

Tax Commentary 2021



Saiduddin & Co.
(Advocates)

Contents

INTRODUCTION TO FINANCE BILL 2021	3
INCOME TAX ORDINANCE, 2001	6
HIGHLIGHTS	6
AMENDMENTS IN INCOME TAX ORDINANCE, 2001	10
AMENDMENTS MADE IN THE FIRST SCHEDULE	22
AMENDMENTS MADE IN THE SECOND SCHEDULE.....	26
PART I.....	26
PART II.....	29
PART III.....	30
PART IV	30
AMENDMENTS MADE IN THE TENTH SCHEDULE	31
AMENDMENTS MADE IN THE ELEVENTH SCHEDULE	32
THIRTEENTH SCHEDULE	32
FOURTEENTH SCHEDULE	32
SALES TAX ACT, 1990	33
HIGHLIGHTS	33
AMENDMENTS IN THE SALES TAX ACT, 1990	35
AMENDMENTS TO THE SCHEDULES OF THE SALES TAX ACT, 1990.....	37
ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE 2001	45
HIGHLIGHTS	45
FEDERAL EXCISE ACT, 2005.....	46
HIGHLIGHTS	46
THE CUSTOMS ACT, 1969	47
HIGHLIGHTS	47

INTRODUCTION TO FINANCE BILL 2021

12th June 2021

After a gap of one year when due to the COVID-19 Pandemic we were not able to sit and prepare our comments on the Income tax and Sales tax provisions proposed to be incorporated in the Income Tax Ordinance, 2001 (“Ordinance”) and Sales Tax Act, 1990 (“Act”) respectively, we are back in field and are presenting our comments on the amendments proposed to be made in the Ordinance and the Act.

Despite the fact that the present Government has spent almost 3 years in office, it is still blaming the previous governments for any unfortunate incidents which may occur and for any faults which may have been committed by the present Government itself. However, the opposition has also to take equal blame. For more than 30 years or so, we have been watching the proceedings of the National Assembly Budget Session and have always seen that while the Finance Minister is making the budget speech, the opposition is just shouting slogans and throwing the budget papers all around the assembly. In other countries, the opposition listens to the budget very carefully, noting down the discrepancies and makes productive criticism and gives its own point of view.

Unfortunately, in Pakistan both the Government and the opposition are to blame, since the Government does not give any heed to the opposition and proceeds to pass the budget as per their whims and fancies. We hope that the National Assembly will prove to be an assembly of intelligent and sensible members who will debate the issues in a civilized manner and gracefully accept the good proposals and reject the bad proposals.

After a number of years we have seen that a Finance Minister who has taken the reins of the office only a couple of months ago has fulfilled some of the promises he had made to the tax payers. Although the allocation of the taxes has been enhanced considerably, but apparently except omitting certain exemptions and clubbing certain incomes which were a separate block of income, no other revenue generating efforts are seen to have been made in the proposed Finance Bill. In fact, a great incentive has been given to the non-filers as they are proposed to be treated at par with tax filers at least in respect of withholding and advance tax.

Despite the fact that the population of Pakistan is nearing 220 to 230 million, the tax payers who file their returns regularly are around 3 million, most of whom are salaried individuals who have no other option but to file their taxes. It is very shameful that despite promises by the previous governments and the present Government, no significant steps have been taken to enhance the tax base and raise the number of tax filers and tax payers. We are of the view that unless this is done, Pakistan will always be dependent on foreign loans to meet the bulk of its expenses.

Although, the present Government had come to power with the slogan of “Say No to Corruption” but despite taking steps against some politicians and bureaucrats, no steps have been taken to end corruption in the fiscal and other bureaucratic departments and other federal and provincial institutions and the Learned Auditor General Pakistan in his audit reports has been pointing out that billions and trillions of rupees have not been accounted for in various departments and institutions. Unless steps are taken to end corruption at the bureaucratic level and unless steps are taken to ensure that the tax evaders will not be spared and neither bribe nor “sifarish” will be able to help them if they are found evading taxes, the financial fortunes of Pakistan will always remain at the lowest ebbs.

We have been making earnest pleas to the bureaucracy to say no to corruption and to the people of Pakistan to pay their due share of taxes and to broaden the tax base of the country by fulfilling their obligation to themselves and to the nation, but so far nobody has paid any heed to our request.

We would repeat our advice to FBR to refrain from squeezing the last drop of blood from the current taxpayers and try to enhance the tax base of the country. It should be made clear to the taxpayers and the officers that if any person is found evading taxes with the connivance of the officer neither bribery nor connections will be able to come to their assistance. They must also assure that such a person will not be spared if he conceals income and the officer is convinced that no power on earth will be able to come to his assistance if he is found with his finger in the jar then both of them will refrain from evading and assisting in evading tax.

This Commentary has been formulated with the sole intention of providing our clients, the impact and implementation of the amendments proposed to be made, therefore, this is not an exhaustive document and for interpretation of any particular section reference should be made to specific wording of the relevant section.

In the light of our above comments, we are presenting not only the interpretation of the various provisions but our critical comments and appreciation on the amendments proposed to be made and if the Government or the opposition find our suggestions and recommendations to their satisfaction, we hope they will try to incorporate these in the law.

We would like to thank Mr. Wasif Iqbal our Senior Associate and Mr. Gul Abbas another Senior Associate who have assisted us in preparation of this commentary. Our thanks are also due to our Associates Mr. Saleem Qureshi, Mr. Hashim Lodhi, Mr. Usman Alam, Mr. Arif Rafique, Mr. Riyaz Butt and our Junior Associates Mr. Adnan Ahmed and Mr. Saud Hanif who assisted us in the research and the preparation of the comments we have made in the various portions of the proposed amendments of sales tax and income tax provisions. This year, as usual, our man Friday was Mr. Shehryar Zaidi, who despite not being a computer man processed and compiled the entire document without any assistance. All these persons are responsible for bringing out this commentary in the shortest possible time.

We would also like to take this opportunity to thank Mr. Justice Muhammad Ather Saeed for his guidance and advice and for remaining with us at the office throughout the period of compilation of this commentary.

Mr. Qazi Asad our printer and his team managed to print the entire manuscript in a few hours' time. We would like to acknowledge the contribution of all these gentlemen.

We hope our clients will find the commentary helpful and we will be available to explain and clarify any point on which they may require clarification.

(ANWAR KASHIF MUMTAZ)
ADVOCATE SUPREME COURT

(AMMAR ATHER SAEED)
ADVOCATE HIGH COURT

INCOME TAX ORDINANCE, 2001

HIGHLIGHTS

- TELECOMMUNICATION COMPANIES LICENSED BY THE PTA TO BE CLASSIFIED AS AN INDUSTRIAL UNDERTAKING UNDER THE LAW.
- TIME LIMITATION OF CONCESSIONAL PROVISIONS MEANT FOR CONSTRUCTION SECTOR AS PART OF PRIME MINISTER'S PACKAGE HAS BEEN FURTHER EXTENDED.
- CONCESSIONAL TAX REGIME TO BE INTRODUCED FOR SMALL AND MEDIUM ENTERPRISES HAVING ANNUAL TURNOVER NOT EXCEEDING RS. 250 MILLION.
- TAX CREDIT ON INVESTMENT MADE IN POINT SALES MACHINES HAS BEEN INTRODUCED FOR THE PERSONS WHO INTEGRATE WITH THE BOARD.
- SPECIAL REGIME FOR EXPORT OF SERVICES TO BE INTRODUCED AND TAXED @ 1% AS FULL AND FINAL TAX.
- ALLOWANCE ON ACCOUNT OF WORKERS' WELFARE FUND AND WORKERS' PROFIT PARTICIPATION FUND PAID UNDER THE RESPECTIVE PROVINCIAL LAWS.
- PERSON AVAILING 100% TAX CREDIT ELIGIBLE FOR EXEMPTION CERTIFICATE FROM WITHHOLDING OF TAX.
- ELIMINATION OF REQUIREMENT OF FILING OF APPLICATION OF REFUND FOR AUTOMATED ISSUANCE OF REFUND.
- WITHDRAWAL OF POWER OF COMMISSIONER TO REJECT ADVANCE TAX ESTIMATES OF TAXPAYER.
- WITHDRAWAL OF POWER OF TAX AUTHORITIES TO CONDUCT INQUIRY FOR AMENDING ASSESSMENT U/S 122(5A).
- CONCEALMENT OF INCOME CONSTITUTES A CRIMINAL OFFENCE UNDER THE CODE OF CRIMINAL PROCEDURE, 1898 AND MAY LEAD TO PROSECUTION AND ARREST
- POWER GIVEN TO BOARD TO INTRODUCED TO E-HEARING RULES. RECORDING OF E-HEARING TO BE ADMISSIBLE AS EVIDENCE.
- REDUCED RATE OF 3% ON SPECIFIED SERVICES UNDER SECTION 153 TO APPLY ONLY TO A SERVICE PROVIDER WHOSE SERVICES ARE SUBJECTED TO WITHHOLDING TAX ON

GROSS RECEIPTS AND THE SERVICE PROVIDER HAS NOT AGITATED TAXATION OF GROSS RECEIPTS BEFORE ANY COURT OF LAW.

