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PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 30th June, 2019

No. F. 22(19)/2019-Legis—The following Act of *Majilis-e-Shoora* ((Parliament) received the assent of the President on the 30th June, 2019 and is hereby published for general information:—

ACT NO. V OF 2019

An Act to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2019 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, 2019 and to amend certain laws for the purposes hereinafter appearing;—

It is hereby enacted as follows:—

(1)

Price: Rs. 386.00

[(2019)/Ex. Gaz.].

1. **Short title and commencement.**—(1) This Act may be called the Finance Act, 2019.

(2) It shall unless specified otherwise, come into force on the first day of July, 2019 except clause 17 which shall come into force at one.

2. **Amendments of Stamp Act, 1899 (II of 1899).**—In the Stamp Act, 1899 (II of 1899), as in force in the Islamabad Capital Territory,—

(a) after section 27, the following new section shall be inserted, namely:—

“27A Valuation of immovable property.—(1) Where any instrument chargeable with *ad valorem* duty under Articles 23,31 or 33 of Schedule-I relates to an immovable property, the value of the immovable property shall be calculated according to the valuation table notified by the district collector in respect of immovable property situated in the locality.

(2) Where an instrument, mentioned in sub-section (1), relates to immovable property consisting of land and structure, it shall state the value of the land and structure separately and the value of the structure stated in the instrument shall, subject to the provisions of this Act, be accepted.

(3) Where the value of immovable property stated in an instrument to which sub-section (1) applies is more than the value fixed according to the valuation table, the value declared in the instrument shall be accepted as value for the purposes of stamp duty.

(4) Where the value given in the valuation table notified under sub-section (1), when applied to any immovable property, appears to be excessive, the deputy commissioner or commissioner (revenue) or any other person notified by the Government for this purpose may, on application made to him by the aggrieved person, determine its correct value and for that purpose the provisions of sections 31 and 32 shall apply as nearly as possible.”; and

(b) for Schedule I, the following shall be substituted, namely:—

“SCHEDULE 1

STAMP-DUTY ON INSTRUMENTS

[See sections 3 and 27A]

<i>Description of instruments</i> (1)	<i>Proper stamp-duty</i> (2)
<p>1. ACKNOWLEDGMENT of a debt exceeding twenty rupees in amount, or value, written or signed by, or on behalf of, a debtor in order to supply evidence of such debt in any book other than a banker’s pass-book or on a separate piece of paper when such book or paper is left in the creditor’s possession provided that such acknowledgement does not contain any promise to pay the debt or any stipulation to pay interest or to deliver any goods or other property:—</p> <p>(a) where such amount does not exceed two thousand rupees;</p> <p>(b) where such amount exceeds two thousand rupees but does not exceed ten thousand rupees; and</p> <p>(c) where such amount exceeds ten thousand rupees.</p>	<p>One Rupee</p> <p>Two Rupees</p> <p>Five Rupees</p>
<p>2. ADMINISTRATION BOND, including a bond given under sections 291, 375 and 376 of the Succession Act, 1925 (XXXIX of 1925), section 6 of the Government Savings Banks Act, 1873 (V of 1873)—</p> <p>(a) where the amount does not exceed Rs. 1,000;</p> <p>(b) in any other case</p>	<p>The same duty as on a Bond (No. 15) for such amount.</p> <p>One hundred Rupees</p> <p>One hundred Rupees</p>
<p>3. ADOPTION-DEED that is to say, any instrument (other than a will) recording an adoption or conferring or purporting to confer an authority to adopt.</p> <p>ADVOCATE, <i>see</i> ENTRY AS AN ADVOCATE (No. 30).</p>	<p>One hundred Rupees</p>
<p>4. AFFIDAVIT, including an affirmation or declaration in the case of persons by law allowed to affirm or declare instead of swearing, except affidavit or declaration in writing when made—</p>	<p>Fifty Rupees</p>

EXEMPTIONS:— Affidavit or declaration in writing when made—

- (a) as a condition of enrolment under the Pakistan Army Act, 1952 (XXXIX of 1952), or the Pakistan Air Force Act, 1953 (VI of 1953) or the Pakistan Navy Ordinance, 1961 (XXXV of 1961);
- (b) for the immediate purpose of being filed or used in any Court or before the officer of any Court; or
- (c) for the sole purpose of enabling any person to receive any pension or charitable allowance.

5. AGREEMENT OR MEMORANDUM OF AN AGREEMENT—

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| (a) if relating to the sale of a bill of exchange; | Two Rupees. |
| (b) if relating to the sale of Government security; | One Rupee for every Rs. 10,000 or part thereof of the value of the security, subject to a maximum of One Hundred Rupees. |
| (c) if relating to the sale of a share in an incorporated company or other body corporate; and | One Rupee for every rupees 5,000 or part thereof of the value of the share. |
| (d) If not otherwise provided for. | Fifty Rupees |

EXEMPTIONS:— Agreement or memorandum of an agreement—

- (a) for or relating to the purchase of or sale of goods or merchandise exclusively, not being a note or memorandum chargeable under No.43;
- (b) made in the form of tenders to the Federal Government for or relating to any loan.

AGREEMENT TO LEASE See LEASE (No.35).

6. AGREEMENT RELATING TO DEPOSIT OF TITLE-DEEDS, PAWN OR PLEDGE, that is to say, any instrument evidencing an agreement relating to—

- (1) the deposit of title-deeds or instruments constituting or being evidence of the title to any property whatever (other than marketable security), or
- (2) the pawn or pledge of movable property, where such deposit, pawn or pledge has been made by way of security for the re-payment of money advanced or to be advanced by way of loan or an existing or future debt—
- (a) if such loan or debt is repayable on demand or more than three months from the date of the instrument evidencing the agreement;
- (i) in the case of banking companies or other financial institutions, when the entire finance is not based on interest; and One-fifth of one percent that is to say, 0.2% of the loan amount subject to a maximum of one hundred rupees.
- (ii) in any other case One-fifth of one percent that is to say, 0.2% of the loan amount; and
- (b) if such loan or debt is repayable not more than three months from the date of such instrument;
- (i) in the case of banking companies or other financial institutions, when the entire finance is not based on interest; and One-tenth of one percent that is to say 0.1% of the loan subject to a maximum of fifty thousand rupees.
- (ii) in any other case One-tenth of one percent that is to say 0.1% of the loan amount.

7. APPOINTMENT IN EXECUTION OF A POWER where made by any writing not being a will—

- (a) of trustees; and Fifty Rupees.
- (b) of property, movable or immovable One hundred Rupees.

8. APPRAISEMENT OR VALUATION

made otherwise than under an order of the Court in the course of a suit—

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| (a) where the amount does not exceed Rs. 1,000; and | The same duty as on a Bond (No. 15) for such amount. |
| (b) in any other case | One Hundred rupees. |

EXEMPTIONS:—

- (a) Appraisalment or valuation made for the information of one party only, and not being in any manner obligatory between parties either by agreement or operation of law; and
- (b) Appraisalment, of crop for the purpose of ascertaining the amount to be given to a landlord as rent.

9. APPRENTICESHIP-DEED, including every writing relating to the service or tuition of any apprentice clerk or servant, placed with any master to learn any profession, trade or employment not being ARTICLES OF CLERKSHIP (No. 11).

One Hundred rupees.

EXEMPTIONS:— Instrument of apprenticeship executed by a Magistrate under the Apprenticeship Ordinance, 1962 (LVI of 1962), or by which a person is apprenticed by or at the charge of any public charity.

10. ARTICLES OF ASSOCIATION OF A COMPANY—

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| (a) Where the company has no share capital or the nominal share capital does not exceed Rs. 2,500. | Fifty rupees. |
| (b) where the nominal share capital exceeds Rs. 2,500 but does not exceed Rs. 1,00,000; | One hundred rupees. |
| (c) where the nominal share capital exceeds Rs. 1,00,000 but does not exceed Rs. 10,00,000; and | Two hundred rupees. |
| (d) Where the nominal share capital exceeds Rs. 10,00,000. | Five hundred rupees. |

EXEMPTIONS:— Articles of any Association and not formed for profit and registered under section 42 of the Companies Act, 2017 (XIX of 2017).

See also **MEMORANDUM OF ASSOCIATION OF A COMPANY** (No.39).

11. ARTICLES OF CLERKSHIP OR contract whereby any person first becomes bound

One Thousand rupees.

to serve as a clerk in order to his admission as an attorney in any High Court.

ASSIGNMENT, *See* **CONVEYANCE** (No.23), **TRANSFER** (No.62) and **TRANSFER OF LEASE** (No.63), as the case may be. **ATTORNEY**, *See* **ENTRY AS AN ATTORNEY** (No. 30), **AND POWER OF ATTORNEY** (No.48). **AUTHORITY TO ADOPT**. *See* **ADOPTION-DEED** (No. 3)

11A AIR TICKETS issued by any Airline---

(a) for domestic flights;

(b) for international flights

Twenty five rupees per ticket.

Two hundred and fifty rupees per ticket.

Five thousand rupees per declaration

1B AUTHENTICATED DECLARATIONS

that is to say declaration of newspaper, periodicals or printing presses authenticated by legally competent Authority.

Explanation I. The duty shall be paid by a declarant.

Explanation II. declaration shall not be authenticated unless the duty is paid.

12. AWARD, that is to say, any decision in writing by an arbitrator or umpire, not being an award directing a partition, on a reference made otherwise than by an order of the Court in the course of a suit.

Three percent of the amount or value of the property to which the award relates as set forth in such award.

13. BILL OF EXCHANGE as defined by section 2 (2) not being **BOND**, bank note or currency note—

(a) where payable otherwise than on demand but not more than one year after date or sight—

(i) if drawn singly; and

(ii) if drawn in set of two or more, for each part of the set; and

Two rupees for every one thousand rupees or part thereof of the amount of the Bill

One rupees for every one thousand rupees or part thereof of the amount of the Bill.

(b) where payable more than one year after date or sight.

(i) If drawn singly;

Three rupees for every one thousand rupees or part thereof the amount of Bill.

(ii) If drawn in set of two for each part of the set; and

Two rupees for every one thousand rupees or

- (iii) If drawn in set of three for each part of the set;

part thereof the amount of Bill.

One rupees for every one thousand rupees or part thereof the amount of Bill.

Ten rupee.

14. BILL OF LADING (including a through bill of lading). *Note*—If a bill of lading is drawn in parts, the proper stamps therefore must be borne by each one of the sets.

EXEMPTIONS:—

- (a) Bill of the lading when the goods therein described are received at a place within the limits of any port as defined under the Ports Act, 1908 (XV of 1908), and are to be delivered at another place within the limits of the same port; and
- (b) Bill of lading when executed out of Pakistan and relating to property to be delivered in Pakistan.

15. BOND as defined by section 2 (5) not being a DEBENTURE (No.27) and not being otherwise provided for by this Act, or by the Court Fees Act, 1870 (VII of 1870)—

- (a) where the amount or value secured does not exceed five thousand rupees; and
- (b) where it exceeds five thousand rupees for every additional amount of five hundred rupees or part thereof.

Fifteen Rupees

Fifteen Rupees

See **ADMINISTRATION BOND** (No.2), **BOTTOMRY BOND** (No.16), **CUSTOMS BOND** (No.26).

INDEMNITY BOND (No.34), **RESPONDENTIA BOND** (No.56) **SECURITY BOND** (No.57).

EXEMPTIONS:—Bond when executed by any person for the purpose of guaranteeing that the local income derived from private subscription to a Charitable dispensary or hospital or any other object of public utility shall not be less than a specified sum per mensum.

16. BOTTOMRY BOND, that is to say, any instrument where by the master of a seagoing ship borrows money on the security of the ship to enable him to preserve the ship or prosecute her voyage.

The same duty as on a Bond (No.15) for the same amount.

- 17. CANCELLATION**, instrument of (including any instrument by which any instrument previously executed is cancelled), if attested and not otherwise provided for. Five hundred Rupees.
See also **RELEASE** (No.55), **REVOCAION OF SETTLEMENT** (No.58-B), **SURRENDER OF LEASE** (No.61), **REVOCAION OF TRUST** (No.64-B).
- 18. CERTIFICATE OF SALE** (in respect of each property put up as a separate lot and sold) granted to the purchaser of any property sold by public auction by a Civil or Revenue Court, or Collector or other Revenue Officer— Four percent of the consideration equal to the amount of the purchase money.
- 19. CERTIFICATE OR OTHER DOCUMENT** evidencing the right or title of the holder thereof or any other person, either to any shares, scrip or stock in or of any incorporated company or other body corporate, or to become proprietor of shares, scrip or stock in or of any such company or body. Fifty rupees
See also **LETTER OF ALLOTMENT OF SHARES** (No.36).
- 20. CHARTER PARTY**, that is to say, any instrument (except an agreement for the hire of a tug-steamer) whereby a vessel or some specified principal part thereof is let for the specified purposes of the charterer, whether it includes a penalty clause or not. Fifty rupees.
- 21. *******
- 22. COMPOSITION-DEED**, that is to say, any instrument executed by a debtor whereby he conveys his property for the benefit of his creditors, or whereby payment of a composition or dividend on their debts is secured to the creditors, or whereby provision is made for the continuance of the debtor's business under the supervision of Inspector or under letters of licence for the benefit of his creditors. One Hundred rupees.
- 23. CONVEYANCE** as defined by section 2 (10) not being a **TRANSFER** charged or exempted under No. 62 Four percent of the value of the property
- 24. COPY OR EXTRACT** certified to be a true copy or extract by or by order of any public officer and not chargeable under the law for the time being in force relating to court-fees—

- (a) the original was not chargeable with duty or if the duty with which it was chargeable does not exceed four rupees; and Five rupees.
- (b) in any other case Ten rupees.

EXEMPTION:—

- (a) Copy of any paper which a public officer is expressly required by law to make or furnish for record in any public office or for any public purpose;
- (b) Copy of, or extract from, any register relating to births, baptisms, aming, dedications, marriages (divorces), deaths or burials.

25. COUNTERPART OR DUPLICATE of any instrument chargeable with duty and in respect of which the proper duty has been paid—

- (a) if the duty with which the original instrument is chargeable does not exceed four rupees; The same duty as is leviable on the original.
- (b) in any other case Ten rupees.

EXEMPTION:—

Counterpart of any lease granted to cultivator when such lease is exempted from duty.

26. CUSTOMS BOND—

- (a) where the amount does not exceed Rs. 1,000; and The same duty as on a Bond (No.15) for such amount.
- (b) in any other case One Hundred rupees.

27. DEBENTURE OR PARTICIPATION TERM CERTIFICATE OR TERM FINANCE CERTIFICATE OR ANY OTHER INSTRUMENT OF REDEEMABLE CAPITAL OTHER THAN

A COMMERCIAL PAPER whether or not a mortgage debenture or Participant Term Certificate, or Term Finance Certificate or any other instrument of redeemable capital being a marketable security transferable or by endorsement or by separate instrument of transfer or by delivery. Subject to a maximum of one million rupees

Explanation—The term “Debenture” includes any interest coupons attached thereto, but the amount of such coupons shall not be included in estimating the duty.

EXEMPTION:—

A debenture issued by an incorporated company or other body corporate in terms of a registered mortgage-deed, duly stamped in respect of the full amount of debentures to be issued thereunder, whereby the company or body borrowing makes over, in whole or in part, their property to trustees for the benefit of the debenture, holders, provided that the debentures so issued are expressed to be issued in terms of the said mortgage-deed.

See also **BOND** (No.15), and **SECTIONS** 8 and 55.

DECLARATION OF ANY TRUST See **TRUST** (No.64).

27A DECREE, RULE OF A COURT OR AN ORDER OF A COURT based on mutual consent of parties in cases involving transfer on an immovable property including sale, exchange, gift or mortgage, declaring or conferring a right in or title to an immovable property.

Four percent of the value of property.

Explanation:— Value in this Article, means value of property in accordance with the valuation table as notified by the Collector or where valuation table is not available the average sale price of a property of similar nature in the same revenue estate or locality in the preceding year as may be determined by Collector.

28. DELIVERY-ORDER IN RESPECT OF GOODS, that is to say, any instrument entitling any person therein named, or his assigns or the holder thereof, to the delivery of any goods lying in any dock or port, or in any ware-house in which goods are stored or deposited on rent or hire, or upon any wharf such instrument being signed by or on behalf of the owner of such goods upon the sale or transfer of the property therein when such goods exceed in value twenty rupees.

Ten Rupees.

DEPOSIT OF TITLE-DEED. See **AGREEMENT** relating to **DEPOSIT OF TITLE-DEEDS, PAWN OR PLEDGE** (No.6).
DISSOLUTION OF PARTNERSHIP. See **PARTNERSHIP** (No.46).

- 29. DIVORCE**—Instrument of, that is to say any instrument by which any person effects the dissolution of his marriage. One Hundred rupees.
- DOWER**—Instrument of. *See* **SETTLEMENT** (No.58).
- DUPLICATE.** *See* **COUNTERPART** (No.25).
- 30. ENTRY AS AN ADVOCATE, OR ATTORNEY ON THE ROLL OF ANY HIGH COURT**—under the Legal Practitioners and Bar Councils Act, 1973 (XXXV of 1973)—
- (a) in the case of an Advocate; and One thousand five hundred rupees.
- (b) in the case of an Attorney Two thousand rupees.
- 31. EXCHANGE OF PROPERTY**—Instrument of— The same duty as is leviable on a Conveyance (No.23) for a consideration equal to the value of the property of greatest value as set forth in such instrument.
- EXTRACT.** *See* **COPY** (No.24)
- 32. FURTHER CHARGE**—Instrument of, that is to say, any instrument imposing a further charge on mortgaged property—
- (a) when the original mortgage is one of the description referred to in clause (a) of Article No.40 (that is, with possession); and The same duty as on a Conveyance (No.23) for a consideration equal to the amount of the further charge secured by such instrument.
- (b) when such mortgage is one of the description referred to in clause (b) of Article No.40 (that is, without possession)—
- (i) if at the time of execution of the instrument of further charge possession of the property is given or agreed to be given under such instrument; and The same duty as on a Conveyance (No.23) for a consideration equal to the total amount of the charge (including the original mortgage and any further charge already made) less the duty

- (ii) If possession is not so given.

33. GIFT—Instrument of, not being **SETTLEMENT**(No.58) **OR WILL OR TRANSFER** (No.62). **HIRING AGREEMENT** or **AGREEMENT FOR SERVICE**. See **AGREEMENT** (No.5).

34. INDEMNITY BOND. INSPECTORSHIP-DEED—See

COMPOSITION-DEED (No. 22). **INSURANCE**— See **POLICY OF INSURANCE** (No. 47).

35. LEASE, including an under-lease or sub-lease and any agreement to let or sub-let—

- (a) where by such lease the rent is fixed and no premium is paid or delivered—

- (i) where the lease purports to be for a term of less than one year;
- (ii) where the lease purports to be for a term of not less than one year but not more than three years;
- (iii) where the lease purports to be for a term in excess of three years, but not more than twenty years;
- (iv) where the lease purports to be for a term in excess of twenty years or in perpetuity; and

already paid on such original mortgaged and further charge.

The same duty as on a Bond (No.15) for the amount of the further charge secured by such instrument.

The same duty as is leviable on a Conveyance (No.23) for a consideration equal to the value of the property as set-forth in such instrument.

The same duty as on a Security Bond (No. 57) for the same amount.

Two percent of the whole amount payable or deliverable under such lease.

Two percent of the amount or value of the average annual rent reserved.

Two percent of the consideration equal to the amount or value of the average annual rent reserved.

Two percent of the consideration equal to the whole amount of rents which would be paid or delivered in respect of the first ten years of the lease

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| (v) where the lease does not purport to be for any definite term. | Two percent of the consideration equal to the amount or value of the average annual rent which would be paid or delivered for the first ten years, if the lease continued so long. |
| (b) (i) where the lease is granted for money advanced and where no rent is reserved; | Two percent of the consideration equal to the amount of such advanced as set forth in the lease. |
| (ii) where the lease is granted for a fine or premium and where no rent is reserved; and | Two percent of the consideration equal to the amount of such fine or premium as set forth in the lease. |
| (c) (i) where the lease is granted for money advanced in addition to rent reserved; and | Two percent of the consideration equal to the amount of advance as set forth in the lease, in addition to the duty which would have been payable on such lease, if no advance had been paid or delivered; provided that, in any case when an agreement to lease is stamped with the ad valorem stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed four rupees. |
| (ii) where the lease is granted for a fine or premium in addition to rent reserved | Two percent of the consideration equal to the amount of such fine or premium as set forth in lease in addition to the duty which would |

have been payable on such lease if no fine or premium has been paid or delivered: Provided that, in any case when an agreement to lease is stamped with an ad valorem stamped required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.

EXEMPTION:— Lease, executed in the case of a cultivator and for the purposes of cultivation (including a lease of trees for the production of food or drink) without the payment or delivery of any fine or premium when a definite term is expressed and such term does not exceed one year, or when the average annual rent reserved does not exceed one hundred rupees.

36. LETTER OF ALLOTMENT OF SHARES in any company or proposed company or in respect of any loan to be raised by any company or proposed company.

Ten Rupees

See also **CERTIFICATE OR OTHER DOCUMENT** (No.19).

37. LETTER OF CREDIT, that is to say, any instrument by which one person authorizes another to give credit to the person in whose favor it is drawn.

LETTER OF GUARANTEE, *See* **AGREEMENT** (No.5).

38. LETTER OF LICENCE, that is to say, any agreement between a debtor and his creditors, that the letter shall, for a specified time, suspend their claims and allow the debtor to carry on business at his own discretion.

Fifty Rupees

39. MEMORANDUM OF ASSOCIATION OF A COMPANY—

- (a) if accompanied by articles of association under section 35 of the Companies Act, 2017 (XIX of 2017);
- (b) If not so accompanied.

One hundred Rupees

Two hundred Rupees.

EXEMPTION:— Memorandum of any association not formed for profit and registered under section 42 of the Companies Act, 2017 (XIX of 2017).

40. MORTGAGE-DEED not being an **AGREEMENT RELATING TO DEPOSIT OF TITLE-DEEDS, PAWN OR PLEDGE (No.6), BOTTOMRY BOND (No.16), MORTGAGE OF A CROP (No.41), RESPONDENTIA BOND (No.56), OR SECURITY BOND (No.57)**—

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| (a) when possession of the property or any part of the property comprised in such deed is given by the mortgagor or agreed to be given; | Three percent of the consideration equal to the amount secured by such deed. |
| (b) When possession is not given or agreed to be given as aforesaid. | Three percent of the amount secured by such deed. |

Explanation.— A mortgagor who gives to the mortgagee a power of attorney to collect rents or a lease of the property mortgaged or part thereof, is deemed to give possession within the meaning of this article.

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| (c) when a collateral or auxiliary or additional or substituted security, or by way of further assurance for the above-mentioned purposes where the principal or primary security is duly stamped—
for every sum secured not exceeding Rs. 1,000; and for every Rs. 1,000 or part thereof secured in excess of Rs. 1,000; and | Ten Rupees. |
| (d) (i) mortgage with banking companies that is to say simple or legal mortgage for banking companies or other financial institution when the entire finance is not based on interest; and | One fifth of one percent that is to say 0.2% of the loan amount subject to a maximum of one hundred rupees |
| (ii) in any other case | One fifth of one percent that is to say 0.2% of the loan amount. |

EXEMPTION:—

- (1) Instruments, executed by persons taking advances under the Land Improvement Loans Act, 1883 (XIX of 1883), or the Agriculturists Loans

Act, 1884 (XII of 1884) or by their sureties as security for the repayment of such advances.

- (2) Letter of hypothecation accompanying a Bill of Exchange.

41. MORTGAGE OF A CROP, including any instrument evidencing an agreement to secure the repayment of a loan made upon any mortgage of a crop, whether the crop is or is not in existence at the time of mortgage—

- (a) when the loan is repayable not more than three months from the date of the instrument, for every two hundred rupees or part thereof of the sum secured; and One Rupee
- (b) when the loan is repayable more than three months, but not more than eighteen months, from the date of the instrument, for every one hundred rupees or part thereof of the sum secured. Two Rupees

42. NOTARIAL ACT, that is to say, any instrument, endorsement, note, attestation, certificate or entry not being a PROTEST (No.50) made or signed by a Notary Public in the execution of the duties of his office, or by any other person lawfully acting as a Notary Public. Ten Rupees

See also **PROTEST OF BILL OR NOTE** (No.50).

