



BUDGET COMMENTARY 2022

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BUDGET COMMENTARY, 2022

This commentary has been prepared for our clients and staff for information and guidance only and is available for interested persons at our website <http://www.bdo.com.pk>. The notes contained herein are based on the Finance Bill, 2022 which upon enactment with or without modification shall be issued as Finance Act, 2022.

Clients are advised to consult the actual text of the Bill while interpreting the specific provisions and to consult our tax department for clear advice on specific issues. The budget provisions are applicable for tax year 2023 unless otherwise stated.

BDO EBRAHIM & CO.

Dated: June 10, 2022

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CONTENTS

SUBJECT	PAGES
Comparative budget at a glance	1-4
Overview	5-7
Highlights	8-10
The Income Tax Ordinance, 2001	11-44
The Sales Tax Act, 1990	45-47
Sales Tax Schedules	48-52
Islamabad Capital Territory (Tax on Services) Ordinance	53
Levy of Tax on Capital Value of Certain Assets	54-56
Information about Withholding Taxes	57-65
BDO International	66

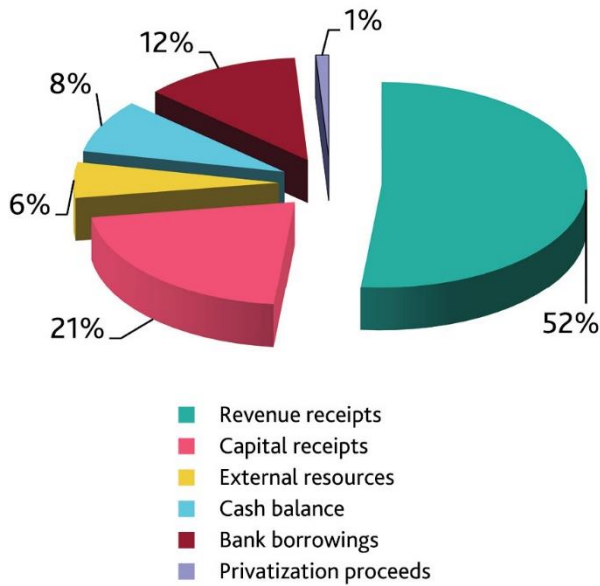
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COMPARATIVE BUDGET AT A GLANCE
(AMOUNTS ROUNDED TO NEAREST BILLION)

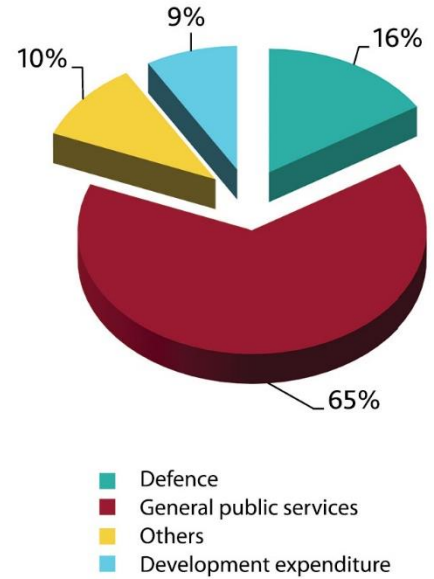
	2022-23		2021-22	
	Rs.	%	Rs.	%
Receipts				
Revenue Receipts				
Direct taxes	2,573	29	2,182	28
Indirect taxes	4,431	49	3,647	46
	<u>7,004</u>	<u>79</u>	<u>5,829</u>	<u>74</u>
Non-tax revenue	2,000	21	2,080	26
Gross revenue receipts	9,004	100	7,909	100
Less: Provincial share	(4,100)	(43)	(3,412)	(40)
Net revenue receipts	4,904	52	4,497	53
Capital receipts	1,996	21	1,241	15
External resources	533	7	1,246	15
Cash balance	800	8	570	7
Bank borrowings	1,172	12	681	8
Privatization proceeds	96	1	252	3
Total Resources	9,502	100	8,487	100
Expenditure				
Current Expenditure				
Defence	1,527	16	1,373	15
General public services	6,176	65	5,435	64
Others	991	10	715	8
	<u>8,694</u>	<u>91</u>	<u>7,523</u>	<u>89</u>
Development expenditure	808	9	964	11
Total Expenditure	9,502	100	8,487	100

COMPARATIVE BUDGET AT A GLANCE

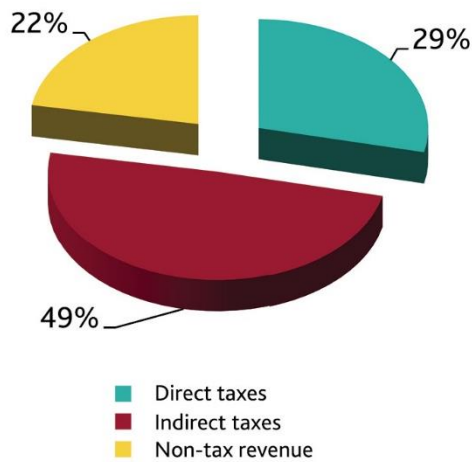
Sources of Funds



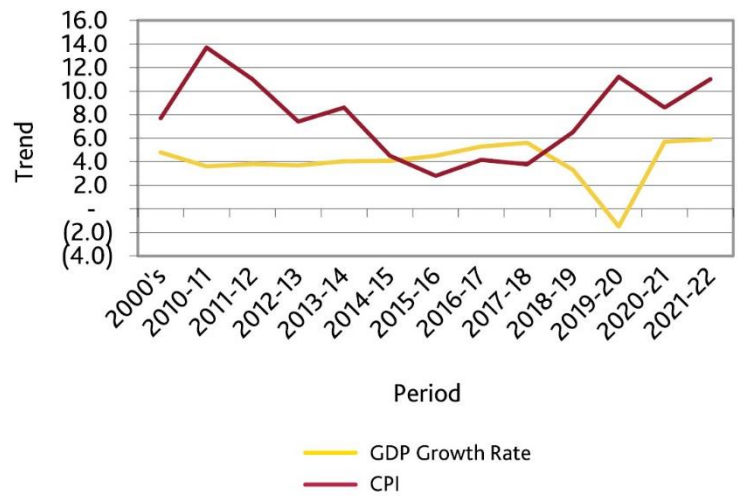
Utilisation of Funds



Breakup of Revenue Receipts

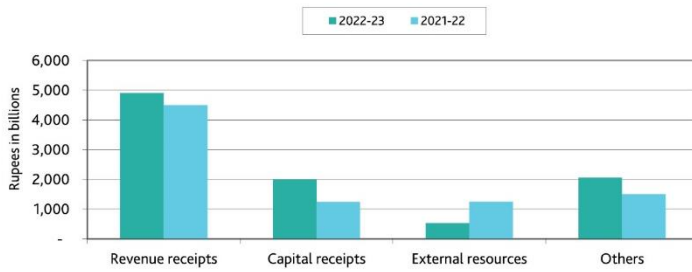


Trends in Growth and Inflation

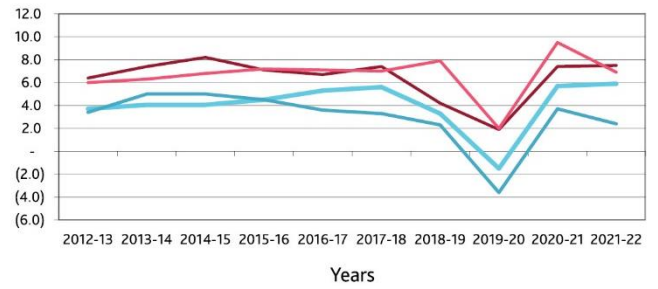


COMPARATIVE BUDGET AT A GLANCE

Comparison of Revenue



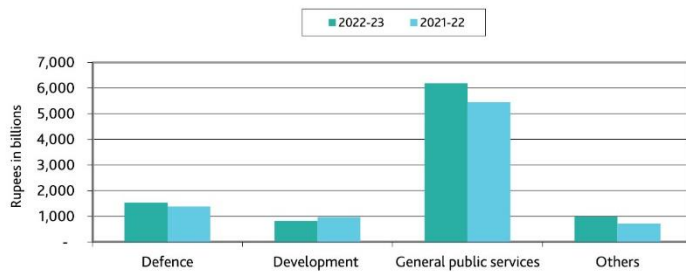
Comparative Real GDP Growth Rate



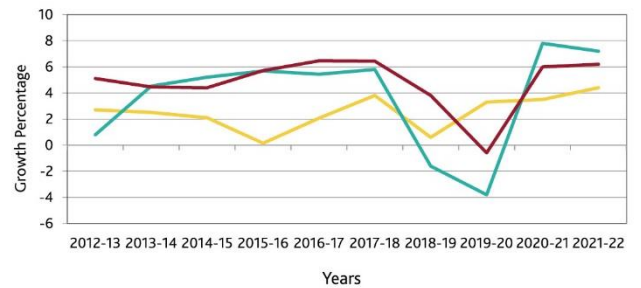
Source: World Economic Outlook (IMF)

- India
- Bangladesh
- Pakistan
- Sri Lanka

Comparison of Expenses



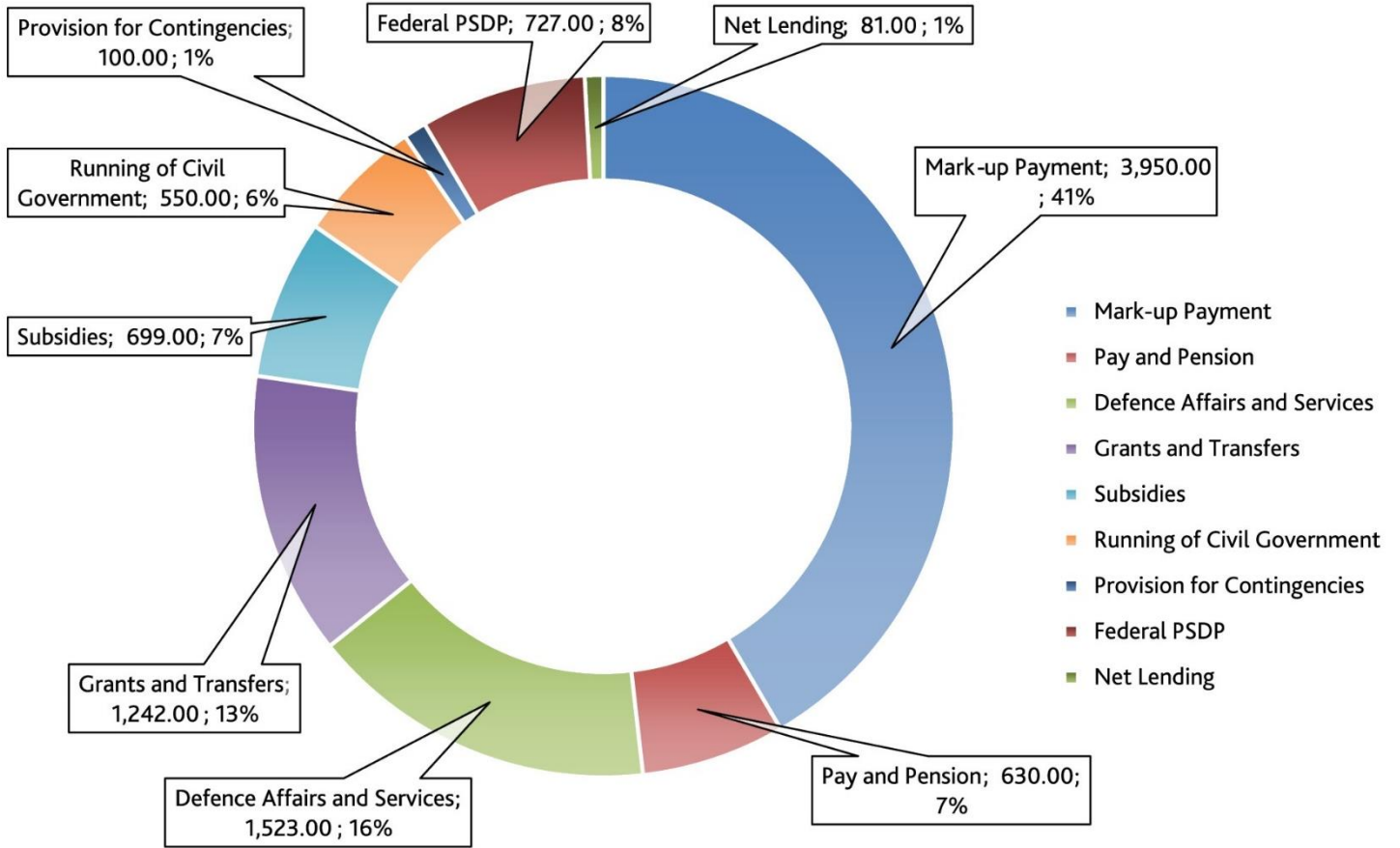
Growth Performance of Components of Gross Domestic Product



Source: Pakistan Bureau of Statistics

- Agriculture
- Industrial Sector
- Services Sector

EXPENDITURE (Rs. In Billion)



Overview

The absence of the opposition from the Parliamentary proceedings permitted the Finance Minister to deliver an interrupted budget speech for the year 2022-23.

What appears to be an expansionary budget set with a total outlay of Rs. 9,502 billion, is set based on assumption of targeted inflation rate of 11.7 percent which is built around an expectation of stabilizing/reducing commodity prices, which appears to be an optimistic assumption. If this assumption does not hold true, the debits and credits will not add up and we will likely see further Budgets ahead to balance the books.

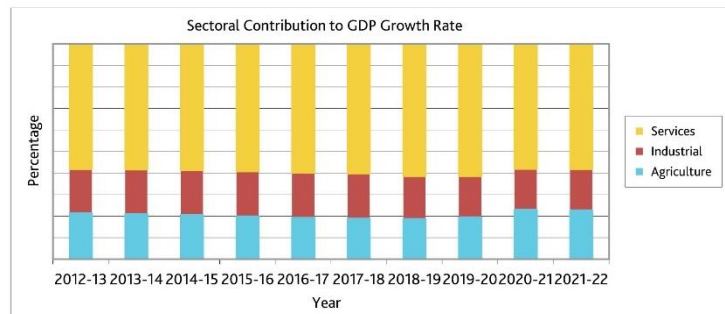
The government has set the tax collection target for the Federal Board of Revenue (FBR) at Rs7,004bn for FY23, which is 20.1pc higher than last year's Rs5,829bn.

A perusal of the various components of the Economic Survey will provide a useful insight as to the key pillars of the economy.

Growth

Pakistan's economy measured through GDP is estimated to have grown by 5.97 percent comprising of growth in agricultural sector of 4.4 percent and bolstered by growth in Large Scale Manufacturing by 10.4 percent across 17 of the 22 sectors. The higher GDP growth continued the V shaped recovery from the COVID-19 dampening period, although the higher growth was accompanied by macroeconomic imbalances which have historically plagued our country's economy.

To understand the change in growth rate from the past trend a perusal of the components would provide useful insight.



Source: Pakistan Bureau of Statistics

Agriculture

With an increasing 22.70 percent share of the GDP, the agricultural sector continues to be a cornerstone in the economy of Pakistan. During 2021-22, agriculture sector recorded growth of 4.40 percent and surpassed the target of 3.5 percent and last year's growth of 3.48 percent. The crops sector outperformed and posted a growth of 6.58 percent during 2021-22 against 5.96 percent last year. The growth in production of important crops namely cotton, rice, sugarcane and maize are estimated at 17.9 percent, 10.7 percent, 9.4 percent and 19.0 percent, respectively. Livestock having share of 61.89 percent in agriculture and 14.04 percent in GDP, recorded a growth of 3.26 percent in 2021-22 compared to 2.38 percent during same period last year. The fishing sector having share of 1.39 percent in agriculture value addition and 0.32 percent in GDP, grew at 0.35 percent compared to growth of 0.73 percent in same period last year. Forestry sector having share of 2.14 percent in agriculture value addition and 0.49 percent in GDP posted a positive growth of 6.13 percent against the negative growth of 0.45 percent last year.

Industry

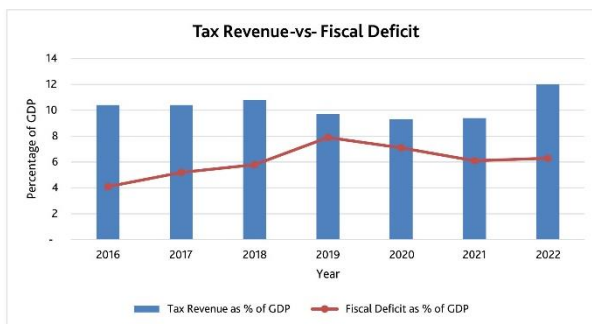
The contribution of Manufacturing in GDP is hovering around 13.5-13.8 percent for almost a decade, although for the current period it represented 12.4 percent share. The manufacturing sector is the most important sub-sector of the industrial sector. LSM has 74 percent share in Manufacturing and 9.2 percent in GDP whereas Small Scale Manufacturing accounts for 15.9 percent share in manufacturing and 2.00 percent share in GDP.

During July-March FY2022, LSM staged the growth of 10.4 percent against 4.24 percent growth in the corresponding period last year. The expansion of LSM is also appeared to be broad based, with 17 out of 22 sectors of LSM witnessing a positive growth. Furniture, Wood Products, Automobile, Footballs, Tobacco, Iron & Steel Products, Machinery and Equipment, and Chemical Products remained the top performing sectors of LSM.

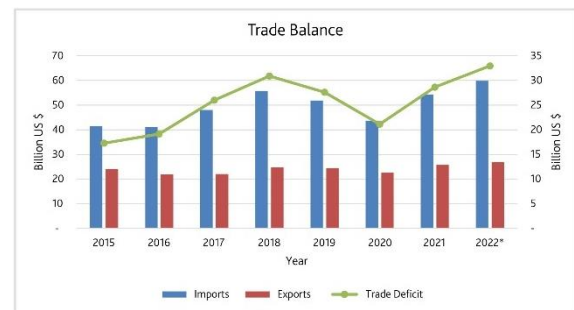
The outlook for this sector remains challenging with the current macroeconomic challenges. Internationally commodity prices are increasing significantly along with uncertainty in the market confidence. All these may result in severe challenges in LSM performance as industrial production is mainly dependent on import of capital goods. Thus, the future prospects of industrial sector are uncertain as risks still prevail owing to geopolitical environment, surge in energy prices, and new variants.

