

A
BILL

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2011, 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, 2011, 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, 2011.

(2) It extends to the whole of Pakistan.

(3) It shall, unless otherwise provided, come into force on the first day of July, 2011.

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

(1) in section 15, in clause (c), the comma, words and figure “, or goods imported or exported in contravention of the provisions of section 32” shall be omitted;

(2) in section 21, in clause (c), after the word and comma, “exportation,” the words and comma “or for supplies against international tenders,” shall be inserted;

(3) in section 22, in the proviso, the words “or Deputy Collector” shall be omitted;

- (4) in section 32, in sub-section (3A), for the word “three”, the word “five” shall be substituted;
- (5) in section 33, after sub-section(2), the following new sub-section shall be added, namely:-

“(3) In the case where refund has become due in consequence of any decision or judgment by any appropriate officer of Customs or the Board or the Appellate Tribunal or the Court, the said period of one year shall be reckoned from the date of such decision or judgment, as the case may be.” ;
- (6) in section 34, the words “or Deputy Collector” shall be omitted;
- (7) in section 96, in sub-section (1), the words “or Deputy Collector” shall be omitted;
- (8) after section 129, the following new section shall be inserted, namely:-

“129A. Levy of transit fee.- A transit fee may be levied on any goods or class of goods in transit across Pakistan to a foreign territory at such rates as the Board may, by notification in the official Gazette, prescribe.”;
- (9) 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).

3. **Amendment of Act V, 1989.-** In the Finance Act, 1989(V of 1989) in section 7,-

- (a) in sub-section (1),after the word “thereon”, the words, figures, commas and brackets “or purchase of modaraba certificate or a registered instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984), or shares of a public

company, listed on a registered stock exchange in Pakistan by a resident person defined in section 81 of the Income Tax Ordinance, 2001 (XLIX of 2001), such as is specified in sub-section (2), at the rates specified in that sub-section” shall be omitted; and

(b) in sub-section (4), the third proviso shall be omitted.

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

(1) in section 3, for the word “seventeen”, wherever occurring, the word “sixteen” shall be substituted;

(2) in section 8B, in sub-section (1), for the first proviso, the following shall be substituted, namely:-

“Provided that the restriction on the adjustment of input tax in excess of ninety per cent of the output tax, shall not apply in case of fixed assets or capital goods:”;

(3) in section 21,-

(a) after sub-section (2), the following new sub-section (3) shall be added, namely:-

“(3) During the period of suspension of registration, the invoices issued by such person shall not be entertained for the purposes of sales tax refund or input tax credit, and once such person is blacklisted, the refund or input tax credit claimed against the invoices issued by him, whether prior or after such blacklisting shall be rejected through a self-

speaking appealable order and after affording an opportunity of being heard to such person.”;

- (4) in section 26, in sub-section (3), after the brackets and figure “(2)”, the words and brackets “or under clause (a) or clause (b) of section 27” shall be inserted;
- (5) in section 30,—
 - (a) in sub-section (1),—
 - (i) in clause (i), the word “and” shall be omitted;
 - (ii) after clause (i), the following new clause shall be inserted, namely:—

“(ia) an Inspector Inland Revenue ; and”;
 - (b) in sub-section (3), after the word “officer”, occurring for the second time, the comma and words “, Inspector Inland Revenue” shall be inserted; and
 - (c) in sub-section (4), after the word “officer”, occurring for the second time, the comma and words “, Inspector Inland Revenue ,” shall be inserted;
- (6) in section 30A,—
 - (a) in the marginal note, for the letters “CBR”, the words “Inland Revenue” shall be substituted; and
 - (b) for the letters “CBR”, the words “Inland Revenue” shall be substituted;

- (7) in section 38B, in sub-section (1), for the words “a Deputy”, the words “ an Assistant” shall be substituted;
- (8) in section 47A, for sub-section (4A), the following shall be substituted, namely:—
“(4A) Notwithstanding anything contained in sub-section (4), the Chairman FBR and a Member nominated by him may, on the application of an aggrieved person, for reasons to be recorded in writing, and on being satisfied that there is an error in order or decision, pass such order as may be deemed just and equitable.”;
- (9) in section 66, in the third proviso, for the full stop, at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—
“Provided also that no refund shall be admissible under this section if incidence of tax has been passed directly or indirectly to the consumer.”;
- (10) in section 74, after the proviso, the following explanation shall be added, namely:—
“**Explanation.-** For the purpose of this section, the expression “any act or thing is to be done” includes any act or thing to be done by the registered person or by the authorities specified in section 30 of this Act.”;
and
- (11) in the Sixth Schedule,—

