

IN THE NAME OF ALLAH ALMIGHTY, THE MOST MERCIFUL, MOST BENEFICENT



TAX MEMORANDUM 2019

**AN UNBIASED
COMMENTARY
ON FEDERAL &
PROVINCIAL
FINANCE ACTS 2019**



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TAX MEMORANDUM

FINANCE ACT 2019

Khilji & Co (Chartered Accountants) is pleased to present this tax memorandum, which is primarily aimed to help in understanding the impact of the Budget changes that are brought by the Federal & Provincial Finance Acts 2019 relating to Income Tax, Sales Tax Laws, Federal Excise Duty, Customs Duty and Provincial sales tax laws. This memorandum gives a brief overview of Pakistan economy and significant amendments implemented by the respective Finance Acts 2019. It is suggested that in order to understand the precise effect of a particular amendment, reference should preferably be made to the relevant wordings of the Acts passed respectively assemblies. This does not include commentary on Balochistan Finance Act due non-availability of authentic version to date.

It is suggested that changes should not generally be acted upon without first obtaining appropriate professional advice.

This has always been a pleasure to be of service to our clients.

KHILJI & CO
CHARTERED ACCOUNTANTS
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DISCLAIMER & ACKNOWLEDGMENT

This document has been prepared to provide information about changed by Federal & Provincial Finance Acts 2019. Although the highest standard of Professional Competence and Care has been followed regarding the showing of facts & figures in this document, however, Khilji & Co, (Chartered Accountants) does not assume any responsibility as to the correctness, alteration or change of these fact & figures. Moreover, Khilji & Co, Chartered Accountants shall not be held responsible for any action taken/ not taken on the basis of information contained in this document. The information provided in this document should only be used in conjunction with professional opinion from tax/ legal advisor and checked for updated position of law. This document as a whole or its any part should not be reproduced in any form without prior written approval from Khilji & Co. This document is provided free of cost to our clients only. We humbly request our readers to please provide us their valuable comments to make this more informative and useful in future. It has always been a pleasure to be of service to our clients.

1. OVERVIEW OF ECONOMY

The provisional GDP growth rate for FY2019 is estimated at 3.29 percent on the basis of 0.85, 1.40 and 4.71 percent growth in agricultural, industrial and services sectors respectively.

The economy has experienced frequent boom and bust cycles. Typically, each cycle comprised of 3-4 years of relatively higher growth followed by a macroeconomic crisis which necessitated the stabilization programs. The inability to achieve sustained and rapid economic growth is due to structural issues which require effective monetary and fiscal measures to achieve macroeconomic stability.

The impact of macroeconomic adjustment policies, such as monetary tightening, exchange rate adjustment, expenditure control and enhancement of regulatory duties on non-essential imports, started to become visible this year. These steps have served to bring some degree of stability and have also helped in reducing economic uncertainty. However, the situation calls for sustained efforts. The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29 percent against the ambitious target of 6.2 percent. The target was based upon sectoral growth projections for agriculture, industry, and services at 3.8 percent, 7.6 percent and 6.5 percent respectively. The actual sectoral growth turned out to be 0.85 percent for agriculture, 1.4 percent for industry and 4.7 percent for services.

2. FEDERAL BUDGET HIGHLIGHTS

(Rs. in Billion)			
RECEIPTS		EXPENDITURE	
TAX REVENUE	5,822.2	A. CURRENT	6,192.9
- FBR Taxes	5,555.0	Interest Payments	2,891.4
- Other Taxes	267.2	Pension	421.0
- NON-TAX REVENUE	894.5	Defence Affairs & Services	1,152.5
a) Gross Revenue Receipts	6,716.6	Grants and Transfers	831.2
b) Less Provincial Share	3,254.5	Subsidies	271.5
I. Net Revenue Receipts (a-b)	3,462.1	Running of Civil Govt.	431.2
II. Capital Receipts (Non-Bank)	833.4	Provision for Pay & Pension	79.0
		Provision for Contingencies	115.0
III. External Receipts (net)	1,828.8	B. DEVELOPMENT	843.4
IV. Estimated Provincial Surplus	423.0	Federal PSDP	701.0
V. Bank Borrowing	339.0	Net Lending	56.6
VI. Privatization Proceeds	150.0	Other Dev. Expenditure	85.8
TOTAL RESOURCES (I to VI)	7,036.3	TOTAL EXPENDITURE(A+B)	7,036.3

3. KEY CHANGES

INCOME TAX ORDINANCE, 2001 (ITO 2001)

- A person is salaried person whose salary income is more than 75% of his taxable income
- Tax rates of salaried & non-salaried persons have been substantially increased
- Corporate rate of tax fixed at 29% instead of reduction of 1% every year
- Deductions allowed to individuals and Association of Persons (AOP) deriving income from Property exceeding Rs. 4 million who opts to pay tax under normal tax regime
- Separate Tax Slabs introduce for capital gains on immovable property.
- Holding period increased from 3 to 8 years for open plots capital gain exemption
- Holding period increased from 3 to 4 years for constructed property capital gain exemption
- Concept of filer & non-filer replaced with active taxpayers' list (ATL)
- 100% extra withholding tax applicable on persons not appearing on ATL
- Refunds payment through bonds introduced
- Audit once in three years' clause omitted
- Initial depreciation on building omitted
- Dealership commission taxation regime to be tightened through various changes
- Maximum life of intangible increased from 10 to 25 years for the purpose of amortization
- Gift brought under taxation except in case of immediate family
- Tax credit provided for employment of fresh graduates
- Payment for Purchase of certain property & assets to be mandatorily made through bank
- Final tax regime replaced with minimum tax regime for various sector including commercial importers, traders, construction companies
- Withholding tax on royalty to residents introduced
- Penalties enhanced and prosecution provisions introduced
- Non-filers allowed to purchase property and vehicles

SALES TAX ACT 1990 (STA 1990)

- Cottage industry definition modified to exclude all persons having annual turnover of more than PKR three million
- Tier 1 retailers to include all shops with area more than 1000 square feet
- Option of 2% turnover tax abolished for tier-1 retailers
- Cash back of 5% of tax to be allowed on purchases from registered tier 1 retailers
- Zero rating in respect of purchases by five sectors under SRO 1125 is abolished
- In case of supplies to unregistered person, CNIC made mandatory for claim of related input tax where supply exceeds Rs. 50,000.
- Special procedure for steel sector proposed to be abolished
- Special procedure for specified household goods proposed to be abolished

FEDERAL EXCISES ACT 2005

- Duty on supply of steel products is proposed to be charged at 17% ad valorem in sales tax mode which shall not be less than the duty on production of steel products on an annual basis.
- Rules to initiate criminal proceedings against the Officials of Federal Excise or taxpayers or both may be prescribed by FBR
- The rate of duty on various items like edible and vegetable ghee and cooking oil, aerated water, locally produced cigarettes etc. is proposed to be increased.

CUSTOMS ACT 1969

- Duties on more than 1,600 tariff lines are proposed to be exempted or reduced which includes raw material and intermediary goods for textile and paper sector, wooden furniture, home appliances industry, solar panel assemblers, chemical industry, pharma industry etc.
- Duties on essential and luxury items is proposed to be enhanced.
- Duties on mobile phones and tyres is proposed to be reduced.
- A number of procedural changes with respect to audit, valuation, transfers etc. are proposed.
- Provisions for enhancing penalties and enabling criminal proceedings are proposed.

4. AMENDMENTS IN INCOME TAX

FILER, NON-FILER & ACTIVE TAXPAYERS LIST (ATL)

Several changes have been implemented in the Income Tax Ordinance, 2001 relating to the concepts of filer, non-filer and active taxpayers list. The relevant changes are summarized hereunder:

Section 2(1A) The Finance Act has inserted new clause defining the “active taxpayers’ list (ATL)” to include the ATL issued by the Board, by AJK Council Board of Revenue and Gilgit-Baltistan Council Board of Revenues.

Section 2(23A) & 2(35C) The Finance Act has omitted the clause 23A & 35C which defined “filer” and “non-filer” respectively. Instead of the concept of “filer” & “non-filer” the Board will now maintain an active taxpayer list defined in section 2(1A) above while separate rules have been provided under tenth for the persons not appearing on the list of active taxpayers as discussed in ensuing paragraphs.

Section 147A(8) Advance tax for provincial sales tax registered persons: Currently section 147A requires non-filers to pay advance tax @ 3% of turnover declared before the Provincial revenue authorities. The same requirement has been continued however now instead of non-filer “person whose name is not appearing in ATL” is required to pay the subject advance tax.

Section 100BA & Tenth Schedule: Section 100BA has been introduced which provides that tenth schedule is to be inserted providing rules for persons not appearing in ATL. The summary of rules is as under:

- Where tax is required to be deducted or collected from persons not appearing in ATL, the rate of tax required to be deducted or collected shall be increased by 100% of the rate specified in the First Schedule to ITO 2001.
- Withholding agent or the person from whom tax is required to be collected or deducted to obtain exemption certificate if he is satisfied that the person not appearing ATL was not required to file return while Commissioner is required to pass order within 30 days of application for exemption. If the Commissioner does not issue order within 30 days then the contention of withholding agent will be deemed accepted.
- The Commissioner is authorized to issue provisional assessment order within 60 days of due date of filing return for a tax year where tax has been deducted during the said tax year from the person in terms of tenth schedule but his name is not appearing in ATL.
- For the purpose of provisional assessment, the Commissioner shall impute taxable income on the amount of tax deducted or collected under Tenth Schedule by treating the imputed income as concealed income for the purposes of section 111(1)(d) of ITO 2001.
- Unexplained income, asset or expenditure in excess of imputed income treated as concealed income shall be assessed in accordance with section 111 of ITO 2001.

- Requirements of filing of wealth statement under section 116(1), the nature and source of amounts subject to deduction or collection of tax under section 111, selection of audit under 177 or 214C or subsequent amendment of assessment shall continue to apply to persons whose imputable income calculated or concealed income determined as above.
- The imputed income is defined to mean the income which would have resulted in the amount of tax given in First Schedule (normal tax rates) equal to the tax collected or deducted under tenth schedule.
- The provisional assessment will be deemed final after expiry of 45 days from the date of service of order however the provisional assessment shall stand abated if the return is filed within 45 days of the date of service of order while all the tax deducted or collected under tenth schedule will be adjustable against the tax payable in the return filed for the relevant tax year.
- Once the Provisional assessment becomes final, the Commissioner may within 30 days of final assessment initiate proceedings for imposition of penalties under section 182.
- If the Withholding agent does not provide complete or accurate particulars in the withholding statements of persons not appearing in ATL then Commissioner can initiate penal (section 182) & prosecution proceedings (191) against the withholding agent within 30 days of filing of withholding statement.
- The Provisional assessment order can be amended by Commissioner on the basis of definite information or if the Commissioner deems Provisional assessment order to be erroneous in so far it is prejudicial to the interest of revenue.
- All other provisions of ITO 2001 apply mutatis mutandis in the case of proceedings under persons not appearing on ATL.
- Table 1 below shows list of provisions/ payments where tenth schedule applies hence tax required to be collected or deducted on these payments is to be increased by 100% where payment is made to a person not appearing in the ATL.

Table 1	
Section	Nature of Provision
148	Imports
150	Dividend
150A	Return on Sukuks
151	Profit on debt
152(1)	Royalty & FTS to non-resident (NR)
152(1AA)	Insurance or reinsurance premium (NR)
152(2)	Payments not otherwise specified (NR)
152(2A)(b)	Services (PE)
152(2A)(c)	Contracts (PE)
152A	Foreign produced commercials (NR)
153	Supplies, services & contracts
153B	Royalty to resident persons
156	Prizes & winnings
156A	Petroleum Products
231B	Private Motor vehicles purchase, transfer & registration
233	Commission

233A	Tax collection by stock exchange (this section is not applicable from first day of March 2019)
234	Tax on Motor Vehicles
234A	CNG Stations
236A	Sale by auction
236C	Sale of immovable property
236G	Sale to distributors, dealers and wholesalers
236H	Sales to retailers
236HA	Sale of certain petroleum products
236K	Purchase of immovable property
236S	Dividend in specie
236T	Collection by PMEX
236Y	Remittance abroad through debit or credit card

- Table 2 below shows list of provisions/ payments where tenth schedule does not apply hence 100% extra tax would not be applicable:

Table 2	
Section	Nature of Provision
149	Salary
152(1A)(a)(b)	Construction & related contracts (NR)
152(1A)(b) & (1AAA)	Advertisement services payment (NR)
152(1C)	Off shore digital services (NR)
152(2A)(a)	Sale of goods by Permanent Establishment (PE)
154	Exports & indenting commission
155	Income from property
156B	Withdrawal from pension fund
231A	Cash withdrawal from bank
231AA	Bank transactions
233AA	Tax collection by NCCPL
235	Electricity consumption
235A	Domestic electricity consumption
235B	Steel melters & composite units
236	Telephone & internet users
236B	Domestic air ticket
236D	Functions & gatherings
236F	Cable operators & other electronic media
236I	Educational institution
236J	Dealers, commission agents & arhatis
236L	International air ticket
236P	Banking transactions otherwise than through cash
236Q	Payments to residents for use of machinery
236R	Education expenses remitted abroad
236U	Insurance premium

236V	Extraction of minerals
236X	Advance tax on tobacco
Note: (Tax under section 236U is only required to be collected from person not appearing on ATL but the applicable rate is provided in First Schedule and 100% above that rate is not required to be collected).	

- There appear some anomalies which need to be addressed in respect of payments subjected to 100% extra withholding tax under tenth schedule discussed hereunder.
- Payments to non-resident persons on account of Royalty, fee technical services, insurance & reinsurance premium, foreign produced films are proposed to be subjected to 10th schedule hence subject to 100% extra withholding tax if the non-resident person receiving such payment is not on ATL. Whereas payments to non-resident persons on account of construction services & related services, advertisement services rendered by T.V. satellite channels, advertisements by non-resident media person relaying from outside Pakistan and fee for offshore digital services are proposed be kept out of the purview of 10th schedule i.e. no extra tax would be charged if such non-resident persons receiving such payments are not on ATL. Interestingly the position of law under the current concept of filer & non-filer was not the same whereby rates for non-filer non-resident persons were only provided in respect of construction & related services.
- For PE of non-resident persons, tenth schedule has not been made applicable in case of supplies however same is applicable for PE rendering services & contracts while also applicable for residents rendering supplies, services & contracts.

Section 227C Restriction on purchase of certain assets: The Finance Act has withdrawn restriction on purchase of property & vehicles by non-filers.

SALARIED INDIVIDUALS

Currently a person whose salary income exceeds 50% of his taxable income is treated as salaried individual, however, now a person whose salary income exceeds 75% of his taxable income shall be treated as salaried individual

- The rate of tax implemented through Finance Act for salaried individuals are as follows:

S. No.	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Up to Rs. 600,000	0%
2.	From Rs. 600,001 to Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
3.	From Rs. 1,200,000 to Rs. 1,800,000	Rs. 30,000 plus 10% of the amount exceeding Rs. 1,200,000
4.	From Rs. 1,800,001 to Rs. 2,500,000	Rs. 90,000 plus 15% of the amount exceeding Rs. 1,800,000
5.	From Rs. 2,500,001 to Rs. 3,500,000	Rs. 195,000 plus 17.5% of the amount exceeding Rs. 2,500,000
6.	From Rs. 3,500,001 to Rs. 5,000,000	Rs. 370,000 plus 20% of the amount exceeding Rs. 3,500,000

7.	From Rs. 5,000,001 to Rs. 8,000,000	Rs. 670,000 plus 22.5% of the amount exceeding Rs. 5,000,000
8.	From Rs. 8,000,001 to Rs. 12,000,000	Rs. 1,345,000 plus 25% of the amount exceeding Rs. 8,000,000
9.	From Rs. 12,000,001 to Rs. 30,000,000	Rs. 2,345,000 plus 27.5% of the amount exceeding Rs. 12,000,000
10.	From Rs. 30,000,001 to Rs. 50,000,000	Rs. 7,295,000 plus 30% of the amount exceeding Rs. 30,000,000
11.	From Rs. 50,000,001 to Rs. 75,000,000	Rs. 13,295,000 plus 32.5% of the amount exceeding Rs. 50,000,000
12.	From Rs. 75,000,001 onwards	Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000

- The reduction in tax rate available to teachers & researchers has been withdrawn for training institutions and teachers of medical profession who derive income from private medical practice or who receive share of consideration from patients.
- For other teachers & researchers, tax rate has been reduced from 40% to 25%.

INCOME FROM PROPERTY

Higher slabs and tax rates have been enacted for income from property while no expenses are allowed against income from property to individuals & association of persons. However, individuals & association of persons earning income from property (gross rent) in excess of Rs. 4,000,000 are allowed to claim expenses specified under section 15A subject to the condition that in such a case below rates will not be applicable but they will have to pay tax on the tax rates applicable to non-salaries individuals & AOPs specified in Division I, Part I, First Schedule.

