

Finance Bill 2009

A

BILL

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2009, and to amend certain laws

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2009, and to amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title, extent and commencement.** – (1) This Act may be called the Finance Act, 2009.

(2) It extends to the whole of Pakistan.

(3) It shall, unless otherwise provided, come into force on the first day of July, 2009.

2. **Amendment of Act II of 1899.** – In the Stamp Act, 1899 (II of 1899), in Schedule I, Articles 10 and 39 shall be omitted.

3. **Amendments of Act IV of 1969.**– In the Customs Act, 1969 (IV of 1969) the following further amendments shall be made, namely:-

(1) in section 2,-

(a) in clause (k), after the word “station”, occurring for the second time, the comma and words “, declared as such under section 9” shall be inserted;

(b) in clause (kka), after the word “manifest”, occurring for the first time, the commas, brackets, letters and words “,certificate of country of

origin, Vessel Information Report (VIR), Carrier Declaration Information (CDI)” shall be inserted;

(c) after clause (lb), the following new clause shall be inserted, namely:-

“(lc) ”KIBOR” means Karachi Inter Bank Offered Rate applicable on the first day of each quarter of the financial year;”;

(d) clause (m) shall be omitted;

(e) in clause (s), in sub-clause (ii), for the word “fifty”, the words “two hundred” shall be substituted;

(2) in section 7, for the word “Central”, the word “Federal” shall be substituted;

(3) in section 14A, after the word “person”, the words “including any body corporate, any port trust or terminal operator” shall be inserted;

(4) in section 15, for the full stop at the end, a semicolon shall be substituted and thereafter the following proviso shall be added; namely:-

“Provided that offences relating to goods imported or exported in violation of intellectual property rights shall, notwithstanding any thing in any other law, be adjudicated by appropriate officer of customs.”;

(5) in section 21A, in sub-section (2), for the word “fourteen” the letters and words “KIBOR plus three” shall be substituted;

(6) in section 25A, in sub-section (1).-

(a) after the word “Valuation”, the words “on his own motion or” shall be inserted; and

(b) after the word “person”, the words “including an officer of Customs” shall be inserted;

- (7) in section 25D, after the word “lie” the commas and words “, within thirty day,” shall be inserted;
- (8) in section 31A, in sub-section (1) after the figure “18”, the comma, figures, word and letters “18A, 18C and 18D” shall be inserted;
- (9) in section 32, in sub-section (1), in clause (b), after the comma, at the end, the word “or” shall be inserted and thereafter the following new clause shall be inserted, namely:-
- “ (c) submits any declaration electronically through automated clearance system regarding any matter of customs,”;
- (10) in section 32A, in sub-section (1), in clause (c), after the word “regarding” the words and commas “any matter of customs including assessment, classification,” shall be inserted;
- (11) in section 33, in sub-section (1) for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-
- “Provided that no refund shall be allowed under this section if the sanctioning authority is satisfied that incidence of customs duty and other levies has been passed on to the buyer or consumer.”;
- (12) in section 44,-
- (a) after the word “shall” the words “before arrival or” shall be inserted;
- and
- (b) after the word “deliver” the words “or file electronically” shall be inserted;
- (13) in section 83, in sub-section (2),-

- (a) the comma and figure“, 80A” shall be omitted; and
 - (b) for the word “fourteen” the letters and words “KIBOR plus three” shall be substituted;
- (14) in section 86, in sub-section (1), in clause (b), for the words “one per cent per month” the letters and words “KIBOR plus three per cent per annum” shall be substituted;
- (15) in section 139, for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely:-

“Provided further that a passenger availing green channel facility for clearance of baggage shall be deemed to have made a declaration that no dutiable or contraband goods are contained in the baggage of such passenger.”;
- (16) in section 155F, in the proviso,-
 - (a) the words “and after hearing the aggrieved person” shall be omitted; and
 - (b) for the full stop, at the end, a colon shall be substituted and thereafter the following further proviso shall be added, namely:-

“Provided further that the Collector of Customs shall, after giving opportunity of hearing, pass an order confirming suspension or otherwise the use of Unique User Identifier.”;
- (17) in section 179,-
 - (a) in sub-section (1), for the full stop, at the end, the following shall be substituted, namely:-

“(iv) Principal Appraiser or not exceeding fifty thousand
Superintendent rupees.”;

(b) in sub-section (3),-

(i) for the words “receipt of the contravention report”, the words
“issuance of show cause notice” shall be substituted;

(ii) for the word “ninety” the word “sixty” shall be substituted;
and

(iii) for the full stop, at the end, a colon shall be substituted and
thereafter the following proviso shall be added, namely:-

“Provided that any period during which the proceedings are
adjourned on the request of taxpayer or postponed due to
any appeal or proceedings or stay order, remand or
alternative dispute resolution proceedings or for any other
reason, shall be excluded from the computation of these
periods.”;

(18) in section 182, at the end the full stop shall be omitted and words “and the
members of the Appellate Tribunal constituted under the laws administered
by the Board” shall be inserted;

(19) in section 193-A, in sub-section (3),-

(a) for the word “ ninety”, the words “one hundred and twenty” shall be
substituted;

(b) in the first proviso, for the word “ninety” the word “sixty” shall be
substituted; and

- (c) after the first proviso, the following new proviso shall be added, namely:-

“Provided also that any period during which the hearing of any appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of the aforementioned period.”;

- (20) in section 194-B, in sub-section (1),-

- (a) in the first proviso, after the word “period” the words “of not more than a period of ninety days” shall be inserted;

- (b) for the second proviso the following shall be substituted, namely:-

“Provided further that Appellate Tribunal shall not pass any order to suspend recovery of any amount of duty and taxes without providing opportunity of being heard to the respondents and the period of the stay shall not exceed one hundred and eighty days in aggregate.”;

- (21) in section 194-C, in sub-section (3),-

- (a) for the word “five” the word “ten” shall be substituted;

- (b) the first and second provisos shall be omitted;

- (22) in section 195, in sub-section (2), for the word “two” the word “three” shall be substituted;

- (23) in section 195-C,-

- (a) in sub-section (2), for the word “thirty” the word “sixty” shall be substituted;

- (b) in sub-section (3),-
 - (i) for the word “sixty” the words “one hundred and eighty” shall be substituted;
 - (ii) for colon a full stop shall be substituted and the proviso shall be omitted;
- (c) after sub-section (3), the following new sub-section shall be inserted;
namely:-

“(3A) If the Committee constituted under sub-section (2) fails to make recommendations with in the stipulated period under sub-section (3), the Board may dissolve the committee and constitute a new committee.”;
- (d) in sub-section (4), after the word “appropriate” comma and words “, within forty-five days of the receipt of recommendations of the committee” shall be inserted;
- (e) in sub-section (5), after the expression “sub-section (4)“, the expression “or under sub-section (4A)” shall be inserted;
- (24) in section 196, in sub-section (1) after the word “Investigation” the words “or the Director of Post Clearance Audit” shall be inserted;
- (25) in section 202, in sub-section (5), in proviso, after the word “duty” the comma and word “, tax” shall be inserted;
- (26) in section 202A, for the words “one and a half per cent per month” the letters and words “KIBOR plus three per cent per annum” shall be substituted;

(27) in section 211, in sub-section (2) after the word “years”, the words and commas “or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an Alternative Dispute Resolution Committee, whichever is later,” shall be inserted; and

(28) the amendments set out in the Schedule to this Act shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969).

4. **Amendment of Act V of 1989.**- In the Finance Act, 1989 (V of 1989), the following amendments shall be made, namely:-

(1) In section 7,-

(a) in sub-section (1),

(i) after the word and comma “years,” the words “or renewal of the lease or any premium paid thereon” shall be inserted;

(ii) for the word “or” occurring for the eleventh time, the words “other than traded” shall be substituted ; and

(b) in sub-section (2).-

(i) for paragraph (CA), the following shall be substituted, namely:-

“(CA) (a) Residential immovable property, (other than flats), situated in urban area, measuring at least 500 square yards or one kanal (whichever is less) and more.

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|-------|---|---|---------------|
| (i) | Where the value of Immovable property is recorded | 4% of the recorded value | Which ever is |
| (ii) | Where the value of immovable property is not recorded | Rs. 100 per square yard of the landed area | higher |
| (iii) | Where the immovable property is a constructed property. | Rs. 10 per square feet of the constructed area in addition to the value worked out above. | |

(b) Commercial immovable property of any size situated in urban area.

- | | | | |
|------|---|--------------------------|----------------------|
| (i) | Where the value of Immovable property is recorded | 4% of the recorded value | Which ever is higher |
| (ii) | Where the value | Rs. 100 per | |

of immovable square feet of
property is not the landed area
recorded

(iii) Where the Rs. 10 per square feet of the
immovable constructed area in addition
property is a to the value worked out
constructed above.
property.