Balance of payments

During Jul-Mar FY2022, goods exports grew by 26.6 percent and amounted to US\$ 23.7 billion, whereas services exports grew by 17.1 percent and amounted to US\$ 5.1 billion. Despite the encouraging export performance, the country's imports have also risen significantly. The broad-based surge in global commodity prices, COVID-19 vaccine imports, and demand-side pressures, all contributed to the rising imports. Resultantly, trade deficit grew by 55.5 percent amounting to US\$ 30.1 billion which is historically high. Remittances which always supported in easing out pressure of trade deficit of both goods and services was recorded at US\$ 22.9 billion during Jul-Mar FY2022 and posted a growth of 7.1 percent. This ever-highest level of workers remittances was not sufficient to offset trade deficit. Thus, current account deficit was recorded at US\$ 13.2 billion during FY2022. Further, low performance of financial account during the period not only resulted in depletion of foreign reserves but also brought exchange rate under pressure.



Source: Pakistan Economic Survey



Source: State Bank of Pakistan

* Year 2022 figures are based on July 2021 to April 2022 data

Due to pro-business measures and recent rupee depreciation, exports marked an impressive growth of 25.0 percent during Jul-Mar FY2022 amounting to US\$ 23.3 billion as compared to US\$ 18.7 billion in the same period last year. Around two thirds of the increase came from the textile sector, especially from the high value-added segment. Pakistan's textile exporters capitalized on the policy support available – including the SBP's concessionary refinance schemes for working capital and fixed investment, and the regionally competitive energy tariffs – and managed to ship higher volumes to key destinations (such as the US, UK and EU). Higher cotton prices also helped to increase the export unit prices both low and high value-added textile products. Apart from textiles, rice exports also rebounded during Jul-Mar FY2022, mainly due to the non-basmati variety.

The total imports during Jul-Mar FY2022 clocked at US\$ 58.9 billion as compared to US\$ 39.5 billion in the same period last year, showing a growth of 49.1 percent (Table 8.4). The increase in imports is recorded in all the major groups. Multiple factors have contributed to the steep rise in imports during Jul-Mar FY2022. Rising global commodity prices contributed significantly to the increasing import volume. Disaggregated data on imports indicates that the energy group is the largest source of the increase in imports, contributing over one-third to the year on year increase in imports during the period. Similarly, price-led pressures were also noted across non-energy commodities imported by Pakistan, such as edible oil (palm and soybean), sugar, tea, fertilizer, and steel. At the same time, the domestic demand for imported raw materials (such as cotton and steel) and capital goods was also elevated in the wake of the policy induced economic rebound.

Net Foreign Direct Investment inflows rose 6.1 percent to US\$ 1.25 billion till February 2022 as against US\$ 1.18 billion last year. In March 2022, net outflow was recorded at 30.4 million on account of political instability and ultimate change of regime. The FDI during Jul-Mar FY2022 declined by 2.0 percent to 1.28 billion as compared to US\$ 1.31 billion same period last year.

Reserves and Exchange Rate

The country's total foreign exchange reserves decreased by US\$ 7.0 billion during Jul-Mar FY2022 and reached US\$ 10.9 billion by end-March 2022. Most of the decline was noted in the SBP's reserves, which fell by US\$ 5.9 billion to US\$ 11.4 billion by end March. The pressures in the external sector reflected via the current account deficit contributed to a weakening in the exchange rate, with the PKR depreciating 14.1 percent against the US Dollar during Jul-Mar FY2022. The exchange rate has continued to deteriorate subsequent to the published results for the period July-March.

At on going inflation rate, there is still acceleration in the domestic demand. The high consumption expenditure and government spending has led to massive surge in imports. The depletion of foreign reserves is becoming vulnerable. The present government has to take difficult decisions specially to address structural issues, mobilize additional financing from friendly countries in the form of short- to medium term loans, deferred payment on imported oil, etc. Further, resuming IMF program will expect to build market confidence.

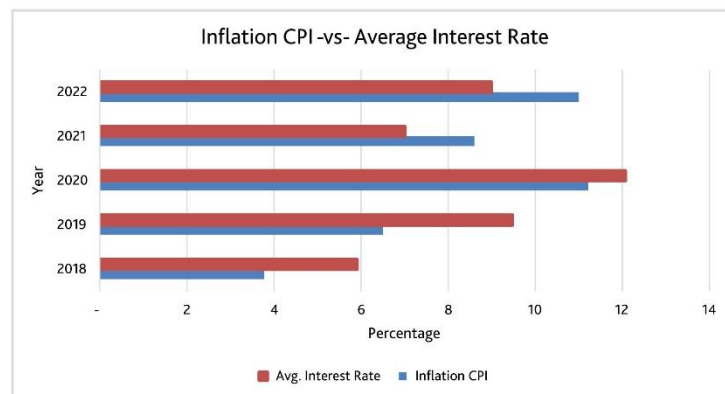
Monetary policy

Monetary policy is primarily focused on stimulating and sustaining economic growth through containment of inflationary pressures. During FY2021, State Bank of Pakistan maintained an accommodative monetary policy stance, by keeping the policy rate unchanged at 7.0 percent throughout FY2021. At the end of first quarter FY2022, policy rate has increased by 25 bps to 7.25 percent. Policy rate was increased by 250 bps to 12.25 percent from 9.75 percent in an unscheduled meeting on 07th April 2022, to address significant uncertainty amidst rising global commodity prices and domestic political situation. Externally, futures market suggests that global commodity prices, including oil, are likely to remain elevated for longer and the Federal Reserve is likely to increase interest rates more quickly than previously anticipated, likely leading to a sharper tightening of global financial conditions. Domestically, some macroeconomic indicators have deteriorated, as have SBP reserves as a result of debt repayment and political uncertainty. In monetary policy decision held on 23rd May, 2022 the MPC decided to raise the policy rate by 150 basis points to 13.75 percent. The decision was based on outcome of provisional growth estimates for FY2022 more than target, shows excess aggregate demand, elevated external sector pressure and higher inflation outlook due to domestic and international factors.

The Government sector borrowing increased to Rs 1,586.8 billion for budgetary support during the period July - April, FY2022 as compared to Rs 642.6 billion during same period last year. Domestic borrowing for budgetary support remained higher than last year due to pressure on the external front for high payments. Within budgetary support, Government has borrowed Rs 133.5 billion from SBP as compared to retirement of Rs 1,164.3 billion in the same period last year. On the other hand, Government has borrowed Rs 1,453.3 billion from scheduled banks as compared to borrowing of Rs 1,807.0 billion last year. As a result, net Government sector borrowing amounted to Rs 1,795.6 billion against the borrowing of Rs 619.7 billion during same period last year.

Inflation

For the outgoing fiscal year, the inflation target was set at 8.0 percent, but abnormal increase in global commodity prices especially crude oil and the edible oil has soared domestic prices since Pakistan is net importer of these essential items. It is the 6th consecutive month when inflation rate has remained in double digit. Consumer Price Index (CPI) in April 2022 stood at 13.4 percent on a year-on-year (YoY) basis which was up from 12.7 percent in the previous month and 11.1 percent in April 2021. The pace of food inflation surged 15.6 percent in Urban and 17.7 percent in Rural during the month of April 2022. The CPI Inflation, recorded at 11.0 percent on average during July-April FY2022 as against 8.6 percent in same period last year.



Source: Pakistan Economic Survey

Perspective on Economy

Although Pakistan was able to successfully navigate the COVID-19 uncertainty, the present macroeconomic imbalances and political uncertainties have brought us back to our boom-bust cycles which we are all too familiar with. Whilst we have been here before, the road ahead is challenging with record deficits and surging inflation. Navigating these challenging times without a clear captain and crew are a daunting task.

Pakistani citizens will have to brace challenging times ahead with austerity measures at both macro and micro levels. While this Budget seeks to achieve fiscal deficit reduction and meet the IMF program conditionalities, it is predicated upon several uncertain parameters, which are yet to be unveiled. Let us hope the targets set out are achieved and we can provide sustenance for teeming millions of this country.

BDO EBRAHIM & CO.
DATED: JUNE 10, 2022

HIGHLIGHTS

INCOME TAX

- **Super tax on high earning persons under section 4C**

The insertion of this section is similar to the earlier "Super Tax" which was levied vide section 4B through Finance Act 2015. The insertion seeks to tax the high earning taxpayers. The rate of tax is based on progressive rates ranging from 1% to 4% where income exceeds PKR 150 million. The Super tax will apply to all categories of persons from tax year 2022 and onwards. However, in tax year 2022, taxpayers belonging to 15 Sectors will pay super tax at 10% in case their income exceeds PKR 300 million. Banks will pay super tax at 4% in Tax year 2022 and 10% in tax years 2023 and onwards.

- **Tax on deemed income on Capital assets under section 7E**

The Finance Act 2022 approves to insert a new section whereby a resident person shall be treated to have received deemed income equal to five percent of the fair market value of a capital assets situated in Pakistan held on the last day of the tax year. The rate of tax under section 7E on deemed income shall be 20%.

- **Deductions not allowed under section 21**

The Finance Act 2022 approves to make following amendments where payment made contrary to the conditions imposed would be taken as inadmissible business deduction

1. An amount in excess of fifty percent of contribution made by a person to an approved gratuity fund, an approved pension fund or an approved superannuation fund
2. Payments made by individuals and AOP for amount exceeding Rs. 250,000 otherwise through digital mode
3. Payments made by a company for amount exceeding Rs. 250,000 otherwise through digital mode
4. Payment of salaries exceeding Rs. 25,000 otherwise through digital mode
5. 8% of the payment made to person who are not integrated in FBR's approved fiscal electronic device and software

- **Capital gains under section 37**

The Finance Act 2022 approves to make major amendments in this section as follows:

1. Changing the holding period and tax rates of immovable property from 4 years to 6 years with tax rates bifurcated for Open plots, Commercial property and flats.
2. The general exemption of capital gain tax of 25% on 1 year holding period of capital assets other than immovable property and securities has been omitted.

- **Export of IT services exclusion from section 65F and tax at reduce rate under section 154**

Export of IT services was covered for 100% tax credit under section 65F introduced through The Finance Act 2021. However, The Finance Act 2022 approves to exclude the said sector from 100% tax credit relief. Further, The Finance Act 2022 approves to propose a tax of 0.25% on the proceeds of IT export services under section 154A.

- **Resident individual under section 82**

The Finance Act 2022 approves to make amendment in the individual residency criteria and now there would be following two criteria for determining an individual's Pakistan's tax residency status:

1. Aggregate stay of an individual in a tax year 183 days or more; or
2. The citizen of Pakistan who is not present in any other country for 182 days during the tax year or who is not a tax resident of any other country.

- **Special provisions relating to payment of tax through electricity connections under section 99A**

The Finance Act 2022 approves to substitute and simplify the taxation of small retailers other than Tier-I retailers as defined in Sales Tax Act 1990 and the salient features are as follows:

1. The tax shall be collected on through the retailers through electricity bills
2. A retailer who has paid sales tax under sub-section (9) of section 3 of Sales Tax Act, 1990 (VII of 1990), shall not be required to pay tax under this section and the sales tax so paid shall constitute discharge of tax liability under this section
3. The tax collected or paid under this section shall be final tax on the income of persons covered under this section in respect of business being carried out from the premises where the electricity connection is installed
4. The board with approval of the Minister in charge may issue an income general order which would provide rules, documentation requirement, applicable persons and conditions for payment of tax under this section.

- **Place of business can be deemed to be a Permanent Establishment under section 109**

Under section 109, the Commissioner Inland Revenue has powers to recharacterise the income of a tax payer. The Finance Act 2022 approves to further empower the Commissioner and

proposes that from tax year 2018 and onwards, the Commissioner can treat a place of business of a person in Pakistan as a permanent establishment, if the said place fulfills the conditions as specified in sub-clause (g) of clause (41) of section 2.

- **Reduction of carry forward period of excess minimum tax paid under section 113(2)(c)**

As per section 113(2)(c), a person who pays minimum tax during a tax year in excess of the tax payable under Division I or Division II of the First Schedule of the Ordinance, the person was able to carry forward the excess amount of minimum tax paid for subsequent five tax year. The Finance Act 2022 has approved to reduce the carry forward period to three years.

- **Powers to enforce filing of returns under section 114B**

The Finance Act 2022 approves to insert a new section which empowers the FBR to issue income tax general order in respect of persons not appearing in the Active Tax Payers List (ATL) but are liable to file the returns.

The income tax general order shall have following consequences:

1. disabling of mobile phones or mobile phone SIMS;
2. discontinuance of electricity connection; or
3. discontinuance of gas connection.

The above actions would be initiated after providing an opportunity of being heard.

- **Advance tax collected at imports under section 148**

Advance tax paid under section 148 by an industrial undertaking at any rate shall be adjustable tax. Further, the Act has specified certain import of goods where tax paid at the import stage shall be minimum tax.

- **Payment of tax collected or deducted by SWAPS Agents under section 164A**

The Finance Act 2022 approves to introduce a new mechanism for withholding agents to integrate with Synchronized Withholding Administration and Payment System and to act as SWAPS agent within the time and in the manner as may be prescribed.

- **National Database and Registration Authority (NADRA) under section 175B**

The Finance Act 2022 approves to incorporate the provisions which would enable NADRA to play its role in the broadening of the tax base. The NADRA may compute indicative income and tax liability for suspected tax payers by use of artificial intelligence, mathematical or statistical modeling or any other modern device or calculation method.

- **Record of beneficial owners under section 181E**

The Finance Act 2022 approves to propose a new requirement under section 181E of the Ordinance whereby every company and AOP shall electronically update its particulars of beneficial owners as prescribed. In case of failure of update in the electronic particulars, there is a penalty for each default amounting to Rs. 1 Million.

- **Exemption period for collection of advance tax under section 236C**

The tax under section 236C is collected at the time of transfer of immovable property from the seller. However, the said advance tax was not collectable if the holding period of the property is exceeding 4 years. This exemption has now been omitted. Further, the advance tax rate has been increased to 2% from the existing 1%.

- **Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards under section 236Y**

The Finance Act 2022 approves to restore the earlier omitted section through Finance Act 2021. The said provision levies an advance tax at the rate of 1% of the gross amount remitted abroad.

- **Prize schemes to promote tax culture under section 237B**

The Finance Act 2022 approves to empower FBR to prescribe prize schemes to encourage the general public to make purchases, or avail services only from integrated enterprises issuing tax invoices.

- **Exemption from selection from tax audit under section 214C and section 177 under Clause 105A P-IV Second Schedule**

The Finance Act 2022 approves insertion of Clause (105A) which states that the provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding four tax years

Provided that the Commissioner may select a person under section 177 for audit with approval of the Board.

- **Certain payments under Tenth Schedule subject to higher rates**

As per the sections identified under the Tenth Schedule of the Ordinance, the rate of tax for withholding for non-filers is increased by 100%. However, The Finance Act 2022 approves to increase the rates for non-filer beyond 100% in following cases

1. The tax required to be collected on purchase of motor vehicle under section 231B shall be increased by two hundred percent of the rate specified in First Schedule in case of persons not appearing in the active taxpayers' list

2. The tax required to be collected on purchase of property under section 236K shall be increased by two hundred and fifty percent of the rate specified in Division XVIII of Part IV of the First Schedule in case of persons not appearing in the active taxpayers
- **Heavy penalties provision introduced for non-compliance of section 181E and 237A**

The Finance Act 2022 has introduced penalty provision under section 182 of the Ordinance which ranges from Rs. 1 Million to Rs. 3 Million along with the seal of business premises for non-compliances of update of particulars regarding beneficial owners of the business and non-integration with the FBR's system for SWAPS Agent.

- **Reduction in profit on Bahbood investment under Clause (6) Part-III of the Second Schedule**

The Finance Act 2022 has approved a reduction in rate of tax on profit from Bahbood investment from 10% to 5%.

CAPITAL VALUE TAX

- **Introduction of Capital Value Tax**

CVT reintroduced and levied on motor vehicles held in Pakistan having engine capacity exceeding 1300 cc or in case of electric vehicle having the battery power exceeding 50kwh at the rate of 1% of the value; foreign assets of a resident individual having value in excess of PKR 100 million at the rate of 1% of the value of such assets and in case of assets or class of assets, as specified by the Federal Government, at the rate not exceeding 5% of the value of such assets.

**SECTION
(CLAUSE)** **THE INCOME TAX ORDINANCE, 2001**

**Section 2
(7A)** **Beneficial owner**

The Finance Act 2022 (**the Finance Act**) has inserted a new clause defining the beneficial owner which means a natural person who:-

- (a) ultimately owns or controls a Company or association of persons, whether directly or indirectly, through at least twenty five percent shares or voting rights; or
- (b) exercise ultimate effective control, through direct or indirect means, over the company or association of persons including control over the finances or decisions or other affairs of the company or association of persons;

The insertion of this definition is in connection with the new requirement introduced under section 181 E of the Income Tax Ordinance 2001 (**the Ordinance**) whereby every company and AOP shall electronically update its particulars of beneficial owners as prescribed. The insertion is a documentation measure and seeks to increase the existing tax net.

(18A) **Distributor**

The Finance Act has inserted a new clause defining the "distributor" which means a person appointed by a manufacturer, importer or any other person for a specified area to purchase goods from him for further supply

(22AA) **Fair Market Value**

The Finance Act has inserted a new clause defining the fair market value which means value as provided in section 68

**(30AD) &
(30AE)** **IT Services and IT enabled Services**

The above clause provides the definition of IT services and IT enabled services and includes various specific types of services which can be included in the said definition. In order to facilitate the IT sector, The Finance Act has included the word "but not limited to" in the above definition whereby his any other like service shall also be deemed to be covered under the definition of IT and IT enabled Services.

(62B) **Synchronized Withholding Administration and Payment System agent" or "SWAPS agent"**

The Finance Act has inserted a new clause defining "SWAPS agent" which means any person or class of persons notified by Board to collect or deduct withholding taxes through Synchronized Withholding Administration and Payment System.

The above insertion is a consequential insertion pursuant to amendment in section 164A of the Ordinance whereby the current system of Computerized Payment Receipt (CPR) is being replaced through SWAPS Payment Receipt (SPR). This measure seeks to eliminate the trouble faced by the taxpayers in claiming their due tax credits which currently at times are not recognized by the FBR's ITMS system resulting adverse measure taken by the tax department and increasing the cost of litigation. This measure would help in creating ease of doing business.