S.No.	Description	2018-2019	2019-2020
1	Where the gross amount of rent does not exceed Rs.200,000.	Nil	Nil
2	Where the gross amount of rent exceeds Rs.200,000 but does not exceed Rs.600,000	5 per cent of the gross amount exceeding Rs.200,000.	No Change
3	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.1,000,000	Rs.20,000 plus 10 per cent of the gross amount exceeding Rs.600,000.	
4	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.	Rs.60,000 plus 15 per cent of the gross amount exceeding Rs.1,000,000	
5	Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs. 4,000,000	Rs.210,000 plus 20 per cent of the gross amount exceeding Rs.2,000,000	
6	Where the gross amount of rent	Nil	Rs.610,000 plus 25

	exceeds Rs.4,000,000 but does not exceed Rs.6,000,000.		percent 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	Nil	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	Nil	Rs.1,710,000 plus 35 percent of the gross amount exceeding Rs.8,000,000

PROFIT ON DEBT

Section 7B, section 151, First Schedule, Tenth Schedule: The taxation of profit on debt has been modified through changes in various related provisions summarized as under:

- Section 7B provides for imposition of tax in respect of profit on debt earned by a person other than company whereas section 151 provides for deduction of tax at the time of payment of profit on debt.
- Currently, under section 151, 10% tax is required to be deducted from filers while 17.5% tax is to be deducted from non-filers however as already explained above, the concept of filer & non-filer has been replaced with that of active taxpayer list under tenth schedule and profit on debt under section 151 is also made subjected to deduction of tax in accordance with tenth schedule.
- For persons appearing on ATL, the rate of tax deduction under section 151 has been increased from 10% to 15% however in cases where profit on debt is less than Rs. 500,000, the rate of deduction of tax under section 151 has been maintained at the current rate i.e. 10% of gross amount of profit on debt apparently for relief to small account holders. However, no such provision is provided in section 7B which means that although banks will be deducting tax @ 10% for profit on debt up to Rs. 500,000 however practically the taxpayer will have to pay the difference of 10% and 15% himself.
- In case of persons not appearing on ATL, the rate of tax deduction will be 100% higher i.e. 30% for persons earning profit on debt in excess of Rs.500,000 and 20% in case of persons earning profit on debt up to Rs. 500,000.
- The tax so deducted under section 151 is currently under final tax regime except for companies and profit on debt taxable under section 7B.
- The tax so deducted is now to be treated as minimum tax except for companies and profit on debt taxable under section 7B.
- The income tax imposed under section 7B on persons other than company is has been increased as per following table:

Amount of profit on debt (Rs.)	Current	Revised
Up to Rs. 5,000,000	10%	15%
Rs.5,000,001 to Rs.25,000,000	12.5%	17.5%
Rs.25,000,001 to Rs.36,000,000	15%	20%

Above Rs.36,000,000	15%	Excluded from section 7B and to be added to normal tax regime income
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- The tax imposed under section 7B is under final tax regime in view of section 8 of ITO 2001.
- In a nut shell, the tax deducted under section 151 is under normal tax regime for companies and under minimum tax regime for profit on debt exceeding Rs. 36,000,000 while in case of profit on debt under section 7B i.e. up to Rs. 36,000,000, the tax deducted and imposed is under final tax regime.

DEALERSHIP COMMISSIONS, ARHATIS

The Finance Act has introduced changes in taxation of dealers & arhatias to realize true potential of tax from such business persons. The relevant changes are summarized hereunder:

Section 21(ca) Deductions not allowed: The Act has disallowed commission paid in respect of products listed in Third Schedule Sales Tax Act 1990 where it exceeds 0.2 % of gross amount of supplies excluding those, who are appearing in the active taxpayers' list.

Section 108AB Transactions under dealership arrangements: The section provides that 75% of dealer's margin shall be added to the income of the person making supplies under a dealership arrangement where the dealers are not registered under STA 1990 and are not appearing in the ATL of ITO 2001. The section further provides that 10% of sales price of the manufacturer will be treated as dealer's margin.

The Act has curtailed manufacturers from shifting profits to commission agents/dealers who are not registered under Sales Tax Act, 1990 and are not appearing in ATL. The 10% of the sale price to be treated as dealers margin and 75% of this to be added to the income of person/manufacturer making supplies.

REAL ESTATE SECTOR/ IMMOVABLE PROPERTY

A number of changes have been introduced through Finance Act which are likely to have a direct impact on real estate sector. The changes are summarized hereunder:

Section 37(1A) & (3A), First Schedule, Part-I, Div VIII - Capital Gains The Finance Act has introduced separate slabs for taxation of capital gains from sale of immovable property. The current rates of tax on gain from sale of immovable property are 10%, 7.5% and 5% for immovable property held up to one year, one to two year and two to three years while gain earned on immovable property sold after three years is exempt from tax.

The Act now has prescribed taxation of gain on sale of "open plot" and "constructed property" at the tax rates provided in Division VIII of First Schedule applicable as follows:

S#	Holding period for open plot	Holding period for constructed property	Gain represented by "A"
1	Less than a year	Less than a year	A

2	More than one year but less than 8 years	More than one year but less than 4 years	A*3/4
3	More than 8 years	More than 4 years	0

The impact of above change is that the gain on sale of immovable property is fully taxable if holding period is up to one year however if holding period is more than one year but up to 8 years or 04 years for open plot and constructed property respectively then 25% of such gain is exempt while in case holding period exceeds 8 years and 04 years for open plot and constructed property respectively then 100% of such gain is exempt from tax.

Finance Act has introduced separate slab rates for taxing the capital gain from disposal of immovable property by prescribing following rates in Division VIII of First Schedule.

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%

Section 75A: The Finance Act has inserted a new section 75A whereby the purchaser of immovable property (Fair market value exceeding Rs. 5,000,000) or other asset (FMV exceeding Rs. 1,000,000) is required to make payment of such property through normal banking channel otherwise the cost or depreciation/ amortization of such assets will not be allowed for the purposes of income tax. The FMV in case of immovable property means higher of the value notified by FBR under section 68(4) or value fixed by Provincial authority for the purposes of stamp duty.

Section 236W read with Section 111(4)(c) Acquisition of immovable property: Currently section 236W requires payment of 3% tax on the difference of value of property as per section 68(4) and valued recorded by the authority registering or attesting the transfer and upon payment of such tax, the person is allowed under section 111(4)(c) to incorporate the differential value of property in the books of accounts. The bill seeks omit section 236W and section 111(4)(c) of ITO 2001.

Section 230F: The Act has omitted clause (23) of afore mentioned section. The clause provided for rate of 1% and stops application of provision of section 111(4), 236C, 236W Division X of Part IV of the First Schedule from the application date of section 230F i-e Directorate General of Immovable Property.

Section 236C Advance Tax on sale or transfer of immovable property, Clause 114B, Part I, Second Schedule: As per section 227C, person responsible for registering, recording or attesting transfer of immovable property is required to collect tax from seller of such property at applicable rates. However, such advance tax is not collected where the property is held for a period of 3 years. The Act has extended the time limit from 3 years to 5 years.

The Act has inserted a new clause namely 114B to provide exemption from tax under section 236C to any profit and gains accruing to persons i.e. dependent of a Shaheed belonging to Pakistan Armed Forces or a person who dies while in the service of the Pakistan Armed Forces or the service of Federal or Provincial Government 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.

Section 236W Tax on purchase or transfer of immovable property: In view of the amendment in section 111(4)(c), tax to be collected from the purchaser of property on difference of FBR value of property and DC value under section 236W is also has been withdrawn.

Clause 99A Part I Second Schedule: Profits and gains on sale of immovable property to a rental REIT scheme have been made exempted up to June 30, 2021.

Clause 114B Part I Second Schedule: Gain on first sale of immovable property by dependents of Shaheed or a person who dies in Government service have been made exempted.

Clause 9A Part III Second Schedule: Tax payable on account of capital gain is to be reduced by 50% of first sale of immovable property by Government Civil & Armed forces employees.

NON-PROFIT ORGANIZATIONS

Section 100C Tax credit for certain persons: Section 100C(1) provides tax credit for mainly two types of organizations; 1) non-profit organizations as defined in section 2(36) whereby approval of Commissioner is mandatory; and 2) trusts and welfare institutions which do not require approval of Commissioner under any provision of ITO 2001 but still enjoy 100% tax credit under the provisions of section 100C.

The Act has amended this situation and now every organization seeking 100% tax credit under section 100C shall obtain approval from Commissioner under section 2(36) of ITO 2001. This requirement is effective from July 01, 2020.

The Act further put restrictions on transfer of benefit/assets to donors/families. In case of non-compliance the same shall be added in person's taxable income of the "donor".

Sub-section 2(c) provides that persons eligible for tax credit under section 100C includes trusts, welfare institutions or non-profit organizations approved by Chief Commissioner. However, this clause has been omitted.

The above changes in this section mean that every charitable organization is now required to obtain approval from Commissioner otherwise the income of such organization will not be eligible for 100% tax credit.

BANKING SECTOR

Section 4B(2)(iv) Super tax The Act has disallowed adjustment of brought forward depreciation, brought forward amortization and brought forward business losses against income of banking companies for the purpose of computation of super tax.

Seventh Schedule: Changes introduced in Seventh Schedule are summarized as under:

- Explanation has been added for reversal of provision for advances and off balance sheet items
- Explanation has been added that reversal of bad debts classified as doubtful or loss are taxable
- Explanation added that with effect from tax year 2020 and onward, reversal of bad debts classified as loss are taxable
- Doubtful debts under Prudential regulations now not to be allowed as expense
- Clarification has been inserted regarding audit powers of Commissioner
- Rule 6C has been inserted for enhanced rate of tax on taxable income from Federal Government Securities

TAX CREDITS & EXEMPTIONS

Section 62A (1) Tax credit for investment in shares and insurance: The Act has omitted the expression “being a filer” from section 62A being irrelevant as per new definition of ATL being introduced.

Section 64C Tax credit for persons employing fresh graduates: The Act has provided tax credit to persons employing fresh graduates (upto 15% of total employees) equal to lower of annual salary paid or 5% of the taxable income. Here fresh graduates refer to the person graduated after the July 01, 2017 from HEC recognized university or institution.

Section 65B (1): Tax credit for investment: The Act has reduced the rate of tax credit from 10 % to 5% of the amount invested in plant and machinery for tax year 2019.

Section 65B(2): The Act has restricted tax credits for such investments up to tax 2019, previously it was available up to 2021. The rate of tax credit for tax year 2019 has also been reduced to five percent instead of ten percent as provided earlier and still available.

Clause 146 Part I Second Schedule and Clause 110 Part IV Second Schedule: Exemption to residents of FATA/ PATA areas is provided.

Clause 24C Part II Second Schedule: The rate of deduction of tax under section 153(1)(a) 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.

Clause 24C Part II Second Schedule: 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

Clause 43E Part IV Second Schedule: Good transport contractors are exempted from operation of section 153(1)(a) as payers subject to payment of tax @ 2.5% of turnover i.e. at a rate higher than usual applicable on transport services (2%). The Finance Act increased the rate to 3% now. Interestingly the increased rate of 3% is now equal to the enhanced rate of deduction of tax on transport services i.e. 3% hence the goods transport contractors will enjoy exemption as payers without payment of any extra tax. Another interesting aspect is that similar exemption is available to oil tankers under clause 43D however their rate has not been increased i.e. maintained @ 2.5% under clause 43D while rate of deduction of tax has increased to 3% which is minimum tax. Hence contradiction appears in rate of deduction of tax and the rate of tax provided under 43D for oil tankers.

Clause 60E Part IV Second Schedule: The provisions of section 148 i.e. collection of tax on import shall not apply on mobile phones brought in personal baggage under the Baggage Rules, 2006.

ANTI AVOIDANCE

Section 108A Report from independent chartered accountant or cost and management accountant: The newly inserted section in the Act seeks to:

- authorize the Commissioner to seek report from a Chartered Accountant or Cost Accountant to determine fair market value of any asset, product, expenditure or service at the time of transaction where having view that the transaction is not an arm's length i.e. on FMV.
- The scope, terms and conditions shall be as may be prescribed.
- If the Commissioner is satisfied with the report, the same shall be treated as "definite information" in terms of section 122(8)
- If the Commissioner is not satisfied with the report, the Commissioner may proceed again for the report with another Chartered Accountant or Cost and management accountant after recording reasons
- Such report shall be sought by the Commissioner with prior approval of the Board

Section 111(4)(a) Unexplained income or assets: The Act has reduced the threshold of foreign remittance used as a source of investment from being probed, from Rs 10 million to Rs 5 million in a tax year.

OFF SHORE ASSETS

In order to curb tax avoidance and evasion through off shore assets and meet the requirements of FATF, a number of changes have been implemented which are summarized as under:

Section 2 (5C) Asset Move: The Act has defined the term "Asset Move" with reference to offshore assets and with the intention of tax evasion. The newly inserted definition is as follows:

"(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;"

Section 2 (38AA) Offshore Assets: The Act has defined the terms “*offshore assets*” in relation to a person, to include any movable or immovable asset held, any gain, profit, or income derived, or any expenditure incurred outside Pakistan.

Section 2 (38AB) Offshore evader: The Act has defined the terms “*offshore evader*” meaning 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.

Section 2 (38AD) Offshore enabler: The Act has defined the terms, “*offshore enabler*” including 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 i-e a facilitator to “offshore enabler”.

Section 2(60A) & (73A) Specified jurisdiction: The Act has defined the terms, “specified jurisdiction” i-e a jurisdiction committed to automatically exchange information under Common Reporting Standard with Pakistan. Likewise, clause 73A has been inserted to define the term “unspecified jurisdiction” which is not “specified jurisdiction” defined in clause 60A.

RETURN FILING

Section 114(1)(b)(iii) Return of income: The Act has enhanced the requirement criteria to file return for owners of immovable property from 250 square yards to 500 square yards.

Section 118(3)(a) Method of furnishing returns and other documents: The Act has changed the due date for filing of return for salaried individual from August 31 to September 30.

AUDIT, ASSESSMENT, APPEALS, ADRC & RECOVERY PROVISIONS

Section 120B Restriction of proceedings: The Act has barred income tax proceedings in respect of any declaration in accordance with Asset Declaration Act, 2019. The particulars of person and information provided shall be confidential.

Section 134A(2)(ii) Alternate Dispute Resolution: The Act has included cost & management accountants in Alternate Dispute Resolution Committee. The requirement of experience for all (chartered accountant, cost and management accountant and Advocate) is proposed to be minimum ten years.

Section 139(5, 6 & 7) Collection of tax in case of private companies and AOPs: The Act has provided for recovery of association of persons’ tax for a particular tax year, if cannot be recovered from AOP, from its member (who was a member any time during that particular tax year). The section provides the member right to recover from AOP or other members their share.

Section 145(5) Assessment of persons about to leave: The Act has authorized the Commissioner to freeze domestic asset of a person including beneficially owned asset for earlier of 120 days or finalization of proceedings including recovery, who is likely to leave Pakistan and the Commissioner has reason to believe based on information received from offshore that the person is involved in offshore tax evasion.

Section 177(6) Audit: The Act has replaced the afore-mentioned subsection to separate the functions of Audit and Assessment in view of recommendations made in a recent judgement of Lahore High Court. The amended subsection (6) provides for completion of audit, issuance of audit report and putting audit findings. While sub section (6A) provides for amendment of assessment in terms of section 122(4) after providing opportunity of being heard u/s 122(9).

Section 181D Business license scheme: The Act has provided for a business license scheme prescribed by Board for a business, profession or vocation.

Section 227D Automated impersonal tax regime: The amendment seeks to insert new section which empowers the Board to design Automated Impersonal Tax Regime applicable only for low risk and compliant taxpayers to minimize personal interaction between taxpayers and officers

Clause 105 Part IV Second Schedule: This clause provides that a taxpayer can be selected for audit once in three years however this clause has now been omitted allowing FBR to audit taxpayers every year.

REFUNDS

Claiming of refunds from FBR has always remained a teething problem while cash flow shortage with the Government means there is no immediate solution to this. Changes have been introduced in the current mechanism with the objective to defer the outstanding refund payments while providing a return to refund claimants and bringing transparency in the process as well. Relevant changes are summarized hereunder:

Section 2(22C) FBR Refund Settlement Company Limited: The Act has defined the term “FBR Refund Settlement Company Limited” very similar to the definition introduced in Sales Tax for refunds i.e “*A company incorporated under the Companies Act, 2017 for the purposes for settlement of income tax refund claims including payment by way of issuing refund bonds u/s 171A*”.

Section 171A Payment of refund through income tax refund bonds: The Act has provided for payment of refund through income tax refund bonds similar to the provisions introduced in Sales Tax Act, 1990.

- For the purpose of payment of Income tax refund through income tax refund bonds, a limited company with the name “FBR Refund Settlement Company Limited” to be incorporated.
- The bonds to be issued in book entry form through an establishment licensed by SECP as a central depository under the Securities Act, 2015, in lieu of issuance of cheques or bank debit notes.
- The Board shall issue a promissory note to the above mentioned company of refund determined and particulars of taxpayer/person.
- The bonds shall be issued in values in multiples of one hundred thousand rupees.