- (a) in Table-I, in column (1), serial numbers 29A, 29B, 30, 34, 35, 41, 42, 43, 44, 62, 64, 65, 66, 67, 68, 69 and 70 and the corresponding entries relating thereto in columns (2) and (3) shall be omitted; and
- (b) In Table-II, in column (1), serial number 5 and the corresponding entries relating thereto in columns (2) and (3) shall be omitted.

5. **Amendment of Act XVII of 1996.-** In the Pakistan Telecommunication (Re-organization) Act, 1996, (XVII of 1996), after section 23, the following new section shall be inserted, namely:-

“23A. Fines and penalties to be credited.- All fines and penalties imposed and collected by the Authority shall be credited to the Federal Consolidated Fund.”.

6. **Amendment of Act, XL of 1997.-** In the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the following further amendments shall be made, namely:-

- (1) in section 13, after sub-section (1), the following new sub-section shall be added, namely:-

“(2) Any surplus of receipts over the actual expenditure in a financial year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

- (2) in section 29, the existing section shall be re-numbered as sub-section (1) of that section and, after sub-section (1), re-numbered as aforesaid, the following new sub-section shall be added, namely:-

“(2) All penalties and fines recovered under this Act or rules made thereunder shall be credited to the Federal Consolidated Fund.”.

7. **Amendment of Act, XLII of 1997.**- In the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the following amendments shall be made, namely:-

(1) in section 24, after sub-section (3), the following new sub-section shall be inserted, namely:-

“(3A) Any surplus of receipts over the actual expenditure in a financial year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

(2) After section 40A, the following new section shall be inserted, namely:-

“**40AA. Fines and penalties to be credited.** - All fines and penalties imposed and collected by the Commission shall be credited to the Federal Consolidated Fund.”.

8. **Amendment of Ordinance, III of 2001.**- In the Pakistan Nuclear Regulatory Authority Ordinance, 2001 (III of 2001), the following further amendments shall be made, namely:-

(1) in section 42, the existing section shall be re-numbered as sub-section (1) of that section and, after sub-section (1), renumbered as aforesaid, the following new sub-section shall be added, namely:-

“(2) Any surplus of receipts over the actual expenditure in a financial year shall be remitted to the Federal Consolidated Fund

and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

- (2) in section 44, after sub-section (4), the following new sub-section shall be added, namely:-

“(5) All penalties and fines recovered under this Ordinance and rules made thereunder shall be credited to the Federal Consolidated Fund.”.

9. **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) in clause (5), after the word “includes”, the words and comma “provisional assessment,” shall be inserted; and

(b) after clause (11B), the following new clause shall be added, namely:—

“(11C) “Collective Investment Scheme” shall have the same meanings as are assigned under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;”;

- (2) in section 18, in sub-section (1), in clause (d), for the semicolon and word “; and”, a full stop shall be substituted and thereafter the following shall be added, namely:-

“*Explanation.-* For the purposes of this clause, it is declared that the word ‘benefit’ includes any benefit derived by way of waiver of profit on debt or the debt itself under the State Bank of Pakistan,

Banking Policy Department, Circular No.29 of 2002 or in any other scheme issued by the State Bank of Pakistan.”;

(3) in section 28, in sub-section (1), in clause (g), for the word “Corporation”, the letter and word “SME Bank” shall be substituted;

(4) for section 62, the following shall be substituted, namely:—

“62. Tax credit for investment in shares and insurance. — (1) A resident person other than a company shall be entitled to a tax credit for a tax year either—

(i) in respect of the cost of acquiring in the year new shares offered to the public by a public company listed on a stock exchange in Pakistan provided the resident person is the original allottee of the shares or the shares are acquired from the Privatization Commission of Pakistan; or

(ii) in respect of any life insurance premium paid on a policy to a life insurance company registered by the Securities and Exchange Commission of Pakistan under the Insurance Ordinance, 2000(XXXIX of 2000), provided the resident person is deriving income chargeable to tax under the head “salary” or “income from business.”.