43. NOTE OR MEMORANDUM SENT BY a broker or agent to his principal intimating the purchase or sale on account of such principal—

- (a) of any goods exceeding in value twenty rupees; Five Rupees
- (b) of any stock or marketable security exceeding in value twenty rupees, not being a Government Security; and Five rupees for every Rs. 5,000 or a part thereof of the value of the stock or security.
- (c) of a Government security One rupee for every 10,000 rupees or part thereof of the value of the security subject to a maximum of forty rupees.

44. NOTE OF PROTEST BY THE MASTER OF A SHIP. Five rupees.

See also **PROTEST BY MASTER OF A SHIP**
(No.51).

ORDER FOR THE PAYMENT OF MONEY.

See **BILL OF EXCHANGE** (No.13).

45. PARTITION—Instrument of [as defined
by section 2(15)].

Explanation—

The largest share remaining after the property is partitioned (or if there are two or more shares of equal value and not smaller than any of the other shares, than one of such equal shares) shall be deemed to be that from which other shares are separated:

Provided always that—

(a) when an instrument of partition containing an agreement to divide property in severalty is executed and a partition is effected in pursuance of such agreement, the duty chargeable upon the instrument affecting such partition shall be reduced by the amount of duty paid in respect of the first instrument but shall not be less than four rupees;

(b) where land is held on Revenue Settlement for a period not exceeding thirty years and paying the full assessment, the value for purpose of duty shall be calculated at not more than five

		times the annual revenue;
		(c) where a final order for effecting a partition passed by any Revenue authority or any Civil Court, or an award by an arbitrator directing a partition, is stamped with the stamp required for an instrument of partition in pursuance of such order or award is subsequently executed the duty on such instrument shall not exceed four Rupees.
46. PARTNERSHIP—		
A—INSTRUMENT OF—		
(a) where the capital of the partnership does not exceed Rs. 500.		Two hundred Rupees
(b) in any other case		One hundred Rupees
B—DISSOLUTION OF PAWN OR PLEDGE— <i>See</i> AGREEMENT RELATING TO DEPOSIT OF TITLE-DEEDS, PAWN OR PLEDGE (No. 6).		Half of the stamp duty payable on original.
47. POLICY OF INSURANCE—		
A— <i>See</i> INSURANCE (see section 7)—		
(1) For each voyage—		
	If drawn single	If drawn in duplicate for each part
(i) where the premium of consideration does not exceed the rate of 1/8 per cent of the amount insured by the policy for every full sum of Rs. 5,000 and also any fractional parts thereof insured by the policy.	Three Rupees.	Three Rupees.
(ii) in any other case, in respect of every full sum of Rs.2,000 and also any fractional part thereof insured by the policy.	Three Rupees.	Three Rupees.
(2) For time—		

in respect of every full sum of Rs.2,000 or part thereof insured by the policy—

- | | | |
|---|---------------|---------------|
| (i) where the insurance shall be made for any time not exceeding six months; | Three Rupees. | Three Rupees. |
| (ii) where the insurance shall be made for any time exceeding six months and not exceeding twelve months. | Five Rupees | Three Rupees. |

B—FIRE—INSURANCE AND OTHER CLASSES OF INSURANCE NOT ELSEWHERE INCLUDED IN THIS ARTICLE, COVERING GOODS, MERCHANDISE, PERSONAL EFFECTS, CROPS, AND OTHER PROPERTY AGAINST LOSS OR DAMAGE—

- | | | |
|---|---------------|--|
| (1) in respect of an original policy— | | |
| (i) when the sum insured does not exceed Rs. 5,000; | Five Rupees. | |
| (ii) in any other case and | Eight Rupees. | |
| (2) in respect of each receipt for any payment of a premium on any renewal of an original policy. | | One-half of the duty payable in respect of the original policy in addition to the amount, if any, chargeable under No. 53. |

C—ACCIDENT AND SICKNESS INSURANCE—

- | | |
|--|--------------|
| (a) Against railway accident, valid for a single journey only. | Three Rupees |
|--|--------------|

EXEMPTION

When issued to a passenger travelling by the intermediate or the third class in any railway.

- | | | |
|---|---------------|---|
| (b) In any other case for the maximum amount which may become payable in the case of any single accident or sickness where such amount does not exceed Rs. 2,000 and also where such amount exceeds Rs. 2,000, for every Rs. 2,000 or part thereof. | Three Rupees: | Provided that, in case of a policy of insurance against death by accident when the annual premium payable does not exceed Rs. 2.50 per Rs. 1,000 the duty on such instrument shall be one rupee for every Rs.1,000 or part thereof of the maximum |
|---|---------------|---|

amount which may become payable under it.

D—INSURANCE BY WAY OF INDEMNITY—

Against liability to pay damages on account of accidents to workmen employed by or under or against liability to pay compensation under Workmen's Compensation Act, 1923 (VIII of 1923), for every Rs. 100 or part thereof payable as premium.

Three rupees if drawn singly.

E—LIFE INSURANCE OR OTHER INSURANCE NOT SPECIFICALLY PROVIDED FOR, except such a RE-INSURANCE as is described in Division of this article—

- (i) for every sum insured not exceeding Rs.250;
- (ii) for every sum insured exceeding Rs.250 but not exceeding Rs.500;
- (iii) for every sum insured exceeding Rs.500 but not exceeding Rs.1,000 and also for every Rs.1,000 or part thereof in excess of Rs.1,000.

If drawn singly	If drawn in duplicate, for each part
------------------------	---

Three Rupees	Three Rupees
Three Rupees	Three Rupees
Three Rupees	Three Rupees

EXEMPTIONS:—Policies of life insurance granted by the Director-General of Post Offices in accordance with rules for Postal Life Insurance issued under the authority of the Central Government.

F—RE-INSURANCE BY AN INSURANCE COMPANY WHICH HAS GRANTED A POLICY OF THE NATURE SPECIFIED IN DIVISION A OR DIVISION B OF THIS ARTICLE WITH ANOTHER COMPANY BY WAY OF INDEMNITY OR GUARANTEE AGAINST THE PAYMENT ON THE ORIGINAL INSURANCE OF A CERTAIN PART OF THE SUM INSURED THEREBY.

One-half of the duty payable in respect of the original insurance but not less than three Rupees or more than eight Rupee.

GENERAL EXEMPTIONS:—Letter of cover or engagement to issue a policy of insurance: Provided that, unless such letter or engagement bears the stamp prescribed by this Act for such policy nothing shall be claimable thereunder, nor shall it be available for any purpose except to compel the delivery of the policy therein mentioned.

48. POWER-OF-ATTORNEY as defined by section 2(21) of Stamps Act, 1899 (II of 1899), not being a proxy (No.52)—

- | | |
|--|---------------------|
| (a) when executed for the sole purpose of procuring the registration of one or more documents in relation to a single transaction or for admitting execution of one or more such document; | Five Hundred Rupees |
| (b) when authorizing one person or more to act in a single transaction other than the case mentioned in clause (a); | One thousand Rupees |
| (c) when authorizing not more than five persons to act jointly and severally in more than one transaction or generally; | One thousand Rupees |
| (d) when authorizing more than five but not more than ten persons to act jointly and severally in more than one transaction or generally; and | One thousand Rupees |
| (e) when given for consideration and authorizing the attorney to sell any immovable property. | One thousand Rupees |
| (f) in any other case | One thousand Rupees |

Explanation 1—For the purposes of this Article more persons than one when belonging to the same firm shall be deemed to be one person.

Explanation 2—The term “Registration” includes every operation incidental to registration under the Registration Act, 1908 (XVI of 1908).

49. PROMISSORY NOTE as defined by section 2(22) of Stamps Act, 1899 (II of 1899)—

- | | |
|--|--|
| (a) when payable on demand— | |
| (i) when the amount or value does not exceed Rs. 250,000; | Thirty Rupees |
| (ii) when the amount or value exceeds Rs. 250,000 but does not exceed Rs. 500,000; | Sixty Rupees |
| (iii) in any other case | One hundred Rupees |
| (b) When payable otherwise than on demand, including a commercial paper. | One-fiftieth of one percent that is to say 0.02% per annum of the amount payable subject to a maximum of Rs. 100,000 |

50. PROTEST OF BILL OR NOTE, that is to say, any declaration in writing made by a Notary Public or other person lawfully acting as such, attesting the dishonor of a Bill of Exchange for promissory note. Ten Rupees

51. PROTEST BY THE MASTER OF A SHIP, that is to say, any declaration of the particulars of her voyage drawn up by him with a view to the adjustment of losses or the calculation of averages, and every declaration in writing made by him against the charterers or the consignees or not loading or unloading the ship, such declaration is attested or certified by a Notary Public or other person lawfully acting as such. Ten Rupees

See also **NOTE OR PROTEST BY THE MASTER OF A SHIP (No.44)**.

52. PROXY empowering any person to vote at any one election of the members of a district or local board or of a body of municipal commissioners, or at any one meeting of (a) members of an incorporated company or other body corporate whose stock or funds is or are divided into shares and transferable; (b) a local authority; or (c) proprietors, members or contribution to the funds of any institution. Five Rupees

53. RECEIPTS as defined by section 2 (23) of Stamps Act, 1899 (II of 1899) for any money or other property the amount or value of which exceeds twenty rupees—

- (a) where the amount or value does not exceed two thousand rupees; One Rupee
- (b) where the amount or value exceeds two thousand rupees but does not exceed ten thousand rupees; Two Rupees.
- (c) Where such amount exceeds ten thousand rupees. Five Rupees

EXEMPTIONS:—Receipts—

- (a) endorsed on or contained in any instrument duly stamped for any instrument exempted under the proviso to section 3 (instruments executed on behalf of the Government) or any cheque or bill of exchange, payable on demand

- acknowledging the receipt of the consideration money therein expressed, or the receipt of any principal-money, interest of annuity, or other periodical payment thereby secured;
- (b) for any payment of money without consideration;
 - (c) for any payment of rent by a cultivator on account of land assessed to Government revenue;
 - (d) for pay or allowances by non-commissioned or petty officers, soldiers, sailors or airmen of the armed forces of Pakistan/ Pakistan's military, naval or air forces, when serving in such capacity, or by mounted police constables;
 - (e) given by holders of family certificates in cases where the person from whose pay or allowances the sum comprised in the receipt has been assigned as a non-commissioned or petty officer, soldier, sailor or airman or any of the said forces and serving in such capacity;
 - (f) for pensions or allowances by persons receiving such pensions or allowances in respect of their services as such, non-commissioned or petty officers, soldiers, sailors or airmen, and not serving the State in any other capacity;
 - (g) given by a headman or lambardar for land-revenue or taxes collected by him;
 - (h) given for money or securities for money deposited in the hands of any banker to be accounted for:
Provided that the same is not expressed to be received of, or by the hands of, any other than the person to whom the same is to be accounted for:
Provided also that this exemption shall not extend to receipt

or acknowledgment for any sum paid or deposited for, or upon a letter of allotment of a share, or in respect of a call upon any scrip or share of, or in, any incorporated company or other body corporate or such proposed or intended company or body or in respect of a debenture being a marketable security.

See also **POLICY OF INSURANCE** [No. 47-B (2)].

54. RE-CONVEYANCE OF MORTGAGE PROPERTY—

- (a) if the consideration for which the property was mortgaged does not exceed Rs. 1,000; Thirty Rupees
- (b) in any other case One hundred Rupees

55. RELEASE,

- (a) that is to say, any instrument [not being such a release as is provided for by section 23A of Stamps Act, 1899 (II of 1899)] whereby a person renounces a claim upon another person or against any specified property— One Thousand Rupees.
- (b) in any other case One Thousand Rupees.

56. RESPONDENTIA BOND, that is to say, any instrument securing a loan on the cargo laden or to be laden on board a ship and making repayment contingent on the arrival of the cargo at the port of destination. The same duty as on a Bond (No.15) for the amount of the loan secured.

REVOCAION OF ARMY TRUST OR SETTLEMENT.

See **SETTLEMENT** (No.58), **TRUST** (No.64).

57. SECURITY BOND OR MORTGAGE DEED executed by way of security for the due execution of an office, or to account for money or other property received by virtue thereof or executed in favour of a Court for the due discharge of a contingent liability or executed by a surety to secure the due performance of a contract—

- (a) when the amount secured does not exceed Rs. 1,000; Thirty Rupees
- (b) in any other case One hundred Rupees

EXEMPTIONS:— Bond or other instrument, when executed—

- (a) by any person for the purpose of guaranteeing that the local income derived from private subscription to a charitable dispensary or hospital or any other object of public utility shall not be less than a specified sum per mensem;
- (b) under No. 3-A of the rules made by the Provincial Government under section 70 of the Sind Irrigation Act, 1879;
- (c) executed by persons taking advances under the Land Improvement, Loans Act, 1883 (XIX of 1883), or the Agriculturists Loans Act, 1884 (XII of 1884), or by their sureties as security for repayment of such advances;
- (d) executed by servants of the State or their securities to secure the due execution of an office or the due accounting for money or other property received by virtue thereof.

58. SETTLEMENT—

A—Instrument of (including a deed of power)—

- (i) where the settlement is made in favor of legal heirs in respect of agriculture land Two percent of the value of the property.
- (ii) Where the settlement is made for a religious or charitable purpose: Two percent of the sum equal to the amount or value of the property settled.
- (iii) in any other case Two percent of the consideration equal to the amount or value of the property settled:

Provided that, where an agreement to settle is stamped with the stamp required for an instrument of settlement, and an

instrument of settlement in pursuance of such agreement is subsequently executed, the duty on such instrument shall not exceed four rupees:

Provided further that where an instrument of settlement contains any provision for the revocation of the settlement, the amount or value of the property settled shall, for the purposes of duty, be determined as if no such provisions were contained in the instrument.

Two percent of the consideration equal to the amount or value of the property concerned as set forth in the instrument of revocation.

One and a half times the duty payable on a Debenture [No.27] for a consideration equal to the nominal amount of the shares specified in the warrant.

EXEMPTIONS:— Deed of dower executed on the occasion of marriage between Muslims.

B—Revocation of—

See also TRUST (No.64)

59. SHARE WARRANTS to bearer issued under the Companies Act, 2017 (XIX of 2017).

EXEMPTIONS:—

Share warrant when issued by a company in pursuance of the Companies Act, 2017 (XIX of 2017), to have effect only upon payment, as composition for that duty, to the Collector of Stamp revenue of—

- (a) one and a half per centum of the whole subscribed capital of the company; or

- (b) if any company which has paid the said duty or composition in full subsequently issues an addition to its subscribed capital—one and half per centum of the additional capital so issued.

SCRIP—*See* **CERTIFICATE** (No.19).

60. SHIPPING ORDER for or relating to the conveyance of goods on board of any vessel. Five rupees

61. SURRENDER OF LEASE—

- (a) when the duty with which the lease is chargeable does not exceed thirty rupees; The duty with which lease is chargeable.
- (b) in any other case One hundred rupees

EXEMPTION—

Surrender of lease, when such lease exempted from duty.

62. TRANSFER (whether with or without consideration)—

- (a) of shares in an incorporated company or other body corporate; One-fourth of the duty payable on a Conveyance (No.23) for a consideration equal to the value of the share.
- (b) of Debenture or Participation Term Certificate or Term Finance Certificate or any other instrument or redeemable capital (other than Commercial Paper), whether mortgaged or not, being a transferable security, whether liable to duty or not except as provided for by section 8 One tenth of one percent that is to say 0.1% of the face value of the instrument.
- (c) of any interest secured by a bond, mortgage-deed or policy of insurance—
- (i) if the duty on such bond, mortgage-deed or policy does not exceed twenty rupees; and The duty with which such bond, mortgage-deed or policy of insurance is chargeable.
- (ii) in any other case Fifty Rupees.

- | | |
|---|---|
| (d) of any property under the Administrator-General's Act, 1913, (III of 1913) section 31; and | Fifty Rupees. |
| (e) of any trust-property without consideration from one trustee to another trustee or from a trustee to a beneficiary. | Twenty Rupees or such smaller amount as may be chargeable under clauses (a) to (c) of this Article. |

EXEMPTIONS:—

Transfers by endorsement—

- (a) of a bill of exchange, cheque or promissory note;
- (b) of a bill of lading, delivery order, warrant for goods, or other mercantile document of title to goods;
- (c) (c) of a policy of insurance;
- (d) of securities of the Federal Government.

See also section 8—

63. TRANSFER OF LEASE by way of assignment and not by way of under-lease.

The same duty as is leviable on Conveyance (No.23) for a consideration equal to the amount of the consideration for the transfer.

EXEMPTION:—Transfer of any lease exempt from duty.

64. TRUST—

A. **Declaration of** - of or concerning any property when made by any writing not being a WILL.

The same duty as on a Bond (No.15) for a sum equal to the amount or value of the property concerned as set forth in the instrument but not exceeding two hundred Rupees

B. **REVOCATION OF**—of, or concerning any property when made by any instrument other than a WILL.

The same duty as on a Bond (No.15) for a sum equal to the amount of value of the property concerned as set forth in the instrument but

not exceeding two hundred Rupees.

See also **SETTLEMENT** (No.58).

VALUATION. See **APPRAISEMENT** (No.8).

65. WARRANT FOR GOODS, that is to say, any instrument evidencing the title of any person therein named, or his assigns, or the holder thereof, to the property in any goods lying in or upon any dock, warehouse or wharf, such instrument being signed or certified by or on behalf of the person in whose custody such goods may be. Five Rupees”.

3. **Amendment of West Pakistan Motor Vehicles Taxation Act, 1958 (W.P. ACT No. XXXII of 1958).**—In the West Pakistan Motor Vehicles Taxation Act, 1958 (W.P. Act No. XXXII of 1958), as in force in the Islamabad Capital Territory, for the Schedule, the following shall be substituted, namely:-

“Schedule

[See section 3]

TABLE 1

TOKEN TAX (Motor Cycle and Scooter)

S. No.	CATEGORY	TAX RATES FOR ICT Rs.
(1)	(2)	(3)
1.	Motor Cycle and Scooter Upto 200 cc	1,000 (lifetime)
2.	Motor Cycle and Scooter from 201 cc to 400 cc	2000 (lifetime)
3.	Motor Cycle and Scooter from 401 and above	5000 (lifetime)

Provided that quarterly rates under section 3 shall not be applicable to lifetime tax.

TABLE 2

TOKEN TAX (Motor Vehicles)

Sr. No.	CATEGORY	TAX RATES FOR ICT Rs.	Period
(1)	(2)	(3)	(4)

1.	Engine capacity upto 1000 CC	10,000	Lifetime Provided that quarterly rate under section 3 shall not be applicable to lifetime tax.
2.	Engine capacity from 1001 to 1300 cc	1,500	per annum
3.	Engine capacity from 1301 to 1500 cc	4,000	per annum
4.	Engine capacity from 1501 to 2000 cc	5,000	per annum
5.	Engine capacity from 2001 to 2500 cc	8,000	per annum
6.	Engine capacity from 2501 and above	12,000	per annum

TABLE 3

MOTOR CABS UPTO 6 SEATS

S.No.	CATEGORY	TAX RATES FOR ICT Rs.
(1)	(2)	(3)
1.	Engine capacity upto 1000 CC	600 per annum
2.	Engine capacity upto 1001 and above	1000 per annum

TABLE 4

PUBLIC SERVICE VEHICLE

S.No.	Category	Tax rates of for ICT in Rupees
(1)	(2)	(3)
1.	Vehicle (8 seater)	200 per seat per annum
2.	Vehicle (13 seater)	250 per seat per annum
3.	Vehicle (15 seater)	300 per seat per annum
4.	Vehicle (16 seater)	300 per seat per annum
5.	Vehicle (42 seater)	400 per seat per annum
6.	Vehicle (52 seater)	500 per seat per annum

TABLE 5

COMMERCIAL VEHICLES AND LOADING VEHICLES

S.No.	Category	Tax rates of for ICT in Rupees
(1)	(2)	(3)

1.	Vehicles not exceeding 1250 KG in laden weight	500 per annum
2.	Vehicles with maximum laden capacity exceeding 1250 KG but not exceeding 2030 KG	800 per annum
3.	Vehicles with maximum laden capacity exceeding 2030 KG but not exceeding 4060 KG	2,000 per annum
4.	Vehicles with maximum laden capacity exceeding 4060 KG but not exceeding 6090 KG	3,000 per annum
5.	Vehicles with maximum laden capacity exceeding 6090 KG but not exceeding 8120 KG	3,500 per annum
6.	Vehicles with maximum laden capacity exceeding 8120 KG	4,000 per annum”.

4. **Amendment of West Pakistan Finance Act, 1964 (W.P. Act No. XXXIV of 1964).**—In the West Pakistan Finance Act, 1964 (W. P. Act No. XXXIV of 1964), as in force in the Islamabad Capital Territory,—

(a) for section 11, the following shall be substituted, namely:—

“11. Tax on trades, professions, callings and employments.—

There shall be levied and collected from the persons and companies of the categories specified in column (2) of the Seventh Schedule per annum, a professional tax at the rate as specified in column (3) of that Schedule in the prescribed manner.”; and

(b) for the Seventh Schedule, the following shall be substituted, namely;—

“Seventh Schedule

[See section 11]

S. No.	Categories	Rates of tax per annum in ICT in Rupees
(1)	(2)	(3)
1.	Companies registered under the Companies Act 2017 having;	
a.	Capital Upto PKR 5 million but not exceeding PKR 10 million	7,000
b.	Capital exceeding PKR 10 million but not exceeding PKR 50 million	18,000
c.	Capital exceeding PKR 50 million but not exceeding PKR 100 million	35,000
d.	Capital exceeding PKR 100 million but not exceeding PKR 200 million	80,000

e.	Capital exceeding PKR 200 million	90,000
f.	Employees not exceeding 10	1000
g.	Employees exceeding 10 but not exceeding 25	2,000
h.	Employees exceeding 25	5,000
2.	Lawyers	1,000
3.	Members of Stock Exchanges	5,000
4.	Money Changer	3,000
5.	Motorcycle Dealers	5,000
6.	Motor Car Dealers and Real Estate Agents	10,000
7.	Health Clubs, Gymnasiums and Others	5,000
8.	Recruiting Agents	10,000
9.	Jewellers, Departmental Stores, Electronic Goods Stores, Cable Operators, Printing Presses and Pesticide Dealers	1,000
10.	Tobacco Vendors - Wholesalers	2,000
11.	Medical consultants or specialists and dental surgeons	5,000
12.	Registered medical practitioners	2,000
13.	others	1,000.”.

5. **Amendment of West Pakistan Finance Act, 1965 (W.P. ACT No. I of 1965).**—In the West Pakistan Finance Act, 1965 (I of 1965), as in force in the Islamabad Capital Territory, in section 12, for sub-section (1), the following shall be substituted, namely:—

“(1) There shall be levied and collected in prescribed manner from all the hotels, having at least twenty-five lodging units, a bed tax at the rate of five percent of the invoice or bill excluding sales tax and other applicable taxes.”.

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

(1) in section 2,—

(a) after omitted clause (ib), the following new clause shall be inserted, namely,—

“(ic) **“Customs controls”** means measures applied by the officers of customs or through Customs Computerized System to manage risks and ensure compliance;”;

- (b) after clause (qa), the following new clauses shall be inserted, namely,—
- “(qb) **“Risk Management System”** means the systematic application of Customs Controls and Management Procedures on pre-arrival, customs clearance processes and post clearance of goods and passengers, for identifying, analyzing, evaluating, monitoring, reviewing and treating the risk associated with them;
- (qc) **“Risk Management Committee”** means a committee headed by a BS-21 officer of Customs, constituted under the rules, to review functioning and supervise implementation of the Risk Management System and shall comprise as many BS-19 and BS-20 officers of Customs as may be notified by the Board; and”;
- (c) after clause (rr), the following new clause shall be inserted; namely,—
- “(rrr) **“Selectivity Criteria”** means the risk parameters determined by the Risk Management Committee constituted under the rules for the application of Risk Management System;”;
- (2) in section 3E, for the word “Directorates”, wherever occurring, the expression “Directorates General and Directorates,” shall be substituted;
- (3) in section 18D, for the words “Federal Government”, the expression “Board, with approval of the Federal Minister-in-charge” shall be substituted;
- (4) in section 19,—
- (a) in sub-section (1), the expression “removal of anomalies in duties, development of backward areas,” shall be omitted; and
- (b) in sub-section (5), in the second proviso, for the figure “2019”, the figure “2020” shall be substituted;”;
- (5) in section 25A,—
- (a) in sub-section (1), the expression “the Collector of Customs on his motion, or” shall be omitted;

- (b) sub-section (3) shall be omitted; and
- (c) in sub-section (4), the expression “or, as the case may be, under sub-section (3),” shall be omitted;
- (6) in section 25D, the words “Collector of Customs or” shall be omitted;
- (7) in section 30, in the fifth proviso, for the words “Federal Government”, the expression “Board, with approval of the Federal Minister-in-charge” shall be substituted;
- (8) in section 30A, in the second proviso, for the words “Federal Government”, the expression “Board, with approval of the Federal Minister-in-charge” shall be substituted;
- (9) in section 31, in the second proviso, for the words “Federal Government”, the expression “Board, with approval of the Federal Minister-in-charge” shall be substituted;
- (10) in section 32, in sub-section (3A),—
 - (i) after the word “importer’s”, the words “or exporter’s” shall be inserted;
 - (ii) after the word “importer”, the words “or exporter” shall be inserted; and
 - (iii) after the word “imported”, the words “or exported” shall be inserted;
- (11) in section 32B, after the word “Collector”, the words “or Director” shall be inserted;
- (12) after section 32B, the following new section shall be inserted, namely:—

“32C. Mis-declaration of value for illegal transfer of funds into or out of Pakistan.—(1) Without prejudice to any action that may be taken under this Act or any other law, for the time being in force, if any person overstates the value of imported goods or understates the value of exported goods *or vice versa*, or using other means including short-shipment, over-shipment, with a view to illegally transferring funds into or out of

Pakistan, such person shall be served with a notice to show cause within a period of two years from the date of detection of such mis-declaration as to why penal action shall not be initiated:

Provided that if goods have not been cleared from customs, such goods shall also be liable to be seized:

Provided further that a team consisting of Additional Collector, duly assisted by an expert in the relevant field and an officer of State Bank of Pakistan (SBP) as specified, shall submit a report in writing with evidence for the Chief Collector. The said report shall also be furnished to the SBP for action, if any, under the law regulated by SBP.