- The bonds so issued shall have a maturity period of three years and shall bear annual simple profit at ten per cent.
- The bonds shall be traded freely in the country's secondary markets.
- The bonds shall be approved security for calculating the statutory liquidity reserve.
- The bonds shall be accepted by the banks as collateral.
- There shall be no compulsory deduction of Zakat against the bonds and sahib-e-nisab may pay Zakat voluntarily according to Shariah.
- 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.
- The bonds shall be redeemable in the manner as in the preceding sub-section 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.
- The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner.
- The Federal Government may notify procedure to regulate the issuance, redemption and other matters relating to the bonds, as may be required

WITHHOLDING TAX

The Act has abolished final tax regime for various classes of taxpayers as explained hereunder:

Section 148(7) Imports: Currently the tax collected under section 148 is treated as final tax except for the exclusions provided under section 148(7) however the Act now has amended and tax so collected to be minimum tax. However, the importers excluded from final tax are also excluded from minimum tax.

Section 148(8A): The Act has changed final tax regime to minimum tax regime for ships imported by ship breakers.

Section 152: Division II Part III 1st Schedule - Payment to non-residents: Currently following payments to non-resident persons are under final tax regime in terms of section 152:

- Construction & related services (152(1A) & 1B) – at the option of non-resident person
- Advertisement services rendered by TV Satellite channels – at the option of non-resident person

- Insurance premium and reinsurance premium (152(1AA) & 1BB)

The Finance Act now has been amended whereby tax deducted from non-resident persons engaged in construction & related contracts and advertisement services mentioned above shall be treated as minimum tax and the option to opt for final tax has been withdrawn.

Deducted on account of insurance & reinsurance premium shall also to be treated as minimum tax instead of final tax.

Sub-section 2 has been modified to correct a technical error for exclusion of sub-section 1C (fee for off shore digital services) from purview of tax deduction under sub-section 2.

Sub-section 2B is modified to provide for the effect of changes in section 153(3) however the text still needs further correction. Moreover, a number of services provided by resident companies which were previously subject to 2% tax by virtue of clause 94 of Part IV of Second Schedule are now subject to tax @ 3% of turnover however corresponding changes have not been made for non-resident companies due to which non-resident companies will remain subject to 8% withholding tax for such services hence creating a discrimination and higher rate for similarly placed non-resident companies.

The Finance Act also introduced subsection (4B) authorizing Commissioner to allow in writing an order, payment in case of a cohesive arrangement after tax deduction of thirty percent of the tax payable after making inquiries as deem fit. The permanent establishment (PE) of the non-resident can claim tax credit of tax so deducted.

Please also see discussion in respect of filer, non-filer and active taxpayers' list.

Section 153(1), 153(3) & (4A) Div III Part III 1st Schedule; Supplies, Services & Contracts: The Act has changed the withholding tax deducted from final to minimum wherever occurring in this subsection. Accordingly, the term “adjustable” has been replaced by “not be minimum” for the purpose of issuance of exemption certificate.

The major sectors which are being shifted from final tax regime to minimum tax regime through this change are traders, manufacturers (individuals & AOPs) and construction companies. The manufacturer companies and public listed companies were previously out of the purview of final tax regime and they are also out of the purview of minimum tax regime under section 153.

Withholding tax rate has been reduced for payments to be made to dealers and sub-dealers of sugar, cement and edible oil and now tax under section 153(1a) is to be deducted @ 0.25% of the gross amount of such payments.

The tax deducted for service sector is already under minimum tax regime however certain sectors were subject to lower rate of tax @ 2% of gross turnover through clause 94 of Part IV of Second Schedule. The Act maintains the minimum tax regime for the services sector however the rate of tax for clause 94 sectors has been increased from 2% to 3%. Please note that applicability of 2% tax rate

was subject to certain conditions like surrendering for tax audit, advance tax payment etc. however withholding tax rate of 3% is not subject to any conditions.

Section 153B, Division IIIB, Part-III of First Schedule Payment of royalty to resident persons: The Act has introduced withholding tax on royalty payments to residents at rates specified in Division IIIB, Part-III of First Schedule. Such deducted tax shall be adjustable.

Through insertion of new Division, rate of tax to be deducted from royalty paid to resident persons @ 15% of the gross amount payable.

Sr. No	Description	Existing	Rate of tax
1	Royalty paid to resident persons	Nil	Royalty paid to resident persons The rate of tax to be deducted under section 153B shall be 15% of the gross amount payable”

Section 161(3) Failure to pay tax collected or deducted: The Act has provided for the amendment of an order of recovery from withholding agent under section 161 in case such order is prejudicial to interest of revenue as per inquiries made. Such order is amended after providing opportunity of being heard.

Section 165 Statements: The Act has included the reference to newly inserted Tenth Schedule for taxation of person not appearing in ATL in the section among the reference of Chapters stated herein.

Section 165A Furnishing of information by banks: The Act has omitted the terms of “filer” & “non-filer” from the section and setting threshold of Rs 500,000 on account of profit on debt for reporting to FBR for all (ATL and not ATL).

Section 168 Credit for tax collected or deducted: The Act has omitted for the provisions on final tax with regard to inadmissibility of tax credit of final tax liability therefore corresponding changes have been made in section 168.

Section 169(4) Tax collected or deducted as final tax: The Act has replaced the afore-mentioned subsection keeping the same sense however incorporating the new references. Still if tax deducted to be final and the higher rate charged under Tenth Schedule for persons not appearing in ATL (earlier for non-filer) is adjustable if return is filed before finalization of assessment in accordance with Rule 4 of the Tenth Schedule.

Section 231B Advance tax on private motor vehicles: The amendment seeks to substitute the term “non filer” with the expression “persons whose name is not appearing in the active taxpayer’s list” in section 231B

Section 233 Brokerage and Commission: The amendment seeks to change tax on brokerage and commission from final tax liability to minimum tax liability.

Section 234A CNG Stations: The amendment seeks to change tax on CNG stations from final tax liability to minimum tax liability.

PENALTIES & PROSECUTION

Section 182 Offences & Penalties: The Act has enhanced the penalty for

- not filing of return under section 114 within due date from Rs 20,000 to Rs. 40,000 however for a salaried individual having 75% income from salary which is less than Rs 5 million, the minimum amount of penalty is Rs. 5000.
- failure to furnish wealth statement and wealth reconciliation from Rs 20,000 to Rs. 100,000
- failure to apply for registration from Rs 5,000 to Rs. 10,000
- erroneous calculation in the return for more than one year and whereby tax is less than tax payable, from Rs 5,000 to Rs. 30,000
- obstructing the Commissioner from accessing premises, places, accounts, documents computers or stocks, from Rs 25,000 to Rs. 50,000
- concealing income or furnishing inaccurate particulars of such income, from Rs 25,000 to Rs. 100,000
- failure to collect or deduct or pay the collected or deducted tax, from Rs 25,000 to Rs. 40,000

The Act has introduced new penalties with respect to offshore tax evasion and failure furnish information required under Common Reporting Standards and Chapter XIIA of Income Tax Rules.

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 un-specified 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 section 165B of the Ordinance or Common Reporting Standard Rules in Chapter XIAA 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.	
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 XIAA 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 Chapter XIAA of I. 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 XIAA 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.”	

Section 182A (a): Return not filed within due date: The Act has allowed name of late filers to appear on active taxpayer list subject to payment of surcharge of Rs 25,000, Rs, 10,000, Rs, 1000 in case of Company, AOP & Individual respectively.

Section 182A(c & d): The Act has provided for non-issuance of refund for the duration in which the person does not appear on active taxpayers' list and the same duration shall not be counted for additional payment for delayed refund, if any.

Section 191(1) Prosecution for non-compliance with certain statutory obligations: The Act has made non furnishing of withholding statement a prosecutable offence.

Section 192B Prosecution for concealment of an offshore asset: The Act has made concealment/furnishing inaccurate particulars to the Commissioner of offshore asset causing loss to revenue of Rs 10,000,000 as a prosecutable offence by inserting a new clause.

The person shall be punishable upon conviction with three years of imprisonment or with fine upto Rs 500,000 or both.

Section 195A Prosecution for non-compliance with notice under section 116A: The Act has made non-compliance of notice under section 116A as prosecutable offence punishable with imprisonment up to one years or with a fine up to 2% of the offshore asset not declared or both.

Section 195B Prosecution for enabling offshore tax evasion: The Act has enabled offshore evasion as prosecutable offence punishable with imprisonment up to seven years or with a fine up to Rs five million or both.

OTHER CHANGES

Other small but significant changes are summarized hereunder.

Section 24(4) Intangibles: Amortization expenditure of intangibles is allowed over actual useful life or where actual useful life is not ascertainable, over a period of 10 years. The Act has now been amended the period from 10 years to 25 years.

Section 24(11) The Act has excluded self-generated goodwill or any adjustment of like manner from the definition of intangibles.

Section 39 (1) Income from other sources: The Act has introduced taxation of gifts as “income from other source” where gift is received from a person other than grandparents, parents, spouse, real brother, real sister, son or a daughter.

Section 53 (2) Exemptions and tax concessions in the second schedule: The Act has restricted the power of Federal Government to grant exemptions excluding “removal of anomalies in taxes, development of backward areas” from the scope of section.

Section 56A Set off of losses of companies operating hotels: Companies operating hotels in Pakistan and AJK are allowed to set off losses across jurisdictions i.e. losses in Pakistan can be adjusted against profits in AJK and vice versa. This facility is now extended to hotels operating in Gilgit Baltistan as well.

Section 82 Resident individual: The Act has amended and enhanced the scope of definition of the “resident individual” whereby an individual present in Pakistan for a period or periods of 120 days or more in a tax year and 365 days or more in preceding four years is to treated as resident person.

Section 99C Special procedure for certain persons: The Act has empowered the Federal Government to prescribe special procedures 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 Govt in specified cities or territories.

Section 107 Agreement for avoidance of double taxation: The Act has provided for disclosure of information pertaining to tax treaties in terms of section 216(3)(a) to be treated as confidential in line with the Freedom of Information Ordinance, 2002.

Section 130 Appellate Tribunal Inland Revenue: Apart from some technical changes in text, the power to appoint Chairperson and members has been shifted from Federal Government to Prime Minister.

Section 215 Furnishing of returns, documents etc.: The Act has omitted the term “filer” and use the term “person” wherever needed to be referred.

Section 216 Disclosure of information by a public servant: The Act has allowed for disclosure of names of offshore evaders who have evaded offshore tax equal to or exceeding Rupees two and half million and offshore enablers in the print and electronic media.

Section 216A Proceedings against persons: The Act has allowed for initiation of proceedings including criminal against officers and taxpayers who indulge in financial malpractices for personal gains subject to section 227. The Board shall intimate the relevant Govt agency to initiate criminal proceedings against the taxpayer.

Section 222A Fee and service charges: The Act has introduced new section, whereby the FBR is empowered to notify fee and service charges for valuation services.

Section 230G Directorate General of Special Initiative
Section 230H Directorate General of Valuation

The amendment seeks to insert new section to provide for establishment of Directorates General of Special Initiative and Valuation. The Board shall specify the functions, jurisdictions and powers of the Directorate Generals and its Officers and confers the powers of authorities specified in section 207.

Third Schedule: Initial allowance on building @ 15% has been deleted.

THE FIRST SCHEDULE (changes other than already identified above)

Part I Division I

Rate of tax for Individuals and AOPs

The rates of tax imposed on income of every individual and association of persons except a salaried individual are as follows:

S. No.	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Up to Rs. 400,000	0%
2.	From Rs. 400,001 to Rs. 600,000	5% of the amount exceeding Rs. 400,000
3.	From Rs. 600,001 to Rs. 1,200,000	Rs. 10,000 plus 10% of the amount exceeding Rs. 600,000
4.	From Rs. 1,200,001 to Rs. 2,400,000	Rs. 70,000 plus 15% of the amount exceeding Rs. 1,200,000
5.	From Rs. 2,400,001 to Rs. 3,000,000	Rs. 250,000 plus 20% of the amount exceeding Rs. 2,400,000
6.	From Rs. 3,000,001 to Rs. 4,000,000	Rs. 370,000 plus 25% of the amount exceeding Rs. 3,000,000
7.	From Rs. 4,000,001 to Rs. 6,000,000	Rs. 620,000 plus 30% of the amount exceeding Rs. 4,000,000
8.	From Rs. 6,000,001 onwards	Rs. 1,220,000 plus 35% of the amount exceeding Rs. 6,000,000

Part I Division II Corporate Tax Rate

Corporate tax rate has been fixed at 29% for tax year 2019 and onwards.

Tax year	2018-2019	2019 onwards
2019	29%	29%
2020	28%	
2021	27%	
2022	26%	
2023 onwards	25%	

Part I Division III Rate of Dividend Tax

Rate of tax on income from dividend has been enhanced as detailed below:

No.	Description	2018-2019	2019-2020
(a)	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 reimbursed by Central Power Purchasing Agency (CPPA-G)	7.5%	7.5%

	or its predecessor or successor entity.		
(b)	In cases other than mentioned in clauses (a) and (c)	15%	15%, in cases other than mentioned in clauses (a) and (d)
(c)	in the case of a person receiving dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III	Above rates	25%

Part I Division VII Capital Gains on Disposal of Securities

The Act has removed rates for non-filer on capital gains on disposals of securities as same are provided in Tenth Schedule. Rates of tax to be paid under section 37A for tax year 2020 are proposed. The substituted table is provided below:

S.no	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax 2018, 2019 & 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	0%	0%	0%	0%	0%

	acquired before 1st July, 2013					
5.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	0%	0%	5%	5%	5%

The Fifth Proviso to the above table provides that no capital gain tax shall be deducted if holding period is more than four years. An explanation has been added to provide that the said proviso shall be applicable only in case of a mutual fund or collective investment scheme or an REIT scheme.

Part I Division IX Minimum tax under section 113

Tax rates for minimum tax on turnover have been enhanced as per detail below.

S.No.	Description	2018-2019	2019-2020
		Minimum Tax as percentage of the person's turnover for the year	
(1)	(2)	(3)	
1	(a) Oil marketing companies, Oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.) (b) Pakistani Airlines; (c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production. (d) Dealers or distributors of fertilizer and (e) person running an online marketplace as defined in clause (38B) of section 2.	0.5%	0.75%
2	(a) Distributors of pharmaceutical products, 1 fast moving consumer goods 2 and cigarettes; (b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; (c) Rice mills and dealers; and (d) Flour mills.	0.2%	0.25%
3	Motorcycle dealers registered under the Sales Tax Act, 1990.	0.25%	0.3%

4	In all other cases.	1.25%	1.5%
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Part II Division II Section 148 Rates of advance tax

Tax rates on import for Non-filers have been omitted as these are separately provided in the proposed Tenth Schedule. Comparison of existing and revised rates are provided below:

Sr. No.	Persons	Rate of Tax		
		2018-2019		2019-2020
		Filer	Non-filer	
1	i) Industrial undertakings importing remelttable 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 9th December, 2004; (iii) Persons importing urea; (iv) Manufacturers covered under Notification No. S.R.O 1125(I)/2011 dated the 31 st December, 2011; (v) Persons importing Gold; (vi) Persons importing Cotton; and (vii) Persons importing LNG	1% of the import value as increased by custom duty sales tax and federal excise duty	1.5% of the import value as increased by custom duty sales tax and federal excise duty	1% of the import value as increased by custom duty sales tax and federal excise duty
2	Persons Importing Pulses	2% of the Import value as increased by customs duty, sales tax and federal duty	3% of the Import value as increased by customs duty, sales tax and federal duty	2% of the Import value as increased by customs duty, sales tax and federal duty
3	Commercial importers covered Notification No. S.R.O. 1125(I)/2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31 st December 2011	3% of the import value as increased by customs duty, sales tax and federal excise duty	4.5% of the import value as increased by customs duty, sales tax and federal	3% of the import value as increased by customs duty, sales tax and federal

			excise duty	excise duty
4	Persons Importing Coal	4%	6%	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%	6.5%	4.5%
7	Industrials undertakings not covered under S. Nos. 1 to 6	5.5%	8%	5.5%
8	Companies not covered under S. Nos. 1 to 7	5.5%	8%	5.5%
9	Persons not covered under S. Nos.1 to 8	6%	9%	6%

Part III Division I Section 150 & 236S Advance tax on Dividend

Rates of advance tax to be deducted on Dividend under section 150 and 236S is kept same in the following cases. For other cases the rate has been increased to 15% and 25% as discussed above.

Sr. No	Description	2018-2019	2019-2020
1	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 reimbursed by Central Power Purchasing Agency (CPPA-G) or its predecessor or successor entity.	7.5%	7.5%

Part IV Division XVII Section 236J**Advance tax on Dealers, Commission agents and Arhatis, etc.**

The Act has enhanced advance tax deduction rate of dealers, commission agents and arhatis, etc. Comparison of existing and revised rates are provided below:

Group	Amount of tax (Per annum)
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	2018-2019 (Rs.)	2019-2020 (Rs.)
Group or Class A	10,000	100,000
Group or Class B	7,500	75,000
Group or Class C	5,000	50,000
Any other category	5,000	50,000

Part IV Division XVIII Section 236K

Advance tax on purchase of immovable property

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

Part IV Division XXI Section 236P

Advance tax on banking transactions otherwise through cash

The Act has replaced the term “non-filer” with phrase “the person whose name is not appearing in the active taxpayers’ list” for deduction of advance tax at 0.6% on banking transactions otherwise through cash.