(66A) **Tax invoice**

The Finance Act has inserted a new clause defining tax invoice which an invoice as prescribed under the Income Tax Rules, 2002

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

Section 4

Sub-section(4) The Finance Act has substituted in clause (a) for the expression “in sections 5, 6 and 7”, the expression “under this chapter”, shall be substituted;

Sub-section(5) The Finance Act has substituted in sub-section (5) for the expression “in section 5, 6 and 7”, the expression under this chapter shall be substituted

The above substitution seeks to make technical corrections.

Section 4C Super Tax on high earning persons.

The insertion of this section is similar to the earlier “Super Tax” which was levied vide section 4B through Finance Act 2015. The insertion seeks to tax the high earning taxpayers from tax year 2022 and onwards. The rate of Super tax as per Division IIB Part I of the First Schedule of the Ordinance shall be as follows

Income as defined under section 4C	Rate of tax
Where income does not exceed Rs. 150 million	0% of the income
Where income does exceed Rs. 150 million but does not exceed Rs. 200 million	1% of the income
Where income does exceed Rs. 200 million but does not exceed Rs. 250 million	2% of the income
Where income does exceed Rs. 250 million but does not exceed Rs. 300 million	3% of the income
Where income does exceed Rs. 300 million	4% of the income
For tax year 2022 only where income exceed Rs. 300 million for persons engaged, whether partly or wholly, in the business of airlines, automobiles, beverages, cement, chemicals, cigarette and tobacco, fertilizer, iron and steel, LNG terminal, oil marketing, oil refining, petroleum and gas exploration and production, pharmaceuticals, sugar and textiles	10% of the income

The retrospective application of this tax may get challenged at higher appellate forums. The Finance Act has excluded the banking companies from this levy for tax year 2022 . However, in case of banking companies for tax year 2023, the rate of tax shall be 10% where the income exceeds Rs. 300 million.

Section 6

Sub-section(1) The Finance Act has substituted, after the word “services” occurring for the first time, the words “,fee for money transfer operations, card network services, payment gateway services, interbank financial telecommunication services”

Sub-section(2) The Finance Act has substituted, for the words “amount of the royalty fee for offshore digital services or fee for technical services”, the expression “amounts of receipts mentioned in sub-section (1)”,

Sub-section(3) The Finance Act has substituted, in clause (b), the words “ for technical services or fee for offshore digital services”

Sub-section(4) The Finance Act has substituted, for the expression “, fee for offshore digital services or fee for technical services” the words “or fee”

SECTION (CLAUSE) **THE INCOME TAX ORDINANCE, 2001**

The above amendments seeks to add additional services for the purpose of imposing tax on non-resident persons under section 6(1) of the Ordinance. Consequential amendments has also been made in section 152 which is the withholding provision for payment made to non-resident persons.

Section 7E **Tax on deemed income**

The Finance Act has inserted a new section whereby from tax year 2022 and onwards a resident person shall be treated to have received deemed income equal to five percent of the fair market value of a **capital asset situated in Pakistan held on the last day of the tax year** with exception of certain capital assets as per the said section. The rate of tax under section 7E shall be 20% of the deemed income as per this section.

The exception of the capital assets from the application of this section are as follows:

- a) Capital assets in the first year of acquisition has also been excluded.
- b) one-self owned capital asset
- c) self-owned business premises restricted to persons appearing on Active Taxpayers List.
- d) self-owned agriculture land where agriculture activity is carried out by person but does not include farmhouse and land annexed thereto
- e) Where the fair market value of the property or properties, in aggregate, excluding properties mentioned in (a),(b) and (c) above does not exceed Rs. 25 million;
- f) Capital assets of provincial and local government and authorities
- g) land development and construction projects of builders and developers registered with Directorate General of Designated Non-Financial Businesses and Professions of Board;
- h) a property which is subject to tax under section 15 (income from property) of the Ordinance and the tax chargeable is more than tax chargeable under this section. If tax chargeable under section 15 is less than the tax chargeable under this section then excess of tax chargeable under section 15 shall be paid under this section.
- i) Capital assets allotted to Shaheed and its dependents or person who dies in services of Pakistan armed forces or Federal or provincial government and other specified persons related to government or army employees

Capital asset is defined as Capital Asset to be a property of any kind excluding following:

- a. any stock-in-trade, consumable stores or raw materials held for the purpose of business;
- b. any shares, stocks or securities;
- c. any property with respect to which the person is entitled to a depreciation or amortization; or
- d. any movable asset not mentioned above.

Further, the section has also defined a farmhouse to be a house constructed on a total minimum area of 2000 square yards with a minimum covered area of 5000 square feet used as a single dwelling unit with or without an annex:

Provided that where there are more than one dwelling units in a compound and the average area of the compound is more than 2000 square yards for a dwelling unit, each one of such dwelling units shall be treated as a separate farmhouse.

Section 8 **General provisions relating to taxes imposed under section**

The Finance Act has inserted section 7E in section 8 which outlines the separate tax regime under the Ordinance.

Section 21 **Deductions not allowed**

Clause (ea) The Finance Act has inserted new clause as follows:

SECTION (CLAUSE) **THE INCOME TAX ORDINANCE, 2001**

(ea) an amount in excess of fifty percent of contribution made by a person to an approved gratuity fund, an approved pension fund or an approved superannuation fund

Clause (l) The Finance Act has inserted in clause (la), after the second proviso that the this clause shall not apply to a company from the date clause (la) has been made effective through the notification issued by the Board. This insertion seeks to restrict digital payments in the non-corporate sector.

Clause (la) The Finance Act has inserted the following new clause:-

any expenditure by a taxpayer being a company for a transaction, paid or payable under a single account head which, in aggregate, exceeds rupees two hundred and fifty thousand, made other than by digital means from business bank account of the taxpayer notified to the Commissioner under section 114A:

Provided that this clause shall not apply in the case of expenditures on account of —

- (a) Expenditures not exceeding Rupees twenty five thousand and
- (b) Expenditure on account of

- (i) utility bills;
- (ii) freight charges;
- (iii) travel fare;
- (iv) postage; and
- (v) payment of taxes, duties, fee, fines or any other statutory obligation:

Provided further that this clause shall be effective from such date as the Board may notify."

This insertion seeks to restrict digital payments in the corporate sector.

Clause (m) The Finance Act has inserted after the word "account" the expression "or through digital means"

This insertion seeks to restrict the payment of salary through digital payment only.

Clause (r) The Finance Act has inserted new clause as follows:-

any expenditure attributable to sales claimed by any person who is required to integrate but fails to integrate his business with the Board through approved fiscal electronic device and software:

Provided that disallowance of expenditure under this clause shall not exceed ten percent of the allowable deduction.

This insertion is a documentary measure and seeks to insert new clause (q) in section 21 disallowing expenditure upto 8% to any person who is required to integrate but fails to integrate his business with the Board through approved fiscal electronic device and software.

Section 22 Depreciation

Sub-section(2) The Finance Act has omitted proviso to section 22(2) restricting claim of deprecation upto 50% during year of introduction of plant and machinery

Sub-section(8) The Finance Act has omitted proviso to section 22(2) allowing person to claim 50% depreciation allowance in the year of disposal of asset. This is a consequential omission.

SECTION (CLAUSE) **THE INCOME TAX ORDINANCE, 2001**

Sub-section(13) The Finance Act has enhanced allowable depreciation limit on passenger transport vehicle not plying for hire from Rs. 2.5 Million to Rs. 7.5 Million.

Section 23 **Initial allowance**

Sub-section(5) The Finance Act has replaced full stop with a semi colon in clause (d) of sub section (5) of section 23 of the Ordinance. Further, the Finance Act inserted a new clause (e) to section 23(5) excluding immovable property or structural improvement to the immovable property from purview of eligible depreciable assets for claiming initial allowance

Section 37 **Capital gains**

Sub-section 37(1A) The Finance Act has substituted the existing holding period and tax rate on capital gain on immovable property as follows:

S. No.	Holding Period	Rates of Tax		
		Open Plots	Constructed Property	Flats
(1)	(2)	(3)	(4)	(5)
1.	Where the holding period does not exceed one year	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	0
4.	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	-
5.	Where the holding period exceeds four years but does not exceed five years	5%	0	-
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-
7.	Where the holding period exceeds six years	0%	-	-

Section 44 **Exemption under International agreements**

Sub-section(3) The Finance Act has broaden the scope of agreement under sub section (3) of section 44 of the Ordinance

Sub-section(4) The Finance Act has added new sub (4) to section 44 allowing Federal Government to exempt income of any person in respect of an official development assistance financed loans and grants-in-aid

Section 53 **Exemption and tax concessions in the Second Schedule**

The Finance Act has added 'Federal Government' in sub section (2) of section 53 of the Ordinance for adding exemption and tax concession in the Second Schedule. Earlier this could be only made through approval of Federal Minister in charge.

**SECTION
(CLAUSE)** **THE INCOME TAX ORDINANCE, 2001****Section 59C** **Carry forward of business losses of sick industrial units:-**

The Finance Act has omitted section 59C with effect from March 02, 2022. The said section was introduced through Income Tax (Amendment) Ordinance, 2022 dated March 03, 2022. The effect of this omission results in any company which had acquired under the repealed section shares of a sick industrial unit, the acquiring company will not be able entitled to adjust the brought forward losses of the acquired company for a period of three years as envisaged in the repealed section.

**Section 60C,
62, and 62A** The Finance Act has omitted following sections

1. Deductible allowance for profit on debt
2. Tax credit for investment in shares and insurance
3. Tax credit for investment in health insurance

Section 65F **Tax credit for certain persons**

**Sub-section (1)
Clause (c)** The Finance Act has omitted clause (c) of sub section (1) of section 65F of the Ordinance. The omission would result in exclusion of the export of IT services from the 100% tax credit regime. There has been consequential amendment made under section 154 as well resulting the tax on remittance of export of IT services at 0.25% of the proceeds instead of 1% for other export of services.

Section 65H **Tax credit for foreign investment for industrial promotion**

The Finance Act has omitted section 65H with effect from 02nd March, 2022. The said section was introduced through Income Tax (Amendment) Ordinance, 2022 dated March 03, 2022.

Section 82 **Resident individual**

The Finance Act has made amendment in the individual residency criteria and now there would be following two criteria for determining the residency criteria:

3. Aggregate stay of an individual in a tax year 183 days or more; or
4. The citizen of Pakistan who is not present in any other country for 182 days during the tax year or who is not a tax resident of any other country.

The amendment seeks to tax the global income of high net worth individual.

Section 92 **Principle of taxation of association of persons**

The Finance Act has inserted the following explanation

Explanation. – For removal of doubt it is clarified that if the income of association of persons is exempt and no tax is payable under the Ordinance due to this exemption, the share received in the capacity as member out of the income of the association shall remain exempt.

Section 99A **Special provisions relating to payment of tax through electricity connections**

The Finance Act has substituted and simplify the taxation of small retailers other than Tier-I retailers as defined in Sales Tax Act 1990 and the salient features are as follows:

**SECTION
(CLAUSE)** **THE INCOME TAX ORDINANCE, 2001**

1. The tax shall be collected on through the retailers through electricity bills as follows

Gross amount of monthly bill	Tax
Where the amount does not exceed Rs. 30,000	Rs. 3000
Where the amount exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5000
Where the amount exceeds Rs. 50,000 but does not exceed Rs. 100,000	Rs. 10,000
Specified retailers and service providers through Income Tax General Order	Up to Rs.200,000

2. A retailer who has paid sales tax under sub-section (9) of section 3 of Sales Tax Act, 1990 (VII of 1990), shall not be required to pay tax under this section and the sales tax so paid shall constitute discharge of tax liability under this section
3. The tax collected or paid under this section shall be final tax on the income of persons covered under this section in respect of business being carried out from the premises where the electricity connection is installed
4. The board with approval of the Minister in charge may issue an income general order which would provide rules, documentation requirement, applicable persons and conditions for payment of tax under this section

Section 100C Tax credit for charitable organizations

**Sub-section
(4)**

Clause (e)

The Finance Act has extended the requirement for persons mentioned in Table-II of clause (66) of Part I of the Second Schedule of the Ordinance for obtaining Commissioner approval under section 2(36) of the Ordinance by July 2022 to July 2023

Section 100F Special provisions relating to investment for industrial promotion

The Finance Act has omitted section 100F with effect from 02nd March, 2022. The said section was introduced through Income Tax (Amendment) Ordinance, 2022 dated March 03, 2022.

Section 109 Re-characterization of income and deductions

There are various situation in which the Commissioner is empowered to re-characterize the transaction which does not have any substance or any structure which was formed for tax avoidance scheme.

The Finance Act has further strengthen the power of Commissioner by inserting that from tax year 2018 and onwards, the Commissioner can treat a place of business in Pakistan as a permanent establishment, if the said place fulfills the conditions as specified in sub-clause (g) of clause (41) of section 2.

Section 111 Unexplained income or assets

As per subsection 4 of section 111 of the Ordinance, the said section provides immunity for upto Rs. 5 million from explanation of source for the foreign exchange remitted from outside Pakistan through normal banking channel, now through the Finance Act it has provide further clarification that remittance through money service bureaus, exchange companies or money transfer operators shall be deemed to constitute foreign exchange remitted from outside Pakistan through normal banking channels as provided under this sub-section.

SECTION
(CLAUSE) THE INCOME TAX ORDINANCE, 2001

Further, sub-section (5) of section 111 have been substituted as follows	
Existing	Proposed
<p>Explanation.—For the removal of doubt, a separate notice under this section is not required to be issued if the explanation regarding nature and sources of amount credited or the investment of money, valuable article, or the funds from which expenditure was made has been confronted to the taxpayer through a notice under sub-section (9) of section 122 of this Ordinance.]</p>	<p>Explanation.— For the removal of doubt, it is clarified that a separate notice under this section is not required to be issued if the explanation regarding nature and sources of;</p> <ul style="list-style-type: none"> (i) any amount credited in a person's books of account; or (ii) any investment made or ownership of money or valuable article; or (iii) funds from which expenditure was made; or (iv) suppression of any production, sales, or any amount chargeable to tax; or (v) suppression of any item of receipt liable to tax in whole or in part has been confronted to the taxpayer through a notice under sub-section (9) of section 122 of the Ordinance.”;

Section 113 Minimum Tax on the income of certain persons

The Finance Act has also excluded “poverty alleviation tax under section 4C” from the consideration of tax payable or paid for the purpose of calculation of minimum tax.

Further, the sub-section 2(c) which discussed the method and procedure for the carryforward of the excess minimum tax paid under this section. The Act has also reduced the period of carryforward period from five to three years.

Section 114 B Powers to enforce filing of returns

The Finance Act has approved to insert this section which will empower the board of Revenue to issue the general order which may entail any or all of the following consequences for the persons who are not appearing on active taxpayers' list but are liable to file return under the provisions of the Ordinance, namely:–

- (a) disabling of mobile phones or mobile phone SIMS;
- (b) discontinuance of electricity connection; or
- (c) Discontinuance of gas connection.

The Board or the Commissioner having jurisdiction over the person mentioned in the income tax general order may order restoration of mobile phones, mobile phone SIMS and connections of electricity and gas, in cases where he is satisfied that —

- (a) the return has been filed; or
- (b) Person was not liable to file return under the provisions of the Ordinance.

No person shall be included in the general order under sub-section (1) unless following conditions have been met with, namely:–

- (a) notice under sub-section (4) of section 114 has been issued;
- (b) date of compliance of the notice under sub-section(4) of section 114 has elapsed; and
- (c) the person has not filed the return.

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

The action under this section shall not preclude (affect) any other action provided under the provisions of the Ordinance.

Section 121 Best Judgement assessment

This section entails the Commissioner to make an assessment of a person based on any available information if the person fails to file his assessment under the specified circumstances as mentioned in this section. Earlier the Commissioner was empowered to do the best assessment within five years after the end of the tax year or the income year to which it relates. The Finance Act has proposed to increase this best judgment period from five year to six year.

Section 122 Amendment of Assessment

Currently the Commissioner was restricted to finalize the proceeding of amendment within 120 days of issuance of show cause notice.

The Finance Act has proposed to increase this time period from 120 days to 180 days.

Section 134 A Alternative Dispute Resolution

The Finance Act has proposed to amend this provision of alternate dispute resolution and has inserted further clarification, modification and increased the deadlines.

Section 148 Tax on imports

Currently the tax deducted under this section for commercial importers is minimum tax. Further, the section has also restored the adjustable tax status for an industrial undertaking making payment of advance tax at the time of imports irrespective of the tax rate disparity.

Further the Finance Act has made insertion that the tax required to be collected under this section shall be minimum tax on the income of every person arising from imports of following goods –

- (i) edible oil;
- (ii) packaging material;
- (iii) paper and paper board; or
- (iv) plastics:

Provided that the Board with the approval of Minister in-charge may, by a notification in the official Gazette, add any entry thereto or omit any entry therefrom or amend any entry therein this sub-section.

Section 149 Tax Deduction on Salary

Earlier the employees were allowed to claim tax credit under section 62 [Tax credit for investment in shares and insurance and 64 [Tax credit on profit on debt] and the employer was allowed to provide the credit on these sections while making withholding on the monthly income tax deduction from salary.

The Finance Act has omitted the tax credits adjustments from the monthly salary tax deduction.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Section 152	Payment to Non-resident
Sub-section (1DB\C)	The Finance Act has inserted sub-section (1DC) for the withholding of tax by every exchange company licensed by the State Bank of Pakistan at the time of making payment of service charges or commission or fee, by whatever name called, to the global money transfer operators, international money transfer operators or such other persons engaged in international money transfers or cross-border remittances for facilitating outward remittances.
Sub-section (1DD)	The Finance Act has also inserted sub-section (1DD) for the withholding of tax by every banking company while making payment to card network company or payment gateway or any other person, of any transaction fee or licensing fee or service charges or commission or fee by whatever name called or interbank financial telecommunication services.
Sub-section (1E)	Both of the above deduction of tax would be classified as final tax.
Section 154 A	Export of Services
	<p>The Finance Act has eliminated the expression of tax credit of export of IT and IT enabled services under section 65F of the Ordinance and replaced by exporter registered with and duly certified by the Pakistan Software Export Board (PESB). This is a consequential omission. Further, foreign commission due to an indenting commission agent is also included in the scope of section 154A for withholding tax of 1% on proceeds received.</p> <p>Furthermore, the filing of Withholding statement was mandatory requirement for opting the final tax regime, now the requirement is relaxed by inserting that "if required under the Ordinance" this means that if a person who is not a withholding agent will also be eligible for this option.</p>
164	Certificate of collection or deduction of tax
	<p>The Finance Act has inserted a proviso to section 164(1) of the Ordinance.</p> <p>"Provided that in case of persons or class of persons notified as SWAPS agent, SWAPS Payment Receipt (SPR) shall be replaced with Computerized Payment Receipt (CPR)."</p>
164A	Payment of tax collected or deducted by SWAPs agents
	<p>In line with introduction of the SWAPs agents, the Finance Act has insert section 164A to the Ordinance:</p> <p>"164A. Payment of tax collected or deducted by SWAPs agents. -</p> <ol style="list-style-type: none"> (1) Subject to the Ordinance, the Board may, by notification in the official gazette, notify any person or class of persons required to deduct or collect tax under the Ordinance to integrate with Synchronized Withholding Administration and Payment System and to act as SWAPs agent within the time and in the manner as may be prescribed. (2) The tax collected or purported to be collected or deducted or purported to be deducted under the Ordinance by a notified SWAPs agent and credited to the Commissioner through digital mode, shall be treated to have been paid under section 160 of the Ordinance. (3) Where tax has been paid by a notified SWAPs agent in accordance with sub-section (2) of this section, copy or number of SWAPs Payment Receipt (SPR) shall replace copy or number of Computerized Payment Receipts (CPR) for the purposes of the Ordinance.