(c) Residential flats.

(i) Where the value 4% of the
of Immovable recorded value
property is
recorded

(ii) Where the value Rs. 100 per Which ever is
of immovable square feet of higher.”
property is not the covered
recorded area

(ii) in paragraph (E), the commas and words “, or shares of a
public company listed on a registered stock exchange in
Pakistan” shall be omitted.

5. **Amendments of the Sales Tax Act, 1990 .—** In the Sales Tax Act, 1990 the
following further amendments shall be made, namely:-

(1) in section 2,—

(a) in clause (9), the words and figure “and section 26AA” shall be omitted; and

(b) after clause (14), the following new clause shall be inserted, namely:—

“(14A) “KIBOR” means Karachi Inter Bank Offered Rates applicable on the first day of each quarter of the financial year.”;

(2) in section 8B, in sub-section (2), after the word “adjustment” the words “or refund” shall be inserted;

(3) in section 11, in sub-section (4), in the proviso,—

(a) for the words “one hundred and twenty”, occurring for the second time, the word “sixty” shall be substituted; and

(b) for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided further that any period during which the proceedings are adjourned on the request of the taxpayer or are postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded from the computation of the periods specified in the first proviso.”;

- (4) in section 23, in sub-section (1), in clause (b), after the word “recipient”, the words and letters “and in case of recipient being unregistered person his NTN or CNIC number” shall be inserted;
- (5) in section 24, after the word “relate”, at the end, the words and commas “or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an Alternative Dispute Resolution Committee, whichever is later” shall be inserted;
- (6) in section 30A,—
 - (a) in the marginal heading, for the letters “CBR” the letters “FBR” shall be substituted; and
 - (b) for the letters “CBR” the letters “FBR” shall be substituted;
- (7) in section 33, in the Table, against serial 12 ,--
 - (a) in column (1), for the word, figure and letter “or 38A”, the comma, figures and word “ , 38A or 40B” shall be substituted; and
 - (b) in column (3), for the word and figure “and 38A”, the comma, figures and word “ , 38A and 40B” shall be substituted;
- (8) in section 34,—
 - (a) in sub-section (1),—
 - (i) in clause (a),—
 - (a) for the words “one and half per cent per month”, the letters and words “KIBOR plus three per cent per annum” shall be substituted; and

- (b) for the semicolon and word “; and”, at the end, the full stop shall be substituted; and
 - (ii) clause (c) shall be omitted; and
- (b) in sub-section (2), after clause (b), the explanation shall be omitted;
- (9) in section 36, in sub-section (3),—
 - (a) the proviso, for the words “one hundred and twenty”, occurring for the second time, the word “sixty” shall be substituted; and
 - (b) after the proviso amended as aforesaid, the following new proviso shall be added, namely:—

“Provided further that any period during which the proceedings are adjourned on the request of the taxpayer or are postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of periods specified in the first proviso.”;
- (10) in section 45, in sub-section (1), for serial numbers (i), (ii), (iii), (iv) and (v) and the entries relating thereto, the following shall be substituted, namely:—
 - “(i) Additional Collector. Cases falling under section 11 and section 36 without any restriction as to the amount of tax involved or amount erroneously refunded.

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|-------|--|--|
| (ii) | Deputy Collector. | Cases falling under section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded does not exceed two and a half million rupees. |
| (iii) | Assistant Collector. | Cases falling under section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded does not exceed one million rupees. |
| (iv) | Superintendent/
Senior Auditor. | Cases falling under section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded does not exceed ten thousand rupees. |
| (v) | An officer of Sales
Tax with any other
designation | Such cases as may be notified by the Board.”; |
- (11) in section 45A, in sub-section (3), for the word “five”, the word “three” shall be substituted;
- (12) in section 45B, in sub-section (2), in the second proviso,—
- (a) for the words “one hundred and twenty”, the word “sixty” shall be substituted; and
- (b) for the full stop, at the end, a colon shall be substituted; and thereafter the following new proviso shall be added; namely:—

“Provided further that any period during which the hearing of an appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of the periods specified in the first proviso or, as the case may, the second proviso.”;

(13) in section 46,—

(a) for sub-section (2), the following shall be substituted, namely:—

“(2) The Appellate Tribunal may admit, hear and dispose of the appeal as per procedure laid down in sections 194A, 194B and 194C of the Customs Act, 1969 (IV of 1969), and rules made thereunder.”; and

(b) sub-sections (3), (4), (5), (6), (7), (8) and (9) shall be omitted;

(14) in section 47A,—

(a) in sub-section (3),—

(i) for the word “sixty”, the words “one hundred and eighty” shall be substituted;

(ii) for the colon, at the end, the full stop shall be substituted;
and

(iii) the proviso shall be omitted;

(b) after sub-section (3), the following new sub-section shall be inserted, namely:—

- “(3A) If the Committee constituted under sub-section (2) fails to make recommendations within the period stipulated under sub-section (3), the Board may dissolve the Committee and appoint a new Committee.”;
- (c) in sub-section (4), after the word “appropriate” , at the end, the words “within forty-five days of the receipt of recommendations of the Committee” shall be inserted; and
- (d) in sub-section (5), after the word, brackets and figure “sub-section (4)”, the words, brackets and figure “or under sub-section (4A)” shall be inserted;
- (15) in section 67, for the word “six per cent”, the letters “KIBOR” shall be substituted;
- (16) in the Sixth Schedule,—
- (a) in TABLE -1,—
- (i) against serial number 13,—
- (i) in column (2), after the word “tubers”, the words “except ware potato and onions” shall be inserted; and
- (ii) in column (3),—
- (a) the figure and comma “0701.9000,” shall be omitted; and
- (b) the figure and comma “0703.1000,” shall be omitted;

- (iii) against serial number 14, in column (3), for the figure and comma "0713.2000," the figures and commas "0713.2010, 0713.2020, 0713.2090," shall be substituted;
- (iv) against serial number 19, in column (3), for the figure and comma "1006.1000," the figures and commas "1006.1010, 1006.1090," shall be substituted;
- (v) against serial number 23, in column (3), for the figure "1212.9900" the figure "1212.9990" shall be substituted;
- (vi) against serial number 32, in column (3), for the figures and commas "4902.1010, 4902.1090, 4902.9010, 4902.9090," the figures and commas "4902.1000, 4902.9000" shall be substituted;
- (vii) for serial number 69 and the entries relating thereto in columns (1), (2) and (3), the following shall be substituted, namely:—

"69. Tractors, bulldozers and combined Respective
 harvesters; and components (which headings.");
 include sub-components, components,
 sub-assemblies and assemblies but
 exclude consumables) imported in any
 kit form and direct materials for
 assembly or manufacture thereof,
 subject to the same conditions as are

envisaged for the purpose of
exemption under the Customs Act,
1969 (IV of 1969).

- (b) in TABLE -2, after serial number 10, the following new serial number in column (1) and entries relating thereto in columns (2) and (3) shall be inserted, namely:—

“11. Supply of ware potato and onions. 0701.9000
and
0703.1000.”.

6. **Amendment of Ordinance, XLIX of 2001.**— In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:—

- (1) in section 2,—

- (a) after clause (17), the following new clause shall be inserted, namely:—

“(17A) “Director General” means a person appointed as Director General of Regional Tax Office or Large Taxpayers Unit under section 208 and includes a Director General of Income Tax, Sales Tax, Federal Excise Duty (FED) and Regional Commissioner of Income Tax.”;

- (b) in clause (19), in sub-clause (f),—

- (i) for the word “any” the words “remittance of” shall be substituted;
- (ii) in paragraph (ii), the word “and” occurring at the end, shall be omitted;

- (iii) in paragraph (iii), after semicolon, at the end, the word “and” shall be inserted and thereafter the following new paragraph shall be inserted, namely:-
- “(iv) remittance of after tax profit by a branch of Petroleum Exploration and Production (E&P) foreign company, operating in Pakistan.”;
- (c) after clause (30A), the following new clause shall be inserted, namely:-
- “(30AA) KIBOR means Karachi Interbank offered Rate applicable on the first day of each quarter of the financial year;”
- (d) clause (48A), shall be omitted; and
- (e) after clause (70), the following new clause shall be inserted, namely:-
- “(70A) “turnover” means turnover as defined in sub-section (3) of section 113;”;
- (2) in section 5, in sub-section (1), after the word “company” the words, brackets and figures “or treated as dividend under clause (19) of section 2” shall be inserted;
- (3) in section 12, in sub-section (2), in clause (a), for the “semi colon,” occurring at the end, a “colon” shall be substituted and thereafter the following proviso shall be inserted, namely:-
- “Provided that any bonus paid or payable to corporate employees receiving salary income of one million rupees or more (excluding bonus) in

tax year 2009, shall be chargeable to tax at the rate provided in paragraph (2) of Division I of Part I of the First Schedule;”;

