Amended upto 03-03-2022

**GOVERNMENT OF PAKISTAN**
**FEDERAL BOARD OF REVENUE**
**(REVENUE DIVISION)**

**PART I**
**INCOME TAX ORDINANCE, 2001**

**F.No. 2(1)/2001-Pub.-** The following Ordinance promulgated by the President is hereby published for general information:-

**AN**
**ORDINANCE**

**To consolidate and amend the law relating to income tax**

**WHEREAS** it is expedient to consolidate and amend the law relating to income tax and to provide for matters ancillary thereto or connected therewith;

**WHEREAS** the President is satisfied that circumstances exist which render it necessary to take immediate action;

**NOW, THEREFORE**, in pursuance of the Proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitution Order No. 1 of 1999, read with Provisional Constitutional Amendment Order No. 9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:-

## CHAPTER I
## PRELIMINARY

**1. Short title, extent and commencement.-** (1) This Ordinance may be called the Income Tax Ordinance, 2001.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on such date as the Federal Government may, by notification in official Gazette, appoint[1].

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1-Vide notification S.R.O.381(I)/2002 dated 15.06.2002 the Federal Government appointed the first day of July, 2002 on which the Ordinance shall come into force.

**2. Definitions.-** In this Ordinance, unless there is anything repugnant in the subject or context -

(1) "accumulated profits" in relation to 1[distribution or payment of] a dividend, 2[include] -

(a) any reserve made up wholly or partly of any allowance, deduction, or exemption admissible under this Ordinance;
(b) for the purposes of 3[sub-clauses (a), (b) and (e) of clause (19)"] all profits of the company including income and gains of a trust up to the date of such distribution or such payment, as the case may be; and
(c) for the purposes of 4[sub-clause (c) of clause (19)], includes all profits of the company including income and gains of a trust up to the date of its liquidation;

5[(1A) "active taxpayers' list" means the list instituted by the Board under section 181A and includes such list issued by the Azad Jammu and Kashmir Central Board of Revenue or Gilgit-Baltistan Council Board of Revenue]

6[7[[(1B)] "amalgamation" means the merger of one or more banking companies or non-banking financial institutions, 8[or insurance companies,] 9[or companies owning and managing industrial undertakings] 10[or companies engaged in providing services and not being a trading company or companies] in either case 11[at least one of them] being a public company, or a company incorporated under any law, other than 11a[Companies Act, 2017 (XIX of 2017)], for the time being in force, (the company or companies which so merge being referred to as the "amalgamating company" or companies and the company with which they merge or which is formed as a result of merger, as the "amalgamated company") in such manner that -

(a) the assets of the amalgamating company or companies immediately before the amalgamation become the assets of the amalgamated company by virtue of the amalgamation, otherwise than by purchase of such assets by the amalgamated company or as a result of distribution of such assets to the amalgamated company after the winding up of the amalgamating company or companies; 12[and]

(b) the liabilities of the amalgamating company or companies immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation 13[.]

14[ ]

15[(2) "Appellate Tribunal" means the Appellate Tribunal Inland Revenue established under section 130;]

(3) "approved gratuity fund" means a gratuity fund approved by the Commissioner in accordance with Part III of the Sixth Schedule;

16[(3A) "Approved Annuity Plan" means an Annuity Plan approved by Securities and Exchange Commission of Pakistan (SECP) under Voluntary Pension System Rules, 2005 and offered by a Life Insurance Company registered with the SECP under Insurance Ordinance, 2000 (XXXIX of 2000);]

17[(3B) "Approved Income Payment Plan" means an Income Payment Plan approved by Securities and Exchange Commission of Pakistan (SECP) under Voluntary Pension System Rules, 2005 and offered by a Pension Fund Manager registered with the SECP under Voluntary Pension System Rules, 2005;]

18[(3C) "Approved Pension Fund" means Pension Fund approved by Securities and Exchange Commission of Pakistan (SECP) under Voluntary Pension System Rules, 2005, and managed by a Pension Fund Manager registered with the SECP under Voluntary Pension System Rules, 2005;]

19[(3D) "Approved Employment Pension or Annuity Scheme" means any employment related retirement scheme approved under this Ordinance, which makes periodical payment to a beneficiary i.e. pension or annuity such as approved superannuation fund, public sector pension scheme and Employees Old-Age Benefit Scheme;]

20[(3E) "Approved Occupational Savings Scheme" means any approved gratuity fund or recognized provident fund;]

(4) “approved superannuation fund” means a superannuation fund, or any part of a superannuation fund, approved by the Commissioner in accordance with Part II of the Sixth Schedule;

21(5) “assessment” includes 22[provisional assessment,] re-assessment and amended assessment and the cognate expressions shall be construed accordingly;]

23[(5A) “assessment year” means assessment year as defined in the repealed Ordinance;]

24[(5B) “asset management company” means an asset management company as defined in the Non-Banking Finance Companies and Notified Entities Regulations, 2007;]

25[(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;]

(6) “association of persons” means an association of persons as defined in section 80;

(7) “banking company” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962) and includes anybody corporate which transacts the business of banking in Pakistan;

26[(8) “Board” means the Central Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924), and on the commencement of Federal Board of Revenue Act, 2007, the Federal Board of Revenue established under section 3 thereof;

27[(9)] “bonus shares” includes bonus units in a unit trust;

28[(10)] “business” includes any trade, commerce, manufacture, profession, vocation or adventure or concern in the nature of trade, commerce, manufacture, profession or vocation, but does not include employment;

28a[(10A) “business bank account” means a bank account utilized by the taxpayer for business transaction declared to the Commissioner through original or modified registration form prescribed under section 181;]

29[(11)] “capital asset” means a capital asset as defined in section 37;

30[(11A) “charitable purpose” includes relief of the poor, education, medical relief and the advancement of any other object of general public utility;]

31[(11B) “Chief Commissioner” means a person appointed as Chief Commissioner Inland Revenue under section 208 and includes a Regional Commissioner of Income Tax and a Director-General of Income Tax and Sales Tax;]

32[(11C) “Collective Investment Scheme” shall have the same meanings as are assigned under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;]

(12) “company” means a company as defined in section 80;

33[(13) “Commissioner” means a person appointed as Commissioner Inland Revenue under section 208 and includes any other authority vested with all or any of the powers and functions of the Commissioner;]

34[(13A) “Commissioner (Appeals)” means a person appointed as Commissioner Inland Revenue (Appeals) under section 208;]

34a[(13AA) concealment of income includes-

(a) the suppression of any item of receipt liable to tax in whole or in part, or failure to disclose income chargeable to tax;
(b) claiming any deduction or any expenditure not actually incurred;

(c) any act referred to in sub-section (1) of section 111; and
(d) claiming of any income or receipt as exempt which is otherwise taxable.

Explanation.- For removal of doubt it is clarified that none of the aforementioned acts would constitute concealment of income unless it is proved that taxpayer has knowingly and willfully committed these acts;]

35[35a[(13AB)] "consumer goods" means goods that are consumed by the end consumer rather than used in the production of another good;"]

36[(13B) "Contribution to an Approved Pension Fund" means contribution as defined in rule 2(j) of the Voluntary Pension System Rules, 2005 37[ ];]

(14) "co-operative society" means a co-operative society registered under the Co-operative Societies Act, 1925 (VII of 1925) or under any other law for the time being in force in Pakistan for the registration of co-operative societies;

(15) "debt" means any amount owing, including accounts payable and the amounts owing under promissory notes, bills of exchange, debentures, securities, bonds or other financial instruments;

(16) "deductible allowance" means an allowance that is deductible from total income under Part IX of Chapter III;

(17) "depreciable asset" means a depreciable asset as defined in section 22;

38[17A. ''Developmental REIT Scheme" means Developmental REIT Scheme as defined under the Real Estate Investment Trust Regulations, 2015;]

38a[(17B) "digital means" mean digital payments and financial services including but not limited to-

(a) online portals or platforms for digital payments/receipts;
(b) online interbank fund transfer services
(c) online bill or invoice presentment and payment services;
(d) over the Counter digital payment services or facilities;
(e) card payments using Point of Sale terminals, QR codes, mobile devices, ATMs, Kiosk or any other digital payments enabled devices; or
(f) any other digital or online payment modes.]

(18) "disposal" in relation to an asset, means a disposal as defined in section 75;

(19) "dividend" includes -

(a) any distribution by a company of accumulated profits to its shareholders, whether capitalised or not, if such distribution entails the release by the company to its shareholders of all or any part of the assets including money of the company;

(b) any distribution by a company, to its shareholders of debentures, debenture-stock or deposit certificate in any form, whether with or without profit, 39[ ] to the extent to which the company possesses accumulated profits whether capitalised or not;

(c) any distribution made to the shareholders of a company on its liquidation, to the extent to which the distribution is attributable to the accumulated profits of the company immediately before its liquidation, whether capitalised or not;

(d) any distribution by a company to its shareholders on the reduction of its capital, to the extent to which the company possesses accumulated profits, whether such accumulated profits have been capitalised or not; 40[ ]

(e) any payment by a private company 41[as defined in the 11a[Companies Act, 2017 (XIX of 2017)]] or trust of any sum (whether as representing a part of the assets of the company or trust, or otherwise) by way of advance or loan to a shareholder or any payment by any such company or trust on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company or trust, in either case, possesses accumulated profits; 42[or]

43[(f) 44[remittance of] after tax profit of a branch of a foreign company operating in Pakistan;] but does not include -

(i) a distribution made in accordance with 45[sub-clause] (c) or (d) in respect of any share for full cash consideration, or redemption of debentures or debenture stock, where the holder of the share or debenture is not entitled in the event of liquidation to participate in the surplus assets;

(ii) any advance or loan made to a shareholder by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company; 46[ ]

(iii) any dividend paid by a company which is set off by the company against the whole or any part of any sum previously paid by it and treated as a dividend within the meaning of 47[sub-clause] (e) to the extent to which it is so set off; 48[and]

49[(iv) remittance of after tax profit by a branch of Petroleum Exploration and Production (E&P) foreign company, operating in Pakistan.]

50[(19A) "Eligible Person", for the purpose of Voluntary Pension System Rules, 2005, means an individual Pakistani who 51[holds] a valid National Tax Number 52[or Computerized National Identity Card 53[or National Identity Card for Overseas Pakistanis] issued by the National Database and Registration Authority] 54[ ] 55[:]]

56[Provided that the total tax credit available for the contribution made to approved employment pension or annuity scheme and approved pension fund under Voluntary Pension System Rules, 2005, should not exceed the limit prescribed or specified in section 63.]

57[(19B) The expressions "addressee", "automated", "electronic", "electronic signature", "information", "information system", "originator" and "transaction", shall have the same meanings as are assigned to them in the Electronic Transactions Ordinance, 2002 (LI of 2002);]

58[(19C) "electronic record" includes the contents of communications, transactions and procedures under this Ordinance, including attachments, annexes, enclosures, accounts, returns, statements, certificates, applications, forms, receipts, acknowledgements, notices, orders, judgments, approvals, notifications, circulars, rulings, documents and any other information associated with such communications, transactions and procedures, created, sent, forwarded, replied to, transmitted, distributed, broadcast, stored, held, copied, downloaded, displayed, viewed, read, or printed, by one or several electronic resources and any other information in electronic form;]

59[(19D) "electronic resource" includes telecommunication systems, transmission devices, electronic video or audio equipment, encoding or decoding equipment, input, output or connecting devices, data processing or storage systems, computer systems, servers, networks and related computer programs, applications and software including databases, data warehouses and web portals as may be prescribed by the Board from time to time, for the purpose of creating electronic record;]

60[(19E) "telecommunication system" includes a system for the conveyance, through the agency of electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical energy, of speech, music and other sounds, visual images and signals serving for the impartation of any matter otherwise than in the form of sounds or visual images and also includes real time online sharing of any matter in manner and mode as may be prescribed by the Board from time to time.]

(20) "employee" means any individual engaged in employment;

(21) “employer” means any person who engages and remunerates an employee;

(22) “employment” includes -

(a) a directorship or any other office involved in the management of a company;
(b) a position entitling the holder to a fixed or ascertainable remuneration; or
(c) the holding or acting in any public office;

61[(22A) “fast moving consumer goods” means consumer goods which are supplied in retail marketing as per daily demand of a consumer 62[excluding durable goods].

63[(22B) “fee for offshore digital services” means any consideration for providing or rendering services by a non-resident person for online advertising including digital advertising space, designing, creating, hosting or maintenance of websites, digital or cyber space for websites, advertising, e-mails, online computing, blogs, online content and online data, providing any facility or service for uploading, storing or distribution of digital content including digital text, digital audio or digital video, online collection or processing of data related to users in Pakistan, any facility for online sale of goods or services or any other online facility.]

64[(22C) “FBR Refund Settlement Company Limited” means the company with this name as incorporated under the Companies Act, 2017 (XIX of 2017), for the purposes of settlement of income tax refund claims including payment by way of issuing refund bonds under section 171A;]

(23) “fee for technical services” means any consideration, whether periodical or lump sum, for the rendering of any managerial, technical or consultancy services including the services of technical or other personnel, but does not include -

(a) consideration for services rendered in relation to a construction, assembly or like project undertaken by the recipient; or
(b) consideration which would be income of the recipient chargeable under the head “Salary”;

65[***]

(24) “financial institution” means an institution 66[as defined] under the 67[Companies Act, 2017 (XIX of 2017)] 68[ ];

(25) “finance society” includes a co-operative society which accepts money on deposit or otherwise for the purposes of advancing loans or making investments in the ordinary course of business;

(26) “firm” means a firm as defined in section 80;

(27) “foreign-source income” means foreign-source income as defined in sub-section (16) of section 101.

68a[(27A) “greenfield industrial undertaking” means-

(a) a new industrial undertaking which is-

(i) setup on land which has not previously been utilized for any commercial, industrial or manufacturing activity and is free from constraints imposed by any prior work;

(ii) built without demolishing, revamping, renovating, upgrading, remodeling or modifying any existing structure, facility or plant;

(iii) not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery, plant or building from an undertaking established in Pakistan prior to commencement of the new business and is not part of an expansion project;

(iv) using any process or technology that has not earlier been used in Pakistan and is so approved by the Engineering Development Board; and

(b) is approved by the Commissioner on an application made in the prescribed form and manner, accompanied by the prescribed documents and, such other documents as may be required by the Commissioner:

Provided that this definition shall be applicable from the 1st July, 2019 and onwards.]

(28) "House Building Finance Corporation" means the Corporation constituted under the House Building Finance Corporation Act, 1952 (XVIII of 1952);

69[(28A) "imputable income" in relation to an amount subject to final tax means the income which would have resulted in the same tax, had this amount not been subject to final tax;"]

70[(29) "income" includes any amount chargeable to tax under this Ordinance, any amount subject to collection 71[or deduction] of tax under section 148, 72[150, 152(1), 153, 154, 156, 156A, 233, 72a[***] 73[,] sub-section (5) of section 234 74[ ] 75[and] 76[any amount treated as income under any provision of this Ordinance] and any loss of income 77[ ];

78[(29A) "income year" means income year as defined in the repealed Ordinance;]

79[(29B) "Individual Pension Account" means an account maintained by an eligible person with a Pension Fund Manager approved under the Voluntary Pension System Rules, 2005;]

"(29C) "Industrial undertaking" means —

(a) an undertaking which is set up in Pakistan and which employs,—

(i) ten or more persons in Pakistan and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal energy; or

(ii) twenty or more persons in Pakistan and does not involve the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal energy:

and which is engaged in,-

(i) the manufacture of goods or materials or the subjection of goods or materials to any process which substantially changes their original condition; or

(ii) ship-building; or

(iii) generation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power; or

(iv) the working of any mine, oil-well or any other source of mineral deposits; 80[ ]

80[(aa) from the 1st day of May, 2020, a person directly involved in the construction of buildings, roads, bridges and other such structures or the development of land, to the extent and for the purpose of import of plant and machinery to be utilized in such activity, subject to such conditions as may be notified by the Board;

(ab) from the first day of July, 2020 a resident company engaged in the hotel business in Pakistan; 80a[and]

80b[***] ]

80c[(c) telecommunication companies operating under the license of Pakistan Telecommunication Authority (PTA);]

(30) "intangible" means an intangible as defined in section 24;

81[(30A) "integrated enterprise" means a person integrated with the Board through approved Fiscal electronic device and software, and who fulfills obligations and requirements for integration as may be prescribed;]

82[[83[(30AA)] "investment company" means an investment company as defined in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;]

84[[83[(30AB)] KIBOR means Karachi Inter Bank Offered Rate prevalent on the first day of each quarter of the financial year;]

85[(30AC) "Iris" means a web based computer programme for operation and management of Inland Revenue taxes and laws administered by the Board;]

85a[(30AD) Information Technology (IT) services include software development, software maintenance, system integration, web design, web development, web hosting and network design; and

(30AE) IT enabled services include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, Human Resource (HR) services, telemedicine centers, data entry operations, cloud computing services, data storage services, locally produced television programs and insurance claims processing;]

86[(30B) "leasing company" means a leasing company as defined in the Non-Banking Finance Companies and Notified Entities Regulation, 2007;]

87[(30C) "liaison office" means a place of business acting for the principal, head office or any entity of which it is a part, and

(a) its activities do not result in deriving income in Pakistan; and

(b) maintains itself out of any amount remitted from outside Pakistan received through normal banking channels.

Explanation,- It is clarified that-

(i) a place of business shall not be treated as liaison office if it engages in -

(a) commercial activities;
(b) trading or industrial activities; or
(c) the negotiation and conclusion of contracts;

(ii) the activities shall be treated to be commercial activities, if these include-

(a) providing after sales services for goods or services; or

(b) marketing or promoting pharmaceutical and medical products or services;

(iii) subject to clause (i), a place of business shall be treated as a liaison office, if it undertakes activities of-

(a) an exploratory or preparatory nature, to investigate the possibilities of trading with, or in, Pakistan;

(b) exploring the possibility of joint collaboration and export promotion;

(c) promoting products where such products are yet to be supplied to, or sold in, Pakistan;

(d) promoting technical and financial collaborations between its principal and taxpayers in Pakistan; or

(e) provision of technical advice and assistance.]

(31) "liquidation" in relation to a company, includes the termination of a trust;

88[(31A) "Local Government" shall have the same meaning for respective provisions and Islamabad Capital Territory as contained in the Balochistan Local Government Act, 2010 (V of 2010), the Khyber Pakhtunkhwa Local Government Act, 2013 (XXVIII of 2013), the Sindh Local Government Act, 2013 (XLII of 2013), the Islamabad Capital Territory Local Government Act, 2015 (X of 2015) and the Punjab Local Government Act, 2019 (XIII of 2019);]

(32) "member" in relation to an association of persons, includes a partner in a firm;

(33) "minor child" means an individual who is under the age of eighteen years at the end of a tax year;

(34) "modaraba" means a modaraba as defined in the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 (XXXI of 1980);

(35) "modaraba certificate" means a modaraba certificate as defined in the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 (XXXI of 1980);

89[(35A) "Mutual Fund" means a mutual fund 90[registered or approved by the Securities and Exchange Commission of Pakistan];]

91[(35AA) "NCCPL" means National Clearing Company of Pakistan Limited, which is a company incorporated under the 11a[Companies Act, 2017 (XIX of 2017)] and licensed as "Clearing House" by the Securities and Exchange Commission of Pakistan, 92[or any subsidiary of NCCPL notified by the Board for the purpose of this clause;]

93[(35B) "non-banking finance company" means an NBFC as defined in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;]

94[***]

95[(36) "non-profit organization" means any person other than an individual, which is -

(a) established for religious, educational, charitable, welfare 96[purposes for general public], or for the promotion of an amateur sport;

(b) formed and registered 97[by or] under any law as a non-profit organization;

(c) approved by the Commissioner for specified period, on an application made by such person in the prescribed form and manner, accompanied by the prescribed documents and, on requisition, such other documents as may be required by the Commissioner; and none of the assets of such person confers, or may confer, a private benefit to any other person;]

(37) "non-resident person" means a non-resident person as defined in Section 81;

(38) "non-resident taxpayer" means a taxpayer who is a non-resident person;

98[(38A) "Officer of Inland Revenue" means any Additional Commissioner Inland Revenue, Deputy Commissioner Inland Revenue, Assistant Commissioner Inland Revenue, Inland Revenue Officer, Inland

Revenue Audit Officer, 99[District Taxation Officer Inland Revenue, Assistant Director Audit,]or any other officer however designated or appointed by the Board for the purposes of this Ordinance;]

100[(38AA) "offshore asset" in relation to a person, includes any movable or immovable asset held, any gain, profit, or income derived, or any expenditure incurred outside Pakistan;

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

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

101[(38B) "online marketplace" means an information technology platform run by e-commerce entity over an electronic network that acts as a facilitator in transactions that occur between a buyer and a seller;]

(39) "Originator" means Originator as defined in the Asset Backed Securitization Rules, 1999;

(40) "Pakistan-source income" means Pakistan-source income as defined in section 101;

102[(40A) "Pension Fund Manager" means an asset management company registered under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, or a life insurance company registered under Insurance Ordinance, 2000 (XXXIX of 2000), duly authorized by the Securities and Exchange Commission of Pakistan and approved under the Voluntary Pension System Rules, 2005, to manage the Approved Pension Fund;]

(41) "permanent establishment" in relation to a person, means a 103[fixed] place of business through which the business of the person is wholly or partly carried on, and includes -

(a) a place of management, branch, office, factory or workshop, 104[premises for soliciting orders, warehouse, permanent sales exhibition or sales outlet,] other than a liaison office except where the office engages in the negotiation of contracts (other than contracts of purchase);

(b) a mine, oil or gas well, quarry or any other place of extraction of natural resources;

105[(ba) an agricultural, pastoral or forestry property;]

(c) a building site, a construction, assembly or installation project or supervisory activities 106[connected] with such site or project 107[but only where such site, project and its 106[connected] supervisory activities continue for a period or periods aggregating more than ninety days within any twelve-months period];

(d) the furnishing of services, including consultancy services, by any person through employees or other personnel engaged by the person for such purpose 108[ ];

(e) a person acting in Pakistan on behalf of the person (hereinafter referred to as the "agent" 109[,] other than an agent of independent status acting in the ordinary course of business as such, if the agent -

110["(i) has and habitually exercises an authority to conclude contracts on behalf of the other person or habitually concludes contracts or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the person and these contracts are-

(a) in the name of the person; or

(b) for the transfer of the ownership of or for the granting of the right to use property owned by that enterprise or that the enterprise has the right to use; or

(c) for the provision of services by that person; or"]

(ii) has no such authority, but habitually maintains a stock-in-trade or other merchandise from which the agent regularly delivers goods or merchandise on behalf of the other person; or

111[Explanation.-For removal of doubt, it is clarified that an agent of independent status acting in the ordinary course of business does not include a person acting exclusively or almost exclusively on behalf of the person to which it is an associate; or";]

(f) any substantial equipment installed, or other asset or property capable of activity giving rise to income;

112[(g) a fixed place of business that is used or maintained by a person if the person or an associate of a person carries on business at that place or at another place in Pakistan and-

(i) that place or other place constitutes a permanent establishment of the person or an associate of the person under this sub-clause; or

(ii) business carried on by the person or an associate of the person at the same place or at more than one place constitute complementary functions that are part of a cohesive business operation.

Explanation.-For the removal of doubt, it is clarified that-

(A) the term "cohesive business operation" includes an overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the person or the associates of the person; and

(B) supply of goods include the goods imported in the name of the associate or any other person, whether or not the title to the goods passes outside Pakistan.]

(42) "person" means a person as defined in section 80;

113[(42A) "PMEX" means Pakistan Mercantile Exchange Limited a futures commodity exchange company incorporated under the 11a[Companies Act, 2017 (XIX of 2017)] and is licensed and regulated by the Securities and Exchange Commission of Pakistan;"]

(43) "pre-commencement expenditure" means a pre-commencement expenditure as defined in section 25;

(44) "prescribed" means prescribed by rules made under this Ordinance;

114[(44A) "principal officer" used with reference to a company or association of persons includes -

(a) a director, a manager, secretary, agent, accountant or any similar officer; and

(b) any person connected with the management or administration of the company or association of persons upon whom the Commissioner has served a notice of treating him as the principal officer thereof;]

(45) "private company" means a company that is not a public company;

115[****]

116[*****]

(46) "profit on a debt" 117[whether payable or receivable, means] -

(a) any profit, yield, interest, discount, premium or other amount 118[,] owing under a debt, other than a return of capital; or

(b) any service fee or other charge in respect of a debt, including any fee or charge incurred in respect of a credit facility which has not been utilized;

(47) "public company" means -

(a) a company in which not less than fifty per cent of the shares are held by the Federal Government 119[or Provincial Government];

120[(ab) a company in which 121[not less than fifty per cent of the] shares are held by a foreign Government, or a foreign company owned by a foreign Government 122[;]]

(b) a company whose shares were traded on a registered stock exchange in Pakistan at any time in the tax year and which remained listed on that exchange 123[****] at the end of that year; or

124[(c) a unit trust whose units are widely available to the public and any other trust as defined in the Trusts Act, 1882 (II of 1882);]

125[(47A) "REIT Scheme" means a REIT Scheme as defined in the Real Estate Investment Trust Regulations, 2015;"]

126[(47B) "Real Estate Investment Trust Management Company 127[RMC] means 128[RMC] as defined under the Real Estate Investment Trust Regulations, 129[2015];]

130[(47C) "Rental REIT Scheme" means a Rental REIT Scheme as defined under the Real Estate Investment Trust Regulations, 2015;"]

(48) "recognised provident fund" means a provident fund recognised by the Commissioner in accordance with Part I of the Sixth Schedule;

131[****]

(49) "rent" means rent as defined in sub-section (2) of section 15 and includes an amount treated as rent under section 16;

132[(49A) "repealed Ordinance" means Income Tax Ordinance, 1979 (XXXI of 1979);]

(50) "resident company" means a resident company as defined in section 83;

(51) "resident individual" means a resident individual as defined in section 82;

(52) "resident person" means a resident person as defined in section 81;

(53) "resident taxpayer" means a taxpayer who is a resident person;

(54) 133["royalty"] means any amount paid or payable, however described or computed, whether periodical or a lump sum, as consideration for -

(a) the use of, or right to use any patent, invention, design or model, secret formula or process, trademark or other like property or right;

(b) the use of, or right to use any copyright of a literary, artistic or scientific work, including films or video tapes for use in connection with television or tapes in connection with radio broadcasting, but shall not include consideration for the sale, distribution or exhibition of cinematograph films;

(c) the receipt of, or right to receive, any visual images or sounds, or both, transmitted by satellite, cable, optic fibre or similar technology in connection with television, radio or internet broadcasting;

(d) the supply of any technical, industrial, commercial or scientific knowledge, experience or skill;

(e) the use of or right to use any industrial, commercial or scientific equipment;

(f) the supply of any assistance that is ancillary and subsidiary to, and is furnished as a means of enabling the application or enjoyment of, any such property or right as mentioned in 134[sub-clauses] (a) through (e); 135[and]

(g) the disposal of any property or right referred to in 136[sub- clauses] (a) through (e);

(55) "salary" means salary as defined in section 12;

(56) "Schedule" means a Schedule to this Ordinance;

(57) "securitization" means securitization as defined in the Asset Backed Securitization Rules, 1999;

(58) "share" in relation to a company, includes a modaraba certificate and the interest of a beneficiary in a trust (including units in a trust);

(59) "shareholder" in relation to a company, includes a modaraba certificate holder, 137[a unit holder of a unit trust] and a beneficiary of a trust;

137a[(59A) "small and medium enterprise" means a person who is engaged in manufacturing as defined in clause (iv) of sub-section (7) of section 153 of the Ordinance and his business turnover in a tax year does not exceed two hundred and fifty million rupees:

Provided that if annual business turnover of a small and medium enterprise exceeds two hundred and fifty million rupees, it shall not qualify as small and medium enterprise in the tax year in which annual turnover exceeds that turnover or any subsequent tax year.]

138[138a[(59AB)] "Small Company" means a company registered on or after the first day of July, 2005, under the 11a[Companies Act, 2017 (XIX of 2017)], which,-

(i) has paid up capital plus undistributed reserves not exceeding 139[fifty]million rupees;

140[(ia) has employees not exceeding two hundred and fifty any time during the year;]

(ii) has annual turnover not exceeding two hundred 141[and fifty] million rupees; 141a[***]

(iii) is not formed by the splitting up or the reconstitution of company already in existence; 141b[and]]

141c[(iv) is not a small and medium enterprise as defined in clause (59A).]

142[(59B) "Special Judge" means the Special Judge appointed under section 203;]

(60) "Special Purpose Vehicle" means a Special Purpose Vehicle as defined in the Asset Backed Securitization Rules, 1999;

143[(60A) "specified jurisdiction" means any jurisdiction which has committed to automatically exchange information under the Common Reporting Standard with Pakistan;]

(61) "speculation business" means a speculation business as defined in section 19;

144[(61A) “stock fund” means a collective investment scheme or a mutual fund where the investible funds are invested by way of equity shares in companies, to the extent of more than seventy per cent of the investment;]

(62) “stock-in-trade” means stock-in-trade as defined in section 35;

145[(62A) “startup” means,-

(i) a business of a resident individual, AOP or a company that commenced on or after first day of July, 2012 and the person is engaged in or intends to offer technology driven products or services to any sector of the economy provided that the person is registered with and duly certified by the Pakistan Software Export Board (PSEB) and has turnover of less than one hundred million in each of the last five tax years; or

(ii) any business of a person or class of persons, subject to the conditions as the 145a[Board with the approval of Federal Minister-in-charge] may, by notification in the official Gazette, specify.;]

(63) “tax” means any tax imposed under Chapter II, and includes any penalty, fee or other charge 141[or surcharge] or any sum or amount leviable or payable under this Ordinance;

(64) “taxable income” means taxable income as defined in section 9;

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(66) “taxpayer” means any person who derives an amount chargeable to tax under this Ordinance, and includes -

(a) any representative of a person who derives an amount chargeable to tax under this Ordinance;

(b) any person who is required to deduct or collect tax under Part V of Chapter X 147[and Chapter XII;] or

(c) any person required to furnish a return of income or pay tax under this Ordinance;

(67) “tax treaty” means an agreement referred to in section 107;

(68) “tax year” means the tax year as defined in sub-section (1) of section 74 and, in relation to a person, includes a special year or a transitional year that the person is permitted to use under section 74;

(69) “total income” means total income as defined in section 10;

(70) “trust” means a “trust” as defined in section 80;

148[(70A) “turnover” means turnover as defined in sub-section (3) of section 113;]

(71) “underlying ownership” means an underlying ownership as defined in section 98;

(72) “units” means units in a unit trust;

(73) “unit trust” means a unit trust as defined in section 80; and

149[(73A) “unspecified jurisdiction” means a jurisdiction which is not a specified jurisdictions.]

150[(74) “Venture Capital Company” and “Venture Capital Fund” shall have the same meanings as are assigned to them under the 151[Non- Banking Finance 152[Companies] (Establishment and Regulation) Rules, 2003];

153[(75) “whistleblower” means whistleblower as defined in section 227B;”]

1-Inserted vide the Finance Act, 2003 (I of 2003)
2-The word "includes" substituted vide the Finance Act, 2005 (VII of 2005)
3-Substituted for clauses (a), (d) and (e) of sub-section (20) vide the Finance ordinance, 2002 (XXVII of 2002)
4-Substituted for "clause (c) of sub-section (20)" vide Finance ordinance, 2002 (XXVII of 2002)
5-Inserted vide the Finance Act, 2019 (V of 2019))
6-Clause (1A) inserted vide the Finance ordinance, 2002 (XXVII of 2002)
7-clause (1A) shall be re-numbered as clause (1B) vide the Finance Act, 2019 (V of 2019)
8-Inserted vide the Finance Act, 2004 (II of 2004)
9-Inserted vide the Finance Act, 2005 (II of 2005)
10-Inserted vide the Finance Act, 2007 (VII of 2005)
11-Inserted vide the Finance Act, 2005 (VII of 2005)
11a-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021
12-Added vide the Finance Act, 2005 (VII of 2005)
13-Substituted the semi-colon and word "and" vide the Finance Act, 2005 (VII of 2005)
14-Omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clause (c) was as under:-
"(c) the scheme of amalgamation is approved by the State Bank of Pakistan or by the Securities and Exchange Commission of Pakistan i[on or before thirtieth day of June, 2006, ii[2006];"
i. The words, comma and figure inserted vide the Finance Act, 2003 (I of 2003)
ii. Substituted for the figure 2004 vide Finance Act, 2004 (II of 2004)
15-Substituted clause (2) vide Finance (Amendment) Ordinance, 2010 (XVI of 2010).The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010. Clauses (2) before substitution vide the Finance (Amendment) Ordinance, 2009. At the time of substitution clause (2) was as under:-
"(2) Appellate Tribunal´ means the Appellate Tribunal Inland Revenue established under section 130;"
16-Clause (3A) was inserted vide the Finance Act, 2005 (VII of 2005)
17-Clause (3B) was inserted vide the Finance Act, 2005 (VII of 2005)
18-Clause (3C) was inserted vide the Finance Act, 2005 (VII of 2005)
19-Clause (3D) inserted vide the Finance Act, 2006 (III of 2006)
20-Clause (3E) inserted vide the Finance Act, 2006 (III of 2006)
21-Clause (5) was substituted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th 2002). At the time of substitution clause (5) as under:-
"(5) "assessment means –
(a) an assessment referred to in section 120;
(b) an assessment raised under section 121;
(c) an amended assessment under section 122;
(d) a demand for an amount due under sections 141, 142, 143 and 144; or
(e) an assessment of penalty under section 190;"
22-Inserted vide the Finance Act, 2011
23-Inserted by the Finance Act, 2002 (XXVII of 2002)
24 Substituted vide the Finance Act, 2008 (I of 2008 assented on 29th June, 2008). At the time of substitution clause (5B) as under:-
"(5B) "assets management company means a company registered under the Assets Management companies Rules, 1995;"
Initially, Clause (5B) inserted vide the Finance Ordinance 2002 (XXXVII of 2002)
25-Inserted vide the Finance Act, 2019 (V of 2019))
26-Clause (11) has been re-numbered as clause (8) vide Finance Act, 2014. Earlier it was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of substitution clause (11) was as under:-
"(11) Central Board of Revenue means the Central Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924);
27-Clause (8) has been re-numbered as clause (9) vide Finance Act, 2014
28-Clause (9) has been re-numbered as clause (10) vide Finance Act, 2014
29-Clause (10) has been re-numbered as clause (11) vide the Finance Act, 2014
28a-Clause "(10A)" inserted by Finance Act, 2021, dated 30-06-2021
30-Clause (11A) inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
31-Clause (11B) inserted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this was inserted vide the Finance (Amendment) Ordinance, 2010 promulgated on 6th February, 2010
32-Clause (11C) added vide the Finance Act, 2011 (XVI of 2011)
33-Clause (13) inserted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this Clause was substituted vide

the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) the Finance (Amendment Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009).
At the time of substitution clause (13) was as under:--
"(13) Commissioner means a person appointed as Commissioner Inland Revenue under section 208, and includes any other authority vested with all or any of the powers and functions of the Commissioner;"
Initially, Clause (13) substituted vide Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).
At the time of substitution clause (13) was as under:--
"(13) Commissioner means a Person appointed as a commissioner of Income Tax under section 209,"
34-Clause (13A) was substituted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this clause was substituted vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of substitution clause (13A) was as under:--
"(13A) Commissioner (Appeals) means a person appointed as Commissioner of Income Tax (Appeals) under section 208;"
34a-Clause "(13AA)" inserted by Finance Act, 2021, dated 30-06-2021
35-Inserted vide Finance Act, 2015
35a-Clause "(13AA)" renumbered as "(13AB)" by Finance Act, 2021, dated 30-06-2021
36-Inserted vide the Finance Act, 2005. (VII of 2005)
37-The comma and words ", but not exceeding five hundred thousand rupees in a tax year" omitted vide the Finance Act, 2006.
38-Inserted vide the Finance Act, 2015
38a-Clause "(17B)" inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022
39-The words "and any distribution to its shareholders of shares by way of bonus or bonus shares" omitted vide the Finance Act, 2002 (XXVII of 2002)
40-The word "or" omitted vide Finance Act, 2008 (I of 2008)
41-Inserted vide the Finance Act, 2003 (I of 2003)
42-The word "or" added vide the Finance Act, 2008 (I of 2008)
43-Sub-clause (f) inserted vide the Finance Act, 2008 (I of 2008)
44-The word "any" substituted vide the Finance Act, 2009 (I of 2009)
45-Substituted for "clause" vide the Finance Act, 2002 (XXVII of 2002)
46-The word "and" omitted vide the Finance Act, 2009 (I of 2009)
47-Substituted for "clause" vide the Finance Act, 2002 (XXVII of 2002)
48-The word "and" inserted vide the Finance Act, 2009 (I of 2009)
49-Added vide the Finance Act, 2009 (I of 2009)
50-Clause (19A) inserted vide the Finance Act, 2005 (VII of 2005)
51-The words "has obtained" substituted vide the Finance Act, 2007 (IV of 2007)
52-Inserted vide the Finance Act, 2007 (IV of 2007)
53-Inserted vide the Finance Act, 2008 (I of 2008)
54The words "but does not include an individual who is entitled to benefit under any other approved employment pension or annuity scheme" omitted vide the Finance Act, 2006 (III of 2006)
55-The semicolon substituted by the Finance Act, 2006 (III of 2006)
56-The proviso added vide the Finance Act, 2006 (III of 2006)
57-Inserted vide the Finance Act, 2008 (I of 2008)
58-The new clause (19C) inserted vides Finance Act, 2008 (I of 2008)
59-Inserted vide the Finance Act, 2008 (I of 2008)
60-Inserted vide the Finance Act, 2008 (I of 2008)
61-Inserted vide Finance Act, 2015
62-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
63-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
64-Inserted vide the Finance Act, 2019 (V of 2019))
65-Clause (23A) was omitted vide Inserted vide the Finance Act, 2019 (V of 2019)). Earlier, it was added vide the Finance Act, 2014. At the time of omission it appeared as follows:-
"(23A) "filer" means a taxpayer whose name appears in the active taxpayers' list issued by the Board 65[or Azad Jammu and Kashmir Council Board of Revenue or Gilgit-Baltistan Council Board of Revenue] from time to time or is holder of a taxpayer's card;"
66-The word "notified" substituted vide the Finance Act, 2005 (VII of 2005)
67-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021
68-The words "by the Federal Government in the official Gazette as a financial institution" omitted vide the Finance Act, 2003 (I of 2003)
68a-Clause "(27A)" inserted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was made by Tax Law (Second Amendment) Ordinance, 2019, dated 27-12-2019
69-Inserted vide Finance Act, 2015

70-Substituted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clause (29) was as under:-
"(29) income includes any amount chargeable to tax under this Ordinance, any amount subject to collection of tax under Division II of Part V of Chapter X, sub-section (5) of 234 Division III of Chapter XII, and any loss of income;"
71-Inserted vide the Finance Act, 2003 (I of 2003)
72-The figures, commas and word "153, 154 and 156," substituted vide the Finance Act, 2005 (VII of 2005)
72a-The expression "233A" omitted by Finance Act, 2021, dated 30-06-2021
73-Substituted for the word "and", vide the Finance Act, 2014
74-Substituted for the word and figure "and 236M" vide Finance Act, 2015
75-Substituted for the word "236M and 236N," vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
76-Inserted by the Finance Act, 2003 (I of 2003)
77-The words and commas "but does not include, in case of a shareholder of a company, the amount representing the face value of any bonus share or the amount of any bonus declared, issued or paid by the company to the shareholders with a view to increasing its paid up share capital" were omitted vide the Finance Act, 2014.
78-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
79-Inserted vide the Finance Act, 2005 (VII of 2005)
80-New sub-clauses inserted through Finance Act, 2020 dated 30th June, 2020
80a-Word added by Finance Act, 2021, dated 30-06-2021
80b-Clause "(b)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(b) any other industrial undertaking which the Board may by notification in the official gazette, specify."
80c-Clause "(c)" added by Finance Act, 2021, dated 30-06-2021
81-Clause "(30A)" inserted by Finance Act, 2020, dated 30-06-2020
82-Clause (30A) substituted vide the Finance Act, 2008 (I of 2008). At the time of substitution clause (30A) was as under:-
"(30A) investment company means a company registered under the Investment Companies and Investment Advisors Rules, 1971;"
Initially, clause (30A) inserted vide the Finance Ordnance, 2002 (XXVII of 2002)
83-Clauses "(30A) and (30AA)" renumbered by Finance Act, 2020, dated 30-06-2020.
84-Clause (30AB) inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
85-Clause "(30AC)" inserted by Finance Act, 2020, dated 30-06-2020.
85a-Clauses "(30AD) & (30AE)" inserted by Finance Act, 2021, dated 30-06-2021
86-Clause (30B) substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
"(30B) leasing company means a company licensed under the Leasing Companies (Establishment and Regulation) Rules, 2000;
Initially, Clause (30B) inserted vide Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
87-Inserted vide the Finance Act, 2017
88-For Clause "(31A)" substituted by Finance Act, 2020, dated 30-06-2020. Earlier Clause "(31A)" inserted vide the Finance Act, 2008 (I of 2008) assented on 26th June, 2008), read as under:
"(31A) "Local Government" shall have the same meaning as defined in the Punjab Local Government Ordinance, 2001 (XIII of 2001), the Sindh Local Government Ordinance, 2001 (XXVII of 2001), the NWFP Local Government Ordinance, 2001 (XIV of 2001) and the Balochistan Local Government Ordinance, 2001 (XVIII of 2001);"
89-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
90-Substituted for the words "set up by the Investment Corporation of Pakistan or by an investment company" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
91-Inserted vide Finance Act, 2012. Earlier same Clause (35AA) was inserted vide Finance (Amendment) Ordinance, 2012 (III of 2012 Promulgated on 24th April, 2012)
92-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
93-Substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution clause (35B) was as under:-
"(35B) non-banking finance company means an institution notified under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.]
Initially, Clause (35B) inserted vide Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
94-Clause (35C) was omitted vide the Finance Act, 2019 (V of 2019)). Earlier, it was inserted vide the Finance Act, 2014. At the time of omission it appeared as under:-
"(35C) "non-filer" means a person who is not a filer;"
95-Substituted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clause (36) was as under:-
(36) non-profit organization means any person –
(a) established for religious, charitable or educational purposes, or for the promotion of amateur sport;
(b) which is registered under any law as a non-profit organization and in respect of which the Commissioner has issued a ruling certifying that the person is a non-profit organization for the purposes of this Ordinance; and
(c) none of the income or assets of the person confers, or may confer a private benefit on any other person;
96-For the expression "or development purposes" substituted by Finance Act, 2020, dated 30-06-2020.

97-Words inserted by Finance Act, 2020, dated 30-06-2020
98-Inserted vide the Finance Act, 2010 (XV of 2010).This amendment was effective from 5th June, 2010 by declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this Clause was substituted vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
99-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
100-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
101-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
102-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 26th June, 2005)
103-Inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
104-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
105-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
106-The words were added vide the Finance Act, 2006 (I of 2006 assented on 16th June, 2006)
107-Connected was substituted vide Finance Act, 2010 (XV of 2010)
108-The words ", but only where activities of that nature continue for the same or a connected project within Pakistan for a period or periods aggregating more than ninety [days] within any twelve-month period" omitted vide the Finance Act, 2003. (I of 2003 assented on 16th June, 2003)
Initially, substituted for the word "months" by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
109-Substituted for comma vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
110-Substituted vide Finance Act, 2018 assented on 22nd May, 2018. At the time of substitution clause (i) was as under:-
(i) has and habitually exercises an authority to conclude contracts on behalf of the other person;
111-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
112-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
113-Inserted vide Finance Act, 2015
114-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
115-Omitted clause (45A) vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
"(45A) Private Equity and Venture Capital Fund means a fund registered with the Securities and Exchange Commission of Pakistan under the Private Equity and Venture Capital Fund Rules, 2007;"
Initially, clause 45A was inserted vide Finance Act, 2007 (IV of 2007 assented on 26th June, 2005)
116-Omitted clause (45B) was vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
"(45B) Private Equity and Venture Capital Fund Management Company means a company licensed by the Securities and Exchange Commission of Pakistan under the Private Equity and Venture Capital Fund
Rules, 2007;"
Initially, Clause (45B) was inserted vide Finance Act, 2007 (IV of 2007 assented on 26th June, 2005)
117-Substituted for the word "means" vide the Finance Act, 2003 (I of 2003 assented on 26th June, 2003)
118-Comma was inserted vides the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
119-The words were added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
120-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
121-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 16th June, 2005)
122-The full stop was substituted vides the Finance Act, 2005 (VII of 2005 assented on 16th June, 2005)
123-The words "and was on the Central Depository System," were omitted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
124-Substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution Sub-clause "(c)" was as under:-
"(c) a unit trust whose units are widely available to the public and any other public trust;"
125-Substituted vide Finance Act, 2015. At the time of substitution Sub-clause "(47A)" was as under:--
*"(47A) "Real Estate Investment Trust (REIT) Scheme" means a REIT Scheme as defined in the Real Estate
Investment Trust Regulations, 2008;
*Substituted vide the Finance Act, 2008 (I of 2008 assented on 16th June, 2003). At the time of substitution clause (47A) was as under:-
"(47A) Real Estate Investment Trust (REIT) means a scheme which consists of a closed end collective investment scheme constituted as a unit trust fund and managed by a REIT management company for the purposes of investment in real estate, approved and authorized by the Security and Exchange Commission of Pakistan under the Real Estate Investment Trust Rules, 2006;"
Initially, Clause (47A) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
126-Substituted vide the Finance Act, 2008 (I of 2008) assented on 26th June, 2008. At the time of substitution clause (47B) was as under:--
"(47B) Real Estate Investment Trust Management Company means a company licensed by the Security and Exchange Commission of Pakistan under the Real Estate Investment Trust Rules, 2006." Initially, clause (47B) was inserted vide Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
127-Substituted for the letters "REITMC" vide Finance Act, 2015
128-Substituted for the letters "REITMC" vide Finance Act, 2015

129-Substituted for the figure “2008” vide Finance Act, 2015
130-Inserted vide Finance Act, 2015
131-Clause (48A) was omitted vide the Finance Act, 2010 (XVI of 2010 effective from 5th June, 2010). Earlier this Clause was omitted vide Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 promulgated on 28th October, 2009. At the time of omission clause (48A) was as under:-
“(48A) “Regional Commissioner” means a person appointed as a Regional Commissioner of Income Tax under section 208 and includes a Director-General of Income Tax and Sales Tax.” Initially, Clause (47B) was inserted vide Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
132-Clause (49A) was inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
133-Substituted for the word “royalties” vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
134-Substituted for the word “clauses” vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
135-Added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
136-Substituted for the “clauses” vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
137-Inserted for “, a unit holder of a unit trust” vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
137a-Clause “(59A)” inserted by Finance Act, 2021, dated 30-06-2021
138-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
138a-Clause “(59A)” renumbered as “(59AB)” by Finance Act, 2021, dated 30-06-2021
139-Substituted for the word “twenty-five” vide Finance Act, 2015
140-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
141-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
141a-Word “and” omitted by Finance Act, 2021, dated 30-06-2021
141b-Word added by Finance Act, 2021, dated 30-06-2021
141c-Clause “(iv)” added by Finance Act, 2021, dated 30-06-2021
142-Inserted vide the Finance Act, 2014
143-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
144-Inserted vide the Finance Act, 2014
145-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
145a-For the words “Federal Government” substituted by Finance Act, 2021, dated 30-06-2021
146-Omitted clause 65 vide the Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010). Earlier this clause was omitted vide Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 promulgated on 28th October, 2009. At the time of omission clause (65) was as under:-
“(65) taxation officer means any i[Additional Commissioner of Income Tax, Deputy Commissioner of Income Tax], Assistant Commissioner of Income Tax, Income Tax Officer, Special Officer or any other officer however designated appointed by the ii[Board] for the purposes of this Ordinance;”
i. Substituted for the words and comma “Deputy Commissioner of income Tax, Additional Commissioner of Income Tax” vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
ii Substituted for the words “Central Board of Revenue” vide Finance Act, 2007 (IV of 2007)
147-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
148-Inserted vide the Finance Act, 2009 (I of 2009) assented on 30th June, 2009)
149-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
150-Added vide Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
151-Substituted for the words, brackets, comma and figure “Venture Capital Company and Venture Capital Fund Rules, 2001” vide the Finance Act, 2004 (II of 2004)
152-The word “Company” was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
153-Inserted by the Finance Act, 2015

**3. Ordinance to override other laws.**- The provisions of this Ordinance shall apply notwithstanding anything to the contrary contained in any other law for the time being in force.

## CHAPTER II
## CHARGE OF TAX

**4. Tax on taxable income.-** (1) Subject to this Ordinance, income tax shall be imposed for each tax year, at the rate or rates specified in 1[Division I, 2[ ] or II] of Part I of the First Schedule, as the case may be, on every person who has taxable income for the year.

(2) The income tax payable by a taxpayer for a tax year shall be computed by applying the rate or rates of tax applicable to the taxpayer under this Ordinance to the taxable income of the taxpayer for the year, and from the resulting amount shall be subtracted any tax credits allowed to the taxpayer for the year.

(3) Where a taxpayer is allowed more than one tax credit for a tax year, the credits shall be applied in the following order -

(a) any foreign tax credit allowed under section 103; then
(b) any tax credit allowed under Part X of Chapter III; and then
(c) any tax credit allowed under sections 3[***] 147 and 168.

(4) Certain classes of income (including the income of certain classes of persons) may be subject to -

(a) separate taxation as provided in sections 5, 6 and 7; or
(b) collection of tax under Division II of Part V of Chapter X or deduction of tax under Division III of Part V of Chapter X as a final tax on the income 4[of] the person.

(5) Income referred to in sub-section (4) shall be subject to tax as provided for in section 5, 6 or 7, or Part V of Chapter X, as the case may be, and shall not be included in the computation of taxable income in accordance with section 8 or 169, as the case may be.

5[(6) Where, by virtue of any provision of this Ordinance, income tax is to be deducted at source or collected or paid in advance, it shall, as the case may be, be so deducted, collected or paid, accordingly 6[.]]

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1-Substituted for the words and letters “Division I or II” vide Finance Act, 2010 (XVI of 2010)
2-Division “IB” omitted by Finance Act, 2020, dated 30-06-2020
3-The figure and comma “140,” omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Substituted for the word “or” vide the Finance Act, 2010 (I of 2010 assented on 16th June, 2010)
5-Added vide the Finance Act, 2003 (I of 2003 assented on 16th June 2003)
6-The semi colon substituted vide the Finance Act, 2005 (I of 2005 assented on 29th June, 2005)

**1[***]**

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1-Section 4A was omitted vide the Finance Act, 2014 which was added vide Income Tax Ordinance, 2011 (IV of 2011 promulgated on 15th March, 2011). At the time of omission section 4 was as under:

"4A. Surcharge.-(1) subject to this Ordinance, a surcharge shall be payable by every taxpayer at the rate of fifteen percent of the income tax payable under this ordinance including the tax payable under Part V of Chapter X or Chapter XII, as the case may be, for the period commencing from the coming into force of the Income Tax (Amendment) Ordinance, 2011, till 30th June, 2011.

(2) Surcharge shall be paid, collected, deducted and deposited at the same time and in the same manner as the tax is paid, collected, deducted and deposited under relevant provisions of this Ordinance including Chapter X or Chapter XII of this Ordinance, as the case may be:

Provided that this surcharge shall not be payable for the tax year 2010 and prior tax years and shall be applicable, subject to the provisions of sub-section (1), for tax year 2011"

1**[4B. Super tax for rehabilitation of temporarily displaced persons.-** (1) A super tax shall be imposed for rehabilitation of temporarily displaced persons, for tax 2[years 2015 3[ 4[5[and onwards]]]], at the rates specified in Division IIA of Part I of the First Schedule, on income of every person specified in the said Division.

(2) For the purposes of this section, "income" shall be the sum of the following:-

(i) profit on debt, dividend, capital gains, brokerage and commission;

(ii) taxable income 6[(other than brought forward depreciation and brought forward business losses)] under section (9) of this Ordinance;

(iii) imputable income as defined in clause (28A) of section 2;and

(iv) income computed 7[(other than brought forward depreciation, brought forward amortization and brought forward business losses)] under Fourth, Fifth, Seventh and Eighth Schedule.

(3) The super tax payable under sub-section (1) shall be paid, collected and deposited on the date and in the manner as specified in sub-section (1) of section 137 and all provisions of Chapter X of the Ordinance shall apply.

(4) Where the super tax is not paid by a person liable to pay it, the Commissioner shall by an order in writing, determine the Super tax payable, and shall serve upon the person, a notice of demand specifying the super tax payable and within the time specified under section 137 of the Ordinance.

(5) Where the super tax is not paid by a person liable to pay it, the Commissioner shall recover the super tax payable under sub-section (1) and the provisions of Part IV, X, XI and XII of Chapter X and Part I of Chapter XI of the Ordinance shall, so far as may be, apply to the collection of super tax as these apply to the collection of tax under the Ordinance.

(6) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.]

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1-Inserted vide Finance Act, 2015
2-For the word and figure "year 2015", the "2015 and 2016" was substituted vide the Finance Act, 2016 (XXIX of 2016)
3-Substituted for 'and 2016' vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
4-Substituted for '2017' vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
5-Substituted for the words 'to 2020' vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019 (III of 2019) assented on 9th March, 2019
6-Inserted vide the Finance Act, 2016 (XXIX of 2016)
7-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**5. Tax on dividends**.- (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division III of Part I of the First Schedule, on every person who receives a dividend from a 1[***] company 2[or treated as dividend under clause (19) of section 2].

(2) The tax imposed under sub-section (1) on a person who receives a dividend shall be computed by applying the relevant rate of tax to the gross amount of the dividend.

(3) This section shall not apply to a dividend that is exempt from tax under this Ordinance.

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1-The word "resident" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

1[**5A. Tax on undistributed profits.-** (1) For tax 2[years 2017 to 2019], a tax shall be imposed at the rate of 3[five] percent of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 4[twenty] percent of its after tax profits within six months of the end of the tax year through cash 5[***]:

Provided that for tax year 2017, bonus shares or cash dividends may be distributed before the due date mentioned in sub-section (2) of section 118, for filing of a return.

(2) The provisions of sub-section (1) shall not apply to-

(a) a company qualifying for exemption under clause (132) of Part I of the Second Schedule; and
(b) a company in which not less than fifty percent shares are held by the Government.

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1-Substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution Section 5A was as under:-

"5A. Tax on undistributed reserves.- (1) Subject to this Ordinance, a tax shall be imposed at the rate of ten percent, on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred per cent of its paid up capital shall be treated as income of the said company:

Provided that for tax year 2015, cash dividends may be distributed before the due date mentioned in sub-section (2) of section 118, for filing of return for tax year 2015.

(2) The provisions of sub-section (1) shall not apply to---

(a) a public company which distributes profit equal to either forty percent of its after tax profits or fifty percent of its paid up capital, whichever is less, within six months of the end of the tax year;

(b) a company qualifying for exemption under clause (132) of part 1 of the Second Schedule; and

(c) a company in which not less than fifty percent shares are held by the Government.

(3) For the purpose of this section, 'reserve' includes amounts set-aside out of revenue or other surpluses excluding capital reserves, 166[or fee for offshore digital services] share premium reserves and reserves required to be created under any law, rules or regulations."

2-Substituted for 'year 2017' vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019

3-Substituted for 'seven and a half' vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

4-Substituted for 'forty' vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

5-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

1**[5AA. Tax on return on investments in sukuks.- (**1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IIIB of Part 1 of the First Schedule, on every person who receives a return on investment in sukuks from a special purpose vehicle 2[, or a company].

(2) The tax imposed under subsection (1) on a person who receives a return on investment in sukuks shall be computed by applying the relevant rate of tax to the gross amount of the return on investment in sukuks.

(3) This section shall not apply to a return on investment in sukuks that is exempt from tax under this Ordinance.]

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1-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)
2-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**6. Tax on certain payments to non-residents.-** (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IV of Part I of the First Schedule, on every non-resident person who receives any Pakistan-source royalty 1[fee for offshore digital services] or fee for technical services.

(2) The tax imposed under sub-section (1) on a non-resident person shall be computed by applying the relevant rate of tax to the gross amount of the royalty 2[, fee for offshore digital services] or fee for technical services.

(3) This section shall not apply to -

(a) any royalty where the property or right giving rise to the royalty is effectively connected with a permanent establishment in Pakistan of the non-resident person;
(b) any fee for technical services where the services giving rise to the fee are rendered through a permanent establishment in Pakistan of the non-resident person; or
(c) any royalty or fee for technical services that is exempt from tax under this Ordinance.

(4) Any Pakistani-source royalty 3[, fee for offshore digital services] or fee for technical services received by a non-resident person to which this section does not apply by virtue of clause (a) or (b) of sub-section (3) shall be treated as income from business attributable to the permanent establishment in Pakistan of the person.

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
2-Inserted vide Finance Act, 2020, dated 30-06-2020
3-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

**7. Tax on shipping and air transport income of a non-resident person.-** (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division V of Part I of the First Schedule, on every non-resident person carrying on the business of operating ships or aircraft as the owner or charterer thereof in respect of -

(a) the gross amount received or receivable (whether in or out of Pakistan) for the carriage of passengers, livestock, mail or goods embarked in Pakistan; and
(b) the gross amount received or receivable in Pakistan for the carriage of passengers, livestock, mail or goods embarked outside Pakistan.

(2) The tax imposed under sub-section (1) on a non-resident person shall be computed by applying the relevant rate of tax to the gross amount referred to in sub-section (1).

(3) This section shall not apply to any amounts exempt from tax under this Ordinance.

1**[7A. Tax on shipping of a resident person.-** (1) In the case of any resident person engaged in the business of shipping, a presumptive income tax shall be charged in the following manner, namely:-

(a) ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft purchased or bare-boat chartered and flying Pakistan flag shall pay tonnage tax of an amount equivalent to one US$ per gross registered tonnage per annum; 2[ ]

(b) ships, vessels and all floating crafts including tugs, dredgers, survey vessels and other specialized craft not registered in Pakistan and hired under any charter other than bare-boat charter shall pay tonnage tax of an amount equivalent to fifteen US cents per ton of gross registered tonnage per chartered voyage provided that such tax shall not exceed one US$ per ton of gross registered tonnage per annum:

**Explanation.-** For the purpose of this section, the expression "equivalent amount" means the rupee equivalent of a US dollar according to the exchange rate prevalent on the first day of December in the case of a company and the first day of September in other cases in the relevant assessment year 3[; and

(c) A Pakistan resident ship owning company registered with the Securities and Exchange Commission of Pakistan after the 15th day of November, 2019 and having its own sea worthy vessel registered under Pakistan Flag shall pay tonnage tax of an amount equivalent to seventy five US Cents per ton of gross registered tonnage per annum.]

(2) The provisions of this section shall not be applicable after 30th June, 4[2030].

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1-Inserted vide Finance Act, 2015
2-Word "and" omitted by Finance Act, 2020, dated 30-06-2020
3-For the full stop and thereafter new Clause "(c)" substituted by Finance Act, 2020, dated 30-06-2020
4-For the figure "2020" inserted by Finance Act, 2020, dated 30-06-2020

1**[7B. Tax on profit on debt.-** (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IIIA of Part I of the First Schedule, on every person who receives a profit on debt from any person mentioned in clause (a) to (d) of sub-section (1) of section 151.

(2) The tax imposed under sub-section (1) on a person who receives a profit on debt shall be computed by applying the relevant rate of tax to the gross amount of the profit on debt.

2[(3) This section shall not apply to a profit on debt that-

(a) is exempt from tax under this Ordinance; or
(b) exceeds 3[five] million Rupees. ]

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1-Added vide Finance Act, 2015
2-Sub-section (3) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution Sub-section (3) was as under:-
"(3) This section shall not apply to a profit on debt that is exempt from tax under this Ordinance.]"
3-The words "thirty six" substituted by Finance Act, 2021, dated 30-06-2021

1**[7C. Tax on builders.-** (1) Subject to this Ordinance, a tax shall be imposed on the profits and gains of a person deriving income from the business of construction and sale of residential, commercial or other buildings at the rates specified in Division VIIIA of Part I of the First Schedule.

(2) The tax imposed under sub-section (1) shall be computed by applying the relevant rate of tax to the area of the residential, commercial or other building being constructed for sale.

(3) The Board may prescribe:

(a) the mode and manner for payment and collection of tax under this section;
(b) the authorities granting approval for computation and payment plan of tax; and
(c) responsibilities and powers of the authorities approving, suspending and cancelling no objection certificate to sell and the matters connected and ancillary thereto.

2[(4) This section shall apply to projects undertaken for construction and sale of residential and commercial buildings initiated and approved.-

(a) during tax year 2017 only;
(b) for which payment under rule 13S of the Income Tax Rules, 2002 has been made by the developer during tax year 2017; and
(c) the Chief Commissioner has issued online schedule of advance tax installments to be paid by the developer in accordance with rule 13U of the Income Tax Rules, 2002.]

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1-Inserted vide the Finance Act, 2016 (XXIX of 2016)

2-Substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution sub-section (4) was as under:-

"(4) This section shall apply to business or projects undertaken for construction and sale of residential, commercial or other buildings initiated and approved after the 1st July, 2016."

**7D. Tax on developers.-** (1) Subject to this Ordinance, a tax shall be imposed on the profits and gains of a person deriving income from the business of development and sale of residential, commercial or other plots at the rates specified in Division VIIIB of Part I of the First Schedule.

(2) The tax imposed under sub-section (1) shall be computed by applying the relevant rate of tax to the area of the residential, commercial or other plots for sale.

(3) The Board may prescribe:

(a) the mode and manner for payment and collection of tax under this section;

(b) the authorities granting approval for computation and payment plan of tax; and

(c) responsibilities and powers of the authorities approving, suspending and cancelling no objection certificate to sell and the matters connected and ancillary thereto.

1[(4) This section shall apply to projects undertaken for development and sale of residential and commercial plots initiated and approved.-

(a) during tax year 2017 only;
(b) for which payment under rule 13S of the Income Tax Rules, 2002 has been made by the developer during tax year 2017; and
(c) the Chief Commissioner has issued online schedule of advance tax installments to be paid by the developer in accordance with rule 13ZB of the Income Tax Rules, 2002.

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1-Substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution sub-section (4) was as under:-
(4) This section shall apply to projects undertaken for development and sale of residential, commercial or other plots initiated and approved after the 1st July, 2016.]

**8. General provisions relating to taxes imposed under sections 1[5, 5AA], 6, 7, 7A and 7B].-** Subject to this Ordinance, the tax imposed under Sections 5, 2[ 3[***]] 4[, 5AA], 6, 7, 7A 7[and 7B] shall be a final tax on the amount in respect of which the tax is imposed and-

(a) such amount shall not be chargeable to tax under any head of income in computing the taxable income of the person who derives it for any tax year;

(b) no deduction shall be allowable under this Ordinance for any expenditure incurred in deriving the amount;

(c) the amount shall not be reduced by -

(i) any deductible allowance; or
(ii) the set off of any loss;

(d) the tax payable by a person under 5[section] 5, 6[5A, 6, 7, 7A 7[and 7B]] shall not be reduced by any tax credits allowed under this Ordinance; and

(e) the liability of a person under 8[section] 5, 6 or 7 shall be discharged to the extent that -

(i) in the case of shipping and air transport income, the tax has been paid in accordance with section 143 or 144, as the case may be; or

(ii) in any other case, the tax payable has been deducted at source under Division III of Part V of Chapter X 9[.]

10[***]

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1-for the expression "5, 6, 7" Substituted by Finance Act, 2021, dated 30-06-2021
2-Substituted for the "6 and 7" vide Finance Act, 2015
3-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
4-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)
5-Substituted for the word "sections" vide the Finance Act, 2014
6-Substituted for the "6 or 7"vide Finance Act, 2015
7-For ", 7B, 7C and 7D", the expression "and 7B" was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. Earlier, after "7B", the expression "7C and 7D" was inserted vide the Finance Act, 2016 (XXIX of 2016)
8-Substituted for the word "sections" vide the Finance Act, 2014
9-For the colon, a full stop was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. Earlier for the full stop a colon was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
10-Proviso was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013, which was inserted vide the Finance Act, 2007 (IV of 2007) assented on 30th June, 2007 and appeared as under:-
"Provided that the provision of this section shall not apply to dividend received by a company."

## CHAPTER III
## TAX ON TAXABLE INCOME

### PART I
### COMPUTATION OF TAXABLE INCOME

**9. Taxable income.-**The taxable income of a person for a tax year shall be the total income 1[under clause (a) of section 10] of the person for the year reduced (but not below zero) by the total of any deductible allowances under Part IX of this Chapter of the person for the year.

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1-The expression inserted vide Finance Act, 2012

**10. Total Income.-** The total income of a person for a tax year shall be the sum of the 1[--]

2[(a) Person's income under all heads of income for the year; and

(b) person's income exempt from tax under any of the provisions of this Ordinance.]

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1-Substituted for the words "person's income under each of the heads of income for the year" vide Finance Act, 2012
2-Clauses (a) & (b) added vide Finance Act, 2012

**11. Heads of income**.- (1) For the purposes of the imposition of tax and the computation of total income, all income shall be classified under the following heads, namely:-

(a) Salary;
1[(b) Income from Property;
(c) Income from Business;
(d) Capital Gains; and
(e) Income from Other Sources]

(2) Subject to this Ordinance, the income of a person under a head of income for a tax year shall be the total of the amounts derived by the person in that year that are chargeable to tax under the head as reduced by the total deductions, if any, allowed under this Ordinance to the person for the year under that head.

(3) Subject to this Ordinance, where the total deductions allowed under this Ordinance to a person for a tax year under a head of income exceed the total of the amounts derived by the person in that year that are chargeable to tax under that head, the person shall be treated as sustaining a loss for that head for that year of an amount equal to the excess.

(4) A loss for a head of income for a tax year shall be dealt with in accordance with Part VIII of this Chapter.

(5) The income of a resident person under a head of income shall be computed by taking into account amounts that are Pakistan-source income and amounts that are foreign-source income.

(6) The income of a non-resident person under a head of income shall be computed by taking into account only amounts that are Pakistan-source income.

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1-Clauses (b) to (e) substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clauses (b) to (e) were as under:-
"(b) income from property;
(c) income from business;
(d) capital gains; and
(e) income from other sources."

## PART II
## HEAD OF INCOME: SALARY

**12. Salary.-** (1) Any salary received by an employee in a tax year, other than salary that is exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head "Salary".

(2) Salary means any amount received by an employee from any employment, whether of a revenue or capital nature, including -

(a) any pay, wages or other remuneration provided to an employee, including leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity or work condition supplements (such as for unpleasant or dangerous working conditions) 1[***]

2[***]

(b) any perquisite, whether convertible to money or not;

(c) the amount of any allowance provided by an employer to an employee including a cost of living, subsistence, rent, utilities, education, entertainment or travel allowance, but shall not include any allowance solely expended in the performance of the employee's duties of employment;

3[Explanation.- For removal of doubt, it is clarified that the allowance solely expended in the performance of employee's duty does not include -

(i) allowance which is paid in monthly salary on fixed basis or percentage of salary; or

(ii) allowance which is not wholly, exclusively, necessarily or actually spent on behalf of the employer;]

(d) the amount of any expenditure incurred by an employee that is paid or reimbursed by the employer, other than expenditure incurred on behalf of the employer in the performance of the employee's duties of employment;

(e) the amount of any profits in lieu of, or in addition to, salary or wages, including any amount received -

(i) as consideration for a person's agreement to enter into an employment relationship;

(ii) as consideration for an employee's agreement to any conditions of employment or any changes to the employee's conditions of employment;

(iii) on termination of employment, whether paid voluntarily or under an agreement, including any compensation for redundancy or loss of employment and golden handshake payments;

(iv) from a provident or other fund, to the extent to which the amount is not a repayment of contributions made by the employee to the fund in respect of which the employee was not entitled to a deduction; and

(v) as consideration for an employee's agreement to a restrictive covenant in respect of any past, present or prospective employment;

(f) any pension or annuity, or any supplement to a pension or annuity; and

(g) any amount chargeable to tax as "Salary" under section 14.

(3) Where an employer agrees to pay the tax chargeable on an employee's salary, the amount of the employee's income chargeable under the head "Salary" shall be grossed up by the amount of tax payable by the employer.

(4) No deduction shall be allowed for any expenditure incurred by an employee in deriving amounts chargeable to tax under the head "Salary".

(5) For the purposes of this Ordinance, an amount or perquisite shall be treated as received by an employee from any employment regardless of whether the amount or perquisite is paid or provided -

(a) by the employee's employer, an associate of the employer, or by a third party under an arrangement with the employer or an associate of the employer;

(b) by a past employer or a prospective employer; or

(c) to the employee or to an associate of the employee 4[or to a third party under an agreement with the employee or an associate of the employee.]

(6) An employee who has received an amount referred to in sub-clause (iii) of clause (e) of sub-section (2) in a tax year may, by notice in writing to the Commissioner, elect for the amount to be taxed at the rate computed in accordance with the following formula, namely:-

A/B%
where -

A is the total tax paid or payable by the employee on the employee's total taxable income or the three preceding tax years; and

B is the employee's total taxable income for the three preceding tax years.

(7) Where -

(a) any amount chargeable under the head "Salary" is paid to an employee in arrears; and

(b) as a result the employee is chargeable at higher rates of tax than would have been applicable if the amount had been paid to the employee in the tax year in which the services were rendered, the employee may, by notice in writing to the Commissioner, elect for the amount to be taxed at the rates of tax that would have been applicable if the salary had been paid to the employee in the tax year in which the services were rendered.

(8) An election under sub-section (6) or (7) shall be made by the due date for furnishing the employee's return of income or employer certificate, as the case may be, for the tax year in which the amount was received or by such later date as the Commissioner may allow.

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1-The colon at the end was omitted vide Finance Act, 2015
2-The Proviso, which was earlier inserted vide Finance Act, 2009 was been omitted vide Finance Act, 2015. At the time of omission the Proviso was as under:-
"Provided that any bonus paid or payable to corporate employees receiving salary income of one million rupees or more (excluding bonus) in tax year 2010, shall be chargeable to tax at the rate provided in paragraph (2) of Division I of Part I of the First Schedule;"
3-Explanation added by Finance Act, 2021, dated 30-06-2021
4-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**13. Value of perquisites.-** (1) For the purposes of computing the income of an employee for a tax year chargeable to tax under the head "Salary", the value of any perquisite provided by an employer to the employee in that year that is included in the employee's salary under section 12 shall be determined in accordance with this section.

(2) This section shall not apply to any amount referred to in clause (c) or (d) of sub-section (2) of section 12.

1[(3) Where, in a tax year, a motor vehicle is provided by an employer to an employee wholly or partly for the private use of the employee, the amount chargeable to tax to the employee under the head "Salary" for that year shall include an amount computed as may be prescribed.]

2[***]

(5) Where, in a tax year, the services of a housekeeper, driver, gardener or other domestic assistant is provided by an employer to an employee, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the total salary paid to the domestic assistant 3[such house keeper, driver, gardener or other domestic assistant] in that year for services rendered to the employee, as reduced by any payment made 4[to the employer] for such services.

(6) Where, in a tax year, utilities are provided by an employer to an employee, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the fair market value of the utilities provided, as reduced by any payment made by the employee for the utilities.

5[(7) Where a loan is made, on or after the 1st day of July, 2002, by an employer to an employee and either no profit on loan is payable by the employee or the rate of profit on loan is less than the benchmark rate, the amount chargeable to tax to the employee under the head "Salary" for a tax year shall include an amount equal to-

(a) the profit on loan computed at the benchmark rate, where no profit on loan is payable by the employee, or
(b) the difference between the amount of profit on loan paid by the employee in that tax year and the amount of profit on loan computed at the benchmark rate, as the case may be 6[:]

7[Provided that this sub-section shall not apply to such benefit arising to an employee due to waiver of interest by such employee on his account with the employer 8[:]]

9[Provided further that the above sub-section shall not apply to loans not exceeding 10[one million] rupees.]

(8) For the purposes of this Ordinance not including sub-section (7), where the employee uses a loan referred to in sub-section (7) wholly or partly for the acquisition of 11[any asset or property] producing income chargeable to tax under any head of income, the employee shall be treated as having paid an amount as profit equal to the benchmark rate on the loan or that part of the loan used to acquire 12[***] 13[any asset or property.]

(9) Where, in a tax year, an obligation of an employee to pay or repay an amount owing by the employee to the employer is waived by the employer, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the amount so waived.

(10) Where, in a tax year, an obligation of an employee to pay or repay an amount 14[owing] by the employee to another person is paid by the employer, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the amount so paid.

(11) Where, in a tax year, property is transferred or services are provided by an employer to an employee, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the fair market value of the property or services determined at the time the property is transferred or the services are provided, as reduced by any payment made by the employee for the property or services.

15[(12) Where, in the tax year, accommodation or housing is provided by an employer to an employee, the amount chargeable to tax to the employee under the head "Salary" for that year shall include an amount computed as may be prescribed.]

(13) Where, in a tax year, an employer has provided an employee with a perquisite which is not covered by sub-sections (3) through (12), the amount chargeable to tax to the employee under the head "Salary" for that year shall include the fair market value of the perquisite, 16[except where the rules, if any, provide otherwise,] determined at the time it is provided, as reduced by any payment made by the employee for the perquisite.

17[(14) In this section,-

(a) "benchmark rate "means --

(i) for the tax year commencing on the first day of July, 2002, a rate of five percent per annum; and

(ii) for the tax years next following the tax year referred to in sub-clause (i), the rate for each successive year taken at one percent above the rate applicable for the immediately preceding tax year, but not exceeding 18[ten per cent per annum] in respect of any tax year;

(b) "services "includes the provision of any facility; and

(c) "utilities "includes electricity, gas, water and telephone.]

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1-Substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (3) was as under:--

"(3) Subject to sub-section (4), where, in a tax year, a motor vehicle is provided by an employer to an employee wholly or partly for the private use of the employee, the amount chargeable to tax to the employee under the head "salary" for that year shall include the amount computed in accordance with the following formula, namely:--

(A X B)-C

Where,

A is the cost to the employer of acquiring the motor vehicle or, if the vehicle is leased by the employer, the fair market value of the vehicle at the commencement of the lease;

B is—

(a) where the vehicle is wholly for private use, fifteen percent;

(b) where the vehicle is only partly for private use, seven and a half percent; and

C is any payment made by the employee for the use of the motor vehicle or for its running costs.

3-Sub-section (4) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission sub-section (4) was as under:-
"(4) Where a motor vehicle referred to in sub-section (3) is available to more than one employee for a tax year, the amount chargeable to tax under the head -Salary for each such employee for that year shall be the amount determined under sub-section (3) divided by the number of employees permitted to use the vehicle."
3-Substituted for "domestic assistant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-Substituted for "by the employee" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
5-Substituted for "sub-section (7)" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (7) was as under:--
"(7) Where, in a tax year, a loan is made by an employer to an employee, the amount chargeable to tax to the employee under the head ―Salary for that year shall include the difference between the profit paid by the employee on the loan in the tax year, if any, and the profit which would have been paid by the employee on the loan for the year if the loan had been made at the benchmark rate for that year."
6-Substituted for the full stop vide Finance Act, 2010 (XVI of 2010)
7-Added vide Finance Act, 2010 (XVI of 2010)
8-Substituted for the full stop vide Finance Act, 2012
9-Proviso added vide Finance Act, 2012
10-For the words "five hundred thousand" the "one million" was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
11-Substituted for the word "property" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
12-The word "the" was omitted vide the Finance Act, 2014
13-Substituted for the word "property" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
14-Substituted for the word "owed" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
15-Substituted vide Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (12) was as under:--
"(12) Where, in a tax year, accommodation or housing is provided by an employer to an employee, the amount chargeable to tax to the employee under the head ―Salary for that year shall include –
(a) where the employer or an associate owns the accommodation or housing, the fair market rent of the accommodation or housing; or
(b) in any other case, the rent paid by the employer for the accommodation or housing, as reduced by any payment made by the employee for the accommodation or housing."
16-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
17-Substituted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (14) was as under:--
"(14) In this section,-
"benchmark rate" means the State Bank of Pakistan discount rate at the commencement of the tax year;
"services" includes the making available of any facility; and
"utilities" includes electricity, gas, water and telephone."
18-Substituted for the words and commas "such rate, if any, as the Federal Government may, by notification, specify" vide the Finance Act, 2012.

**14. Employee share schemes.-** (1) The value of a right or option to acquire shares under an employee share scheme granted to an employee shall not be chargeable to tax.

(2) Subject to sub-section (3), where, in a tax year, an employee is issued with shares under an employee share scheme including as a result of the exercise of an option or right to acquire the shares, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the fair market value of the shares determined at the date of issue, as reduced by any consideration given by the employee for the shares including any amount given as consideration for the grant of a right or option to acquire the shares.

(3) Where shares issued to an employee under an employee share scheme are subject to a restriction on the transfer of the shares -

(a) no amount shall be chargeable to tax to the employee under the head "Salary" until the earlier of -

(i) the time the employee has a free right to transfer the shares; or
(ii) the time the employee disposes of the shares; and

(b) the amount chargeable to tax to the employee shall be the fair market value of the shares at the time the employee has a free right to transfer the shares or disposes of the shares, as the case may be, as reduced by any consideration given by the employee for the shares including any amount given as consideration for the grant of a right or option to acquire the shares.