- WITHHOLDING TAX UNDER SECTION 153 NOT TO APPLY IN RESPECT OF PURCHASE OF USED MOTOR VEHICLES FROM GENERAL PUBLIC.
- SHOW CAUSE NOTICES ISSUED AFTER 01.07.2021 TO BE CONCLUDED WITHIN 120 DAYS OF ISSUANCE.
- EXEMPTION CERTIFICATE FROM TAX WITHHOLDING TO BE AUTOMATICALLY ISSUED BY THE IRIS WITHIN 15 DAYS OF FILING OF EXEMPTION APPLICATION, IF COMMISSIONER FAILS TO ORDER ON THE APPLICATION WITHIN 15 DAYS.
- SCOPE OF ALTERNATE DISPUTE RESOLUTION STRENGTHENED ENHANCED.
- NUMBER OF WITHHOLDING PROVISIONS TO BE ABOLISHED FOR BOTH FILERS AND NON-FILERS.
- MINIMUM TAX TO BE PAYABLE BY INDIVIDUAL AND AOP'S HAVING TURNOVER MORE THAN 100 MILLION RUPEES.
- INDIVIDUAL WITH TURNOVER IN EXCESS OF 100 MILLION TO WITHHOLD TAX ON COMMISSION.
- EVERY WITHHOLDING AGENT IS REQUIRED TO FILE ANNUAL WITHHOLDING TAX STATEMENT.
- EVERY PERSON REQUIRED TO FILE A RECONCILIATION OF EXPENSES BETWEEN ANNUAL WITHHOLDING TAX STATEMENTS WITH AUDITED ACCOUNTS AT THE TIME OF FILING THE RETURN OF INCOME.
- SCOPE OF WITHHOLDING TAX COLLECTION UNDER SECTION 236G AND 236H ENHANCED TO INCLUDE MANUFACTURERS AND IMPORTERS OF PHARMACEUTICALS, POULTRY AND ANIMAL FEEDS, EDIBLE OIL AND GHEE, BATTERY, TYRES, VARNISHES, CHEMICALS, COSMETICS, IT EQUIPMENT SECTORS.
- INCOME DERIVED BY CO-OPERATIVE SOCIETIES FROM SALE OF GOODS, IMMOVABLE PROPERTY OR PROVISION OF SERVICES TO ITS MEMBERS TO BE TAXED UNDER THE HEAD 'INCOME FROM BUSINESS'.
- THE PERIOD OF 30 DAYS FOR PAYMENT OF TAX DEMAND, PURSUANT TO SECTION 137(2), IS PROPOSED NOT TO APPLY IN RESPECT OF TAX DEMAND CREATED THROUGH

AN APPEAL EFFECT ORDER AND CORRESPONDINGLY THE SAME WOULD BE IMMEDIATELY PAYABLE.

- TAX UNDER SECTION 231B TO BE LEVIED, IF THE VEHICLE IS DISPOSED WITHOUT REGISTRATION.
- REDUCED RATE OF WITHHOLDING TAX OF 3% ON OILFIELD SERVICES, COLLATERAL MANAGEMENT SERVICES, TRAVEL AND TOUR SERVICES AND TELECOMMUNICATION SERVICES.
- RENTAL INCOME TO BE TAXED UNDER THE NORMAL TAX REGIME.
- BUSINESS LOSSES TO BE ADJUSTED AGAINST RENTAL INCOME.
- INTEREST INCOME EXCEEDING RS. 5 MILLION TO BE TAXED UNDER THE NORMAL TAX REGIME.
- MEDICAL ALLOWANCES AND SPECIAL ALLOWANCES PREVIOUSLY EXEMPT ARE NOW TAXABLE.
- CAPITAL GAIN EXCEEDING RS. 5 MILLION ON DISPOSAL OF IMMOVEABLE PROPERTY TO BE TAXED UNDER NORMAL TAX REGIME.
- GAIN ON IMMOVEABLE PROPERTY BEING USED AS DEPRECIABLE ASSET FOR DERIVING INCOME FROM BUSINESS PREVIOUSLY TAXABLE AS “BUSINESS INCOME” TO BE TAXED UNDER THE HEAD OF INCOME “CAPITAL GAIN”.
- MINIMUM TAX PAID DUE TO TAXABLE LOSSES ALLOWED TO BE CARRIED FORWARD FOR FIVE YEARS.
- TAX CREDIT ON EMPLOYING FRESH GRADUATES UNDER SECTION 64C IS PROPOSED TO BE WITHDRAWN.
- TURNOVER TAX RATE HAS BEEN REDUCED TO 1.25%.
- TURNOVER TAX FOR TIER- 1 RETAILERS AND SUPPLIES BY ONLINE MARKET PLACE HAS BEEN REDUCED TO 0.25%.
- RATE OF TAX FOR CAPITAL GAIN ON LISTED SECURITIES REDUCED FROM 15% TO 12.5%.
- GIFT MADE TO A RELATIVE AS PART OF TAX AVOIDANCE SCHEME MAY BE RE-CHARACTERIZED BY THE COMMISSIONER IF THE GIFTED PROPERTY IS DISPOSED OFF WITHIN TWO YEARS OF EFFECTIVE DATE OF GIFT.

- TAX PROFILE NO LONGER REQUIRED TO BE MAINTAINED.
- THE INTEREST INCOME FROM RECOGNIZED PROVIDENT FUND WILL BE PART OF A SEPARATE BLOCK OF INCOME AT THE RATE OF 10%, IF EXCEEDS RS. 500,000.
- WITHDRAWAL OF EXEMPTION TO FULL TIME TEACHERS AND RESEARCHERS OF NPO & RESEARCH INSTITUTION.
- WITHDRAWAL OF EXEMPTION ON PERQUISITES RECEIVED BY AN EMPLOYEE OF HOTELS, EDUCATIONAL INSTITUTIONS AND HOSPITALS OR CLINICS BY VIRTUE OF THEIR EMPLOYMENT.
- ZONE ENTERPRISE & DEVELOPERS OF SPECIAL TECHNOLOGY ZONE AUTHORITY EXEMPTED FROM INCOME TAX FOR A PERIOD OF 10 YEARS.
- TO PROMOTE WOMEN ENTERPRISES IN PAKISTAN INCOME TAX PAYABLE FROM BUSINESS TO BE REDUCED BY 25%.
- EXEMPTION FROM WITHHOLDING OF INCOME TAX HAS BEEN GIVEN ON SUPPLIES OF FRESH MILK, FISH, LIVE CHICKEN/ ANIMAL, UNPACKED MEAT AND RAW HIDES. TAX WITHHOLDING & MINIMUM TAX NOW REDUCED FOR THE DISTRIBUTORS OF FMCG, FERTILIZER, ELECTRONICS AS WELL.
- HOLDING COMPANIES ARE ALLOWED TO SURRENDER LOSS TO ITS SUBSIDIARIES AS WELL.

* * * * *

AMENDMENTS IN INCOME TAX ORDINANCE, 2001

Section 2(13AA) Through this amendment a new sub section has been proposed to be added to the Ordinance which defines “concealment of income”. An explanation has been added in clause(c) of this sub section where it has been clarified that where any receipt is claimed exempt from tax or where any expenditure in respect of any deduction is claimed, the disallowance of such income shall not constitute concealment of income or the furnishing of inaccurate particulars of income and the onus has been put on the FBR to prove that the tax payer deliberately claimed exemption or deduction in respect of such expenditure not actually incurred by him.

In our opinion this is a positive amendment and is based on the judgments of the Superior Courts including the Honourable High Court of Sindh where it has been held that any receipt claimed as exempt or expenditure/deduction claimed in good faith and disallowed by the FBR for any reason except deliberate intention of concealment cannot be deemed as concealment.

In our view this amendment will reduce the discretionary powers of the Assessing Officers who have in past been using such discretionary powers to harass the taxpayers. This therefore strengthens the claim of the Finance Minister made in his speech, that they will ensure that the FBR is not able to harass the tax payers.

Section 2(30AD)(30AE) & (59A) For the first time information technology services i.e. IT enabled services and small and medium enterprises have been specifically defined.

We are of the view that these specific definitions will assist a tax payer company to determine whether they fall under these definitions or not and the FBR will have no powers to treat them otherwise if they fulfill the conditions of these definitions. This will create an atmosphere of certainty and will encourage investment in information technology companies and uplift the small and medium enterprises.

Section 2(62A)(ii) In order to get past the judgment of the Honourable Supreme Court of Pakistan in the case of Mutsufa Impex, this sub section and various other provisions the powers of the Federal Government to approve the conditions has been done away with and has been substituted with the word “Board with the approval of the Federal Minister in Charge”.

Section 7B: Tax on Profit on debt This section provided that profit on debt will be taxed as a separate block of income at different rates, where the profit on debt was less than 36 million rupees.

