NATIONAL ASSEMBLY SECRETARIAT

THE FINANCE BILL, 2024

LIST OF AMENDMENTS

INSERTION OF NEW CLAUSE 1A

1. MR. MUHAMMAD AURANGZEB, Minister for Finance and Revenue to move-

that in the Finance Bill, 2024, as introduced in the National Assembly, after clause 1, the following new clause 1A, shall be inserted:-

"1A. Amendments of the Stamp Act, 1899 (II of 1899). - In the Stamp Act, 1899 (II of 1899), as is in force in the Islamabad Capital Territory, in Schedule-I, -

(A) for Article 23, the following shall be substituted, namely: –

"23. CONVEYANCE as defined under sub-section (10) of section 2 not being a transfer charged or exempted under Article 62, - (a) any instrument or set of instruments relating to a future flow transaction for fund raising by any bank or financial institution, including but not limited to - (i) any instrument involving a conveyance, whether by way of assignment, transfer, sale or another manner, of rights, titles or interests relating to bank accounts, receivables or cash flows, whether in foreign currency or Pakistani Rupees, in existence or which are to come into existence in future; or (ii) any other instrument setting out the terms and conditions pertaining to such future flow transaction; and (b) in any other case.	(a) One thousand Rupees

	(b) Four percent of the value of the property. "; and

(B) in Article 62, the existing exemption shall be numbered as exemption (1), and after exemption (1), numbered as aforesaid, the following new exemption (2) shall be added, namely: -

"(2) Transfers which are covered under Conveyance described in Article 23(1)(a)."."

CLAUSE 2

2. MR. MUHAMMAD AURANGZEB, Minister for Finance and Revenue to move-

that in the Finance Bill, 2024, as introduced in the National Assembly, for clause 2, the following shall be substituted, namely:–

"2. **Amendment of the Petroleum Products (Petroleum Levy) Ordinance, 1961 (XXV of 1961).** – In the Petroleum Products (Petroleum Levy) Ordinance, 1961 (XXV of 1961), for the Fifth Schedule, the following shall be substituted namely:-

"The Fifth Schedule

[see Sections 3 (1) and 7]

S. No	Petroleum products	Unit	Maximum petroleum levy rate (in rupees per unit)
(1)	(2)	(3)	(4)
1.	High speed diesel oil (HSDO)	Litre	70
2.	Motor gasoline	Litre	70
3.	Superior kerosene oil (SKO)	Litre	50

4.	Light diesel Oil (LDO)	Litre	50
5.	High octane blending component (HOBC)	Litre	70
6.	E-10 gasoline	Litre	50
7.	Liquefied petroleum gas (produced or extracted in Pakistan)	Metric ton	30,000”

(i) i

CLAUSE 3

3. MR. MUHAMMAD AURANGZEB, Minister for Finance and Revenue to move-

that in the Finance Bill, 2024, as introduced in the National Assembly, for clause 3, the following shall be substituted, namely:–

in sub-clause (3), for the words “Trade Based Money Laundering”, wherever occurring, the words “Combating Trade Based Money Laundering” shall be substituted;

(ii) in sub-clause (11), paragraph (6) shall be omitted;

(iii) in sub-clause (12), in sub-paragraph (1), in item (d) in the proviso, for the expression “to be presided by the Chairman himself, and if for some special and extra reason, the Chairman himself is unable to preside, the Chairman may reconstitute the Bench”, the words “constituted by the Chairman” shall be substituted;

(iv) for sub-clause (14), the following shall be substituted, namely:-

“(14) for section 194C, the following shall be substituted;

194C. Procedure of Appellate Tribunal.- (1) The powers and functions of the Appellate Tribunal may be exercised and discharged by Benches constituted by the Chairman from amongst the members thereof.

(2) Subject to the provisions contained in sub-sections (3) and (4), the procedure of the Appellate Tribunal including constitution of benches, case management system, distribution of cases and

other matters ancillary or incidental thereto shall be regulated by the rules under this Act.

(3) Every appeal against a decision or order deciding a case involving duty, tax, penalty or fine exceeding five million rupees shall be heard by a Special Bench for hearing such appeals and such Bench shall consist of not less than two members and shall include at least one judicial member and one technical member:

Provided that the Chairman may, for reasons to be recorded in writing, constitute Benches including special Benches consisting of two or more –

(a) technical members; or

(b) judicial members.

(4) The Chairman or any other member of the Appellate Tribunal authorized in this behalf by the Chairman may, sitting singly, dispose of any case which has been allotted to the bench of which he is a member where,-

(a) the value of the goods confiscated without option having been given to the owner of the goods to pay a fine in lieu of confiscation under section 181; or

(b) in any disputed case, the difference in duty or tax involved or the duty or tax involved, or the amount of fine or penalty involved does not exceed five million rupees.

(5) If the members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the members are equally divided, they shall state the point or points on which they differ and the case shall be referred by the Chairman for hearing on such point or points by one or more of the other members of the Appellate Tribunal, and such point or points shall be decided according to the opinion of the majority of the members of the Appellate Tribunal who have heard the case including those who first heard it:

Provided that, where the members of a Special Bench are equally divided, the points on which they differ shall be decided by the Chairman.

(6) The Appellate Tribunal shall, for the purposes of discharging its functions, have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (V of 1908), when trying suit in respect of the following matters, namely:-

(a) discovery and inspection;

(b) enforcing the attendance of any person and examining him on oath;

(c) compelling the production of books of account and other documents; and

(d) issuing commissions.

(7) Any proceeding before the Appellate Tribunal shall be deemed to be judicial proceeding within the meaning of sections 193 and 228 and for the purpose of section 196 of the Pakistan Penal Code (Act XLV of 1860), and the Appellate Tribunal shall be deemed to be a Court for all the purposes of sections 480 and 482 of the Code of Criminal Procedure, 1898 (Act V of 1898).";

(v) in sub-clause (15), in paragraph (3), for sub-paragraph (c), the following shall be substituted, namely: -

"(c) a person to be nominated by the applicant from a panel notified by the Board, comprising-

(i) chartered accountants, cost and management accountants or advocates having minimum ten years experience in the field of taxation:

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

(ii) reputable businessmen as nominated by Chambers of Commerce and Industry; and

(iii) officer of Customs Service of Pakistan who stood retired in BS 21 or above."