(4) For purposes of this Ordinance, where sub-section (2) or (3) applies, the cost of the shares to the employee shall be the sum of -

(a) the consideration, if any, given by the employee for the shares;
(b) the consideration, if any, given by the employee for the grant of any right or option to acquire the shares; and
(c) the amount chargeable to tax under the head "Salary" under those sub-sections.

(5) Where, in a tax year, an employee disposes of a right or option to acquire shares under an employee share scheme, the amount chargeable to tax to the employee under the head "Salary" for that year shall include the amount of any gain made on the disposal computed in accordance with the following formula, namely:-

A-B
where -

A is the consideration received for the disposal of the right or option; and
B is the employee's cost in respect of the right or option.

(6) In this sub-section, "employee share scheme" means any agreement or arrangement under which a company may issue shares in the company to -

(a) an employee of the company or an employee of an associated company; or

(b) the trustee of a trust and under the trust deed the trustee may transfer the shares to an employee of the company or an employee of an associated company.

## PART III
## HEAD OF INCOME: INCOME FROM PROPERTY

**15. Income from property.-** (1) The rent received or receivable by a person 1[for] a tax year, other than rent exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head "Income from Property".

(2) Subject to sub-section (3), "rent" means any amount received or receivable by the owner of land or a building as consideration for the use or occupation of, or the right to use or occupy, the land or building, and includes any forfeited deposit paid under a contract for the sale of land or a building.

(3) This section shall not apply to any rent received or receivable by any person in respect of the lease of a building together with plant and machinery and such rent shall be chargeable to tax under the head "Income from Other Sources".

2[(3A) Where any amount is included in rent received or receivable by any person for the provision of amenities, utilities or any other service connected with the renting of the building, such amount shall be chargeable to tax under the head "Income from Other Sources".]

(4) Subject to sub-section (5), where the rent received or receivable by a person is less than the fair market rent for the property, the person shall be treated as having derived the fair market rent for the period the property is let on rent in the tax year.

(5) Sub-section (4) shall not apply where the fair market rent is included in the income of the lessee chargeable to tax under the head "Salary".

3[***]

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1-Substituted for the word "in" by the Finance Act, 2003.
2-Sub-section (3A) by the Finance Act, 2003.
3-Sub-section "(6) & (7)" omitted by the Finance Act, 2021. Earlier it was inserted by Finance Act, 2016. Earlier it was omitted by Finance Act, 2013. Earlier it was inserted by Finance Act, 2006. Section 15(6) & 15(7) before omission by Financa Act, 2021 read as:
"(6) Income under this section shall be liable to tax at the rate specified in Division VI of Part I of the First Schedule."
"(7) the provisions of sub-section (1), shall not apply in respect of a taxpayer who—
(i) is an individual or association of persons;
(ii) derives income chargeable to tax under this section not exceeding Rs. 150,000 in a tax year; and
(iii) does not derive taxable income under any other head."

1**[15A. Deductions in computing income chargeable under the head "Income from Property".-** (1) computing the income of a 2[person] chargeable to Tax under the head "Income from Property" for a tax year, a deduction shall be allowed for the following expenditures or allowances, namely:--

(a) in respect of repairs to a building, an allowance equal to one-fifth of the rent chargeable to tax in respect of the building for the year, computed before any deduction allowed under this section;

(b) any premium paid or payable by the 2[person] in the year to insure the building against the risk of damage or destruction;

(c) any local rate, tax, charge or cess in respect of the property or the rent from the property paid or payable by the 2[person] to any local authority or government in the year, not being any tax payable under this Ordinance;

(d) any ground rent paid or payable by the 2[person] in the year in respect of the property;

(e) any profit paid or payable by the 2[person] in the year on any money borrowed including by way of mortgage, to acquire, construct, renovate, extend or reconstruct the property;

(f) where the property has been acquired, constructed, renovated, extended, or reconstructed by the 2[person] with capital contributed by the House Building Finance Corporation or a scheduled batik under a scheme of investment in property on the basis of sharing the rent made by the Corporation or bank, the share in rent and share towards appreciation in the value of property (excluding the return of capital, if any) from the property paid or payable by the 2[person] to the said Corporation or the batik in the year under that scheme;

(g) where the property is subject to mortgage or other capital charge, the amount of profit or interest paid on such mortgage or charge;

3[(h) any expenditure, not exceeding 4[four] percent of the rent chargeable to tax in respect of the property for the year computed before any deduction allowed under this section, paid or payable by the 2[person] in the year wholly and exclusively for the purpose of deriving rent chargeable to tax under the head, "Income from Property" including administration and collection charges;]

(i) any expenditure paid or payable by the 2[person] in the tax year for legal services acquired to defend the 2[person]'s title to the property or any suit connected with the property in a court; and

(j) where there are reasonable grounds for believing that any unpaid rent in respect of the property is irrecoverable, an allowance equal to the unpaid rent where--

(i) the tenancy was bona fide, the defaulting tenant has vacated the property or steps have been taken to compel the tenant to vacate the property and the defaulting tenant is not in occupation of any other property of the 2[person];

(ii) the 2[person] has taken all reasonable steps to institute legal proceedings for the recovery of the unpaid rent or has reasonable grounds to believe that legal proceedings would be useless; and

(iii) the unpaid rent has been included in the income of the 2[person] chargeable to tax under the head "Income from Property" for the tax year in which the rent was due and tax has been duly paid on such income.

(2) Where any unpaid rent allowed as a deduction under clause (j) of sub-section (1) is wholly or partly recovered, the amount recovered shall be chargeable to tax in the tax year in which it is recovered.

(3) Where a 5[company] has been allowed a deduction for any expenditure incurred to denying rent chargeable to tax under the head "Income from Property" and the 5[company] has not paid the liability or a part of the liability

to which the deduction relates within three years of the end of the tax year in which the deduction was allowed, the unpaid amount of the liability shall be chargeable to tax under the head "Income from Property" in the first tax year following the end of the three years.

(4) Where an unpaid liability is chargeable to tax as a result of the application of sub-section (3) and the 5[company] subsequently pays the liability or a part of the liability, the 5[company] shall be allowed a deduction for the amount paid in the tax year in which the payment is made.

(5) Any expenditure allowed to a 5[company] under this section as a deduction shall not be allowed as a deduction in computing the income of the 5[company] chargeable to tax under any other head of income.

(6) The provisions of section 21 shall apply in determining the deductions allowed to a 5[company] under this section in the same manner as they apply in determining the deductions allowed in computing the income of a 5[company] chargeable to tax under the head "Income from Business".]

6[***]

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1-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

2-Substituted for the word "company" by Finance Act, 2021, dated 30-06-2021. Earlier word "person" substituted vide the Finance Act, 2016 (XXIX of 2016)

3-Clause (h) was Substituted vide Finance Act, 2015. At the time of substitution clause (h) was as under:-

(h) any expenditure (trot exceeding six percent of the rent chargeable to tax in respect of the property for the year computed before any deduction allowed under this section) paid or payable by the person in the year for the purpose of collecting the rent due in respect of the property;

4-For the word "six" substituted by Finance Act, 2020, dated 30-06-2020

5-Substituted for the word "person" vide the Finance Act, 2016 (XXIX of 2016)

6-Sub-section "(7)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier sub-section (7) added by Finance Act, 2019. Before omission read as:

"(7) Notwithstanding sub-section (6) of section 15, the provisions of this section shall apply to an individual or an association of persons, who opts to pay tax at the rate specified in Division I of Part I of the First Schedule.]

**16. Non-adjustable amounts received in relation to buildings.-** (1) Where the owner of a building receives from a tenant an amount which is not adjustable against the rent payable by the tenant, the amount shall be treated as rent chargeable to tax under the head "Income from Property "in the tax year in which it was received and the following nine tax years in equal proportion.

(2) Where an amount (hereinafter referred to as the "earlier amount") referred to in sub-section (1) is refunded by the owner to the tenant on termination of the tenancy before the expiry of ten years, no portion of the amount shall be allocated to the tax year in which it is refunded or to any subsequent tax year except as provided for in sub-section (3).

(3) Where the circumstances specified in sub-section (2) occur and the owner lets out the building or part thereof to another person (hereinafter referred to as the "succeeding tenant") and receives from the succeeding tenant any amount (hereinafter referred to as the "succeeding amount") which is not adjustable against the rent payable by the succeeding tenant, the succeeding amount as reduced by such portion of the earlier amount as was charged to tax shall be treated as rent chargeable to tax under the head "Income from Property" as specified in sub-section (1).

**1[***]**

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1-Section 17 omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution section (17) was as under:--

"17. Deductions in computing income chargeable under the head "Income from Property".- (1) In computing the income of a person chargeable to tax under the head "Income from Property" for a tax year, a deduction shall be allowed for the following expenditures or allowances, namely:–

(a) In respect of repairs to a building, an allowance equal to one-fifth of the rent chargeable to tax in respect of the building for the year, computed before any deduction allowed under this section;

(b) any premium paid or payable by the person in the year to insure the building against the risk of damage or destruction;

(c) any local rate, tax, charge, or cess in respect of the property or the rent from the property paid or payable by the person to any local authority or government in the year, not being any tax payable under this Ordinance;

(d) any ground rent paid or payable by the person in the year in respect of the property;

(e) any profit paid or payable by the person in the year on any money borrowed including by way of mortgage, to acquire, construct, renovate, extend, or reconstruct the property;

(f) where the property has been acquired, constructed, renovated, extended, or reconstructed by the person with capital contributed by the House Building Finance Corporation or a scheduled bank under a scheme of investment in property on the basis of sharing the rent made by the Corporation or bank, the share in rent i[and share towards appreciation in the value of property (excluding the return of capital, if any) from the property] paid or payable by the person to the said Corporation or the bank in the year under that scheme;

i. The words inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

ii[(fa) where the property is subject to mortgage or other capital charge, the amount of profit or interest paid on such mortgage or charge;

ii. Clause (i) inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

(g) any expenditure (not exceeding six per cent of the rent chargeable to tax in respect of the property for the year computed before any deduction allowed under this section) paid or payable by the person in the year for the purpose of collecting the rent due in respect of the property;

(h) any expenditure paid or payable by the person in the tax year for legal services acquired to defend the person's title to the property or any suit connected with the property in a Court; and

(i) where there are reasonable grounds for believing that any unpaid rent in respect of the property is irrecoverable, an allowance equal to the unpaid rent where –

(i) the tenancy was bona fide, the defaulting tenant has vacated the property or steps have been taken to compel the tenant to vacate the property, and the defaulting tenant is not in occupation of any other property of the person;

(ii) the person has taken all reasonable steps to institute legal proceedings for the recovery of the unpaid rent or has reasonable grounds to believe that legal proceedings would be useless; and

(iii) the unpaid rent has been included in the income of the person chargeable to tax under the head Income from Property for the tax year in which the rent was due and tax has been duly paid on such income.

(2) Where any unpaid rent allowed as a deduction under clause (I) of sub-section (I) is wholly or partly recovered, the amount recovered shall be chargeable to tax in the tax year in which it is recovered.

(3) Where a person has been allowed a deduction for any expenditure incurred in deriving rent chargeable to tax under the head "Income from Property" and the person has not paid the liability or a part of the liability to which the deduction relates within three years of the end of the tax year in which the deduction was allowed, the unpaid amount of the liability shall be chargeable to tax under the head "Income from Property" in the first tax year following the end of the three years.

(4) Where an unpaid liability is chargeable to tax as a result of the application of sub-section (3) and the person subsequently pays the liability or a part of the liability, the person shall be allowed a deduction for the amount paid in the tax year in which the payment is made.

(5) Any expenditure allowed to a person under this section as a deduction shall not be allowed as a deduction in computing the income of the person chargeable to tax under any other head of income.

(6) The provisions of section 21 shall apply in determining the deductions allowed to a person under this section in the same manner as they apply in determining the deductions allowed in computing the income of a person chargeable to tax under the head ―Income from Business."

## PART IV
## HEAD OF INCOME: INCOME FROM BUSINESS

### Division I
### Income from Business

**18. Income from business.-** (1) The following incomes of a person for a tax year, other than income exempt from tax under this Ordinance, shall be chargeable to tax under the head "Income from Business"-

(a) the profits and gains of any business carried on by a person at any time in the year;

(b) any income derived by any trade, professional or similar association from the sale of goods or provision of services to its members 1[.]

2[Explanation.- For the removal of doubt, it is clarified that income derived by co-operative societies from the sale of goods, immoveable property or provision of services to its members is and has always been chargeable to tax under the provisions of this Ordinance;]

(c) any income from the hire or lease of tangible movable property;

(d) the fair market value of any benefit or perquisite, whether convertible into money or not, derived by a person in the course of, or by virtue of, a past, present, or prospective business relationship 3[.]

4[**Explanation.-** For the purposes of this clause, it is declared that the word 'benefit' includes any benefit derived by way of waiver of profit on debt or the debt itself under the State Bank of Pakistan, Banking Policy Department, Circular No.29 of 2002 or in any other scheme issued by the State Bank of Pakistan.]

(e) any management fee derived by a management company (including a modaraba 5[management company).]

6[**Explanation.-** For the removal of doubt it is clarified that income subject to taxation under sections 5A, 5AA, 6, 7 and 7A shall not be chargeable to tax under this section.]

(2) Any profit on debt derived by a person where the person's business is to derive such income shall be chargeable to tax under the head "Income from Business" and not under the head "Income from Other Sources".

7[(3) Where a lessor, being a scheduled bank or an investment bank or a development finance institution or a modaraba or a leasing company has leased out any asset, whether owned by it or not, to another person, any amount paid or payable by the said person in connection with the lease of said asset shall be treated as the income of the said lessor and shall be chargeable to tax under the head "Income from Business".]

8[(4) Any amount received by a banking company or a non-banking finance company, where such amount represents distribution by a mutual fund 9[or a Private Equity and Venture Capital Fund] out of its income from profit on debt, shall be chargeable to tax under the head "Income from Business" and not under the head "Income from Other Sources".]

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1-For the semi colon substituted by Finance Act, 2021, dated 30-06-2021
2-Explanation substituted by Finance Act, 2021, dated 30-06-2021
3-Substituted for "; and" vide Finance Act 2011 (XVI of 2011 assented on 29th June, 2011)
4-The Explanation was added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
5-The wards added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
6-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
7-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
8-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
9-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**19. Speculation business.-** (1) Where a person carries on a speculation business -

(a) that business shall be treated as distinct and separate from any other business carried on 1[by] the person;

(b) this Part shall apply separately to the speculation business and the other business of the person;

(c) section 67 shall apply as if the profits and gains arising from a speculation business were a separate head of income;

(d) any profits and gains arising from the speculation business for a tax year computed in accordance with this Part shall be included in the person's income chargeable to tax under the head "Income from Business" for that year; and

(e) any loss of the person arising from the speculation business sustained for a tax year computed in accordance with this Part shall be dealt with under section 58.

(2) In this section, "speculation business" means any business in which a contract for the purchase and sale of any commodity (including 2[stocks] and shares) is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity, but does not include a business in which -

(a) a contract in respect of raw materials or merchandise is entered into by a person in the course of a manufacturing or mercantile business to guard against loss through future price fluctuations for the purpose of fulfilling the person's other contracts for the actual delivery of the goods to be manufactured or merchandise to be sold;

(b) a contract in respect of stocks and shares is entered into by a dealer or investor therein to guard against loss in the person's holding of stocks and shares through price fluctuations; or

(c) a contract is entered into by a member of a forward market or stock exchange in the course of any transaction in the nature of jobbing 3[arbitrage] to guard against any loss which may arise in the ordinary course of the person's business as such member.

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1-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-The word "stock" substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
3-The word "arbitrate" substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

## Division II
## Deductions: General Principles

**20. Deductions in computing income chargeable under the head "Income from Business".-** (1) Subject to this Ordinance, in computing the income of a person chargeable to tax under the head "Income from Business" for a tax year, a deduction shall be allowed for any expenditure incurred by the person in the year 1[wholly and exclusively for the purposes of business].

2(1A) Subject to this Ordinance, where animals which have been used for the purposes of the business or profession otherwise than as stock-in-trade and have died or become permanently useless for such purposes 3[a deduction shall be allowed equal to], the difference between the actual cost to the taxpayer of the animals and the amount, if any, realized in respect of the carcasses or animals.]

(2) Subject to this Ordinance, where the expenditure referred to in sub-section (1) is incurred in acquiring a depreciable asset or an intangible with a useful life of more than one year or is pre-commencement expenditure, the person must depreciate or amortize the expenditure in accordance with sections 22, 23, 24 and 25.

4[(3) Subject to this Ordinance, where any expenditure is incurred by an amalgamated company on legal and financial advisory services and other administrative cost relating to planning and implementation of amalgamation, a deduction shall be allowed for such expenditure.]

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1-Substituted for the words "to the extent the expenditure is incurred in deriving income from business chargeable to tax" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
2-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
3-Words added by Finance Act, 2021, dated 30-06-2021
4-Added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**21. Deductions not allowed.-** Except as otherwise provided in this Ordinance, no deduction shall be allowed in computing the income of a person under the head "Income from Business" for -

(a) any cess, rate or tax paid or payable by the person in Pakistan or a foreign country that is levied on the profits or gains of the business or assessed as a percentage or otherwise on the basis of such profits or gains;

(b) any amount of tax deducted under Division III of Part V of Chapter X from an amount derived by the person;

1[(c) any expenditure from which the person is required to deduct or collect tax under Part V of Chapter X or Chapter XII, unless the person has paid or deducted and paid the tax as required by Division IV of Part V of Chapter X:

Provided that disallowance in respect of purchases of raw materials and finished goods under this clause shall not exceed twenty per cent of purchases of raw materials and finished goods:

Provided further that recovery of any amount of tax under sections 161 or 162 shall be considered as tax paid.]

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

(d) any entertainment expenditure in excess of such limits 3[or in violation of such conditions] as may be prescribed;

(e) any contribution made by the person to a fund that is not a recognized provident fund 4[,] 5[approved pension fund], approved superannuation fund, or approved gratuity fund;

(f) any contribution made by the person to any provident or other fund established for the benefit of employees of the person, unless the person has made effective arrangements to secure that tax is deducted under section 149 from any payments made by the fund in respect of which the recipient is chargeable to tax under the head "Salary";

(g) any fine or penalty paid or payable by the person for the violation of any law, rule or regulation;

(h) any personal expenditures incurred by the person;

(i) any amount carried to a reserve fund or capitalized in any way;

(j) any profit on debt, brokerage, commission, salary or other remuneration paid by an association of persons to a member of the association;

6[***]

7[(l) any expenditure 7a[by a taxpayer not being a company] for a transaction, paid or payable under a single account head which, in aggregate, exceeds 8[two hundred and fifty] thousand rupees, made other than by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of amount from the business bank account of the taxpayer:

Provided that online transfer of payment from the business account of the payer to the business account of payee as well as payments through credit card shall be treated as transactions through the banking channel, subject to the condition that such transactions are verifiable from the bank statements of the respective payer and the payee:

Provided further that this clause shall not apply in the case of-

(a) expenditures not exceeding 9[twenty five] thousand rupees;
(b) expenditures on account of -
(i) utility bills;
(ii) freight charges;
(iii) travel fare;
vi) postage; and
(v) payment of taxes, duties, fee, fines or any other statutory obligation;]

9a[(la) Any expenditure by a taxpayer being a company for a transaction, paid or payable under a single account head which, in aggregate, exceeds two hundred and fifty thousand rupees, made other than by digital means from business bank account of the taxpayer notified to the Commissioner under section 114A of this Ordinance:

Provided that this clause shall not apply in the case of-

(a) expenditures not exceeding twenty-five thousand rupees;
(b) expenditures on account of —

(i) utility bills;
(ii) freight charges;
(iii) travel fare;
(iv) postage; and
(v) payment of taxes, duties, fee, fines or any other statutory obligation 9b[:]

9b[Provided further that this clause shall be effective from such date as the Board may notify in the official Gazette;]

(m) any salary paid or payable exceeding 10[twenty five] thousand rupees per month other than by a crossed cheque or direct transfer of funds to the employee's bank account 10a[or through digital mode]; 11[***]

(n) except as provided in Division III of this Part, any expenditure paid or payable of a capital nature12[; 13[ ]]

14[(o) any expenditure in respect of sales promotion, advertisement and publicity in excess of 15[ten] per cent of turnover incurred by pharmaceutical manufacturers 16[; and]]

17[(p) any expenditure on account of utility bill in excess of such limits and in violation of such conditions as may be prescribed; and

(q) any expenditure attributable to sales made to persons required to be registered but not registered under the Sales Tax Act, 1990 by an industrial undertaking computed according to the following formula, namely:-

(A/B) x C
where-

A is the total amount of deductions claimed under this Part;
B is the turnover for the tax year, and
C is the total amount of sales exclusive of sales tax and federal excise duty to persons required to be registered but not registered under the Sales Tax Act. 1990 where sales equal or exceed rupees one hundred million per person:

Provided that disallowance of expenditure under this clause shall not exceed ten percent of total deductions claimed under this Part:

Provided further that the Board may, by notification in the official Gazette, exempt persons or classes of persons from this clause subject to such conditions and limitations as may be specified therein:

Provided also that this clause shall come into force with effect from the first day of October, 2020.]

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1-Clause (c) was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution clause (c) was as under:-
(c) any salary, rent, brokerage or commission, profit on debt, payment to non-resident, payment for services or fee paid by the person from which the person is required to deduct tax under Division III of Part V of Chapter X or section 233 of chapter XII, i[unless] the person has ii[paid or] deducted and paid the tax as required by Division IV of Part V of Chapter X;
2-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
3-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Inserted vide the Finance Act, 2014
5-Inserted vide the Finance Act, 2005 (I of 2005 assented on 29th June, 2005)
6-Clause (K) omitted vide the Finance Act, 2006 (I of 2006 assented on 30th June, 2006). At the time of omission clause (K) was as under:--
"(k) any expenditure paid or payable by an employer on the provision of perquisites and allowances to an employee where the sum of the value of the perquisites computed under section 13 and the amount of the allowances exceeds fifty per cent of the employee's salary for a tax year (excluding the value of the perquisites or amount of the allowances);"
7-Substituted vide the Finance Act, 2006 (I of 2006 assented on 30th June, 2006). At the time of substitution clause (I) was as under:--
"(l) any expenditure paid or payable under a single account head which, in aggregate, exceeds fifty thousand rupees made other than by a crossed bank cheque or crossed bank draft, except expenditures not exceeding i[ ii[ten] thousand rupees or on account of freight charges, travel fare, postage, utilities or payment of taxes, duties, III[fee], fines or any other statutory obligation;"
i. Substituted for the words and comma "five hundred rupees or on account of postage or utility bills" vide the finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002
ii. Substituted for the words "five" vide the finance Ordinance, 2004 (II of 2004 assented on 30th June, 2004)
III. Substituted for the words "fees" vide the finance Ordinance, 2003 (I of 2003 assented on 16th June, 2003)
7a-Expression inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
8-For the word "fifty" substituted by Finance Act, 2020, dated 30-06-2020
9-For the word "ten" substituted by Finance Act, 2020, dated 30-06-2020
9a-Clause "(la)" inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
9b-For the semi colon and thereafter Proviso substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022
10-For the word "fifteen" substituted by Finance Act, 2020, dated 30-06-2020
10a-Expression inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
11-The word "and" omitted vide the Finance Act, 2016 (XXIX of 2016)
12-Substituted for "full stop" vide the Finance Act, 2016 (XXIX of 2016)
13-Word "and" omitted by Finance Act, 2020, dated 30-06-2020
14-Inserted vide the Finance Act, 2016 (XXIX of 2016)
15-For the word "five" the word "ten" was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
16-For the full stop substituted by Finance Act, 2020, dated 30-06-2020
17-Clauses "(p) & (q)" added by Finance Act, 2020, dated 30-06-2020

## Division III
## Deductions: Special Provisions

**22. Depreciation.-** (1) Subject to this section, a person shall be allowed a deduction for the depreciation of the person's depreciable assets used in the person's business in the tax year.

(2) Subject to 1[sub-section] (3) 2[***], the depreciation deduction for a tax year shall be computed by applying the rate specified in Part I of the Third Schedule against the written down value of the asset at the beginning of the year 3[;]

3[Provided that where a depreciable asset is used in the person's business for the first time in a tax year commencing on or after the 1st day of July, 2020, the depreciation deduction shall be reduced by fifty percent]

(3) Where a depreciable asset is used in a tax year partly in deriving income from business chargeable to tax and partly for another use, the deduction allowed under this section for that year shall be restricted to the fair proportional part of the amount that would be allowed if the asset 4[was] wholly used to 5[derive] income from business chargeable to tax.

6[Omitted]

(5) The written down value of a depreciable asset of a person at the beginning of the tax year shall be -

(a) where the asset was acquired in the tax year, the cost of the asset to the personas reduced by any initial allowance in respect of the asset under section 23; or

(b) in any other case, the cost of the asset to the person as reduced by the total depreciation deductions (including any initial allowance under section 23) allowed to the person in respect of the asset in previous tax years.

7[**Explanation,-** For the removal of doubt, it is clarified that where any building, furniture, plant or machinery is used for the purposes of business during any tax year for which the income from such business is exempt, depreciation admissible under sub-section (1) shall be treated to have been allowed in respect of the said tax year and after expiration of the exemption period, written down value of such assets shall be determined after reducing total depreciation deductions (including any initial allowance under section 23) in accordance with clauses (a) and (b) of this sub-section.]

(6) Where sub-section (3) applies to a depreciable asset for a tax year, the written down value of the asset shall be computed on the basis that the asset has been solely used to derive income from business chargeable to tax.

(7) The total deductions allowed to a person during the period of ownership of a depreciable asset under this section and section 23 shall not exceed the cost of the asset.

(8) Where, in any tax year, a person disposes of a depreciable asset, no depreciation deduction shall be allowed under this section for that year and;

(a) if the consideration received exceeds the written down value of the asset at the time of disposal, the excess shall be chargeable to tax in that year under the head "Income from Business"; or

(b) if the consideration received is less than the written down value of the asset at the time of disposal, the difference shall be allowed as a deduction in computing the person's income chargeable under the head "Income from Business" for that year 8[;]

8[Provided that where a depreciable asset is used in the person's business for the first time in a tax year commencing on or after the 1st day of July, 2020, depreciation deduction equal to fifty percent of the rate specified in Part I of the Third Schedule shall be allowed in the year of disposal.]

(9) Where sub-section (3) applies, the written down value of the asset for the purposes of sub-section (8) shall be increased by the amount that is not allowed as a deduction as a result of the application of sub-section (3).

(10) Where clause (a) of sub-section (13) applies, the 9[consideration received on disposal] of the passenger transport vehicle for the purposes of sub-section (8) shall be computed according to the following formula -

A x B/C
where -

A is the 10[amount] received on disposal of the vehicle;
B is the amount referred to in clause (a) of sub-section (13); and
C is the actual cost of acquiring the vehicle.

(11) Subject to sub-sections (13) and (14), the rules in Part III of Chapter IV shall apply in determining the cost and consideration received in respect of a depreciable asset for the purposes of this section.

11[(12) The depreciation deductions allowed to a leasing company or an investment bank or a modaraba or a scheduled bank or a development finance institution in respect of assets owned by the leasing company or an investment bank or a modaraba or a scheduled bank or a development finance institution and leased to another person shall be deductible only against the lease rental income derived in respect of such assets.]

(13) For the purposes of this section,-

(a) the cost of a depreciable asset being a passenger transport vehicle not plying or hire shall not exceed 12[ 13[Two]] 14[and half] million rupees;

15[***]

(b) the cost of immovable property or a structural improvement to immovable property shall not include the cost of the land;

16[(c) any asset owned by a leasing company or an investment bank or a modaraba or a scheduled bank or a development finance institution and leased to another person is treated as used in the leasing company or the investment bank or the modaraba or the scheduled bank or the development finance institution's business; and]

(d) where the consideration received on the disposal of immovable property exceeds the cost of the property, the consideration received shall be treated as the cost of the property.

(14) Where a depreciable asset that has been used by a person in Pakistan is exported or transferred out of Pakistan, the person shall be treated as having disposed of the asset at the time of the export or transfer for a consideration received equal to the cost of the asset.

(15) In this section,-

"depreciable asset" means any tangible movable property, immovable property (other than unimproved land), or structural improvement to immovable property, owned by a person that-

(a) has a normal useful life exceeding one year;
(b) is likely to lose value as a result of normal wear and tear, or obsolescence; and
(c) is used wholly or partly by the person in deriving income from business chargeable to tax,

but shall not include any tangible movable property, immovable property, or structural improvement to immovable property in relation to which a deduction has been allowed under another section of this Ordinance for the entire cost of the property or improvement in the tax year in which the property is acquired or improvement made by the person; and

"structural improvement" in relation to immovable property, includes any building, road, driveway, car park, railway line, pipeline, bridge, tunnel, airport runway, canal, dock, wharf, retaining wall, fence, power lines, water or sewerage pipes, drainage, landscaping or dam 17[:]

17[Provided that where a depreciable asset is jointly owned by a taxpayer and an Islamic financial institution licensed by the State Bank of Pakistan or Securities and Exchange Commission of Pakistan, as the case may be, pursuant to an arrangement of Musharika financing or diminishing Musharika financing, the depreciable asset shall be treated to be wholly owned by the taxpayer.]

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1-The word "sub-sections" substituted vide the Finance Act, 2005 (II of 2005 assented on 29th June, 2005)
2-The word, brackets and figure "and (4)" omitted vide Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
3-For the full stop and thereafter Proviso substituted by Finance Act, 2020, dated 30-06-2020
4-Substituted vide Finance Act, 2010 (XVI of 2010 assented on 30th June, 2010)
5-Substituted for the word "derived" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-Sub-section (4) omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission sub-section (4) was as under:--
"(4) Where a depreciable asset is not used for the whole of the tax year in deriving income from business chargeable to tax, the deduction allowed under this section shall be computed according to the following formula, namely:–
A x B/C
where –
A is the amount of depreciation computed under sub-section (2) or (3), as the case may be;
B is the number of months in the tax year the asset is used in deriving income from business chargeable to tax; and
C is the number of months in the tax year.
7-Added vide the Finance Act, 2016 (XXIX of 2016)
8-For the full stop and thereafter Proviso substituted by Finance Act, 2020, dated 30-06-2020
9-Substituted for the words "written down value" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004).
10-Substituted for the word "consideration" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004).
11-Substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
"(12) The depreciation deductions allowed to a leasing company in respect of assets owned by the company and leased to another person shall be deductible only against the lease rental income derived in respect of such assets."
12-Substituted for the words "seven hundred and fifty thousand" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
13-Substituted for the words vide the Finance Act, 2012
14-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009).
15-Proviso omitted vide the Finance Act, 2009. (I of 2009 assented on 30th June, 2009). At the time of omission Proviso was as under:-
"Provided that the prescribed limit of one million rupees shall not apply to passenger transport vehicles, not plying for hire, acquired on or after the first day of July, 2005"
Initially: Proviso was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
16-Substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clause (c) was as under:-
"(c) an asset owned by a financial institution or leasing company and leased to another person is treated as used in the financial institution or leasing company's business; and"
17-For full stop, a colon was substituted and thereafter the proviso was added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**23. Initial allowance.-** (1) A person who places an eligible depreciable asset into service in Pakistan for the first time in a tax year shall be allowed a deduction (hereinafter referred to as an "initial allowance") computed in accordance with sub-section (2), provided the asset is 1[used by the person for the purposes of his business for the first time or the tax year in which commercial production is commenced, whichever is later.]

(2) The amount of the initial allowance of a person shall be computed by applying the rate specified in Part II of the Third Schedule against the cost of the asset.

(3) The rules in section 76 shall apply in determining the cost of an eligible depreciable asset for the purposes of this section.

2[(4) A deduction allowed under this section to a leasing company or an investment bank or a modaraba or a scheduled bank or a development finance institution in respect of assets owned by the leasing company or the investment bank or the modaraba or the scheduled bank or the development finance institution and leased to another person shall be deducted only against the leased rental income derived in respect of such assets.]

(5) In this section, "eligible depreciable asset" means a depreciable asset 3[***] other than -

(a) any road transport vehicle unless the vehicle is plying for hire;
(b) any furniture, including fittings;
(c) any plant or machinery 4[that has been used previously in Pakistan]; or
(d) any plant or machinery in relation to which a deduction has been allowed under another section of this Ordinance for the entire cost of the asset in the tax year in which the asset is acquired.

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1-Substituted for the words "wholly and exclusively used by person in deriving income from business chargeable to tax" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

2-Substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (4) was as under:-

"(4) A deduction allowed under this section to a leasing company in respect of assets owned by the company and leased to another person shall be deductible only against the lease rental income derived in respect of such assets."

3-The words and comma "that is plant and machinery," omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

4-Inserted vide the Finance Act, 2008 (I of 2008 assented on 16th June, 2008)

**1[***]**

1-Section "23A" omitted by Finance Act, 2021, dated 30-06-2021, Earlier same was omitted by Tax Law (Second Amendments), 2021, dated 22-03-2021. Before omission read as:

"23A. First Year Allowance.- (1) Plant, machinery and equipment installed by any industrial undertaking set up in specified rural and under developed areas 1[or engaged in the manufacturing of cellular mobile phones and qualifying for exemption under clause (126N) of Part I of the Second Schedule], and owned and managed by a company shall be allowed first year allowance in lieu of initial allowance under section 23 at the rate specified in Part II of the Third Schedule against the cost of the "eligible depreciable assets" put to use after July 1, 2008.

(2) The provisions of section 23 except sub-sections (1) and (2) thereof, shall mutatis mutandis apply.

(3) The Federal Government may notify "specified areas" for the purposes of sub-section (1).]

Earlier Section "23A" Inserted vide the Finance Act, 2008 (I of 2008 assented on 16th June, 2008)

1-Inserted vide Finance Act, 2015"

1[**23B. Accelerated depreciation to alternate energy projects.-** (1) Any plant, machinery and equipments installed for generation of alternate energy by an industrial undertaking set up anywhere in Pakistan and owned and managed by a company shall be allowed first year allowance in lieu of initial allowance under section 23, at the rate specified in Part II of the Third Schedule against the cost of the eligible depreciation assets put to use after first day of July, 2009.

(2) The provisions of section 23 except sub-sections (1) and (2) thereof, shall mutatis mutandis apply.]

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1-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**24. Intangibles.-** (1) A person shall be allowed an amortization deduction in accordance with this section in a tax year for the cost of the person's intangibles-

(a) that are wholly or partly used by the person in the tax year in deriving income from business chargeable to tax; and

(b) that have a normal useful life exceeding one year.

(2) No deduction shall be allowed under this section where a deduction has been allowed under another section of this Ordinance for the entire cost of the intangible in the tax year in which the intangible is acquired.

(3) Subject to sub-section (7), the amortization deduction of a person for a tax year shall be computed according to the following formula, namely:-

A/B
where -

A is the cost of the intangible; and
B is the normal useful life of the intangible in whole years.

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

(5) Where an intangible is used in a tax year partly in deriving income from business chargeable to tax and partly for another use, the deduction allowed under this section for that year shall be restricted to the fair proportional part of the amount that would be allowed if the intangible were wholly used to derive income from business chargeable to tax.

(6) Where an intangible is not used for the whole of the tax year in deriving income from business chargeable to tax, the deduction allowed under this section shall be computed according to the following formula, namely:-

A x B/C

where -

A is the amount of 2[amortization] computed under sub-section (3) or (5), as the case may be;

B is the number of days in the tax year the intangible is used in deriving income from business chargeable to tax; and

C is the number of days in the tax year.

(7) The total deductions allowed to a person under this section in the current tax year and all previous tax years in respect of an intangible shall not exceed the cost of the intangible.

(8) Where, in any tax year, a person disposes of an intangible, no amortization deduction shall be allowed under this section for that year and -

(a) if the consideration received by the person exceeds the written down value of the intangible at the time of disposal, the excess shall be income of the person chargeable to tax in that year under the head "Income from Business"; or

(b) if the consideration received is less than the written down value of the intangible at the time of disposal, the difference shall be allowed as a deduction in computing the person's income chargeable under the head "Income from Business" in that year.

(9) For the purposes of sub-section (8) -

(a) the written down value of an intangible at the time of disposal shall be the cost of the intangible reduced by the total deductions allowed to the person under this section in respect of the intangible or, where the intangible is not wholly used to derive income chargeable to tax, the amount that would be allowed under this section if the intangible were wholly so used; and

(b) the consideration received on disposal of an intangible shall be determined in accordance with section 77.

(10) For the purposes of this section, an intangible that is available for use on a day (including a non-working day) is treated as used on that day.

(11) In this section,-

"cost" in relation to an intangible, means any expenditure incurred in acquiring or creating the intangible, including any expenditure incurred in improving or renewing the intangible; and

"intangible" means any patent, invention, design or model, secret formula or process, copyright 3[, trade mark, scientific or technical knowledge, computer software, motion picture film, export quotas, franchise, licence, intellectual property], or other like property or right, contractual rights and any expenditure that provides an advantage or benefit for a period of more than one year (other than expenditure incurred to acquire a depreciable asset or unimproved land) 4[but shall not include self-generated goodwill or any adjustment arising on account of accounting treatment in the manner as may be prescribed].

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1-Sub-section (4) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution sub-section (4) was as under:-
"(4) An intangible –
(a) with a normal useful life of more than ten years; or
(b) that does not have an ascertainable useful life, shall be treated as if it had a normal useful life of ten years."
2-Substituted for the word "depreciation" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**25. Pre-commencement expenditure.-** (1) A person shall be allowed a deduction for any pre-commencement expenditure in accordance with this section.

(2) Pre-commencement expenditure shall be amortized on a straight-line basis at the rate specified in Part III of the Third Schedule.

(3) The total deductions allowed under this section in the current tax year and all previous tax years in respect of an amount of pre-commencement expenditure shall not exceed the amount of the expenditure.

(4) No deduction shall be allowed under this section where a deduction has been allowed under another section of this Ordinance for the entire amount of the pre-commencement expenditure in the tax year in which it is incurred.

(5) In this section, "pre-commencement expenditure" means any expenditure incurred before the commencement of a business wholly and exclusively to derive income chargeable to tax, including the cost of feasibility studies, construction of prototypes, and trial production activities, but shall not include any expenditure which is incurred in acquiring land, or which is depreciated or amortized under section 22 or 24.

**26. Scientific research expenditure.-** (1) A person shall be allowed a deduction for scientific research expenditure incurred in Pakistan in a tax year wholly and exclusively for the purpose of deriving income from business chargeable to tax.

(2) In this section-

"scientific research" means any 1[activity] 2[undertaken in Pakistan] in the fields of natural or applied science for the development of human knowledge;

"scientific research expenditure" means any expenditure incurred by a person on scientific research 3[undertaken in Pakistan] for the purposes of developing the person's business, including any contribution to a scientific research institution to undertake scientific research for the purposes of the person's business, other than expenditure incurred -

(a) in the acquisition of any depreciable asset or intangible;

(b) in the acquisition of immovable property; or

(c) for the purpose of ascertaining the existence, location, extent or quality of a natural deposit; and

"scientific research institution" means any institution certified by the 4[Board] as conducting scientific research in Pakistan.

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1-Substituted for the word "activities" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**27. Employee training and facilities.-** A person shall be allowed a deduction for any expenditure (other than capital expenditure) incurred in a tax year in respect of-

(a) any educational institution or hospital in Pakistan established for the benefit of the person's employees and their dependents;

(b) any institute in Pakistan established for the training of industrial workers recognized, aided, or run by the Federal Government 1[or a Provincial Government] or a 2[Local Government]; or

(c) the training of any person, being a citizen of Pakistan, in connection with a scheme approved by the 3[Board] for the purposes of this section.

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words "local authority" substituted vide the Finance Act, 2008 (I of 2008 assented on 16th June, 2008)
3-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**28. Profit on debt, financial costs and lease payments.-** (1) Subject to this Ordinance, a deduction shall be allowed for a tax year for –

(a) any profit on debt incurred by a person in the tax year to the extent that the proceeds or benefit of the debt have been used by the person 1[for the purposes of business];

(b) any lease rental incurred by a person in the tax year to a scheduled bank, financial institution, an approved modaraba, an approved leasing company or a Special Purpose Vehicle on behalf of the Originator for an asset used by the person 2[for the purposes of business]3[:]

3[Provided that for the purpose of determining the deduction on account of lease rentals the cost of a passenger transport vehicle not plying for hire to the extent of principal amount shall not exceed two and a half million rupees;]

(c) any amount incurred by a person in the tax year to a modaraba or a participation term certificate holder for any funds borrowed and used by the person 4[for the purposes of business];

(d) any amount incurred by a scheduled bank in the tax year to a person maintaining a profit or loss sharing account or a deposit with the bank as a distribution of profits by the bank in respect of the account or deposit;

(e) any amount incurred by the House Building Finance Corporation (hereinafter referred to as "the Corporation") constituted under the House Building Finance Corporation Act, 1952 (XVIII of 1952), in the tax year to the State Bank of Pakistan (hereinafter referred to as "the Bank") as the share of the Bank in the profits derived by the Corporation on its investment in property made under a scheme of partnership in profit and loss, where the investment is provided by the Bank under the House Building Finance Corporation (Issue and Redemption of Certificates) Regulations, 1982;

(f) any amount incurred by the National Development Leasing Corporation Limited (hereinafter referred to as "the Corporation") in the tax year to the State Bank of Pakistan (hereinafter referred to as "the Bank") as the share of the Bank in the profits derived by the Corporation on its leasing operations financed out of a credit line provided by the Bank on a profit and loss sharing basis;

(g) any amount incurred by the 5[Small and Medium Enterprises Bank (hereinafter referred to as "the SME Bank")] in the tax year to the State Bank of Pakistan (hereinafter referred to as the "Bank") as the share of the Bank in the profits derived by the 6[SME Bank] on investments made in small business out of a credit line provided by the Bank on a profit and loss sharing basis;

(h) any amount incurred by a person in the tax year to a banking company under a scheme of musharika representing the bank's share in the profits of the musharika;

(i) any amount incurred by a person in the tax year to a certificate holder under a musharika scheme approved by the Securities and Exchange Commission and Religious Board formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) representing the certificate holder's share in the profits of the musharika; or

(j) the financial cost of the securitization of receivables incurred by an Originator in the tax year from a Special Purpose Vehicle being the difference between the amount received by the Originator and the amount of receivables securitized from a Special Purpose Vehicle.

(2) Notwithstanding any other provision in this Ordinance, where any assets are transferred by an Originator, as a consequence of securitization 7[or issuance of sukuh], to a Special Purpose Vehicle, it shall be treated as a financing transaction irrespective of the method of accounting adopted by the Originator.

(3) In this section,-

"approved leasing company" means a leasing company approved by the 8[Board] for the purposes of clause (b) of sub-section (1); and

"approved modaraba" means a modaraba approved by the 8[Board] for the purposes of clause (b) of sub-section (1).

1-Substituted for the words “in deriving income chargeable to tax under the head “Income from Business” vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

2-Substituted for the words “in deriving income chargeable to tax under the head “Income from Business” vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

3-For the full stop and thereafter Proviso substituted by Finance Act, 2020, dated 30-06-2020

4-Substituted for the words “in deriving income chargeable to tax under the head “Income from Business” vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

5-The words “Small Business Finance Corporation (hereinafter referred to as “the Corporation” were substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

6-Substituted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

7-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)

8-The words “Central Board of Revenue” substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**29. Bad debts.-** (1) A person shall be allowed a deduction for a bad debt in a tax year if the following conditions are satisfied, namely:-

(a) the amount of the debt was -

(i) previously included in the person's income from business chargeable to tax; or
(ii) in respect of money lent by a financial institution in deriving income from business chargeable to tax;

(b) he debt or part of the debt is written off in the accounts of the person in the tax year; and

(c) there are reasonable grounds for believing that the debt is irrecoverable.

(2) The amount of the deduction allowed to a person under this section for a tax year shall not exceed the amount of the debt written off in the accounts of the person in the tax year.

(3) Where a person has been allowed a deduction in a tax year for a bad debt and in a subsequent tax year the person receives in cash or kind any amount in respect of that debt, the following rules shall apply, namely:-

(a) Where the amount received exceeds the difference between the whole of such bad debt and the amount previously allowed as a deduction under this section, the excess shall be included in the person's income under the head "Income from Business" for the tax year in which it was received; or

(b) where the amount received is less than the difference between the whole of such bad debt and the amount allowed as a deduction under this section, the shortfall shall be allowed as a bad debt deduction in computing the person's income under the head "Income from Business" for the tax year in which it was received.

1**[29A. Provision regarding consumer loans.-** (1) A 2[***] 3[non-banking finance company or the House Building Finance Corporation] shall be allowed a deduction, not exceeding three per cent of the income for the tax year, arising out of consumer loans for creation of a reserve to off-set bad debts arising out of such loans.

(2) Where bad debt cannot be wholly set off against reserve, any amount of bad debt, exceeding the reserves shall be carried forward for adjustment against the reserve for the following years.]

4[**Explanation**.-In this section, "consumer loan" means a loan of money or its equivalent made by 5[***] a non-banking finance company or the House Building Finance Corporation to a debtor (consumer) and the loan is entered primarily for personal, family or household purposes and includes debts created by the use of a lender credit card or similar arrangement as well as insurance premium financing.]

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words "banking company or" omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
3-Inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
4-Added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
5-The words "a banking company or" omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**30. Profit on non-performing debts of a banking company or development finance institution.-** (1) A banking company or development finance institution 1[or Non-Banking Finance Company (NBFC) or modaraba] shall be allowed a deduction for any profit accruing on a non-performing debt of the banking company or institution 2[or Non-Banking Finance Company (NBFC) or modaraba] where the profit is credited to a suspense account in accordance with the Prudential Regulations for Banks or 3[Non-Banking Finance Company or modaraba] Non-bank Financial Institutions, as the case may be, issued by the State Bank of Pakistan 4[or the Securities and Exchange Commission of Pakistan].

(2) Any profit deducted under sub-section (1) that is subsequently recovered by the banking company or development finance institution 5[or Non-Banking Finance Company (NBFC) or modaraba] shall be included in the income of the company or institution 6[or Non-Banking Finance Company (NBFC) or modaraba] chargeable under the head "Income from Business" for the tax year in which it is recovered.

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Substituted for the words "Non-bank Financial Institutions" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
5-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**31. Transfer to participatory reserve.-** (1) Subject to this section, a company shall be allowed a deduction for a tax year for any amount transferred by the company in the year to a participatory reserve created under 1[section 66 of the Companies Act, 2017 (XIX of 2017)] in accordance with an agreement relating to participatory redeemable capital entered into between the company and a banking company as defined in the 2[Financial Institutions (Recovery of Finances) Ordinance, 2001 (XLVI of 2001).]

(2) The deduction allowed under subsection (1) for a tax year shall be limited to five per cent of the value of the company's participatory redeemable capital.

(3) No deduction shall be allowed under subsection (1) if the amount of the tax exempted accumulation in the participatory reserve exceeds ten per cent of the amount of the participatory redeemable capital.

(4) Where any amount accumulated in the participatory reserve of a company has been allowed as a deduction under this section is applied by the company towards any purpose other than payment of share of profit on the participatory redeemable capital or towards any purpose not allowable for deduction or exemption under this Ordinance the amount so applied shall be included in the income from business of the company in the tax year in which it is so applied.

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1-For the expression "section 120 of the Companies Ordinance, 1984 (XLVII of 1984) substituted by Finance Act, 2021, dated 30-06-2021

2-Substituted for the expression "Banking Tribunals Ordinance, 1984" vide the Finance Act, 2014

## Division IV
## Tax Accounting

**32. Method of accounting.**- 1[(1) Subject to this Ordinance, a person's income chargeable to tax shall be computed in accordance with the method of accounting regularly employed by such person.]

(2) Subject to sub-section (3), a company shall account for income chargeable to tax under the head "Income from Business" on an accrual basis, while other persons may account for such income on a cash or accrual basis.

(3) The 2[Board] may prescribe that any class of persons shall account for income chargeable to tax under the head "Income from Business" on a cash or accrual basis.

(4) A person may apply, in writing, for a change in the person's method of accounting and the Commissioner may, by 3[order] in writing, approve such an application but only if satisfied that the change is necessary to clearly reflect the person's income chargeable to tax under the head "Income from Business".

(5) If a person's method of accounting has changed, the person shall make adjustments to items of income, deduction, or credit, or to any other items affected by the change so that no item is omitted and no item is taken into account more than once.

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1-Substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (1) was as under:--

"(1) A person's income chargeable to tax under the head ―Income from Business shall be computed in accordance with the method of accounting regularly employed by the person."

2-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

3-Substituted for the word "notice" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**33. Cash-basis accounting.-** A person accounting for income chargeable to tax under the head "Income from Business" on a cash basis shall derive income when it is received and shall incur expenditure when it is paid.

**34. Accrual-basis accounting.-** (1) A person accounting for income chargeable to tax under the head "Income from Business" on an accrual basis shall derive income when it is due to the person and shall incur expenditure when it is payable by the person.

(2) Subject to this Ordinance, an amount shall be due to a person when the person becomes entitled to receive it even if the time for discharge of the entitlement is postponed or the amount is payable by installments.

(3) Subject to this Ordinance, an amount shall be payable by a person when all the events that determine liability have occurred and the amount of the liability can be determined with reasonable accuracy 1[***].

2[***]

(5) Where a person has been allowed a deduction for any expenditure incurred in deriving income chargeable to tax under the head "Income from Business" and the person has not paid the liability or a part of the liability to which the deduction relates within three years of the end of the tax year in which the deduction was allowed, the unpaid amount of the liability shall be chargeable to tax under the head "Income from Business" in the first tax year following the end of the three years.

3[(5A) Where a person has been allowed a deduction in respect of a trading liability and such person has derived any benefit in respect of such trading liability, the value of such benefit shall be chargeable to tax under 4[the] head "Income from Business" for the tax year in which such benefit is received.]

(6) Where an unpaid liability is chargeable to tax as a result of the application of sub-section (5) and the person subsequently pays the liability or a part of the liability, the person shall be allowed a deduction for the amount paid in the tax year in which the payment is made.

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1-The comma and words ", but not before economic performance occurs" omitted vide the Finance Act, 2004

2-Sub-section (4) was omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

"(4) For the purposes of sub-section (3), economic performance shall occur-

(a) in the case of the acquisition of services or assets, at the time the services or assets are provided;

(b) in the case of the use of assets, at the time the assets are used; and

(c) in any other case, at the time payment is made in full satisfaction of the liability."

3-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

4-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

**35. Stock-in-trade.-** (1) For the purposes of determining a person's income chargeable to tax under the head "Income from Business" for a tax year, the cost of stock-in-trade disposed of by the person in the year shall be computed in accordance with the following formula, namely:-

(A + B) - C

where -

A is the opening value of the person's stock-in-trade for the year;

B cost of stock-in-trade acquired by the person in the year; and

C the closing value of stock-in-trade for the year.

(2) The opening value of stock-in-trade of a person for a tax year shall be -

(a) the closing value of the person's stock-in-trade at the end of the previous year; or
(b) where the person commenced to carry on business in the year, the fair market value of any stock-in-trade acquired by the person prior to the commencement of the business.

(3) The fair market value of stock-in-trade referred to in clause (b) of sub-section (2) shall be determined at the time the stock-in-trade is ventured in the business.

(4) The closing value of a person's stock-in-trade for a tax year shall be the lower of cost or 1[net realizable] value of the person's stock-in-trade on hand at the end of the year.

(5) A person accounting for income chargeable to tax under the head "Income from Business" on a cash basis may compute the person's cost of stock-in- trade on the prime-cost method or absorption-cost method, and a person accounting for such income on an accrual basis shall compute the person's cost of stock-in-trade on the absorption-cost method.

(6) Where particular items of stock-in-trade are not readily identifiable, a person may account for that stock on the first-in-first-out method or the average-cost method but, once chosen, a stock valuation method may be changed only with the written permission of the Commissioner and in accordance with any conditions that the Commissioner may impose.

(7) In this section,-

"absorption-cost method" means the generally accepted accounting principle under which the cost of an item of stock-in-trade is the sum of direct material costs, direct labour costs, and factory overhead costs;

"average-cost method" means the generally accepted accounting principle under which the valuation of stock-in-trade is based on a weighted average cost of units on hand;

"direct labour costs" means labour costs directly related to the manufacture or production of stock-in-trade;

"direct material costs" means the cost of materials that become an integral part of the stock- in-trade manufactured or produced, or which are consumed in the manufacturing or production process;

"factory overhead costs" means the total costs of manufacturing or producing stock-in-trade, other than direct labour and direct material costs;

"first-in-first-out method" means the generally accepted accounting principle under which the valuation of stock-in-trade is based on the assumption that stock is sold in the order of its acquisition;

"prime-cost method" means the generally accepted accounting principle under which the cost of stock-in-trade is the sum of direct material costs, direct labour costs, and variable factory overhead costs;

"stock-in-trade" means anything produced, manufactured, purchased, or otherwise acquired for manufacture, sale or exchange, and any materials or supplies to be consumed in the production or manufacturing process, but does not include stocks or shares; and

"variable factory overhead costs" means those factory overhead costs which vary directly with changes in volume of stock-in-trade manufactured or produced.

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1-Substituted for the words "fair market" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**36. Long-term contracts.-** (1) A person accounting for income chargeable to tax under the head "Income from Business" on an accrual basis shall compute such income arising for a tax year under a long-term contract on the basis of the percentage of completion method.

(2) The percentage of completion of a long-term contract in a tax year shall be determined by comparing the total costs allocated to the contract and incurred before the end of the year with the estimated total contract costs as determined at the commencement of the contract.

(3) In this section,-

"long-term contract" means a contract for manufacture, installation, or construction, or, in relation to each, the performance of related services, which is not completed within the tax year in which work under the contract commenced, other than a contract estimated to be completed within six months of the date on which work under the contract commenced; and

"percentage of completion method" means the generally accepted accounting principle under which revenue and expenses arising under a long-term contract are recognized by reference to the stage of completion of the contract, as modified by sub-section (2).

## PART V
## HEAD OF INCOME: CAPITAL GAINS

**37. Capital gains.-** (1) Subject to this Ordinance, a gain arising on the disposal of a capital asset by a person in a tax year, other than a gain that is exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head "Capital Gains".

1[(1A) Notwithstanding anything contained in sub-sections (1) and (3), gain 2[under sub-sections (3A) 3[***] 4[***] by a person in a tax year, shall be chargeable to tax in that year under the head Capital Gains at the rates specified in Division VIII of Part of the First Schedule]

(2) Subject to sub-sections (3) and (4), the gain arising on the disposal of a capital asset by a person shall be computed in accordance with the following formula, namely:-

A - B
Where-

A is the consideration received by the person on disposal of the asset; and
B is the cost of the asset.

(3) Where a capital asset has been held by a person for more than one year 5[other than shares of public companies including the vouchers of Pakistan Telecommunication Corporation, modaraba certificates or any instrument of redeemable capital as defined in the 6[Companies Act, 2017 (XIX of 2017)], the amount of any gain arising on disposal of the asset shall be computed in accordance with the following formula, namely:-

A x 3/4
where A is the amount of the gain determined under sub-section (2).

7[(3A) Notwithstanding anything contained in sub-scction (3), the amount of any gain arising on disposal of an immovable property shall be computed in accordance with the formula specified in the Table below, namely:-

**TABLE**

| S. No. | Holding period | Gain |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Where the holding period of an immoveable properly does not exceed one year | A |
| 2. | Where the holding period of an immoveable property exceeds one year but does not exceed two years | A x 3/4 |
| 3. | Where the holding period of an immoveable property exceeds two years but does not exceed three years | A x 1/2 |
| 4. | Where the holding period of an immoveable property exceeds three years but does not exceed four Years | A x 1/4 |
| 5. | Where the holding period of an immoveable property exceeds four years | 0 |

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

8[***]

(4) For the purposes of determining component B of the formula in sub-section (2), no amount shall be included in the cost of a capital asset for any expenditure incurred by a person-

(a) that is or may be deducted under another provision of this Chapter; or
(b) that is referred to in section 21

9[(4A) Where the capital asset becomes the property of the person -

(a) under a gift, 10[from a relative as defined in sub-section (5) of section 85] bequest or will;
(b) by succession, inheritance or devolution;
(c) a distribution of assets on dissolution of an association of persons; or
(d) on distribution of assets on liquidation of a company, the fair market value of the asset, on the date of its transfer or acquisition by the person shall be treated to be the cost of the asset 11[:]

11[Provided that, if the capital asset acquired through gift is disposed of within two years of acquisition and the Commissioner is satisfied that such gift arrangement is a part of tax avoidance scheme, then the provisions of sub-section (3) of section 79 shall apply for the purpose of determining the cost of asset in the hands of recipient of the gift.]

(5) In this section, "capital asset" means property of any kind held by a person, whether or not connected with a business, but does not include -

12[(a) any stock-in-trade 13[***], consumable stores or raw materials held for the purpose of business;]

(b) any property with respect to which the person is entitled to a depreciation deduction under section 22 or amortization deduction under section 24; 14[or]

15[***]

(d) any movable property 16[excluding capital assets specified in sub-section (5) of section 38] held for personal use by the person or any member of the person's family dependent on the person17[.]

18[***]

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1-Sub-section (1A) inserted vide the Finance Act, 2012
2-Substituted for the words "arising on the disposal of immoveable property" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
3-Expression "3B" omitted by Finance Act, 2021, dated 30-06-2021
4-The words and comma "held for a period upto two years," omitted by the Finance Act, 2014
5-The words comma brackets and figures inserted vide the Finance Act, 2010 (XVI of 2010)
6-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021
7-For sub-section "(3A)" substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as under:
[(3A) Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of immovable property being an open plot shall be computed in accordance with the formula specified in the Table below, namely:-

TABLE

| S. No. | Holding Period | Gain |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Where the holding period of open plot does not exceed one year | A |
| 2. | Where the holding period of open plot exceeds one year but does not exceed eight years | A x ¾ |
| 3. | Where the holding period of open plot exceeds eight years | 0 |

where A is the amount of the gain determined under sub-section (2).
8-Sub-section "(3B)" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:
(3B) Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of immovable property being a constructed property shall be computed in accordance with the formula specified in the Table below, namely:-

TABLE

| S. No. | Holding Period | Gain |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Where the holding period of constructed property does not exceed one year | A |
| 2. | Where the holding period of constructed property exceeds one year but does not exceed four years | A x ¾ |

| | | |
|---|---|---|
| 3. | Where the holding period of constructed property exceeds four years | 0 |

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

9-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

10-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

11-For the full stop and thereafter Proviso added by Finance Act, 2021, dated 30-06-2021

12-Substituted for "(a) any stock-in-trade;" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

13- The brackets and words (not being stocks and shares) omitted vide the Finance Act, 2010 (XVI of 2010)

14-The word added vide the Finance Act, 2012

15-Clause (c) omitted vide the Finance Act, 2012. At the time of omission clause (c) was as under:--

"C. any immoveable property; i[or]

i. The word added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

16-Substituted for the brackets, commas and words "(including wearing apparel, jewellery, or furniture)" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

17-Substituted for "; or" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

18-Clause (e) Omitted vide Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

"(e) any modaraba certificate or any instrument of redeemable capital listed on any stock exchange or shares of a public company."

1**[37A. Capital gains on sale of securities.-** (1) The capital gain arising on or after the first day of July 2010, from disposal of securities 2[***] 3[,other than a gain that is exempt from tax under this Ordinance], shall be chargeable to tax at the rates specified in Division VII of the First Schedule:

4[***]

Provided 5[***] that this section shall not apply to a banking company and an insurance company

6[(1A) The gain arising on the disposal of a security by a person shall be computed in accordance with the following formula, namely:-

A - B
Where-

(i) 'A' is the consideration received by the person on disposal of the security; and

(ii) 'B' is the cost of acquisition of the security.]

(2) The holding period of a security, for the purposes of this section, shall be reckoned from the date of acquisition (whether before, on or after the thirtieth day of June, 2010) to the date of disposal of such security falling after the thirtieth day of June, 2010.

(3) For the purposes of this section "security" means share of a public company, voucher of Pakistan Telecommunication Corporation, Modaraba Certificate, an instrument of redeemable capital 7[, debt securities] 8[, unit of exchange traded fund] and derivative products.

9[(3A) For the purpose of this section, "debt securities" means-

(a) Corporate Debt Securities such as Term Finance Certificates (TFCs), Sukuk Certificates (Sharia Compliant Bonds), Registered Bonds, Commercial Papers, Participation Term Certificates (PTCs) and all kinds of debt instruments issued by any Pakistani or foreign company or corporation registered in Pakistan; and
(b) Government Debt Securities such as Treasury Bills (T-bills), Federal Investment Bonds (FIBs), Pakistan Investment Bonds (PIBs), Foreign Currency Bonds, Government Papers, Municipal Bonds, Infrastructure Bonds and all kinds of debt instruments issued by Federal Government, Provincial Governments, Local Authorities and other statutory bodies.]

10[Explanation: For removal of doubt it is clarified that derivative products include future commodity contracts entered into by the members of Pakistan Mercantile Exchange whether or not settled by physical delivery.]

11[(3B) For the purpose of this section, "shares of a public company" shall be considered as security if such company is a public company at the time of disposal of such shares.]

(4) Gain under this section shall be treated as a separate block of income.

(5) Notwithstanding anything contained in this Ordinance, where a person sustains a loss on disposal of securities in a tax year, the loss shall be set off only against the gain of the person from any other securities chargeable to tax under this section and no loss shall be carried forward to the subsequent tax year] 12[:]

13[(6) To carry out purpose of this section, the Board may prescribe rules.]

14[Provided that so much of the loss sustained on disposal of securities in tax year 2019 and onwards that has not been set off against the gain of the person from disposal of securities chargeable to tax under this section shall be carried forward to the following tax year and set off only against the gain of the person from disposal of securities chargeable to tax under this section, 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 computed.]

1-Added vide Finance Act, 2010 (XVI of 2010)
2-The words “held for a period of less than a year” were omitted vide Finance Act, 2015
3-The comma and words inserted vide the Finance Act, 2012. Same amendment was made earlier by the Finance (Amendment) Ordinance, 2012 (III of 2012 promulgated on 24th April, 2012)
4-Proviso was omitted vide the Finance Act, 2014
5-The word “further” was omitted vide the Finance Act, 2014
6-Sub-section (1A) added vide the Finance Act, 2012
7-Inserted vide the Finance Act, 2014
8-Words added by Finance Act, 2021, dated 30-06-2021
9-Inserted vide the Finance Act, 2014
10-Added vide the Finance Act, 2016 (XXIX of 2016)
11-Sub-section “(3A)” inserted by Finance Act, 2020, dated 30-06-2020
12-Substituted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
13-Sub-section “(6)” added by Finance Act, 2021, dated 30-06-2021
14-Added vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019

**38. Deduction of losses in computing the amount chargeable under the head "Capital Gains".-** (1) Subject to this Ordinance, in computing the amount of a person chargeable to tax under the head "Capital Gains" for a tax year, a deduction shall be allowed for any loss on the disposal of a capital asset by the person in the year.

(2) No loss shall be deducted under this section on the disposal of a capital asset where a gain on the disposal of such asset would not be chargeable to tax.

(3) The loss arising on the disposal of a capital asset by a person shall be computed in accordance with the following formula, namely:-

A - B

A is the cost of the asset; and
B is the consideration received by the person on disposal of the asset.

(4) The provisions of sub-section (4) of section 37 shall apply in determining component A of the formula in sub-section (3).

(5) No loss shall be recognized under this Ordinance on the disposal of the following capital assets, namely:-

(a) A painting, sculpture, drawing or other work of art;
(b) jewellery;
(c) a rare manuscript, folio or book;
(d) a postage stamp or first day cover;
(e) a coin or medallion; or
(f) an antique.

## PART VI
## HEAD OF INCOME: INCOME FROM OTHER SOURCES

**39. Income from other sources.-** (1) Income of every kind received by a person in a tax year, 1[if it is not included in any other head,] other than income exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head "Income from Other Sources", including the following namely:-

(a) 2[Dividend;]

(b) 3[royalty;]

(c) profit on debt;

4[(cc) additional payment on delayed refund under any tax law;]

(d) ground rent;

(e) rent from the sub-lease of land or a building;

(f) income from the lease of any building together with plant or machinery;

5[(fa) income from provision of amenities, utilities or any other service connected with renting of building;]

(g) any annuity or pension;

(h) any prize bond, or winnings from a raffle, lottery 6[, prize on winning a quiz, prize offered by companies for promotion of sale] or cross-word puzzle;

(i) any other amount received as consideration for the provision, use or exploitation of property, including from the grant of a right to explore for, or exploit, natural resources;

(j) the fair market value of any benefit, whether convertible to money or not, received in connection with the provision, use or exploitation of property; 7[***]

(k) any amount received by a person as consideration for vacating the possession of a building or part thereof, reduced by any amount paid by the person to acquire possession of such building or part thereof; 8[***]

9[(l) any amount received by a person from Approved Income Payment Plan or Approved Annuity Plan under Voluntary Pension System Rules, 2005 10[; and]

11[(la) subject to sub-section (3), any amount or fair market value of any property received without consideration or received as gift, other than gift received from 12[relative as defined in sub-section (5) of section 85].]

13[***]

(2) Where a person receives an amount referred to in clause (k) of sub-section (1), the amount shall be chargeable to tax under the head "Income from Other Sources" in the tax year in which it was received and the following nine tax years in equal proportion.

(3) Subject to sub-section (4), any amount received as a loan, advance, deposit 14[for issuance of shares] or gift by a person in 15[a tax year] from another person (not being a banking company or financial institution) otherwise than by a crossed cheque drawn on a bank or through a banking channel from a person holding a National Tax Number 16[***] shall be treated as income chargeable to tax under the head "Income from Other Sources" for the tax year in which it was received.

(4) Sub-section (3) shall not apply to an advance payment for the sale of goods or supply of services.

17[(4A) Where -

(a) any profit on debt derived from investment in National Savings Deposit Certificates including Defence Savings Certificate paid to a person in arrears or the amount received includes profit chargeable to tax in the tax year or years preceding the tax year in which it is received; and

(b) as a result the person is chargeable at higher rate of tax than would have been applicable if the profit had been paid to the person in the tax year to which it relates, the person may, by notice in writing to the Commissioner, elect for the profit to be taxed at the rate of tax that would have been applicable if the profit had been paid to the person in the tax year to which it relates.]

18[(4B) An election under sub-section (4A) shall be made by the due date for furnishing the person's return of income for the tax year in which the amount was received or by such later date as the Commissioner may allow by an order in writing.]

(5) This section shall not apply to any income received by a person in a tax year that is chargeable to tax under any other head of income or subject to tax under section 19[5, 5AA, 6, 7 or 7B].

20[***]

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1-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Substituted for the word "Dividends" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Substituted for the word "royalties" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-Clause (cc) added vide the Finance Act, 2012
5-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
7-The word 'and" was omitted vide the Finance Act, 2014
8-Omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
9-Added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
10-Substituted for the word "and" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
11-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
12-For the expression "grandparents, parents, spouse, brother, sister, son or a daughter" substituted by Finance Act, 2021, dated 30-06-2021.
13-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of omission clause (m) was as under:--
(m) income arising to the shareholder of a company, from the issuance of bonus shares.]
14-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
15-Substituted for the words "an income year" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
16-The word "Card" was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
17-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
18-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
19-For the expression "5, 6, 7" Substituted by Finance Act, 2021, dated 30-06-2021
20-Sub-section (6) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission sub-section (6) was as under:-
"(6) Expenditure is of a capital nature if it has a normal useful life of more than one year."

**40. Deductions in computing income chargeable under the head "Income from Other Sources".-** (1) Subject to this Ordinance, in computing the income of a person chargeable to tax under the head "Income from Other Sources" for a tax year, a deduction shall be allowed for any expenditure paid by the person in the year to the extent to which the expenditure is paid in deriving income chargeable to tax under that head, other than expenditure of a capital nature.

(2) A person receiving any profit on debt chargeable to tax under the head "Income from Other Sources" shall be allowed a deduction for any Zakat paid by the person 1[***] under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), at the time the profit is paid to the person.

(3) A person receiving income referred to in clause 2[***] (f) of sub-section (1) of section 39 chargeable to tax under the head "Income from Other Sources" shall be allowed -

(a) a deduction for the depreciation of any plant, machinery or building used to derive that income in accordance with section 22; and

(b) an initial allowance for any plant or machinery used to derive that income in accordance with section 23.

(4) No deduction shall be allowed to a person under this section to the extent that the expenditure is deductible in computing the income of the person under another head of income.

(5) The provisions of section 21 shall apply in determining the deductions allowed to a person under this section in the same manner as they apply in determining the deductions allowed in computing the income of the person chargeable to tax under the head "Income from Business".

3[(6) Expenditure is of a capital nature if it has a normal useful life of more than one year.]

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1-The words "on the profit" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The brackets, letter and word "(e) or" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

## PART VII
## EXEMPTIONS AND TAX CONCESSIONS

**41. Agricultural income.-** (1) Agricultural income derived by a person shall be exempt from tax under this Ordinance.

(2) In this section, "agricultural income" means,-

(a) any rent or revenue derived by a person from land which is situated in Pakistan and is used for agricultural purposes;

(b) any income derived by a person from land situated in Pakistan from -

(i) agriculture;

(ii) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by such person to render the produce raised or received by the person fit to be taken to market; or

(iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by such person, in respect of which no process has been performed other than a process of the nature described in sub-clause (ii); or

(c) any income derived by a person from -

(i) any building owned and occupied by the receiver of the rent or revenue of any land described in clause (a) or (b);

(ii) any building occupied by the cultivator, or the receiver of rent-in-kind, of any land in respect of which, or the produce of which, any operation specified in sub-clauses (ii) or (iii) of clause (b) is carried on,

but only where the building is on, or in the immediate vicinity of the land and is a building which the receiver of the rent or revenue, or the cultivator, or the receiver of the rent-in-kind by reason of the person's connection with the land, requires as a dwelling-house, a store-house, or other out-building.

**42. Diplomatic and United Nations exemptions.-** (1) The income of an individual entitled to privileges under the Diplomatic and Consular Privileges Act, 1972 (IX of 1972) shall be exempt from tax under this Ordinance to the extent provided for in that Act.

(2) The income of an individual entitled to privileges under the United Nations (Privileges and Immunities) Act, 1948 (XX of 1948), shall be exempt from tax under this Ordinance to the extent provided for in that Act.

(3) Any pension received by a person, being a citizen of Pakistan, by virtue of the person's former employment in the United Nations or its specialized agencies (including the International Court of Justice) provided the person's salary from such employment was exempt under this Ordinance.

**43. Foreign government officials.-** Any salary received by an employee of a foreign government as remuneration for services rendered to such government shall be exempt from tax under this Ordinance provided -

(a) the employee is a citizen of the foreign country and not a citizen of Pakistan;

(b) the services performed by the employee are of a character similar to those performed by employees of the Federal Government in foreign countries; 1[and]

(c) the foreign government grants a similar exemption to employees of the Federal Government performing similar services in such foreign country 2[.]

3[***]

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1-Added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Substituted for the comma and word ", and" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Clause (d) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clause (d) was as under:--
"(d) the income is subject to tax in that foreign country.

**44. Exemptions under international agreements.-** (1) Any Pakistan-source income which Pakistan is not permitted to tax under a tax treaty shall be exempt from tax under this Ordinance.

(2) Any salary received by an individual (not being a citizen of Pakistan) shall be exempt from tax under this Ordinance to the extent provided for in an Aid Agreement between the Federal Government and a foreign government or public international organization, where -

(a) the individual is either 1[not a resident] individual or a resident individual solely by reason of the performance of services under the Aid Agreement;

(b) if the Aid Agreement is with a foreign country, the individual is a citizen of that country; and

(c) the salary is paid by the foreign government or public international organization out of funds or grants released as aid to Pakistan in pursuance of such Agreement.

(3) Any income received by a person (not being a citizen of Pakistan) engaged as a contractor, consultant, or expert on a project in Pakistan shall be exempt from tax under this Ordinance to the extent provided for in a bilateral or multilateral technical assistance agreement between the Federal Government and a foreign government or public international organization, where -

(a) the project is financed out of grant funds in accordance with the agreement;

(b) the person is either a non-resident person or a resident person solely by reason of the performance of services under the agreement; and

(c) the income is paid out of the funds of the grant in pursuance of the agreement.

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1-Substituted for the words “a non-resident” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**45. President's honours.-** (1) Any allowance attached to any Honor, Award, or Medal awarded to a person by the President of Pakistan shall be exempt from tax under this Ordinance.

(2) Any monetary award granted to a person by the President of Pakistan shall be exempt from tax under this Ordinance.

**46. Profit on debt.-** Any profit received by a non-resident person on a security issued by a resident person shall be exempt from tax under this Ordinance where-

(a) the persons are not associates;

(b) the security was widely issued by the resident person outside Pakistan for the purposes of raising a loan outside Pakistan for use in a business carried on by the person in Pakistan;

(c) the profit was paid outside Pakistan; and

(d) the security is approved by the 1[Board] for the purposes of this section.

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1-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**47. Scholarships.-** Any scholarship granted to a person to meet the cost of the person's education shall be exempt from tax under this Ordinance, other than where the scholarship is paid directly or indirectly by an associate.

**48. Support payments under an agreement to live apart.-** 1[Any income received by a spouse as support payment under an agreement to live apart] shall be exempt from tax under this Ordinance.

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1-Substituted for the words "Any support payment received by a spouse under an agreement to live apart" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**49. Federal** 1**[Government,] Provincial Government, and 2[Local Government] income.-** (1) The income of the Federal Government shall be exempt from tax under this Ordinance.

(2) The income of a Provincial Government or a 3[Local Government] in Pakistan shall be exempt from tax under this Ordinance, other than income chargeable under the head "Income from Business" derived by a Provincial Government or 4[Local Government] from a business carried on outside its jurisdictional area.

5[(3) Subject to sub-section (2), any payment received by the Federal Government, a Provincial Government or a 6[Local Government] shall not be liable to any collection or deduction of advance tax.]

7[(4) Exemption under this section shall not be available in the case of corporation, company, a regulatory authority, a development authority, other body or institution established by or under a Federal law or a Provincial law or an existing law or a corporation, company, a regulatory authority, a development authority or other body or institution set up, owned and controlled, either directly or indirectly, by the Federal Government or a Provincial Government, regardless of the ultimate destination of such income as laid down in Article 165A of the Constitution of the Islamic Republic of Pakistan 8[:]]

9[Provided that the income from sale of spectrum licenses 10[and renewal thereof] by Pakistan Telecommunication Authority on behalf of the Federal Government after the first day of March 2014 shall be treated as income of the Federal Government and not of the Pakistan Telecommunication Authority.]

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1-The word "and" substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
2-The words "local authority" substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
3-The words "local authority" substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
4-The words "local authority" substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
5-Added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
6-The words "local authority" substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
7-Added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
8-Substituted for the full stop vide the Finance Act, 2014
9-Added vide the Finance Act, 2014
10-Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019

**50. Foreign-source income of short-term resident individuals.-** (1) Subject to sub-section (2), the foreign-source income of an individual 1[***]-

(a) who is a resident individual solely by reason of the individual's employment; and

(b) who is present in Pakistan for a period or periods not exceeding three years, shall be exempt from tax under this Ordinance.

(2) This section shall not apply to -

(a) any income derived from a business of the person established in Pakistan; or

(b) any foreign-source income brought into or received in Pakistan by the person.

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1-The brackets and words "(other than a citizen of Pakistan)" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**51. Foreign-source income of returning expatriates.-** 1[(1)] Any foreign-source income derived by a citizen of Pakistan in a tax year who was not a resident individual in any of the four tax years preceding the tax year in which the individual became a resident shall be exempt from tax under this Ordinance in the tax year in which the individual became a resident individual and in the following tax year.

2[(2) Where a citizen of Pakistan leaves Pakistan during a tax year and remains abroad during that tax year, any income chargeable under the head "Salary" earned by him outside Pakistan during that year shall be exempt from tax under this Ordinance.]

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1-Section (51) numbered as sub-section (1) of section 51 was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-Added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**1[Omitted]**

1-Section (52) omitted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission section 52 was as under:--

"52. Non-resident shipping and airline enterprises.- (1) Subject to sub-section (2), any income of a nonresident person, for the time being approved by the Federal Government for the purpose of this section, from the operation of ships and aircraft in international traffic shall be exempt from tax under this Ordinance, other than income from ships and aircraft operated principally to transport passengers, livestock, mail, or goods exclusively between places in Pakistan.

(2) Sub-section (1) shall not apply to a non-resident person where the person's country of residence does not allow a similar exemption to a resident of Pakistan."

**53. Exemptions and tax concessions in the Second Schedule.-** (1) The income or classes of income, or persons or classes of persons specified in the Second Schedule shall be -

(a) exempt from tax under this Ordinance, subject to any conditions and to the extent specified therein;

(b) subject to tax under this Ordinance at such rates, which are less than the rates specified in the First Schedule, as are specified therein;

(c) allowed a reduction in tax liability under this Ordinance, subject to any conditions and to the extent specified therein; or

(d) exempted from the operation of any provision of this Ordinance, subject to any conditions and to the extent specified therein.