Part IV Division XXV Section 236U

Advance tax on Insurance premium

The Act has replaced the term “non-filer” with phrase “the person whose name is not appearing in the active taxpayers’ list” for deduction of advance tax by insurance company at different rates at time of collection of premium that relates to general insurance premium, life insurance premium or other insurance premium.

Part IV Division XXVI Section 236V

Advance tax on extraction of minerals

The Act has maintained advance tax deduction at 5% however the Act has replaced the term “non-filer” with phrase “the person whose name is not appearing in the active taxpayers’ list”

General

The Act has omitted the tax rates prescribed for non-filers owing to applicability of Tenth Schedule whereby 100% rate in addition to normal rate is to be deducted or collected from persons whose name is not appearing at ATL.

5. AMENDMENTS IN SALES TAX

Cottage Industry [Section 2(5AB)]

The definition of Cottage Industry has been amended and now means a manufacturing concern, which fulfills each of the 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 labor-force of more than ten workers; and
- d) annual turnover from all supplies does not exceed three million rupees.

FBR Refund Settlement Company (Private) Limited [Section 2(11A)]

Amendment is made to omit expression “(Private)” and substituting expression “Companies Ordinance, 1984 (XLVII of 1984)” for “Companies Act, 2017 (XIX of 2017).”

Inclusion of Importer in Retail Price Regime [Section 2(27), (46) and 3(2)]

Amendments in clause (27), (46) of section “2” and clause (2) of section “3” have been made to include certain imported goods specified in third schedule under retail price regime.

This would result in sales tax to be charged by such importers on such imported goods listed in Third Schedule based on retail price fixed by them at the rate of 17%. Therefore, value of supply in such a case would no longer be based on determined under section 25 of the Customs Act.

Assignment of Powers of Federal Government

Amendments in various sections have been made, whereby power to perform certain functions would now vest with the Board, with the approval of Minister-in-charge.

Section [2(33)(d)] – Powers to specify any transaction which shall or shall not constitute ‘supply’;

Section [2(43)] – Powers to determine tax period lasting one month or period specified as such;

Section [3(3A)] – Powers to fix responsibility to pay tax on person receiving the supply for certain goods;

Section [7(3)] - Power to allow registered person to adjust input tax paid by such a person against output tax;

Section [8(6)] - Powers to bar a registered person from supply of any goods or supply of goods to unregistered person;

Section [37B(13)] - Powers to empower any office working under the board to perform the specified functions of sales tax officer for arrest of a person;

Section [67(A)] - Powers to notify procedure to regulate the issuance, redemption and other matters relating to the refund bonds; and

Section [71(1)] Powers to prescribe procedure to for scope and payment of tax, registration, bookkeeping and invoicing requirement and returns;

Tier – 1 Retailer [Section 2(43A), 3(9) & 3(9A) & 8B]

Definition of tier-1 supplier is amended to include also a retailer, whose shop measures one thousand square feet in area or more. The amendments exclude Tier-I retailers from collection of sales tax through monthly electricity bills while option of 2% tax on turnover is also withdrawn.

Moreover, the customers of such a retailer are now entitled to receive a cash back of up to five percent of the tax involved, from the date, whereas the said retailers will continue to be required to pay sales tax at the applicable rates for goods sold under relevant provisions of this Act.

Another Proviso has been added which provides that all Tier 1 retailers shall integrate their retail outlets with Board's computerized system for real time reporting of sales. The date, mode and manner of such integration is to be notified by Board.

Section 8B has also been amended to provide that in case a Tier 1 retailer does not integrate his retail outlet in the manner as prescribed under section 3(9A) during a tax period of part thereof, the adjustable input tax for the whole of that tax period shall be reduced by 15%.

Value of Supply [Section 2 (46)]

Amendment is made in clause (f), whereby value of supply in respect of manufacturing of goods, is treated to be, the actual consideration received by the manufacturer for the value addition carried out in relation to goods belonging to another person

Amendment is also made to define value of supply of electricity by an Independent Power Producer (IPP) as the amount received on account of energy purchase price only, whereas, 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, through inclusion of new clause (g). Further inclusion of clause (h) is made to define value of supply of electric power and gas by a distribution company as 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.

Sale Tax on Bricks on Fixed Basis [Section 3 (1B)]

Sales tax on fixed basis ranging from Rs. 7,500/- to Rs. 12,500/- per month is to be charged on bricks based on the area/ region rather than the production capacity through inclusion on Tenth Schedule.

Withholding of Sales Tax [Section 3 (7)]

Amendment has been made to include Eleventh Schedule related to the withholding sales tax obligation of a withholding agent transforming the provisions of the Sales Tax Special Procedure (Withholding) Rules, 2007 as follows:

S. No.	Withholding agent	Supplier category	Rate or extent of deduction
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	1/5th 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	1/10th 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.

Following exclusions have been provided from sales tax withholding:

1. electrical energy
2. natural gas
3. petroleum products as supplied by petroleum production exploration companies, oil refineries, oil marketing companies and dealers of motor spirit and high speed diesel
4. vegetable ghee and cooking oil
5. telecommunication services
6. Goods specified in the Third Schedule to the Sales Tax Act 1990
7. Supplies made by importers who paid value addition tax on such goods at the time of import
8. Supplies made by Active tax payer as defined in Sales Tax Act 1990 to another registered person with the exception of advertisement services

Zero Rating & Exemption [Section 4 & 13]

Amendment is made in section (4) and (13), whereby Federal Government may specify goods through notification in official Gazette, as zero rated or exempt in circumstance and only for the

purpose which would require to take immediate action for the purpose of national security, natural disaster, national foods security in emergency situations and implementation of bilateral and multilateral agreements.

Moreover, the power of the Board to specify goods subject to zero rating through a general order is withdrawn by omitting clause (d) of section (4).

Determination of Tax Liability [Section 7(2)]

Input adjustment in case of supply of electricity or gas is to be allowed, if such bill is bearing the taxpayer registration number and the address where the connection is installed.

Determination of Tax Liability [Section 7(2)]

Minimum VAT Charged at 3% on commercial imports of goods (adjustable but not refundable) listed in third schedule is now transferred from the (Chapter X) Sales Tax Special Procedures Rules, 2007, to the new Twelfth Schedule to the Act, with few exceptions i.e. minimum VAT not applicable 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.

Tax credit & Tax Invoice for Input Adjustment [Section 8(1)(m) & 23(1)]

Amendment in section 8(1)(m) has been made (effective from August 01, 2019) to disallow input tax credit attributable to supplies made to unregistered persons, on pro-rata basis for which sales invoices do not bear the CNIC number of the buyer. However, this is not applicable on supplies made by a retailer where the transaction value inclusive of sales tax amount does not exceed Rs. 50,000, if sale is being made to an ordinary consumer.

Ordinary consumer is defined to mean a person who is buying goods for his own consumption and not for the purposes of resale or processing.

A proviso has also been added to provide that if it is subsequently proved that CNIC provided by the purchaser are not correct, liability of tax or penalty shall not arise against the seller, in case of sale made in good faith.

Moreover, tax invoice is also proposed to include particulars in English or Urdu, in case of supplies to unregistered person, NIC number and in case supplies are related to textile yarn and fabric, its count, denier and construction.

Access to Records, Documents, etc. [Section 25] -

Proviso related to the conducting audit under this section, only once in every three years is now omitted hence allowing Board to select a person for audit every year.

Return [section 26(3)], -

Amendment is made, whereby approval under this sub-section shall not be required for revisions, 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.

Offences and Penalties [33], -

Penalty for furnishing return by due date is increased from five thousand rupees to ten thousand rupees, whereas it is further mentioned that, in case return is filed within ten days of the due date, penalty of one hundred rupees for each day of default to be increased from Rs. 100/- to Rs. 200/- for each day of default.

Proceedings against persons [Section 33A]

The Act inserts a **new section** relating to initiating criminal proceedings against any authority mentioned in sections 30 to 30DDD including any person subordinate to the aforesaid authorities, who willfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both. The Act has also made changes to empower Board to prescribe rules for this purpose. Similar criminal proceedings can be initiated against taxpayer by the relevant government agency. Further, criminal proceedings are besides any liability which the authority, person or taxpayer may incur under any other law for the time being in force.

In section 37B, -

For the words “a Sales Tax Officer” and “the Sales Tax Officer”, wherever occurring the words “an officer of Inland Revenue” and for the words “Federal Government”, the expression “Board, with the approval of the Minister-in-charge,” is substituted.

In section 47A, -

Section 47A has been amended in respect of composition of Alternate Dispute Resolution Committee (ADRC). Previously a senior chartered accountant and senior advocates having experience in the field of taxation were eligible to become members of ADRC however now the requirements are more specific and provide eligibility for chartered accountants, cost and management accountants and advocates having more than ten years of experience in the field of taxation.

Liability for Payment of Tax in case of Private Companies or Business Enterprises [Section 58]

Amendment has been made whereby shareholders owning not less than ten percent of the paid-up capital in the company or business enterprise are also jointly and severally liable for any unpaid tax in case of winding up in addition to the owner, partner in, or director as per the existing provisions.

Amendment has also been made to include the person prescribed above to be legally entitle, to recover the tax paid by him from the company or business enterprise, or a share of the tax from other director or partner, or a share in the proportion of holding from another shareholder, as the case may be.

In section 76, -

Section 76 has been inserted providing authority to Federal Government for fixation of fee and service charges for valuation.

Addition of goods to Third Schedule of the Sales Tax Act 1990:

After withdrawal of the extra tax regime, the finished articles as mentioned below are now placed in the Third Schedule and corresponding entries relating thereto shall be added, namely;

Serial #	Description	Heading # of 1 st Sch. Of Customs Act, 1969
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

Fifth Schedule

The conditions for zero rating of goods provided at serial # 12 were provided in Chapter XIV of Sales Tax Special Procedure Rules 2007. Now it is replaced by conditions prescribed by the Board.

Review of Exemptions under Sixth Schedule

Bold text in the following columns are the amendments and ~~Crossed~~ items are omitted from sixth schedule;

In Sixth Schedule, Table-1 (Imports or Supplies);

Serial #	Description	Heading # of 1st Sch. Of Customs Act, 1969
2.	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen or otherwise, preserved or packed.	02.01, 02.02 and 02.04.
3.	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved or packed.	03.02, 03.03, 03.04, 03.05 and 03.06
19.	Cereals and products of milling industry excluding the products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brand name or a trademark.	1001.1000, 1001.9000, 1002.0000, 1003.0000, 1004.0000, 1005.1000, 1005.9000, 1006.1090], 1006.2000, 1006.3010, 1006.3090, 1006.4000, 1007.0000, 1008.1000, 1008.2000, 1008.3000, 1008.9000, 1101.0010, 1101.0020, 1102.1000 , 1102.2000, 1102.9000, 1103.1100, 1103.1300, 1103.1900, 1104.2200, 1104.2300, 1104.2900 and 1104.3000
36.	Silver, in unworked condition.	7106.1000, 7106.9110 and 7106.9190
37.	Gold, in un-worked condition.	7108.1100, 7108.1210 and 7108.1290
52A.	Goods excluding electricity and natural gas supplied to hospitals run by the Federal or Provincial Governments or	Respective headings

	charitable operating hospitals of fifty beds or more or the teaching hospitals of statutory universities of two hundred or more beds.	
72.	Uncooked poultry Meat whether or not fresh, frozen or otherwise, preserved or packed	02.07
73A.	Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name.	04.01 and 04.02
85.	Fat filled milk excluding those sold in retail packing under a brand name or a trademark” shall be added.	1901.9090
95	Vessels for breaking up	89.08

Following new Serial No and corresponding entries relating thereto shall be added after serial no. 150;

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 30th 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 headings
153.	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 tribal areas which were set and started their industrial production before 31st May, 2018, but excluding steel and ghee or cooking oil	2716.0000

	industries.	
154.	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

In Sixth Schedule, Table-2 (Local Supplies Only);

16.	Raw cotton and ginned cotton	Respective headings
25.	Cottonseed oil	1512.2100 and 1512.2900

Insertion of Gold, Silver, Diamond and Jewelry in Eighth Schedule to the Sales Tax Act, 1990 at Reduced Rate:

It is proposed to introduce reduced rate/minimal tax rate of 1% on gold and silver. Similarly, presently, jewelry is taxed on the basis of making charges only. Based on regional models, it is proposed that gold in jewelry may be taxed at 1.5%, diamond at 0.5% and making charges at 3%, with input adjustment available only in respect of gold.

Eighth Schedule: Table-2

S. No.	Description	Heading # of 1st Sch. Of Customs Act, 1969	Rate of Sales Tax	Condition
14.	Milk and cream, concentrated and or containing added sugar or other sweetening matter.	0402.1000 and 0402.2000	10%	Sold in retail packing under a brand name
18.	Reclaimed lead	Respective headings	5%	If supplied to recognized manufacturers of lead and lead batteries.
21.	Rapeseed, sunflower seed and canola seed	1205.0000, 1206.0000	16%	On import by solvent extraction industries
22.	Soya bean seed	1201.1000	6% 10%	On import by solvent extraction industries, subject to the condition that no

				refund of input tax shall be admissible”;
26.	xx. Laser Land Leveler comprising of laser transmitter, laser receiver, control box, rigid mast pack, with or without scrapper	8432.8090	5%	
27.	Seeding or planting equipment: (ii) Cotton or maize planter with fertilizer attachment; (iii) Potato planter; and (v) Rice transplanter	In all three; 8432.3090 should be substituted by 8432.3900	5%	
32.	White crystalline sugar	1701.9910 and 1701.9920	8%	
56.	Potassium Chlorate (KCLO3)	Respective headings	17% alongwith rupees (65) 70 per kilogram	Import and supply thereof. Provided that rate of rupees (65) 70 per kilogram shall not apply on imports made by and supplies made to organizations under the control of Ministry of Defence Production.

Following new Serial No and corresponding entries relating thereto shall be added after serial no. 58;

	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 of metal clad with precious metal.	71.13	1.5% of value of gold, plus 0.5% of value of diamond, used therein, plus 3% of making charges	No input tax adjustment to be allowed except of the tax paid on Gold
64.	Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops	Respective heading	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	Respective heading	14%	If supplies 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 last six months
67.	LNG imported for servicing CNG sector and local supplies thereof	2711.1100; and 2711.2100	5%	
68.	Frozen prepared or preserved sausages and	1601.0000	8%	

	similar products of poultry meat or meat offal			
69	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish	1602.3200, 1602.3900, 1602.5000, 1604.1100, 1604.1200, 1604.1300, 1604.1400, 1604.1500, 1604.1600, 1604.1900, 1604.2010, 1604.2020 and 1604.2090	8%	

Slight Reduction in Sales Tax of Imported Mobile Phones in Ninth Schedule to the Sales Tax Act, 1990:

In the Ninth Schedule, new rates of sales tax will be applicable as follows;

Ninth Schedule:

S. No.	Description	Sales tax on import	Sales tax chargeable at the time of registration	Sales tax on supply
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 (150)	Rs. 135 (150)	
	B. Exceeding US\$ 30 but not exceeding US\$ 100	Rs. 1,320 (1,470)	Rs. 1,320 (1,470)	
	C. Exceeding US\$ 100 but not exceeding US\$ 200	Rs. 1,680 (1,870)	Rs. 1,680 (1,870)	
	D. Exceeding US\$ 200 but not exceeding US\$ 350	Rs. 1,740 (1,930)	Rs. 1,740 (1,930)	
	E. Exceeding US\$ 350 but not exceeding US\$ 500	Rs. 5,400 (6,000)	Rs. 5,400 (6,000)	
	F. Exceeding US\$ 500	Rs. 9,270 (10,300)	Rs. 9,270 (10,300)	

NOTIFICATIONS

A number of notifications have been issued by FBR by the close of June 2019 however the above commentary does not include impact of such notifications.

6. AMENDMENTS IN FEDERAL EXCISE ACT 2005

Delegation of Powers

[Section 2(23a), 7(2) and 22(13)]

The Act delegates powers of the Federal Government to the Board with the approval of the Minister-in-charge.

The amendments will decrease the parliamentary burden of Federal Government hence focusing on functional powers of making law and to assign the Board with respect to the procedural powers.

Levy, Collection and Payment of duty on Steel Products

[Section 3 sub-section (5A) & Fourth Schedule]

The Act provides insertion of new sub-section and Fourth Schedule to provide mechanism for levying duty in respect of steel products (i.e. Steel billets and ingots, Steel bars and re-rolled long profiles of steel, Ship plates).

Through amendment FED on supply of steel products to be charged at 17% ad valorem which shall be based on minimum production as prescribed in newly inserted Fourth Schedule. The duty is imposed through introducing serial number 58 in the First Schedule-Table 1 (Excisable Goods).

“FOURTH SCHEDULE” (Minimum Production)

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

1. Minimum production of steel products.—

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

S.No	Product	Production Criteria
Col (1)	Col (2)	Col (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	75% of the weight of the vessel imported for breaking

According to Fourth Schedule, the minimum production for steel products shall be determined as under:

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:

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.

- (i) 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.
- (ii) 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.
- (iii) The minimum production of industrial units employing both distributed power and self-generated power shall be determined on the basis of total electricity consumption.

