



HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

COMMENTS ON
FINANCE BILL
2016

For Clients Only

A member of



Independent legal & accounting firms

COMMENTS ON FINANCE BILL – 2016

The information contained in this booklet has been prepared on the basis of Finance Bill 2016 and is not intended to be advice on any particular matter. No person should act on the basis of any matter contained in this publication without seeking appropriate professional advice. The amendments proposed by this bill become effective from **01 July, 2016** unless specified otherwise after having been enacted as Finance Act 2016 with or without modification.

The booklet is published for our clients and staff for information and guidance only and should not be published or reproduced without prior permission of the firm.

This document can be accessed on www.hzco.com.pk

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

Dated: **June 03, 2016**

**BUDGET 2016
AT A GLANCE**

=== Rupees in Billion ===
2016-17 2015 -16
 Revised

RESOURCES

Internal resources

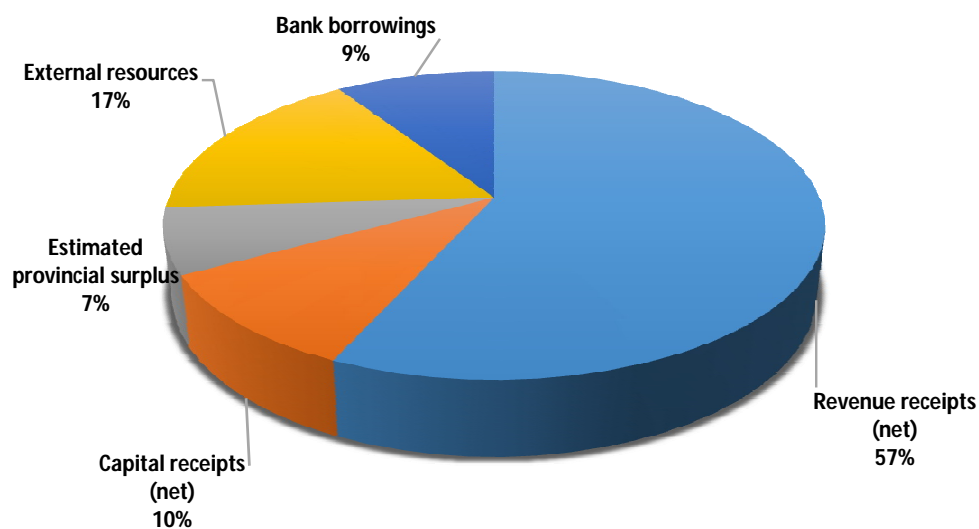
Revenue receipts (net)		
Direct tax	1,558	1,324
Indirect tax	2,063	1,779
Non tax revenue	1,294	1,229
Less: Provincial share	(2,136)	(1,852)
Capital receipts (net)	504	603
Estimated provincial surplus	339	337
	<hr/>	<hr/>
	3,622	3,420

External resources

820	859
<hr/>	<hr/>
4,442	4,279

Bank borrowings

453	199
<hr/>	<hr/>
4,895	4,478



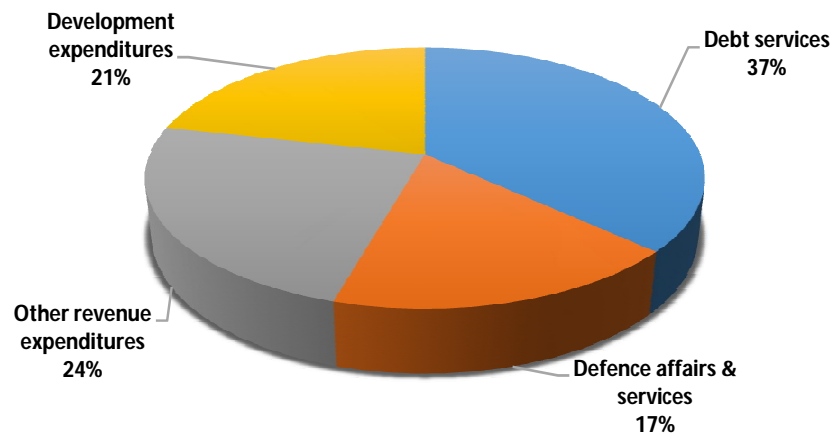
EXPENDITURES

Current expenditures	3,844	3,600
Development expenditures (PSDP)	1,051	878
	<hr/>	<hr/>
	4,895	4,478

=== Rupees in Billion ===

	<u>2016-17</u>	<u>2015 -16</u> <u>Revised</u>
<u>Revenue Receipts (Gross)</u>		
Direct tax	1,558	1,324
Indirect tax		
Customs	413	349
Sales Tax	1,437	1,230
Federal Excise	213	201
Others	335	316
	<u>3,956</u>	<u>3,420</u>
<u>EXPENDITURES</u>		
Debt services	1,804	1,633
Defence affairs & services	860	776
Other revenue expenditures	1,180	1,191
	<u>3,844</u>	<u>3,600</u>
Development expenditures	1,051	878
	<u>4,895</u>	<u>4,478</u>

Expenditures



Finance Bill 2016

Table of Contents

Salient Feature	Page No.
Income Tax	01-04
Sales Tax	05-06
Federal Excise	07-07
Customs Act	08-10
Detailed comments on	
Income Tax	11-62
Sales Tax	63-95
Federal Excise	96-105

SALIENT FEATURES

Finance Bill 2016

All the proposed amendment through Finance Bill 2016 are effective from July 01, 2016 except amendments in Custom Duty which shall have effect from the next day of assent given to the Act by the President of Islamic Republic of Pakistan

INCOME TAX

- It is proposed to continue Super Tax for tax year 2016 on income exceeding Rs.500(M).
- It is proposed to extend time period to setup Industrial Undertaking to avail tax credit u/s.65B, 65D & 65E upto June 30, 2019.
- It is proposed to relax condition for fresh equity investment to the minimum limit of 70%. However tax credit shall be available proportionate on owned new equity.
- It is proposed to extend period of exemption to introduce Greenfield Industrial Undertaking from July 2017 to June 30, 2019.
- Seeks to enhance tax credit from 2.5% to 3% in case of 90% supply made to registered person by manufactures.
- It is proposed to extend period for tax credit from one year to two years in case of enlistment of company in Stock Exchange of Pakistan.
- Seeks to impose fixed tax on Builders and Land Developers on the basis of per unit area.

SALIENT FEATURES

- It is proposed to bring income from property in case of individual and AOP as separate block of income regime. However, income from property in case of company shall be computed under normal tax regime.
- It is proposed to extend exemption on export of IT related services upto June 2019 subject to condition that 80% of foreign exchange remitted to Pakistan from banking channel.
- It is proposed in case of individual having taxable income less than Rs. 1(M) shall be entitled for tax relief equal to 5% of school fee upto Rs.60,000 per child per annum.
- It is proposed to enhance contribution by employer to provident fund from Rs.100,000/- to Rs.150,000/-.
- Seeks to allow tax credit on payment of life insurance premium.
- Seeks to impose higher withholding tax in case of non-filer under various provision of Income Tax Ordinance, 2001.
- It is proposed that withholding tax @ 5% of the value of minerals be collected from non-filers from department of Provincial Govt.
- It is proposed withholding income tax @ 3% of turnover from non-filer registered with Provincial sales tax authority.
- Seeks to restrict expenditure incurred by incurred by Pharmaceutical manufacturers in respect of sale promotion, advertisement and publicity to the extent of 5% of turnover.
- Seeks to disallow any expenditure from which the person is required to deduct or collect tax unless the person has paid or deducted, provided such disallowance shall not exceed 20% of purchase of raw

materials and finished goods However, tax recovery u/s.161 or 162 shall be considered as tax paid.

- It is proposed to impose turnover tax in case of Individual or AOP having more than Rs. 10(M) from tax year 2017, further company declaring gross loss will also be required to pay minimum tax.
- Seeks to enhance holding period of immovable property from two years to five years in order to avail tax exemption
- It is proposed that supplies made by the distributors of fast moving consumer goods subject to withholding tax @ 3% of the gross amount payable in case of company and 3.5% in case of other than company.
- Seeks to include Alternate Corporate Tax for the purpose of working of advance tax u/s.147 of the Income Tax Ordinance, 2001.
- It is proposed to amend mechanism for revision of income tax return u/s.114(6) of the Income Tax Ordinance, 2001.
- It is proposed that withholding on payment made to electronic & prints media for advertising services shall be considered discharge of final tax liability.
- Seeks to enhance withholding tax rate from 17.5% to 20% in case of dividend paid to non-filers.
- It is proposed tax collected on lease of the right to collect tolls shall be final tax.
- Seeks to collect advance tax on insurance premium from non filers.

SALIENT FEATURES

- It is proposed that exemption on account of inter corporate dividend will be withdrawn in case of group relief u/s.59B.
- It is proposed to allow certain exemptions in respect of Gwadar Port subject to fulfillment of conditions.
- It is proposed withholding tax on cash withdrawal shall be aggregated amount of Rs. 50,000/- from all bank accounts in single day.

SALES TAX ACT, 1990

- Seeks to exempt Sales tax on pesticides
- Seeks to exempt Sales Tax on import of Laptop and personal computers
- Seeks proposed to withdraw further tax on second hand and worn clothing
- Seeks to enhance the threshold limit of cottage Industry from Five Million to Ten Million for sales tax registration purpose.
- Seeks to rating five sectors covered under SRO 1125(i)/2011 dated; 31.12.2011, no tax no refund regime It has been proposed to exempt sales tax on premises for growth stunning.
- It has proposed to exempt sales tax on premises for growth.
- Seeks to retail sales of locally manufactured finished goods subject to 5% sales tax
- Provisional services sales tax has been proposed to exclude for definition of input tax.
- Seeks to give legal cover to recover withholding tax not deducted by a taxpayer.
- It is proposed to exempt machinery & equipment for the development of grain handling & storage facility.
- Seeks to enhancement a fixed rate basis on steel sector, ship breakers & steel melter.

SALIENT FEATURES

- Seeks to fix Sales Tax @ 2% on supplies of retailers who are required to pay Sales Tax @ 17% subject to certain conditions.
- Seeks to enhance Sales Tax rate on certain ingredient of poultry feeds from 5% to 10%.
- Seeks to fix the Sales Tax @ Rs. 1.25 per KWH of electricity consumed for Marble Cutting and Polishing Industry.
- Seeks to Urea, subject to 5% sales tax.
- Seeks to enhance from Sales tax Rs. 500/- to Rs. 1000/- and Rs. 1000/- to Rs. 1500/- on cellular mobile.
- Seeks to exempt products related to health.
- Seeks to exempt Dump Trucks for Thar coal Field.
- Seeks to bring white crystalline sugar subject to 8% sales tax.

FEDERAL EXCISE ACT, 2005

- Seeks to withdraw Federal Excise Duty on services subject Provincial Sales Tax.
- It is purposed to withdraw Federal Excise Duty on white crystalline sugar.
- It is purposed to enhance Federal Excise Duty rate on cigarettes.
- Seeks to enhance Federal Excise Duty on cement from 5% of the retail price to 1 Rupee per kg.
- It is purposed to enhance the rate of duty on Aerated water from 10.5% of the retail price to 11.5 % of retail price.
- It is purposed to grant exemption from Federal Excise Duty related to Gawadar Port subject to certain conditions.

CUSTOMS ACT, 1969

- Tariff slabs reduced from existing 5 to 4 by merging 2% slab and 5% slab in new 3% slab.
- 10% and 15% slabs substitute with 11% and 16% slabs respectively.
- Concessions of CD for Dairy, Livestock & Poultry Sectors from 5% to 2%.
- Concessions of CD for Fish Farming, fish feed pellet (floating type) machines from 5% to 2%, fish / shrimp feed 10% & 20% to 0%.
- Exemption from CD on import of Premixes to prevent growth stunting (from 5 - 20 to 0%).
- Expansion in scope of exemption on Renewable Energy Technologies.
- Expansion in scope of exemption for Charitable non-profit making Institutions Operating Hospitals.
- Relief on Cool Chain Machinery.
- Extension in relief on import of Solar Panels till June, 2017.
- Exemption from CD and taxes on disposal of old & used ambulances imported by Edhi Foundation.
- Implementation of automotive development policy (ADP) 2016-2021.