(vi) in sub-clause 17, in paragraph (ix), in sub-paragraph (c), in serial (i) in the table, against PCT code 9919, in column (2), in serial 2(b), after word "Carpets", the word "imported" shall be inserted; and

(vii) in sub-clause 18, in paragraph "(A)", in sub-paragraph (ii), for serial (b), the following shall be substituted, namely: -

"(b) after sub-serial 7(b), the following new sub-serial numbers in column (2) and the entries relating thereto in columns (3), (4) and (5) shall be added, namely: -

	"(c). Raw materials for the manufacture of PV Modules		0%	If imported by the local assemblers or manufacturers registered under the Sales Tax Act, 1990, of PV Modules subject to quota determination by the Input Output Co-efficient Organization (IOCO).";
	(i). Silicon Adhesive/ Sealant.	3214.9010		
	(ii). MC4 Connectors.	8536.9090		
	(iii). Back sheet film.	3920.9900		
	(iv). Packing boxes/	4819.1000 4819.5000		

	modules.			
	(v). Corner block.	7616.9990		
	(vi). Polyethylene Compound	3901.9000		
	(vii).Tin ingot.	8001.0000		
	(viii).Plates, sheets and strip of cellular rubber (vulcanized).	4008.1190		
	(ix). Glass fibers (including glass wool) and articles thereof nes	7019.9090		
	"(d) Parts of Solar Inverters		0%	If imported by the local assemblers and manufacturers registered under the Sales Tax Act, 1990, of PV Modules subject to quota determination by the Input Output Co-efficient Organization (IOCO).”;
	(i). Control board	8504.4090		
	(ii). Power board	8504.4090		
	(iii).Charge controller board A/C	9032.8990		
	(iv).Charge controller board PV	9032.8990		
	(v). DCDC board	8504.9040		
	(vi). LCD Display	8531.2000 8524.1100		
	(vii).Display board	8531.2000		
	(viii). AC input & output terminal	8536.9090		
	(ix). Battery input terminals	8507.9000		
	(x). PV terminals	8536.9090		
	(xi).Casings (Plastic or Steel)	8504.9090		
	(xii). Circuit Board (CB) for inverters	8534.0000		
	(xiii).Stuffed PCBs for inverters	8504.9030		
	(e) Parts of Lithium Batteries		0%	If imported by the local assemblers or manufacturers

	(i). Cells	8507.9000		of Lithium Batteries registered under the Sales Tax Act, 1990, subject to quota determination by the Input Output Co-efficient Organization (IOCO).
	(ii).Copper Bar (Cell to Cell Connection)	7407.1010		
	(iii). BMS (level 1) Electronic Card	8507.9000		
	(iv). Casing	8507.9000		
	(v). Harness Set (Cells Monitoring Wires with tags)	8544.4290		
	(vi).Output Terminal with screws	8536.9090		
	(vii).Power Cables (Battery Internal)	8544.4290		
	(viii). DC Fan	8414.5990		
	(ix). DC Breaker	8536.2010 8536.2020 8536.2090		
	(x).Packing Screws	7318.1590		
	(xi).Terminal Covers	3926.9099		
	(xii). Acrylic Sheet (Short Circuit Safety Sheet)	3920.5900 3921.9090		
	(xiii).Other Accessories (Temp Sensors, connectors, assembly items, Handles).”	8536.9090, 9031.8000 8507.9000		

CLAUSE 5

4. MR. MUHAMMAD AURANGZEB, Minister for Finance and Revenue to move-

that in the Finance Bill, 2024, as introduced in the National Assembly, in clause 5, the following shall be substituted, namely:–

(1) in sub-clause (1),–

(i) in paragraph (a), the expression “sub-section (1) of” shall be omitted; and

(ii) for paragraph (c), the following shall be substituted, namely:–

“(c) in clause (14), in sub-clause (d), after the word “person”, the expression “excluding those services as specified by the Board through notification in the official Gazette subject to such conditions, restrictions and limitations as mentioned therein” shall be inserted;

(iii) in paragraph (e),–

(a) for the words “intentional evasion of legally due tax or obtaining of undue refund by”, the words “intentionally understating or underpaying the tax liability or overstating the entitlement to tax credit or tax refund in contravention of duties or obligations imposed under this Act by way of” shall be substituted and after the words “or documents”, the words “to cause loss of tax” shall be inserted;

(b) in sub-paragraph (a), for the words “sales or receipt”, the words “supplies” shall be substituted;

(c) in sub-paragraph (g), after the words “falsification or”, the words “causing falsification of invoice or” shall be inserted;

(d) in sub-paragraph (h), the word “or”, occurring at the end, shall be omitted;

(e) in sub-paragraph (i), for the full stop at the end, a semi colon shall be substituted and thereafter the following new sub-paragraphs shall be added, namely:–

“(j) making of taxable supplies without getting registration under this Act; or

(k) intentional doing of any act or causing to do an act or omitting to take any action or causing the omission to take any action to cause loss of tax under this Act.”;

(2) in sub-clause (5),–

(a) in proposed section 11D, in sub-section (3), after the word “return”, the words “within sixty days of issuance of order under this section” shall be inserted; and

(b) in proposed section 11E, in sub-section (1), after the word “reason”, occurring for the first time, the expression “, including by way of collusion or a deliberate act,” shall be inserted;

(3) in sub-clause (6),–

(i) in paragraph (a), after the expression “issue an order of”, the words “suspension and” shall be inserted; and

(ii) in paragraph (b), after the expression “and the order of”, the words “suspension and” shall be inserted;

(4) in sub-clause (8), in proposed section 25,–

(a) in sub-section (2),–

(i) for the words “recorded by the Commissioner”, the expression “referred to in sub-section (1)” shall be substituted; and

(ii) in the Explanation, the words “and shall pass any order” shall be omitted;

(b) in sub-section (3), the words “by the Commissioner or any other sales tax authority’’ shall be omitted;

(c) sub-section (4) shall be substituted, namely:–

(4) Subsequent to the issuance of notice under sub-section (1), the officer of Inland Revenue, may call for any record or documents including record maintained under this Act, the rules made thereunder or any other law for the time being in force for conducting audit of the sales tax affairs of the person. Where such record or documents have been kept on electronic data, the registered person shall allow authorize officer of Inland Revenue access to the use of machine and software on which such data is kept and the officer of Inland Revenue may obtain duly attested hard copies of such information or data from the registered person:

Provided that the **o**fficer of Inland Revenue shall not call for record or documents of the registered person after expiry of six years from the end of the financial year to which they relate.