1[ 2[***] ]

(2) The 3[Federal Government or] 4[Board with the approval of the Federal Minister-in-charge may, from time to time, pursuant to the approval of the Economic Coordination Committee of the Cabinet]] whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, 5[***] 6[,] implementation of bilateral and multilateral agreements 7[or granting an exemption from any tax imposed under this Ordinance including a reduction in the rate of tax imposed under this Ordinance or a reduction in tax liability under this Ordinance or an exemption from the operation of any provision of this Ordinance to any international financial institution or foreign Government owned financial institution operating under an agreement, memorandum of under-standing or any other arrangement with the Government of Pakistan]], by notification in the official Gazette, make such amendment in the Second Schedule by-

(a) adding any clause or condition therein;

(b) omitting any clause or condition therein; or

(c) making any change in any clause or condition therein, as the Government may think fit, and all such amendments shall have effect in respect of any tax year beginning on any date before or after the commencement of the financial year in which the notification is issued.

(3) The Federal Government shall place before the National Assembly all amendments made by it to the Second Schedule in a financial year.

8[(4) Any notification issued after the promulgation of Finance Act, 2015, under sub-section (2) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued 9[:

Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from the first day of July, 2016 and shall continue to be in force till the thirtieth day of June, 2018, if not earlier rescinded:

Provided further that all notifications issued on or after the first day of July, 2016 and placed before the National Assembly as required under sub-section (3) shall continue to remain in force till the thirtieth day of June, 2018, if not earlier rescinded by the Federal Government or the National Assembly.]

1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Sub-section (1A) was omitted vide the Finance Act, 2012. At the time of omission sub-section (1A) was as under:--
"(1A) Where any income which is exempt from tax under any provision of the Second Schedule, such income, as may be specified in the said Schedule and subject to such conditions as may be specified therein, shall be included in the total income, however the tax shall not be payable in respect of such income."
Initially, sub-section (1A) inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Words inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
4-Substututed for the words "Federal Government may" by Finance Act, 2021, dated 30-06-2021. Earlier for the word "Board with the approval of Federal Minister-in-charge may, from time to time pursuant to the approval of the Economic Coordination Committee of Cabinet" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
5-Omitted for the words "removal of anomalies in taxes, development of backward areas," vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
6-Substituted for the word "and" vide the Finance Act, 2016 (XXIX of 2016)
7-Inserted vide the Finance Act, 2016 (XXIX of 2016)
8-Added vide Finance Act, 2015
9-For the full stop, a colon was substituted and thereafter provisos were added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**54. Exemptions and tax provisions in other laws.-** No provision in any other law providing for -

(a) an exemption from any tax imposed under this Ordinance;

(b) a reduction in the rate of tax imposed under this Ordinance;

(c) a reduction in tax liability of any person under this Ordinance; or

(d) an exemption from the operation of any provision of this Ordinance,

shall have legal effect unless also provided for in this Ordinance 1[.]

2[***]

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1-The colon was substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). Earlier it was substituted for the full stop vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-The proviso was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission proviso was as under:--

"Provided that any exemption from income tax or a reduction in the rate of tax or a reduction in tax liability of any person or an exemption from the operation of any provision of this Ordinance provided in any other law and in force on the commencement of this Ordinance shall continue to be available unless withdrawn."

Initially: Proviso was added vide the Finance Act, Act, 2003 (I of 2003 assented on 16th June, 2003)

Initially: The words inserted vide the Finance Act, Act, 2004 (I of 2004 assented on 30th June, 2004)

**55. Limitation of exemption.-** (1) Where any income is exempt from tax under this Ordinance, the exemption shall be, in the absence of a specific provision to the contrary contained in this Ordinance, limited to the original recipient of that income and shall not extend to any person receiving any payment wholly or in part out of that income.

1[***]

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1-Sub-section 2 was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission sub-section (2) was as under:--

"(2) Where a person's income from business is exempt from tax under this Ordinance as a result of a tax concession, any loss sustained in the period of the exemption shall not be set off against the person's income chargeable to tax after the exemption expires."

## PART VIII
## LOSSES

**56. Set off of losses.-** (1) Subject to sections 58 and 59, where a person sustains a loss for any tax year under any head of income specified in section 11, the person shall be entitled to have the amount of the loss set off against the person's income, if any, chargeable to tax under any other head of income 1[except income under the head salary 2[***]] for the year.

(2) Except as provided in this Part, where a person sustains a loss under a head of income for a tax year that cannot be set off under sub-section (1), the person shall not be permitted to carry the loss forward to the next tax year.

(3) Where, 3[in a tax year,] a person sustains a loss under the head "Income from Business" and a loss under another head of income, the loss under the head "Income from Business shall be set off last.

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1-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
2-Words "or income from property" omitted by Finance Act, 2021, dated 30-06-2021
3-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

1**[56A. Set off of losses of companies operating hotels.-** Subject to sections 56 and 57, where a 2[public company as defined in the Companies Act, 2017 and] registered in Pakistan 3[, Gilgit- Baltistan] or Azad Jammu and Kashmir (AJ&K), operating hotels in Pakistan 4[, Gilgit-Baltistan] or AJ&K, sustains a loss in Pakistan 5[, Gilgit-Baltistan] or AJ&K for any tax year under the head "income from business" shall be entitled to have the amount of the loss set off against the company's income in Pakistan 6[, Gilgit-Baltistan] or AJ&K, as the case may be, from the tax year 2007 7[onward].]

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1-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-Substituted for the word "company" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
3-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
4-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
5-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
6-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
7-Substituted for the word "on word" vide the Finance Act, 2014

**57. Carry forward of business losses.-** (1) Where a person sustains a loss for a tax year under the head "Income from Business" (other than a loss to which 1[sub-section (4) or] section 58 applies) and the loss cannot be wholly set off under section 56, so much of the loss that has not been set off shall be carried forward to the following tax year and set off against the person's income chargeable under the head "Income from Business" for that year.

(2) If a loss sustained by a person for a tax year under the head "Income from Business" is not wholly set off under sub-section (1), then the amount of the loss not set off shall be carried forward to the following tax year and applied as specified in sub-section (1) in that year, and so on, but no loss can be carried forward to more than six tax years immediately succeeding the tax year for which the loss was first computed.

2[(2A) Where a loss, referred to in sub-section (2), relating to any assessment year commencing on or after 1st day of July, 1995, and ending on the 30th day of June 2001, is sustained by a banking company wholly owned by the Federal Government as on first day of June, 2002, which is approved by the State Bank of Pakistan for the purpose of this sub-section, the said loss shall be carried forward for a period of ten years.]

3[(2B) Where a loss, referred to in sub-section (2), relating to a tax year commencing on or after the first day of July, 2020 is sustained by a resident company engaged in the hotel business in Pakistan, the said loss shall be carried forward for a period of eight years.]

(3) Where a person has a loss carried forward under this section for more than one tax year, the loss of the earliest tax year shall be set off first.

4[(4) The loss attributable to deductions allowed under sections 22, 23, 5[***] 23B and 24 that has not been set off against income, the loss not set off shall be set off against fifty percent of the person's balance income chargeable under the head "income from business" after setting off loss under sub-section (1), in the following tax year and so on until completely set off:

Provided that such loss shall be set off against hundred percent of the said balance income if the taxable income for the year is less than ten million Rupees.]

(5) In determining whether a person's deductions under sections 22, 23 6[5[***], 23B] and 24 have been set off against income, the deductions allowed under those sections shall be taken into account last.

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

2-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

3-Sub-section "(2B)" inserted by Finance Act, 2020, dated 30-06-2020

4-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of omission sub-clause (4) was as under:--

(4) Where the loss referred to in sub-section (1) includes deductions allowed under sections 22, 23 3[23A, 23B] and 24 that have not been set off against income, the amount not set off shall be added to the deductions allowed under those sections in the following tax year, and so on until completely set off.

5-The expression "23A" omitted by by Finance Act, 2021, dated 30-06-2021. Earlier same was omitted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021.

6-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

1**[57A. Set off of business loss consequent to amalgamation.-** 2[(1) The assessed loss (excluding capital loss) for the tax year, other than brought forward and capital loss, of the amalgamating company or companies shall be set off against business profits and gains of the amalgamated company, and vice versa, in the year of amalgamation and where the loss is not adjusted against the profits and gains for the tax year the unadjusted loss shall be carried forward for adjustment up to a period of six tax years succeeding the year of amalgamation.]

(2) The provisions of sub-section (4) and (5) of section 57 shall, mutatis mutandis, apply for the purposes of allowing unabsorbed depreciation of amalgamating company or companies in the assessment of amalgamated company 3[and vice versa] 4[:]

5[Provided that the losses referred to in sub-section (1) and unabsorbed depreciation referred to in sub-section (2) shall be allowed set off subject to the condition that the amalgamated company continues the business of the amalgamating company for a minimum period of five years from the date of amalgamation.]

6[(2A).In case of amalgamation of Banking Company or Non-banking Finance Company, modarabas or insurance company, the accumulated loss under the head "Income from Business"(not being speculation business losses) of an amalgamating company or companies shall be set off or carried forward against the business profits and gains of the amalgamated company and vice versa, up to a period of six tax years immediately succeeding the tax year in which the loss was first computed in the case of amalgamated company or amalgamating company or companies:

Provided that the provisions of this sub-section shall in the case of Banking companies be applicable from July 1, 2007]

(3) Where any of the conditions as laid down by the State Bank of Pakistan or the Securities and Exchange Commission of Pakistan 7[or any court], as the case may be, in the scheme of amalgamation, are not fulfilled, the set off of loss or allowance for depreciation made in any tax year of the amalgamated company 8[or the amalgamating company or companies] shall be deemed to be the income of that amalgamated company 9[or the amalgamating company or companies, as the case may be,] for the year in which such default is discovered by the Commissioner or taxation officer, and all the provisions of this Ordinance shall apply accordingly.]

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1-Added vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
"(I) The accumulated loss under the head "Income from Business" (not being a loss to which section 58 applies) of an amalgamating company or companies shall be set off or carried forward against the business profits and gains of the amalgamated company i[and vice versa,] up to a period of six tax years immediately succeeding the tax year in which the loss was first computed in the case of ii[amalgamated company or] amalgamating company or companies."
i. The words and comma inserted vide Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
ii. The words inserted vide Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
3-Inserted vide Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
4-The full stop substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
5-Inserted vide Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
6-Inserted vide Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
7-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
8-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
9-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

**58. Carry forward of speculation business losses.-** (1) Where a person sustains a loss for a tax year in respect of a speculation business carried on by the person (hereinafter referred to as a "speculation loss"), the loss shall be set off only against the income of the person from any other speculation business of the person chargeable to tax for that year.

(2) If a speculation loss sustained by a person for a tax year is not wholly set off under sub-section (1), then the amount of the loss not set off shall be carried forward to the following tax year and applied against the income of any speculation business of the person in that year and applied as specified in sub-section (1) in that year, and so on, but no speculation loss shall be carried forward to more than six tax years immediately succeeding the tax year for which the loss was first computed.

(3) Where a person has a loss carried forward under this section for more than one tax year, the loss of the earliest tax year shall be set off first.

**59. Carry forward of capital losses.-** (1) Where a person sustains a loss for a tax year under the head "Capital Gains"(hereinafter referred to as a "capital loss"), the loss shall not be set off against the person's income, if any, chargeable under any other head of income for the year, but shall be carried forward to the next tax year and set off against the capital gain, if any, chargeable under the head "Capital Gains" for that year.

(2) If a capital loss sustained by a person for a tax year under the head "Capital Gains" is not wholly set off under sub-section (1), then the amount of the loss not set off shall be carried forward to the following tax year, and so on, but no loss shall be carried forward to more than six tax years immediately succeeding the tax year for which the loss was first computed.

(3) Where a person has a loss carried forward under this section for more than one tax year, the loss of the earliest tax year shall be set off first.

1**[59A. Limitations on set off and carry forward of losses.-** 2[***]

3[***]

(3) In case of association of persons, [any loss] shall be set off or carried forward and set off only against the income of the association.

(4) Nothing contained in section 56, 57, 58 or 59 shall entitle -

(a) any member of an association of persons 4[***] to set off any loss sustained by such association of persons, as the case may be, or have it carried forward and set off, against his income; or

(b) any person who has succeeded, in such capacity, any other person carrying on any business or profession, otherwise than by inheritance, to carry forward and set off against his income, any loss sustained by such other person.

5[(5) Subject to sub-section (4) of section 57, sub-section (12) of section 22 and sub-section (6), where in computing the taxable income for any tax year, full effect cannot be given to the loss relating to deductions under section 22, 23, 24 or 25 owing to there being no profits or gains chargeable for that year or such profits or gains as mentioned in sub-section (4) of section 57, being less than the said loss, the loss or part of the loss, as the case may be, shall be set off against fifty percent of the person's income chargeable under the head "income from business" for the following year or if there is no "income from business" for that year, be set off against fifty percent of the person's income chargeable under the head "income from business" for the next following year and so on for succeeding years.]

(6) Where, under sub-section (5), deduction is also to be carried forward, effect shall first be given to the provisions of section 56 and sub-section (2) of section 58.

(7) Notwithstanding anything contained in this Ordinance, no loss which has not been assessed or determined in pursuance of an order made under section 59, 59A, 62, 63 or 65 of the repealed Ordinance or an order made or treated as made under section 120, 121 or 122 shall be carried forward and set off under section 57, sub-section (2) of section 58 or section 59.]

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1-Section "59A" inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-Sub-section (1) omitted vide the Finance Act, 2012. At the time of omission sub-section (1) was as under:--

"(1) In case of an association of persons to which sub-section (3) of section 92 applies, any loss which cannot be set off against any other income of the association of persons in accordance with section 56 shall be dealt with as provided under sub-section (2) of section 93."

3-Sub-section (2) omitted vide the Finance Act, 2012. At the time of omission sub-section (1) was as under:--

"(2) Nothing contained in section 57, section 58 or section 59 shall entitle an association of persons, to which sub-section (3) of section 92 applies to have its loss carried forward and set off there under."

4-Substituted for the words, figures, commas and brackets "to which sub-section (3) of section 92 does not apply, any loss for such association vide the Finance Act, 2012

5-For sub-section "(5)" substituted by Finance Act, 2018, dated 23-05-2018. Before substitution read as:

"((5) Subject to sub-section (4) of section 57, sub-section (12) of section 22 and sub-section (6), where in computing the taxable income for any tax year, full effect cannot be given to the loss relating to deductions under section 22, 23, 24 or 25 owing to there being no profits or gains chargeable for that year or such profits or gains as mentioned in sub-section (4) of section 57, being less than the said loss, the loss or part of the loss, as the case may be, shall be set off against fifty percent of the person's income chargeable under the head "income from business" for the following year or if there is no "income from business" for that year, be set off against fifty percent of the person's income chargeable under the head "income from business" for the next following year and so on for succeeding years"

1**[59AA. Group taxation.-** (1) Holding companies and subsidiary companies of 100% owned group may opt to be taxed as one fiscal unit. In such cases, besides consolidated group accounts as required under the 2[Companies Act, 2017 (XIX of 2017)], computation of income and tax payable shall be made for tax purposes.

(2) The companies in the group shall give irrevocable option for taxation under this section as one fiscal unit.

(3) The group taxation shall be restricted to companies locally incorporated under the 2[Companies Act, 2017 (XIX of 2017)].

(4) The relief under group taxation would not be available to losses prior to the formation of the group.

(5) The option of group taxation shall be available to those group companies which comply with such corporate governance requirements 3[and group designation rules or regulations] as may be specified by the Securities and Exchange Commission of Pakistan from time to time and are designated as companies entitled to avail group taxation.

(6) Group taxation may be regulated through rules as may be made by the 4[Board].]

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1-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021
3-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
4-For the words "Central Board of Revenue" the word "Board" was substituted vide Finance Act, 2014 but instead of the words "Central Board of Revenue" the word "Board" has already been substituted vide the Finance Act, 2014

1**[59B. Group relief.-** (1) Subject to sub-section (2), any company, being a subsidiary 2[or] a holding company, may surrender its assessed loss 3[as computed in sub-section (1A)] (excluding capital loss) for the tax year (other than brought forward losses and capital losses), in favour of its holding company or its subsidiary or between another subsidiary of the holding company:

Provided that where one of the company in the group is a public company listed on a registered stock exchange in Pakistan, the holding company shall directly hold fifty-five per cent or more of the share capital of the subsidiary company. Where none of the companies in the group is a listed company, the holding company shall hold directly seventy-five per cent or more of the share capital of the subsidiary company.

4[(1A) The loss to be surrendered under sub-section (1) shall be allowed as per following formula, namely:-

(A/100) x B

where-

A is the percentage share capital held by the holding company of its subsidiary company;
and
B is the assessed loss of the subsidiary company.]

(2) The loss surrendered by the subsidiary company may be claimed by the holding company or a subsidiary company for set off against its income under the head "Income from Business" in the tax year and the following two tax years subject to the following conditions, namely:-

(a) there is continued ownership for five years, of share capital of the subsidiary company to the extent of fifty-five per cent in the case of a listed company, or seventy-five per cent or more, in the case of other companies;

(b) a company within the group engaged in the business of trading shall not be entitled to avail group relief;

(c) holding company, being a private limited company with seventy-five per cent of ownership of share capital gets itself listed within three years from the year in which loss is claimed;

(d) the group companies are locally incorporated companies under the 5[Companies Act, 2017 (XIX of 2017)].

(e) the loss surrendered and loss claimed under this section shall have approval of the Board of Directors of the respective companies;

(f) the subsidiary company continues the same business during the said period of three years;

(g) all the companies in the group shall comply with such corporate governance requirements 6[and group designation rules or regulations] as may be specified by the Securities and Exchange Commission of Pakistan from time to time, and are designated as companies entitled to avail group relief; and

(h) any other condition as may be prescribed.

(3) The subsidiary company shall not be allowed to surrender its assessed losses for set off against income of the holding company for more than three tax years.

(4) Where the losses surrendered by a subsidiary company are not adjusted against income of the holding company in the said three tax years, the subsidiary company shall carry forward the unadjusted losses in accordance with section 57.

(5) If there has been any disposal of shares by the holding company during the aforesaid period of five years to bring the ownership of the holding company to less than fifty-five per cent or seventy-five per cent, as the case may be, the holding company shall, in the year of disposal, offer the amount of profit on which taxes have not been paid due to set off of losses surrendered by the subsidiary company.

(6) Loss claiming company shall, with the approval of the Board of Directors, transfer cash to the loss surrendering company equal to the amount of tax payable on the profits to be set off against the acquired loss at the applicable tax rate. The transfer of cash would not be taken as a taxable event in the case of either of the two companies.

(7) The transfer of shares between companies and the share holders, in one direction, would not be taken as a taxable event provided the transfer is to acquire share capital for formation of the group and approval of the Security and Exchange Commission of Pakistan or State Bank of Pakistan, as the case may be, has been obtained in this effect. Sale and purchase from third party would be taken as taxable event.]

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1-Section 58b which was added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004), was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of substitution it was as under:--

"59B. Group Relief.-(I) Subject to sub-section (2), any company, being a subsidiary of a public company listed on a registered stock exchange in Pakistan, owning and managing an industrial undertaking ii[or an undertaking engaged in providing services], may surrender its assessed loss for the tax year other than brought forward losses, in favour of its holding company provided such holding company owns or acquires seventy-five per cent or more of the share capital of the subsidiary company.

ii. The words inserted vide Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

(2) The loss surrendered by the subsidiary company may be claimed by the holding company for set off against its income under the head "income from Business" in the tax year and the following two tax years subject to the following conditions, namely:-

(a) there is continued ownership of share capital of the subsidiary company to the extent of seventy-five per cent or more for five years; and

(b) the subsidiary company continues the same business during the said period of five years.

(3) The subsidiary company shall not be allowed to surrender its assessed losses for set off against income of the holding company for more than three tax years.

(4) Where the losses surrendered by a subsidiary company are not adjusted against income of the holding company in the said three tax years, the subsidiary company shall carry forward the unadjusted losses in accordance with the provision of section 57.

(5) If there has been any disposal of shares by the holding company during the aforesaid period of five years to bring the ownership of the holding company to less than seventy-five per cent, the holding company shall, in the year of disposal, offer the amount of profit on which taxes have not been paid due to set off of losses surrendered by the subsidiary company."

2-For the word "of" substituted by Finance Act, 2021, dated 30-06-2021

3-Inserted vide the Finance Act, 2016 (XXIX of 2016)

4-Inserted vide the Finance Act, 2016 (XXIX of 2016)

5-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021

6-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**1[59C. Carry forward of business losses of sick industrial units.-** (1) Subject to sub-section (2), where a company hereinafter referred to as acquiring company, acquires under a scheme of acquisition majority share capital of another company being a sick industrial unit, hereinafter referred to ns acquired company, the acquiring company shall be entitled to adjust toss for the latest tax year and brought forward assessed business losses excluding capital loss of the acquired company subject to provisions of section 57 for a period of three years.

(2) Sub-section (1) shall apply subject to the following conditions, namely:-

(a) there is continued ownership for live years starting from the 30th June, 2023 and there is no change in share capital of the acquiring company;
(b) the assets of the acquired company shall not be sold upto the 30th June, 2026; and
(c) the acquired company continues the same business till the 30th June, 2026.

(3) Where the losses surrendered by the acquired company are not adjusted against income of the acquiring company in the sard three tax years, the acquired company shall carry forward the unadjusted losses in accordance with section 57.

(4) The loss of the acquired company referred to in sub-section (1) shall be adjusted against income under the head "income from business" of the acquiring company as per following formula, namely:-

(A/100) x B

Where-

A is the percentage share capital held by the acquiring company of the acquired company; and

B is the loss of the acquired company referred to in sub-section (1).

(5) If the acquiring company fails to revive the acquired company by tax year 2026, the acquiring company shall, in tax year 2027 offer the amount of profit on which taxes have not been paid due to set off of losses surrendered by the acquired company.

(6) For the removal of doubt, this section shall not apply to any scheme of amalgamation or merger,

(7) For the purposes of this section, -

(a) a sick industrial unit referred to as acquired company in sub-section (1), shall be deemed to be revived if the said company attains maximum production capacity that was obtained before the industrial unit went sick:

Provided that the acquired company produces a certificate to the effect that it stands revived, duly issued by Engineering Development Board, along with the return of income filed for tax year 2026.

(b) "sick industrial unit" means a company being an industrial undertaking, which -

(i) has accumulated losses, for a continuous period of three years prior to the 1st July, 2022, equal to or exceeding its entire capital and reserves at the time of acquisition, as the case may be; or

(ii) has defaulted towards repayment of outstanding debts owing to banking companies or non-banking financial institutions for a consecutive period of three years immediately before acquisition, as the case may be, or

(iii) has been declared as such by the Federal Government in a notification published in the official Gazette.]

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1-Section "59C" inserted by Income Tax (Amendment) Ordinance, 2022, dated 03-03-2022

## PART IX
## DEDUCTIBLE ALLOWANCES

**60. Zakat.-** (1) A person shall be entitled to a deductible allowance for the amount of any Zakat paid by the person in a tax year under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

(2) Sub-section (1) does not apply to any Zakat take n into account under sub-section (2) of section 40.

(3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted under section 9 for the year shall not be refunded, carried forward to a subsequent tax year, or carried back to a preceding tax year.

1**[60A. Workers' Welfare Fund.-** A person shall be entitled to a deductible allowance for the amount of any Workers' Welfare Fund paid by the person in tax year under Workers' Welfare Fund Ordinance, 1971 (XXXVI of 1971) 2[or under any law relating to the Workers' Welfare Fund enacted by Provinces after the eighteenth Constitutional Amendment Act, 2010 3[:]]

3[Provided that this section shall not apply in respect of any amount of Workers' Welfare Fund paid to the Provinces by a trans-provincial establishment.]

1-Added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The expression substituted by Finance Act, 2021, dated 30-06-2021
3-For the full stop and thereafter Proviso substituted by Finance Act, 2021, dated 30-06-2021

1**[60B. Workers' Participation Fund.-** A person shall be entitled to a deductible allowance for the amount of any Workers' Participation Fund paid by the person in a tax year in accordance with the provisions of the Companies Profit (Workers' Participation) Act, 1968 (XII of 1968) 2[or under any law relating to the Workers' Profit Participation Fund enacted by Provinces after the eighteenth Constitutional amendment Act, 2010] 3[:]]

3[Provided that this section shall not apply in respect of any amount of Workers' Profit Participation Fund paid to the province by a trans-provincial establishment.]

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1-Added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

2-The expression substituted by Finance Act, 2021, dated 30-06-2021

3-For the full stop and thereafter Proviso substituted by Finance Act, 2021, dated 30-06-2021

1**[60C. Deductible allowance for profit on debt.-** (1) Every individual shall be entitled to a deductible allowance for the amount of any profit or share in rent and share in appreciation for value of house paid by the individual in a tax year on a loan by a scheduled bank or non-banking finance institution regulated by the Securities and Exchange Commission of Pakistan or advanced by Government or the Local Government, Provincial Government or a statutory body or a public company listed on a registered stock exchange in Pakistan where the individual utilizes the loan for the construction of a new house or the acquisition of a house.

(2) The amount of an individual's deductible allowance allowed under sub-section (1) for a tax year shall not exceed fifty percent of taxable income or 2[two] million rupees, whichever is lower.

(3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted for the year shall not be carried forward to a subsequent tax year.

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1-Sections 64A was re-numbered as 60C vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
2-Substituted for the word "one" vide the Finance Act, 2016 (XXIX of 2016)

1**[60D. Deductible allowance for education expenses.-** (1) Every individual shall be entitled to a deductible allowance in respect of tuition fee paid by the individual in a tax year provided that the taxable income of the individual is less than one 2[and a half] million rupees.

(2) The amount of an individuals deductible allowance allowed under sub-section (1) for a tax year shall not exceed the lesser of-

(a) five per cent of the total tuition fee paid by the individual referred to in sub-section (1) in the year;

(b) twenty-five per cent of the person's taxable income for the year; and

(c) an amount computed by multiplying sixty thousand with number of children of the individual.

(3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted for the year shall not be carried forward to a subsequent tax year.

(4) Allowance under this section shall be allowed against the tax liability of either of the parents making payment of the fee on furnishing national tax number (NTN) or name of the educational institution.

(5) Allowance under this section shall not be taken into account for computation of tax deduction under section 149.]

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1-Sections 64AB was re-numbered as 60D vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
2-Inserted by the Finance Act, 2017

## PART X
## TAX CREDITS

**61. Charitable donations.-** 1[(1) A person shall be entitled to a tax credit in respect of any sum paid, or any property given by the person in the tax year as a donation 2[, voluntary contribution or subscription] to-

(a) any board of education or any university in Pakistan established by, or under, a Federal or a Provincial law;

(b) any educational institution, hospital or relief fund established or run in Pakistan by Federal Government or a Provincial Government or a 3[Local Government]; or

(c) any non-profit organization 4[or any person eligible for tax credit under section 100C of this Ordinance; or]

5[(d) entities, organizations and funds mentioned in the Thirteenth Schedule to this Ordinance.]

(2) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:-

(A/B) x C
where -
A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;
B is the person's taxable income for the tax year; and
C is the lesser of -

(a) the total amount of the person's donations referred to in sub-section (1) in the year, including the fair market value of any property given; or

(b) where the person is -

(i) an individual or association of persons, thirty per cent of the taxable income of the person for the year; or
(ii) a company, 6[twenty] per cent of the taxable income of the person for the year 7[:]

8[Provided that where any sum is paid or any property is given to an associate by a donor, clause (b) of component C shall be, in the case of-

(i) an individual or association of persons, fifteen percent of the taxable income of the person for the year; or
(ii) a company, ten percent of the taxable income of the person for the year.]

(3) For the purposes of clause (a) of component C of the formula in sub-section (2), the fair market value of any property given shall be determined at the time it is given.

(4) A cash amount paid by a person as a donation shall be taken into account under clause (a) of component C 8[of] sub-section (2) only if it was paid by a crossed cheque drawn on a bank.

9[(5) The 10[Board] may make rules regulating the procedure of the grant of approval under sub-clause (c) of clause (36) of section 2 and any other matter connected with, or incidental to, the operation of this section.]

1-Substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution a different sub-section (1) was as under:--

"(1) person shall be entitled to a tax credit for a tax year in respect of any amount paid, or property given by the person in the tax year as a donation to a non-profit organization."

2-The expression inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021.

3-The words "local authority" substituted vide the Finance Act, 2008. (I of 2008 assented on 26th June, 2008)

4-For the full stop expression inserted by Finance Act, 2021, dated 30-06-2021. Earlier same expression inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021.

5-Clause (d) inserted by by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021.

6-The words "fifteen" substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

7-For the full stop and thereafter Proviso substituted by Finance Act, 2020, dated 30-06-2020

8-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

9-Added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

10-The words "Central Board of Revenue" substituted by Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

1**[62. Tax credit for investment in shares and insurance.-** (1) A resident person other than a company shall be entitled to a tax credit for a tax year either

(i) in respect of the cost of acquiring in the year new shares offered to the public by a public company listed on a stock exchange in Pakistan provided the resident person is the original allottee of the shares or the shares are acquired from the Privatization Commission of Pakistan; 2[***]

3(ia) in respect of cost of acquiring in the tax year, sukuks offered to the public by a public company listed and traded on stock exchange in Pakistan, provided the resident person is the original allottee of the sukuks; 4[***]

5[(ib) in respect of cost of acquiring in the tax year, unit of exchange traded fund offered to public and traded on stock exchange in Pakistan; or]

(ii) in respect of any life insurance premium paid on a policy to a life insurance company registered by the Securities and Exchange Commission of Pakistan under the Insurance Ordinance, 2000 (XXXIX of 2000), provided the resident person is deriving income chargeable to tax under the head "salary" or "income from business 6[:]

7[Provided that where tax credit has been allowed under this clause and subsequently the insurance policy is surrendered within two years of its acquisition, the tax credit allowed shall be deemed to have been wrongly allowed and the Commissioner, notwithstanding anything contained in this Ordinance, shall re-compute the tax payable by the taxpayer for the relevant tax years and the provisions of this Ordinance, shall, so far as may, apply accordingly.]

(2) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:-

(A/B) x C

where -

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

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

C is the lesser of-

(a) the total cost of acquiring the shares 8[or sukuks], or the total contribution or premium paid by the person referred to in sub-section (1) in the year;

(b) 9[twenty-four] per cent of the person's taxable income for the year; or

(c) 10[11[two]] million rupees]

(3) Where -

(a) a person has been allowed a tax credit under sub-section (1) in a tax year in respect of the purchase of a share; and

(b) the person has made a disposal of the share within 12[twenty-four] months of the date of acquisition, the amount of tax payable by the person for the tax year in which the shares were disposed of shall be increased by the amount of the credit allowed.]

1-Substituted vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011). At the time of substitution section 63 was as under:--

"62. Investment in shares.-(1) A person i[other than a company] shall be entitled to a tax credit for a tax year in respect of the cost of acquiring in the year new shares offered to the public by a public company listed on a stock exchange in Pakistan where the person ii[other than a company] is the original allottee of the shares or the shares are acquired from the Privatization Commission of Pakistan.

i. The words inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

ii. The words inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

(2) The amount of a person's tax credit allowed under sub-section (I) for a tax year shall be computed according to the following formula, namely:-

(A/B) x C

where –

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

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

C is the lesser of —

(a) the total cost of acquiring the shares referred to in sub-section (I) in the year;

(b) ten per cent of the person's iii[taxable] income for the year; or

(c) iv[ v[three] hundred] thousand rupees.

iii. Substituted for the word "total" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

iv. Substituted for the word "one hundred a[and fifty]" vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)

a The words inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

v. Substituted for the word "two" vide the Finance Act, 2007 (I of 2007 assented on 30th June, 2007)

(3) Where –

(a) a person has vi[been allowed] a tax credit under sub-section (1) in a tax year in respect of the purchase of a share; and

(b) the person has made a disposal of the share within twelve months of the date of acquisition, the amount of tax payable by the person for the tax year in which the shares were disposed of shall be increased by the amount of the credit allowed."

vi. Substituted for the word "claimed" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-The word "or" was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

3-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

4-Word "or" omitted by Finance Act, 2021, dated 30-06-2021

5-Clause "(ib)" inserted by Finance Act, 2021, dated 30-06-2021

4-For the full stop colon was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

5-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

6-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

7-Substituted for the word "fifteen" vide the Finance Act, 2012

8-Substituted for the words "five hundred thousand rupees" vide the Finance Act, 2012

9-Inserted vide Finance Act, 2015

10-Substituted for the word "five hundred thousand rupees" vide the Finance Act, 2012

11-Substituted for the word "one and a half" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018.

12-Substituted for the word "thirty six" vide the Finance Act, 2012

1**[62A. Tax credit for investment in health insurance.-** (1) A resident person 2[***] other than a company shall be entitled to a tax credit for a tax year in respect of any health insurance premium or contribution paid to any insurance company registered by the Securities and Exchange Commission of Pakistan under the Insurance Ordinance, 2000 (XXXIX of 2000), provided the resident person 2[***] is deriving income chargeable to tax under the head "salary" or "income from business".

(2) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:--

(A/B) x C

Where--

A is the amount of tax assessed to the person for the tax year before allowance of tax credit under this section;

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

C is the lesser of--

(a) the total contribution or premium paid by the person referred to in sub-section (1) in the year;

(b) five per cent of the person's taxable income for the year; and

(c) one hundred 3[and fifty] thousand rupees.]

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1-Inserted by the Finance Act, 2016
2-Omitted for the words "being a filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
3-Inserted by the Finance Act, 2017

1**[63. Contribution to an Approved Pension Fund.-** (1) An eligible person as defined in sub-section (19A) of section 2 deriving income chargeable to tax under the head "Salary" or the head "Income from Business" shall be entitled to a tax credit for a tax year in respect of any contribution or premium paid in the year by the person in approved pension fund under the Voluntary Pension System Rules, 2005.

(2) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:-

(A/B) x C

Where.-

A is the amount of tax assessed to the person for the tax year, before allowance of any tax credit under this Part;

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

C is the lesser of -

(i) the total contribution or premium referred to in sub-section (1) paid by the person in the year; or

(ii) twenty per cent of the 2[eligible] person's taxable income for the relevant tax year;

Provided that 3[an eligible person] joining the pension fund at the age of forty-one years or above, during the first ten years 4[starting from July 1, 2006] shall be allowed additional contribution of 2% per annum for each year of age exceeding forty years.

Provided further that the total contribution allowed to such person shall not exceed 50% of the total taxable income of the preceding year; 5[:]

Provided also that the additional contribution of two percent per annum for each year of age exceeding forty years shall be allowed upto the 30th June, 2019 subject to the condition that the total contribution allowed to such person shall not exceed thirty percent of the total taxable income of the preceding year.]

6[***]

7[(3) The transfer by the members of approved employment pension or annuity scheme or approved occupational saving scheme of their existing balance to their individual pension accounts maintained with one or more pension fund managers shall not qualify for tax credit under this section.]

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1-Section 63 substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution section 63 was as under:--

"63. Retirement annuity scheme.-(1) Subject to sub-section (3), a resident individual deriving income chargeable to tax under the head "Salary" or the head "Income from Business" shall be entitled to a tax credit for a tax year in respect of any contribution or premium paid in the year by the person under a contract of annuity scheme approved by i[, Securities and Exchange Commission of Pakistan] of an insurance company duly registered under the Insurance Ordinance, 2000 (XXXIX of 2000), having its main object the provision to the person of an annuity in old age.

i. Substituted for the letter "SECP" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002

(2) The amount of a resident individual's tax credit allowed under sub-section (I) for a tax year shall be computed according to the following formula, namely: –

(A/B) x C

where –

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

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

C is the lesser of –

(a) the total contribution or premium referred to in sub-section (1) paid by the individual in the year;

(b) ii[ten] percent of the person's III[taxable] income for the tax year; or
(c) iv[ v[two] hundred thousand rupees.
ii. Substituted for the word "five" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003
III. Substituted for the word "total" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003
iv. Substituted for the word "fifty" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002
v. Substituted for the word "one" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
(3) A person shall not be entitled to a tax credit under sub-section (1) in respect of a contract of annuity which provides –
(a) for the payment during the life of the person of any amount besides an annuity;
(b) for the annuity payable to the person to commence before the person attains the age of sixty years;
(c) that the annuity is capable, in whole or part, of surrender, commutation, or assignment; or
(d) for payment of the annuity outside Pakistan.
2-Inserted vide the Finance Act, 2006 (III of 2006 assented on 16th June, 2006)
3-The words "a person" substituted vide the Finance Act, 2006 (III of 2006 assented on 16th June, 2006)
4-The words, figure and commas "of the notification of the Voluntary Pension System Rules, 2005," were substituted vide the Finance Act, 2006 (III of 2006 assented on 16th June, 2006)
5-Substituted for the "full stop" and thereafter new proviso was added vide the Finance Act, 2016 (XXIX of 2016). Earlier a full stop was substituted for ": or" by Finance Act, 2011
6-Clause (iii) omitted vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011). At the time of omission clause (iii) was as under:--
"(iii) five hundred thousand rupees"
7-Added vide the Finance Act, 2006 (III of 2006 assented on 16th June, 2006)

**1[***]**

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1-Section 64 was omitted vide Finance Act, 2015. At the time of omission section 64 was as under:-

"64. Profit on debt.- i[(1) A person shall be entitled to a tax credit for a tax year in respect of any profit or share in rent and share in appreciation for value of house paid by the person in the year on a loan by a scheduled bank or non-banking finance institution regulated by the Securities and Exchange Commission of Pakistan or advanced by Government or the ii[Local Government] III[or a statutory body or a public company listed on a registered stock exchange in Pakistan] where the person utilizes the loan for the construction of a new house or the acquisition of a house.]

i. Sub-section (1) was substituted vide the Finance Act, 2003 assented on 16th June, 2003

ii. Substituted for the words "local authority" vide the Finance Act, 2008

III. The words inserted vide the Finance Act, 2004

At the time of substitution as mentioned in 'I' above, the sub-section (1) was as under:-

iv[(1) A person shall be entitled to a tax credit for a tax year in respect of any profit or share in rent and share in appreciation of value of house paid by the person in the year on a loan by a scheduled bank under a house finance scheme approved by the State Bank of Pakistan or advanced by government. The local authority or House Building Finance Corporation where the person utilizes loan for the house.]

iv. Sub-section (1) was earlier substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

At the time of substitution it was as under:-

"(1) A person shall be entitled to a tax credit for a tax year in respect of any profit or share in rent and share in appreciation of value of house paid by the person in the year on a loan by a schedule bank under a house finance scheme approved by the State Bank of Pakistan or advanced by Government. The local authority or House Building Finance Corporation where the person utilizes the loan for the house"

(2) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: –

(A/B) x C

where –

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

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

C is the lesser of –

(a) the total profit referred to in sub-section (1) paid by the person in the year;

(b) v[fifty] percent of the person's vi[taxable] income for the year; or

(c) vii[seven hundred and fifty] thousand rupees.

v. Substituted for the word a[forty] vide the Finance Act, 2009

a. Substituted for the word "twenty-five" vide the Finance Act, 2003

vi. Substituted for the word "total" vide the Finance Act, 2003

vii. Substituted for the word b[ c[five hundred] vide the Finance Act, 2009

b. Substituted for the word "fifty" vide the Finance Act, 2002

c. Substituted for the word "one" vide the Finance Act, 2003

(3) A person is not entitled to viii[tax credit] under this section for any profit deductible under section 17.

viii. Substituted for the word "a deductible allowance" vide the Finance Act, 2002

**1[***]**

1-Sections 64A was inserted vide Finance Act, 2015. Later on, Sections 64A was re-numbered as 60C vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017 and placed after section 60B.

**1[***]**

1-Sections 64AB was re-numbered as 60D vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017 and placed after section 60C.

**64B. Tax credit for employment generation by manufacturers.-** (1) Where a taxpayer being a company formed for establishing and operating a new manufacturing unit sets up a new manufacturing unit between 1st day of July, 2015 and 30th of June, 1[2019], it shall be given a tax credit for a period of ten years.

(2) The tax credit under sub-section (1) for a tax year shall be equal to 2[two] percent of the tax payable for every fifty employees registered with The Employees Old Age Benefits Institution and the Employees Social Security Institutions of Provincial Governments during the tax year, subject to a maximum of ten percent of the tax payable.

(3) Tax credit under this section shall be admissible where-

(a) the company is incorporated and manufacturing unit is setup between the first day of July, 2015 and 30th day of June, 2018, both days inclusive;

(b) employs more than fifty employees in a tax year registered with The Employees Old Age Benefits Institution and the Employees Social Security Institutions of Provincial Governments;

(c) manufacturing unit is managed by a company formed for operating the said manufacturing unit and registered under the 3[Companies Act, 2017 (XIX of 2017)] and having its registered office in Pakistan; and

(d) the manufacturing unit is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1st July 2015.

(4) Where any credit is allowed under this section and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner that any of the conditions specified in this section were not fulfilled, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.

(5) For the purposes of this section a manufacturing unit shall be treated to have been setup on the date on which the manufacturing unit is ready to go into production, whether trial production or commercial production.;]

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1-Substituted for the figure "2018" vide the Finance Act, 2016 (XXIX of 2016)
2-Substituted for the word "one" vide the Finance Act, 2016 (XXIX of 2016)
3-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021

**1[***]**

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1-Section “64C” omitted by by Finance Act, 2021, dated 30-06-2021. Earlier same Section “64C” omitted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:

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

(2) The amount of tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:-

(A/B) x C

where-

A is the amount of tax assessed to the person for the tax year before allowance of tax credit under this section;

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

C is the lessor of-

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

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

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

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

**1[64D. Tax credit for point of sale machine.-** (1) Any person who is required to integrate with Board's computerized system for real time reporting of sale or receipt, shall be entitled to tax credit in respect of the amount invested in purchase of point of sale machine.

(2) The amount of tax credit allowed under sub-section (1) for a tax year in which point of sale machine is installed, integrated and configured with the Board's computerized system shall be lesser of-

(a) amount actually invested in purchase of point of sale machine; or
(b) rupees one hundred and fifty thousand per machine.

(3) For the purpose of this section, the term point of sale machine means a machine meant for processing and recording the sale transactions for goods or services, either in cash or through credit and debit cards or online payments in an internet enabled environment.]

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1- Section "64D" inserted by by Finance Act, 2021, dated 30-06-2021

**65. Miscellaneous provisions relating to tax credits.-** (1) Where the person entitled to a tax credit under 1[this] Part is a member of an association of persons to which sub-section (1) of section 92 applies, the following shall apply -

(a) component A of the formula in sub-section (2) of section 61, sub-section (2) of section 62, sub-section (2) of section 63 and sub-section (2) of section 64 shall be the amount of tax that would be assessed to the individual if any amount derived in the year that is exempt from tax under sub-section (1) of section 92 were chargeable to tax; and

(b) component B of the formula in sub-section (2) of section 61, sub-section (2) of section 62, sub-section (2) of section 63 and sub-section (2) of section 64 shall be the taxable income of the individual for the year if any amount derived in the year that is exempt from tax under sub-section (1) of section 92 were chargeable to tax.

(2) Any tax credit allowed under this Part shall be applied in accordance with sub-section (3) of section 4.

(3) Subject to sub-section (4), any tax credit or part of a tax credit allowed to a person under this Part for a tax year that is not able to be credited 1 under sub-section (3) of section 4 for the year shall not be refunded, carried forward to a subsequent tax year, or carried back to a preceding tax year.

(4) Where the person to whom sub-section (3) applies is a member of an association of persons to which sub-section (1) of section 92 applies, the amount of any excess credit under sub-section (3) for a tax year may be claimed as a tax credit by the association for that year.

(5) Sub-section (4) applies only where the member and the association agree in writing for the sub-section to apply and such agreement in writing must be furnished with the association's return of income for that year.

2[(6) Where the person is entitled to a tax credit under section 65B, 65D or 65E, provisions of clause (d) of sub-section (2) of section 169 and clause (d) of sub-section (1) of section 113 shall not apply.]

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1-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Added vide Finance Act, 2015

**1[***]**

1-Section 65A was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission, section 65A was as under:-

"65A. Tax credit to a person registered under the Sales Tax Act, 1990.- (1) Every manufacturer, registered under the Sales Tax Act, 1990, shall be entitled to a tax credit of three per cent of tax payable for a tax year, if ninety per cent of his sales are to the person who is registered under the aforesaid Act during the said tax year."

1**[65B. Tax credit for investment.-** (1) Where a taxpayer being a company invests any amount in the purchase of plant and machinery, for the purposes of 2[extension, expansion,] balancing, modernization and replacement of the plant and machinery, already installed therein, in an industrial undertaking set up in Pakistan and owned by it, credit equal to ten per cent of the amount so invested shall be allowed against the tax payable 3[including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance,] by it in the manner hereinafter provided 4[:]

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

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

(2) The provisions of sub-section (1) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2010, and the 30th day of June, 6[ 7[ 8[ 9[2019] ]]].

(3) The amount of credit admissible under this section shall be deducted from the tax payable by the taxpayer in respect of the tax year in which the plant or machinery in the purchase of which the amount referred to in sub-section (1) is invested and installed.

10[(4) The provisions of this section shall apply mutatis mutandis to a company setup in Pakistan before the first day of July 2011, which makes investment during first day of July, 2011 and 30th day of June, 2016, for the purposes of balancing modernization and replacement of the plant and machinery already installed in an industrial undertaking owned by the company. However, credit equal to twenty per cent of the amount so invested shall be allowed against the tax payable, including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance. The credit shall be allowed in the year in which the plant and machinery in the purchase of which the investment as aforesaid is made, is installed therein. For the purpose of this section the term "new equity" shall have the same meaning as defined in sub-section (7) of section 65E.

(5) Where no tax is payable by the taxpayer in respect of the tax year in which such plant or machinery is installed, or where the tax payable is less than the amount of credit as aforesaid, the amount of the credit or so much of it as is in excess thereof, as the case may be, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year and so on, but no such amount shall be carried forward for more than two tax years in the case of investment referred to in sub-section (1) and for more than five tax years in respect of investment referred to in sub-section (4), however, the deduction made under this section shall not exceed in aggregate the limit specified in sub-section (1) or sub-section (4), as the case may be.

(6) Where any credit is allowed under this section and subsequently it is discovered by the Commissioner Inland Revenue that any one or more of the conditions specified in this section was, or were, not fulfilled, as the case may be the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner, notwithstanding anything contained in this Ordinance, shall re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.]

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1-Added by the Finance Act, 2010 (XVI of 2010)
2-The words and comma inserted vide the Finance Act, 2012
3-The comma and words inserted vide the Finance Act, 2012
4-Substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
5-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
6-Substituted for the figure "2015" vide Finance Act, 2015
7-Substituted for the figure "2016" vide the Finance Act, 2016 (XXIX of 2016)
8-Substituted for the word "2019" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
9-Substituted for the figure "2021" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

10-Substituted for sub-sections (4), (5) & (6) vide the Finance Act, 2012, At the time of substitution sub-sections (4) & (5) were as under:--

(4) Where no tax is payable by the taxpayer in respect of the tax year in which such plant or machinery is installed, or where the tax payable is less than the amount of credit, the amount of the credit or so much of it as is in excess thereof, as the case may be, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year, and so on, but no such amount shall be carried forward for more than two tax years, however, the deduction made under sub-section (2) and this sub-section shall not exceed in aggregate the limit specified in sub-section (1).

(5) Where any credit is allowed under this section and subsequently it is discovered by the Commissioner Inland Revenue that any one or more of the conditions specified in this section was, or were, not fulfilled, as the case may be, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner Inland Revenue may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.]

**1[***]**

1- Section “65C” omitted by by Finance Act, 2021, dated 30-06-2021. Earlier same Section “65C” omitted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:
65C. Tax credit for enlistment.- (1) Where a taxpayer being a company opts for enlistment in any registered stock exchange in Pakistan 2[on or before the 30th day of June, 2022], a tax credit equal to 3[Twenty] per cent of the tax payable shall be allowed for the tax year in which the said company is enlisted 4[and for the following 5[three tax years:]].]
6[Provided that the tax credit for the last two years shall be ten per cent of the tax payable.]
1-Added by the Finance Act, 2010 (XVI of 2010)
2-The expression inserted by Finance Act, 2020, dated 30-06-2020
3-Substituted for the word “fifteen” vide Finance Act, 2015. Earlier it was Substituted for the word “five” vide Finance Act, 2011
4-Added vide the Finance Act, 2016 (XXIX of 2016)
5-Substituted for “tax year.” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
6-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**1[***]**

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1- Section “65D” omitted by by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**“65D. Tax credit for newly established industrial undertakings.-** (1) Where a taxpayer being a company formed for establishing and operating a new industrial undertaking 2[including corporate dairy farming] sets up a new industrial undertaking 3[, including a corporate dairy farm] it shall be given a tax credit equal to 4[an amount as computed in sub-section (1A)] of the tax payable 5[including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance] on the taxable income arising from such industrial undertaking for a period of five years beginning from the date of setting up or commencement of commercial production, whichever is later.

6[(1A) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:-

A x (B/C)

where-

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit for the tax year;

B is the equity raised through issuance of new shares for cash consideration; and

C is the total amount invested in setting up the new industrial undertaking.]

(2) Tax credit under this section shall be admissible where-

(a) the company is incorporated and industrial undertaking is setup between the first day of July, 2011 and 30th day of June, 7[8[2021]];

(b) Industrial undertaking is managed by a company formed for operating the said industrial undertaking and registered under the Companies Ordinance, 1984 (XLVII of 1984) and having its registered office in Pakistan;

(c) the industrial undertaking is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an industrial undertaking established in Pakistan at any time before 1st July 2011; and

(d) the industrial undertaking is set up with 9[at least seventy per cent] equity 10[raised through issuance of new shares for cash consideration:]

11[Provided that short term loans and finances obtained from banking companies or non-banking financial institutions for the purposes of meeting working capital requirements shall not disqualify the taxpayer from claiming tax credit under this section.]

12[***]

(4) Where any credit is allowed under this section and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner Inland Revenue that 13[the business has been discontinued in the subsequent five years after the credit has been allowed or] any of the 14[conditions] specified in this section 15[were] not fulfilled, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner Inland Revenue may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.]

16[(5) For the purposes of this section and sections 65B and 65E an industrial undertaking shall be treated to have been setup on the date on which the industrial undertaking is ready to go into production, whether trial production or commercial production.]

1-Section 65D was inserted vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

2-Substituted for the words “for manufacturing in Pakistan” vide Finance Act, 2012

3-The words inserted vide Finance Act, 2012

4-Substituted for the words “hundred per cent” vide the Finance Act, 2016 (XXIX of 2016)

5-The words inserted vide Finance Act, 2012

6-Inserted vide the Finance Act, 2016 (XXIX of 2016)

7-Substituted for the figure “2016” vide the Finance Act, 2016 (XXIX of 2016)

8-Substituted for the word “2019” vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

9-Substituted for the words “hundred per cent” vide the Finance Act, 2016 (XXIX of 2016)

10-Substituted for the words and full stop “owned by the company” vide Finance Act, 2012

11-Proviso added vide Finance Act, 2012

12-Sub-section (3) omitted vide Finance Act, 2012. At the time of omission sub-section (3) was as under:--

“(3) The amount of credit admissible under this section shall be deducted from the tax payable by the taxpayer in respect of the tax year in which the plant or machinery referred in sub-section (1) is purchased and installed.”

13-Inserted vide the Finance Act, 2016 (XXIX of 2016)

14-Substituted for the word “condition” vide Finance Act, 2012

15-Substituted for the word “was” vide Finance Act, 2012

16-Sub-section (5) added vide Finance Act, 2012

1**[65E. Tax credit for industrial undertakings established before the first day of July, 2011.-** 2[(1) Where a taxpayer being a company, setup in Pakistan before the first day of July, 2011, invests any amount, with 3[at least seventy per cent] new equity raised through issuance of new shares, in the purchase and installation of plant and machinery for an industrial undertaking, including corporate dairy farming, for the purposes of-

(i) expansion of the plant and machinery already installed therein; or

(ii) undertaking a new project,
a tax credit shall be allowed against the tax payable in the manner provided in sub-section (2) and sub-section (3), as the case may be for a period of five years beginning from the date of setting up or commencement of commercial production from the new plant or expansion project, whichever is later.]

4[(2) Where a taxpayer maintains separate accounts of an expansion project or a new project, as the case may be, the taxpayer shall be allowed a tax credit equal to one 5[an amount as computed in sub-section (3A)] of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, attributable to such expansion project or new project.

(3) In all other cases, the credit under 6[sub-section (3A)] shall be such proportion of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, as is the proportion between the new equity and the total equity including new equity.

7[(3A) The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:-

A x (B/C)
where-

A is the amount of tax assessed to the person for the tax year before allowance of any tax credit for the tax year;
B is the equity raised through issuance of new shares for cash consideration; and
C is the total amount invested in the purchase and installation of plant and machinery for the industrial undertaking.]

(4) The provisions of sub-section (1) shall apply if the plant and machinery is installed at any time between the first day of July, 2011 and the 30th day of June, 8[ 9[2021]].

(5) The amount of credit admissible under this section shall be deducted from the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, by the taxpayer 10[, for a period of five years beginning from the date of setting up or commencement of commercial production from the new plant or expansion project, whichever is later].]

11[(6)] Where any credit is allowed under this section and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner Inland Revenue that 12[the business has been discontinued in the subsequent five years after the credit has been allowed or] any of the condition specified in this section was not fulfilled, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner Inland Revenue may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall apply accordingly.]

13[(7) For the purposes of this section, new equity means equity raised through fresh issue of shares against cash by the company and shall not include loans obtained from shareholders or directors:

Provided that short term loans and finances obtained from banking companies or non-banking financial institutions for the purposes of meeting working capital requirements shall not disqualify the taxpayer from claiming tax credit under this section.]

1-Inserted vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
2-Substituted for sub-section (1) vide Finance Act, 2012. At the time of substitution sub-section (1) was as under:--
"(1) Where a taxpayer being a company invests any amount, with hundred per cent equity investment, in the purchase and installation of plant and machinery for the purposes of balancing, modernization, replacement, or for expansion of the plant and machinery already installed in an industrial undertaking setup in Pakistan before the first day of July 2011, a tax credit shall be allowed against the tax payable in the manner provided hereinafter, in the same proportion, which exists between the total investment and such equity investment made by the industrial undertaking".
3-Substituted for the words "hundred per cent" vide the Finance Act, 2016 (XXIX of 2016)
4-Substituted for sub-sections (2), (3) and (4) vide Finance Act, 2012, At the time of substitution sub-section (1) was as under:-
"(2) The provisions of sub-section (I) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2011, and the 30th day of June, 2016.
(3) The amount of credit admissible under this section shall be deducted from the tax payable by the taxpayer in respect of the tax year in which the plant or machinery referred in sub-section (1) is purchased and installed and for the subsequent four years.
(4) Where no tax is payable by the taxpayer in respect of the tax year in which such plant or machinery is installed, or where the tax payable is less than the amount of tax credit, the amount of such credit or so much of it as is in excess thereof, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year:
Provided that no such amount shall be carried forward for more than four tax years:
Provided further that deduction made under sub-section (1) and under this sub-section shall not exceed in aggregate the limit of the tax credit specified in sub-section (1)"
5-Substituted for the words "hundred per cent" vide the Finance Act, 2016 (XXIX of 2016)
6-Substituted for the words "this section" vide the Finance Act, 2016 (XXIX of 2016)
7-Inserted vide the Finance Act, 2016 (XXIX of 2016)
8-Substituted for the figure "2016" vide the Finance Act, 2016 (XXIX of 2016)
9-Substituted for the word "2019" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
10-Substituted for the for the words, brackets and figure "in respect of the tax year in which the plant or machinery referred to in sub-section (1) is installed and for the subsequent four years" vide Finance Act, 2015
11-Existing sub-section (5) re-numbered as sub-section (6) vide Finance Act, 2012
12-Inserted vide the Finance Act, 2016 (XXIX of 2016)
13-Sub-section (7) added vide Finance Act, 2012.

**1[65F. Tax credit for certain persons.-** (1) Following persons or incomes shall be allowed a tax credit equal to one hundred per cent of the tax payable under any provisions of this Ordinance including minimum, alternate corporate tax and final taxes for the period, to the extent, upon fulfillment of conditions and subject to limitations detailed as under:-

(a) persons engaged in coal mining projects in Sindh supplying coal exclusively to power generation projects;

(b) a startup as defined in clause (62A) of section 2 for the tax year in which the startup is certified by the Pakistan Software Export Board and the next following two tax years; and

(c) Income from exports of computer software or IT services or IT enabled services as defined in clause (30AD) and (30AE) of section 2 upto the period ending on the 30th day of June, 2025:

Provided that eighty percent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.

(2) The tax credit under sub-section (1) shall be available subject to fulfillment of the following conditions, where applicable, namely:-

(a) return has been filed;

(b) withholding tax statements for the relevant tax year have been filed in respect of those provisions of the Ordinance, where the person is a withholding agent; and

(c) sales tax returns for the tax periods corresponding to relevant tax year have been filed if the person is required to file Sales Tax Return under any of the Federal or Provincial sales tax laws.]

1-Sub-section "(65F)" added by Finance Act, 2021, dated 30-06-2021

**1[65G. Tax credit for specified industrial undertakings.-** (1) When making certain eligible capital investments as specified in sub-section (2), the eligible taxpayers defined in sub-section (3) shall be allowed to take an investment tax credit of twenty five percent of the eligible investment amount, against tax payable under the provisions of this Ordinance including minimum and final taxes. The tax credit not fully adjusted during the year of investment shall be carried forward to the subsequent tax year subject to the condition that it may be carried forward for a period not exceeding two years.

(2) For the purposes of this section, the eligible investment means investment made in purchase and installation of new machinery, buildings, equipment, hardware and software, except self-created software and used capital goods.

(3) For the purpose of this section, eligible person means-

(a) green field industrial undertaking as defined in clause (27A) of section 2 engaged in-

(i) the manufacture of goods or materials or the subjection of goods or materials to any process which substantially changes their original condition; or

(ii) ship building:

Provided that the person incorporated between the 30th day of June, 2019 and the 30th day of June, 2024 and the person is not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery, plant or building from an undertaking established in Pakistan prior to the commencement of new business and is not part of an expansion project; and

(b) an industrial undertaking set up by the 30th day of June 2023 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from the date such industrial undertaking is set up.]

1-Sub-section "(65G)" added by Finance Act, 2021, dated 30-06-2021

**65H. Tax credit for foreign investment for industrial promotion,-** (1) Where a taxpayer being -

(a) a non-resident Pakistani citizen having continued non-residential status for more than five years; or

(b) a resident individual having foreign assets declared in terms of section 116 or 116A by the 31st December, 2021,

invests in a company incorporated on or after the 1st March, 2022, to set up an industrial undertaking in Pakistan with equity, not less than filly million rupees, with funds remitted into Pakistan through proper banking channel as per the procedure to be proscribed by the Stale Bank of Pakistan, at any lime up to the 31st December, 2022, that company shall be entitled to a one-time tax credit equal to one hundred percent of the amount remitted and credited in rupees in the bank account of such company against tax liability for the tax year in which commercial production commences.

(2) Where no tax is payable by the taxpayer in respect of the tax year in which the commercial production has commenced or where the tax payable is less than the amount of credit as aforesaid, the amount of the credit or so much of it as is in excess thereof, as the case may be, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year and so on, but no such amount shall be carried forward for more than live tax years in the case of investment referred to in sub-section (1), however, the deduction made under this section shall not exceed in aggregate the limit specified in sub-section (1).

(3) This section shall not apply to a company or an industrial undertaking established by splitting up or reconstitution of a company or an industrial undertaking already in existence or by transfer of machinery or plant from an industrial undertaking established at any time before the 1st March, 2022,

(4) The provisions of sub-section (1) shall apply if commercial production commences by the 30th June, 2024.

(5) Where any credit is allowed under this section and subsequently it is discovered by the Commissioner Inland Revenue that any one or more of the conditions specified in this section was or were not fulfilled, as the case may be, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner, notwithstanding anything contained in this Ordinance, shall re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so Tar as may be, apply accordingly.

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1-Section “65H” inserted by Income Tax (Amendment) Ordinance, 2022, dated 03-03-2022

## CHAPTER IV
## COMMON RULES

### PART I
### GENERAL

**66. Income of joint owners.-** (1) For the purposes of this Ordinance and subject to sub-section (2), where any property is owned by two or more persons and their respective shares are definite and ascertainable-

(a) the persons shall not be assessed as an association of persons in respect of the property; and

(b) the share of each person in the income from the property for a tax year shall be taken into account in the computation of the person's taxable income for that year.

(2) This section shall not apply in computing income chargeable under the head "Income from Business".

**67. Apportionment of deductions.-** (1) Subject to this Ordinance, where an 1[expenditures, deductions and allowances] relates to -

(a) the derivation of more than one head of income; or

2[(ab) derivation of income comprising of taxable income and any class of income to which sub-sections (4) and (5) of section 4 apply, or;]

(b) the derivation of income chargeable to tax under a head of income and to some other purpose,

the 3[expenditures, deductions and allowances] shall be apportioned on any reasonable basis taking account of the relative nature and size of the activities to which the amount relates.

(2) The 4[Board] may make rules under section 5[237] for the purposes of apportioning deductions 6[expenditures and allowances].

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1-Substituted for the word "expenditure" vide the Finance Act, 2016 (XXIX of 2016)
2-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Substituted for the word "expenditure" vide the Finance Act, 2016 (XXIX of 2016)
4-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
5-Substituted for the figure "232" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
6-Inserted vide the Finance Act, 2016 (XXIX of 2016)

**68. Fair market value.-** (1) For the purposes of this Ordinance, the fair market value of any property 1[or rent], asset, service, benefit or perquisite at a particular time shall be the price which the property 2[or rent], asset, service, benefit or perquisite would ordinarily fetch on sale or supply in the open market at that time.

(2) The fair market value of any property 3[or rent], asset, service, benefit or perquisite shall be determined without regard to any restriction on transfer or to the fact that it is not otherwise convertible to cash.

4[(3) Where the price 5[other than the price of immovable property] referred to in sub-section (1) is not ordinarily ascertainable, such price may be determined by the Commissioner.]

6[(4) Notwithstanding anything contained in sub-sections (1) and (3), 7[the Board may, from time to time, by notification in the official Gazette, determine the fair market value of immovable property of the area or areas as my be specified in the notification].]

8[(5) Where the fair market value of any immovable property of an area or areas has not been determined by the Board in the notification referred to in sub-section (4), the fair market value of such immovable property shall be deemed to be the value fixed by the District Officer (Revenue) or provincial or any other authority authorized in this behalf for the purposes of stamp duty.

(6) In respect of immovable property-

i. component A of the formula in sub-section (2) of section 37;
ii. "consideration received" as mentioned in Division X of Part IV of First Schedule;
iii. "value of immovable property" as mentioned in Divisions XVIII of Part IV of the First Schedule; and
iv. valuation for the purposes of section 111, shall not be less than the fair market value as determined under sub-section (4) or (5).

Explanation.- (1) For the removal of doubt, it is clarified that the fair market value as determined under sub-section (4) or (5) shall be for carrying out the purposes, of this Ordinance only.

(2) It is further clarified that for the purposes of clauses (i) to (iv) of this sub-section if the fair market value determined under sub-section (4) or (5) is different than the auction price the applicable price shall be the higher of the two.]

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
5-Inserted vide the Finance Act, 2016 (XXIX of 2016)
6-Added vide the Finance Act, 2016 (XXIX of 2016)
7-Substituted for the expression "the fair market value of immovable property shall be determined on the basis of valuation made by a panel of approved valuers of the State Bank of Pakistan" vide Income Tax (Amendment) Act, 2016 passed by NA on 30th November, 2016
8-Added vide Income Tax (Amendment) Act, 2016 passed by NA on 30th November, 2016

**69. Receipt of income.-** For the purposes of this Ordinance, a person shall be treated as having received an amount, benefit, or perquisite if it is -

(a) actually received by the person;

(b) applied on behalf of the person, at the instruction of the person or under any law; or

(c) made available to the person.

**70. Recouped expenditure.-** Where a person has been allowed a deduction for any expenditure or loss incurred in a tax year in the computation of the person's income chargeable to tax under a head of income and, subsequently, the person has received, in cash or in kind, any amount in respect of such expenditure or loss, the amount so received shall be included in the income chargeable under that head for the tax year in which it is received.

**71. Currency conversion.-** (1) Every amount taken into account under this Ordinance shall be in Rupees.

(2) Where an amount is in a currency other than rupees, the amount shall be converted to the Rupee at the State Bank of Pakistan 1[***] rate applying between the foreign currency and the Rupee on the date the amount is taken into account for the purposes of this Ordinance.

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1-The word “mid-exchange” omitted vide the Finance Act, 2003

**72. Cessation of source of income.-** Where -

(a) any income is derived by a person in a tax year from any business, activity, investment or other source that has ceased either before the commencement of the year or during the year; and

(b) if the income had been derived before the business, activity, investment or other source ceased it would have been chargeable to tax under this Ordinance,

This Ordinance shall apply to the income on the basis that the business, activity, investment or other source had not ceased at the time the income was derived.

**73. Rules to prevent double derivation and double deductions.-** (1) For the purposes of this Ordinance, where-

(a) any amount is chargeable to tax under this Ordinance on the basis that it is receivable, the amount shall not be chargeable again on the basis that it is received; or

(b) any amount is chargeable to tax under this Ordinance on the basis that it is received, the amount shall not be chargeable again on the basis that it is receivable.

(2) For the purposes of this Ordinance, where -

(a) any expenditure is deductible under this Ordinance on the basis that it is payable, the expenditure shall not be deductible again on the basis that it is paid; or

(b) any expenditure is deductible under this Ordinance on the basis that it is paid, the expenditure shall not be deductible again on the basis that it is payable.

## PART II
## TAX YEAR

1**[74. Tax year.-** (1) for the purpose of this Ordinance and subject to this section, the tax year shall be a period of twelve months ending on the 30th day of June (hereinafter referred to as 'normal tax year') and shall, subject to sub-section (3), be denoted by the calendar year in which the said date falls.

(2) Where a person's income year, under the repealed Ordinance, is different from the normal tax year, or where a person is allowed, by an order under sub-section (3), to use a twelve months' period different from normal tax year, such income year or such period shall be that person's tax year (hereinafter referred to as 'special tax year') and shall, subject to sub-section (3), be denoted by the calendar year relevant to normal tax year in which the closing date of the special tax year falls.

2[(2A) The 3[Board],-

(i) in the case of a class of persons having a special tax year different from a normal tax year may permit, by a notification in the official Gazette, to use a normal tax year; and

(ii) in the case of a class of persons having a normal tax year may permit, by a notification in the official Gazette, to use a special tax year.]

(3) A person may apply, in writing, to the Commissioner to allow him to use a twelve months' period, other than normal tax year, as special tax year and the Commissioner may, subject to sub-section (5), by an order, allow him to use such special tax year.

(4) A person using a special tax year, under sub-section (2), may apply in writing, to the Commissioner to allow him to use normal tax year and the Commissioner may, subject to sub-section (5), by an order, allow him to use normal tax year.

(5) The Commissioner shall grant permission under sub-section (3) or (4) only if the person has shown a compelling need to use special tax year or normal tax year, as the case may be, and the permission shall be subject to such conditions, if any, as the Commissioner may impose.

(6) An order under sub-section (3) or (4) shall be made after providing to the applicant an opportunity of being heard and where his application is rejected the Commissioner shall record in the order the reasons for rejection.

(7) The Commissioner may, after providing to the person concerned an opportunity of being heard, by an order, withdraw the permission granted under sub-section (3) or (4).

(8) An order under sub-section (3) or (4) shall take effect from such date, being the first day of the special tax year or the normal tax year, as the case may be, as may be specified in the order.

(9) Where the tax year of a person changes as a result of an order under sub-section (3) or sub-section (4), the period between the end of the last tax year prior to change and the date on which the changed tax year commences shall be treated as a separate tax year, to be known as the "transitional tax year".

(10) In this Ordinance, a reference to a particular financial year shall, unless the context otherwise requires, include a special tax year or a transitional tax year commencing during the financial year.

(11) A person dissatisfied with an order under sub-section (3), (4) or (7) may file a review application to the 4[Board], and the decision by the 5[Board] on such application shall be final.]

1-Substituted vide the Finance ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 74 was as under:--

"74. Tax year,-(1) For the purposes of this Ordinance and subject to this section, the tax year shall be the period of twelve months ending on the 30th day of June (referred to in this section as the financial year).

(2) A person may apply, in writing, to use as the person's tax year a twelve-month period (hereinafter referred to as a "special year") other than the financial year and the Commissioner may, subject to sub-section (4), by notice in writing, approve the application.

(3) A person granted permission under sub-section (2) to use a special year may apply, in writing, to change the person's tax year to the financial year or to another special year and the Commissioner may, subject to sub-section (4), by notice in writing, approve such application.

(4) The Commissioner may approve an application under sub-section (2) or (3) only if the person has shown a compelling need to use a special year or to change the person's tax year and any approval shall be subject to such conditions as the Commissioner may prescribe.

(5) The Commissioner may, by notice in writing to a person, withdraw the permission to use a special year granted under sub-section (2) or (3).

(6) A notice served by the Commissioner under sub-section (2) shall take effect on the date specified in the notice and a notice under sub-section (3) or (5) shall take effect at the end of the special year of the person in which the notice was served.

(7) Where the tax year of a person changes as a result of sub-section (2), (3) or (5), the period between the last full tax year prior to the change and the date on which the changed tax year commences shall be treated as a separate tax year, to be known as the transitional year.

(8) In this Ordinance, a reference to a particular financial year shall include a special year or a transitional year of a person commencing during the financial year."

(9) A person dissatisfied with a decision of the Commissioner under sub-section (2), (3) or (5) may challenge the decision only under the appeal procedure in Part III of Chapter X."

2-Added vide the Finance Act, 2004 (II of 2004 assented on 30 the June, 2004)

3-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30 the June, 2007)

4-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30 the June, 2007)

5-The words "Central Board of Revenue" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

## PART III
## ASSETS

**75. Disposal and acquisition of assets.-** (1) A person who holds an asset shall be treated as having made a disposal of the asset at the time the person parts with the ownership of the asset, including when the asset is -

(a) sold, exchanged, transferred or distributed; or

(b) cancelled, redeemed, relinquished, destroyed, lost, expired or surrendered.

(2) The transmission of an asset by succession or under a will shall be treated as a disposal of the asset by the deceased at the time asset is transmitted.

(3) The application of a business asset to personal use shall be treated as a disposal of the asset by the owner of the asset at the time the asset is so applied.

1[(3A) where a business asset is discarded or ceases to be used in business, it shall be treated to have been disposed of.]

(4) A disposal shall include the disposal of a part of an asset.

(5) A person shall be treated as having acquired an asset at the time the person begins to own the asset, including at the time the person is granted any right.

(6) The application of a personal asset to business use shall be treated as an acquisition of the asset by the owner at the time the asset is so applied.

(7) In this section,-

“business asset” means an asset held wholly or partly for use in a business, including stock-in-trade and a depreciable asset; and

“personal asset” means an asset held wholly for personal use.

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

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

(a) immovable property having fair market value greater than five million Rupees; or

(b) any other asset having fair market value more than one million Rupees,

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

(2) For the purposes of this section in case of immoveable property, fair market value means value notified by the Board under sub-section (4) of section 68 or value fixed by the provincial authority for the purposes of stamp duty, whichever is higher.

(3) In case the transaction is not undertaken in the manner specified in sub-section (1) -

(a) such asset shall not be eligible for any allowance under sections 22, 23, 24 and 25 of this Ordinance; and

(b) such amount shall not be treated as cost in terms of section 76 of this Ordinance for computation of any gain on sale of such asset.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**76. Cost.-** (1) Except as otherwise provided in this Ordinance, this section shall establish the cost of an asset for the purposes of this Ordinance.

(2) Subject to sub-section (3), the cost of an asset purchased by a person shall be the sum of the following amounts, namely:-

(a) The total consideration given by the person for the asset, including the fair market value of any consideration in kind determined at the time the asset is acquired;

(b) any incidental expenditure incurred by the person in acquiring and disposing of the asset; and

(c) any expenditure incurred by the person to alter or improve the asset,

but shall not include any expenditure under clauses (b) and (c) that has been fully allowed as a deduction under this Ordinance.

(3) The cost of an asset treated as acquired under sub-section (6) of section 75 shall be the fair market value of the asset determined at the date it is applied to business use.

(4) The cost of an asset produced or constructed by a person shall be the total costs incurred by the person in producing or constructing the asset plus any expenditure referred to 1[in] clauses (b) and (c) of sub-section (2) incurred by the person.

(5) Where an asset has been acquired by a person with a loan denominated in a foreign currency and, before full and final repayment of the loan, there is an increase or decrease in the liability of the person under the loan as expressed in Rupees, the amount by which the liability is increased or reduced shall be added to or deducted from the cost of the asset, as the case may be 2[:]

3[**Explanation**.-Difference, if any, on account of foreign currency fluctuation, shall be taken into account in the year of occurrence for the purposes of depreciation.]

(6) In determining whether the liability of a person has increased or decreased for the purposes of sub-section (5), account shall be taken of the person's position under any hedging agreement relating to the loan.

(7) Where a part of an asset is disposed of by a person, the cost of the asset shall be apportioned between the part of the asset retained and the part disposed of in accordance with their respective fair market values determined at the time the person acquired the asset.

(8) Where the acquisition of an asset by a person is the derivation of an amount chargeable to tax, the cost of the asset shall be the amount so charged plus any amount paid by the person for the asset.

(9) Where the acquisition of an asset by a person is the derivation of an amount exempt from tax, the cost of the asset shall be the exempt amount plus any amount paid by the person for the asset.

(10) The cost of an asset does not include the amount of any grant, subsidy, rebate, commission or any other assistance (other than a loan repayable with or without profit) received or receivable by a person in respect of the acquisition of the asset, except to the extent to which the amount is chargeable to tax under this Ordinance.

4[(11) Notwithstanding anything contained in this section, the Board may prescribe rules for determination of cost for any asset.]

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Substituted for the full stop vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
3-Explanation added vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
4-Sub-section (11) added vide the Finance Act, 2012

**77. Consideration received.-** (1) The consideration received by a person on disposal of an asset shall be the total amount received by the person for the asset 1[or the fair market value thereof, whichever is the higher], including the fair market value of any consideration received in kind determined at the time of disposal.

(2) Where an asset has been lost or destroyed by a person, the consideration received for the asset shall include any compensation, indemnity or damages received by the person under -

(a) an insurance policy, indemnity or other agreement;
(b) a settlement; or
(c) a judicial decision.

(3) The consideration received for an asset treated as disposed of under sub-section (3) 2[or (3A)] of section 75 shall be the fair market value of the asset determined at the time it is applied to personal use 3[or discarded or ceased to be used in business, as the case may be].

(4) The consideration received by a scheduled bank, financial institution, modaraba, or leasing company approved by the Commissioner (hereinafter referred to as a "leasing company") in respect of an asset leased by the company to another person shall be the residual value received by the leasing company on maturity of the lease agreement subject to the condition that the residual value plus the amount realized during the term of the lease towards the cost of the asset is not less than the original cost of the asset.

(5) Where two or more assets are disposed of by a person in a single transaction and the consideration received for each asset is not specified, the total consideration received by the person shall be apportioned among the assets disposed of in proportion to their respective fair market values determined at the time of the transaction.

4[(6) Notwithstanding anything contained in this section, the Board may prescribe rules for determination of consideration received for any asset.]

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Sub-section (6) added vide the Finance Act, 2012

**78. Non-arm's length transactions.-** Where an asset is disposed of in a non-arm's length transaction-

(a) the person disposing of the asset shall be treated as having received consideration equal to the fair market value of the asset determined at the time the asset is disposed; and

(b) the person acquiring the asset shall be treated as having a cost equal to the amount determined under clause (a).

**79. Non-recognition rules.-** (1) For the purposes of this Ordinance and subject to sub-section (2) , no gain or loss shall be taken to arise on the disposal of an asset -

(a) between spouses under an agreement to live apart;

(b) by reason of the transmission of the asset to an executor or beneficiary on the death of a person;

(c) by reason of a gift of the asset 1[to a relative, as defined in sub-section (5) of section 85];

(d) by reason of the compulsory acquisition of the asset under any law where the consideration received for the disposal is reinvested by the recipient in an asset of a like kind within one year of the disposal;

(e) by a company to its shareholders on liquidation of the company; or

(f) by an association of persons to its members on dissolution of the association where the assets are distributed to members in accordance with their interests in the capital of the association.

(2) Sub-section (1) shall not apply where the person acquiring the asset is a non-resident person at the time of the acquisition 2[in respect of disposal of an asset as mentioned in clauses (d), (e) and (f) of sub-section (1)].

(3) Where clause (a), (b), (c), (e) or (f) of sub-section (1) applies, the person acquiring the asset shall be treated as-

(a) acquiring an asset of the same character as the person disposing of the asset; and

(b) acquiring the asset for a cost equal to the cost of the asset for the person disposing of the asset at the time of the disposal.

(4) The person's cost of a replacement asset referred to in clause (d) of sub-section (1) shall be the cost of the asset disposed of plus the amount by which any consideration given by the person for the replacement asset exceeds the consideration received by the person for the asset disposed of.

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
2-Expression substituted by Finance Act, 2021, dated 30-06-2021

## CHAPTER V
## PROVISIONS GOVERNING PERSONS

## PART I
## CENTRAL CONCEPTS

### Division I
### Persons

**80. Person.-** (1) The following shall be treated as persons for the purposes of this Ordinance, namely:-

(a) An individual;
(b) a company or association of persons incorporated, formed, organized or established in Pakistan or elsewhere;
(c) the Federal Government, a foreign government, a political sub-division of a foreign government, or public international organization.