**SECTION
(CLAUSE)****THE INCOME TAX ORDINANCE, 2001**

- (4) Any notified SWAPS agent shall not be eligible for tax credit under Part X of Chapter III of the Ordinance and exemption under any of the provisions of the Ordinance if notified SWAPS agent fails to integrate with Board.
- (5) All persons from whom the tax has been collected or deducted by the notified SWAPS agents shall be eligible for credit of tax withheld against SPR issued by SWAPS Agent.
- (6) All other provisions of the Ordinance, not specifically dealt with in this section, shall, mutatis mutandis, apply to the notified SWAPS agents."

174**Records**

The Finance Act has inserted a proviso to section 174(3) of the Ordinance:

"Provided that limitation prescribed under this sub-section shall not apply to the records pertaining to income, assets, expenses or transactions to which clause (ii) of sub-section (2) of section 111 applies."

The purpose of this insertion is to provide exclusion for the record keeping period which is six years for discovery of un declared foreign income or foreign assets.

As per clause (ii) of sub-section (2) of section 111, it is stated that if any amount of concealment of foreign asset or foreign income is discovered by the Commissioner which relates to the prior period it shall be charged to tax in the year prior to the year of discovery. Therefore this insertion is a consequential amendment which will empower the Commissioner to go beyond the limitation of time period for record keeping requirement and ask to furnish any document prior to six year time frame relating to foreign income or foreign assets.

175B**National Database and Registration Authority (NADRA)**

The Finance Act has inserted section 175B to the Ordinance:

"175B. National Database and Registration Authority (NADRA).

- (1) The National Database and Registration Authority shall, on its own motion or upon application by the Board, share its records and any information available or held by it, with the Board, for broadening of the tax base or carrying out the purposes of the Ordinance.
- (2) The National Database and Registration Authority may —
 - (i) submit proposals and information to the Board with a view to broadening the tax base;
 - (ii) identify in relation to any person, whether a taxpayer or not –
 - (a) income, receipts, assets, properties, liabilities, expenditures, or transactions that have escaped assessment or are under-assessed or have been assessed at a low rate, or have been subjected to excessive relief or refund or have been misdeclared or misclassified under a particular head of income or otherwise;
 - (b) the value of anything mentioned in sub- clause (a) of clause (ii), if such value is at variance with the value notified by the Board or the district authorities, as the case may be, or if no such value has been notified the true or market value; and

**SECTION
(CLAUSE)****THE INCOME TAX ORDINANCE, 2001**

- (iii) enter into a memorandum of understanding with the Board for a secure exchange and utilization of a person's information.
- (3) The Board may use and utilize any information communicated to it by the National Database and Registration Authority and forward such information to an income tax authority having jurisdiction in relation to the subject matter regarding the information, who may utilize the information for the purposes of the Ordinance.
- (4) The National Database and Registration Authority may compute indicative income and tax liability of anyone mentioned under sub-sections (1) or (2) by use of artificial intelligence, mathematical or statistical modeling or any other modern device or calculation method.
- (5) The indicative income and tax liability computed by the National Database and Registration Authority under sub-section (4) shall be notified by the Board to the person in respect of whom such indicative income and tax liability has been determined, who shall have the option to pay the determined amount on such terms, conditions, installments, discounts, reprieves pertaining to penalty and default surcharge, and time limits that may be prescribed by the Board.
- (6) In case the person against whom a liability has been determined under sub-section (4), does not pay such liability within the time prescribed under sub-section (5), the Board shall take action under the Ordinance, upon the basis of tax liability computed under sub-section (4).
- (7) If the person against whom the liability has been determined under sub-section (4) pays such liability in terms of sub-section (5), such payment shall be construed to be an amended assessment order under section 120 or sub-section (1) of section 122 or sub-section (4) of section 122, as the case may be.
- (8) For the purposes of sub-sections (4) and (5), the Board may prescribe the extent of installments, reprieves pertaining to penalty and default surcharge and time limits."

181E**Record of beneficial owners**

The Finance Act has inserted section 181E to the Ordinance. The insertion is a documentation measure and seeks to increase the existing tax net.

The section 181E related to Record of beneficial owners is as follows:

- (1) Every company and association of persons shall electronically furnish particulars of its beneficial owners in such form and manner as may be prescribed.

Every company and association of persons shall update the particulars of its beneficial owners as and when there is a change in the particulars of the beneficial owners."

182**Offences and penalties**

The Finance Act has changed penalty provision for the persons who fails to furnish a return of income as required under section 114 within the due date. The existing versus the proposed version of the said penalty is presented below:

SECTION
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

(2)

Existing	Proposed
<p>Such person shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than forty thousand rupees or no tax is payable for that tax year such person shall pay a penalty of forty thousand rupees:</p> <p>Provided that If seventy-five percent of the income is from salary and the amount of income under salary is less than five million Rupees, the minimum amount of penalty shall be five thousand Rupees:</p> <p>Provided further that if taxable income is up-to eight hundred thousand Rupees, the minimum amount of penalty shall be five thousand Rupees:</p> <p>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law.</p> <p>Explanation — For the purposes of this entry, it is declared that the expression “tax payable” means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122C.</p>	<p>Such person shall pay a penalty equal to higher of –</p> <p>(a) 0.1% of the tax payable in respect of that tax year for each day of default; or</p> <p>(b) rupees one thousand for each day of default:</p> <p>Provided that minimum penalty shall be —</p> <p>(i) rupees ten thousand in case of individual having seventy-five percent or more income from salary; or</p> <p>(ii) rupees fifty thousand in all other cases:</p> <p>Provided further that maximum penalty shall not exceed two hundred percent of tax payable by the person in a tax year:</p> <p>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law;</p> <p>Explanation— For the purposes of this entry, it is declared that the expression “tax payable” means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122D.</p>

S No.	Offences	Penalties	Section of the Ordinance to which offence has reference
30	Any company or Association of Persons who contravenes the provisions of Section 181E.	Such company or Association of Persons shall pay a penalty of Rs. 1,000,000/- for each default.	181E
31	Any person who fails to integrate or perform roles and functions as specified, after being duly notified by the Board as SWAPS Agent.	Such person shall pay a penalty of: <ul style="list-style-type: none"> (i) Rs. 50,000 for first default of 07 days (ii) Rs. 100,000 for second default of next 07 days (iii) Rs. 50,000 for each week after the second consecutive week of default: 	164A

SECTION
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

S No.	Offences	Penalties	Section of the Ordinance to which offence has reference
		Provided that no penalty shall be imposed for the period for which extension from integration is granted by the Commissioner subject to the condition that, if the SWAPS Agent fails to integrate within such extended time, penalties shall be imposed as if no extension was granted."	
32	Any person, who is integrated for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or QR code or bears duplicate invoice number or counterfeit QR code, or defaces the prescribed invoice number or QR code, or any person who abets commissioning of such offence.	Such person shall pay a penalty of five hundred thousand rupees or two hundred per cent of the amount of tax involved, whichever is higher.	237A
33	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under law.	Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of two months after imposition of penalty as aforesaid, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub- section (3) of section 237A, as the case may be.	237A
34	A person required to integrate his business as stipulated under sub-section (3) of section 237A, who fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.	Such person shall be liable to pay- <ul style="list-style-type: none"> (i) penalty of five hundred thousand rupees for first default; (ii) penalty of one million rupees for second default after fifteen days of order for first default; (iii) penalty of two million rupees for third default after fifteen days of order for second default; (iv) penalty of three million rupees for fourth default after fifteen days of order for third default: 	237A

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

S No.	Offences	Penalties	Section of the Ordinance to which offence has reference
		<p>Provided that if such person fails to integrate his business within fifteen days of imposition of penalty for fourth default, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub- section (3) of section 237A:</p> <p>Provided further that if the person integrates his business with the Board's computerized system before imposition of penalty for second default, penalty for first default shall be waived by the Commissioner."</p>	

191 Prosecution for non-compliance with certain statutory obligations

The Finance Act has included following two new categories of persons who shall be considered as committed a punishable offence in terms of section 191 of the Ordinance:

- (i) A person who fails to integrate his business with Board's computerized system.

A person who fails to generate tax invoice verifiable by the Board's system.

216 Disclosure of information by a public servant

The Finance Act has inserted section 216(2) of the Ordinance. The existing and proposed versions are as follows:

- (ii)

Existing	Proposed
Notwithstanding anything contained in the Qanun-e-Shahadat, 1984 (P.O. Order No. 10 of 1984), or any other law for the time being in force, no court or other authority shall be, save as provided in this Ordinance, entitled to require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under this Ordinance, or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof.	Notwithstanding anything contained in the Qanun- e-Shahadat, 1984 (P.O. No. 10 of 1984), the National Accountability Ordinance, 1999 (XVIII of 1999), the Federal Investigation Agency Act, 1974 (VIII or 1975) and the Right of Access to Information Act, 2017 (XXXIV of 2017), or any other law for the time being in force, <u>no court or other authority shall</u> , save as provided in the Ordinance, require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under the Ordinance, or declarations made under the Voluntary Declaration of Domestic Assets Act, 2018, the Foreign Assets (Declaration and Repatriation) Act, 2018 or the Assets Declaration Act, 2019 or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
216A	<p>Proceedings against authority and persons</p> <p>The Finance Act has omitted Section 216A of the Ordinance. Currently, as per 216A, the Board may prescribe rules for initiating criminal proceedings against certain authorities and persons who willfully and deliberately commits or omits an act which results in undue benefit or advantage to them.</p>
231B	<p>Advance tax on Motor Vehicle</p> <p>The Finance Act has omitted the private word from the heading of this section and the same is also omitted in subsection (2).</p>
235	<p>Electricity consumption</p> <p>The Finance Act has inserted section 235(1A) to the Ordinance:</p> <p>"(1A) In addition to tax collectible under sub-section (1), there shall be collected tax at the rates given in the Division IV of Part IV of First Schedule from retailers and service providers as provided under section 99A of the Ordinance. Provided that the tax shall not be collectable under this subsection of the tax has been collected from the person under sub-section (9) of the section 3 of the Sales Tax Act, 1990 as provided in the general order issued under section 99A of the Ordinance" The rates of advance tax are incorporated in the withholding chart in the end of this commentary.</p>
236C	<p>Advance Tax on sale or transfer of immovable Property</p> <p>As per section 236C (3) of the Ordinance, advance tax on sale of transfer of immovable property shall not be collected if the immovable property is held for a period exceeding 4 years. The Finance Act has omitted this relaxation and the advance tax would be collected irrespective of the holding period.</p>
236I	<p>Collection of advance tax by educational institutions</p> <p>The Finance Act has omitted Section 236I – Collection of advance tax by educational institutions.</p>
236Q	<p>Payments to residents for use of machinery and equipment</p> <p>The Finance Act has omitted Section 236Q – Payment to residents for use of machinery and equipment</p>
236Y	<p>Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards</p> <p>The Finance Act has inserted section 236Y of the Ordinance again which was omitted earlier. This section is introduced to implement the advance tax deduction on persons remitting amounts abroad through credit or debit or prepaid cards.</p> <p>The advance tax collected under this section shall be adjustable.</p>
237A(3)	<p>Electronic Record</p> <p>The Finance Act has inserted a provision that in case of an integrated enterprise, no sale shall be made or service shall be rendered, as the case may be, without generating fiscal invoices as prescribed.";</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Section 164	Certificate of collection or deduction of tax <p>The Bill has proposed to insert a proviso to section 164(1) of the Ordinance.</p> <p>"Provided that in case of persons or class of persons notified as SWAPS agent, SWAPS Payment Receipt (SPR) shall be replaced with Computerized Payment Receipt (CPR)."</p>
Section 164A	Payment of tax collected or deducted by SWAPs agents <p>The Bill seeks to introduce a new mechanism for withholding agents to integrate with Synchronized Withholding Administration and Payment System and to act as SWAPS agent within the time and in the manner as may be prescribed.</p>
Section 169	Tax collected or deducted as a final tax <p>This is a consequential insertion pursuant to amendment in section 148 as proposed by the Bill to make the tax deducted under section 148 Final tax from minimum tax.</p>
Section 174	Records <p>The Bill has inserted a proviso to section 174(3) of the Ordinance:</p> <p>"Provided that limitation prescribed under this sub-section shall not apply to the records pertaining to income, assets, expenses or transactions to which clause (ii) of sub-section (2) of section 111 applies."</p> <p>The purpose of this insertion is to provide exclusion for the record keeping period which is six years for discovery of un declared foreign income or foreign assets.</p> <p>As per clause (ii) of sub-section (2) of section 111, it is stated that if any amount of concealment of foreign asset or foreign income is discovered by the Commissioner which relates to the prior period it shall be charged to tax in the year prior to the year of discovery. Therefore this proposed insertion is a consequential amendment which will empower the Commissioner to go beyond the limitation of time period for record keeping requirement and ask to furnish any document prior to six year time frame relating to foreign income or foreign assets.</p>
Section 175B	National Database and Registration Authority (NADRA) <p>The Bill seeks to incorporate the provisions which would enable NADRA to play its role in the broadening of the tax base. The NADRA may compute indicative income and tax liability for suspected tax payers by use of artificial intelligence, mathematical or statistical modeling or any other modern device or calculation method</p>
Section 177(6)	Audit <p>The Bill has proposed to omit Section 177(6) of the Ordinance.</p> <p>Currently, the section 177(6) is related to obligation of the Commissioner to issue an audit report containing audit observations and findings after obtaining taxpayer's explanation on all issues raised in the audit notice. After omission of this provision the Taxpayer would not be provided with this opportunity of getting the observation and findings.</p>

**SECTION
(CLAUSE)**
THE INCOME TAX ORDINANCE, 2001
Section 181E
Record of beneficial owners

The Bill has proposed to insert section 181E to the Ordinance. The insertion is a documentation measure and seeks to increase the existing tax net.

The section 181E related to Record of beneficial owners is as follows:

- (2) Every company and association of persons shall electronically furnish particulars of its beneficial owners in such form and manner as may be prescribed.
- (3) Every company and association of persons shall update the particulars of its beneficial owners as and when there is a change in the particulars of the beneficial owners."

Section 182
Offences and penalties

The Bill has proposed to change penalty provision for the persons who fails to furnish a return of income as required under section 114 within the due date. The existing versus the proposed version of the said penalty is presented below:

Existing	Proposed
<p>Such person shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than forty thousand rupees or no tax is payable for that tax year such person shall pay a penalty of forty thousand rupees:</p> <p>Provided that If seventy-five percent of the income is from salary and the amount of income under salary is less than five million Rupees, the minimum amount of penalty shall be five thousand Rupees:</p> <p>Provided further that if taxable income is up-to eight hundred thousand Rupees, the minimum amount of penalty shall be five thousand Rupees:</p> <p>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law.</p> <p>Explanation — For the purposes of this entry, it is declared that the expression "tax payable" means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122C.</p>	<p>Such person shall pay a penalty equal to higher of –</p> <p>(c) 0.1% of the tax payable in respect of that tax year for each day of default; or</p> <p>(d) rupees one thousand for each day of default:</p> <p>Provided that minimum penalty shall be —</p> <p>(iii) rupees ten thousand in case of individual having seventy-five percent or more income from salary; or</p> <p>(iv) rupees fifty thousand in all other cases:</p> <p>Provided further that maximum penalty shall not exceed two hundred percent of tax payable by the person in a tax year:</p> <p>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law;</p> <p>Explanation— For the purposes of this entry, it is declared that the expression "tax payable" means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122D.</p>

Section 182
Offences and penalties

The Bill has proposed to insert following new penalties to the Ordinance:

SECTION
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

S No.	Offences	Penalties	Section of the Ordinance to which offence has reference
30	Any company or Association of Persons who contravenes the provisions of Section 181E.	Such company or Association of Persons shall pay a penalty of Rs. 1,000,000/- for each default.	181E
31	Any person who fails to integrate or perform roles and functions as specified, after being duly notified by the Board as SWAPS Agent.	Such person shall pay a penalty of: (iv) Rs. 50,000 for first default of 07 days (v) Rs. 100,000 for second default of next 07 days (vi) Rs. 50,000 for each week after the second consecutive week of default: Provided that no penalty shall be imposed for the period for which extension from integration is granted by the Commissioner subject to the condition that, if the SWAPS Agent fails to integrate within such extended time, penalties shall be imposed as if no extension was granted."	164A
32	Any person, who is integrated for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or QR code or bears duplicate invoice number or counterfeit QR code, or defaces the prescribed invoice number or QR code, or any person who abets commissioning of such offence.	Such person shall pay a penalty of five hundred thousand rupees or two hundred per cent of the amount of tax involved, whichever is higher.	237A

**SECTION
(CLAUSE)**
THE INCOME TAX ORDINANCE, 2001

S No.	Offences	Penalties	Section of the Ordinance to which offence has reference
33	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under law.	Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of two months after imposition of penalty as aforesaid, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub- section (3) of section 237A, as the case may be.	237A
34	A person required to integrate his business as stipulated under sub-section (3) of section 237A, who fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.	Such person shall be liable to pay- (v) penalty of five hundred thousand rupees for first default; (vi) penalty of one million rupees for second default after fifteen days of order for first default; (vii) penalty of two million rupees for third default after fifteen days of order for second default; (viii) penalty of three million rupees for fourth default after fifteen days of order for third default: Provided that if such person fails to integrate his business within fifteen days of imposition of penalty for fourth default, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub- section (3) of section 237A: Provided further that if the person integrates his business with the Board's computerized system before imposition of penalty for second default, penalty for first default shall be waived by the Commissioner."	237A

Section 191
Prosecution for non-compliance with certain statutory obligations

The Bill has proposed to include following two new categories of persons who shall be considered as committed a punishable offence in terms of section 191 of the Ordinance:

- (ii) A person who fails to integrate his business with Board's computerized system.
- (iii) A person who fails to generate tax invoice verifiable by the Board's system.