- (2) Any proceedings under this section shall not be initiated without the explicit approval of the Board.”;
- (13) in section 33,—
- (a) in sub-section (3A), after the word “of”, occurring for the first time, the expression “subject to pre-audit” shall be inserted; and
- (b) after sub-section (4), the following new sub-section shall be inserted, namely:—
- “(5) For the purpose of this section, the Board may, by notification in the official Gazette, specify the jurisdiction and powers of the officers of Customs to sanction refund in terms of amount of customs duty and other taxes involved.”;
- (14) in section 79, in sub-section (1), for the word “fifteen”, the word “ten” shall be substituted;
- (15) after omitted section 80A, the following new section shall be inserted, namely:—
- “80B. Application of risk management system.**—For the purpose of enforcing Customs Controls, risk management system shall be used in such manner as may be prescribed by rules.”;
- (16) in section 81, after the figure “79”, the expression “or 131” shall be inserted;

- (17) in section 82,—
- (a) for the word “twenty”, occurring twice, the word “fifteen” shall be substituted; and
 - (b) for the word “ten” the word “five” shall be substituted;
- (18) in section 90,—
- (a) in sub-section (2), for full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that where the Customs Computerized System is operational, the issuance of warrant and subsequent transfer of warrant shall take place through system generated documents.”; and
 - (b) after sub-section (3), the following new sub-section shall be added, namely:—

“(4) The Board may make rules to regulate the transfer of goods in the manner as mentioned in sub-section (2).”;
- (19) in section 98,—
- (i) in sub-section (1),—
 - (a) for the words “three months”, the words “one month” shall be substituted;
 - (b) in the proviso,—
 - (i) in clause (a), after the semicolon, the word “and” shall be added; and
 - (ii) for clause (b), the following shall be substituted, namely:—

“(b) by the Chief Collector of Customs for such period as he may deem fit.”; and
 - (c) clause (c) shall be omitted; and

- (ii) in sub-section (3), after the words “Federal Government”, the word “or Board” shall be inserted;
- (20) in section 155A, for the words “Federal Government”, the word “Board” shall be substituted;
- (21) in section 156, in sub-section (1), in the TABLE, in the zero column,—
- (a) for clause 14 and entries relating thereto in columns (1), (2) and (3), the following new clause and entries related thereto shall be substituted, namely:—

“14	If any person commits an offence under (i) sub-section (1) or sub-section (2) of section 32;	such person shall be liable to a penalty not exceeding one hundred thousand rupees or three times the value of the goods in respect of which such offence is committed, whichever be greater; and such goods shall also be liable to confiscation; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding three years, or to fine, or to both;	32
	(ii) sub-section (3) or sub-section (3A) of section 32,	such person shall be liable to a penalty not exceeding fifty thousand rupees or two times the value of the goods in respect of which such offence is committed, whichever be greater.	32”;

- (b) after clause 14A and entries relating thereto in columns (1), (2) and (3), the following new clause and entries related thereto shall be inserted, namely:—

“14B	If any person commits an offence under section 32C,	Such person shall be liable to penalty not exceeding two hundred thousand rupees or three times the value of goods in respect of which such offence is committed whichever is greater; and such goods shall also be liable to confiscation; and upon conviction by a special judge he shall further be liable to imprisonment for a term not exceeding five years and to a fine which may extend upto one million rupees.	32C”;
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- (c) for clause 47A and entries relating thereto in columns (1), (2) and (3), the following new clause and entries related thereto shall be substituted, namely:—

“47A	If the goods declaration is not filed within the prescribed period of ten days,	The owner of such goods shall be liable to a penalty at the rate of rupees five thousand per day for the initial five days of default and at the rate of rupees ten thousand per day for each day of default thereafter: Provided that the total penalty imposed shall not exceed rupees one hundred thousand.”;	79”;
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- (22) after section 156, the following new section shall be inserted, namely:—

“156 A. Proceedings against authority and persons.- (1) Subject to section 217, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in

sections 3 to 3DDD, including any officer or official subordinate to the aforesaid authority, who willfully and deliberately commits or omits an act which results in undue benefit or advantage to the authority or the officer or official or to any other person.

- (2) Where proceedings under sub-section (1) have been initiated against the authority or officer or official, the Board shall simultaneously intimate the relevant Government agency to initiate criminal proceedings against the person referred to in sub-section (1).
 - (3) The proceedings under this section shall be without prejudice to any other liability that the authority or officer or official or the person may incur under any other law for the time being in force.”;
- (23) in section 179,—
- (a) in sub-section (1),—
 - (i) clause (iv) shall be omitted;
 - (ii) in clause (v), for the word “fifty” the words “one hundred” shall be substituted; and
 - (iii) in clause (vi), for the word, “fifty” the words “one hundred” shall be substituted; and
 - (b) in sub-section (3), for the words “one hundred and twenty”, the word “ninety” shall be substituted;
- (24) in section 181, in second proviso, after the figure “16”, the words “or in violation of any other provisions of this Act” shall be inserted;
- (25) in section 193, in sub-section (1), after the figure “80”, the expression “,131” shall be inserted;
- (26) in section 193A, in sub-section (3), for the words “one hundred and twenty”, the word “ninety” shall be substituted;
- (27) for section 194, the following shall be substituted, namely:—
- “194. Appellate Tribunal.—**(1) There shall be established an Appellate Tribunal to be called the Customs Appellate

Tribunal to exercise the powers and perform the functions conferred on the Customs Appellate Tribunal by this Act.

- (2) The Customs Appellate Tribunal shall consist of a chairman and such other judicial and technical members as are appointed in such numbers and in the manner as the Prime Minister may prescribe by rules.
- (3) No person shall be appointed as a judicial member of the Customs Appellate Tribunal unless such person—
 - (a) has been a judge of a High Court;
 - (b) has exercised the powers of a District Judge and is qualified to be appointed as a judge of a High Court; or
 - (c) is or has been an advocate of a High Court and is qualified to be appointed as a judge of a High Court:

Provided that the person who is or has been an advocate of High Court shall not be appointed as judicial member unless selected in accordance with the Federal Public Service Commission Ordinance, 1977 (XLV of 1977).

- (4) No person shall be appointed as a technical member of the Customs Appellate Tribunal unless such person—
 - (a) is an officer of Pakistan Customs Service equivalent in rank to the Member of the Board or Chief Collector of Customs or Director General; or
 - (b) is a Collector or Director or Chief of the Board having at least three years experience in that position.
- (5) The Federal Government shall appoint one of the Members of the Customs Appellate Tribunal to be the chairman thereof.
- (6) The terms and conditions of appointment of the chairman and judicial and technical members shall be such as the Federal Government may determine:

Provided that the appointment of a technical member shall be for a period of two years.”;

(28) in section 195,—

- (a) in the marginal heading, after the word “Collector”, the words “ or Chief Collector” shall be inserted;
- (b) in sub-sections (1) and (1A), for the expression “Collector of Customs (Adjudication)”, the words “Chief Collector” shall be substituted; and
- (c) after sub-section (2), the following new sub-section shall be added, namely:—

“(3) The cases records of which are called and examined under sub-section (1) shall be decided within a period of one hundred and twenty days further extendable by the Board for another sixty days subject to recording of reasons in writing.”;

(29) for section 195C, the following shall be substituted, namely:—

- “**195C. Alternative dispute resolution (ADR).**—(1) Notwithstanding anything contained in this Act, or the rules made there under, any aggrieved person, in connection with any dispute pertaining to liability of customs-duty, admissibility of refund or rebate, waiver or fixation of penalty or fine, confiscation of goods, relaxation of any time period or procedural and technical condition which is under litigation in any court of law or an appellate authority, except in the cases where first information reports (FIRs) have been lodged or criminal proceedings have been initiated or where interpretation of question of law having larger revenue impact in the opinion of the Board is involved, may apply to the Board for the appointment of a committee for the resolution of dispute in appeal.
- (2) The Board may, subject to the provisions of sub-section (1), after examination of the application of an aggrieved person, appoint a committee, within thirty days of receipt of such application, consisting of—
- (a) an officer of customs not below the rank of Chief Collector;
 - (b) a person to be nominated by the applicant from a panel notified by the Board, comprising—

- (i) chartered accountants and advocates having minimum ten years experience in the field of taxation; and
- (ii) reputable businessmen as nominated by Chambers of Commerce and Industry:

Provided that the taxpayer shall not nominate a chartered accountant or an advocate if the said chartered accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and

- (c) a retired judge not below the rank of District and Sessions Judge, to be nominated through consensus by the members appointed under clauses (a) and (b).

- (3) The aggrieved person or the concerned Collector or both, as the case may be, shall withdraw the appeal pending before any court of law or an appellate authority, after constitution of the committee by the Board under sub-section (2).
- (4) The committee shall not commence the proceedings under sub-section (5) unless the order of withdrawal by the appellate authority is communicated to the Board:

Provided that if the order of withdrawal is not communicated within forty-five days of the appointment of the committee, the said committee shall be dissolved and provision of this section shall not apply.

- (5) The committee constituted under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of customs or any other person to conduct an audit and shall decide the dispute by majority, within ninety days of its constitution in respect of the resolution of dispute as it deems fit:

Provided that in computing the aforesaid period of ninety days, the period, if any, for communicating the order of withdrawal under sub-section (4) shall be excluded.

- (6) The recovery of duties and taxes payable by the applicant in connection with any dispute for which a committee has been appointed under sub-section (2) shall be deemed to have been

stayed on withdrawal of appeal upto the date of decision by the committee.

- (7) The decision of the committee under sub-section (5) shall be binding on the Collector and the aggrieved person.
- (8) If the committee fails to make recommendations within a stipulated period of ninety days under sub-section (5), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the appellate authority which issued the order of withdrawal under sub-section (4) and the appeal shall be treated to be pending before such appellate authority as if the appeal had never been withdrawn.
- (9) The Board shall communicate the order of dissolution to the court of law or the appellate authority and the Collector and the aggrieved person.
- (10) The aggrieved person, on receipt of the order of dissolution, shall communicate the order to the appellate authority, which shall decide the appeal within six months of the communication of the said order.
- (11) The aggrieved person may make payment of customs duty and other taxes as determined by the committee under sub-section (5) and all decisions, orders and judgments made or passed shall stand modified to that extent.
- (12) The Board may prescribe the amount to be paid as remuneration for the services of the members of the committee, other than the member appointed under clause (a) of sub-section (2).
- (13) The Board may, by notification in the official Gazette make rules for carrying out the purposes of this section, including the procedures and manner of conducting of ADR committee meetings.”;
- (30) in section 200, in the proviso, after the word “importer”, the words “or exporter” shall be inserted;
- (31) in section 202, for the expression “,Central Excise and Sales Tax” and the expression “,Central Excise or Sales Tax”, wherever occurring, the words “ or Inland Revenue” shall be substituted;

- (32) in section 203, after the word “fees”, occurring at the end, the words “as provided under the rules prescribed by the Board” shall be inserted;
- (33) in section 212A, in sub-section (2), the words “with approval of Federal Government” shall be omitted;
- (34) the amendments set out in the First Schedule to this Act shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969); and
- (35) the Fifth Schedule to the Customs Act, 1969 (IV of 1969) shall be substituted in the manner provided for in the Second Schedule to this Act.

7. **Amendments of Port Qasim Authority Act, 1973 (XLIII of 1973).**—In the Port Qasim Authority Act, 1973 (XLIII of 1973),—

- (1) after section 56, the following new section shall be inserted, namely:—

“56A. Surplus to be remitted to Federal Consolidated Fund.—Any surplus of receipts over the actual expenditure in a year, after payment of tax, shall be remitted to the Federal Consolidated Fund (FCF) and any deficit from the actual expenditure shall be made up by the Federal Government to the extent of funds deposited in FCF.”; and

- (2) after section 60, the following new section shall be inserted, namely:—

“60A. Fines and penalties to be credited to the Federal Consolidated Fund.—All fines and penalties recovered by the Authority shall be credited to the Federal Consolidated Fund.”.

8. **Amendments of Abandoned Properties (Management) Act, 1975 (XX of 1975).**—In the Abandoned Properties (Management) Act, 1975 (XX of 1975),—

- (1) in section 16, in sub-section (2), clause (k) shall be omitted;
- (2) in section 19, in sub-section (1), after the expression “thereof”, the expression “Any surplus of receipts over the actual expenditure in a year shall be remitted to the Federal Consolidated Fund.” shall be added; and

- (3) section 29 shall be re-numbered as sub-section (1) of that section and thereafter the following new sub-section shall be added, namely:—

“(2) The sale proceeds of abandoned property, including the amounts already received, shall be deposited in the Federal Consolidated Fund:

Provided that the deposited amounts shall in the prescribed manner be refunded in the light of any court order, international settlement, etc.”.

9. **Amendment of Pakistan Civil Aviation Authority Ordinance, 1982 (XXX of 1982).**—In the Pakistan Civil Aviation Authority Ordinance, 1982 (XXX of 1982), after section 15, the following new section shall be inserted, namely:—

“**15A. Surplus to be remitted to Federal Consolidated Fund.**—Any surplus of receipts over the actual expenditure in a year, after payment of tax, shall be remitted to the Federal Consolidated Fund (FCF) and any deficit from the actual expenditure shall be made up by the Federal Government to the extent of funds deposited in FCF.”.

10. **Amendments of National Database and Registration Authority Ordinance, 2000 (VIII of 2000).**—In the National Database and Registration Authority Ordinance, 2000 (VIII of 2000).—

- (1) after section 26, the following new section shall be inserted, namely:—

“**26A. Surplus to be remitted to Federal Consolidated Fund.**— Any surplus of receipts over the actual expenditure in a year, after payment of tax, shall be remitted to the Federal Consolidated Fund (FCF) and any deficit from the actual expenditure shall be made up by the Federal Government to the extent of funds deposited in FCF.” ;and

- (2) after section 30, the following new section shall be inserted, namely:—

“**30A. Fines and penalties to be credited to the Federal Consolidated Fund.**— All fines and penalties recovered by the Authority shall be credited to the Federal Consolidated Fund.”.

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

(1) in section 2,—

(a) for clause (5AB), the following shall be substituted, namely:—

“(5AB) “Jcottage industry” means a manufacturing concern, which fulfils each of following conditions, namely:—

(a) does not have an industrial gas or electricity connection;

(b) is located in a residential area;

(c) does not have a total labour force of more than ten workers; and

(d) annual turnover from all supplies does not exceed three million Rupees;”;

(b) in clause (11A),—

(i) the expression “(Private)” shall be omitted; and

(ii) for the expression “Companies Ordinance, 1984 (XLVII of 1984)”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted;

(c) in clause (27), after the word “manufacturer”, the expression “or importer, in case of imported goods” shall be inserted;

(d) in clause (33), in the proviso, for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;

(e) in clause (43), for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;

(f) in clause (43A),—

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

- (ii) in sub-clause (d), after the semi-colon at the end, the word “and” shall be inserted, and thereafter the following new clause (e) shall be added, namely:—

“(e) a retailer, whose shop measures one thousand square feet in area or more.”; and

- (g) in clause (46),—

- (i) in sub-clause (d), after the word “goods”, the expression “excluding those as specified in the Third Schedule” shall be inserted;

- (ii) in sub-clause (e), the word “and” at the end shall be omitted;

- (iii) for clause (f), the following shall be substituted, namely:—

“(f) in case of manufacture of goods belonging to another person, the actual consideration received by the manufacturer for the value addition carried out in relation to such goods;” and

- (iv) after clause (g), for full stop at the end a semicolon shall be substituted and thereafter the following new clauses shall be added, namely:—

“(h) in case of supply of electricity by an independent power producer, the amount received on account of energy purchase price only and the amount received on account of capacity purchase price, energy purchase price premium, excess bonus, supplemental charges etc. shall not be included in the value of supply; and

- (i) in case of supply of electric power and gas by a distribution company, the total amount billed including price of electricity and natural gas, as the case may be, charges, rents, commissions and all duties and taxes, local, provincial and federal but excluding the amount of late payment surcharge and the amount of sales tax”;

- (2) in section 3,—

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

“(1B) On the goods specified in the Tenth Schedule, in lieu of levying and collecting tax under sub-section (1), the tax shall be levied and collected, in the mode and manner specified therein—

(a) on the production capacity of plants, machinery, undertaking, establishments or installation producing or manufacturing such goods; or

(b) on fixed basis, from any person who is in a position to collect such tax due to the nature of the business,

and different rates may be so prescribed for different regions or areas.”;

- (b) in sub-section (2), in clause (a),—

(i) after the word “supplies”, occurring for the first time, the words “and import of goods” shall be inserted;

(ii) after the word “supplies”, occurring for the second time, the words “or imports” shall be inserted;

(iii) after the word “manufacturer”, the expression “, or the importer, in case of imported goods,” shall be inserted; and

(iv) in the proviso, after the word “supply”, occurring twice, the words “or import” shall be inserted;

- (c) in sub-section (3A), for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;

- (d) for sub-section (7), the following shall be substituted, namely—

“(7) The tax shall be withheld by the buyer at the rate as specified in the Eleventh Schedule, by any person or class of persons as withholding agent for the purpose of depositing the same, in such manner and subject to such

conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette.”;

(e) in sub-section (9),—

- (i) after the word “retailers”, the expression “, other than those falling in Tier-1,” shall be inserted;
- (ii) for the expression “subject to the exclusions, procedure, restrictions and limitations as prescribed in Chapter II of the Sales Tax Special Procedure Rules, 2007”, the expression “and the electricity supplier shall deposit the amount so collected directly without adjusting against his input tax” shall be substituted; and
- (iii) in the proviso, for full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided further that the Commissioner of Inland Revenue having jurisdiction shall issue order to the electricity supplier regarding exclusion of a person who is either a Tier-1 retailer, or not a retailer.”; and

(f) for sub-section (9A), the following shall be substituted, namely:—

“(9A) Notwithstanding anything contained in this Act, Tier-1 retailers shall pay sales tax at the rate as applicable to the goods sold under relevant provisions of this Act or a notification issued there under:

Provided that the customers of a Tier-1 retailer shall be entitled to receive a cash back of up to five percent of the tax involved, from such date, in the manner and to the extent, as may be prescribed by the Board:

Provided further that from such date, and in such mode and manner, as prescribed by the Board, all Tier-1 retailers shall integrate their retail outlets with Board’s computerized system for real-time reporting of sales.”;

(3) in section 4,—

(a) for clause (c), the following shall be substituted, namely:—

- “(c) such other goods, as the Federal Government may specify by notification in the official Gazette, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements:”; and
- (b) clause (d) shall be omitted;
- (4) in section 7,—
- (a) in sub-section (2), in clause (i), for the words “for which a return is furnished”, the expression “, or in case of supply of electricity or gas, a bill bearing his registration number and the address where the connection is installed” shall be substituted; and
- (b) in sub-section (3), for the words “Federal Government”, the words “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;
- (5) in section 7A, for sub-section (2), the following shall be substituted, namely:—
- “(2) Notwithstanding anything contained in this Act or the rules made thereunder, in respect of the goods or class of goods specified in the Twelfth Schedule, the minimum value addition tax, against the value added by the registered person, shall be payable, at the rate and by the registered persons or class of registered persons, specified therein, subject to the conditions, limitations, restrictions and procedure specified therein:
- Provided that the Federal Government may, through a notification published in the official Gazette, amend any provision of the said Twelfth Schedule.”;
- (6) in section 8,—
- (a) in sub-section (1), for clause (m), the following shall be substituted, namely:—
- “(m) the input goods attributable to supplies made to un-registered person, on pro-rata basis, for which sale

invoices do not bear the NIC number or NTN, as the case may be, of the recipient as stipulated in section 23.”; and

- (b) in sub-section (6), for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;
- (7) in section 8B, after sub-section (5), the following sub-section shall be added, namely:—
- “(6) In case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-section (9A) of section 3, during a tax period or part thereof, the adjustable input tax for whole of that tax period shall be reduced by 15%.”;
- (8) in section 10, in sub-section (1), in the second proviso, for the words “along with duty drawback at the rates”, the words “at the fixed rates and in the manner as” shall be substituted;
- (9) in section 13, in sub-section (2), for clause (a), the following shall be substituted, namely:—
- “(a) the Federal Government may, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements, by notification in the official Gazette, exempt any supplies made or imports, of any goods or class of goods from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein;”;
- (10) in section 23, in sub-section (1),—
- (a) after the word “particulars”, the expression “, in Urdu or English language,” shall be inserted;
 - (b) for clause (b), the following shall be substituted, namely:—
 - “(b) name, address and registration, number of the recipient and NIC or NTN of the unregistered person, as the case may be, excluding supplies made by a retailer where the transaction value inclusive of sales tax amount does not exceed rupees fifty thousand, if sale is being made to an ordinary consumer.

Explanation.—For the purpose of this clause, ordinary consumer means a person who is buying goods for his own consumption and not for the purpose of re-sale or processing:

Provided that the condition of NIC or NTN shall be effective from 1st August, 2019;” and

(c) in clause (d), after the word “description”, the expression “, including count, denier and construction in case of textile yarn and fabric,” shall be inserted;

“(d) after clause (g), in the second proviso, for full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided also that if it is subsequently proved that CNIC provided by the purchaser was not correct, liability of tax or penalty shall not arise against the seller, in case of sale made in good faith.”;

(11) in section 25, in sub-section (2), in second proviso, for the colon at the end, a full stop shall be substituted and the third proviso thereafter shall be omitted;

(12) in section 26, in sub-section (3), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the approval under this sub-section shall not be required if revised return is filed within sixty days of filing of return and either the tax payable therein is more than the amount paid or the refund claimed therein is less than the amount as claimed, under the return sought to be revised.”;

(13) in section 30A, in sub-section (1), for the word “post”, the word “appoint” shall be substituted;

(14) in section 33, in the Table, in column (1), against serial number 1, in column (2),—

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

(b) in the proviso, for the word “one”, the word “two” shall be substituted;

(15) after section 33, the following new section shall be inserted, namely:—

“**33A. Proceedings against authority and persons.**—(1) Subject to section 51, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in sections 30 to 30DDD, including any officer or official subordinate to the aforesaid authority, who willfully and deliberately commits or omits an act which results in undue benefit or advantage to the authority or the officer or official or to any other person.

(2) Where proceedings under sub-section (1) have been initiated against the authority or officer or official, the Board shall simultaneously intimate the relevant Government agency to initiate criminal proceedings against the person referred to in sub-section (1).

