

Government of Pakistan
Revenue Division
Federal Board of Revenue

Islamabad, the 24th June, 2021.

NOTIFICATION
(Income Tax)

S.R.O. 801(I)/2021.- In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published *vide* Notification No. S.R.O.639(I)/2021, dated the 1st June, 2021 as required by sub-section (3) of section 237 of the said Ordinance, namely:-

In the aforesaid rules, the following further amendments shall be made, namely:-

(a) In rule 13D, for sub-rule (3), the following shall be substituted, namely:-

(3) Capital loss arising on disposal of listed securities in tax year 2019 and onwards that has not been set off against the gain of the person from disposal of listed securities chargeable to tax during the tax year shall be carried forward to the following tax year and set off only against the gain of the person from disposal of listed securities chargeable to tax but no such loss shall be carried forward to more than three tax years immediately succeeding the tax year for which the loss was first determined;

(b) In rule 13N,-

(i) for sub-rule (7), the following shall be substituted, namely:-

“(7) Capital loss arising on disposal of listed securities in tax year 2019 and onwards that has not been set off against the gain of the person from disposal of listed securities chargeable to tax during the tax year shall be carried forward to the following tax year and set off only against the gain of the person from disposal

of listed securities chargeable to tax but no such loss shall be carried forward to more than three tax years immediately succeeding the tax year for which the loss was first determined.”;

- (ii) after sub-rule (7) the following new sub-rule shall be added, namely:-

“(7A) Capital loss arising on disposal of listed securities in tax year 2019 and onward shall be carried forward to a subsequent tax year for setting off, in the manner prescribed as follows:-

- (a) The setting off of eligible capital loss carried forward from previous tax year(s) shall be made by NCCPL under this Rule, only in respect of a taxpayer whose name appear or appeared in the Active Tax Payers List [ATL] pertaining to the tax year to which such loss pertains as witnessed by the Active Tax Payers List [ATL] available on FBR’s website after updation for the tax year to which such loss pertains;
- (b) adjustment of carried forward capital loss(es) shall be made on monthly basis by NCCPL from the first month of updation of ATL for that tax year and on first-in first-out (FIFO) basis;
- (c) NCCPL may requisition date wise position of Active Tax Payers List [ATL] in respect of particular taxpayer from Information Technology (IT) Wing of the Board as and when required;
- (d) At the end of relevant tax year, NCCPL shall maintain tax year-wise balance of unexpired carried forward capital losses separately identifiable for computation of limitation period for each tax year; and
- (e) The manner of adjustment of capital loss carried forward from previous tax years will be in accordance with illustration given in clause (zf) of Rule 13P.”;

- (ii) In sub-rule (10), after the word “losses”, the expression “including adjustment of carried forward losses as per section 37A(5) and sub-rules (7) and (7A) above” shall be inserted;

(c) In rule 13O for Part I, following shall be substituted:-

“Part I

Format of annual certificates of capital gains to be issued by NCCPL to taxpayer under rule 1(4) of the Eighth Schedule to the Ordinance

Form A

[See rule 13N (15)]

Original/Duplicate	Date of Issue _____										
Name of taxpayer	_____										
UIN/CNIC/NTN/Company Registration Number	_____										
Period	July 1, 20__ to June 30,20__										
Amount of net capital gain/(loss) on securities (Current Tax Year – Exempt)	Rupees _____										
Amount of net capital gains/(Loss) on securities (Current Tax Year) (Taxable)	Rupees _____										
Capital loss brought forward (if any) from previous years (Tax Year and amounts) Years Amounts Year 1 Year 2 Year 3 Total	Rupees _____										
Amount of net capital gains/(Loss) on securities (After adjustment of brought forward capital loss)	Rupees _____										
Amount of tax liability on capital gains	Rupees _____										
Amount of tax liability on capital gains collected and deposited by NCCPL	Rupees _____										
<u>Amount and year wise break-up of capital losses carried forward including the limitation period is as follows:</u>	Rupees _____										
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;"><u>Tax year</u></th> <th style="width: 15%;"><u>Loss for the year as per NCCPL certificate</u></th> <th style="width: 15%;"><u>Loss already adjusted</u></th> <th style="width: 15%;"><u>Carried forward capital loss</u></th> <th style="width: 10%;"><u>Year of expiry</u></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	<u>Tax year</u>	<u>Loss for the year as per NCCPL certificate</u>	<u>Loss already adjusted</u>	<u>Carried forward capital loss</u>	<u>Year of expiry</u>						
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- (d) In rule 13P, after clause (ze), the following new clause shall be added, namely:-

“(zf) Carry forward of Losses on disposal of listed securities,

(i) Details of the transaction

Mr. A has a carry forward Capital Loss of PKR 2 million for TY 2019 and PKR 0.2 million for TY 2020. The transaction(s) executed during TY 2021 resulted in net gain of PKR 3.3 million.

(ii) Tax Treatment

The taxpayer will be entitled for adjustment of prior years’ capital losses on FIFO basis subject to condition that the capital loss for the current year (if any) will be set-off first. Moreover, the taxpayer would only become entitled for adjustment of carried forward losses after the returns for tax years 2019 and 2020 have been filed and the ATL for that tax years have been updated on the basis of returns for the relevant tax year.”.

[F.No. 1(113)R&S/2020]


(Tariq Iqbal)
Secretary (Rules & SROs)