**SECTION
(CLAUSE)
Section 216**

THE INCOME TAX ORDINANCE, 2001

Disclosure of information by a public servant

The Bill has proposed to substitute section 216(2) of the Ordinance. The existing and proposed versions are as follows:

Existing	Proposed
Notwithstanding anything contained in the Qanun-e-Shahadat, 1984 (P.O. Order No. 10 of 1984), or any other law for the time being in force, no court or other authority shall be, save as provided in this Ordinance, entitled to require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under this Ordinance, or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof.	Notwithstanding anything contained in the Qanun- e-Shahadat, 1984 (P.O. No. 10 of 1984), the National Accountability Ordinance, 1999 (XVIII of 1999), the Federal Investigation Agency Act, 1974 (VIII or 1975) and the Right of Access to Information Act, 2017 (XXXIV of 2017), or any other law for the time being in force, <u>no court or other authority shall</u> , save as provided in the Ordinance, require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under the Ordinance, or declarations made under the Voluntary Declaration of Domestic Assets Act, 2018, the Foreign Assets (Declaration and Repatriation) Act, 2018 or the Assets Declaration Act, 2019 or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof.

Section 216A Proceedings against authority and persons

The Bill has proposed to omit Section 216A of the Ordinance.

Currently, as per 216A, the Board may prescribe rules for initiating criminal proceedings against certain authorities and persons who willfully and deliberately commits or omits an act which results in undue benefit or advantage to them.

Section 235 Electricity consumption

The Bill has proposed to insert section 235(1A) to the Ordinance:

“(1A) In addition to tax collectible under sub-section (1), there shall be collected tax at the rates given in the Division IV of Part IV of First Schedule from retailers and service providers as provided under section 99A of the Ordinance.”

The rates of advance tax are incorporated in the withholding chart in the end of this commentary.

Section 236C Advance Tax on sale or transfer of immovable Property

As per section 236C(3) of the Ordinance, advance tax on sale of transfer of immovable property shall not be collected if the immovable property is held for a period exceeding 4 years. The Bill has proposed to increase the said period from 4 years to 10 years.

Section 236I Collection of advance tax by educational institutions

The Bill has proposed to omit Section 236I – Collection of advance tax by educational institutions.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Section 236Q	Payments to residents for use of machinery and equipment The Bill has proposed to omit Section 236Q – Payment to residents for use of machinery and equipment
Section 236Y	Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards The Bill has proposed to insert section 236Y of the Ordinance again which was omitted earlier. This section is introduced to implement the advance tax deduction on persons remitting amounts abroad through credit or debit or prepaid cards. The advance tax collected under this section shall be adjustable.
Section 237A(3)	Electronic Record The Bill has proposed to insert a provision that in case of an integrated enterprise, no sale shall be made or service shall be rendered, as the case may be, without generating fiscal invoices as prescribed.";
Section 237B	Prize schemes to promote tax culture The Bill has proposed to insert this section as Prize schemes to promote tax culture- The Board may prescribe prize schemes to encourage the general public to make purchases, or avail services only from integrated enterprises issuing tax invoices. The Board is empowered to prescribe procedure for mystery shopping in respect of invoices issued by integrated enterprises randomly and in case of any discrepancy, all the relevant provisions of the Ordinance shall apply accordingly.

SECTION (CLAUSE) **THE INCOME TAX ORDINANCE, 2001**

FIRST SCHEDULE **RATES OF TAX**

Part I **Rates of tax**

Division I Rates of Tax for Individuals and Association of Persons

The Finance Act, 2022 has approved to substitute the existing Division I which prescribed rates of tax for non-salaried individual and associations of persons with new division I as follows:

Clause 1 **Rates of tax for Association of Persons**

The rates of tax imposed on the taxable income of every Association of Persons shall be as follows:

Taxable Income	Rate of tax
Where the taxable income does not exceed Rs. 600,000	0%
Where the taxable income exceeds Rs. 600,000 but does not exceed Rs. 800,000	5% of the amount exceeding Rs. 600,000
Where the taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000	Rs. 10,000 + 12.5% of the amount exceeding Rs. 800,000
Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 60,000 + 17.5% of the amount exceeding Rs. 1,200,000
Where the taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000	Rs. 270,000 + 22.5% of the amount exceeding Rs. 2,400,000
Where the taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	Rs. 405,000 + 27.5% of the amount exceeding Rs. 3,000,000
Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000	Rs. 680,000 + 32.5% of the amount exceeding Rs. 4,000,000
Where the taxable income exceeds Rs. 6,000,000	Rs. 1,330,000 + 35% of the amount exceeding Rs. 6,000,000

Clause 2 **Rates of tax for Salaried Individual**

The rates of tax imposed on the taxable income of every salaried individual Persons shall be as follows:

Taxable Income	Rate of tax
Where the taxable income does not exceed Rs. 600,000	0%
Where the taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	2.5% of the amount exceeding Rs. 600,000
Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 15,000 + 12.5% of the amount exceeding Rs. 1,200,000
Where the taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,600,000	Rs. 165,000 + 20% of the amount exceeding Rs. 2,400,000
Where the taxable income exceeds Rs. 3,600,000 but does not exceed Rs. 6,000,000	Rs. 405,000 + 25% of the amount exceeding Rs. 3,600,000
Where the taxable income exceeds Rs. 6,000,000 but does not exceed Rs. 12,000,000	Rs. 1,005,000 + 32.5% of the amount exceeding Rs. 6,000,000
Where the taxable income exceeds Rs. 12,000,000	Rs. 2,955,000 + 35% of the amount exceeding Rs. 12,000,000

SECTION (CLAUSE) **THE INCOME TAX ORDINANCE, 2001**

Division II **Rates of Tax for Companies**

The Finance Act, 2022 has approved to fix the corporate rate of tax shall be as follows:

Type of Company	Rate of Tax
Small company	20%
Banking company	39%
Any other company	29%

Division IIA **Rates of Super Tax**

The Finance Act, 2022 has approved to exclude the expression "Tax Year 2021 and onward" with the words "Tax Year 2021 and 2022".

Division IIB **Rates of Super tax on high earning persons**

Section 4C The Finance Act, 2022 has approved to introduce Super tax for high earning persons to be levied for the tax year 2022 and onwards. The tax to be levied on persons shall be as follows:

S. No.	Income under section 4C	Rate of Tax
(1)	(2)	(3)
1	Where income does not exceed Rs.150 million	0% of the income
2	Where income exceeds Rs. 150 million but does not exceed Rs. 200 million	1% of the income
3	Where income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income
4	Where income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income
5	Where income exceeds Rs. 300 million	4% of the income

Provided that for tax year 2022 for persons engaged, whether partly or wholly, in the business of airlines, automobiles, beverages, cement, chemicals, cigarette and tobacco, fertilizer, iron and steel, LNG terminal, oil marketing, oil refining, petroleum and gas exploration and production, pharmaceuticals, sugar and textiles the rate of tax shall be 10% where the income exceeds Rs. 300 million:

Provided further that in case of banking companies for tax year 2023, the rate of tax shall be 10% where the income exceeds Rs. 300 million."

Division IV **Rates of tax on certain payments to non-residents**

The Finance Act, 2022 has approved to substitute the Division IV of the Ordinance shall be as follows:

Existing

The rate of tax imposed under section 6 on payments to non-residents shall be 15% of the gross amount of the royalty or fee for technical services and 5% of the gross amount of the fee for offshore digital services".

Approved

The rate of tax imposed under section 6 on payments shall be 15% of the gross amount of royalty or fee for technical services and 10% in any other case.

Division VII **Rates of Tax on Capital Gains on Disposal of Securities**

Section 37A The Finance Act, 2022 has approved to substitute the table and the tax to be paid under section 37A of the Ordinance shall be as follows:

SECTION
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

S. No.	Holding Period	Rates of Tax for Tax year 2023 and onwards
(1)	(2)	(3)
1.	Where the holding period does not exceed one year	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%
4.	Where the holding period exceeds three years but does not exceed four years	7.5%
5.	Where the holding period exceeds four years but does not exceed five years	5%
6.	Where the holding period exceeds five years but does not exceed six years	2.5%
7.	Where the holding period exceeds six years	0%
8.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5%

Provided that for securities except at S. No. 8 of the table:

- (i) the reduced rates of tax on capital gain arising on disposal shall apply where the securities are acquired on or after the first day of July, 2022; and
- (ii) the rate of 12.5% tax shall be charged on capital gain arising on disposal where the securities are acquired on or before the 30th day of June, 2022 irrespective of holding period of such securities:

Provided further that the rate for companies in respect of debt securities shall be as specified in Division II of Part I of the First Schedule:

Provided further that a mutual fund or a collective investment scheme or a REIT scheme shall deduct Capital Gains Tax at the rates as specified below, on redemption of securities as prescribed namely:—

Category	Rate
Individual and association of persons	10% for stock funds
	10% for other funds
Company	10% for stock funds
	25% for other funds

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 no capital gains tax shall be deducted, if the holding period of the security is more than six years.

Explanation.- For removal of doubt, it is clarified that, the provisions of this proviso shall be applicable only in case of a mutual fund or collective investment scheme or a REIT scheme."

Division VIII

Rates of Tax on Capital Gains on Disposal of Immovable Property

Section 37

The Finance Act, 2022 has approved to substitute the table and the tax to be paid sub-section (1A) under section 37 of the Ordinance shall be as follows:

S. No.	Holding Period	Rates of Tax		
		Open Plots	Constructed Property	Flats
(1)	(2)	(3)	(4)	(5)
1.	Where the holding period does not exceed one year	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	0

SECTION
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

S. No.	Holding Period	Rates of Tax		
		Open Plots	Constructed Property	Flats
(1)	(2)	(3)	(4)	(5)
5.	Where the holding period exceeds four years but does not exceed five years	5%	0	-
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-
7.	Where the holding period exceeds six years	0%	-	-

Division VIII C

Rates of Tax on deemed income under section 7E

The rate of tax under section 7E shall be 20%.

The Finance Act, 2022 has updated the table at serial no. 1 and 2 as under:

S. No.	Person(s)		Minimum Tax as percentage of the person's turnover for the year
	Existing	Approved	
1(a)	(a) Oil marketing companies, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.)	(a) Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.)	0.75%
2(b)	(a) Oil refineries (b) Motorcycle dealers registered under the Sales Tax Act, 1990	(a) Oil refineries (b) Motorcycle dealers registered under the Sales Tax Act, 1990 (c) Oil marketing companies	0.5%

Part II

Rates of tax

148

Rates of Advance Tax

Section 148

The Finance Act, 2022 has approved insertion of new proviso after the expression "federal excise duty" with the words "and 3.5% of the import value as increased by customs duty, sales tax and federal excise duty in case of commercial importer"

In the second proviso the table serial no. 5 and 6 shall be substituted as under:

S. No.	C & F Value of mobile phone (in US Dollar)	Tax (in Rs.)	
		In CBU condition PCT Heading 8517.1219	IN CKD/SKD condition under PCT Heading 8517.1211
5	Exceeding 350 and up to 500	5,000	3,000
6	Exceeding 500	11,500	5,200

Part III

Rates of deduction of tax at source

Division III

Rates of payments for goods or services

SECTION (CLAUSE) THE INCOME TAX ORDINANCE, 2001

Section 153 The Finance Act, 2022 has approved to insert a new service "REIT management services, services rendered by National Clearing Company of Pakistan Limited" under the reduce rate of 3% on the gross amount payable

Division IVA Rates of tax on export of services

Section 154A The Finance Act, 2022 has approved to substitute the tax to be paid under section 154A of the Ordinance shall be as follows:

S. No.	Types of Receipts	Rate of Tax
(1)	(2)	(3)
1	Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25% of proceeds
2	Any other case	1% of proceeds

Part IV Rates of deduction or collection of advance tax
Division III Rates of tax on motor vehicles

Section 234 The Finance Act, 2022 has approved to substitute the table for the tax to be paid under section 234 of the Ordinance shall be as follows:

S. No.	Capacity	Rs. per seat per annum Non Air Conditioned	Rs. per seat per annum Air Conditioned
(1)	(2)	(3)	(4)
1	4 or more persons but less than 10 persons	500	1,000
2	10 or more persons but less than 20 persons	1,500	2,000
3	20 persons or more	2,500	4,000

In clause (3) the word "private" shall be omitted.

Division IV Rates of tax on electricity consumption

Section 235 The Finance Act, 2022 has approved to insert a new clause after clause (2) as under:

"(3) the rate of tax leviable under section (99A), and collectable under sub section (1A) of Section 235 shall be as set out in the TABLE under:-

The Finance Act, 2022 has approved to insert a new clause which provides following criteria based on special provision relating to traders and tax collected sub section (1A) of section 235 as follows:

S. No.	Gross amount of monthly bill	Rate of Tax
1	Where the amount does not exceed Rs. 30,000	Rs. 3,000
2	Where the amount exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5,000
3	Where the amount exceeds Rs. 50,000 but does not exceed Rs. 100,000	Rs. 10,000
4	Specified retailers and service providers through Income Tax General Order	Rs. 50,000
5	Retailers and service providers as notified by the Board in the income tax general order	Up to Rs.200,000

Division VII Rates of advance tax on purchase, registration and transfer of motor vehicles

Section 231B Clause I The Finance Act, 2022 has approved to substitute the table and the tax to be paid under section 231B of the Ordinance shall be as follows:

SECTION
(CLAUSE)

THE INCOME TAX ORDINANCE, 2001

S. No. (1)	Engine Capacity (2)	Rate of Tax (3)
1	Upto 850 cc	Rs.10,000
2	851cc to 1000cc	Rs.20,000
3	1001cc to 1300cc	Rs.25,000
4	1301cc to 1600cc	Rs.50,000
5	1601cc to 1800cc	Rs.150,000
6	1801cc to 2000cc	Rs.200,000
7	2001cc to 2500cc	Rs.300,000
8	2501cc to 3000cc	Rs.400,000
9	Above 3000cc	Rs.500,000

Provided that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be 3% of the import value as increased by customs duty, sales tax and federal excise duty in case of imported vehicles or invoice value in case of locally manufactured or assembled vehicles.

Clause II

The Finance Act, 2022 has approved to insertion of two new proviso in Clause (2) as follows:

"Provided that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be Rupees twenty thousand:

Provided further that the rate of tax to be collected under this clause shall be reduced by ten percent each year from the date of first registration in Pakistan".

Division X
Rates of advance tax on sale or transfer of immovable property
Section 236C

The Finance Act, 2022 has approved to amendment seeks to increase the rate of tax on sale or transfer of immovable property under section 236C from 1% to 2%.

Division XA
Rates of advance tax on TV plays and advertisements
Section 236CA

The Finance Act, 2022 has approved to substitute the table and the tax to be paid under section 236CA of the Ordinance shall be as follows:

S. No. (1)	Description (2)	Rate of Tax (3)
1	Foreign-produced TV drama serial or play	Rs.1,000,000 per episode
2	Foreign-produced TV play (single episode)	Rs.3,000,000
3	Advertisement starring foreign actor	Rs.100,000 per second

Division XVI
Rates of collection of advance tax by educational institutions
Section 236I

The Finance Act, 2022 has approved to completely omitted the tax regime on advance tax deducted by educational institutions which was inserted through Finance Act 2013.

Division XVIII
Rates of advance tax on purchase of immovable property
Section 236K

The Finance Act, 2022 has approved to amendment seeks to increase the rate of tax on purchase of immovable property under section 236K from 1% to 2%.

Division XXIII
Rates of payment to a resident person for right to use machinery and equipment
Section 236Q

The Finance Act, 2022 has approved to completely omitted the tax regime on advance tax deducted of payment to a resident person for right to use machinery and equipment which was inserted through Finance Act 2015.

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Division XXVII	<p>Rates of advance tax on amount remitted abroad through credit, debit or prepaid card</p> <p>The Finance Act, 2022 has approved insertion of new division "XXVII" after omitted division "XXVI" as under:</p>
236Y	The rate of tax to be deducted under section 236Y shall be 1% of the gross amount remitted abroad.
SECOND SCHEDULE	RATES OF TAX
Part I	EXEMPTIONS FROM TOTAL INCOME
Clause (5)	The Finance Act, 2022 has approved to completely omitted that any allowance or perquisite paid or allowed as such outside Pakistan by the Government to a citizen of Pakistan for rendering service outside Pakistan.
Clause (23B)	The Finance Act, 2022 has approved to omit the exemption of the amounts received as monthly installment from an income payment plan invested out of the accumulated balance of an individual pension accounts with a pension fund manager or an approved annuity plan or another individual pension account of eligible person or the survivors pension account maintained with any other pension fund manager as specified in the Voluntary Pension System Rules 2005 provided accumulated balance is invested for a period of ten years.
Clause (66) Sub-clause(1)	<p>The Finance Act, 2022 has approved a new insertion which seeks to grant exemption from tax to any income derived by the following:</p> <ul style="list-style-type: none"> • Pakistan Mortgage Refinance Company Limited • The Pakistan Global Sukuk Programme Company Limited • Karandaaz Pakistan from tax year 2015 onwards • Pakistan Sweet Homes Angles and Fairies Place • Public Private Partnership Authority for tax year 2022 and subsequent four tax years • Dawat-e-Islami Trust • Hamdard Laboratories (Waqf) Pakistan
Sub-clause(2)	<p>The Finance Act, 2022 has approved to omit the income derive for claiming 100C tax credits by the following:</p> <ul style="list-style-type: none"> • Pakistan Sweet Homes Angles and Fairies Place • Pakistan Mortgage Refinance Company Limited • Dawat-e-Islami Trust <p>The Finance Act, 2022 has approved to insert the income derive for claiming 100C tax credits by the following</p> <ul style="list-style-type: none"> • Burhani Qarzan Hasnan Trust • Saifee Hospital Karachi • Saifiyah Girls Taalim Trust
Clause (99)	The Finance Act, 2022 has approved to exclude the expression "as reduced by" with the words "accumulated losses and".
Clause (103D)	The Finance Act, 2022 has approved to exclude the expression "clause (p) of section 2 of the Special Technology Zones Authority Ordinance, 2020" with the words "the Special Technology Zones Authority Act, 2021 (XVII of 2021)".
Clause (126EA)	The Finance Act, 2022 has approved to substitute section 126EA of the Ordinance as follows:

**SECTION
(CLAUSE)**
THE INCOME TAX ORDINANCE, 2001
Profits and gains derived by:

- (a) zone developer as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement;
- (b) zone Enterprises as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and
- (c) Special Technology Zones Authority established under the Special Technology Zones Authority Act, 2021 (XVII of 2021)

The Finance Act, 2022 has approved to insertion of new clauses "150, 151, 152 and 153" after clause "149" as under:

- Clause (150)** Income derived by Siyahkalem Engineering Construction Industry and Trade Company Limited from contract dated 23rd day of May 2017 with Earthquake Reconstruction and Rehabilitation Authority, financed by the Saudi Fund for Development with effect from tax year 2017
- Clause (151)** Any income derived by a person from cinema operations in a tehsil or town where there is no cinema, for five years from the commencement of cinema operations:
- Clause (152)** Profits and gains derived between the first day of July, 2022 and the thirtieth day of June, 2025 both days inclusive, by a venture capital company and venture capital fund registered under relevant Venture Capital Companies and Funds Management Rules issued by Securities and Exchange Commission of Pakistan
- Clause (153)** Profits and gains from the production of feature film derived between the first day of July, 2022 and the thirtieth day of June, 2027 both days inclusive by a resident producer or a resident production house.