S.No	Measure	Existing CD %	Proposed CD %
1	Exemption from CD on Water Quality Testing Kits	20	0
2	Concessions of CD on local manufacturing of LED Lights	20	5
3	Exemption from CD on Linear Akyl Benzene	2	0
4	Reduction in CD on raw material of PVC Resin	5	3
5	Reduction in CD on White Spirits	10	3
6	Reduction in CD on Stamping Foil	20	16
7	Reduction of CD on Fatty Alcohol Ethoxylate	15	5
8	Reduction in CD on CFC Free Gases	15	11
9	Reduction in CD rate for Aluminum Sheet in Coil	20	11
10	Reduction in CD on Thermostats of Deep-Freezers	20	3
11	Rationalization of CD on Betel nuts and Betel Leaves	10 Rs.300/kg	20 Rs.600/kg
12	Rationalization of CD on Almonds	10	20
13	Rationalization of CD Frozen fish	10	20

SALIENT FEATURES

14	Increase of CD on Medium Density Fiber board	15	20
15	Increase of CD on Cement Clinker	2	11
16	Increase in CD on Semi Printed/Printed Security Paper	5	16
17	Increase in CD on Live Chicken stock and Eggs of chicken	5	11
18	Increase in CD on Birds eggs(not in shell)	5	16
19	Removal of RD from Bead Wire for tyres Manufacturers	RD 10	0
20	Removal of RD from Carbon Steel Strips used by Razor blade manufacturers	RD 17.5	0
21	Levy of RD on Powdered Milk	20	20+25RD
22	Levy of RD on Whey Powder	20	20+25RD

INCOME TAX

The amendments are applicable from July 1, 2016 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2016	PROPOSED AMENDMENT THROUGH FINANCE BILL 2016
4B	<p><i>Super Tax for rehabilitation of temporarily displaced persons</i></p> <p>(2) For the purposes of this section, "income" shall be the sum of the following:—</p> <p>(i)</p> <p>(ii).....</p> <p>(iii)</p> <p>(iv).....</p>	<p><i>It has been proposed to continue levy of super tax for one more year that is tax year 2016.</i></p> <p><i>Further 'brought forward business losses and depreciation losses' has been excluded from definition of "Income" for the purpose of levying of super tax, amended sub-section -2 read as under;</i></p> <p>For the purposes of this section, "income other than depreciation and business losses" shall be the sum of the following:</p> <p>i)</p> <p>(ii).....</p> <p>(iii)</p> <p>(iv).....</p>
	<p><i>Following new section has been proposed to be inserted whereby fixed income tax assessment scheme on the basis of area is to be introduced for builders in respect of construction projects initiated and approved after July, 2016</i></p> <p>"7C. Tax on builders.— (1) Subject to this Ordinance, a tax shall be imposed on the profits and gains of a person deriving income from the business of construction and sale of residential, commercial or other buildings at the rates specified in Division VIIIA of Part I of the First Schedule.</p>	

(2) The tax imposed under sub-section (1) shall be computed by applying the relevant rate of tax to the area of the residential, commercial or other building being constructed for sale.

(3) The Board may prescribe:

(a) the mode and manner for payment and collection of tax under this section;

(b) the authorities granting approval for computation and payment plan of tax; and

(c) responsibilities of the authorities approving, suspending and cancelling no objection certificate to sell and the matters connected and ancillary thereto.

(4) This section shall apply to business or projects undertaken for construction and sale of residential, commercial or other buildings initiated and approved after the 1st July, 2016."

Following tax rates have been proposed:

(A) Karachi, Lahore and Islamabad		B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta		(C) Urban Areas not specified in A and B	
For commercial buildings					
Rs. 210/ Sq Ft		Rs. 210/ Sq Ft		Rs. 210/ Sq Ft	
For residential buildings					
Area in Sq. ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft
Up to750	Rs. 20	Up to750	Rs. 15	Up to750	Rs. 10
751 to 1500	Rs. 40	751 to 1500	Rs. 35	751 to 1500	Rs. 25
1501 & more	Rs. 70	1501 & more	Rs. 55	1501 & more	Rs. 35

Following new section has been proposed to be inserted whereby fixed income tax assessment scheme on the basis of area is to be introduced for developers in respect of construction projects initiated and approved after July, 2016

Tax on developers.— (1) Subject to this Ordinance, a tax shall be imposed on the profits and gains of a person deriving income from the business of development and sale of residential, commercial or other plots at the rates specified in Division VIII B of Part I of the First Schedule.

(2) The tax imposed under sub-section (1) shall be computed by applying the relevant rate of tax to the area of the residential, commercial or other plots for sale.

(3) The Board may prescribe:

(a) the mode and manner for payment and collection of tax under this section;

(b) the authorities granting approval for computation and payment plan of tax; and

(c) responsibilities of the authorities approving, suspending and cancelling no objection certificate to sell and the matters connected and ancillary thereto.

(4) This section shall apply to projects undertaken for development and sale of residential, commercial or other plots initiated and approved after the 1st July, 2016."

Following tax rates have been proposed:

7D

INCOME TAX

(A) Karachi, Lahore and Islamabad		B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta		(C) Urban Areas not specified in A and B	
For commercial Plots					
Rs. 210/ Sq Ft		Rs. 210/ Sq Ft		Rs. 210/ Sq Ft	
For commercial Plots					
Area in Sq. ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft
Up to 120	Rs. 20	Up to 120	Rs. 15	Up to 120	Rs. 10
121 to 200	Rs. 40	121 to 200	Rs. 35	121 to 200	Rs. 25
201 and more	Rs. 70	201 and more	Rs. 55	201 and more	Rs. 35

SECTION	PRESENT POSITION AS ON 30TH JUNE, 2016	PROPOSED AMENDMENT THROUGH FINANCE BILL 2016
8	General provisions relating to taxes imposed under sections 5, 6 and 7.	<i>Consequential amendments have been proposed to incorporate newly inserted sections -7C & 7D.</i>
15(6) & (7)	<p>Income from property.</p> <p><i>Non-Existent</i></p>	<p><i>Following new sub-sections have been proposed to be inserted in section 15 to exclude individuals and AOPs from normal tax regime.</i></p> <p>(6) Income under this section shall be liable to tax at the rate specified in Division VIA of Part I of the First Schedule. <i>(for rate refer page 43)</i></p> <p>(7) The provisions of sub-section (1), shall not apply in respect of an individual or association of persons who derive income chargeable to tax under this section not exceeding two hundred thousand rupees in a tax year and does not derive taxable income under any other head.</p>
15A	<p>Deductions in computing income chargeable under the head “Income from Property.</p>	<i>Now only corporate taxpayers are liable to pay tax on property income under normal tax regime accordingly entitled for deductions.</i>

<p style="text-align: center;">21(c)</p>	<p>Deductions not allowed.</p> <p>(c) any salary, rent, brokerage or commission, profit on debt, payment to non-resident, payment for services or fee paid by the person from which the person is required to deduct tax under Division III of Part V of Chapter X or section 233 of chapter XII, [unless] the person has [paid or] deducted and paid the tax as required by Division IV of Part V of Chapter X;</p>	<p><i>Said clause has been proposed to be substituted, now every expense may be disallowed under said proviso, however disallowance has been restricted to 20% of raw materials and finished goods, further no disallowance can be made in case of recovery of related deductible tax u/s.161/162 substituted proviso read as under;</i></p> <p>(c) any expenditure from which the person is required to deduct or collect tax under Part V of Chapter X or Chapter XII, unless the person has paid or deducted and paid the tax as required by Division IV of Part V of Chapter X:</p> <p>Provided that disallowance under this clause shall not exceed twenty per cent of purchases of raw materials and finished goods: Provided further that recovery of any amount of tax under sections 161 or 162 shall be considered as tax paid.”.</p>
<p style="text-align: center;">21(O)</p>	<p>Non-Existent</p>	<p><i>Following self explanatory new clause has been proposed to be inserted.</i></p> <p>(o) any expenditure in respect of sales promotion, advertisement and publicity in excess of five per cent of turnover incurred by pharmaceutical manufacturers.”</p>

<p style="text-align: center;">22(5)</p>	<p>Depreciation.</p> <p>Non-Existent</p>	<p><i>Following explanation clarifying that fixed assets utilized in period of tax exemption on withdrawal or expiry of exemption period will be accounted for at written down value for claim of deprecation.</i></p> <p>Explanation,- For the removal of doubt, it is clarified that where any building, furniture, plant or machinery is used for the purposes of business during any tax year for which the income from such business is exempt, depreciation admissible under sub-section (1) shall be treated to have been allowed in respect of the said tax year and after expiration of the exemption period, written down value of such assets shall be determined after reducing total depreciation deductions (including any initial allowance under section 23) in accordance with clauses (a) and (b) of this sub-section."</p>
<p style="text-align: center;">37A(3A) (b)</p>	<p>37A. Capital gain on disposal of securities</p> <p>Non-Existent</p>	<p><i>The following explanation has been proposed to be inserted.</i></p> <p>Explanation: For removal of doubt it is clarified that derivative products include future commodity contracts entered into by the members of Pakistan Mercantile Exchange whether or not settled by physical delivery."</p>

53(2)	<p>53. Exemptions and tax concessions in the Second Schedule.</p> <p>(2) The Federal Government may, from time to time [“pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements”], by notification in the official Gazette, make such amendment in the Second Schedule by</p>	<p><i>It has been proposed to empower Federal Government to grant exemption/reduction in tax liability to international financial institution and foreign Government owned Financial Institution. The amended sub-section read as under;</i></p> <p>(2)The Federal Government may, from time to time [“pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements”], "or granting an exemption from any tax imposed under this Ordinance including a reduction in the rate of tax imposed under this Ordinance or a reduction in tax liability under this Ordinance or an exemption from the operation of any provision of this Ordinance to any international financial institution or foreign Government owned financial institution operating under an agreement,</p>
-------	--	---

		<p>memorandum of understanding or any other arrangement with the Government of Pakistan" by notification in the official Gazette, make such amendment in the Second Schedule by</p>
59B	<p>Group relief Non-Existent</p>	<p><i>New sub-section has been proposed to be inserted consequently subsidiary can only surrender proportionate loss to its holding company the extent shareholding of holding company. The amended sub-section read as under;</i></p> <p>(1A) The loss to be surrendered under sub-section (1) shall be allowed as per following formula, namely:-</p> <p style="text-align: center;">(A/100) x B</p> <p>where— A is the percentage share capital held by the holding company of its subsidiary company; and B is the assessed loss of the subsidiary company."</p>
62A	<p>Non-Existent</p>	<p><i>The following new section has been proposed to be inserted whereby tax credit will be allowed for health insurance premium paid by person driving salary or business income.</i></p> <p>62A. Tax credit for investment in health insurance. — (1) A resident person other than a company shall</p>

		<p>be entitled to a tax credit for a tax year in respect of any health insurance premium or contribution paid to any insurance company registered by the Securities and Exchange Commission of Pakistan under the Insurance Ordinance, 2000 (XXXIX of 2000), provided the resident person is deriving income chargeable to tax under the head “salary” or “income from business”</p> <p>(2) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —</p> <p style="text-align: center;">(A/B) x C</p> <p>where—</p> <p>A is the amount of tax assessed to the person for the tax year before allowance of tax credit under this section;</p> <p>B is the person’s taxable income for the tax year; and</p> <p>C is the lesser of —</p> <p>(a) the total contribution or premium paid by the person referred to in sub-section (1) in the year;</p> <p>(b) five per cent of the person’s taxable income for the year; and</p> <p>(c) one hundred thousand rupees.”;</p>
--	--	---

<p>63(2)(C)(ii)</p>	<p>63. Contribution to an Approved Pension Fund</p>	<p><i>Following self explanatory new proviso has been proposed to be inserted:</i></p> <p>“Provided also that the additional contribution of two percent per annum for each year of age exceeding forty years shall be allowed upto the 30th June, 2019 subject to the condition that the total contribution allowed to such person shall not exceed thirty percent of the total taxable income of the preceding year.”</p>
<p>64A(2)</p>	<p>Deductible allowance for profit on debt</p> <p>(2) The amount of an individual's deductible allowance allowed under sub-section (1) for a tax year shall not exceed fifty percent of taxable income or one million rupees, whichever is lower.</p>	<p><i>The limit of deductible allowance on account of interest paid on house loan has been proposed to be enhanced from one million to two million, the amended sub-section read as under</i></p> <p>(2) The amount of an individual's deductible allowance allowed under sub-section (1) for a tax year shall not exceed fifty percent of taxable income or two million rupees, whichever is lower.</p>
<p>64AB</p>	<p>“64AB. Deductible allowance for education expenses. (1) Every individual shall be entitled to a deductible allowance in respect of tuition fee paid by the individual in a tax year provided that the taxable income of the individual is less than one million rupees.</p>	<p><i>Following new section allowing deductible allowance on account of education expenses paid by persons having taxable income below one million has been proposed to be inserted.</i></p>