The amendment proposes to reduce the limit of 36 million rupees to 5 million rupees. We are of the view that this amendment will discourage the tax payers from investing their monies in bank deposits since a drastic reduction has been made and where profit on debt is more than 5 million rupees, the tax rate on these tax payers will increase many fold. Despite the fact that this is an indirect enhancement of tax, it belies the statement of the Finance Minister that now new tax is being levied.

We would recommend that instead of making a drastic reduction in the limit, the limit may be rationally reduced.

**Section 12(2) and
Clauses 39, 40,
53A and 139 of
the Second
Schedule to the
Ordinance**

It had been mentioned by the Finance Minister in his speech that no new tax had been levied on salaries but he did not mention that certain allowances which were being allowed to the salaried employees have been withdrawn and therefore their taxable income will increase, resulting in increase of tax.

On a perusal of the amendments proposed to be made in Section 12 and amendments in respect of proposed deletion of 39, 40, 53A and 139 certain allowances which will be mentioned hereafter, payable to salaried employees have been withdrawn, which will result in enhancement of their taxable salary income and result in excess tax being paid by them.

Similarly, in this context, it may also be mentioned that generally all tax payers including the salaried employees will be subjected to more tax by removing property income as a separate block of income and clubbing it with other income and reducing the limit of profit on debt income from 36 million rupees to 5 million rupees and clubbing income over 5 million rupees with other income.

The exemptions which have been withdrawn are special allowance, medical allowance and perquisites of food, education and hospitalization charges provided to employees of hotel and restaurant, teachers, employees of hospitals respectively and travelling allowance paid to journalists and all these employees who will be in lower to medium salary bracket will have to pay enhanced tax and this not only belies the statement of the Finance Minister that no new tax has been levied on salaries, but will also make it difficult for these employees to make their ends meet and will enhance the inflationary impact on them.

**Section 15(6) & (7) & Section 15A:
Income from Property**

Till the tax year 2021, the gross rental was being taxed as a separate block of income and a separate schedule of taxes was provided. However, the proposed amendment made in Section 15 and Section 15A of the Ordinance has done away with treating the property income as a separate block of income and now the property income will be clubbed with other income after being computed in accordance with the provisions of Section 15 and Section 15A.

As already pointed out above, we are of the view that this also belies the statement of the Finance Minister and is an attempt to indirectly increase the collection of taxes.

**Section 18:
Income from Business**

An amendment is proposed in this section by the addition of an explanation clarifying that income derived by co-operative societies from sale of goods, sale of immoveable property or provision of services to its members, is and has always been chargeable to tax under this Ordinance.

We are of the view that any amendment prejudicial to a tax payer cannot be applied retrospectively by adding an explanation. The Honourable Supreme Court of Pakistan in the case of B.P Biscuits Factory Ltd. vs Wealth Tax Officer reported in 1996 SCMR 1870 has held that where the language of any statute is ambiguous and several interpretations are possible, the doubt should be resolved in favor of the tax payer.

We therefore recommend that if income of a co-operative society has to be taxed, it should be taxed from the year this amendment comes into effect and not retrospectively.

**Section 23A:
First Year Allowance**

The first year depreciation allowance allowable for plant and machinery installed by any industrial undertaking set up in specified areas or engaged in manufacture of cellular mobile phone and qualifying for exemption under Clause 126N of Part 1 is proposed to be deleted, which will result in reduction in the depreciation allowance to be claimed by such companies and subsequent enhancement of their profits and tax.

The Finance Minister had explained in his speech that many exemptions will be withdrawn and the withdrawal of this allowance also appears to be in line with the Government's policy.

**Section 37(1A):
Capital Gains**

The amendments proposed to be made in this section divides capital gain on sale of immoveable properties in 3 categories.

Where the capital gain on disposal of immoveable property is less than 5 million rupees it shall be chargeable to tax in accordance with the provisions

of sub section 1 and subsection 3 of Section 37. But if the capital gain exceeds 5 million rupees the provisions of sub section 3 shall not apply but the taxable gain shall be computed by taking into account the benefit of holding period as provided in sub section 3A.

An explanation has been added that where a person is habitually engaged in the sale and purchase of immoveable property or such sale and purchase are adventure in the nature of trade, then provisions of Section 37 shall not apply and income from such transactions shall be chargeable to tax under the head "Income from Business".

In our view, this explanation will apply from the tax year 2021 onwards.

**Section 37(4A):
Capital Gains**

This amendment proposes to provide that capital assets acquired through gift if it is disposed off within 2 years and the Commissioner is satisfied that such gift arrangement is part of tax avoidance scheme, then the provisions of Section 79(3) of the Ordinance shall apply for the purpose of determining the cost of the asset in the hands of recipient.

The proposed amendment seeks to authorize the Commissioner to determine the costs of the assets received by the donee in accordance with Section 79 if he is satisfied that the gift arrangement is a part of tax avoidance scheme. In its explanation to the various amendments, FBR has just said that it empowers the Commissioner to determine the cost of the asset received through it which is a part of the tax avoidance scheme.

We are of the view that while tax evasion is a crime, but planning a legal scheme for avoidance of tax is a right of every tax payer and such discretionary power should not be given to the Commissioner. However, we have also failed to understand how this proposed amendment will be implemented.

**Section 39
Income from
other sources.**

This section is proposed to be amended to bring the category of donors of gift in conformity with the provisions of Section 85 which is a rationale amendment and needs no comments.

**Section 60A and
Section 60B
Workers' Welfare
Fund
Workers'
Participation
Fund**

These sections have been rationalized by also allowing as a deduction any payment made under any law relating to Workers Welfare Fund and Workers (Companies) Profit Participation Fund enacted by the provinces after the 18th Amendment to the Constitution.

**Section 61:
Charitable
Donations**

The proposed amendment seeks to enhance the expression of donation to include voluntary contribution and subscription to entities, organizations and funds mentioned in the 13th Schedule to the Ordinance.

**Section 64D:
Tax credit for
point of sale
machine**

A new section is proposed to be incorporated in the Ordinance for implementing the Government's decision to establish at least 20,000 point of sales across Pakistan, as mentioned by the Finance Minister in his speech.

To incentivize the same, the Government has proposed to provide tax credit in accordance with the provisions of this new amendment to the tax payer in respect of the amount invested in the purchase of point of sale machines.

In our view this is a very practical amendment as it will act as a catalyst for the establishments to create point of sales and will go a long way in documentation of the economy.

**Section 65F,
Section 65G and
Section 100C:
Tax Credit for
Certain Persons,
Tax Credit for
Certain Industrial
Undertakings and
Tax Credit for
Charitable
Organizations**

One of the major change in this year's Finance Bill is that a number of exemptions provided for in the Second Schedule to the Ordinance have been withdrawn. However, in order to provide some incentives to the tax payer whose exemptions have been withdrawn, these proposed amendments are providing tax credits to various persons, various industrial undertakings including green field industrial undertakings and industrial undertakings set up by 30th day of June 2023 for generation of renewable energy from sources of solar and wind and various charitable organizations. The procedures and details of which are provided in these sections.

We are of the view that these tax credits if implemented and followed fairly by the FBR officials will provide a solace to the tax payers whose exemptions have been withdrawn and will incentivize them to document their disclosures so as to qualify for such tax credits.

We feel that these are positive amendments.

**Section 100D:
Special provisions
relating to
Builders and
Developers**

This section was inserted in consequence of the Government's announcement for Construction Industry Package. By way of this amendment, it is proposed that the timeline for registration of project, investment in the project and completion of the project be extended.

We are of the view that this is a positive amendment as a major period of this package lapsed under the COVID-19 Pandemic and this extension will allow the investor to fully avail the benefits of this package.

**Section 100E:
Special Provisions
relating to small
and medium
enterprises read
with the
Fourteenth
Schedule**

The tax payable by SMEs defined under Section 2(59A) of the Ordinance shall be computed and paid under the rules made under the Fourteenth Schedule which is also proposed to be inserted and the Board may also prescribe a similar return for such SMEs.

The proposed Fourteenth Schedule provides for registration of SMEs on the FBR portal. It also categorizes SMEs in two categories depending on their turnover and have been made liable to pay a reduced rate of tax on their taxable income. Under the Fourteenth Schedule, SMEs have been provided various options which will act as a catalyst for the companies falling under the SMEs categories to get themselves registered and become part of the mainstream.

This in our view is a practical and positive amendment.

**Section 114:
Return of Income**

A proviso is proposed to be incorporated in the Ordinance, enhancing the time limitation provided under sub section 5, if the Commission is satisfied on the basis of reasons to be recorded in writing that a person who failed to furnish his return has foreign income or foreign assets.

This amendment in our view is a very harsh amendment and is against the judgments of the Superior Courts of Pakistan and India, specially the judgment of the Supreme Court of India in the case of Parshuram Pottery that matters should be settled within a reasonable period and a sword cannot be left hanging over the tax payers for unlimited periods.

We are also of the view that this proposed amendment seeks to cure the negligence, inefficiency, carelessness and ulterior motives of officers of the FBR who had failed to inquire and take action within the prescribed time. Even otherwise, we are of the view that the limitation cannot be left open ended and at maximum a fixed period may be proposed.