(4) in section 13, in sub-section (13), for the word “through” the word “to” shall be substituted;

(5) in section 15,-

(a) in sub-section (1), after the word “Property” the words and letters “at the rates specified in Division VI of Part I of the First Schedule” shall be inserted;

(b) sub-sections (6) and (7), shall be omitted;

(6) in section 20, after sub-section (1), the following new sub-section shall be inserted, namely:-

“(1A) subject to this Ordinance, where animals which have been used for the purposes of the business or profession otherwise than as stock-in-trade and have died or become permanently useless for such purposes, the difference between the actual cost to the taxpayer of the animals and the amount, if any, realized in respect of the carcasses or animals.”;

(7) in section 22, in sub-section (13), in clause (a),-

(a) after the word “one” the words “and half” shall be inserted; and

(b) the proviso shall be omitted;

(8) after section 23A, the following new section shall be inserted, namely:-

“23B. Accelerated depreciation to alternate energy projects.-

(1) Any plant, machinery and equipments installed for generation of

alternate energy by an industrial undertaking set up anywhere in Pakistan and owned and managed by a company shall be allowed first year allowance in lieu of initial allowance under section 23, at the rate specified in Part II of the Third Schedule against the cost of the “eligible depreciation assets” put to use after first day of July, 2009.

(2) The provisions of section 23 except sub-sections (1) and (2) thereof, shall mutatis mutandis apply.”;

(9) in section 28, in sub-section (1), in clause (g), for the words and brackets “Small Business Finance Corporation (hereinafter referred to as “the Corporation”)” the words “Small and Medium Enterprises Bank (hereinafter referred to as “the SME Bank”), shall be substituted;

(10) in section 29A,-

(a) in sub-section (1), the words “banking company or” shall be omitted;
and

(b) in sub-section (2), in the Explanation, the words “a banking company or” shall be omitted;

(11) in section 49, in the marginal note, for the word “and” occurring for the first time, the comma shall be substituted;

(12) in section 57,-

(a) in sub-section (4), after the figure “23” the commas and figures “, 23A, 23B” shall be inserted; and

(b) in sub-section (5), after the figure “23” the commas and figures “, 23A, 23B” shall be inserted;

- (13) in section 61, in sub-section (2), in clause (b), in sub-clause (ii), for the word “fifteen” the word “twenty” shall be substituted;
- (14) in section 64, in sub-section (2),-
- (a) in clause (b), for the word “forty” the word “fifty” shall be substituted;
 - (b) in clause (c), for the words “five hundred” the word “seven hundred and fifty” shall be substituted;
- (15) after section 65, the following new section shall be inserted namely:-
- “65A. Tax credit to a person registered under the Sales Tax Act, 1990.-**
- (1) Every manufacturer, registered under the Sales Tax Act, 1990, shall be entitled to a tax credit of two and a half per cent of tax payable for a tax year, if ninety per cent of his sales are to the person who is registered under the aforesaid Act during the said tax year.
 - (2) For claiming of the credit, the person shall provide complete details of the persons to whom the sales were made.
 - (3) No credit will be allowed to a person whose income is covered under final tax or minimum tax.
 - (4) Carry forward of any amount where full credit may not be allowed against the tax liability for the tax year, shall not be allowed.”;
- (16) in section 76, in sub-section (5), for the full stop, at the end, a colon shall be substituted and thereafter the following Explanation shall be added, namely:-

“Explanation.- Difference, if any, on account of foreign currency fluctuation, shall be taken into account in the year of occurrence for the purposes of depreciation.”;

(17) in section 90, in the marginal note, for the word “Transfers” the word “Transfer” shall be substituted;

(18) in section 92,-

(a) in the marginal note, for the word “associations” the word “association” shall be substituted;

(b) the brackets and figure “(1)” shall be omitted;

(19) after section 112, the following new section shall be inserted, namely:-

“113. Minimum tax on the income of certain persons.- (1) This section shall apply to a resident company where, for any reason whatsoever allowed under this Ordinance, including any other law or for the time being in force —

(a) loss for the year;

(b) the setting off of a loss of an earlier year;

(c) exemption from tax;

(d) the application of credits or rebates; or

(e) the claiming of allowances or deductions (including depreciation and amortization deductions)

no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than one-half per cent of the amount representing the person's turnover from all sources for that year:

Provided that this sub-section shall not apply in the case of a company, which has declared gross loss before set off of depreciation and other inadmissible expenses under the Ordinance. If the loss is arrived at by setting off the aforesaid or changing accounting pattern, the Commissioner may ignore such claim and proceed to compute the tax as per historical accounting pattern and provision of this Ordinance and all other provisions of the Ordinance shall apply accordingly.

(2) Where this section applies:

- (a) the aggregate of the person's turnover as defined in sub-section (3) for the tax year shall be treated as the income of the person for the year chargeable to tax;
- (b) the person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), an amount equal to one-half per cent of the person's turnover for the year;
- (c) where tax paid under sub-section (1) exceeds the actual tax payable under Part 1, Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year:

Provided that the amount under this clause shall be carried forward and adjusted against tax liability for three tax years immediately succeeding the tax year for which the amount was paid.

(3) “turnover” means,-

- (a) the gross receipts, exclusive of Sales Tax and Federal Excise duty or any trade discounts shown on invoices, or bills, derived from the sale of goods, and also excluding any amount taken as deemed income and is assessed as final discharge of the tax liability for which tax is already paid or payable;
- (b) the gross fees for the rendering of services for giving benefits including commissions; except covered by final discharge of tax liability for which tax is separately paid or payable;
- (c) the gross receipts from the execution of contracts; except covered by final discharge of tax liability for which tax is separately paid or payable; and
- (d) the company’s share of the amounts stated above of any association of persons of which the company is a member.”;

(20) in section 113B, in clause (c), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely:-

“Provided that turnover chargeable to tax under this section shall not include the sale of goods on which tax is deducted or deductible under clause (a) of sub-section (1) of section 153.”;

(21) in section 114,-

(a) in sub-section (1), in clause (b),-

(i) the “full stop” at the end, a semicolon shall be substituted;

(ii) after sub-clause (iii), the following new sub-clauses shall be added, namely:-

“(iv) owns immovable property with a land area of five hundred square yards or more located in a rating area;

(v) owns a flat having covered area of two thousand square feet or more located in a rating area;

(vi) owns a motor vehicle having engine capacity above 1000CC; and

(vii) has obtained National Tax Number.”; and

(b) for sub-section (6), the following shall be substituted, namely:-

“(6) Any person who, having furnished a return, discovers any omission or wrong statement therein, without prejudice to any other liability, which he may incur under this Ordinance, may furnish a revised return for that tax year at any time, within five years from the end of the financial year in which original return was filed, subject to the following, namely:-

- (a) it is accompanied by the revised accounts or revised audited accounts, as the case may be;
- (b) the reason of revision of return, in writing, duly signed, is filed therewith,; and
- (c) it is filed before the issuance of the notice for amendment of assessment.”;

(22) in section 115,-

- (a) in sub-section (1), for the proviso the following shall be substituted, namely:-

“Provided that where salary income, for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116.”;

- (b) in sub-section (4),-

- (i) the figures and commas “148,” and “154,” shall be omitted;
- (ii) after the figure and comma “152,” the word, comma, brackets and figure “clauses (a) and (c) of sub-section (1) of section” shall be inserted; and
- (iii) after the figure “234” the words, brackets, figure and letter “or sub-section (3) of section 234A” shall be inserted; and

- (c) after sub-section (4), the following new sub-sections shall be inserted, namely:-

“(4A) Any person who, having furnished a statement, discovers any omission or wrong statement therein, he may, without prejudice to any other liability which he may incur under this Ordinance, furnish a revised statement for that tax year, at any time within five years from the end of the financial year in which the original statement was furnished.