(3) The proceedings under this section shall be without prejudice to any other liability that the authority or officer or official or the person may incur under any other law for the time being in force.”;

(16) in section 37B,—

(a) for the words “a Sales Tax Officer”, wherever occurring, the words “an officer of Inland Revenue” shall be substituted;

(b) for the words “the Sales Tax Officer”, wherever occurring, the words “an officer of Inland Revenue” shall be substituted; and

(c) in sub-section (13), for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;

(17) in section 47A, in sub-section (2), in clause (ii), for sub-clause (a), the following shall be substituted, namely:—

“(a) chartered accountants, cost and management accounts and advocates having more than ten years experience in the field of taxation; and”;

(18) for section 58, the following shall be substituted, namely:—

- “58. **Liability for payment of tax in case of private companies or business enterprises.**—(1) Notwithstanding anything contained in the Companies Act, 2017 (XIX of 2017), where any private company or business enterprise is wound up and any tax chargeable on the company or business enterprise, whether before, or in the course, or after its liquidation, in respect of any tax period cannot be recovered from the company or business enterprise, every person who was an owner of, or partner in, or director of, or a shareholder, owning not less than ten per cent of the paid-up capital, in the company or business enterprise, as the case may be, during the relevant period shall jointly and severally with such persons, be liable for the payment of such tax.
- (2) Any director or partner who pays tax under sub-section (1) shall be entitled to recover the tax paid from the company or a share of the tax from any other director or partner, as the case may be.
- (3) A shareholder who pays tax under sub-section (1) shall be entitled to recover the tax paid from the company or from any other shareholder, owning not less than ten percent of the paid up capital, in proportion to the shares owned by that other shareholder.
- (4) The provisions of this Act shall apply to any amount due under this section as if it were tax due under an order for assessment made under this Act.”;
- (19) in section 67A,—
- (a) the expression “(Private)”, wherever occurring, shall be omitted; and
- (b) in sub-section (12), for the expression “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;
- (20) in section 71, in sub-section (1), for the expression “Notwithstanding anything contained in this Act, the Federal Government”, the words “The Board” shall be substituted;
- (21) in section 72B, after sub-section (1), following new sub-section shall be inserted, namely:—

“(1A) Notwithstanding anything contained in this Act or any other law, for the time being in force, the Board shall keep the selection parameters confidential.”;

(22) after section 75, the following new section shall be added, namely:—

“76. **Fee and service charges.**— The Federal Government may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation, in respect of any other service or control mechanism provided by any formation under the control of the Board, including ventures of public-private partnership, at such rates as may be specified in the notification.”;

(23) in the Third Schedule, in column (1), after Serial No. 37 and entries relating thereto in columns (2) and (3), the following new Serial No. and corresponding entries relating thereto shall be added, namely:—

“38.	Household electrical goods, including air conditioners, refrigerators, deep freezers, televisions, recorders and players, electric bulbs, tube-lights, electric fans, electric irons, washing machines and telephone sets.	Respective headings
39.	Household gas appliances, including cooking range, ovens, geysers and gas heaters.	Respective headings
40.	Foam or spring mattresses and other foam products for household use.	Respective headings
41.	Paints, distempers, enamels, pigments, colours, varnishes, gums, resins, dyes, glazes, thinners, blacks, cellulose lacquers and polishes sold in retail packing	Respective headings
42.	Lubricating oils, brake fluids, transmission fluid, and other vehicular fluids sold in retail packing.	Respective headings
43.	Storage batteries excluding those sold to automotive manufacturers or assemblers	Respective headings
44.	Tyres and tubes excluding those sold to automotive manufacturers or assemblers	Respective headings
45.	Motorcycles	Respective headings
46.	Auto rickshaws	Respective headings
47.	Biscuits in retail packing with brand name	Respective Headings

48.	Tiles	Respective Headings
49.	Auto-parts, in retail packing, excluding those sold to automotive manufacturers or assemblers	Respective Headings”;

(24) in the Fifth Schedule, in the Table, in column (1), against serial number 12, in column (2), for the expression “specified in Chapter XIV of the Sales Tax Special Procedure Rules, 2007”, the words “prescribed by the Board” shall be substituted”;

(25) in the Sixth Schedule,—

(a) in Table-1, in column (1),—

(i) against Serial No. 2 and 3, in column (2), after the word “preserved”, the expression “, or packed” shall be inserted;

(ii) against Serial No. 19,—

(A) in column (2), after the word “industry”, the expression “, excluding the products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brand name or a trademark” shall be inserted; and

(B) in column (3), the figure “1102.1000,” shall be omitted;

(iii) Serial No. 36 and 37 and entries relating thereto in columns (2) and (3) shall be omitted;

(iv) against Serial No. 52A, in column (2), after the word “Goods”, the expression “, excluding electricity and natural gas,” shall be inserted;

(v) against Serial No. 72, in column (2), after the word “Meat”, the expression “whether or not fresh, frozen or otherwise, preserved or packed” shall be added;

(vi) against Serial No. 73A, in column (3), the expression “04.01 and” shall be omitted;

(vii) against Serial No. 85, in column (2), after the word “milk”, the expression “, excluding that sold in retail

packing under a brand name or a trademark” shall be added;

(viii) serial number 95 and entries relating thereto in columns (2) and (3) shall be omitted; and

(ix) after Serial No. 150 and entries relating thereto in columns (1), (2) and (3), the following new Serial No and corresponding entries relating thereto shall be added, namely:—

“151.	(a) Supplies; and (b) imports of plant, machinery, equipment for installation in tribal areas and of industrial inputs by the industries located in the tribal areas, as defined in the Constitution of Islamic Republic of Pakistan,— as made till 30 th June, 2023, to which the provisions of the Act or the notifications issued thereunder, would have not applied had Article 247 of the Constitution not been omitted under the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018): Provided that, in case of imports, the same shall be allowed clearance by the Customs authorities on presentation of a post-dated cheque for the amount of sales tax payable under the Sales Tax Act, 1990, and the same shall be returned to the importer after presentation of a consumption or installation certificate, as the case may be, in respect of goods imported as issued by the Commissioner Inland Revenue having jurisdiction: Provided further that if plant, machinery and equipment, on which exemption is availed under this serial number, is transferred or supplied outside the tribal areas, the tax exempted shall be paid at applicable rate on residual value	Respective heading
152.	Supplies of electricity, as made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, till 30th June, 2023, to all residential and commercial consumers in tribal areas, and to such industries in the	2716.0000

	tribal areas which were set and started their industrial production before 31st May, 2018, but excluding steel and ghee or cooking oil industries	
153.	Steel billets, ingots, ship plates, bars and other long re-rolled profiles, on such imports and supplies by the manufacturer on which federal excise duty is payable in sales tax mode	Respective headings”;

(b) in Table-2, in column (1),—

- (i) against Serial No. 16, in column (2), the words “and ginned cotton” shall be omitted; and
- (ii) after Serial number 24 and entries relating thereto in columns (1), (2) and (3), the following new Serial No. and corresponding entries relating thereto shall be added, namely:—

“25.	Cotton seed oil	1512.2100 and 1512.2900”;
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(26) in the Eighth Schedule,—

(a) in Table-1, in column (1),—

- (i) against S. No. 14, for the entries in columns (1), (2), (3), (4) and (5), the following shall be substituted, namely:—

“14.	Milk and cream, concentrated or containing added sugar or other sweetening matter	0402.1000 and 0402.2000	10%	Sold in retail packing under a brand name”;
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- (ii) (A) S. No. 18 and 21 and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted;
- (B) against serial number 22, in column (4), for the figure “6”, the figure “10” shall be substituted; and
- (C) against serial number 26, in column (2), for entry (xx) and the corresponding entry in column (3), the following shall be substituted, namely:—

“(xx) Laser land leveler comprising of laser transmitter, laser receiver,	Respective heading”;
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control box, rigid mast pack, with or without scrapper	
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- (iii) against S. No. 27, in column (3), for the figure “8432.3090”, occurring three times, the figure “8432.3900” shall be substituted;
- (iv) S. No. 32 and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted;
- (v) against S. No. 56, in columns (4) and (5), for the figure “65”, the figure “70” shall be substituted;
- (vi) after S. No. 58 and entries relating thereto in columns (2), (3), (4) and (5), the following new S. No. and corresponding entries relating thereto shall be added, namely:—

“59.	Products of milling industry except wheat and meslin flour	1102.2000, 1102.9000, 1103.1100, 1103.1300, 1103.1900, 1104.2200, 1104.2300, 1104.2900 and 1104.3000	10%	If sold in retail packing under a brand name or trademark
60.	Fat filled milk	1901.9090	10%	If sold in retail packing under a brand name or trademark
61.	Silver, in unworked condition	7106.1000, 7106.9110 and 7106.9190	1%	
62.	Gold, in unworked condition	7108.1100, 7108.1210 and 7108.1290	1%	
63.	Articles of jewellery, or parts thereof, of precious metal or	71.13	1.5% of value of gold, plus 0.5% of value of	No input tax adjustment to be allowed except of the tax paid on gold

	of metal clad with precious metal.		diamond, used therein, plus 3% of making charges	
64.	Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops	Respective headings	7.5%	Supplies only, subject to condition that no input tax shall be adjusted
65.	Ginned cotton	Respective headings	10%	
66.	Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales	Respective Headings	14%	if supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to the condition that they have maintained 4% value addition during the last six months
67.	LNG imported for servicing CNG sector and local supplies thereof	2711.1100, 2711.2100	5%	
68.	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal	1601.0000	8%	
69.	Meat and similar products of	1602.3200, 1602.3900,	8%";	

	prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish	1602.5000, 1604.1100, 1604.1200, 1604.1300, 1604.1400, 1604.1500, 1604.1600, 1604.1900, 1604.2010, 16 04.2020 and 1604.2090		
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- (27) in the Ninth Schedule, in the Table, in column (1), for S. No. 2 and entries relating thereto in columns (2), (3), (4) and (5), the following shall be substituted, namely:—

“2.	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category:--			—
	A. Not exceeding US\$ 30	Rs. 135	Rs. 135	
	B. Exceeding US\$ 30 but not exceeding US\$ 100	Rs. 1,320	Rs. 1,320	
	C. Exceeding US\$ 100 but not exceeding US\$ 200	Rs. 1,680	Rs. 1,680	
	D. Exceeding US\$ 200 but not exceeding US\$ 350	Rs. 1,740	Rs. 1,740	
	E. Exceeding US\$ 350 but not exceeding US\$ 500	Rs. 5,400	Rs. 5,400	
	F. Exceeding US\$ 500	Rs. 9,270	Rs. 9,270	“; and

- (28) after Ninth Schedule, amended as aforesaid, the following new Schedules shall be added, namely:—

“THE TENTH SCHEDULE

[See sub-section (1B) of section 3]

The tax on bricks, falling in PCT heading 6901.1000, shall be paid on fixed basis, on monthly return, at the rates specified in the Table below:—

TABLE

S. No.	Region or area	Tax payable per month
(1)	(2)	(3)
1.	Lahore, Rawalpindi and Islamabad districts	Rs. 12,500
2.	Attock, Chakwal, Jehlum, Mandi Bahauddin, Sargodha, Gujrat, Sialkot, Narowal, Gujranwala, Hafizabad, Sheikhpura, Kasur, Nankana Sahib, Chiniot, Faisalabad, Jhang, Toba Tek Singh, Okara and Sahiwal districts	Rs. 10,000
3.	Khushab, Mianwali, Bhakar, Layyah, Muzaffarghar, Dera Ghazi Khan, Rajanpur, Multan, Lodhran, Khanewal, Vehari, Bahawalpur, Pakpattan, Bahawalnagar, Rahim Yar Khan districts; and Sindh, Khyber-Pakhtunkhwa and Baluchistan provinces	Rs. 7,500

THE ELEVENTH SCHEDULE

[see sub-section (7) of section 3]

TABLE

The rates for withholding or deduction by the withholding agent shall not be applicable to goods and supplies specified after the end of this Table

S No.	Withholding agent	Supplier category	Rate or extent of deduction
(1)	(2)	(3)	(4)
1.	(a) Federal and provincial government departments; autonomous bodies; and public sector organizations (b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Registered persons	1/5 th of Sales Tax as shown on invoice
2.	(a) Federal and provincial government departments; autonomous bodies; and public sector organizations (b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Person registered as a wholesaler, dealer or distributor	1/10 th of Sales Tax as shown on invoice

3.	Federal and provincial government departments; autonomous bodies; and public sector organizations	Unregistered persons	Whole of the tax involved or as applicable to supplies on the basis of gross value of supplies
4.	Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)	Unregistered persons	5% of gross value of supplies
5.	Registered persons as recipient of advertisement services	Person providing advertisement services	Whole of sales tax applicable
6.	Registered persons purchasing cane molasses.	Unregistered persons	Whole of sales tax applicable

- (i) Electrical energy;
- (ii) Natural gas;
- (iii) Petroleum products as supplied by petroleum production and exploration companies, oil refineries, oil marketing companies and dealers of motor spirit and high speed diesel;
- (iv) Vegetable ghee and cooking oil;
- (v) Telecommunication services;
- (vi) Goods specified in the Third Schedule to the Sales Tax Act, 1990;
- (vii) Supplies made by importers who paid value addition tax on such goods at the time of import; and
- (viii) Supplies made by an Active Taxpayer as defined in the Sales Tax Act, 1990 to another registered persons with exception of advertisement services.

THE TWELFTH SCHEDULE

[See sub-section (2) of section 7A]

TABLE

S. No.	Goods or class of goods	PCT Heading	Rate
(1)	(2)	(3)	(4)
1.	All imported goods subject to exclusions as in conditions and procedure given after the Table	Respective Heading	3% ad valorem

Procedure and conditions:—

(1) The sales tax on account of minimum value addition as payable under this Schedule (hereinafter referred to as value addition tax), shall be levied and collected at import stage from the importer on all taxable goods as are chargeable to tax under section 3 of the Act or any notification issued thereunder at the rate specified in the Table in addition to the tax chargeable under section 3 of the Act or a notification issued thereunder:

(2) The value addition tax under this Schedule shall not be charged on,—

- (i) Raw materials and intermediary goods meant for use in an industrial process which are subject to customs duty at a rate less than 16% ad valorem under First Schedule to the Customs Act, 1969;
- (ii) The petroleum products falling in Chapter 27 of Pakistan Customs Tariff as imported by a licensed Oil Marketing Company for sale in the country;
- (iii) Registered service providers importing goods for their in-house business use for furtherance of their taxable activity and not intended for further supply;
- (iv) Cellular mobile phones or satellite phones;
- (v) LNG / RLNG;
- (vi) second hand and worn clothing or footwear (PCT Heading 6309.000);
- (vii) gold, in un-worked condition; and
- (viii) silver, in un-worked condition.

(3) The value addition tax paid at import stage shall form part of input tax, and the importer shall deduct the same from the output tax due for the tax period, subject to limitations and restrictions under the Act, for determining his

net liability. The excess of input tax over output tax shall be carried forward to the next tax period as provided in section 10 of the Act.

(4) In no case, the refund of excess input tax over output tax, which is attributable to tax paid at import stage, shall be refunded to a registered person.

(5) The registered person, if also dealing in goods other than imported goods, shall be entitled to file refund claim of excess carried forward input tax for a period as provided in section 10 or in a notification issued there under by the Board after deducting the amount attributable to the tax paid at import stage i.e. sum of amounts paid during the claim period and brought forward to claim period. Such deducted amount may be carried forward to subsequent tax period.”.

12. Amendments of Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001).—In the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001), in the Schedule, the following further amendments shall be made, namely:—

- (a) against S. No. 41 in column (1) for the words “eighteen and a half”, the word “seventeen” shall be substituted; and
- (b) after S. No. 42 in column (1), and the entries relating thereto in columns (2), (3) and (4), the following new S. No. and corresponding entries relating thereto shall be added, namely:—

“43.	Advertisement on hoarding boards, pole signs and signboards, and websites or internet	9802.9000	Sixteen percent
44.	Services provided by landscape designers	9814.4000	Sixteen percent
45.	Sponsorship services	9805.9100	Sixteen percent
46.	Services provided or rendered by legal practitioners and consultants	9815.2000	Sixteen percent
47.	Services provided by accountants and auditors	9815.3000	Sixteen percent
48.	Service provided or rendered by Stockbrokers, future brokers and commodity brokers, money exchanger, surveyors, outdoor photographers, event photographers, videographers, art painters, auctioneers (excluding value of goods) and registrar to an issue	9819.1000, 9819.2000, 9819.5000, 9819.7000, 9819.8000, 9819.9100, 9819.9500	Sixteen percent

		and 9819.9090	
49.	Services provided by race clubs: Entry/ admission and other services	- -	Sixteen percent
50.	Services provided or rendered by corporate law consultants	9815.9000	Sixteen percent
51.	Visa processing services, including advisory or consultancy services for migration or visa application filing services	- -	Sixteen percent
52.	Debt collection services and other debt recovery services	- -	Sixteen percent
53.	Supply chain management or distribution (including delivery) services	- -	Sixteen percent
54.	Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit	- -	Sixteen percent
55.	Ready mix concrete services	- -	Sixteen percent
56.	Public relations services	- -	Sixteen percent
57.	Training or coaching services other than education services	- -	Sixteen percent
58.	Cleaning services including janitorial services, collection of waste and processing of domestic waste	9822.2000, 9822.3000 and 9822.9000	Sixteen percent”.

13. **Amendments of Income Tax Ordinance, 2001 (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) clause (1A) shall be re-numbered as clause (1B) and after
clause (1), the following new clause shall be inserted,
namely:—

“(1A) “active taxpayers' list” means the list instituted by the
Board under section 181A and includes such list issued
by the Azad Jammu and Kashmir Central Board of
Revenue or Gilgit-Baltistan Council Board of Revenue”;

(B) after clause (5B), the following new clause shall be inserted, namely:—

“(5C) “asset move” means the transfer of an offshore asset to an unspecified jurisdiction by or on behalf of a person who owns, possesses, controls or is the beneficial owner of such offshore asset for the purpose of tax evasion;”;

(C) after clause (22B), the following new clause shall be inserted namely:—

“(22C) “FBR Refund Settlement Company Limited” means the company with this name as incorporated under the Companies Act, 2017 (XIX of 2017), for the purposes of settlement of income tax refund claims including payment by way of issuing refund bonds under section 171A;”;

(D) clause (23A) shall be omitted;

(E) clause (35C) shall be omitted;

(F) after clause (38A), the following new clauses shall be inserted, namely:—

“(38AA) “offshore asset” in relation to a person, includes any movable or immovable asset held, any gain, profit, or income derived, or any expenditure incurred outside Pakistan;

(38AB) “offshore evader” means a person who owns, possesses, controls, or is the beneficial owner of an offshore asset and does not declare, or under declares or provides inaccurate particulars of such asset to the Commissioners.;

(38AC) “offshore enabler” includes any person who, enables, assists, or advises any person to plan, design, arrange or manage a transaction or declaration relating to an offshore asset, which has resulted or may result in tax evasion;”;

(G) after clause (60), the following new clause shall be inserted, namely:—

“(60A) “specified jurisdiction” means any jurisdiction which has committed to automatically exchange information under the Common Reporting Standard with Pakistan;”; and

(H) after clause (73), the following new clause shall be inserted, namely:—

“(73A) “unspecified jurisdiction” means a jurisdiction which is not a specified jurisdictions.”;

(2) in section 4B, in sub-section (2), in clause (iv), after the word “computed”, the expression “(other than brought forward depreciation, brought forward amortization and brought forward business losses)” shall be inserted;

(3) in section 7B, for sub-section (3), the following shall be substituted, namely:—

“(3) This section shall not apply to a profit on debt that—

(a) is exempt from tax under this Ordinance; or

(b) exceeds thirty six million Rupees.”;

(4) in section 15A, after sub-section (6), the following new sub-section shall be added, namely:—

“(7) Notwithstanding sub-section (6) of section 15, the provisions of this section shall apply to an individual or an association of persons deriving income exceeding Rs. 4 million under section 15, who opts to pay tax at the rate specified in Division I of Part I of the First Schedule;”;

(5) in section 21, after clause (c), the following new clause shall be inserted, namely:—

“(ca) any amount of commission paid or payable in respect of supply of products listed in the Third Schedule of the Sales Tax Act, 1990, where the amount of commission paid or payable exceeds 0.2 percent of gross amount of supplies thereof unless the person to whom commission is paid or payable, as the case may be, is appearing in the active taxpayer list under this Ordinance;”;

(6) in section 24,—

(A) for sub-section (4), the following shall be substituted, namely:—

“(4) An intangible that does not have an ascertainable useful life shall be treated as if it had a normal useful life of twenty-five years.”; and

(B) in sub-section (11), after the expression “land)”, the expression

“but shall not include self-generated goodwill or any adjustment arising on account of accounting treatment in the manner as may be prescribed” shall be inserted;

(7) in section 37,—

(A) in sub-section (1A), for the words “arising on the disposal of immovable property”, the expression “under sub-sections (3A) and (3B)” shall be substituted; and

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

“(3A) Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of immovable property being an open plot shall be computed in accordance with the formula specified in the Table below, namely:—

TABLE

S.No.	Holding Period	Gain
(1)	(2)	(3)
1.	Where the holding period of open plot does not exceed one year	A
2.	Where the holding period of open plot exceeds one year but does not exceed eight years	A x 3/4
3.	Where the holding period of open plot exceeds eight years	0

where **A** is the amount of the gain determined under sub-section (2).

(3B) Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of immovable property being a constructed property shall be computed

in accordance with the formula specified in the Table below, namely:—

TABLE

S.No.	Holding Period	Gain
(1)	(2)	(3)
1.	Where the holding period of constructed property does not exceed one year	A
2.	Where the holding period of constructed property exceeds one year but does not exceed four years	A x 3/4
3.	Where the holding period of constructed property exceeds four years	0

where **A** is the amount of the gain determined under sub-section (2).”;

- (8) in section 39, in sub-section (1),—
- (a) in clause (k), the word “and” at the end shall be omitted;
 - (b) in clause (l), for full stop at the end, a semi colon and the word “and” shall be substituted; and
 - (c) after clause (l), amended as aforesaid, the following new clause shall be added, namely:—

“(la) subject to sub-section (3), any amount or fair market value of any property received without consideration or received as gift, other than gift received from grandparents, parents, spouse, brother, sister, son or a daughter.”;
- (9) in section 53, in sub-section (2), the expression “removal of anomalies in taxes, development of backward areas,” shall be omitted;
- (10) in section 56A,—
- (A) after the word “Pakistan”, wherever occurring, the expression “, Gilgit-Baltistan” shall be inserted; and
 - (B) for the word “company”, the words “public company as defined in the Companies Act, 2017 and” shall be substituted;
- (11) in section 62A, in sub-section (1), the expression “being a filer”, wherever occurring, shall be omitted;

(12) after section 64B, the following new section shall be inserted, namely:—

“**64C. Tax credit for persons employing fresh graduates.**—(1) A person employing freshly qualified graduates from a university or institution recognized by Higher Education Commission shall be entitled to a tax credit in respect of the amount of annual salary paid to the freshly qualified graduates for a tax year in which such graduates are employed.

(2) The amount of 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 tax credit under this section;

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

C is the lessor of —

(a) the annual salary paid to the freshly qualified graduates referred to in sub-section (1) in the year; and

(b) five percent of the person's taxable income for the year;

(3) The tax credit shall be allowed for salary paid to the number of freshly qualified graduates not exceeding fifteen percent of the total employees of the company in the tax year.

(4) In this section, “freshly qualified graduate” means a person who has graduated after the first day of July, 2017 from any institution or university recognized by the Higher Education Commission.”;

(13) in section 65B,—

(A) in sub-section (1), for full stop, occurring at the end, a colon shall be substituted and thereafter, the following provisos shall be added, namely:—

Provided that for the tax year 2019 the rate of credit shall be equal to five percent of the amount so invested:

Provided further that the provisions of sub-section (5) relating to carry forward of the credit to be deducted from tax payable, to the following tax years, as specified in the said sub-section, shall continue to apply after tax year 2019; and

- (B) in sub-section (2), for the figure “2021”, the figure “2019” shall be substituted;
- (14) after section 75, the following new section shall be inserted, namely:—

“75A. Purchase of assets through banking channel.—(1) Notwithstanding anything contained in any other law, for the time being in force, no person shall purchase—

- (a) immovable property having fair market value greater than five million Rupees; or
- (b) any other asset having fair market value more than one million Rupees,

otherwise than by a crossed cheque drawn on a bank or through crossed demand draft or crossed pay order or any other crossed banking instrument showing transfer of amount from one bank account to another bank account.