Another amendment is proposed to be made in sub section 6, by the proposed addition of a proviso empowering the Commissioner to waive the condition of providing revised accounts or audited accounts if he is satisfied that filing of such documents is not necessary.

This in our view is a practical approach to the problem at hand.

**Section 122:
Amendment of
assessments**

Sub section 5A of Section 122 which is paramateria to Section 66A of the Income Tax Ordinance, 1979 is proposed to be amended by deleting the words "after making or causing to be made such inquiries as he deems necessary". Now the Commissioner without requiring the tax payer to provide any information can only amend the assessment if he is satisfied that the deemed order is erroneous in so far as it is prejudicial to the interest of the revenue.

The proposed amendment is a positive amendment which will reduce the harassment created by the FBR by making unnecessary and frivolous inquiries and compelling the tax payer to provide details and the onus will now lie on the FBR to prove beyond reasonable doubt that the order is erroneous in so far as it is prejudicial to the interest of the revenue.

Sub section 9 is also proposed to be amended by fixing a period of 120 days after issuance of notice to pass the order. However, the Commissioner has been empowered to grant such extended period of 90 days for reasons to be recorded in writing. This is a very practical amendment, because at present without this limitation, the present amended orders are not finalized for years and years.

**Section 122A:
Revision by the
Commissioner** The amendment proposed seeks to limit the time for passing an order on the directions given by the Commissioner in revision to within 120 days.

**Section 127:
Appeals before
Commissioner,** We are commenting on something which is not there in the Finance Bill. We had time and again recommended that the old practice of issuing a black mark in the ACR of the officer whose assessment orders do not meet the test of appeal, as was the practice in vogue during the early days.

**Section 130:
Appeal before
the Tribunal and** Since no such penalty is imposed on the assessing officer, in order to show their efficiency, the assessing officers to try to achieve their budgetary targets and for other ulterior motives pass arbitrary and frivolous orders

**Section 133:
Reference before
the High Court** creating huge demands and harassing the tax payers and creating financial burdens on the tax payers. If the black mark against the error-ing officers is once again introduced it will act as a deterrent for the assessing officers to pass frivolous and arbitrary orders which are not in accordance with the law.

We shall therefore once again strongly recommend that such a provision be incorporated in the Ordinance.

**Section 134A:
Alternative
Dispute
Resolution** The amendments proposed to be made in this section provides for the rationalization and fixing limitation for the initiation and completion of the Alternate Dispute Resolution.

**Section 137: Due
Date for Payment
of Tax** A second provision is proposed to be added to sub section 2 of this section providing that where an assessment order is passed under Section 124(1) or Section 124(4) of the Ordinance, the tax payable as a result of such order shall be payable immediately.

This in our view is a very harsh amendment and in violation of the provisions of natural justice and a notice and reasonable time should be provided to the tax payer to make such payment.

We therefore recommend that this proviso be withdrawn and an alternate proviso be incorporated which may provide at least 15 days' time for payment of taxes on the basis of the order passed under the aforesaid sections.

**Section 146C:
Assistance in the
recovery and
collection of
taxes**

Countries around the world including Pakistan are signatories to Common Reporting Standard of OECD which provides for assistance and recovery for foreign taxes.

The incorporation of the proposed section provides for the collection of foreign taxes in pursuance of a request from a foreign jurisdiction under any of the agreement signed by Pakistan. All the methods of collection provided in Sections 138, 138A, 138B, 139, 140, 141, 142, 143, 144, 145, 146, 146A and 146B shall mutatis mutandis apply in respect of collection and recovery of foreign taxes.

Since this is in accordance with the international treaties existing between various countries, therefore it is a necessary amendment to empower the Government to collect taxes on behalf of foreign jurisdictions and therefore requires no comment.

**Section 152:
Payment to Non
Residents**

The minimum tax withheld on payments made to non-resident persons has been rationalized.

**Section 153:
Payments for
goods, services
and contracts.**

By way of this proposed amendment the power of the Commissioner to allow public limited companies to make payment to nonresidents without deduction of taxes or deduction of taxes at reduced rates has been extended to all companies. This is a positive amendment if the Commissioner fairly assess the application and issues such certificate.

**Section 154A:
Export of Services**

A new section is proposed to be incorporated providing for deduction of tax at 1% from the proceeds in respect of the following services:

(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;

(2) 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.

(3) The provisions of sub-section (2) shall not apply to a person who does not fulfill the specified conditions or who opts not to be subject to final taxation:

Provided that the option shall be exercised every year at the time of filing of return under section 114.

(4) 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 take credit of a sum that can be reasonably attributed to the business activity or activities mentioned in sub-section (1).

The amendments proposed by incorporation of this section are very positive from sub section 1 to sub section 3. However, sub section 4 is the spoiler, which prevents the tax payer to take credit to any sum which is subject to final tax in accordance with the provisions of this section and can be reasonably attributed to the business activity or activities mentioned in sub section 1.

We are of the opinion that sub section 4 is against all norms of accountancy and natural justice and unless the tax payer is allowed to take credit of a reasonable amount from incomes falling under such final tax, he will not benefit fully from the incentives which are being provided to him by way of reduction of taxes and export of certain other services. We would therefore strongly recommend that the proposed sub section 4 be deleted.

**Section 159:
Exemption or
lower rate
certificates**

The proposed amendment is a very positive amendment which has provided a timeline for the Commissioner to issue exemption or reduced rate certificates which in the past used to be pending for months and months.

This timeline also provides that if the Commissioner does not issue such certificate within 15 days of such filing of application, the iris would automatically issue such certificates. However, to prevent the negligence and inefficiency of the Commissioner, he has been empowered to modify or cancel the certificate automatically issued by the iris.

We are of the view that this is a positive amendment but to reward the Commissioner for his inefficiency, careless and other ulterior motives for failing to issue the certificate within the due date, he cannot be given the powers to amend or cancel the certificate issued by the iris. This is like rewarding inefficacy and mismanagement. We are of the further view that to protect the revenue, this power may be given to the Chief Commissioner and not to the erring authority.

**Section 170A:
Electronic
processing and
electronic
issuance of
Refunds by the
Board**

The proposed insertion of this section provides the tax payer a relief for not having to run from pillar to post in obtaining the legitimate refund, which is always jeopardized as a result of procedural hiccups and their ulterior motives. In our view this amendment gives sense of relief to the tax payer that if any excess tax has been paid/deducted, it will be automatically be refunded back by the system in a notified bank account.

However, we propose that tax credits must be properly entered in the system so that proper refunds can be issued.

**Section 182:
Offences and
penalties**

The Section dealing with the penalty by way of the proposed amendments have been rationalized.

**Section 203A:
Power to arrest
and prosecute,**

These amendments proposed to provide the powers to arrest and prosecute to an officer of inland revenue, who on the basis of evidence has reason to believe that any person has committed offence of concealment of income or any offence warranting prosecution under the Ordinance and further provide the procedure to be followed on arrest of person, the appointment of special judges, cognizance of offenses by special judges, application of provisions of the Code of Criminal Procedure and transfer and place of sitting of Special Judges.

**Section 203B:
Procedure to be
followed on
arrest of a
person,**

**Section 203C:
Special Judges,**

We have following comments to offer on the above proposed amendments.

**Section 203D:
Cognizance of
offences by
Special Judges,**

After hearing the speech of the Finance Minister we were optimistic that the erring official of FBR who have been found with their hand in the till will also be punished but we have not seen any provision in the Finance Bill to support the version of the Finance Minister. It is in the common knowledge of everybody that in case of evasion and corruption, the tax payer and the tax official are hand in glove, so we consider it unfair that the burden of arrest and prosecution will only fall on the tax payer and not on the erring tax officer.

**Section 203E:
Special Judges
etc. to have
exclusive
jurisdiction,**

We have also noted that in various NAB cases, the Honorable Courts have directed the NAB authorities that if they intend to arrest any offender or political leaders in high profile cases they should at least given them 7 days' notice so that they can, if they feel desirable, seek pre arrest bail. We shall therefore recommend that instead of leaving the tax payer at the mercy of the tax officials, they should be provided at least 7 days' notice of their intention to arrest them, so that they may seek appropriate remedy.

**Section 203F:
Provisions of
Code of Criminal
Procedure, 1898
to apply, Section**

**203G: Transfer of
cases, Section**

Without prejudice to the above, we are of the view that the person who had opted to file returns and pay taxes have always been mal treated at the hands of the department and persons who fail to file returns and pay taxes go scott free and the FBR has not succeeded till today in bringing them within the tax net. We therefore, recommend that even if these proposed amendments are to be made a law, it should only apply to non-filers and tax payers should be dealt with through other deterrents under the law.

**203H: Place of
sittings**

We are also uncertain whether such amendments in the Ordinance, fall under the definition of money bill under Article 73 of the Constitution and can be legislated upon through a money bill and therefore this proposed litigation may face many litigations and therefore recommend that opinion may be sought from the Law Minister.

