470.2900	-- Other
8470.9000	- Other
8536.4190	--- Other
8536.4990	--- Other
8548.1010	--- Batteries plates
8548.1090	--- Other
9018.1100	-- Electro-cardiographs
9018.1200	-- Ultrasonic scanning apparatus
9018.1300	-- Magnetic resonance imaging apparatus
9018.1400	-- Scintigraphic apparatus
9018.1900	-- Other
9018.2000	- Ultra- violet or infra- red ray apparatus
9018.3931	---Suction
9018.3932	---Pulmonary artery
9018.3933	---Foly's
9018.3939	---Other
9018.3950	--- Surgical needles
9018.3960	--- Endo tracheal tube
9018.3970	--- Balloons
9018.3990	--- Other
9018.4100	-- Dental drill engines, whether or not combined on a single base with other dental equipment
9018.5000	- Other ophthalmic instruments and appliances
9018.9010	--- Anesthesia apparatus
9018.9020	--- Stethoscopes
9018.9050	--- Sphygmomano-meter
9018.9060	--- Infant incubators
9018.9070	--- Fibre dialyzers
9018.9090	--- Other
9022.1200	-- Computed tomography apparatus
9022.1300	-- Other, for dental uses
9022.1400	-- Other, for medical, surgical or veterinary uses
9022.1900	-- For other uses
9022.2100	-- For medical, surgical, dental or veterinary uses
9022.2900	-- For other uses
9022.3000	- X- ray tubes
9022.9000	- Other, including parts and accessories
9033.0010	--- Of hearings aids
9033.0020	--- Pacing wire

5. The bill seeks to decrease customs from existing 20% to proposed 16% on the following:

PCT Code	Description
2803.0090	--- Other
3206.4910	--- Master batches (coloured)
3208.2010	--- Varnishes
3403.1110	--- Of a kind used in the leather or like industries

PCT Code	Description
3814.0000	Organic composite solvents and thinners, not elsewhere specified or included; prepared paint or varnish removers.
3907.9100	-- Unsaturated
3921.1200	-- Of polymers of vinyl chloride
4802.1000	- Hand- made paper and paper board
4802.5400	-- Weighing less than 40 g/ m <sup>2</sup>
4802.5510	--- Printing paper
4802.5520	--- Poster paper
4802.5530	--- Graph paper
4802.5540	--- Bond paper
4802.5590	--- Other
4802.5600	-- Weighing 40 g/ m <sup>2</sup> or more but not more than 150 g/ m <sup>2</sup> , in sheets with one side not exceeding 435 mm and the other side not exceeding 297mm in the unfolded state
4802.5700	-- Other, weighing 40 g/ m <sup>2</sup> or more but not more than 150 g/ m <sup>2</sup>
4802.5810	--- Art paper
4802.5830	--- Card board
4802.5850	--- Art card
4802.5890	--- Other
4802.6100	-- In rolls
4802.6200	-- In sheets with one side not exceeding 435 mm and the other side not exceeding 297 mm in the unfolded state.
4802.6990	--- Other
4807.0000	Composite paper and paperboard (made by sticking flat layers of paper or paperboard together with an adhesive), not surface- coated or impregnated, whether or not internally reinforced, in rolls or sheets.
4821.9000	- Other
5212.1100	-- Unbleached
5212.1200	-- Bleached
5212.1300	-- Dyed
5212.1400	-- Of yarns of different colours
5212.1500	-- Printed
5212.2100	-- Unbleached
5212.2200	-- Bleached
5212.2300	-- Dyed
5212.2400	-- Of yarns of different colours
5212.2500	-- Printed
5310.1000	- Unbleached
5310.9010	--- Jute (hessian cloth)
5310.9090	--- Other
6811.8200	-- Other sheets, panels, tiles and similar articles
7318.2900	-- Other
8308.2000	- Tubular or bifurcated rivets
8547.9000	- Other
9606.2100	-- Of plastics, not covered with textile material
9607.1900	-- Other

