

Government of Pakistan
Revenue Division
Federal Board of Revenue

Islamabad, the 5th October, 2018.

NOTIFICATION
(Income Tax)

S.R.O.1213(I)/2018.- WHEREAS prior to the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018), the Income Tax Ordinance, 2001 (XLIX of 2001) was not in force in the Tribal Areas as defined in Article 246 of the Constitution of the Islamic Republic of Pakistan, hereinafter called as the Constitution, and the levy of income tax was not attracted to the said Tribal Areas;

AND WHEREAS Article 247 of the Constitution stood omitted on commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) with effect from 31st day of May, 2018 and the Federally Administered Tribal Areas (FATA) and Provincially Administered Tribal Areas (PATA) stood merged in the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution;

AND WHEREAS on commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018), the Income Tax Ordinance, 2001 (XLIX of 2001) is in force in the said Provinces including the erstwhile Tribal Areas forming part thereof;

AND WHEREAS a phased approach was needed for the full application of fiscal laws to the said erstwhile Tribal Areas, a decision was made to exempt all persons from levy of income tax which was not applicable to the said areas by virtue of said Article 247 and accordingly Notification No. S.R.O 887(I)/2018, dated the 23rd July, 2018, was issued by the Federal Government granting exemption from income tax as aforesaid;

AND WHEREAS concerns were raised by the trading community of the said erstwhile Tribal Areas to the effect that the aforesaid Notification did not restore the position as existed prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018);

NOW THEREFORE in order to address the concerns so raised and to restore the position in relation to levy of income tax to the said erstwhile Tribal Areas, and in exercise of the powers conferred by sub-section (2) of section 53 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to direct that the following further amendments shall be made in the Second Schedule to the said Ordinance, namely: —

In the aforesaid Schedule—

(a) In Part I,—

(i) clauses (144) and (145) shall be omitted; and

(ii) after clause (145), omitted as aforesaid, the following new clause shall be added, namely:—

“(146) 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 IV,—

- (i) clause (106) shall be omitted;
- (ii) after clause (109), the following new clause shall be added, namely;—

“(110) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the 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 person 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).

[F.No.1(79)Secy(ITP)/2018]


(Dr. Muhammad Iqbal)
Additional Secretary