(2) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —

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

where –

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

B is the person's taxable income for the tax year; and

C is the lesser of —

(a) the total cost of acquiring the shares, or the total contribution or premium paid by the person referred to in sub-section (1) in the year;

(b) fifteen per cent of the person's taxable income for the year;
or

(c) five hundred thousand rupees.

(3) Where –

(a) a person has been allowed a tax credit under sub-section (1) in a tax year in respect of the purchase of a share; and

(b) the person has made a disposal of the share within thirty six months of the date of acquisition,

the amount of tax payable by the person for the tax year in which the shares were disposed of shall be increased by the amount of the credit allowed.”;

(5) in section 63, in sub-section (2), in heading ‘C’, —

(a) in clause (ii), for the semicolon and word “; or”, a full stop shall be substituted; and

- (b) clause (iii) shall be omitted;
- (6) in section 65C, in sub-section (1), for the word “five”, the word, “fifteen” shall be substituted;
- (7) after section 65C, the following new section shall be inserted, namely:-

“65D. Tax credit for equity investment. — (1) Where a taxpayer being a company—

 - (a) establishes a new industrial undertaking for manufacturing in Pakistan; or
 - (b) invests any amount in the purchase and installation of plant and machinery, for the purposes of balancing, modernization and replacement of the plant and machinery, already installed therein, in an industrial undertaking set up in Pakistan and owned by it, with hundred percent equity owned by it, a tax credit equal to hundred per cent of the tax payable shall be allowed to such company on or after first day of July,2011, for a period of five years or commencement of commercial production, whichever is later.

(2) Where any credit is allowed under this section and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner Inland Revenue that any of the condition specified in this section was not fulfilled, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner Inland Revenue may, notwithstanding anything contained in this Ordinance, re-compute the tax

payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.”;

- (8) in section 111, in sub-section (1),—
- (a) in clause (b), the word “or”, at the end, shall be omitted;
 - (b) in clause (c), for the comma “,” at the end, the semicolon and word “;or” shall be substituted; and
 - (c) after clause (c), the following new clause shall be added, namely:—
 - “(d) any person has concealed income or furnished inaccurate particulars of income including—
 - (i) the suppression of any production, sales or any amount chargeable to tax; or
 - (ii) the suppression of any item of receipt liable to tax in whole or in part,”;
- (9) in section 113,-
- (a) in sub-section (2), in the proviso, for the word “three”, the word “five” shall be substituted;
 - (b) in sub-section (3), in clause (a), after the word “the”, occurring for the first time, the words “gross sales or ” shall be inserted;
- (10) in section 113B,in clause (b), for the words, figures and comma “Chapter III of the Sales Tax Special Procedure Rules, 2006”, the words , figures and comma “Chapter II of the Sales Tax Special Procedures Rules, 2007”shall be substituted;
- (11) in section 114,-

- (a) in sub-section (1),-
 - (i) in clause (ac), for the word “and”, at the end, the word “; or” shall be substituted;
 - (ii) in clause (b),-
 - (a) in sub-clause (vi), the word “and”, at the end, shall be omitted;
 - (b) in sub-clause (vii) for the full stop at the end, the semicolon and word “; or” shall be substituted;
 - (c) after sub-clause (vii), as amended hereinabove , the following shall be added, namely:-

“(viii) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees one million.”; and
- (b) after sub-section (1), the following shall be added, namely:-

“(1A) Every individual whose income under the head ‘Income from business’ exceeds rupees three hundred thousand but does not exceed rupees three hundred and fifty thousand in a tax year is required to furnish return of income for the tax year.”;
- (c) in sub-section (2),—
 - (i) in clause (b), the word “and” , at the end, shall be omitted;
 - (ii) in clause (c), for the full stop, at the end, a semi-colon shall be substituted; and
 - (iii) after clause (c), the following shall be added, namely:-

“(d) shall be accompanied with due payment of tax as per return of income; and

(e) shall be accompanied with a wealth statement as required under section 116 .”; and

(d) in sub-section (6A),—

(i) for the words “wishes to file”, the word “files” shall be substituted;