6. The bill seeks to decrease customs duty from existing 16% to proposed 11% on the following:

PCT Code	Description
2710.1250	--- Solvent oil (non-composite)
2833.1100	-- Disodium sulphate
3907.3000	- Epoxide resins
3911.1010	--- Petroleum resins
4010.1200	-- Reinforced only with textile materials
5210.1100	-- Plain weave
5210.1900	-- Other fabrics
5210.2100	-- Plain weave
5210.2900	-- Other fabrics
5210.3100	-- Plain weave
5210.3200	-- 3-thread or 4-thread twill, including cross twill
5210.3900	-- Other fabrics
5210.4100	-- Plain weave
5210.4900	-- Other fabrics
5210.5100	-- Plain weave
5210.5900	-- Other fabrics
5211.1100	-- Plain weave
5211.1200	-- 3-thread or 4-thread twill, including cross twill
5211.1900	-- Other fabrics
5211.2000	- Bleached
5211.3100	-- Plain weave
5211.3200	-- 3-thread or 4-thread twill, including cross twill
5211.3900	-- Other fabrics
5211.4100	-- Plain weave
5211.4200	-- Denim
5211.4300	-- Other fabrics of 3-thread or 4-thread twill, including cross twill
5211.4900	-- Other fabrics
5211.5100	-- Plain weave
5211.5200	-- 3-thread or 4-thread twill, including cross twill
5211.5900	-- Other fabrics
5407.1000	- Woven fabrics obtained from high tenacity yarn of nylon or other polyamides or of polyesters

PCT Code	Description
5407.2000	- Woven fabrics obtained from strip and the like
5407.3000	- Fabrics specified in Note 9 to Section XI
5407.4100	-- Unbleached or bleached
5407.5100	-- Unbleached or bleached
5407.7100	-- Unbleached or bleached
5407.8110	--- Unbleached
5407.8120	--- Bleached
5407.9110	--- Unbleached
5407.9120	--- Bleached
5408.1000	- Woven fabrics obtained from high tenacity yarn of viscose rayon
5408.2100	-- Unbleached or bleached
5408.2200	-- Dyed
5408.2300	-- Of yarns of different colours
5408.2400	-- Printed
5408.3110	--- Unbleached
5408.3120	--- Bleached
5408.3200	-- Dyed
5408.3300	-- Of yarns of different colours
5408.3400	-- Printed
5512.1110	--- Unbleached
5512.2110	--- Unbleached
5512.2120	--- Bleached
5512.9110	--- Unbleached
5512.9120	--- Bleached
5512.9920	--- Unbleached
5513.1110	--- Unbleached
5513.1120	--- Bleached
5513.1210	--- Unbleached
5513.1220	--- Bleached
5513.1310	--- Unbleached
5513.1320	--- Bleached
5513.1910	--- Unbleached
5513.1920	--- Bleached
5514.1110	--- Unbleached
5514.1120	--- Bleached
5514.1210	--- Unbleached
5514.1220	--- Bleached
5514.1910	--- Unbleached
5514.1920	--- Bleached
5515.1120	--- Unbleached
5515.1210	--- Unbleached
5515.1310	--- Unbleached
5515.1910	--- Unbleached
5515.2110	--- Unbleached
5515.2210	--- Unbleached
5515.2910	--- Unbleached
5515.9110	--- Unbleached
5515.9910	--- Unbleached
5516.1100	-- Unbleached or bleached
5516.2100	-- Unbleached or bleached
5516.3100	-- Unbleached or bleached
5516.4100	-- Unbleached or bleached
5516.9100	-- Unbleached or bleached
5602.1000	- Needleloom felt and stitch bonded fibre fabrics
5602.2100	-- Of wool or fine animal hair
5602.2900	-- Of other textile materials
5602.9000	- Other
5901.1000	- Textile fabrics coated with gum or amylaceous substances, of a kind used for the outer covers of books or the like
5901.9090	--- Other
5904.9000	- Other
5906.9100	-- Knitted or crocheted
5906.9900	-- Other
5907.0000	Textile fabrics otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like.
6006.1000	- Of wool or fine animal hair
6006.2110	--- Unbleached
6006.2120	--- Bleached
6006.2200	-- Dyed
6006.2300	-- Of yarns of different colours
6006.2400	-- Printed
6006.3110	--- Unbleached
6006.3120	--- Bleached
6006.3200	-- Dyed
6006.3300	-- Of yarns of different colours
6006.3400	-- Printed
6006.4110	--- Unbleached
6006.4120	--- Bleached
6006.4200	-- Dyed
6006.4300	-- Of yarns of different colours
6006.4400	-- Printed
6006.9090	--- Other
7411.1090	--- Other
8504.9090	--- Other