(4B) Every person (other than a company) filing statement under sub-section (4), falling under final tax regime (FTR) and has paid tax amounting to twenty thousand rupees or more for the tax year, shall file a wealth statement alongwith reconciliation of wealth statement.”;

(23) in section 116,-

(a) in sub-section (1),-

(i) in clause (c), the word “and”, at the end, shall be omitted;
and

(ii) in clause (d), for the “full stop”, at the end, a semicolon and word “; and” shall be substituted and thereafter the following new clause shall be inserted, namely:-

“(e) the reconciliation statement of wealth.”; and

(b) in sub-section (2), after the word “statement” the words “and wealth reconciliation statement” shall be inserted;

(24) in section 121, in sub-section (1), after clause (a), the following new clause shall be inserted, namely:-

“(aa) furnish a statement as required by a notice under sub-section (5) of section 115; or”;

(25) in section 122,-

(a) for sub-section (2), the following shall be substituted, namely:-

“(2) No order under sub-section (1) shall be amended by the Commissioner after the expiry of five years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order to the taxpayer.”;

(b) in sub-section (4),-

(i) in clause (a), for the word “after” the words “from the end of the financial year in which” shall be inserted; and

(ii) in clause (b), for the word “after” the words “from the end of the financial year in which” shall be inserted;

(26) in section 127,-

(a) in sub-section (1),-

(i) for the word and figure “or 189” the figures and word “189 or 205” shall be substituted;

(ii) after the word “person”, occurring fourth time, the words “or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court” shall be inserted;

- (b) in sub-section (4), in clause (a), for the words “the lesser of one thousand rupees or ten per cent of the tax assessed” the words “one thousand rupees” shall be substituted;
- (27) in section 129,-
- (a) in sub-section (4), for full stop at the end a colon shall be substituted and thereafter the following new provisos shall be inserted, namely:
- “Provided that such order shall be passed not later than one hundred and twenty days from the date of filing of appeal or within an extended period of sixty days, for reasons to be recorded in writing by the Commissioner (Appeals):
- Provided further that any period during which the hearing of an appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of the aforementioned periods.”; and
- (b) sub-sections (5), (6) and (7) shall be omitted;
- (28) in section 130, after sub-section (8), the following new sub-sections shall be inserted, namely:-
- “(8A). Notwithstanding anything contained in sub-sections (7) and (8), the Chairman may constitute as many benches consisting of a single member as he may deem necessary to hear such cases or class of cases as the Federal Government may by order in writing, specify.

(8AA). The Chairman or any other member of the Appellate Tribunal authorized, in this behalf by the Chairman may, sitting singly, dispose of any case where the amount of tax or penalty involved does not exceed five million rupees.”;

(29) in section 131,-

(a) for sub-section (3), the following shall be substituted, namely:-

“(3) The prescribed fee shall be ‘two’ thousand rupees.”; and

(b) in sub-section (5), after the second proviso the following shall be inserted, namely:-

“Provided also that the appellate tribunal shall not stay the recovery of tax without providing an opportunity of being heard to the respondents.”;

(30) in section 134A,-

(a) in sub-section (1) after the word “application”, at the end, the commas and words “except where prosecution proceedings have been initiated or where interpretation of question of law having effect on identical other cases” shall be inserted;

(b) in sub-section (2), after the word “shall” the words and comma “within sixty days of receipt of such application in the Board, shall be inserted,.

(c) in sub-section (3), after the word “recommendations” the commas and word “within one hundred and eighty days of its constitution,”

shall be inserted and after sub-section (3), as amended here-above the following new sub-section shall be inserted, namely,-

“(3A) If the Committee appointed under sub-section (2) fails to make recommendations within the stipulated period or the extended period under sub-section (3), the Board may dissolve the Committee and appoint a new Committee.”;

(d) in sub-section (4), after the word “appropriate”, a comma and the words “, within 45 days of the receipt of recommendations of the committee” shall be inserted; and

(e) in sub-section (5), after the expression “sub-section (4)”, the expression “or under sub-section (4A)” shall be inserted;

(31) in section 137, in sub-section (1), after the word “section” the figure and word “113 or” shall be inserted;

(32) in section 138, in sub-section (2), after clause (a), the following new clause shall be inserted, namely:-

“(aa) require by notice in writing to the taxpayer or to another person to stop removal of any goods manufactured or stored or kept by the said taxpayer or on his behalf by that other person:

Provided that this clause shall only be applicable on the outstanding demand payable as confirmed or modified by the Appellate Tribunal.”;

(33) in section 147,-

(a) in sub-section (1),-

- (i) in clause (c), for the word “or” the word “and” shall be substituted;
 - (ii) clause (ca), shall be omitted; and
 - (iii) in clause (d), after the word and figure “Division III” the words and figures “or deducted or collected under Chapter XII” shall be inserted;
- (b) in sub-section (2), the words “or association of persons”, occurring twice, shall be omitted;
- (c) for sub-section (4), the following shall be substituted, namely:-
- (4) Where the taxpayer is a company or an association of persons, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:-

$$(A \times B/C) - D$$

Where –

- A** is the taxpayer’s turnover for the quarter;
 - B** is the tax assessed to the taxpayer for the latest tax year;
 - C** is the taxpayer’s turnover for the latest tax year; and
 - D** is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 155.”;
- (d) after sub-section (4A), the following new sub-section shall be inserted, namely:-

“(4AAA) Tax liability under section 113 shall also be taken into account while working out payment of advance tax liability under this section.”;

(e) for sub-section (6A), the following shall be substituted, namely:-

“(6A) Notwithstanding anything contained in this section, where the taxpayer is a company or an association of persons, advance tax shall be payable by it in the absence of last assessed income or declared turnover also. The taxpayer shall estimate the amount of advance tax payable on the basis of quarterly turnover of the company or an association of persons, as the case may be, and thereafter pay such amount after,-

(a) taking into account tax payable under section 113 as provided in sub-section (4AAA); and

(b) making adjustment for the amount (if any) already paid.”;

(34) in section 148,-

(a) in sub-section (7),-

(i) for the words “a final” the word “minimum” shall be substituted;

(ii) in clause (d),-

(a) in sub-clause (i), for the figure “100” the figure “250” shall be substituted; and

(b) in sub-clause (iii), for the figure “100” the figure “350” shall be substituted;

- (b) in sub-section (8),-
- (i) after the word “oil” the words “and packing material” shall be inserted; and
 - (ii) for the word “final” the word “minimum” shall be substituted;
- (35) in section 150, for the words “resident company” the word “person” shall be substituted;
- (36) in section 153,-
- (a) in sub-section (6), in the second proviso, for the “full stop” at the end, the semicolon and word “; and” shall be substituted and thereafter, the following new sub-clause shall be inserted, namely:-
 - “(iii) the rendering of or providing of services referred to in sub-clause (b) of sub-section (1):

Provided that tax deducted under sub-clause (b) of sub-section (1) of section 153 shall be minimum tax.”;
 - (b) in sub-section (9),-
 - (i) after clause (c), the following new clause shall be inserted, namely:-

“(cc) a non-profit organization.”;
 - (ii) in the expression “manufacturer”, in clause (b), the commas and words “, packing, repacking” shall be omitted;
- (37) in section 154,-
- (a) after sub-section (3B), the following new sub-section shall be inserted, namely:-

- “(3C) The Collector of Customs at the time of clearing of goods exported shall collect tax on the gross amount of such goods at the rate specified in Division IV of Part III of the First Schedule.”;
- (b) in sub-section (4), for the words “a final” the word “minimum” shall be substituted;
- (38) in section 164,-
- (a) in sub-section (1), after the word and comma “made,” the words “copies of the challan of payment or any other equivalent document alongwith” shall be inserted;
- (b) in sub-section (2), for the words “any certificate” the words “copies of the challan of payment on the basis of which a certificate is” shall be inserted;
- (39) in section 165, in sub-section (1), for the words “within two months after the end of the financial year” the words and comma “in case of a taxpayer, within two months after the end of the tax year of such taxpayer and in all other cases within two months after the end of the financial year” shall be substituted;
- (40) in section 168,-
- (a) in sub-section (3),-
- (i) the words, figure, brackets and comma “sub-section (7) of section 148,” shall be omitted; and

- (ii) the words, brackets, figure and comma “sub-section (4) of section 154,” shall be omitted; and
- (b) after sub-section (5), the following new sub-sections shall be inserted, namely:-
 - “(6) Notwithstanding anything contained in any other law or any rules for the time being in force, no amount shall be deducted on account of service charges from the tax withheld or collected by any person under the provisions of this Ordinance.
 - (7) In case any amount is deducted on account of service charges, by the person, the said person will be liable to pay the said amount to the Federal Government and all the provisions of this Ordinance shall apply in so far as they apply to the recovery of tax.”;
- (41) in section 169, in sub-section (1),-
 - (a) in clause (a), the words, figures and brackets “sub-section (7) of section 148 or” shall be omitted; and
 - (b) in clause (b), the word, brackets, figure and comma “sub-section (4) of section 154,” shall be omitted;
- (42) in section 170, in sub-section (4), for the words “forty five” the word “ninety” shall be substituted;
- (43) after section 170, the following new section shall be inserted, namely:-
 - “170A. **Powers to withhold refund in certain cases.**- (1) Where an order giving rise to a refund is the subject matter of an appeal or

further proceedings under this Ordinance, the Commissioner may, withhold refund till such time as he deems fit.