- (2) For the purposes of this section in case of immovable property, fair market value means value notified by the Board under sub-section (4) of section 68 or value fixed by the provincial authority for the purposes of stamp duty, whichever is higher.
- (3) In case the transaction is not undertaken in the manner specified in sub-section (1),—
- (a) such asset shall not be eligible for any allowance under sections 22, 23, 24 and 25 of this Ordinance; and
- (b) such amount shall not be treated as cost in terms of section 76 of this Ordinance for computation of any gain on sale of such asset.”;
- (15) in section 82,—

- (a) in clause (a), the word “or”, occurring at the end shall be omitted; and
 - (b) after clause (a), amended as aforesaid, the following new clause shall be inserted, namely:—
 - “(ab) is present in Pakistan for a period of, or periods amounting in aggregate to, one hundred and twenty days or more in the tax year and, in the four years preceding the tax year, has been in Pakistan for a period of, or periods amounting in aggregate to, three hundred and sixty-five days or more; or”;
- (16) after section 99B, the following new section shall be inserted, namely:—
- “99C. Special procedure for certain persons.**—Notwithstanding anything contained in this Ordinance, the Federal Government may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, record keeping, filing of return and assessment in respect of small businesses, construction businesses, medical practitioners, hospitals, educational institutions and any other sector specified by the Federal Government, in such cities or territories, as may be specified therein.”;
- (17) after section 100B, the following new section shall be inserted, namely:—
- “100BA. Special provisions relating to persons not appearing in active taxpayers’ list.**—(1) The collection or deduction of advance income tax, computation of income and tax payable thereon shall be determined in accordance with the rules in the Tenth Schedule.
- (2) The provisions of the Tenth Schedule shall have effect notwithstanding anything to the contrary contained in this Ordinance.”;
- (18) in section 100C,—
- (A) in sub-section (1), in clause (d), for full stop at the end a semicolon shall be substituted and thereafter the following new clauses shall be added, namely:—

- “(e) approval of the Commissioner has been obtained as per the requirement of clause (36) of section 2:

Provided that this clause shall take effect from the first day of July, 2020; and

- (f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendents or the maker of the institution or to any other person:

Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor:”;

- (B) in sub-section (2), clause (c) shall be omitted;

- (19) in section 107, in sub-section (1B), after the expression “(XCVI of 2002)”; the expression “subject to clause (a) of sub-section (3) of section 216 of this Ordinance” shall be inserted;

- (20) after section 108, the following new sections shall be inserted, namely:—

“**108A. Report from independent chartered accountant or cost and management accountant.**—(1) Where the Commissioner is of the opinion that a transaction has not been declared at arm's length, the Commissioner may obtain report from an independent chartered accountant or cost and management accountant to determine the fair market value of asset, product, expenditure or service at the time of transaction.

- (2) The scope, terms and conditions of the report shall be as may be prescribed.

- (3) Where the Commissioner is satisfied with the report of the independent chartered accountant or cost and management accountant, the fair market value of asset, product, expenditure or service determined in the report shall be treated as definite information for the purpose of sub-section (8) of section 122.

- (4) Where the Commissioner is not satisfied with the report of the independent chartered accountant or cost and management accountant, the Commissioner may record reasons for being not satisfied with the report and seek report from another independent chartered accountant or cost and management

accountant, to determine the fair market value of asset, product, expenditure or service at the time of transaction.

- (5) The Commissioner shall seek report under sub-section (1) or sub-section (3), as the case may be, with prior approval of the Board.

108B. Transactions under dealership arrangements.—(1) Where a person supplies products listed in the Third Schedule to the Sales Tax Act, 1990 or any other products as prescribed by the Board, under a dealership arrangement with the dealers who are not registered under the Sales Tax Act, 1990 and are not appearing in the active taxpayers' list under this Ordinance, an amount equal to seventy-five percent of the dealer's margin shall be added to the income of the person making such supplies.

- (2) For the purposes of operation of this section, ten percent of the sale price of the manufacturer shall be treated as dealers margin.”;

(21) in section 111, in sub-section (4),—

- (a) in clause (a), for the word “ten”, the word “five” shall be substituted; and
(b) clause (c) shall be omitted;

(22) in section 114, in sub-section (1), in clause (b), in sub-clause (iii), for the words “two hundred and fifty”, the words “five hundred” shall be substituted;

(23) in section 118, in sub-section (3), in clause (a), for the expression “31st day of August”, the expression “30th day of September” shall be substituted;

(24) after the omitted section 120A, the following new section shall be inserted, namely:—

“120B. Restriction of proceedings.—(1) Where any person entitled to declare undisclosed assets, undisclosed expenditure and undisclosed sales under the Assets Declaration Act, 2019 declares such assets, expenditures or sales to pay tax, no proceedings shall be undertaken under this Ordinance in respect of such declaration.

- (2) Notwithstanding anything contained in any other law, for the time being in force, sub-section (3) of section 216, except the provisions of clauses (a) and (g) of sub-section (3) of section 216, particulars of the persons making declaration under the Assets Declaration Act, 2019 or any information received in any declaration made under the said Act shall be confidential.”;
- (25) in section 130, for sub-sections (1) and (2), the following shall be substituted, namely:—
- “(1) There shall be established an Appellate Tribunal to be called the Appellate Tribunal Inland Revenue to exercise the powers and perform the functions conferred on the Appellate Inland Revenue tribunal by this Ordinance,
- (2) The Inland Revenue Appellate Tribunal shall consist of a chairman and such other judicial and accountant members as are appointed in such numbers and in the manner as the Prime Minister may prescribe by the rules.”;
- (26) in section 134A, in sub-section (2), in clause (ii),—
- (a) in sub-clause (a),—
- (i) the word “senior”, wherever occurring, shall be omitted;
- (ii) after the word “accountants”, the expression “, cost and management accountants” shall be inserted; and
- (iii) after the word “having”, the words “minimum ten years” shall be inserted;
- (b) in sub-clause (b), in the proviso, after the word “Accountant”, wherever occurring, the words “or cost and management accountant” shall be inserted;
- (27) in section 139, sub-section (5) shall be re-numbered as sub-section (7) and after sub-section (4), the following new sub-sections shall be inserted, namely:—
- “(5) Notwithstanding anything contained in any other law, for the time being in force, where any tax payable by an association of persons in respect of any tax year cannot be recovered from the association of persons, every person who was, at any time in that tax year, a member of the association of persons, shall be jointly and severally liable for payment of the tax due by the association of persons.

- (6) Any member who pays tax under sub-section (5) shall be entitled to recover the tax paid from the association of persons or a share of the tax from any **other member.**”;
- (28) in section 145, after sub-section (4), the following new sub-section shall be added, namely:—
- “(5) Notwithstanding anything contained in any other law, for the time being in force, where on the basis of information received from any offshore jurisdiction, the Commissioner has reason to believe that such person who is likely to leave Pakistan may be involved in offshore tax evasion or such person is about to dispose of any such asset, the Commissioner may freeze any domestic asset of the person including any asset beneficially owned by the person for a period of one hundred and twenty days or till the finalization of proceedings including but not limited to recovery proceedings under this Ordinance whichever is earlier.”;
- (29) in section 147A, in sub-section (8), for the words “who was filer”, the words “whose name was appearing in the active taxpayers' list” shall be substituted;
- (30) in section 148,—
- (A) in sub-section (7),—
- (a) for the words “a final” the word “minimum” shall be substituted;
- (b) the expression “except as provided under sub-section (8)” shall be omitted; and
- (B) in sub-section (8A), for the word “final”, the word “minimum” shall be substituted;
- (31) in section 151, in sub-section (3), for the word, “final” the word, “minimum” shall be substituted;
- (32) in section 152,—
- (A) in sub-section (1B), for the colon, a full stop shall be substituted and thereafter the proviso shall be omitted;

- (B) for the word, “final”, wherever occurring, the word, “minimum” shall be substituted;
- (C) in sub-section (2), after the expression “(1AAA)”, the expression “,(1C)” shall be inserted;
- (D) in sub-section (2B), the expression “and sub-section (4A)” shall be omitted;
- (E) in sub-section (4A), for the word “adjustable”, the words “not minimum tax” shall be substituted;
- (F) after sub-section (4A) “amended as aforesaid”, the following new sub-section shall be inserted, namely:—

“(4B) The Commissioner may, in case of payment that constitutes part of an overall arrangement of a cohesive business operation as referred to in paragraph (ii) of sub-clause (g) of clause (41) of section 2, on application made by the person making payment and after making such inquiry, as the Commissioner thinks fit, allow by order in writing, the person to make payment after deduction of tax equal to thirty percent of the tax chargeable on such payment under sub-section (1A):

Provided that the credit of the tax so deducted shall be available to the permanent establishment of the non-resident accounting for overall profits arising on the overall cohesive business operation.”;

(33) in section 153,—

- (A) in sub-section (3),—
 - (a) for the word “final”, wherever occurring. the word “minimum” shall be substituted;
 - (b) in clause (a), for the words “be adjustable”, the words “not be minimum tax” shall be substituted;
 - (c) for clause (b), the following shall be substituted, namely:—

- “(b) tax deductible shall be a minimum tax on transactions referred to in clause (b) of sub-section (1).”;
- (d) in clause (d), the expression “with effect from tax year 2013 shall be omitted; and
- (e) in clause (e), the expression “with effect from the 1st July, 2016” shall be omitted;
- (B) in sub-section (4), for the word “adjustable”, the words “not minimum” shall be substituted;
- (C) sub-section (4A) shall be omitted;
- (34) after omitted section 153A, the following new section shall be inserted, namely:—
- “**153B. Payment of royalty to resident persons.**—(1) Every person paying an amount of royalty, in full or in part including by way of advance, to a resident person shall deduct tax from the gross amount payable (including Federal excise duty and provincial sales tax, if any) at the rate specified in Division IIIB of Part III of the First Schedule.
- (2) The tax deductible under sub-section (1) shall be adjustable.”;
- (35) in section 161, after sub-section (2), the following new sub-section shall be added, namely:—
- “(3) The Commissioner may, after making, or causing to be made, such enquiries as he deems necessary, amend or further amend an order of recovery under sub-section (1), if he considers that the order is erroneous in so far it is prejudicial to the interest of revenue:
- Provided that the order of recovery shall not be amended, unless the person referred to in sub-section (1) has been provided an opportunity of being heard.”;
- (36) in section 165, after the expression “Chapter XII”, wherever occurring, the words “or the Tenth Schedule” shall be inserted;
- (37) in section 165A, in sub-section (1),—
- (A) in clause (a), the expression “for filers and non-filers” shall be omitted; and

- (B) in clause (d),—
- (a) the words “one million rupees for filers and” shall be omitted; and
 - (b) the expression “for non-filers” shall be omitted;
- (38) in section 168, in sub-section (3), clauses (a), (b), (c), (d), (h) and (j) shall be omitted;
- (39) in section 169, for sub-section (4), the following shall be substituted, namely:—
- “(4) Where the tax collected or deducted is final tax under any provision of this Ordinance and hundred percent higher tax rate has been prescribed for the said tax under the Tenth Schedule, the final tax shall be the tax rate prescribed in the First Schedule and the excess tax collected under the Tenth Schedule specified for persons not appearing in the active taxpayers’ list shall be adjustable in case the return is filed before finalization of assessment as provided in rule 4 of the Tenth Schedule.”;
- (40) after section 171, the following new section shall be inserted, namely:—
- “171A. Payment of refund through income tax refund bonds.—**(1) Notwithstanding anything contained in sections 170 and 171, the income tax refunds payable under this Ordinance may also be paid through income tax refund bonds to be issued by FBR Refund Settlement Company Limited, in book-entry form through an establishment licensed by the Securities and Exchange Commission of Pakistan as a central depository under the Securities Act, 2015 (III of 2015), in lieu of payment to be made through issuance of cheques or bank debit advice.
- (2) The Board shall issue a promissory note to FBR Refund Settlement Company Limited, hereinafter referred to as the company, incorporating the details of refund claimants and the amount of refund determined as payable to each for issuance of income tax refund bonds, hereinafter referred to as the bonds, of the same amount.
 - (3) The bonds shall be issued in values in multiples of one hundred thousand rupees.

- (4) The bonds so issued shall have a maturity period of three years and shall bear annual simple profit at ten percent.
 - (5) The bonds shall be traded freely in the country's secondary markets.
 - (6) The bonds shall be approved security for calculating the statutory liquidity reserve.
 - (7) The bonds shall be accepted by the banks as collateral.
 - (8) There shall be no compulsory deduction of *Zakat* against the bonds and *Sahib-e-Nisab* may pay *Zakat* voluntarily according to *Shariah*.
 - (9) After period of maturity, the company shall return the promissory note to the Board and the Board shall make the payment of amount due under the bonds, along with profit due, to the bond holders.
 - (10) The bonds shall be redeemable in the manner as in sub-section (9) before maturity only at the option of the Board along with simple profit payable at the time of redemption in the light of general or specific policy to be formulated by the Board.
 - (11) The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner.
 - (12) The Federal Government may notify procedure to regulate the issuance, redemption and other matters relating to the bonds, as may be required.”;
- (41) in section 177,—
- (A) for sub-section (6), the following shall be substituted, namely:—
 - “(6) After completion of the audit, the Commissioner shall, after obtaining taxpayer's explanation on all the issues raised in the audit, issue an audit report containing audit observations and findings.”; and
 - (B) after sub-section (6), substituted as aforesaid, the following new sub-section shall be inserted, namely:—

“(6A) After issuing the audit report, the Commissioner may, if considered necessary, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be, after providing an opportunity of being heard to the taxpayer under sub-section (9) of section 122.”;

(42) after section 181C, the following new section shall be inserted, namely:—

“**181D. Business licence scheme.**—Every person engaged in any business, profession or vocation shall be required to obtain and display a business licence as prescribed by the Board.”;

(43) in section 182, in sub-section (1), in the Table, in column(1),—

(A) against S.No.1, in column (3),—

(a) for the word “twenty”, wherever occurring, the words, “forty”, shall be substituted; and

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

“Provided that If seventy-five percent of the income is from salary and the amount of income under salary is less than five million Rupees, the minimum amount of penalty shall be five thousand Rupees.”;

(B) against S. No. 1AA, in column (3), for the figure “20,000”, the figure “100,000” shall be substituted;

(C) against S.No.3, in column (3), for the word ‘five”, the word “ten”, shall be substituted;

(D) against S. No. 6, in column (3), for the word “five”, the word “thirty”, shall be substituted;

(E) against S. No. 11, in column (3), for the words “twenty five”, the word, “fifty”, shall be substituted;

(F) against S. No. 12, in column (3), for the words “ twenty five, the words “one hundred”, shall be substituted;

(G) against S. No 15, in column (3), for the words “twenty five”, the word “forty” shall be substituted; and

(H) after S. No. 20 and entries relating thereto in columns (2), (3) and (4), the following new serial numbers and corresponding entries relating thereto shall be added, namely:—

“21	Any person who purchases immovable property having fair market value greater than rupees five million through cash or bearer cheque	Such person shall pay a penalty of five percent of the value of property determined by the Board under sub-section (4) of section 68 or by the provincial authority for the purposes of stamp duty, whichever is higher.	75A
22	Where an offshore tax evader is involved in offshore tax evasion in the course of any proceedings under this Ordinance before any Income Tax authority or the appellate tribunal.	Such person shall pay a penalty of one hundred thousand rupees or an amount equal to two hundred per cent of the tax which the person sought to evade, whichever is higher.	General
23	Where in the course of any transaction or declaration made by a person an enabler has enabled, guided, advised or managed any person to design, arrange or manage that transaction or declaration in such a manner which has resulted or may result in offshore tax evasion in the course of any proceedings under this Ordinance.	Such person shall pay a penalty of three hundred thousand rupees or an amount equal to two hundred per cent of the tax which was sought to be evaded, whichever is higher.	General
24	Any person who is involved in asset move as defined in clause (5C) of section 2 of the Ordinance from a specified territory to an unspecified territory.	Such person shall pay a penalty of one hundred thousand rupees or an amount equal to one hundred per cent of the tax whichever is higher.	General
25	Where a Reporting Financial Institution fails to comply with any provisions of	Such Reporting Financial Institution shall pay a penalty of	

	section 165B of the Ordinance or Common Reporting Standard Rules in Chapter XIIA of Income Tax Rules, 2002.	Rs.10, 000 for each default and an additional Rs. 10,000 each month until the default is redressed.	
26	Where a Reporting Financial Institution files an incomplete or inaccurate report under provisions of section 165B of the Ordinance and Common Reporting Standard Rules in Chapter XIIA of Income Tax Rules, 2002.	Such Reporting Financial Institution shall pay a penalty of Rs.10, 000 for each default and an additional Rs. 10,000 each month until the default is redressed.	
27	Where a Reporting Financial Institution fails to obtain valid self-certification for new accounts or furnishes false self-certification made by the Reportable Jurisdiction Person under Common Reporting Standard Rules in Chapter XIIA of Income Tax Rules, 2002.	Such Reporting Financial Institution shall pay a penalty of Rs.10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.	
28	Where a Reportable Jurisdiction Person fails to furnish valid self-certification or furnishes false self-certification under Common Reporting Standard Rules in Chapter XIIA of Income Tax Rules, 2002.	Such Reportable Jurisdiction Person shall pay a penalty of Rs. 5,000 for each default and an additional Rs. 5,000 each month until the default is redressed.” ;	

(44) in section 182A, in sub-section (1),—

- (A) in clause (a), for the expression “; and”, at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely:—

“Provided that without prejudice to any other liability under this Ordinance, the person shall be included in the active taxpayers’ list on filing return after the due date, if the person pays surcharge at Rupees—

- (i) twenty thousand in case of a company;
 - (ii) ten thousand in case of an association of persons;
 - (iii) one thousand in case of an individual.”;
- (B) in clause (b), for the full stop at the end, a semicolon shall be substituted and thereafter the following new clauses shall be added, namely:—
- “(c) not be issued refund during the period the person is not included in the active taxpayers’ list; and
 - (d) not be entitled to additional payment for delayed refund under section 171 and the period the person is not included in the active taxpayers’ list, shall not be counted for computation of additional payment for delayed refund.”;
- (45) in section 191, in sub-section (1), after clause (c), the following new clause shall be inserted, namely:—
- “(ca) furnish particulars or complete or accurate particulars of persons mentioned in sub-section (1) of section 165;”;
- (46) after section 192A , the following new section shall be inserted, namely:—
- “192B. Prosecution for concealment of an offshore asset.—**(1) Any person who fails to declare an offshore asset to the Commissioner or furnishes inaccurate particulars of an offshore asset and revenue impact of such concealment or furnishing of inaccurate particulars is ten million rupees or more shall commit an offence punishable on conviction with imprisonment up to three years or with a fine up to five hundred thousand Rupees or both.”;
- (47) after section 195, the following new sections shall be inserted, namely:—
- “195A. Prosecution for non-compliance with notice under section 116A.—**Any person who, without reasonable excuse, fails to comply with a notice under sub-section (2) of section 116A; shall commit an offence punishable on conviction with imprisonment up to one year or with a fine up to fifty thousand Rupees or both.

195B. Prosecution for enabling offshore tax evasion.—Any enabler who enables, guides or advises any person to design, arrange or manage a transaction or declaration in such a manner which results in offshore tax evasion, shall commit an offence punishable on conviction with imprisonment for a term not exceeding seven years or with a fine up to five million Rupees or both.”;

(48) in section 215, in sub-section (1),—

(A) the expression “or persons or class of persons (hereinafter called ‘filer’),” shall be omitted; and

(B) for the word, “filer” the word, “person” shall be substituted;

(49) in section 216, after sub-section (6A), the following new sub-sections, shall be inserted, namely:—

“(6B) Nothing contained in sub-section (1) shall prevent the Board from publishing the names of offshore evaders, in the print and electronic media who have evaded offshore tax equal to or exceeding rupees two and half million Rupees.

(6C) Nothing contained in sub-section (1) shall prevent the Board from publishing the names of offshore tax enablers, in the print and electronic media who have enabled offshore tax evasion.”;

(50) after section 216, amended as aforesaid, the following new section shall be inserted, namely:—

“216A. Proceedings against authority and persons.—(1) Subject to section 227, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in section 207 and officer of the Directorates General mentioned in Part II and Part III of Chapter XI including any person subordinate to the aforesaid authorities or officers of the Directorates General who willfully and deliberately commits or omits an act which results in undue benefit or advantage to the authority or the officer or official or to any other person.

(2) Where proceedings under sub-section (1) have been initiated against the authority or officer or official, the Board shall simultaneously intimate the relevant Government agency to initiate criminal proceedings against the person referred to in sub-section (1).

- (3) The proceedings under this section shall be without prejudice to any other liability that the authority or officer or official or the person may incur under any other law for the time being in force.”;
- (51) after section 222, the following new section shall be added, namely:—
- “**222A. Fee and service charges.**—The Federal Government may, by notification in the official Gazette, and subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation or in respect of any other service or control mechanism provided by any formation under the control of the Board, including ventures of public-private partnership at such rates as may be specified in the notification.”;
- (52) section 227C shall be omitted;
- (53) after section 227C, omitted as aforesaid, the following new section shall be inserted, namely:—
- “**227D. Automated impersonal tax regime.**—(1) The Board may design an alternate impersonal taxation regime whereby personal interaction will be minimized.
- (2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf.
- (3) This section shall be applicable only for low risk and compliant taxpayers as may be prescribed.”;
- (54) in section 230E, in the marginal note, for the word “Tar” the word “Tax” shall be substituted;
- (55) in section 230F, sub-section (23) shall be omitted;
- (56) after section 230F, amended as aforesaid, the following new sections shall be inserted, namely:—
- “**230G. Directorate General of Special Initiative.**—(1) The Directorate General of Special Initiative shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

- (2) The Board may, by notification in the official Gazette,—
 - (a) specify the functions, jurisdiction and powers of the Directorate General of Special Initiative and its officers; and
 - (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.

230H. Directorate General of Valuation.—(1) The Directorate General of Valuation shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

- (2) The Board may, by notification in the official Gazette,—
 - (a) specify the functions, jurisdiction and powers of the Directorate General of Valuation and its officers; and
 - (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.”;
- (57) in section 231B, in sub-section (1A), for the expression “non-filer”, the expression “person whose name is not appearing in the active taxpayers' list” shall be substituted;
- (58) in section 233, for the word, “final”, wherever occurring, the word “minimum” shall be substituted;
- (59) in section 234A, in sub-section (3), for the word “final” the word “minimum” shall be substituted;
- (60) in section 236C, in sub-section (3), for the word “three”, the word “five” shall be substituted;
- (61) in section 236P,—
 - (a) in sub-section (1), for the expression “non-filer”, the expression “person whose name is not appearing in the active taxpayers' list” shall be substituted; and
 - (b) in sub-section (2), for the expression “non-filer”, the expression “person whose name is not appearing in the active taxpayers' list” shall be substituted;

- (62) in section 236U, in sub-section (1), for the expression “non-filers”, the expression “a person whose name is not appearing in the active taxpayers' list” shall be substituted;
- (63) section 236W shall be omitted;
- (64) in the First Schedule,—
- (A) in Part I,—
- (a) for Division I, the following shall be substituted, namely:—

“Division I

[Rates of Tax for Individuals and

Association of Persons]

(1) Subject to clause (2), the rates of tax imposed on income of every individual and association of persons except a salaried individual shall be as set out in the following Table, namely:—

TABLE

S. No	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 400,000	0%
2.	Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 600,000	5% of the amount exceeding Rs. 400,000
3.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	Rs. 10,000 plus 10% of the amount exceeding Rs. 600,000
4.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 70,000 plus 15% of the amount exceeding Rs. 1,200,000
5	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000	Rs. 250,000 plus 20% of the amount exceeding Rs. 2,400,000
6	Where taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	Rs. 370,000 plus 25% of the amount exceeding Rs. 3,000,000
7.	Where taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000	Rs. 620,000 plus 30% of the amount exceeding Rs. 4,000,000

8.	Where taxable income exceeds Rs. 6,000,000	Rs. 1,220,000 plus 35% of the amount exceeding Rs. 6,000,000
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(2) Where the income of an individual chargeable under the head “salary” exceeds seventy-five per cent of his taxable income, the rates of tax to be applied shall be as set out in the following Table, namely:—

TABLE

S. No	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 600,000	0%
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
3.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,800,000	Rs. 30,000 plus 10% of the amount exceeding Rs. 1,200,000
4.	Where taxable income exceeds Rs. 1,800,000 but does not exceed Rs. 2,500,000	Rs. 90,000 plus 15% of the amount exceeding Rs. 1,800,000
5.	Where taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 3,500,000	Rs. 195,000 plus 17.5% of the amount exceeding Rs. 2,500,000
6.	Where taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 5,000,000	Rs. 370,000 plus 20% of the amount exceeding Rs. 3,500,000
7.	Where taxable income exceeds Rs. 5,000,000 but does not exceed Rs. 8,000,000	Rs. 670,000 plus 22.5% of the amount exceeding Rs. 5,000,000
8.	Where taxable income exceeds Rs. 8,000,000 but does not exceed Rs. 12,000,000	Rs. 1,345,000 plus 25% of the amount exceeding Rs. 8,000,000
9.	Where taxable income exceeds Rs. 12,000,000 but does not exceed Rs.30,000,000	Rs. 2,345,000 plus 27.5% of the amount exceeding Rs. 12,000,000
10.	Where taxable income exceeds Rs. 30,000,000 but does not exceed Rs.50,000,000	Rs. 7,295,000 plus 30% of the amount exceeding Rs. 30,000,000
11.	Where taxable income exceeds Rs. 50,000,000 but does not exceed Rs.75,000,000	Rs. 13,295,000 plus 32.5% of the amount exceeding Rs. 50,000,000

12.	Where taxable income exceeds Rs.75,000,000	Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000”;
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(b) in Division II, in clause (i), in the third proviso,—

- (i) for the word “and”, occurring for the first time, a “comma” shall be substituted;
- (ii) for the expression “thereafter as set out in the following Table, namely:—”, the expression “29% for tax year 2019 and onwards.” shall be substituted; and
- (iii) the Table shall be omitted.