Part II Reduction in tax rates

- Clause (24C)** The Finance Act, 2022 has approved to insert the expression "cement" with the words "steel".
- Clause (24D)** The Finance Act, 2022 has approved to insert the expression "cement" with the words "steel".
- Clause (31)** The Finance Act, 2022 has approved to insertion of new clause "31" after omitted clause "30" as under:

The rate of tax under clause (a) of sub-section (1) of section 153 shall be 1% on payment for sale of gold and silver and articles thereof and the tax so deducted shall be adjustable;

Part III REDUCTION IN TAX LIABILITY

- Clause 1** The Finance Act, 2022 has approved to completely omitted the clause I as under:
- flying allowance by flight engineers, navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority, Junior Commissioned Officers or other ranks of Pakistan Armed Forces; and
 - submarine allowance by the officers of the Pakistan Navy
- Clause 1AA** The Finance Act, 2022 has approved to completely omitted the clause 1AA that total allowances received by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%, provided that the reduction under this clause shall be available to so much of the allowances as exceeds an amount equal to the basic pay.
- Clause 6** The Finance Act, 2022 has approved to exclude the expression "10" with the words "5". The reduction in rate from 10% to 5% relates to the profit on investment in Bahbood Savings Certificate or Pensioners Benefit amount.
- Clause 20** The Finance Act, 2022 has approved to omit the clause 20 that the tax payable by a person other than a banking or insurance company in respect of profit on debt from investment in Federal Government securities shall be fifteen percent of the gross amount of the profit on debt

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Part IV	EXEMPTION FROM SPECIFIC PROVISIONS
Clause 11A	<p>The Finance Act, 2022 has approved to omit entry (xlii) that persons qualifying for exemption under Clause 126E of Part I of this Schedule for tax year 2021 and onwards.</p> <p>The Finance Act, 2022 has approved to insertion in clause 11A after the sub-clause (xliv) as under: (xlv) Mobile phone manufacturers engaged in the local manufacturing of mobile phone devices</p>
Clause 12B	<p>The Finance Act, 2022 has approved to exclude the expression "30th day of June 2021" with the words "31st day of December 2021".</p> <p>The Finance Act, 2022 has approved to insertion of new clause "12BA" after the clause "12B" as under:</p>
Clause 12BA	The provisions of section 148 shall not apply on import of thirty million adult 3xPly Knit face masks received as humanitarian assistance from M/s HANES Brands Inc. North Carolina, USA for distribution within the population of Lahore Division, Government of the Punjab
Clause 12O	The provisions of section 148 shall not apply on import of drones donated by Ministry of Agriculture and Rural Affairs (MARA), Government of China to Pakistan through Sea Route. (12P) The provisions of section 148 shall not apply on import of cinematographic equipment as notified by the Federal Government.
Clause 12P	<p>The provisions of section 148 shall not apply on import of machinery and equipment as listed in S. No 32 of Part-I of Fifth Schedule to the Customs Act, 1969 subject to the same conditions and limitations as specified therein.</p> <p>The Finance Act, 2022 has approved to insertion of new clause "12O and 12P" after the clause "12N" as under:</p>
Clause 43H	<p>The Finance Act, 2022 has approved to insertion of new clauses "43H" after the clause "43G" as under:</p> <p>The provisions of clause (b) of sub-section (1) of section 153 shall not apply to an exhibitor or a distributor of a feature film, as a payer, on payment made to a distributor, producer or importer of a feature film.</p>
Clause (60DA)	<p>The Finance Act, 2022 has approved to substitute Clause 60DA as follows:</p> <p>The provisions of section 148 shall not apply to the import of the capital equipment as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021).</p> <ul style="list-style-type: none"> (a) Zone developers as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for consumption in the special technology zones for the period of ten years commencing from the date of signing the development agreement. (b) Zone enterprises as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and (c) Special Technology Zones Authority established under Special Technology Zones Authority Act, 2021 (XVII of 2021)
Clause (86)	The Finance Act, 2022 has approved to omit the clause 86. The Clause 86 provided instances where the provision of section 111 was not applicable.
Clause (95)	<p>The Finance Act, 2022 has approved to substitute clause 95 of the Ordinance as follows:</p> <p>The provisions of sections 147, 151, 152, 236A and 236K shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and The Pakistan Global Sukuk Programme Company Limited, as a payer</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001
Clause (96)	<p>The Finance Act, 2022 has approved to substitute clause 96 of the Ordinance as follows:</p> <p>The provisions of sections 151, 153, 155 and 236C shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and the Pakistan Global Sukuk Programme Company Limited, as a recipient"; and.</p>
Clause (97A)	<p>The Finance Act, 2022 has approved to insertion of new clause "97A" after clause "97" of the Ordinance shall be as follows:</p> <p>The provisions of sections 37, 236C and 236K shall not apply to National Highway Authority in respect of transfer of immovable property to the Pakistan Global Sukuk Programme Company Limited and in respect of transfer of immoveable property to National Highway Authority from the Second Pakistan International Sukuk Company Limited or the Pakistan Global Sukuk Programme Company Limited.</p>
Clause (105A)	<p>The Finance Act, 2022 has approved to insertion of new clause"105A" after the omitted clause"105" as follows:</p> <p>The provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding four tax years</p> <p>Provided that the Commissioner may select a person under section 177 for audit with approval of the Board.</p>
Clause (111AC)	<p>The Finance Act, 2022 has approved to insertion of new clause"111AC" after the clause"111AB" as follows:</p> <p>"The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) in respect of transactions on which tax is collectible under section 236C and 236K of the Ordinance;</p>
Clause (120)	<p>The Finance Act, 2022 has approved insertion of new clause "120" after clause "119" of the Ordinance shall be as follows:</p> <p>The provisions of Divisions II and III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax shall not apply to the persons mentioned in Table 1 of clause (66) of Part I of the second schedule as recipients of payment:</p> <p>Provided that such persons shall continue to perform functions as withholding and collecting agent under the aforesaid provisions.</p>
FOURTH SCHEDULE	RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF INSURANCE BUSINESS
	<p>The Finance Act, 2022 has approved to insertion of new rule "6DA" after the rule "6D" as follows:</p>
6DA	<p>The provisions of section 4C shall apply to the taxpayers under this Schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year 2022 onwards</p>
FIFTH SCHEDULE	RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS FROM THE EXPLORATION AND PRODUCTION OF PETROLEUM
	<p>The Finance Act, 2022 has approved insertion of new rule "4AB" after the rule "4AA" shall be as follows:</p>
4AB	<p>The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year 2022 onwards</p>

SECTION (CLAUSE)	THE INCOME TAX ORDINANCE, 2001						
SEVENTH SCHEDULE	<p>RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANIES AND TAX PAYABLE THEREON</p> <p>The Finance Act, 2022 has approved substitution in rule "6C" for sub-rule "6A" shall be as follows:</p> <p>6A</p> <p>For tax year 2022 and onwards, the taxable income attributable to investment in the Federal Government securities shall be taxed at the rate of—</p> <ul style="list-style-type: none"> (i) 55% instead of rate provided in Division II of Part I of the First schedule if the gross advances to deposit ratio as on last day of the tax year is upto 40% (ii) 49% instead of rate provided in Division II of Part I of the First schedule if the gross advances to deposit ratio as on last day of the tax year exceeds 40% but does not exceed 50%; and (iii) at the rates provided in Division II of Part I of the First schedule if gross advances to deposit ratio as on last day of the tax year exceeds 50% <p>Explanation.- For the removal of doubt it is clarified that the tax rate under this sub-rule is applicable to total income attributable to total investment in Federal Government securities.</p> <p>The Finance Act, 2022 has approved to substitution in rule "7CA" after rule "7C" shall be as follows:</p> <p>7CA</p> <p>The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year 2022 onwards</p>						
TENTH SCHEDULE	<p>RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS LIST</p> <p>The Finance Act, 2022 has approved to insertion of new proviso after in rule (1) shall be as follows:</p> <p>"Provided that the tax required to be collected under section 231B shall be increased by two hundred percent of the rate specified in First Schedule in case of persons not appearing in the active taxpayers' list:</p> <p>Provided further that the tax required to be collected under section 236K shall be increased by two hundred and fifty percent of the rate specified in Division XVIII of Part IV of the First Schedule in case of persons not appearing in the active taxpayers</p> <p>Rule 10</p> <p>The Finance Act, 2022 has approved to insertion of new sub-rule (ca) after sub-rule (c) shall be as follows:</p> <p>"tax collected or deducted under section 154A"</p> <ul style="list-style-type: none"> (e) The Finance Act, 2022 has approved to omit tax deducted under section 156B (P) The Finance Act, 2022 has approved to omit tax deducted under section 236I (t) The Finance Act, 2022 has approved to omit tax deducted under section 235Q 						
TWELFTH SCHEDULE	<p>Tax deducted on import stage under section 148</p> <p>Part I</p> <p>The Finance Act, 2022 has approved to omit the PCT code 72.04 that ferrous waste and scrap; remelting scrap ingots of iron or steel</p> <p>The Finance Act, 2022 has approved to insertion of new PCT code before PCT code 2711.1100 as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: left;">PCT CODE</th> <th style="text-align: left;">DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>07.01</td> <td>Potatoes, fresh or chilled</td> </tr> <tr> <td>0702.0000</td> <td>Tomatoes, fresh or chilled</td> </tr> </tbody> </table>	PCT CODE	DESCRIPTION	07.01	Potatoes, fresh or chilled	0702.0000	Tomatoes, fresh or chilled
PCT CODE	DESCRIPTION						
07.01	Potatoes, fresh or chilled						
0702.0000	Tomatoes, fresh or chilled						

**SECTION
(CLAUSE)**

THE INCOME TAX ORDINANCE, 2001

PCT CODE	DESCRIPTION
07.03	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled
1006.1010	Seed for sowing
27.01	Coal; briquettes, ovoids and similar solid fuels manufactured from coal

Part II

The Finance Act, 2022 has approved to omit PCT code 07.01, 0702.0000, 07.03, 1006.1010 and 27.01.

The Finance Act, 2022 has approved to insertion of new PCT code 3919.9020 after PCT code 39.14 shall be as follows:

3919.9020 PVC electric insulation tapes in logs exceeding 100 cm

The Finance Act, 2022 has approved to insertion of new PCT code 72.04 after PCT code 72.03 shall be as follows:

72.04 Ferrous waste and scrap; remelting scrap ingots of iron or steel

The Finance Act, 2022 has approved to insertion of new PCT code after PCT code 85.03 shall be as follows:

8504.3100 SMD Inductors for LED Bulb and Lights.
8504.4090 Constant Current Power Supply of LED Lights and Bulbs

The Finance Act, 2022 has approved to insertion of new PCT code after PCT code 85.29 shall be as follows:

8532.2200 Electrical Capacitors Aluminum Electrolytic for LED Bulbs and Lights

The Finance Act, 2022 has approved to insertion of new PCT code after PCT code 85.38 shall be as follows:

8539.9020 Base Cap for all Kinds of LED Bulbs
8539.9090 Bare or Stuffed Metal Clad Printed Circuit Boards (MCPCB) for all kinds of LED Bulbs
8539.9090 Housing/Shell, Shell Cover and Base Cap for all Kinds of LED Bulbs.

The Finance Act, 2022 has approved to insertion of new PCT code after PCT code 90.32 shall be as follows:

9001.9000 Lenses for LED Bulbs and Lights

The Finance Act, 2022 has approved to insertion of new PCT code after PCT code 9401.9030 shall be as follows:

"9405.1090 Housing/Shell, Shell Cover and Base Cap for all Kinds of LED Lights.
9405.9900 Bare or Stuffed Metal Clad Printed Circuit Boards (MCPCB) for all kinds of LED Lights.

**THIRTEENTH
SCHEDULE**

Charitable Donations

The Finance Act, 2022 has approved to insertion of new serial no "63" after serial no "62" shall be as follows:

63 All entities mentioned in Table-I of clause (66) of Part-I of the Second Schedule of the Ordinance.

SECTION (CLAUSE)	SALES TAX ACT, 1990				
	Definitions				
2(12)	<p>Goods</p> <p>The Finance Act 2022 (the Act), has inserted production, transmission and distribution of electricity as under the definition of goods. By this insertion electricity production and supply also comes under the definitions of goods.</p>				
2(29A)	<p>Sales Tax</p> <p>The Act inserted the word "excluding fee and service charges imposed and collected under section 76" By this insertion the fee and services charges collected under section 76 shall be excluded from the definitions of sales tax.</p>				
2(33)(e)	<p>Supply</p> <p>This is a consequential amendment as the Act has inserted a new clause as production, transmission and distribution of electricity under the definition of goods under section 2(12) is also included in this definition. By this insertion the production, transmission and distribution of electricity." also comes under the definitions of supply.</p>				
2(43A)(ga)	<p>Tier – 1 Retailer</p> <p>The Act has allowed insertion of a new clause after sub clause "g" as under:</p> <p>"A person engaged in supply of articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal excluding a person whose shop measures three hundred square feet in area or less. By insertion of this clause, jewelers are also included in the definitions of "Tier-1 Retailer".</p> <p>Scope of Tax</p>				
3(1A)	<p>The Act has approved insertion the word "or he is not an active taxpayer "of" after the word "registration number" By this substitution non-active taxpayers are clearly included the list for charging further tax at the rate 3 percent over and above sales tax.</p>				
3(7)	<p>The Act has approved a new provision which was earlier incorporated vide the Third Amendment Ordinance 2021 dated September 2021, as under:</p> <p>"Provided that in case of the online market place facilitating the sale of third party goods, the liability to withhold tax on taxable supplies of such party at the rates specified in column (4) against S. No. 8 of the Eleventh Schedule to the Sales Tax Act 1990 shall on the operator of such market place. By addition of this proviso, operators of online market place would now be responsible for collection of sales tax on taxable supplies made by third party. This amendment is clarificatory in nature to avoid disputes created by the tax officers for payment of sales tax on non-withholding of sales tax on services subject to the levy of provincial sales tax.</p>				
3(9)(i)	<p>The Act approved to substitute after the word in the sub-section for collection of sales tax from retailers other than Tier-I retailers,</p> <table border="1" data-bbox="355 1602 1497 1806"> <thead> <tr> <th>Existing</th> <th>Finance Act 2022</th> </tr> </thead> <tbody> <tr> <td>5% where the monthly bill amount does not exceed Rs. 20,000 and at the rate of 7.50% where the monthly bill amount exceeds the aforesaid amount"</td> <td>-Rs. 3,000 per month where the monthly bill amount does not exceed Rs. 30,000, -Rs. 5,000 per month where the monthly bill amount exceeds Rs. 30,000 but does not exceed Rs. 50,000 and -Rs. 10,000 per month where the monthly bill amount exceeds Rs. 50,000"</td> </tr> </tbody> </table>	Existing	Finance Act 2022	5% where the monthly bill amount does not exceed Rs. 20,000 and at the rate of 7.50% where the monthly bill amount exceeds the aforesaid amount"	-Rs. 3,000 per month where the monthly bill amount does not exceed Rs. 30,000, -Rs. 5,000 per month where the monthly bill amount exceeds Rs. 30,000 but does not exceed Rs. 50,000 and -Rs. 10,000 per month where the monthly bill amount exceeds Rs. 50,000"
Existing	Finance Act 2022				
5% where the monthly bill amount does not exceed Rs. 20,000 and at the rate of 7.50% where the monthly bill amount exceeds the aforesaid amount"	-Rs. 3,000 per month where the monthly bill amount does not exceed Rs. 30,000, -Rs. 5,000 per month where the monthly bill amount exceeds Rs. 30,000 but does not exceed Rs. 50,000 and -Rs. 10,000 per month where the monthly bill amount exceeds Rs. 50,000"				
3(9)(ii)	<p>The Act has approved insertion of a new proviso after subsection (9), as under</p>				

SECTION (CLAUSE)	<p>SALES TAX ACT, 1990</p> <p>“Provided that the above rates of tax shall be increased by one hundred percent if the name of the person is not appearing in the ATL issued by the Board under section 181A of the Income Tax Ordinance 2001 on the date of issuance of monthly electricity bill. Provided further that the Board may through a general order prescribe any persons or class of person who shall pay rupees two hundred thousand per month through their monthly electricity bill”</p> <p>The Act has empowered the Board to prescribe any retailer to pay Rs. 200,000 as sales tax through electricity bill.</p>
3(11)	<p>The Act has also empowered the Board to require any person or class of persons to integrate their invoices under Board’s Computerized System for real time reporting of sales in such mode and manner and from such date as may be prescribed.</p>
Section 6	<p>Time and manner of payment</p>
(5)	<p>The Act has approved insertion of a new sub section after sub section 4 as follows:</p> <p>“The Federal Government may, subject to such conditions, limitations and restrictions as it may impose, by notification in the official Gazette, allow payment of sales tax on installments basis by the Federal or Provincial Governments or any public sector organization on import or supply of any goods or class of goods: Provided that such payment may be allowed from any previous date specified in the notification under this sub- section.</p> <p>By addition of this clause the Board is empowered to allow the Federal or Provincial Governments or any public sector organization, relief for payment of sales tax on installment basis.</p>
8 (1)(m)	<p>Tax credit not allowed</p> <p>The Act has approved the substitution of word “person” by “distributor”. Requirement to obtain CNIC / NTN in case of supply to un-registered distributor only.</p> <p>Now through the Act, requirements of mentioning NTN or NIC number under Section 23(1)(b) is now restricted to supplies made by a manufacturer or importer to unregistered distributors. Similarly, bar on deduction of input tax as placed under Section 8(1)(m) has been restricted to supplies made to unregistered distributors.</p>
8B	<p>Adjustable Input Tax</p> <p>The Act approved omission of the words “other than public limited companies listed on Pakistan Stock Exchange”. Due to this omission, now the above entities would also be restricted to claim input tax adjustment up to 90% of the output tax.</p>
14AB	<p>Discontinuance of gas and electricity connections</p> <p>The Act approved the provision which was earlier incorporated vide the Third Amendment Ordinance dated September 2021 the provision is as under:</p> <p>Notwithstanding anything contained in this Act or any other law for the time being in force, the Board shall have power through Sales Tax General Order to direct the gas and electricity distribution companies for discontinuing the gas and electricity connections of any person who fall in the following categories, namely:–</p> <p>(a) Any person, including tier-1 retailers, who fail to register for sales tax purpose or</p> <p>(b) Notified tier-1 retailers registered but not integrated with the Board’s Computerized System</p> <p>Provided that upon registration or integration, as the case may be, of the above said persons, the Board shall notify the restoration of their gas or electricity connection through Sales Tax General Order.</p> <p>By addition of this section Federal Government may direct gas electricity companies to disconnect their connections on non-compliances of the above section.</p>

SECTION
(CLAUSE)

SALES TAX ACT, 1990

Section 23(1)(b)

Tax invoices

This is a consequential amendment as the Act approved omission the requirement to obtain CNIC / NTN in case of supply to un-registered person under section 8 (1)(m). However, the requirement to obtain "Name, address and registration number of the recipient is intact. The NIC or NTN requirement is restricted on sale to such unregistered distributor only.