	<p>2) The amount of an individual’s deductible allowance allowed under sub-section (1) for a tax year shall not exceed the lesser of —</p> <p>(a) five per cent of the total tuition fee paid by the individual referred to in sub-section (1) in the year;</p> <p>(b) twenty-five per cent of the person’s taxable income for the year; and</p> <p>(c) an amount computed by multiplying sixty thousand with number of children of the individual.</p> <p>(3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted for the year shall not be carried forward to a subsequent tax year.</p> <p>(4) Allowance under this section shall be allowed against the tax liability of either of the parents making payment of the fee on furnishing national tax number (NTN) or name of the educational institution.</p> <p>(5) Allowance under this section shall not be taken into account for computation of tax deduction under section 149.”</p>
<p>64B(1)(2)</p>	<p>64B. Tax credit for employment generation by manufacturers. <i>The time limit for entitlement of credit under this section has been proposed to be extended from June, 2018 to June, 2019, further amount of tax credit has also been proposed to be enhanced from 1% to 2% of tax payable.</i></p>

65A	<p>Tax credit to a person registered under the Sales Tax Act, 1990</p> <p>Every manufacturer, registered under the Sales Tax Act, 1990, shall be entitled to a tax credit of two and a half per cent of tax payable for a tax year, if ninety per cent of his sales are to the person who is registered under the aforesaid Act during the said tax year.</p>	<p><i>The amount of tax credit under said section has been proposed to be enhanced from 2.5% of tax payable to 3% of tax payable.</i></p> <p>Every manufacturer, registered under the Sales Tax Act, 1990, shall be entitled to a tax credit of three percent of tax payable for a tax year, if ninety per cent of his sales are to the person who is registered under the aforesaid Act during the said tax year.</p>
65B	<p>Tax credit for investment.—</p> <p>(2) The provisions of sub-section (1) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2010, and the 30th day of June, 2016.</p>	<p><i>Time limit for entitlement of tax credit has been proposed to be extended till June 2019.</i></p> <p>(2) The provisions of sub-section (1) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2010, and the 30th day of June, 2019.</p>
65C	<p>Tax credit for enlistment.</p> <p>(1) Where a taxpayer being a company opts for enlistment in any registered stock exchange in Pakistan, a tax credit equal to twenty percent of the tax payable shall be allowed for the tax year in which the said company is enlisted.</p>	<p><i>Said tax credit will be available for two tax years now. Proposed amended section read as under:</i></p> <p>(1) Where a taxpayer being a company opts for enlistment in any registered stock exchange in Pakistan, a tax credit equal to [twenty] percent of the tax payable shall be allowed for the tax year in which the said company is enlisted and for the following tax year.</p>

65D	<p>Tax credit for newly established industrial undertakings.</p>	<p><i>Said section has been proposed to be amended such that the condition of 100% equity for setup cost of new industrial undertaking has been relaxed, new limit of equity is 70% of total investment, however, the amount of tax credit will also be reduced proportionate to equity investment.</i></p> <p><i>Further time limit for entitlement of tax credit has also been proposed to be extended to June 2019.</i></p> <p><i>Furthermore, it has been proposed if the industrial undertaking discontinues the business in subsequent five years after enjoying tax credit under this section the Commissioner will be empowered to recompute the tax liability of taxpayer.</i></p> <p><i>Tax credit under proposed amendment will be calculated in accordance with following new subsection:</i></p> <p>(1A) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: — $(A/100) \times B$</p>
-----	---	---

		<p>where—</p> <p>A is the amount of tax assessed to the person for the tax year before allowance of any tax credit for the tax year; and</p> <p>B is the equity raised through issuance of new shares for cash consideration.”;</p>
65E	<p>Tax credit for industrial undertakings established before the first day of July, 2011.</p>	<p><i>Said section has been proposed to be amended such that the condition of 100% equity for setup cost of expansion of existing industrial undertaking has been relaxed, new limit of equity is 70% of total investment, however, the amount of tax credit will also be reduced proportionate to equity investment.</i></p> <p><i>Further time limit for entitlement of tax credit has also been proposed to be extended to June 2019.</i></p> <p><i>Furthermore, it has been proposed if the industrial undertaking discontinues the business in subsequent five years after enjoying tax credit under this section the Commissioner will be empowered to recompute the tax liability of taxpayer.</i></p>

		<p><i>Tax credit under proposed amendment will be calculated in accordance with following new subsection:</i></p> <p>(3A) The amount of a person's tax credit allowed under subsection (1) for a tax year shall be computed according to the following formula, namely: — $(A/100) \times B$ where— A is the amount of tax assessed to the person for the tax year before allowance of any tax credit for the tax year; and B is the equity raised through issuance of new shares for cash consideration.”;</p>
<p>67</p>	<p>Apportionment of deductions.— (1) Subject to this Ordinance, where an expenditure relates to –</p> <p>(a) the derivation of more than one head of income; or</p> <p>[(ab) derivation of income comprising of taxable income and any class of income to which sub-sections (4) and (5) of section 4 apply, or;]</p>	<p><i>Said section has been proposed to be amended such that deductible allowances i.e. WWF and WPPF etc. will also be apportioned between NTR income and FTR income. The amended section read as under:</i></p> <p>(a) the derivation of more than one head of income; or</p> <p>[(ab) derivation of income comprising of taxable income and any class of income to which sub-sections (4) and (5) of section 4 apply, or;]</p>

	<p>(b) the derivation of income chargeable to tax under a head of income and to some other purpose The expenditure shall be apportioned on any reasonable basis taking account of the relative nature and size of the activities to which the amount relates.</p> <p>(2) The Board may make rules under section 237 for the purposes of apportioning deductions.</p>	<p>(b) the derivation of income chargeable to tax under a head of income and to some other purpose The expenditures, deductions and allowances shall be apportioned on any reasonable basis taking account of the relative nature and size of the activities to which the amount relates.</p> <p>(2) The Board may make rules under section 237 for the purposes of apportioning deductions.</p>
68	<p>Fair market value.—</p> <p>(2) The fair market value of any property [or rent], asset, service, benefit or perquisite shall be determined without regard to any restriction on transfer or to the fact that it is not otherwise convertible to cash.</p>	<p><i>The proposed amended subsection read as under:</i></p> <p>(2) The fair market value of any property or rent, asset, service, benefit or perquisite shall be determined without regard to the value fixed or notified by any provincial authority for the purpose of stamp duty or for any other purpose or to any restriction on transfer or to the fact that it is not otherwise convertible to cash.</p>

<p>80 (2) (vab)</p>	<p>Person</p>	<p><i>Following self-explanatory explanation is proposed to be inserted:</i></p> <p>Explanation.- For removal of doubt it is clarified that a trust under this clause includes a foreign trust.</p>
<p>107 (1)</p>	<p>Agreements for the avoidance of double taxation and prevention of fiscal evasion. — “(1) The Federal Government may enter into an agreement, bilateral or multilateral with the government or governments of foreign countries or tax jurisdictions for the avoidance of double taxation and the prevention of fiscal evasion and exchange of information including automatic exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country, and may, by notification in the official Gazette, make such provisions as may be necessary for implementing the agreement.”; and</p>	<p><i>Said subsection has been proposed to be rephrased as under:</i></p> <p>(1) The Federal Government may enter into a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement or similar agreement or mechanism for the avoidance of double taxation or for the exchange of information for the prevention of fiscal evasion or avoidance of taxes including automatic exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country and may, by notification in the official Gazette, make such provisions as may be necessary for implementing the said instruments.”</p>

108 (3), (4), (5)	<p>Transactions between associates</p> <p>Non-Existent</p>	<p><i>The following new subsections have been proposed to be inserted whereby, certain documentation requirements and provision of information to the relevant Commissioner with respect to transaction with related parties has been proposed to be enacted:</i></p> <p>(3) Every taxpayer who has entered into a transaction with its associate shall:</p> <p>(a) maintain a master file and a local file containing documents and information as may be prescribed;</p> <p>(b) keep and maintain prescribed country-by-country report, where applicable;</p> <p>(c) keep and maintain any other information and document in respect of transaction with its associate as may be prescribed; and</p> <p>(d) keep the files, documents, information and reports specified in clauses (a) to (c) for the period as may be prescribed.</p> <p>(4) A taxpayer who has entered into a transaction with its associate shall furnish, within thirty days the documents and information to be kept and maintained under sub-section (3) if required by the Commissioner in the course of any proceedings under this Ordinance.;</p>
-------------------	--	---

		<p>(5) The Commissioner may, by an order in writing, grant the taxpayer an extension of time for furnishing the documents and information under sub-section (4), if the taxpayer applies in writing to the Commissioner for an extension of time to furnish the said documents or information: Provided that the Commissioner shall not grant an extension of more than forty-five days, when such information or documents were required to be furnished under sub-section (4), unless there are exceptional circumstances justifying a longer extension of time.</p>
<p>113(1)</p>	<p>Minimum tax on the income of certain persons.-</p> <p>(1) This section shall apply to a resident company, an individual (having turnover of fifty million rupees or above in the tax year 2009 or in any subsequent tax year) and an association of persons (having turnover of fifty million rupees or above in the tax year 2007 or in any subsequent tax year) where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force—</p>	<p><i>Said section has been proposed to be amended such that persons having turnover exceeding 10 million from tax year 2017 will now be required to pay minimum turnover tax. Further company declaring gross loss will also be required to pay minimum turnover tax. The amended section read as under:</i></p>

<p>(a) loss for the year; (b) the setting off of a loss of an earlier year; (c) exemption from tax; (d) the application of credits or rebates; or (e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than one per cent of the amount representing the person's turnover from all sources for that year:</p> <p>Provided that this sub-section shall not apply in the case of a company, which has declared gross loss before set off of depreciation and other inadmissible expenses under the Ordinance. If the loss is arrived at by setting off the aforesaid or changing accounting pattern, the Commissioner may ignore such claim and proceed to compute the tax as per historical accounting pattern and provision of this Ordinance and all other provisions of the Ordinance shall apply accordingly.</p>	<p>(1) This section shall apply to a resident company, an individual (having turnover of ten million rupees or above in the tax year 2017 or in any subsequent tax year) and an association of persons (having turnover of ten million rupees or above in the tax year 2017 or in any subsequent tax year) where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force—</p> <p>(a) loss for the year; (b) the setting off of a loss of an earlier year; (c) exemption from tax; (d) the application of credits or rebates; or (e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than one per cent of the amount representing the person's turnover from all sources for that year:</p>
--	--

	[Explanation.- For the purpose of this sub-section, the expression "tax payable or paid" does not include tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under section 169 or under any other provision of this Ordinance.]	<p>Explanation.- <i>For the purpose of this sub-section, the expression "tax payable or paid" does not include-</i> <i>(a) tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under section 169 or under any other provision of this Ordinance; and</i> <i>(b) tax payable or paid under section 4B</i></p>
113A	Minimum tax on builders	<i>Since new section 7C has been proposed for taxation of builders, therefore, this section, being redundant, is proposed to be omitted.</i>
113B	Minimum tax on land developers	<i>Since new section 7D has been proposed for taxation of builders, therefore, this section, being redundant, is proposed to be omitted.</i>

<p>114 (6)</p>	<p>Return of income</p> <p>.....</p> <p>Provided also that where the Commissioner has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought, the approval required under clause (ba) shall be deemed to have been granted by the Commissioner, and condition specified in clause (ba) shall not apply:</p>	<p><i>The proposed substituted proviso entails that in case where taxable income increased or loss reduced in revised return of income written permission from Commissioner is not necessary.</i></p> <p>Provided also that condition specified in clause (ba) shall not apply and the approval required there under shall be deemed to have been granted by the Commissioner, if-</p> <p>(a) the Commissioner has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought;</p> <p>or</p> <p>(b) taxable income declared is more than or the loss declared is less than the income or loss, as the case may be, determined under section 120.”;</p>
-----------------------	--	--

<p>122C (2)</p>	<p>Provisional assessment</p> <p>Provided that the provisions of sub-section (2) shall not apply if return of income along with wealth statement, wealth reconciliation statement and other documents required under sub-section (2A) of section 116 are filed by the person [being an individual or an association of persons] for the relevant tax year during the said period of forty-five days.</p> <p>Provided further that the provisions of sub-section (2) shall not apply to a company if return of income tax alongwith audited accounts or final accounts, as the case may be, for the relevant tax year are filed by the company electronically during the said period of forty-five days.</p>	<p><i>The proposed substituted proviso entails that now in order to set aside the provisional assessment in addition to filing of return of income within 45 days, the taxpayer will have submit accounts and other documents for total audit.</i></p> <p>Provided that the provisions of this sub-section shall not apply, if—</p> <p>(a) return of income along with wealth statement, wealth reconciliation statement and other documents required under sub-section (2A) of section 116 are filed by the person being an individual or an association of persons for the relevant tax year during the said period of forty-five days; and</p> <p>(b) the individual or an association of persons present accounts and documents for conducting audit of income tax affairs for that tax year: Provided further that the provisions of sub-section (2) shall not apply—</p> <p>(a) to a company, if return of income tax alongwith audited accounts or final accounts, as the case may be, for the relevant tax year are filed by the company electronically during the said period of forty-five days; and</p> <p>(b) if the company presents accounts and documents for conducting audit of its income tax affairs for that tax year.”;</p>
------------------------	--	--