(d) sub-section (5) shall be substituted, namely:–

“(5) The officer of Inland Revenue may require the registered person to attend his office in person or through an authorized representative. The registered person shall produce such accounts, documents or any evidence as the officer of Inland Revenue may consider necessary.”.

(e) in sub-section (7),–

(i) the word “shown” shall be omitted;

(ii) for the words “and available and to ascertain”, the words “or available for ascertaining” shall be substituted; and

(iii) for the expression “to (5B) and other documents maintained or furnished under this Act and the rules made thereunder or

under any other law", the expression "or (6)" shall be substituted;

(f) in sub-section (9), for the word "taxpayer", the words "registered person" shall be substituted;

(g) in sub-section (10), for the words "and records", the words "or records" shall be substituted;

(h) sub-section (11) shall be omitted and thereafter the existing sub-section (12) shall be renumbered as sub-section (11); and

(i) in the renumbered sub-section (11), in the second proviso, after the word "Provided", the word "that" shall be omitted;

(5) sub-clause (9) shall be omitted and thereafter existing sub-clause (10) shall be renumbered as sub-clause (9) and thereafter a following new sub-clause shall be inserted, namely:–

"(10) **30AB. Tax Fraud Investigation Wing-Inland Revenue.–** (1) There shall be established a wing to be known as Tax Fraud Investigation Wing-Inland Revenue.

(2) The functions of the tax fraud Investigation Wing-Inland Revenue shall be to detect, analyze, investigate, combat and prevent tax fraud.

(3) The tax fraud Investigation Wing-Inland Revenue shall comprise Fraud Intelligence and Analysis Unit, Fraud Investigation Unit, Legal Unit, Accountants Unit, Digital Forensic and Scene of Crime Unit, Administrative Unit or any other Unit as may be notified by the Board through notification in the official Gazette.

(4) The tax fraud Investigation Wing-Inland Revenue shall consist of a Chief Investigator and as many following officers, as may be notified by the Board:

(a) Senior investigators, investigators, Junior investigators or any other officer of Inland Revenue with any other designation;
(b) a Senior Forensic Analyst and as many Forensic Analysts and Junior Forensic Analysts; and
(c) a Senior Data Analyst and as many Data Analysts and Junior Data Analysts.

(5) The Board may, by notification in the official Gazette, --

(a) specify the functions and jurisdiction of the Tax Fraud Investigation Wing-Inland Revenue and its Units and its officers; and
(b) confer the powers of authorities specified in section 30 upon the tax fraud Investigation Wing-Inland Revenue and its officers at clause (a) of sub-section 4.

(6) Nothing contained in this section shall prevent the authorities appointed under section 30 or any other authority or officer conferred with the power and functions of authorities appointed under section 30 from conducting investigation and prosecution proceedings under Chapter-VII of the Act.".

(6) in sub-clause (11),–

(A) paragraph (a) shall be omitted and thereafter paragraph (b) shall be renumbered as paragraph (a);

(B) for the renumbered paragraph (a), the following shall be substituted, namely:–

"(a) against S. No. 11, in column (2), the following shall be substituted, namely:–

"(11) Such person shall pay a penalty of twenty-five thousand rupees or one hundred *per cent* of the amount of tax evaded or sought to be evaded, whichever is higher. Without prejudice to the above, he shall also be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is less than one billion, and which may extend to ten years if the tax evaded or sought to be evaded is one billion and above and fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.";

(C) after renumbered paragraph (a), the following new paragraphs shall be inserted, namely:–

"(b) against S. No. 12, in column (2),–

(i) for the words "He shall, further be liable", the words "Without prejudice to above, he shall also be liable," shall be substituted; and

(ii) for the words ""which may extend to an amount equal to the amount of tax involved", the words "which may extend to an amount equal to the amount of tax evaded or sought to be evaded" shall be substituted.";

(c) against S. No. 13, in column (2), the following shall be substituted, namely:–

"(a) The person who commits, causes to commit or attempts to commit the tax fraud shall pay a penalty of twenty-five thousand rupees or one hundred percent of the amount of tax evaded or sought to be evaded,

whichever is higher. Without prejudice to the above, he shall also be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is less than one billion rupees, and which may extend to ten years if the tax evaded or sought to be evaded is one billion rupees and above, and fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.

(b) The person who abets or connives in commissioning of tax fraud shall be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is less than one billion rupees, and which may extend to ten years if the tax evaded or sought to be evaded is one billion rupees and above, and with fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded or with both.";

(d) against S. No. 14, in column (2),–

(i) for the words "He shall, further be liable", the words "Without prejudice to above, he shall also be liable," shall be substituted; and

(ii) for the words ""which may extend to an amount equal to the amount of tax involved", the words "which may extend to an amount equal to the amount of tax evaded or sought to be evaded" shall be substituted;

(e) against S. No. 18, in column (2), for the words ""which may extend to an amount equal to the amount of tax involved", the words "which may extend to an amount equal to the amount of tax evaded or sought to be evaded" shall be substituted;

(f) against S. No. 22, in column (2),–

(i) for the words "He shall, further be liable", the words "Without prejudice to above, he shall also be liable," shall be substituted; and

(ii) for the words "which may extend to an amount equal to the amount of tax involved", the words "which may extend to an amount equal to the amount of tax evaded or sought to be evaded" shall be substituted;

(D) the existing paragraph (c) shall be renumbered as paragraph (g) and thereafter for its sub-paragraph (i), the following shall be substituted, namely:–

"(i) in clause (i),–

(a) after the word "confiscation", the words "as may be prescribed" shall be inserted;

(b) for the words "He shall, further be liable", the words "Without prejudice to above, he shall also be liable," shall be substituted; and