(2) No refund under sub-section (1) shall be withheld unless the taxpayer has been given a reasonable opportunity of being heard.

(3) The Commissioner shall make an order, stating the reason for withholding the refund and shall communicate the same to the taxpayer.”;

(44) in section 171, in sub-section (1), for the word “six per cent” the words “KIBOR” shall be substituted and for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely:-

“Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim is completed and the claim is either accepted or rejected.”;

(45) in section 174, in sub-section (3), after the word “relate” the words and commas “or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an Alternative Dispute Resolution Committee” shall be inserted;

(46) in section 176, in sub-section (1), in clause (b), for the full stop, at the end, a semicolon shall be substituted and thereafter the following new clause shall be inserted, namely:-

“(c) The firm of chartered accountants, as appointed by the Board, to conduct audit under section 177, for any tax year, with the prior approval of the Commissioner concerned, may obtain any information, require production of any record, or computer on which the required information is stored, impound and retain such computer as long as it is necessary and such firm may also exercise the powers as provided in sub-section (4), if specifically delegated by the Commissioner.”;

(47) in section 177,-

(a) in sub-section (1),-

- (i) after the word “person” the words “or classes of persons” shall be inserted; and
- (ii) after the word “of”, occurring for the second time, the word “such” shall be inserted;

(b) in sub-section (2), after the word “person” the words “or classes of persons” shall be inserted;

(c) in sub-section (4), after the word “person” the words “or classes of persons” shall be inserted;

(d) in sub-section (5),-

- (i) after the word “person” the words “or classes of persons” shall be inserted;
- (ii) for the words “that person” occurring at the end, the words “such person or classes of persons” shall be substituted; and

- (e) in sub-section (8), after the word “person” the words “or classes of persons selected for audit by the Commissioner or by the Board” shall be inserted;
- (48) in section 191,-
- (a) in sub-section (1),-
 - (i) after clause (a), the following new clause shall be inserted, namely:-

“(aa) furnish a return of income as required under sub-section (2) of section 114 or a statement as required under sub-section (4) of section 115 or a wealth statement as required under section 116 as and when due.”;
 - (ii) after clause (c), the following new clause shall be inserted, namely:-

“(cc) Comply with a notice issued under clause (aa) of sub-section (2) of section 138.”
 - (b) in sub-section (2), after the word “fine” the words “upto fifty thousand rupees” shall be inserted;
- (49) in section 192, after the word “fine” the words “upto hundred thousand rupees” shall be inserted and after section 192 as amended here-above the following new section shall be inserted, namely;-
- “192A. Prosecution for concealment of income.-** (1) Where, in the course of any proceedings under this Ordinance, any person has either in

the said proceedings or in any earlier proceedings concealed income or furnished inaccurate particulars of such income and revenue impact of such concealment or furnishing of inaccurate particulars of such income is five hundred thousand rupees or more shall commit an offence punishable on conviction with imprisonment upto two years or with fine or both.

(2) For the purposes of sub-section (1), concealment of income or the furnishing of inaccurate particulars of income shall include -

(a) the suppression of any income or amount chargeable to tax;

(b) the claiming of any deduction for any expenditure not actually incurred;

or

(c) any act referred to in sub-section (1) of section 111.”;

(50) in section 193, in clause (a) after the word “fine” the words “upto fifty thousand rupees” shall be inserted;

(51) in section 194, after the word “fine” the words “upto fifty thousand rupees” shall be inserted;

(52) in section 195, in sub-section (1), in clause (b),-

(a) in sub-clause (i), after the word “fine” the words “upto fifty thousand rupees” shall be inserted;

(b) in sub-clause (ii), after the word “fine” the words “upto fifty thousand rupees” shall be inserted;

(53) in section 196, after the word “fine” the words “upto fifty thousand rupees” shall be inserted;

- (54) in section 197, after the word “fine” the words “upto hundred thousand rupees” shall be inserted;
- (55) in section 198, after the word “fine” the words “of twenty five thousand rupees” shall be inserted;
- (56) in section 201 shall be renumbered as sub-section (1) of that section and after sub-section (1) as renumbered here-above the following new sub-section shall be inserted, namely;
- “(2) A Law Officer appointed under the Central Law Ordinance, 1970 (VII of 1970), or an advocate authorized by the Board or by an officer subordinate to it, shall be competent to conduct proceedings before a Special Judge under section 203 and to withdraw such proceedings when so required by the Commissioner with the approval of the Federal Government.”;
- (57) for section 202, the following shall be substituted, namely:-
- “**202. Power to compound offences.-** Notwithstanding any provisions of this Ordinance, where any person has committed any offence, the Director General may, with the prior approval of the Board, either before or after the institution of proceedings, compound such offence subject to payment of tax due along with additional tax and penalty as is determined under the provisions of this Ordinance.”;
- (58) in section 205,-

- (a) in sub-section (1), for the words “twelve per cent per annum”, the letters and words “KIBOR plus three per cent per quarter” shall be substituted;
 - (b) in sub-section (1A), for the words “twelve per cent per annum”, the letters and words “KIBOR plus three per cent per quarter” shall be substituted;
 - (c) in sub-section (1B),-
 - (i) for the words “twelve per cent per annum”, the letters and words “KIBOR plus three per cent per quarter” shall be substituted; and
 - (ii) for the words “April in that” the words “the last quarter of the relevant tax” shall be substituted; and
 - (d) in sub-section (3), for the words “twelve per cent per annum”, the letters and words “KIBOR plus three per cent per quarter” shall be substituted;
- (59) in section 209, in sub-section (5), in clause (b), for the full stop, at the end, a colon shall be substituted and thereafter the following shall be inserted, namely:-
- “Explanation.-** The expression “place of business” as used in this sub-section, means,-
- (a) in the case of listed or unlisted public limited company, the place where the registered office is situated;
 - (b) in the case of other companies,-

- (i) if the company is primarily engaged in manufacture or processing, the place where the factory is situated;
 - (ii) if the company is primarily engaged in business other than manufacture or processing, the place where main business activities are actually carried on.”;
- (60) in section 210, after sub-section (1A), the following new sub-section shall be inserted, namely:-

“(1B) The Commissioner may delegate the powers to a firm of chartered accountants appointed by the Board, to conduct the audit of persons selected for audit under section 177.”;
- (61) after section 214, the following new sections shall be inserted, namely:-

“214A. **Condonation of time limit.**— Where any time or period has been specified under any of the provisions of the Ordinance or rules made there-under within which any application is to be made or any act or thing is to be done, the Board may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate:

Provided that the Board may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any Commissioner or Director General under this Ordinance to exercise the powers under this section in any case or class of cases.

214B. **Power of the Board to call for records.**- (1) The Board may, of its own motion, call for and examine the record of any departmental proceedings under this Ordinance or the rules made there-under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein and may pass such order as it may think fit:

Provided that no order imposing or enhancing any tax or penalty than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.

(2) No proceeding under this section shall be initiated in a case where an appeal is pending.

(3) No order shall be made under this Section after the expiry of three years from the date of original decision or order.”;

(62) after section 228, the following new section shall be inserted, namely:-

“229A: **Directorate General (Intelligence and Investigation of Income Tax)** .- The Directorate General (Intelligence and Investigation of Income Tax) shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint. The Directorate General (Intelligence & Investigation of Income Tax) shall exercise such powers under this Ordinance, as may be assigned to the Directorate by the Board.”;

(63) for section 231B, the following shall be substituted, namely:-

“231B. **Advance tax on private motor vehicles.-** Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a new locally manufactured motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule:

Provided that the provisions of this section shall not be applicable in the case of –

- (a) the Federal Government;
- (b) the Provincial Government;
- (c) the Local Government;
- (d) a foreign diplomat; or
- (e) a diplomatic mission in Pakistan.”;

(64) in section 235, for sub-section (4), the following shall be substituted, namely:-

“(4) under this section,-

- (a) in the case of a taxpayer other than a company, tax collected upto bill amount of thirty thousand rupees per month shall be treated as minimum tax on the income of such persons and no refund shall be allowed;
- (b) in the case of a taxpayer other than a company, tax collected on monthly bill over and above thirty thousand rupees per month shall be adjustable; and

(c) in the case of a company, tax collected shall be adjustable against tax liability.”;

(65) after section 236, the following new section shall be inserted, namely:-

“236A. **Advance tax at the time of sale by auction.-** (1) Any person making sale by public auction, of any property or goods confiscated or attached either belonging to or not belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub-clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of Income Tax or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold.