SECTION
(CLAUSE) SALES TAX ACT, 1990

The Third Schedule Sales Tax charged at standard rate

Serial No.7 The Act approved substitution of tariff code 3402.2000 by word respective heading

Sixth Schedule Local and Imported Goods Exemptions

Table -1

S.No	Existing	Proposed
	Amendment in Column 3	
13	Edible vegetables [imported from Afghanistan] including roots and tubers, [except ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled [or] canned [0709.5910, 0709.5990],	Omitted
32	Newsprint and books but excluding brochures, leaflets and directories	Addition of Respective headings. Instead of tariff code
45	Dextrose and saline infusion giving sets 792[***] along with empty non-toxic bags for infusion solution, Dextrose and saline infusion giving sets, Artificial parts of the body, Intra-Ocular lenses and Glucose testing equipment. 9027.8000	
120	Diagnostic kits or equipment, namely:- HIV Kits 4C Es Trionyx 5C Cell control Lnormal Bovine precision multi sera Pregnancy test DNA SSP DRB Generic IC Reticulocyte count (control) retic C Control Kit for vitamin B12 estimation Ferritin kit HEV (Hepatitis E virus) ID-DA Cell Urine Analysis Strips Albumin beg Cratinin sysi Ring Detektiion cups ISE Standard Alkaline phosphatase (Alb) Bilirubin kit HDL Cholesterol Ck creatinin kinase (mb) Ck nac Glucose kit Ammonia Modular Lac Ldh kit (lactate dehydrogenase kit) Urea uv kit Ua plus Tina quant Crp control Aslo tin Proteins Lipids HDL/LDL cholesterol Protein kit U Control Sera Pac Control HCV UIBC (Unsaturated iron binding capacity) U/CSF Inorganic Phosphorus kit Kit amplicon kit (for PCR) Ige Lc hsv Oligo NA/K/CL Hcy Standard [or calibrated] Hla B27 Liss Coombs Typhoid kit HCV amp Urine test strips Strips for sugar test Blood glucose test strips Kits for automatic cell separator for collection of platelets Elisa or Eclia kit PCR kits Immunoblast (western blot test). I.C.T. (Immunochromatographi c kit) CBC Reagent (For hematology analyzer) Complete blood count reagent. <u>Tariff Code was 3822.000</u>	
133	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, namely:- Xylol (xylenes) - Beta Pinene / Agrotin 527 / Terpenic derivative, Toluene , Mixed xylene isomers, Naphthalene, Solvesso-[100, 150, 200], Methanol (methyl alcohol), Propylene glycol (propane-1, 2- diol), Adhesives Polyvinyl Acetate , Polyvinyl Alcohol Ingredients for pesticides, Other ingredients for pesticides, Solvenon MP / 1-Methoxy 2- Propanol - Methyglycol Acetate, Methanal (formaldehyde) , Cyclo-hexanone and methylcyclo-hexanone, Cyclohexanon, Cyclohexanone Mixed petroleum Xylene (1,2 & 1,3 & 1,4 dimethyl benzene and ethyle benzene), Acetic anhydride, Ingredients for pesticides, Dioctyl orthophthalates, Endosulfan Technical Material, Other ingredients for pesticides Diethylamine and its salts Ingredients for pesticides, Other Ingredients for pesticides Ingredients for pesticides <u>Tariff Code was</u> 2930.9090 , 2931.0010, 2931.0090, 2932.2920, 2933.3930, 2941.9050, 3402.1110, 3402.1190, 3402.1290, 3402.1300, 3402.1990	

SECTION
(CLAUSE)

SALES TAX ACT, 1990

S.No	Existing	Substituted
137		
in Column no. 2	Paper weighing 60 g/m ² 852[, art paper and printing paper] for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO	Paper weighing 60 g/m ² 852[, art paper and printing paper] art card for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO
in Column no. 3	8402.6990	8402.6990'4810.2900

The Act approved addition of the following serial number as under

S.No	Particular	Code
163	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government: Provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 (IV of 1969), and the conditions laid therein. Provided further that exemption under this serial shall be available with effect from the 15th day of January, 2022.	99.01, 99.02, 99.03 and 99.06
164	Photovoltaic cells whether or not assembled in modules or made up into panels.	8541.4200 and 8541.4300
165	Goods imported by or donated to hospitals run by the non-profit making institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969).	99.13 and 99.14
166	Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more.	Respective headings
167	Goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).	99.19, 99.20 and 99.21
168	Fertilizers	Respective headings
169	Oil cake and solid residues	2306.1000
170	Tractor	8701.9220 and 8701.9329
171	Seeds for sowing	Respective heading
172	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply.	Respective headings
173	Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with.	

SECTION
(CLAUSE)

SALES TAX ACT, 1990

S.No	Particular	Code
174	Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969) subject to the conditions, limitations and restrictions specified thereunder.	Respective headings.".

Table 2

Local Supply's only

Serial

S.No	Existing	Substituted
11	Supply of ware potato and onions 0701.9000 and 0703.1000]	Omitted
32	Yogurt, excluding that sold in retail packing under a brand name- Tariff Code: 0403.1000	Respective headings
45	Edible vegetables including roots and tubers whether fresh, frozen or otherwise reserved (e.g. in cold storage) but excluding those bottled or canned. 0701.1000, 0702.0000, 0703.2000, 0703.9000, 0704.1000, 0704.2000, 0704.9000, 0705.1100, 0705.1900, 0705.2100, 0705.2900, 0706.1000, 0706.9000, 0707.0000, 0708.1000, 0708.2000, 0708.9000, 0709.1000, 0709.2000, 0709.3000, 0709.4000, 0709.5100, 0709.5910, 0709.5990, 0709.6000, 0709.7000, 0709.9000, 0710.1000, 0710.2100, 0710.2200, 0710.2900, 0710.3000, 0710.4000, 0710.8000, 0710.9000, 0712.2000, 0712.3100, 0712.3200, 0712.3300, 0712.3900 and 0712.9000	Respective headings
52	Raw hides and skins	Respective headings
53	Prepared food or foodstuff supplied by Restaurants and caterers	Respective headings
54	All types of breads, nans and chapattis	Respective headings

Table 3

Specific Exemptions

The Act approved addition of new serial number after serial 21 and also substituted the Annexure A

S.No	Descriptions	PCT Heading	Conditions
22	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through hydel, oil, gas, coal, nuclear and renewable energy sources including under construction projects entered into an implementation agreement with the Government of Pakistan prior to 15th day of January, 2022. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.	Respective headings	(i) This concession shall also be available to primary contractors of the project upon fulfilment of the following conditions, namely:- (a) The contractor shall submit a copy of the contract or agreement under which he intends to import the goods for the project; (b) The Chief Executive or head of the contracting company shall certify in the prescribed manner and format as per Annex-A that the imported goods are the projects bona fide requirement; and (c) The goods shall not be sold or otherwise disposed of without prior approval of the FBR on payment of sales tax leviable at the time of import;

SECTION
(CLAUSE)

SALES TAX ACT, 1990

S.No	Descriptions	PCT Heading	Conditions
			(ii) temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of sales tax and the amount payable along with an undertaking to pay the sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.

Eighth Schedule

Serial Number 25, 52, 60 and 75 and entries relating thereto in columns (2), (3),(4), and (5) are omitted against serial number 47, in column (4), for the expression "425", the expression "700" shall be substituted

In Serial No. 53 for the item Step Lights the tariff code 9405.4090 is substituted with Respective headings

In Serial No. 56 for the item Potassium Chlorate (KClO₃) rate was Rs. 90 per KG which is approved to be Rs.60 per KG

The following new entries are added

S.No	Description	Code	Rate of Sales Tax	Conditions
78	Supply of articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal.	71.13	3%	No input tax shall be adjusted
79	Electric vehicle in CBU condition of 50 kwh battery or below	8703.8090	12.5%	
80	EV transport buses of 25 seats or more in CBU condition	Respective heading	1%	
81	Manufacture or import of substances registered as drugs under the Drugs Act,1976 (XXXI of 1976)	Respective heading	1%	as the case may be, shall be final discharge of tax in the supply chain (ii) No input tax shall be adjusted by the manufacturer or importer
	Active Pharmaceutical Ingredients, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 (XXXI of 1976) or raw materials for the basic manufacture of pharmaceutical active ingredients.	Respective heading	1%	Subject to the conditions that: (i) DRAP shall certify item-wise requirement of manufacturers of drugs and APIs and in case of import shall furnish all relevant information to Pakistan Customs Computerized System; and (ii) No input tax shall be adjusted by the manufacturer or importer."

Eleventh Schedule

Sales Tax Withheld

Serial No.4 of the Table to the Eleventh Schedule specifies that "Companies as defined in the Ordinance" are withholding agents. Through the Act under the above serial, the companies exporting surgical instruments have been excluded from the scope of withholding agents.

Online Market places are required to withhold sales tax at the rate of 2% on the value of supply made by persons (vendors) other than active taxpayers through their online platform/market. The Act has now reduced the withholding rate of sales tax from 2% to 1%.

SECTION
(CLAUSE)

SALES TAX ACT, 1990

Twelfth Schedule

Levy and collection of tax on specified goods on value addition

Clause 2(1)

Existing	Proposed
Raw materials and intermediary goods imported by a manufacturer for in-house consumption;]	Raw materials and intermediary goods imported by a manufacturer for in-house consumption" <u>excluding compressor scrap (PCT heading 7204.4940), motor scrap (PCT heading 7204.4990) and copper cable cutting scrap (PCT heading 7404.0090)</u> "

SECTION
(CLAUSE)

Islamabad Capital Territory (Tax on Services) Ordinance

 The Schedule
Table I

- (i) The Act approved to substitute in Table 1, in column (1).- substitution for reduction of rate in Islamabad territory as under;

S.No	Description	PCT heading, if applicable	Rate of Tax (Existing)	Rate of Tax (Substituted)
1	Services provided or rendered by hotels, motels, guest houses, farmhouses, restaurants, marriage halls, lawns, club and caterers. Services provided or rendered by hotels motels, guest houses and farmhouses. Services provided or rendered by restaurants. Services provided or rendered by marriage halls and lawns. Services provided or rendered by clubs. Services provided or rendered by caterers, suppliers of foods and drinks.	98.01	Sixteen percent	Fifteen percent

- (ii) In Table 1, the following substitution in sales tax rate as under;

Against S. Nos.	Rate of Tax (Existing)	Rate of Tax (Substituted)
2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, and 59	Sixteen percent	Fifteen percent

SECTION (CLAUSE) LEVY OF TAX ON CAPITAL VALUE OF CERTAIN ASSETS

Section 1 The Act has introduced a tax which will be levied, charged, collected and paid, to be called the capital value tax 2022 on the value of assets at the rates provided in the First Schedule to this section for tax year 2023 and onwards.

Provided that the tax shall be charged from July 1, 2022 in case of motor vehicles held in Pakistan.

Section 2 CVT is charged on which assets

Capital value tax shall be charged on the following assets:

- a) motor vehicle held in Pakistan where:
 - i. the engine capacity exceeds 1300 cc; or
 - ii. in case of electric vehicles, the battery power capacity exceeds 50kwh;
- b) foreign assets of a resident individual where the value of such assets **on the last day of the tax year** in aggregate exceeds Rupees one hundred million; and
- c) such assets or class of assets as specified by the Federal Government through a notification in the official Gazette at rates not exceeding five percent of the value in such manner as may be specified.

Section 3 Valuation of Assets for the purpose of CVT

For the purposes of this tax, the Act has defined that value of the assets shall be determined in the following manner:

- a) in case of motor vehicle mentioned in clause (a) of sub-section (2) above –
 - i. where the vehicle is imported in Pakistan, the import value assessed by the Customs authorities as increased by all duties and taxes leviable at import stage;
 - ii. where the vehicle is manufactured or assembled locally in Pakistan, the ex-factory price inclusive of all duties and taxes; or
 - iii. where the vehicle is auctioned, the auction value inclusive of all duties and taxes;
- b) the value of the motor vehicle mentioned in clause (a) above, shall be reduced by ten percent for each year from the end of financial year in which the motor vehicle is acquired:
Provided that the value shall be treated as zero after five years from the end of financial year in which the motor vehicle is imported, sold by local manufactured or auctioned;
- c) in case of foreign assets mentioned in clause (b) of sub-section (2) above, the value shall be –
 - i. the total cost of the foreign assets on the last day of the tax year, in relevant foreign currency converted into Rupees as per exchange rates notified by State Bank of Pakistan for the said day;
 - ii. where the cost of foreign asset as provided in paragraph (i) cannot be determined with reasonable accuracy, the fair market value of the asset on the last day of the tax year, in relevant foreign currency converted into Rupees as per exchange rates notified by State Bank of Pakistan for the said day; and
- d) in case of assets notified by the Federal Government in terms of clause (c) of sub-section (2) above, the value shall be as specified in such notification.

Section 4 Mode and manner of payment of CVT

The tax shall be collected or paid in following manner –

- a) the Collector of Customs shall collect tax at the time of import of motor vehicle mentioned in clause (a) of sub-section (2) on the value mentioned in sub-section (3) at the rate specified in the First Schedule;
- b) the provisions of the Customs Act, 1969 (IV of 1969), in so far as relevant, shall apply to the collection and payment of tax under clause (a) of this sub-section;

**SECTION
(CLAUSE)****LEVY OF TAX ON CAPITAL VALUE OF CERTAIN ASSETS**

- c) local manufacturer or assembler shall collect tax from the buyer of the motor vehicle mentioned in clause (a) of sub-section (2) on the value mentioned in sub-section (3) at the rate specified in the First Schedule;
- d) any person making sale by public auction or auction by a tender of motor vehicle mentioned in clause (a) of sub-section (2) shall collect tax from the person to whom such motor vehicle is sold on the value mentioned in sub-section (3) at the rate specified in the First Schedule;
- e) where clause (c) or (d) of this sub-section apply, the tax shall be collected at the time of sale or where the payment is made in installments at the time of payment of first installment and the tax collected shall be paid to the credit of the Federal Government through remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan within seven days of the date of collection:
Provided that the tax collected by the Federal Government, a Provincial Government or a Local Government shall be paid to the credit of the Federal Government on the day the tax is collected;
- f) every motor vehicle registering authority of Excise and Taxation Department at the time of registration of a motor vehicle or transfer of registration shall collect tax on the value of motor vehicle at the rate specified in the First Schedule:
Provided that tax under this clause shall not be collected from the person from whom tax has been collected in respect of same vehicle under this section at the time of –
 - i. import;
 - ii. purchase from local manufacturer or assembler; or
 - iii. auction;
- g) in case of assets mentioned in clauses (b) of sub-section (2), the person holding the assets shall be liable to pay tax at the time the income tax return for the tax year is due in the manner prescribed; and
- h) in case of assets notified by the Federal Government in terms of clause (c) of sub-section (2) above, the tax shall be collected or paid in the manner as specified in such notification.

Section 5**Deposit of tax collected**

The proceeds of the tax collected under this section shall be credited to the Federal Consolidated Fund under the head specified by the Federal Government.

Section 6**Penalty or Default**

Where a person fails to pay tax, or to collect tax or fails to pay to the credit of the Federal Government after having collected the tax the person shall be personally liable to pay-

- a) the amount of tax; and
- b) the default surcharge at a rate equal to twelve per cent per annum on the tax unpaid computed for the period commencing on the date on which the tax was due and ending on the date on which it was paid.

Section 7**Order and opportunity of being heard**

Where sub-section (6) applies, the Officer of Inland Revenue may pass an order after giving the person an opportunity of being heard, and proceed to recover the tax under the provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) and the Income Tax Rules, 2002 as if the tax were an arrear of income tax.

Section 8**Revision of Order**

The Commissioner, on an application by the person, may revise any order made under this section.

The provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) and the Income Tax Rules, 2002 in so far as relevant, shall apply to the collection and recovery of tax under this section.

**SECTION
(CLAUSE)**
LEVY OF TAX ON CAPITAL VALUE OF CERTAIN ASSETS

Any person dissatisfied with any order passed by the Commissioner or an officer of Inland Revenue under this section may prefer an appeal before the Commissioner (Appeals) against the order as provided in section 127 of the Income Tax Ordinance, 2001 (XLIX of 2001) and all provisions of Part III of Chapter X of the Income Tax Ordinance, 2001 shall apply accordingly.