(c) for the words ""which may extend to an amount equal to the amount of tax involved", the words "which may extend to an amount equal to the amount of tax evaded or sought to be evaded" shall be substituted.";

(E) after the renumbered paragraph (g), the following new paragraph shall be inserted, namely:–

"(h) against S. No. 24, in column (2),–

(i) for the words "He shall, further be liable", the words "Without prejudice to above, he shall also be liable," shall be substituted; and

(ii) for the words ""which may extend to an amount equal to the amount of tax involved", the words "which may extend to an amount equal to the amount of tax evaded or sought to be evaded" shall be substituted;

(F) the existing paragraphs (d), (e), (f), (g) and (h) shall be renumbered as paragraphs (i), (j), (k), (l) and (m) and the existing paragraph (i) shall be omitted;

(7) in clause (12), for the words "KIBOR plus three", the expression "twelve per cent per annum or KIBOR plus three per cent per annum, whichever is higher", shall be substituted;

(8) after sub-clause (12), the following new sub-clause shall be inserted, namely:–

"(12A) in section 37A, in sub-section (4), for the words "pays the amount of tax due along with such default surcharge and penalty as is determined under the provisions of this Act", the words "pays the amount of tax evaded or sought to be evaded along with default surcharge and penalty as provided under this Act" shall be substituted;

(9) sub-clause (14) shall be substituted, namely:–

"in section 43A, in sub-section (4), for the expression "16th day of June, 2024", the expression "31st day of December, 2024" shall be substituted and shall be deemed to have taken effect from the 16th day of June, 2024.";

(10) in sub-clause (18), after the word “aggregate”, the words “to a single supplier in a tax period” shall be inserted;

(11) sub-clause (20) shall be substituted, namely:–

“in the Fifth Schedule, in column (1), clauses (xvii), (xx), (xxi), (xxii), (xxiv), (xxv), (xxvi) and (xxvii) of serial number 12, 16, 17 and 21 and entries relating thereto in column (2) shall be omitted;

(12) in sub-cause (21),–

(I) in paragraph (A),–

(a) sub-paragraph (i) shall be substituted, namely:–

(i) Serial numbers, 13, 15, 86, 87, 88, 90, 96, 97, 98, 120, 169, 170 and 174 and entries relating thereto in columns (2) and (3) shall be omitted;

(b) sub-paragraph (ii) shall be substituted, namely:–

“(ii) against serial number 151, in column (2),–

(a) in clause (b), for the expression “30th June, 2024” the expression “30th June, 2025” shall be substituted;

(b) in the first proviso,–

(i) for the words “post-dated cheque”, the words “pay order” shall be substituted; and

(ii) after the word “presentation”, occurring for the second time, the expression “, within six months,” shall be inserted;

(c) after sub-paragraph (ii), the following new sub-paragraph shall be inserted, namely:–

(iia) against serial number 152, in column (2), for the expression “30th June, 2024” the expression “30th June, 2025” shall be substituted;

(d) in sub-paragraph (iii), after the proposed serial number 176, the following new serial numbers and entries relating thereto in columns (2) and (3) shall be added, namely:–

“177.	Supply of electricity to Azad Jammu and Kashmir	Respective headings
178.	Import of gold under entrustment scheme under SRO 760(I)/2013	Respective heading

179.	Import of cystagon, cysta drops and trientine capsules (for personal use only)	3004.9099
180.	Bovine semen	0511.1000.”.

(II) in paragraph (B), sub-paragraph (ii) shall be substituted, namely:–

“56.	Milk excluding: (i) that sold under a brand name; or (ii) supplied by corporate dairy farms	04.01
57.	Iron and steel scrap excluding supplied by manufacturer-cum-exporter of recycled copper, authorized under Export Facilitation Scheme, 2021.	7204.4100, 7204.3000, 7204.4990.”.

(13) in sub-clause (22),–

(a) sub-paragraph (i) shall be substituted, namely:–

“(i) Serial numbers 58 and 66 and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted.”;

(b) after the sub-paragraph (i), the following new sub-paragraph shall be inserted, namely:–

“(ia) against serial number 73, in column (2), after the word “vehicle”, the expression “till 30th June, 2026” shall be inserted;

(c) in paragraph (iv),–

(i) the proposed serial numbers 84 shall be substituted, namely:–

“84.	(i) Colors in sets	3213.1000	10%	
	(ii) Writing, drawing and marking inks	3215.9010 and 3215.9090		
	(iii) Erasers	4016.9210 and 4016.9290		
	(iv) Pencil sharpeners	8214.1000		
	(v) other drawing, marking out or mathematical calculating	9017.2000		

	instruments (geometry box)			
	(vi) Pens, ball pens, markers and porous tipped pens	96.08		
	(vii) Pencils including color pencils	96.09		

(ii) serial numbers 85 and 86 and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted;

(iii) serial numbers 87, 88, 89 and 90 shall be renumbered as serial numbers 85, 86, 87 and 88;

(iv) against renumbered serial number 88, in column (1), the entries in column (5) shall be omitted; and

(v) the existing serial number 91 shall be omitted.

CLAUSE 6

5. MR. MUHAMMAD AURANGZEB, Minister for Finance and Revenue to move-

that in the Finance Bill, 2024, as introduced in the National Assembly, in clause 6, the following shall be substituted, namely:–

(1) For sub-clause (1), the following shall be substituted, namely: –

"(1) in section 2, -

(a) in clause (8), after the word "thereof", the expression "and includes a Member of the Federal Board of Revenue to whom powers of the Board have been delegated under section 8 of the Federal Board of Revenue Act, 2007;" shall be inserted; and

(b) in clause (11B), after the word "includes a", the expression "Chief Investigator," shall be inserted;

(2) after clause (1), amended as aforesaid, the following new sub-clauses shall be inserted, namely: –

"(1A) after the omitted section 4A, the following new section shall be inserted, namely: –

"(4AB) Subject to this Ordinance, a surcharge shall be payable by every individual and association of persons at the rate of ten percent of the income tax imposed under Division

I of Part I of the First Schedule where the taxable income exceeds rupees ten million.";

(1B) after section 7E, the following new section shall be inserted, namely: –

"**7F. Tax on builders and developers.** – (1) A tax shall be imposed at the rate specified in Division I or II of Part-I of the First Schedule on the taxable profit of every person deriving income from the business of –

(a) construction and sale of residential, commercial or other buildings;

(b) development and sale of residential commercial or other plots; or

(c) activities as mentioned in (a) and (b) above.