(2) For the purposes of this Ordinance -

(a) "association of persons" includes a firm, a Hindu undivided family, any artificial juridical person and anybody of persons formed under a foreign law, but does not include a company;
(b) "company" means -

(i) a company as defined in the 1[Companies Act, 2017 (XIX of 2017)];
(ii) a body corporate formed by or under any law in force in Pakistan;
(iii) a modaraba;
(iv) a body incorporated by or under the law of a country outside Pakistan relating to incorporation of companies;

2[(v) a co-operative society, a finance society or any other society;]

3[(va) a non-profit organization;

(vb) a trust, an entity or a body of persons established or constituted by or under any law for the time being in force;]

(vi) a foreign association, whether incorporated or not, which the 4[Board] has, by general or special order, declared to be a company for the purposes of this Ordinance;

(vii) a Provincial Government; 5[*** ]

(viii) a 6[Local Government] in Pakistan; 7[or]

8[(ix) a Small Company as defined in section 2;]

(c) "firm" means the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all;

(d) "trust" means an obligation annexed to the ownership of property and arising out of the confidence reposed in and accepted by the owner, or declared and accepted by the owner for the benefit of another, or of another and the owner, and includes a unit trust; and

(e) "unit trust" means any trust under which beneficial interests are divided into units such that the entitlements of the beneficiaries to income or capital are determined by the number of units held.

1-For the expression “Companies Ordinance, 1984 (XLVII of 1984)” substituted by Finance Act, 2021, dated 30-06-2021
2-Substituted for sub-clause (v) vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
At the time of substitution sub-clause (v) was as under:--
(v) a trust, a co-operative society or a finance society i[or any other society established or constituted by or under any law for the time being in force;]
i. Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
4-The words “Central Board of Revenue” substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007
5-The word “or” omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
6-The words “local authority” substituted vide the Finance Act, 2008
7-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
8-Added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

## Division II
## Resident and Non-Resident Persons

**81. Resident and non-resident persons.-** (1) A person shall be a resident person for a tax year if the person is -

(a) a resident individual, resident company or resident association of persons for the year; or

(b) the Federal Government.

(2) A person shall be a non-resident person for a tax year if the person is not a resident person for that year.

**82. Resident individual.-** An individual shall be a resident individual for a tax year if the individual -

(a) is present in Pakistan for a period of, or periods amounting in aggregate to, one hundred and 1[eighty-three] days 2[***] more in the tax year; 3[or]

4[***]

5[***]

(c) is an employee or official of the Federal Government or a Provincial Government posted abroad in the tax year.

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1-The words "eighty-two" substituted vide the Finance Act, 2006 (III of 2006)
2-Omitted for the word "or" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
3-Inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
4-Clause "(ab)" omitted by by Finance Act, 2021, dated 30-06-2021. Earlier inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019, read as under:
"(ab) is present in Pakistan for a period of, or periods amounting in aggregate to, one hundred and twenty days or more in the tax year and, in the four years preceding the tax year, has been in Pakistan for a period of, or periods amounting in aggregate to, three hundred and sixty-five days or more;"
5-Omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution Sub-clause (b) was as under:--
"(b) is present in Pakistan for a period of, or periods amounting in aggregate to, ninety days or more in the tax year and who, in the four years preceding the tax year, has been in Pakistan for a period of, or periods amounting in aggregate to, three hundred and sixty-five days or more;"

**83. Resident company.-** A company shall be a resident company for a tax year if -

(a) it is incorporated or formed by or under any law in force in Pakistan;

(b) the control and management of the affairs of the company is situated wholly 1[ ***] in Pakistan at any time in the year; or

(c) it is a Provincial Government or 2[Local Government] in Pakistan.

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1-The words “or almost wholly” omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words “local authority” substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

**84. Resident association of persons.-** An association of persons shall be a resident association of persons for a tax year if the control and management of the affairs of the association is situated wholly or partly in Pakistan at any time in the year.

## Division III
## Associates

**85. Associates.-** (1) Subject to sub-section (2), two persons shall be associates where the relationship between the two is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person.

(2) Two persons shall not be associates solely by reason of the fact that one person is an employee of the other or both persons are employees of a third person.

(3) Without limiting the generality of sub-section (1) and subject to sub-section (4), the following shall be treated as associates -

(a) an individual and a relative of the individual;

(b) members of an association of persons;

(c) a member of an association of persons and the association, where the member, either alone or together with an associate or associates under another application of this section, controls fifty per cent or more of the rights to income or capital of the association;

(d) a trust and any person who benefits or may benefit under the trust;

(e) a shareholder in a company and the company, where the shareholder, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons -

(i) fifty per cent or more of the voting power in the company;
(ii) fifty per cent or more of the rights to dividends; or
(iii) fifty per cent or more of the rights to capital; and

(f) two companies, where a person, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons -

(i) fifty per cent or more of the voting power in both companies;
(ii) fifty per cent or more of the rights to dividends in both companies; or
(iii) fifty per cent or more of the rights to capital in both companies.

(4) Two persons shall not be associates under clause (a) or (b) of sub-section (3) where the Commissioner is satisfied that neither person may reasonably be expected to act in accordance with the intentions of the other.

(5) In this section, “relative” in relation to an individual, means -

(a) an ancestor, a descendant of any of the grandparents, or an adopted child, of the individual, or of a spouse of the individual; or

(b) a spouse of the individual or of any person specified in clause (a).

## PART II
## INDIVIDUALS

### Division I
### Taxation of Individuals

**86. Principle of taxation of individuals.-** Subject to this Ordinance, the taxable income of each individual shall be determined separately.

**87. Deceased individuals.-** (1) The legal representative of a deceased individual shall be liable for-

(a) any tax that the individual would have become liable for if the individual had not died; and

(b) any tax payable in respect of the income of the deceased's estate.

(2) The liability of a legal representative under this section shall be limited to the extent to which the deceased's estate is capable of meeting the liability.

1[(2A) The liability under this Ordinance shall be the first charge on the deceased's estate.]

(3) For the purpose of this Ordinance,-

(a) any proceeding taken under this Ordinance against the deceased before his or her death shall be treated as taken against the legal representative and may be continued against the legal representative from the stage at which the proceeding stood on the date of the deceased's death; and

(b) any proceeding which could have been taken under this Ordinance against the deceased if the deceased had survived may be taken against the legal representative of the deceased.

(4) In this section, "legal representative" means a person who in law represents the estate of a deceased person, and includes any person who intermeddles with the estate of the deceased and where a party sues or issued in representative character the person on whom the estate devolves on the death of the party so suing or sued.

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1-Sub-section (2A) inserted vide Finance Act, 2010 (XV of 2010)

## Division II
## Provisions Relating to Averaging

**88. An individual as a member of an association of persons.-** If, for a tax year, an individual has taxable income and derives an amount or amounts exempt from tax under sub-section (1) of section 92, the amount of tax payable on the taxable income of the individual shall be computed in accordance with the following formula, namely:–

(A/B) x C
where –

A is the amount of tax that would be assessed to the individual for the year if the amount or amounts exempt from tax under sub-section (1) of section 92 were chargeable to tax;

B is the taxable income of the individual for the year if the amount or amounts exempt from tax under sub-section (1) of section 92 were chargeable to tax; and

C is the individual's actual taxable income for the year.

**1[***]**

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1-Section 88A omitted by Finance Act, 2014

**"88A. Share profits of company to be added to taxable income.-** (1) Notwithstanding the provisions of sub-section (1) of section 92, the share of profits derived by a company from an association of persons shall be added to the taxable income of the company.

(2) The company shall be allowed a tax credit in accordance with the following formula, namely:-

2[(A/B) x C]

Where -

A is the amount of share of profits received by the company from the association;

B is the taxable income of the association; and

C is the amount of tax assessed on the association.

(3) The tax credit allowed under this section shall be applied in accordance with sub-section (3) of section 4."

1-Section 88A inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-The brackets, figure and letters "(A/B) XC" substituted vide the Finance Act, 2005 (VII of 2005 assented on 16th June, 2005)

**89. Authors.-** Where the time taken by an author of a literary or artistic work to complete the work exceeds twenty-four months, the author may elect to treat any lump sum amount received by the author in a tax year on account of royalties in respect of the work as having been received in that tax year and the preceding two tax years in equal proportions.

## Division III
## Income Splitting

**90. Transfers of assets.-** (1) For the purposes of this Ordinance and subject to sub-section (2), where there has been a revocable transfer of an asset, any income arising from the asset shall be treated as the income of the transferor and not of the transferee.

(2) Sub-section (1) shall not apply to any income derived by a person by virtue of a transfer that is not revocable during the lifetime of the person and the transferor derives no direct or indirect benefit from such income.

(3) For the purposes of this Ordinance, where there has been a transfer of an asset but the asset remains the property of the transferor, any income arising from the asset shall be treated as the income of the transferor.

(4) For the purposes of this Ordinance and subject to sub-section (5), any income arising from any asset transferred by a person directly or indirectly to-

(a) the person's spouse or minor child; or
(b) any other person for the benefit of a person or persons referred to in clause (a),

shall be treated as the income of the transferor.

(5) Sub-section (4) shall not apply to any transfer made -

(a) for adequate consideration; or
(b) in connection with an agreement to live apart.

(6) For the purposes of clause (a) of sub-section (5), a transfer shall not be treated as made for adequate consideration if the transferor has provided, by way of loan or otherwise, to the transferee, directly or indirectly, with the funds for the acquisition of the asset.

(7) Sub-section (5) does not apply where the transferor fails to produce evidence of the transfer of the asset by way of its registration or mutation in the relevant record and the income arising from the asset shall be treated as the income of the transferor for the purposes of this Ordinance.

(8) For the purposes of this section,-

(a) a transfer of an asset shall be treated as revocable if -

(i) there is any provision for the re-transfer, directly or indirectly, of the whole or any part of the asset to the transferor; or

(ii) the transferor has, in any way, the right to resume power, directly or indirectly, over the whole or any part of the asset;

(b) "minor child" shall not include a married daughter; and

(c) "transfer" includes any disposition, settlement, trust, covenant, agreement or arrangement.

**91. Income of a minor child.-** (1) Any income of a minor child for a tax year chargeable under the head "Income from Business" shall be chargeable to tax as the income of the parent of the child with the highest taxable income for that year.

(2) Sub-section (1) shall not apply to the income of a minor child from a business acquired by the child through an inheritance.

## PART III
## ASSOCIATIONS OF PERSONS

**92. Principles of taxation of associations of persons.-** (1) 1[***] An association of persons shall be liable to tax separately from the members of the association and 2[where the association of persons has paid tax the] amount received by a member of the association in the capacity as member out of the income of the association shall be exempt from tax 3[:]

4[Provided that if at least one member of the association of persons is a company, the share of such company or companies shall be excluded for the purpose of computing the total income of the association of persons and the company or the companies shall be taxed separately, at the rate applicable to the companies, according to their share.]

5[***]

6[***]

7[***]

8[***]

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1-The words, brackets, figure and comma "Subject to sub-section (2)" omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

2-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

3-Substituted for full stop vide the Finance Act, 2014

4-Added vide the Finance Act, 2014

5-Sub-section (2) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission sub-section (2) was as under:--

i[(2) Sub-section (I) shall not apply to an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating the profession".

i. Sub-section (2) substituted vide Finance Act, 2003 assented on 16th June, 2003). At the time of substitution a different sub-section (2) was as under:-

"(2) Sub-section (1) shall not apply to ---

(a) an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating the profession or

(b) an association of persons in which a company is a member."

6-Sub-section (3) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission sub-section (3) was as under:-

"(3) An association of persons to which subsection (2) applies shall not be liable to tax and the income of the association shall be taxed to the members in accordance with section 93".

7-Sub-section (4) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission sub-section (4) was as under:--

"(4) An association of persons referred to in sub-section (3) shall furnish a return of total income for each tax year."

8-Sub-section (5) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission sub-section (5) was as under:--

"(5) Sections 114, 118 and 119 shall apply to a return of total income required to be furnished under subsection (4)."

**1[***]**

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1-Section (93) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

"93. Taxation of members of an association of persons.-(1) Where sub-section (3) of section 92 applies, the income of a member of an association of persons chargeable under the head "Income from Business for a tax year shall include"

(a) in the case of a resident member, the member's share in the total income of the association; or

(b) in the case of a non-resident member, the member's share in so much of the total income of the association as is attributable to Pakistani-source income.

(2) Where an association of persons to which sub-section (3) of section 92 applies sustains a loss that cannot be set off against any other income of the association in accordance with section 56, the amount of the loss shall be apportioned among the members of the association according to their interest in the association and the members shall be entitled to have their share of the loss set off and carried forward for set off under Part VIII of Chapter III in computing their taxable income under this Ordinance.

(3) The share of a loss referred to in sub-section (2) of a non-resident member shall be limited to the extent that the loss relates to the derivation of Pakistan-source income.

(4) The total income of an association of persons for the purposes of sub-section (1) and the loss of an association for the purposes of sub-section (2) shall be computed as if the association were a resident person.

(5) Income, expenditures and losses of an association of persons to which this section applies shall retain their character as to geographic source and type of income, expenditure or loss in the hands of the members of the association, and shall be treated as having passed through the association on a pro rata basis, unless the Commissioner permits otherwise by i[order] in writing to the association.

(6) The share of a member in the total income of an association of persons shall be determined according to the member's interest in the association and shall include any profit on debt, brokerage, commission, salary or other remuneration received or due from the association."

i. Substituted for the word "notice" vide Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

## PART IV
## COMPANIES

**94. Principles of taxation of companies.-** (1) A company shall be liable to tax separately from its shareholders.

(2) A dividend paid by a 1[***] company shall be taxable in accordance with Section 5.

2[***]

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1-The word "resident" was omitted vide the Finance Act, 2015

2-Sub-section (3) was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission, sub-section (3) was as under:-

"(3) A dividend paid by a non-resident company to a resident person shall be chargeable to tax under the head "Income from Business" or "Income from Other Sources", as the case may be, unless the dividend is exempt from tax."

**95. Disposal of business by individual to wholly-owned company.-** (1) Where a resident individual (hereinafter referred to as the "transferor") disposes of all the assets of a business of the transferor to a resident company, no gain or loss shall be taken to arise on the disposal if the following conditions are satisfied, namely:-

(a) The consideration received by the transferor for the disposal is a share or shares in the company (other than redeemable shares).

(b) the transferor must beneficially own all the issued shares in the company immediately after the disposal;

(c) the company must undertake to discharge any liability in respect of the assets disposed of to the company;

(d) any liability in respect of the assets disposed of to the company must not exceed the transferor's cost of the assets at the time of the disposal;

(e) the fair market value of the share or shares received by the transferor for the disposal must be substantially the same as the fair market value of the assets disposed of to the company, less any liability that the company has undertaken to discharge in respect of the assets; and

(f) the company must not be exempt from tax for the tax year in which the disposal takes place.

(2) Where sub-section (1) applies-

(a) each of the assets acquired by the company shall be treated as having the same character as it had in the hands of the transferor;

(b) the company's cost in respect of the acquisition of the assets shall be -

(i) in the case of a depreciable asset or amortized intangible, the written down value of the asset or intangible immediately before the disposal;
(ii) in the case of stock-in-trade valued for tax purposes under sub-section (4) of section 35 1[***], that value; or
(iii) in any other case, the transferor's cost at the time of the disposal;

(c) if, immediately before the disposal, the transferor has deductions allowed under sections 22, 23 and 24 in respect of the assets transferred which have not been set off against the transferor's income, the amount not set off shall be added to the deductions allowed under those sections to the company in the tax year in which the transfer is made; and

(d) the transferor's cost in respect of the share or shares received as consideration for the disposal shall be -

(i) in the case of a consideration of one share, the transferor's cost of the assets transferred as determined under clause (b), less the amount of any liability that the company has undertaken to discharge in respect of the assets; or

(ii) in the case of a consideration of more than one share, the amount determined under sub-clause (i) divided by the number of shares received.

(3) In determining whether the transferor's deductions under sections 22, 23 or 24 have been set off against income for the purposes of clause (c) of sub-section (2), those deductions shall be taken into account last.

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1-The words "at fair market value" were omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**96. Disposal of business by association of persons to wholly-owned company.-** (1) Where a resident association of persons disposes of all the assets of a business of the association to a resident company, no gain or loss shall be taken to arise on the disposal if the following conditions are satisfied, namely:-

(a) The consideration received by the association for the disposal is a share or shares in the company (other than redeemable shares);

(b) the association must own all the issued shares in the company immediately after the disposal;

(c) each member of the association must have an interest in the shares in the same proportion to the member's interest in the business assets immediately before the disposal;

(d) the company must undertake to discharge any liability in respect of the assets disposed of to the company;

(e) any liability in respect of the assets disposed of to the company must not exceed the association's cost of the asset at the time of the disposal;

(f) the fair market value of the share or shares received by the association for the disposal must be substantially the same as the fair market value of the assets disposed of to the company, as reduced by any liability that the company has undertaken to discharge in respect of the assets; and

(g) the company must not be exempt from tax for the tax year in which the disposal takes place.

(2) Where sub-section (1) applies -

(a) each of the assets acquired by the company shall be treated as having the same character as it had in the hands of the association;
(b) the company's cost in respect of the acquisition of the assets shall be -

(i) in the case of a depreciable asset or amortized intangible, the written down value of the asset or intangible immediately before the disposal;
(ii) in the case of stock-in-trade valued for tax purposes under sub-section (4) of section 35 1[***], that value; or
(iii) in any other case, the association's cost at the time of the disposal;

(c) if, immediately before the disposal, the association is subject to tax in accordance with sub-section (1) of section 92 and the association has deductions allowed under sections 22, 23 and 24 in respect of the assets transferred which have not been set off against the association's income, the amount not set off shall be added to the deductions allowed under those sections to the company in the tax year in which the transfer is made; and

(d) the association's cost in respect of the share or shares received as consideration for the disposal shall be -

(i) in the case of a consideration of one share, the association's cost of the assets transferred as determined under clause (b), as reduced by the amount of any liability that the company has undertaken to discharge in respect of the assets; or
(ii) in the case of a consideration of more than one share, the amount determined under sub-clause (i) divided by the number of shares received.

(3) In determining whether the association's deductions under Sections 22, 23 or 24 have been set off against income for the purposes of clause (c) of sub-section (2), those deductions are taken into account last.

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1-The words "at fair market value" omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**97. Disposal of asset between wholly-owned companies.-** (1) Where a resident company (hereinafter referred to as the "transferor") disposes of an asset to another resident company (hereinafter referred to as the "transferee"), no gain or loss shall be taken to arise on the disposal if the following conditions are satisfied, namely:-

(a) Both companies belong to a wholly-owned group of 1[resident] company at the time of the disposal;

(b) the transferee must undertake to discharge any liability in respect of the asset acquired;

(c) any liability in respect of the asset must not exceed the transferor's cost of the asset at the time of the disposal; and

(d) the transferee must not be exempt from tax for the tax year in which the disposal takes place.

(2) Where sub-section (1) applies -

(a) the asset acquired by the transferee shall be treated as having the same character as it had in the hands of the transferor;

(b) the transferee's cost in respect of the acquisition of the asset shall be -

(i) in the case of a depreciable asset or amortized intangible, the written down value of the asset or intangible immediately before the disposal;

(ii) in the case of stock-in-trade valued for tax purposes under sub-section (4) of section 35 2[***], that value; or

(iii) in any other case, the transferor's cost at the time of the disposal;

(c) if, immediately before the disposal, the transferor has deductions allowed not been set off against the transferor's income, the amount not set off shall be added to the deductions allowed under those sections to the transferee in the tax year in which the transfer is made; and

(d) the transferor's cost in respect of any consideration in kind received for the asset shall be the transferor's cost of the asset transferred as determined under clause (b), as reduced by the amount of any liability that the transferee has undertaken to discharge in respect of the asset.

(3) In determining whether the transferor's deductions under sections 22, 23 or 24 in respect of the asset transferred have been set off against income for the purposes of clause (c) of sub-section (2), those deductions shall be taken into account last.

(4) The transferor and transferee companies belong to a wholly-owned group if -

(a) one company beneficially holds all the issued shares of the other company; or

(b) a third company beneficially holds all the issued shares in both companies.

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words "at fair market value" omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**1[97A. Disposal of asset under a scheme of arrangement and reconstruction.-** (1) No gain or loss shall be taken to arise on disposal of asset from one company (hereinafter referred to as the "transferor") to another company (hereinafter referred to as the "transferee") by virtue of operation of a Scheme of Arrangement and Reconstruction under sections 282L and 284 to 287 of the 2[Companies Act, 2017 (XIX of 2017)] or section 48 of the Banking Companies Ordinance, 1962 (LVII of 1962), if the following conditions are satisfied, namely:-

(a) the transferee must undertake to discharge any liability in respect of the asset acquired;

(b) any liability in respect of the asset must not exceed the transferor's cost of the asset at the time of the disposal;

(c) the transferee must not be exempt from tax for the tax year in which the disposal takes place; and

(d) scheme is approved by the High Court, State Bank of Pakistan or Securities and Exchange Commission of Pakistan, as the case may be, on or after first day of July, 2007.

(2) No gain or loss shall be taken to arise on issue, cancellation, exchange or receipt of shares as a result of Scheme of Arrangement and Reconstruction under sections 282L and 284 to 287 of the 2[Companies Act, 2017 (XIX of 2017)] or section 48 of the Banking Companies Ordinance, 1962 (LVII of 1962) and approved by:-

(a) the High Court;
(b) State Bank of Pakistan; or
(c) Securities and Exchange Commission of Pakistan, as the case may be, on or after first day of July, 2007.

(3) Where sub-section (1) applies-

(a) the asset acquired by the transferee shall be treated as having the same character as it had in the hands of the transferor;

(b) the transferee's cost in respect of acquisition of the asset shall be-

(i) in the case of a depreciable asset or amortized intangible, the written disposal;
(ii) in the case of stock-in-trade valued for tax purposes under sub-section (4) of section 35, that value; or
(iii) in any other case, the transferor's cost at the time of the disposal;

(c) if, immediately before the disposal, the transferor has deductions allowed under sections 22, 23 and 24 in respect of the asset transferred which have not been set off against the transferor's income, the amount not set off shall be added to the deduction allowed under those sections to the transferee in the tax year in which the transfer is made.

(4) In determining whether the transferor's deductions under sections 22, 23 or 24 in respect of the asset transferred have been set off against income for the purposes of clause (c) of sub-section (2), those deductions shall be taken into account last.

(5) Where sub-section (2) applies and the shares issued vested by virtue of the Scheme of Arrangement and Reconstruction under sections 282L and 284 to 287 of the 2[Companies Act, 2017 (XIX of 2017)] or section 48 of the Banking Companies Ordinance, 1962 (LVII of 1962) and approved by the Court or State Bank of Pakistan or Securities and Exchange Commission of Pakistan as the case may be, are disposed of, the cost of shares shall be the cost prior to the operation of the said scheme.]

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1-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2020, dated 30-06-2020

## PART V
## COMMON PROVISIONS APPLICABLE TO ASSOCIATIONS OF PERSONS AND COMPANIES

**98. Change in control of an entity.-** (1) Where there is a change of fifty per cent or more in the underlying ownership of an entity, any loss incurred for a tax year before the change shall not be allowed as a deduction in a tax year after the change, unless the entity -

(a) continues to conduct the same business after the change as it conducted before the change until the loss has been fully set off; and

(b) does not, until the loss has been fully set off, engage in any new business or investment after the change where the principal purpose of the entity or the beneficial owners of the entity is to utilize the loss so as to reduce the income tax payable on the income arising from the new business or investment.

(2) In this section,-

“entity” means a company or association of persons to which sub-section (1) of section 92 applies;

“ownership interest” means a share in a company or the interest of a member in an association of persons; and

“underlying ownership” in relation to an entity, means an ownership interest in the entity held, directly or indirectly through an interposed entity or entities, by an individual or by a person not ultimately owned by individuals.

## 1[PART VA
## TAX LIABILITY IN CERTAIN CASES

**98A. Change in the constitution of an association of persons.-**Where, during the course of a tax year, a change occurs in the constitution of an association of persons, liability of filing the return on behalf of the association of persons for the tax year shall be on the association of persons as constituted at the time of filing of such return but the income of the association of persons shall be apportioned among the members who were entitled to receive it and, where the tax assessed on a member cannot be recovered from him it shall be recovered from the association of persons as constituted at the time of filing the return.

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**1[98B. Discontinuance of business or dissolution of an association of persons.-** (1) Subject to the provisions of section 117, where any business or profession carried on by an association of persons has been discontinued, or where an association of persons is dissolved, all the provisions of this Ordinance, shall, so far as may be, apply as if no such discontinuance or dissolution had taken place.

(2) Every person, who was, at the time of such discontinuance or dissolution, a member of such association of persons and the legal representative of any such person who is deceased, shall be jointly and severally liable for the amount of tax payable by the association of persons.]

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**98C. Succession to business, otherwise than on death.-** (1) Where a person carrying on any business or profession has been succeeded in any tax year by any other person (hereafter in this section referred to as the "predecessor" and "successor" respectively), otherwise than on the death of the predecessor, and the successor continues to carry on that business or profession,-

(a) the predecessor shall be liable to pay tax in respect of the income of the tax year in which the succession took place up to the date of succession and of the tax year or years preceding that year; and

(b) the successor shall be liable to pay tax in respect of the income of such tax year after the date of succession.

(2) Notwithstanding anything contained in sub-section (1), where the predecessor cannot be found, the tax liability in respect of the tax year in which the succession took place up to the date of succession and of the tax year or years preceding that year shall be that of the successor in like manner and to the same extent as it would have been that of the predecessor, and all the provisions of this Ordinance shall, so far as may be, apply accordingly.

(3) Where any tax payable under this section in respect of such business or profession cannot be recovered from the predecessor, it shall be recoverable from the successor, who shall be entitled to recover it from the predecessor.]

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

## CHAPTER VI
## SPECIAL INDUSTRIES

### PART I
### INSURANCE BUSINESS

**99. Special provisions relating to insurance business.-** The profits and gains of any insurance business shall be computed in accordance with the rules in the Fourth Schedule.

**1[99A. Special provisions relating to traders.-** (1) Subject to sub-section (3), tax payable on the profits and gains of a trader as defined in sub-section (4) who upto thirty first day of December, 2015 has not filed a return for any of the preceding ten tax years shall be computed in accordance with the rules laid down in Part I of the Ninth Schedule.

(2) Subject to sub-section (3), tax payable on the profits and gains of any trader as defined in sub-section (4), who-

(a) is a filer; or

(b) is NTN holder and a non-filer but has filed return or returns in any of the last ten preceding tax years, shall be computed in accordance with the rules laid down in Part II of the Ninth Schedule.

(3) Sub-sections (l) and (2) shall apply, if

(a) the return filed by the trader qualifies for acceptance in accordance with the rules laid down in the Ninth Schedule;

(b) return relates to tax years 2015 to 2018; and

(c) income from business consists of profits and gains from trading activity only.

(4) For the purpose of this section and the Ninth Schedule, 'trader' means an individual or an association of persons (AOP) buying goods or merchandise and selling the same without further processing and providing, business-related after sales services by doing repair jobs.

Explanation 1.- For the removal of doubt it is clarified that any person engaged in-

(a) rendering of, or providing, services as defined in clause (iii) of sub-section (7) of section 153; or

(b) business of retailer falling under rule (5) of Chapter II of the Sales Tax Special Procedures Rules, 2007, shall not be treated as a trader for the purposes of this section.

Explanation 2.- It is also clarified that this section shall not apply to a person who is a Member of the Senate of Pakistan the National Assembly of Pakistan or a Provincial Assembly.]

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1-Section '99A' was inserted vide the Finance (Third Amendment) Act, 2016 (III of 2016 assented on 29th January, 2016)

**1[99B. Special procedure for small traders and shopkeepers.-** Notwithstanding anything contained in this Ordinance, the 2[Board with the approval of the Minister-in-charge] may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, filing of return and assessment in respect of such small traders and shopkeepers, in such cities or territories, as may be specified therein.]

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1-Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
2-For the words "Federal Government" substituted by Finance Act, 2021, dated 30-06-2021

1**[99C. Special procedure for certain persons.-** Notwithstanding anything contained in this Ordinance, the 2[Board with the approval of the Minister-in-charge] may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, record keeping, filing of return and assessment in respect of small businesses, construction businesses, medical practitioners, hospitals, educational institutions and any other sector specified by the 2[Board with the approval of the Minister-in-charge], in such cities or territories, as may be specified therein.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

2-For the words "Federal Government" substituted by Finance Act, 2021, dated 30-06-2021

## PART II
## OIL, NATURAL GAS AND OTHER MINERAL DEPOSITS

**100. Special provisions relating to the production of oil and natural gas, and exploration and extraction of other mineral deposits.-** (1) Subject to sub-section (2), the profits and gains from -

(a) the exploration and production of petroleum including natural gas and from refineries set up at the Dhodak and Bobi fields;

(b) the pipeline operations of exploration and production companies; or

(c) the manufacture and sale of liquefied petroleum gas or compressed natural gas,

and the tax payable thereon shall be computed in accordance with the rules in Part I of the Fifth Schedule.

(2) Sub-section (1) shall not apply to the profits and gains attributable to the production of petroleum including natural gas discovered before the 24th day of September, 1954 1[:

Provided that the for tax year 2017 and onward the provisions of this sub-section shall not apply on profit and gains derived from sui gas field.]

(3) The profits and gains of any business which consists of, or includes, the exploration and extraction of such mineral deposits of a wasting nature (not being petroleum or natural gas) as may be specified in this behalf by the 2[Board with the approval of the Minister-in-charge] carried on by a person in Pakistan shall be computed in accordance with the rules in Part II of the Fifth Schedule.

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1-For the full stop, a colon was substituted and thereafter the proviso was added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

2-For the words “Federal Government” substituted by Finance Act, 2021, dated 30-06-2021

1**[(100A) Special provisions relating to banking business.-** (1) Subject to sub-section(2), the income, profits and gains of any banking company as defined in clause (7) of section 2 and tax payable thereon shall be computed in accordance with the rules in the Seventh Schedule.

(2) Sub-section (1) shall apply to the profits and gains of the banking companies relevant to tax year 2009 and onwards.]

2[(3) Notwithstanding anything contained in sub-section (1), income, profits and gains and tax payable thereon shall be computed subject to the limitations and provisions contained in Chapters VII and VIII.]

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1-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

1**[100B Special provision relating to capital gain tax.-** (1) Capital gains on disposal of listed securities and tax thereon, subject to section 37A, shall be computed, determined, collected and deposited in accordance with the rules laid down in the Eighth Schedule.

(2) The provisions of sub-section (1) shall not apply to the following persons or class of persons, namely:

(a) a mutual fund;

(b) a banking company, a non-banking finance company, and an insurance company subject to tax under the Fourth Schedule;

(c) a modaraba;

2[(d) a company, in respect of debt securities only; and]

(e) any other person or class of persons notified by the Board.]

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1-Section 100B inserted vide the Finance Act, 2012. Earlier same Section 100B was inserted vide the Finance (Amendment Ordinance, 2012 (III of 2012 promulgated on 24th April, 2012)

2-Substituted for clause (d) a "foreign institutional investor being a person registered with NCCPL as a foreign institutional investor; and vide the Finance Act, 2014

1**[100BA. Special provisions relating to persons not appearing in active taxpayers' list.-** (1) The collection or deduction of advance income tax, computation of income and tax payable thereon 2[in respect of a person not appearing on the active taxpayers' list] shall be determined in accordance with the rules in the Tenth Schedule.

(2) The provisions of the Tenth Schedule shall have effect notwithstanding anything to the contrary contained in this Ordinance.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
2-Words inserted by Finance Act, 2020, dated 30-06-2020

1[**100C. Tax credit for charitable organizations.-** (1) The persons mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred percent of tax payable under any of the provisions of this Ordinance including minimum and final taxes in respect of incomes mentioned in sub-section (3) subject to the conditions and limitations laid down in sub-section (4).

(2) The provisions of this section shall apply to the following persons, namely:-

(a) persons specified in Table - II of clause (66) of Part I of the Second Schedule to this Ordinance;

(b) a trust administered under a scheme approved by the Federal Government and established in Pakistan exclusively for the purposes of carrying out such activities as are for the welfare of ex-employees and serving personnel of the Federal Government or a Provincial Government or armed forces including civilian employees of armed forces and their dependents where the said trust is administered by a committee nominated by the Federal Government or a Provincial Government;

(c) a trust;

(d) a welfare institution registered with Provincial or Islamabad Capital Territory (ICT) social welfare department;

(e) a not for profit company registered with the Securities and Exchange Commission of Pakistan under section 42 of the Companies Act, 2017;

(f) a welfare society registered under the provincial or Islamabad Capital Territory (ICT) laws related to registration of co-operative societies;

(g) a waqf registered under Mussalman Waqf Validating Act, 1913 (VI of 1913) or any other law for the time being in force or in the instrument relating to the trust or the institution;

(h) a university or education institutions being run by non-profit organization existing solely for educational purposes and not for the purposes of profit;

(i) a religious or charitable institution for the benefit of public registered under any law for the time being in force; and

(j) international non-governmental organizations (INGOs) approved by the Federal Government.

(3) The following income is eligible for tax credit, namely:-

(a) income from donations, voluntary contributions and subscriptions;

(b) income from house property;

(c) income from investments in the securities of the Federal Government;

(d) profit on debt from scheduled banks and microfinance banks;

(e) grant received from Federal, Provincial, Local or foreign Government;

(f) so much of the income chargeable under the head “income from business” as is expended in Pakistan for the purposes of carrying out welfare activities:

Provided that in the case of income under the head “income from business”, only so much of such income shall be eligible for tax credit under this section that bears the same proportion as the said amount of business income bears to the aggregate of income from all sources; and

(g) any income of the persons mentioned in clauses (a), (b) and (h) of sub-section (2) of this section.

(4) Eligibility for tax credit shall be subject to the following conditions, namely:-

(a) return has been filed;

(b) tax required to be deducted or collected has been deducted or collected and paid;

(c) withholding tax statements for the relevant tax year have been filed;

(d) the administrative and management expenditure does not exceed 15% of the total receipts:

Provided that clause (d) shall not apply to a non-profit organization, if-

(i) charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; or

(ii) total receipts of the non-profit organization during the tax year are less than one hundred million Rupees;

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

Provided that the condition of approval in respect of persons mentioned in Table-II of clause (66) of Part I of the Second Schedule to this Ordinance, shall take effect from the first day of July, 2022 and the requirements of clause (36) of section 2, shall not be applicable for earlier years;

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

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

(g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.

(5) Notwithstanding anything contained in sub-section (1), surplus funds of organizations to which this section applies shall be taxed at a rate of ten percent.

(6) For the purpose of sub-section (5), surplus funds mean funds or monies-

(a) not spent on charitable and welfare activities during the tax year;

(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;

(c) which are more than twenty-five percent of the total receipts of the non-profit organization received during the tax year; and

(d) are not part of restricted funds.

Explanation.- For the purpose of this clause, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor or funds received in kind.

1-For Section "100C" substituted by by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before substitution read as:

**"100C. Tax credit for certain persons.-** (1) 2[The income of] Non-profit organizations, trusts or welfare institutions, as mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, subject to the following conditions, namely:

(a) return has been filed;

(b) tax required to be deducted or collected has been deducted or collected and paid;

3[***]

(c) withholding tax statements for the immediately preceding tax year have been filed 4[;

(d) the administrative and management expenditure does not exceed 15% of the total receipts:

Provided that clause (d) shall not apply to a non-profit organization, if-

5[(i)] charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; and

5[(ii)] total receipts of the non-profit organization during the tax year are less than one hundred million Rupees 6[:]]

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

Provided that this clause shall take effect from the first day of July, 2020; 8[ ]

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

Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor9[; and]

10[(g) a statement of voluntary contributions and donations received in the immediately preceding tax year which has been filed in the prescribed form and manner.]

11[(1A) Notwithstanding anything contained in sub-section (1), surplus funds of non-profit 12[organizations, trusts or welfare institutions] shall be taxed at a rate of ten per cent.

(1B) For the purpose of sub-section (1A), surplus funds mean funds or monies:

(a) not spent on charitable and welfare activities during the tax year;

(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;

(c) which are more than twenty-five per cent of the total receipts of the non-profit organization received during the tax year; and

(d) are not part of restricted funds.

Explanation.-For the purpose of this sub-section, "restricted funds" mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor.]

(2) Persons 13[and incomes] eligible for tax credit under this section include

(a) any income of a trust or welfare institution or non-profit organization from donations, voluntary contributions, subscriptions, house property, investments in the securities of the Federal Government and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities:

Provided that in the case of income under the head "income from business", the exemption in respect of income under the said head shall not exceed an amount which bears to the income, under the said head, the same proportion as the said amount bears to the aggregate of the incomes from the aforesaid sources of income.

(b) a trust administered under a scheme approved by the Federal Government in this behalf and established in Pakistan exclusively for the purposes of carrying out such activities as are for the benefit and welfare of-

(i) ex-servicemen and serving personnel, including civilian employees of the Armed Forces, and their dependents; or

(ii) ex-employees and serving personnel of the Federal Government or a Provincial Government and their dependents, where the said trust is administered by a committee nominated by the Federal Government or, as the case may be, a Provincial Government;

14[***]

(d) income of a university or other educational institution being run by a non-profit organization existing solely for educational purposes and not for purposes of profit;

(e) any income which is derived from investments in securities of the Federal Government, profit on debt from scheduled banks 15[and microfinance banks] grant received from Federal Government or Provincial Government or District Governments, foreign grants and house property held under trust or other legal obligations wholly, or in part only, for religious or charitable purposes and is actually applied or finally set apart for application thereto:

Provided that nothing in this clause shall apply to so much of the income as is not expended within Pakistan:

Provided further that if any sum out of the amount so set apart is expended outside Pakistan, it shall be included in the total income of the tax year in which it is so expended or of the year in which it was set apart, whichever is the greater, and the provisions of section 122 shall not apply to any assessment made or to be made in pursuance of this proviso.

Explanation.-Notwithstanding anything contained in the Mussalman Wakf Validating Act, 1913 (VI of 1913), or any other law for the time being in force or in the instrument relating to the trust or the institution, if any amount is set apart, expended or disbursed for the maintenance and support wholly or partially of the family, children or descendents of the author of the trust or the donor or, the maker of the institution or for his own maintenance and support during his life time or payment to himself or his family, children, relations or descendants or for the payment of his or their debts out of the income from house property dedicated, or if any expenditure is made other than for charitable purposes, in each case such expenditure, provision, setting apart, payment or disbursement shall not be deemed, for the purposes of this clause, to be for religious or charitable purposes; or

(f) any income of a religious or charitable institution derived from voluntary contributions applicable solely to religious or charitable purposes of the institution:

Provided that nothing contained in this clause shall apply to the income of a private religious trust which does not ensure for the benefit of the public.]

1-Inserted vide the Finance Act, 2014

2-Inserted vide Finance Act, 2015

3-The word "and" was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

4-For the full stop a semi colon was substituted and thereafter new clause was added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

5-Clauses renumbered by Finance Act, 2020, dated 30-06-2020

6-Substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
7-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
8-Word “and” omitted by Finance Act, 2020, dated 30-06-2020
9-Semi colon and word “and’ added by Finance Act, 2020, dated 30-06-2020
10-Sub-clause “(g)” added by Finance Act, 2020, dated 30-06-2020
11-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
12-For the word “organization” added by Finance Act, 2020, dated 30-06-2020
13-Inserted vide Finance Act, 2015
14-Clause (c) was Omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clause (c) was as under:-
“(c) a trust or welfare institution or non-profit organization approved by Chief Commissioner for the purposes of this clause;”
15-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

1**[100D. Special provisions relating to builders and developers.-** (1) For tax year 2020 and onwards, the tax payable by a builder or a developer, as defined in sub-section (9), who opts to pay tax under this section shall be computed and paid in accordance with the rules in the Eleventh Schedule on a project by project basis on the income, profits and gain; derived from the sale of buildings or sale of plots, as the case may be, from-

(a) a new project to be completed by the 2[30th day of September, 2023]; or

(b) an incomplete existing project to be completed by the 2[30th day of September, 2023]:

Provided that any income, profits and gains of a builder or developer of an incomplete existing project earned up to tax year 2019 3[or tax year 2020, as the case may be] shall be subject to the provisions of this Ordinance as were in force prior to the commencement of the Tax Laws (Amendment) Ordinance, 2020 (Ordinance I of 2020):

Provided further that any income of a builder or developer other than income, profits and gains subject to this section shall be subject to tax as per the provisions of this Ordinance.

(2) Where sub-section (1) applies,-

(a) the income shall not be chargeable to tax under any head of income in computing the taxable income of the person;

(b) no deduction shall be allowed under this Ordinance for any expenditure incurred in deriving the income;

(c) the amount of the income shall not be reduced by:-

(i) any deductible allowance under Part IX of Chapter III; or

(ii) the set off of any loss;

(d) no tax credit shall be allowed against the tax payable under sub-section (1) except credit for tax under section 236A or 236K collected from the builder or developer after the commencement of the Tax Laws (Amendment) Ordinance, 2020 (1 of 2020) on purchase of immoveable property utilized in a project;

(e) there shall be no refund of any tax collected or deducted under this Ordinance;

(f) if the tax payable has not been paid or short paid, the said amount of tax may be recovered and all the provisions of this Ordinance shall apply accordingly; and

(g) sections 113 and 113C shall not apply on the turnover, income, profits and gains of a builder or developer from a project.

(3) The provisions of section 111 shall not apply to capital investment made in a new project under clause (a) of sub-section (1) in the form of money or land, subject to the following conditions, namely:-

(a) if the investment is made by a builder or developer being an individual -

(i) in the form of money, such builder or developer shall open a new bank account and deposit such amount in it on or before the 4[30th day of June, 2021]; or

(ii) in the form of land, such builder or developer shall have the ownership title of the land at the time of commencement of the Tax Laws (Amendment) Ordinance, 2020 (1 of 2020);

(b) if the investment is made by a person in a project through a company or an association of persons,-

(i) such company or association of person shall be a single object (builder or developer) company or association of persons registered under the Companies Act, 2017 (XIX of 2017), the Limited Liability

Partnership Act, 2017 (XV of 2017) or the Partnership Act, 1932 (IX of 1932), as the case may be, after the date of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020) and on or before the 4[30th day of June, 2021]; and

(ii) the person shall be a member or shareholder of such association of persons or company, as the case may be;

and if the capital investment is made,-

(i) in the form of money, such amount shall be invested through a crossed banking instrument deposited in the bank account of such association of persons or company, as the case may be, on or before the 4[30th day of June, 2021]; or

(ii) in the form of land, such land shall be transferred to such association of persons or company, as the case may be, on or before the 4[30th day of June, 2021]:

Provided that the person shall have the ownership title of the land at the time of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020);

(c) a person making an investment under clause (a) or (b) shall submit a prescribed form on Iris web portal 5[30th day of June, 2021];

(d) the money or land invested under clause (a) or (b) shall be wholly utilized in a project; and

(e) completion of the project shall be certified in the following manner, namely:-

(i) in case of a builder, the map approving authority or NLSPAK. shall certify that grey structure as per the approved map has been completed by the builder on or before the 2[30th day of September, 2023]; and

(ii) in case of a developer,-

(A) the map approving authority or NESPAK shall certify that landscaping has been completed on or before the 2[30th day of September, 2023];

(B) a firm of chartered accountants having an ICAP QCR rating of 'satisfactory', notified by the Board for this purpose, shall certify that at least 50% of the plots have been booked for sale and at least 40% of the sale proceeds have been received by the 2[30th day of September, 2023]; and

(C) at least 50% of the roads have been laid up to sub-grade level as certified by the approving authority or NES PAK.

(4) The provisions of section 111 shall also not apply to.-

(a) the first purchaser of a building or a unit of the building purchased from the builder in respect of purchase price of the building or unit of the building subject to the following conditions, namely:-

(i) full payment is made through a crossed banking instrument to the builder during a period starting from the date of registration of the project with the Board under this section and ending on the 6[31st day of March, 2023], in case the purchase is from a new project; and

(ii) full or balance amount of payment is made through a crossed banking instrument to the builder during a period starting from the date of registration of the project with the Board under this section and ending on the 6[31st day of March, 2023], in case the purchase is from an existing incomplete project; and

(b) the purchaser of a plot who intends to construct a building thereon, if-

(i) the purchase is made on or belore the 7[30th day of June, 2021]:

(ii) the full payment is made on or before the 7[30th day of June, 2021] through a crossed banking instrument:

(iii) construction on such plot is commenced on or before the 8[31st day of December, 2021];

(iv) such construction is completed on or before the 2[30th day of September, 2023]; and

(v) the person registers himself with the Board on the online Iris web portal.

(5) Where sub-section (3) or (4) apply, the value or price of land or building, as the case may be, shall be me higher of clause (a) or (b) below:-

(a) 130% of the fair market value as determined by the Board under sub-section (4) of section 68; or

(b) at the option of the person making investment, the lower of the values as determined by at least two independent valuers from the list of valuers approved by the State Bank of Pakistan.

(6) Sub-sections (3) and (4) shall not apply to-

(a) holder of any public office as defined in the Voluntary Declaration of Domestic Assets Act, 2018 or his benamidar as defined in the Benami Transactions (Prohibition) Act, 2017 (V of 2017) or his spouse or dependents;

(b) a public listed company, a real estate investment trust or a company whose income is exempt under any provision of this Ordinance; or

(c) any proceeds derived from the commission of a criminal offence including the crimes of money laundering, extortion or terror financing but excluding the offences under this Ordinance.

(7) Dividend income paid to a person by a builder or developer being a company out of the profits and gains derived from a project shall be exempt from tax.

(8) Notwithstanding anything contained in this section or the Eleventh Schedule, where a return or declaration has been made through misrepresentation or suppression of facts, such return or declaration shall be void and all die provisions of this Ordinance shall apply:

Provided that no action under this sub-section shall be taken if such misrepresentation has been made on account of a bona fide mistake:

Provided further that no action under this sub-section shall be taken without providing an opportunity of being heard and without prior approval of the Board;

(9) In this section,-

(a) “builder” means a person who is registered as a builder with the Board and is engaged in the construction and disposal of residential or commercial buildings;

(b) “capital investment” means investment as equity resources and does not include borrowed funds;

(c) “developer” means a person who is registered as a developer with the Board and is engaged in the development of land in the form of plots of any kind either for itself or otherwise;

(d) “existing project” means a construction or development project, which-

(i) has commenced before the date of commencement of the Tax Laws (Amendment) Ordinance, 2020;

(ii) is incomplete;

(iii) is completed on or before the 2[30th day of September, 2023]; and

(iv) a declaration is provided in the registration form under Eleventh Schedule to the effect of percentage of the project completed up to the last day of the accounting period pertaining to tax year 2019 9[or tax year 2020 at the option of the taxpayer];

(e) "first purchaser" means a person who purchases a building or a unit, as the case may be, directly from the builder and does not include a subsequent or a substituted purchaser;

(f) "new project" means a construction or development project, which -

(i) is commenced during the period starting from the date of commencement of the Tax Laws (Amendment) Ordinance, 2020 and ending on the 10[31st day of December, 2021]; and

(ii) is completed on or before the 2[30th day of September, 2023];

(g) "project" means a project for construction of a building with the object of disposal, or a project for development of land into plots with the object of disposal or otherwise;

(h) "registered with the Board" means registered after submission of form on project-by-project basis on the online Iris web portal;

(10) The provisions of the Ordinance not specifically dealt with in this section or the rules made thereunder shall apply mutatis mutandis to builders and developers in so far as they are not inconsistent with this section or the rules made thereunder.]

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1-Section "100D" inserted by Finance Act, 2020, dated 30-06-2020. Earlier same was inserted by Tax Laws (Amendment) Ordinance No. 1, 2020 dated 17-04-2020

2-The expression "30th day of September, 2022" substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

3-Words and figure substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

4-For the expression "31st day of December, 2020" substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

5-The expression substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

6-The expression "30th day of September, 2022" substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

7-For the expression "31st day of December, 2020" substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

8-For the expression "31st day of December, 2020" substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

9-Expression substituted by substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

10-For the expression "31st day of December, 2020" substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.

**1[100E. Special provisions relating to small and medium enterprises.-** (1) For tax year 2021 and onwards, the tax payable by a small and medium enterprise as defined in clause (59A) of section 2 shall be computed and paid in accordance with rules made under the Fourteenth Schedule.

(2) The Board may prescribe a simplified return for a small and medium enterprise.]

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1-Section "100E" inserted by Finance Act, 2021, dated 30-06-2021

**1[100F. Special provisions relating to investment for industrial promotion.-** (1) Any eligible person may file a statement by the 30th September, 2022, declaring therein the amount of funds (which have not been declared in any of the returns of income upto tax year 2021 filed by the 31st December, 2021) for investment in a new company formed for establishing and operating an industrial undertaking in accordance with this section:

Provided that the funds referred to in sub-section (1) shall be deposited in rupees in a dedicated bank account in Pakistan as equity of the newly formed company, incorporated under the Companies Act, 2017 (XIX of 2017), before the filing of the statement and such funds shall only be used for purchase or import of plant and machinery through letter of credit or for construction of building and structure for the industrial undertaking:

Provided further that the minimum amount which would qualify for the purposes of this section shall be fifty million rupees.

(2) The provisions of section 111 shall not apply to the funds declared under sub-section (1) subject to fulfilment of conditions as laid down in this section and payment of an amount equal to five percent thereof along with the statement filed under sub-section (1).

(3) The new industrial undertaking in which such investment is made shall commence commercial production by the 30th June, 2024 and a certificate to that effect, duly issued by Engineering Development Board, is submitted to the Commissioner along with the return filed for tax year 2024.

(4) Any amount of tax paid under this section shall not be refundable or adjustable against any other tax liability of the declarant.

(5) Where a declarant has paid tax under this section in respect of funds declared under sub-section (1), the declarant shall be entitled to incorporate the same in his wealth statement, financial statements or books of accounts, as the case may be.

(6) Tor the purposes of this section, eligible person means all persons, except-

(a) holders of public office, their spouses and dependent children;

(b) a public company as defined in clause (47) of section 2 of this Ordinance;

(c) a person who has filed a declaration under the Voluntary Declaration of Domestic Assets Act, 2018, the Foreign Assets (Declaration and Repatriation) Act, 2018. or the Assets Declaration Act, 2019;

(d) a person that has been declared a bank loan defaulter by a bank or a financial institution within the last three years; or

(e) a director of a company who has been declared a bank loan delimiter by a bank or a financial institution within the last three years.

(7) The provisions of this section shall not apply to-

(a) any proceeds of crime, corruption, money laundering and terror financing;

(b) any amount which is subject of any departmental or court proceedings;

(c) the investments made in following sectors, namely:-

(i) arms and ammunitions;

(ii) explosives;

(iii) sugar;

(iv) cigarettes;

(v) aerated beverages;

(vi) Flour mills;

(vii) vegetable ghee; and

(viii) cooking oil manufacturing excluding extraction units.

(8) Notwithstanding the provisions of any other law for the lime being in force including sub-section (3) of section 216 of this Ordinance excluding clauses (a) and (g) of sub-section (3) thereof, the National Accountability Ordinance, 1999 (XVIII of 1999), the Federal Investigation Agency Act, 1974 (VIII of 1975) and the Right of Access to Information Act, 2017 (XXXIV of 2017), particulars of any person making a statement under this section or any information received in any statement made under this section shall be confidential.

(9) The statement filed under sub-section (1) shall not be valid,

(a) the newly formed industrial undertaking company fails to prove commercial production in terms of sub-section (3);

(b) there is change in ownership of industrial undertaking company prior to the 30th June, 2026; or

(c) the newly formed industrial undertaking company disposes of any of its assets prior to the 30th June, 2026.

(10) Notwithstanding anything contained in this section, where the provisions of sub-section (7) or (9) apply, or where the statement under sub-section (1) has been made by misrepresentation or suppression of facts, such statement shall be void as if it had never been made and all the provisions of this Ordinance shall apply accordingly:

Provided that the Commissioner shall not take any action under this section without providing the declarant an opportunity of being heard.

(11) The statement filed under this section shall be made in the form and manner as specified by the Board through a notification in the official Gazette.

(12) The provisions of this section shall apply, mutatis mutandis, to an existing company being an industrial undertaking, for investment in expansion and modernization from amount of funds (which have not been declared in any of the returns of income upto tax year 2021 filed by the 31st December, 2021).

Provided that such company opens a dedicated bank account to deposit the said funds before the filing of the statement and such funds shall only be used for expansion and modernization by way of purchase or import of plant and machinery including IT hardware through letter of credit, or software and IT services or for construction of building and structure for the manufacturing premises of the existing industrial undertaking:

Provided further that the expansion and modernization shall be completed by the 30th June, 2024, and a certificate to that effect, duly issued by the Engineering Development Board, is submitted to the Commissioner along with the return filed for tax year 2024.

(13) In this section, unless there is anything repugnant in die subject or context,-

(a) “declarant” means a person filing a statement under sub-section (1);

(b) “holder of public office” means a person as defined in the Voluntary Declaration of Domestic Assets Act, 2018;

(c) “industrial undertaking” means a company being a new industrial undertaking setup for the purpose of this section and is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an existing industrial undertaking established in Pakistan;

(d) “investment” means investment in equity and does not include borrowed funds and investment in land; and

(e) “modernization” includes acquisition or upgradation of IT hardware, software and IT services.]

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1-Section “100F” inserted by Income Tax (Amendment) Ordinance, 2022, dated 03-03-2022

## CHAPTER VII
## INTERNATIONAL

### PART I
### GEOGRAPHICAL SOURCE OF INCOME

**101. Geographical source of income.-** (1) Salary shall be Pakistan-source income to the extent to which the salary -

(a) is received from any employment exercised in Pakistan, wherever paid; or

(b) is paid by, or on behalf of, the Federal Government, a Provincial Government, or a 1[Local Government] in Pakistan, wherever the employment is exercised.

(2) Business income of a resident person shall be Pakistan-source income to the extent to which the income is derived from any business carried on in Pakistan.

(3) Business income of a non-resident person shall be Pakistan-source income to the extent to which it is directly or indirectly attributable to -

(a) a permanent establishment of the non-resident person in Pakistan;

(b) sales in Pakistan of goods merchandise of the same or similar kind as those sold by the person through a permanent establishment in Pakistan; 2[***]

(c) other business activities carried on in Pakistan of the same or similar kind as those effected by the non-resident through a permanent establishment in Pakistan 3[; or]

(d) 4[any business connection in Pakistan 5[:or]]

(e) 6[import of goods, whether or not the title to the goods passes outside Pakistan, if the import is part of an overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the associates of the person supplying the goods or its permanent establishment, whether or not the goods are imported in the name of the person, associate of the person or any other person.

**Explanation.-** For the removal of doubt, it is clarified that where the income is subject to taxation under sections 5A, 5AA, 6, 7 and 7A, the income shall not be chargeable to tax under the head income from business.]

7[(4) Where the business of a non-resident person comprises the rendering of independent services (including professional services and the services of entertainers and sports persons), the Pakistan-source business income of the person shall include (in addition to any amounts treated as Pakistan-source income under sub-section (3)) any remuneration derived by the person where the remuneration is paid by a resident person or borne by a permanent establishment in Pakistan of a non-resident person.]

(5) Any gain from the disposal of any asset or property used in deriving any business income referred to in sub-section (2), (3) or (4) shall be Pakistan-source income.

(6) A dividend shall be Pakistan-source income if it is paid by a resident company 8[-]

9[(a) paid by a resident company; or

(b) dividend as per provisions of sub-clause (f) of clause (19) of section 2.]

(7) Profit on debt shall be Pakistan-source income if it is-

(a) Paid by a resident person, except where the profit is payable in respect of any debt used for the purposes of a business carried on by the resident outside Pakistan through a permanent establishment; or

(b) borne by a permanent establishment in Pakistan of a non-resident person.

(8) A royalty shall be Pakistan-source income if it is -

(a) paid by a resident person, except where the royalty is payable in respect of any right, property, or information used, or services utilised for the purposes of a business carried on by the resident outside Pakistan through a permanent establishment; or

(b) borne by a permanent establishment in Pakistan of a non-resident person.

(9) Rental income shall be Pakistan-source income if it is derived from the lease of immovable property in Pakistan whether improved or not, or from any other interest in or over immovable property, including a right to explore for, or exploit, natural resources in Pakistan.

(10) Any gain from the alienation of any property or right referred to in sub-section (9) or from the alienation of any share in a company the assets of which consist wholly or principally, directly or indirectly, of property or rights referred to in sub-section (9) shall be Pakistan-source income.

(11) A pension or annuity shall be Pakistan-source income if it is paid by a resident or borne by a permanent establishment in Pakistan of a non-resident person.

(12) A technical fee shall be Pakistan-source income if it is -

(a) paid by a resident person, except where the fee is payable in respect of services utilized in a business carried on by the resident outside Pakistan through a permanent establishment; or

(b) borne by a permanent establishment in Pakistan of a non-resident person.

10[(12A) A fee for offshore digital services shall be Pakistan-source income, if it is-

(a) paid by a resident person, except where the fee is payable in respect of services utilised in a business carried on by the resident outside Pakistan through a permanent establishment; or

(b) borne by a permanent establishment in Pakistan of a non-resident person.]

(13) Any gain arising on the disposal of shares in a resident company shall be Pakistan- source income.

11[(13A) Any amount paid on account of insurance or re-insurance premium by an insurance company to an overseas insurance or re-insurance company shall be deemed to be Pakistan source income.]

(14) Any amount not mentioned in the preceding sub-sections shall be Pakistan-source income if it is paid by a resident person or borne by a permanent establishment in Pakistan of a non-resident person.

(15) Where an amount may be dealt with under sub-section (3) and under another sub-section (other than sub-section (14)), this section shall apply-

(a) by first determining whether the amount is Pakistan-source income under that other sub-section; and

(b) if the amount is not Pakistan-source income under that sub-section, then determining whether it is Pakistan-source income under sub-section (3).

(16) An amount shall be foreign-source income to the extent to which it is not Pakistan- source income.

1-The words “local authority” substituted vide the Finance Act, 2008 (I of 2008 assented on 30th June, 2008)
2-The word “or” omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Substituted for the full stop vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
5-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
6-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
7-Substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution a different sub-section (4) was as under:--
“(4) Where the business of a non-resident person comprises the rendering of independent services (including professional services and the services of entertainers and sports-persons), the Pakistan source business income of the person shall include (in addition to any amounts treated as Pakistan-source income under sub-section (3)) any remuneration derived by the person where –
(a) the remuneration is paid by a resident person or borne by a permanent establishment in Pakistan of a nonresident; person; and
(b) the aggregate gross amount (before deduction of expenses) of the remuneration is sixty thousand rupees or more.”
8-Substituted for the words and full stop “paid by a resident company vide the Finance Act, 2012
9-Clauses (a) & (b) added vide the Finance Act, 2012
10-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
11-Inserted vide the Finance Act, 2008 vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

**1[101A.Gain on disposal of assets outside Pakistan.-** (1) Any gain from the disposal or alienation outside Pakistan of an asset located in Pakistan of a non-resident company shall be Pakistan-source.

(2) The gain under sub-section (1) shall be chargeable to tax at the rate and in the manner as specified in sub-section (10).

(3) Where the asset is any share or interest in a non-resident company, the asset shall be treated to be located in Pakistan, if-

(a) the share or interest derives, directly or indirectly, its value wholly or principally from the assets located in Pakistan; and

(b) shares or interest representing ten per cent or more of the share capital of the non-resident company are disposed or alienated.

(4) The share or interest, as mentioned in sub-section (3), shall be treated to derive its value principally from the assets located in Pakistan, if on the last day of the tax year preceding the date of transfer of a share or an interest, the value of such assets exceeds one hundred million Rupees and represents at least fifty per cent of the value of all the assets owned by the non-resident company.

(5) Notwithstanding the provisions of section 68, the value as mentioned in sub-section (4) shall be the fair market value, as may be prescribed, for the purpose of this section without reduction of liabilities.

(6) Where the entire assets by the non-resident company are not located in Pakistan, the income of the non-resident company, from disposal or alienation outside Pakistan of a share of, or interest in, such non-resident company shall be treated to be located in Pakistan, to the extent it is reasonably attributable to assets located in Pakistan and determined as may be prescribed.

(7) Where the asset of a non-resident company derives, directly or indirectly, its value wholly or principally from the assets located in Pakistan and the non-resident company holds, directly or indirectly, such assets through a resident company, such resident company shall, for the purposes of determination of gain and tax thereon under sub-section (8) or, as the case may be, sub-section (9), shall furnish to the Commissioner within sixty days of the transaction of disposal or alienation of the asset by the non-resident company, the prescribed information or documents, in a statement as may be prescribed:

Provided that the Commissioner may, by notice in writing, require the resident company, to furnish information, documents and statement within a period of less than sixty days as specified in the notice.

(8) The person acquiring the asset from the non-resident person shall deduct tax from the gross amount paid as consideration for the asset at the rate of ten percent of the fair market value of the asset and shall be paid to the Commissioner by way of credit to the Federal Government through remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within fifteen days of the payment to the non-resident.

(9) The resident company as referred to in sub-section (7) shall collect advance tax as computed in sub-section (10) from the non-resident company within thirty days of the transaction of disposal or alienation of the asset by such non-resident company:

Provided that where the tax has been deducted and paid by the person acquiring the asset from the non-resident person under sub-section (8), the said tax shall be treated as tax collected and paid under this sub-section and shall be allowed a tax credit for that tax in computing the tax under sub-section (10).

(10) The tax to be collected under sub-section (9) shall be the higher of-

(a) 20% of A, where A = fair market value less cost of acquisition of the asset; or

(b) 10% of the fair market value of the asset.

(11) Where tax has been paid under sub-section (8) or (9), no tax shall be payable by the non-resident company in respect of gain under sub-section (8) of section 22 or capital gains under section 37 or 37A.

(12) Where any gain is taxable under this section and also under any other provision of this Ordinance, the said gain shall be taxable under other provision of the Ordinance.]

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 23rd May, 2018

## PART II
## TAXATION OF FOREIGN-SOURCE INCOME OF RESIDENTS

**102. Foreign source salary of resident individuals.-** (1) Any foreign-source salary received by a resident individual shall be exempt from tax if the individual has paid foreign income tax in respect of the salary.

(2) A resident individual shall be treated as having paid foreign income tax in respect of foreign-source salary if tax has been withheld from the salary by the individual's employer and paid to the revenue authority of the foreign country in which the employment was exercised.

**103. Foreign tax credit.-** (1) Where a resident taxpayer derives foreign source income chargeable to tax under this Ordinance in respect of which the taxpayer has paid foreign income tax, the taxpayer shall be allowed a tax credit of an amount equal to the lesser of -

(a) the foreign income tax paid; or

(b) the Pakistan tax payable in respect of the income.

(2) For the purposes of clause (b) of sub-section (1), the Pakistan tax payable in respect of foreign source income derived by a taxpayer in a tax year shall be computed by applying the average rate of Pakistan income tax applicable to the taxpayer for the year against the taxpayer's net foreign-source income for the year.

(3) Where, in a tax year, a taxpayer has foreign income under more than one head of income, this section shall apply separately to each head of income.

(4) For the purposes of sub-section (3), income derived by a taxpayer from carrying on a speculation business shall be treated as a separate head of income.

(5) The tax credit allowed under this section shall be applied in accordance with sub-section (3) of section 4.

(6) Any tax credit or part of a tax credit allowed under this section for a tax year that is not credited under sub-section (3) of section 4 shall not be refunded, carried back to the preceding tax year, or carried forward to the following tax year.

(7) A credit shall be allowed under this section only if the foreign income tax is paid within two years after the end of the tax year in which the foreign income to which the tax relates was derived by the resident taxpayer.

(8) In this section,-

"average rate of Pakistan income tax" in relation to a taxpayer for a tax year, means the percentage that the Pakistani income tax(before allowance of the tax credit under this section) is of the taxable income of the taxpayer for the year;

"foreign income tax" includes a foreign withholding tax; and

"net foreign-source income" in relation to a taxpayer for a tax year, means the total foreign-source income of the taxpayer charged to tax in the year, as reduced by any deductions allowed to the taxpayer under this Ordinance for the year that -

(a) relate exclusively to the derivation of the foreign-source income; and

(b) are reasonably related to the derivation of foreign-source income in accordance with sub-section (1) of section 67 and any rules made for the purposes of that section.

**104. Foreign losses.-** (1) Deductible expenditures incurred by a person in deriving foreign- source income chargeable to tax under a head of income shall be deductible only against that income.

(2) If the total deductible expenditures referred to in sub-section (1) exceed the total foreign source income for a tax year chargeable to tax under a head of income(hereinafter referred to as a "foreign loss"), the foreign loss shall be carried forward to the following tax year and set off against the foreign source income chargeable to tax under that head in that year, and so on, but no foreign loss shall be carried forward to more than six tax years immediately succeeding the tax year for which the loss was computed.

(3) Where a taxpayer has a foreign loss carried forward for more than one tax year, the loss for the earliest year shall be set off first.

(4) Section 67 shall apply for the purposes of this section on the basis that-

(a) income from carrying on a speculation business is a separate head of income; and

(b) foreign source income chargeable under a head of income (including the head specified in clause(a)) shall be a separate head of income.

## PART III
## TAXATION OF NON-RESIDENTS

**105. Taxation of a permanent establishment in Pakistan of a non-resident person.-** (1) The following principles shall apply in determining the income of a permanent establishment in Pakistan of a non-resident person chargeable to tax under the head "Income from Business", namely:-

(a) The profit of the permanent establishment shall be computed on the basis that it is a distinct and separate person engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the non-resident person of which it is a permanent establishment;
(b) subject to this Ordinance, there shall be allowed as deductions any expenses incurred for the purposes of the business activities of the permanent establishment including executive and administrative expenses so incurred, whether in Pakistan or elsewhere;
(c) no deduction shall be allowed for amounts paid or payable by the permanent establishment to its head office or to another permanent establishment of the non-resident person(other than towards reimbursement of actual expenses incurred by the non-resident person to third parties) by way of:

(i) royalties, fees or other similar payments for the use of any tangible or intangible asset by the permanent establishment;
(ii) compensation for any services including management services performed for the permanent establishment; or
(iii) profit on debt on moneys lent to the permanent establishment, except in connection with a banking business; and

(d) no account shall be taken in the determination of the income of a permanent establishment of amounts charged by the permanent establishment to the head office or to another permanent establishment of the non-resident person (other than towards reimbursement of actual expenses incurred by the permanent establishment to third parties) by way of:

(i) royalties, fees or other similar payments for the use of any tangible or intangible asset;
(ii) compensation for any services including management services performed by the permanent establishment; or
(iii) profit on debt on moneys lent by the permanent establishment, except in connection with a banking business.

(2) No deduction shall be allowed in computing the income of a permanent establishment in Pakistan of a non-resident person chargeable to tax under the head "Income from Business" for a tax year for head office expenditure in excess of the amount as bears to the turnover of the permanent establishment in Pakistan the same proportion as the non-resident's total head office expenditure bears to its worldwide turnover.

(3) In this section, "head office expenditure" means any executive or general administration expenditure incurred by the non-resident person outside Pakistan for the purposes of the business of the Pakistan permanent establishment of the person, including -

(a) any rent, local rates and taxes excluding any foreign income tax, current repairs, or insurance against risks of damage or destruction outside Pakistan;
(b) any salary paid to an employee employed by the head office outside Pakistan;
(c) any travelling expenditures of such employee; and
(d) any other expenditures which may be prescribed.

(4) No deduction shall be allowed in computing the income of a permanent establishment in Pakistan of a non-resident person chargeable under the head "Income from Business" for -

(a) any profit paid or payable by the non-resident person on debt to finance the operations of the permanent establishment; or
(b) any insurance premium paid or payable by the non-resident person in respect of such debt.

**106. Thin capitalization.-** (1) Where a foreign-controlled resident company (other than a financial institution 1[or a banking company)] 2[or a branch of a foreign company operating in Pakistan,] has a foreign debt-to-foreign equity ratio in excess of three to one at any time during a tax year, a deduction shall be disallowed for the profit on debt paid by the company in that year on that part of the debt which exceeds the three to one ratio.

(2) In this section,-

"foreign-controlled resident company" means a resident company in which fifty per cent or more of the underlying ownership of the company is held by a non-resident person (hereinafter referred to as the "foreign controller") either alone or together with an associate or associates;

"foreign debt" in relation to a foreign-controlled resident company, means the greatest amount, at any time in a tax year, of the sum of the following amounts, namely:-

(a) The balance outstanding at that time on any debt obligation owed by the foreign-controlled resident company to a foreign controller or non-resident associate of the foreign controller on which profit on debt is payable which profit on debt is deductible to the foreign-controlled resident company and is not taxed under this Ordinance or is taxable at a rate lower than the 3[corporate rate] of tax applicable on assessment to the foreign controller or associate; and

(b) the balance outstanding at that time on any debt obligation owed by the foreign-controlled resident company to a person other than the foreign controller or an associate of the foreign controller where that person has a balance outstanding of a similar amount on a debt obligation owed by the person to the foreign controller or a non-resident associate of the foreign controller; and

"foreign equity" in relation to a foreign-controlled resident company and for a tax year, means the sum of the following amounts, namely:-

(a) The paid-up value of all shares in the company owned by the foreign controller or a non-resident associate of the foreign controller at the beginning of the tax year;

(b) so much of the amount standing to the credit of the share premium account of the company at the beginning of the tax year as the foreign controller or a non-resident associate would be entitled to if the company were wound up at that time; and

(c) so much of the accumulated profits and asset r evaluation reserves of the company at the beginning of the tax year as the foreign controller or a non-resident associate of the foreign controller would be entitled to if the company were wound up at that time;

reduced by the sum of the following amounts, namely:-

(i) the balance outstanding at the beginning of the tax year on any debt obligation owed to the foreign-controlled resident company by the foreign controller or a non-resident associate of the foreign controller; and

(ii) where the foreign-controlled resident company has accumulated losses at the beginning of the tax year, the amount by which the return of capital to the foreign controller or non-resident associate of the foreign controller would be reduced by virtue of the losses if the company were wound up at that time.

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1-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
3-Substituted for the words "corporate tax" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

1**[106A. Restriction on deduction of profit on debt payable to associated enterprise.-** (1) Subject to sections 108 and 109 a part of deduction for foreign profit on debt claimed by a foreign-controlled resident company (other than an insurance company, or a banking company) during a tax year, shall be disallowed according to the following formula, namely:-

[B] - [(A + B) x 0.15]

where-

A is the taxable income before depreciation and amortization; and

B is the foreign profit on debt claimed as deduction

(2) This section shall not apply to a foreign-controlled resident company if the total foreign profit on debt claimed as deduction is less than ten million rupees for a tax year.

(3) Where in computing the taxable income for a tax year, full effect cannot be given to a deduction for foreign profit on debt, the excessive amount shall be added to the amount of foreign profit on debt for the following tax year and shall be treated to be part of that deduction, or if there is no such deduction for that tax year, be treated to be the deduction for that tax year and so on for three tax years.

(4) Notwithstanding the provisions of section 106, where deduction of foreign profit on debt is disallowed under this section and also under section 106, the disallowed amount shall be the higher of the disallowed amount under this section and section 106.

(5) This section shall apply in respect of foreign profit on debt accrued with effect from the first day of July, 2020, even if debts were contracted before the first day of July, 2020.

(6) In this section-

(a) "foreign-controlled resident company" means a resident company in which fifty per cent or more of the underlying ownership of the company is held by a non-resident person either alone or together with an associate or associates; and

(b) "foreign profit on debt" means interest paid or payable to a non-resident person or an associate of the foreign- controlled resident company and includes-

(i) interest on all forms of debt;
(ii) payments made which are economically equivalent to interest;
(iii) expenses incurred in connection with the raising of finance;
(iv) payments under profit participating Scans; .
(v) imputed interest on instruments such as convertible bonds and zero coupon bonds;
(vi) amounts under alternative financing arrangements such as islamic finance;
(vii) the finance cost element of finance lease payments;
(viii) capitalized interest included in the balance sheet value of related asset, or the amortisation of capitalised interest;
(ix) amounts measured by reference to a funding return under transfer pricing rules;
(x) where applicable, notional interest amounts under derivative instruments or hedging arrangements related to an entity's borrowings;
(xi) certain foreign exchange gains and losses on borrowings and instruments connected with the raising of finance;
(xii) guarantee fees with respect to financing arrangements; and
(xiii) arrangement fee and similar cost related to the borrowing funds.]

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1-Section "106A" inserted by Finance Act, 2020, dated 30-06-2020

## PART IV
## AGREEMENTS FOR THE AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION

**107. Agreements for the avoidance of double taxation and prevention of fiscal evasion.-** 1[(1) The Federal Government may enter into a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement or similar agreement or mechanism for the avoidance of double taxation or for the exchange of information for the prevention of fiscal evasion or avoidance of taxes 2[or assistance in the recovery of taxes] including automatic 3[and spontaneous] exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country and may, by notification in the official Gazette, make such provisions as may be necessary for implementing the said instruments.]

4[(1A) Notwithstanding anything contained in any other law to the contrary, the Board shall have the powers to obtain and collect information when solicited by another country under a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement, a similar arrangement or mechanism.

(1B) Notwithstanding the provisions of the Freedom of Information Ordinance, 2002 (XCVI of 2002), 5[subject to clause (a) of sub-section (3) of section 216 of this Ordinance] any information received or supplied, and any concomitant communication or correspondence made, under a tax treaty, a tax information exchange agreement, a multilateral convention, a similar arrangement or mechanism, shall be confidential 6[***].]

(2) 7[Subject to section 109, where] any agreement is made in accordance with sub-section(1), the agreement and the provisions made by notification for implementing the agreement shall, notwithstanding anything contained in any law for the time being in force, have effect in so far as they provide 8[at least one of the following:] -

(a) relief from the tax payable under this Ordinance;

(b) the determination of the Pakistan-source income of non-resident persons;

(c) where all the operations of a business are not carried on within Pakistan, the determination of the income attributable to operations carried on within and outside Pakistan, or the income chargeable to tax in Pakistan in the hands of non- resident persons, including their agents, branches, and permanent establishments in Pakistan;

(d) the determination of the income to be attributed to any resident person having a special relationship with a non-resident person; and

(e) the exchange of information for the prevention of fiscal evasion or avoidance of taxes on income chargeable under this Ordinance and under the corresponding laws in force in that other country.

(3) Notwithstanding anything 9[contained] in sub-sections (1) or (2), any agreement referred to in sub-section (1) may include provisions for the relief from tax for any period before the commencement of this Ordinance or before the making of the agreement.

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1-Sub-section (1) was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution was as under:--
i(1) The Federal Government may enter into an agreement, bilateral or multilateral with the government or governments of foreign countries or tax jurisdictions for the avoidance of double taxation and the prevention of fiscal evasion and exchange of information including automatic exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country, and may, by notification in the official Gazette make such provisions as may be necessary for implementing the agreement.
i. Sub-section (1) was Substituted vide Finance Act, 2015. At the time of substitution sub-section (1) was as under:-

(1) The Federal Government may enter into an agreement with the government of a foreign country for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income imposed under this Ordinance and under the corresponding laws in force in that country, and may, by notification in the official Gazette make such provisions as may be necessary for implementing the agreement.

2-Expression inserted by Finance Act, 2021, dated 30-06-2021
3-words inserted by Finance Act, 2020, dated 30-06-2020
4-Inserted vide Finance Act, 2015
5-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
6-The words, brackets and figure “subject to subsection (3) of section 216” was omitted vide the Finance Act, 2016 (XXIX of 2016)
7-Substituted for the word “where” vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
8-Substituted for the word “for” vide the Finance Act, 2016 (XXIX of 2016)
9-Inserted vide the Finance Act, 2016 (XXIX of 2016)

## CHAPTER VIII
## ANTI-AVOIDANCE

**108. Transactions between associates.-** (1) The Commissioner may, in respect of any transaction between persons who are associates, distribute, apportion or allocate income, deductions or tax credits between the persons as is necessary to reflect the income that the persons would have realised in an arm's length transaction.

(2) In making any adjustment under sub-section (1), the Commissioner may determine the source of income and the nature of any payment or loss as revenue, capital or otherwise.

1[(3) Every taxpayer who has entered into a transaction with its associate shall:

(a) maintain a master file and a local file containing documents and information as may be prescribed;

(b) keep 2[, maintain and furnish to the Board] prescribed country-by-country report, where applicable;

(c) keep and maintain any other information and document in respect of transaction with its associate as may be prescribed; and

(d) keep the files, documents, information and reports specified in clauses (a) to (c) for the period as may be prescribed.

(4) A taxpayer who has entered into a transaction with its associate shall furnish, within thirty days the documents and information to be kept and maintained under 3[clause (a), (c) or (d) of] sub-section (3) if required by the Commissioner in the course of any proceedings under this Ordinance.;

(5) The Commissioner may, by an order in writing, grant the taxpayer an extension of time for furnishing the documents and information under sub-section (4), if the taxpayer applies in writing to the Commissioner for an extension of time to furnish the said documents or information:

Provided that the Commissioner shall not grant an extension of more than forty-five days, when such information or documents were required to be furnished under sub-section (4), unless there are exceptional circumstances justifying a longer extension of time.]