(ii) in the first proviso, for the words “wishes to deposit”, the word “deposits” shall be substituted; and

(iii) in the second proviso, for the words “wishes to revise”, the word “revises” shall be substituted;

(12) in section 115, in sub-section (4),-

(a) for the words, brackets, comma and figures “clauses (a), (b) and (d) of sub-section (1) of section 151” the words and figures “section 151” shall be inserted;

(b) for the words, brackets and figures “clauses (a) and (c) of sub-section (1) of section 153” the words, brackets and figures “clauses (a),(c) and (d) of sub-section (3) of section 153” shall be inserted;

(c) the words, brackets and figures “clause (a) and (b) of sub-section (1) of section 233A” shall be omitted;

(13) in section 116,—

(a) in sub-section (2), after the word “taxpayer”, the words and commas, “,being an individual,” shall be inserted;

- (i) in sub-section (2), in the proviso, for the word “five hundred thousand rupees”, the word “one million rupees” shall be substituted;
- (ii) in sub-section (2), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that every member of an association of persons whose share from the income of such association of persons, before tax, for the year is one million rupees or more shall also furnish wealth statement and wealth reconciliation statement for the year along with return of income of the association.”; and

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

“(2A) Where a person, being an individual or an association of persons, files a return in response to a provisional assessment order under section 122C, such return shall be accompanied by wealth statement along with a wealth reconciliation statement and an explanation of source of acquisition of assets specified therein in the case of an individual and wealth statements of all members in the case of an association of persons and such wealth statements shall be accompanied by wealth reconciliation

statements and explanation of source of acquisition of assets specified therein.”;

- (14) in section 127, in sub-section (1), after the word “person”, occurring for the fifth time, the words and commas “,except a provisional assessment order under section 122C,” shall be inserted;
- (15) in section 130,—
 - (a) in sub-section (8A), for the word “Chairman”, the word “Chairperson” shall be substituted;
 - (b) in sub-section (8AA),-
 - (i) for the word “Chairman” occurring twice, the word “Chairperson” shall be substituted; and
 - (ii) for the word “five” , the word “one” shall be substituted;
- (16) in section 132, in sub-section (2), the words and commas “may, if it deems fit, dismiss the appeal in default, or” shall be omitted;
- (17) in section 137, in sub-section (2),in the proviso,—
 - (a) after the word “assessment”, the word “order” shall be inserted; and
 - (b) after the word “payable”, the word “immediately” shall be inserted;
- (18) in section 147, in sub-section (5B), in first proviso, for the word “seven”, the words “twenty one” shall be substituted;
- (19) in section 151, in sub-section (3), the words, brackets, comma and figure “from transactions referred to in clauses (a), (b) and (d) of sub-section (1)” shall be omitted;
- (20) for section 153, the following shall be substituted, namely:-

“153. Payments for goods, services and contracts. — (1) Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person—

- (a) for the sale of goods;
- (b) for the rendering of or providing of services;
- (c) on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing of services,

shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

(2) Every exporter or an export house making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for rendering of or providing of services of stitching, dying, printing, embroidery, washing, sizing and weaving, shall at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division IV of Part III of the First Schedule.

(3) The tax deducted under this section on the income of a resident person or permanent establishment of a non-resident person, shall be,—

- (a) a final tax on transactions referred to in clause (a) of subsection (1), except on,—

- (i) payments received on account of supply of goods in respect of a company being a manufacturer of such goods; or
 - (ii) payments received on account of sale of goods by a public company listed on a registered stock exchange in Pakistan;
 - (b) a minimum tax on transactions referred to in clause (b) of sub-section (1);
 - (c) a final tax on transactions referred to in clause (c) of sub-section (1), except on payments received by a public company listed on a registered stock exchange in Pakistan on account of execution of contracts; and
 - (d) a final tax on transactions referred to in sub-section (2).
- (4) The Commissioner may, on application made by the recipient of a payment referred to in sub-section (1) and after making such inquiry as the Commissioner thinks fit, may allow in cases where tax deductible under sub-section (1) is adjustable, by an order in writing, any person to make the payment,—
- (a) without deduction of tax; or
 - (b) deduction of tax at a reduced rate.
- (5) Sub-section (1) shall not apply to –
- (a) a sale of goods where the sale is made by the importer of the goods and tax under section 148 in respect of such