(2) For the purpose of this section, taxable profit shall be –

(a) ten percent of gross receipts in respect of activities specified in clause (a) of sub-section (1);

(b) fifteen percent of gross receipts in respect of activities specified in clause (b) of sub-section (1); and

(c) twelve percent of gross receipts in respect of activities specified in clause (c) of sub-section (1).

Explanation: - For the removal of doubt, it is clarified that the provisions of this section shall only apply in respect of income accruing from gross receipts from activities specified in sub-section (1) and shall not be applicable to income or incomes from any other source or under any head of income.

(3) Where a taxpayer, while explaining the nature and source of the amount credited or the investment made, money or valuable article owned or the funds from which the expenditure was made, takes into account any source of income which is subject to tax under this section, the taxpayer shall not be allowed to take credit of any sum as is in excess of taxable profit:

Provided that where taxable income under section 9 is more than the taxable profit under this section, taxpayer shall be entitled to take credit of such taxable income subject to the

payment of tax at the rate specified in Division I or II of Part I of First Schedule.

(4) The provisions of this section shall not apply to a builder or developer established by an Act of the Parliament or a Provincial Assembly or by a Presidential Order and who is engaged in activities for the benefit of its employees or otherwise including activities for the planning and development of and for providing and regulating housing and ancillary facilities in a specified or notified area.";

(3) after sub-clause (6), the following new clause shall be inserted, namely: –

"(6A) in section 101, after sub-section (3), the following new sub-sections (3A) and (3B) shall be added, namely: –

"(3A) For the purposes of clause (d) of sub-section (3), business connection in Pakistan shall include "significant economic presence in Pakistan" of a non-resident.

(3B) significant economic presence in Pakistan shall mean–

(a) transaction in respect of any goods, services or property carried out by a nonresident with any person in Pakistan including provision of download of data or software in Pakistan, if the aggregate of payments arising from such transaction or transactions during the tax year exceeds such amount as may be prescribed;

(b) systematic and continuous soliciting of business activities or engaging in interaction through digital means with such number of users in Pakistan as may be prescribed, irrespective of whether or not—

(i) the agreement for such transactions or activities is signed in Pakistan;

(ii) the non-resident has a residence or place of business in Pakistan; or

(iii) the non-resident renders services in Pakistan:

Provided that only so much of income as is attributable to the transactions or activities referred to in clause (a) or clause (b) shall be deemed to accrue or arise from a business connection in Pakistan.";

(4) in sub-clause (7), for the proposed sub-section (6), the following shall be substituted, namely: –

"(6) Notwithstanding the provisions of sub-section (1), for the tax year 2024 and onwards, where any amount is claimed as deduction for

the tax year or for any of the two preceding tax years on account of royalty paid or payable to an associate directly or indirectly in respect of use of any brand name, logo, patent, invention, design or model, secret formula or process, copyright, trademark, scientific or technical knowledge, franchise, license, intellectual property or other like property or right or contractual right and on a notice issued by the Commissioner, the taxpayer fails to furnish any explanation or evidence that no benefit has been conferred on the associate, twenty five percent of the total expenditure for the tax year in respect of sales promotion, advertisement and publicity shall be disallowed and allocated to the said associate.";

(5) after sub-clause (7), the following new sub-clause shall be inserted, namely: —

"(7A) in section 111, after sub-section (2), the following new sub-section shall be inserted, namely: —

"(2A) for the purposes of clause (ii) of sub-section (2) of this section, the "year of discovery of foreign assets or expenditure or concealed income", shall mean the year in which the Commissioner has issued a notice requiring the person to explain the nature and source of such foreign assets, expenditure or concealed income.";

(6) in sub-clause (8), in paragraph (a), in sub-paragraph (ii), in the proposed clause (d), after the word "students", the expression ", persons proceeding abroad for Hajj or Umrah" shall be inserted;

(7) for sub-clause (9), the following shall be substituted, namely: -

"(9) in section 116, in sub-section (1), –

(a) for the word "assets and liabilities" wherever occurring, the words "assets including foreign assets and liabilities including foreign liabilities" shall be substituted;

(b) after clause (b), the following new explanation shall be inserted, namely: –

"**Explanation. –** For removal of doubt, it is clarified that assets of spouse shall only be included in the wealth statement of the person if the spouse is dependent.

(c) in clause (c), after the word "assets", the words "including foreign assets" shall be inserted";

(8) for sub-clause (10), the following shall be substituted, namely: —

"(10) in section 121, –

(a) in sub-section (1), after clause (ab), the following new clause shall be inserted, namely: —

"(ac) furnish return of income in response to notice under sub-section (3) of section 117; or";

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

"(1A) For the purposes of making a best judgment assessment under sub-section (1), the Commissioner may determine taxable income on the basis of sectoral benchmark ratios prescribed by the Board.

Explanation. — The expression "sectoral benchmark ratios" means standard business sector ratios notified by the Board on the basis of comparative cases and includes financial ratios, production ratios, gross profit ratio, not profit ratio, recovery ratio, wastage ratio and such other ratios in respect of such sectors as may be prescribed.";

(9) in sub-clause (12), –

(a) in paragraph (a), for sub-paragraph (i), the following shall be substituted, namely: -

"(i) for the expression "Subject to other provisions of this Act,-", the expression "Notwithstanding anything contained in any other provision of this Ordinance,-" shall be substituted;

(b) for paragraph (b), the following shall be substituted, namely: –

"(b) in sub-section (4), for the expression "and from the 16th day of June", the expression "or before the 31st day of December", shall be substituted and shall be deemed to have taken effect on and from 16th day of June, 2024;

(c) after paragraph (b), substituted as aforesaid, the following new paragraph (c) shall be added, namely: –

"(c) in sub-section (5), for the expression "the 16th day of June, 2024", the expression "the date of transfer under sub-section (4).";