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1-Inserted vide the Finance Act, 2016 (XXIX of 2016)
2-Substituted for the word "and maintain" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
3-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

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

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

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

(4) Where the Commissioner is not satisfied with the report of the independent chartered accountant or cost and management accountant, the Commissioner may record reasons for being not satisfied with the report and seek report from another independent chartered accountant or cost and management accountant, to determine the fair market value of asset, product, expenditure or service at the time of transaction.

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

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

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

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

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**109. Recharacterisation of income and deductions.-** (1) For the purposes of determining liability to tax under this Ordinance, the Commissioner may-

(a) recharacterise a transaction or an element of a transaction that was entered into as part of a tax avoidance scheme;

(b) disregard a transaction that does not have substantial economic effect; or

(c) recharacterise a transaction where the form of the transaction does not reflect the substance.

1[(d) from tax year 2018 and onwards, disregard an entity or a corporate structure that does not have an economic or commercial substance or was created as part of the tax avoidance scheme]

(2) In this section, "tax avoidance scheme" means any transaction where one of the main purposes of a person in entering into the transaction is the avoidance or reduction of any person's liability to tax under this Ordinance.

2[(3) Reduction in a person's liability to tax as referred to in sub-section (2) means a reduction, avoidance or deferral of tax or increase in a refund of tax and includes a reduction, avoidance or deferral of tax that would have been payable under this Ordinance, but are not payable due to a tax treaty for the avoidance of double taxation as referred to in section 107.]

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
2-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

1**[109A. Controlled foreign company.-** (1) There shall be included in the taxable income of a resident person for a tax year an income attributable to controlled foreign company as defined in sub-section (2).

(2) For the purpose of this section, controlled foreign company means a non-resident company, if-

(a) more than fifty percent of the capital or voting rights of the non-resident company are held, directly or indirectly, by one or more persons resident in Pakistan or more than forty percent of the capital or voting rights of the non-resident company are held, directly or indirectly, by a single resident person in Pakistan;

(b) tax paid, after taking into account any foreign tax credits available to the non-resident company, on the income derived or accrued, during a foreign tax year, by the non-resident company to any tax authority outside Pakistan is less than sixty percent of the tax payable on the said income under this Ordinance;

(c) the non-resident company does not derive active business income as defined under sub-section (3); and

(d) the shares of the company are not traded on any stock exchange recognized by law of the country or jurisdiction of which the non-resident company is resident for tax purposes.

(3) A company shall be treated to have derived active income if-

(a) more than eighty percent of income of the company does not include income from dividend, interest, property, capital gains, royalty, annuity payment, supply of goods or services to an associate, sale or licensing of intangibles and management, holding or investment in securities and financial assets; and

(b) principally derives income under the head “income from business” in the country or jurisdiction of which it is a resident.

(4) Income of a controlled foreign company is an amount equal to the taxable income of that company determined in accordance with the provisions of this Ordinance as if that controlled foreign company is a resident taxpayer and shall be taxed at the rate specified in Division III of Part I of the First Schedule.

(5) The amount of attributable income under sub-section (1) for a tax year shall be computed according to the following formula, namely:-

A x (B/100)

Where-

A is the amount of income of a controlled foreign company under sub-section (2); and

B is the percentage of capital or voting rights, whichever is higher, held by the person, directly or indirectly, in the controlled foreign company.

(6) The amount of attributable income shall be treated as zero, if the capital or voting rights of the resident person is less than ten percent.

(7) Income of a controlled foreign company shall be treated as zero, if it is less than ten million Rupees.

(8) The income of a controlled foreign company in respect of a foreign tax year, as defined in sub-section (9), shall be determined in the currency of that controlled foreign company and shall, for purposes of determining the amount to be included in the income of any resident person during any tax year under the provisions of this section, be converted into Rupees at the State Bank of Pakistan rate applying between that foreign currency and the Rupee on the last day of the tax year.

(9) Foreign tax year, in relation to a non-resident company, means any year or period of reporting for income tax purposes by that non-resident company in the country or jurisdiction of residence or, if that company is not subject to income tax, any annual period of financial reporting by that company.

(10) The income attributable to controlled foreign company under sub-section (1) and taxed in Pakistan under this section shall not be taxed again when the same income is received in Pakistan by the resident taxpayer.

(11) Where tax has been paid by the resident person on the income attributable to controlled foreign company and in a subsequent tax year the resident person receives dividend distributed by the controlled foreign company, after deduction of tax on dividend, the resident person shall be allowed a tax credit equal to the lesser of,-

(i) foreign tax paid, as defined in sub-section (8) of section 103, on dividends; and

(ii) Pakistan tax payable, as defined in section 103, for the tax year in which the dividend is received by the resident taxpayer.]

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

**110. Salary paid by private companies.-** Where, in any tax year, salary is paid by a private company to an employee of the company for services rendered by the employee in an earlier tax year and the salary has not been included in the employee's salary chargeable to tax in that earlier year, the Commissioner may, if there are reasonable grounds to believe that payment of the salary was deferred, include the amount in the employee's income under the head "Salary" in that earlier year.

**111. Unexplained income or assets.-** (1) Where –

(a) any amount is credited in a person's books of account;
(b) a person has made any investment or is the owner of any money or valuable article; 1[***]
(c) a person has incurred any expenditure 2[; or"]
3[(d) any person has concealed income or furnished inaccurate particulars of income including

(i) the suppression of any production, sales or any amount chargeable to tax; or
(ii) the suppression of any item of receipt liable to tax in whole or in part,]

and the person offers no explanation about the nature and source of the amount credited or the investment, money, valuable article, or funds from which the expenditure was made 4[ suppression of any production, sales, any amount chargeable to tax and of any item of receipt liable to tax] or the explanation offered by the person is not, 5[in the Commissioner's opinion, satisfactory-

(a) the amount credited, value of the investment, money, value of the article, or amount of expenditure shall be included in the person's income chargeable to tax under the head Income from Other Sources" to the extent it is not adequately explained; and

(b) the suppressed amount of production, sales or any amount chargeable to tax or of any item of receipt liable to tax shall be included in the person's income chargeable to tax under the head "Income from Business" to the extent it is not adequately explained] 6[:]

7[Provided that where a taxpayer explains the nature and source of the amount credited or the investment made, money or valuable article owned or funds from which the expenditure was made, by way of agricultural income, such explanation shall be accepted to the extent of agricultural income worked back on the basis of agricultural income tax paid under the relevant provincial law.]

8[(2) The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax:

(i) in the tax year to which such amount relates if the amount representing investment, money, valuable article or expenditure is situated or incurred in Pakistan or concealed income is Pakistan-source; and

(ii) in the tax year immediately preceding the tax year in which the investment, money, valuable article or expenditure is discovered by the Commissioner and is situated or incurred outside Pakistan 9[or] concealed income is foreign-source.

**Explanation.-** For the removal of doubt, it is clarified that where the investment, money, valuable article or expenditure is acquired or incurred outside Pakistan in a prior tax year and is liable to be included in the income of tax year 2018 and onwards on the basis of discovery made by the Commissioner during tax year 2019 and onwards and the person explains the acquisition of such asset or expenditure from sources relating to tax year in which such asset was acquired or expenditure was incurred, such explanation shall not be rejected on the basis that the source does not relate to the tax year in which the amount chargeable to tax is to be included.]

10[(3) Where the declared cost of any investment or valuable article or the declared amount of expenditure of a person is less than reasonable cost of the investment or the valuable article, or the reasonable amount of the expenditure, the Commissioner may, having regard to all the circumstances, include the difference in the person's income chargeable to tax under the head "Income from Other Sources" in the tax year 11[immediately preceding the financial year in which the difference is discovered]

12[(4) Sub-section (1) does not apply to any amount of foreign exchange remitted from outside Pakistan through normal banking channels not exceeding five million Rupees in a tax year that is en-cashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect.]

13[Explanation- For removal of doubt, it is clarified that the remittance through Money Service Bureaus (MCBs), Exchange Companies (ECs) and Money Transfer Operators (MTOs) such as Western Union, Money Gram and

Ria Finance or other like entities shall be deemed to constitute foreign exchange remitted from outside Pakistan through normal Banking channels as delineated under this sub-section.]

(5) The 14[Board] may make rules under section 15[237] for the purposes of this section.

16[Explanation.-For the removal of doubt, a separate notice under this section is not required to be issued if the explanation regarding nature and sources of amount credited or the investment of money, valuable article, or the funds from which expenditure was made has been confronted to the taxpayer through a notice under sub-section (9) of section 122 of this Ordinance.]

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1-The word "or" omitted vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
2-Substituted for the comma "," vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
3-Added vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
4-Added vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
5-For the expression "in the Commissioner's opinion, satisfactory, the amount credited, value of the investment, money, value of the article, or amount of expenditure a[suppressed amount of production, sales or any amount chargeable to tax or of any item of receipt liable to tax] shall be included in the person's income chargeable to tax under head "Income from b[Other Sources]" to the extent it is not adequately explained" substituted by by Finance Act, 2020, dated 30-06-2020.
a-The words and commas inserted vide The Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
b-Substituted for the word "Business" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
6-Substituted for full stop vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
7-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
8-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution was as under:-
(2) The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax in the tax year to which such amount relates.
9-For the words "thirty five" substituted by Finance Act, 2021, dated 30-06-2021
10-Substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution subsection (3) was as under:--
"(3) Where the declared value of any investment, valuable article or expenditure of a person is less than the cost of the investment or valuable article, or the amount of the expenditure, the Commissioner may, having regard to all the circumstances, include the difference in the person's income chargeable to tax under the head Income from i[Other Sources] in the tax year in which the difference is discovered."
i. Substituted for the word "Business" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
11-The words immediately preceding the financial year in which the difference is discovered were substituted vide the Finance Act, 2010 (XVI of 2010)
12-For Sub-section "(4)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
Section 111(4)-Substitution.- Before substitution by Finance Act. 2021 sub-section (4) read as under:
"(4) Sub-section (1) does not apply.-

(a) to any amount of foreign exchange remitted from outside Pakistan through normal banking channels 1[not exceeding 2[five] million Rupees in a tax year] that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect 3[.]

4[***]
5[***]

1-Words inserted by Finance Act, 2018. Earlier same words inserted by Income Tax (Amendment) Ordinance, 2018
2-Substituted for “ten” by Finance Act. 2019.
3-Substituted for “; and” by Finance Act. 2010.
4-Clause (b) omitted by Finance Act. 2010.
5-Clause (c) omitted by Finance Act. 2019. Earlier it was inserted by Income Tax (Fourth Amendment) Act, 2016
Section 111(4)-Omitted.- Before omission by Finance Act. 2010 clause (b) read as under:
(b) to any amount referred to in sub-section (1), relating to a period beyond preceding five tax years or assessment years.
Section 111(4)(c)-Omiition.-before omission by Finance Act. 2019 clause (c) read as follows:-
“(c) to an amount invested in acquiring immovable property and computed according to the following formula namely:-
A-B
Where.-
A is the value of immovable property determined under section 68;
B is the value recorded by the authority registering or attesting the transfer;
13-Explanation inserted by Tax Laws (Third Amendment) Ordinance, 2021 dated 15-09-2021
14-Substituted for “Central Board of Revenue” by Finance Act, 2004
15-Substituted for “232” by Finance Ordinance, 2002
16-Explanation inserted by Finance Act, 2021, dated 30-06-2021

**112. Liability in respect of certain security transactions.-** (1) Where the owner of any security disposes of the security and thereafter re-acquires the security and the result of the transaction is that any income payable in respect of the security is receivable by any person other than the owner, the income shall be treated, for all purposes of the Ordinance, as the income of the owner and not of the other person.

(2) In this section, "security" includes 1[bonds, certificates, debentures,] stocks and shares.

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1-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

## CHAPTER IX
## MINIMUM TAX

1**[113. Minimum tax on the income of certain persons.-** (1) This section shall apply to a resident company 2[, 3[permanent establishment of a non-resident company,] an individual (having turnover of 4[hundred] million rupees or above in the tax year 5[2017] or in any subsequent tax year) and an association of persons (having turnover of 4[hundred] million rupees or above in the tax year 6[2017] or in any subsequent tax year)] where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force -

(a) loss for the year;
(b) the setting off of a loss of an earlier year;
(c) exemption from tax;
(d) the application of credits or rebates; or

(e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than 7[the percentage as specified in column (3) of the Table in Division IX of Part-I of the First Schedule per cent] of the amount representing the person's turnover from all sources for that year:

8[***]

9[Explanation.-For the purpose of this sub-section, the expression "tax payable or paid" does not include-

(a) tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under section 169 or under any other provision of this Ordinance; and

(b) tax payable or paid under section 4B.]

(2) Where this section applies:

(a) the aggregate of the person's turnover as defined in sub-section (3) for the tax year shall be treated as the income of the person for the year chargeable to tax 10[.]

10[Explanation.- For the removal of doubt, it is clarified that the definition of turnover covers receipts from all business activities in line with expression " turnover from all sources" used in sub-section (1) including but not limited to receipts from sale of immoveable property where such receipt is taxable under the head Income from Business]

(b) the person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), 11[minimum tax computed on the basis of rates as specified in Division IX of Part I of First Schedule]

(c) where tax paid under sub-section (1) exceeds the actual tax payable under Part I, 12[clause (1) of Division I, or] Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year:

13[Provided that if tax is paid under sub-section (1) due to the fact that no tax is payable or paid for the year, the entire amount of tax paid under sub-section (1) shall be carried forward for adjustment in the manner stated aforesaid:

Provided further that the amount under this clause shall be carried forward and adjusted against tax liability for five tax years immediately succeeding the tax year for which the amount was paid].

(3) "turn over" means,-

(a) the 14[gross sales or] gross receipts, exclusive of Sales Tax and Federal Excise duty or any trade discounts shown on invoices, or bills, derived from the sale of goods, and also excluding any amount taken as

deemed income and is assessed as final discharge of the tax liability for which tax is already paid or payable;

(b) the gross fees for the rendering of services for giving benefits including commissions; except covered by final discharge of tax liability for which tax is separately paid or payable;

(c) the gross receipts from the execution of contracts; except covered by final discharge of tax liability for which tax is separately paid or payable; and

(d) The company's share of the amounts stated above of any association of persons of which the company is a member.]

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1-Section "113" inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). Earlier a different section 113 was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
2-Word etc. inserted by the Finance Act, 2010.
3-The expressions inserted through Finance Act, 2020 dated 30th June, 2020
4-For the figure "ten" substituted by Finance Act, 2021, dated 30-06-2021
5-The figure "2009" substituted by the Finance Act, 2016
6-The figure "2007" substituted by the Finance Act, 2016
7-For the word "one per cent" substituted by the Finance Act, 2017
8-Proviso omitted by the Finance Act, 2016. The omitted proviso reads as follows:-
"Provided that this sub-section shall not apply in the case of a company, which has declared gross loss before set off of depreciation and other inadmissible expenses under the Ordinance. If the loss is arrived at by setting off the aforesaid or changing accounting pattern, the Commissioner may ignore such claim and proceed to compute the tax as per historical accounting pattern and provision of this Ordinance and all other provisions of the Ordinance shall apply accordingly.
9-Explanation substituted by the Finance Act, 2016
10-For the semicolon and thereafter Explanation substituted by Finance Act, 2021, dated 30-06-2021
11-The words "an amount equal to one percent of the person's turnover for the year" substituted by the words "minimum tax computed on the basis of rates as specified in Division IX of Part I of First Schedule", by the Finance Act, 2014
12-Inserted by the Finance Act, 2013
13-Inserted by the Finance Act, 2011
14-For the Proviso substituted by Finance Act, 2021, dated 30-06-2021, read as under:
Provided that the amount under this clause shall be carried forward and adjusted against tax liability for a[five] tax years immediately succeeding the tax year for which the amount was paid.
a-The word "three" substituted by the Finance Act, 2011.

**1[***]**

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1-Section 113A was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission section 113A was as under:-
"113A. Minimum tax on builders.- (1) Subject to this Ordinance, where a person derives income from the business of construction and sale of residential, commercial or other buildings, he shall pay minimum tax at the rates as the Federal Government may notify in the official Gazette, The Federal Government may also specify the mode, manner and time of payment of such amount of tax.
(2) The tax paid under this section shall be minimum tax on the income of the builder from the sale of such residential, commercial or other building.
(3) This section shall not have effect till 30th June, 2018]
Earlier Section 113A, which was added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004), was substituted vide the Finance Act, 2013 (Act No. XXII of 2013 assented on 29th June, 2013). At the time of substitution section 113A was as under:-
113A. Tax on Income of certain persons.-(1) Subject to this Ordinance, where a retailer being an individual or an association of persons has turnover up to rupees five million for any tax year, such person may opt for payment of tax as a final tax at the rates specified in Division IA of Part I of the First Schedule.
(2) For the purposes of this section,
(a) "retailer" means a person selling goods to general public for the purpose of consumption;
(b) "turnover" shall have the same meaning as assigned to it in sub-section (3) of section 113.
(3) The tax paid under this section shall be a final tax on the income arising from the turnover as specified in sub-section a(1).
b[The retailer shall not be entitled to claim any adjustment of withholding tax collected or deducted under any head during the year."
a. For (1), the "(2)" was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
b. Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**1[***]**

1-Section 113B was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission section 113B was as under:-
"113B. Minimum tax on land developers.- (1) Subject to this Ordinance, where a person derives income from the business of development and sale of residential, commercial or other plots, he shall pay minimum tax ii[at the rate of two per cent of the value of land notified by any authority for the purpose of stamp duty] The Federal Government may also specify the mode, manner and time of payment of such amount of tax.
(2) The tax paid under this section shall be minimum tax on the income of the developer from the sale of such residential, commercial or other plots sold or booked.
iii[Provided that turnover chargeable to tax under this section shall not include the sale of goods on which tax is deducted or deductible under clause (a) of sub-section (1) of section 153.]
i. Section 113B was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of substitution, section 113B was as under:--
*[113B. Taxation of income of certain retailers.-Subject to this Ordinance, a retailer being an individual or association of persons,
(a) whose turnover exceeds five million rupees; and
(b) who is subject to special procedure for payment of sales tax under i[Chapter II of the Sales Tax Special Procedures Rules, 2007] shall pay final tax at the ii[following rates] which
shall form part of single stage sales tax iii[***] as envisaged in the aforesaid rules iv[;]]

| *v[**S. No.*** | ***Amount of turnover*** | ***Rate of tax*** |
|---|---|---|
| *1.* | *Where turnover exceeds Rs. 5,000,000 but does not exceed Rs. 10,000,000* | *Rs.25,000 plus 0.5% of the turnover exceeding Rs.5 ,000,000* |

i. Substituted for the figure and comma "chapter III of the sales Tax Special procedure Rules, 2006 vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
ii. The words "rate of one per cent of turnover for a tax year" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
iii. The words "at the rate of three percent of the declared turnover" omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
iv. Full stop substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
v. Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
(c) The retailer shall not be entitled to claim any adjustment of withholding tax collected or deducted under any head during the year vi[:]]
vi. Full stop substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
*Substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
At the time of above substitution section 113B was as under which was initially inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005):-
"113B. Tax on income of certain retailers.-Subject to this Ordinance, where a retailer of textile fabrics and articles of apparel including ready-made garments or fashion wear, articles of leather including footwear, carpets, surgical goods and sports goods, being an individual or an AOP, has turnover exceeding five million rupees for any tax year, such person shall pay final tax at the rate of 1% of turnover. This tax shall form part of the single stage sales tax at the rate 3% of the declared turnover."
ii Substituted for the expression "at the rates as the Federal Government may notify in the Official Gazette" vide Finance Act, 2015
iii-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**1[113C. Alternative Corporate Tax.-** (1) Notwithstanding anything contained in this Ordinance, for tax year 2014 and onwards, tax payable by a company 2[in respect of income which is subject to tax under Division II of Part I of the First Schedule or minimum tax under any of the provisions of this ordinance] shall be higher of the Corporate Tax or Alternative Corporate Tax;

(2) For the purposes of this section.-

(a) "Accounting Income" means the accounting profit before tax for the tax year, as disclosed in the financial statements or as adjusted under sub-section (7) or sub-section (11) excluding share from the associate recognized under equity method of accounting;

(b) "Alternative Corporate Tax" means the tax at a rate of seventeen per cent of a sum equal to accounting income less the amounts, as specified in sub-section (8), and determined in accordance with provisions of sub-section (7) hereinafter;

3[(c) Corporate tax" means higher of tax payable by the company under Division II of Part I of the First Schedule and minimum tax payable under any of the provisions of this Ordinance.]

(3) The sum equal to accounting income, less any amount to be excluded therefrom under sub-section (8), shall be treated as taxable income for the purpose of this section.

(4) The excess of Alternative Corporate Tax paid over the Corporate Tax payable for the tax year shall be carried forward and adjusted against the tax payable under Division II of Part I of the First Schedule, for following year.

(5) If the excess tax, as mentioned in sub-section (4), is not wholly adjusted, the amount not adjusted shall be carried forward to the following tax year and adjusted as specified in sub-section (4) in that year, and so on, but the said excess cannot be carried forward to more than ten tax years immediately succeeding the tax year for which the excess was first computed.

**Explanation.-** For the purpose of this sub-section the mechanism for adjustment of excess of Alternative Corporate Tax over Corporate Tax, specified in this section, shall not prejudice or affect the entitlement of the taxpayer regarding carrying forward and adjustment of minimum tax referred to in section 113 of this Ordinance.

(6) If Corporate Tax or Alternative Corporate Tax is enhanced or reduced as a result of any amendment, or as a result of any order under the Ordinance, the excess amount to be carried forward shall be reduced or enhanced accordingly.

(7) For the purposes of determining the "Accounting Income", expenses shall be apportioned between the amount to be excluded from accounting income under sub-section (8) and the amount to be treated as taxable income under sub-section (3).

(8) The following amounts shall be excluded from accounting income for the purposes of computing Alternative Corporate Tax:-

(i) exempt income;

4[(ii) income which is subject to tax other than under Division II of Part I of the First Schedule or minimum tax under any of the provisions of this Ordinance;]

(iii) income subject to tax credit under section 65D, 5[65E and 100C;]

6[***]

(9) The provisions of this section shall not apply to taxpayers chargeable to tax in accordance with the provisions contained in the Fourth, Fifth and Seventh Schedules.

(10) Tax credit under 7[sections 64B and] 65B shall be allowed against Alternative Corporate Tax.

(11) The Commissioner may make adjustments and proceed to compute accounting income as per historical accounting pattern after providing an opportunity of being heard.]

8[Explanation.-For the removal of doubt, it is clarified that taxes paid or payable other than payable under Division II of Part I of the First Schedule shall remain payable in accordance with the mode or manner prescribed under the respective provisions of this Ordinance.;]

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1-Inserted vide the Finance Act, 2014
2-Inserted vide Finance Act, 2015
3-Clause (c) was substituted vide Finance Act, 2015. At the time of substitution clause (c) was as under:-
"(c) "Corporate Tax" means total tax payable by the company, including tax payable on account of minimum tax and final taxes payable, under any of the provisions of this Ordinance but not including those mentioned in sections 8, 161 and 162 and any amount charged or paid on account of default surcharge or penalty and the tax payable under this section."
4-Clause (ii) was substituted vide Finance Act, 2015. At the time of substitution clause (ii) was as under:-
"(ii) income subject to tax under section 37A and final tax chargeable under sub-section (7) of section 148, section 150, sub-section (3) of section 153, sub-section (4) of sections 154, 156 and sub-section (3) of section 233;"
5-Substituted for the expression "and 65E;" vide Finance Act, 2015
6-Clause (iv) and (v) was omitted vide Finance Act, 2015. At the time of omission clause (iv) and (v) was as under:-
"(iv) income subject to tax credit under section 100C: and
(v) income of the company subject to clause (18A) of Part-II of the Second Schedule;"
7-Substituted for the word "section" vide Finance Act, 2015
8-Inserted vide Finance Act, 2015

## CHAPTER X
## PROCEDURE

### PART I
### RETURNS

**114. Return of income.-** (1) Subject to this Ordinance, the following persons are required to furnish a return of income for a tax year, namely:-

1[(a) every company;]

2[(ab) every person (other than a company) whose taxable income for the year exceeds the maximum amount that is not chargeable to tax under this Ordinance for the year; 3[; or]]

4[(ac) any non-profit organization as defined in clause (36) of section 2; 5[***]

6[***]

7[(ae) every person whose income for the year is subject to final taxation under any provision of this Ordinance:]

8[(b) any person not covered by clause 9[(a), (ab), (ac) or (ad)] who,-

(i) has been charged to tax in respect of any of the two preceding tax years;

(ii) claims a loss carried forward under this Ordinance for a tax year;

(iii) owns immovable property with a land area of 10[five hundred] square yards or more or owns any flat located in areas falling within the municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory 11[;] ]

12[(iv) owns immoveable property with a land area of five hundred square yards or more located in a rating area;]

12[(v) owns a flat having covered area of two thousand square feet or more located in a rating area;]

12[(vi) owns a motor vehicle having engine capacity above 1000 CC; 13[***]

14[(vii) has obtained National Tax Number 15[; or]

16[(viii) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees 17[five hundred thousand] 18[; 19[ ]]]

20[(ix) is 21[a resident person] registered with any chamber of commerce and industry or any trade or business association or any market committee or any professional body including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan 22[; or]]

23[(x) 24[is a] resident person being an individual required to file foreign income and assets statement under section 116A.]

25[(c) persons or classes of persons notified by the Board with the approval of the Minister in-charge.]

26[(1A) Every individual whose income under the head ‘Income from business’ exceeds rupees three hundred thousand but does not exceed rupees 27[four hundred thousand] in a tax year is required to furnish return of income for the tax year.]

28[(2) A return of income -

(a) shall be in the prescribed form and shall be accompanied by such annexures, statements or documents as may be prescribed 29[:]

29[Provided that the Board may prescribe different returns for different classes of income or persons including persons subject to final taxation;]

(b) shall fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; 30[***]

(c) shall be signed by the person, being an individual, or the person's representative where section 172 applies 31[;]

32[(d) shall be accompanied with due payment of tax as per return of income; 33[***]

(e) shall be accompanied with a wealth statement as required under section 116 34[; and]]

35[(f) shall be accompanied with a foreign income and assets statement as required under section 116A.]

36[(2A) A return of income filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1); and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitize the data of such returns and transmit the same electronically to the Income Tax Department under their digital signatures 37[and other matters relating to electronic filing of returns, statements or documents, etc.].]

(3) The Commissioner may, by notice in writing, require a person, or a person's representative, as the case may be, to furnish a return of income by the date specified in the notice for a period of less than twelve months, where-

(a) the person has died;
(b) the person has become bankrupt or gone into liquidation;
(c) the person is about to leave Pakistan permanently;

38[***]

(e) the Commissioner otherwise considers it appropriate to require such a return to be furnished.

(4) Subject to sub-section (5), the Commissioner may, by notice in writing, require any person who, in the Commissioner's opinion, is required to file a return of income under this section for a tax year 39[or assessment year] but who has failed to do so to furnish a return of income for that year within thirty days from the date of service of such notice or such longer 40[or shorter] period as may be specified in such notice or as the Commissioner may allow.

(5) A notice under sub-section (4) may be issued 39[in respect of one or more] 40[of the] last five completed tax years 41[or assessment years] 42[:]

Provided that in case of a person who has not filed return for any of the last five completed tax years, notice under sub-section (4) may be issued in respect of one or more of the last ten completed tax years 43[:]

43[Provided further that the time-limitation provided under this sub-section shall not apply if the Commissioner is satisfied on the basis of reasons to be recorded in writing that a person who failed to furnish his return has foreign income or owns foreign assets.]

44[(6) Subject to sub-section (6A), any person who, having furnished a return, discovers any omission or wrong statement therein, may file revised return subject to the following conditions, namely:-

(a) it is accompanied by the revised accounts or revised audited accounts, as the case may be 45[:] 46[***]

47[Provided that Commissioner may waive this condition if the Commissioner is satisfied that filing of revised accounts or audited accounts is not necessary;]

(b) the reasons for revision of return, in writing, duly signed, by the taxpayers are filed with the return 48[; 49[***]]

50[(ba) it is accompanied by approval of the Commissioner in writing for revision of return; and]

51[(c) taxable income declared is not less than and loss declared is not more than income or loss, as the case may be, determined by an order issued under sections 121, 122, 122A, 52[***] 129, 132, 133 or 221:

Provided that if any of the above conditions is not fulfilled, the return furnished shall be treated as an invalid return as if it had not been furnished 53[:]]

Provided further that the condition specified in clause (ba) shall not apply if revised return is filed within 60 days of filing of return;

54[Provided also that condition specified in clause (ba) shall not apply and the approval required thereunder shall be deemed to have been granted by the Commissioner, if-

(a) the Commissioner has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought; or

(b) taxable income declared is more than or the loss declared is less than the income or loss, as the case may be, determined under section 120.]

Provided further that the mode and manner for seeking the revision shall be as prescribed by the Board 54[:]

54[Provided also that the Commissioner shall grant approval in case of a bonafide omission or wrong statement;]

55[(6A) If a taxpayer 56[files] a revised return voluntarily along with deposit of the amount of tax short paid or amount of tax sought to be evaded along with the default surcharge, whenever it comes to his notice, before receipt of notice under sections 177 or sub-section (9) of 122, no penalty shall be recovered from him:

Provided that in case the taxpayer 57[deposits] the amount of tax as pointed out by the Commissioner during the audit or before the issuance of notice under sub-section (9) of section 122, he shall deposit the amount of tax sought to be evaded, the default surcharge and twenty-five per cent of the penalties leviable under the Ordinance along with the revised return:

Provided further that in case the taxpayer 58[revises] the return after the issuance of a show cause notice under subsection (9) of section 122, he shall deposit the amount of tax sought to be evaded, default surcharge and fifty per cent of the leviable penalties under the Ordinance along with the revised return and thereafter, the show cause notice shall stand abated.]

(7) Every return purporting to be made or signed by, or on behalf of a person shall be treated as having been duly made by the person or with the person’s authority until the person proves the contrary.

1-Substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
"(a) Every company and any other person whose taxable income for the year exceeds the maximum amount that is not chargeable to tax under this Ordinance for the year; and"
2-Inserted vide the Finance Act, 2003 (I of 2003 assented on 30th June, 2003)
3-The words were added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
4-Clause (ac) Inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
5-The word "and" omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
6-Clause "(ad)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier Clause "(ad)" Inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). Before omission read as:
"(ad) any welfare institution approved under clause (58) of Part I of the Second Schedule;"
7-Sub-clause "(ae)" added by Finance Act, 2020, dated 30-06-2020.
8-Substituted for clause (b) vide the Finance Act, 2005 (VII of 2005 assented on 30th June, 2005). At the time of substitution clause (b) was as under:--
"(b) any person not covered by clause (a) i[or (ab)] who –
(i) has been charged to tax in respect of any of the four preceding tax years;
(ii) claims a loss carried forward under this Ordinance for a tax year;
(iii) owns immovable property, with a land area of two hundred and fifty square yards or more, located in areas falling in the limits of a Metropolitan/Municipal Corporation, a Cantonment Board, or the Islamabad Capital Territory or owns any flat;
(iv) owns a motor vehicle (other than a motor cycle) in Pakistan;
(v) subscribes for a telephone including a mobile phone in Pakistan;
(vi) has undertaken foreign travel in the tax year other than travel by a non-resident person or any travel for the purposes of the Haj, Umrah, or Ziarat; or
(vii) is member of a club where the monthly subscription exceeds five hundred rupees or the admission fee exceeds twenty-five thousand rupees."
i. The word, brackets and letters inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
9-The letters and word "(a) or (ab)" substituted by the Finance Act, 2006
10-Substituted for the words "two hundred and fifty" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
11-Full stop substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
12-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
13-The word "and" omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
14-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
15-Substituted for the full stop vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
16-Inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
17-Substituted for the words "one million" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
18-Substituted for the full stop vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
19-Word "or" omitted by Finance Act, 2018. Earlier the same amendment was made by Income Tax (Amendment) Ordinance, 2018.
20-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
21-Inserted vide the Finance Act, 2014
22-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
23-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
24-For the word "every" substituted by Finance Act, 2020, dated 30-06-2020.
25-Clause "(c)" inserted by Finance Act, 2021, dated 30-06-2021.
26-Sub-section (1A) added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
27-Substituted for "three hundred and fifty thousand" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
28-Sub-section (2) substituted vide the Finance Act, 2003 (I of 2003 assented on 30th June, 2003). At the time of substitution sub-section (2) was as under:--
"(2) A return of income –
(a) shall be in the prescribed form;
(b) shall state the information required by the form, including a declaration of the records kept by the taxpayer;
(c) in the case of a person carrying on a business, shall include an income statement, balance sheet, and any other document as may be prescribed for the tax year; and
(d) shall be signed by the person or the person's representative."
29-For Semicolon and new Proviso added by Finance Act, 2020, dated 30-06-2020.
28-The word "and" omitted vide the Finance Act, 2011 assent on 29th June, 2011).Earlier the word "and" was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
29-Substituted for the full stop and Proviso added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
30-The word "and" omitted by the Finance Act, 2011
31-For the full stop substituted by the Finance Act, 2011
32-Clause (d) & (e) added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

33-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
34-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
35-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
36-Sub-section (2A) inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
37-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
38-Clause (d) Omitted vide Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier clause (d) was omitted vide Notification. No. S.R.O. 633(I)/2002, dated 14th September, 2002, and which was S.R.O. 633(I)/2002, dated 14th September, 2002 rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003. At the time of omission clause (d) was as under:--
"(d) the person is otherwise about to cease caring on business in Pakistan"
39-The words "only in respect of the" substituted by Finance Act, 2003. Earlier these were substituted by S.R.O. 633(I)/2002 dated 14.09.2002 which stands rescinded by SRO 608(I)/2003, dated 24.06.2003 with effect from 01.07.2003
39-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
40-Inserted by the Finance Act, 2005
41-Inserted by the Finance Act, 2004.
42-For the full stop substituted by the Finance Act, 2016.
43-For the full stop and thereafter Proviso added by Finance Act, 2021, dated 30-06-2021.
44-Substituted vide the Finance (amendment) Ordinance, 2010 (XVI of 2010) effective from 5th June, 2010. Earlier this sub-section was substituted vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of substitution sub-section (6) was as under:--
i[(6) Any person who, having furnished a return, discovers any omission or wrong statement therein, without prejudice to any other liability, which he may incur under this Ordinance, may furnish a revised return for that tax year at any time, within five years from the end of the financial year in which original return was filed, subject to the following, namely:-
(a) it is accompanied by the revised accounts or revised audited accounts, as the case may be;
(b) the reason of revision of return, in writing, duly signed, is filed therewith; and
(c) it is filed before the issuance of the notice for amendment of assessment.]
i. Sub-section (6) substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009).
At the time of substitution sub-section (6) was as under:--
"(6) Any person who, having furnished a return, discovers any omission or wrong statement therein may furnish a revised return, within five years of the date that the original return was furnished."
45-For the full stop and thereafter Proviso added by Finance Act, 2021, dated 30-06-2021.
46-The word "and" omitted vide Finance Act, 2012
47-Proviso added by Finance Act, 2021, dated 30-06-2021.
48-Substituted for the full stop vide Finance Act, 2012
49-The word "and" was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
50-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
51-Clause (c) added vide Finance Act, 2012
52-the expression "122C," was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
53-A full stop was substituted with a colon and thereafter new provisos were added vide Finance Act, 2015
54-Proviso was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution proviso was as under:--
Provided further that where the Commissioner has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought, the approval required under clause (ba) shall be deemed to have been granted by the commissioner, and condition specified in clause (ba) shall not apply:
54-For full stop and new Proviso added by Finance Act, 2020, dated 30-06-2020.
55-Sub-section (6A) inserted vide the Finance Act, 2010 effective from 5th June, 2010. Earlier this sub-section was inserted vide the Finance (Amendment) Ordinance, 2010 (III of 2010) promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009) promulgated on 28th October, 2009.
56-Substituted for the words "wishes" to "file" vide Finance Act, 2011 (XVI of 2011 assented on 29th October, 2011)
57-Substituted for the word "wishes" to deposit" vide Finance Act, 2011 (XVI of 2011 assented on 29th October, 2011)
58-Substituted for the word "wishes" to revise" vide Finance Act, 2011 (XVI of 2011 assented on 29th October, 2011)

1**[114A. Business bank account.**- (1) Every taxpayer shall declare to the Commissioner the bank account utilized by the taxpayer for business transactions.

(2) Business bank account shall be declared through original or modified registration form prescribed under section 181.]

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1-For Section "114A" substituted by Finance Act, 2021, dated 30-06-2021. Earlier Section "114A" inserted by Finance Act, 2020, dated 30-06-2020, read as under:

"114A. Taxpayer's profile.- (1) Subject to this Ordinance, the following persons shall furnish a profile, namely:-

(a) every person applying for registration under section 181;

(b) every person deriving income chargeable to tax under the head, "income from business";

(c) every person whose income is subject to final taxation;

(d) any non-profit organization as defined in clause (36) of section 2;

(e) any trust or welfare institution; or

(f) any other person prescribed by the Board.

(2) A taxpayer's profile-

(a) shall be in the prescribed form and shall be accompanied by such annexures, statements or documents as may be prescribed;

(b) shall fully state, in the specified form and manner, the relevant particulars of-

(i) bank accounts;

(ii) utility connections;

(iii) business premises including all manufacturing, storage or retail outlets operated or leased by the taxpayer;

(iv) types of businesses; and

(v) such other information as may be prescribed;

(c) shall be signed by the person being an individual, or the person's representative where section 172 applies; and

(d) shall be filed electronically on the web as prescribed by the Board.

(3) A taxpayer's profile shall be furnished,-

(a) on or before the 31st day of December, 2020 in case of a person registered under section 181 before the 30th day of September, 2020; and

(b) within ninety days registration in case of a person not registered under section 181 before the 30th day of September, 2020.

(4) A taxpayer's profile shall be updated within ninety days of change in any of the relevant particulars of information as mentioned in clause (b) of sub-section (2)."

**1[114B. Powers To Enforce Filing of Returns.-** (1) Notwithstanding anything contained in any other law for the time being in force the Board shall have the powers to issue Income Tax General Order in respect of persons who are not appearing on ATL but are liable to file return under the provisions of this Ordinance.

(2) The Income Tax general order issued under sub-section (1) may entail any or all of the following consequences for the persons mentioned therein;

(a) Disabling of Mobile Phones or Mobile Phone Sims;
(b) Discontinuance of electricity connection; and
(c) Discontinuance of gas connection.

(3) The Board or the Commissioner having jurisdiction over the person mentioned in the Income Tax general order may order restoration of Mobile phones, mobile phone Sims and connections of electricity and gas, in cases where he is satisfied that;

(a) The return has been filed, or
(b) Person was not liable to file return under the provisions of the Ordinance.

(4) No person shall be included in the General order under sub-section (1) unless following conditions have been met;

(i) Notice under sub section (4) of section 114 has been issued;
(ii) Date of compliance of the notice under sub section (4) of section 114 has elapsed; and
(iii) The person has not filed the return.

(5) The action under this section shall not preclude any other action provided under the provisions of this Ordinance.]

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1-Section "114B" inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021

**115. Persons not required to furnish a return of income.-** 1[***]

2[***]

3[***]

(3) The following persons shall not be required to furnish a return of income for a tax year solely by reason of 4[sub-clause (iii)] 5[, (iv), (v) and (vi)] of clause (b) of sub-section (1) of section 114-

(a) A widow;
(b) an orphan below the age of twenty-five years;
(c) a disabled person; or
(d) in the case of ownership of immovable property, a non-resident person.

6[ ]

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1-Subsection "(1)" was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Sub-section (1) was as under:--
(1) Where the entire income of a taxpayer in a tax year consists of income chargeable under the head "Salary", Annual Statement of Deduction of Income Tax from Salary, filed by the employer of such taxpayer, in prescribed form, the same shall, for the purposes of this Ordinance, be treated as a return of income furnished by the taxpayer under section 114:
Earlier sub-section (1) substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution sub-section (1) was as under:--
"(1) Where the entire income of a taxpayer in a tax year consists of income chargeable under the head "Salary", the taxpayer may, instead of furnishing a return as required under section 114 furnish –
(a) a certificate from the person's employer in the prescribed form stating such particulars, and accompanied by such statements, and verified in such manner, as may be prescribed, and such certificate shall be, for the purposes of this Ordinance, treated as a return of income furnished under section 114 i[:]
ii Provided that a taxpayer shall not be required to furnish a certificate, if his employer has furnished for the same tax year, Annual Statement of Deduction of Income Tax From Salary as prescribed under the Income Tax Rules, 2002.
i. Substituted for the semicolon and word ", and" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
ii. Proviso added vide the finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
(b) iii[***] a wealth statement referred to iv[in] section 116.
iii. The words, brackets, figure and comma "subject to sub-section (2)" omitted vide the finance Act, 2004 (II of 2004 assented on 30th June, 2004)
iv. The word inserted vide the Finance ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002
2-Proviso was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Proviso was as under:-
"Provided that where salary income, for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116."
Initially, proviso was substituted vide the Finance Act, 2009 (I of 2009) assented on 30th June, 2009).
At the time of substitution proviso was as under:--
"Provided that where salary income, for the tax year or the last tax year is five hundred thousand rupees or more, the taxpayer shall file wealth statement as required under section 116."
3-Sub-section (2) was omitted vide the Finance Act, 2004 (I of 2004 assented on 30th June, 2004). At the time of omission sub-section (2) was as under:--
"(2) Clause (b) of sub-section (1) shall not apply to a person whose declared income for the tax year, or whose last declared or assessed income, is less than two hundred thousand rupees."
4-The words, brackets and figures "sub-clauses (iii) through (vii)" substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
5-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
6-Sub-sections (4), (4A), (5) and (6) omitted by Finance Act, 2020, dated 30-06-2020. Before omission Sub-sections (4), (4A), (5) and (6) read as under:
"1[(4) Any person who is not obliged to furnish a return for a tax year because all the person's income is subject to final taxation under sections 5, 6, 7, 148, 151 and 152, sub-section (3) of section 153, sections 154, 156 and 156A, sub-section (3) of section 233 or sub-section (3) of section 234A shall furnish to the Commissioner a statement showing such particulars relating to the person's income for the tax year in such form and verified in such manner as may be prescribed.]

2[(4A) Any person who, having furnished a statement, discovers any omission or wrong statement therein, he may, without prejudice to any other liability which he may incur under this Ordinance, furnish a revised statement for that tax year, at any time within five years from the end of the financial year in which the original statement was furnished.]
3[***]
4[(5) Subject to sub-section (6), the Commissioner may, by notice in writing, require any person who, in his opinion, is required to file a prescribed statement under this section for a tax year but who has failed to do so, to furnish a prescribed statement for that year within thirty days from the date of service of such notice or such longer period as may be specified in such notice or as he may, by order in writing, allow.]
5[(6) A notice under sub-section (5) may be issued in respect of one or more of the last five completed tax years]

1-Substituted for sub-section (4) vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
At the time of substitution the proviso was as under:--
"(4) Any person who is not obliged to furnish a return for a tax year because all the person's income is subject to final taxation under sections i[***] ii[5, 6, 7, III[15,] iv[113A,] v[113B,] 148, vi[ vii[***]]
viii[section 151], section 152, ix[clauses (a),(c) and (d) of sub-section (3) of section 153], 154, 156 x[, 156A, sub-section (3) of section 233, xi[***] or sub-section (5) of section 234 xii[or sub-section (3) of section 234A]
] shall furnish to the Commissioner a statement showing such particulars relating to the person's income for the tax year in such form and verified in such manner as may be prescribed."
i. The figure and comma "148," omitted by vide Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
ii. Substituted for the figures, letters, brackets and commas "151(a)(b), 153, 154, 156, 157 or 234(5)" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
III. The figure and comma inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
iv. The figure, letter and comma inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
v. The figure, letter and comma inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
vi. The words, brackets, letters, comma and figures was inserted vide the Finance Act, 2006 (III of 2006)
vii. The words, brackets, letters, comma and figure "clauses (a) and (c) of sub-section (1) of section (1) omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
viii. Inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
ix. Substituted for the words, brackets and figures a[ clauses (a), and (c) of sub-section (1) of section] 153" vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
a. The word, comma, brackets and figure inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
x. The commas, figure, words and brackets were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
xi. The words, brackets and figures "clause (a) and clause (b) of sub-section (1) of section 233A omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
xii The words, brackets and figures and letter inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
2-Sub-section (4A) inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
3-Sub-section (4B) was omitted vide the Finance Act, 2010 (XVI of 2010 assented on 30th June, 2010). At the time of omission sub-section (4B) was as under:--
i[(4B) Every person (other than a company) filing statement under sub-section (4), falling under final tax regime (FTR) and has paid tax amounting to twenty thousand rupees or more for the tax year, shall file a wealth statement along with reconciliation of wealth statement.]
i. Sub-section (4B) was inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
4-Sub-section (5) was added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
5-Sub-section (6) was added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**116. Wealth statement.-** (1) 1[The] Commissioner may, by notice in writing, require any person 2[being an individual] to furnish, on the date specified in the notice, a statement (hereinafter referred to as the "wealth statement") in the prescribed form and verified in the prescribed manner giving particulars of-

(a) the person's total assets and liabilities as on the date or dates specified in such notice;

(b) the total assets and liabilities of the person's spouse, minor children, and other dependents as on the date or dates specified in such notice;

(c) any assets transferred by the person to any other person during the period or periods specified in such notice and the consideration for the transfer; 3[***]

(d) the total expenditures incurred by the person, and the person's spouse, minor children, and other dependents during the period or periods specified in the notice and the details of such expenditures 4[; and]

5[(e) the reconciliation statement of wealth]

(2) Every resident taxpayer 6[, being an individual,] filing a return of income for any tax year 7[***] shall furnish a wealth statement 8[and wealth reconciliation statement] for that year along with such return,

9[Provided that every member of an association of persons 10[***] shall also furnish wealth statement and wealth reconciliation statement for the year along with return of income of the association.]

11[***]

12[(3) Where a person, who has furnished a wealth statement, discovers any omission or wrong statement therein, he may, without prejudice to any liability incurred by him under any provision of this Ordinance, furnish a revised wealth statement 13[along with the revised wealth reconciliation and the reasons for filing revised wealth statement,] 14[under intimation to the Commissioner in the prescribed form and manner,] at any time before 15[the receipt of notice under sub-section (9) of section 122, for the tax year to which it relates] 16[:]

16[Provided that where the Commissioner is of the opinion that the revision under this sub-section is not for the purpose of correcting a bona fide omission or wrong statement, he may declare such revision as void through an order in writing after providing an opportunity of being heard.

Explanation- For the removal of doubt it is clarified that wealth statement cannot be revised after the expiry of five years from the due date of filing of return of income for that tax year.]

17[ ]

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1-The words, brackets, figure, comma and word "Subject to sub-section (2)". The" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

2-Inserted for sub-section (4) vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.

3--The word "and" omitted by vide Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

4-Full stop was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

5-Clause (e) inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

6-The words and comma inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

7-The words and comma i[whose last declared or assessed income ii[or the declared income for the year], is III[one million rupees] or more] were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013 and this amendment shall be effective for the tax year 2013 and onwards.

i. The words and comma inserted vide the Finance Act, 2004 (XVI of 2004 assented on 30th June, 2004)

ii The words inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

iii. Substituted for the word “five hundred thousand “ vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
8-The words inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
9-Proviso was added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
10-The words and commas “whose share from the income of such association of persons, before tax, for the year is one million rupees or more” were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013 and this amendment shall be effective for the tax year 2013 and onwards.
11-Sub-section (2A) was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution sub-section (2A) was as under:--
i[(2A) Where a person, being an individual or an association of persons, files a return in response to provisional assessment order under section 122C, such return shall be accompanied by wealth statement along with a wealth reconciliation statement and an explanation of source of acquisition of assets specified therein in the case of an individual and wealth statements of all members in the case of an association of persons and such wealth statements shall be accompanied by wealth reconciliation statements and explanation of source of acquisition of assets specified therein.]
i. Sub-section (2A) was substituted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011). At the time of substitution sub-section (2A) was as under:--
ii[(2A) Where a person files a return in response to a provisional assessment under section 122C, he shall furnish a wealth statement for that year along with that return and such wealth statement shall be accompanied by a wealth reconciliation statement and an explanation of sources of acquisition of assets specified therein.]
ii. Sub-section (2A) was inserted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931
(XVI of 1931) Earlier this sub-section was inserted vide the Finance (Amendment) Ordinance. 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance. 2009 (XXII of 2009 promulgated on 28th October, 2009)
12-Sub-section (3) was added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
13-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
14-Expression inserted by Finance Act, 2020, dated 30-06-2020.
15-Substituted for “an assessment, for the tax year to which it relates, is made under sub-section (1) or sub-section (4) of section 122” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
16-For the full stop, Proviso and Explanation added by Finance Act, 2020, dated 30-06-2020.
17-Sub-section “(4)” omitted by Finance Act, 2020, dated 30-06-2020. Before omission Sub-section “(4)” read as under:
1[(4) Every person (other than a company) 2[or an association of persons] filing statement under sub-section (4) of section 115, falling under final tax regime (FTR) 3[***] shall file a wealth statement along with reconciliation of wealth statement.]
1-Sub-section (4) was added the Finance Act, 2010 (III of 2010). This amendment was effective from 5th June, 2010 by declaration made under the provisional collection of Taxes Act, 1931 (XXVI of 1931)
2-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
3-The words and comma “and has paid tax amounting to thirty-five thousand rupees or more for the tax year,” were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013 and this amendment shall he effective for the tax year 2013 and onwards.

1**[116A. Foreign income and assets statement.-** (1) Every resident taxpayer being an individual having foreign income of not less than ten thousand United States dollars or having foreign assets with a value of not less than one hundred thousand United States dollars shall furnish a statement, hereinafter referred to as the foreign income and assets statement, in the prescribed form and verified in the prescribed manner giving particulars of-

(a) the person's total foreign assets and liabilities as on the last day of the tax year;

(b) any foreign assets transferred by the person to any other person during the tax year and the consideration for the said transfer; and

(c) complete particulars of foreign income, the expenditure derived during the tax year and the expenditure wholly and necessarily for the purposes of deriving the said income.

(2) The Commissioner may by a notice in writing require any person being an individual who, in the opinion of the Commissioner on the basis of reasons to be recorded in writing, was required to furnish a foreign income and assets statement under sub-section (1) but who has failed to do so to furnish the foreign income and assets statement on the date specified in the notice.]

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

**117. Notice of discontinued business.-** (1) Any person discontinuing a business shall give the Commissioner a notice in writing to that effect within fifteen days of the discontinuance.

(2) The person discontinuing a business shall, under the provisions of this Ordinance or on being required by the Commissioner by notice, in writing, furnish a return of income for the period commencing on the first day of the tax year in which the discontinuance occurred and ending on the date of discontinuance and this period shall be treated as a separate tax year for the purposes of this Ordinance.

(3) Where no notice has been given under sub-section (1) but the Commissioner has reasonable grounds to believe that a business has discontinued or is likely to discontinue, the Commissioner may serve a notice on the person who has discontinued the business or is likely to discontinue the business to furnish to the Commissioner within the time specified in the notice a return of income for the period specified in the notice.

(4) A return furnished under this section shall be treated for all purposes of this Ordinance as a return of income, including the application of Section 120.

**118. Method of furnishing returns and other documents.-**(1) A return of income under section 114 1[***] 1a[ ] 2[,] a wealth statement under section 116 3[or a foreign income and assets statement under 116A, if applicable] shall be furnished in the prescribed manner.

(2) A return of income 4[under section 114 4a[ ]] of a company shall be furnished -

(a) in the case of a company with a tax year ending any time between the first day of January and the thirtieth day of June, on or before the thirty-first day of December next following the end of the tax year to which the return relates; or

(b) in any other case, on or before the thirtieth day of September next following the end of the tax year to which the return relates.

5[(2A) Where salary income for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116 6[or a foreign income and assets statement under 116A, if applicable] 7[:]]

Provided that the Board may amend the condition specified in this sub-section or direct that the said condition shall not apply for a tax year.]

8[(3) A return of income for any person (other than a company), 9[***] 4a[ ] shall be furnished as per the following schedule, namely:

10[(a) in the case of 1a[ ] or a return required to be filed through e-portal in the case of a salaried individual, on or before the 11[30th day of September ] next following the end of the tax year to which the statement or return relates; or]

(b) in the case of a return of income for any person (other than a company), as described under clause (a), on or before the 30th day of September next following the end of the tax year to which the return relates.]

(4) A wealth statement shall be furnished by the due date specified in the notice requiring the person to furnish such statement or, where the person is required to furnish the wealth statement for a tax year under sub-section (2) of section 116, by the due date for furnishing the return of income for that year.

(5) A return required to be furnished by a notice issued under section 117 shall be furnished by the due date specified in the notice.

(6) Where a taxpayer is not borne on the National Tax Number Register and fails to file an application in the prescribed form and manner with the taxpayer's return of income 12[***], such return 13[***] shall not be treated as a return 13[***] furnished under this section.

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1-The words, figure and comma "an employer's certificate under section 115," were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

1a-The expression "a statement required under sub-section (4) of section 115" omitted by Finance Act, 2020, dated 30-06-2020

2-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

3-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

4-The words brackets and figures inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

4a-The expression "or a statement required under sub-section (4) of section 115" omitted by Finance Act, 2020, dated 30-06-2020

5-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

6-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

7-A full stop was substituted with a colon and thereafter new proviso was added vide Finance Act, 2015
8-Sub-section (3) was substituted vide Finance Act, 2010 (XVI of 2010 assented on 30th June, 2010). At the time of substitution sub-section (3) was as under:--
"(3) A return of income for any person (other than a company), an employer certificate of an individual or a statement required under sub-section (4) of section 115 shall be furnished on or before the thirtieth day of September next following the end of the tax year to which the return, certificate or statement relates".
9-The words and comma "an Annual Statement of deduction of income tax from salary, filed by the employer of an individual" were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
10-Clause (a) was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of substitution clause (a) was as under:--
"(a) In the case of an Annual Statement of deduction of income tax from salary, filed by the employer of an individual, return of income through e-portal in the case of a salaried person or a statement required under sub-section (4) of section 115, on or before the 31st day of August next following the end of the tax year to which the return, Annual Statement of deduction of income tax from salary, filed by the employer or statement relates."
11-Substituted for the words "31st day of August" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
12-The words "or employer's certificate" were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
13-The words "or certificate" were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**119. Extension of time for furnishing returns and other documents.-** (1) A person required to furnish -

(a) a return of income under section 114 or 117;

1[***]

1a[***]

(c) a wealth statement under section 116,

may apply, in writing, to the Commissioner for an extension of time to furnish the return, 2[***] or statement, as the case may be.

(2) An application under sub-section (1) shall be made by the due date for furnishing the return of income, 3[***] or 4[***] statement to which the application relates.

(3) Where an application has been made under sub-section (1) and the Commissioner is satisfied that the applicant is unable to furnish the return of income, 5[***] or 6[***] statement to which the application relates by the due date because of -

(a) absence from Pakistan;
(b) sickness or other misadventure; or
(c) any other reasonable cause,

the Commissioner may, by 7[order], in writing, grant the applicant an extension of time for furnishing the return, 8[***] or statement, as the case may be.

(4) An extension of time under sub-section (3) should not exceed fifteen days from the due date for furnishing the return of income, employer's certificate, or 9[***] statement, as the case may be, unless there are exceptional circumstances justifying a longer extension of time 10[:

Provided that where the Commissioner has not granted extension for furnishing return under sub-section (3) or sub-section (4), the Chief Commissioner may on an application made by the taxpayer for extension or further extension, as the case may be, grant extension or further extension for a period not exceeding fifteen days unless there are exceptional circumstances justifying a longer extension of time.]

11[***]

(6) An extension of time granted under sub-section (3) shall not 12[, for the purpose of charge of 13[default surcharge] under sub-section (1) of section 205,] change the due date for payment of income tax under section 137.

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1-Clause (b) was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission clause (b) was as under:--
"(b) an employer's certificate under section 115;"
1a-Clause "(c)" omitted by Finance Act, 2020, dated 30-06-2020. Before omission Clause "(c)" read as under:
(c) a statement required under sub-section (4) of section 115; or
2-The word and comma "certificate," were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
3-The words and comma "employer's certificate," were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
4-The word "wealth" omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
5-The words and comma "employer's certificate," were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
6-The word "wealth" omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
7-Substituted for the word "notice" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

8-The word and comma “certificate,” were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
9-The word “wealth” omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
10-For the full stop, a colon was substituted and thereafter the proviso was added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
11-Sub-section (5) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission sub-section (5) was as under:--
“(5) An applicant dissatisfied with a decision under sub-section (3) may challenge the decision only under the Part III of this Chapter.”
12-The words inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
13-Substituted for the words “additional Tax” vide the Finance Act, 2010 (XVI of 2010 assented on 30th June, 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance. 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

## PART II
## ASSESSMENTS

1**[120. Assessments.-** (1) Where a taxpayer has furnished a complete return of income (other than a revised return under sub-section (6) of section 114) for a tax year ending on or after the 1st day of July, 2002,-

(a) the Commissioner shall be taken to have made an assessment of taxable income for that tax year, and the tax due thereon 2[ ]; and

(b) the return shall be taken for all purposes of this Ordinance to be an assessment order issued to the taxpayer by the Commissioner on the day the 3[return was furnished] 4[:]

4[Provided that until the date specified under the fourth proviso to sub-section (2A) is notified, this sub-section shall be in force as if sub-section (2A) is not in operation:

Provided further that once the date under the fourth proviso to sub-suction (2A) is notified, clauses (a) and (b) shall only apply when the provisions of sub-section (2A), if invoked, are first complied with:

Provided further once compliance le made under the second proviso-

(i) the adjusted amount under sub-section (2A) shall be construed to be the tax payable and due under clause (a):
(ii) the date of the compliance under sub-section (2A) shall be the date for the purposes of clause (b).]

5[(1A) Notwithstanding the provisions of sub-section (1), the Commissioner may 6[conduct audit of the income tax affairs of a person] affairs under section 177 and all the provisions of that section shall apply accordingly.]

(2) A return of income shall be taken to be complete if it is in accordance with the provisions of sub-section (2) of section 114.

7[(2A) A return of income furnished under sub-section (2) of section 114 shall be processed through automated system to arrive at correct amounts of total income, taxable income and tax payable by making adjustments for-

(i) any arithmetical error in the return;

(ii) any incorrect claim, if such incorrect claim is apparent from any information in the return;

(iii) disallowance of any loss, deductible allowance or tax credit under Parts VIII, IX and X respectively of Chapter III; and

(iv) disallowance of carry forward of any loss under clause (b) of sub-section (1) of section 182A:

Provided that no such adjustments shall be made unless a system generated notice is given to the taxpayer specifying the adjustments intended to be made:

Provided further that the response received from the taxpayer, if any, shall be considered before making any adjustment, and in a case where no response is received within thirty days of the issue of such notice, adjustments shall be made.

Provided also that where no such adjustments have been made within six month of filing of return, the amounts specified in the return as declared by the taxpayer shall be deemed to have been taken as adjusted amounts on the day the return was filed and the taxpayer shall be intimated automatically through Iris] 8[:]

8[Provided also that the provisions of this sub-section shall apply from the date notified by the Federal Board of Revenue in the official Gazette].

(3) Where the return of income furnished is not complete, the Commissioner shall issue a notice to the taxpayer informing him of the deficiencies (other than incorrect amount of tax payable on taxable income, as specified in the return, or short payment of tax payable) and directing him to provide such information, particulars, statement or documents by such date specified in the notice.

(4) Where a taxpayer fails to fully comply, by the due date, with the requirements of the notice under sub-section (3), the return furnished shall be treated as an invalid return as if it had not been furnished.

(5) Where, in response to a notice under sub-section (3), the taxpayer has, by the due date, fully complied with the requirements of the notice, the return furnished shall be treated to be complete on the day it was furnished and the provisions of sub-section (1) shall apply accordingly.

(6) No notice under sub-section (3) shall be issued after the 9[expiry of one hundred and eighty days from the end of the financial year in which return was furnished], and the provisions of sub-section (1) shall apply accordingly.]

10[(7) For the purposes of this section,-

(a) "arithmetical error" includes any wrong or incorrect calculation of tax payable including any minimum or final tax payable.

(b) "an incorrect claim apparent from any information in the return" shall mean a claim, on the basis of an entry, in the return,-

(i) of an item, which is inconsistent with another entry of the same or some other item in such return;

(ii) regarding any tax payment which is not verified from the collection system; or

(iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction.]

---

1-Section 120 substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution section 120 was as under:--
"120. Assessments.- Where a taxpayer has furnished a return of income (other than a revised return under:
Sub-section (6) of section 114) for a tax year i[ending on or after the 1st day of July, 2002,] –
(a) the Commissioner shall be taken to have made an assessment of the taxable income of the taxpayer for the year and the tax due thereon, equal to those respective amounts specified in the return; and
(b) the taxpayer's return shall be taken for all purposes of this Ordinance to be an assessment order issued to the taxpayer by the Commissioner on the day the return was furnished."
i. The words, figure and commas were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-The expression ", equal to the respective amounts adjusted under sub-section (2A)]" omitted by by Finance Act, 2021, dated 30-06-2021. Earlier the same expression was omitted by Income Tax (Amendment) Ordinance, 2021.
3-For the expression "adjustments were made under sub-section (2A)" substituted by Finance Act, 2021, dated 30-06-2021. Earlier the same expression substituted by Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021. Earlier for the expression "return was furnished" inserted by Finance Act, 2020, dated 30-06-2020
4-For the full stop and therafter Provisos substituted by by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.
5-Sub-section (1A) was inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
6-Substituted for the words, select a person for audit of his income tax affairs" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010. This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931)
7-Sub-section "(2A)" inserted by Finance Act, 2020, dated 30-06-2020.
8-For the full stop and therafter Proviso substituted by by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted Income Tax (Amendments) Ordinance, 2021, dated 21-01-2021.
9-Substituted for the words "end of the financial year in which return was furnished" vide the Finance Act, 2012
10-Sub-section "(7)" inserted by Finance Act, 2020, dated 30-06-2020.
**1[***]**

1-Section 120A was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission section 12A was as under:

"120A. Investment Tax on income.- (1) Subject to this Ordinance, the Board may make a scheme of payment of investment tax in respect of undisclosed income, representing any amount or investment made in movable or immovable assets.

(2) Where any person declares undisclosed income under sub-section (1) in accordance with the scheme and the rules, the tax on such income called investment tax shall be charged at such rate as may be prescribed.

(3) Where a person has paid tax on his undisclosed income in accordance with the scheme and the rules, he shall-

(a) be entitled to incorporate in his books of account such undisclosed income in tangible form; and

(b) not be liable to pay any tax, charge, levy, penalty or prosecution in respect of such income under this Ordinance.

(4) For the purposes of this section –

(i) "undisclosed income" means any income, including any investment to be deemed as income under section 111 or any other deemed income, for any year or years, which was chargeable to tax but was not so charged; and

(ii) "investment tax" means tax chargeable on the undisclosed income under the scheme under sub-section (1) and shall have the same meaning as given in clause (63) of section 2 of the Income Tax Ordinance, 2001." Initially, section 120A was inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

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

(2) Notwithstanding anything contained in any other law, for the time being in force, sub-section (3) of section 216, except the provisions of clauses (a) and (g) of sub-section (3) of section 216, particulars of the persons making declaration under the Assets Declaration Act, 2019 or any information received in any declaration made under the said Act shall be confidential.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

1**[121. Best judgment assessment.-** (1) Where a person fails to -

2[***]

3[***]

4[(ab) furnish return of income in response to notice under sub- section (3) or sub-section (4) of section 114; or]

(b) furnish a return as required under section 143 or section 144; or

(c) furnish the statement as required under section 116; or

(d) produce before the Commissioner, or 5[a special audit panel appointed under sub-section (11) of section 177 or] any person employed by a firm of chartered accountants [or a firm of cost and management accountants] under section177, accounts, documents and records required to be maintained under section 174, or any other relevant document or evidence that may be required by him for the purpose of making assessment of income and determination of tax due thereon,

the Commissioner may, based on any available information or material and to the best of his judgment, make an assessment of the taxable income 7[or income] of the person and the tax due thereon 6[and the assessment, if any, treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect].

(2) As soon as possible after making an assessment under this section, the Commissioner shall issue the assessment order to the taxpayer stating-

(a) the taxable income;
(b) the amount of tax due;
(c) the amount of tax paid, if any; and
(d) the time, place and manner of appealing the assessment order.

(3) An assessment order under this section shall only be issued within five years after the end of the tax year or the income year to which it relates 9[:]]

10[Provided that where notice for furnishing a return of income under sub-section (4) of section 114 is issued in respect of one or more of the last ten completed tax years in pursuance of proviso to sub-section (5) of section 114 an assessment order under this section shall only be issued within two years from the end of tax year in which such notice is issued.]

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1-Section 121 was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time substitution section 121 was as under:-

"121. Assessment of persons who have not furnished a return.- (1) Where a person required i[by the Commissioner through a notice] to furnish a return of income for a tax year fails to do so by the due date, the Commissioner may, based on any available information and to the best of the Commissioner's judgment, make an assessment of the taxable income of the person and the tax due thereon for the year.

i. Substituted for the words and comma "under this Ordinance a[, or the repealed Ordinance]" by S.R.O. 633(I)/2002, dated 14th September, 2002 and which was S.R.O. 633(I)/2002, dated 14th September,
2002 rescinded by S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003.

a. The commas and words inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

(2) As soon as possible after making an assessment under this section, the Commissioner shall issue, in writing, an assessment order to the taxpayer stating –
(a) the taxable income of the taxpayer for the year;
(b) the amount of tax due;
(c) the amount of tax paid, if any; and
(d) the time, place, and manner of appealing the assessment order.
(3) An assessment order shall only be issued within five years after the end of the tax year,

ii[or the income year,] to which it relates iii[***]"
ii. The commas and words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
iii. The words, brackets and figures "and shall be alternative to the application of in sub-section (4) of section 114 " omitted "by Notification S.R.O. 633(I)/ 2002, dated 14th September, 2002 and which was S.R.O. 633(I)/2002, dated 14th September, 2002 rescinded by S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003.
2-Clause (a) omitted vide the Finance Act, 2010. This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this Clause was made vide the Finance (Amendment) Ordinance. 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance. 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of omission clause (a) was as under:-
"(a) furnish a return of income as required by a notice under sub-section (3) or sub-section (4) of section 114; or"
3-Clause "(aa)" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:
"1[(aa) furnish a statement as required by a notice under sub-section (5) of section 115; or]"
1-Clause (aa) inserted vide the Finance Act, 2009 (I of 2009 assented on 30th October, 2009)
4-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
5-Inserted vide Finance Act, 2015
6-Inserted vide the Finance Act, 2010 (XVI of 2010)
7-Inserted vide Finance Act, 2010 (XVI of 2010)
8-The words and commas inserted vide Finance Act, 2012
9-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
10-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

**122. Amendment of assessments.-** (1) Subject to this section, the Commissioner may amend an assessment order treated as issued under section 120 or issued under section 121 1[, 2[***] ] 3[, or 4[***] ] by making such alterations or additions as the Commissioner considers necessary 5[***]

6[(2) No order under sub-section (1) shall be amended by the Commissioner after the expiry of five years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order to the taxpayer.]

(3) Where a taxpayer furnishes a revised return under sub-section (6) 7[or (6A)] of section 114 -

(a) the Commissioner shall be treated as having made an amended assessment of the taxable income and tax payable thereon as set out in the revised return; and

(b) the taxpayer's revised return shall be taken for all purposes of this Ordinance to be an amended assessment order issued to the taxpayer by the Commissioner on the day on which the revised return was furnished.

(4) Where an assessment order (herein after referred to as the "original assessment") has been amended under sub-section (1) 8[,] (3), 9[or 5A] the Commissioner may further amend, 10[as many times as may be necessary,] the original assessment within the later of -

(a) five years 11[from the end of the financial year in which] the Commissioner has issued or is treated as having issued the original assessment order to the taxpayer; or

(b) one year 12[from the end of the financial year in which] the Commissioner has issued or is treated as having issued the amended assessment order to the taxpayer.

13[(4A) In respect of an assessment made under the repealed Ordinance, nothing contained in sub-section (2) or, as the case may be, sub-section (4) shall be so construed as to have extended or curtailed the time limit specified in section 65 of the aforesaid Ordinance in respect of an assessment order passed under that section and the time-limit specified in that section shall apply accordingly.]

14[(5) An assessment order in respect of tax year, or an assessment year, shall only be amended under sub-section (1) and an amended assessment for that year shall only be further amended under sub-section (4) where, on the basis of 15[audit or on the basis of definite information] the Commissioner is satisfied that -

(i) any income chargeable to tax has escaped assessment; or

(ii) total income has been under-assessed, or assessed at too low a rate, or has been the subject of excessive relief or refund; or

(iii) any amount under a head of income has been misclassified.]

16[(5A) Subject to sub-section (9), the Commissioner may 17[***] amend, or further amend, an assessment order, if he considers that the assessment order is erroneous in so far it is prejudicial to the interest of revenue.]

18[(5AA) In respect of any point or issue which was not the subject matter which was not in dispute in and appeal the Commissioner shall have and shall deemed to have, and always to have had the powers to amend or further amend as assessment order under sub-section (5A)]

19[(5B) Any amended assessment order under sub-section (5A) may be passed within the time-limit specified in sub-section (2) or sub-section (4), as the case may be.]

(6) As soon as possible after making an amended assessment under 20[sub-section (1), sub-section (4) or sub-section (5A)], the Commissioner shall issue an amended assessment order to the taxpayer stating -

(a) the amended taxable income of the taxpayer;
(b) the amended amount of tax due;
(c) the amount of tax paid, if any; and
(d) the time, place, and manner of appealing the amended assessment.

(7) An amended assessment order shall be treated in all respects as an assessment order for the purposes of this Ordinance, other than for the purposes of sub-section (1).

(8) For the purposes of this section, "definite information" includes information on sales or purchases of any goods made by the taxpayer, 21[receipts of the taxpayer from services rendered or any other receipts that may be chargeable to tax under this Ordinance,] and on the acquisition, possession or disposal of any money, asset, valuable article or investment made or expenditure incurred by the taxpayer.

22[(9) No assessment shall be amended, or further amended, under this section unless the taxpayer has been provided with an opportunity of being heard] 23[:]

24[Provided that order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, so however, such extended period shall in no case exceed ninety days. This proviso shall be applicable to a show cause notice issued on or after the first day of July, 2021.

Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or agreed assessment proceedings under section 122D or the time taken through adjournment by the taxpayer not exceeding sixty days shall be excluded from the computation of the period specified in the first proviso.]

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1-The comma and words inserted vide the Finance Act, 2012
2-The expression "or issued under section 122C," was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
3-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-The words, commas and the figures "issued under section 59,59A, 62, 63 or 65 of the repealed Ordinance" omitted vide the Finance Act, 2012
5-The words "to ensure that the taxpayer is liable for correct amount of tax for the tax year to which the assessment order relates" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-Sub-section (2) substituted vide the Finance Act, 2009 (I of 2009 assented on 30th October, 2009). At the time of substitution sub-section (2) was as under:--
"(2) An assessment order shall only be amended under subsection (1) within five years after the Commissioner has issued or is treated as having issued the assessment order on the taxpayer."
7-Inserted vide the Finance Act, 2010. (XVI of 2010) This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance. 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance. 2009 (XXII of 2009 promulgated on 28th October, 2009)
8-Substituted for the word "or" vide Finance Act, 2010. (XVI of 2010), effective from 1st July, 2003
9-The word, figures and brackets added vide Finance Act, 2010 (XVI of 2010), effective from 1st July, 2003
10-The comma and words inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
11-The word "after" was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th October, 2009)
12-The word "after" was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th October, 2009)
13-Sub-section (4A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier a different Sub-section (4A) inserted vide Notification N0. S.R.O. 633(I)/2002, dated 14th September, 2002 and which was S.R.O. 633(I)/2002 dated 14th September, 2002 rescinded vide S.R.O. 633(I)/2003,dated 24th June, 2003 with effect from 1st July, 2003
14-Sub-section (5) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (5) was as under:--
"(5) An assessment order shall only be amended under sub-section (I) and an amended assessment shall only be amended under subsection (4) where the Commissioner –

(a) is of the view that this Ordinance i[or the repealed Ordinance] has been incorrectly applied in making the assessment (including the misclassification of an amount under a head of income ii[, incorrect payment of tax with the return of income, an incorrect claim for tax relief or rebate,] an incorrect claim for exemption of any amount or an incorrect claim for a refund); or

i. The words inserted vide Notification S.R.O. 633(I)/2002, dated 14th September, 2002 which was rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003.

ii. Substituted for the words "to claim tax relief" by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

(b) has definite information acquired from an audit or otherwise that the III[income has been concealed or inaccurate particulars of income have been furnished or the assessment is otherwise incorrect.]"

III. Substituted for the words "assessment is in correct" by Notification No. S.R.O. 633(I)/2002, dated 14th September, 2002 which was rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003.

15- For the expression "definite information acquired from an audit or otherwise," inserted by Finance Act, 2020, dated 30-06-2020

16-Sub-section (5A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier a different sub-section (5A) inserted vide Notification N0. S.R.O. 633(I)/2002, dated 14th September, 2002 which was rescinded vide S.R.O. 633(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003

17- The words and commas ", after making, or causing to be made, such enquiries as he deems necessary," omitted by Finance Act, 2021, dated 30-06-2021. Earlier inserted vide Finance Act, 2012

18-Sub-section (5AA) was inserted vide Finance Act, 2010 (XVI of 2010)

19-Sub-section (5B) was inserted vide the Finance Act, 2003

20-Substituted for the words, brackets and figures "sub-section (1) or (4)" vide the Finance Act, 2003

21-The words and comma were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

22-Sub-section (9) was added vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

23-For the full stop and therafter Provisos substituted by by Finance Act, 2021, dated 30-06-2021.

1**[122A. Revision by the Commissioner.-** (1) The Commissioner may 2[ 3[, suo moto,]] call for the record of any proceeding under this Ordinance or under the repealed Ordinance in which an order has been passed by any 4[Officer of Inland Revenue] other than the Commissioner (Appeals).

(2) Subject to sub-section (3), where, after making such inquiry as is necessary, Commissioner considers that the order requires revision, the Commissioner may make such revision to the order as the Commissioner deems fit.

(3) An order under sub-section (2) shall not be prejudicial to the person to whom the order relates.

(4) The Commissioner shall not revise any order under sub-section (2)

(a) an appeal against the order lies to the Commissioner (Appeals) or to the Appellate Tribunal, the time within which such appeal may be made has not expired; or

(b) the order is pending in appeal before the Commissioner (Appeals) or has been made the subject of an appeal to the Appellate Tribunal.]

5[(5) If any order is remanded back to any lower authority by the Commissioner for modification, alteration, implementation of directions or de novo proceedings, the order giving effect to the directions of the Commissioner shall be issued within one hundred and twenty days.]

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1-Section 122A inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
3-The word "suo moto" substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
4-Word "Taxation Officer" substituted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance. 2009 (XXII of 2009 promulgated on 28th October, 2009)
5-Sub-section "(5)" added by Finance Act, 2021, dated 30-06-2021.

1**[122B. Revision by the Regional Commissioner.-** (1) The 2[Chief Commissioner] may, either of his own motion or on an application made by the taxpayer for revision, call for the record of any proceedings relating to issuance of an exemption or lower rate certificate with regard to collection or deduction of tax at source under this Ordinance, in which an order has been passed by any authority subordinate to him.

(2) Where, after making such inquiry as is necessary, 2[Chief Commissioner] considers that the order requires revision, the 2[Chief Commissioner] may, after providing reasonable opportunity of being heard to the taxpayer, make such order as he may deem fit in the circumstances of the case.]

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1-Section 122B was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
2-Substituted for the words "Regional Commissioner" vide the Finance Act, 2014

**1[***]**

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1-Section 122C was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission section 122C was as under:-

i[122C. Provisional assessment.-(1) Where in response to a notice under sub-section (3) or sub-section (4) of section 114 a person fails to furnish return of income for any tax year, the Commissioner may, based on any available information or material and to the best of his judgment, make a provisional assessment of the taxable income of the person and issue a provisional assessment order specifying the taxable income assessed and the tax due thereon.

(2) Notwithstanding anything contained in this Ordinance, the provisional assessment completed under sub-section (1) shall be treated as the final assessment after the expiry of 1[forty-five] days from the date of service of order of provisional assessment and the provisions of this Ordinance shall apply accordingly:

1[Provided that the provisions of this sub-section shall not apply, if-

(a) return of income along with wealth statement, wealth reconciliation statement and other documents required under sub-section (2A) of section 116 are filed by the person being an individual or an association of persons for the relevant tax year during the said period of forty-five days; and

(b) the individual or an association of persons presents accounts and documents for conducting audit of income tax affairs for that tax year:

Provided further that the provisions of sub-section (2) shall not apply-

(a) to a company, if return of income tax alongwith audited accounts or final accounts, as the case may be, for the relevant tax year are filed by the company electronically during the said period of forty-five days; and

(b) if the company presents accounts and documents for conducting audit of its income tax affairs for that tax year.]

i. Section 122C was inserted vide the Finance Act, 2010. This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931).