(2) The credit for the tax collected under sub-section (1) in that tax year shall, subject to the provisions of section 147, be given in computing the tax payable by the person purchasing such property in the relevant tax year or in the case of a taxpayer to whom section 98B or section 145 applies, the tax year, in which the "said date" as referred to in that section, falls or whichever is later.”;

Explanation.- For the purposes of this section, sale of any property includes the awarding of any lease to any person, including a lease

of the right to collect tolls, fees or other levies, by whatever name called.”;

(66) General Amendments, throughout this Ordinance –

- (a) for the words “Regional Commissioner” wherever occurring, except in sub-section (17A) of section 2, the words “Director-General” shall be substituted; and
- (b) for the words “Central Board of Revenue” wherever occurring, except in section 239A the words “Federal Board of Revenue” shall be substituted;

(67) in the FIRST SCHEDULE,

(a) in Part I,-

(i) in Division I,-

- (a) in paragraph (1), in the proviso, for the full stop, at the end, a colon shall be substituted, and thereafter the following new proviso shall be inserted, namely:-
“Provided further that Internally Displaced Persons Tax (IDPT), treated as income tax, on the tax payable on the taxable income of one million rupees or more, shall be levied at the rate of 5% of such tax, for tax year 2009.”;
- (b) in paragraph (1A) for the TABLE, the following shall be substituted, namely:-

“TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs.200,000,	0%
2.	Where the taxable income exceeds Rs.200,000 but does not exceed Rs.250,000,	0.50%
3.	Where the taxable income exceeds Rs.250,000 but does not exceed Rs.350,000,	0.75%
4.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000,	1.50%
5.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000,	2.50%
6.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000,	3.50%
7.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000,	4.50%
8.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000,	6.00%
9.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000,	7.50%
10.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000,	9.00%

11.	Where the taxable income exceeds Rs. 1,050,000 but does not exceed Rs.1,200,000,	10.00%
12.	Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs.1,450,000,	11.00%
13.	Where the taxable income exceeds Rs. 1,450,000 but does not exceed Rs.1,700,000,	12.50%
14.	Where the taxable income exceeds Rs. 1,700,000 but does not exceed Rs.1,950,000,	14.00%
15.	Where the taxable income exceeds Rs. 1,950,000 but does not exceed Rs.2,250,000,	15.00%
16.	Where the taxable income exceeds Rs. 2,250,000 but does not exceed Rs.2,850,000,	16.00%
17.	Where the taxable income exceeds Rs. 2,850,000 but does not exceed Rs.3,550,000,	17.50%
18.	Where the taxable income exceeds Rs. 3,550,000 but does not exceed Rs.4,550,000,	18.50%
19.	Where the taxable income exceeds Rs. 4,550,000 but does not exceed Rs.8,650,000,	19.00%
20.	Where the taxable income exceeds Rs.8,650,000.	20.00%

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.260,000:

Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the table, the income tax payable shall be the tax payable on the maximum of that slab plus an amount equal to –

- (i) 20% of the amount by which the total income exceeds the said limit where the total income does not exceed Rs.550,000.
- (ii) 30% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.1,050,000.
- (iii) 40% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.2,250,000.
- (iv) 50% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.4,550,000.
- (v) 60% of the amount by which the total income exceeds in each slab but the total income exceeds Rs.4,550,000.

Provided further that Internally Displaced Persons Tax (IDPT), treated as income tax, on the tax payable on the taxable income of one million rupees or more, shall be levied at the rate of 5% of such tax, for tax year 2009; and

- (2) The rate of tax payable on bonus as IDPT as income tax shall be 30% for the tax year 2009.”;
- (ii) in Division II, in paragraph (iii), the proviso shall be omitted;

(iii) for Division VI, the following shall be substituted, namely:-

“Division VI

Income from Property

(a) The rate of tax to be paid under section 15, in the case of individual and association of persons, shall be-

S.No.	Gross amount of rent	Rate of tax
-------	----------------------	-------------

- | | | |
|-----|---|-----|
| (1) | Where the gross amount of rent does not exceed Rs.150,000. | Nil |
| (2) | Where the gross amount of 5 per cent of the gross rent exceeds Rs.150,000 amount exceeding but does not exceed Rs.150,000.
Rs.400,000. | |
| (3) | Where the gross amount of Rs.12,500 plus 7.5 per cent of the gross amount exceeds Rs.400,000 but does not exceed exceeding Rs.400,000.
Rs.1,000,000. | |
| (4) | Where the gross amount of Rs.57,500 plus 10 per cent of the gross amount exceeds Rs.1,000,000 exceeding Rs.1,000,000. | |

(b) The rate of tax to be paid under section 15, in the case of company, shall be-

S.No.	Gross amount of rent	Rate of tax
-------	----------------------	-------------

- (1) Where the gross amount of rent does not exceed amount of rent.
Rs.400,000.
- (2) Where the gross amount of rent exceeds Rs.400,000 but does not exceed rent exceeding Rs.1,000,000.
Rs.20,500 plus 7.5 per cent of the gross amount of rent exceeding Rs.400,000.
- (3) Where the gross amount of rent exceeds Rs.1,000,000 of the gross amount of rent exceeding Rs.1,000,000.”;
- (b) in Part II, for figure “2” figure “4” shall be substituted;
- (c) in Part III,-
- (i) in Division III, in clause (2), in paragraph (i), after the word “services” the words “and news print media services” shall be inserted;
- (ii) in Division IV, for clause (i), the following shall be substituted, namely:-
- “(1) The rate of tax to be deducted under sub-sections (1), (3), (3A), (3B) or (3C) of section 154 shall be 1% of the proceeds of the export.”;
- (iii) for Division V, the following Division shall be substituted, namely:-

“Division V

Income from Property

- (a) The rate of tax to be deducted under section 155, in the case of individual and association of persons, shall be-

S.No.	Gross amount of rent	Rate of tax
--------------	-----------------------------	--------------------

- | | | |
|-----|---|--|
| (1) | Where the gross amount of rent does not exceed Rs.150,000. | Nil |
| (2) | Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.400,000. | 5 per cent of the gross amount exceeding Rs.150,000. |
| (3) | Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000. | Rs.12,500 plus 7.5 per cent of the gross amount exceeding Rs.400,000. |
| (4) | Where the gross amount of rent exceeds Rs.1,000,000 | Rs.57,500 plus 10 per cent of the gross amount exceeding Rs.1,000,000. |

- (b) The rate of tax to be deducted under section 155, in the case of company, shall be-

S.No.	Gross amount of rent	Rate of tax
--------------	-----------------------------	--------------------

-
- (1) Where the gross amount of 5 per cent of the gross rent does not exceed amount of rent.
Rs.400,000.
- (2) Where the gross amount of Rs.20,500 plus 7.5 per cent exceeds Rs.400,000 cent of the gross amount of but does not exceed rent exceeding Rs.1,000,000. Rs.400,000.
- (3) Where the gross amount of Rs.65,000 plus 10 per cent rent exceeds Rs.1,000,000 of the gross amount of rent exceeding Rs.1,000,000.”;
- (d) in Part IV,-
- (i) in Division III, in clause (3), for the word “cars” the word “vehicles” shall be substituted;
- (ii) in Division V, in paragraph (b), in column third, after the word “card” the words “or sale of units through CD or whatever form” shall be added;
- (iii) in Division VII, for the heading, “PURCHASE OF MOTOR CARS AND JEEPS” the heading “ADVANCE TAX ON PRIVATE MOTOR VEHICLES” shall be substituted; and
- (iv) after Division VII, the following new Division shall be inserted, namely:-

“DIVISION VIII

Advance tax at the time of sale by auction

The rate of collection of tax under section 236A shall be 5% of the gross sale price of any property or goods sold by auction.”;

(68) in the SECOND SCHEDULE,

(a) in Part I,-

- (i) in clause (23A), for the figure “25” the figure “50” shall be substituted;
- (ii) in clause (59), in the second proviso,-
 - (a) for the word “greater” the word “earlier” shall be substituted; and
 - (b) the word “not” shall be omitted;
- (iii) in clause (61), in sub-clause (b) to the proviso, for the word “fifteen” the word “twenty” shall be substituted; and
- (iv) in clause (92), for the “full stop”, at the end a “colon” shall be substituted and thereafter the following proviso shall be inserted, namely:-

“Provided that the new universities or other educational institutions established on or after the 30th June, 2009, will be required to have prior approval of the Director-General for the purposes of this clause.