- goods has been paid and the goods are sold in the same condition as they were when imported;
- (b) payments made to traders of yarn by the taxpayers specified in the zero-rated regime of sales tax (as provided under clause (45A) of Part-IV of the Second Schedule);
 - (c) a refund of any security deposit;
 - (d) a payment made by the Federal Government, a Provincial Government or a Local Government to a contractor for construction materials supplied to the contractor by the said Government or the authority;
 - (e) a cotton ginner who deposits in the Government Treasury, an amount equal to the amount of tax deductible on the payment being made to him, and evidence to this effect is provided to the “prescribed person”;
 - (f) the purchase of an asset under a lease and buy back agreement by a modaraba, leasing company, banking company or financial institution; or
 - (g) any payment for securitization of receivables by a Special Purpose Vehicle to the Originator.
- (6) Where any tax is deducted by a person making a payment for a Special Purpose Vehicle, on behalf of the Originator, the tax is credited to the Originator.
- (7) In this section, -

(i) “prescribed person” means,—

- (a) the Federal Government;
- (b) a company ;
- (c) an association of persons constituted by, or under, law;
- (d) a non-profit organization;
- (e) a foreign contractor or consultant;
- (f) a consortium or joint venture;
- (g) an exporter or an export house for the purpose of sub-section (2);
- (h) an association of persons, having turnover of fifty million rupees or above in tax year 2007 or in any subsequent tax year; or
- (i) an individual, having turnover of fifty million rupees or above in the tax year 2009 or in any subsequent year;

(ii) “services” includes the services of accountants, architects, dentists, doctors, engineers, interior decorators and lawyers, otherwise than as an employee;

(iii) “sale of goods” includes a sale of goods for cash or on credit, whether under written contract or not;

(iv) “manufacturer” means a person who is engaged in production or manufacturing of goods, which includes-

- (a) any process in which an article singly or in combination with other articles, material, components, is either converted into

another distinct article or product is so changed, transferred, or reshaped that it becomes capable of being put to use differently or distinctly; or

(b) a process of assembling, mixing, cutting or preparation of goods in any other manner; and

(v)“turnover” means,-

(a) the gross sales or gross receipts, inclusive of sales tax and federal excise duty or any trade discounts shown on invoices, or bills, derived from the sale of goods;

(b) the gross fees for the rendering of services for giving benefits including commissions;

(c) the gross receipts from the execution of contracts; and

(d) the company’s share of the amounts stated above of any association of persons of which the company is a member.”;

(21) in section 156B, in sub-section (1), in clause (b), for the figure “25%”, the words “fifty percent” shall be substituted;

(22) in section 165,-

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

(i) after the word, “a”, occurring for the second time, the word “monthly” shall be inserted;

(ii) in clause (a), after the word “name” the words and comma “Computerized National Identity Card Number, National Tax

Number” shall be inserted, and for the words “in each quarter”, the words “in each month” shall be substituted;

(iii) in clause (b), for the word “quarter”, the word “month” shall be substituted; and

(iv) in clause (c), for the word “quarter”, the word “month” shall be substituted;

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

“(2) Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax from a payment under Division III of this Part or Chapter XII shall furnish or e-file statements under sub-section (1) by the 15th day of the month following the month to which the withholding tax pertains.”;

(c) in sub-section (3),

(i) the word, “periodically” shall be omitted; and

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

(d) after sub-section (5), the following new sub-section shall be added, namely:-

“(6) Every person deducting tax from payment under section 149 shall furnish to the Commissioner an annual statement in the prescribed form and manner:

Provided that annual statement shall also be filed where the income exceeds rupees three hundred thousand but does not exceed rupees three hundred and fifty thousand in a tax year.”;

(23) in section 168, for sub-section (3), the following shall be substituted, namely:-

“(3) No tax credit shall be allowed for any tax collected or deducted that is a final tax under,—

- (a) sub-section (7) of section 148;
- (b) sub-section (3) of section 151;
- (c) sub-section (1B) and (1BB) of section 152;
- (d) clauses (a),(c)and (d) sub-section (3) of section 153;
- (e) sub-section (4) of section 154;
- (f) sub-section (3) of section 156;
- (g) sub-section (2) of section 156A;
- (h) sub-section (3) of section 233;
- (i) sub-section (5) of section 234; and
- (j) sub-section (3) of section 234A.”;