PCT Code	Description
8538.9090	--- Other
9033.0090	--- Other
9606.2920	--- Buttons

7. The bill seeks to decrease customs duty from existing 11% to proposed 3% on the following:

PCT Code	Description
2530.9090	--- Other
2706.0090	--- Other
2707.9100	-- Creosote oils
2804.1000	- Hydrogen
2806.2000	- Chlorosulphuric acid
2810.0010	--- Oxides of boron
2810.0020	--- Boric acid
2915.2400	-- Acetic anhydride
2916.1600	-- Binapacryl (ISO)
2916.3990	--- Other
2917.3410	--- Dibutyl orthophthalates
2917.3490	--- Other
2918.2290	--- Other
2918.2900	-- Other
2940.0000	Sugars, chemically pure, other than sucrose, lactose, maltose, glucose and fructose; sugar ethers, sugar acetals and sugar esters, and their salts, other than products of heading 29.37, 29.38 or 29.39.
2941.3000	- Tetracyclines and their derivatives; salts thereof
2941.4000	- Chloramphenicol and its derivatives; salts thereof
3002.9030	--- Saxitoxin
3002.9040	--- Ricin
3006.1090	--- Other
3203.0010	--- Obtained from acacia catechu (black cutch)
3212.9010	--- Aluminium paste and powder
3301.3000	- Resinoids
3301.9010	--- Concentrates of essential oils
3302.9010	--- Of a kind used in cosmetics industry
3404.9010	--- Sealing waxes
3501.1000	- Casein
3501.9000	- Other
3502.1100	-- Dried
3502.1900	-- Other
3502.2000	- Milk albumin, including concentrates of two or more whey proteins
3502.9000	- Other
3507.1000	- Rennet and concentrates thereof
3507.9000	- Other
3805.1000	- Gum, wood or sulphate turpentine oils
3805.9000	- Other
3806.1090	--- Other
3806.3000	- Ester gums
3806.9000	- Other
3808.9191	---- Emamectine benzoate
3824.3000	- Non-agglomerated metal carbides mixed together or with metallic binders
3824.7200	-- Containing bromochlorodifluoromethane, bromotrifluoromethane or dibromotetrafluoroethanes
3824.7300	-- Containing hydrobromofluorocarbons (HBFCs)
3824.7400	-- Containing hydrochlorofluorocarbons (HCFCs), whether or not containing perfluorocarbons (PFCs) or hydrofluorocarbons (HFCs), but not containing chlorofluorocarbons (CFCs)
3824.7500	-- Containing carbon tetrachloride
3824.7600	-- Containing 1,1,1-trichloroethane (methyl chloroform)
3824.7700	-- Containing bromomethane (methyl bromide) or bromochloromethane
3824.7900	-- Other
3824.8100	-- Containing oxirane (ethylene oxide)
3824.8200	-- Containing polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs)
3824.8300	-- Containing tris(2,3-dibromopropyl) phosphate
3824.8400	-- Containing aldrin (ISO), camphechlor (ISO) (toxaphene), chlordane (ISO), chlordecone (ISO), DDT (ISO) (clofenotane (INN), 1,1,1-trichloro-2,2-bis(p-chlorophenyl)ethane), dieldrin (ISO, INN), endosulfan (ISO), endrin (ISO), heptachlor (ISO) or mirex (ISO)
3824.9995	---- Substances controlled under the Convention on the Prohibition of the Development, Production, Stock piling and use of Chemical Weapons and on their Destruction :
3824.9999	---- Other
3904.3000	- Vinyl chloride- vinyl acetate copolymers
3904.4000	- Other vinyl chloride copolymers
3904.6100	-- Polytetrafluoroethylene
3904.6900	-- Other
3905.2900	-- Other
3905.9100	-- Copolymers
3905.9910	--- Ethers polyvinyl
3905.9990	--- Other