Provided further that all existing universities or other educational institutions established for the purposes of this clause, before the 30th June, 2009, shall be required to have approval of the Director-General for the purposes of this

clause within six months from the date of notification of the Finance Act, 2009.”;

(b) in Part II,-

- (i) clause (5) shall be omitted;
- (ii) in clause (5A), for the word “fro” the word “from” shall be substituted;
- (iii) in clause (13C), after the word “oil” the words “or on the local purchase of imported edible oil” shall be inserted;
- (iv) clause (17) shall be omitted;
- (v) after clause (24), the following new clause shall be inserted, namely:-

“(24A) The rate of tax, under clause (a) of sub-section (1) of section 153, from distributors of cigarette and pharmaceutical products shall be 1% of the gross amount of payments.”; and
- (vi) clauses (27) and (28) shall be omitted;

(c) in Part III,-

- (i) in clause (1A), for the figure “500,000” the words “seven hundred fifty thousand” shall be substituted;
- (ii) in clause (2), for the figure and symbol “75%” the words “fifty per cent” shall be substituted;
- (iii) existing clause (5), shall be renumbered as “(6)”;

(d) in Part IV,-

- (i) after clause (10) and proviso thereof the following new clause shall be inserted, namely:-

“(11A)The provisions of section 113, regarding minimum tax, shall not apply to,-

- (i) National Investment (Unit) Trust or a collective investment scheme authorized or registered under the Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 or a real estate investment trust approved and authorized under the Real Estate Investment Trust Rules, 2006, or any other company in respect of turnover representing transactions in shares, or securities listed on a registered stock exchange;
- (ii) petroleum dealers, in so far as they relate to turnover on account of sale of petroleum and petroleum products, notwithstanding their status as a company, a registered firm or an individual, engaged in retail sale of petroleum and petroleum products through petrol pumps for the purposes of assessment of their income and determination of tax thereon:

Provided that this exemption shall not apply to the sale of petroleum and petroleum products through petrol pumps which are directly operated or managed

by companies engaged in distribution of petroleum and petroleum products.

Explanation.- For the removal of doubt it is declared that the companies engaged in distribution of petroleum and petroleum products other than through petrol pumps shall not be entitled to the benefits of this exemption;

- (iii) Hub Power Company Limited so far as they relate to its receipts on account of sale of electricity;
- (iv) Kot Addu Power Company Limited (KAPCO) for the period it continues to be entitled to exemption under clause (138) of Part-I of this Schedule;
- (v) companies, qualifying for exemption under clause (132) of Part-I of this Schedule, in respect of receipts from sale of electricity;
- (vi) Provincial Governments and Local Government, qualifying for exemption under section 49 and other Government bodies which are otherwise exempt from income tax:

Provided that nothing shall be construed to authorize any refund of tax already paid or the collection of any outstanding demand created under the said section;

- (vii) Pakistan Red Crescent Society;
- (viii) special purpose, non-profit companies engaged in scrutinizing the receivables of Provincial Governments;
- (ix) non-profit organizations approved under clause (36) of section 2 or clause (58) or included in clause (61) of Part-I of this Schedule;
- (x) a taxpayer who qualifies for exemption under clause (133) of Part-I of this Schedule, in respect of income from export of computer software or IT services or IT enabled services;
- (xi) a resident person engaged in the business of shipping who qualifies for application of reduced rate of tax on tonnage basis as final tax under clause (21) of Part II of the Second Schedule;
- (xii) a venture capital company, venture capital fund and Private Equity and Venture Capital Fund which is exempt under clause (101) of Part-I of this Schedule;
- (xiii) a Modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
- (xiv) Corporate and Industrial Restructuring Corporation (CIRC);

- (xv) The corporatized entities of Pakistan Water and Power Development Authority, so far as they relate to their receipts on account of sales of electricity, from the date of their creation upto the date of completion of the process of corporatization *i.e.* till the tariff is notified;
 - (xvi) a *morabaha* bank or a financial institution approved by the State Bank of Pakistan or the Securities and Exchange Commission of Pakistan (SECP), as the case may be, for the purpose of Islamic Banking and Finance in respect of turnover under a *morabaha* arrangement; and
 - (xvii) WAPDA First Sukuk Company Limited.”;
- (ii) in clause (16),-
- (a) after the word “sections” the figure and comma “113,” shall be inserted;
 - (b) for the “full stop”, at the end a “colon” shall be substituted and thereafter the following new proviso shall be inserted, namely:-

“Provided further that in respect of application of section 113, this clause shall take effect from the first day of July 1991.”;

- (iii) in clause (19), for the word “section” the words and figure “sections 113 and” shall be substituted;
- (iv) clauses (46B) and (47) shall be omitted;
- (v) in clause (57),-
 - (a) for the figure “148”, the figure “113” shall be substituted;
 - (b) for “full stop”, at the end of proviso, a “colon” shall be substituted and thereafter the following new proviso shall be inserted, namely:-

Provided further that the exemption from application of section 113 shall be available for the first ten years, starting from the tax year in which the business operations commenced.”;

- (vi) clause (64), shall be omitted; and
- (vii) after clause (66), the following new clause shall be inserted, namely:-

“(66A) The provisions of section 235 shall not be applicable to the cotton ginner and suppliers of lint.”;

(69) in the THIRD SCHEDULE,

- (a) in Part II,-
 - (i) under the heading, in the brackets, for the words, figures and letter “See Sections 23 and 23A” the words, figures, comma

and letters "See sections 23, 23A and 23B" shall be substituted; and

(ii) in paragraph (2), after the figure "23A" the words, figure and letter "and section 23B" shall be inserted;

(70) in the **SIXTH SCHEDULE**, in Part II, above the heading, within brackets, for the figure "2" the figure "12" shall be substituted;

(71) in the SEVENTH SCHEDULE,

(a) in rule 1,-

(i) for sub-rule (c), the following shall be substituted, namely:-

"(c) Provisions for classified advances and off balance sheet items shall be allowed as deduction at the rate of 1% of such classified advances; provided a certificate from the external auditor is furnished by the banking company to the effect that such provisions are based upon and in line with the Prudential Regulations:

Provided that if actual bad debts are less than 1% of the classified advances, the actual bad debts shall be allowed and the excess amount, if any, provided for, shall not be allowed to be carried forward.";

(ii) after sub-rule (c), substituted as aforesaid, the following new sub-rules shall be inserted, namely:-

"(ca) The amount claimed as expense, on account of "bad debts" classified under the Prudential Regulations

issued by the State Bank of Pakistan as “substandard”, shall not be allowed.

(cb) Where any addition made under sub-rule (ca) is reclassified by the taxpayer as ‘doubtful’ or ‘loss’, under the Prudential Regulations issued by the State Bank of Pakistan, provision of sub-rule (c) shall *mutatis mutandis* apply in computing the provision for that tax year.

(cc) Where any addition made under sub-rule (ca) is reclassified by the taxpayer in a subsequent year as ‘recoverable’, a deduction shall be allowed in computing the income for that tax year.”;

(iii) after rule 6, the following new rule 7A shall be inserted, namely:-

“7A. The provisions of section 113 shall apply to banking companies as they apply to any other resident company.”;

7. **Amendments of the Federal Excise Act, 2005.**— In the Federal Excise Act, 2005, the following further amendments shall be made, namely:-

(1) in section 2,—

(a) in clause (8a), for the words “Federal Government”, the word “Board” shall be substituted;

(b) after clause (15), the following new clause shall be inserted, namely:—

“(15a) “KIBOR” means Karachi Inter Bank Offered Rates applicable on the first day of each quarter of the financial year.”;

- (2) in section 3, in sub-section (5), in clause (d), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely:—

“Provided that the Board may, by notification in the official Gazette, specify the goods or services in respect of which the liability to pay tax shall be of any other person as specified in the notification, subject to such conditions and restrictions as may be specified therein.”;

- (3) after section 4, the following new section shall be inserted, namely:—

“4A. **Assessment of duty.**-- (1) Where a registered person fails to file a return, by the due date, an officer of Federal Excise, not below the rank of Assistant Collector, shall determine the minimum liability of duty of the registered person, in the same manner as prescribed under the Sales Tax Act, 1990:

Provided that where a person required to file a return files a return after the due date and pays the amount of duty payable in accordance with the return alongwith default surcharge and penalty, the notice for payment of minimum amount of duty shall abate.”;

- (4) in section 8, for the words “one and a half per cent per month”, the words “KIBOR plus three *per cent*” shall be substituted;