(c) for Division III, the following shall be substituted, namely—

“Division III

Rate of Dividend Tax

The rate of tax imposed under section 5, on dividend received from a company shall be—

- (a) 7.5% in case of dividend paid by Independent Power Purchasers where such dividend is a pass through item under an Implementation Agreement or Power Purchase Agreement or Energy Purchase Agreement and is required to be re-imbursed by Central Power Purchasing Agency (CPPA-G) or its predecessor or successor entity.
- (b) 15% in mutual funds and cases other than those mentioned in clauses (a) and (c).
- (c) 25% in case of a person receiving dividend from a company where no tax is payable by such company, due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III.”;
- (d) in Division IIIA, for the Table, the following shall be substituted, namely:—

“Table

S. No.	Profit on debt	Rate of tax
(1)	(2)	(3)
1.	Where profit on debt does not exceed Rs.5,000,000	15%
2.	Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000	17.5%
3.	Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.36,000,000	20%”;

(e) in Division VIA, in the Table, in column (1),—

- (i) against S.No.5, in column (2), after the figure”2,000,000”, the expression “but does not exceed Rs.4,000,000” shall be inserted; and
- (ii) after S. No. 5 and entries relating thereto in columns (2) and (3), the following new serial numbers and corresponding entries relating thereto shall be inserted, namely:—

“6.	Where the gross amount of rent exceeds Rs.4,000,000 but does not exceed Rs.6,000,000.	Rs.610,000 plus 25 per cent of the gross amount exceeding Rs.4,000,000
7.	Where the gross amount of rent exceeds Rs.6,000,000 but does not exceed Rs.8,000,000	Rs.1,110,000 plus 30 per cent of the gross amount exceeding Rs.6,000,000
8.	Where the gross amount of rent exceeds Rs.8,000,000	Rs.1,710,000 plus 35 per cent of the gross amount exceeding Rs.8,000,000”;

(f) in Division VII,—

- (i) for the Table, excluding the provisos, the following new Table shall be substituted,—

“S.No	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax Years 2018, 2019 and 2020	
					Securities acquired before 01-07-2016	Securities acquired after 01-07-2016
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Where holding period of a security is less than twelve months	12.5%	15%	15%	15%	15%

2.	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5%	12.5%	12.5%	
3.	Where holding period of a security is twenty - four months or more but the security was acquired on or after 1st July, 2013.	0%	7.5%	7.5%	7.5%	
4.	Where the security was acquired before 1 st July, 2013	0%	0%	0%	0%	0%
5.	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%	5%"; and

- (ii) in the fifth proviso, after the full stop at the end, the following explanation shall be added, namely:-

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

- (g) for Division VIII, the following shall be substituted, namely:—

“Division VIII

Tax on Capital Gains on disposal of Immovable Property

The rate of tax to be paid under sub-section (1A) of section 37 shall be as follows:—

S. No.	Amount of gain	Rate of tax
(1)	(2)	(3)

1.	Where the gain does not exceed Rs. 5 million	5%
2.	Where the gain exceeds Rs. 5 million but does not exceed Rs. 10 million	10%
3.	Where the gain exceeds Rs. 10 million but does not exceed Rs. 15 million	15%
4.	Where the gain exceeds Rs. 15 million	20%"; and

- (h) in Division IX, in the Table, in column (1), against serial numbers 1 to 4, for the entries in column (3), the following shall respectively be substituted, namely:—

“0.75%
0.25%
0.3%
1.5%”;

- (B) in Part II,—

- (a) for the Table excluding the provisos, the following shall be substituted, namely:—

“S. No. (1)	Persons (2)	Rate (3)
1.	(i) Industrial undertaking importing remeltable steel (PCT Heading 72.04) and directly reduced iron for its own use; (ii) Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet’s decision No.ECC-155/12/2004 dated the 9th December, 2004; (iii) Persons importing urea; (iv) Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011; (v) Persons importing Gold; (vi) Persons importing Cotton; and	1% of the import value as increased by customs-duty, sales tax and federal excise duty

(vii) Persons importing LNG]		
2.	Persons importing pulses	2% of the import value as increased by customs-duty, sales tax and federal excise duty
3.	Commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011.	3% of the import value as increased by customs-duty, sales tax and federal excise duty
4.	Persons importing coal	4%
5.	Persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan	4%
6.	Ship breakers on import of ships	4.5%
7.	Industrial undertakings not covered under S. Nos. 1 to 6	5.5%
8.	Companies not covered under S. Nos. 1 to 7	5.5%
9.	Persons not covered under S. Nos. 1 to 8	6%"; and

(b) in the first proviso, in clauses (a) and (b), the expression "being a filer;", wherever occurring, shall be omitted;

(C) in Part III,—

(a) in Division I,—

(i) for paragraph (a), the following shall be substituted, namely:—

(a) 7.5% in case of dividend paid by Independent Power Purchasers where such dividend is a pass through item under an Implementation Agreement or Power Purchase Agreement or Energy Purchase Agreement and is required to be re-imbursed by Central Power Purchasing Agency (CPPA-G) or its predecessor or successor entity.";

- (ii) in paragraph (b), the words “for filers” shall be omitted;
 - (iii) paragraph (c) and provisos thereafter shall be omitted;
- (b) in Division IA,—
- (i) for the figure “10”, the figure “15” shall be substituted;
 - (ii) the expression “for filers and “17.5%” of the yield or profit paid, for non-filers” shall be omitted; and
 - (iii) for the proviso, the following shall be substituted, namely:—

“Provided that the rate shall be 10% in cases where yield or profit paid is rupees five hundred thousand rupees or less.”;
- (c) in Division IB, paragraph (d) shall be omitted;
- (d) in Division II,—
- (i) in clause (1), the expression “in case a person is a filer and 13% in case the person is a non-filer” shall be omitted;
 - (ii) in clause (4),—
 - (a) in sub-clause (i), the expression “, if the company is a filer and 7% if the company is a non-filer” shall be omitted; and
 - (b) in sub-clause (ii), the expression “, if the person is a filer and 7.75% if the person is a non-filer” shall be omitted;
 - (iii) in clause (5), in sub-clause (ii),—
 - (a) in paragraph (a), the expression “, if the company is a filer and 14% if the company is a non-filer” shall be omitted; and

- (b) in paragraph (b), the expression “, if the person a filer and 17.5% if the person is a non-filer” shall be omitted;
- (iv) in clause (6), in sub-clause (ii),—
 - (a) the expression “in case a person is a filer;” shall be omitted; and
 - (b) the expression “and 13% if the person is a non-filer,” shall be omitted;
- (e) in Division III,—
 - (i) in clause (1), in sub-clause (b),—
 - (a) in paragraph (i), the expression “, if the company is a filer and 8% if the company is a non-filer” shall be omitted; and
 - (b) in paragraph (ii), the expression “, if the person is a filer and 9% if the person is a non-filer” shall be omitted;
 - (ii) for clause (2), the following shall be substituted, namely:—
 - “(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be—
 - (i) 3% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan

Mercantile Exchange Limited inspection, certification, testing and training services;

- (ii) in case of rendering of or providing of services other than sub-clause (i),—
 - (a) in case of a company, 8% of the gross amount payable;
 - (b) in any other case, 10% of the gross amount payable; and
 - (c) in respect of persons making payments to electronic and print media for advertising services, 1.5% of the gross amount payable;”;
- (iii) in clause (3),—
 - (a) in sub-clause (ii), the expression “, if the company is a filer and 14% if the company is a non-filer” shall be omitted; and
 - (b) in sub-clause (iii), the expression “, if the person is a filer and 15% if the person is a non filer” shall be omitted;
- (f) after the omitted Division IIIA, the following new Division shall be inserted, namely:—

**“Division IIIB
Royalty paid to resident persons**

The rate of tax to be deducted under section 153B shall be 15% of the gross amount payable.”;

- (g) in Division V,—
 - (I) in clause (a), in the Table, in column (1),—

- (i) against S.No.5, in column (2), after the figure “2,000,000”, the expression “but does not exceed Rs.4,000,000” shall be inserted;
- (ii) after S. No.5 and entries relating thereto in columns (2) and (3), the following new serial numbers and corresponding entries relating thereto shall be added, namely:—

“6.	Where the gross amount of rent exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000.	Rs. 610,000 plus 25 per cent of the gross amount exceeding Rs. 4,000,000
7.	Where the gross amount of rent exceeds Rs. 6,000,000 but does not exceed Rs. 8,000,000	Rs. 1,110,000 plus 30 per cent of the gross amount exceeding Rs. 6,000,000
8.	Where the gross amount of rent exceeds Rs. 8,000,000	Rs. 1,710,000 plus 35 percent of the gross amount exceeding Rs. 8,000,000”; and

- (II) in clause (b), the expression “for filers and 17.5% of the gross amount of rent for non-filers” shall be omitted;
- (h) in Division VI, in clause (1), the expression “for filers and 25% of the gross amount paid for non-filers” shall be omitted;
- (i) in Division VIA, the expression “for filers and 17.5% for non filers” shall be omitted; and
- (j) in Division VIB, the expression “for filers and six per cent for non-filers” shall be omitted; and
- (D) in Part IV,—
- (a) for Division II, the following shall be substituted, namely:—

“Division II

BROKERAGE AND COMMISSION

The rate of tax for deduction or collection under section 233 shall be as set out in the following Table, namely:—

TABLE

S. No.	Person	Rate of tax
(1)	(2)	(3)
1.	Advertising agents	10%
2.	Life insurance agents where commission received is less than Rs. 0.5 million per annum	8%
3.	Persons not covered in 1 and 2 above	12%”;

(b) in Division III,—

- (i) in clause (1), the expression “for filer and four rupees per kilogram of the laden weight for non-filer” shall be omitted;
- (ii) in clause (2), for the Table, the following shall be substituted, namely:—

“S. No.	Capacity	Rs. per seat per annum
(1)	(2)	(3)
1.	Four or more persons but less than ten persons.	50
2.	Ten or more persons but less than twenty persons.	100
3.	Twenty persons or more.	300”;

(iii) for clause (3), the following shall be substituted, namely:—

“(3) In case of other private motor vehicles shall be as set out in the following Table, namely:—

S. No.	Engine Capacity	Rs. per seat per annum
(1)	(2)	(3)
1.	upto 1000cc	Rs. 800

2.	1001cc to 1199cc	Rs. 1,500
3.	1200cc to 1299cc	Rs. 1,750
4.	1300cc to 1499cc	Rs. 2,500
5.	1500cc to 1599cc	Rs. 3,750
6.	1600cc to 1999cc	Rs. 4,500
7.	2000cc & above	Rs. 10,000”;

- (iv) in clause (4), for the Table, the following shall be substituted, namely:—

“S. No.	Engine Capacity	Rs. per seat per annum
(1)	(2)	(3)
1.	upto 1000cc	Rs. 10,000
2.	1001cc to 1199cc	Rs. 18,000
3.	1200cc to 1299cc	Rs. 20,000
4.	1300cc to 1499cc	Rs. 30,000
5.	1500cc to 1599cc	Rs. 45,000
6.	1600cc to 1999cc	Rs. 60,000
7.	2000cc & above	Rs. 120,000”;

- (c) in Division VI, for the expression “non-filer”, the words “the person whose name is not appearing in the active taxpayers’ list” shall be substituted;
- (d) in Division VIA, for the expression “non-filer”, the words “the person whose name is not appearing in the active taxpayers’ list” shall be substituted;
- (e) in Division VII,—
- (i) for clause (1), the following shall be substituted, namely:—

“(1) The rate of tax under sub-sections (1) and (3) of section 231B shall be as set out in the following Table:—

TABLE

S. No.	Engine capacity	Rs. per seat per annum
(1)	(2)	(3)
1.	upto 850cc	Rs. 7,500

2.	851cc to 1000cc	Rs. 15,000
3.	1001cc to 1300cc	Rs. 25,000
4.	1301cc to 1600cc	Rs. 50,000
5.	1601cc to 1800cc	Rs. 75,000
6.	1801cc to 2000cc	Rs. 100,000
7.	2001cc to 2500cc	Rs. 150,000
8.	2501cc to 3000cc	Rs. 200,000
9.	Above 3000cc	Rs. 250,000”;

- (ii) for clause (2), excluding the proviso, the following shall be substituted, namely:—

“(2) The rate of tax under sub-sections (2) of section 231B shall be as follows:—

S. No.	Engine Capacity	Rs. per seat per annum
(1)	(2)	(3)
1.	upto 850cc	-
2.	851cc to 1000cc	Rs. 5,000
3.	1001cc to 1300cc	Rs. 7,500
4.	1301cc to 1600cc	Rs. 12,500
5.	1601cc to 1800cc	Rs. 18,750
6.	1801cc to 2000cc	Rs. 25,000
7.	2001cc to 2500cc	Rs. 37,500
8.	2501cc to 3000cc	Rs. 50,000
9.	Above 3000cc	Rs. 62,500”;

- (f) in Division VIII, the expression “for filers and 15% of the gross sale price of any property or goods sold by auction for non-filers” shall be omitted;
- (g) in Division X, the expression “for filers and 2 % of the gross amount of the consideration received for non-filers” shall be omitted;
- (h) for Division XIV, the following shall be substituted, namely:—

“Division XIV

Advance tax on sale to distributors, dealers or wholesalers

The rate of collection of tax under section 236G shall be as set out in the following table, namely:—

TABLE

S. No.	Category of sale	Rate of tax
(1)	(2)	(3)
1.	Fertilizers	0.7%
2.	Other than fertilizers	0.1%”;

- (i) for Division XV, the following shall be substituted, namely:—

“Division XV

Advance tax on sale to retailers

The rate of collection of tax under section 236H on the gross amount of sales shall be as set out in the following table, namely:—

TABLE

S. No.	Category of sale	Rate of tax
(1)	(2)	(3)
1.	Electronics	1%
2.	Others	0.5%”;

- (j) in Division XVA, the expression “for filers and 1% for non-filers” shall be omitted;
- (k) for Division XVII, the following shall be substituted, namely:—

“Division XVII

Advance tax on dealers, commission agents and arhatis, etc.

The amount of collection of tax under section 236J shall be as set out in the following Table, namely:—

TABLE

Group or Class	Amount of tax (per annum)
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Group or Class A	Rs. 100,000
Group or Class B	Rs. 75,000
Group or Class C	Rs. 50,000
Any other category	Rs. 50,000”;

- (l) for Division XVIII, the following shall be substituted, namely:—

“Division XVIII

Advance tax on purchase of immovable property

The rate of tax to be collected under section 236K shall be 1% of the fair market value.”;

- (m) in Division XXI, for the expression “non-filer”, the words “persons who are not appearing in the active taxpayers’ list” shall be substituted;
- (n) in Division XXV, for the expression “non-filer”, the words “persons who are not appearing in the active taxpayers’ list” shall be substituted;
- (o) in Division XXVI, for the expression “non-filers and 0% for filers”, the words “ persons who are not appearing in the active taxpayers’ list” shall be substituted; and
- (p) in Division, XXVII, the expression “for filers and 3% for non-filers” shall be omitted;
- (65) in the Second Schedule,—
- (A) in Part I,—
- (a) in clause (39A), after the word “as”, the words and commas “internal security allowance, compensation in lieu of bearer allowance,” shall be inserted;
- (b) in clause (61), after sub-clause (liv), the following new clauses shall be added, namely:—
- “(lv) Layton Rahmatullah Benevolent Trust (LRBT).
- (lvi) Akhuwat.”;

- (c) in clause (66), after clause (lxv), the following new clauses shall be added, namely:—

“(lxvi) Akhuwat.

(lxvii) Audit Oversight Board.”

“(lxviii) Patient’s Aid Foundation.”;

- (d) in clause (99A), in the proviso, after the figure “2020” at the end, a colon shall be added and thereafter a new proviso shall be added, namely:—

“Provided further that the profit and gains on sale of immovable property to a rental REIT scheme shall be exempt up to the 30th day of June, 2021.” ;

- (d) in clause (103C), for the words “has availed”, the words “is eligible for” shall be substituted.;

- (e) after clause (114), the following new clause shall be added, namely:—

“(114B) Profit and gains accruing to persons mentioned in proviso to sub-section (1) of section 236C in respect of first sale of immovable property acquired from or allotted by the Federal Government or Provincial Government or any authority duly certified by the official allotment authority, and the property acquired or allotted is in recognition of services rendered by the Shaheed or the person who dies in service.”;

- (f) after the omitted clause (145), the following new clause shall be added, namely:—

“(145A) Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from

the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive); and

(B) in Part II, after omitted clause (24B), the following new clauses shall be inserted, namely:—

“(24C) The rate of tax under clause (a) of sub-section (1) of section 153 in case of dealers and sub-dealers of sugar, cement and edible oil, as recipient of the payment, shall be 0.25% of the gross amount of payments.

(24D) The rate of minimum tax under sub-section (1) of section 113 in case of dealers and sub-dealers of sugar, cement and edible oil shall be 0.25% subject to the condition that the names of such dealers and sub-dealers are appearing on the active taxpayers’ lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001).”;

(C) in Part III,—

(a) in clause (2),—

(i) the words “training and” shall be omitted;

(ii) for the figure “40”, the figure “25” shall be substituted; and

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

“Provided that this clause shall not apply to teachers of medical profession who derive income from private medical practice or who receive share of consideration received from patients.”;

(b) after clause (9), the following new clause shall be added, namely:—

“(9A) The amount of tax payable on income chargeable under the head, “Capital Gains” on disposal of immovable property shall be reduced by fifty percent on the first sale of immovable property acquired or allotted to ex-servicemen and serving personnel of Armed Forces or ex-employees or

serving personnel of Federal and Provincial Governments, being original allottees of the immovable property, duly certified by the allotment authority.”;

(D) in Part IV,—

(a) in clause (43E), for the figure “2.5”, the figure “3” shall be substituted;

(b) after clause (60D), the following new clause shall be inserted, namely:—

“(60E) The provisions of section 148 shall not apply on mobile phones brought in personal baggage under the Baggage Rules, 2006.”;

(c) clauses (81) and (81A) shall be omitted;

(d) clause (94) shall be omitted;

(e) clause (105) shall be omitted;

(f) after clause (109), the following new clause shall be added, namely;—

“(109A) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of this Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive).”;

(66) in the Third Schedule, in Part II, in paragraph (1), the expression “and 15% for buildings” shall be omitted;

(67) in the Fourth Schedule, after rule 6D, the following new rule shall be inserted, namely:—

“6E. Notwithstanding anything contained in this Schedule, the Commissioner shall be authorized to examine and amend the amount of income as disclosed in the financial statement presented to the Securities and Exchange Commission of Pakistan with respect to commission paid and claimed for losses.”;

(68) in the Seventh Schedule,—

(A) in rule 1,—

(a) in clause (c), after the second proviso, the following explanation shall be added, namely:—

“Explanation.—For removal of doubt, it is clarified that—

- (i) provision for advances and off balance sheet items allowed under this clause, at the rate of 1 percent or 5 percent, as the case may be, shall be exclusive of reversals of such provisions;
- (ii) reversal of “bad debts” classified as “doubtful” or “loss” are taxable as the respective provisions have been allowed under this clause; and
- (iii) with effect from tax year 2020 and onward; reversal of “bad debts” classified as “loss” are taxable as the respective provisions have been allowed under this clause.”

(b) in clause (d), after the expression, ““sub-standard”“, the expression “or “doubtful”“ shall be inserted;

(c) in clause (e), the expression “as 'doubtful' or” shall be omitted; and

(d) after clause (h), the following explanation shall be added, namely:—

“Explanation.—For removal of doubt, it is clarified that nothing contained in this Schedule shall be so construed as to restrict power of Commissioner, while conducting audit of the income tax affairs under section 177, to call for record or such other information and

documents as he may deem appropriate in order to examine accounts and records to conduct enquiry into expenditure, income, assets and liabilities of a banking company and all provisions of this Ordinance shall be applicable accordingly.”;

(B) after omitted rule 6B, the following new rule shall be inserted, namely:—

“6C. Enhanced rate of tax on taxable income from Federal Government securities.—(1) The taxable income arising from additional income earned from additional investment in Federal Government securities for the tax years 2020 and onwards, shall be taxed at the rate of 37.5% instead of the rate provided in Division II of Part I of the First Schedule-

- (2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of Income certifying the amount of the money invested in Federal Government securities in preceding tax year, additional investments made for the tax year and mark-up income earned from the additional investments for the tax year.
- (3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the investments in Federal Government securities to determine the applicability of the enhanced rate of tax.
- (4) “Additional income earned” means mark-up income earned from additional investment in Federal Government securities by the bank for the tax year.
- (5) “Additional investments” means average investment made in Federal Government securities by the bank during the tax year, in addition to the average investments held during the tax year 2019.
- (6) The taxable income arising from additional investment under sub-rule (1) shall be determined according to the following formula, namely:-

Taxable income subject to enhanced rate of tax = **A x B/C**

Where—

A. is taxable income of the banking company;

B is mark up income earned from the additional investment for the tax year; and

C is the total of the mark-up income and non-mark-up income of the banking company as per accounts.”;

(C) in rule (7C), for full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that brought forward losses, if any, shall be excluded from income computed under this Schedule for the purpose of section 4B of this Ordinance.”; and

(D) in rule 7D, in sub-rule (1), the words “interest income” shall be omitted; and

(69) after the Ninth Schedule, the following new Schedule shall be added, namely:—

“THE TENTH SCHEDULE

(See section 100BA)

RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS' LIST

1. **Rate of deduction or collection of tax.**—Where tax is required to be deducted or collected under any provision of this Ordinance from persons not appearing in the active taxpayers' list, the rate of tax required to be deducted or collected, as the case may be, shall be increased by hundred percent of the rate specified in the First Schedule to this Ordinance.

2. **Persons not required to file return or statement.**—(1) Where the withholding agent or the person from whom tax is required to be collected or deducted is satisfied that a person not appearing in the active taxpayers' list was not required to file a return of income under section 114, or a statement under sub-section (4) of section 115, as the case may be, he shall before collecting or deducting tax under this Ordinance, furnish to the Commissioner a notice in writing electronically setting out—

- (a) the name, CNIC or NTN and address of the person not appearing in the active taxpayers' list;
- (b) the nature and amount of the transaction on which tax is required to be collected or deducted; and
- (c) reason on the basis of which it is considered that the person was not required to file return or statement, as the case may be.

(2) The Commissioner, on receipt of a notice under sub-rule (1), shall within thirty days pass an order accepting the contention or making the order under sub-rule (3).

(3) Where the withholding agent or the person from whom tax is required to be collected or deducted has notified the Commissioner under sub-rule (1) and the Commissioner has reasonable grounds to believe that the person not appearing in the active taxpayers' list was required to file return or statement, as the case may be, the Commissioner may, by an order in writing, direct the withholding agent to deduct or collect tax under rule 1:

Provided that in case the Commissioner does not pass any order within thirty days of receipt of notice under sub-rule (1), the Commissioner shall be deemed to have accepted the contention under sub-rule (2) and approval shall be treated to have been granted.

3. **Provisional assessment.**—(1) Where for a tax year a person's tax has been collected or deducted in accordance with rule 1 and the person fails to file return of income or statement, as the case may be, for that tax year within the due date provided in section 118 or as extended by the Board, the Commissioner shall notwithstanding anything contained in sub-sections (3) and (4) of section 114 or sub-section (5) of section 115, within sixty days of the due date provided in section 118 or as extended by the Board make a provisional assessment of the taxable income of the person and issue a provisional assessment order specifying the taxable income assessed and tax due thereon.