But, we do agree with the proposal that everybody should be made to pay their due share of tax and since people who don't pay taxes do it with the connivance of the tax authorities, therefore we recommend that if punishment has to be meted out, both the erring parties should be dealt with equally.

**Section 231A,
Section 231AA,
Section 233A,
Section 233AA,
Section 234A,**

Through these proposed omissions advance on the following transactions has been withdrawn:

- (a) cash withdrawal from bank.
- (b) advance tax on transactions in bank,
- (c) collection of tax by stock exchange,

Section 235A, (d) collection of tax by NCCPL,
Section 236B, (e) collection of advance tax by CNG stations,
Section 236HA, (f) collection of advance tax on domestic electricity consumptions,
Section 236L, (g) advance tax on purchase of domestic air ticket,
Section 236P, (h) advance tax on sale of certain petroleum products,
Section 236V and (i) advance tax on purchase of international air tickets,
Section 236Y (j) advance tax on banking transactions otherwise than through cash,
(k) advance tax on extraction of minerals,
(l) advance tax on persons remitting amounts abroad through credit or debit cards.

All these withholding tax/advance tax deletions have been done universally and now with these advance/withholding tax will not apply even to non-filers. We feel that this exemption to non-filers will remove the differences between the filers and non-filers and no non-filers will now be compelled to become filers and the Government's drive to enhance the tax base and compel non-filers to file returns will be seriously prejudiced.

We therefore recommend that these withholding/advance taxes should be withdrawn only in case of filers and non-filers should not be entitled such benefits.

**Section 242:
Benefits of
Repealed
Provisions**

This section is proposed to be incorporated to give effect to the vested rights of the tax payers who are beneficiaries of exemptions or concessionary provisions of the sections proposed to be repealed by this Finance Bill or the Second Amendment Ordinance, 2021 subject to conditions and limitations specified therein.

This is a very positive amendment and to our knowledge the first time such vested rights have been protected. This will minimize litigation which used to take place for enforcement of such vested rights.

* . * . * . * . * . * . * . *

AMENDMENTS MADE IN THE FIRST SCHEDULE

**DIVISION V – PART I
RATE FOR PROFIT ON DEBT**

The rate of tax for profit on debt imposed under section 7B shall be 15%

**DIVISION VII – PART I
CAPITAL GAINS ON DISPOSAL OF SECURITIES**

S.No.	Period	Tax year 2015	Tax year 2016	Tax year 2017	Tax year 2018, 2019, 2020 & 2021		Tax year 2022 and onwards
					Securities acquired before 01.07.2016	Securities acquired after 01.07.2016	
1	2	3	4	5	6	7	8
1	Where holding period of a security is less than twelve months	12.5%	15%	15%	15%	15%	12.5%
2	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5%	12.5%	12.5%		
3	Where holding period of a security is twenty-four months or more but the security was acquired on or after 1st July, 2013	0%	7.5%	7.5%	7.5%		
4	Where the security was acquired before 1st July, 2013	0%	0%	0%	0%	0%	0%
5	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%	5% “; and	5% “;

DIVISION IX – PART I
MINIMUM TAX UNDER SECTION 113

S. No.	Persons	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%

PART II
RATE OF ADVANCE TAX

The rate of advance tax to be collector of Customs U/s. 148 shall be in case of importers of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below shall be 1%

DIVISION III – PART III
Section 153

The Bill proposes to extend the benefit of reduced rate of 3% withholding tax under section 153 to the following 5 sectors–

- Oil field services
- Telecommunication services
- Warehousing services
- Collateral Management services
- Travel and tour services

DIVISION IVA – PART III
Export of Services 154A

The rate of tax to be deducted under section 154A shall be one percent of the proceeds of the export.

S.No.	Export of Services 154A	Rate of Tax
1.	The rate of tax to be deducted under section 154A of the proceeds of the export.	1%

DIVISION V – PART III
RATE OF TAX ON INCOME FROM PROPERTY

S No.	Gross amount of rent	Rate of Tax
1	Where the gross amount of rent does not exceed Rs.300,000	Nil
2	Where the gross amount of rent exceeds Rs.300,000 but does not exceed Rs.600,000	5% of the gross amount exceeding Rs.300,000
3	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.2,000,000	Rs.15,000 plus 10 per cent of the gross amount exceeding Rs.600, 000
4	Where the gross amount of rent exceed Rs.2,000,000	Rs.155,000 plus 25 per cent of the gross amount exceeding Rs.2,000, 000”;

DIVISION V – PART IV
TELEPHONE USERS

In the case of subscriber of internet, mobile “12.5%”, the expression “10% for tax year 2022 and 8% onwards”

DIVISION VII – PART IV

The rate of tax under sub-section (2A) of section 231B shall be as follows

S.No.	Engine capacity	Tax
1.	Up to 1000cc	Rs.50,000
2.	1001cc to 2000cc	Rs.100,000
3.	2001cc and above	Rs.200,000”; and

DIVISION VIII – PART I
TAX ON CAPITAL GAINS ON DISPOSAL OF IMMOVABLE PROPERTY

The rate of tax to be paid under sub-section (1A) of section 37 shall be five percent

DIVISION XV
ADVANCE TAX ON SALE TO RETAILERS

S.No.	Sale to Retailers	Tax
1.	The rate of collection of tax under section 236H on the gross amount of sales	0.5%

* * * * *

AMENDMENTS MADE IN THE SECOND SCHEDULE

The Finance Bill proposes various amendments, insertions, omissions in Part I, Part III and Part IV of the Second Schedule

PART I

- Clause 4** Through this proposed deletion salary income of a Pakistani seafarer is proposed to be taxed on the rates provided for salaried individuals. This income was exempt from tax in preceding tax years.
- Clause 22 & 23** Through this proposed insertion, the interest income from a recognized Provident Fund will be part of a separate block of income at the rate of 10%, if it exceeds Rs. 500,000.
- Clause 23C** Through this proposed insertion, profit on debt earned on accumulated balance in an approved pension fund will be part of a separate block of income at the rate of 10%, if it exceeds Rs. 500,000.
- Clause 39** Through this proposed deletion, special allowance or benefit granted to an employee in the course of his employment to meet expenses wholly and necessarily incurred in the performance of his employment, which was exempt from tax, has been proposed to be brought within the ambit of tax.
- Clause 40** Through this proposed deletion exemption granted to local traveling allowance paid to a newspaper employee has been proposed to be removed.
- Clause 53A** Through this proposed deletion, exemption on perquisites received by an employee by virtue of his employment such as free or subsidized food, education, medical treatment or any other perquisite or benefit for which the employer does not have to bear any marginal cost has been proposed to be removed.
- Clause 61** This proposed deletion is a procedural amendment, the entities in respect of entitlement u/s 61 are now listed in the newly added Thirteenth Schedule.
- Clause 98** Through this proposed deletion, the income of any Board or organizations established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports have been proposed to be brought within the ambit of tax.

Clause 100,101, 103 & 136

Through these proposed deletions, the income of Modarbas, Venture Capital Companies, Collective Investment Schemes and Special Purpose Vehicles which were previously exempt from tax have been proposed to be brought within the ambit of taxation. The intention of this deletion is to generate more revenue.

Clause 103 C

Through this proposed deletion, dividend income derived by a company that is eligible for group relief under Section 59B has been proposed to be brought within the ambit of taxation.

In our opinion, this proposed deletion is revenue generating tactic and will discourage taxpayers to opt for group relief.

Clause 103 D

Through this proposed amendment, dividend income and long term capital gains by venture capital funds has been proposed to be exempt from tax for a period of 10 years. This is in line with the government's policy to establish and promote special technology zones.

Clause 114 AA

Through this proposed deletion, exemption provided on capital gains from sale of constructed property through Finance Act, 2020, which was being used for personal accommodation, where the land area did not exceed 500 square yards in case of a house and 4000 square feet in case of flat has been proposed to be removed.

Clause 126 B

Through this proposed substitution, income of new refineries approved by Federal Government which produce at least 100,000 barrels per day has been proposed to be exempt from tax for 10 years from the date of commencement of commercial production.

In addition, income of refineries for the purpose of up gradation, 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 31st day of December, 2021 has also been proposed to be exempt from tax for a period of 10 years from the date of completion of up gradation, modernization or expansion project of existing refinery.

This is a positive amendment and will greatly encourage refineries to venture in such projects because of the tax benefit that is proposed to be provided.