(10) for sub-clause (13), the following shall be substituted, namely: -

"(13) in section 127, in sub-section (1), for the word "Any", occurring for the first time, the expression "Subject to section 126A, any" shall be substituted;

(11) in sub-clause (14), the word "the", occurring for the second time, shall be omitted;

(12) after sub-clause (14), the following new sub-clause shall be inserted, namely: —

"(14A) in section 133, –

(a) in sub-section (1), –

(i) for the word "Within", occurring for the first time, the expression "Subject to section 126A, within" shall be substituted; and

(ii) in the proviso, after the words "Appellate Tribunal", the expression "or, as the case may be, the Commissioner (Appeals)" shall be inserted;

(iii) after the full stop at the end, the following new explanation shall be added, namely: —

"**Explanation.** – For the removal of doubt it is clarified that reference against order of the Commissioner (Appeals), communicated after the date of commencement of the Tax Laws (Amendment) Act, 2024 (V of 2024), shall lie before the High Court notwithstanding the proceedings pending prior to the date of commencement of the said Act.";

(b) in sub-section (2), after the words "Appellate Tribunal", the expression "or, as the case may be, the Commissioner (Appeals)" shall be inserted;

(c) in sub-section (7), after the expression "Appellate Tribunal's order", the expression "or, as the case may be, the Commissioner (Appeals)'s order" shall be inserted;

(d) in sub-section (10), after the expression "Appellate Tribunal", the expression "or, as the case may be, the Commissioner (Appeals)" shall be inserted; and

(e) in sub-section (12), after the expression "sub-section (1)", the expression ", by the aggrieved person other than the Commissioner," shall be inserted;

(13) in sub-clause (15), in paragraph (b), —

(a) for the expression "new sub-section", the expression "new sub-sections" shall be substituted;

(b) in the proposed sub-section (6B), the expression "or (6A), as the case may be" shall be omitted;

(c) in the proposed proviso, after the expression "sub-section (4)", the expression "or sub-section (4B), as the case may be" shall be inserted; and

(d) after the proposed sub-section (6B), the following new sub-section shall be inserted, namely: —

"(6C) Notwithstanding anything contained in this Ordinance, the persons specified in sub-sections (1), (3), (3A), (3B) and (3C) of section 154 shall, at the time of realization of foreign exchange proceeds, or realization of the proceeds on account of sale of goods, or export of goods, or at the time of making payment to an indirect exporter, or clearing of goods exported, respectively, deduct or collect, as the case may be, advance income tax under this section at the rate of one percent of such foreign exchange proceeds, or export proceeds, or exports, or payment, in addition to tax collectable or deductible under section 154 of this Ordinance.";

(14) after sub-clause (16), the following new sub-clause shall be inserted, namely: –

"(16A) in section 149, –

(a) in sub-section (1), after the word "made", the expression "including tax under section 4AB" shall be inserted; and

(b) in sub-section (2), in formula A/B, in component A, after the word "year", the expression "plus tax chargeable under section 4AB" shall be inserted;

(15) for sub-clause (17), the following shall be substituted, namely: —

"(17) in section 152, in sub-section (4A), for the expression "without deduction of tax or deduction of tax at a reduced rate", the expression "after deduction of tax at a reduced rate but such reduction shall not exceed eighty percent of the rate specified in the said Division" shall be added;

(16) in sub-clause (18), in the proposed sub-section (4), after the words "reduced rate", the expression ", but such reduction shall not exceed eighty percent of the rate specified in the said Division" shall be inserted;

(17) sub-clause (20) shall be omitted;

(18) sub-clause (20), omitted as aforesaid, the sub-clauses (21), (22), (23), (24), (25), (26) and (27) shall be renumbered as (20), (21), (22), (23), (24), (25) and (26);

(19) in sub-clause (22), renumbered as aforesaid, in the proposed Paragraph (c), in column (1), against S. No. 10A, in column (3), –

(a) for the words "one hundred" and "two hundred", the words "fifty" and "one hundred" shall be substituted respectively; and

(b) for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely: -

"Provided that said penalty shall be imposed effective from such date as the Board may notify.";

(20) for sub-clause (25), renumbered as aforesaid, the following shall be substituted, namely: -

"(25) in section 205, in sub-section (1), for the expression "12 percent per annum", wherever occurring, the expression "twelve percent or KIBOR plus three percent per annum, whichever is higher", shall be substituted;

(21) after sub-clause (26), renumbered as aforesaid, the following new sub-clauses shall be inserted, namely: –

"(27) after section 230J, the following new section shall be inserted, namely: –

"230K. Tax Fraud Investigation Wing Inland Revenue. – (1) There shall be established a wing to be known as Tax Fraud Investigation Wing Inland Revenue.

(2) The functions of the Tax Fraud Investigation Wing Inland Revenue shall be to detect, analyze, investigate, combat and prevent tax evasion and fraud.

(3) The Tax Fraud Investigation Wing Inland Revenue shall comprise Fraud Intelligence and Analysis Unit, Fraud Investigation Unit, Legal Unit, Accountants Unit, Digital Forensic and Scene of Crime Unit, Administrative Unit or any other Unit as may be approved by the Board or the Federal Government.

(4) The Tax Fraud Investigation Wing Inland Revenue shall consist of a Chief Investigator and as many following officers, as may be notified by the Board –

(a) Senior Investigators, Investigators, Junior Investigators or any other officer of Inland Revenue with any other designation;

(b) a Senior Forensic Analyst and as many Forensic Analysts and Junior Forensic Analysts; and

(c) a Senior Data Analyst and as many Data Analysts and Junior Data Analysts.

(5) The Board may, by notification in the official Gazette, -

(c) specify the functions and jurisdiction of the Tax Fraud Investigation Wing Inland Revenue and its officers; and

(d) confer the powers of authorities specified in section 207 upon the Tax Fraud Investigation Wing Inland Revenue and its officers in clause (a) of sub-section 4.

(6) Nothing contained in this section shall prevent the authorities appointed under section 207 and 208 or any other authority or officer conferred with the power of authorities under section 207 and 208 from conducting prosecution Part XI of Chapter X of the Ordinance."