<p style="text-align: center;">147(4)</p>	<p>Advance tax paid by the taxpayer</p>	<p><i>An explanation clarifying that “alternate corporate tax” is also to be considered for working of quarterly advance tax, is proposed to be inserted as under:</i></p> <p>Explanation.- For removal of doubt it is clarified that tax assessed includes tax under sections 113 and 113C.</p>
<p style="text-align: center;">152A</p>	<p>Non-Existent</p>	<p><i>A new section for withholding of tax at source from payments for foreign produced commercials is proposed to be inserted as under:</i></p> <p>152A. Payment for foreign produced commercials. (1) Every person responsible for making payment directly or through an agent or intermediary to a non resident person for foreign produced commercial for advertisement on any television channel or any other media shall deduct tax at the rate of twenty percent from the gross amount paid.</p> <p>(2) The tax deductible under subsection (1), shall be final tax on the income of non-resident person arising out of such payment.</p>

<p style="text-align: center;">153(3)</p>	<p>Payments for goods, services and contracts</p>	<p><i>Tax deduction from print and electronic media persons has been proposed to be treated as final tax liability by inserting following clause:</i></p> <p>(e) tax deducted under clause (b) of sub-section (1) by person making payments to electronic and print media for advertising services shall be final tax with effect from the 1st July, 2016.”; and</p>
<p style="text-align: center;">153(5)(e)</p>	<p>(e) a cotton ginner who deposits in the Government Treasury, an amount equal to the amount of tax deductible on the payment being made to him, and evidence to this effect is provided to the “prescribed person”;</p>	<p><i>Omitted.</i></p> <p><i>The facility available to cotton ginner that they could themselves pay tax deductible and ask the buyer to make payment without deduction of tax is proposed to be withdrawn.</i></p>
<p style="text-align: center;">169(4)</p>	<p>Non-Existent</p>	<p><i>A new clarificatory subsection is proposed to be inserted as under:</i></p> <p>(4) Where the tax collected or deducted is final tax under any provision of the Ordinance and separate rates for filer and non-filer have been prescribed for the said tax, the final tax shall be the tax rate for filer and the excess tax deducted or collected on account of higher rate of non-filer shall be adjustable.”</p>

165B(2)	<p>Furnishing of information by financial institutions including banks</p> <p>(2) Subject to section 216, all information received under this section shall be used only for tax and related purposes and kept confidential.</p>	<p><i>Rectificatory amendment has been proposed to be made as under:</i></p> <p>(2) All information received under this section shall be used only for tax and related purposes and kept confidential.</p>
170(c)	<p>Refunds</p> <p>(c) made within two years of the later of –</p>	<p><i>The time limit for filing refund application has now been proposed to be increased from two years to three years. The subsection now reads as under:</i></p> <p>(c) made within three years of the later of –</p>
182(1)	<p>Offences and penalties</p> <p>S. No. 1A - Where any person fails to furnish a statement as required under section 115, 165 or 165A within the due date.</p>	<p><i>Non-filing of statement u/s. 165B by the financial institutions has also been proposed to be penalized u/s. 182 at Rs. 2,500 for each day of default subject to minimum penalty of Rs. 10,000/-.</i></p> <p>S. No. 1A - Where any person fails to furnish a statement as required under section 115, 165, 165A or 165B within the due date.</p>

<p style="text-align: center;">198</p>	<p>Prosecution for unauthorised disclosure of information by a public servant - A person who discloses any particulars in contravention of section 216 shall commit an offence punishable on conviction with a fine of not less than five hundred thousand rupees or imprisonment for a term not exceeding one year, or both.</p>	<p><i>Disclosure of confidential information obtained under inter-government agreements or tax treaty u/s. 107 has also been proposed to be made punishable offence under this section.</i></p> <p>Prosecution for unauthorised disclosure of information by a public servant - A person who discloses any particulars in contravention of sub-section 1B of section 107 or section 216 shall commit an offence punishable on conviction with a fine of not less than five hundred thousand rupees or imprisonment for a term not exceeding one year, or both.</p>
<p style="text-align: center;">231A</p>	<p>Cash withdrawal from a bank</p>	<p><i>Clarificatory explanation has been proposed to be inserted as under:</i></p> <p>Explanation.- For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate withdrawals from all the bank accounts in a single day.</p>

231B	<p>Advance tax on private motor vehicles</p> <p><i>Non-Existent</i> <i>t</i></p>	<p><i>It has been proposed that no advance tax is to be collected at the time of transfer of registration in respect of vehicles after five years of registration. The proviso reads as under:</i></p> <p>Provided that no collection of advance tax under this sub-section shall be made after five years from the date of first registration as specified in clauses (a), (b) and (c) of sub-section (6)."; and</p> <p><i>Further the following new subsection has been proposed to be inserted introducing withholding tax collection from non-filers in respect of leased vehicles.</i></p> <p>(1A) Every leasing company or a scheduled bank or an investment bank or a development finance institution or a modaraba shall, at the time of leasing of a motor vehicle to a non-filer, collect advance tax at the rate of three per cent of the value of the motor vehicle.</p>
------	--	--

236A	<p>Advance tax at the time of sale by auction</p>	<p><i>Tax collected from contractors at the time of auction, collecting tolls has been proposed to be treated as final tax by inserting following subsection:</i></p> <p>(3) Notwithstanding the provisions of sub-section (2), tax collected on a lease of the right to collect tolls shall be final tax.</p>
236C	<p>Advance Tax on sale or transfer of immovable Property</p>	<p><i>Sale transaction of property holding period of which exceeds five years has been proposed to be excluded from collection of advance tax by inserting following subsection:</i></p> <p>(3) Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding five years.</p>
236E (1)	<p>Advance tax on foreign-produced TV plays and serials</p> <p>(1) Any licensing authority certifying any foreign TV drama serial or a play dubbed in Urdu or any other regional language, for screening and viewing on any landing rights channel, shall collect advance tax at the rates specified in Division XII of Part IV of the First Schedule.</p>	<p><i>Clarificatory amended is proposed to be made in this subsection as follows:</i></p> <p>(1) Any licensing authority certifying any foreign TV drama serial or a play in any language other than English, for screening and viewing on any landing rights channel, shall collect advance tax at the rates specified in Division XII of Part IV of the First Schedule.</p>

<p style="text-align: center;">236P (3)</p>	<p>Advance tax on banking transactions otherwise than through cash</p>	<p><i>Clarificatory explanation has been proposed to be inserted as under:</i></p> <p>Explanation.- For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate withdrawals from all the bank accounts in a single day.</p>
<p style="text-align: center;">236T</p>	<p>Collection of tax by Pakistan Mercantile Exchange Limited (PMEX).—(1) Pakistan Mercantile Exchange Limited (PMEX) shall collect advance tax—</p> <p>(a) at the rates specified in Division XXII of Part IV of First Schedule from its members on purchase of futures commodity contracts;</p> <p>(b) at the rates specified in Division XXII of Part IV of First Schedule from its members on sale of futures commodity contracts; and</p> <p>(2) The tax collected under clauses (a) and (b) of sub-section (1) shall be an adjustable tax.</p>	<p><i>Omitted.</i></p> <p><i>Since the future contracts by the mercantile exchange members are also covered under definition of securities u/s. 37A and advance tax collection rate has also been prescribed under said section therefore, this section is proposed to be omitted.</i></p>

236U	<p><i>New section for advance tax collection on insurance premium from non-filers has been proposed to be inserted as under:</i></p> <p>236U. Advance tax on insurance premium.- (1) Every insurance company shall collect advance tax at the time of collection of insurance premium from non-filers in respect of general insurance premium and life insurance premium, at the rates specified in Division XXV of Part IV of the First Schedule.</p> <p>(2) Insurance premium collected through agents of the insurance company shall be treated to have been collected by the insurance company.</p> <p>(3) Advance tax collected under this section shall be adjustable.</p>
236V	<p><i>New section for advance tax collection on extraction of minerals from non-filers has been proposed to be inserted as under:</i></p> <p>236V. Advance tax on extraction of minerals.- (1) There shall be collected advance tax at the rate specified in Division XXVI of Part-IV of the First Schedule on the value of minerals extracted, produced, dispatched and carried away from the licensed or leased areas of the mines.</p> <p>(2) Advance tax under sub-section (1) shall be collected by the provincial authority collecting royalty per metric ton from the lease-holder of mines or any person extracting minerals.</p> <p>(3) Advance tax collected under this section shall be adjustable.</p> <p>(4) The value of the minerals for the purpose of this section shall be as specified by the Board.</p>
236W	<p><i>New section for advance tax collection by provincial sales tax authorities from non-filers has been proposed to be inserted as under:</i></p> <p>236W. Advance tax from provincial sales tax registered person.- (1) Every provincial revenue authority shall collect advance adjustable tax at the rate of three per cent of the turnover from a non-filer who is a provincial sales tax registered person.</p> <p>(2) The advance tax under sub-section (1) shall be collected along with the sales tax return filed with the provincial revenue authority.</p> <p>(3) The provincial revenue authority shall not accept return for sales tax unless the tax required to be collected under this section has been collected or deposited.</p>

THE FIRST SCHEDULE

PART I
RATES OF TAXDivision I
Rates of Tax for Individuals and Association of Persons

A division prescribing tax rates for income from property in case of individuals and association of persons has been proposed to be inserted as under:

DIVISION-VIA

The rate of tax to be paid under Section 15, in the case of individual and association of persons, shall be as follows:

Sr. #	Gross amount of rent	Rate of tax
1	Where the gross amount of rent does not exceed Rs.200,000.	NIL
2	Where the gross amount of rent exceeds Rs.200,000 but does not exceed Rs.600,000.	5 per cent of the gross amount exceeding Rs.200,000.
3	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.1,000,000.	Rs.20,000 plus 10 per cent of the gross amount exceeding Rs.600,000.
4	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.	Rs.60,000 plus 15 per cent of the gross amount exceeding Rs.1,000,000.
5	Where the gross amount of rent exceeds Rs.2,000,000.	Rs.210,000 plus 20 per cent of the gross amount exceeding Rs.2,000,000";

Rate of tax for capital gain on disposal of securities as per Section 37A has been proposed to be revised by introducing higher rates for non-filers as under:

DIVISION VII

CAPITAL GAINS ON DISPOSAL OF SECURITIES

The rate of tax to be paid under section 37A shall be as follows:—

Sr #	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	
				Filer	Non-Filer
(1)	(2)	(3)	(4)	(5)	(6)
1	Where holding period of a security is less than twelve Months	12.5%	15%	15%	18%
2	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5%	12.5%	16%
3	Where holding period of a security is twenty-four months or more but the security was acquired on or after 1 st July, 2012	0%	7.5%	7.5%	11%
4	Where the security was acquired before 1 st July, 2012	0%	0%	0%	0%”
5	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%;

The capital gain earned on disposal of properties within five years of purchase has been proposed to be taxed at flat rate of 10% by substituting table prescribing rate of tax as under:

DIVISION VIII

CAPITAL GAIN ON DISPOSAL OF IMMOVABLE PROPERTY

Sr. #	Period	Rate of Tax
1	Where holding period of Immovable property is up to five years.	10%
2	Where holding period of immovable property is more than five years.	0%"; and

PART-III

The rate of tax deduction at source from dividend are proposed to be revised as under;

Division-I Advance Tax on Dividend

The rate of tax to be deducted under section 150 ["and 236S"] shall be-

- (a) 7.5% in the case of dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects;
- (b) ["12.5"]% for filers other than mentioned in (a) above;
- (c) ["20"]% for non-filers other than mentioned in (a) above;

Person	Stock Fund	Money market fund, income fund or REIT scheme or any other fund	
		Filer	Non-Filer
(1)	(2)	(3)	(4)
Individual	10%	10%	15%
Company	10%	25%	25%
AOP	10%	10%	10%

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5% [“:”]

[“Provided further that if a Developmental REIT Scheme with the object of development and construction of residential buildings is setup by thirtieth day of June, 2018, rate of tax on dividend received by a person from such Developmental REIT Scheme shall be reduced by fifty percent for three years from thirtieth day of June, 2018.”]