Exemptions

[Section 16 sub-section (2)]

The Act amends the powers of the Federal Government to exempt any goods/services or class of goods/services from the whole or any part of the duty leviable under FED Act, 2005.

Offences, penalties, fines and allied matters

[Section 19 sub-section (2) clause d]

The Act widens the scope of above section to cover the person who sells cigarettes in retail at a price lower than the retail price plus the amount of sales tax as printed thereon. Such person shall now also be liable to a fine which may extend to twenty thousand Rupees.

Proceedings against persons

[Section 19A]

The Act inserts a new section after section 19 which empowers the Board to prescribe rules for initiating certain criminal proceedings.

In section 38 -

Section 38 has been amended in respect of composition of Alternate Dispute Resolution Committee (ADRC). Previously a senior chartered accountant and senior advocates having experience in the field of taxation were eligible to become members of ADRC however now the requirements are more specific and provide eligibility for chartered accountants, cost and management accountants and advocates having more than ten years of experience in the field of taxation.

In section 49 -

Section 49 has been inserted to provide Board with the authority to prescribe fee & service charges for valuation.

FIRST SCHEDULE

The Act bring changes in FED rates for the following items of the **Table I** (Excisable Goods) of subject schedule.

S.No	Description of Goods	Heading/sub-heading Number	Existing FED	Proposed FED
Col (1)	Col (2)	Col (3)		Col (4)
1	Edible oils excluding deoxidized soybean	15.07 to 15.18	16% ad val	17% ad val.
2	Vegetable ghee and cooking oil (a) in retail packing (b) not in retail packing	Respective heading	16% ad val 16% ad val	17% of retail price 17% ad val.
4	Aerated waters	2201.1020	11.5% of retail price	13% of retail price
5	Aerated waters, containing added sugar or other sweetening matter or flavored	2202.1010	11.5% of retail price	13% of retail price
6	Aerated waters if manufactured wholly from juices or pulp of vegetables, food grains or fruits and which do not contain any other ingredient, indigenous or imported, other than sugar, coloring materials, preservatives or additives in quantities prescribed under the West Pakistan Pure Food Rules, 1965	Respective heading	11.5% of retail price	13% of retail price
7	Un-manufactured tobacco	24.01	Three hundred rupee per kilogram	Ten rupee per kilogram
9	Locally produced cigarettes if their on pack printed retail price exceeds 5,960 (Previously 4,500) rupees per	24.02	Rupees 4,500 per thousand cigarettes	Rs. 5,200 per thousand cigarettes

	thousand cigarettes			
10	Locally produced cigarettes if their on pack printed retail price does not exceed 5,960 (Previously 4,500) rupees per thousand cigarettes.	24.02	Rupees 1,840 per thousand cigarettes	Rs. 1,650 per thousand cigarettes
10a	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty-five rupees per thousand cigarettes	24.02	Rupees 1,250 per thousand cigarettes	Omitted. Now merge with serial number 10
13	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers	25.23	Rs. 1.50 per kilogram	Rs. 2 per kilogram
31	Liquefied Natural Gas	2711.1100	Rs. 17.18 per hundred cubic meters	Rs. 10 per Million British Thermal Unit (MMBTu)
54	Oilseeds	Respective Headings	Rs. 0.4 per kg	Omitted
55	Imported Motor cars, SUVs and other motor vehicles of cylinder capacity of 1800cc or above but not exceeding 3000 cc, principally designed for the transport of persons (other than those headings 87.02), including station wagons and racing cars of cylinder capacity of 1800cc or above but not exceeding 3000 cc	87.03	Twenty Five Percent Ad Val	Omitted, please see below in green replaced version as serial 55
55A	Imported motor cars, SUVs and other motor vehicles of cylinder capacity exceeding 3000cc principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity exceeding 3000cc	87.03	Thirty Five Percent Ad Val	Omitted, please see below in green replaced version as serial 55
55	Imported motor cars, SUVs	87.03		

	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			
a	of cylinder capacity up to 1000cc			2.5% ad val
b	of cylinder capacity from 1001cc to 2000cc			5% ad val
c	of cylinder capacity from 2001cc and above			7.5% ad val
55B	Locally manufactured or assembled motor cars, SUVs and other motor vehicles, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars: (a) of cylinder capacity up to 1000cc (b) of cylinder capacity from 1001cc to 2000cc (c) of cylinder capacity 2001cc and above	87.03		2.5% ad val 5% ad val 7.5% ad val
57	Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters	Respective heading		5% of retail price
58	Steel Billets, ingots, ship plates, bars and other long re-rolled products	Respective heading		17% of ad val

Restriction-1- Reduction. – For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial number 9 and 10, no cigarette manufacturer shall reduce retail price from the level adopted on the day of the announcement of the latest budget.

The Act makes the following changes in **Table II** (Excisable Services) of aforementioned schedule.

S.No	Description of Goods	Heading/sub-	Existing FED	Proposed FED
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NOTIFICATIONS

A number of notifications have been issued by FBR by the close of June 2019 however the above commentary does not include impact of such notifications.



7. AMENDMENTS IN CUSTOMS ACT 1969

Customs Controls

[Section 2 Clause (ic)]

The Act adds new clause after clause (ib) of aforesaid section to define **“Customs controls”** which mean measures applied by the officers of customs or through Customs Computerized System to manage risks and ensure compliance.

Risk Management System

[Section 2 Clause (qb)]

The Act adds new clause after clause (qa) to define **“Risk Management System”** which 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.”

Selectivity Criteria

[Section 2 Clause (rrr)]

A new clause has been inserted after clause (rr) in aforementioned section. To define **“Selectivity Criteria”** which means the risk parameters determined by the Risk Management Committee constituted under the rules for the application of Risk Management System.

Powers and Functioning of the Directorates, etc.

[Section 3A]

The Act includes ‘Directorates General’ as well in the ambit of this section.

Transfer of Powers of Federal Government to the Board under various sections

The Act transfers the powers of Federal Government to the Board with the approval of the Federal Minister-in-charge under various sections. The thumbnail’s sketch is here-under:

S.No	Description	Section	Powers
1	Levy of fee and service charges	18D	to impose, levy fee and service charges for examination, scanning, inspections, sealing and de-sealing, valuation check 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
2	Date of determination of import duty rate	30	To specify any other date for the determination of rate of duty for any goods or class of goods.

3	Date of determination of rate of duty for clearance through the Customs Computerized System	30A	To specify any other date for the determination of rate of duty for any goods or class of goods.
4	Date of determination rate of duty on goods exported	31	To specify any other date for the determination of rate of duty for any goods or class of goods

General power to exempt from customs-duties

[Section 19]

The Act withdraws the powers of Federal Government in respect of following;

- (i) removal of anomalies in duties
- (ii) development of backward areas

Power to determine the customs value

[Section 25A (1), (3) & (4)]

The Act withdraws the powers of the Collector of Customs to determine value of any goods or category of goods imported into or exported out of Pakistan on his own motion. However, the Collector of Customs may determine value of the imported or exported goods on a reference made to him by any person or an officer of Customs.

The Act also omits sub-section 3 of section 25A to withdraw the powers of Director General of Customs Valuation in case of any conflict in the customs value.

False statement, error, etc.

[Section 32 sub-section 3A]

The Act enhances the scope of section to bring the exporter as well into the ambit to serve with show cause notice where any duty, taxes or charge has not been levied or has been short-levied or has been erroneously refunded which is discovered as a result of an audit or examination of an importer's/exporter's accounts.

Compounding of offence

[Section 32B]

The Act empowers Director Customs as well to compound any offence on payment of duty or tax due along with payment of penalty.

Mis-declaration of value for illegal transfer of funds abroad

[Section 32C]

The Act inserts a new section after section 32B to authorized an officer of Customs to charge a person if any person overstates the value of imported goods or understates the value of exported goods or vice versa, through a notice within a period of two months from the seizure of goods to show cause as to why such goods may not be confiscated.

Refund to be claimed within one year:

[Section 33 (3A) & (5)]

The Act links the sanctioning of refund with pre-audit in sub-section 3A of aforesaid section.

The Act inserts a new sub-section 5 which empowers the Board to specify the jurisdiction and powers of the officers of Customs to sanction refund in terms of amount of Customs duty and other taxes involved by notification in the official Gazette.

Declaration and assessment for home consumption or warehousing or transshipment

[Section 79 sub-section 1]

The Act reduces the time for filing of Goods Declaration from fifteen to ten days from the date of arrival of goods.

Application of risk management system

[Section 80AA]

The Act inserts new Section for the purpose of enforcing Customs Controls through establishment of Risk Management System to be used in manner as prescribed by rules.

Provisional determination of liability

[Section 81]

The Act broadens the scope of section 81 to cover the assessment of exported goods within the purview of section 131.

Procedure in case of goods not cleared or warehoused or transhipped or exported

[Section 82]

The Act reduces the current time period for placing un-cleared goods on their arrival on port, from twenty days to fifteen days and further extendable period from ten days to five days.

Warrant to be given when goods are warehoused

[Section 90 (2) & (4)]

The Act provides for issuance of warrant and subsequent transfer of warrant through Customs Computerized System when such system is operational.

The Act also inserts a new sub-section 4 which empowers the Board to make rules to regulate the transfer of goods.

Period for which goods may remain warehoused

[Section 98]

The Act reduces the warehousing period of perishable goods from three months to one month.

The Act empowers the Chief Collector to extend the time period for warehousing of non-perishable goods till the time as he deemed appropriate as against the current authority of extending time for one month.

The Act empowers the Board to regulate the period for which the goods may remain in the warehouse as against the current power vested to the Federal Government.

Application of the Customs Computerized System

[Section 155A]

The Act transfers the powers of Federal Government to the Board to determine the date for application of all or specific provisions of Act related to the Customs computerized system on any Customs station.

Punishment for offences

[Section 156]

The Act imposes new penalties under different sections. The changes in **Table** are here-under;

	Offences	Penalties	Section of this Act to which offence has reference
	Col (1)	Col (2)	Col (3)
14	<p>If any person commits an offence under</p> <p>(i) sub-section (1) or sub-section (2) of section 32</p>	<p>Such person shall be liable to a penalty not exceeding two 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</p>	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
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 ten years and to a fine which may extend up to one million rupees; and shall also be liable to forfeiture of property involved in money laundering or property of corresponding value in accordance with the provisions of the Anti-Money Laundering Act, 2010 (XIV of 2010).	32C
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.	79

Proceedings against person

[Section 156A]

The Act inserts a new section after section 156A which empowers the Board to prescribe rules for initiating criminal proceedings against any authority mentioned in section 3 to 3DDD (i.e. Federal Excise Officers) including their subordinates, who wilfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both.

Further the Board can also initiate criminal proceedings against the taxpayer by intimating the relevant government agency.

The proceedings shall be without prejudice to any liability that the authority, person or taxpayer may incur under any other law for the time being in force.

Power of adjudication

[Section 179]

The Act withdraws the powers of the Assistant Collector to adjudicate cases and enhances the monetary limit of cases decided by Superintendent and Principal Appraiser from fifty thousand to one hundred thousand.

The Act reduces the time period for passing an order to ninety days from one hundred and twenty days of issuance of show cause notice.

Option to pay fine in lieu of confiscated goods

[Section 181]

The Act widens the scope of aforesaid section

Delegation of Powers

[Section 185 & 185D]

The Act empowers Prime Minister instead of the Federal Government, to appoint Special Judge Customs in consultation with the Chief Justice of the concerned High Court. (Sec 185)

The Act empowers Prime Minister instead of the Federal Government, to transfer cases from the jurisdiction of one Special Judge Customs to another, in consultation with the Chief Justice of the concerned High Court. (Sec 185D)

Appeals to Collector (Appeals)

[Section 193]

The Act gives an option for appeal against an order passed under section 131 (i.e. Clearance for exportation) of the Act.

Procedure in Appeal

[Section 193A]

The Act reduces the statutory time period for deciding an appeal by Collector (Appeals) from one hundred and twenty days to ninety days.

Appellate Tribunal

[Section 194]

The Act authorizes the Prime Minister of Pakistan, instead of Federal Government, to select the Chairman and other judicial and technical members and to set terms and conditions for appointment.

The tenure of technical member shall be at least two years.

Powers of Board or Chief Collector to pass certain orders

[Section 195]

The Act reassigns the powers Chief Collectors from Collector of Customs. The Act also inserts a new sub-section to reduce the time limit for re-opening of cases from two years to one hundred and twenty days, subject to an extension of sixty days.

Alternate Dispute Resolution

[Section 195C]

The Act updates the regulations for the composition, proceedings, time limit and disposal of the case under the ADR.

The Act enhances the timeline for the composition of ADR from 30 days to 60 days and also prescribe the guidelines for the appointment of the members.

Owner to make all arrangements and bear all expenses

[Section 200]

The Act enhances the scope of examination to include exported goods placed at custom stations to be undertaken by custodian of the cargo with operational customs computerized system. The exporter shall bear all related expenses.

FIRST SCHEDULE

[Section 18]

EXEMPTION FROM CUSTOM DUTIES

The Act introduces **concession/exemption** of Customs Duty on import of following major items;

- Oil refining machines falling under PCT Code 8479.8230
- Natural Gas falling under PCT Code 2711.2100
- Liquefied Petroleum Gas (L.P.G) falling under PCT Code 2711.1910
- Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce falling under PCT Code 8433.6000
- Equipment for railways or tramways falling under PCT Code 8530.1000
- Fertilizers
- Machinery parts and items relating to textile industry
- Natural Pearls falling under PCT Code 7101.1000
- Machinery falling under chapter 84.78 for preparing or making up tobacco, not specified or included elsewhere in the aforesaid Chapter

REDUCTION IN CUSTOM DUTIES

By virtue of amendment in First and Fifth Schedule, reduction in customs duty has been proposed for the following major items;

Items	PCT Code	Existing CD %	Proposed CD %
Acetic acid	2915.2100	16	11
Oxalic acid	2917.1110	11	3
Insulation tape double sided	3919.1010	11	0
Coniferous	4408.1000	11	3
Dark Red Meranti, Light Red Meranti and Meranti Bakau	4408.3100	11	3
Of a density exceeding 0.8 g/cm ²	4411.9200	16	11
Not mechanically worked or surface covered	4411.9310	16	11
Printing paper	4802.5510	20	16
Of a kind used for winding textile yarn	4822.1000	20	16
Containing by weight more than 50 % of graphite or other carbon or of a mixture of these products	6903.1000	11	3
Other round cans	7612.9040	20	16
Aluminium lids for cans of carbonated soft drinks	8309.9010	11	0
CKD kits for compression-ignition internal combustion piston engines (diesel engines of 3 HP to 36 HP)	8408.9000	20	3
Pre-fabricated room/structures for setting up new hotels/motels in Hill Stations, Gilgit-Baltistan, AJK, and Coastal Areas of Baluchistan	9406.1090 9406.9090	11	3

FIFTH SCHEDULE**[Section 18(1A)]**

Following new concessions have been provided under the Fifth Schedule:

- Imports of items falling under PCT Code 1901.9090 other than mentioned separately in chapter 19.01 by manufacturers of infant formula milk, registered under the Sales Tax Act, 1990, subject to annual quota determination and verification by the Input Output Co-efficient Organization (IOCO) at concessional rate of 5%
- Imports by manufacturers of hemodialyzers, registered under the Sales Tax Act, 1990, subject to annual quota determination by the Input Output Co-efficient Organization (IOCO) at concessional rate of 0%.
- Laser land leveler comprising of laser transmitter, laser receiver, control box, rigid mast pack, with or without scrapper at concessional rate of 2%.
- Aluminium sheets and coils and aluminium foil (if imported by manufacturers of photo polymers & CTP plates and pre-sensitized printing plate), AKD wax and dispersing agents (If imported by manufacturers of Paper sizing agents) at concessional rate of 5% who are registered under the Sales Tax Act, 1990, subject to annual quota determination by the Input Output Co-efficient Organization (IOCO).

- Import of carbon steel strip falling under PCT Code 7226.9200 imported by manufacturer of shaving bladed/razors registered under Sales Tax Act, 1990 at concessional rate of 11% to 5%.
- Import of CNG vehicle conversion kits falling under PCT Code 8409.9191 & 8409.9991 approved by OGRA if imported by authorized dealers at concessional rate of 35% to 5%.

Following amendments for availing concessions earlier granted have been provided for the following sectors:

Sector	Particulars
Agriculture Sector	Certain conditions for availing the concession on import of agricultural machinery have now proposed to be waived off
Power generation/transmission and grid stations	An additional condition has been proposed for availing concessional duty on import of machinery and equipment meant for power transmission and grid stations. The goods shall not be sold without prior approval of the FBR.
Marble, granite and gem stone extraction and processing industries	Additional condition for the concessional rate on machinery and equipment is proposed to be added with respect to disposal of the imported machinery.

REDUCTION IN REGULATORY DUTIES

Regulatory duty is reduced on following items:

- Mobile Phone
- Tyres
- Item prone to smuggling
- Industrial inputs

INCREASE IN CUSTOM DUTIES

Withdrawal of concessional customs duty is provided on following items: -

- Plant and Machinery for setting up industry in FATA
- The Act allows concessional rate of customs duty of 11% on "Lead Acid Batteries for Telephone Exchanges and Set top boxes for gaining access to internet, TV broadcast transmitter, Reception apparatus for receiving satellite signals of a kind used with TV (satellite dish receivers), and other set top boxes.
- Custom duty on import of LNG is withdrawn (i.e. increased from 0% to 5%).