(2) In making the provisional assessment under sub-rule (1), the Commissioner shall impute taxable income on the amount of tax deducted or collected under rule 1 by treating the imputed income as concealed income for the purposes of clause (d) of sub-section (1) of section 111:

“Provided that the provision of section 111 shall be applicable on unexplained income, asset or expenditure in excess of imputed income treated as concealed income under this rule.”

“**Explanation.**—For the removal of doubt it is clarified that the imputable income so calculated or concealed income so determined shall not absolve the

person so assessed, from requirement of filing of wealth statement under sub-section (1) of section 116, the nature and source of amounts subject to deduction or collection of tax under section 111, selection of audit under section 177 or 214C or subsequent amendment of assessment as provided in rule 8 and all the provisions of the Ordinance shall apply.”

4. **Finalization or abatement of provisional assessment.**—(1) The provisional assessment under rule 3, shall be treated as the final assessment order after the expiry of forty-five days from the date of service of order of provisional assessment and the provisions of this Ordinance shall apply accordingly.

(2) The provisional assessment shall stand abated and shall be taken to be assessment finalized under sub-section (1) of section 120 where the returns of income and wealth statement for the relevant tax year and the preceding tax year along with prescribed forms, statements or documents are filed by the person within a period of forty-five days of receipt of provisional assessment order.

(3) Where returns have been filed before provisional assessment or under sub-rule (2), the tax deducted or collected under rule 1 shall be adjustable against the tax payable in the return filed for the relevant tax year.

5. Where the provisional assessment has been treated as final assessment under sub-rule (1) of rule 4, the Commissioner may within thirty days of the final assessment initiate proceedings for imposition of penalties under section 182 on account of non-furnishing of return and concealment of income.

6. **For the purposes of this Schedule, imputed income means**—(a) income for individuals and association of persons which would have resulted in the amount of tax given in paragraph (1) of Division I of the First Schedule equal to the tax collected or deducted under rule 1 for not appearing in the active taxpayers' list; or

(b) income for companies which would have resulted in the amount of tax given in Division II of the First Schedule equal to the tax collected or deducted at the higher rate under rule 1 for not appearing in the active taxpayers' list.

7. Where the withholding agent fails to furnish in the withholding statement complete or accurate particulars of persons not appearing on active taxpayers' list, the Commissioner shall initiate proceedings under sections 182 and 191 against the withholding agent within thirty days of filing of withholding statement under section 165.

8. **Amendment of assessment.**—(1) The Commissioner may amend an assessment order where the imputed income is less than the amount on which

tax was deducted or collected under rule 1 or on the basis of definite information acquired from an audit or otherwise, the Commissioner is satisfied that—

- (a) any income chargeable to tax has escaped assessment; or
- (b) total income has been under-assessed, or assessed at too low a rate, or has been the subject of excessive relief or refund; or
- (c) any amount under a head of income has been misclassified.

(2) Notwithstanding the provisions of sub-rule (1), where a provisional assessment has been treated as final assessment or where in response to the provisional assessment, return has been filed within forty- five days or where assessment has been amended under sub-rule (1) and the assessment order is considered erroneous in so far it is prejudicial to the interest of revenue, the Commissioner may, after making or causing to be made, such enquiries as he deems necessary, amend the assessment order.

(3) For the purposes of sub-rule (1), “definite information” shall have the same meaning as defined in sub-section (8) of section 122.

9. **Provisions of Ordinance to apply.**—The provisions of this Ordinance not specifically dealt with in the aforesaid rules shall apply, *mutatis mutandis*, in the case of proceedings against the persons not appearing on active taxpayers' list.

10. The provisions of this Schedule shall not apply on tax collectible or deductible in case of the following sections:—

- (a) tax deducted under section 149;
- (b) tax deducted under section 152 other than sub-section (1), (1AA), (2), (2A)(b) and (2A)(c) of section 152
- (c) tax collected or deducted under section 154;
- (d) tax deducted under section 155;
- (e) tax deducted under section 156B.
- (f) tax deducted under section 231A;
- (g) tax deducted under section 231AA;
- (h) tax collected under section 233AA;

- (i) tax deducted under section 235;
- (j) tax deducted under section 235A;
- (k) tax collected under section 235B;
- (l) tax collected under section 236;
- (m) tax collected under section 236B;
- (n) tax collected under section 236D;
- (o) tax collected under section 236F;
- (p) tax collected under section 236I;
- (q) tax collected under section 236J ;
- (r) tax collected under section 236L;
- (s) tax collected under section 236P;
- (t) tax collected under section 236Q;
- (u) tax collected under section 236R;
- (v) tax collected under section 236U;
- (w) tax collected under section 236V;
- (x) tax collected under section 236X.”.

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

(1) in section 2, in clause (23a), for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;

(2) in section 3, after sub-section (5), the following new sub-section shall be inserted, namely:—

“(5A) In respect of goods, specified in the Fourth Schedule, the minimum production for a month shall be determined on the basis of a single

or more inputs as consumed in the production process as per criterion specified in the Fourth Schedule and if minimum production so determined exceeds the actual supplies for the month, such minimum production shall be treated as quantity supplied during the month and the liability to pay duty shall be discharged accordingly.”;

(3) in section 7, in sub-section (2), for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;

(4) in section 16, for sub-section (2), the following shall be substituted, namely:—

“(2) The Federal Government may, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements, by notification in the official Gazette, exempt subject to such conditions as may be specified therein, any goods or class of goods or any services or class of services from the whole or any part of the duty leviable under this Act.”;

(5) in section 19, in sub-section (2),—

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

(b) in clause (c), after the semi-colon at the end, the word “and” shall be added, and thereafter, following new clause shall be added, namely:—

“(d) a person who sells cigarettes in retail at a price lower than the retail price plus the amount of sales tax as printed thereon,”;

(6) after section 19, amended as aforesaid, the following new section shall be inserted, namely:—

“19A. Proceedings against authority and persons.—(1) Subject to section 41, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in section 29, including any officer or official subordinate to the aforesaid authority, who willfully and deliberately commits or omits an act which results in undue benefit or advantage to the authority or the officer or official or to any other person.

- (2) Where proceedings under sub-section (1) have been initiated against the authority or officer or official, the Board shall simultaneously intimate the relevant Government agency to initiate criminal proceedings against the person referred to in sub-section (1).
- (3) The proceedings under this section shall be without prejudice to any other liability that the authority or officer or official or the person may incur under any other law for the time being in force.”;
- (7) in section 22, in sub-section (13), for the words “Federal Government”, the expression “Board, with the approval of the Federal Minister-in-charge,” shall be substituted;
- (8) in section 38, in sub-section (2), in clause (ii), for sub-clause (a), the following shall be substituted, namely:—
- “(a) chartered accountants, cost and management accounts and advocates having more than ten years experience in the field of taxation; and”;
- (9) after section 48, the following new section shall be added, namely:—
- “49. **Fee and service charges.**—The Federal Government may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation, in respect of any other service or control mechanism provided by any formation under the control of the Board, including ventures of public-private partnership, at such rates as may be specified in the notification.”;
- (10) In the First Schedule,—
- (A) in the Table, in column (1),—
- (a) against S. No. 1, in column (4), for the word “sixteen”, the word “seventeen” shall be substituted;
- (b) for S. No. 2, and entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“2.	Vegetable ghee and cooking oil (a) in retail packing	Respective heading	Seventeen per cent of retail price
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	(b) not in retail packing		Seventeen per cent <i>ad val.</i> ”;
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- (c) against S. No. 4, 5 and 6, in column (4), for the words “eleven and half”, the word “thirteen” shall be substituted;
- (d) against S. No. 7, in column (4), for the words “three hundred”, the word “ten” shall be substituted;
- (e) for S. No. 9 and 10 and the entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“9.	Locally produced cigarettes if their on-pack printed retail price exceeds five thousand nine hundred and sixty rupees per thousand cigarettes.	24.02	Rupees five thousand two hundred per thousand cigarettes
10.	Locally produced cigarettes if their on-pack printed retail price does not exceed five thousand nine hundred and sixty rupees per thousand cigarettes.	24.02	Rupees one thousand six hundred and fifty per thousand cigarettes”;

- (f) S. No. 10a and entries relating thereto in columns (2), (3) and (4) shall be omitted;
- (g) against S. No. 13, in column (4), for the words “one rupee and fifty paisa”, the words “two rupees” shall be substituted;
- (h) against S. No. 31, in column (4), for the words “Seventeen rupees and eighteen paisa per hundred cubic meters”, the expression “ten rupees per Million British Thermal Unit (MMBTu)” shall be substituted;
- (i) S. No. 54 and entries relating thereto in columns (2), (3) and (4) shall be omitted;
- (j) for serial numbers 55 and 55A, and the entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“55	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars	87.03	
	(a) of cylinder capacity up to 1000cc		2.5% <i>ad val</i>
	(b) of cylinder capacity from 1001cc to 1799cc		5% <i>ad val.</i>
	(c) of cylinder capacity 1800cc to 3000cc		25% <i>ad val.</i>
	(d) of cylinder capacity exceeding 3001cc		30% <i>ad val.</i> ”;

- (k) for S. No. 55B and entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“55B	Locally manufactured or assembled motor cars, SUVs and other motor vehicles, excluding auto rickshaws principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars:	87.03	
	(a) of cylinder capacity up to 1000cc		2.5% <i>ad val.</i>
	(b) of cylinder capacity from 1001cc to 2000cc		5% <i>ad val.</i>
	(c) of cylinder capacity 2001cc and above		7.5% <i>ad val.</i>

- (l) after S. No. 56 and the entries relating thereto in columns (2), (3) and (4), the following new serial numbers and corresponding entries relating thereto shall be added, namely:—

“57	Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters	Respective headings	Five percent of retail price.
58	Steel Billets, ingots, ship plates, bars and other long re-rolled products	Respective headings	Seventeen percent <i>ad val.</i> ”; and

(m) after Table-I, under the existing Restriction-1-Reduction, after the figure “9” the expression “and 10” shall be inserted; and

(B) in Table II, in column (1), against S. No. 3, in column (2), under clause (a),—

(i) against sub-clause (i), in column (4), for the words “Two thousand”, the words “fifteen hundred” shall be substituted; and

(ii) against sub-clause (ii), in column (4), for the words “One thousand two hundred and fifty”, the words “nine hundred” shall be substituted;

(11) in the Second Schedule, in the Table, in column (1), after omitted serial number 3 and entries relating thereto, the following new serial number and entries relating thereto shall be added in columns (1), (2) and (3), namely:—

“4.	Steel Billets, ingots, ship plates, bars and other long re-rolled products	Respective headings”;
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(12) in the Third Schedule, in Table-II, in column (1), against serial number 2, in column (2),—

(a) the clause (i) shall be omitted; and

(b) in clause (ii), after the word “services”, the expression “, excluding those provided by foreign satellite companies,” shall be inserted; and

(13) after the Third Schedule, the following new Schedule shall be added, namely:—

“THE FOURTH SCHEDULE”

(Minimum Production)

[See sub-section (5A) of section 3]

Minimum production of steel products.—

The minimum production for steel products shall be determined as per criterion specified against each in the Table below:

Table

S. No.	Product	Production criteria
(1)	(2)	(3)
1.	Steel billets and ingots	One metric ton per 700 kwh of electricity consumed
2.	Steel bars and other re-rolled long profiles of steel	One metric ton per 110 kwh of electricity consumed
3.	Ship plates and other re-rollable scrap	85% of the weight of the vessel imported for breaking"; and

Procedure and conditions:—

- (i) Both actual and minimum production, and the local supplies shall be declared in the monthly return. In case, the minimum production exceeds actual supplies for the month, the liability to pay duty shall be discharged on the basis of minimum production:

Provided that in case, in a subsequent month, the actual supplies exceed the minimum production, the registered person shall be entitled to get adjustment of excess duty on account of excess of minimum production over actual supplies:

Provided further that in a full year, as per financial year of the company or registered person, or period starting from July to June next year, in other cases, the duty actually paid shall not be less than the liability determined on the basis of minimum production for that year and in case of excess payment no refund shall be admissible:

Provided also that in case of ship-breaking, the liability against minimum production, or actual supplies, whichever is higher, shall be deposited on monthly basis on proportionate basis depending upon the time required to break the vessel.

- (ii) The payment of FED on ship plates in aforesaid manner does not absolve ship breakers of any tax liability in respect of items other than ship plates obtained by ship-breaking.

- (iii) The melters and re-rollers employing self-generated power shall install a tamperproof meter for measuring their consumption. Such meter shall be duly locked in room with keys in the custody of a nominee of the Commissioner Inland Revenue having jurisdiction. The officers Inland Revenue having jurisdiction shall have full access to such meter.
- (iv) The minimum production of industrial units employing both distributed power and self-generated power shall be determined on the basis of total electricity consumption.”.

15. **Amendments of Anti-Dumping Duties Act, 2015 (XIV of 2015).**—In the Anti-Dumping Duties Act, 2015 (XIV of 2015), in section 51, in sub-section (1),—

- (a) in clause (c), after the semicolon, at the end, the word “or”, shall be added; and
- (b) in clause (d), for the expression “; or”, a full stop shall be substituted and thereafter clause (e) shall be omitted.

16. **Amendments in Finance Act, 2018 (XXX of 2018).**— In the Finance Act, 2018 (XXX of 2018), in section 10, for the TABLE, the following shall be substituted, namely:—

“TABLE

S.No.	Mobile Phones having C&F Value (US Dollars)	Rate of levy per set in Pak Rupees
(1)	(2)	(3)
1	Up to 30	Nil
2	Above 30 and up to 100	Nil
3	Above 100 and up to 200	400
4	Above 200 and up to 350	1200
5	Above 350 and up to 500	2800
6	Above 500	5600”.

17. **Assets Declaration Act, 2019.**—There is hereby enacted Assets Declaration Act, 2019, in the manner as follows:—

AN

ACT

*to provide for voluntary declaration of undisclosed assets,
sales and expenditure*

WHEREAS there is a reportedly large scale non-declaration of assets, sales and expenditure;

AND WHEREAS it is expedient to make provisions for declaration of such assets, sales and expenditure for the purposes hereinafter appearing;

AND WHEREAS it is expedient to—

- (a) allow the non-documented economy's inclusion in the taxation system; and
- (b) serve the purpose of economic revival and growth by encouraging a tax compliant economy;

It is hereby enacted as follows:—

1. **Short title, extent and commencement.**—(1) This Act shall be called the Assets Declaration Act, 2019.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. **Definitions.**—(1) In this Act, unless there is anything repugnant in the subject or context,—

- (a) “Board” shall have the same meaning as defined in clause (8) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001);
- (b) “court of law” means a High Court or Supreme Court of Pakistan;
- (c) “declarant” means a person making a declaration under section 3;
- (d) “holder of public office” means a person as defined in the Voluntary Declaration of Domestic Assets Act, 2018 or his *benamidar* as defined in the *Benami* Transactions (Prohibition) Act, 2017 (V of 2017) or their spouses and dependents;
- (e) “undisclosed assets” means all domestic and foreign assets of every kind the value of which has been unreported, under-reported or understated and includes *benami* assets as defined in the *Benami* Transactions (Prohibition) Act, 2017 (V of 2017);

- (f) “undisclosed expenditure” means any unexplained or unaccounted expenditure under the provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) up to the tax year 2018, which has not been declared in the return of income or for which a return of income has not been filed and such expenditure is not accounted for;
- (g) “undisclosed sales” means sales or supplies chargeable to sales tax or goods or services subject to federal excise duty under the Sales Tax Act, 1990 or the Federal Excise Act, 2005, respectively, which were not declared or have been under-declared up to the 30th June, 2018.

(2) All other words and expressions used but not defined in this Act shall have the same meaning assigned thereto under the Income Tax Ordinance, 2001 (XLIX of 2001), the Sales Tax Act, 1990, the Federal Excise Act, 2005, the *Benami* Transactions (Prohibition) Act, 2017(V of 2017) and the rules made thereunder.

3. **Declaration of undisclosed assets, sales and expenditure.**— Subject to the provisions of this Act, any person may make, on or before the 30th June, 2019, a declaration only in respect of any—

- (a) undisclosed assets, held in Pakistan and abroad, acquired up to the 30th June, 2018;
- (b) undisclosed sales made up to the 30th June, 2018;
- (c) undisclosed expenditure incurred up to the 30th June, 2018; or
- (d) *benami* assets acquired or held on or before the date of declaration.

Explanation.— It is clarified that the benefit under this Act shall also be available where—

- (a) any proceedings have been initiated or are pending or where any income has been assessed under the Income Tax Ordinance, 2001 (XLIX of 2001), which are relatable to undisclosed assets or expenditure except where the matter has attained finality; and
- (b) any proceedings have been initiated or are pending or have been adjudicated under the Sales Tax Act, 1990, or the Federal Excise Act, 2005, which are relatable to any undisclosed sales or supplies except where the matter has attained finality.

4. **Charge of tax and default surcharge.**—(1) The undisclosed assets shall be chargeable to tax and default surcharge at the value mentioned in section 5 and at the rates specified in the Schedule to this Act.

(2) The undisclosed sales and expenditure shall be chargeable to tax and default surcharge at the rates specified in the Schedule to this Act.

5. **Value of assets.**—Value of assets,—

(a) in case of domestic immovable properties shall be the cost of acquisition but shall not be less than—

(i) 150% of the FBR value notified under sub-section (4) of section 68 of the Income Tax Ordinance, 2001 (XLIX of 2001); or

(ii) 150% of the DC value, where FBR value has not been notified or the FBR value is less than the DC value; or

(iii) 150% of FBR value notified under sub-section (4) of section 68 of the Income Tax Ordinance, 2001 (XLIX of 2001) for land and 150% of DC value for constructed property, where FBR value has not been notified for constructed property.

(b) in case of all other assets, shall be the price which the assets would ordinarily fetch on sale in the open market on the date of declaration but in no case shall be less than the cost of acquisition of the asset:

Provided that in case of foreign assets, the fair market value shall be determined at the exchange rate prevalent on the date of declaration.

Explanation.— It is clarified as follows—

(a) in case any declarant has already filed a declaration in respect of any immovable property under the Income Tax Ordinance, 2001 (XLIX of 2001), or the Voluntary Declaration of Domestic Assets Act, 2018 and wishes to enhance the declared value of the said immovable property, he may file a declaration under this Act in terms of the value mentioned in section 5 and above; and

(b) in case a person has already filed a declaration in respect of any immovable property which is in line with section 68 of the Income Tax Ordinance, 2001 (XLIX of 2001), or the Voluntary Declaration of Domestic Assets Act, 2018 no further proceedings or action shall be initiated against him in view of the provisions of this Act, in particular section 5 thereof.

6. **Time for payment of tax.**—(1) The due date for payment of tax chargeable under this Act shall be on or before the 30th June, 2019:

Provided that after the due date under this sub-section, the tax shall be paid on or before the 30th June, 2020 along with default surcharge at the rates given in clause (2) of the Schedule to this Act.

(2) The tax in respect of foreign assets or foreign currency held in Pakistan shall be paid in foreign currency according to the procedure prescribed by the State Bank of Pakistan, in the mode and manner provided in section 9.

(3) If a person fails to pay tax and default surcharge according to this section, the declaration made shall be void and shall be deemed to have never been made under this Act.

(4) Notwithstanding the provisions of clause (g) of section 11, in case of outstanding demand at the time of filing of declaration, the declarant may pay the amount of such tax determined by the Officer of Inland Revenue, under the provisions of the Sales Tax Act, 1990 or the Income Tax Ordinance, 2001 (XLIX of 2001), or the Federal Excise Act, 2005, without payment of default surcharge and penalty.

(5) Where a person declares undisclosed sales and in case of undisclosed assets or undisclosed expenditures resulting from such sales, he is also required to declare such assets or such expenditures or both and pay tax at the rates specified in the Schedule to this Act on such assets or expenditures or both in addition to tax on such sales.

(6) Where the declarant has paid tax under this section, no tax shall be payable by the declarant under the Income Tax Ordinance, 2001 (XLIX of 2001), in respect of undisclosed assets and undisclosed expenditures.

(7) Where the declarant has paid tax under this section, no tax shall be payable by the declarant under the Sales Tax Act, 1990 or the Federal Excise Act, 2005 in respect of undisclosed sales.

7. **Incorporation in books of account.**—(1) Where a declarant has paid tax under section 6 in respect of undisclosed assets, sales and expenditure the declarant shall be entitled to incorporate such assets, sales or expenditure in his return, wealth statement or financial statement irrespective of the fact that the asset, sales or expenditure were relatable to a year which is barred by time for the purpose of revision of return of income or wealth statement, as the case may be.

(2) No allowance, credit or deduction under any law for the time being in force shall be available for assets so incorporated.

8. **Conditions for declaration.**—The declaration made shall be valid, if—

- (a) cash held by the declarant is deposited into a bank account in the manner specified at the time of declaration and is retained in such bank account up to the 30th June, 2019:

Provided that this clause shall not apply to an individual who cannot deposit cash in the bank account on the 30th June, 2019 on account of investment in immovable property or business, subject to payment of tax at a rate which is 2% more than the normal rate prescribed in the Schedule:

Provided further that such person shall provide particulars of the immovable property or investment in business as prescribed in the declaration form; or

- (b) the foreign currency held in Pakistan declared under section 3 is deposited into declarant's own foreign currency bank account at the time of declaration and is retained in such account till the 30th June, 2019; or
- (c) the repatriated foreign liquid asset is deposited into declarant's own Pak Rupee account or his foreign currency bank account in Pakistan or is invested into Pakistan Banao Certificates or any foreign currency denominated bonds issued by the Federal Government; or
- (d) foreign liquid assets not repatriated to Pakistan shall be deposited in declarant's foreign bank account on or before the 30th June, 2019.

9. **Mode and manner of repatriation of assets held outside Pakistan and payment of tax thereon.**—The State Bank of Pakistan shall notify the mode and manner of—

- (a) repatriation of assets to Pakistan;
- (b) deposit of tax in foreign currency through State Bank of Pakistan; and
- (c) method of conversion of value of assets held outside Pakistan in Pak Rupees.

10. **Tax paid not refundable.**—Any amount of tax or default surcharge paid under the provisions of this Act shall not be refundable.

11. **Act not to apply to certain persons, assets or proceedings.**—The provisions of this Act shall not apply to—

- (a) holders of public office;
- (b) a public company as defined under clause (47) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001);
- (c) any proceeds or assets that are involved in or derived from the commission of a criminal offence;
- (d) gold, precious metals, precious stones or jewelry, except gold held as stock-in-trade by a jeweler;
- (e) bearer prize bonds;
- (f) bearer securities, bearer shares, bearer certificates, bearer bonds or any other bearer assets; or
- (g) proceedings pending in any court of law.

12. **Declaration not admissible in evidence.**—Notwithstanding anything contained in any other law for the time being in force, nothing contained in any declaration made under this Act shall be admissible in evidence against the declarant for the purpose of any proceedings relating to imposition of penalty or adverse action or for the purposes of prosecution under any law.

13. **Misrepresentation.**—(1) Notwithstanding anything contained in this Act, where a declaration has been made by misrepresentation or suppression of facts in respect of the undisclosed assets declared therein, such declaration, to the extent of the asset to which such misrepresentation or suppression of facts relates to, shall be void and shall be deemed to have been never made under this Act.

(2) a declaration made under this Act shall not render any declaration made under the Foreign Assets (Declaration and Repatriation) Act, 2018 or the Voluntary Declaration of Domestic Assets Act, 2018.

14. **Confidentiality.**—(1) Notwithstanding any other law for the time being in force including the Right of Access to Information Act, 2017 (XXXIV) and sub-section (3) of section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001), except the provisions of clauses (a) and (g) of sub-section (3) of section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001), particulars of any person

making a declaration under this Act or any information received in any declaration made under this Act shall be confidential.

15. **Power to make rules.**—The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this Act including the manner, procedure, payment of tax and conditions under which the declaration under this Act shall be filed.

16. **Act to override other laws.**—The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

17. **Removal of difficulty.**— (1) If any difficulty arises in giving effect to the provisions of this Act, the Federal Government may, by notification in the official Gazette, remove such difficulty as is not inconsistent with the provisions of this Act.

18. **Revision of declaration.**—Any person who, having filed a declaration, hereinafter referred to as the “original declaration”, discovers any omission, mistake, computational error or wrong statement therein, may file revised declaration within the due date specified in section 3, subject to the condition that the value of asset or tax thereon shall be not less than the value of asset and tax thereon, declared in the original declaration.