Earlier this Section was inserted vide the Finance (Amendment) Ordinance. 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance. 2009 (XXII of 2009 promulgated on 28th October, 2009)

1[**122D. Agreed assessment in certain cases.-** (1) Where a taxpayer, in response to a notice under sub-section (9) of section 122, intends to settle his case, he may file offer of settlement in the prescribed form before the assessment oversight committee, hereinafter referred to as the Committee, in addition to filing reply to the Commissioner.

(2) The Committee after examining the aforesaid offer may call for the record of the case and after affording opportunity of being heard to the taxpayer, may decide to accept or modify the of fer of the taxpayer through consensus and communicate its decision to the taxpayer.

(3) Where the taxpayer is satisfied with the decision of the Committee,-

(a) the taxpayer shall deposit the amount of tax payable including any amount of penalty and default surcharge as per decision of the Committee;

(b) the Commissioner shall amend assessment in accordance with the decision of the Committee after tax payable including any amount of penalty and default surcharge as per decision of the Committee has been paid;

(c) the taxpayer shall waive the right to prefer appeal against such amended assessment; and

(d) no further proceedings shall be undertaken under this Ordinance in respect of issues decided by the Committee unless the tax as per clause (c) has not been deposited by the taxpayer.

(4) Where the Committee has not been able to arrive at a consensus or where the taxpayer is not satisfied with the decision of the Committee, the case shall be referred back to the Commissioner for decision on the basis of reply of the taxpayer in response to notice under sub-section (9) of section 122 notwithstanding proceedings or decision, if any, of the Committee.

(5) The Committee shall comprise the following income tax authorities having jurisdiction over the taxpayer, namely:

(a) the Chief Commissioner Inland Revenue;

(b) the Commissioner Inland Revenue; and

(c) the Additional Commissioner Inland Revenue.

(6) This section shall not apply in cases involving concealment of income or where interpretation of question of law is involved having effect on other cases.

(7) The Board may make rules regulating the procedure of the Committee and for any matter connected with, or incidental to the proceedings of the Committee.";

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1-Section "122D" inserted by Finance Act, 2020, dated 30-06-2020

**123. Provisional assessment in certain cases.-** (1) Where a concealed asset of any person is impounded by any department or agency of the Federal Government or a Provincial Government, the Commissioner may, at any time before issuing any assessment order under section 121 or any amended assessment order under section l22, issue to the person a provisional assessment order or provisional amended assessment order, as the case may be, for the last completed tax year of the person taking into account the concealed asset.

1[(1A) Where an offshore asset of any person, not declared earlier, is discovered by the Commissioner or any department or agency of the Federal Government or a Provincial Government, the Commissioner may at any time before issuing any assessment order under section 121 or amended assessment order under section 122, issue to the person a provisional assessment order or provisional amended assessment order, as the case may be, for the last completed tax year of the person taking into account the offshore asset discovered.]

(2) The Commissioner shall finalize a provisional assessment order or a provisional amended assessment order as soon as practicable 2[***].

(3) In this section, "concealed asset" means any property or asset which, in the opinion of the Commissioner, was acquired from any income subject to tax under this Ordinance.

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1-Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
2-The words "after making it" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**124. Assessment giving effect to an order.-** (1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Part III of this Chapter by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court an assessment order or amended assessment order is to be issued to any person, the Commissioner shall issue the order within two years from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner.

(2) Where, by an order made under Part III of this Chapter by the 1[***] Tribunal, High Court, or Supreme Court, an assessment order is set aside 2[wholly or partly,] and the Commissioner 3[or Commissioner (Appeals), as the case may be,] is directed to 4[pass] a new assessment order, the Commissioner 5[or Commissioner (Appeals), as the case may be,] shall 6[pass] the new order within 7[one year from the end of the financial year in which] the Commissioner 8[or Commissioner (Appeals), as the case may be,] is served with the order 9[:]

10[Provided that limitation under this sub-section shall not apply, if an appeal or reference has been preferred, against the order 11[***] passed by a 12[***] Appellate Tribunal or a High Court.]

(3) Where an assessment order has been set aside or modified, the proceedings may commence from the stage next preceding the stage at which such setting aside or modification took place and nothing contained in this Ordinance shall render necessary the re-issue of any notice which had already been issued or the re-furnishing or re-filing of any return, statement, or other particulars which had already been furnished or filed.

(4) Where direct relief is provided in an order under section 129 or 132, the Commissioner shall issue appeal effect orders within two months of the date the Commissioner is served with the order.

(5) Where, by any order referred to in sub-section (1), any income is excluded -

(a) from the computation of the taxable income of a taxpayer for any year and held to be included in the computation of the taxable income of the taxpayer for another year; or

(b) from the computation of the taxable income of one taxpayer and held to be included in the computation of the taxable income of another taxpayer, the assessment or amended assessment relating to that other tax year or other taxpayer, as the case may be, shall be treated as an assessment or amended assessment to be made in consequence of, or to give effect to, a finding or direction contained in such order.

(6) Nothing in this Part shall prevent the issuing of an assessment order or an amended assessment order to give effect to an order made under Part III of this Chapter by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court.

13[(7) The provisions of this section shall in like manner apply to any order issued by any High Court or the Supreme Court in exercise of original or appellate jurisdiction.]

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1-The words and brackets “Commissioner (Appeals)” were omitted vide Finance Act, 2010 (XVI of 2010)
2-The words and Comma inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-The words, brackets and Commas were inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
4-Substituted for the word “make” vide Finance Act, 2010 (XVI of 2010)
5-The words, brackets and Commas were inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
6-Substituted for the word “make” vide Finance Act, 2010 (XVI of 2010)
7-Substituted for the words “six months from the date” vide the Finance Act, 2002 (XXVII of 2002 assented on 29th June, 2002)
8-Inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
9-The full stop was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
10-Proviso was inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
11-The words comma “setting aside the assessment” were omitted vide Finance Act, 2010 (XVI of 2010)
12-The words and brackets “a Commissioner (Appeals)” were omitted vide Finance Act, 2010 (XVI of 2010)
13-Sub-section (7) was added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

1**[124A.Powers of tax authorities to modify orders, etc.-** (1) Where a question of law has been decided by a High Court or the Appellate Tribunal in the case of a taxpayer, on or after first day of July 2002, the Commissioner may, notwithstanding that he has preferred an appeal against the decision of the High Court or made an application for reference against the order of the Appellate Tribunal, as the case may be, follow the said decision in the case of the said taxpayer in so far as it applies to said question of law arising in any assessment pending before the Commissioner until the decision of the High Court or of the Appellate Tribunal is reversed or modified.

(2) In case the decision of High Court or the Appellate Tribunal, referred to in sub-section (1), is reversed or modified, the Commissioner may, notwithstanding the expiry of period of limitation prescribed for making any assessment or order, within a period of one year from the date of receipt of decision, modify the assessment or order in which the said decision was applied so that it conforms to the final decision.]

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1-Section (124A) was inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**125. Assessment in relation to disputed property.-** Where the ownership of any property the income from which is chargeable to tax under this Ordinance is in dispute in any Civil Court in Pakistan, an assessment order or amended assessment order in respect of such income may be issued at any time within one year after the end of the financial year in which the decision of the Court is made.

**126. Evidence of assessment.-** (1) The production of an assessment order or a certified copy of an assessment order shall be conclusive evidence of the due making of the assessment and, except in proceedings under Part III of this Chapter relating to the assessment, that the amount and all particulars of the assessment are correct.

(2) Any 1[order] of assessment or other document purporting to be made, issued, or executed under this Ordinance may not be -

(a) quashed or deemed to be void or voidable for want of form; or

(b) affected by reason of any mistake, defect, or omission therein, if it is, in substance and effect, in conformity with this Ordinance and the person assessed, or intended to be assessed or affected by the document, is designated in it according to common understanding.

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1-Substituted for the word “notice” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

## PART III
## APPEALS

**127. Appeal to the Commissioner (Appeals).-** 1[(1) Any person dissatisfied with any order passed by a Commissioner or an 2[Officer of Inland Revenue]] under 2a[sub-section (2A) of section 120,] section 121, 122, 143, 144, 3[162,] 170, 182, 4[***] 5[or 205], or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 6[declaring] a person to be the representative of a non-resident person [or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court], or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person, 7[***] may prefer an appeal to the Commissioner (Appeals) against the order.]

8[(2) No appeal under sub-section (1), shall be made by a taxpayer against an order of assessment unless the taxpayer has paid the amount of tax due under sub section (1) of section 137.]

(3) An appeal under sub-section (1) shall--

(a) be in the prescribed form;
(b) be verified in the prescribed manner;
(c) state precisely the grounds upon which the appeal is made;
(d) be accompanied by the prescribed fee specified in sub-section (4); and
(e) be lodged with the Commissioner (Appeals) within the time set out in sub-section (5).

9[(3A) The Board may prescribe mechanism for electronic filing of the appeals.]

(4) The prescribed fee 10[shall be] -

11[(a) in the case of an appeal against an assessment -

(i) where the appellant is a company, five thousand rupees; or

(ii) where the appellant is not a company, two thousand and five hundred rupees: or]

(b) in any other case -

(i) where the appellant is a company, 12[five] thousand rupees; or
(ii) where the appellant is not a company, 13[one thousand] rupees.

14[(5) An appeal shall be preferred to the Commissioner (Appeals) within thirty days of the following--

(a) where the appeal relates to any assessment or penalty, the date of service of the notice of demand relating to the said assessment o penalty, as the case may be; and

(b) in any other case, the date on which the order to be appealed against is served.]

(6) The Commissioner (Appeals) may, upon application in writing by the appellant, admit an appeal after the expiration of the period specified in sub-section (5) if the Commissioner (Appeals) is satisfied that the appellant was prevented by sufficient cause from lodging the appeal within that period.

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1-Substituted vide the Finance Ordinance, 2002 (XXVII of 2002 assented on 29th June, 2002). At the time of substitution sub-section (1) was as under:--

“(1) Any person dissatisfied with any proceeding under this Ordinance in which an order has been issued by a Commissioner of Income Tax (other than the Commissioner (Appeals)) or a taxation officer may prefer an appeal to the Commissioner (Appeals) against the order.”

2-Substituted for the words “taxation officer” vide the Finance Act, 2014. The same words were substituted earlier vide the Finance Act, 2010 (XVI of 2010). Earlier this clause was as inserted vide finance amendment ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the finance amendment ordinance, 2009 (XXII of 2009 promulgated on 28th June, 2009)

2a-Expression substituted by Finance Act, 2020, dated 30-06-2020.

3-The comma and figure inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

4-The figures & commas “183, 184, 185, 186, 187, 188, 189” omitted vide Finance Act, 2010 (XVI of 2010)

5-Substituted for the word and figure “or 189” vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

6-Substituted for the word “treating” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

7-Omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission, the expression was as under:--

i[, except ii[an] assessment order under section 122C,]

i. inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

ii. Substituted for the words “a provisional” vide the Finance Act, 2012

8-For Sub-section “(2)” substituted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

“(2) No appeal under sub-section (1), shall be made by a taxpayer against an order of assessment unless the taxpayer has paid,--

(a) the amount of tax due under sub-section (1) of section 137, and

(b) No appeal under sub-section (1), shall be made by a taxpayer against an order of assessment unless the taxpayer has paid the amount of tax due under sub-section (1) of section 137.]

9-Sub-section “(3A)” substituted by Finance Act, 2021, dated 30-06-2021

10-Substituted for the word “is” vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

11-For Clause “(a)” substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as under:

“(a) in the case of an appeal against an assessment, 1[one thousand rupees] 2[***]; or”

1-The words “the lesser of one thousand rupees or ten per cent of the tax assessed” were substituted vide the Finance Act, 2009 (I of 2009 assented on 29th June, 2009)

2-The words “or ten per cent of the tax assessed” were Omitted vide Finance Act, 2010 while these words already deleted vide the finance Act, 2009 (I of 2009 assented on 30th June, 2009)

12-For the word “one” substituted by Finance Act, 2020, dated 30-06-2020.

13- For the word “two hundred” substituted by Finance Act, 2020, dated 30-06-2020.

14-Substituted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (5) was as under:--

“(5) An appeal shall be lodged with the Commissioner (Appeals) –

(a) where the appeal relates to an assessment order, within thirty days of the date of service of the demand relating to the assessment; or

(b) in any other case, within thirty days of the date of service of the notice of the decision or determination appealed against.

**128. Procedure in appeal.-** (1) The Commissioner (Appeals) shall give notice of the day fixed for the hearing of the appeal to the appellant and to the Commissioner against whose order the appeal has been made.

1[(1A) Where in a particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Ordinance, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner against whose order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.]

2[(1AA) The Commissioner (Appeals), after affording opportunity of being heard to the Commissioner against whose order appeal has been made, may stay the recovery of such tax for a further period of thirty days, provided that the order on appeal shall be passed within the said period of thirty days.]

(2) The Commissioner (Appeals) may adjourn the hearing of the appeal from time to time.

(3) The Commissioner (Appeals) may, before the hearing of an appeal, allow an appellant to file any new ground of appeal not specified in the grounds of appeal already filed by the appellant where the Commissioner (Appeals) is satisfied that the omission of the ground from the form of the appeal was not willful or unreasonable.

(4) The Commissioner (Appeals) may, before disposing of an appeal, call for such particulars as the Commissioner (Appeals) may require respecting the matters arising in the appeal or cause further enquiry to be made by the Commissioner.

(5) The Commissioner (Appeals) shall not admit any documentary material or evidence which was not produced before the Commissioner unless the Commissioner (Appeals) is satisfied that the appellant was prevented by sufficient cause from producing such material or evidence before the Commissioner.

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1-Sub-section (1A) inserted vide the Finance Act, 2012
2-Inserted vide Finance Act, 2015

**129. Decision in appeal.-** (1) In disposing of an appeal lodged under section 127, the Commissioner (Appeals) may-

1[(a) make an order to confirm, modify or annul the assessment order after examining such evidence as required by him respecting the matters arising in appeal or causing such further enquires to be made as he deems fit; or]
(b) in any other case, make such order as the Commissioner (Appeals) thinks fit.

(2) The Commissioner (Appeals) shall not increase the amount of any assessment order or decrease the amount of any refund unless the appellant has been given a reasonable opportunity of showing cause against such increase or decrease, as the case may be.

(3) Where, as the result of an appeal, any change is made in the assessment of an association of persons or a new assessment of an association of persons is ordered to be made, the Commissioner (Appeals) may authorize the Commissioner to amend accordingly any assessment order made on a member of the association and the time limit in sub-section (2) of section 122 shall not apply to the making such amended assessment.

(4) As soon as practicable after deciding an appeal, the Commissioner (Appeals) shall 2[specify in the order the amount of tax upheld and] serve 3[***] his order on the appellant and the Commissioner 4[:]

5[Provided that such order shall be passed not later than one hundred and twenty days from the date of filing of appeal or within an extended period of sixty days, for reasons to be recorded in writing by the Commissioner (Appeals):

Provided further that any period during which the hearing of an appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of the aforementioned periods.]

6[ ***]
7[*** ]
8[ ***]

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1-Clause (a) was substituted vide the Finance Act, 2005 (VII of 2011 assented on 29th June, 2005)
"(a) in the case of an appeal against an assessment order –
(i) make an order to set aside the assessment order and direct the Commissioner to make a new assessment order in accordance with any directions or recommendations of the Commissioner (Appeals); or
(ii) make an order to confirm, modify or annul the assessment order; or"
2-Words inserted by Finance Act, 2020, dated 30-06-2020.
3-The words "notice of" were omitted vide the Finance ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-Full stop substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
5-Proviso added vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
6-Sub-section (5) omitted vide the Finance Act, 2012. At the time of omission sub-section (5) was as under:--
"(5) Where the Commissioner (Appeals) has not made an order on an appeal before the expiration of i[four] months from the end of the month in which the appeal was lodged, the relief sought by the appellant in the appeal shall be treated as having been given and all the provisions of this Ordinance shall have effect accordingly."
i. Substituted for the word "three" vide the finance Act, 2008 (I of 2008 assented on 26th June, 2008)
7-Sub-section (6) omitted vide the Finance Act, 2012. At the time of omission sub-section (5) was as under:--
(6) For the purposes of sub-section (5), any period during which the hearing of an appeal is adjourned on the request of the appellant shall be excluded in the computation of the period of i[four] months referred to in that sub-section."
i. Substituted for the word "three" vide the finance Act, 2008 (I of 2008 assented on 26th June, 2008)
8-Sub-section (7) omitted vide the Finance Act, 2012. At the time of omission sub-section (5) was as under:--
(7) The provisions of sub-section (5) shall not apply unless a notice by the appellant stating that no order under sub-section (1) has been made is personally served by the appellant on the Commissioner (Appeals) not less than thirty days before the expiration of the period of i[four] months."
i. Substituted for the word "three" vide the finance Act, 2008 (I of 2008 assented on 26th June, 2008)

1[**130. Appellate Tribunal**- (1) There shall be established an Appellate Tribunal to be called the Appellate Tribunal Inland Revenue to exercise the powers and perform the functions conferred on the Appellate Tribunal Inland Revenue by this Ordinance.

(2) The Appellate Tribunal Inland Revenue shall consist of a chairman and such other judicial and accountant members who shall be appointed in such numbers and in such manner as the Prime Minister may prescribe by rules, which may be made and shall take effect notwithstanding anything contained in section 237 or any other law or rules for the time being in force.

(3) No person shall be appointed as judicial member of an Appellate Tribunal Inland Revenue, unless he-

(a) has been a Judge of a High Court;
(b) is or has been a District Judge; or
(c) is an advocate of a High Court with a standing of not less than ten years; or
(d) possesses such other qualification as may be prescribed under sub-section (2) of this section.

(4) No person shall be appointed as an accountant member of an Appellate Tribunal Inland Revenue, unless he-

(a) is an officer of the Inland Revenue Service equivalent in rank to that of 2[Chief Commissioner Inland Revenue];
(b) is a Commissioner Inland Revenue or Commissioner Inland Revenue (Appeals) having not less than three years experience as Commissioner 3[***];
(c) has for a period of not less than ten years practiced professionally as a chartered accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961); or
(d) has for a period of not less than ten years practiced professionally as a cost and management accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966).

(5) The constitution, functioning of benches and procedure of the Appellate Tribunal Inland Revenue shall be regulated by rules which the Prime Minister may prescribe.

(6) The rules in respect of the matters covered under this section made prior to commencement of the Tax Laws (Second Amendment) Act, 2020 shall continue in force unless amended or repealed.

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1-For Section "130" substituted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier same was substituted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019. Before substitution read as:
(1) There shall be established an Appellate Tribunal to be called the Appellate Tribunal Inland Revenue to exercise the powers and perform the functions conferred on the Appellate Tribunal Inland Revenue by this Act.
(2) The Appellate Tribunal Inland Revenue shall consist of a chairman and such other judicial and accountant members who shall be appointed in such numbers and in such manner as the Prime Minister may prescribe by rules, which may be made and shall take effect notwithstanding anything contained in section 237 or any other law or rules for the time being in force.
(3) No person shall be appointed as judicial member of an Appellate Tribunal Inland Revenue unless he-
(a) has been a Judge of a High Court;
(b) is or has been a District Judge; or
(c) is an advocate of a High Court with a standing of not less than ten years; or
(d) possesses such other qualification as may be prescribed under sub-section (2) of this section.
(4) No person shall be appointed as an accountant member of a Appellate Tribunal Inland Revenue unless he-
(a) is an officer of the Inland Revenue Service equivalent in rank to that of Regional Commissioner;
(b) is a Commissioner Inland Revenue or Commissioner Inland Revenue (Appeals) having not less than three years experience as Commissioner or Collector;
(c) has for a period of not less than ten years practiced professionally as a chartered accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961); or
(d) has for a period of not less than ten years practiced professionally as a cost and management accountant within the meaning of the Cost and Management Accountants' Act, 1966 (XIV of 1966).
(5) The constitution, functioning of benches and procedure of the Appellate Tribunal Inland Revenue shall be regulated by rules which the Prime Minister may prescribe.
(6) The rules in respect of the matters covered under this section made prior to commencement of the Tax Laws (Second Amendment) Ordinance, 2019 shall continue in force unless amended or repealed.]
2-For the words "Regional Commissioner" substituted by Finance Act, 2021, dated 30-06-2021.
3-Words "or Collector"omitted by Finance Act, 2021, dated 30-06-2021.

**131. Appeal to the Appellate Tribunal.-** (1) Where the 1[taxpayer] or Commissioner objects to an order passed by the Commissioner (Appeals), the 2[taxpayer] or Commissioner may appeal to the Appellate Tribunal against such order.

(2) An appeal under sub-section (1) shall be-

(a) in the prescribed form;

(b) verified in the prescribed manner;

(c) accompanied 3[, except in case of an appeal preferred by the Commissioner,] by the prescribed fee specified in sub-section (3); and

4[(d) preferred to the Appellate Tribunal within sixty days of the date of service of order of the Commissioner (Appeals) on the taxpayer or the Commissioner, as the case may be]

5[(3) The prescribed fee shall be five thousand rupees in case of a company and two thousand and five hundred rupees in case other than a company.]

(4) The Appellate Tribunal may, upon application in writing, admit an appeal after the expiration of the period specified in clause (d) of sub-section (2) if it is satisfied that the person appealing was prevented by sufficient cause from filing the appeal within that period.

6[(5) notwithstanding that an appeal has been filed under this section, tax shall, unless recovery thereof has been stayed by the Appellate Tribunal, be payable in accordance with the assessment made in the case:

7[Provided that if on filing of application in a particular case, the Appellate Tribunal is of the opinion that the recovery of tax levied under this Ordinance and upheld by the Commissioner (Appeals), shall cause undue hardship to the taxpayer, the Tribunal, after affording opportunity of being heard to the Commissioner, may stay the recovery of such tax for a period not exceeding one hundred and eighty days in aggregate:

Provided further that in computing the aforesaid period of one hundred and eighty days, the period, if any, for which the recovery of tax was stayed by a High Court, shall be excluded 8[;]]

9[Provided further that where recovery of tax has been stayed under this section, such stay order shall cease to have effect on expiration of the said period of one hundred and eighty days following the date on which the stay order was made and the Commissioner shall proceed to recover the said tax:]

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1-Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-The commas and words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-Clause (d) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clause (d) was as under:--
"(d) filed with the Appellate Tribunal within sixty days of the date of service of notice of the Commissioner (Appeals)'s decision to the appellant or Commissioner as the case may be."
5-For Sub-section "(3)" substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as under:
1[(3) The prescribed fee shall be two thousand rupees.]
1-Sub-section (3) was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of substitution sub-section (3) was as under:--
"(3) The prescribed fee shall be–
(a) in the case of an appeal in relation to an assessment order, the lesser of two thousand five hundred rupees or ten percent of the tax assessed; or
(b) in any other case –
(i) where the appellant is a company, two thousand rupees; or
(ii) where the appellant is not a company, five hundred rupees."
6-Sub-section (5) was added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
7-Substituted for the first, second and third provisos vide the Finance Act, 2012.

Provided that where recovery of tax has been stayed by the Appellate Tribunal by an order, such order shall cease to have effect on the expiration of a period of three months following the date on which it is made, unless the appeal is decided, or such order be withdrawn by the Appellate Tribunal earlier:
Provided further that the Appellate Tribunal shall not make an order which has the effect of staying the recovery of tax beyond the period of six months in aggregate]
i[Provided further that the Appellate Tribunal may stay the recovery of the tax on filing the appeal which order will remain operative for thirty days and during which period a notice shall be issued to the respondent and after hearing the parties, order may be confirmed or varied as the Tribunal deems fit but stay order shall in no case remain operative for more than one hundred and eighty days.]
i. Proviso was added vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
8-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
9-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

**132. Disposal of appeals by the Appellate Tribunal.-** (1) The Appellate Tribunal may, before disposing of an appeal, call for such particulars as it may require in respect of the matters arising on the appeal or cause further enquiry to be made by the Commissioner.

1[(2) The Appellate Tribunal shall afford an opportunity of being heard to the parties to the appeal and, in case of default by any of the party on the date of hearing, the Tribunal 2["omitted"] may proceed ex parte to decide the appeal on the basis of the available record.]

3[(2A) The Appellate Tribunal shall decide the appeal within six months of its filing;]

(3) Where the appeal relates to an assessment order, the Appellate Tribunal may, 4[without prejudice to the powers specified in sub-section (2),] make an order to -

(a) affirm, modify or annul the assessment order; or

5[***]

6[(c) remand the case to the Commissioner or the Commissioner (Appeals) for making such enquiry or taking such action as the Tribunal may direct]

(4) The Appellate Tribunal shall not increase the amount of any assessment 7[or penalty] or decrease the amount of any refund unless the taxpayer has been given a reasonable opportunity of showing cause against such increase or decrease, as the case may be.

(5) Where, as the result of an appeal, any change is made in the assessment of an association of persons or a new assessment of an association of persons is ordered to be made, the Appellate Tribunal may authorize the Commissioner to amend accordingly any assessment order made on a member of the association and the time limit in sub-section (2) of section 122 shall not apply to the making of such amended assessment.

(6) Where the appeal relates to a decision other than in respect of an assessment, the Appellate Tribunal may make an order to affirm, vary or annul the decision, and issue such consequential directions as the case may require.

8[(7) The Appellate Tribunal shall communicate its order to the taxpayer and the Commissioner.]

9[***]

10[***]

(10) Save as provided in section 133, the decision of the Appellate Tribunal on an appeal shall be final.

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1-Sub-section (2) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time substitution sub-section (2) was as under:-
"(2) The Appellate Tribunal shall give both parties to the appeal an opportunity of being heard either in person or through an authorized representative."
2-The words and commas "may, if it deems fit, dismiss the appeal in default or" were omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
3-Sub-section (2A) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
4-The commas, words, bracket and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002).
5-Clause (b) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission clause (b) was as under:--
"(b) set aside the assessment order and direct the Commissioner to make a new assessment order in accordance with the directions or recommendations of the Tribunal i[; or]"
i. Substituted for the full stop vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)

6-Clause (C) was added vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)
7-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 30th June, 2003)
8-Sub-section (7) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002). At the time of substitution sub-section (7) was as under:--
"(7) The Appellate Tribunal shall serve a notice of its order on the appellant and the Commissioner."
9-Sub-section (8) omitted vide Finance Act, Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission sub-section (8) was as under:--
"(8) Where the Appellate Tribunal has not made an order in respect of an appeal before the expiration of six months from the end of the month in which the appeal was filed, the relief sought by the appellant in the appeal shall be treated as having been given and all the provisions of this Ordinance shall have effect accordingly."
10-Sub-section (9) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002). At the time of omission sub-section (9) was as under:--
"(9) For the purposes of sub-section (8), any period during which the hearing of an appeal is adjourned on the request of the appellant shall be excluded in the computation of the period of six months referred to in that sub-section."

1[**133. Reference to High Court.-** (1) Within ninety days of the communication of the order of the Appellate Tribunal under sub-section (7) of section 132, the aggrieved person or the Commissioner may prefer an application, in the prescribed form along with a statement of the case, to the High Court, stating any question of law arising out of such order.

(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law which arises out of its order.

(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order referred to in sub-section (1), it may proceed to hear the case.

(4) A reference to the High Court under this section shall be heard by a Bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908), shall apply, so far as may be, notwithstanding anything contained in any other law for the time being in force.

(5) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Tribunal's order shall stand modified accordingly. The Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

(6) Notwithstanding that a reference has been made to the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal:

Provided that, if the amount of tax is reduced as a result of the judgment in the reference by the High Court and the amount of tax found refundable, the High Court may, on application by the Commissioner within thirty days of the receipt of the judgment of the High Court that he wants to prefer petition for leave to appeal to the Supreme Court, make an order authorizing the Commissioner to postpone the refund until the disposal of the appeal by the Supreme Court.

(7) Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it was made unless the appeal is decided or such order is withdrawn by the High Court earlier.

(8) Section 5 of the Limitation Act, 1908 (IX of 1908), shall apply to an application made to the High Court under sub-section (1).

(9) An application under sub-section (1) by a person other than the Commissioner shall be accompanied by a fee of one hundred rupees.]

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1-Section 133 was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution section 133 was as under:--

"133. Reference to High Court.- (1) Where the Appellate Tribunal has made an order on an appeal under section132, the i[taxpayer] or Commissioner may, by application in such form and accompanied by such documents as may be prescribed, require the Appellate Tribunal to refer any question of law arising out of such order to the High Court.

i. Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

(2) An application under sub-section (1) shall be made within ninety days of the date on which the ii[taxpayer] or Commissioner, as the case may be, was served with III[***] the Appellate Tribunal's order.

ii. Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

III. The words "notice of" omitted vide the Finance Act, 2003 (I of 2003 Assented on 16th June, 2003)

(3) Where, on an application under sub-section (1), the Appellate Tribunal is satisfied that a question of law arises out of its order, it shall, within ninety days of receipt of the application, draw up a statement of the case and refer it to the High Court.

(4) Where, on an application under sub-section (1), the Appellate Tribunal refuses to state the case on the ground that no question of law arises, the iv[taxpayer] or the Commissioner, as the case may be, may apply to the High Court and the High

Court may, if it is not satisfied with the correctness of the decision of the Appellate Tribunal, frame a question of law for its consideration.
iv. Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
(5) An application under sub-section (4) shall be made within one-hundred and twenty days from the date on which the v[taxpayer] or Commissioner, as the case may be, was served with vi[order] of the refusal.
v. Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
vi. Substituted for the words "notice" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
(6) Sub-sections (10) through (14) shall apply to a question of law framed by the High Court in the same manner as they apply to a reference made under sub-section (1).
(7) If, on an application under sub-section (1), the Appellate Tribunal rejects the application on the ground that it is time-barred, the vii[ taxpayer] or Commissioner may apply to the High Court and, if the High Court is not satisfied with the correctness of the Appellate Tribunal's decision, the Court may require the Appellate Tribunal to treat the application as made within the time allowed under sub-section viii[ (2)]
vii. Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated o n15th June, 2002)
viii. Substituted for the brackets and figure "(1)" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
(8) An application under sub-section (7) shall be made within ix[ninety days] from the date on which the x[taxpayer] or Commissioner, as the case may be, was served with xi[order] of the rejection.
ix. Substituted for the words "three months" vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)
x. Substituted for the word "appellant" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
xi. Substituted for the words "notice" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
(9) If the High Court is not satisfied that the statement in a case referred under sub-section (3) is sufficient to enable it to determine the question raised thereby, the Court may refer the case back to the Appellate Tribunal to make such modification therein as the Court may direct.
(10) A reference to the High Court under this section shall be heard by a Bench of not less than two Judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (V of 1908) shall apply, so far as may be, notwithstanding anything contained in any other law for the time being in force.
(11) The High Court upon hearing a reference under this section shall decide the questions of law raised by the reference and deliver judgment thereon containing the grounds on which such decision is founded.
(12) A copy of the judgment of the High Court shall be sent under the seal of the Court and the signature of the Registrar to the Appellate Tribunal which shall pass such orders as are necessary to dispose of the case conformably to such judgment.
(13) The costs of a reference to the High Court under this section shall be at the discretion of the Court.
(14) Where a reference relates to an assessment, the tax due under the assessment shall be payable in accordance with the assessment, unless recovery of the tax has been stayed by the High Court.
(15) Section 5 of the Limitation Act, 1908 (IX of 1908) shall apply to an application under subsection (1).
(16) An application under sub-section (1) by a person other than the Commissioner shall be accompanied by a fee of one hundred rupees."

**1[***]**

1-Section 134 omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution section 134 was as under:--

"134. Appeal to Supreme Court.-(1) An appeal shall lie to the Supreme Court from any judgment of the High Court delivered on a reference made or question of law framed under section 133 in any case which the High Court certifies to be a fit one for appeal to the Supreme Court.

(2) The provisions of the Code of Civil Procedure, 1908 (V of 1908), relating to appeals to the Supreme Court shall apply, so far as may be, in the case of an appeal under this section in like manner as they apply in the case of an appeal from decrees of a High Court.

(3) Where the judgment of the High Court is varied or i[reversed] in appeal under this section, effect shall be given to the order of the Supreme Court in the manner provided in sub-section ii[(12)] of section 133 in the case of a judgment of the High Court.

(4) The provisions of sub-sections (11), (12) and (13) of section 133 shall apply in the case of an appeal to the Supreme Court made under this section as they apply to an appeal to the High Court under section 133."

i. Substituted for the words "reserved" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003

ii. Substituted for the brackets and figures "(10)" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003"

1**[134A. Alternative dispute resolution.**- (1) Notwithstanding any other provision of this Ordinance, or the rules made thereunder, an aggrieved person in connection with any dispute pending before a court of law or an appellate authority pertaining to-

(a) the liability of tax against the aggrieved person, or admissibility of refunds, as the case may be;
(b) the extent of waiver of default surcharge and penalty; or
(c) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in ihe application, which is under litigation in any court of law or an appellate authority, except 2[***] where interpretation of question of law having effect on identical cases is involved having effect on other cases 3[:]

3[Provided that if the issue involves a mixed question of fact and law, the Board, while taking into consideration all relevant facts and circumstances, shall decide whether or not ADRC may be constituted.]

4[(1A) The application for dispute resolution shall be accompanied by an initial proposition for resolution of the dispute, from which, the taxpayer would not be entitled to retract.]

(2) The Board may, after examination of the application of an aggrieved person; appoint a committee, within 5[thirty] days of receipt of such application in the Board, comprising,-

(i) Chief Commissioner Inland Revenue having jurisdiction over the case;

(ii) two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen.

(3) The Board shad communicate the order of appointment of committee to the court of law or the appellate authority where the dispute is pending and the Commissioner,

(4) The Committee appointed under sub-section (2) shall examine the issue and may, if it deemed necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute through consensus, within 6[sixty days of its appointment extendable by another thirty days for the reasons to be recorded in writing].

7[(5) The recovery of tax shall be stayed on the constitution of committee till the final decision or dissolution of the committee, whichever is earlier.]

(6) The decision of the committee under sub-section (4) shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority and has communicated the order of withdrawal to the Commissioner:

Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.

8[(6A) If the committee fails to decide within the period mentioned in sub section (4), the Board shall dissolve the committee by an order in writing and may re-constitute another committee and the provisions of sub-sections (2), (3), (4), (5) and (6) shall apply mutatis mutandis to the second committee.]

(7) If 9[the Second Committee fails to decide within time limit prescribed] under sub-section (4), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending.

(8) The Board shall communicate the order of dissolution to the court of law or the appellate authority and the Commissioner.

(9) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the appellate authority, where the dispute is pending.

(10) The aggrieved person may make the payment of income tax and other taxes as decided by the committee under sub-section (4) and all decisions and orders made or passed shall stand modified to that extent.

(11) The Board may prescribe the amount to be paid as remuneration for the services of the members of the committee, other than the member appointed under clause (i) of sub-section (2).

(12) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.

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1-For Section "134A" substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as under:

1**[134A. Alternative Dispute Resolution.-** (1) Notwithstanding any other provision of this Ordinance, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to-

(a) the liability of tax against the aggrieved person, or admissibility of refunds, as the case may be;

(b) the extent of waiver of default surcharge and penalty; or

(c) any other specific relief required to resolve the dispute,

may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an Appellate Authority, except where criminal proceedings have been initiated or where interpretation of question of law is involved having effect on other cases.

(2) The Board may, after examination of the application of an aggrieved person, appoint a committee, within sixty days of receipt of such application in the Board, comprising,-

(i) an officer of Inland Revenue not below the rank of a Commissioner;

(ii) person to be nominated by the taxpayer from a panel notified by the Board comprising,-

(a) 2[***] chartered accountants 3[, cost and management accountants] and 4[***] advocates having 5[minimum ten years] experience in the field of taxation; and

(b) reputable businessmen as nominated by Chambers of Commerce and Industry:

Provided that the taxpayer shall not nominate a Chartered Accountant 6[or cost and management accountants] or an advocate if the said Chartered Accountant 7[or cost and management accountants] or the advocate is or has been an auditor or an authorized representative of the taxpayer; and

(iii) a retired Judge not below the rank of District and Sessions Judge, to be nominated through consensus by the members appointed under clauses (i) and (ii).

(3) The aggrieved person, or the Commissioner, or both, as the case may be, shall withdraw the appeal pending before any court of law or an Appellate Authority, after constitution of the committee by the Board under sub-section (2).

(4) The committee shall not commence the proceedings under sub-section (5) unless the order of withdrawal by the court of law or the Appellate Authority is communicated to the Board:

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

(5) The Committee appointed under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:

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

(6) The recovery of tax payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (2) shall be deemed to have been stayed on withdrawal of appeal up to the date of decision by the Committee.

(7) The decision of the committee under sub-section (5) shall be binding on the Commissioner and the aggrieved person.

(8) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (5), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the Appellate Authority which issued the order of withdrawal under sub-section (4) and the appeal shall be treated to be pending before such court of law or the Appellate Authority as if the appeal had never been withdrawn.

(9) The Board shall communicate the order of dissolution to the court of law or the Appellate Authority and the Commissioner.

(10) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the Appellate Authority, which shall decide the appeal within six months of the communication of said order.

(11) The aggrieved person may make the payment of income tax and other taxes as decided by the committee under sub-section (5) and all decisions, orders and judgments made or passed shall stand modified to that extent.

(12) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (2).

(13) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.]

1-Section 134A omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution section 134A was as under:-

i[134A. i[Alternative] Dispute Resolution. i[(1) Notwithstanding any other provision of this Ordinance, or the rules made there under an aggrieved person, in connection with any matter pending before an Appellate Authority, may apply to Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application i[except where prosecution proceedings have been initiated or where interpretation of question of law having effect on identical other cases].]

(2) The i[Board] after examination of the application of an aggrieved person, shall 936[within sixty days of receipt of such application in the Board] appoint a committee consisting of an officer of i[Inland Revenue 936[not below the rank of Commissioner]] and two persons from a i[panel comprising] of Chartered or Cost Accountants, Advocates, Income Tax Practitioners or reputable taxpayers for the resolution of the hardship or dispute.

i[(3) The Committee constituted under sub-section (2) shall examine the issue and may if it deem fit necessary conduct inquiry seek expert opinion, direct any officer of the i[Inland Revenue] or any other person to conduct an audit and shall make recommendations within ninety days of its constitution in respect of the resolution of the dispute. If the committee fails to make recommendations within the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision.]

(4) The i[Board] may, on the recommendation of the committee, pass such order, as it may deem appropriate i[within i[ninety] days of the receipt of recommendations of the Committee] i[:

Provided that if such order is not passed within the aforesaid period, recommendations of the committee shall be treated to be an order passed by the Board under this sub-section.]

i[(4A) Notwithstanding anything contained in sub-section (4), the Chairman Federal Board of Revenue may, on the application of an aggrieved person, for reasons to be recorded in writing, and on being satisfied that there is an error in order or decision, pass such order as may be deemed just and equitable.]

(5) The aggrieved person may make the payment of income tax and other taxes as determined by the i[Board] in its order under sub-section (4) and all decisions, orders and judgments made or passed shall stand modified to that extent and all proceedings under this Ordinance or the rules made there under by any authority shall abate:

Provided that i[*** ] an i[order passed by] the Board in the light of recommendations of the committee shall be submitted before that authority, tribunal or the court i[where the matter is subjudice] for consideration and orders as deemed appropriate i[***]

i[Provided further that if the taxpayer is not satisfied with the said order, he may continue to pursue his remedy before the relevant authority, tribunal or court as if no such order had been made by the Board.]

i[***]

(7) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.

2-Omitted for the word “senior” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

3-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

4-Omitted for the word “senior” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

5-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

6-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

7-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

2-The expression “where criminal proceedings have been initiated or” omitted by Finance Act, 2021, dated 30-06-2021.

3-For the full stop and Proviso added by Finance Act, 2021, dated 30-06-2021.

4-Sub-section “(1A)” inserted by Finance Act, 2021, dated 30-06-2021.

5-For the word “sixty” substituted by Finance Act, 2021, dated 30-06-2021.

6-The expression “one hundred and twenty days of its appointment” substituted by Finance Act, 2021, dated 30-06-2021.

7-For Sub-section “(5)” substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

(5) The Committee may, in case of hardship, stay recovery of tax payable in respect of dispute pending before it for a period not exceeding one hundred and twenty days in aggregate or till the decision of the committee or its dissolution, whichever is earlier.

8-Sub-section “(6A)” inserted by Finance Act, 2021, dated 30-06-2021.

9-For the words “the Committee fails to decide within the period of one hundred and twenty days” substituted by Finance Act, 2021, dated 30-06-2021

**1[***]**

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1-Section 135 omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

"135. Revision by the Commissioner.- (1) The Commissioner may either of the Commissioner's own motion or on application in writing by a person for revision, call for the record of any proceeding under this Ordinance in which an order has been passed by any taxation officer other than the Commissioner (Appeals)."

(2) Subject to sub-section (3), where, after making such inquiry as is necessary, Commissioner considers that the order requires revision, the Commissioner may make such revision to the order as the Commissioner thinks fit.

(3) An order under sub-section (2) shall not be prejudicial to the person to whom the order relates.

(4) The Commissioner shall not revise any order under sub-section (2) if –

(a) where an appeal against the order lies to the Commissioner (Appeals) or to the
Appellate Tribunal, the time within which such appeal may be made has not expired, or the person has not waived their right of appeal;

(b) the order is pending on appeal before the Commissioner (Appeals) or has been made the subject of an appeal to the Appellate Tribunal; or

(c) in the case of an application made by a person, the application has not been made within ninety days of the date on which such order was served on the person, unless the Commissioner is satisfied that the person was prevented by sufficient cause from making the application within the time allowed.

(5) No application for revision of an assessment order may be made under sub-section (1)
unless the amount of tax due under the assessment that is not in dispute has been paid by the taxpayer.

(6) An application under sub-section (1) shall be accompanied by –

(a) in relation to an assessment order, a fee of the lesser of two thousand five hundred rupees or ten percent of the tax assessed; or

(b) in any other case –

(i) where the applicant is a company, a fee of two thousand rupees; or

(ii) where the applicant is not a company, a fee of five hundred rupees.

(7) An order by the Commissioner declining to interfere shall not be treated as an order prejudicial to the applicant."

**136. Burden of proof.-** In any appeal 1[by a taxpayer] under this Part, the burden shall be on the taxpayer to prove, on the balance of probabilities -

(a) in the case of an assessment order, the extent to which the order does not correctly reflect the taxpayer's tax liability for the tax year; or

(b) in the case of any other decision, that the decision is erroneous.

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1-The words inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

## PART IV
## COLLECTION AND RECOVERY OF TAX

**137. Due date for payment of tax.-** (1) The tax payable by a taxpayer on the taxable income of the taxpayer 1[including the tax payable under 2[***]] 3[section 4[113 or] 113A] for a tax year shall be due on the due date for furnishing the taxpayer's return of income for that year.

5[(2) Where any tax is payable under an assessment order or an amended assessment order or any other order issued by the Commissioner under this Ordinance, a notice shall be served upon the taxpayer in the prescribed form specifying the amount payable and thereupon the sum so specified shall be paid within 6[Thirty] days from the date of service of the notice 7[ 8[ 9[;]]]]

10[ Provided that the due date for payment of tax payable under sub-section (7) of section 147 shall be the date specified in sub-section (5) or sub-section (5A) or first proviso to sub-section (5B) of section 147.]

11[***]

12[***]

(3) Nothing in sub-section (2) 13[or (4)] shall affect the operation of sub-section (1).

(4) Upon written application by a taxpayer, the Commissioner may, where good cause is shown, grant the taxpayer an extension of time for payment of tax due 14[under sub-section (2)] or allow the taxpayer to pay 15[such tax] in installments of equal or varying amounts as the Commissioner may determine having regard to the circumstances of the case.

(5) Where a taxpayer is permitted to pay tax by installments and the taxpayer defaults in payment of any installments, the whole balance of the tax outstanding shall become immediately payable.

(6) The grant of an extension of time to pay tax due or the grant of permission to pay tax due by installments shall not preclude the liability for 16[default surcharge] arising under section 205 from the due date of the tax under sub-section 17[(2)].

18[***]

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1-The words inserted vide the Finance Act, 2003(I) of 2003 assented on 16th June, 2003). Earlier this amendment was made vide Notification No. S.R.O. 633(I)/2002 dated 14th September, 2002 and which was S.R.O. 633(I)/2002 dated 14th September, 2002 rescinded vide Notification No. S.R.O. 608(I)/2003 dated 24th June, 2003 with effective from 1st July, 2003
2-he words and figure "section 113 or" omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
3-The words figure and letter were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
4-The figure and word were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
5-Sub-section (2) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (2) was as under:--
"(2) Where an assessment order or amended assessment order is issued by the Commissioner, the tax payable under the order shall be payable within fifteen days from the date of the assessment order is issued."
6-Substituted for the word "fifteen" vide the Finance Act, 2015
7-Substituted for the full stop vide Finance Act, 2010 (XVI of 2010 assented on 30th June, 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the finance (Amendment) ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009.
8-For the colon, a full stop was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
9-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
10-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

11-Proviso was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission proviso was as under:-
i[Provided that the tax payable as a result of provisional assessment ii[order] under section 122C, as specified in the notice under sub-section (2) shall be payable III[immediately] after a period of iv[forty-five] days from the date of service of the notice v[:]]
i. Proviso was added vide Finance Act, 2010 (XVI of 2010) assented on 30th June, 2010) effective from 5th June, 2010 by the declaration made under the provisional collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010) promulgated on 6th February, 2010 and the finance (Amendment) Ordinance, 2009 (XXII of 2009) promulgated on 28th October, 2009.
ii. The word inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
III. The word inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
iv. Substituted for the word "sixty" vide the Finance Act, 2015
v. Substituted for the full stop vide Finance Act, 2012
12-Proviso was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission proviso was as under:-
i[Provided further that the taxpayer may pay the tax payable prior to expiry of the period of sixty days specified in the first proviso]
i. Proviso added vide Finance Act, 2012
13-The word, brackets and figure inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
Earlier this amendment was made vide Notification No. S.R.O. 633(I)/2002 dated 14th September, 2002 and which was S.R.O. 633(I)/2002 dated 14th September, 2002 rescinded vide Notification No. S.R.O. 608(I)/2003 dated 24th June, 2003 with effective from 1st July, 2003
14-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
15-Substituted for the words "any tax due" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
16-The word "additional Tax" substituted vide Finance Act, 2010. This amendment was effective from 5th June, 2010 by the declaration made under the provisional collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the finance (Amendment) ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009.
17-Substituted for the brackets and figure "(1)" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
18-Sub-section (7) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission sub-section (7) was as under:--
"(7) A taxpayer dissatisfied with a decision under sub-section (4) may challenge the decision only under Part III of this Chapter."

1**[138. Recovery of tax out of property and through arrest of taxpayer.-** (1) For the purpose of recovering any tax due by a taxpayer, the Commissioner may serve upon the taxpayer a notice in the prescribed form requiring him to pay the said amount within such time as may be specified in the notice.

(2) If the amount referred to in the notice issued under sub-section (1) is not paid within the time specified therein or within the further time, if any, allowed by the Commissioner, the Commissioner may proceed to recover from the taxpayer the said amount by one or more of the following modes, namely:-

(a) attachment and sale of any movable or immovable property of the taxpayer;
(b) appointment of a receiver for the management of the movable or immovable property of the taxpayer; 2[ ]
(c) arrest of the taxpayer and his detention in prison for a period not exceeding six months3[; and]
4[(d) as specified under clauses (a), (ca) and (d) of sub-section (i) of section 48 of the Sales Tax Act, 1990.]

(3) For the purposes of recovery of tax under sub-section (2), the Commissioner shall have the same powers as a Civil Court has under the Code of Civil Procedure, 1908 (Act V of 1908), for the purposes of the recovery of any amount due under a decree.

(4) The 5[Board] may make rules regulating the procedure for the recovery of tax under this section and any other matter connected with, or incidental to, the operation of this section.]

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1-Section 138 was substituted vide Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 138 was as under:--
"138. Tax as a debt due to the Federal Government.- (1) Any tax due under this Ordinance by a taxpayer shall be a debt due to the Federal Government and shall be payable in the manner and at the place prescribed.
(2) Any tax that has not been paid by the due date may be sued for and recovered in any court of competent jurisdiction by the Commissioner acting in the Commissioner's official name.
(3) In any suit under sub-section (2), the production of a certificate signed by the Commissioner stating the name and address of the taxpayer and the amount of tax due shall be conclusive evidence of the amount of tax due by such taxpayer."
2-Word "and" omitted by Finance Act, 2020, dated 30-06-2020.
3-For the full stop inserted by Finance Act, 2020, dated 30-06-2020
4-Sub-clause "(c)" inserted by Finance Act, 2020, dated 30-06-2020
5-The words "Central Board of Revenue" was substituted vide the Finance Act, 2007 (I of 2007 assented on 30th June, 2007)

1**[138A.Recovery of tax by District Officer (Revenue).-** (1) The Commissioner may forward to the District Officer (Revenue) of the district in which the taxpayer resides or carries on business or in which any property belonging to the taxpayer is situated, a certificate specifying the amount of any tax due from the taxpayer, and, on receipt of such certificate, the District Officer (Revenue) shall proceed to recover from the taxpayer the amount so specified as, it were an arrear of land revenue.

(2) Without prejudice to any other power of the District Officer (Revenue) in this behalf, he shall have the same powers as a Civil Court has under the Code of Civil Procedure, 1908 (Act V of 1908), for the purpose of the recovery of the amount due under a decree.]

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1-Section 138A was inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

1**[138B. Estate in bankruptcy.-** (1) If a taxpayer is declared bankrupt, the tax liability under this Ordinance shall pass on to the estate in bankruptcy.

(2) If tax liability is incurred by an estate in bankruptcy, the tax shall be deemed to be a current expenditure in the operations of the estate in bankruptcy and shall be paid before the claims preferred by other creditors are settled]

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1-Section 138B was added vide Finance Act, 2010 (XVI of 2010)

**139. Collection of tax in the case of private companies and associations of persons.-** (1) Notwithstanding anything in the 1[Companies Act, 2017 (XIX of 2017)], where any tax payable by a private company (including a private company that has been wound up or gone into liquidation) in respect of any tax year cannot be recovered from the company, every person who was, at any time in that tax year -

(a) a director of the company, other than an employed director; or

(b) a shareholder in the company owning not less than ten per cent of the paid-up capital of the company, shall be jointly and severally liable for payment of the tax due by the company.

(2) Any director who pays tax under sub-section (1) shall be entitled to recover the tax paid from the company or a share of the tax from any other director.

(3) A shareholder who pays tax under sub-section (1) shall be entitled to recover the tax paid from the company or from any other shareholder to whom clause (b) of sub-section (1) applies in proportion to the shares owned by that other shareholder.

(4) Notwithstanding anything in any law, where any tax payable by a member of an association of persons in respect of the member's share of the income of the association in respect of any tax year cannot be recovered from the member, the association shall be liable for the tax due by the member.

2[(5) Notwithstanding anything contained in any other law, for the time being in force, where any tax payable by an association of persons in respect of any tax year cannot be recovered from the association of persons, every person who was, at any time in that tax year, a member of the association of persons, shall be jointly and severally liable for payment of the tax due by the association of persons.

(6) Any member who pays tax under sub-section (5) shall be entitled to recover the tax paid from the association of persons or a share of the tax from any other member.]

3[(7)] The provisions of this Ordinance shall apply to any amount due under this section as if it were tax due under an assessment order.

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1-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021
2-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
3-Sub-section (5) was re-numbered vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**140. Recovery of tax from persons holding money on behalf of a taxpayer.-** (1) For the purpose of recovering any tax due by a taxpayer, the Commissioner may, by notice, in writing, require any person -

(a) owing or who may owe money to the taxpayer; or
(b) holding or who may hold money for, or on account of the taxpayer;
(c) holding or who may hold money on account of some other person for payment to the taxpayer; or
(d) having authority of some other person to pay money to the taxpayer, to pay to the Commissioner so much of the money as set out in the notice by the date set out in the notice 1[:

Provided that the Commissioner shall not issue notice under this sub-section for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 127 in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that 2[ten] per cent of the said amount of tax due has been paid by the taxpayer.]

(2) Subject to sub-section (3), the amount set out in a notice under sub-section (1) -

(a) where the amount of the money is equal to or less than the amount of tax due by the taxpayer, shall not exceed the amount of the money; or
(b) in any other case, shall be so much of the money as is sufficient to pay the amount of tax due by the taxpayer.

(3) Where a person is liable to make a series of payments (such as salary) to a taxpayer, a notice under sub-section (1) may specify an amount to be paid out of each payment until the amount of tax due by the taxpayer has been paid.

(4) The date for payment specified in a notice under sub-section (1) shall not be a date before the money becomes payable to the taxpayer or held on the taxpayer's behalf.

(5) The provisions of sections 160, 161, 162 and 163, so far as may be, shall apply to an amount due under this section as if the amount were required to be deducted from a payment under Division III of Part V of this Chapter.

(6) Any person who has paid any amount in compliance with a notice under sub-section (1) shall be treated as having paid such amount under the authority of the taxpayer and the receipt of the Commissioner constitutes a good and sufficient discharge of the liability of such person to the taxpayer to the extent of the amount referred to in such receipt.

3[***]
4[***]
5[***]

(10) In this section, "person" includes any Court, Tribunal or any other authority.

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1-Full stop was Substituted with a "colon" and thereafter new proviso was Added vide the Finance Act, 2016 (XXIX of 2016)
2-Substituted for the word "twenty-five" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
3-Sub-section (7) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission sub-section (7) was as under:-
"(7) Where an amount has been paid under sub-section (1), the taxpayer shall be allowed a tax credit for the amount (unless the amount paid represents a final tax on the taxpayer's income) in computing the tax due by the taxpayer on the taxpayer's taxable income for the tax year in which the amount was paid."
4-Sub-section (8) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission sub-section (8) was as under:-
"(8) The tax credit allowed under this section shall be applied in accordance with sub-section (3) of section 4."
5-Sub-section (9) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission sub-section (9) was as under:-
"(9) A tax credit or part of a tax credit allowed under this section for a tax year that is not able to be credited under sub-section (3) of section 4 for the year must be refunded to the taxpayer in accordance with section 170."

**141. Liquidators.-** (1) Every person (hereinafter referred to as a "liquidator") who is -

(a) a liquidator of a company;

(b) a receiver appointed by a Court or appointed out of Court;

(c) a trustee for a bankrupt; or

(d) a mortgagee in possession, shall, within fourteen days of being appointed or taking possession of an asset in Pakistan, whichever occurs first, give written notice thereof to the Commissioner.

(2) The Commissioner shall, within three months of being notified under sub-section (1), notify the liquidator in writing of the amount which appears to the Commissioner to be sufficient to provide for any tax which is or will become payable by the person whose assets are in the possession of the liquidator.

(3) A liquidator shall not, without leave of the Commissioner, part with any asset held as liquidator until the liquidator has been notified under sub-section (2).

(4) A liquidator -

(a) shall set aside, out of the proceeds of sale of any asset by the liquidator, the amount notified by the Commissioner under sub-section (2), or such lesser amount as is subsequently agreed to by the Commissioner;

(b) shall be liable to the extent of the amount set aside for the tax of the person who owned the asset; and

(c) may pay any debt that has priority over the tax referred to in this section notwithstanding any provision of this section.

(5) A liquidator shall be personally liable to the extent of any amount required to be set aside under sub-section (4) for the tax referred to in sub-section (2) if, and to the extent that, the liquidator fails to comply with the requirements of this section.

(6) Where the proceeds of sale of any asset are less than the amount notified by the Commissioner under sub-section (2), the application of sub-sections (4) and (5) shall be limited to the proceeds of sale.

(7) This section shall have effect notwithstanding anything contained in any other law for the time being in force.

(8) The provisions of this Ordinance shall apply to any amount due under this section as if it were tax due under an assessment order.

**142. Recovery of tax due by non-resident member of an association of persons.-** (1) The tax due by a non-resident member of an association of persons in respect of the member's share of the profits of the association shall be assessable in the name of the association or of any resident member of the association and may be recovered out of the assets of the association or from the resident member personally.

(2) A person making a payment under this section shall be treated as acting under the authority of the non-resident member and is hereby indemnified in respect of the payment against all proceedings, civil or criminal, and all processes, judicial or extra-judicial, notwithstanding any provisions to the contrary in any written law, contract or agreement.

(3) The provisions of this Ordinance shall apply to any amount due under this section as if it were tax due under an assessment order.

**143. Non-resident ship owner or charterer.**- (1) Before the departure of a ship owned or chartered by a non-resident person from any port in Pakistan, the master of the ship shall furnish to the Commissioner a return showing the gross amount specified in sub-section (1) of section 7 in respect of the ship.

(2) Where the master of a ship has furnished a return under sub-section (1), the Commissioner shall 1[, after calling for such particulars, accounts or documents as he may require,] determine the amount of tax due under section 7 in respect of the ship and, as soon as possible, notify the master, in writing, of the amount payable.

(3) The master of a ship shall be liable for the tax notified under sub-section (2) and the provisions of this Ordinance shall apply to such tax as if it were tax due under an assessment order.

(4) Where the Commissioner is satisfied that the master of a ship or non-resident owner or charterer of the ship is unable to furnish the return required under sub-section (1) before the departure of the ship from a port in Pakistan, the Commissioner may allow the return to be furnished within thirty days of departure of the ship provided the non-resident owner or charterer has made satisfactory arrangements for the payment of the tax due under section 7 in respect of the ship.

(5) The Collector of Customs or other authorised officer shall not grant a port clearance for a ship owned or chartered by a non-resident person until the Collector or officer is satisfied that any tax due under section 7 in respect of the ship has been paid or that arrangements for its payment have been made to the satisfaction of the Commissioner.

(6) This section shall not relieve the non-resident owner or charterer of the ship from liability to pay any tax due under this section that is not paid by the master of the ship.

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1-Inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**144. Non-resident aircraft owner or charterer.-** (1) A non-resident owner or charterer of an aircraft 1[***] liable for tax under section 7, or an agent authorised by the non-resident person for this purpose, shall furnish to the Commissioner, within forty-five days from the last day of each quarter of the financial year, a return, in respect of the quarter, showing the gross amount specified in sub-section (1) of section 7 of the non-resident person for the quarter.

(2) Where a return has been furnished under sub-section (1), the Commissioner shall 2[, after calling for such particulars, accounts or documents as he may require,] determine the amount of tax due under section 7 by the non-resident person for the quarter and notify the non-resident person, in writing, of the amount payable.

(3) The non-resident person shall be liable to pay the tax notified under sub-section (2) within the time specified in the notice and the provisions of this Ordinance shall apply to such tax

(4) Where the tax referred to in sub-section (3) is not paid within three months of service of the notice, the Commissioner may issue to the authority by whom clearance may be granted to the aircraft operated by the non-resident person a certificate specifying the name of the non-resident person and the amount of tax due.

(5) The authority to whom a certificate is issued under sub-section (4) shall refuse clearance from any airport in Pakistan to any aircraft owned or chartered by the non-resident until the tax due has been paid.

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1-The words “shall be” omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-The comma and words were inserted vide the Finance ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

1**[145. Assessment of persons about to leave Pakistan.-** (1) Where any person is likely to leave Pakistan during the currency of tax year or shortly after its expiry with no intention of returning to Pakistan, he shall give to the Commissioner a notice to that effect not less than fifteen days before the probable date of his departure (hereinafter in this section referred to as the 'said date').

(2) The notice under sub-section (1) shall be accompanied by a return or returns of taxable income in respect of the period commencing from the end of the latest tax year for which an assessment has been or, where no such assessment has been made, a return has been made, as the case may be, and ending on the said date, or where no such assessment or return has been made, the tax year or tax years comprising the period ending on the said date; and the period commencing from the end of the latest tax year to the said date shall, for the purposes of this section, be deemed to be a tax year (distinct and separate from any other tax year) in which the said date falls.

(3) Notwithstanding anything contained in sub-sections (1) and (2), the Commissioner may serve a notice on any person who, in his opinion, is likely to leave Pakistan during the current tax year or shortly after its expiry and has no intention of returning to Pakistan, to furnish within such time as may be specified in such notice, a return or returns of taxable income for the tax year or tax years for which the taxpayer is required to furnish such return or returns under sub-section (2).

(4) The taxable income shall be charged to tax at the rates applicable to the relevant tax year and all the provisions of this Ordinance shall, so far as may be, apply accordingly.]

2[(5) Notwithstanding anything contained in any other law, for the time being in force, where on the basis of information received from any offshore jurisdiction, the Commissioner has reason to believe that such person who is likely to leave Pakistan may be involved in offshore tax evasion or such person is about to dispose of any such asset, the Commissioner may freeze any domestic asset of the person including any asset beneficially owned by the person for a period of one hundred and twenty days or till the finalization of proceedings including but not limited to recovery proceedings under this Ordinance whichever is earlier.]

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1-Section 145 was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution section 145 was as under:-

"145. Collection of tax from persons leaving Pakistan permanently.- (1) Where the Commissioner has reasonable grounds to believe that a person may leave Pakistan permanently without paying tax due under this Ordinance, the Commissioner may issue a certificate containing particulars of the tax due to the Commissioner of Immigration and request the Commissioner of Immigration to prevent that person from leaving Pakistan until that person -

(a) makes payment of tax in full; or

(b) makes an arrangement satisfactory to the Commissioner for payment of the tax due.

(2) A copy of a certificate issued under sub-section (1) shall be served on the person named in the certificate if it is practicable to do so.

(3) Payment of the tax specified in the certificate to a customs or immigration officer or the production of a certificate signed by the Commissioner stating that the tax has been paid or satisfactory arrangements for payment have been made shall be sufficient authority for allowing the person to leave Pakistan."

2-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**146. Recovery of tax from persons assessed in Azad Jammu and Kashmir** 1**[and Gilgit- Baltistan].-** (1) Where any person assessed to tax for any tax year under the law relating to income tax in the Azad Jammu and Kashmir 1[or Gilgit-Baltistan] has failed to pay the tax and the income tax authorities of the Azad Jammu and Kashmir 1[or Gilgit-Baltistan] cannot recover the tax because -

(a) the person's residence is in Pakistan; or

(b) the person has no movable or immovable property in the Azad Jammu and Kashmir 1[or Gilgit-Baltistan],

the Deputy Commissioner in the Azad Jammu and Kashmir 1[or Gilgit-Baltistan] may forward a certificate of recovery to the Commissioner and, on receipt of such certificate, the Commissioner shall recover the tax referred to in the certificate in accordance with this Part.

(2) A certificate of recovery under sub-section (1) shall be in the prescribed form specifying-

(a) the place of residence of the person in Pakistan;
(b) the description and location of movable or immovable property of the person in Pakistan; and
(c) the amount of tax payable by the person.

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1-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

1**[146A. Initiation, validity, etc., of recovery proceedings.-** (1) Any proceedings for the recovery of tax under this Part may be initiated at any time.

(2) The Commissioner may, at any time, amend the certificate issued under section 138A, or recall such certificate and issue fresh certificate, as he thinks fit.

(3) It shall not be open to a taxpayer to question before the District Officer (Revenue) the validity or correctness of any certificate issued under section 138A, or any such certificate as amended, or any fresh certificate issued, under sub-section (2).

(4) The several modes of recovery provided in this Part shall be deemed to be neither mutually exclusive nor affect in any way any other law for the time being in force relating to the recovery of debts due to the Government and the Commissioner may have recourse to any such mode of recovery notwithstanding that the tax due is being recovered from a taxpayer by any other mode.]

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1-Section 146A inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

1**[146B. Tax arrears settlement incentives scheme.-** (1) Subject to provisions of this Ordinance, the Board may make scheme in respect of recovery of tax arrears or withholding taxes and waiver of 2[default surcharge] or penalty levied thereon.

(2) The Board may make rules under section 237 for implementation of such scheme.]

1-Inserted vide the Finance Act, 2008
2-The word "additional tax" substituted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional collection of Taxes Act, 1931 (XVI of 1931).
Earlier this amendment was made by the finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the finance (Amendment) ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009.

**1[146C. Assistance in the recovery and collection of taxes.-** The provisions of sections 138, 138A, 138B, 139, 140, 141, 142, 143, 144, 145, 146, 146A, and 146B shall mutatis mutandis apply in respect of assistance in collection and recovery of taxes in pursuance of a request from a foreign jurisdiction under a tax treaty, a multilateral convention, an inter-governmental agreement or similar arrangement or mechanism.]

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1-Section "(146C)" iserted by Finance Act, 2021, dated 30-06-2021

## PART V
## ADVANCE TAX AND DEDUCTION OF TAX AT SOURCE
### Division I
### Advance Tax Paid by the Taxpayer

**147. Advance tax paid by the taxpayer.-** (1) Subject to sub-section (2), every taxpayer 1[whose income was charged to tax for the latest tax year under this Ordinance or latest assessment year under the repealed Ordinance] other than -

2[***]

(b) income chargeable to tax under sections 5, 6 and 7;

3[***]

(c) income subject to deduction of tax at source under section 149; 4[and]

5[***]

(d) income from which tax has been collected under Division II or deducted under Division III 6[or deducted or collected under Chapter XII] and for which no tax credit is allowed as a result of sub-section (3) of section 168,

shall be liable to pay advance tax for the year in accordance with this section.

(2) This section does not apply to an individual 7[***]] where the individual's 8[or 9[***] latest assessed taxable income excluding income referred to in clauses 10[(b),] (c) and (d) of sub-section (1) is less than 11[one million] rupees.

12[***]

13[(4) Where the taxpayer is 14[an association of persons or] a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely 15[;]

(A x B/C)-D

Where -

A is the taxpayer's turnover for the quarter;

16[Provided that where the taxpayer fails to provide turnover or the turnover for the quarter is not known, it shall be taken to be one-fourth of one hundred and ten percent of the turnover of the latest tax year for which a return has been filed;]

B is the tax assessed to the taxpayer for the latest tax year;

Explanation.- For removal of doubt it is clarified that tax assessed includes tax under sections 113 and 113C.]

C is the taxpayer's turnover for the latest tax year; and
D is the tax paid in the quarter for which a tax credit is allowed under section 168 17[***] 18[.

19[(4A) Any taxpayer 20[including a banking company] who is required to make payment of advance tax in accordance with sub-section (4), shall estimate the tax payable for the relevant tax year, at any time before the second installment is due. In case the tax payable is likely to be more than the amount that the taxpayer 21[including a banking company] is required to pay under sub-section (4), the taxpayer 22[including a banking company] shall furnish to the Commissioner on or before the due date of the second quarter an estimate of the amount of tax payable by the taxpayer 23[including a banking company] and thereafter pay fifty per cent of such

amount by the due date of the second quarter of the tax year after making adjustment for the amount (if any) already paid in terms of sub-section (4). The remaining fifty per cent of the estimate shall be paid after the second quarter in two equal installments payable by the due date of the third and fourth quarter of the tax year.]

24[***]

25[(4AA) Tax liability under 26[sections 113 and 113C] shall also be taken into account while working out payment of advance tax liability under this section.]

27[ 28[4B]) Where the taxpayer is an individual 29[***] having latest assessed income of 30[one million] or more as determined under sub-section (2), the amount of advance tax due for a quarter shall be computed according to the following formula, namely:-

$$(A/4) - B$$

Where -

A is the tax assessed to the taxpayer for the latest tax year or latest assessment year under the repealed Ordinance; and

B is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 149 31[***].]

(5) Advance tax is payable by 32[an individual 33[***] to the Commissioner -

(a) in respect of the September quarter, on or 34[before] the 35[15th day of September];
(b) in respect of the December quarter, on or before the 36[15th day of December];
(c) in respect of the March quarter, on or before the 37[15th day of March]; and
(d) in respect of the June quarter, on or before the 38[15th day of June].

39[((5A) Advance tax shall be payable by an association of persons or a company to the Commissioner--

(a) in respect of the September quarter, on or before the 25th day of September;
(b) in respect of the December quarter, on or before the 25th day of December;
(c) in respect of the March quarter, on or before the 25th day of March; and
(d) in respect of the June quarter, on or before the 15th day of June.]

40[(5B) Adjustable advance tax on capital gain from sale of securities shall be chargeable as under, namely:-

**TABLE**

| **S. No.** | **Period** | **Rate of Advance Tax** |
|---|---|---|
| (1) | (2) | (3) |
| 1 | Where holding period of a security is less than six months | 2% of the capital gains derived during the quarter. |
| 2 | Where holding period of a security is more than six months but less than twelve month | 1.5% of the capital gains derived during the quarter: |

Provided that such advance tax shall be payable to the Commissioner within a period of 41[twenty-one] days after the close of each quarter:

Provided further that the provisions of this sub-section shall not be applicable to individual investors.]

42[(6) If any taxpayer who is required to make payment of advance tax under sub-section (1) estimates at any time before the last installment is due, that the tax payable by him for the relevant tax year is likely to be less than the amount he is required to pay under sub-section (1), the taxpayer may furnish to the Commissioner an estimate

of the amount of the tax payable by him, and thereafter pay such estimated amount, as reduced by the amount, if any, already paid under sub-section (1), in equal installments on such dates as have not expired 43[:]]

44[Provided that an estimate of the amount of tax payable shall contain turnover for the completed quarters of the relevant tax year, estimated turnover of the remaining quarters along with reasons for any decline in estimated turnover, documentary evidence of estimated expenses or deductions which may result in lower payment of advance tax and the computation of the estimated taxable income of the relevant tax year 45[.]

45[***]

46[(6A) notwithstanding anything contained in this section, where the taxpayer is a company or an association of persons, advance tax shall be payable by it in the absence of last assessed income or declared turnover also. The taxpayer shall estimate the amount of advance tax payable on the basis of quarterly turnover of the company or an association of persons, as the case may be, and thereafter pay such amount after,--

(a) taking into account tax payable under 47[sections 113 and 113C] as provided in sub-section (4AA); and

(b) making adjustment for the amount (if any) already paid.]

(7) The provisions of this Ordinance shall apply to any advance tax due under this section as if the amount due were tax due under an assessment order.

48[(7A) The Board may prescribe the manner for furnishing of the estimate and calculation of the amount of tax payable under this section through Iris or any other automated system specified by the Board.]

(8) A taxpayer who has paid advance tax under this section for a tax year shall be allowed a tax credit for that tax in computing the tax due by the taxpayer on the taxable income of the taxpayer for that year.

(9) A tax credit allowed for advance tax paid under this section shall be applied in accordance with sub-section (3) of section 4.

(10) A tax credit or part of a tax credit allowed under this section for a tax year that is not able to be credited under sub-section (3) of section 4 for the year shall be refunded to the taxpayer in accordance with section 170.

49[***]

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1-Substituted for the words “who derives or expects to derive income chargeable to tax under this Ordinance in a tax year” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
2-Clause (a) omitted vide Finance Act, 2010 (XVI of 2010). At the time of omission clause (a) was as under:--
“(a) income chargeable to tax under the head ―Capital Gains”
3-Clause (ba) was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission clause (ba) was as under:-
“(ba) income chargeable to tax under section 15;”
4-The word “or” was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
5-Clause (ca) omitted vides the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of omission clause (ca) was as under:--
i[(ca) income chargeable to tax under section 233 and clauses (a) and (b) of sub-section (I) of section 233A;”
i. Clause (ca) inserted vide the finance Act, 2006 (III of 2006 assented on 30th June, 2006)
6-The words and figure were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
7-The words “or association of person” were omitted vide Finance Act, 2010 (XVI of 2010). Earlier, the words “or association of person” were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
8-The words were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
9-The words i[or ii[association of person] omitted vide Finance Act, 2010 (XVI of 2010)
i. The words were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
ii. Substituted for the words “association of persons” vide the finance Act, 2005 (VII of 2005 assented on 29th June, 2005
10-For the expression “(a), (b), (ba),” inserted by Finance Act, 2020, dated 30-06-2020
11-For the words “five hundred thousand”, the words “one million” was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. Earlier, for word “two” the word “five” was substituted for Finance Act, 2010 (XVI of

2010). Whereas, the word “two” replaced “one” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003), which was part of the words “one hundred and fifty thousand”
12-Sub-section (3) omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission sub-section (3) was as under:--
“(3) Advance tax shall be payable by a taxpayer in respect of the following periods, namely:–
(a) 1st of July to 30th September (referred to as the “September quarter”);
(b) 1st October to 31st December (referred to as the “December quarter”);
(c) 1st January to 31st March (referred to as the “March quarter”); and
(d) 1st April to 30th June (referred to as the “June quarter”).”
13-Substituted for the sub-section (4) vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of substitution sub-section (4) was as under:-
i[(4) where the taxpayer is a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:-
(A/4) – B Where –
A is the tax assessed to the taxpayer for the latest tax year or latest assessment year under the repealed Ordinance; and
B is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section 149 or 155.”
i. Sub-section (4) was substituted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004).
At the time of substitution sub-section (4) was as under:-
(4) ii[ where the taxpayer is a company or an association of persons, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:-
(A X B/C) – D Where –
A is the taxpayer’s turnover for the quarter,
B is the tax assessed to the taxpayer for the latest tax year or latest assessment year III[ or the latest assessment year under the repealed Income Tax Ordinance, 1979]
C is the taxpayer’s turnover for the latest tax year iv[or the latest assessment year under the repealed Income Tax Ordinance, 1979]; and
D is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted under section v[155].”
ii. Substituted for the words “The amount” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
III. The words, comma and figure added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier this Amendment was made vide Notification No. S.R.O. 380(I)/2003 dated 3rd may, 2003 and which was S.R.O. 380(I)/2003 dated 3rd may, 2003 rescinded vide S.R.O. 608(I)/2003 dated 24th June, 2003 with effect from 1st July, 2003.
iv. The words, comma and figure added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier this Amendment was made vide Notification No. S.R.O. 380(I)/2003 dated 3rd may, 2003 and which was S.R.O. 380(I)/2003 dated 3rd may, 2003 rescinded vide S.R.O. 608(I)/2003 dated 24th June, 2003 with effect from 1st July, 2003.
v. Substituted for the figure “149” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003
14-Substituted for the word “is” vide Finance Act, 2010
15-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
16-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
17-The comma and words, “, other than tax deducted under section 155” were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
18-Full stop was substituted with a “semi-colon” and thereafter new Explanation was Added vide the Finance Act, 2016 (XXIX of 2016)
19-Sub-section (4A) was substituted vide Finance Act, 2015. At the time of substitution sub-section (4A) was as under:-
i[(4A) Any taxpayer who is required to make payment of advance tax in accordance with sub-section (4), shall estimate the tax payable by him for the relevant tax year, at any time before the last installment is due. In case the tax payable is likely to be more than the amount he is required to pay under sub-section (4), the taxpayer shall furnish to the Commissioner an estimate of the amount of tax payable by him and thereafter pay such amount after making adjustment for the amount (if any) already paid in terms of sub-section (4).]
i. Sub-section (4A) inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006
20-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
21-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
22-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
23-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
24-Sub-section (4AA) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 20008). At the time of omission sub-section (4AA) was as under:
i[ (4AA) Tax liability under section 113 shall also be taken into account while working out payment of advance tax liability under this section.]
i. Sub-section (4AA) inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
25-Sub-section (4AA) inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
26-Substituted for the expression “section 113” vide the Finance Act, 2016 (XXIX of 2016)

1013 Sub-section (4A) inserted vide Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
27-Sub-section (4A) re-numbered vide the Finance Act, 2006 (III of 2006)
28-The words i[or an association of person] was omitted vide the Finance Act, 2010 (XVI of 2010)
i. The words inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
29-For the words "five hundred thousand", the words "one million" was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. Earlier, the word "five" of the words "five hundred thousand" was substituted in place of "two" vide the Finance Act, 2010 (XVI of 2010)
30-The words and figure, "or 155" were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
31-The words "a taxpayer" substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
32-The words "or an association of person" were omitted vide Finance Act, 2010 (XVI of 2010)
33-The word "by" substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
34-Substituted for the figure and words "7th day of October" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004
35-Substituted for the figure and words "7th day of January" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004
36-Substituted for the figure and words "7th day of April" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004
37-Substituted for the figure and words "21st day of June" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004
38-Sub-section (5A) was substituted vide the Finance Act, 2010 (XVI of 2010). At the time of substitution subsection (5A) was as under:-
i[ (5A) Advance tax is payable by a company to the Commissioner –
(a) in respect of the September quarter, on or before the 15th day of October;
(b) in respect of the December quarter, on or before the 15th day of January;
(c) in respect of the March quarter, on or before the 15th day of April; and
(d) in respect of the June quarter, on or before the 15th day of June."
i. Sub-section (5A) inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
39-Sub-section (5B) was inserted vide the Finance Act, 2010 (XVI of 2010)
40-Substitution for the word "seven "vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011
41-Sub-section (6) was substituted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of substitution sub-section (6) was as under:--
"(6) The turnover of a taxpayer for the period from 16th to 30th June of the June quarter shall be taken to be equal to the turnover for the period from 1st to 15th June of that quarter."
42-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
43-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
44-Sub-section (6A) was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). Before substitution sub-section (6A) which was inserted vide Finance Act, 2007 was as under:-
45-For the colon and thereafter Proviso added by Finance Act, 2021, dated 30-06-2021
46[(6A) Notwithstanding anything contained in this section, where the taxpayer is a company, advance tax shall be payable by it in the absence of last assessed income also. The taxpayer shall estimate the amount of advance tax payable on the basis of estimated quarterly accounting profit of the company and thereafter pay such amount after i[making adjustment for the amount (if any) already paid]:]
ii[***]
III[***]]
i. The words, brackets and full stop was added vide vide Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
ii. Clause (a) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (a) was as under:--
"(a) taking into account tax payable under section 113 as provided in sub-section (4AA);"
III. Clause (b) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (b) was as under:--
"(b) making adjustment for the amount (if any) already paid."
47-Substituted for the expression "section 113" vide the Finance Act, 2016 (XXIX of 2016)
48-Sub-section "(7A)" inserted by Finance Act, 2020, dated 30-06-2020.
49-Sub-section (11) was omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission sub-section (11) was as under:--
"(11) In this section, ―turnover shall not include amounts referred to in clauses (a), (b), i[ (ba]), (c) and (d) of sub-section (1)."
i. The comma, brackets and letters inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003. Earlier this amendment was made vide S.R.O. 633(I)/2002 dated 14th September, 2002 which was rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July 2003

1**[147A. Advance tax from provincial sales tax registered person.-** (1) Every provincial sales tax registered person shall be liable to pay adjustable advance tax at the rate of three per cent of the turnover declared before the provincial revenue authority.