Division III

The tax deduction rate on payments for supplies of goods and services have been proposed to be revised as under:

Payments for Goods or Services

- (1) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be –
 - (a) in the case of the sale of rice, [], cotton seed or edible oils, [1.5]% of the gross amount payable; or
 - (b) in the case of sale of goods,—
 - ["(i) in case of a company, 4% of the gross amount payable, if the company is a filer and 6% if the company is a non-filer; and
 - (ii) in any other case, 4.5% of the gross amount payable, if the person is a filer and 6.5% if the person is a non-filer”:]

[(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be —

- (i) in the case of transport services, two per cent of the gross amount payable; or
- (ii) in the case of rendering of or providing of services, —

(a) in case of a company, 8% of the gross amount payable, if the company is a filer and 12% if the company is a non-filer; and

(ab) in the case of the supplies made by the distributors of fast moving consumer goods, 3% of the gross amount payable, if the supplier is a company and 3.5% if the supplier is other than a company.”;

(b) in any other case, 10% of the gross amount payable, if the person is a filer and 15% if the person is a non-filer;

(c) in respect of persons making payments to electronic and print media for advertising services,—

- (i) in case of a filer, **1.5%** of the gross amount payable; and
- (ii) in case of a non-filer, 12% of the gross amount payable, if the non-filer is a company and 15% if the non-filer is other than a company;”

(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be [] -]

- [“(i) 10% of the gross amount payable in case of sports persons;
- (ii) in case of a company, 7% of the gross amount payable, if the company is a filer and 10% if the company is a non-filer; and
- (iii) in any other case, 7.5% of the gross amount payable, if the person is a filer and 10% if the person is a non-filer.”]

Division V, Income from Property

The rate of tax deduction at source from property income u/s.155 are proposed to be revised as under;

Sr.No.	Taxable Income.	Rate of tax.
1	Where the gross amount of rent does not exceed Rs.200,000.	NIL
2	Where the gross amount of rent exceeds Rs.200,000 but does not exceed Rs.600,000.	5 percent of the gross amount exceeding Rs.200,000
3	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.1,000,000.	Rs.20,000 plus 10 percent of the gross amount exceeding Rs.600,000.
4	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.	Rs.60,000 plus 15 percent of the gross amount exceeding Rs.1,000,000
5	Where the gross amount of rent exceeds Rs.2,000,000	Rs.210,000 plus 20 per cent of the gross amount exceeding Rs.2,000,000"; and

Division VI

The rate of tax deduction at source from property income u/s.156 are proposed to be revised as under to introduce higher rate for non-filers;

Prizes and Winnings

(1) The rate of tax to be deducted under section 156 on a prize on prize bond or cross-word puzzle shall be 15% of the gross amount paid **for filer and 20% of the gross amount paid for non-filers.**

(2) The rate of tax to be deducted under section 156 on winnings from a raffle, lottery, prize on winning a quiz, prize offered by a company for promotion of sale, shall be 20% of the gross amount paid.]

Division II

The rate of tax collection on account of brokerage and commission u/s.233 are proposed to be revised as under;

Brokerage and Commission

Sr. #	Person	Rate applicable on the amount of payment.	
		Filer	Non-Filer
(1)	(2)	(3)	(4)
1	Advertising Agents	10%	15%
2	Life Insurance Agents where commission received is less than Rs.0.5 million per annum	8%	16%
3	Persons not covered in 1 and 2 above	12%	15%";

Division IIA

Rate of tax collection by Stock Exchange u/s.233A are proposed to be revised as under;

Rates for Collection of Tax by a Stock Exchange Registered in Pakistan

Sr #	Description	Rate
1	in case of purchase of shares as per clause (a) of sub-section (1) of section 233A.	0.02% of purchase value
2	in case of sale of shares as per clause (b) of sub-section (1) of section 233A.	0.02% of sale value";

**Division IV
Electricity Consumption**

The rate of tax collection along with electricity bills from commercial consumers has been proposed to be enhanced from 10% to 12%

Division X

The rate of advance tax collection at the time of sale of immovable property are proposed to be revised as under;

Advance tax on sale or transfer of Immovable property

The rate of tax to be collected under section 236C shall be **1%** of the gross amount of the consideration received [for filers and **2%** of the gross amount of the consideration received for non-filers.]

Division XVIII

The rates of advance tax collection at the time of purchase of immovable property are proposed to be revised as under;

Advance tax on purchase of immovable property

The rate of tax to be collected under section 236K shall be:-

S. No.	Period	Rate of Tax
(1)	(2)	(3)
1.	Where value of Immovable property is up to 3 million.	0%
2.	Where the value of Immovable property is more than 3 million	Filer 2%
		Non-Filer 4%

Provided that the rate of tax for Non-Filter shall be 1% upto the date appointed by the Board through notification in official gazette.

Division XIX

The rates of advance tax on domestic electricity consumption are proposed to be revised as under to rectify mistake in earlier Ordinance;

Advance tax on Domestic Electricity Consumption

The rate of tax to be collected under section 235A shall be---

- (i) 7.5% if the amount of monthly bill is Rs. ["75,000"] or more; and
- (ii) 0% the amount of monthly bill is less than **Rs. 75,000.**

Division XXI

It has been proposed to empower Federal Government to reduce the tax collection rate to 0.3% u/s. 236B for the period it deems appropriate, the amended proviso reads as under:

Advance Tax on Banking Transactions otherwise than through Cash

The rate of tax to be collected under section 236P shall be 0.6% of the transaction for non-filers.

"Provided that the rate specified in this Division **for the period it deems appropriate** shall be 0.3 per cent for the period commencing from the 11th day of July, 2015 and ending on the 30th day of September, 2015 (both days inclusive) or till the date as the Federal Government may, by notification in the official Gazette on recommendation of the Economic Coordination Committee of the Cabinet, extend.

New Division has been proposed to be inserted prescribing rates of tax collection from non-filers on insurance premium as under:

Division XXV**ADVANCE TAX ON INSURANCE PREMIUM**

The rate of tax to be collected from non-filers under section 236U shall be as under:-

Sr. #	Time of Premium	Rate
(1)	(2)	(3)
1.	General insurance premium	4%
2.	Life insurance premium if exceeding Rs 0.2 million per annum	1%
3.	Others	0%

New Division has been proposed to be inserted prescribing rates of tax collection from non-filers on extraction of minerals as under:

Division XXVI**ADVANCE TAX ON EXTRACTION OF MINERALS**

The rate of tax to be collected under section 236V shall be 5% of the value of the minerals for non-filers and 0% for filers.

**THE SECOND SCHEDULE
EXEMPTIONS AND TAX CONCESSIONS**

**PART I
EXEMPTIONS FROM TOTAL INCOME**

i. In order to promote business activities in Gwadar, following exemption clauses have been proposed to be inserted:

(126A) Income derived by China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations for a period of twenty-three years, with effect from the sixth day of February, 2007.

(126AA) Profit and gains derived by a taxpayer from businesses set up in the Gawadar Free Zone Area for a period of twenty three years with effect from the first day of July, 2016.

(126AB) Profit on debt derived by-

(a) any foreign lender; or

(b) any local bank having more than 75 per cent shareholding of the Government or the State Bank of Pakistan, under a Financing Agreement with the China Overseas Ports Holding Company Limited;

(126AC) Income derived by contractors and sub-contractors of China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations for a period of twenty years, with effect from the first day of July, 2016.”; and

(126AD) (1) Any income derived by China Overseas Ports Holding Company Limited being dividend received from China Overseas Ports Holding Company Pakistan (Private) Limited , Gawadar International Terminal Limited Gawadar Marine Services Limited and Gawadar Free Zone Company Limited.

(2) Any income derived by China Overseas Ports Holding Company Pakistan (Private) Limited being dividend received from, Gawadar International Terminal Limited Gawadar Marine Services Limited and Gawadar Free Zone Company Limited.

- ii. *Clause (98) has been proposed to be amended to restrict the tax exemption to sports boards established by governments only. Proposed amended clause reads as under:*

Any income derived by any Board or other organization established by the government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognised by Government.

Provided that the exemption of this clause shall not be applicable to the Pakistan Cricket Board.

- iii. *Clause (103A) has been proposed to be amended to withdraw tax exemption on intercorporate dividend in case of group companies availing tax relief u/s. 59B. The proposed amended clause reads as under:*

“Any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA subject to the condition that return of the group has been filed for the tax year.”

- iv. *Clause (133) has been proposed to be amended to extend the exemption till 2019 subject to condition that 80% of export proceeds are brought into Pakistan through normal banking channel. The proposed amended clause reads as under:*

(133) Income from exports of computer software or IT services or IT enabled services upto the period ending on 30th day of June, 2019;

“Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.”

PART II

REDUCTION IN TAX RATES

- i. *Following new clause prescribing concessionary tax rates for Pakistan Cricket Board subject to certain conditions has been proposed to be inserted:*

“(3B) The income of Pakistan Cricket Board derived from sources outside Pakistan including media rights, gate money, sponsorship fee, in-stadium rights, out-stadium rights, payments made by International Cricket Council, Asian Cricket Council or any other Cricket Board shall be taxed at a rate of four per cent of the gross receipts from such sources:

Provided that Pakistan Cricket Board may opt to pay tax at the rate of four per cent of the gross receipts from tax year 2010 and onwards:

Provided further that this option shall be available subject to withdrawal of appeals, references and petitions on the issue of tax rate pending before any appellate forum or tax authority:

Provided further that the outstanding tax liability payable under this clause up to tax year 2015 is paid by 30th June, 2016.”

- ii. *Clause (3) has been proposed to be amended whereby existing reduced rate of 1% in respect of services rendered / contract executed outside Pakistan has been enhanced to 50% of parallel rates for domestic service providers, the substituted clause reads as under:*

(3) (a) The tax in respect of income from services rendered outside Pakistan and construction contracts executed outside Pakistan shall be charged at the rates as specified in sub-clause (b), provided that receipts from services and income from contracts are brought into Pakistan in foreign exchange through normal banking channel.

(b) The rates in respect of income from services rendered outside Pakistan shall be 50% of the rates as specified in clause (2) of Division III of Part III of the First Schedule and the rates in respect of contracts executed outside Pakistan shall be 50% of the rates as specified in clause (3) of Division III of Part III of the First Schedule.”

PART IV

EXEMPTION FROM SPECIFIC PROVISIONS

- i. *The following new sub-clause have been proposed to be inserted in clause 11A providing exemption from payment of minimum tax u/s. 113.*

“(xxvi) China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited for a period of twenty three years, with effect from the sixth day of February, 2007.

(xxvii) companies, qualifying for exemption under clause (126M) of Part-I of this Schedule, in respect of profits and gains derived from a transmission line project.”

- ii. *The following new clause providing exemption from deduction of tax from payment of profit on debt has been proposed as under:*

“(38AA) The provisions of section 150 shall not apply to China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited for a period of twenty-three years.”

- iii. *The clause 11B and 11C are proposed to be amended to withdraw benefit under said clause from group companies availing tax relief u/s. 59B, amended clauses read as under:*

“(11B) The provisions of section 150 shall not apply in respect of inter-corporate dividend within the group companies entitled to group taxation under section 59AA “subject to the condition that the return of the group has been filed for the latest completed tax year”.

(11C) The provisions of section 151 shall not apply in respect of inter-corporate profit on debt within the group companies entitled to group taxation under section 59AA “subject to the condition that the return of the group has been filed for the latest completed tax year.”

- iv. *Clause (57) has been proposed to be amended to levy minimum tax u/s. 113 @ 0.5% upto tax year 2019 and 1% thereafter on trading houses which were previously exempted from payment of minimum tax.*
- v. *Clause (59) providing exemption from withholding of tax on profit on debt in respect of TFCs and national saving schemes, etc., has been proposed to be omitted withdrawing said exemptions.*
- vi. *Clause (72A) has been proposed to be amended to extend the benefit provided to Hajj group operators in respect of tax year 2016 as well. The amended clause reads as under:*

“(72A) The provisions of clause (I) and section 21, sections 113 and 52 shall not apply in case of a Hajj Group Operator in respect of Hajj operations provided that the tax has been paid at the rate of Rs.3,500 per Hajji for the tax year 2013 and Rs.5,000 per Hajji for the tax year 2014 to 2016 in respect of income from Hajj operations.”

- vii. *Clause (72B) has been proposed to be amended such that person availing exemption of tax collection at import stage will be subject to certain quantity limit and their cases will be compulsorily subjected to total audit. The amended clause read as under:*

(72B) The provisions of section 148 shall not apply to an industrial undertaking if the tax liability for the current tax year, on the basis of determined tax liability for any of the preceding two tax years,

whichever is the higher, has been paid and a certificate to this effect is issued by the concerned Commissioner.

Provided that the certificate shall only be issued by the Commissioner if an application for the said certificate is filed before the Commissioner, in the manner and after fulfilling the conditions as specified by notification in the official Gazette, issued by the Board for the purpose of this clause.