(27A) in section 236C, in sub-section (1), in the proviso, –

(a) after the expression "Provincial Government" occurring for the first time, the expression "or a war wounded person while in service of Pakistan Armed Forces or Federal or Provincial Government or an ex-serviceman and serving personnel of armed forces or ex-employees or serving personnel of Federal and Provincial Government" shall be inserted;

(b) after the expression "who dies in service", the expression "or a war wounded person while in service of Pakistan Armed Forces or Federal or Provincial Government or an ex-serviceman and serving personnel of armed forces or ex-employees or serving personnel of Federal and Provincial Government";

(22) in sub-clause (31), –

(a) in Paragraph (A), –

(i) in sub-paragraph (1), in the entry (a), in the Table, in column (1), against S. No. 6, in column (3), after the expression "Rs. 5,600,000", a colon shall be inserted and thereafter the following new proviso shall be added, namely: –

"Provided that in the case of an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating their profession, the 45% rate of tax mentioned against serial number 6 of the Table shall be 40%.";

(ii) in sub-paragraph (3), in the newly proposed Division VII, in the fourth proviso, for the expression "20%", the expression "15%" shall be substituted; and

(b) in Paragraph (B), sub-paragraph (3) shall be omitted;

(23) in sub-clause (32), –

(a) in Paragraph (A), –

(i) sub-paragraphs (i) and (ii) shall be re-numbered as (ii) and (iv) respectively;

(ii) before sub-paragraph (ii), re-numbered as aforesaid, the following new sub-paragraph (i) shall be inserted, namely: –

"(i) after clause (99A), the following new clause shall be inserted, namely: –

"(99B) Income of a Special Purpose Vehicle buying Diversified Payment Rights from the Authorized Dealers in Pakistan.

Explanation. For the purpose of this clause, Diversified Payment Rights, Special Purpose Vehicle and Authorized Dealers shall mean the 'Diversified Payment Rights', 'Special Purpose Vehicle' and 'Authorized Dealers', respectively, in each case, as referred in the State Bank of Pakistan's Circular(s) or Regulations on Diversified Payment Rights; and

(iii) after sub-paragraph (ii), renumbered as aforesaid, the following new sub-paragraph shall be inserted, namely: –

"(iii) in clause (114B), for the words "Shaheed or the person who dies in service", the expression "persons specified in the said proviso" shall be substituted;

(b) paragraph (C) shall be omitted;

(c) Paragraph (D) shall be renumbered as Paragraph (C) and for the Paragraph (C), renumbered as aforesaid, the following shall be substituted, namely: –

"(C) in Part IV, –

(a) in clause (11A), in sub-clause (xliii), for the expression "(126EA)", the expression "(126E) and (126EA)" shall be substituted;

(b) after clause (38AA), the following new clause shall be inserted, namely: –
"(38AAA) The provisions of section 152 shall not apply to Special Purpose Vehicle referred to in clause 99B of Part I of this Schedule."; and

(c) in clauses (109A) and (110), for the expression "2024", the expression "2025" shall be substituted;

(24) in sub-clause (33), –

(a) after Paragraph (a), the following new paragraph (ab) shall be inserted, namely: -

"(ab) after rule 3, the following new rule shall be added, namely: –

"3A. Notwithstanding any other provision of this Ordinance, where any assets are transferred by an Authorized Dealer, as a consequence of a Diversified Payment Rights transaction, to a Special Purpose Vehicle, it shall be treated as a financing transaction irrespective of the method of accounting adopted by the Authorized Dealer. **Explanation.** – For the purpose of this clause, Diversified Payment Rights, Special Purpose Vehicle and Authorized Dealer shall mean the 'Diversified Payment Rights', 'Special Purpose Vehicle' and 'Authorized Dealer', respectively, in each case, as referred in the State Bank of Pakistan's Circular(s) or Regulations on Diversified Payment Rights.";

(25) in sub-clause (34), in paragraph (b), in the newly proposed rule 1A, –

(a) in clause (b), in the Table, in column (1), against S. No. 3, in column (3), the expression "; and", shall be omitted; and

(b) after the Table, amended as aforesaid, the following new proviso shall be added, namely: —

"Provided that the provisions of this rule shall not apply to a person who has filed return by the due date specified in section 118 or by the due date as extended under section 119 or section 214A for all of the last three tax years preceding the tax year for which the return has not been filed by the due date specified in section 118 or by the due date as extended under section 119 or 214A."; and".

CLAUSE 7

6. MR. MUHAMMAD AURANGZEB, Minister for Finance and Revenue to move-

that in the Finance Bill, 2024, as introduced in the National Assembly, in clause 7, the following shall be substituted, namely:–

(1) the existing sub-clause (1) shall be renumbered as sub-clause (1A) and for the existing sub-clause (1), the following shall be substituted, namely:–

"(1) In section 2, for clause (4), the following shall be substituted, namely:–

"(4) "**Board**" shall have the same meaning as defined under clause (8) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001).";

(2) in the renumbered sub-clause (1A), for the words “KIBOR plus three”, the expression “twelve per cent per annum or KIBOR plus three per cent per annum, whichever is higher”, shall be substituted;

(3) after sub-clause (2), the following new sub-clause shall be inserted, namely:–

(2A) after section 29, the following new section shall be inserted, namely:–

“29A. Tax Fraud Investigation Wing-Inland Revenue.– (1) There shall be established a wing to be known as Tax Fraud Investigation Wing-Inland Revenue.

(2) The functions of the tax fraud Investigation Wing-Inland Revenue shall be to detect, analyze, investigate, combat and prevent tax fraud.

(3) The tax fraud Investigation Wing-Inland Revenue shall comprise Fraud Intelligence and Analysis Unit, Fraud Investigation Unit, Legal Unit, Accountants Unit, Digital Forensic and Scene of Crime Unit, Administrative Unit or any other Unit as may be notified by the Board by notification in the official Gazette.

(4) The tax fraud Investigation Wing-Inland Revenue shall consist of a Chief Investigator and as many following officers, as may be notified by the Board, namely:–

(a) Senior Investigators, Investigators, Junior Investigators or any other officer of Inland Revenue with any other designation;

(b) a Senior Forensic Analyst and as many Forensic Analysts and Junior Forensic Analysts; and

(c) a Senior Data Analyst and as many Data Analysts and Junior Data Analysts.