(2) The advance tax under sub-section (1) shall be paid monthly at the time when sales tax return is to be filed with the provincial revenue authority.

(3) Advance tax paid under this section may be taken into account while working out advance tax payable under section 147.

(4) The provisions of this Ordinance shall apply to any advance tax due under this section as if the amount due were tax due under an assessment order.

(5) A taxpayer who has paid advance tax under this section for a tax year shall be allowed a tax credit for that tax in computing the tax due by the taxpayer on the taxable income of the taxpayer for that year.

(6) A tax credit allowed for advance tax paid under this section shall be applied in accordance with sub-section (3) of section 4.

(7) A tax credit or part of a tax credit allowed under this section for a tax year that is not able to be credited under sub-section (3) of section 4 for the year shall be refunded to the taxpayer in accordance with section 170.

(8) This section shall not apply to a person 2[whose name was appearing in the active taxpayers' list] on the thirtieth day of June of the previous tax year.]

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1-Inserted vide the Finance Act, 2016 (XXIX of 2016)

2-Substituted for the words "who was filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

## Division II
## Advance Tax Paid to a Collection Agent

**148. Imports.-** (1) The Collector of Customs shall collect advance tax from every importer of goods on the value of the goods at the rate specified in Part II of the First Schedule 1[in respect of goods classified in Parts I to III of the Twelfth Schedule] 2[: and]

2[Provided that the Board may, by a notification in the official Gazette, add in the Twelfth Schedule any entry thereto or omit any entry therefrom or amend any entry therein:

Provided further that in case of goods classified under Part III of the Twelfth Schedule which are used both as raw material and finished goods, the Board may, by notification in the official Gazette, specify that goods imported by a person or class of persons as raw material for its own use shall be treated as classified under Part II of the Twelfth Schedule, subject to such conditions and procedure as may be prescribed.]

3[***]

4[(2A) Notwithstanding omission of sub-section (2) any notification issued under the said sub-section and for the time being in force, shall continue to remain in force, unless 5[amended or] rescinded by the Board through notification in the official Gazette.]

6[***]

7[***]

8[***]

(5) Advance tax shall be collected in the same manner and at the same time as the customs-duty payable in respect of the import or, if the goods are exempt from customs-duty, at the time customs-duty would be payable if the goods were dutiable.

(6) The provisions of the Customs Act, 1969 (IV of 1969), in so far as relevant, shall apply to the collection of tax under this section.

9[(7) The tax 10[required to be] collected under this section shall be 11[minimum] tax 12[ 13[***]] on the income of the importer arising from the imports subject to sub-section (1) and this sub-section shall not apply in the case of import of 14[goods on which tax is required to be collected under this section at the rate of 1% or 2% by an industrial undertaking for its own use.]

15[***]

16[***]

(9) In this section -

"Collector of Customs" means the person appointed as Collector of Customs under section 3 of the Customs Act, 1969 (IV of 1969), and includes a Deputy Collector of Customs, an Additional Collector of Customs, or an officer of customs appointed as such under the aforesaid section; 17[***]

18[Value of goods means-

(a) in case of goods chargeable to tax at retail price under the Third Schedule of the Sales Tax Act, 1990, the retail price of such goods increased by sales tax payable in respect of the import and taxable supply of the goods; and

(b) in case of all other goods; the value of the goods as determined under the Custom Act, 1969 (IV of 1969), as if the goods were subject to ad valorem duty increased by the custom-duty, federal excise duty and sales tax, if any, payable in respect of the import of the goods.]

19[***]

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1-Expression inserted by Finance Act, 2020, dated 30-06-2020.

2-For the full stop and Provisos inserted by Finance Act, 2020, dated 30-06-2020

3-Sub-section (2) was omitted vide the Finance Act, 2015. At the time of omission sub-section (2) was as under:-

"(2) Nothing contained in sub-section (1) shall apply to any goods or class of goods or persons or class of persons importing such goods or class of goods as may be specified by the i[Board.]"

i. Substituted for the word "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June. 2007 Earlier, the sub-section (2) was substituted vide the Finance Act, 2007. At the time of substitution the subsection was as under:-

"(2) This section shall not apply to-

(a) The re-importation of re-useable containers for the export qualifying for customs duty and sales tax exemption on temporary import under the customs notification No. S.R.O. 345(I)/95, dated the 20th day of April, 1995

(b) The importation of the following petroleum products-

"Motor Spirit (MS), Furnace Oil (FO), JP-1 and MTBE"."

4-Sub-section (2A) was inserted vide the Finance Act, 2015

5-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

6-Sub-section (3) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission sub-section (3) was as under:--

"(3) Where a manufacturer imports raw materials (other than edible oils) exclusively for the manufacturer's own use, the Commissioner may certify a reduction (of up to i[seventy five] per cent) of the rate of advance tax applicable under this section if the aggregate of tax paid or collected in a tax year equals the amount of tax paid by the manufacturer in the immediately preceding year."

i. Substituted for the word "one hundred" vide the finance Act, 2006 (III of 2006 assented on 30th June, 2006)

7-Sub-section (4) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission sub-section (3) was as under:--

ii[(4) Notwithstanding the provisions of sub-section (3), a person being a manufacturer who is liable to pay advance tax under section 147, imports raw materials (other than edible oils) exclusively for his, or as the case may be, its own use, the Commissioner shall upon application in writing by such person, issue an exemption certificate effective from the date on which the certificate is issued to the 30th day of June next falling:

Provided that where the person to whom an exemption certificate has been issued fails to pay any installment due, the Commissioner may cancel the certificate.]

ii. Sub-section (4) substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (4) was as under:--

"(4) A certification of a reduction of tax under sub-section (3) shall not be made in the first year of a manufacturer business."

8-Sub-section (4A) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission sub-section (4A) was as under:--

i[(4A) Where, in the case of a person whose income is not subject to final taxation, the

Commissioner is satisfied that such person is not likely to pay any tax (other than tax under section 113), the Commissioner shall, upon application in writing made by such person, issue certificate allowing payment of tax collectable under this section at a reduced rate of 0.5%.]

i. Sub-section (4A) was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007).

Initially, sub-section (4A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution in 2007 sub-section (4A) was as under:--

"(4A) Where, in the case of a person being a manufacturer importing raw materials (other than edible oils) exclusively for his or, as the case may be, its own use, the commissioner is that the income of the person during the tax year is exempt from tax or such person is not likely to pay any tax (other than tax under section 113) on account of depreciation ii[***] or brought forward loss, the commissioner shall, upon application in writing made by such person, issue the person certificate of exemption from the tax collectible under section 148 III[.]"

ii. The word "allowance" was omitted vide the Finance Act, 2004 (II of 2004 assented on 29th June, 2004)

III. Full stop was added vide the Finance Act, 2005 (II of 2005 assented on 29th June, 2005)
9-Sub-section (7) was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution sub-section (7) was as under:--
"(7) Except in the case of an industrial undertaking importing goods as raw materials, i[plant, machinery and equipment] for its own use, the tax collected under this section shall be a final tax on the income of the importer arising from the imports subject to sub-section (1)."
i. The words and comma was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
10-The words "required to be" inserted vide Finance Act, 2012
11-Substituted for the words "a final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
12-The words, brackets and figure were inserted vide Finance Act, 2010 (XVI of 2010)
13-Omitted for the words "except as provided under sub-section (8)" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
14-Expression inserted by Finance Act, 2020, dated 30-06-2020.
15- The "hyphen and clauses (a), (c), (d) and (e)" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
(a) raw material, plant, machinery, equipment and parts by an industrial undertaking for its own use;
1[***]
(c) 2[motor vehicles] in CBU condition by manufacturer of 3[motor vehicles] 4[;]
5[(d) large import houses, who--
(i) have paid-up capital of exceeding Rs. 6[250] million;
(ii) have imports exceeding Rs.500 million during the tax year;
(iii) own total assets exceeding Rs. 7[350] million at the close of the tax year;
(iv) is single object company;
(v) maintain computerized records of imports and sale of goods;
(vi) maintain a system for issuance of 100% cash receipts on sales;
(vii) present accounts for tax audit every year;
(viii) is registered 8[under the Sales Tax Act, 1990]; and
(ix) make sales of industrial raw material of manufacturer registered 9[under the Sales Tax Act, 1990] 10[; and]]
11[(e) a foreign produced film imported for the purposes of screening and viewing.]
1-Clause (b) was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission clause (b) was as under:-
"(b) fertilizer by manufacturer of fertilizer; and"
2-The word "cars" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
3-The word "cars" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
4-For the full stop at the end, a semicolon was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
5-Clause (d) was added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
6-The figure "100" was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
7-The figure "100" substituted vides the Finance Act, 2009 (I of 2009 assented on 30th June, 2009).
8-Substituted for the words "with Sales Tax Department" vide the Finance Act, 2014
9-Substituted for the words, "for sales tax purposes" vide the Finance Act, 2014
10-The semi colon and the word "and" were substituted for full stop vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
11-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
16-Sub-sections "(8) and (8A)" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
1[(8) The tax required to be collected from a person under this section shall be minimum tax for a tax year on the import of-
2[***]
(b) edible oil;
(c) packing material; and
(d) plastic raw material imported by an industrial undertaking falling under PCT headings 39.01 to 39.12.]
3[(8A) The tax collected under this section at the time of import of ships by ship-breakers shall be 4[minimum] tax.]
1-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution subsection (8) was as under:--
[(8) The tax [required to be] collected from a person under this section on the import of [plastic raw material imported by an industrial undertaking falling under PCT heading 39.01 to 39.12,] edible oil [and packing material] for a tax year shall be [minimum] tax.]
2-Clause (a) was omitted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019. At the time of omission Clause (a) was as under:
"(a) goods where goods are sold in the same condition as they were when imported:
Provided that the minimum tax payable under this clause shall be five percent of the import value as increased by customs duty, sales tax and federal excise duty;"
3-Inserted vide the Finance Act, 2014
4-Substituted for the word "final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
17-The word "and" omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
18-For the expression ""value of goods" means the value of the goods as determined under the Customs Act, 1969 (IV of 1969), as if the goods were subject to ad valorem duty increased by the customs-duty, federal excise duty and sales tax, if any, payable in respect of the import of the goods." inserted by Finance Act, 2020, dated 30-06-2020
19-Explanation omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
1[Explanation.-For the purpose of this section the expression "edible oils" includes crude oil, imported as raw material for manufacture of ghee or cooking oil.]
1-Explanation was added vide the Finance Act, 2006 (VII of 2006 assented on 29th June, 2006)

**1[***]**

1-Section "148A" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
1**[148A. Tax on local purchase of cooking oil or vegetable ghee by certain persons.-** (1) The manufacturers of cooking oil or vegetable ghee, or both, shall be chargeable to tax at the rate of two percent on purchase of locally produced edible oil.
(2) The tax payable under sub-section (1) shall be final tax in respect of income accruing from locally produced edible oil.]
1-Inserted vide Finance Act, 2015

## Division III
## Deduction of Tax at Source

**149. Salary.-** (1) Every 1[person responsible for] paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made after making 2[adjustment of tax withheld from employee under other heads and tax credit admissible under sections 61, 62, 63 and 64 during the tax year after obtaining documentary evidence, as may be necessary for 3[:]

4[(i) tax withheld from the employee under this Ordinance during the tax year;]

(ii) any excess deduction or deficiency arising out of any previous deduction; or

(iii) failure to make deduction during the year;]

(2) The average rate of tax of an employee for a tax year for the purposes of sub-section (1) shall be computed in accordance with the following formula, namely:-

A/B
where -

A is the tax that would be payable if the amount referred to in component

B of the formula were the employee's taxable income for that year; and B is the employee's estimated income under the head "Salary" for that year.

5[(3) Notwithstanding anything contained in sub-sections (1) and (2), every person responsible for making payment for directorship fee or fee for attending board meeting or such fee by whatever name called, shall at the time of payment, deduct tax at the rate of twenty percent of the gross amount payable.

(4) Tax deductible under sub-section (3) shall be adjustable.]

---

1-For the word "employer" the words "person responsible for" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
2-The words "such adjustment" were substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
3-Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
4-The words "any excess deduction or deficiency arising out of any previous deduction or failure to make a deduction during the year." were substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
5-Added vide the Finance Act, 2014

**150. Dividends.-** Every 1[person] paying a dividend shall deduct tax from the gross amount of the dividend paid 2[or collect tax from the amount of dividend in specie] 3[*** ] at the rate specified in 4[Division I of Part III] of the First Schedule.

1-The words "resident company" was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
2-Words inserted by Finance Act, 2021, dated 30-06-2021
3-The commas and words "or collect tax from the shareholder in the case of bonus shares," omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-Substituted for the expression "Division III of Part I" vide the Finance Act, 2014

**1[***]**

1-Section “150A” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**“a[150A b[Return on investment in Sukuks].-** Every special purpose vehicle c[, or a company, at the time of] making payment of a return on investment in sukuks to a sukuk holder shall deduct tax from the gross amount of return on investment at the rate specified in Division IB of Part III of the First Schedule.]

a-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)

b-Substituted for the marginal note “Deduction of tax by special purpose vehicle” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

c-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017”

**151. Profit on debt.-** (1) Where -

1[(a) a person pays yield on an account, deposit or a certificate under the National Savings Scheme or Post Office Savings Account;]

(b) a banking company 2[or] financial institution pays any profit on a debt, being an account or deposit maintained with the company or institution; 3[***]

4[(c) the Federal Government, a Provincial Government or a 5[Local Government] pays to any person 6[***] profit on any security 7[other than that referred to in clause (a)] issued by such Government or authority; or]

8[(d) a banking company, a financial institution, a company referred to in 9[sub- clauses (i) and (ii) of clause (b)] of sub-section (2) of section 80, or a finance society pays any profit on any bond, certificate, debenture, security or instrument of any kind (other than a loan agreement between a borrower and a banking company or a development finance institution) to any person other than financial institution.]

the payer of the profit shall deduct tax at the rate specified in Division 10[1A] of Part III of the First Schedule from the gross amount of the yield or profit paid as reduced by the amount of Zakat, if any, paid by the recipient under the Zakat and Ushr Ordinance, 1980 (XVII of 1980), at the time the profit is paid to the recipient.

11[(1A) Every special purpose vehicle or a company, at the time of making payment of a return on investment in sukuks to a sukuk holder shall deduct tax from the gross amount of return on investment at the rate specified in Division IB of Part III of the First Schedule.]

(2) This section shall not apply to any profit on debt that is subject to sub-section (2) of section 152.

12[(3) Tax deductible under this section shall be a 13[minimum] tax on the profit on debt arising to a taxpayer, except where:

(a) taxpayer is a company; or
(b) profit on debt is taxable under section 7B.]

---

1-Clause (a) substituted vides the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution clause (a) was as under:--
"(a) a person pays yield on a National Savings Deposit Certificate, including a Defence Savings Certificate, under the National Savings Scheme;"
2-Substituted for the word "and" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-The word "or" was omitted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-Clause (c) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
At the time of substitution clause (a) was as under:--
"(c) the Federal Government, a Provincial Government, a local authority, banking company, financial institution, company referred to in clauses (a) and (b) of the definition of ―company in sub-section (2) of section 80, or finance society pays any profit on any bond, certificate, debenture, security or instrument of any kind (other than a loan agreement between a borrower and a banking company or a development finance institution) to any person other than a financial institution,"
5-The words "local authority" were substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
6-The commas and words ", other than a financial institution," was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
7-The words, brackets and letter were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
8-Clause (d) was added vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
9-The words, letters and brackets "clauses (a) and (b)" were substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
10-Substituted for the figure "I" vide the Finance Act, 2014
11-Sub-section "(1A)" substituted by Finance Act, 2021, dated 30-06-2021
12-Sub-section (3) was Substituted vide Finance Act, 2015. At the time of substitution sub-section (3) was as under:-
"(3) Tax [deductible] under this section shall be a final tax on the profit on debt arising to a taxpayer other than a company from [***]"
13-Substituted for the words "final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**152. Payments to non-residents.-** (1) Every person paying an amount of 1[royalty] or fees for technical services to a non-resident person that is chargeable to tax under section 6 shall deduct tax from the gross amount paid at the rate specified in Division IV of Part I of the First Schedule.

2[(1A) Every person making a payment in full or part (including a payment by way of advance) to a non-resident person on the execution of-

(a) a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project; or

(b) any other contract for construction or services rendered relating thereto; or

(c) a contract for advertisement services rendered by T.V. Satellite Channels, shall deduct tax from the gross amount payable under the contract at the rate specified in Division II of Part III of the First Schedule.]

3[(1AA) Every person making a payment of insurance premium or re-insurance premium to a non-resident person shall deduct tax from the gross amount paid at the rate specified in Division II of Part III of the First Schedule.]

4[(1AAA) Every person making a payment for advertisement services to a non-resident media person relaying from outside Pakistan shall deduct tax from the gross amount paid at the rate specified in 5[Division II] of Part III of the First Schedule.]

6[(1B) The tax deductible under sub-sections (1A), (1AA) and (1AAA) shall be a minimum tax on the income of the non-resident persons in respect of payments mentioned therein.

(1BA) Every person responsible for making payment directly or through an agent or intermediary to a non-resident person for foreign produced commercial for advertisement on any television channel or any other media, shall deduct tax at the rate of twenty percent from the gross amount paid. The tax deductible under this sub-section shall be final tax on the income of non-resident person arising out of such payment.]

6a[***]

7[(1C) Every banking company or a financial institution remitting outside Pakistan an amount of fee for offshore digital services, chargeable to tax under section 6, to a non-resident person on behalf of any resident or a permanent establishment of a non-resident in Pakistan shall deduct tax from the gross amount paid at the rate specified in Division IV of Part I of the First Schedule.]

8[(1D) Every banking company or a financial institution maintaining special convertible rupee account (SCRA) of a non-resident company having no permanent establishment in Pakistan shall deduct tax from capital gain arising on the disposal of debt instruments and Government securities including treasury bills and Pakistan investment bonds invested through SCRA at the rate specified in Division II of Part III of the First Schedule.

9[(1DA) Every banking company maintaining a Foreign Currency Value Account (FCVA) or a non-resident Pakistani Rupee Value Account (NRVA) of a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) shall deduct tax from capital gain arising on the disposal of debt instruments and government securities and certificates (including Shariah compliant variant) invested through aforesaid accounts at the rate specified in Division II of Part III of the First Schedule.]

10[(1DB) Every special purpose vehicle or a company, at the time of making payment of a return on investment in sukuks to a non-resident sukuk holder shall deduct tax from the gross amount of return on investment at the rate specified in Division IB of Part III of the First Schedule.]

11[(1E) The tax deductible under sub-sections (1D), (1DA) and (1DB) shall be a final tax in respect of persons and income mentioned therein. ]

(2) Subject to sub-section (3), every person paying an amount to a non-resident person (other than an amount to which sub-section (1) 12[or sub-section (1A)] 13[, (1AA)] 14[(1AAA) 15[, (1C)] or (2A)] applies) shall deduct tax from the gross amount paid at the rate specified in Division II of Part III of the First Schedule.

16[(2A) Every prescribed person making a payment in full or part including a payment by way of advance to a permanent establishment in Pakistan of a non-resident person-

17[(a)] for the sale of goods 18[except where the sale is made by the importer of the goods and tax under section 148 in respect of such goods has been paid and the goods are sold in the same condition as they were when imported];

19[(b)] for the rendering of or providing services; and

20[(c)] on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division II of Park III of the First Schedule,]

21[(2AA) Sub-section (1AA) shall not apply to an amount, with the written approval of the Commissioner, that is taxable to a permanent establishment in Pakistan of the non-resident person.]

22[(2B) The tax deductible under sub-section (2A) shall be minimum tax:

Provided that tax deductible under clause (a) of sub-section (2A) shall not be minimum tax where payments are received for sale of goods by a company being a manufacturer of such goods.]

(3) Sub-section (2) does not apply to an amount -

(a) that is subject to deduction of tax under section 149, 150, 23[***], 24[***] 156 25[or 233];
(b) with the written approval of the Commissioner, that is taxable to a permanent establishment in Pakistan of the non-resident person;
(c) that is payable by a person who is liable to pay tax on the amount as representative of the non-resident person under sub-section (3) of section 172; or
(d) where the non-resident person is not chargeable to tax in respect of the amount.

(4) Where a person claims to be a representative of a non-resident person for the purposes of clause (c) of sub-section (3), the person shall file a declaration to that effect with the Commissioner prior to making any payment to the non-resident person.

26[(4A) The Commissioner may, on application made 27[in the prescribed form] by the recipient of payment referred to in sub-section (1A) having permanent establishment in Pakistan, or by a recipient of payment referred to in sub-section (2A), as the case may be, and after making such inquiry as the Commissioner thinks fit, allow by order in writing, in cases where the tax deductable under sub-section (1) or sub-section (2A) is 28[not minimum tax] any person to make the payment without deduction of tax or deduction of tax at a reduced rate.]

29[(4B) The Commissioner may, in case of payment that constitutes part of an overall arrangement of a cohesive business operation as referred to in paragraph (ii) of sub-clause (g) of clause (41) of section 2, on application made by the person making payment and after making such inquiry, as the Commissioner thinks fit, allow by order in writing, the person to make payment after deduction of tax equal to 30[twenty] percent of the tax chargeable on such payment under sub-section (1A):

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

(5) Where a person intends to make a payment to a non-resident person without deduction of tax under this section, 31[other than payments liable to reduced rate under relevant agreement for avoidance of double taxation,] the person shall, before making the payment, furnish to the Commissioner a notice in writing setting out -

(a) the name and address of the non-resident person; 32[ ]

(b) the nature and amount of the payment 33[; and]

34[(c) such other particulars as may be prescribed.]

35[(5A) The Commissioner on receipt of notice shall 36[, within thirty days,] pass an order accepting the contention or making the order under sub-section (6).]

(6) Where a person has notified the Commissioner of a payment under sub-section (5) and the Commissioner has reasonable grounds to believe that the non-resident person is chargeable to tax under this Ordinance in respect of the payment, the Commissioner may, by 37[order] in writing, direct the person making the payment to deduct tax from the payment in accordance with sub-section (2).

(7) Sub-section (5) shall not apply to a payment on account of -

38[(a) an import of goods where title to the goods passes outside Pakistan and is supported by import documents, except where-

(i) the supply is made in connection with the overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the associates of the person supplying the goods or its permanent establishment, whether or not the title passes outside Pakistan and whether or not the goods are imported in the name of the associate or any other person; or

(ii) the supply is made by a resident person or a Pakistan permanent establishment of a non-resident person in connection with the overall arrangement as referred to in sub-clause (i); or]

(b) educational and medical expenses remitted in accordance with the regulations of the State Bank of Pakistan.

39[(8) In this section "prescribed person" means a prescribed person as defined in sub-section (7) of section 153.]

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1-Substituted for the word "royalties" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-Sub-section (1A) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
3-Sub-section (1AA) was inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
4-Sub-section (1AAA) vide the Finance Act, 2012
5-Substituted for "Division IIIA" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
6-For Sub-sections "(IB), (IBB) and (IBBB)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
"(1B) The tax deductible under sub-section (1A) shall be a minimum tax on the income of a non-resident person arising from a contract.
(1BB) The tax deductible under sub-section (1AA) shall be a final tax on the income of the non-resident person arising out of such payment.
(1BBB) The tax deductible under sub-section (1AAA) shall be minimum tax on the income of non-resident person arising out of such payment."
6a-Proviso omitted by the Finance Act, 2019 omitted proviso read as follow:
"Provided that the provisions of this sub-section shall not apply in respect of a non-resident person unless he opts for the final tax regime."

7-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
8-Sub-sections "(1D) & (1E)" substituted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019.
9-Sub-section "(IDA)" inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
10-Sub-section "(IDB)" inserted by Finance Act, 2021, dated 30-06-2021.
11-For Sub-section "(IE)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
"(1E) The tax deductible under sub-sections (1D) and (1DA)] shall be a final tax in respect of persons and income mentioned therein."
12-The words, brackets, figure and letter were inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
13-The comma, brackets, letter, words were inserted vide Finance Act, 2010 (XVI of 2010)
14-The comma, brackets, figure and letter inserted vide the Finance Act, 2012
15-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
16-Sub-section (2A) was substituted vide the Finance Act, 2012
17-Clauses (i) was renumbered as (a) vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
18-Added vide the Finance Act, 2016 (XXIX of 2016)
19-Clauses (ii) was renumbered as (b) vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
20-Clauses (iii) was renumbered as (c) vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
21-Sub-section (2AA) inserted vide the Finance Act, 2012
22-For Sub-section "(2B)" substituted by Finance Act, 2020, dated 30-06-2020. Before Sub-section "(2B)" read as:
1[(2B) The tax deductible under clause (b) of sub-section (2A) shall be a minimum tax and the provisions of sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (3) 2[***] of section 153 shall mutatis mutandis apply.]
1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
2-Omitted for the words "and sub-section (4A)" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
23-The figure and comma "153" was omitted vide the Finance Act, 2012
24-The figure and comma "155," were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. Earlier, for the word "or" comma was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
25-The word and figure inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
26-Substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution sub-section 4A was as follows:-
i[(4A) The Commissioner may, on application made by the recipient of a payment referred to in subsection (2A) and after making such inquiry as the Commissioner thinks fit, may allow in cases where the tax deductable under sub-section (2A) is adjustable, by order in writing, any person to make the payment, without deduction of tax or deduction of tax at a reduced rate.]
i. Inserted vide Finance Act, 2015
27-Words inserted by Finance Act, 2020, dated 30-06-2020.
28-Substituted for the word "adjustable" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
29-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
30-For the word "thirty" substituted by Finance Act, 2020, dated 30-06-2020.
31-The word and comma inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
32-Word "and" omitted by Finance Act, 2020, dated 30-06-2020.
33-For the full stop inserted by Finance Act, 2020, dated 30-06-2020
34-Sub-clause "(c)" inserted by Finance Act, 2020, dated 30-06-2020
35-Sub-section "(5A)" inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
36-The comma and words were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
37-Substituted for the word "notice" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
38-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution was as under:-
(a) an import of goods where title to the goods passes outside Pakistan [and is supported by import documents], except an [***] import that is part of an overall arrangement for the supply of goods, their installation, and any commission and guarantees in respect of the supply where –
(i) the supply is made by the head office outside Pakistan of a person to a permanent establishment of the person in Pakistan;
(ii) the supply is made by a permanent establishment of the person outside Pakistan to a permanent establishment of the person in Pakistan;
(iii) the supply is made between associates; or
(iv) the supply is made by a resident person or a Pakistan permanent establishment of a nonresident person; or
39-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**1[***]**

1-Section “152A” omitted by Finance Act, 2021, dated 30-06-2021. Earlier Section “152A” inserted vide the Finance Act, 2016 (XXIX of 2016) Before omission read as:

**152A. Payment for foreign produced commercials**.- (1) Every person responsible for making payment directly or through an agent or intermediary to a non resident person for foreign produced commercial for advertisement on any television channel or any other media shall deduct tax at the rate of twenty percent from the gross amount paid.

(2) The tax deductable under sub-section (1), shall be final tax on the income of non-resident person arising out of such payment.]

1**[153. Payments for goods, services and contracts.-** (1) Every prescribed person making a payment in full or part including a payment by way of advance to a resident person 2[***] 3[***] -

(a) for the sale of goods 4[including toll manufacturing] 5[,except where payment is less than seventy-five thousand Rupees in aggregate, during a financial year];

(b) for the rendering of or providing of services 6[except where payment is less than thirty thousand Rupees in aggregate, during a financial year];

(c) on the execution of a contract, 7[including contract signed by a sportsperson] 8[but not including] a contract for the sale of goods or the rendering of or providing of services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule 9[:

Provided that where the recipient of the payment under clause (b) receives the payment through an agent or any other third person and the agent or, as the case may be, the third person retains service charges or fee, by whatever name called, from the payment remitted to the recipient, the agent or the third person shall be treated to have been paid the service charges or fee by the recipient and the recipient shall collect tax along with the payment received.]

(2) Every exporter or an export house making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for rendering of or providing of services of stitching, dying, printing, embroidery, washing, sizing and weaving, shall at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division IV of Part III of the First Schedule.

(3) The tax 10[deductible] under 11[***] sub-section (1) and under sub-section (2) of this section, on the income of a resident person or 12[***], shall be 13[minimum] tax.

Provided that,--

(a) tax deducted under clause (a) of sub-section (1) shall 14[not be minimum tax] where payments are received on sale or supply of goods, by a,--

(i) company being a manufacturer of such goods; or

(ii) public company listed on a registered stock exchange in Pakistan;

15[***]

(c) tax deducted under clause (c) of sub-section (1) shall be adjustable if payments are received by a public company listed on a registered stock exchange in Pakistan, on account of execution of contracts 16[16a[.] 17[***]

17a**[Explanation** - For the removal of doubt, it is explained that the income of resident person referred to in sub-section (3) means the amount on which tax is deductible under sub-section (1) or (2) of this section.]

15[***]

15[***]

(4) The Commissioner may, on application made by the recipient of a payment referred to in sub-section (1) and after making such inquiry as the Commissioner thinks fit, may allow in cases where tax deductible under sub-section (1) is 18[not minimum] by an order in writing, any person to make the payment;

(a) without deduction of tax; or

(b) deduction of tax at a reduced rate 19[:].

19[Provided that the Commissioner shall issue certificate for payment under clause (a) of sub-section (1) without deduction of tax within fifteen days of filing of application to a 20[company] if advance tax liability has been discharged:

Provided further that the Commissioner shall be deemed to have issued the exemption certificate upon the expiry of fifteen days to the aforesaid 21[***] company and the certificate shall be automatically processed and issued by Iris:

Provided also that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.]

23[***]

(5) Sub-section (1) shall not apply to -

(a) a sale of goods where the sale is made by the importer of the goods and tax under section 148 in respect of such goods has been paid and the goods are sold in the same condition as they were when imported;

23[***]

(c) a refund of any security deposit;

(d) a payment made by the Federal Government, a Provincial Government or a Local Government to a contractor for construction materials supplied to the contractor by the said Government or the authority;

24[***]

(f) the purchase of an asset under a lease and buy back agreement by a modaraba, leasing company, banking company or financial institution; or

(g) any payment for securitization of receivables 25[or issuance of sukuks] by a Special Purpose Vehicle to the Originator.

(6) Where any tax is deducted by a person making a payment for Special Purpose Vehicle, on behalf of the Originator, the tax is credited to the Originator.

(7) In this section,-

(i) “prescribed person” means,-

(a) the Federal Government;

(b) a company;

(c) an association of persons constituted by, or under, law;

(d) a non-profit organization;

(e) a foreign contractor or consultant;

(f) a consortium or joint venture;

(g) an exporter or an export house for the purpose of subsection (2);

(h) an association of persons, having turnover of 26[one hundred] million rupees or above in 27[any of the preceding tax years] 28[***]

(i) an individual, having turnover of 26[one hundred] million rupees or above in the 28[any of the preceding tax years;] 29[***]

(j) a person registered under the Sales Tax Act, 1990 30[having turnover of'one hundred million rupees or more in any of the preceding tax years]; 31[or]]

32[(k) a person deriving income from the business of construction and sale of residential, commercial or other buildings(builder); or

(i) a person deriving income from the business of development and sale of residential, commercial or other plots (developer).]

(ii) "services" includes the services of accountants, architects, dentists, doctors, engineers, interior decorators and lawyers, otherwise than as an employee;

(iii) "sale of goods" includes a sale of goods for cash or on credit, whether under written contract or not;

(iv) "manufacturer" means a person who is engaged in production or manufacturing of goods, which includes-

(a) any process in which an article singly or in combination with other articles, material, components, is either converted into another distinct article or product is so changed, transferred, or reshaped that it becomes capable of being put to use differently or distinctly; or

(b) a process of assembling, mixing, cutting or preparation of goods in any other manner; and

(v) "turnover" means,-

(a) the gross sales or gross receipts, inclusive of sales tax and federal excise duty or any trade discounts shown on invoices, or bills, derived from the sale of goods;

(b) the gross fees for the rendering of services for giving benefits including commissions;

(c) the gross receipts from the execution of contracts; and

(d) the company's share of the amounts stated above of any association of persons of which the company is a member.]

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1-Section 153 substituted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011). At the time of substitution section 153 was as under:--

"153. Payments for goods and services.-(I) Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a nonresident person-

(a) for the sale of goods;

(b) for the rendering of i[or providing of ] ii[***] services;

(c) on the execution of a contract, other than a contract for the iii[sale] of goods or the rendering of iv[or providing of] v[***] services, shall, at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of Part III of the First Schedule.

i.. The words inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

ii. The word "professional" was omitted vide the Finance ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

iii. Substituted for the word "supply" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

iv. The words inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

v. The word "Professional" was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

vi[(1A) Every exporter or an export house making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the rendering of or providing of services of stitching, dying, printing, embroidery, washing, sizing and weaving, shall at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division IV of Part III of the First Schedule.
vi. Sub-section (1A) was inserted vide the Finance Act, (III of 2006 assented on 30th June, 2006)
(2) The gross amount payable for a sale of goods shall include the sales tax, if any, payable in respect of the sale.
vii[***]
vii. Sub-section (3) was omitted vide the Finance Act, (III of 2006 assented on 30th June, 2006). At the time of omission sub-section (3) was as under:--
"(3) Every prescribed person making a payment in full or part (including a payment by way of advance) to a non-resident person on the execution of –
a[(a) ***
(b) ***]
(c) a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project; or
(d) any other contract for construction or services rendered, other than a contract to which section 152 applies , b[or] c[(e) a contract for advertisement services rendered by T.V. Satellite Channels,] shall deduct tax from the gross amount payable under the contract at the rate specified in Division III of part III of the First schedule."
a Clauses (a) & (b) were omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005).
At the time of omission clauses (a) & (b) were as under:--
"(a) a turnkey contract
(b) a contract or sub-contract for the design, construction or supply of plant and equipment under a power project;"
b The word inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
c Clause (e) was added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
(4) The Commissioner may, on application made by the recipient of a payment referred to in sub-section (I) viii[***] and after making such enquiry as the Commissioner thinks fit, allow, by order in writing, any person to make the payment without deduction of tax.
viii. The word, brackets and figure "or (3)" omitted vide the finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
(5)-Sub-section (1) shall not apply to –
(a) a sale of goods where –
(i) the sale is made by the importer of the goods;
(ii) the importer has paid tax under section 148 in respect of the goods; and
(iii) the goods are sold in the same condition they were in when imported;
(b) a refund of any security deposit;
ix[(ba) a payment made by the Federal Government, a Provincial Government or a x[Local Government] to a contractor for construction materials supplied to the contractor by the said Government or the authority;]
ix. Clause (ba) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
x. Substituted for the words "Local authority" vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
xi[ (bb) a cotton ginner who deposits in the Government Treasury, an amount equal to the amount of tax deductible on the payment being made to him, and evidence to this effect is provided to the prescribed person;]
xi. Clause (bb) was inserted vide the finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
(c) the purchase of an asset under a lease and buy back agreement by a modaraba, leasing company, banking company or financial institution; or
(d) any payment for securitization of receivables by a Special Purpose Vehicle to the Originator xii[; or]
xii. Substituted for the full stop vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xiii[***]
xiii. Clause (e) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (e) was as under:--
a[(e) a payment made by a small Company as defined in section 2]
a. Clause (e) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
*[(6) The tax deducted under this section shall be a final tax on the income of a resident person arising from transactions referred to in sub-section (1) or (1A):
Provided that sub-section (6) shall not apply to companies in respect of transactions referred to in clause (b) of sub-section (1) xiv[:]]
xv[Provided further that this sub-section shall not apply to payments received on account of (i) advertisement services, by owners of newspapers and magazines;
(ii) sale of goods and execution of contracts by a public company listed on a registered stock exchange in Pakistan xvi[; and]
xvii[(iii) the rendering of or providing of services referred to in sub-clause (b) of subsection (1):
Provided that tax deducted under sub-clause (b) of sub-section (I) of section 153 shall be minimum tax.]
xiv. Substituted for the full stop vide the finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
xv. Proviso was added vide the finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
xvi. Substituted for the full stop vide the finance Act, 2009 (I of 2009 assented on 30th June, 2009)

xvii. Sub-clause (iii) was inserted vide the finance Act, 2009 (I of 2009 assented on 30th June, 2009)
*.Sub-section (6) was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution sub-section (6) was as under:-
"(6) The tax deducted under this section shall be a final tax on the income of a resident person arising from transactions referred to in a[ clause] (a) or (c) of sub-section (1)" substituted for the word "clauses" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)"
a. Substituted for the word "clauses" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xviii[(6A) The provisions of sub-section (6) in so far as they relate to payments on account of supply of goods from which tax is deductible under this section shall not apply in respect of xix[a company] being a manufacturer of such goods. xx[***]
xviiid. Sub-section (6A) was inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xix. Substituted for the words "any person" vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
xx. The words and full stop "The provision of this sub-section shall be deemed always to have been so enacted and shall have had effect accordingly." omitted by the finance Act, 2008 (I of 2008 assented on 26th June, 2008)
xxi[***]
xxi. Sub-section (6B) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission sub-section (6B) was as under:--
a[(6B) The provision of sub-section (6) in so for as they relate to payment on account of sale of goods from which tax is deductible under this section shall apply on account of an individual and Aop. This sub sub-section shall be applicable from tax year 2007.]
a. Sub-section (6B) was inserted vide the finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
xxii[***]
xxii. Sub-section (7) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution sub-section (7) was as under:-
"(7) The tax deducted under this section shall be a final tax on the income of a non-resident person arising from a contract a[ specified in sub-section (3)]"
a. Substituted for the words and comma "under a construction, assembly or a like project in Pakistan" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
(8) Where any tax is deducted by a person making a payment to a Special Purpose Vehicle, on behalf of the Originator, the tax is credited to the Originator.
xxiii[***]
xxiii-Sub-section (8A) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission sub-section (8A) was as under:-
*[(8A) Every person from whom tax is being collected under this section shall disclose his national tax number to the withholding Agent. In case of there being no National Tax Number (NTN), Computerized National Identity Card Number (CNIC) shall be provided, where a person fails to disclose his NTN or CNIC number, as the case may be, at the time of collection or deduction of tax, the rated of withholding tax shall be two percent over and above the rates specified in Division III of Part III of the First schedule;]
*Sub-section (8A) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006) (9) In this section,–
prescribed person means –
(a) the Federal Government;
(b) a company xxiv[***];
xxiv. The words, comma, brackets and figures "other than a small company, as defined in clause (59A) of section 2" were omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008. Earlier these were inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
(c) an association of persons xxv[constituted by, or under] law;
xxv. Substituted for the words "registered under" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
xxvi[(cc) a non-profit organization;]
xxvi. Clause (cc) was inserted vide the finance Act, 2009 (I of 2009 assented on 30th June, 2009)
(d) a foreign contractor or consultant; xxvii [***]
xxvii. The word "or" was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
(e) a consortium or joint venture; xxviii[***]
xxviii. The word "or" was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008.
Earlier it was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
xxix[(f) an exporter or an export house for the purpose of sub-section (1A)
xxx[;]]
xxix. Clause (f) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
xxx. Substituted for the full stop vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
xxxi[(g) an association of persons, having turnover of fifty million rupees or above in tax year 2007 xxxii[or in any subsequent tax year];]
xxxi. Clause (g) was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
xxxii. Substituted for the words "and onwards" vide the 2010 (XVI of 2010)

xxxiii[(h) an individual, having turnover of fifty million rupees or above in the tax year
2009 or in any subsequent year.]
xxxiii. Clause (h) was inserted vide the 2010 (XVI of 2010)
xxxiv[***] Services includes the services of accountants, architects, dentists, doctors, engineers, interior decorators and lawyers, otherwise than as an employee sale of goods includes a sale of goods for cash or on credit, whether under written contract or not xxxv[***].
xxxiv. The word "professional" was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
xxxv. The semicolon and word "; and" was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
xxxvi[ "manufacturer" for the purpose of this section means, a person who is engaged in production or manufacturing of goods, which includes-
(a) any process in which an article singly or in combination with other articles, material, components, is either converted into another distinct article or produce is so changed, transferred, or reshaped that it becomes capable of being put to use differently or distinctly; or
(b) a process of assembling, mixing, cutting xxxvii[***] or preparation of goods in any other manner.]
xxxvi. Expression was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
xxxvii. The commas and words ", packing, repacking "was omitted was inserted vide the finance Act, 2009 (I of 2009 assented on 30th June, 2009)
2-Word "or" omitted by Finance Act, 2020, dated 30-06-2020
3-The words "permanent establishment in Pakistan of a non-resident person" were omitted vide the Finance Act, 2012
4-Words inserted by Finance Act, 2020, dated 30-06-2020.
5-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
6-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
7-Inserted vide the Finance Act, 2014
8-Substituted for the words "other than" vide the Finance Act, 2014
9-For the full stop, a colon was substituted and thereafter the proviso was added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
10-Substituted for the word "deducted" vide the Finance Act, 2012
11-Words "clauses (a) and (c) of" omitted by Finance Act, 2020, dated 30-06-2020
12-The words "permanent establishment in Pakistan of a non-resident person" Omitted vide Finance Act, 2012
13-Substituted for the words "final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
14-Substituted for the words "be adjustable" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
15-Clause "(b), (d) and (e)" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
1[(b) tax deductible shall be a minimum tax on transactions referred to in clause (b) of sub-section (1).]
(d) tax deducted under clause (c) of sub-section (1) in respect of a sportsperson shall be 2[minimum] tax 3[***] 4[;and]]
5[(e) tax deducted under clause (b) of sub-section (1) by person making payments to electronic and print media for advertising services shall be 6[minimum] tax 7[***] ]
12-Clause (b) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution clause (b) was as under:-
"(b) tax deductible shall be a minimum tax on transactions referred to in clause (b) of sub-section (1), provided that-
(i) where the aforesaid minimum tax for providing or rendering services, in respect of sectors as specified in clause (94) of Part IV of the Second Schedule is in excess of tax payable under Division II of Part I of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year;
(ii) where the excess tax is not wholly adjusted, the amount not adjusted shall be carried forward to the following tax year and adjusted against tax liability under the aforesaid Part for that year, and so on, but the said excess shall not be carried forward to more than five tax years immediately succeeding the tax year for which the excess was first paid; and
(iii) the said excess amount shall not be carried forward in case of a company for which provisions of this clause are not applicable under clause (94) of Part IV of the Second Schedule;"
2-Substituted for the words "final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
3-Omitted for the words "with effect from tax year 2013" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
4-Substituted for the "full stop" vide the Finance Act, 2016 (XXIX of 2016)
5-Added vide the Finance Act, 2016 (XXIX of 2016)
6-Substituted for the words "final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
7-Omitted for the words "with effect from the 1st July, 2016" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
16-Semi-Colon and word "and" was substituted for full stop and thereafter new clause was added vide Finance Act, 2015
16a-For the semi colon substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022.
17-The word "and" was omitted vide the Finance Act, 2016 (XXIX of 2016)
17a-Explanation substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022.
18-Substituted for the words "adjustable" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
19-For the full stop and Provisos inserted by Finance Act, 2020, dated 30-06-2020
20-For the words "public company listed on registered stock exchange in Pakistan" substituted by Finance Act, 2021, dated 30-06-2021
21-Words "public listed" omitted by Finance Act, 2021, dated 30-06-2021
22-Sub-section (4A) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission sub-section (4A) was as under:-

“i[(4A) The Commissioner, on an application made by the recipient of a payment referred to in clause (94) of Part IV of the Second Schedule, in cases where the said recipient has fulfilled the conditions as specified in the said clause, by an order in writing for a period of at least three months, may allow any person to make the payment without deduction of tax in respect of payments as referred to in clauses (b) of sub-section (1) of section 153:
Provided that the recipient of the payment has made advance payment of tax equal to two percent of the total turnover of the corresponding period of the immediately preceding tax year.]
i. Clause (iv) and the proviso was vide the Finance (Second Amendment) Act, 2016 (II of 2016 assented on 29th January, 2016)”
23-Clause “(b)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
(b) payments made to traders of yarn by the taxpayers specified in the zero-rated regime of sales tax (as provided under clause (45A) of Part-IV of the Second Schedule);
24-Clause (e) was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission clause (e) was as under:--
(e) a cotton ginner who deposits in the Government Treasury, an amount equal to the amount of tax deductible on the payment being made to him, and evidence to this effect is provided to the “prescribed person”;
25-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)
26-For the word “fifty” substituted by Finance Act, 2020, dated 30-06-2020.
27-Substituted for the word “tax year 2007 or in any subsequent tax year” vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
28-Substituted for the word “tax year 2009 or in any subsequent tax year” vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
29-The word “or” was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
30-The expression inserted through Finance Act, 2020 dated 30th June, 2020
31-The word “or” omitted by the finance Act 2018.
32-Inserted by the finance Act 2018.

**1[***]**

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1-Section 153A was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission section 153A was as under:--

i[153A. Payment to Traders and Distributors.- (1) Every manufacturer, at the time of sale to distributors, dealers and wholesalers, shall collect tax at the rate specified in Part IIA of the First Schedule from the aforesaid persons, to whom such sales have been made

(2) Tax credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the person on the taxable income for the tax year in which the tax was collected.

i. Section (153A) was substituted vide the Finance Act, 2012. AT the time of substitution, section (153A) was as under:--

*[153A. Payments to non-resident media person,-Every person making a payment for advertisement services to a non-resident media person relaying from outside Pakistan shall deduct tax from the gross amount paid at the rate specified in Division IIIA of Part III of the First Schedule.

*Section 153A inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

**1[***]**

1-Section "152B" omitted by Finance Act, 2021, dated 30-06-2021.

**153B. Payment of royalty to resident persons.-** (1) Every person paying an amount of royalty, in full or in part including by way of advance, to a resident person shall deduct tax from the gross amount payable (including Federal excise duty and provincial sales tax, if any) at the rate specified in Division IIIB of Part III of the First Schedule.

(2) The tax deductible under sub-section (1) shall be adjustable.]

**154. Exports.-** (1) Every authorised dealer in foreign exchange shall, at the time of realization of foreign exchange proceeds on account of the export of goods by an exporter, deduct tax from the proceeds at the rate specified in Division IV of Part III of the First Schedule.

(2) Every authorised dealer in foreign exchange shall, at the time of realization of foreign exchange proceeds on account of the commission due to an indenting commission agent, deduct tax from the proceeds at the rate specified in Division IV of Part III of the First Schedule.

(3) Every banking company shall, at the time of realization of the proceeds on account of a sale of goods to an exporter under an inland back-to-back letter of credit or any other arrangement as prescribed by the 1[Board], deduct tax from the amount of the proceeds at the rate specified in Division IV of Part III of the First Schedule.

2[(3A) The Export Processing Zone Authority established under the Export Processing Zone Authority Ordinance, 1980 (VI of 1980), shall at the time of export of goods by an industrial undertaking located in the areas declared by the Federal Government to be a Zone within the meaning of the aforesaid Ordinance, collect tax at the rate specified in Division IV of Part III of the First Schedule.]

3[(3B) Every direct exporter and an export house registered under the Duty and Tax Remission for Exports Rules, 2001 provided in Sub-Chapter 7 of Chapter XII of the Customs Rules, 2001 shall, at the time of making payment for a firm contract to an indirect exporter defined under the said rules, deduct tax at the rates specified in Division IV of Part III of the First Schedule.]

4[(3C) The Collector of Customs at the time of clearing of goods exported shall collect tax from the gross value of such goods at the rate specified in Division IV of Part III of the First Schedule.]

(4) The tax 5[deductible] under 6[this section] shall be a final tax on the income arising from the 7[transactions referred to in this section]

8[(5) The provisions of sub-section (4) shall not apply to a person who opts not to be subject to final taxation:

Provided that this sub-section shall be applicable from tax year 2015 and the option shall be exercised every year at the time of filing of return under section 114:

Provided further that the tax deducted under this sub-section shall be minimum tax.]

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1-The words “Central Board of Revenue” substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-Sub-section (3A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Sub-section (3B) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Sub-section (3C) inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
5-Substituted for the word “deducted” vide Finance Act, 2012
6-The word, figures, brackets and commas “sub-section (1), i[(3), (3A) or (3B)]” were substituted vide the Finance Act, 2006
i. The words were added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002
7-The words “export or sale to an exporter” were substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
8-Inserted vide Finance Act, 2015

**1[154A. Export of Services.-** (1) Every authorized dealer in foreign exchange shall, at the time of realization of foreign exchange proceeds on account of the following, deduct tax from the proceeds at the rates specified in Division IVA of Part III of the First Schedule -

(a) exports of computer software or IT services or IT enabled services in case tax credit under section 65F is not available;

(b) services or technical services rendered outside Pakistan or exported from Pakistan;

(c) royalty, commission or fees derived by a resident company from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise;

(d) construction contracts executed outside Pakistan; and

(e) other services rendered outside Pakistan as notified by the Board from time to time;

(2) The tax deductible under this section shall be a final tax on the income arising from the transactions referred to in this section, upon fulfilment of the following conditions -

(a) return has been filed;

(b) withholding tax statements for the relevant tax year have been filed; and

(c) sales tax returns under Federal or Provincial laws have been filed, if required under the law;

(d) no credit for foreign taxes paid shall be allowed.

(3) The provisions of sub-section (2) shall not apply to a person who does not fulfill the specified conditions or who opts not to be subject to final taxation:

Provided that the option shall be exercised every year at the time of filing of return under section 114.

(4) Where a taxpayer, while explaining the nature and source of any amount, investment, money, valuable article, expenditure, referred to in section 111, takes into account any source of income which is subject to final tax in accordance with the provisions of this section, he shall not be entitled to take credit of a sum that can be reasonably attributed to the business activity or activities mentioned in sub-section (1).

(5) The Board in consultation with State Bank of Pakistan shall prescribe mode, manner and procedure of payment of tax under this section.

(6) The Board shall have power to include or exclude certain services for applicability of provisions of this section.]

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1-Section “154A” inserted by Finance Act, 2021, dated 30-06-2021.

**155. 1[Rent of immoveable] property.-** (1) 2[Every] prescribed person making a payment in full or part (including a payment by way of advance) to any person on account of rent of immovable property (including rent of furniture and fixtures, and amounts for services relating to such property) shall deduct tax from the gross amount of rent paid at the rate specified in Division V of Part III of the First Schedule.

3[**Explanation**.- "gross amount of rent" includes the amount referred to in sub-section (1) or (3) of section 16, if any.]

4[Explanation.- For removal of doubt, it is clarified that the sub section (1) shall apply when a payment is made on account of rent of immoveable property irrespective of head of income.]

5[Omitted]

6[(3) In this section, "prescribed person" means-

(i) the Federal Government;
(ii) a provincial Government;
(iii) 7[Local Government];
(iv) a company;
(v) a non-profit organization; 8[or a charitable institution]
(vi) a diplomatic mission of a foreign state; 9[***]
10[(via) a private educational institution, a boutique, a beauty parlour, a hospital, a clinic or a maternity home;
(vib) individuals or association of persons paying gross rent of rupees one and a half million and above in a year; or]
(vii) any other person notified by the 11[Board] for the purpose of this section.]

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1-For the words "Income from" substituted by Finance Act, 2021, dated 30-06-2021
2-The words, brackets, figure and comma "Subject to sub-section (2), every" substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
3-Explanation was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
4-Explanation added by Finance Act, 2021, dated 30-06-2021
5-Sub-section (2) was omitted vide Finance Act, 2010. At the time of omission sub-section (2) was as under:--
"(2) The tax deducted under sub-section (I) shall be a final tax on the income from property i[***]."
ii. The words and figure "subject to section 15" omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June 2008. Earlier these were inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
Earlier, the sub-section (2) was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution sub-section (2) was as under:-
"(2) Sub-section (1) shall apply only where the annual rent exceeds a[three] hundred thousand rupees."
a. Substituted for the word b[two] vide the Finance Act, 2004 (I of 2004)
b. Substituted for the word one vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-Sub-section (3) was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution sub-section (3) was as under:--
"(3) In this section,- prescribed person means the Federal Government, a Provincial Government, local authority, a company, a non-profit organization or a diplomatic mission of a foreign state."
7-Substituted for the words "local authority" vide the Finance Act, 2008 (I of 2008 assented on 26th June 2008.
8-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
9-The word "or" was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
10-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
11-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

**156. Prizes and winnings.-** (1) Every person paying 1[prize on] a prize bond, or winnings from a raffle, lottery, 2[prize on winning a quiz, prize offered by companies for promotion of sale,] or cross-word puzzle shall deduct tax from the gross amount paid at the rate specified in Division VI of Part III of the First Schedule.

3[(2) Where a prize, referred to in sub-section (1), is not in cash, the person while giving the prize shall collect tax on the fair market value of the prize.]

4[(3) The tax 5[deductible] under sub-section (1) or collected under 6[sub-]section (2) shall be final tax on the income from prizes or winnings referred to in the said sub-sections.]

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1-The words and comma were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-The words and commas inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Sub-section (2) substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (2) was as under:-
"(2) The tax deducted under sub-section (1) shall be a final tax on the income from property."
4-Sub-section (3) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (3) was as under:-
"(3) The tax deducted under sub-section (1) shall be a final tax on the prize bond or winnings."
5-Substituted for the word "deducted" vide Finance Act, 2012
6-Inserted vide the Finance Act, 2014

1**[156A. Petroleum Products.-** (1) Every person selling petroleum products to a petrol pump operator shall deduct tax from the amount of commission or discount allowed to the operator at the rate specified in Division VIA of Part III of the First schedule.

(2) The tax 2[deductible] under sub-section (1) shall be a final tax on the income arising from the sale of petroleum products to which sub-section (1) applies.]

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1-Section 156A was added vide the Finance Act, 2004 (I of 2004 assented on 30th June, 2004)
2-Substituted for the word "deducted" vide Finance Act, 2012

**1[***]**

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1-Section "156B" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

1**[156B. Withdrawal of balance under Pension Fund.-** (1) A pension fund manager making payment from individual pension accounts, maintained under any approved Pension Fund, shall deduct tax at the rate specified in sub-section (6) of section 12 from any amount -

(a) Withdrawn before the retirement age 2[:]

3[Provided that the tax shall not be deducted in case of the eligible person suffering from any disability as mentioned in sub-rule (2) of rule 17 of the Voluntary Pension System Rules, 2005 which renders him unable to continue with any employment at the age which he may so elect to be treated as the retirement age or the age as on the date of such disability if not so elected by him.]

4[Provided further that the tax shall not be deducted on the share of the nominated survivor of the deceased eligible person and would be treated as if the eligible person had reached the age of retirement]

(b) withdrawn, if in excess of 5[fifty percent] of his accumulated balance at or after the retirement age:

6[Provided that the tax shall not be deducted in case, the balance in the eligible persons' individual pension account is invested in an approved income payment plan of a pension fund manager or paid to a life insurance company for the purchase of an approved annuity plan or is transferred to another individual pension account of the eligible person or the survivors' pension account in case of death of the eligible person maintained with any other pension fund manager as specified in the Voluntary Pension System Rules, 2005.]

1-Section 156B was inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

2-The semicolon was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)

3-Proviso was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)

4-Proviso was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)

5-Substituted for the figure "25%" vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

6-Proviso was substituted by the by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution proviso was as under:--

"Provided that the tax shall not be deducted in case, the balance in the persons' individual pension account is invested in an approved income payment plan of a pension fund manager or paid to a life insurance company for the purchase of an approved annuity plan or is transferred to another individual pension account of the taxpayer maintained with any other Pension Fund Manager under Change of Pension Fund Manager option specified in the Voluntary Pension System Rules, 2005."

**1[***]**

1-Section 157 was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission section 157 was as under:--

"157. Petroleum products.- (1) Every person selling petroleum products to a petrol pump operator shall deduct tax from the amount of commission or discount allowed to the operator at the rate specified in Division VII of Part III of the First Schedule. (2) The tax deducted under sub-section (1) shall be a final tax on the income arising from the sale of petroleum products to which sub-section (1) applies."

1**[158. Time of deduction of tax.-** A person required to deduct tax from an amount paid by the person shall deduct tax -

(a) in the case of deduction under section 151, at the time the amount is 2[paid or] credited to the account of recipient 3[, whichever is earlier]; and

(b) in other cases, at the time the amount is actually paid 4[; and

(c) amount actually paid shall have the meaning as may be prescribed.]

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1-Section 158 was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission section 157 was as under:--
"158. Time of deduction of tax.- A person required to deduct tax from an amount paid by the person shall deduct the tax at the earlier of –
(a) the time the amount is credited to the account of the recipient; or
(b) the time of amount is actually paid."
2-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Full stop was substituted with "; and" and thereafter new clause was inserted vide Finance Act, 2015

## Division IV
## General Provisions Relating to the Advance Payment of Tax or the Deduction of Tax at Source

**159. Exemption or lower rate certificate.-** (1) Where the Commissioner is satisfied that an amount 1[***] to which Division II or III of this Part 2[or Chapter XII] applies is -

(a) exempt from tax under this Ordinance; or

(b) subject to tax at a rate lower than that specified in the First Schedule,

the Commissioner shall, upon application in writing by the person 3[in the prescribed form], issue the person 3[in the prescribed form] with an exemption or lower rate certificate 4[;or]

5[(c) is subject to hundred per cent tax credit under 6[under this Ordinance], ]

the Commissioner shall, upon application in writing by the person, 7[in the prescribed form] issue the person with an exemption or lower rate certificate 8[:]]

8[Provided that in case of a company, the Commissioner shall issue exemption or lower rate certificate under this section within fifteen days of filing of application by the company:

Provided further that the Commissioner shall be deemed to have issued the exemption certificate upon the expiry of fifteen days from filing of application by the aforesaid company and the certificate shall be automatically processed and issued by Iris:

Provided also that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.]

9[(1A) The Commissioner shall, upon application from a person 3[in the prescribed form] whose income is not likely to be chargeable to tax under 10[***] this Ordinance, issue exemption certificate for the profit on debt referred to in clause (c) of sub-section (1) of section 151.]

(2) A person required to collect advance tax under Division II of this Part or deduct tax from a payment under Division III of this Part 11[or deduct or collect tax under Chapter XII] shall collect or deduct the full amount of tax specified in Division II or III 12[or Chapter XII], as the case may be, unless there is in force a certificate issued under sub-section (1) relating to the collection or deduction of such tax, in which case the person shall comply with the certificate.

13[***]

(6) Notwithstanding omission of sub-section (3), (4) and (5) any notification issued under the said sub-sections and for the time being in force, shall continue to remain in force unless rescinded by the Board through notification in the official Gazette;]

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1-The words “paid to a person” were omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Words inserted by Finance Act, 2020, dated 30-06-2020.
4-Substituted for the comma, a semicolon and the word”; or” vide the Finance Act, 2014
5-Added vide the Finance Act, 2014
6-For the expression “Section 100C” substituted by Finance Act, 2021, dated 30-06-2021

7-The words inserted through Finance Act, 2020 dated 30th June, 2020
8-For the full stop and thereafter Provisos added by Finance Act, 2021, dated 30-06-2021
9-Sub-section (1A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
10-The word "the" was omitted vide the Finance Act, 2004 (I of 2004 assented on 30th June, 2004)
11-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
12-Inserted by the Finance Act, 2003
13-Sub-sections 3 to 5 were omitted vide Finance Act, 2015. Sub-section (6) was added vide the Finance Act, 2015.
At the time of omission sub-sections were as under:-
"(3) The Board may, from time to time, by notification in the official Gazette –
(a) amend the rates of withholding tax prescribed under this Ordinance; or
(b) exempt persons, class of persons, goods or class of goods from withholding tax under this Ordinance.
i[(4) All such amendments shall have effect in respect of any tax year beginning on any date before or after the commencement of the financial year in which the notification is issued and shall not be applicable in respect of income on which tax withheld is treated as discharge of final tax liability.]
i Sub-section (4) was added vide the Finance Act, 2007
ii[(5) The Board shall place all notifications issued under sub-section (3) in a financial year before both Houses of Majlis-e-Shoora (Parliament)]"
ii Sub-section (5) was added vide the Finance Act, 2007

**160. Payment of tax collected or deducted.-** Any tax that has been collected or purported to be collected under Division II of this Part or deducted or purported to be deducted under Division III of this Part 1[or deducted or collected, or purported to be deducted or collected under Chapter XII] shall be paid to the Commissioner by the person making the collection or deduction within the time and in the manner as may be prescribed.

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1-The words, comma and figure was inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**161. Failure to pay tax collected or deducted.-** (1) Where a person -

(a) fails to collect tax as required under Division II of this Part 1[or Chapter XII] or deduct tax from a payment as required under Division III of this Part 2[or Chapter XII] 3[or as required under section 50 of the repealed Ordinance]; or

(b) having collected tax under Division II of this Part 4[or Chapter XII] or deducted tax under Division III of this Part 5[or Chapter XII] fails to pay the tax to the Commissioner as required under section 160, 6[or having collected tax under section 50 of the repealed Ordinance pay to the credit of the Federal Government as required under sub-section (8) of section 50 of the repealed Ordinance,] the person shall be personally liable to pay the amount of tax to the Commissioner 7[who may 8[pass an order to that effect and] proceed to recover the same.]

9[(1A) No recovery under sub-section (1) shall be made unless the person referred to in sub-section (1) has been provided with an opportunity of being heard.

(1B) Where at the time of recovery of tax under sub-section (1) it is established that the tax that was to be deducted from the payment made to a person or collected from a person has meanwhile been paid by that person, no recovery shall be made from the person who had failed to collect or deduct the tax but the said person shall be liable to pay 10[default surcharge] at the rate of 11[twelve] percent per annum from the date he failed to collect or deduct the tax to the date the tax was paid.]

(2) A person personally liable for an amount of tax under sub-section (1) as a result of failing to collect or deduct the tax shall be entitled to recover the tax from the person from whom the tax should have been collected or deducted.

12[(3) The Commissioner may, after making, or causing to be made, such enquiries as he deems necessary, amend or further amend an order of recovery under sub-section (1), if he considers that the order is erroneous in so far it is prejudicial to the interest of revenue:

Provided that the order of recovery shall not be amended, unless the person referred to in sub-section (1) has been provided an opportunity of being heard.]

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1-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on15th June, 2002)
3-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003. Earlier this amendment was made vide Notification No. S.R.O. 633(I)/2002, dated 14th September, 2002 and which of S.R.O. 633(I)/2002, dated 14th September, 2002 rescinded vide Notification No. S.R.O. 608(I)/2003 dated 24th June, 2003 with effect from 1st July, 2003.
4-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003.
5-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on15th June, 2002)
6-The words and figures, brackets were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003. Earlier this amendment was made vide S.R.O. 633(I)/2002, dated 14th September, 2002 and which of S.R.O. 633(I)/2002, dated 14th September, 2002 rescinded vide S.R.O. 608(I)/2003 dated 24th June, 2003 with effect from 1st July, 2003.
7-The words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).
8-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003.
9-New sub-sections "(1A) & (1B)" were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).
10-Substituted for the word "additional tax" vide the Finance Act, 2010 (XVI of 2010. This amendment was effective from 5th June, 2010 vide the declaration made under the provisional Collection of taxes Act, 1931 (XVI of 1931. Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th June, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009).
11-Substituted for the word "eighteen" vide Finance Act, 2015.
12-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019.

**162. Recovery of tax from the person from whom tax was not collected or deducted.-** (1) Where a person fails to collect tax as required under Division II of this Part 1[or Chapter XII] or deduct tax from a payment as required under Division III of this Part 2[or Chapter XII,] the Commissioner may 3[pass an order to that effect and] recover the amount not collected or deducted from the person from whom the tax should have been collected or to whom the payment was made.

(2) The recovery of tax under sub-section (1) does not absolve the person who failed to deduct tax as required under Division III of this Part 4[or Chapter XII] from any other legal action in relation to the failure, or from a charge of 5[default surcharge] or the disallowance of a deduction for the expense to which the failure relates, as provided for under this Ordinance.

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1-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on15th June, 2002)
3-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002) (XXVII of 2002 promulgated on 15th June, 2002)
5-The word “additional tax” was substituted vide the Finance Act, 2010 (XVI of 2010. This amendment was effective from 5th June, 2010 vide the declaration made under the provisional Collection of taxes Act, 1931 (XVI of 1931 Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th June, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

**163. Recovery of amounts payable under this Division.-** The provisions of this Ordinance shall apply to any amount required to be paid to the Commissioner under this Division as if it were tax due under an assessment order.

**164. Certificate of collection or deduction of tax.-** (1) Every person collecting tax under Division II of this Part or deducting tax from a payment under Division III of this Part 1[or 2[deducting or collecting tax under] Chapter XII] shall, at the time of collection or deduction of the tax, furnish to the person from whom the tax has been collected or to whom the payment from which tax has been deducted has been made, 3[copies of the challan of payment or any other equivalent document along with] a certificate setting out the amount of tax collected or deducted and such other particulars as may 4[***] be prescribed.

(2) A person required to furnish a return of taxable income for a tax year shall attach to the return 5[copies of the challan of payment on the basis of which a certificate is] provided to the person under this section in respect of tax collected or deducted in that year 6[***].]

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1-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on15th June, 2002)
2-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-The words were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
4-The words "pass an order to that effect and" omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
5-The words "any certificate" were substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
6-The words and figure "and such certificate shall be treated as sufficient evidence of the collection or deduction for the purposes of section 168" were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. These words and figure were added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**165. Statements.-** (1) Every person collecting tax under Division II of this Part 1[or Chapter XII] or deducting tax from a payment under Division III of this Part 2[or Chapter XII] shall, 3[***], furnish to the Commissioner a 4[ 5[quarterly]] statement in the prescribed form setting out-

(a) the name 6[Computerized National Identity Card Number, National Tax Number] and address of each person from whom tax has been collected under Division II of this Part 7[or Chapter XII 8[or the Tenth Schedule]] or to whom payments have been made from which tax has been deducted under Division III of this Part 9[or Chapter XII 10[or the Tenth Schedule]]] in 11[each quarter]

(b) the total amount of payments made to a person from which tax has been deducted under Division III of this Part 12[or Chapter XII 13[or the Tenth Schedule]]] in 143[each 15[ 16[quarter]]

(c) the total amount of tax collected from a person under Division II of this Part 17[or Chapter XII 18[or the Tenth Schedule]] or deducted from payments made to a person under Division III of this Part 19[or Chapter XII 20[or the Tenth Schedule]] in 21[each 22[ 23[quarter]] and

(d) such other particulars as may be prescribed 24[:]

25[Provided that every person as provided in sub-section (1) shall be required to file withholding statement even where no withholding tax is collected or deducted during the period] 25a[:]

26[Provided further that this section shall not apply where information required under sub-section (1) has been furnished under section 165A.]

27[Explanation.-For the removal of doubt, it is clarified that this sub-section overrides all conflicting provisions contained in the Protection of Economic Reforms Act, 1992 (XII of 1992), the Banking Companies Ordinance, 1962 (LVII of 1962), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), if any, on the subject, in so for as divulgence of information under section 165 is concerned.]

28[(1A) Every person involved or engaged in economic transactions as prescribed by the Board shall furnish to the Commissioner a quarterly statement in the prescribed form and manner.]

29[(2) Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax under Division III of this Part of Chapter XII 30[or the Tenth Schedule]] shall furnish statements under sub-section (1) 31[or (1A)] as per the following schedule, namely:-

32[(a) in respect of quarter ending on the 31st day of March, on or before the 20th day of April;

(b) in respect of quarter year ending on the 30th day of June, on or before the 20th day of July;

(c) in respect of quarter ending on the 30th day of September, on or before the 20th day of October; and

(d) in respect of quarter ending on or before the 31st day of December, on or before the 20th January.]

33[(2A) Any person who, having furnished statement under sub-section (1) or sub-section (2), discovers any omission or wrong statement therein, may file a revised statement within sixty days of filing of statement under sub-section (1) or sub-section (2), as the case may be.]

34[(2B) Notwithstanding anything contained in this section, the Commissioner as he deems fit may by notice in writing require any person, collecting or deducting tax under this Ordinance, to furnish a statement for any period specified in the notice within such period of time as may be specified in the notice.]

35[(3) 36[Board] may prescribe a statement requiring any person to furnish information 37[***] in respect of any transactions in the prescribed form and verified in the prescribed manner 38[.]

39[(4) A person required to furnish a statement under sub-section 40[(1)], may apply in writing, to the Commissioner for an extension of time to furnish the statement after the due date and the Commissioner if satisfied that a reasonable cause exists for non-furnishing of the statement by the due date may, by an order in writing, grant the applicant an extension of time to furnish the statement.]

41[(5) The Board may make rules relating to electronic furnishing of statements under this section including.]

(a) mandatory electronic filing of statements; and
(b) determination of eligibility of the data of such statements and e- intermediaries, etc.]

42[(6) Every person deducting tax from payment under section 149 shall furnish to the Commissioner an annual statement in the prescribed form and manner 43[.]

44**[***]**

45[(7) Every prescribed person collecting tax under Division II of this Part, Chapter XII or the Tenth Schedule or deducting tax from a payment under Division III of this Part, Chapter XII or the Tenth Schedule shall, e-file to the Commissioner an annual statement for the relevant tax year within thirty days of the end of tax year in addition to statement to be filed under sub-section (6) of this section.

(8) Every prescribed person collecting tax under Division II of this Part or Chapter XII, the Tenth Schedule or deducting tax from a payment under Division III of this Part, Chapter XII or the Tenth Schedule shall also e-file to the Commissioner a statement in the prescribed form reconciling the amounts mentioned in annual statement filed under sub-section (7) with the amounts declared in the return, audited accounts or financial statements by the due date of filing of return of income as provided under section 118 of the Ordinance.]

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1-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on15th June, 2002)
3-The words and comma “within two months after the end of the financial year or within such further time as the commissioner may allow by i[order] in writing “were omitted vide the Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010
i. Substituted for the word “notice” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003
4-The words were inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
5-For the word “biannual” substituted by Finance Act, 2020, dated 30-06-2020. Earlier substituted for the word “monthly” vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
6-The words were inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
7-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
8-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
9-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
10-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
11-Substituted for the words “the year” vide Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010
12-The words and figure were inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
13-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
14-Substituted for the words “the year” vide Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010
15-Substituted for the words “quarter” vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
16-For the word “half year” substituted by Finance Act, 2020, dated 30-06-2020. Earlier substituted for the word “month” vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
17-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
18-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
19-The words and figure were inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
20-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
21-Substituted for the words “the year” vide Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010
22-Substituted for the words “quarter” vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
23-For the word “half year” substituted by Finance Act, 2020, dated 30-06-2020. Earlier substituted for the word “month” vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
24-Substituted for the full stop vide Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010

25-Proviso was added vide Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010
26-For the full stop and Proviso inserted by Finance Act, 2020, dated 30-06-2020
27-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
28-Sub-section "(1A)" substituted by Finance Act, 2020, dated 30-06-2020
29-Sub-section (2) was substituted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019. At the time of substitution sub-section (2) was as under:-
"(2) Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax from a payment under Division III of this Part or Chapter XII shall furnish or e-file statements under sub-section (1) by the 15th day of the month following the month to which the withholding tax pertains."
30-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
31-Expression inserted by Finance Act, 2020, dated 30-06-2020.
32-For Clauses "(a) and (b)" inserted by Finance Act, 2020, dated 30-06-2020. Before substitution read as under:
"(a) in respect of the half-year ending on the 30th June, on or before the 31st day of July; and
(b) in respect of the half-year ending on the 31st December, on or before the 31st day of January"
33-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
34-Inserted Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
35-Sub-section (3) was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
36-The words "Central Board of Revenue" were substituted by Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
37-The word "periodically" was omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
38-Substituted for the colon vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
39-Sub-section (4) was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
40-Substituted for the brackets and figure "(2)" vide Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010
41-Sub-section (5) was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
42-Sub-section (6) was added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
43-For the semicolon a full stop was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
44-Proviso omitted by the Finance Act, 2013. The omitted proviso read as follows:
"Provided that annual statement shall also be filed where the income exceeds three hundred thousand rupees but does not exceed three hundred and fifty thousand rupees in a tax year."
45-Sub-sections "(7) and (8)" added by Finance Act, 2021, dated 30-06-2021

1**[165A. Furnishing of information by banks.-** (1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 VII of 1947) and the regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), if any, on the subject, every banking company shall make arrangements to provide to the Board in the prescribed form and manner,-

2[(a) a list of persons containing particulars of cash withdrawals exceeding fifty thousand Rupees in a day and tax deductions thereon 3[***] aggregating to Rupees one million or more during each preceding calendar month.]

(b) a list containing particulars of deposits aggregating rupees 4[ten] million or more made during the preceding calendar month;

(c) a list of payments made by any person against bills raised in respect of a credit card issued to that person, aggregating to rupees 5[two] hundred thousand or more during the preceding calendar month;

6[(d) a list of persons receiving profit on debt 7[***] 8[***] and tax deductions thereon during preceding financial year 9[; and]

10[***]

11(f) a list of persons containing particulars of their business accounts opened or re-designated during each preceding calendar month.]

(2) Each banking company shall also make arrangements to nominate a senior officer at the head office to coordinate with the Board for provision of any information and documents in addition to those listed in sub-section (1), as may be required by the Board.

(3) The banking companies and their officers shall not be liable to any civil, criminal or disciplinary proceedings against them for furnishing information required under this Ordinance.

(4) Subject to section 216, all information received under this section shall be used only for tax purposes and kept confidential.]

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1-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
2-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution the proviso appeared as follows:-
"(a) online access to its central database containing details of its account holders and all transactions made in their accounts;"
3-Omitted for the words "for filers and non-filers" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
4-Substituted for the word "one" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
5-Substituted for the word "one" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
6-Sub-clause (d) was substituted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018. At the time of substitution the sub-clause (d) appeared as under:-
"(d) a consolidated list of loans written off exceeding rupees one million during a calendar year;"
7-The Words "exceeding five hundred thousand rupees" omitted by Finance Act, 2020, dated 30-06-2020. Earlier it was omitted for the words "one million rupees for filers and" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
8-Omitted for the words "for non-filers" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
9-For the semi colon substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022
10-Sub-clause (e) was omitted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018. At the time of Omission the sub-clause (e) appeared as follows:-
"(e) a copy of each currency transactions report and suspicious transactions report generated and submitted by it to the Financial Monitoring Unit under the Anti-Money Laundering Act, 2010 (VII of 2010)."
11-Clause "(f)" substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022

1**[165B. Furnishing of information by financial institutions including banks.-** (1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and any regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), on the subject every financial institution shall make arrangements to provide information regarding non-resident 2[or any other reportable] Persons to the Board in the prescribed form and manner for the purpose of automatic exchange of information under bilateral agreement or multilateral convention.

(2) 3[All] Subject to section 216, all information received under this section shall be used only for tax and related purposes and kept confidential.]

4[(3) For the purpose of this section, the terms "reportable person" and "financial institution" shall have the meaning as provided in Chapter XIIA of the Income Tax Rules, 2002.]

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1-Inserted vide Finance Act, 2015
2-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
3-Substituted for the words and figures "Subject to section 216, all" vide the Finance Act, 2016 (XXIX of 2016)
4-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**166. Priority of tax collected or deducted.-** (1) Tax collected by a person under Division II 1[of this Part or Chapter XII] or deducted from a payment under Division III of this Part 2[or Chapter XII] shall be -

(a) held by the person in trust for the 3[Federal] Government; and

(b) not subject to attachment in respect of any debt or liability of the person.

(2) In the event of the liquidation or bankruptcy of a person who has collected 4[***] or deducted tax from a payment under Division III of this Part 5[or Chapter XII], the amount collected or deducted shall not form part of the estate of the person in liquidation or bankruptcy and the Commissioner shall have a first claim for that amount before any distribution of property is made.

(3) Every amount that a person is required to deduct from a payment under Division III of this Part 6[or Chapter XII] shall be -

(a) a first charge on the payment; and

(b) deducted prior to any other amount that the person may be required to deduct from the payment by virtue of an order of any Court or under any other law.

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1-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-The words "tax under Division II of this Part" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
5-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
6-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**167. Indemnity.-** A person who has deducted tax from a payment under 1[Division III of this Part] 2[or Chapter XII] and remitted the deducted amount to the Commissioner shall be treated as having paid the deducted amount to the recipient of the payment for the purposes of any claim by the recipient for payment of the deducted tax.

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1-Substituted for the words, figure and comma "[Division II,] Division III" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-The words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**168. Credit for tax collected or deducted.-** (1) For the purposes of this Ordinance -

(a) the amount of any tax deducted from a payment under Division III of this Part 1[or Chapter XII] shall be treated as income derived by the person to whom the payment was made; and

(b) the amount of any tax collected under Division II of this Part 2[or Chapter XII] or deducted under Division III of this Part 3[or Chapter XII] shall be treated as tax paid by the person from whom the tax was collected or deducted.