"Provided further that the quantity of raw material to be imported which is sought to be exempted from tax under section 148 shall not exceed 110 per cent of the quantity of raw material imported and consumed during the previous tax year:

Provided also that the Commissioner shall conduct audit of taxpayer's accounts during the financial year in which the certificate is issued in respect of consumption, production and sales of the latest tax year for which return has been filed and the taxpayer shall be treated to have been selected for audit under section 214C:

Provided also if the taxpayer fails to present accounts or documents to the Commissioner or the officer authorized by the Commissioner, the Commissioner shall, by an order in writing, cancel the certificate issued and shall proceed to recover the tax not collected under section 148 for the period prior to such cancellation and all the provisions of the Ordinance shall apply accordingly."

- viii. *Clause (86) has been proposed to be amended to extend the immunity from application of Section 111 in respect of investment and green field industrial undertakings upto June 2019.*
- ix. *Clause (94) has been proposed to be amended to extend the benefit under said clause of reduced rate of minimum tax u/s. 153(1)(b) at 2% to selected sectors upto tax year 2016 subject to condition that persons availing the benefit will file irrevocable undertaking by November 2016 to present its accounts to the commissioner. Further I.T. Sector has also been included in the list of sectors entitled for benefit.*

THE FOURTH SCHEDULE**RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS
OF INSURANCE BUSINESS**

- i. *Capital gain on disposal of listed securities earned by insurance companies is proposed to be taxed at normal corporate tax rate instead of existing reduced rates by amending Rule 6B as under:*

“6B. In computing income under this Schedule, there shall be included capital gains on disposal of shares and dividend of listed companies, vouchers of Pakistan Telecommunication corporation, modaraba certificate or instruments of redeemable capital and derivative products and shall be taxed at the rates specified in Division II of Part I of First Schedule.”;

THE SIXTH SCHEDULE

**PART I
RECOGNISED PROVIDENT FUNDS**

i. Limit of tax exempt employer contribution towards provident fund has been proposed to be enhanced from Rs. 100,000/- to Rs. 150,000/-.

(a) contributions made by the employer in excess of one-tenth of the salary or Rs. 150,000, whichever is low of the employee; and

SEVENTH SCHEDULE

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

- i. It has been proposed to extend the levy of super tax for tax year 2016 in case of banking companies as well. The proposed amended Rule 7C reads as under:*

(7C) For tax year 2015 **and 2016**, the provisions of section 4B shall apply to banking companies and shall be taxed at the rate specified in Division IIA of Part I of First Schedule.”

THE EIGHTH SCHEDULE

RULES FOR THE COMPUTATION OF CAPITAL GAINS ON LISTED SECURITIES

This schedule is proposed to be amended to incorporate the matter relating to open ended mutual fund and future commodity contracts on Pakistan Mercantile Exchange. Further it has been proposed to empower NCCPL to forward the details of person not providing information needed to relevant commissioner for penal action under the Ordinance.

Furthermore, it has also been proposed to make assets management companies and Pakistan mercantile exchange liable to furnish information to NCCPL as and when required. Enabling proposed rules are reproduced as under:

“(1A) Capital gains on disposal of units of open ended mutual funds and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited by NCCPL in the prescribed manner.

(1B) Gain or loss arising to persons through trading of future commodity contracts on Pakistan Mercantile Exchange, subject to tax under section 37A and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited on behalf of taxpayers by NCCPL in the manner prescribed.”;

“Provided that if the said information is not furnished, NCCPL shall forward the details to the Commissioner who shall exercise powers under the Ordinance to enforce furnishing of the said information including all penalty provisions.”; and

“(3A) The Asset Management Companies, Pakistan Mercantile Exchange and any other person shall furnish information when required by NCCPL for discharging obligations under this Schedule.”

SALES TAX

The Amendments are applicable from July 1, 2016 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2016	PROPOSED AMENDMENT THROUGH FINANCE BILL 2016
2(5AB)	<p><i>Existent</i></p> <p>Cottage industry means a manufacturer whose annual turnover from taxable supplies made in any tax period during the last twelve months ending any tax period does not exceed five million rupees or whose annual utility (electricity, gas and telephone) bills during the last twelve months ending any tax period do not exceed [eight] hundred thousand rupees</p>	<p><i>The Clause (5AB) has been proposed to be amended by which the threshold limit of Annual turnover from taxable supplies has been enhanced from (Five Million to Ten Million) i.e not required to be registered which is as under;</i></p> <p>Cottage industry means a manufacturer whose annual turnover from taxable supplies made in any tax period during the last twelve months ending any tax period does not exceed [Ten million rupees] or whose annual utility (electricity, gas and telephone) bills during the last twelve months ending any tax period do not exceed [eight] hundred thousand rupees</p>

2(9)	<p>Due date in relation to the furnishing of a return [under section 26], and section 26AA] means the 15th day of the month following the end of the tax period, or such other date as the [Board] may, by notification in the official Gazette, specify</p>	<p><i>That the retailers are also required to file return as per section 26 of the Sales Tax Act,1990 and they are not liable to file return as per section 26AA of the Act as such section is no more existent, therefore it has been proposed to omit the words {section 26AA} from the clause 09 of said section.</i></p> <p><i>Further a power has been provided under the Act, to file different annexure of Sales Tax Return at different dates.</i></p> <p>Due date in relation to the furnishing of a return [under section 26], and means the 15th day of the month following the end of the tax period, or such other date as the [Board] may, by notification in the official Gazette, and different dates may be specified for furnishing of different parts or annexures of the return; and</p>
------	--	--

2(14)(c)(d)(e)	<p>(c) in relation to goods or services acquired by the person, tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services;</p> <p>(d) Provincial sales tax levied on services rendered or provided to the person; and</p> <p>(e) levied under the Sales Tax Act, 1990 as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by the person;]</p>	<p><i>The proposed amendment has been made to omit the sales tax paid on services from the definition of input tax meaning thereby sales tax paid on services will not be longer considered as input tax as per Sales Tax Act, 1990, amended clause as under;</i></p> <p>(c) in relation to goods or services acquired by the person, tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services; and</p> <p>(d) levied under the Sales Tax Act, 1990 as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by the person;]</p>
----------------	---	--

<p>6(2)</p>	<p>The tax in respect of taxable supplies made [***] during a tax period shall be paid by the registered person at [the time of] filing the return in respect of that period under Chapter-V</p>	<p><i>The proposed substitution has been made so the every registered person shall be liable to deposit sales tax on due date as prescribed the amended section reads as under;</i></p> <p>The tax in respect of taxable supplies made [***] during a tax period shall be paid by the registered person by the date as prescribed in this respect</p>
<p>7(2)(i)</p>	<p>In case of a claim for input tax in respect of a taxable supply made [***], he holds a tax invoice [in his name and bearing his registration number] in respect of such supply for which a return is furnished</p>	<p><i>The proviso has been proposed to be added which has increased the condition for claiming input tax, if the supplier has not declared his supply in sales tax return or has not paid amount of tax due than buyer will not be entitled to claim input tax. Substituted section is as under;</i></p> <p>In case of a claim for input tax in respect of a taxable supply made [***], he holds a tax invoice [in his name and bearing his registration number] in respect of such supply for which a return is furnished “Provided that from the date to be notified by the Board in this respect, in addition to above, if the supplier has not declared such supply in his return or he has not paid amount of tax due as indicated in his return;</p>

8(1)(f)	<p><u>Tax credit not allowed</u> (1)Notwithstanding anything contained in this Act, a registered person shall not be entitled to reclaim or deduct input tax paid on</p> <p>(l) from the date to be notified by the Board, such goods and services which, at the time of filing of return by the buyer, have not been declared by the supplier in his return</p>	<p><i>The proposed amendment has been made to restrict the input tax claim of the buyer if the supplier has not paid the amount of tax due amended section as under;</i></p> <p><u>Tax credit not allowed</u> (1)Notwithstanding anything contained in this Act, a registered person shall not be entitled to reclaim or deduct input tax paid on</p> <p>(l) from the date to be notified by the Board, such goods and services which, at the time of filing of return by the buyer, have not been declared by the supplier in his return</p>
---------	--	---

<p>11(4A)</p>	<p>Non-Existent</p>	<p><i>The new sub section has been proposed to be added by which empowers the officer Inland Revenue to recover withholding sales tax from withholding agents who has fails to withhold or deposit the sales tax and the new sub section is as under;</i></p> <p><u>Assessment of Tax & Recovery of Tax not levied or short levied or erroneously refunded</u></p> <p>(4A) Where any person, required to withhold sales tax under the provisions of this Act or the rules made there under, fails to withhold the tax or withholds the same but fails to deposit the same in the prescribed manner, an officer of Inland Revenue shall after a notice to such person to show cause, determine the amount in default.</p>
---------------	----------------------------	--

13(2)(a)	<p><u>Exemption</u></p> <p>The Federal Government may pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements] by notification in the official Gazette, exempt any taxable supplies made [***] or [import or supply of] any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein;</p>	<p><i>The proposed amendment has been made to empower the Federal Government to take immediate action in order to exempt any taxable supplies made to or import and supply of any goods in relation to the matters of International Financial Institution or Foreign Government-owned Financial Institutions amended section is as under:-</i></p> <p>The Federal Government may pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas, implementation of bilateral and multilateral agreements] and matters relating to international financial institutions or foreign government-owned financial institutions" by notification in the official Gazette, exempt any taxable supplies made or [import or supply of] any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the Conditions and limitations specified therein;</p>
----------	--	---

26(2)	<p><u>Return</u> If there is a change in the rate of tax during a tax period, a separate return in respect of each portion of tax period showing the application of different rates of tax shall be Furnished</p>	<p><i>The proposed amendment has been made to done away requirement of filing separate sales tax return for a period in which sales tax rate has been changed Omitted...</i></p>
30 (DDD)	<p><i>Non-Existent</i></p>	<p><i>The new section has been inserted to define Directorate General of Input Out Coefficient Organization new section is as under</i></p> <p>30DDD. Directorate General of Input Output Co-efficient Organization. The Directorate General of Input Output Coefficient Organization (IOCO)-Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint</p>
33(1)(19)	<p><u>Offences and penalties.</u></p> <p>Any person who contravenes any of the provision of this Act for which no penalty has, specifically, been provided in this section</p>	<p><i>The proposed amendment has been made to specify the penalty under this clause for the violation of any rule of the Act, if its specific penalty is not defined under section 33 of the Sales Tax Act, 1990. The amended section is as under;</i></p> <p>Any person who contravenes any of the provision of this Act or the rules made there under for which no penalty has, specifically, been provided in this section</p>

49(2)	<p><u>Sales of taxable activity or transfer of ownership</u></p> <p>Existing</p> <p>In the case of sale or transfer of ownership of a taxable activity or part thereof to another registered person as an ongoing concern, sales tax chargeable on taxable goods or part thereof shall be accounted for and paid by the registered person to whom such sale is made or ownership is transferred.</p>	<p><i>The proposed amendment has been made to impose condition for issuance of zero rated sales tax invoice in respect of sale or transfer of ownership of taxable activity or part thereof to another registered person said section is substituted as under;</i></p> <p>In the case of sale or transfer of ownership of a taxable activity or part thereof to another registered person as an ongoing concern, the taxable goods or part thereof shall be transferred to the new owner through a zero-rated invoice and the sales tax chargeable thereon shall be accounted for and paid by the registered person to whom such taxable activity or part thereof is transferred</p>
-------	--	--

56(b)	<p><u>Disclosure of information by a public servant</u></p> <p>(1) Any information acquired under any provision of this Act or in pursuance of a bilateral or multilateral agreement or tax information exchange agreement shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).</p> <p>(2) The provisions of section 216 of Income Tax Ordinance, 2001 (XLIX of 2001), shall, mutatis mutandis, apply to the provisions of this section.</p>	<p><i>The proposed amendment has been made to restrict the public servant officer to share confidential information acquired or supplied in pursuance of bilateral or multilateral agreements with foreign government even disclosure is allowed under section 216 of the Income Tax Ordinance 2001 amended section is under</i></p> <p>“56B. Disclosure of information by a public servant.</p> <p>(1) Any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).</p> <p>(2) Notwithstanding anything contained in sub-section (1) and the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied in pursuance of bilateral or multilateral agreements with government of foreign countries for exchange of information under section 56A shall be confidential.”;</p>
-------	--	---

THIRD SCHEDULE

Serial 37	Non-Existent	Mineral/bottled water	<i>Mineral water has been included in the items of Third Schedule meaning thereby is that sales tax will be collected by the manufacture on its retail price.</i>
-----------	---------------------	------------------------------	---

FIFTH SCHEDULE
(ZERO RATED)

Serial 37	<p>Existent</p> <p>(i) Colors in sets (PCT heading 3213.1000).</p> <p>(ii) Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090)</p> <p>(iii) Erasers (PCT heading 4016.9210 and 4016.9290)</p> <p>(iv) Exercise books (PCT heading 4820.2000)</p>		<i>Except for items as mentioned in column 3, zero rated facility has been done away, however these items are exempt and included in Sixth Schedule.</i>
-----------	--	--	--