ADDITIONAL CUSTOMS DUTY

The Act increases levy of additional Customs Duty for certain non-essential items.

Note: The notifications for amendments relating to Regulatory Duty and Additional Duty are yet to be issued. The above comments are based on 'Salient Features' issued with the Budget Documents.

NOTIFICATIONS

A number of notifications have been issued by FBR by the close of June 2019 however the above commentary does not include impact of such notifications.



8. AMENDMENTS IN ICT (TAX ON SERVICES) ORDINANCE 2001

Call Centers

[Serial # 41]

Rate of tax on call center services has been reduced from 18.5% to 17%.

New Services

[Serial # 43 to 58]

Following new services are now chargeable to tax on services @ 16% in Islamabad:

43. Advertisement on hoarding boards, pole signs and signboards, and websites or internet
44. Services provided by landscape designers
45. Sponsorship services
46. Services provided or rendered for purchase or sale or hire of immovable property
47. Services provided or rendered by legal practitioners and consultants
48. Services provided by accountants and auditors
49. 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
50. Services provided by race clubs: Entry/ admission and other services
51. Services provided or rendered by corporate law consultants
52. Visa processing services, including advisory or consultancy services for migration or visa application filing services
53. Debt collection services and other debt recovery services
54. Supply chain management or distribution (including delivery) services
55. Services provided or rendered by persons engaged in inter city transportation or carriage of goods by road or through pipeline or conduit
56. Ready mix concrete services
57. Public relations services
58. Training or coaching services other than education services
59. Cleaning services including janitorial services, collection of waste and processing of domestic waste

9. SINDH SALES TAX ON SERVICES ACT 2011

- Section 02 has been amended to introduce or modify a number of definitions.
- Section 13 has been amended to make withholding agents personally liable in case of default in sales tax withholding.
- Section 26 has been amended to enhance the scope of records to be maintained.
- Section 15A, 27, 28, 29, 34, 52, 54A, 65A have been amended to make editorial corrections or certain procedural changes.
- Section 43 has been amended to modify applicable penalties.
- Section 58 has been amended to increase stay granting powers of Commissioner Appeals from 60 to 120 days.
- Section 60 has been modified to enhance experience requirements of Member Technical of Tribunal
- Section 66 has been modified to provide that recovery shall not be made before expiry of 30 days from the date of the order.
- Services identified in the First Schedule have been modified for the purpose of aligning with the Second Schedule.
- Services identified in the Second Schedule have been modified as follows (additional or substituted) words:

9806.6000	Renting of machinery, equipment, appliances and other tangible goods	13%
9812.7000	Other specified telecommunication services	19.5%
9812.7100	Audio text services	19.5%
9812.7200	Teletext services	19.5%
9812.7300	Trunk Radio Services	19.5%
9812.7400	Paging services including voice paging services and radio paging services	19.5%
9812.7900	others	19.5%
9812.8000	Tracking and alarm services	19.5%
9812.8100	Vehicle tracking and other tracking services	19.5%
9812.8200	Burglar and security alarm services	19.5%
9812.8900	Others	19.5%
9812.9000	Telecommunication Services not elsewhere specified	19.5%
9813.4100	Guarantee including bank guarantee	13%
9813.4400	Issuance of cheque books, pay order and demand draft	13%
9813.4700	Commission, including bill discounting commission	13%
9813.4800	Safe deposit lockers and safe vaults	13%
9813.4900	Other services, not elsewhere specified	13%

9821.2000	Indoor sports and games center	13%
9846.000	Services provided or rendered by the cab aggregative and the services provided or rendered by the owners or driver of the motor vehicles using the cab aggregative services	13%
9847.0000	Warehouses or depots for storage or cold storages	13%
9848.0000	Training Services	13%
9849.0000	Actual Services	13%
9850.0000	Services of mining of minerals and allied and ancillary services in relation thereto	13%
9851.0000	Site preparation and clearance, excavation and earth moving and demolition services	13%
9852.0000	Waste collection, transportation, processing and management services	13%
9853.0000	Vehicle packing and valet services	13%
9854.0000	Electric power	13%
9855.0000	Insurance agents	13%

Note: SRB has issued a number of notifications for reduced rates etc. on June 27, 2019 and July 01, 2019. The commentary does not include impact of those notifications although separate commentary has already been published on those notifications.



10. PUNJAB SALES TAX ON SERVICES ACT 2012

Punjab Sales Tax on Services Act 2012

- Section 14 has been amended to provided explanation of the word “charged” to include “tax liable to be charged”.
- Section 16B(1)(g) provides that a registered person shall not be entitled to claim input tax adjustment in respect of goods and services liable to a tax rate lesser than 16%. This rate has been changed to 15%.
- Section 16B(1)(h) provides a registered person shall not be entitled to claim input tax adjustment in respect of goods and services used or consumed in a service liable to a rate of tax lesser than 16%. This rate has been changed to 15%.
Section 16B(1)(h) provides a registered person shall not be entitled to claim input tax adjustment in respect of goods and services not related to **taxable supplies** made by the registered person. Now after the aforementioned highlighted word “or services” has been added.
- Section 24A has been inserted to provide for determination of minimum tax liability.
- Section 48 has been modified to provide further penalties mostly.
- Section 59B has been amended to provide for electronic invoicing system.
- Section 60 has been amended to define other officers of the authority.
- Section 66 has been amended to enhance scope of appeal before Tribunal.
- Section 70 has been modified to authorize recovery from bank accounts of taxpayer.
- Second Schedule has been modified to make changes in relation to taxation of various services, the newly inserted or modified entries are now read as under:

S.No.	Description of services	PCT code	Rate of tax
15	(i) Services provided by property developers, builders and promoters (including allied services) Excluding Actual purchase value or documented cost of land (ii) Affordable housing services provided under Government sponsored housing programs	9807.0000 and respective sub-headings of heading 98.14	(i) 8% without input tax adjustment or 16% with input tax adjustment; and (ii) 5% without input tax adjustment or sixteen percent with input tax adjustment
34	Services provided by architects, town planner, landscapers, landscape designers and interior decorators and interior designers	9814.1000 9814.9000 9814.4000 and respective headings	16%
43	Services provided in specified fields such as health care, gym physical fitness, indoor sports, games, “amusement parks, arcades and	9821.1000 and 9821.2000 9821.4000	16%

	other recreation facilities and body or sauna massage		
54	Facilities for travel originating from Punjab by Air for domestic and international travel Excluding: Air travel services provided to Hajj or Umrah passengers, diplomats and supernumerary crew	9803.1000 9803.1100	Five percent without input tax adjustment
64	Dress designing and stitching services	Respective headings	Sixteen percent
65	Rental of bulldozers, excavators , cranes, construction equipment, Scaffolding, framework and shuttering generators, storage containers, Refrigerator, shelf or rack renting etc.	Respective headings	Sixteen percent
66	Services in respect of treatment of textile , leather but not limited to Dyeing services, Edging and cutting cloth trimming , water proofing, Embroidery and Engraving, Fabric bleaching knitting , leather staining, Leather working , pre –shrinking , colour separation services, pattern printing and shoe making services.	Respective headings	Sixteen percent
67	Apartment house management , real estate management and services of rent collection.	Respective headings	Sixteen percent
68	(i) Medical consultation/ visit fee exceeding Rs 1,500 per consultation/visit of doctors, medical practitioners and medical specialists. (ii) Bed/room charges of hospitals exceeding Rs 6000/-per day per bed/room	9815,1000 and other respective headings	Five percent without input tax adjustments.

Tax on properties other than agricultural land abutting to National/ Provincial Highways and within the area of Motorways outside the rating areas in Punjab

- Tax on subject properties has been levied @ 5% of annual taxable value due from owner or occupant except for the following buildings and land:
 - o Annual taxable value of which does not exceed Rs. 500,000 belonging to a widow, a divorcee, a disabled person, a minor orphan or a female unmarried orphan up to the age of twenty five years;
 - o Owned by Federal or Provincial Government; or
 - o Exclusively used by public for worship.
- Annual taxable value means the value of a distinct property unit excluding the value of any machinery etc. thereof, which shall be the basis of determination of tax assessed, levied and recovered under section 10 of this Act.



11. KHYBER PAKHTUNKHWA FINANCE ACT 2013 (SALES TAX ON SERVICES)

- Section 02(55) has been modified to provide definition of “unregistered person”.
- Section 20 has been modified to require registered person to deduct sales tax as per applicable rates
- Section 21A has been provided to validate the various notifications etc.
- Section 26 has been modified to require all payments in excess of Rs. 50,000 should be made through normal banking channel from the business bank account of service recipient to service provider.
- Section 40 has been modified to make withholding agent liable for default in sales tax withholding
- Section 64 has been amended to modify applicable penalties
- Section 82 has been modified to provide for qualification criteria of judicial and technical member as follows;

Quote (2) Governments shall appoint, for a term of three years, Judicial member of the Appellate tribunal, who shall be-

- (a) A District and session judge, in consultation with Peshawar high court, Peshawar: or
- (b) Any person, who has been district and session judge for at least three years:

(3) Government shall appoint, for a term of three years, Technical member of the Appellate tribunal, who is or has-

- (a) A collector (Appeals) in the Authority;
- (b) A collector in the Authority;
- (c) A collector of custom in the federal board of revenue;
- (d) A commissioner of inland revenue in the federal board of revenue; or
- (e) A legal practitioner, who is a member of the Pakistan bar council or Provincial bar council and has minimum of twenty years standing at the High court level, practicing tax law”;

and

(3A) A judicial member or a technical member shall not be above seventy years of age,

(3B) The term of office of a judicial member of technical member ,as the case may be, may be extended for another term of three years, subject to his satisfactory performance:

Provided that such term shall not be extended for a third term in any case” **Unquote**

- The existing first and second schedule have been replaced as follows:

FIRST SCHEDULE
(Classification and Description of Services)

Classification (1)	Description (2)
9801.0000	Services provided by hotels, restaurants and marriage halls, lawns, clubs, and caterers, suppliers of prepared eatables and drinkables, pandals and shamianas messes, hostels and similar undertakings including allied, auxiliary or ancillary services thereto
9801.1000	Hotels and Similar Establishments
9801.2000	Restaurants and similar undertakings or businesses
9801.3000	Marriage Halls, Lawns, pandals , shamianas
9801.4000	Clubs
9801.5000	Caterers and other persons supplying prepared eatables and drinkables
9801.6000	Motels , guests houses, lodges and farm houses
9801.7000	Messes and hostels
9801.9000	Services allied. Auxiliary ancillary thereto
9802.0000	ADVERTISEMENT AND ADVERTISEMENT SERVICES
9802.1000	T.V including cable TV network
9802.2000	Radio
9802.3000	Closed circuit TV
9802.4000	Newspapers, periodicals, magazines and similar other publications
9802.5000	Website and internet
9802.6000	Poles or similar structures
9802.7000	Bill boards, electronic bill boards, hoarding boards, signboards and similar other medium of advertisement display
9802.8000	Lease or renting of space whether on constructed or erected structure or otherwise , for the purpose of advertisements
9802.9000	Other similar services or other advertisement services
9803.0000	Cinematographic production, photographic services and broadcasting services
9803.1000	Film making or film production including drama production whether in serials or otherwise
9803.2000	TV production
9803.3000	Radio production
9803.4000	Broadcasting services
9803.5000	Photographic services(services of photography or photographers)
9803.9000	Other similar, allied , ancillary or auxiliary services

9804.0000	Services provided as facilities for travel or transportation (including carriage) of persons
9804.1000	Sea or river (ships, vessels, ferries, trawlers, launches, barrages, boats or similar power-operated structures)
9804.2000	Air(aircrafts, airplanes, helicopters, airships, air-ballons and other flying structures, apparatuses or machines)
9804.3000	Railways (trains)including tramways
9804.4000	Roads (buses, coaches, coasters, wagons, jeeps, cars taxis and other motor or motor bike, operated four or three wheels vehicles primarily meant for passengers transport)
9804.5000	Chairlifts or similar directly or indirectly power-operated moving structures
9804.9000	Other traveling or transportation services
9805.0000	Services provided for carriage or transportation of goods
9805.1000	Sea or river (ships,, vessels, oil tankers, ferries, trawlers, launches, barrages, boats or similar power-operated structures)
9805.2000	Air (aircrafts, airplanes, helicopters, airships, air-ballons and other flying structures, apparatuses or machines)
9805.3000	Railways (trains)including tramways
9805.4000	Road(vehicles whether or not containerized like trucks , trailers, trawlers, oil tankers, loaders, pick-ups ,trollies and other power or motor bike-operated four or three wheel vehicles primarily meant for loading and carriage of goods
9805.5000	Bucket-lifts or similar directly or indirectly power-operated moving structures
9805.6000	Conduit, pipeline, conveyor and similar cargo transmission network or arrangements for transportation of goods whether liquid or otherwise
9805.9000	Other services for carriage or transportation of goods whether liquid or otherwise
9806.0000	Services provided by persons authorized to transact business on behalf of others as agent or otherwise
9806.1000	Shipping agents, ships chandlers, stevedores, and ship handling or management service providers
9806.2000	Freight forwarding agents and cargo forwarding or moving businesses
9806.3000	Customs or customs house agents
9806.4000	Travel agents, tour operators and recruiting agents
9806.5000	Advertising agents and advertisement intermediaries
9806.6000	Share transfer agents and general insurance agents
9806.7000	Sponsorship services
9806.8000	Business management or business support services
9806.9000	Other similar services
9807.0000	Services provided in matters of sale, purchase , rent or hire
9807.1000	Property dealers , property agents and realtors
9807.2000	Car and other automobile dealers(whether old or new)
9807.3000	Dealers of electrical or electronic equipment's, appliances or other goods(whether old or new)
9807.4000	Dealers of other second hand goods
9807.9000	Other similar or allied services

9808.0000	Services(including dyeing) provided by laundries(laundrerers) dry cleaners or similar other businesses whether independently or otherwise
9808.1000	Launders and dry cleaners operating independently
9808.2000	Launders and dry cleaners operating in conjunction with other businesses providing services
9808.3000	Launders and dry cleaning services by other businesses(including those performed for industrial purposes)
9808.4000	Dyers of cloth or clothes including industrial dyers (e.g dyers of textiles or textile materials)
9809.9000	Other similar or allied services
9809.0000	Courier services including speedy , fast, quick, or urgent mail or cargo services provided either by couriers companies or by other businesses or entities whether as a sole activity on in conjunction or alone with other business activity or activities
9809.1000	Courier services (including parcels)by dedicated businesses
9809.2000	Urgent deliver cargo services as an exclusive business activity
9809.3000	Courier or urgent delivery cargo services performed by other businesses like passenger transport companies or entities
9809.9000	Other similar or allied or ancillary services
9810.0000	Services provided by persons engaged in contractual execution of works or furnishing supplies(excluding transactions involving contractual supply of goods only without any component of services)
9810.1000	Work contractors other than construction or maintenance work
9810.2000	Maintenance work services whether or not involving furnishing of supplies (excluding supplies of goods only)
9810.9000	Other similar services
9811.000	Services by whatever name called , provided whether independently or otherwise for personal care, personal beautification and cosmetic uplift by beauty parlors, beauty clinics, slimming clinics and similar other businesses operating separately or otherwise
9811.1000	Ladies beauty parlors or beauty clinics including ladies saloons whether working independently or as part of other businesses
9811.2000	Cosmetic treatment or cosmetic surgery centers or clinics whether operating as stand-alone or as part of the businesses
9811.3000	Similar or other health clinics or clubs providing , inert alia, personal beautification services whether working independently or otherwise
9811.4000	Gents beauty parlors or saloons including barbour shops providing single or multiple services for personal care or beautification
9811.9000	Other similar services
9812.0000	Packing or packaging services including allied and ancillary services
9812.1000	Packing or packaging of industrial goods or products for industrial or commercial purposes
9812.2000	Packing or packaging of old or used office or household goods
9812.9000	Other similar , allied or ancillary services
9813.0000	Telecommunication or other similar ,allied or ancillary services
9813.1000	Telephone services (including fixed line, wireless, cellular, wireless local loop,

	video, prepaid, post-paid, pay phone cards and voice mail etc)
9813.1010	Messaging services(sms, mms and messaging through other digital applications etc)
9813.1020	Installation , provision. , shifting, changing, conversation and restoration of telephone connections and similar other services
9813.2000	Bandwidth services (including copper line / fiber optic/coaxial cable /microwave/satellite-based , IPservers , teleconferencing ,3G/4G/5G/ or similar other services)
9813.3000	Telegraph and other services relating thereto
9813.4000	Telefax including store and forward fax and similar other services
9813.4010	Internet services including e-mail, dial-up and other allied services
9813.4020	Broadband services for DSL connection and other similar services
9813.4030	Data communication network services and other similar services
9813.5000	Long distance international (LDI) services
9813.6000	Local loop or other similar services
9813.7000	Audio text services
9813.8000	Voice paging services and other similar services
9813.9000	Other similar or allied or ancillary services
9814.0000	Services provided by banks or banking companies, insurance companies , cooperatives and foreign exchange companies or dealers
9814.1000	Banks and banking companies , cooperatives or similar institutions or entities
9814.2000	Insurance companies (their all services including goods/ fire/theft/marine/travel/life/health/industrial/business related/moveable or immovable property insurance and other insurance and reinsurance services
9814.3000	Services of cooperatives and cooperative societies (including producer cooperatives , worker cooperatives , consumer cooperatives, credit unions, retail or purchasing cooperatives , social cooperatives , industrial service cooperatives , cooperative farming societies , housing cooperatives and credit cooperatives etc.)
9814.4000	Services of foreign exchange companies , dealers and money changers or similar businesses
9814.9000	Other similar banking , insurance , cooperative or money exchange services
9815.0000	Services provided by architects ,civil engineers , construction consultants , construction contractors, town or real estate or property promoters , developers or planners including interior decorators or allied or ancillary profession
9815.1000	Architects and civil engineers or town promoters , developers planners
9815.2000	Town, real estate or property promoters , developers or planners
9815.3000	Construction contractors including contractors of allied work such as electrical or gas fittings , plumbing, water boring, wood work , plastering , flooring , steel work , paint and other finishing work
9815.4000	Landscaper land development designers including land surveyors
9815.9000	Other similar or allied or ancillary services