- Clause 126 M** Through this proposed substitution, exemption provided to transmission line projects which were set up before 30.06.2018 has been proposed to be extended to transmission line projects set up after 30.06.2018 but before 30.06.2022.
- This again is a positive amendment as it will encourage businessmen to invest in such projects, without the fear of paying taxes, which are essential to reduce transmission losses across the country.
- Clause 126 N & 126 O** Through these proposed deletions, exemptions from paying tax for a period of 5 years provided to industrial undertaking engaged in the manufacturing of cellular mobile phones and green field undertakings has been proposed to be withdrawn to generate more revenue.
- Clause 131** Through this proposed deletion, exemption provided to companies generating income by way of royalty, commission or fees from a foreign enterprise in consideration for use of any patents, invention etc has been proposed to be removed. With effect from 01.07.2021 these entities will have to pay tax on this income.
- Clause 133** This is a proposed procedural amendment pursuant to which exemption provided to income generated from export of computer software and IT services has been withdrawn and the same has been added in Section 65F where they have been provided 100% tax credit on fulfillment of conditions specified therein.
- Clause 139** Through this proposed deletion, exemption provided to salaried employees on account of medical allowance or reimbursements provided on account of medical treatment/ hospitalization by the employer have been proposed to be withdrawn.
- Clause 141** Through this proposed deletion, exemption from payment of income tax on the income of LNG Terminal Operators has been proposed to be withdrawn with the sole intention to generate more revenue.
- Clause 143** This is a proposed procedural amendment pursuant to which exemption provided to start up has been withdrawn and the same has been added in Section 65F where they have been provided 100% tax credit on fulfillment of conditions specified therein for period of two tax years following the year they are registered with Pakistan Software Export Board.

PART II

- Clause 3** Through this proposed deletion, reduced rate provided for income from services rendered outside Pakistan and construction contracts executed outside Pakistan has been proposed to be taken away. However, through insertion of Section 154 A in the Income Tax Ordinance, 2001 the aforementioned services have been taxed at the rate of 1%.
- This is a massive relief and will encourage businesses to venture in to export of services resultantly creating more jobs.
- Clause 3B** Through this proposed deletion, reduced rate provided to PCB for income derived from sources outside Pakistan has been proposed to be withdrawn.
- Clause 5AB** Through this proposed insertion, resident individuals who have declared foreign assets will be entitled to a reduced rate of 10% on profit on debt received from a debt instrument purchased by the resident citizen through a foreign currency value account maintained with an authorized bank in Pakistan.
- Clause 5B** Through this proposed deletion, reduced rate provided on capital gains derived by a person on the sale of shares or assets by private limited company to private equity and venture capital fund has been proposed to be deleted.
- Clause 18, 18A & 18B** Through these proposed deletions reduced rates provided to modarbas, industrial undertakings where the cost of project including working capital is through owner equity foreign direct investment and listed companies who fulfill certain requirements has been proposed to be withdrawn.
- Clause 24C & 24D** Through this proposed insertion, the rate of tax under clause (a) of sub-section (1) of section 153 and Section 113 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, electronics excluding mobile phones, sugar, cement, and edible oil as recipient of payment is proposed to be set at 0.25% of gross amount of payments subject to the condition that the name of the beneficiary is appearing in the Active Taxpayers list.

PART III

- Clause 7 & 8** Through this proposed deletion, reduction in tax liability provided to foreign film makers from making films in Pakistan has been proposed to be deleted. Further, the reduction in amount of tax payable by resident companies from film making is also proposed to be deleted.
- Clause 17** Through this proposed insertion, income of cotton ginners is proposed to be taxed at a maximum rate of 1% of their total turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake which shall be the final tax liability in respect of cotton ginning and milling activities only.
- Clause 19** Through this proposed insertion, tax payable by startups which are fully owned by women entrepreneurs formed after 01.07.2021 is proposed to be reduced by 25%.

PART IV

- Clause 11A** This is a proposed procedural amendment pursuant to which exemption provided to pay minimum tax to persons involved in the export of computer software and IT services, not for profit organizations and startups has been withdrawn and the same has been added in Section 65F where they have been provided 100% tax credit including exemption from payment of minimum tax on fulfillment of conditions specified therein.
- Further, through the proposed deletion, Modarbas will be required with effect from 01.7.2021 to pay minimum tax.
- Furthermore, it is proposed that Special Technological Zones will be exempt from payment of minimum tax.
- Clause 17** Through this proposed insertion, income of cotton ginners is proposed to be taxed at a maximum rate of 1% of their total turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake which shall be the final tax liability in respect of cotton ginning and milling activities only.

- Clause 45B** Through this proposed insertion, it is proposed that no tax be withheld on purchase of used motor vehicles from general public u/s 153 of the Income Tax Ordinance, 2001.
- Clause 46AA** Through this proposed amendment, it is proposed that no tax u/s 153 be withheld on payments in respect of supply of agriculture produce including live animals, raw hides and unpackaged meat subject to fulfillment of certain conditions.
- Clause 57A** Through this proposed deletion, it is proposed to delete exemption provided to large import house from deduction of taxes u/s 153 of the Income Tax Ordinance, 2001.
- Clause 111AB** Through this proposed insertion, it is proposed that rate for non-filers not to be applied on foreign currency value account opened by nonresidents.
- Clause 119** Through this proposed insertion, supply chain involved in the sale of local manufactured mobile phones is proposed to be exempted from the dictates of Section 153(1)(a) of the Income Tax Ordinance, 2001.

AMENDMENTS MADE IN THE TENTH SCHEDULE

- Rule 10** By this proposed deletion, the rate of withholding tax for certain provisions mentioned below is proposed to be enhanced by 100% for the persons that are not appearing in Active Taxpayer List:
- Income from Property; and
 - Domestic Electricity consumption.

AMENDMENTS MADE IN THE ELEVENTH SCHEDULE

Rule 3(1)

Through this proposed amendment, it is proposed that the date for registration of builders and developers for availing the fixed rate scheme be extended till 31.12.2021.

Further, it is proposed that for availing exemptions from Section 111 a builder and developers are required to register the project on or before 30.06.2021.

THIRTEENTH SCHEDULE

This Finance Bill has proposed to introduce the Thirteenth Schedule to list entities, organizations and funds to which voluntary contributions can be made by persons to claim tax credit.

FOURTEENTH SCHEDULE

This Finance Bill has proposed to introduce the Fourteenth Schedule which will provide rules for computation of profits and gains for small and medium enterprises.

Under these rules SMEs can opt to be taxed under the Normal Tax Regime (“NTR”) or the Final Tax Regime (“FTR”). SMEs who opt for taxation under normal law can be selected for tax audit if its tax to turnover ratio is below the tax rates prescribed for FTR, however, the cases selected will not exceed 5% of the total population of SMEs whose tax to turnover ratio is below the tax rates prescribed for FTR. Any SME who opts for FTR will not be selected under Section 177 and Section 214C.

* * * * *

SALES TAX ACT, 1990

HIGHLIGHTS

- FIXED SALES TAX ON SIM CARDS TO BE DELETED.
- NO SALES TAX LEVIED ON IMPORT OF PLANT, MACHINERY AND RAW MATERIAL BY IT SPECIAL TECHNOLOGY ZONE.
- CARS HAVING ENGINE CAPACITY UPTO 850CC EXEMPTED FROM VAT AND REDUCTION OF SALES TAX RATE FROM 17% TO 12.5%.
- IMPORTED ELECTRICAL VEHICLES CKD KITS / CBU CONDITION AND MOTOR CARS OF CYLINDER HAVING CAPACITY UPTO 850 CC ARE EXEMPTED FROM VAT.
- SUGAR SECTOR TO BE TAXED ON RETAIL PRICE.
- ENHANCEMENT OF SALES TAX FROM 1% TO 17% ON SILVER, GOLD AND ALLIED.
- SALES TAX IMPOSED ON EDIBLE OIL, VEGETABLE GHEE AND COOKING OIL WHILE FED ON SUCH PRODUCTS TO BE EXEMPTED.
- HOUSE-HOLD ITEMS NEAR BORDER AREAS OF PAKISTAN, AFGHANISTAN & IRAN EXEMPTED FROM SALES TAX UNDER BORDER SUSTENANCE MARKETS.
- ZERO-RATING ON PETROLEUM CRUDE OIL, PARTS / COMPONENTS OF ZERO-RATED PLANT AND MACHINERY, IMPORT OF PLANT AND MACHINERY BY PETROLEUM AND GAS SECTOR AND SUPPLY, REPAIR AND MAINTENANCE OF SHIPS WITHDRAWN.
- ADVANCE RECEIPTS OF SALES TAX TO BE ABOLISHED.
- THRESHOLD OF COTTAGE INDUSTRY INCREASE FROM 3 MILLION TO 10 MILLION PER ANNUM.
- FURNITURE OUTLET / SHOWROOMS HAVING AREA BELOW 2000 SQUARE FEET WILL NOT BE CLASSIFIED AS TIER 1 RETAILER.
- LISTED PUBIC LIMITED COMPANIES EXCLUDED FROM THE PURVIEW OF SECTION 8B.
- CROSS ADJUSTMENTS OF PURCHASE AND SALE BETWEEN SAME PARTIES FACILITATED U/S 73.