(24) in section 169, in sub-section (1), in clause (b),—

- (a) for the words, brackets, comma and figure “clauses (a), (b) and (d) of sub-section (1) of section 151” the words, brackets and figure “sub-section (3) of section 151” shall be substituted;
- (b) for the words, brackets and figure “ sub-section (6) of section 153” the words, brackets and figure “clauses (a),(c) and (d) of sub-section (3) of section 153” shall be substituted;

(25) in section 176,-

- (a) in sub-section (5), for the words “rule of law” the words “law or rules” shall be substituted;
- (26) in section 182, in sub-section (1), in the Table, against S.No.1, in column (3), for the full stop, at the end, a colon shall be substituted and thereafter the following shall be inserted, namely:—
- “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 sections 120, 121, 122 or 122C.”;
- (27) in section 206A, after sub-section (3), the following new sub-section shall be inserted, namely:-
- “ (4) This section shall not apply to a non-resident taxpayer having a permanent establishment in Pakistan.”;
- (28) in section 209, 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 the Board or the Chief Commissioner, as the case may be, may transfer jurisdiction in respect of cases or persons from one Commissioner to another.”;
- (29) in section 236A, in sub-section (1),—
- (a) after the word “auction”, the words “or auction by a tender” shall be inserted; and

(b) for the words “income tax”, the words “Inland Revenue” shall be substituted;

(30) in section 236B, after sub-section (2), the following new sub-sections shall be inserted, namely:—

“(3) The advance tax collected under sub-section (1) shall be adjustable.

(4) The advance tax under this section shall not be collected in the case of,—

(a) the Federal Government or a Provincial Government;

(b) a person who produces a certificate from the Commissioner Inland Revenue that income of such person during the tax year is exempt.”;

(31) in the FIRST SCHEDULE, —

(I) in Part I,—

(a) in Division I,—

(i) in clause (1),—

(i) the words, brackets and figures “to which sub-section (1) of section 92 applies” shall be omitted; and

(ii) for the TABLE, the following shall be substituted, namely :—

“TABLE

S.No.	Taxable Income.	Rate of tax.
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(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.350,000	0%
2.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.500,000	7.50%
3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	10%
4.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,000,000	15%
5.	Where the taxable income exceeds Rs.1,000,000 but does not exceed Rs.1,500,000	20%
6.	Where the taxable income exceeds Rs.1,500,000	25%”;

(iii) the first proviso shall be omitted;

(ii) in clause (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.350,000	0%
2.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000	1.50%
3.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000	2.50%
4.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000	3.50%
5.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000	4.50%
6.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000	6.00%
7.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000	7.50%
8.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000	9.00%

9.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000	10.00%
10.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000	11.00%
11.	Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000	12.50%
12.	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000	14.00%
13.	Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs.2,250,000	15.00%
14.	Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs.2,850,000	16.00%
15.	Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000	17.50%
16.	Where the taxable income exceeds Rs.3,550,000 but does	18.50%

not exceed Rs.4,550,000

17. Where the taxable income exceeds Rs.4,550,000. 20.00%"; and

(b) in Division VII, for the TABLE, the following shall be substituted, namely:—

“TABLE

S.No.	Period.	Tax Year.	Rate of tax.
(1)	(2)	(3)	(4)
1.	Where holding period of a security is less than six months.	2011 2012 2013 2014 2015	10% 10% 12.5% 15% 17.5%
2.	Where holding period of a security is six months or more but less than twelve months.	2011 2012 2013 2014 2015 2016	7.5% 8% 8.5% 9% 9.5% 10%
3.	Where holding period of a security is one year or more.	—	0%"; and

- (II) in Part III, in Division IV, in clause (3) for the figure, bracket and letter “(1A)”, the figure “(2)” shall be substituted; and
 - (III) in Part IV, in Division VI, for the figure “0.3”, the figure “0.2” shall be substituted;
- (32) in the SECOND SCHEDULE,-
- (i) in Part I,—
 - (a) in clause (61), sub-clauses(xi) and (xxv) shall be omitted;
 - (b) clause (74A) shall be omitted;
 - (c) clause (93) shall be omitted;
 - (d) after clause (107), the following new clause shall be inserted, namely:—