PCT Code	Description
3906.1000	- Poly(methyl methacrylate)
3913.1000	- Alginic acids, its salts and esters
3913.9010	- - - Protein hardened
4004.0010	- - - Bagomatic bladder scrap
4005.1090	- - - Other
4006.9000	- Other
5603.1100	-- Weighing not more than 25 g/m <sup>2</sup>
5603.1200	-- Weighing more than 25 g/m <sup>2</sup> but not more than 70 g/m <sup>2</sup>
5603.1300	-- Weighing more than 70 g/m <sup>2</sup> but not more than 150 g/m <sup>2</sup>
5603.1400	-- Weighing more than 150 g/m <sup>2</sup>
5603.9100	-- Weighing not more than 25 g/m <sup>2</sup>
5603.9200	-- Weighing more than 25 g/m <sup>2</sup> but not more than 70 g/m <sup>2</sup>
5603.9300	-- Weighing more than 70 g/m <sup>2</sup> but not more than 150 g/m <sup>2</sup>
5603.9400	-- Weighing more than 150 g/m <sup>2</sup>
5604.1000	- Rubber thread and cord, textile covered
5604.9000	- Other
5605.0000	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 54.04 or 54.05, combined with metal in the form of thread, strip or powder or covered with metal.
5606.0000	Gimped yarn, and strip and the like of heading 54.04 or 54.05, gimped (other than those of heading 56.05 and gimped horsehair yarn); chenille yarn (including flock chenille yarn); loop wale- yarn.
5911.2000	- Bolting cloth, whether or not made up
5911.4000	- Straining cloth of a kind used in oil presses or the like, including that of human hair
5911.9090	- - - Other
6806.2000	- Exfoliated vermiculite, expanded clays, foamed slag and similar expanded mineral materials (including intermixtures thereof)
6809.9010	- - - Industrial moulds
6903.9010	- - - Refractory products of a kind used in industrial ovens, kilns and furnaces
7018.2000	- Glass microspheres not exceeding 1mm in diameter
7407.1090	- - - Other
7604.2910	- - - Bars and rods
7903.9000	- Other
7904.0010	- - - Wire
7904.0090	- - - Other
7905.0000	Zinc plates, sheets, strip and foil.

8. The bill seeks to increase customs duty from existing 3% to proposed 11% on the following:

PCT Code	Description
2710.1210	- - - Motor spirit

9. The bill seeks to introduce customs duty at 20% on the following:

PCT Code	Description
2501.0021	- - - - Himalayan rock salt
2501.0029	- - - - Other

10. The bill seeks to introduce customs duty at 16% on the following:

PCT Code	Description
3919.9020	- - - PVC electric insulation tapes in logs exceeding 100 cm."

11. The bill seeks to introduce customs duty at 11% on the following:

PCT Code	Description
8413.7011	- - - - Submersible pumps having 5 to 10 inches diameters

12. The bill seeks to introduce customs duty at 3% on the following:

PCT Code	Description
8413.7019	- - - - Other

### 31. FIFTH SCHEDULE

The Fifth Schedule to the Customs Act, 1969 is sought to be fully substituted with the proposed Fifth schedule.