(5) The Board may, by notification in the official Gazette,-

(a) specify the functions and jurisdiction of the Tax Fraud Investigation Wing-Inland Revenue and its Units and officers; and

(b) confer the powers of authorities specified in section 29 upon the Tax Fraud Investigation Wing-Inland Revenue and its officers under clause (a) of sub-section 4.

(6) Nothing contained in this section shall prevent the authorities appointed under section 29 or any other authority or officer conferred with the powers and functions of authorities appointed under section 29 from conducting investigation and prosecution under Chapter III of the Act.”;

(4) for sub-clause (4), the following shall be substituted, namely:–

“in section 33A, in sub-section (4), for the expression “16th day of June, 2024”, the expression “31st day of December, 2024” shall be substituted and shall be deemed to have taken effect from the 16th day of June, 2024.”;

(5) in sub-clause (6),–

(i) in proposed paragraph (vi), for the word “three”, the word “four” shall be substituted;

(ii) paragraph (viii) shall be substituted, namely:–

“(viii) after serial number 62, the following new serial number and entries relating thereto in columns (2), (3) and (4) shall be added, namely:–

“63.	Lubricating oil	2710.1951, 2710.1952 and 2710.1953	Five per cent ad valorem.”.

(6) for sub-clause (7), the following shall be substituted, namely:–

“(7) in the First Schedule,–

(A) after the Table-I,–

(a) for the marginal heading, “(2) **Variants at different price points**”, the expression “**Restriction-2 – Brand variants at different price points**” shall be substituted and after the full stop at the end, the following Explanation shall be added, namely:–

“**Explanation.–** For the purpose of this restriction, brand variant means any cigarette brand with similar logo, name, colour, design, pattern or any unique distinguishing mark associated with an existing brand family.”;

(b) in the **Restriction-3 – Minimum Price**, for the word “sixty”, the expression “fifty-five” shall be substituted”;

(B) in Table-II, in column (1), against serial number 3, in column (2), for clause (b) and entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:–

(b)	Services provided or rendered in respect of travel by air of passengers embarking on international journey from Pakistan,–		
	(i) Economy and economy plus air tickets issued on or after the 1st day of July, 2024.		Twelve thousand five hundred rupees
	(ii) Club, business and first class air tickets issued on or after the 1st day of July, 2024:		

(a) IATA Traffic Conference Area 1 (North, Central, South America and Environs) (b) IATA Traffic Conference Area 2 (I) Middle East and Africa (II) Europe (c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)		(a) Three hundred and fifty thousand rupees (b)(I) One hundred and five thousand rupees (b)(II) Two hundred and ten thousand rupees (c) Two hundred and ten thousand rupees

(C) after Table-II, the following new Table shall be added, namely:–

"TABLE-III

(EXCISABLE ITEMS OTHER THAN THOSE MENTIONED UNDER TABLE-I AND TABLE-II)

[See clause (e) of sub-section (1) of section 3]

S. No.	Description of Items	Heading/sub-heading Number	Rate of Duty
(1)	(2)	(3)	(4)
1.	Allotment or transfer of commercial property and first allotment or first transfer of open plots or residential property by any developer or builder in such mode and manner and subject to such conditions and restrictions as may be prescribed by the Board	Respective headings	(i) 3% of gross amount of consideration involved where the buyer is appearing on active taxpayer list maintained under section 181A of the Income Tax Ordinance, 2001

			on the date of acquisition of property; (ii) 5% of gross amount of consideration involved where the buyer has not filed the income tax return by due date as specified in proviso to Rule 1A of Tenth Schedule to the Income Tax Ordinance, 2001; and (iii) 7% of gross amount of consideration involved where the buyer is not appearing on active taxpayer list maintained under section 181A of the Income Tax Ordinance, 2001 on the date of acquisition of property.
2.	"Supply of white crystalline sugar by any person to a manufacturing, processing or packaging entity.".	Respective heading	Rupees fifteen per kg.".

INSERTION OF NEW CLAUSE 10

7. MR. MUHAMMAD AURANGZEB, Minister for Finance and Revenue to move-

that in the Finance Bill, 2024, as introduced in the National Assembly, after clause 9, the following new clause shall be added, namely: —

"10. **Amendments in the Finance Act, 2022 (XIII of 2022). —** In the Finance Act, 2022 (XIII of 2022), in section 8, —

(1) in sub-section (1), in the proviso, for the full stop a colon shall be substituted and thereafter the following new proviso shall be added, namely: —

"Provided further that the capital value tax on a farmhouse and a residential house, within the territorial limits of the Islamabad Capital Territory, shall be levied, charged, collected and paid on the basis of area of the farmhouse irrespective of its value.";

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

"(ab) farmhouses as defined in clause (b) of sub-section (4) of section 7E of the Income Tax Ordinance, 2001 (XLIX of 2001) within the territorial limits of the Islamabad Capital Territory; and

(ac) residential houses within the territorial limits of the Islamabad Capital Territory;";

(4) in sub-section (4), in clause (g), for the expression "(b)", the expression "(ab), (ac) and (b)" shall be substituted; and

(5) in the First Schedule, for the TABLE, the following shall be substituted, namely: —

"TABLE

S. No.	Assets Description	Rate
(1)	(2)	(3)
1	Motor vehicle mentioned in clause (a) of sub-section (1)	1% of the value
2	Assets mentioned in clause (ab) of sub-section (1)	500,000 rupees, for the farmhouse with an area between 2,000 square yards and 4,000 square yards and 1,000,000 rupees if the area exceeds 4,000 square yards
3	Assets mentioned in clause (ac) of sub-section (1)	1,000,000 rupees, for the residential house with an area between 1,000 square yards to 2,000 square yards, and

		1,500,000 rupees if the area exceeds 2,000 square yards
4	Assets mentioned in clause (b) of sub-section (1)	1% of the value
5	Assets mentioned in clause (c) of sub-section (1)	As specified by the Federal Government not exceeding 5% of the value.”.

Islamabad, the
28th June, 2024

TAHIR HUSSAIN
Secretary General