19. **Repeal.**—The Assets Declaration Ordinance, 2019 (III of 2019) is hereby repealed from the date of commencement of this Act.

THE SCHEDULE

[see section 4]

Rates of Tax

(1) The rates of tax imposed on undisclosed assets, sales and expenditures shall be as specified in the following Table, namely:—

TABLE

S. No.	Undisclosed assets, sales or expenditure	Rate of tax
(1)	(2)	(3)
1.	Domestic immovable properties	1.5%
2.	Foreign liquid assets not repatriated	6%
3.	Unexplained expenditure	4%
4.	Undisclosed Sales	2%
5.	All other assets	4%

Rates of Default Surcharge

(2) The amount of tax under clause (1) of the Schedule payable after the 30th June, 2019 shall be increased by a default surcharge, by amount as specified in column (3) of the following Table, namely:—

TABLE

S. No.	Time of payment of tax	Rate of default surcharge
(1)	(2)	(3)
1.	If the tax is paid after the 30th June, 2019 and on or before the 30th September, 2019	10% of the tax amount
2.	If the tax is paid after the 30th September, 2019 and on or before the 31st December, 2019	20% of the tax amount
3.	If the tax is paid after the 31st December, 2019 and on or before the 31st March, 2020	30% of the tax amount
4.	If the tax is paid after the 31st March, 2020 and on or before the 30th June, 2020	40% of the tax amount

18. **Enactment of Public Finance Management Act, 2019.**—There is hereby enacted the Public Finance Management Act, 2019, in the manner as follows:—

AN

ACT

to strengthen management of public finances with the view to improving definition and implementation of fiscal policy for better macroeconomic management, to clarify institutional responsibilities related to financial management, and to strengthen budgetary management;

WHEREAS matters mentioned above are pivotal for reducing public debt and management of public finances;

AND WHEREAS as defined under Article 79 of the Constitution of the Islamic Republic of Pakistan, it is expedient to provide for regulating the custody of the Federal Consolidated Fund, the payment of moneys into that Fund, the withdrawal of moneys therefrom, the custody of other moneys received by or on behalf of the Federal Government, their payment into, and withdrawal from, the Public Account of the Federation, and all matters connected with or ancillary thereto;

AND WHEREAS to give elaborate mechanism of public finance management as envisaged in Articles 78 to 88, 118 to 127 and 160 to 171 of the

Constitution and to guide budgetary management processes, financial and fiscal controls, cash and banking arrangements, and financial oversight of public entities;

It is hereby enacted as follows:—

CHAPTER I

PRELIMINARY

1. **Short title, application and commencement.**—(1) This Act may be called the Public Finance Management Act, 2019.

(2) It shall apply to all matters of the Federal Consolidated Fund and Public Account of the Federation and all other matters of the Federal Government connected with or ancillary thereto.

(3) It shall come into force at once.

2. **Definitions.**—(1) In this Act, unless there is anything repugnant in the subject or context,—

- (a) “appropriation” means the assignment to meet specified expenditure of funds at the disposal of the assigning authority;
- (b) “Auditor-General” means Auditor-General of Pakistan appointed under Article 168 of the Constitution;
- (c) “authorization of expenditure” means payments and withdrawals from the Federal Consolidated Fund and Public Account of the Federation against approved budgetary provisions deemed to be duly authorized unless it is specified in the schedule of authorized expenditure;
- (d) “bank” means the State Bank of Pakistan or any office or agency of the State Bank of Pakistan and includes any bank acting as an agent of the State Bank of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 (XXXIII of 1956);
- (e) “commitment” means an obligation to make a future payment, the funds for which are reserved against the allocated budget of an entity;
- (f) “constitution” means the Constitution of the Islamic Republic of Pakistan;

- (g) “Controller General of Accounts” means the person appointed under the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 (XXIV of 2001);
- (h) “contingent liability” means a financial liability that may arise or come into being if one or more events occur;
- (i) “Federal Consolidated Fund” means the Federal Consolidated Fund of the Government of Pakistan created under Article 78 of the Constitution;
- (j) “financial propriety” means the compliance of law, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting government receipts;
- (k) “financial year” means the financial year as defined under Article 260 of the constitution;
- (l) “Government” means the Federal Government;
- (m) “medium-term” means budgetary estimates for a rolling three-year budgetary horizon. This includes current estimates, which are to be appropriated by Parliament, and two additional or “outer” years’ estimates;
- (n) “outcomes” means the effects of outputs on targeted audience;
- (o) “outputs” means service delivered;
- (p) “prescribed” means prescribed by rules;
- (q) “principal accounting officer” means the secretary of a Division or any official notified as principal accounting officer, responsible for exercising financial propriety in management of public funds and having accountability to Parliament for the economic, efficient and effective use of resources.

Explanation.—The term “secretary” shall include the secretary general, principal secretary, secretary or acting secretary to the Government of Pakistan in charge of a division and where there is no secretary, the additional secretary or joint secretary in charge of a division;

- (r) “Public Account” means the Public Account of the Federation as defined under Article 78(2) of the Constitution;

- (s) “public moneys” mean the moneys forming part of the Federal Consolidated Fund and the Public Account of the Federation;
- (t) “public servant” means a public servant within the meaning of section 21 of the Pakistan Penal Code (Act XLV of 1860);
- (u) “re-appropriation” means transfer of funds from one head of account of appropriation to another such head of account;
- (v) “supplementary grant” means budget grant within the meaning of Article 84 of the Constitution;
- (w) “technical supplementary grant” means surrender of funds from one budget grant and budget authorization in another grant. Technical supplementary grant shall not result in increase of overall government expenditure;
- (x) “tax expenditure” means the revenue which Government foregoes through the provisions of tax laws that allows deductions, exclusions or exceptions from the taxpayer’s taxable expenditure income or investment, deferral of a tax liability or preferential tax rates;
- (y) “treasury single account” means a banking arrangement for the consolidation of government financial resources in one bank account or multiple bank accounts linked to one main account through which the government transacts all its receipts and payments; and
- (z) “voted expenditure” means expenditure other than the charged expenditure specified in the annual budget statement referred to in Article 82 (2) of the Constitution.

CHAPTER II

BUDGET MANAGEMENT

BUDGET PREPARATION AND PRESENTATION

3. **Budget strategy paper.**—(1) The Federal Government shall approve the budget strategy paper containing quantified macroeconomic and fiscal projections for the medium-term by fifteenth of March of each year. It shall be published as well as placed on the Finance Division’s official website. The paper shall indicate strategic priorities of the Government revenue and spending policies and specify indicative levels of spending in various Ministries and Divisions. Upon approval of the paper, the Finance Division shall issue indicative budget ceilings to Ministries and Divisions.

(2) The Minister for Finance shall discuss the budget strategy paper with Standing Committees responsible for Finance and Revenue in the Senate and the National Assembly.

(3) The Federal Government may extend the deadline mentioned in subsection (1) in case of extreme requirement.

4. **Annual Budget Statement.**- (1) The Federal Government shall, in respect of every financial year, cause to be laid before the National Assembly, Annual Budget Statement consistent with Articles 80 and 81 of the Constitution including a statement of the purpose and estimates divided into detailed items for each demand for grant.

(2) Each Demand for grant may indicate budget estimates of the ensuing year, initial budget estimates and revised estimates of outgoing year and provisional actual expenditure of year prior to outgoing year.

(3) The Annual Budget Statement shall also contain-

- (a) statement of contingent liabilities of the Federal Government; and
- (b) statement of fiscal risks.

5. **Plan based Government's expenditure estimates.**—All government expenditures, whether from a recurrent or development demand for grant, shall be based on well-defined plans.

6. **Grant-in-aid.**—The Federal Government may approve grant-in-aid for individual, public and private institutions, local bodies and other non-political institutions and associations as it may consider appropriate in the manner as may be prescribed.

7. **Receipt of grants by the Government.**—(1) Grants made to the Government by a foreign Government or by any other person shall be received by the Economic Affairs Division and Finance Division on behalf of the Government.

(2) The Finance Division shall, in collaboration with representatives of donors, reach agreements and issue instructions concerning the management of such grants.

8. **Tax expenditure.**—The Federal Government shall, in respect of every financial year cause to be laid before the National Assembly, Finance Bill consistent with Article 73 of the Constitution including a statement of estimated tax expenditure of the Federal Government.

9. **Performance based budget.**—(1) The Federal Government shall, in respect of every financial year, cause to be laid before the National Assembly a medium-term performance based budget along with the Annual Budget Statement.

(2) For each principal accounting officer, the medium-term performance based budget may include policy and goals, past and future expenditure, outputs and outcomes and related performance indicators and targets.

10. **Changes in schedule of authorized expenditure.**— If in respect of any financial year it is found—

- (a) that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year; or
- (b) that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year,

the Federal Government shall have power, as prescribed, to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly Supplementary Budget Statement or, as the case may be, an Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

11. **Re-appropriation of funds.**—Principal accounting officers may sanction, at any time before the close of the financial year, re-appropriation of funds from one expenditure item to another within a budget grant in the manner as may be prescribed.

12. **Surrender of savings.**—(1) All Ministries and Divisions, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the Finance Division at least twenty-five days before the presentation of the budget in the National Assembly, all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.

(2) The Finance Division shall communicate the acceptance of such surrenders before close of the financial year and where requirement is justified, shall provide for equivalent amount in the next financial year budget.

CHAPTER III

DEVELOPMENT PROJECTS AND MAINTENANCE AND USE OF PUBLIC ASSETS

13. **Classification of development projects.**—Projects defined in public sector development programme shall be classified as:—

- (a) core projects in national infrastructure requiring complex planning, design and implementation procedures. The Planning Commission shall designate projects as such in accordance with the criteria notified in official Gazette; and
- (b) sectoral projects, projects undertaken by specific sectors, Ministries and Divisions which are required to enhance the development of that sector or Ministry or Division and do not fall under the above category of core projects.

14. **Preparation of development projects.**—(1) All development projects shall be prepared in conformity with procedures, processes and templates defined by the Planning Commission.

(2) Cost and benefit analysis and risk assessment of all development project proposals, in excess of a threshold size prescribed by the Planning Commission, shall be undertaken.

15. **Quality assurance.**—Development project proposals which exceed in their total cost thresholds defined by the Planning Commission shall be subject to quality assurance. Such quality assurance shall be undertaken by an individual/body which is independent of the sector/Ministry/Division that has initiated the preparation of the development project proposal.

16. **Technical approval.**—(1) All development project proposals shall be subject to a technical approval process. Technical approval shall only be granted to projects which are compliant with the standards and procedures set by the Planning Commission.

(2) Findings and recommendations of the independent quality assurance reports and cost and benefit analysis and risk assessment, where required as per sub-section (2) section 14, shall be taken into account by these forums while considering the development project proposals.

17. **Inclusion of development projects in demands for grants.**—(1) No development project shall be considered for inclusion in demands for grants that has not been granted technical approval.

(2) No development project shall be considered for inclusion in demands for grants unless it is provided with a budget allocation for the coming year which fully reflects the proposed project cost for each year.

18. **Monitoring and evaluation of development projects.**—(1) Development projects shall be subject to the following forms of monitoring and evaluation, namely:—

- (a) monitoring of progress during implementation;
- (b) evaluation of the project on completion; and
- (c) in case of the projects with a total cost exceeding a threshold to be set by the Planning Commission, an independent impact assessment within five years after completion of the projects.

(2) Timelines, forms and formats and guidance on conducting monitoring and evaluation and reporting shall be as may be prescribed.

19. **Budgetary provision for maintenance of assets.**—(1) Every Ministry and Division shall include in its demands for grants adequate funds dedicated for operation and maintenance of the physical infrastructure assets under its supervision.

The Planning Commission shall define adequacy requirements for different categories of physical infrastructure expressed as the ratio of the annual provision for maintenance and the current market value of the asset.

20. **Utilization of public assets.**—(1) Principal accounting officers shall ensure that the maximum possible returns are achieved on each and every asset falling under the oversight of the Ministry and Division.

(2) The returns on a public asset may include utilization of the asset for delivery of one or more public services or a financial return accruing to the Government from utilization of the potential of the asset.

(3) With a view to achieving the maximization of returns on public assets, government may establish sovereign wealth funds through an Act of Parliament. The objective of a sovereign wealth fund is to act as a holding institution for public assets, which is capable of bringing to bear sound management and exploitation of opportunities for the maximization of returns from the public assets.

CHAPTER IV

CONTROL OF PUBLIC FINANCE CONSOLIDATED FUND AND PUBLIC ACCOUNT

21. **Federal Consolidated Fund.**—(1) All Ministries and Divisions, their attached departments and subordinate offices and all public entities if so required by their statutes, shall arrange remittance in the Federal Consolidated Fund, without delay, of all revenues including all grants received by the Federal Government, all loans raised by the Government and all moneys received by it in repayment of any loan and all other moneys into the Public Account of the Federation as required under Article 78 of the Constitution.

(2) All loans or grants made to the Federal Government by a foreign government or otherwise shall be remitted to the Federal Consolidated Fund and the Controller General of Accounts shall be responsible for its proper accounting.

22. **Custody of the Federal Consolidated Fund and Public Account of the Federation.**—The operation of the Federal Consolidated Fund and the Public Account of the Federation shall vest in the Finance Division under the overall supervision of the Federal Government.

23. **Expenditure from Federal Consolidated Fund.**—(1) No authority shall incur or commit any expenditure or enter into any liability involving expenditure from the Federal Consolidated Fund and Public Account of the Federation until the same has been sanctioned by a competent authority duly empowered and the expenditure has been provided for the financial year through—

- (a) schedule of authorized expenditure; or
- (b) supplementary grant and technical supplementary grant as per Article 84 of the Constitution; or
- (c) re-appropriation as per section 10.

(2) No authority shall transfer public moneys for investment or deposit from government account to other bank account without prior approval from the Federal Government.

(3) Every grant approved by the National Assembly for a financial year and every other authority or sanction issued under this Act in respect of a financial year, shall lapse and cease to have any effect at the close of that financial year.

24. **Withholding of authorized appropriations.**—(1) The Finance Division may, with the prior approval of the National Assembly, suspend, withdraw, limit or place conditions on any budget appropriation or other authority issued by it if the Finance Division is satisfied that such action is required by reason of a financial exigency or is in the public interest.

25. **Excess expenditure.**—(1) The expenditure in excess of the amount of budget grant as well as the expenditure not falling within the scope or intention of any budget grant, unless regularized by a supplementary grant, shall be treated as excess expenditure.

(2) Excess expenditure shall not become a charge against the Federal Consolidated Fund except when—

- (a) The National Assembly approves an additional amount equivalent to overspending as a direct charge against the Federal Consolidated Fund as voted or charged expenditure; or
- (b) it decides—
 - (i) to recover the excess expenditure from the public servants who are found to be involved to incur such an expenditure. In this case, the Finance Division may take appropriate measures; or
 - (ii) to take disciplinary proceedings against the principal accounting officer.

(3) If the Public Accounts Committee recommends the excess expenditure to stand as a charge to Federal Consolidated Fund, then it shall be included in the statement of excess expenditure required under Article 84 of the Constitution.

26. **Commitment control system.**—The Finance Division in consultation with the Auditor General shall approve and issue guidelines related to annual and multi-annual commitment control systems.

27. **Delegation of financial powers.**—(1) The Finance Division shall approve regulations for the delegation of financial powers based on the following principles, namely:—

- (a) financial powers accorded to the principal accounting officers balance financial authority with responsibility for financial propriety as per the applicable financial rules and regulations;
- (b) financial powers are accorded with the view to enhance public service delivery; and
- (c) allowing the principal accounting officers to delegate financial powers to sub-ordinate officials. The delegation shall not diminish the responsibility and accountability of the principal accounting officers.

28. **Chief finance and accounts officer.**—To assist principal accounting officers in financial management, there shall be chief finance and accounts officer positioned in Ministries and Divisions and financial advisers' organization shall stand disbanded.

29. **Chief internal auditor.**—Within a period not exceeding twelve months from the date of commencement of this Act, the position of chief internal auditor shall be created who shall work under direct supervision of principal accounting officer. Appointment, roles and responsibilities of chief internal auditors shall be as may be prescribed under the Civil Servant Act, 1973 (LXXI of 1973) and in consultation with the Auditor-General.

CHAPTER V

TREASURY MANAGEMENT

30. **Cash management.**—(1) The Finance Division, with the approval of the Federal Government, shall notify policy and rules under this Act to prescribe an effective cash management system for all public entities and special purpose funds leading to treasury single account. Fundamental principles and objectives of such policy and rules shall be—

- (a) to anticipate cash needs of Government;
 - (b) to ensure availability of cash when it is required;
 - (c) to manage cash balance in the Government bank accounts effectively; and
 - (d) to neutralize impact of the Government's cash flows on the domestic banking sector.
- (2) The policy and rules under this section, inter alia, shall provide for—
- (a) establishing institutional and administrative arrangements needed to manage an effective cash management system;
 - (b) availability of funds in accordance with schedule of authorized expenditure or supplementary grant;
 - (c) availability of foreign exchange, where required, from within the allocation of foreign exchange sanctioned for the Ministry and Division concerned;

- (d) placement of all public moneys into the treasury single account;
- (e) quarterly revenue, expenditure, cash requirement and debt plan within sanctioned budget;
- (f) gradual expansion of budgetary and accounting framework to all autonomous entities, declared as such under clause (b) of sub-section(1) of section 35;
- (g) usage of idle cash of the autonomous entities, declared as such under clause (b) of sub-section (1) of section 35; and
- (h) require all principal accounting officers to provide the information deemed necessary for effective operation of the cash management and treasury single account system.

31. **Government banking arrangements.**—(1) The Federal Government shall maintain its Federal Consolidated Fund Account in the State Bank of Pakistan and it may open its such other bank accounts as may be required by the Finance Division, from time to time, in accordance with the State Bank of Pakistan Act, 1956 (XXXIII of 1956).

(2) These accounts shall be operated by such authorized signatories as may be prescribed by the Finance Division.

(3) For the purpose of effective financial management and taking corrective measures to ensure financial discipline, all banks in Pakistan shall provide such information of all accounts maintained by Ministries and Divisions, attached departments and subordinate offices and public entities as shall be required by the Finance Division, from time to time, through State Bank of Pakistan.

CHAPTER VI

SPECIAL PURPOSE FUNDS

32. **Special purpose funds.**—(1) If monies have been appropriated by the National Assembly to establish a fund, the Finance Division shall notify rules or regulations and issue directives for the management and control of such a fund. Any statutory instrument shall—

- (a) state the purposes for which the special fund has been established;
- (b) identify the principal accounting officer responsible for its operations; and

- (c) specify that the cash balances of such funds shall form part of Public Account of the Federation.
- (2) Such funds shall be subject to audit by the Auditor-General of Pakistan.
- (3) Where the Federal Government is satisfied that either—
 - (a) the purposes for which any special fund was established have been fully served; or
 - (b) it is in the public interest to wind up a special fund,

it shall notify dissolution of the said special fund and any credit balances in such fund shall be transferred to the Federal Consolidated Fund. An evaluation report and regulation of such funds shall be notified by the Finance Division.

CHAPTER VII

ACCOUNTING AND REPORTING

33. **Controller General of Accounts.**—The Controller General of Accounts shall perform his functions in accordance with the provisions of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 (XXIV of 2001).

34. **Mid-year reporting of budget developments.**—(1) By twenty-eighth February each year, the Federal Government shall place mid-year review report before the National Assembly. The report shall provide budget and actual comparison of revenues, expenditure and financing.

(2) After placing the mid-year review report in the National Assembly, the Finance Division shall publish the report on its official website.

35. **Year-end government performance monitoring report.**—(1) Starting from the financial year 2021-22, the Federal Government shall place, within six months of close of financial year, before National Assembly, a government performance monitoring report detailing—

- (a) budget and expenditure by outputs; and
- (b) planned and delivered key performance targets.

CHAPTER VIII**PUBLIC ENTITIES**

36. **Public entities.**—(1) Where—
- (a) any board, commission, company, corporation, trust or other fund or account is established by or under any law which is fully or substantially funded either from the Federal Consolidated Fund or by way of taxes, levies, duties or other public monies accruing to it in terms of any laws; or
 - (b) any entity other than a state enterprise is established by or under any law, the activities of which may result in a financial commitment or other liability being incurred by the Government,

the Federal Government may declare such entity to be a public entity for the purposes of this Act.

(2) The Federal Government shall, by notification in the official Gazette, classify public entities as-

- (a) Government's business enterprises, including public limited companies or registered companies under the law regulating companies or banking; or
- (b) autonomous entities, which include all public entities that are not Government's business enterprises, which have been established to provide regulatory, research, development and training or are producing goods or services on non-commercial basis.

(3) The Finance Division shall be responsible for notifying the policy framework and guidelines for financial management of Government's business enterprises and autonomous entities, including those related to internal controls, borrowing, cash management, accounting, reporting and external audit.

37. **Self-generated revenues.**—(1) Revenues collected by an autonomous entity, which arise from any Act or statutory instruments of the Federal Government shall be deposited into the treasury single account.

(2) The Finance Division shall, with approval of the Federal Government, notify policy and guidelines and may issue regulations on the utilization of revenues generated by autonomous entities.

38. **Preparation of accounts.**—(1) Accounts of Government's business enterprises shall be prepared in accordance with the provisions of the relevant law. Copy of the audited financial statements shall be made available to the Finance Division within three months of their certification.

(2) The accounts of autonomous entities shall be prepared in accordance with instructions issued by the Controller General of Accounts with approval of the Auditor General. Copy of annual accounts shall be made available to the Finance Division within three months of their finalization.

(3) Audited financial statements and annual accounts referred to in sub-section (1) and sub-section (2) shall be laid before Parliament by President of Pakistan along with other accounts of Federal Government not later than one month after the same are submitted by Auditor-General, except that, if Parliament is not in session, then the accounts shall be laid before it on the first day of the following session.

(4) Any reports laid before Parliament under sub-section (3) shall be referred to the Public Accounts Committee of Parliament.

39. **Audit.**—(1) The audit of all public business enterprises shall be in accordance with the provisions of the relevant law.

(2) The audit of autonomous entities classified shall be in accordance with instructions issued by the Auditor-General.

40. **Dissolution of public entity.**—Where the public entity established under any law or legal instrument stands dissolved or has been wound up, any monies or other resources standing to the credit of the public entity at the time of dissolution or winding up shall be paid into the Federal Consolidated Fund.

CHAPTER IX

REMOVAL OF DIFFICULTY AND POWER TO MAKE RULES

41. **Removal of difficulty.**—If any difficulty arises in giving effect to the provisions of this Act, Government may make such order, not inconsistent with the provisions of this Act, as it may consider necessary for removal of such difficulty.

42. **Power to make rules.**—(1) The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

(2) All existing instruments shall continue in force until altered, amended or repealed by such authority competent to alter, amend or repeal the same.

- (3) The existing instruments shall include—
- (a) The General Financial Rules;
 - (b) Federal Treasury Rules;
 - (c) Fundamental Rules and Supplementary Rules;
 - (d) Civil Service Regulations;
 - (e) Provident Fund Rules;
 - (f) Civil Pension Rules;
 - (g) Methods and procedures prescribed by the Auditor-General of Pakistan with reference to deposit and withdrawal of public money;
 - (h) Public Works Department Code;
 - (i) the New System of Financial Control and Budgeting, 2018;
 - (j) the Central Public Works Account Code;
 - (k) the Accounting Policies and Procedures Manual;
 - (l) other Financial Regulations consistent with the above rules; and
 - (m) all amendments, schedules, manuals, notifications, forms, appendixes, orders, circulars, codes, instructions, directives, guidelines, clarifications and any other supplementary legal instruments relating to any of those rules, in each case as in force in the Federal Government before commencement of this Act.

(4) All the existing public finance management and administration including the rules, regulations and all amendments, schedules, manuals, notifications, forms, appendixes, orders, circulars, codes, instructions, directives, guidelines, clarifications and any other supplementary legal instruments relating to any of those rules, in each case as in force in the Federal Government before commencement of this Act shall be made consistent with this Act through appropriate amendments where required.

43. **Budget manual.**—Within a period of six months from commencement of this Act, the Finance Division shall approve a budget manual, to be published as well as placed on the Federal Government’s website.

44. **Implementation and improvement.**—The Federal Government shall constitute a committee to oversee implementation of this Act and its secondary legislation. The committee shall also enlist global best practices of the public finance management and shall recommend improvements in this Act and its secondary legislation from time to time.

45. **Overriding effect.**—This Act shall have overriding effect over all other laws and any law inconsistent with this Act in contradiction with this Act shall be amended to the extent of the inconsistency.