<p>(v) Pencil sharpeners (PCT heading 8214.1000)</p> <p>(vi) Geometry boxes (PCT heading 9017.2000) Pens, ball pens, markers and porous tipped pens (PCT heading 96.08)</p> <p>(viii) Pencils including color pencils (PCT heading 96.09)</p> <p>(ix) Milk 3 (PCT heading 04.014)</p> <p>(xvii) preparation for infants use put up for retail sale (PCT heading 1901.1000)</p> <p>(xviii) Fat filled milk (PCT heading 1901.9090)</p> <p>(xix) Bicycles (PCT heading 87.12).</p>	<p>(xix) Bicycles (PCT heading 87.12).</p> <p>(xvii) preparation for infants use put up for retail sale (PCT heading 1901.1000)</p>	
---	---	--

**SIXTH SCHEDULE
TABLE I**

Serial 100A	Non-Existent	<p>Materials and equipments for construction and operation of Gawadar Port and development of Free Zone for Gawadar Port as imported by or supplied to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited (ii) Gwadar International Terminal Limited,(iii) Gwadar Marin Services Limited and (iv) Gwadar Free Zone Company Limited, their contractors and sub-contractors; and Ship Bunker Oils bought and sold to the ships calling on/visiting Gawadar Port, having Concession Agreement with the Gwadar</p>	<p><i>Import of the Items mentioned in column three are exempt.</i></p>
-------------	---------------------	---	---

Serial 100A		<p>Port Authority, for a period of forty year, subject to the following conditions and procedure, namely,-</p> <p><u>(A). Conditions and procedure for imports.-</u> (i) This exemption shall be admissible only to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies, their contractors and sub-contractors which hold the Concession Agreement</p> <p>ii) Ministry of Ports and Shipping shall certify in the prescribed manner and format as per Annex-I that the imported materials and equipments are bonafide requirement for construction and operation of Gawadar Port and development of Free Zone for Gawadar Port.</p>	
-------------	--	--	--

Serial 100A		<p>The authorized officer of that Ministry shall furnish all relevant information online to Pakistan Customs against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In already computerized Collectorate or Customs station, where the computerized system is not operational, the Project Director or any other person authorized by the Collector in this behalf shall enter the requisite information in the Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis, provided that this condition shall not apply to ship bunker oils; and</p>	
-------------	--	--	--

Serial 100A		<p>(iii) The goods so imported shall not be sold or disposed of without prior approval of the FBR and payment of sales tax leviable at the time of import, provided that this condition shall not apply to ship bunker oils .B). Conditions and procedure for local supply.– (i) This exemption shall be admissible only to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies, their contractors and sub-contractors which hold Concession Agreement; (ii) for claiming exemption on goods which are otherwise taxable in Pakistan, the operating companies will purchase the</p>	
-------------	--	---	--

Serial 100A		<p>materials and equipments for the construction of Gawadar Port and development of Free Zone for Gawadar Port from the sales tax registered persons only; (iii) invoice of the exempt supply, containing the particulars required under section 23 of the aforesaid Act, shall for each supply be issued by the registered person to the operating company mentioning thereon that the said invoice is being issued under this notification;</p>	
-------------	--	---	--

Serial 100A		<p>(iv) a monthly statement summarizing all the particulars of the supplies made in the month against invoices issued to the operating companies shall be prepared in triplicate by the registered persons making the exempt supplies and shall be signed by the authorized person of the registered person. All three copies of the said signed monthly statement shall be got verified by the registered person from the person authorized to receive the supplies in the office of operating company, confirming that supplies mentioned in the monthly statement have been duly received;</p>	
-------------	--	---	--

Serial 100A		<p>(v) after verification from the operating company, original copy of the monthly statement will be retained by the registered person, duplicate by the operating company and the triplicate provided by the registered person to the Collector of Sales Tax having jurisdiction, by twentieth day of the month following the month in which exempt supplies to the operating companies were made; and (vi) the registered person making the exempt supplies shall keep the aforesaid record for presentation to the sales tax department as and when required to do so.</p>	
-------------	--	---	--

Serial 100B		Supplies made by the businesses to be established in the Gwadar Free Zone for a period of twenty-three years within the Gwadar Free Zone, subject to the condition that the sales and supplies outside the Gwadar Free Zone and into the territory of Pakistan shall be subjected to sales tax.	
-------------	--	---	--

NTN/FTN of Importer						Approval No.					
(1)						(2)					
Details of materials and equipments (to be filled in by the authorized officer of the Ministry of Ports and Shipping)						Goods imported (Collectorate of Import)					
HS code	Description	Specs	Customs duty rate (applicable)	Rate of sales tax	WHT	Quantity	UOM	Quantity import	Collectorate	CRN / Mach No	Date of CRN / Mach No.
(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

NOTE 1.- Before certifying, the authorized officer of the Ministry of Ports and Shipping shall ensure that the goods are genuine and bona fide requirement for construction and operation of Gawadar Port and development of Free Zone for Gawadar Port.

Signature_____

Designation_____

NOTE 2.- In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished online against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969 (IV of 1969) ”;

(ii) serial number 111 and entries relating thereto in columns (2) and (3) shall be omitted; and

(iii) after serial number 129 and entries relating thereto in columns (2) and (3), the following new serial numbers and corresponding entries thereto shall be inserted, namely:-

130		Premises for growth stunting	Respective Headings, and subject to conditions imposed for importation under the Customs Act, 1969	
131		Laptop computers, notebooks whether or not incorporating multimedia kit	8471.3010	
132		Personal computers	8471.3020	
133		Pesticides and their active ingredients registered by the department of Plant Protection under the Agricultural Pesticides Ordinance, 1971(II of 1971),	38.03	
		Xylol (xylenes	2707.3000	

		<i>Beta Pinene / Agrotin 527 / Terpenic derivative</i>	<i>2902.1990</i>	
		<i>Toluene</i>		<i>2902.3000</i>
		<i>Mixed xylene isomers</i>	<i>2902.4400</i>	
		<i>Naphthalene</i>	<i>2902.9010</i>	
		<i>Solvesso-100, 150, 200</i>	<i>2902.9090</i>	
		<i>Ingredients for pesticides</i>	<i>2903.3040</i>	
		<i>Cadusafos Technical Material</i>	<i>2903.6900</i>	
		<i>Methanol (methyl alcohol)</i>	<i>2905.1100</i>	
		<i>Propylene glycol (propane-1, 2- diol)</i>	<i>2905.3200</i>	
		<i>-Adhesives Polyvinyl Acetate -Polyvinyl Alcohol</i>	<i>2905.4900</i>	
		<i>Ingredients for pesticides</i>	<i>2906.2910</i>	
		<i>Other Ingredients for pesticides</i>	<i>2906.2990</i>	

SALES TAX

		<i>Solvenon MP / 1-Methoxy 2- Propanol Methyglycol Acetate</i>	<i>2909.4910</i>	
		<i>Methanal- formaldehyde</i>	<i>2912.1100</i>	
		<i>Cyclo- exanone and methyl- cyclo hexanones</i>	<i>2914.2200</i>	
		<i>Cyclohexanon Cyclohexanone Mixed petroleum Xylene (1,2 & 1,3 & 1,4 dimethyl benzene and ethyle enzene)</i>	<i>2914.2990</i>	
		<i>Acetic anhydride</i>	<i>2915.2400</i>	
		<i>Ingredients for pesticides</i>	<i>2916.3920</i>	
		<i>Diocyl orthophthalates</i>	<i>2917.3200</i>	
		<i>Ingredients for pesticides</i>	<i>2918.9010</i>	
		<i>Ingredients for pesticides</i>	<i>2919.0010</i>	
		<i>Other Ingredients for pesticides</i>	<i>2919.0090</i>	
		<i>Endosulfan Technical Material</i>	<i>2920.9020</i>	

		<i>Other Ingredients for pesticides</i>	2920.9090	
		<i>Diethylamine and its salts</i>	2921.1200	
		<i>Ingredients for pesticides</i>	2921.4310	
		<i>Other Ingredients for pesticides</i>	2921.4390	
		<i>Ingredients for pesticides</i>	2921.5110	
		<i>Triethanolami ne and its salts</i>	2922.1300	
		<i>Dimethyl Formamide (DMF)</i>	2924.1990	
		<i>Ingredients for pesticides</i>	2924.2930	
		<i>Other Ingredients for pesticides</i>	2924.2990	
		<i>Alpha cyano, 3 phenoxybenzyl (-) cis, trans 3- (2,2-dicloro vinyl 2,2 dimethyl cyclopropane carboxylate</i>	2926.9010	
		<i>Alpha cyano, 3- phenoxybenzyl (S)-2-(4, chloro phenyl)-3 mehtyl butyrate</i>	2926.9020	

		<i>Cyano, 3-phenony benzyl 2,2,3,3 tetra methyl cyclopropane carboxalat</i>	2926.9030	
		<i>Cypermethrin, Zeta- Cypermethrin, Lambda Cylalothrin, Deltamethrin, Fenpropathrin, Esfenvalerate, Bifenthrin Technical Material- Acetamiprid, Imidacloprid Technical Material- Monomehyppo, Chlorothalonil Technical Material- Bromoxynil Technical Material</i>	2926.9050	
		<i>Other nitrite compounds- Cyfluthrin, Beta Cyfluthrin Technical Material</i>	2926.9090	

		<i>2-N, -Dimethyl amino-I sodium thiosulphate, 3 thiosulfourrop ane</i>	<i>2930.2010</i>	
		<i>Ingredients for pesticides</i>	<i>2930.2020</i>	
		<i>N,N-dimethy amino 1,3 disodium thiosulphate propane</i>	<i>2930.9010</i>	
		<i>O,S-dimethyl phosphoramid othioate</i>	<i>2930.9020</i>	
		<i>S-S(2 dimethyl amino (trimethylene) bis (thio carbamate)</i>	<i>2930.9030</i>	
		<i>Diafethiuran technical (itertbutyl) 3-2-6 disopropyl (4-phenoxyphenyl thiourene</i>	<i>2930.9040</i>	
		<i>diethylO-(3,5,6 trichloro pyridinyl) phosphorothio ate</i>	<i>2930.9050</i>	

		<i>O-(4-bromo, 2-chloro phenyl) o-ethyls-propyl (phosphorothioate)</i>	<i>2930.9060</i>	
		<i>O,O duethyl O-(3,5,6-trichloro 2-pyridyl) Phosphorothioate</i>	<i>2930.9070</i>	
		<i>Ingredients for pesticides</i>	<i>2930.9080</i>	
		<i>Other organosulpher compounds Ethion, Methamidophos Technical Material Dimethylsulfoxid</i>	<i>2930.9090</i>	
		<i>Ingredients for pesticides</i>	<i>2931.0010</i>	
		<i>Other Ingredients for pesticides</i>	<i>2931.0090</i>	
		<i>Ingredients for pesticides</i>	<i>2932.2920</i>	
		<i>2,3 Dihydro 2,2 dimethyl-7 benzo furanyl methyl-carbamate</i>	<i>2932.9910</i>	

		<i>Other ingredients for pesticides Carbosulfan Technical Material</i>	2932.9990	
		<i>Fipronil</i>	2933.1900	
		<i>Ingredients for pesticides</i>	2933.3930	
		<i>Other Ingredients for pesticides</i>	2933.3990	
		<i>Chlorpyrifos, Triazophos, Diazinon Technical Material</i>	2933.5950	
		<i>Other Ingredients for pesticides</i>	2933.5990	
		<i>Pyrimethanine</i>	2933.6910	
		<i>Ingredients for pesticides</i>	2933.6940	
		<i>Atrazine Technical Material</i>	2933.6990	
		<i>Isatin (lactam of istic acid)</i>	2933.7910	
		<i>1-Vinyl-2-pyrrol-idone</i>	2933.7920	
		<i>Triazophos Technical Material</i>	2933.9910	
		<i>Ingredients for pesticides</i>	2934.1010	

		<i>Ingredients for pesticides</i>	2934.9920	
		<i>Methyl benzimidazol 2 ylcarbamate. Dicopper chloride trihydroxide</i>	2938.9010	
		<i>Ingredients for pesticides</i>	2939.9910	
		<i>Abamectin, Emamectin Technical Material</i>	2941.9050	
		<i>Other Ingredients for pesticides</i>	2941.9090	
		<i>Sulphonic acid (Soft)</i>	3402.1110	
		<i>Other surface active agents</i>	3402.1190	
		<i>Cationic</i>	3402.1290	
		<i>Non ionic surface active agents</i>	3402.1300	
		<i>Other organic surface active agents</i>	3402.1990 3402.9000	
		<i>Chemical preparations</i>	3824.9099	
		<i>Solvent C-9</i>	2707.5000	