“(107A) Any income derived by the Islamic Development Bank from its operations in Pakistan in connection with its social and economic development activities.”; and
 - (e) clause (114A) shall be omitted;
 - (ii) in Part II, in clause (5A), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that tax deducted on profit on debt from debt instruments, Government securities including treasury bills and Pakistan Investment Bonds shall be final tax on profit on debt payable to a non-resident person having no permanent establishment in Pakistan and the investments are exclusively

made through a Special Rupee Convertible Account maintained with a Bank in Pakistan.”;

(iii) in Part III, for clause (4), the following shall be substituted, namely:—

“(4) In respect of old and used automotive vehicles, tax under section 148 shall not exceed the amount specified in Notification No. S.R.O. 577(I)/2005, dated the 6th June, 2005.”;

(iv) in Part IV,—

(a) in clause (11A), in sub-clause (i), after the figure and comma “2006,” the words, comma and figure “or a pension fund registered under the Voluntary Pension System Rules, 2005” shall be inserted;

(b) after clause (38B), the following new clause shall be inserted, namely:—

“(38C) The provisions of section 151, 152, 153 and 233 shall not apply to the Islamic Development Bank.”;

(c) in clause (42), for the bracket and figure “(6)” the bracket and figure “(3)” shall be substituted;

(d) in clause (46A), for the bracket and figure “(6)” the bracket and figure “(3)” shall be substituted; and

(e) for clause (47D), the following shall be substituted;

“(47D) The provisions of clause (a) of sub-section (3) of section 153 shall not apply to cotton ginnerers”; and

(33) in the SEVENTH SCHEDULE,

- (a) in rule 1,—
- (i) in sub-rule (c), for the words, figure and sign “would be allowed to be carried over to succeeding years”, at the end, the words, figures and sign “of total advances for a banking company and 5% of total advances for consumers and small and medium enterprises (SMEs) would be allowed to be carried over to succeeding years”, shall be substituted; and
- (ii) for the proviso the following shall be substituted, namely:—
- “Provided that if provisioning is less than 1% of advances, for a banking company then actual provisioning for the year shall be allowed;
- Provided further that if provisioning is less than 5% of advances for consumers and small and medium enterprises (SMEs) then actual provisioning for the year shall be allowed and this provisioning shall be allowable from the first day of July, 2010.”; and
- (b) in rule 6, in the proviso, for the full stop, at the end, a colon shall be substituted and thereafter the following new provisos shall be added, namely:
- “Provided further that the “Dividend” received by a banking company from its asset management company shall be taxed at the rate of 20%.

10. **Amendment of Ordinance, XIII of 2002.**- In the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (XIII of 2002), the following further amendments shall be made, namely:-

(1) in section 15, the existing section shall be re-numbered as sub-section (1) of that section and, after sub-section (1), re-numbered as aforesaid, the following new sub-section shall be added, namely:-

“(2) Any surplus of receipts over the actual expenditure in a financial year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

(2) after section 33B, the following new section shall be added, namely:-

“**33C. Penalties and fines to be credited.**— All penalties and fines recovered under this Ordinance and the rules made thereunder shall be credited to the Federal Consolidated Fund.”.

11. **Amendment of Ordinance, XVII of 2002.**- In the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002), the following further amendments shall be made, namely:-

(1) in section 17, after sub-section (3), the following new sub-section shall be added, namely:-

“(4) Any surplus of receipts over the actual expenditure in a financial year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

(2) in section 18, after sub-section (1), the following new sub-section shall be added, namely:-

“(2) All penalties and fines recovered under this Ordinance and the rules made thereunder shall be credited to the Federal Consolidated Fund.”.