- (5) in section 17, in sub-section (1), after the word “years”, the words and commas “or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an Alternative Dispute Resolution Committee whichever is later,” shall be inserted;
- (6) in section 18, in sub-section (1), in clause (b), after the word “buyer”, the words, comma and letters “and in case of buyer being unregistered person, his NTN or CNIC number” shall be inserted;
- (7) in section 19, in sub-section (9), after the word “goods”, occurring for the second time, the words and commas “and in case of cigarettes, retail price, health warning and name of the manufacturer is not mentioned, ” shall be inserted;
- (8) in section 31,—
 - (a) in sub-section (1),—
 - (i) in clause (ii), against the entry “Deputy Collector”, the words “is not less than one million rupees but” shall be omitted;
 - (ii) in clause (iii), against the entry “Assistant Collector”, the words “is not less than ten thousand rupees but” shall be omitted; and
 - (iii) in clause (iv), after the word “Appraiser”, the words “or Senior Auditor” shall be inserted;
 - (b) in sub-section (3),—

(i) for the word “ninety”, the word “sixty” shall be substituted;
and

(ii) after the colon, at the end, the following new proviso shall be inserted, namely:—

“Provided that any period during which the proceedings are adjourned on the request of the taxpayer or are postponed due to any appeal or proceedings or injunction order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded from the computation of these periods:”; and

(iii) in the proviso, after the word “provided”, the word “further” shall be inserted;

(9) in section 33, in sub-section (2),--

(a) in the proviso—

(i) for the word “ninety”, the word “sixty” shall be substituted;
and

(ii) for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided further that any period during which the hearing of an appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for

any other reason, shall be excluded in the computation of the aforementioned periods.”;

(10) in section 34,—

(a) for sub-section (2), the following shall be substituted, namely:—

“(2) The Appellate Tribunal may admit, hear and dispose of the appeal in accordance with procedure laid down in sections 194A, 194B and 194C of the Customs Act, 1969 (IV of 1969) and rules made thereunder.”; and

(b) sub-sections (3), (4), (5), (6), (7), (8), (9), (10), (11), (12) and (13) shall be omitted;

(11) in section 35, in sub-section (3), for the word “two”, the word “three” shall be substituted;

(12) in section 38,—

(a) in sub-section (3),—

(i) for the word “sixty”, the words “one hundred and eighty” shall be substituted; and

(ii) for the colon and the proviso thereafter, a full stop, shall be substituted;

(b) after sub-section (3), the following new sub-section shall be inserted, namely:—

“(3A) If the committee constituted under sub-section (2) fails to make recommendations within the period stipulated under

sub-section (3), the Board may dissolve the committee and constitute a new committee.”;

(c) in sub-section (4), after the word “appropriate”, the comma and words “, within forty-five days of the receipt of recommendations of the committee” shall be inserted; and

(d) in sub-section (5), after the brackets and figure “(4)”, the words, brackets and figure “or under sub-section (4A)” shall be inserted;

(13) after section 44, the following new section shall be inserted, namely:—

“44A. **Delayed refund.**-- Where a refund due under section 44 is not made within the time specified in this behalf, there shall be paid to the claimant, in addition to the amount of refund due to him, a further sum equal to KIBOR per annum of the amount of refund due, from the date following the expiry of the time specified as aforesaid, to the day preceding the day of payment of refund:

Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim is completed and the claim is either accepted or rejected.”;

(14) In the First Schedule,—

(a) in Table I, in column (1),—

(i) against serial number 8, in column (4), for the word “three”, the word “four” shall be substituted;

(ii) for serial numbers 9, 10 and 11 and the entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“9.	Locally produced	24.02	Sixty-four per cent of
	cigarettes if their retail		the retail price.
	price exceeds nineteen		
	rupees and fifty paisa		
	per ten cigarettes.		
10.	Locally produced	24.02	Four rupees and
	cigarettes if their retail		seventy-five paisa
	price exceeds ten		per ten cigarettes
	rupees per ten		plus seventy per
	cigarettes but does not		cent per incremental
	exceed nineteen rupees		rupee or part
	and fifty paisa per ten		thereof.
	cigarettes.		
11.	Locally produced	24.02	Four rupees and
	cigarettes if their retail		seventy-five paisa
	price does not exceed		per ten cigarettes.”;
	ten rupees per ten		
	cigarettes		

(iii) against serial number 12, in column (4), for the word “three”, the word “four” shall be substituted;

- (iv) against serial number 13, in column (4), for the word “nine”, the word “seven” shall be substituted;
- (v) in the Interpretation, after paragraph (2), in Restriction, for the figures and hyphen “2008-09”, the figures and hyphen “2009-10” shall be substituted;
- (b) in Table II, in column (1),—
 - (i) after serial number 2, and the corresponding entries relating thereto in columns (2), (3) and (4) the following shall be inserted, namely:—

“2A. Advertisements 9802.4000 Sixteen per
in newspapers and cent of the
and periodicals, 9802.9000 charges.”;
and on hoarding
boards, pole
signs, sign
boards and shop
boards.
 - (ii) against serial number 6, in column (4), for the words and hyphen “Twenty-one”, the word “nineteen” shall be substituted;
 - (iii) after serial number 6 and the corresponding entries relating thereto in columns (2), (3) and (4) amended as aforesaid, the following shall be inserted, namely:—

“6A. Short Message 9812.1710 Paisas twenty
Service (SMS) per SMS in
addition to
rate specified
at serial
number 6.”;

- (iv) against serial number 7 in column (4), for the word “ten”,
wherever occurring, the word “sixteen” shall be substituted;
- (v) against serial number 8,—
 - (a) in column (2), the word “non-fund” shall be omitted;
 - (b) in column (4), for the word “ten”, the word “sixteen”
shall be substituted; and
- (vi) after serial number 12, and the corresponding entries
relating thereto in columns (2), (3) and (4), the following shall
be inserted, namely:—

“13. Services provided or 9819.1000 Sixteen
rendered by per cent
stockbrokers. of the
charges.

“14. Services provided or 9819.9090 Sixteen
rendered by port and per cent
terminal operators in of the
relation to imports charges.”;

excluding

stevedoring services.

8. Amendment of Ordinance XXV of 1961.— In the Petroleum Products (Petroleum Development Levy) Ordinance, 1961 (XXV of 1961), the following further amendments shall be made, namely:-

(1) in the long title and the preamble, for the words “a petroleum development levy”, the word “surcharge” shall be substituted;

(2) for the words “petroleum development levy”, wherever occurring, the word “surcharge” shall be substituted;

(3) in section 1, in sub-section (1), for the brackets and words “(Petroleum Development Levy)”, the brackets and word “(Surcharge)” shall be substituted;

(4) in section 2,-

(a) the clause (4Ba) shall be omitted; and

(b) after clause (4C), the following new clause shall be added, namely
:-

(4D) “surcharge” means the carbon surcharge payable under section 3”;

(5) in section 3,-

(a) for sub-section (1), the following shall be substituted, namely:

“(1) Subject to the provisions of this Ordinance, every refinery and every company shall pay to the Federal Government a carbon surcharge on such rates and on such petroleum products, produced by a refinery or purchased by a company for resale, as specified in the Fifth Schedule.”; and

(ii) the sub-section (1A) shall be omitted;

(6) in section 7, for the word “The” occurring for the first time, the words and comma “Except for the Fifth Schedule, the” shall be inserted; and

(7) after the Fourth Schedule, the following schedule shall be added, namely
:-

THE FIFTH SCHEDULE

Rates of Carbon Surcharge

[See sections 3 and 7]

S. No.	Petroleum Products	Carbon Surcharge Rate (Rupees/litre)
(1)	(2)	(3)
1	High Speed Diesel Oil (HSDO)	8
2	Motor Spirit (MS)	10
3	SKSO	6
4	Light Diesel Oil (LDO)	3
5	HOBC	14
6	Compressed Natural Gas (CNG)	6

DECLARATION UNDER THE PROVISIONAL
COLLECTION OF TAXES ACT, 1931 (XVI OF 1931)

The provisions of sub-clause (28) of clause 3, sub-clauses (16)(a)(i)(i), (16)(a)(i)(ii) of clause 5, sub-clause (14)(a) of clause 7 and clause 8 of this Bill shall have effect, for the purpose of this declaration and of the provisions of Provisional Collection of Taxes Act, 1931 (XVI of 1931), as if they were provisions for imposition of duties of customs, exemption of sales tax, imposition of federal excise duty and surcharge under Ordinance XXV of 1961. It is hereby declared accordingly in terms of section 3 of the Act that it is expedient in the public interest that the provisions of the said clauses have effect from 13th June, 2009 under the Act.

STATEMENT OF OBJECTS AND REASONS

The purpose of this Bill is to make financial provisions for the year beginning on the first day of July, 2009. Various provisions have been explained in the Notes on clauses.