- DELAYED PAYMENT OF REFUND UNDER SECTION 66 WILL ALSO ENTAIL COMPENSATION TO THE TAXPAYER.
- CONCEPT OF ONLINE MARKET PLACE INTRODUCE AND NOW DEEMED AS SUPPLIER IN RESPECT OF SALE OF 3RD PARTY GOODS SOLD THROUGH ITS PLATFORM.
- MANUFACTURERS OF SPECIFIED GOODS TO OBTAIN BRAND LICENSE FOR EACH SEPARATE BRAND OR SKU.
- THE SCHEME OF ‘CASH BACK’ TO CUSTOMERS WITHDRAWN. ALTERNATIVELY, A NEW CONCEPT OF PRIZE SCHEME HAS BEEN INTRODUCED TO PROVIDE FOR RANDOMIZE “MYSTERY SHOPPING”.
- IMPORTS MADE COSTLIER. ALL IMPORTED FOOD ITEMS LIKE MILK, CHEESE, YOGURT, BUTTER, POULTRY PRODUCTS, MEAT, WATER, FRUIT JUICES, DESI GHEE, IODIODISED SALT, SPECIFIED CEREALS AND PRODUCTS OF MILLING INDUSTRY, ETC. ARE EXPOSED TO SALES TAX. BESIDES CYCLE, ENERGY SAVERS, HALAL EDIBLE OIL WILL ALSO ATTRACT SALES TAX.
- RATE OF SALES TAX INCREASED FROM 10% TO 17% ON SALE OF BRANDED FOOD ITEMS LIKE MILK, CHEESE, YOGURT, BUTTER, POULTRY PRODUCTS, MEAT, WATER, FRUIT JUICES, DESI GHEE, IODIODISED SALT, SPECIFIED CEREALS AND PRODUCTS OF MILLING INDUSTRY, IMPORT OF PLANT AND MACHINERY, GINNED COTTON, HARVESTING EQUIPMENT, ETC.
- SALES TAX IMPOSED ON IMPORT AND SUPPLIES OF RAW AND PICKLED HIDES, SHIP, AVIATION, FLOATING CRAFT, ETC.
- ONLINE MARKET PLACE AND RETAILER WHO HAS ACQUIRED POS AND ACCEPTS PAYMENT THROUGH DEBIT OR CREDIT CARDS FROM BANKING COMPANIES / DIGITAL PAYMENT SERVICE PROVIDER AUTHORIZED BY SBP WILL BE CLASSIFIED AS TIER-1 RETAILER.
- TIME LIMIT FOR ISSUANCE OF SHOW CAUSE NOTICE ENHANCED.

* * * * *

AMENDMENTS IN THE SALES TAX ACT, 1990

- Section 2(5AB)**
(Cottage Industries)
- Through this proposed substitution the minimum annual threshold of turnover from all supplies for cottage industry is proposed to be increased from Rs. 3,000,000 to Rs. 10,000,000.
- The purpose of this amendment is to provide relief from applicability of the provisions to small scale manufactures.
- Section 2(18A), 3(3)(c)**
(Online Market Place)
- These proposed insertions seeks to define online market place and bring sale of goods through online market place into the sales tax net by deeming the online market place as supplier in respect of third party sales through their platform.
- In our view clarification needs to be provided in the Finance Act to avoid any duplication of taxes on sales made by registered persons using the Online Market Place.
- Section 2(43A)**
(Tier-1 Retailer)
- Through this proposed amendment, the definition of tier-1 retailer has been expanded to include Online Market Places in the definition and retailers who have acquired point of sale accepting payment through debit or credit cards from banking companies or any other digital payment service provider authorized by State Bank of Pakistan.
- However, the proposed amendment also seeks to exclude retailers of furniture from the definition of Tier 1 retailers whose shops measure less than two thousand square feet in area.
- Section 2(44)**
(Time of Supply)
- Through this proposed deletion, sales tax charged on advance payment is now proposed to be deleted, sales tax will be charged at the time of actual supply of goods.
- Section 3(9A)**
(Scope of Tax)
- Through this proposed deletion incentive given to customers of Tier-1 retailers to receive the cash back upto 5% of the tax involved has been withdrawn.
- Section 8B**
(Adjustable Input Tax)
- Through this proposed amendment Public limited Companies (Listed on Pakistan Stock Exchange) are proposed to be excluded from the purview of section 8B now they can claim adjustment of 100% input tax against the output tax.
- Section 11(5)**
(Assessment of tax)
- Through this proposed substitution, it is proposed to amend the start of 5 year limitation period for initiation of proceedings from the end of the financial year in which the relevant tax period falls.

Section 21B
(Common Identifier Number)
Through this proposed insertion, CNIC for individuals and NTN for legal entities will be Common Identifier Number in addition to Sales Tax Registration Number.

Section 26AB
(Extension of time for furnishing returns)
Through this proposed insertion, tax payer has been proposed to be provided an opportunity to seek 15 days extension for filing of return by moving an application before the concerned commissioner. This is a positive amendment.

Section 40E
(Licensing of brand name)
Through this proposed amendment it is proposed that manufacturers will be required to obtain license for respective brand for specified goods, or their Stock Keeping Units (“SKU”). Any specified brand and SKU found to be sold without obtaining license would be deemed to be counterfeited goods. However, more clarity needs to be provided for smooth implementation of this proposed initiative.

Section 76
(Certain transactions not allowed)
Through this proposed insertion, a provisio has been proposed to be added where subject to certain conditions the amounts payable and receivable to and from same party shall be deemed to be treated as paid through banking channel against which input tax adjustment will be allowed.

This is a positive amendment and will enable parties to claim input tax without the need to make actual payment where receivable and payable are from the same party.

AMENDMENTS TO THE SCHEDULES OF THE SALES TAX ACT, 1990

Third Schedule S No. 50 It is proposed that Sugar be added in the list of retail items of Third Schedule. However, supply of sugar as industrial raw material to pharmaceutical, beverage and confectionery industries is proposed not to be treated as retail item.

Fifth Schedule Through this proposed deletion, zero-rating is proposed to be withdrawn from petroleum crude oil, parts/components of zero-rated plant and machinery, import of plant and machinery by petroleum and gas sector and supply, repair and maintenance of ships.

Sixth Schedule Table 1 The proposed amendment seeks to withdraw exemptions from following import/supplies :

S # 11, 19, 22, 24, 26, 27, 29, 29C, 73A, 74, 75, 76, 77, 78, 79, 80, 82, 83, 84, 85, 91, 93, 101, 103, 106, 108, 115, 123, 124, 125, 128 and 153

<p>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. 5</p> <p>[Explanation.— Exemption of this entry shall not be available [on local supplies made by importers,] distributors, wholesalers or retailers.]</p>	<p>Bicycles</p>	<p>Ice and waters excluding those for sale under brand names or trademarks</p>
<p>Table salt including iodized salt excluding salt sold in retail packing bearing brand names and trademarks.</p>	<p>Glass bangles</p>	<p>Energy saver lamps</p>

<p>Import of Halal edible offal of bovine animals</p>	<p>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.</p>	<p>Import and supply thereof, up to the year [2030], of ships 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.</p>
---	---	--

<p>Aircraft, whether imported or acquired on wet or dry lease 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.</p>	<p>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</p>	<p>Plant, machinery and equipment imported for setting up fruit processing and preservation units in Gilgit-Baltistan, Balochistan Province and Malakand Division upto 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)</p>
<p>Aviation simulators imported by airline company recognized by Aviation Division.</p>	<p>Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000</p>	<p>Spare parts for use in aircrafts, trainer aircrafts or simulators.</p>
<p>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.</p>		

**Sixth
Schedule**

Table 1

**S # 157, 158,
159, 160, 161,
162**

The proposed insertion seeks to provide exemption on import or supply of following :

<p>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</p>	<p>Goods temporarily imported into Pakistan by International Athletes which shall be subsequently taken by them within 120 days of temporary import.</p>	<p>Import of auto disable Syringes till 30th June, 2021 (i) with needles (ii) without needles</p>
<p>Import of following raw materials for the manufacturers of auto disable syringes till 30th June, 2021 (i) Tubular metal needles (ii) Rubber Gaskets</p>	<p>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</p>	<p>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.</p>
<p>Exemption from sales tax on the import or supply of 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.</p>		

**Sixth
Schedule
Table 1**

The proposed amendment seeks to withdraw exemption from sales tax on the import of following. However, local supply thereof is proposed to be continued under Table 2 of Sixth Schedule.