SIXTH SCHEDULE
TABLE III

4	<i>Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups, imported for Thar Coal Field</i>	<i>Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups and dump trucks imported for Thar Coal Field</i>	<i>Import of the dump trucks has also been exempted</i>
---	---	--	---

EIGHT SCHEDULE
TABLE I

15	<i>2301.2090</i>	<i>2301.1000 Meat and Bone Meal</i>	<i>Items appearing in Column three has been substituted for items in column two and sales tax rate has been enhanced from 5% to 10%</i>
	<i>2301.2010 (Fish Meal)</i>	<i>2301.2090</i>	
	<i>2833.2600 (Zinc Sulphate)</i>	<i>2833.2940</i>	
	<i>2923.9000 (Betafin)</i>	<i>2923.9010 (Betaine)</i>	
20	<i>Plant, machinery, equipment and specific items used in production of bio-diesel</i>	<i>Plant, machinery, equipment</i>	<i>Facility of Reduce rate Reduced rate of sales tax on items used in production of bio-diesel has been done away.</i>

31	<i>Pesticides and their active ingredients registered by the Department of Plant Protection under the Agricultural Pesticides Ordinance, 1971(II of 1971), stabilizers, emulsifiers and solvents,</i>	<i>Entire serial has been omitted</i>	
32	<i>Non- Existent</i>	<i>White Crystalline Sugar (1701.9910 and 1701.9920)</i>	<i>Sales tax is charge @ 8% on item mentioned in column three.</i>
33	<i>Non- Existent</i>	<i>Urea, whether or not in aqueous solution (3102.1000)</i>	<i>Sales tax is charge @ 5% on item mentioned in column three.</i>

EIGHT SCHEDULE

Table II

<i>Machinery and equipment for development of grain handling and storage facilities</i>	<i>Machinery and equipment for development of grain handling and storage facilities including silos</i>	<i>Reduced rate facility has also been allowed to silos</i>
---	---	---

**NINTH SCHEDULE
TABLE II**

<p>B. Medium Priced Cellular Mobile Phones or Satellite Phones.</p> <p>i. One or two cameras: between 2.1 to 10 mega-pixels</p> <p>ii. Screen size: between 2.6 inches and 4.2 inches</p> <p>iii. Micro-processor: less than 2 GHZ</p>	<p>Rs. [1000]</p>	<p><i>As per proposed amendment the rate has been enhanced from Rs. [500] to Rs. [1000].</i></p>
<p>C- Smart Cellular</p>	<p>Rs. [1500]</p>	<p><i>As per proposed amendment the rate has been enhanced from Rs. [1000] to Rs. [1500].</i></p>

FEDERAL EXCISE

The amendments are applicable from July 1, 2016 unless specified otherwise.

FEDERAL EXCISE ACT, 2005

Serial	PRESENT POSITION AS ON 30 TH JUNE, 2016	PROPOSED AMENDMENT THROUGH FINANCE BILL 2016
Sec. 2 Clause (8a)	<p>“Due date”, in relation to furnishing a return under section 4, means the 15th day of the month following the end of the month, or such other date as the Federal Government may, by notification in the Official Gazette, specify.</p>	<p><i>Through this proposed amendment Clause (8a) of Section 2 has been substituted, that the power has been provided to the registered person for furnishing of different part or annexure after return on different dates as may be specified. Substituted Clause (8a) of section 2 is as under:</i></p> <p>“Due date”, in relation to furnishing a return under section 4, means the 15th day of the month following the end of the month, or such other date as the Federal Government may, by notification in the Official Gazette, specify, and different dates may be specified for different parts or annexure of the return.</p>

<p>Sec. 4 (2) (3)</p>	<p>Filing of return and payment of duty etc... (2) duty due for the dutiable supplies made or services rendered during a month shall be deposited by the registered person in the designated branch of the bank at the time of filing of his return under sub-section (1): Provided that the Board may, by notification an Official Gazette prescribed any other manner of depositing the duty. (3) if during any month, there is a change in the rate of duty, a separate return showing the application of different rates of duty shall be used in respect of each portion of such month.</p>	<p><i>Through this proposed amendment sub-section (2) has been substituted that the registered person has to deposit due duty on the dutiable supplies or services rendered during the month as the date may be prescribed in this respect & sub-section (3) has been omitted and no separate return shall be used/filled in respect of change in date of duty.</i> Filing of return and payment of duty etc... (2) duty due for the dutiable supplies made or services rendered during a month shall be deposited by the registered person in the designated branch of the bank at the time of filing of his return under sub-section (1), by the date as prescribed in this respect.</p>
<p>Sec. 6 (2A)</p>	<p>Non-Existent</p>	<p><i>Through this proposed amendment new sub-section (2A) has been inserted, whereby the adjustment of excise duty shall be admissible when supplier has declared such supply in his return along with payment of tax due as indicated in his return as notified by the board.</i></p> <p>Section 6 (2A):-- from the date to be notified by the Board, adjustment of duty of excise under sub-section (1) shall be admissible only if the supplier of input goods and services has declared such supply in his return and he has paid amount of tax due as indicated in his return;</p>

<p>Sec. 16 (2)</p>	<p>(2) The Federal Government may, pursuant to the approval to the Economic Coordination Committee of Cabinet, whenever circumstances to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development backward areas and implementation of bilateral and multilateral agreements, by notification in Official Gazette, exempt subject to such conditions as may be specified therein, any goods or class of goods or any services or class of services from the whole or any part of the duty leviable under this Act.</p>	<p><i>Through this proposed amendment in sub-section (2) of Section 16, the Federal Government may exempt any goods or class of goods or any services or class of services from the whole or any part of the duty leviable under the Act subject to such conditions as notified in the Official Gazette in relation to International Financial Institutions or Foreign Governments- Owned Financial Institutions whenever any circumstance exist to take immediate action for the purpose of national security, national disaster etc in pursuance to approval to the Economic Coordination Committee of Cabinet.</i></p> <p>(2) The Federal Government may, pursuant to the approval to the Economic Coordination Committee of Cabinet, whenever circumstances to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development backward areas and implementation of bilateral and multilateral agreements; and matters relating to international financial institution or foreign government- owned financial institutions;</p>
--------------------	--	---

Sec. 19 (13)	<p>Non-Existent</p>	<p><i>Through this proposed amendment new sub-section (13) of Section 19 has been inserted by giving power under the Act that if any person contravenes the provisions of the Act or Rules for which no penalty has been specifically provided in section 19 shall be liable to pay a penalty of five thousand rupees or three percent of the amount of the duty involved, whichever is higher.</i></p> <p>(13) any person who contravenes any provision of this Act or Rules made there under for which no penalty has specifically been provided in this Section shall be liable to pay a penalty of five thousand rupees or three percent of the amount of duty involved, whichever is higher;</p>
--------------	----------------------------	---

<p>Sec. 47B</p>	<p>Disclosure of information by a public servant:- (1) any information acquired under any provision of this Act or in pursuance of a bilateral or multilateral or tax information exchange agreement shall be confidential and no public servant shall disclose such information, except as provided under Section 216 of the Income Tax Ordinance, 2001(XLIX of 2001).</p> <p>(2) the provisions of Section 216 of Income Tax Ordinance, 2001(XLIX of 2001) shall, <i>mutatis mutandis</i>, apply to this section.</p>	<p><i>Through this proposed amendment section 47B has been substituted that if any information disclosed by the public servant under any provision of this Act shall be kept confidential and public servant shall not disclose any such information except as provided under section 216 of Income Tax Ordinance, 2001.</i></p> <p><i>Notwithstanding to this fact any information received or supplied in relation bilateral or multilateral agreements with government of foreign countries for exchange information shall be kept confidential.</i></p> <p>“47B. Disclosure of information by a public servant.— (1) Any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).</p> <p>(2) Notwithstanding anything contained in sub-section (1) and the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied in pursuance of bilateral or multilateral agreements with government of foreign countries for exchange of information under section 47A shall be confidential.”;</p>
-----------------	--	--

**FIRST SCHEDULE
TABLE I
EXCISABLE GOODS**

4	<i>Aerated waters</i>	<i>Through this proposed amendment the rate of duty has been enhanced from ten and half percent of retail price into eleven and half percent of retail price.</i>
5	Aerated waters, containing added sugar or other sweetening matter or flavored	<i>Through this proposed amendment the rate of duty has been enhanced from ten and half percent of retail price into eleven and half percent of retail price.</i>
6	Aerated waters if manufactured wholly from juices or pulp of vegetables, food grains or fruits and which do not contain any other ingredient, indigenous or imported, other than sugar, coloring materials, preservatives or additives in quantities in prescribed under the West Pakistan Pure Food Rules, 1965.	<i>Through this proposed amendment the rate of duty has been enhanced from ten and half percent of retail price into eleven and half percent of retail price.</i>

9	<p>Locally produced cigarettes if their on pack printed retail price exceeds rupees three thousand three hundred and fifty per thousand cigarettes.</p>	<p><i>Through this proposed amendment the corresponding entries relating in columns (2), (3) and (4) has been substituted as under</i></p>		
	<p>9a</p>	<p><i>For the period from 01-07-2016 to 30-11-2016, locally produced cigarettes if their on-pack printed retail price exceeds four thousand rupees per thousand cigarettes</i></p>	<p>24.02</p>	<p><i>Rupees three thousand four hundred and thirty-six per thousand cigarettes</i></p>
	<p>9b</p>	<p><i>For the period from 01-12-2016 onwards, locally produced cigarettes if their on-pack printed retail price exceeds four thousand four hundred rupees per thousand cigarettes</i></p>	<p>24.02</p>	<p><i>Rupees three thousand seven hundred and five per thousand cigarettes</i></p>

10	<p>A locally produced cigarette if their on pack printed retail does not exceed rupees three thousand three hundred and fifty per thousand cigarettes.</p>	<p><i>Through this proposed amendment the corresponding entries relating in columns (2), (3) and (4) has been substituted as under.</i></p>			
		10a.	<p><i>For the period from 01-07-2016 to 30-11-2016, locally produced cigarettes if their on-pack printed retail price does not exceed four thousand rupees per thousand cigarettes</i></p>	24.02	<p><i>Rupees one thousand five hundred and thirty-four per thousand cigarettes</i></p>
		10b.	<p><i>For the period from 01-12-2016 onwards, locally produced cigarettes if their on-pack printed retail price does not exceed four thousand four hundred rupees per thousand cigarettes</i></p>		<p><i>Rupees one thousand six hundred and forty-nine per thousand cigarettes"</i></p>

13	Port land cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers	<i>Through this proposed amendment the rate of duty mentioned in column (4) has been substituted from the five percent of the retail price into one rupee per kilogram.</i>
53	White Crystalline Sugar	<i>Through this proposed amendment eight percent ad- val duty has been abolished by omitting the entries relating in column (2) (3) and (4).</i>

FIRST SCHEDULE

TABLE II

EXCISABLE SERVICES

1	<i>Advertisement on closed circuit T.V</i>	<i>Through this proposed amendment FED shall not be charged against the services, where the provincial sales tax has been levied.</i>
2	<i>Advertisements on Cable T.V network</i>	<i>Through this proposed amendment FED shall not be charged against the services, where the provincial sales tax has been levied.</i>
2A	Advertisements in newspapers and periodicals (excluding classified advertisements), and on hoarding boards, pole signs and sign board	<i>Through this proposed amendment FED shall not be charged against the services, where the provincial sales tax has been levied.</i>
5	<i>Shipping Agents</i>	<i>Through this proposed amendment FED shall not be charged against the services, where the provincial sales tax has been levied.</i>

8	Services provided or rendered by banking companies, insurance companies, cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, nonbanking financial institutions, Assets Management Companies and other persons dealing in any such services.	Through this proposed amendment FED shall not be charged against the services, where the provincial sales tax has been levied.
11	Franchise Services	Through this proposed amendment FED shall not be charged against the services, where the provincial sales tax has been levied.
13	Service provided or rendered by stock brokers	Through this proposed amendment FED shall not be charged against the services, where the provincial sales tax has been levied.

SECOND SCHEDULE

(Goods on which duty is collectable under sales tax mode with entitlement for adjustment with sales tax and vice versa)

3	White Crystalline Sugar	Through this proposed amendment the White Crystalline Sugar under tariff heading 1701.9910, 1701.9920 as mentioned in column (2) (3) has been omitted.
---	--------------------------------	--

THIRD SCHEDULE

TABLE I (Goods)

18	White Cement	Through this proposed amendment White Cement under tariff heading 25.23 has been omitted as mentioned in column (2) & (3).
19	Non - Existent	Through this proposed amendment new serial number 19 has been inserted as under related Gawadar Port operation has been inserted.
20	Non-Existent	Through this proposed amendment new serial number 20 related to supply made to Gawadar Port free zone has to be inserted.