12. **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, in clause (16) in sub-clause (b), after the word and comma “snuff,” the words and commas “snuff or preparation of unmanufactured tobacco by drying, cutting and thrashing of raw tobacco,” shall be inserted;

(2) section 3A shall be omitted;

(3) in section 8, after the word “percent”, the words and comma “per annum ,” shall be inserted;

(4) in section 14,—

(a) in sub-section (1), for the word “three”, the word “five” shall be substituted; and

(b) in sub-section (2) for the full stop, at the end, a colon shall be substituted and thereafter, the following new provisos shall be inserted, namely:—

“Provided that an order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the

Commissioner may, for reasons to be recorded in writing, fix, provided that such extended period shall in no case exceed sixty days:

Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of the periods specified in the first proviso.”;

- (5) in section 26, in sub-section (1), after the word “cigarettes” ,wherever occurring, the words “or beverages” shall be inserted;
- (6) in section 27,—
 - (a) in the marginal note, after the word “cigarettes”, the words “or beverages” shall be inserted; and
 - (b) in sub-sections (1), (2) and (3), after the word “cigarettes”, wherever occurring the words “or beverages” shall be inserted;
- (7) in section 29, in sub-section (2) in clause (a), for the acronym “CBR”, the words “Inland Revenue” shall be substituted;
- (8) in section 34, in the marginal note, the words “and Reference to High Court” shall be omitted;
- (9) in section 38, in sub-section (4), after the word “appropriate”, the words “within forty-five days of the receipt thereof” shall be inserted;

(10) In the First Schedule,—

(a) in Table I, in column (1),—

(i) against serial numbers 4 and 5, in column (4), for the word “Twelve”, the word “Six” shall respectively be substituted;

(ii) against serial number 6, in column (4), for the word “Ten”, the word “Six” shall be substituted;

(iii) against serial number 7, in column (4), for the word “Five”, the word “Ten” shall be substituted;

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

“9.	Locally produced	24.02	Sixty-five per cent of
	cigarettes if their retail		the retail price.
	price exceeds twenty		
	one rupees per ten		
	cigarettes.		
10.	Locally produced	24.02	Six rupees and four
	cigarettes if their retail		paisa per ten
	price exceeds eleven		cigarettes plus
	rupees and fifty paisa		seventy per cent per
	per ten cigarettes but		incremental rupee or

does not exceed twenty- part thereof.
one rupees per ten
cigarettes.

11. Locally produced 24.02 Six rupees and four
cigarettes if their retail paisa per ten
price does not exceed cigarettes”;
eleven rupees and fifty
paisa per ten
cigarettes.

(v) against serial number 13, in column (4), for the word
“Seven”, the word “Five” shall be substituted;

(vi) serial numbers 17,18, 21, 26, 28, 29, 30, 39, 40, 46,
47, 48, 49, 51 and 52, and the corresponding entries
relating thereto in column (2), (3) and (4) shall be
omitted;

(vii) against serial number 50, in column (4), for the words
“one rupee per filter rod”, the words and full stop
“Twenty per cent ad val.” shall be substituted;

(viii) after serial number 52 and the corresponding entries
relating thereto in columns (2), (3) and (4) shall be
inserted, namely:–

“53. White Crystalline 1701.9910 Eight per
Sugar and cent ad val.”;

1710.9920. and

- (ix) in the *Restriction*, at the end, for the figures and hyphen “2010-11”, the figures and hyphen “2011-12” shall be substituted; and
- (b) in Table-II, serial number 12, and the corresponding entries relating thereto in columns (2), (3) and (4) shall be omitted; and
- (11) in the Second Schedule, in the Table, in column (1), after serial number 2 and the entries relating thereto in columns (2) and (3), the following new serial number and the corresponding entries relating thereto shall be added, namely:-

“3.	White Crystalline Sugar	170.9910 1710.9920”.
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**DECLARATION UNDER THE PROVISIONAL
COLLECTION OF TAXES ACT, 1931 (XVI OF 1931)**

The provisions of sub-clause (9) of clause (2), sub-clauses (11)(a) and (11)(b) of clause 4 and sub-clauses (10)(a)(iii), (10)(a)(iv), (10)(a)(viii), (10)(a)(ix) and (11) of clause 12 of the 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 of imposition of duties of customs, sales tax and Federal Excise Duty and it is hereby declared accordingly in terms of section 3 of the said Act that it is expedient in the public interest that the provisions of the said clauses have effect from 4th June, 2011 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, 2011. Various provisions have been explained in the Notes on clauses.

(Abdul Hafeez Shaikh)
Minister for
Finance, Revenue, Economic Affairs and Statistics