9816.0000	Services provided by practitioners , professionals, consultants and advisers in their respective fields or disciplines
9816.1000	Medical , dental or allied health fields or disciplines including para-medicines and specialized technicians
9816.2000	Veterinary and allied sciences including pet care
9816.3000	Law and allied field or disciplines
9816.4000	Financial, accountancy , cost accountancy, tax management or tax affairs and similar other fields or disciplines
9816.5000	Human resource management or development
9816.6000	Business planning , business management , business reforms , business communication including hospitality administration and similar other fields or disciplines
9816.9000	Other similar services
9817.0000	Services provided by laboratories engaged in lab work like examination, analysis , testing, verification, experimentation, innovation, and product development etc., in relevant domains of knowledge.
9817.1000	Scientific including medical, health or health care labs
9817.2000	Mechanical including engineering labs
9817.3000	Chemical including material or goods testing labs
9817.4000	Electrical or electronic labs
9817.5000	Forensic labs
9817.6000	Petro-chemical labs
9817.9000	Other similar labs
9818.0000	Services provided by specialized agencies
9818.1000	Security agencies including security alarm services
9818.2000	Credit rating or similar evaluation agencies
9818.3000	Market research or market survey agencies
9818.4000	Private detective or intelligence service providing agencies
9818.5000	Project including business project planning or preparation agencies
9818.9000	Other similar agencies
9819.0000	Services provided by specified persons or businesses
9819.1000	Stock brokers , future brokers and commodity brokers
9819.1100	Under writers
9819.1200	Indenters and similar other commission agents
9819.1400	Packers and movers not falling under classification heading 9812.0000
9819.1500	Distribution agents
9819.2000	Money exchange not falling under classification heading 9814.000
9819.3000	Rent-a-car and automobile rental services
9819.4000	Surveyors other than those falling under classification heading 9815.0000
9819.5000	Designers other than those falling under classification heading 9815.0000
9819.6000	Outdoor photographer and videographers including studios services other than those falling under classification heading 9803.0000
9819.7000	Video tape, sound recorder , program producers and production services other than those falling under classification heading 9803.0000

9819.8000	Art painters including services provided by art galleries(excluding sale of their own pre-made..... not made to order art products
9819.9000	Cable TV operators including private radio channel operators
9819.9100	Auctioneers other than those who pay tax as customs agent
9818.9200	Public relation services other than those who pay tax as practitioner , professionals , consultants or advisor of business communication
9819.9300	Technical testing and analysis services other than those classifiable under heading 9817.0000
9819.9400	Service provided by a registrar to an issue
9819.9500	Services relating to processing for registration or protection of copy rights or other IPRs
9819.9900	Other similar services
9820.0000	Services provide by specialized workshops undertakings
9820.1000	Auto workshop whether or not providing other allied or extended services
9820.2000	Workshop for industrial, construction, earth moving or other similar , heavy duty or special purpose machinery
9820.3000	Workshop for electric or electronic equipment's or appliances including computer hardware
9820.4000	Car washing or other similar service station
9820.9000	Other similar workshop or businesses
9821.0000	Services provided in specified fields not clubbed with other (taxable) services classified elsewhere in this SCHEDULE
9821.1000	Healthcare centres , health clubs, gyms or physical fitness centers
9821.2000	Indoor sports and game centers
9821.3000	Baby care centers
9821.4000	Body massage centers
9821.5000	Pedicure centers
9821.9000	Other similar services
9822.0000	Services provided for specified purposes
9822.1000	Fumigation or decontamination of commercial , industrial or residential buildings , warehouses , godowns, storage houses or storage places , parks , gardens and other buildings or places including business places
9822.2000	Maintenance or cleaning services in respect of building or other places whether or not wholly or partly constructed including places having only civil infrastructure
9822.3000	Janitorial services
9822.4000	Dredging or desilting services
9822.5000	Salvage or similar other recovery services
9822.9000	Other similar services
9823.0000	Franchise services either on giving or not receiving ends including royalties or similar financial benefits arising out of intellectual property rights or other factors of business goodwill
9824.0000	Brokerage (whether traditional, discount, commodity or other category) services (other than stock or securities brokers)
9825.0000	Exhibition , convention or carnival services including renting of purpose

	specific property or space for such events
9826.0000	Services of computer software engineers including provisioning of information , data feeding, data processing, data cleaning, data storage , data transfer or data management etc
9827.0000	Services relating to handling , storage or ware housing of goods whether or not movement or transport of such goods is undertaken or conducted by the same service provider
9828.0000	Services of fashion designers not engaged in designing , manufacturing and selling their own products or goods through their regular paid employees
9829.0000	Service of internet café including business providing facilities for playing computer games as a separate activity of in conjunction or along with such café services
9830.0000	Airport services (including passenger facilitation, car parking, supplies, renting or special purpose machinery, equipment, vehicles, portorage, quarantine and other fumigation or vaccination, janitorial services, jet or other fuel supply services etc.)
9831.0000	Forward contract services whether for property , commodity or other purposes
9832.0000	Coaching , training , vocational or tuition centers(whether or not called academies)
9833.0000	Tracking services
9834.0000	Quality control services (ISO certification authority)
9835.0000	Debt collection agencies
9836.0000	Amusement parks services
9837.0000	Call centers
9838.0000	Film and drama studios including mobile stage shows or cinemas
9839.0000	Entertainment services including services provided for planning , arranging or managing sports activities, games or matches
9840.0000	Services provided in respect of manufacturing or processing on toll or charges basis (out of main or major inputs owned by others)
9841.0000	Container terminal , container handling or container storage services regardless whether the container are empty nor stuffed with cargo
9842.0000	Manpower recruitment including recruitment for overseas jobs and labour services jobs and labour supply services regardless the labour charges are given by the service provider or the service receipt
9843.0000	Dryport services including operation of a dry port and other provided at or in respect of dry port such as inward / outward transportation /movement of goods , cargo handling, cargo storage or warehousing , loading /unloading of cargo, booking or discharge of cargo etc
9844.0000	Public bounded warehouse services
9845.0000	Services provided in respect of exploration or mining of minerals , oil and gas including surveys and other activities related or allied thereto
9846.0000	Event management services whether covering all or any of the processes like planning , budgeting , schedules , site selection , acquiring necessary permits , coordinating transportation and parking , arranging for speakers or entertainers , arranging décor, event security , catering or any other allied or connected task
9847.0000	Electric power and gas transmission (including wheeling)or distribution services

9848.0000	Valuation and assignment services including competency and eligibility testing services
9849.0000	Transportation, carriage, haulage or transmission of cargo whether dry, liquid or otherwise
9850.0000	Digital or IT based services in whatever form or manner or under whatever arrangement including but not limited to web design and development , mobile app development, server management, page-speed optimization, UX/UI optimization , PPC marketing, blogging, google adwords , facebook advertising, instagram, advertising, custom software maintenance and support services, supply of any other software or software product or products through any medium and online digital marketing services such as search engine optimization(SEC) social media marketing , email marketing, viral marketing services etc
9851.0000	Ride-hailing or ride hail services like uber , creame , biker and lyft etc regardless of the mode , manner or dynamics of the business systems involved in such services
9852.0000	Online marketing place (OMP) including online platform or portal services by whatever name called
9853.0000	Devices relating to or in respect of the installation , erection , commissioning or other permanent (whether full or in part) of any industrial , mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipment etc for residential use)
9854.0000	Services relating to or involving collection , provision, organisation, digitization, processing , analysis, safety, preservation, sharing , verification , validation, decontamination or any other treatment of data including granting access to data for the purposes of information-gathering , information verification, information-authentication or similar other purposes.
9855.0000	Visa processing or visa acquisition services including advisory or consultancy services for foreign education or migration provided by persons in their private business or professional capacity

Second schedule

S. No	Description of services	Heading	Rate of tax
1	Services provided by rendered by hotels, motels, guest houses, resorts, accommodation-and/or food provisioning/food servicing or food supply facilities , restaurants(including food services supply chains), food including ice cream parlors, marriage or wedding halls , marques, lawns ,clubs and carters, suppliers of prepared eatables and drinkables , pandals and shamianas , clubs including such clubs as, though run on mutuality basis are operated in commercial mode, manner or style , messes , hostels and similar entities, enterprises or undertaking including all such services , facilities, utilities, entertainment, comforts, enjoyments or amusements etc	9801.0000 9801.1000 9801.2000 9801.3000 98014000 9801.5000 9801.6000	Fifteen percent (15%)

	<p>as are allied auxiliary or ancillary thereto</p> <p>Exemption and reduced tax rates: (i) full exemption shall be available to the services of hostels exclusively meant for providing accommodation and allied facilities to students.</p> <p>(ii) the rate of tax in case of services (whole range of services including accommodation, food supplies and laundry etc) provided or rendered by all other categories of hostels shall be five percent (5%) without any input tax adjustment.</p> <p>(iii) in case of restaurants excluding those operating in corporate sector or as franchises of multinationals or chains of restaurants businesses or have registered business or brand names the rate of tax shall be eight percent (8%) without any input tax adjustment: Provided in case of traditional type restaurants usually called as DHABA or conventional hut-type or similar other road/ street side non-air-conditioned restaurants usually serving limited range of pre-cooked or pre-prepared food items with informal seating environment the rate of tax shall be two percent (2%) without any input tax adjustment</p> <p>(iv) in case of traditional accommodation facilities like sarrayae or inns or open air overnight bed provisioning services generally located or available around or in the vicinity of railway stations, bus or wagon stands (stations) the rate of tx shall be two percent(2%) without any input tax adjustment if the charges for overnight stay do not exceed rupees three hundred per bed.</p> <p>(v) in case of marriage or wedding halls including pandals and shamiana and similar other businesses including food services provided therein the rate of tax shall be eight percent(8%) without any input tax adjustments.</p> <p>(vi) in case of caterers whether stand alone or otherwise the rate of tax shall be ten percent(10%) without any input tax adjustments.</p>	<p>9801.7000</p> <p>9801.8000</p> <p>9801.9000</p>	
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2	<p>Services provided or rendered by beauty parlors, beauty clinics healthcare centers , cosmetics or plastic surgery centers /clinics , hair transplant centers or clinics , health clubs ,gyms (including yoga centers with or without yoga teaching classes , systems or arrangements), physical fitness centers massage centers pedicure/manicure centers swimming pools and other similar establishments undertakings ,enterprises, or entities etc.</p> <p>Exemption : full exemption on Cosmetics treatment of burns or burned body parts and Conventional or traditional barber shops provided they do not render any high end beautician or cosmetic services,</p>	<p>9811.000 9811.1000 9811.2000 9811.3000 9811.4000 9811.9000 9821.1000 9821.4000 9821.5000</p>	<p>Eight percent (8%) without any input tax adjustment.</p>
3	<p>Services provided or rendered by stand alone or other launderers and dry cleaners including carpet or sofa set or similar furniture items cleaners or washers:</p> <p>Exemption : full exemption to small size traditional style stand- alone launders and drycleaners operating without any branded or registered business name and without the involvement or use of any electrical or mechanical apparatus, equipment or machinery for washing or cleaning purposes.</p> <p>Reduce Rate Of Tax: the medium size stand alone launders and dry cleaners shall be liable to tax at the rate of eight percent(8%) without input tax adjustments.</p>	<p>9808.0000 9808.1000 9808.2000 9808.3000 9808.4000 9808.9000</p>	<p>Fifteen percent (15%) , pay phone cards and voice mail</p>
4	<p>Telecommunication and similar , allied or ancillary services including :</p> <p>(a) Telephone services (including fixed line, wireless, cellular , wireless local loop , video, pre-paid, post-paid , pay phone cards and voce mail etc.)</p> <p>(b) Messaging services (including SMS) , MMS and messaging through other digital application etc.</p> <p>(c) Installation , provision , shifting , changing, conversation and restoration of telephone connections (including conversation of NWD connection to non NWD or vice versa) and similar other services.</p> <p>(d) Bandwidth services (including copperline/fiber-optico/co-axial Cable /microwave/satellite-based, IP services , teleconferencing, 3G /4G/5G/LTE or similar other services</p> <p>(e) Telegraph and other relating services relating thereto</p> <p>(f) Telefax including store and forward fax and similar other services , internet services including e-mail ,</p>	<p>9813.0000 9813.1000 9813.1010 9813.1020 9813.2000 9813.3000 9813.4000 9813.4010 9813.4020 9813.4030 9813.5000</p>	<p>Nineteen and a half percent (19.5%)</p>

	<p>dial-up and other allied services</p> <p>(g) Broadband services for DSL connection (including copper –line/ fiber –optic/co-axial cable/ wireless/satellite-based, internet/ e-mail /data /sms/mms services on WLL or cellular mobile networks) and similar other services</p> <p>(h) Data communication network (DCNS) including copper- line/ fiber –optic/co-axial cable/ wireless/satellite-based, services relating to value added data , virtual private network (vpn) and digital signature) and similar other services</p> <p>(i) Long distance international (LDI) services.</p> <p>(j) Local loop or other similar services, audio text services</p> <p>(k) Voice paging services and other similar services</p> <p>(l) Rental either full or partial or non sharing basis of space , place or any other facility or arrangement on towers or others structures or installations for any purposes</p> <p>(m) Internet base cable TV services whether as a single service or otherwise and</p> <p>(n) All other similar allied ancillary or auxiliary services</p>	<p>9813.6000</p> <p>9813.7000</p> <p>9813.8000</p> <p>9813.9000</p>	
5	<p>Services provided by persons authorized to transact or deal with business in any manner on behalf of others such as customs agents , shipping agents ,stockbrokers ,share transfer agents, business support or business or asset managements agents , recruiting-recruitment agents ,commission agents distribution agents and similar other persons engaged in business transaction work or activity against commission or similar charges.</p> <p>Exemption: full exemption in case of performance of hajj and umrah</p> <p>Reduced rate of tax: all services of this entry other than business support services and labour or manpower supply services shall be charged to tax at the rate of eight percent(8%)without any input tax adjustment</p>	<p>9806.0000</p> <p>9806.1000</p> <p>9806.2000</p> <p>9806.3000</p> <p>9806.4000</p> <p>9806.6000</p> <p>9806.7000</p> <p>9806.8000</p> <p>9806.9000</p> <p>9819.1000</p> <p>9819.1500</p>	
6	<p>Advertisement on tv including cable tv networks , radio, cctv , newspapers , periodicals magazines and similar other publications , websites, and internet , poles or similar structures , bill boards , electronic bill boards , hoarding boards signboards and similar other medium of advertisement display , lease or renting of space whether on constructed or erected structure or otherwise for the purposes of displaying advertisements of any manner and other advertisements services including services</p>	<p>9802.0000</p> <p>9802.1000</p> <p>9802.2000</p> <p>9802.3000</p> <p>9802.4000</p> <p>9802.5000</p> <p>9802.6000</p> <p>9802.7000</p> <p>9802.8000</p>	<p>Ten percent (10%) without any input tax adjustments</p>