The Federal Board of Revenue may, by notification in the official Gazette, prescribe the manner and procedure relating to the collection and recovery of, or any other matter relating to the capital value tax.

The Federal Government may, by notification in the official Gazette, exempt any asset or class of assets from tax subject to such conditions as may be specified.

Section 9
Relevancy of provision of Tax Ordinance and Income Tax Rule

The provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) and the Income Tax Rules, 2002 in so far as relevant, shall apply to the collection and recovery of tax under this section.

Section 10
Appeal

Any person dissatisfied with any order passed by the Commissioner or an officer of Inland Revenue under this section may prefer an appeal before the Commissioner (Appeals) against the order as provided in section 127 of the Income Tax Ordinance, 2001 (XLIX of 2001) and all provisions of Part III of Chapter X of the Income Tax Ordinance, 2001 shall apply accordingly.

Section 10 & 11
Other provisions

The Federal Board of Revenue may, by notification in the official Gazette, prescribe the manner and procedure relating to the collection and recovery of, or any other matter relating to the capital value tax.

The Federal Government may, by notification in the official Gazette, exempt any asset or class of assets from tax subject to such conditions as may be specified.

First Schedule (See section 1)
Rates of Capital Value Tax
TABLE

S. No.	Assets/Description	Rate
(1)	(2)	(3)
1	Motor vehicle mentioned in clause (a) of sub-section (2)	1% of the value
2	Foreign assets mentioned in clause (b) of sub-section (2)	1% of the value
3	Assets mentioned in clause (c) of sub-section (2)	As specified by Federal Government, not exceeding 5% of the value.

INFORMATION ABOUT WITHHOLDING TAXES

APPENDIX – I

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/ COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
148	(1) Import of goods	1% of the import value as increased by customs-duty, sales tax and federal excise duty	Collector of Customs	Minimum Tax
	ii. Persons importing goods classified in Part I of the Twelfth Schedule	2% of the import value as increased by customs-duty, sales tax and federal excise duty		
	iii. Persons importing goods classified in Part III of the Twelfth Schedule	5.5% of the import value as increased by customs-duty, sales tax and federal excise duty"		
148(A)	Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011;	1%	Collector of Customs	Minimum Tax
148(B)	Persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan	4%	Collector of Customs	Minimum Tax
148(C)	Person Importer of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below.	1%	Collector of Customs	Minimum Tax
S. No.	C & F Value of mobile phone (in US Dollar)	Tax (in Rs)		
		In CBU condition PCT Heading 8517.1219	In CKD/SKD condition under PCT Heading 8517.1211	
(1)	(2)	(3)	(4)	
1	Up to 30 except smart phones	700	0	
2	Exceeding 30 and up to 100 and smart phones up to 100	100	0	
3	Exceeding 100 and up to 200	930	0	
4	Exceeding 200 and up to 350	970	0	
5	Exceeding 350 and up to 500	3000	5000	
6	Exceeding 500	5,200	11,500	

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLL ECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
	Rate of tax for Individual and Association of Person			
	Taxable Income	Rate of Tax		
Business Individual & AOP	Where the taxable income does not exceed Rs. 600,000	0%		
	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 800,000	5% of the amount exceeding Rs. 600,000		
	Where taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000	Rs. 10,000 + 12.5% of the amount exceeding Rs. 800,000		
	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs.60,000 + 17.5% of the amount exceeding Rs. 1,200,000		
	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000	Rs. 270,000 + 22.5% of the amount exceeding Rs. 2,400,000		
	Where taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	Rs. 405,000 + 27.5% of the amount exceeding Rs. 3,000,000		
	Where taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000	Rs. 680,000 + 32.5% of the amount exceeding Rs. 4,000,000		
	Where taxable income exceeds Rs. 6,000,000	Rs. 1,330,000 + 35% of the amount exceeding Rs. 6,000,000."		
		Rate of tax of Salaried Individual		
	Taxable Income	Rate of Tax		
149	Where the taxable income does not exceed Rs. 600,000	0%		
	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	2.5% of the amount exceeding Rs. 600,000		
	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 15,000 + 12.5% of the amount exceeding Rs.1,200,000		
	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,600,000	Rs. 165,000 + 20% of the amount exceeding Rs.2,400,000		
	Where taxable income exceeds Rs. 3,600,000 but does not exceed Rs. 6,000,000	Rs. 405,000 + 25% of the amount exceeding Rs.3,600,000		
	Where taxable income exceeds Rs. 6,000,000 but does not exceed Rs. 12,000,000	Rs. 1,005,000 + 32.5% of the amount exceeding Rs.6,000,000		
	Where taxable income exceeds Rs. 12,000,000	Rs. 2,955,000 + 35% of the amount exceeding Rs. 12,000,000		
	150	Payments of dividend declared / distributed by:		
(a) In the case of dividend paid by independent power purchasers where such dividend is a pass-through item under an Implementation agreement and is required to be reimbursed by Central Power Purchasing Agency (CPPA-G) or its predecessor or successor entity.		7.5%	Every person paying dividend	Final
(b) In the case of mutual funds and other than those mentioned in clauses (a).		15%		
(ba) In the case of a person receiving dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III."	25%			

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
150(A)	On Payment of return on investment in Sukuks:		Every person paying dividend	Final
	a) In case the Sukuk- holder is a company,	25%		
	b) In case the Sukuk- holder is a individual or an Association of person, if the return of invest is more than one million	12.5%		
	c) In case the Sukuk- holder is a individual or an Association of person, if the return of invest is less than one million	10%		
151	The rate of tax of profit on debt imposed under section 7B shall be--	15%	Payer of the profit or yield	Minimum
152	Payments to non-residents: Sales of good in case of company	4%	Federal Government, Company, Association of Persons (under law), non-profit organization, Foreign Contractor or Consultant and Consortium or Joint Venture, Individual (turnover of Rs. 50M or above), AOP (normal) (turnover of Rs. 50M or above), A person registered under the Sales Tax Act, 1990, an exporter or an export house	Minimum Tax
	• Sales of good in case of other then company	4.5%		
	• Transport services, Freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard service, software development services, IT services and IT enable services as defined in clause (133) of the part I of the second Schedule. tracking services, advertising services (other than by print or electronic media), share registrar services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services	3%		
	• Other than transport services in case of Company	8%		
	• Other than transport services in any other case	10%		
	• Royalty or fee for technical services	15%	Payment to non-resident by a resident person	Final
	• Any other case	10%		
	• Execution of contract			
	i) In the case of companies	7%		
	ii) In the case other taxpayers	7.5%		
	iii) In the case of Sportsperson	10%		
	• Fees for technical services	15%		
	• Fee for offshore digital services	5%		
	• Shipping income	8%		
	• Air Transport income	3%		
	• Contract or sub contract under a construction,	7%		
	• assembly or installation project	7%		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	<ul style="list-style-type: none"> Advertisement services rendered by T.V. Satellite Channel 	3%		
	<ul style="list-style-type: none"> Advertisement services relaying from outside Pakistan 	10%		
	<ul style="list-style-type: none"> Insurance premium or re-insurance premium 	5%		
	<ul style="list-style-type: none"> Other cases 	20%		
153	<ul style="list-style-type: none"> Sale of goods on amount inclusive of Sales Tax <ul style="list-style-type: none"> ➤ General <ul style="list-style-type: none"> i) In the case of companies ii) In the case of other taxpayers 	4%	Federal Government, Company, Association of Persons (under law), non-profit organization, Foreign Contractor or Consultant and Consortium or Joint Venture, Individual (turnover of Rs. 50M or above), AOP (normal) (turnover of Rs. 50M or above), A person registered under the Sales Tax Act, 1990, an exporter or an export house	Minimum Tax Adjustable for manufacturer company or listed companies
	<ul style="list-style-type: none"> Rice, cotton seed oil and edible oil other than mentioned below 	1.5%		Minimum Tax Adjustable for manufacturer company or listed companies
	<ul style="list-style-type: none"> Payment to electronic and print media for advertising services 	1.5%		
	<ul style="list-style-type: none"> Rendering of services <ul style="list-style-type: none"> ➤ General <ul style="list-style-type: none"> i) In the case of companies ii) In the case of other taxpayers 	8% 10%		
	<ul style="list-style-type: none"> ➤ Transport services, freight forwarding services, air cargo services, courier services, man power outsourcing services, hotel services, security guard services, software development services, IT Services and IT enabled services as defined in clause (65F) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Ltd. & Pakistan Mercantile Exchange Ltd. , inspection, certification, testing & training services oilfield services, telecommunication services, warehousing services, collateral management services, travel and tour services. 	3%		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
154	Realization of proceeds on account of:			Final
	<ul style="list-style-type: none"> Exports of goods and sales of goods by indirect exporter under inland back to back letter of credit or standard purchase order of goods specified in seventh schedule 	1%	Authorized Dealer in foreign exchange, Collector of Customs and Banking Company	
	<ul style="list-style-type: none"> Exports of goods by an industrial undertaking located in the export processing zones. 	1%	EPZ authority established under the EPZ authority Ordinance, 1980.	
	<ul style="list-style-type: none"> Payment for firm contract to an indirect exporter. 	1%	Direct exporter and an export house registered under the Duty and Tax Remission for Export Rules 2001.	
	<ul style="list-style-type: none"> Indenting commission 	5%	Authorized Dealer in foreign exchange.	
154A	The rate of tax to be deducted under section 154A on the following (a) exports of computer software or IT services or IT enabled services (b) services or technical services rendered outside Pakistan or exported from Pakistan; (c) royalty, commission or fees derived by a resident company from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise; (d) construction contracts executed outside Pakistan; and (e) other services rendered outside Pakistan as notified by the Board from time to time;	1%	Authorized Dealer in foreign exchange, Collector of Customs and Banking Company	Final if opted
	Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25%		
155	<ul style="list-style-type: none"> Payment of rent (including advance) on immovable property, 		Federal Government, Provincial Government, Local Authority, Company, Non-Profit Organization, Charitable Organization and Diplomatic Mission of Foreign State, Private Educational Institution, Boutique, Beauty parlor, Hospital, Clinic,	Adjustable
	<ul style="list-style-type: none"> Gross amount of rent 	Rate of tax		
	<ul style="list-style-type: none"> Where the gross amount of rent does not exceed Rs. 300,000 	NIL		
	<ul style="list-style-type: none"> Where the gross amount of rent exceeds Rs. 300,000 but does not exceed Rs. 600,000 	5 per cent of the gross amount exceeding Rs. 300,000		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
	<ul style="list-style-type: none"> Where the gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 2,000,000 	Rs. 15,000 plus 10 per cent of the gross amount exceeding Rs. 600,000	Maternity Home, Individuals or AOPs paying gross rent of Rs 1.5 million or more in a year. Paid by the company	
	<ul style="list-style-type: none"> Where the gross amount of rent exceed Rs. 2,000,000 	Rs. 155,000 plus 25 per cent of the gross amount exceeding Rs. 2,000,000";		
	<ul style="list-style-type: none"> Payment of rent on immovable property (In case of company) 	15%		
156	<ul style="list-style-type: none"> Payment of prize on prize bond or crosswords puzzle 	15%	Person paying the amount where the payment is not in cash	Final
	<ul style="list-style-type: none"> Payment of prize on winning of raffle, lottery, a quiz, offered by companies for promotion of sale. 	20%		
156A	<ul style="list-style-type: none"> Payment of commission or discount allowed to a petrol pump operator 	12%	Person selling petroleum products to a petrol pump operator	Final
231B	<ul style="list-style-type: none"> Purchase, Registration of Transfer of Motor Vehicles 	Rs. 7,500 To 250,000	Excise and Taxation (Motor Vehicle)	Adjustable
231B (2)	<ul style="list-style-type: none"> Transfer of Registration or ownership of a private motor vehicle: 	Rs. 0 To 62,500	Excise and Taxation (Motor Vehicle)	Adjustable
231B(2A)	<ul style="list-style-type: none"> Transfer of Registration or ownership of a private motor vehicle: 	Rs. 0 To 62,500	Excise and Taxation (Motor Vehicle)	Adjustable
S.No.	Engine capacity	Tax		
1.	Upto 850 cc	Rs. 10,000	Excise and Taxation (Motor Vehicle)	Adjustable
2.	851cc to 1000cc	Rs. 20,000		
3.	1001cc to 1300cc	Rs. 25,000		
4.	1301cc to 1600cc	Rs. 50,000		
5.	1601cc to 1800cc	Rs. 150,000		
6.	1801cc to 2000cc	Rs. 200,000		
7.	2001cc to 2500cc	Rs. 300,000		
8.	2501cc to 3000cc	Rs. 400,000		
9.	Above 3000cc	Rs. 500,000		
10	If the value of vehicle is Rs. Five million or more the rate of tax collection shall be including import value custom duty, sales tax and federal excise duty in case of local manufactured value	3%	Collector of Customs	
233	Payment of Brokerage and Commission		Federal Government, Local Government, Local Government, Company and Association of Person constituted by or under any law	Minimum Tax
	<ul style="list-style-type: none"> Advertising Agents 	10%		
	<ul style="list-style-type: none"> Life Insurance Agents where commission received is less than Rs. 0.5 million per annum 	8%		
	<ul style="list-style-type: none"> Person not covered in Advertising and Life Insurance Agents above 	12%		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
234	On collection of motor vehicle tax of:		Person collecting motor vehicle tax	Adjustable
	<ul style="list-style-type: none"> Passenger transport vehicle with registered seating capacity of 4 to 10 persons 	Rupees 500 for Non Air Conditions and Rs. 1,000 for air conditions		
	<ul style="list-style-type: none"> Passenger transport vehicle with registered seating capacity of 10 to 20 persons 	Rupees 1,500 for Non Air Conditions and Rs. 2,000 for air conditions		
	<ul style="list-style-type: none"> Passenger transport vehicle with registered seating capacity of 20 or more 	Rupees 2,500 for Non Air Conditions and Rs. 4,000 for air conditions		
	<ul style="list-style-type: none"> Goods transport vehicle. 	per kilogram of the laden weight per annum Rs. 2.50		
	<ul style="list-style-type: none"> In the case of goods transport vehicles with minimum laden weight of 8,120 Kg, advance tax after a period of ten years from the date of first registration of vehicle in Pakistan. 	Rs. 1,200 per annum		
	<ul style="list-style-type: none"> Other private motor vehicle. 	Rs. 800 to 10,000		
	<ul style="list-style-type: none"> Where the motor vehicle tax is collected in lump sum 	Rs.10,000 to 120,000		
235	On collection of amounts of commercial and industrial of electricity bill:	0	Person preparing electricity consumption bill	Adjustable for Companies (minimum for others for bill amounting to Rs. Rs.30,000 per month / adjustable for the amount of bill which exceeds Rs. 30,000)
	<ul style="list-style-type: none"> Where the amount of electricity bill upto Rs.500 			
	<ul style="list-style-type: none"> exceeds Rs. 500 but does not exceed Rs. 20,000 	10% of the Amount		
	<ul style="list-style-type: none"> exceeds Rs.20,000 	Rs. 1950 plus 12% of the amount exceeding Rs. 20,000 for commercial consumers Rs. 1950 plus 5% of the amount Exceeding Rs. 20,000 for ' industrial consumers		
	On collection of amounts of domestic electricity bill:			
	i) Where bill is less then Rs 25,000	0%		
	ii) Where bill exceeds Rs 25,000	7.5%		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/FINAL
	On collection of amounts of commercial and industrial of electricity bill: <ul style="list-style-type: none"> Where the amount of electricity bill upto Rs.30,000 	Rs.3000		
	<ul style="list-style-type: none"> exceeds Rs. 30 000 but does not exceed Rs. 50,000 	Rs. 5,000		
	<ul style="list-style-type: none"> exceeds Rs. 50 000 but does not exceed Rs. 100,000 	Rs. 10,000		
	<ul style="list-style-type: none"> Specified retailers and service providers through Income Tax General Order 	Rs.50,000		
235B	Production of steel billets, ingots and mild steel excluding stainless steel	Rs. 1/units of electricity consumed	Person preparing electricity consumption bill	Final
236	On custom of amounts of telephone charges of: <ul style="list-style-type: none"> Telephone subscriber (bill exceeds Rs. 1,000) 	10	Person preparing telephone bills	Adjustable
	<ul style="list-style-type: none"> subscriber of internet, mobile telephone and pre-paid internet or telephone card 	10 for tax year 2022 and 8% on wards		
236A	<ul style="list-style-type: none"> On the sale by public auction or auction by tender 	10%	Any person making sale by public auction or auction by tender	Adjustable
	<ul style="list-style-type: none"> In case of immovable property sold by auction 	5%		
236C	<ul style="list-style-type: none"> On sale or transfer of immovable property for: 	2%	Any person responsible for registering or attesting transfer of immovable property	Minimum Tax if property is acquired and disposed-off within the same tax year; Otherwise Adjustable.
236G	Sales to distributors, dealers and wholesalers Fertilizers		Every manufacturer or commercial importer of occurring for the first time, the expression "pharmaceuticals, poultry and animal feed, edible oil and ghee, battery, tyers, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector	Adjustable
	Fertilizers	0.7%		
	Other then Fertilizers	0.1%		
	Provided that the rate of advance tax on sale to distributors, dealers or wholesalers of fertilizer shall be 0.25%, if they are already appearing on both the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001)	0.25%		

SECTION REFERENCE	NATURE OF PAYMENT/ TRANSACTION	TAX RATE (%/Rs)	DEDUCTING/COLLECTING AUTHORITY	WITHHOLDING TAX ADJUSTABLE/ FINAL
236H	Advance tax on Sales to retailers	0.5%	Every manufacturer, distributor, dealer, wholesaler or commercial importer of occurring for the first time, the expression "pharmaceuticals, poultry and animal feed, edible oil and ghee, battery, tyers, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector	Adjustable
236K	On purchase or transfer of immovable property	2% Fair Market value of Immovable Property	Any person responsible for registering or attesting transfer for local authority, housing authorities, housing society, public and private real estate projects registered/governed under any law, joint ventures, private Commercial concerns.	Adjustable
236X	Advance tax on tobacco	5% of purchase value	Pakistan Tobacco Board	Adjustable
236Y	Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards	1%	Every banking Company shall collect advance tax	Adjustable

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