## **SECTION 7 ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001**

### **Scope of tax**

**[Section 3(1A)]**

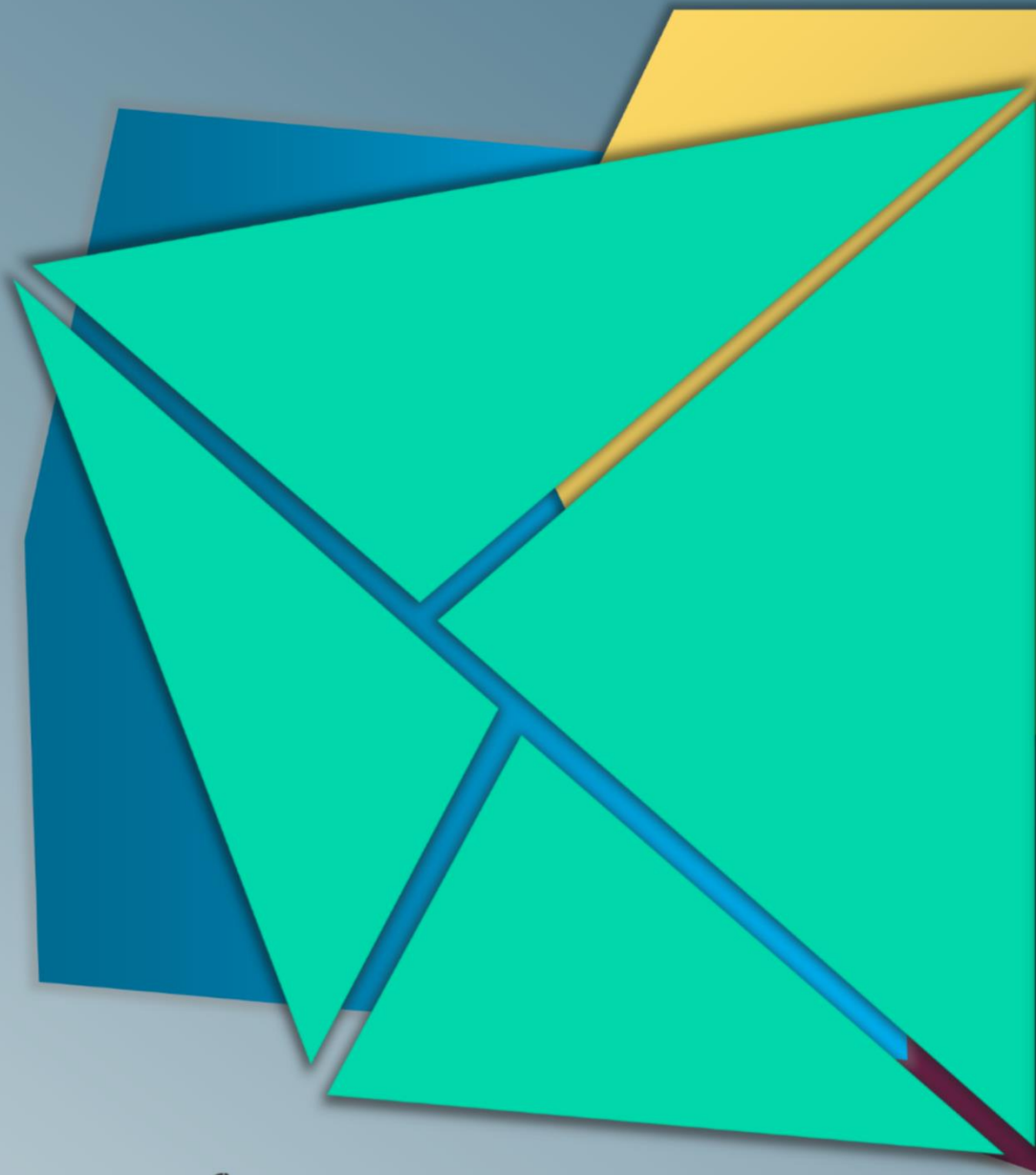
The bill seeks to insert a new sub-section to propose the export of services to be charged at the rate of zero percent.



## **SECTION 8 RATES FOR WITHHOLDING (INCOME) TAX**

Effective July 01, 2021 | Proposed

LINK TO DOWNLOAD: <https://tagm.co/pdf/WithHoldingRatesTaxYear2022.pdf>



**TARIQ ABDUL GHANI MAQBOOL & Co.**  
Chartered Accountants

**Head Office**  
173-W, Block 2, P.E.C.H.S., Karachi

Offices also in Lahore & Islamabad



+9221-34322582 – 583, +9221-34322606 – 607



+9221-34522492



info@tagm.co



www.tagm.co