	<p>provided or rendered by advertising agents.</p> <p>Exemption: full exemption on such advertisement carrying or conveying public services messages as are funded by the government under foreign grants –in-aid agreements signed with the governments.</p> <p>Reduce rate of tax: in case of advertisements on or through print media of all types and forms , tax shall be charged at the rate of five percent (5%) without any input tax adjustment.</p>	<p>9802.9000</p> <p>9806.5000</p>	
7	<p>Courier services including speedy , fast, quick, or urgent mail, parcel, or cargo, services provided either by courier companies or by other businesses or entities whether as a sole activity or in conjunction or along with other business activity or activities including:</p> <ol style="list-style-type: none"> Courier services including parcels by dedicated businesses Urgent delivery cargo or parcel services as an exclusive business activity. Courier or urgent delivery cargo or parcel services performed by other businesses or entities like airlines , railways , postal services entities , road passengers transport companies or entities and Other similar allied or ancillary or ancillary services 	<p>9809.0000</p> <p>9809.1000</p> <p>9809.2000</p> <p>9809.3000</p> <p>9809.9000</p>	Fifteen percent(15%)
8	<p>Services provided in matters of sale , purchase , rent or hire (other than a rent a car) under any kind or type of arrangements with the client or the principal:</p> <ol style="list-style-type: none"> Property dealers or property agents and realtors Car and other automobiles dealers(whether old or new) Dealers of electrical or electronic equipment's , appliances or other similar goods (whether old or new) Dealers of plant and machinery including construction machinery and similar capital goods Dealers of other second hand goods Renting services in respect of plant , machinery including construction machinery and other equipment etc <p>Reduce rate of tax : tax shall be charged at the rate of five percent(5%) in case of property dealers without any input tax adjustments , property dealers and agents and realtors , dealers of second hand goods of all categories including</p>	<p>9807.0000</p> <p>9807.1000</p> <p>9807.2000</p> <p>9807.3000</p> <p>9807.3000</p> <p>9807.9000</p>	Fifteen percent (15%)

	second hand automobiles and all renting services covered in this entry		
9	<p>Services provided by specialized workshops or undertakings:</p> <ul style="list-style-type: none"> a) Auto- workshops whether or not providing other allied or extended services b) Workshop for industrial , construction earth-moving or other similar heavy duty or special purpose machinery. c) Workshop for heavy or light duty electric , electrical or electronic machinery equipment or appliances etc, including computer hardware and allied equipment or appliances etc. d) Services provided in respect of the repairs or maintenance of aircrafts , helicopters and other flying objects e) Car washing or similar service stations f) Other workshops or workshop-type businesses 	9820.000 9820.1000 9820.2000 9820.3000 9820.4000 9820.9000	Five percent (5%) without any input tax adjustments in all cases except industrial workshops and authorized automobile, dealers workshop where the tax shall be charged at the rate of ten percent(10%) without input tax adjustments
10	<p>Franchise services either on giving or on receiving ends including royalties or similar financial benefits arising out of intellectual property rights or other factors of business goodwill, market standing, popularity, imagine or reputation etc.</p> <p>Exemption: full exemption to education related or education specified franchise services</p>	9823.0000 9818.9500	Ten percent (10%) without any input tax adjustments
11	<p>Services provided or rendered by specialized agencies</p> <ul style="list-style-type: none"> a) Security agencies including their activities relating but not to providing cash or precious articles transportation or movement security tracking services and security alarm services b) Credit rating or similar evaluation or revaluation agencies c) Project including business project planning or preparation agencies d) Market research or market survey agencies e) Private detective or intelligence service providing agencies f) Other similar agencies 	9818.0000 9818.1000 9818.2000 9818.3000 9818.4000 9818.5000 9818.9000	Ten percent (10%) without any input tax adjustments
12	<p>Services provided or rendered in respect of manufacturing or processing on toll or charges basis(out of main or major inputs owned by others)</p> <p>Exemptions: full exemptions on text book printed on</p>	9840.0000	Five percent (5%) without input tax adjustments

	contract printing basis meant for free distribution to the students by or through the government.		
13	Services provided by persons engaged in contractual execution or performance of works (including repair maintenance, renovation , upgrading, or janitorial works) or furnishing supplies (excluding transactions involving contractual supply of goods only without any component of service relating to such goods)	9810.0000 9810.1000 9810.2000 9810.9000	Fifteen percent (15%)
14	<p>Services provided by construction contractors , architects ,civil engineers land or property surveyors , construction consultants , designing and supervisors consultants town or real estate or property promoter , developers or planners including interior decorators or allied ir ancillary professions:</p> <p>a) Construction services rendered or provided in respect of the construction of structures , buildings, roads , bridges underpasses or flyovers , electro mechanical works , turn-key projects and similar other works involving construction activity</p> <p>b) Architects and civil engineers or town promoters, developers , planners</p> <p>c) Town , real estate or property promoters, developers and planners.</p> <p>d) Services of contractors of allied works such as electrical , mechanical , gas fittings, plumbing, water boring , wood work plastering, flooring, steel work, paint, and other finishing work or works.</p> <p>e) Interior decorators</p> <p>f) Landscaping or land development designers including land surveyors</p> <p>g) Other similar allied or ancillary services.</p> <p>Exemption: full exemption on:</p> <p>(i) the construction work in respect of development of industrial estate /zones ,consular buildings and construction works under international tenders based on and funded from foreign grants –in-aid agreements or arrangements</p> <p>(ii) residential construction and allied works in respect of the prime Ministers of Naya Pakistan housing schemes</p> <p>(iii) the projects initiated or undertaken under governments annual development plan (ADP) Provided either such projects have been initiated or completed o or before 30th June, 2019 or payments , whether full or in</p>	9815.0000 9815.1000 9815.2000 9815.3000 9815.4000 9815.9000 9815.5000	Fifteen percent (15%)

	<p>parts , in respect thereof have been made on or before the said date</p> <p>specified date of tax:</p> <p>(I) in case of land developments, tax shall be charged at the rate of rupees one hundred (Rs 100 only) per square yard of the total developed land without any segregation , fragmentation , segmentation , splitting or slicing with reference to the factual or intended use whether immediate or subsequent and no input tax adjustments shall be admissible in this regard :</p> <p>(II) in case of commercial construction of residential buildings , flats or apartments the rate of tax shall be rupees fifty (rs 50) per square foot of the covered area without any input tax adjustments.</p> <p>Reduce rate of tax: in case of projects (other than those covered under exemption in this entry) funded under the governments ADPs budget tax shall be charged at the rate of two percent (2%) without any input tax adjustments.</p> <p>Clarification: for the purpose of removal of any doubt , it is clarified that self construction of residential houses for personal use shall not be liable to tax.</p>		
15	<p>Digital or it based services in whatever form or manner or under whatever arrangement including but not limited to :</p> <ul style="list-style-type: none"> • web design and development • mobile app development • server management • page-speed optimization , UX/UI optimization • PPC marketing , blogging • google AD words , facebook and instargram advertising • custom software developments assessments and road map development, software maintenance and support services supply or sale of any other software or software product or products through any medium • online digital marketing services such as search 	9850.0000	Five percent (5%)

	<p>engine optimization (SEO)</p> <ul style="list-style-type: none"> • social media marketing , content marketing , affiliate marketing , influencer marketing , email marketing , viral marketing services etc. 		
16	<p>Services relating to works or projects in respect of exploring and production (E&P)OR MINING OF MINERALS , oil and gas including licensing, renting or re-renting , leasing or re-leasing , surveys, geo-map development , equipment, equipment mobility , product evaluation, product marketing and other services or activities related or allied thereto</p> <p>Sector or industry , tax shall be charged on both the fee (by whatever name called)paid for the purposes of lease or license including renewal thereof and on the royalty: Provided that where such fee or royalty is received by the government authority or department , the tax shall be paid on receipt basis directly by such department or authority</p>	9845.0000	Fifteen percent (15%)
17	<p>Airport services (including passengers facilitation, car parking, cargo handling cargo warehousing or storage aviation support services , flight kitchen, supplies , renting of special purpose machinery, equipment vehicles , portorage, quarantine and other fumigation or vaccination janitorial services , aircraft maintenance services, jet or other fuel supply services etc.)</p>	9830.0000	Fifteen percent (15%)
18	<p>Dry port services including operation of dry port and other services provided at or in respect of dry port such as inward/outward transportation/movement of goods, cargo handling , cargo storage or ware housing , loading / unloading of cargo, booking or discharge of cargo , services relating to inspections, certification or similar or other type of services –related activities in respect of cargo etc.</p>	9830.0000	Fifteen percent (15%)
19	<p>Services provided or rendered by practitioners, professionals consultants and advisers (by whatever name called) in their respect fields or disciplines.</p> <p>a) Medical, dental or allied health fields or disciplines including para-medics and specialized technicians of medical fields</p> <p>b) Human resources management or development (including training of services)</p> <p>c) Veterinary and allied sciences including pet care</p> <p>d) Law and allied fields or disciplines</p> <p>e) Financial, accountancy, cost accountancy, audit, tax management or tax affairs and similar other fields or</p>	<p>9816.0000</p> <p>9816.1000</p> <p>9816.2000</p> <p>9816.3000</p> <p>9816.4000</p> <p>9816.5000</p> <p>9816.6000</p> <p>9816.9000</p>	<p>Five percent (5%) without any input tax adjustment</p>

	<p>disciplines.</p> <p>f) Business planning, business management, business reform , business communication including hospitality administration and similar other fields or disciplines.</p> <p>g) Software or it-based system development or management or similar other such fields.</p> <p>h) Similar services in other fields , disciplines or regimes</p> <p>Reduce rate of tax: in case of practitioner , professionals , consultants or advisors of medical (including dental) and legal professions or fields , the rate of tax shall be two percent (2%)without any input tax adjustment and in case where regular companies is made and continued to be made , no tax demand for the period prior to the effectivity date of this entry , shall be raised or enforced.</p>		
20	<p>Cinematographic production , photographic services , recording services and telecasting or broadcasting services including:</p> <p>a) Flim making or film production including drama production whether in serials or otherwise.</p> <p>b) Telecasting or broadcasting services (other than TV cable operators)</p> <p>c) Video tape and recording services , sound recording services . TV/ Radio production house services.</p> <p>d) Photographic services .(services of photography or photographers).</p> <p>e) Other similar, allied , ancillary or auxiliary services.</p> <p>Exemption: full exemption on telecasting or broadcasting services of and by government-owned TV or Radio stations or channels (this exemption shall not be constructed to cover any other services or services including advertisements taxable under this schedule).</p>	<p>9803.0000</p> <p>9803.1000</p> <p>9803.2000</p> <p>9803.2000</p> <p>9803.4000</p> <p>9803.5000</p> <p>9803.9000</p>	<p>Ten percent (10%) without any input tax adjustment.</p>
21	<p>Event management services whether covering all or any of the processes like planning, budgeting scheduling site selection , acquiring necessary permits, coordination transportation and parking, arranging for speakers and entertainers, arranging décor, event security , catering , picturing, video filming, musical enjoyments or any other allied or connected task.</p>	<p>9846.0000</p>	<p>Fifteen percent(15%)</p>
22	<p>Exhibition , convention or carvinal services and allied services including renting of purpose-specific property or</p>	<p>9825.0000</p>	<p>Fifteen percent (15%)</p>

	space for such events.		
23	Cable tv operators other than those providing internet based TV services whether composite, multiple bundled or otherwise which are chargeable to tax under telecommunication services.	9818.0000	Two percent (2%)
24	Services of fashion designers not engaged in designing, manufacturing and selling their own products or goods through their regular paid employees.	9819.9000	five percent (5%) without any input tax adjustment
25	Services provided or rendered by call centers (by whatever name called) engaged in mediating business trade or sale/purchase transactions between the sellers and buyers whether located inside or outside the country	9837.0000	five percent (5%) without any input tax adjustment
26	<p>Services provided or rendered by banks or banking companies , insurance companies, cooperatives and foreign exchange companies or dealers (including similar institutions or entities besides microfinance institutions):</p> <p>a) Banks or banking companies , cooperatives or similar institutions or entities (their all services including bank guarantee, brokerage , letter of credit , pay order or demand draft , bill of exchange , transfer of money in any manner , bill discounting , lockers and safe vaults, credit/ debit cards , foreign exchange dealings, ATMs , issue-banking , bank assurance , provision of loans , business or investing financing or advances , leasing or re-leasing whether financial, equipment /commodity –related , musharakah financing etc.</p> <p>b) Insurance companies (their all services including goods , fire, theft , marine travel, life , health , industrial, business related , moveable or immovable property insurance and other insurance and reinsurance services).</p> <p>c) Services of cooperative and cooperative societies (including producer cooperatives , worker cooperatives, consumer cooperatives , credit unions , retail or purchasing cooperatives, social cooperatives , industrial services cooperatives manufacturing cooperatives , marketing cooperatives, cooperative farming societies , housing cooperatives and credit cooperatives etc.)</p> <p>d) Services of foreign exchange companies , dealers</p>	<p>9814.0000</p> <p>9814.1000</p> <p>9814.2000</p> <p>9814.3000</p> <p>9814.4000</p> <p>9814.9000</p>	Fifteen percent (15%)

	and money changers or similar businesses. e) Other similar banking , insurance , insurance, cooperative or money exchange services. Exemption: full exemption on life and health insurance		
27	Storage and warehousing services including public bounded warehouses , cold storages and yards or places used for storage of empty or loaded containers on rental or charges basis .	9814.0000	Fifteen percent (15%)
28	Container terminal services including services of storage or warehousing of containers either imported or meant for export including transshipment or transit .	9841.0000	Fifteen percent (15%)
29	Services provided or rendered by persons exclusively solely or principally engaged in (inland) inter city transportation or carriage of goods (whether dry or liquid, packed, packaged or otherwise) by road or through pipeline or conduct or through any other modern or advanced technology based conveyance system.	9805.0000 9805.4000 9805.5000 9806.6000 9805.9000 9812.0000 9812.1000 9812.2000 9812.9000	Fifteen percent (15%)
30	Services provided by laboratories , scientific laboratories or mechanical laboratories , chemical laboratories , electrical or electronic laboratories, forensic laboratories medical diagnostic laboratories including technical services relating to X- rays , CT Scan , M.R imaging (MRI) ultrasound , echo, etc . or other such laboratories. Exemption: full exemption to : (i) The laboratories sponsored , controlled and managed either by the government or its autonomous bodies . (ii) The lab or other medicl test carried out against a valid medical prescription issued by a competent medical practitioner aimed at medical diagnose or medical examination of a disease in any patient for medical treatment purposes.	9817.0000 9817.1000 9817.2000 9817.3000 9817.4000 9817.5000 9817.6000 9817.9000	Fifteen percent (15%)

31	Visa processing or visa acquisition services including advisory or consultancy services for foreign education or migration provided by persons in their private business or professional capacity.	9855.0000	Fifteen percent (15%)
32	Valuation or assessment services including competency and eligibility testing services and services involving written test with or without interviews for job or work recruitment or selection for any other purposes.	9848.0000	Fifteen percent (15%)
33	Services provided for inland carriage of goods by air, railways or otherwise against freight or carriage charges	9805.2000 9805.3000	Fifteen percent (15%)
34	Services provided or rendered by under writers including sponsorship services	9818.1100	Fifteen percent (15%)
35	Services provided or rendered by intenders and similar intermediaries	9818.1200	Fifteen percent (15%)
36	Services provided or rendered by auctioneers	9818.9100	Fifteen percent (15%)
37	Dredging or desilting services including cleaning of canals , water channels/ tunnels/lines or reservoirs, pools , fish ponds , lakes or dams in any manner	9822.4000	Fifteen percent (15%)
38	Services relating to or involving collection , provisions, organisation, digitization, processing analysis , safety , preservation, sharing , verification, validation, decontamination or any other treatment of data including granting access to data for the purposes of information gathering information, information-verification, information-authentication or similar other purposes.	9854.0000	Fifteen percent (15%)
39	Services provided or rendered in respect of quality assurance , quality control, quality inspection(including pre-inspection) , quality verification or certification including verification or certification of quality or standards under ISO regime	9834.0000	Fifteen percent (15%)
40	Rent-a-car or rent-a-cab services	9819.30000	Fifteen percent (15%)
41	Ride hailing or ride hail services like uber, cream , biker and lyft etc regardless of the mode , manner or dynamics of the business system involved in such services	9851.0000	Two percent (2%) without input tax adjustment

42	Online marketing place(OMP) including online platform or portal services by whatever name called (other than ride-hailing or ride hail services)	9852.0000	Five percent (5%) without input tax adjustment
43	Services relating to or in respect of (continuous, interconnected network or otherwise) infrastructural-system based transmission (wheeling) or distribution of electric power (electricity) or gas by companies including subsidiary companies of power generating companies (or persons) other than companies (persons) who directly transmit or distribute their own generated / produced electricity or their own recovered /produced gas	9847.0000	Fifteen percent (15%)
44	Services relating to or in respect of the installation, erection, commission or other permanent structure-affixed / linked / tied placement (whether full or in part) of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipment etc. for residential use.) Saving: separate /new insertion of this entry shall under no circumstances effect the tax liabilities already discharge or yet to be discharged under the category or class of services of contractual execution of works under the substituted schedule.	9853.0000	Fifteen percent (15%)
45	Amusement and entertainment services including cinema (all categories), amusement parks modelling shows, music concerts etc.	9836.0000 9839.0000	Fifteen percent (15%) without input tax adjustment
46	Inspection and surveys (including re-inspection and re-survey) services not specifically covered in any other entry of this schedule	9819.0000	Fifteen percent (15%)
47	All allied ancillary , auxiliary , related , substitutive ,comparable or matchable services not specifically , directly or indirectly mentioned anywhere in this schedule but fall in or are leaked in any manner to the category or categories of services covered in any of the class or classes of services mentioned or included in the schedule provided that no argument as to variation in description shall be relevant or permissible for the application of this entry		Rate of tax as per closest respective entry or entries

THANKING NOTE

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It has been a monumental effort for all team members contributing through their services and expertise to make this document possible in such a short span of time. We hope and believe that this document would assist our clients and team members in better understanding and evaluation of the Budget proposals.

We value your feedback as it helps us improve. We would appreciate feedback on the document.