Eggs including eggs for Hatching	Cereals and products of milling industry [excluding the products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brand name or a trademark].	Sugar beet
Flavored milk, excluding that sold in retail packing under a brand name	Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name
	Yogurt, excluding that sold in retail packing under a brand name	Whey, excluding that sold in retail packing under a brand name
Butter, excluding that sold in retail packing under a brand name	Desi ghee, excluding that sold in retail packing under a brand name	Cheese, excluding that sold in retail packing under a brand name
Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name	Sausages and similar products of poultry meat or meat offal [, excluding those sold in retail packing under a brand name or a trademark]	Products of meat or meat offal excluding sold in retail packing under a brand name or trademark.
Preparations suitable for infants, put up for retail sale	Fat filled milk [excluding that sold in retail packing under a brand name or a trademark]	

**Sixth
Schedule**

This proposed omission seeks to withdraw exemption from sales tax on the supply of following :

Table 2

**S # 17, 19, 24
and 25**

Raw and pickled hides and skins, wet blue hides and skins	Bricks (up to 30th June, 2018)	LED or SMD lights and bulbs meant for conservation of energy
---	--------------------------------	--

**Eighth
Schedule**

This proposed omission seeks to withdraw concessionary rate on following items :

Table 1

**S # 1, 5, 6, 7, 8,
9, 10, 11, 14,
15, 19, 20, 22,
29, 45, 50, 51,
60, 61, 62, 63,
65 and 67**

Soyabean meal	Raw cotton and ginned cotton	Plant and machinery not manufactured locally and having no compatible local substitutes
Flavoured milk	Yogurt	Cheese
Butter	Cream	Milk and cream, concentrated or containing added sugar or other
Ingredients of poultry feed, cattle feed, except	soya bean meal of PCT heading 2304.0000 and oilcake of cotton-seed falling under PCT heading 2306.1000	Waste paper
Plant, machinery, and equipment used in production of biodiesel	Soya bean seed	LNG/RLNG
Harvesting, threshing and storage equipment: (i) Wheat thresher (ii) Maize or groundnut thresher or sheller (iii) Groundnut digger (iv) Potato digger or harvester (v) Sunflower thresher (vi) Post hole digger	Following machinery for poultry sector : (i) Machinery for preparing feeding stuff (ii) Incubators, brooders and other poultry equipment	LNG/RLNG

(vii) Straw balers (viii) Fodder rake (ix) Wheat or rice reaper (x) Chaff or fodder cutter (xi) Cotton picker (xii) Onion or garlic harvester (xiii) Sugar harvester (xiv) Tractor trolley or forage wagon (xv) Reaping machines (xvi) Combined harvesters (xvii) Pruner/shears	(iii) Insulated sandwich panels (iv) Poultry sheds (v) Evaporative air cooling system (vi) Evaporative cooling pad	
Fat filled milk	Silver, in unworked condition	Gold, in unworked condition
Articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal	Ginned cotton	LNG imported for servicing CNG sector and local supplies thereof
The rate of sales tax on import and supply of potassium chlorate is proposed to be increase from Rs 80 per Kg to Rs 90 per Kg in addition to 17% standard rate.		

Eighth Schedule

Table 1
S #59, 60, 61, 62, 63, 64, 65, 66, 67

This proposed insertion seeks to bring following items in Eight Schedule.

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	1% If supplied locally
Motorcars, (Locally manufactured or assembled motorcars of cylinder capacity upto 850cc)	12.5 %
Import and local supply of Hybrid Electric Vehicles: (a) Upto 1800 cc (b) From 1801 cc to 2500 cc	8.5% 12.75%

**Ninth
Schedule**

Through this proposed insertion Sales tax on supply of SIM cards by Cellular Mobile Operators is proposed to be discontinued with effect from July 1, 2020

**Eleventh
Schedule
Table
S # 7**

This proposed insertion seeks to include Registered persons manufacturing lead batteries in the category of withholding agent for purpose of withholding of entire amount of Sales Tax from person supplying reclaimed lead or used lead batteries.

**Twelfth
Schedule**

Through this proposed insertion Exemption from value addition tax on import of electric vehicles, CKD kits for small car (2-3 wheelers and heavy commercial vehicles), HCVs and all these vehicles in CBU and motor cars of cylinder capacity upto 850cc.

..*.*.*.*.*.*

ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE 2001

HIGHLIGHTS

- IT IS PROPOSED TO CHARGE SALES TAX AT THE RATE OF ZERO PERCENT ON EXPORT OF SERVICES

* * * * *

FEDERAL EXCISE ACT, 2005

HIGHLIGHTS

- CAR HAVING ENGINE CAPACITY UPTO 850 CC EXEMPTED FROM FED.
- FRUIT JUICES EXEMPTED FROM FED.
- FED EXEMPTED ON IMPORT AND ZERO-RATING ON LOCAL SUPPLIES IN RESPECT OF RAW MATERIALS, COMPONENTS, PARTS AND PLANT AND MACHINERY UNDER EXPORT FACILITATION SCHEME, 2021.
- FED IMPOSED @ RS. 1 PER CALL ON MOBILE PHONE CALLS EXCEEDING THREE MINUTES; RE. 0.1 PER SMS.
- INDUSTRIAL UNITS EXEMPTED FROM FED LOCATED IN FATA AND PATA.
- FED ON TELECOMMUNICATION REDUCED FROM 17% TO 16%.
- EDIBLE OIL, VEGETABLE GHEE AND COOKING OIL EXEMPTED FROM FED, HOWEVER, SALES TAX LEVIED ON THE SAME.
- FED LEVIED ON ELECTRONICALLY HEATED TOBACCO PRODUCTS.
- FED EXEMPTED ON PAYMENT ON ACCOUNT OF MERCHANT DISCOUNT RATE (MDR).

* * * * *

THE CUSTOMS ACT, 1969

HIGHLIGHTS

- ITEMS IMPORTED RELATED TO COVID-19 EXEMPTED FROM CUSTOM DUTY.
- TO ENCOURAGE DAIRY SECTOR, CUSTOM AND ADDITIONAL CUSTOM DUTY REDUCED /WAIVED ON INPUTS OF POULTRY INDUSTRY AND ON VACCINES FOR VETERINARY MEDICINES AND FEED ADDITIVES.
- COLLECTOR GRANTED POWER TO EXTEND WAREHOUSING PERIOD FOR SIX MONTHS TO PROMOTE EASE OF DOING BUSINESS.
- TO PROMOTE VARIOUS, INDUSTRIES REDUCTION/WAIVER OF CUSTOM, ADDITIONAL CUSTOM AND REGULATORY DUTY ON IMPORT OF TEXTILE, FOOTWEAR, STEEL, PRINTING AND GRAPHIC ARTS, FOOD PROCESSING AND TOURISM, PAINT, CHEMICAL, ARTIFICIAL LEATHER, ELECTRONICS MANUFACTURING INDUSTRIES.
- WAIVER OF CUSTOM, ADDITIONAL CUSTOM AND REGULATORY DUTY AT THE TIME OF IMPORT OF CERTAIN PRODUCTS TO PROVIDE RELIEF TO TEXTILE INDUSTRY.
- ENHANCEMENT IN VALUE OF UNSOLICITED GIFTS DELIVERED THROUGH POST OR COURIER.
- CUSTOM AND ADDITIONAL CUSTOM DUTIES REDUCED/WAIVED ON RAW MATERIALS OF BOBBINS AND COPS MANUFACTURING INDUSTRY, FURNITURE, COATING AND BOILER MANUFACTURING INDUSTRY.
- ADDITIONAL CUSTOM DUTY WAIVED ON RAW MATERIALS FOR CABLES/OPTICAL FIBER MANUFACTURERS.
- WAIVER AND CONCESSIONARY RATES FROM CUSTOM / ADDITIONAL CUSTOM DUTIES ARE PROVIDED TO PLANT, MACHINERY AND EQUIPMENT, VARIOUS ACTIVE PHARMACEUTICAL INGREDIENTS [APIS], LIFESAVING DRUGS AND RAW MATERIAL OF AND FINISHED AUTO-DISABLE SYRINGES TO INCENTIVIZE PHARMACEUTICAL SECTOR.
- RELIEF FROM CUSTOM AND ADDITIONAL CUSTOM DUTIES ARE PROVIDED ON IMPORT OF RAW MATERIAL FOR MANUFACTURER OF ASEPTIC PLASTIC PACKAGING.
- 328 TARIFF LINES RATIONALIZED BY REDUCTION / EXEMPTION OF CUSTOM AND ADDITIONAL CUSTOM DUTY RELATING TO RAW MATERIALS AND INTERMEDIARY GOODS AND POINT OF SALE MACHINES.

- INPUTS OF READY-TO-USE SUPPLEMENTARY & THERAPEUTIC FOODS, GRAIN STORAGE HERMETIC BAGS AND COCOONS EXEMPTED FROM CUSTOM AND ADDITIONAL CUSTOM DUTIES ON.
- PROVISION FOR THE CLASSIFICATION COMMITTEE TO AVOID UNNECESSARY LITIGATION ON ACCOUNT OF CLASSIFICATION DISPUTES AND CONSEQUENTLY DECREASING THE COST OF DOING BUSINESS.
- TARIF STRUCTURES FOR AUTO SECTOR AND MOBILE PHONES RATIONALIZED.
- TO SUPPORT THE LOCAL INDUSTRY REGULATORY DUTY ON NON-ESSENTIAL / LUXURIOUS ITEMS INCREASED.
- UNIFORM EXPORT FACILITATION SCHEME INTRODUCED, TO AVAIL BENEFIT OF EXEMPTIONS FROM TAX AND DUTIES ON IMPORT AND LOCAL PROCUREMENTS OF GOODS FOR ENROLLED PERSONS.
- VALIDITY OF ADVANCE RULING EXTENDED FROM THE CURRENT ONE YEAR TO THREE YEARS TO FACILITATE TRADE.

* * * * *