(2) Subject to sub-sections 4[(2A), (2B),] (3) and (4), where an amount of tax has been collected from a person under Division II of this Part 5[or Chapter XII] or deducted from a payment made to a person under Division III of this Part 6[or Chapter XII], the person shall be allowed a tax credit for that tax in computing the tax due by the person on the taxable income of the person for the tax year in which the tax was collected or deducted.

7[(2A) Where a company is a member of an association of persons which is taxed in accordance with section 92 and an amount of tax has been collected from an association of persons under Division II of this Part or Chapter XII or deducted from a payment made to the said association under Division III of this Part or Chapter XII, the company shall be allowed a tax credit, in respect of tax collected or deducted from the association of persons, according to the following formula, namely:-

(A/B) x C

Where -

A is the amount of share of profits before tax received by the company as a member from the association of persons;

B is the taxable income of the association of persons; and

C is the amount of tax withheld in the name of the association of persons.

(2B) No tax credit shall be allowed for any tax collected or deducted from an association of persons in respect of an amount for which credit has been allowed under sub-section (2A) to a company being a member of the association.]

8[(3) No tax credit shall be allowed for any tax collected or deducted that is a final tax under,

9[***]

10[ca) sub-section (IE) of section 152;

(cb) sub-section (2) of section 152 A;]

(e) sub-section (4) of section 154;

11[(ea) sub-section (2) of section 154A;]

(f) sub-section (3) of section 156;

(g) sub-section (2) of section 156A;

12[***]

13[***]

14[***]

(4) A tax credit allowed under this section shall be applied in accordance with sub-section (3) of section 4.

(5) A tax credit or part of a tax credit allowed under this section for a tax year that is not able to be credited under sub-section (3) of section 4 for the year shall be refunded to the taxpayer in accordance with section 170.

15[(6) Notwithstanding anything contained in any other law or any rules for the time being in force, no amount shall be deducted on account of service charges from the tax withheld or collected by any person under the provisions of this Ordinance.]

16[(7) In case any amount is deducted on account of service charges, by the person, the said person will be liable to pay the said amount to the Federal Government and all the provisions of this Ordinance shall apply in so far as they apply to the recovery of tax.]

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1-The words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-The words and figure were inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
4-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
5-The words and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-The words and figure were inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
7-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
8-Sub–section (3) was substituted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011. At the time of substitution Sub–section (3) was as under:--
"(3) No tax credit shall be allowed for any tax collected or deducted that is a final tax under i[***]
ii[clauses (a), (b) and (d) of sub-section (I) of section 151, sub-section (1B) of section 152,] iii[subsection (6)] of section 153, sub-section (4) of section 154, iv[section 155] sub-section (3) of section 156, v[sub-section (2) of section 156A, section 233, clauses (a) and (b) of sub-section (I) of section 233A] or vi[ sub-section (5) of section 234 vii[or section 234A.]"
i. The words, figure, brackets and comma "sub-section (7) of section 148, was omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
ii. The words, figure, brackets and comma was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
iii. Substituted for the words, brackets and figures "sub-sections (6) or (7) vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
iv. The words, figure and comma was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
v. The words, figure, brackets and comma was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
vi. Substituted for the words, brackets and figures "sub-section 157 (XXVII of 2002 promulgated on 15th June, 2002)
vii. The comma, word, figure and letter was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007
9-Clauses (a), (b), (c) and (d) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clauses (a), (b), (c) and (d) was as under:-
"(a) sub-section (7) of section 148;
(b) sub-section (3) of section 151;
(c) sub-section (1B) and (1BB) of section 152;
(d) sub-section (3) of section 153;"
10-Clauses "(ca) and (cb)" inserted by Finance Act, 2020, dated 30-06-2020.
11-Clause "(ea)" inserted by Finance Act, 2021, dated 30-06-2021
12-Clause (h) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clause (h) was as under:-
"(h) sub-section (3) of section 233; and"
13-Clause (i) was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission said clause was as under:-
"(i) sub-section (5) of section 234; and"
14-Clause (j) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clause (j) was as under:-
"(j) sub-section (3) of section 234A."
15-Sub-section (6) was added vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
16-Sub-section (7) was added vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**169. Tax collected or deducted as a final tax.-** (1) This section shall apply where -

1[***]

(b) the 2[tax required to be deducted] is a final tax under 3[sub-section (1E) of section 152, 152A] sub-section (4) of section 154, 3a[sub-section (2) of section 154A,] 12[***] sub-section (3) of section 156, 4[Sub-section (3) of section 156, 5[***] 6[sub-section (2) of section 156A or 7[***] 9[***]] 10[***] on the income from which it 11[was deductible].

(2) Where this section applies -

(a) the income shall not be chargeable to tax under any head of income in computing the taxable income of the person;

(b) no deduction shall be allowable under this Ordinance for any expenditure incurred in deriving the income;

(c) the amount of the income shall not be reduced by -

(i) any deductible allowance under Part IX of Chapter III; or

(ii) the set off of any loss;

(d) the tax deducted shall not be reduced by any tax credit allowed under this Ordinance; 12[***]

(e) there shall be no refund of the tax collected or deducted 13[unless the tax so collected or deducted is in excess of the amount for which the taxpayer is chargeable under this Ordinance] 14[; and]

15[(f) tax deductible has not been deducted, or short deducted, the said non deduction or short deduction may be recovered under section 162, and all the provisions of this Ordinance shall apply accordingly.]

(3) Where all the income derived by a person in a tax year is subject to final taxation under the provisions referred to in sub-section (1) or under sections 5, 6 16[and] 7, 17[***] 18[an assessment shall be treated to have been made under section 120 19[***].

20[Explanation.- The expression, "an assessment shall be treated to have been made under section 120" means,-

(a) the Commissioner shall be taken to have made an assessment of income for that tax year, and the tax due thereon equal to those respective amounts specified in the return 21[***]; and

(b) the return 21[***] shall be taken for all purposes of this Ordinance to be an assessment order.]

22[(4) Where the tax collected or deducted is final tax under any provision of this Ordinance and hundred percent higher tax rate has been prescribed for the said tax under the Tenth Schedule, the final tax shall be the tax rate prescribed in the First Schedule and the excess tax collected under the Tenth Schedule specified for persons not appearing in the active taxpayers' list shall be adjustable in case the return is filed before finalization of assessment as provided in rule 4 of the Tenth Schedule.]

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1-Clause "(a)" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
"(a) the 1[advance tax required to be collected 2[or paid]] is a final tax under sub-section (7) of section 148 3[, 148A] 4[***] 5[or section 234A]] on the income to which it relates; or"
1-Inserted vide Finance Act, 2015
2-Inserted vide Finance Act, 2015
3-The words, brackets and figure "or sub-section (5) of section 234" were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. The words, brackets and figure were, earlier, inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003
4-The words, figure and letter was Inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

5-Substituted for the word “deduction of tax” vide the Finance Act, 2012
2-For the words, brackets, comma and figure “clauses (a), (b) and (d) of sub-section (1) of section 151” the words, brackets and figure “sub-section (3) of section 151 was substituted vide the Finance Act, 2011 (XV1 of 2006) assented on 29th June, 2011. Earlier, the words, figure, brackets and letter “clauses (a), (b) and (d) of sub-section (1) of section 151, sub-section (1B) of section 152” were inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
3-For the expression “sub-section (3) of section 151, sub-section (1B) or sub-section (1BB) of section 152, sub-section (3) of section 153, sub-section l(AAA) of section 152” inserted by Finance Act, 2020, dated 30-06-2020
3a-Expression inserted by Finance Act, 2021, dated 30-06-2021
4-The words, brackets, figures and letter were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
5-The words, figures and brackets “or sub-section (2) of section 157” omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
6-The words, brackets figures and letter were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
7-Expression “sub-section (1) and (3) or section 233” omitted by Finance Act, 2020, dated 30-06-2020.
7-The words, brackets, figures and letter were inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
8-Substituted for the word “of” vide the Finance Act, 2014
9-The words, brackets, figure and letters “or clause (a) and clause (b) of sub-section (1) of section 233A” were omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
10-The comma, words, brackets and figures”, or sub-section (2) of section 157 were omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
11-Substituted for the words “has been deducted” vide the Finance Act, 2012
12-The word “and” omitted vide the Finance Act, 2012
13-The words were added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
14-Substituted for the full stop vide the Finance Act, 2012
15-Clause (f) was added vide Finance Act, 2012
16-The word “and” was substituted for comma vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
17-The words “and 15, other than dividend received by a company” were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. Earlier the words “and 15,” were inserted vide the Finance Act, 2010 (XVI of 2010) and the words “other than dividend received by a company” were inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
18-The words and figure were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
19-Expression “and the person shall not be required to furnish a return of income under section 114 for the year” omitted by Finance Act, 2020, dated 30-06-2020.
20-Inserted by the Finance Act, 2010
21- Expression “or statement under sub-section (4) of section 115” omitted by Finance Act, 2020, dated 30-06-2020.
22-Sub-section (4), was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution sub-section (4) was as under:-
“(4) Where the tax collected or deducted is final tax under any provision of the Ordinance and separate rates for filer and non-filer have been prescribed for the said tax, the final tax shall be the tax rate for filer and the excess tax deducted or collected on account of higher rate of non-filer shall be adjustable in the return filed for the relevant tax year.
[Explanation.-The expression, an assessment shall be treated to have been made under section 120 means, (b) the Commissioner shall be taken to have made an assessment of income for that tax year, and the tax due thereon equal to those respective amounts specified in the return or statement under sub-section (4) of section 115; and
(c) the return or the statement under sub-section (4) of section 115 shall be taken for all purposes of this Ordinance to be an assessment order.”

## PART VI
## REFUNDS

**170. Refunds.-** (1) A taxpayer who has paid tax in excess of the amount which the taxpayer is properly chargeable under this Ordinance may apply to the Commissioner for a refund of the excess.

1[(1A) Where any advance or loan, to which sub-clause (e) of clause (19) of section 2 applies, is repaid by a taxpayer, he shall be entitled to a refund of the tax, if any, paid by him as a result of such advance or loan having been treated as dividend under the aforesaid provision.]

(2) An application for a refund under sub-section (1) shall be -

(a) made in the prescribed form;

(b) verified in the prescribed manner; and

(c) made within 2[three] years of the later of -

(i) the date on which the Commissioner has issued the assessment order to the taxpayer for the tax year to which the refund application relates; or

(ii) the date on which the tax was paid.

(3) Where the Commissioner is satisfied that tax has been overpaid, the Commissioner shall-

(a) apply the excess in reduction of any other tax due from the taxpayer under this Ordinance;

(b) apply the balance of the excess, if any, in reduction of any outstanding liability of the taxpayer to pay other taxes; and

(c) refund the remainder, if any, to the taxpayer.

(4) The Commissioner shall, within 3[sixty] days of receipt of a refund application under sub-section (1), serve on the person applying for the refund an order in writing of the decision 4[after providing the taxpayer an opportunity of being heard].

5[(5) A person aggrieved by-

(a) an order passed under sub-section (4); or

(b) the failure of the Commissioner to pass an order under sub-section (4) within the time specified in that sub-section, may prefer an appeal under Part III of this Chapter.]

6[(6) The Board may make rules regulating procedure for expeditious processing and automatic payment of refunds through centralized processing system with effect from a date to be notified by the Board.]

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1-Sub-section (1A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Substituted for the word “two” vide the Finance Act, 2016 (XXIX of 2016)
3-The word “forty five” was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
4-The word was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
5-Sub-section (5) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (5) was as under:--
“(5) A person dissatisfied with a decision referred to in sub-section (4) may challenge the decision only under Part III of this Chapter.”
6-Sub-section (6) substituted by Finance Act, 2020, dated 30-06-2020

**1[170A. Electronic processing and electronic issuance of Refunds by the Board.-** Notwithstanding anything contained in section 170 of this Ordinance, commencing from tax year 2021, the Board may process and issue refund to the taxpayer who has filed the return of income without requiring refund application by the taxpayer to the extent of tax credit verified by the Board's computerized system as may be prescribed. The refund amount sanctioned under this section shall be electronically transferred in the taxpayer's notified bank account.]

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1-Section "170A" inserted by Finance Act, 2021, dated 30-06-2021

**171. Additional payment for delayed refunds.-** (1) Where a refund due to a taxpayer is not paid within three months of the date on which it becomes due, the Commissioner shall pay to the taxpayer a further amount by way of compensation at the rate of 1[ 2[ 3[KIBOR plus 0.5 percent]] ] per annum of the amount of the refund computed for the period commencing at the end of the three month period and ending on the date on which it was paid 4[:]

5[Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim is completed and the claim is either accepted or rejected.]

(2) For the purposes of this section, a refund shall be treated as having become due -

(a) in the case of a refund required to be made in consequence of an order on an appeal to the Commissioner (Appeals), an appeal to the Appellate Tribunal, a reference to the High Court or an appeal to the Supreme Court, on the date of receipt of such order by the Commissioner; 6[or]

(b) in the case of a refund required to be made as a consequence of a revision order under section 7[122A], on the date the order is made by the Commissioner; or

(c) In any other case, on the date the refund order is made.

8[**Explanation**.-For the removal of doubt, it is clarified that where a refund order is made on an application under sub-section (1) of section 170, for the purpose of compensation, the refund becomes due from the date refund order is made and not from the date the assessment of income treated to have been made by the Commissioner under section 120.]

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1-The words i[six] per cent" were substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
i. Substituted for the word "fifteen" vide the finance Act, 2004 assented on 30th June, 2004)
2-Substituted for the letters "KIBOR" vide the Finance Act, 2012
3-Substituted for the figure "fifteen" vide Finance Act, 2015
4-Full stop substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
5-Inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
6-The word was added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
7-Substituted for the figure "135" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
8-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

1**[171A. Payment of refund through income tax refund bonds.-** (1) Notwithstanding anything contained in sections 170 and 171, the income tax refunds payable under this Ordinance may also be paid through income tax refund bonds to be issued by FBR Refund Settlement Company Limited, in book-entry form through an establishment licensed by the Securities and Exchange Commission of Pakistan as a central depository under the Securities Act, 2015 (III of 2015), in lieu of payment to be made through issuance of cheques or bank debit advice.

(2) The Board shall issue a promissory note to FBR Refund Settlement Company Limited, hereinafter referred to as the company, incorporating the details of refund claimants and the amount of refund determined as payable to each for issuance of income tax refund bonds, hereinafter referred to as the bonds, of the same amount.

(3) The bonds shall be issued in values in multiples of one hundred thousand rupees.

(4) The bonds so issued shall have a maturity period of three years and shall bear annual simple profit at ten percent.

(5) The bonds shall be traded freely in the country's secondary markets.

(6) The bonds shall be approved security for calculating the statutory liquidity reserve.

(7) The bonds shall be accepted by the banks as collateral.

(8) There shall be no compulsory deduction of Zakat against the bonds and Sahib-e-Nisab may pay Zakat voluntarily according to Shariah.

(9) After period of maturity, the company shall return the promissory note to the Board and the Board shall make the payment of amount due under the bonds, along with profit due, to the bond holders.

(10) The bonds shall be redeemable in the manner as in subsection (9) before maturity only at the option of the Board along with simple profit payable at the time of redemption in the light of general or specific policy to be formulated by the Board.

(11) The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner.

(12) The Federal Government may notify procedure to regulate the issuance, redemption and other matters relating to the bonds, as may be required.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

## PART VII
## REPRESENTATIVES

**172. Representatives.-** (1) For the purposes of this Ordinance and subject to sub-sections (2) and (3), "representative" in respect of a person for a tax year, means -

(a) where the person is an individual under a legal disability, the guardian or manager who receives or is entitled to receive income on behalf, or for the benefit of the individual;

(b) where the person is a company (other than a trust, a Provincial Government, or 1[Local Government] in Pakistan), the principal officer of the company;

(c) where the person is a trust declared by a duly executed instrument in writing whether testamentary or otherwise (including any Wakf deed which is valid under the Mussalman Wakf Validation Act, 1913 (VI of 1913)), any trustee of the trust;

(d) where the person is a Provincial Government, or 2[Local Government] in Pakistan, any individual responsible for accounting for the receipt and payment of moneys or funds on behalf of the Provincial Government or 3[Local Government];

(e) where the person is an association of persons, the principal officer of the association or, in the case of a firm, any partner in the firm;

(f) where the person is the Federal Government, any individual responsible for accounting for the receipt and payment of moneys or funds on behalf of the Federal Government; or

(g) where the person is a public international organization, or a foreign government or political sub-division of a foreign government, any individual responsible for accounting for the receipt and payment of moneys or funds in Pakistan on behalf of the organization, government, or political sub-division of the government.

(2) Where the Court of Wards, the Administrator General, the Official Trustee, or any receiver or manager appointed by, or under, any order of a Court receives or is entitled to receive income on behalf, or for the benefit of any person, such Court of Wards, Administrator General, Official Trustee, receiver, or manager shall be the representative of the person for a tax year for the purposes of this Ordinance.

(3) Subject to sub-sections (4) and (5), where a person is a non-resident person, the representative of the person for the purposes of this Ordinance for a tax year shall be any person in Pakistan -

(a) who is employed by, or on behalf of, the non-resident person;

(b) who has any business connection with the non-resident person 4[:]

5[Explanation.-In this clause the expression "business connection" includes transfer of an asset or business in Pakistan by a non-resident;]

(c) from or through whom the non-resident person is in receipt of any income, whether directly or indirectly;

(d) who holds, or controls the receipt or disposal of any money belonging to the non-resident person;

(e) who is the trustee of the non-resident person; or

(f) who is declared by the Commissioner by 6[an order] in writing to be the representative of the non-resident person.

(4) A bona fide independent broker in Pakistan who, in respect of any transactions, does not deal directly with, or on behalf of, a non-resident principal but deals with, or through a non-resident broker, shall not be treated as a representative of the non-resident principal in respect of such transactions, if -

(a) the transactions are carried on in the ordinary course of business through the first-mentioned broker; and

(b) the non-resident broker is carrying on such transactions in the ordinary course of its business and not as a principal.

(5) No person shall be declared 7[***] as the representative of a non-resident person unless the person has been given an opportunity by the Commissioner of being heard.

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1-The words “local authority” were substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
2-The words “local authority” were substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
3-The words “local authority” were substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
4-Substituted for the semi-colon vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
5-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
6-Substituted for the word “notice” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
7-The words “or treated” omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**173. Liability and obligations of representatives.-** (1) Every representative of a person shall be responsible for performing any duties or obligations imposed by or under this Ordinance on the person, including the payment of tax.

(2) Subject to sub-section (4), any tax that, by virtue of sub-section (1), is payable by a representative of a taxpayer shall be recoverable from the representative only to the extent of any assets of the taxpayer that are in the possession or under the control of the representative.

(3) Every representative of a taxpayer who pays any tax owing by the taxpayer shall be entitled to recover the amount so paid from the taxpayer or to retain the amount so paid out of any moneys of the taxpayer that are in the representative's possession or under the representative's control.

1[(3A) Any representative, or any person who apprehends that he may be assessed as a representative, may retain out of any money payable by him to the person on whose behalf he is liable to pay tax (hereinafter in this section referred to as the "principal"), a sum equal to his estimated liability under this Ordinance, and in the event of disagreement between the principal and such a representative or a person as to the amount to be so retained, such representative or person may obtain from the Commissioner a certificate stating the amount to be so retained pending final determination of the tax liability, and the certificate so obtained shall be his authority for retaining that amount.]

(4) Every representative shall be personally liable for the payment of any tax due by the representative in a representative capacity if, while the amount remains unpaid, the representative -

(a) alienates, charges or disposes of any moneys received or accrued in respect of which the tax is payable; or

(b) disposes of or parts with any moneys or funds belonging to the taxpayer that is in the possession of the representative or which comes to the representative after the tax is payable, if such tax could legally have been paid from or out of such moneys or funds.

(5) Nothing in this section shall relieve any person from performing any duties imposed by or under this Ordinance on the person which the representative of the person has failed to perform.

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1-Sub-section (3A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

## PART VIII
## RECORDS, INFORMATION COLLECTION AND AUDIT

**174. Records.-** (1) Unless otherwise authorised by the Commissioner, every taxpayer shall maintain in Pakistan such accounts, documents and records as may be prescribed.

(2) The Commissioner may disallow 1[or reduce] a taxpayer's claim for a deduction if the taxpayer is unable, without reasonable 2[cause], to provide a receipt, or other record or evidence of the transaction or circumstances giving rise to the claim for the deduction.

(3) The accounts and documents required to be maintained under this section shall be maintained for 3[six] years after the end of the tax year to which they relate 4[:]

5[Provided that where any proceeding is pending before any authority or court the taxpayer shall maintain the record till final decision of the proceedings.

**Explanation**.- Pending proceedings include proceedings for assessment or amendment of assessment, appeal, revision, reference, petition or prosecution and any proceedings before an Alternative Dispute Resolution Committee.]

6[(4) For the purpose of this section, the expression "deduction" means any amount debited to trading account, manufacturing account, receipts and expenses account or profit and loss account.]

7[(5) The Commissioner may require any person to install and use an Electronic Tax Register of such type and description as may be prescribed for the purpose of storing and accessing information regarding any transaction that has a bearing on the tax liability of such person.]

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1-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Substituted for the word "excuse" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-The word "five" was substituted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
4-Substituted for the full stop vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
5-Proviso and Explanation inserted vide Finance Act, 2010. This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
6-Sub-section (4) was added vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
7-Sub-section (5) was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

**175. Power to enter and search premises.-** (1) In order to enforce any provision of this Ordinance (including for the purpose of making an audit of a taxpayer or a survey of persons liable to tax), the Commissioner or any officer authorised in writing by the Commissioner for the purposes of this section:

(a) shall, at all times and without prior notice, have full and free access 1[including real-time electronic access] to any premises, place, accounts, documents or computer;

(b) may stamp, or make an extract or copy of any accounts, documents or computer- stored information to which access is obtained under clause (a);

(c) may impound any accounts or documents and retain them for so long as may be necessary for examination or for the purposes of prosecution;

(d) may, where a hard copy or computer disk of information stored on a computer is not made available, impound and retain the computer for as long as is necessary to copy the information required; and

(e) may make an inventory of any articles found in any premises or place to which access is obtained under clause (a).

2[(2) The Commissioner may authorize any value or expert to enter any premises and perform any task assigned to him by the Commissioner.]

(3) The occupier of any premises or place to which access is sought under sub-section (1) shall provide all reasonable facilities and assistance for the effective exercise of the right of access.

(4) Any accounts, documents or computer impounded and retained under sub-section (1) shall be signed for by the Commissioner or an authorised officer.

(5) A person whose accounts, documents or computer have been impounded and retained under sub-section (1) may examine them and make extracts or copies from them during regular office hours under such supervision as the Commissioner may determine.

(6) Where any accounts, documents or computer impounded and retained under sub-section (1) are lost or destroyed while in the possession of the Commissioner, the Commissioner shall make reasonable compensation to the owner of the accounts, documents or computer for the loss or destruction.

(7) This section shall have effect notwithstanding any rule of law relating to privilege or the public interest in relation to access to premises or places, or the production of accounts, documents or computer-stored information.

(8) In this section, "occupier" in relation to any premises or place, means the owner, manager or any other responsible person on the premises or place.

3[(9) For the purpose of clause (a) of sub-section (1), the Board may make rules relating to electronic real-time access for audit or a survey of persons liable to tax.]

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1-Expression inserted by Finance Act, 2020, dated 30-06-2020.

2-Sub-section (2) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (2) was as under:--

"(2) The Commissioner may authorise any valuer to enter any premises or place to inspect such accounts and documents as may be necessary to enable the valuer to make a valuation of an asset for the purposes of this Ordinance."

3-Sub-section "(9)" substituted by Finance Act, 2020, dated 30-06-2020.

1**[175A. Real-time access to information and databases.-** (1) Notwithstanding anything contained in any law for the time being in force, including but not limited to the National Database and Registration Authority Ordinance, 2000 (Ordinance VIII of 2000), and the Emigration Ordinance, 1979 (Ordinance XVIII of 1979), arrangements shall be made to provide real-time access of information and database to the Board in the prescribed form and manner by-

(a) the National Database and Registration Authority with respect to information pertaining to National Identity Card, Pakistan Origin Card, Overseas Identity Card, Alien Registration Card, and other particulars contained in the Citizen Database:

(b) the Federal Investigation Agency and the Bureau of Emigration and Overseas Employment with respect to details of international travel;

(c) the Federal Investigation Agency and the Bureau of Emigration and Overseas Employment with respect to details of international entry and exit of all persons and information pertaining to work permits, employment visas and immigration visas;

(d) the Islamabad Capital Territory and provincial and local land record and development authorities with respect to record-of-rights including digitized edition of record-of-rights, periodic record, record of mutations and report of acquisition of rights;

(e) the Islamabad Capital Territory and provincial Excise and Taxation Departments with respect to information regarding registration of vehicles, transfer of ownership and other associated record;

(f) All electricity suppliers and gas transmission and distribution companies with respect to particulars of a consumer, the units consumed and the amount of bill charged or paid:

Provided that where the connection is shared or is used by a person other than the owner, the name and CN1C of the owner and the user shall also be furnished:

Provided further that all electricity suppliers and gas transmission and distribution companies shall make arrangements by the 1st day of January, 2021 for allowing consumers to update the ratio of sharing of a connection or the particulars of users, as the case may be; and

(g) any other agency, authority, institution or organization notified by the Board.

(2) The Board shall make arrangements for laying the infrastructure for real-time access to information and database under sub-section (1) and aligning it with its own database in the manner as may be prescribed.

(3) Until real-time access to information and database is made available under sub-section (1), such information and data shall be provided periodically in such form and manner as may be prescribed.

(4) Subject to section 216, all information received under this section shall be used only for tax purposes and kept confidential.]

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1-Section "175A" inserted by Finance Act, 2020, dated 30-06-2020

**1[175B. National Database and Registration Authority (NADRA).** (1) The National Database and Registration Authority shall, on its own motion or upon application by the Board, share its records and any information available or held by it, with the Board, for broadening of the tax base or carrying out the purposes of this Ordinance.

(2) The National Database and Registration Authority may:

(i) submit proposals and information to the Board with a view to broadening the tax base;
(ii) identify in relation to any person, whether a taxpayer or not :-

(a) income, receipts, assets, properties, liabilities, expenditures, or transactions that have escaped assessment or are under-assessed or have been assessed at a low rate, or have been subjected to excessive relief or refund or have been misdeclared or misclassified under a particular head of income or otherwise;

(b) the value of anything mentioned in sub-clause (a) of clause (ii) of sub-section (2), if such value is at variance with the value notified by the Board or the District Authorities, as the case may be, or if no such value has been notified the true or market value.

(iii) enter into a memorandum of understanding with FBR for a secure exchange and utilization of a person's information.

(3) The Board may use and utilize any information communicated to it by the National Database and Registration Authority and forward such information to an Income Tax authority having jurisdiction in relation to the subject matter regarding the information, who may utilize the information for the purposes of this Ordinance.

(4) The National Database and Registration Authority may compute indicative income and tax liability of anyone mentioned under sub-sections (1) or (2) by use of artificial intelligence, mathematical or statistical modeling or any other modern device or calculation method.

(5) The indicative income and tax liability computed by the National Database and Registration Authority under sub-section (4) shall be notified by the Board to the person in respect of whom such indicative income and tax liability has been determined, who shall have the option to pay the determined amount on such terms, conditions, installments, discounts, reprieves pertaining to penalty and default surcharge, and time limits that may be prescribed by the Board.

(6) In case the person against whom a liability has been determined under sub-section (4), does not pay such liability within the time prescribed under sub-section (5), the Board shall take action under this Ordinance, upon the basis of tax liability computed under sub-section (4).

(7) If the person against whom the liability has been determined under sub-section (4) pays such liability in terms of sub-section (5), such payment shall be construed to be an amended assessment order under section 120 or 122(1) or 122(4) as the case may be.

(8) For the purposes of sub-sections (4) and (5), the Board may prescribe the extent of installments, reprieves pertaining to penalty and default surcharge, and time limits.

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1-Section "175B" inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021

**176. Notice to obtain information or evidence.-** (1) The Commissioner may, by notice in writing, require any person, whether or not liable for tax under this Ordinance -

1[(a) to furnish to the Commissioner or an authorised officer, any information relevant to any tax leviable under this Ordinance or to fulfill any obligation under any agreement with foreign government or governments or tax jurisdiction, as specified in the notice; or;]

(b) to attend at the time and place designated in the notice for the purpose of being examined on oath by the Commissioner or an authorised officer concerning the tax affairs of that person or any other person and, for that purpose, the Commissioner or authorised officer may require the person examined to produce any accounts, documents, or computer-stored information in the control of the person 2[; or]

3[(c) the firm of chartered accountants 4[, or a firm of cost and management accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966)], as appointed by the 5[Board or the Commissioner], to conduct audit under section 177, for any tax year, may with the prior approval of the Commissioner concerned, enter the business premises of a taxpayer, 6[***] to obtain any information, require production of any record, on which the required information is stored and examine it within such premises; and such firm may if specifically delegated by the Commissioner, also exercise the powers as provided in sub- section (4).]

7[(1A) A special audit panel appointed under sub-section (11) of section 177, for any tax year, may, with the prior approval of the Commissioner concerned, enter the business premises of a taxpayer, to obtain any information, require production of any record, on which the required information is stored and examine it within such premises and such panel may if specifically delegated by the Commissioner, also exercise the powers as provided in sub-section (4).;]

(2) The Commissioner may impound any accounts or documents produced under sub-section (1) and retain them for so long as may be necessary for examination or for the purposes of prosecution.

(3) 8[The person from whom information is required, may at his option, furnish the same electronically in any computer readable media.] Where a hard copy or computer disk of information stored on a computer is not made available as required under sub-section (1), the Commissioner may require production of the computer on which the information is stored, and impound and retain the computer for as long as is necessary to copy the information required.

(4) For the purposes of this section, the Commissioner shall have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (Act V of 1908), in respect of the following matters, namely:-

(a) enforcing the attendance of any person and examining the person on oath or affirmation;
(b) compelling the production of any accounts, records, computer-stored information, or computer;
(c) receiving evidence on affidavit; or
(d) issuing commissions for the examination of witnesses.

(5) This section shall have effect notwithstanding any 9[law or rules] relating to privilege or the public interest in relation to the production of accounts, documents, or computer- stored information or the giving of information.

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1-Clause (a) was Substituted vide Finance Act, 2015. At the time of substitution clause (a) was as under:-
"(a) to furnish to the Commissioner or an authorised officer, any information relevant to any tax [leviable] under this Ordinance as specified in the notice; or"
2-Full stop was substituted vide the Finance Act, 2009 (XXII of 2009 assented on 28th October, 2009)
3-Clause (c) was added vide the Finance Act, 2009 (XXII of 2009 assented on 28th October, 2009)
4-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
5-Substituted for the word and comma "Board," vide the Finance Act, 2010 (XVI of 2010)
6-The words "selected for audit" were omitted vide Finance Act, 2012
7-Added vide Finance Act, 2015
8-The words, comma and full stop was inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
9-Substituted for the words "rule of law" vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

1**[177. Audit.-** 2[(1) The Commissioner may call for any record or documents including books of accounts maintained under this Ordinance or any other law for the time being in force for conducting audit of the income tax affairs of the person and where such record or documents have been kept on electronic data, the person shall allow access to the Commissioner or the officer authorised by the Commissioner for use of machine and software on which such data is kept and the Commissioner or the officer may take into possession such machine and duly attested hard copies of such information or data for the purpose of investigation and proceedings under this Ordinance in respect of such person or any other person:

Provided that

(a) the Commissioner may, after recording reasons in writing call for record or documents including books of accounts of the taxpayer; and

(b) the reasons shall be communicated to the taxpayer while calling record or documents including books of accounts of the taxpayer:

Provided further that the Commissioner shall not call for record or documents of the taxpayer after expiry of six years from the end of the tax year to which they relate.]

3[(2) After obtaining the record of a person under sub-section (1) or where necessary record is not maintained, the Commissioner shall conduct an audit of the income tax affairs (including examination of accounts and records, enquiry into expenditure, assets and liabilities) of that person or any other person and may call for such other information and documents as he may deem appropriate.]

3a[(2A) For the purpose of sub-section (2), the Commissioner may conduct audit proceedings electronically through video links, or any other facility as prescribed by the Board.

(2AA) Where a tax payer-

(a) has not furnished record or documents including books of accounts;

(b) has furnished incomplete record or books of accounts; or

(c) is unable provide sufficient explanation regarding the defects in records, documents or books of accounts,

it shall be construed that taxable income has not been correctly declared and the Commissioner shall 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, net profit ratio, recovery ratio, wastage ratio and such other ratios in respect of such sectors as may be prescribed.]

4[***]

5[***]

6[***]

7[(6) After completion of the audit, the Commissioner shall, after obtaining taxpayer’s explanation on all the issues raised in the audit, issue an audit report containing audit observations and findings.]

8[(6A) After issuing the audit report, the Commissioner may, if considered necessary, amend the assessment under subsection (1) or sub-section (4) of section 122, as the case may be, after providing an opportunity of being heard to the taxpayer under sub-section (9) of section 122.]

(7) The fact that a person has been audited in a year shall not preclude the person from being audited again in the next and following years 9[where there are responsible grounds for such audits] 10[***].

(8) The 11[Board] 12[or the Commissioner] may appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), 13[ or a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966)] to conduct an audit of the income tax affairs of any person 14[or classes of persons 15[***] and the scope of such audit shall be as determined by the 16[Board] 17[or the Commissioner] on a case to case basis.

(9) Any person employed by a firm referred to in sub-section (8) may be authorised by the Commissioner, in writing, to exercise the powers in sections 175 and 176 for the purposes of conducting an audit under that sub-section.]

18[(10) Notwithstanding anything contained in sub-sections (2) and (6) where a person fails to produce before the Commissioner or a firm of Chartered Accountants or a firm of Cost and Management Accountants appointed by the Board under sub-section (8) to conduct an audit, any accounts, documents and records, required to be maintained under section 174 or any other relevant document, electronically kept record, electronic machine or any other evidence that may be required by the Commissioner or the firm of Chartered Accountants or the firm of Cost and Management Accountants for the purpose of audit or determination of income and tax due thereon, the Commissioner may proceed to make best judgment assessment under section 121 of this Ordinance and the assessment treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect.]

20[(11) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following:-

(a) an officer or officers of Inland Revenue;

(b) a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);

(c) a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or

(d) any other person 21[including a foreign expert or specialist] as directed by the Board, to conduct an audit, including a forensic audit, of the income tax affairs of any person or classes of persons and the scope of such audit shall be as determined by the Board or the Commissioner on case to case basis.

22[(e) a tax audit expert deployed under an audit assistance programme of an international tax organization or a tax authority outside Pakistan:

Provided that in case the member is not an officer of Inland Revenue, the person shall only be included as a member in the special audit panel if an agreement of confidentiality has been entered into between the Board and the person, international tax organization or a tax authority, as the case may be.]

to coduct an audit, including a foresic audit, of the income tax affairs of any person or classes of persons and the scope of such audit shall be as determined by the Board or the Commissioner on case to case basis.

(12) Special audit panel shall be headed by a Chairman who shall be an officer of Inland Revenue.

(13) Powers under sections 175 and 176 for the purposes of conducting an audit under sub-section (11), shall only be exercised by an officer or officers of Inland Revenue, who are member or members of the special audit panel, and authorized by the Commissioner.

(14) Notwithstanding anything contained in sub-sections (2) and (6), where a person fails to produce before the Commissioner or a special audit panel under sub-section (11) to conduct an audit, any accounts, documents and records, required to be maintained under section 174 or any other relevant document, electronically kept record,

electronic machine or any other evidence that may be required by the Commissioner or the panel, the Commissioner may proceed to make best judgment assessment under section 121 of this Ordinance and the assessment treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect.

(15) If any one member of the special audit panel, other than the Chairman, is absent from conducting an audit, the proceedings of the audit may continue, and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.

(16) Functions performed by an officer or officers of Inland Revenue as members of the special audit Panel, for conducting audit, shall be treated to have been performed by special audit panel.

(17) The Board may prescribe the mode and manner of constitution, procedure and working of the special audit panel.;]

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1-Section 177 was substituted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of substitution section 177 was as under:-

"177. Audit,--(1) The commissioner may select any person for an audit of the person income tax affairs having regard to-

(a) the person's history of compliance with this ordinance;

(b) the amount of tax payable by the person;

(c) the class of business conducted by the person; and

(d) any other matter that the Commissioner considers relevant.

i[(1A) After selection of a person for audit sub-section (I), the commissioner shall conduct an audit of the income tax affairs (including examination of accounts and records, enquiry into expenditure, assets and liabilities) of that person]

ii[(1B) After completion of the audit under sub-section (1A) or sub-section (3), the Commissioner may ,if consider necessary, after obtaining taxpayers explanation on all the issues raised in the audit, amend the assessment under sub-section (I) or sub-section (4) of section 122, as the case may be.]

(2) The fact that a person has been audited in a year shall not preclude the person from being audited again in the next and following years where there are responsible grounds for such audits, particularly having regard to the factors in sub-section (1).

(3) The Central Board of Revenue may appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), to conduct an audit of the income tax affairs of any person and the scope of such audit shall be as determined by the Central Board of Revenue on a case by case basis.

(4) Any person employed by a firm referred to in sub-section (3) may be authorized by the Commissioner in writing, to exercise the powers in sections 175 and 176 for the purposes of III[conducting] an audit under that subsection"

i. Sub-section (1A) was inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

ii. Sub-section (1A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

III. Substituted for the words "the conduct" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

2-Sub-section (1) was substituted vide Finance Act, 2010 (XVI of 2010 on the introduction of Finance Bill 2010 amended was introduced effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act,1931 (XVI of 1931) which was as under:

"(1) The Commissioner may call for any record or documents including books of accounts maintained under this Ordinance or any other law for the time being in force for conducting audit of the income tax affairs of the person and where such record or documents have been kept on electronic data, the person shall allow access to the Commissioner or the officer authorized by the Commissioner for use of machine and software on which such data is kept and the Commissioner or the officer may take into possession such machine and duly attested hard copies of such information or data for the purpose of investigation and proceedings under this Ordinance in respect of such person or any other person Provided that-

(a) the Commissioner may, after recording reasons in writing call for record or documents including books of accounts of the taxpayer; and

(b) the reasons shall be communicated to the taxpayer while calling record or documents including books of accounts of the taxpayer:

Provided that the Commissioner shall not call for record or documents of the taxpayer after expiry of six years from the end of the tax year to which they relate."

Earlier this sub-section was substituted vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of substitution sub-section (1) was as under:

"(1) The i[Board] may lay down criteria for selection of any person ii[or class of person] for an audit of III[such] person's income tax affairs by the Commissioner."

i. Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

ii. The words inserted vide the Finance Act, 2009 (XXII of 2009 assented on 30th October, 2009)

III. The words inserted vide the Finance Act, 2009 (XXII of 2009 assented on 30th October, 2009)

3-Sub-section (2) was substituted vide Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931. Earlier this sub-section was substituted by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of substitution sub-section (2) was as under:-

"(2) The Commissioner shall select a person i[ or class of persons] for audit in accordance with the criteria laid down by the ii[Board] under sub-section (1)"

i. The words inserted vide the Finance Act, (XXII of 2009 assented on 30th October, 2009)

ii. Substituted for the words "Central Board of Revenue vide the Finance Act, 2007 (IV of 2007 assented on 30th October, 2007)

3a-Sub-sections "(2A) and (2AA)" inserted by Finance Act, 2020, dated 30-06-2020

4-Sub-section (3) was omitted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931). Earlier this sub-section was omitted vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of omission sub-section (3) was as under:-

"(3) The i[Board] shall keep the criteria confidential."

i. Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th October, 2007)

5-Sub-section (4) was omitted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931). Earlier this sub-section was omitted vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of omission sub-section (4) was as under:-

"(4) In addition to the selection referred to in sub-section (2), the Commissioner may also select a person i[or classes of persons] for an audit of the person's income tax affairs having regard to -

(a) the person's history of compliance or non-compliance with this Ordinance;

(b) the amount of tax payable by the person;

(c) the class of business conducted by the person; and

(d) any other matter which in the opinion of Commissioner is material for determination of correct income."

i. The words inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

6-Sub-section (5) was omitted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931). Earlier this sub-section was omitted vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of omission sub-section (5) was as under:-

(5) i[After] selection of a person ii[or classes of persons] for audit under sub-section (2) or (4), the Commissioner shall conduct an audit of the income tax affairs (including examination of accounts and records, enquiry into expenditure, assets and liabilities) of III[such person or classes of persons.]

i. Substituted for the word "after" vide the Finance Act, 2005 (VII of 2005 assented on 30th June, 2005)

ii. The words were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

III. Substituted for the words "that" a[person] by the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

a. Substituted for the word "persons" vide the Finance Act, 2005 (VIII of 2005 assented on 29th June, 2005)

7-Sub-section (6) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution sub-section (6) was as under:-

"(6) After completion of the audit [***], the Commissioner may, if considered necessary, after obtaining taxpayer's explanation on all the issues raised in the audit, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be."

8-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

9-The words, comma brackets and figure where there are responsible grounds for such audits, particularly having regard to the factors in sub-section (4) were omitted vide the Finance Act, 2010 (XVI of 2008). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931 (XVI of 1931)

10-The words, comma brackets and figure where there are responsible grounds for such audits, particularly having regard to the factors in sub-section (4) were omitted vide the Finance Act, 2010 (XVI of 2008). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931 (XVI of 1931)

11-The words "Central Board of Revenue" was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

12-The words were added vide Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931 (XVI of 1931)
13-The words comma, figure and brackets were inserted vide Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931)
(XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009).
14-The words were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
15-The words "selected for audit by the Commissioner or by the Board" were omitted vide Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931).
16-The words "Central Board of Revenue" were substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
17-The words were added vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the provisional Collection of Tax Act, 1931) (XVI of 1931)
18-Sub-section (10) was added vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Tax Act, 1931) (XVI of 1931). Earlier this Sub-section was added vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
19-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
20-Added vide Finance Act, 2015
21-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
22-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

**178. Assistance to Commissioner.-** Every Officer of Customs, 1[***] Provincial Excise and Taxation, District Coordination Officer, District Officers including District Officer - Revenue, the Police and the Civil Armed Forces is empowered and required to assist the Commissioner in the discharge of the Commissioner's functions under this Ordinance.

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1-The words and commas i[Federal] Excise, ii[Sales Tax,] were omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

i. The word "Central" was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

ii The comma and words were inserted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**179. Accounts, documents, records and computer-stored information not in Urdu or English language.-** Where any account, document, record or computer-stored information referred to in section 174, 175 or 176 is not in the Urdu or English language, the Commissioner may, by notice in writing, require the person keeping the account, document, record or computer-stored information to provide, at the person's expense, a translation into the Urdu or English language by a translator approved by the Commissioner for this purpose.

**180. Power to collect information regarding exempt income.-** The 1[Board] may, by notification in the official Gazette, authorize any department or agency of the Government to collect and compile any data in respect of incomes from industrial and commercial undertakings exempt from tax under this Ordinance.

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1-The words "Central Board of Revenue" were substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

## 1[PART IX
## TAXPAYER'S REGISTRATION

**181. Taxpayer's registration.-** (1) Every taxpayer shall apply in the prescribed form and in the prescribed manner for registration.

(2) The Commissioner having jurisdiction over a case, where necessitated by the facts of the case, may also register a taxpayer in the prescribed manner.

(3) Taxpayers' registration scheme shall be regulated through the rules to be notified by the Board 2[.]

3[***]

4[(4) From tax year 2015 and onwards, in case of individuals having Computerized National Identity Card (CNIC) issued by the National Database and Registration Authority, CNIC shall be used as National Tax Number.;]

5[Provided that the Board may in case of individuals allow, in place of National Tax Number, use of Computerized National Identity Card issued by the National Database and Registration Authority.]

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1-Part IX was substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution Part IX was as under:--
"PART IX
NATIONAL TAX NUMBER i[CERTIFICATE
181. National Tax Number Certificate.-(1) Every taxpayer shall apply in the prescribed form and in the prescribed manner for a National Tax Number i[Certificate].
(2) An application under sub-section (I) shall be accompanied by the prescribed fee.
(3) The Commissioner having jurisdiction over an applicant under sub-section (1) may after examination of all relevant documents and evidence, and after satisfying himself of the genuineness of the application, may direct issuance of the National Tax Number i[Certificate] for a period prescribed by Commissioner ii[:]
III[Provided that the Board may in the case of individuals allow use of National Identity Card, issued by the National Database and Registration Authority, in place of National Tax Number."
i. Substituted for the word "Card" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
ii. Substituted for the full stop vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
III. Proviso added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-Full Stop was substituted for a "colon" vide Finance Act, 2015.
3-Proviso was omitted vide Finance Act, 2015. At the time of Proviso was as under:-
i[Provided that the Board may in case of individual s allow, in place of National Tax Number, use of Computerized National Identity Card issued by the National Database and Registration Authority.]
i. Proviso was added vide Finance Act, 2013
4-New sub-section was inserted vide Finance Act, 2015

1**[181A. Active taxpayers' list.-** (1) The Board shall have the power to institute active taxpayers' list.

(2) Active taxpayers' list shall be regulated as may be prescribed.]

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1-Section 181A was added vide Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010

1**[181AA. Compulsory registration in certain cases.-** (1) Notwithstanding anything contained in any law, for the time being in force , any application for commercial or industrial connection of electricity or natural gas, shall not be processed and such connection shall not be provided unless the person applying for electricity or gas connection is registered under section 181.]

1-Inserted vide the Finance Act, 2014

1**[181B. Tax Payer Card.-** Subject to this Ordinance, the Board may make a scheme for introduction of a tax payer honour card for individual taxpayers, who fulfill a minimum criteria to be eligible for the benefits as contained in the scheme.]

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1-Section 181B was added vide Finance Act, 2012

1**[181C. Displaying of National Tax Number.-** Every person deriving income from business chargeable to tax, who has been issued a National Tax Number, shall display his National Tax Number at a conspicuous place at every place of his business.]

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1-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

1**[181D. Business licence scheme.-** 2[(1)] Every person engaged in any business, profession or vocation shall be required to obtain and display a business licence as prescribed by the Board.]

3[(2) Where a person fails to obtain business licence under sub-section (1), the Commissioner may, in addition to and not in derogation of any punishment to which the person may be liable under this Ordinance or any other law, impose a fine of

(a) twenty thousand Rupees, in case of a taxpayer deriving income chargeable to tax under this Ordinance; or

(b) five thousand Rupees, in all other cases.

(3) The Commissioner may, by an order in writing, cancel a business licence issued under sub-section (1) after providing an opportunity of being heard to the person, if-

(a) such person fails to notify any change in particulars within thirty days of such change; or

(b) such person is convicted of any offence under any federal tax law.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

2-Provision renumbered by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same Provision was renumbered by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019

3-Subsections "(2) & (3)" added by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was added by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019

## PART X
## PENALTY

1**[182. Offences and penalties.-** (1) Any person who commits any offence specified in column (2) of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under this Ordinance or any other law, be liable to the penalty mentioned against that offence in column (3) thereof:-

| S. No. | Offences. | Penalties. | Section of the Ordinance to which offence has reference. |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1 | 2[Where any person fails to furnish a return of income as required under section 114 within the due date.] | 3[Such person shall pay a penalty equal to higher of -<br>a) 0.1% of the tax payable in respect of that tax year for each day of default; or<br>b) rupees one thousand for each day of default:<br><br>Provided that minimum penalty shall be<br>a) rupees ten thousand in case of individual having seventy-five percent or more income from salary; or<br>b) rupees fifty thousand in all other cases:<br><br>Provided further that maximum penalty shall not exceed two hundred percent of tax payable by the person in a tax year:<br><br>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law.<br><br>Explanation. For the purposes of this entry, it is declared that the expression "tax payable" means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122D.] | 114 9[and 118] |
| 10[1A | Where any person fails to furnish a statement as required under section 11[***], 165 or 165A 12[,165A or 165B] within the due date | 13[Such person shall pay a penalty of Rs. 5000 if the person had already paid the tax collected or withheld by him within the due date for payment and the statement is filed within ninety days from the due date for filing the statement and, in all other cases, a penalty of Rs. 2500 for each day of default from the due date subject to a minimum penalty of Rs. 10,000 8a[:]<br>8a[Provided that where it stands established that no tax was required to | 11[***], 165 and 165A<br>14[,165A and 165B] |

| | | | |
|---|---|---|---|
| | | be deducted or collected during the relevant period, minimum amount of penalty shall be ten thousand Rupees [:] [Provided that where it stands established that no tax was required to be deducted or collected during the relevant period, minimum amount of penalty shall be ten thousand Rupees.] | |
| 1AA | Where any person fails to furnish wealth statement or wealth reconciliation statement | Such person shall pay a penalty of 15[0.1% of the taxable income per week or Rs. 16[100,000] whichever is higher] | 114, 10a[***] and 116] |
| 17[1AAA | Where any person fails to furnish foreign assets and income statement within the due date. | Such persons shall pay a penalty of 2 percent of the foreign income or value of the foreign assets for each year of default. | 116A] |
| 2 | Any person who fails to issue cash memo or invoice or receipt when required under this Ordinance or the rules made there under. | Such person shall pay a penalty of five thousand rupees or three per cent of the amount of the tax involved, whichever is higher. | 174 and Chapter VII of the Income Tax Rules |
| 3 | Any person who is required to apply for registration under this Ordinance but fails to make an application for registration. | Such person shall pay a penalty of 18[ten] thousand rupees. | 181 |
| 4 | Any person who fails to notify the changes of material nature in the particulars of registration. | Such person shall pay a penalty of five thousand rupees. | 181 |
| 19[4A | *** | *** | ***] |
| 4B | Any person who contravenes the provisions of section 181AA. | Such a person shall pay a penalty at the rate of Rs. 20[100,000] for each connection provided to an unregistered person. | 181AA; and] |
| 5 | Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Ordinance or rules made there under.<br>21[Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order, and does not file an appeal under section 131 the penalty payable shall be reduced by 50%.] | Such person shall pay a penalty of five per cent of the amount of the tax in default.<br>For the second default an additional penalty of 25% of the amount of tax in default.<br><br>For the third and subsequent defaults an additional penalty of 50% of the amount of tax in default. | 137 |
| 6 | Any person who repeats erroneous calculation in the return for more than one year whereby amount of tax 22[paid is] less than the actual tax payable under this Ordinance 23[***] . | Such person shall pay a penalty of 19[thirty] thousand rupees or three per cent of the amount of the tax involved, whichever is higher 24[:]<br>24[Provided that no penalty shall be imposed to the extent of the tax shortfall occurring as a result of the taxpayer taking a reasonably arguable position on | 137 |

| | | | |
|---|---|---|---|
| | | the application of this Ordinance to the taxpayer's position.] | |
| 7 | Any person who fails to maintain records required under this Ordinance or the rules made there under. | Such person shall pay a penalty of ten thousand rupees or five per cent of the amount of tax on income whichever is higher | 174 25[, 108] |
| 8 | Where a taxpayer who, without any reasonable cause, in non compliance with the provisions of section 177—<br>(a) fails to produce the record or documents on receipt of first notice; | Such person shall pay a penalty of 26[twenty-five] thousand rupees; | 177 |
| | (b) fails to produce the record or documents on receipt of second notice; and | such person shall pay a penalty of 27[fifty] thousand rupees; and | |
| | (c) fails to produce the record or documents on receipt of third notice | such person shall pay a penalty of 28[one hundred] thousand rupees. | |
| 9 | Any person who fails to furnish the information required or to comply with any other term of the notice served under section 176 | Such person shall pay a penalty of 29[twenty-five] thousand rupees for the first default and 30[fifty] thousand rupees for each subsequent default. | 176 |
| 10 | Any person who-<br>(a) makes a false or misleading statement to an Inland Revenue Authority either in writing or orally or electronically including a statement in an application, certificate, declaration, notification, return, objection or other document including books of accounts made, prepared, given, filed or furnished under this ordinance;<br>(b) furnishes or files a false or misleading information or document or statement to an Income tax Authority either in writing or orally or electronically;<br>(c) omits from a statement made or information furnished to an Income tax Authority any matter or thing without which the statement or the information is false or misleading in a material particular. | Such person shall pay a penalty of twenty five thousand rupees or 31[50%] of the amount of tax shortfall whichever is higher:<br><br>Provided that in case of an assessment order deemed under section 120, no penalty shall be imposed to the extent of the tax shortfall occurring as a result of the taxpayer taking a reasonably arguable position on the application of this Ordinance to the taxpayer's position. | 114, 116, 174, 176, 177, 32[118] |
| 11 | Any person who denies or obstructs the access of the Commissioner or any officer authorised by the Commissioner to the premises, place, accounts, documents, computers or stocks | Such person shall pay a penalty of 33[fifty] thousand rupees or 34[fifty] per cent of the amount of tax involved, whichever is higher. | 175 and 177 |

| | | | |
|---|---|---|---|
| 12 | Where a person has concealed income or furnished inaccurate particulars of such income, including but not limited to the suppression of any income or amount chargeable to tax, the claiming of any deduction for any expenditure not actually incurred or any act referred to in sub-section (1) of section 111, in the course of any proceeding under this Ordinance before any Income tax authority or the appellate tribunal. | Such person shall pay a penalty of 35[one hundred] thousand rupees or an amount equal to the tax which the person sought to evade whichever is higher. However, no penalty shall be payable on mere disallowance of a claim of exemption from tax of any income or amount declared by a person or mere disallowance of any expenditure declared by a person to be deductible, unless it is proved that the person made the claim knowing it to be wrong. | 20, 111 and General. |
| 13 | Any person who obstructs any Income tax Authority in the performance of his official duties. | Such person shall pay a penalty of twenty five thousand rupees. | 209, 210 and General. |
| 35a[14 | [*** | *** | ***] |
| 15 | Any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160. | Such person shall pay a penalty of 36[forty] thousand rupees or the 10% of the amount of tax whichever is higher. | 37[Division II or Division III of Part V of Chapter X or Chapter XII] |
| 38[16. | Any person who fails to display NTN 39[or business licence] Certificate at the place of business as required under this Ordinance or the rules made thereunder. | Such person shall pay a penalty of five thousand rupees. | 181C 40[and 181D]] |
| 41[17. | Any reporting financial institution or reporting entity who fails to furnish information or country-by-country report to the Board as required under section 107, 108 or 165B within the due date. | Such reporting financial institution or reporting entity shall pay a penalty of two thousand rupees for each day of default subject to a minimum penalty of twenty five thousand rupees. | 107, 108 and 165B |
| 18 | Any person who fails to keep and maintain document and information required under section 108 or Income Tax Rules, 2002. | 1% of the value of transactions, the record of which is required to be maintained under section 108 and Income Tax Rules, 2002. | 108.] |
| 42[19. | *** | *** | *** |
| 20 | *** | *** | ***] |
| 43[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 |

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

| | | | |
|---|---|---|---|
| 44[29 | Where any person fails to declare business bank account(s), in his registration application or fails to amend his registration profile to declare existing business bank account(s) willfully. | Such person shall pay a penalty of Rs. 10,000 for each day of default since the date of submission of application for registration or date of opening of undeclared business bank account whichever is later:<br><br>Provided that if penalty worked out as aforesaid is less than Rs. 100,000 for each undeclared bank account, such person shall pay a penalty of Rs. 100,000 for each undeclared business bank account:<br><br>Provided further that this provision shall be applicable from the first day of October, 2021 during which period the taxpayer may update their registration forms. | 181] |

(2) The penalties specified under sub-section (1) shall be applied in a consistent manner and no penalty shall be payable unless an order in writing is passed by the Commissioner, Commissioner (Appeals) or the Appellate Tribunal after providing an opportunity of being heard to the person concerned 45[.]

46[Provided that where the taxpayer admits his default he may voluntarily pay the amount of penalty due under this section.]

**Explanation.-** For the removal of doubt,it is clarified that establishing mens rea is not necessary for levying of penalty under this section.]

(3) Where a Commissioner (Appeals) or the Appellate Tribunal makes an order under sub-section (2), the Commissioner (Appeals) or the Appellate Tribunal, as the case may be, shall immediately serve a copy of the order on the Commissioner and thereupon all the provision of this Ordinance relating to the recovery of penalty shall apply as if the order was made by the Commissioner.

(4) Where in consequence of any order under this Ordinance, the amount of tax in respect of which any penalty payable under sub-section (1) is reduced, the amount of penalty shall be reduced accordingly.

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1-Section 182 was substituted vide Finance Act, 2010 (XVI of 2010). At the time of substitution section 182 was as under:-
"182. Penalty for failure to furnish a return or statement.-(I) Any person who, without reasonable excuse, fails to furnish, within the time allowed under this Ordinance, i[return of income ii[or a statement as required under sub-section (4) of section 115 or wealth statement] for any tax year] as required under this Ordinance shall be liable for a penalty equal to one-tenth of one per cent of the tax payable for each day of default subject to a minimum penalty of five hundred rupees and a maximum penalty of twenty-five per cent of the tax payable in respect of iii[that tax year].
(2) Any person who, without reasonable excuse, fails to furnish, within the time allowed under this Ordinance, any statement required under section 165 shall be liable for a penalty of two thousand rupees.
(3) Where a person liable to a penalty under sub-section (2) continues to fail to furnish the statement, the person shall be liable for an additional penalty of two hundred rupees for each day of default after the imposition of the penalty under sub-section (2)."
i. Substituted for the words "any return of income" vide the Finance ordinance (XXVII of 2002 promulgated on 15th June, 2002)
ii. The words, brackets and figures were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
iii. Substituted for the words "the return" vide the Finance ordinance (XXVII of 2002 promulgated on 15th June, 2002)
2-Substituted for the words and figures "Where any person fails to furnish a return of income or a statement as required under section 115 or wealth statement or wealth reconciliation statement or statement under section 165 within the due date" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

3-Substituted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021. Before substitution read as:

| |
|---|
| "1[Such person shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than 2[forty] thousand rupees or no tax is payable for that tax year such person shall pay a penalty of 3[forty] thousand rupees] 4[:]<br>4[Provided that If seventy-five percent of the income is from salary and the amount of income under salary is less than five million Rupees, the minimum amount of penalty shall be five thousand Rupees 5[:]<br>5[Provided further that if taxable income is up-to eight hundred thousand Rupees, the minimum amount of penalty shall be five thousand Rupees:<br>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law.]<br>6[Explanation.- For the purposes of this entry, it is declared that the expression "tax payable" means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under sections 120, 121, 122 or 122C."] |

1-Substituted for the words and figures "Such person shall pay a penalty equal to 0.1% of the tax payable for each day of default subject to a minimum penalty of five thousand rupees and a maximum penalty of 25% of the tax payable in respect of that tax year" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

2-Substituted for the commas, figures and words ", 115, 116 and 165" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

3-Substituted for the word "twenty" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

4-Substituted for the full stop and Proviso added Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

5-For the full stop and thereafter Provisos added by Finance Act, 2021, dated 30-06-2021. Earlier same was added by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021

6-Explanation was inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

9-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

10-Serial Nos. 1A & 1AA and relevant entries were Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

11-Figure "115" omitted by Finance Act, 2020, dated 30-06-2020

12-Inserted vide the Finance Act, 2016 (XXIX of 2016)

13-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution was as under:-

Such person shall pay a penalty of Rs.2500 for each day of default subject to a minimum penalty of [ten] thousand rupees:

14-Added vide the Finance Act, 2016 (XXIX of 2016)

15-Substituted for the expression "Rs.100 for each day of default" vide Finance Act, 2015

16-Substituted for the figures "20,000," vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

17-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

18-Substituted for the word "five" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

19-S. No. "4A" omitted by Finance Act, 2021, dated 30-06-2021

| | | | |
|---|---|---|---|
| 4A | Any person who is required to furnish or update a taxpayer's profile but fails to furnish or update within the due date. | Such a person shall pay a penalty of Rs. 2,500 for each day of default from the due date subject to a minimum penalty of Rs. 10,000. | 114A |

20-For the figure "10,000" substituted by Finance Act, 2021, dated 30-06-2021

21-Proviso was added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

22-Words inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021

23-Words "is paid" omitted by Finance Act, 2021, dated 30-06-2021. Earlier same was omitted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021

24-For the full stop and Proviso added by Finance Act, 2021, dated 30-06-2021.

25-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

26-For the word "five" the word "twenty-five" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

27-For the word "ten" the word "fifty" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

28-For the word "fifty" the words "one hundred" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

29-Substituted for the word "five" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

30-For the word "ten" the word "fifty" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

31-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

32-For the figure "100%" substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021

33-For the expression “and general” substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021
33-Substituted for the words “twenty five” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
34-For the words “one hundred” substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021
35-Substituted for the words “twenty five” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
35a-S.No. “14” omitted and shall always be deemed to have been so omitted since the commencement of the Income Tax Ordinance, 2001 (XLIX of 2001) by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021. Before omission read as:

| | | | |
|---|---|---|---|
| 14 | Any person who contravenes any of the provision of this Ordinance for which no penalty has, specifically, been provided in this section. | Such person shall pay a penalty of five thousand rupees or three per cent of the amount of tax involved, whichever is higher. | General. |

36-Substituted for the words “twenty five” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
37-For the expression “148, 149, 150, 151, 152, 153, 153A, 154, 155, 156, 156A, 156B, 158, 160, 231A, 231B, 233, 233A, 234, 234A, 235, 236, 236A” substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021.
38-Serial number 16 was added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
39-The expression inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021.
40-The expression inserted by Finance Act, 2021, dated 30-06-2021
41-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
42-Serial No. “19 & 20” omitted by Finance Act, 2021, dated 30-06-2021. Earlier same was omitted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:

| | | | |
|---|---|---|---|
| 1[19. | Where any manufacturer of a motor vehicle accepts or processes any application for booking or purchase of a locally manufactured motor vehicle in violation of the provisions of clause (a) of section 227C | Such person shall pay a penalty of 5 percent of the value of the motor vehicle | 227C |
| 20 | (i) Where any registering authority of Excise and Taxation Department accepts, processes or registers any application for registration of a locally manufactured motor vehicle or for the first registration of an imported vehicle in violation of the provisions of clause (a) of section 227C<br><br>(ii) Where any authority responsible for registering, recording or attesting the transfer of immovable property accepts or processes the registration or attestation of such property in violation of the provisions of clause (b) of section 227C | Such person shall pay a penalty of 3 percent of the value of motor vehicle or immovable property. | 227C]; |

1-Inserted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018
43-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
44-S.No. “29” added by Finance Act, 2021, dated 30-06-2021
45-Substituted for the full stop vide Finance Act, 2012
46-Proviso was added vide Finance Act, 2012

**1[182A. Return not filed within due date.-** (1) Notwithstanding anything contained in this Ordinance, where a person fails to file a return of income under section 114 by the due date as specified in section 118 or by the date as extended by the Board under section 214A or extended by the Commissioner under section 119, as the case may be, such person shall-

(a) not be included in the active taxpayers' list for the year for which return was not filed within the due date 2[:]

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

(i) twenty thousand in case of a company;
(ii) ten thousand in case of an association of persons;
(iii) one thousand in case of an individual.]

**"Explanation.-** For the removal of doubt it is clarified that the provisions of this section shall apply from tax year 2018 and onwards for which the first Active Taxpayers List is to be issued on first day of March, 2019 under Income Tax Rules, 2002.; and

(b) not be allowed, for that tax year, to carry forward any loss under Part VIII of Chapter IV 4[:]]

5[(c) not be issued refund during the period the person is not included in the active taxpayers' list; and

(d) not be entitled to additional payment for delayed refund under section 171 and the period the person is not included in the active taxpayers' list, shall not be counted for computation of additional payment for delayed refund.]

6[***]

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1-Inserted by the Finance Act, 2018.
2-Word "; and" substituted by colon through Finance Act, 2019.
3-New proviso inserted through Finance Act, 2019.
4-Full stop substituted by semicolon through Finance Act, 2019.
5-New clauses (c) & (d) added through Finance Act, 2019.
6-Sub-section "(2)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier inserted by Finance Act, 2020, dated 30-06-2020, read as under:
"(2) Where a person fails to furnish or update a taxpayers profile within the due date or time period specified in sub-section (3) of section 114A or within the date as extended by the Board under section 214A, such person shall not be included in the active taxpayers' list for the latest tax year ending prior to the aforesaid due date or extended date:
Provided that without prejudice to any other liability under this Ordinance, such person shall be included in the active taxpayers' list upon filing the taxpayer's profile after the due date or extended date, if the person pays surcharge at Rupees-
(a) twenty thousand in case of a company;
(b) ten thousand in case of an association of persons; and
(c) one thousand in case of an individual."

1[**183. Exemption from penalty and default surcharge.-** The Federal Government may, by notification in the official Gazette, or the Board by an order published in the official Gazette for reasons to be recorded in writing, exempt any person or class of persons from payment of the whole or part of the penalty and default surcharge payable under this Ordinance subject to such conditions and limitations as may be specified in such notification or, as the case may be, order.]

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1-Section 183 was substituted vide Finance Act, 2010 (XVI of 2010). At the time of substitution section 183 was as under:--
"183. Penalty for non-payment of tax.- (1) A taxpayer who fails to pay any tax (other than penalty i[imposed under this section)] due under this Ordinance by the due date shall be liable for a penalty equal to –
(a) in the case of the first default, five per cent of the amount of tax in default;
(b) in the case of a second default, an additional penalty of twenty per cent of the amount of tax in default;
(c) in the case of a third default, an additional penalty of twenty-five per cent of the amount of tax in default; and
(d) in the case of a fourth and subsequent default, an additional penalty of up to fifty per cent of the amount of tax in default as determined by the Commissioner, but the total penalty in respect of the amount of tax in default shall not exceed one hundred per cent of such amount of tax.
(2) Where, in consequence of any order under this Ordinance, the amount of tax in respect of which any penalty imposed under sub-section (1) is reduced, the amount of the penalty shall be reduced accordingly."
i. The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**1[***]**

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1-Section (184) omitted vide Finance Act, 2010 (XVI of 2010)

"184. Penalty for concealment of income.-(I) Where, in the course of any proceedings under this Ordinance, the Commissioner, Commissioner (Appeals), or the Appellate Tribunal is satisfied that any person has i[either in the said proceedings or in any earlier proceedings relating to an assessment in respect of the same tax year] concealed income or furnished inaccurate particulars of such income, the Commissioner, Commissioner (Appeals), or the Appellate Tribunal, as the case may be, may, by an order in writing, impose upon the person a penalty equal to the amount of tax which the person sought to evade by concealment of income or the furnishing of inaccurate particulars of such income.

i. The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

(2) For the purposes of sub-section (1), concealment of income or the furnishing of inaccurate particulars of income shall include –

(a) the suppression of any income or amount chargeable to tax;

(b) the claiming of any deduction for any expenditure not actually incurred; or

(c) any act referred to in sub-section (1) of section 111.

(3) Where any income or amount declared by a taxpayer is claimed by the taxpayer to be exempt from tax or any expenditure declared by a taxpayer is claimed by the taxpayer to be deductible, the mere disallowance of such claim shall not constitute concealment of income or the furnishing of inaccurate particulars of income, unless it is proved that the taxpayer made the claim knowing it to be wrong.

(4) Where a Commissioner (Appeals) or the Appellate Tribunal makes an order under subsection (1), the ii[Commissioner (Appeals) or the Appellate Tribunal,] as the case may be, shall immediately serve a copy of the order on the Commissioner and thereupon all the provisions of this Ordinance relating to the recovery of penalty shall apply as if the order were made by the Commissioner.

ii. Substituted for the words "Commissioner or Tribunal" vide the Finance ordinance (XXVII of 2002 promulgated on 15th June, 2002)

iii[(5) Where, in consequence of any order under this Ordinance, the amount of tax in respect of which any penalty imposed under sub-section (1) is reduced, the amount of the penalty shall be reduced accordingly".]

iii. Sub-section (5) was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

**1[***]**

1-Section (185) omitted vide Finance Act, 2010 (XVI of 2010)
"185. Penalty for failure to maintain records.- A person who, without reasonable excuse, fails to maintain records as required under this Ordinance shall be liable for a penalty equal to –
(a) in the case of the first failure, two thousand rupees;
(b) in the case of a second failure, five thousand rupees; and
(c) in the case of a third and subsequent failure, ten thousand rupees.

**1[***]**

1-Section (186) omitted vide Finance Act, 2010 (XVI of 2010)
"186. Penalty for non-compliance with notice.- (1) A person who, without reasonable excuse, fails to comply with any notice served on the person under section 116 or 176 shall be liable for a penalty equal to –
(a) in the case of the first failure, two thousand rupees;
(b) in the case of a second failure, five thousand rupees; or
(c) in the case of a third and subsequent failure, ten thousand rupees.
(2) Where a person liable for a penalty under sub-section (1) has an assessed tax liability for the tax year in which the failure occurred of less than twenty thousand rupees, the amount of the penalty imposed under sub-section (1) shall be reduced by seventy-five percent."

**1[***]**

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1-Section (187) omitted vide Finance Act, 2010. The omitted section 187 was as follows:

"187. Penalty for making false or misleading statements.-(1) Where a person –

(a) makes a statement to i[an income tax authority] that is false or misleading in a material particular or omits from a statement made ii[to an income tax authority any matter or thing without which the statement is false or misleading in a material particular; and

i. Substituted for the words "a taxation officer" vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)

ii. Substituted for the words "a taxation officer" vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)

(b) the tax liability (including the liability for advance tax under section 147 of the person computed on the basis of the statement is less than it would have been if the statement had not been false or misleading (the difference hereinafter referred to as the ―tax shortfall), the person shall be liable for a penalty equal to –

(i) where the statement or omission was made knowingly or recklessly, two hundred per cent of the tax shortfall; or

(ii) in any other case (other than where sub-section (2) applies), twenty-five per cent of the tax shortfall.

(2) In the case of an assessment order under section 120, no penalty shall be imposed under:

sub-section (1) to the extent to which the tax shortfall arose as a result of the taxpayer taking a reasonably arguable position on the application of this Ordinance to the taxpayer's position.

(3) A reference in this section to a statement made to III[an income tax authority] is a reference to a statement made in writing or orally to that iv[authority] acting in the performance of the v[authority's] duties under this Ordinance, and shall include a statement made –

III. Substituted for the words "a taxation officer" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

iv Substituted for the word "officer" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

v. Substituted for the word "officer's" vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)

(a) in an application, certificate, declaration, notification, return, objection or other document made, prepared, given, filed or furnished under this Ordinance;

(b) in information required to be furnished under this Ordinance;

(c) in a document furnished to vi[an income tax authority] otherwise than pursuant to this Ordinance;

vi Substituted for the words "a taxation officer" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

(d) in answer to a question asked of a person by vii[an income tax authority;] or

vii Substituted for the words "a taxation officer" by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

(e) to another person with the knowledge or reasonable expectation that the statement would be conveyed to VIII[an income tax authority]."

VIII Substituted for the words "a taxation officer" by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).

**1[***]**

1-Section 188 omitted by the Finance Act, 2010 (XVI of 2010). At the time of omission section 188 was as under:-
"188. Penalty for failure to give notice.-{I) Where a person fails to give notice of the discontinuance of the person's business as required under section i[117],the Commissioner may impose a penalty on the person not exceeding the amount of tax payable by the person for the tax year in which the business was discontinued.
(2) Where a person fails to give notice of the person's appointment as liquidator as required under section 141, the Commissioner may impose a penalty on the person not exceeding ten thousand rupees."
i. Substituted for the figure "124"by the Finance Act, 2003 (I of 2003), (Assented on 16th June, 2003)

**1[***]**

1-Section 189 was omitted by the Finance Act, 2010 (XVI of 2010). At the time of omission section 189 was as under:--
"189. Penalty for obstruction.-Where any person obstructs the Commissioner or a taxation officer in discharge of the Commissioner or officer's functions under this Ordinance, the Commissioner may impose a penalty on the person not exceeding ten thousand rupees."

**1[***]**

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1-Section 190 was omitted vide the Finance Act, 2010 (XVI of 2010). At the time of omission section 190 was as under:-

"190 Imposition of penalty.-(1) No penalty may be imposed under this Part on any person unless the person is given a reasonable opportunity of being heard.

(2) Subject to sub-section (3), the imposition of a penalty under this Part shall be without prejudice to any other liability incurred by the person under this Ordinance.

(3) The imposition of a penalty in relation to an act or omission shall be an alternative to prosecution under Part XI of this Chapter.

(4) If a penalty has been paid under this Part and the Commissioner institutes a prosecution proceeding under Part XI of this Chapter in respect of the same act or omission, the Commissioner shall refund the amount of penalty paid, and the penalty shall not be payable unless the prosecution is withdrawn.

i[(5) A penalty under sections 182, 183, 185, 186 and 187 shall be imposed by the Commissioner.]

(6) The provisions of Parts III and IV of this Chapter shall apply to an assessment of penalty as if it were an assessment of tax."

i. Sub-section (5) substituted by the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (5) was as under:-

"(5) The Commissioner shall make an assessment of any penalty imposed under this Part in accordance with the provisions of Part II of this Chapter as if the penalty were tax."

2-Clause (a) was substituted vide the Finance Act, 2003 (I of 2003), (Assented on 16th June, 2003). At the time of substitution clause (a) was as under:--

"(a) furnish a return of income as required under section 114 or a wealth statement as required under section 116;"

## PART XI
## OFFENCES AND PROSECUTIONS

**191. Prosecution for non-compliance with certain statutory obligations.-** (1) Any person who, without reasonable excuse, fails to -

1[(a) comply with a notice under sub-section (3) [and sub-section (4)] of section 114 or sub-section (1) of section 116;]

(b) pay advance tax as required under section 147;

(c) comply with the obligation under Part V of this Chapter 2[or Chapter XII] to collect or deduct tax and pay the tax to the Commissioner;

3[(ca) furnish particulars or complete or accurate particulars of persons mentioned in sub-section (1) of section 165;]

(d) comply with a notice served under section 140 or 176;

(e) comply with the requirements of 4[sub-section (3) or sub-section (4) of section 141; 5[***]

(f) provide reasonable facilities and assistance as required under sub-section (3) of section 175,shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year, or both 6[:] 7[or]

7[(g) declare business bank account(s) in the registration form or updated registration form or return of income or wealth statement,]

(2) If a person convicted of an offence under clause (a) of sub-section (1) fails, without reasonable excuse, to furnish the return of income or wealth statement to which the offence relates within the period specified by the Court, the person shall commit a further offence punishable on conviction with a fine 8[not exceeding fifty thousand rupees] or imprisonment for a term not exceeding two years, or both.

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1-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
2-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
3-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
4-The words, brackets and figure were inserted by the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
5-Word “or” omitted by Finance Act, 2021, dated 30-06-2021.
6-For the comma inserted by Finance Act, 2021, dated 30-06-2021.
7-Word “or” and Clause “(g)” inserted by Finance Act, 2021, dated 30-06-2021.
8-The words were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**192. Prosecution for false statement in verification.-** Any person who makes a statement in any verification in any return or other document furnished under this Ordinance which is false and which the person knows or believes to be false, or does not believe to be true, the person shall commit an offence punishable on conviction with a fine 1[up to hundred thousand rupees] or imprisonment for a term not exceeding three years, or both.

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1-The words were inserted vide the Finance Act, 2009 ( I of 2009 assented on 30th June, 2009)

1**[192A. Prosecution for concealment of income.-** (1) Where, in the course of any proceedings under this Ordinance, any person has either in the said proceedings or in any earlier proceedings concealed income or furnished inaccurate particulars of such income and revenue impact of such concealment or furnishing of inaccurate particulars of such income is five hundred thousand rupees or more shall commit an offence punishable on conviction with imprisonment up to two years or with fine or both.

(2) For the purposes of sub-section (1), concealment of income or the furnishing of inaccurate particulars of income shall include~

(a) the suppression of any income or amount chargeable to tax;

(b) the claiming of any deduction for any expenditure not actually incurred; or

(c) any act referred to in sub-section (1) of section 111.]

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1-Section 192A was inserted by the Finance Act, 2009 (I of 2009), (Assented on 30th June, 2009)

1**[192B. Prosecution for concealment of an offshore asset.-** (1) Any person who fails to declare an offshore asset to the Commissioner or furnishes inaccurate particulars of an offshore asset and revenue impact of such concealment or furnishing of inaccurate particulars is ten million rupees or more shall commit an offence punishable on conviction with imprisonment up to three years or with a fine up to five hundred thousand Rupees or both.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**193. Prosecution for failure to maintain records.-** A person who fails to maintain records as required under this Ordinance shall commit an offence punishable on conviction with -

(a) where the failure was deliberate, a fine 1[not exceeding fifty thousand rupees] or imprisonment for a term not exceeding two years, or both; or

(b) in any other case, a fine 2[not exceeding fifty thousand rupees].

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1-The words were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
2-The words were added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

**194. Prosecution for improper use of National Tax Number 1[Certificate].-** A person who knowingly or recklessly uses a false National Tax Number 1[Certificate] including the National Tax Number 1[Certificate] of another person on a return or other document prescribed or used for the purposes of this Ordinance shall commit an offence punishable with a fine 2[not exceeding fifty thousand rupees] or imprisonment for a term not exceeding two years, or both.

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1-Substituted for the word "card" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
2-The words were inserted by the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**195. Prosecution for making false or misleading statements.-** (1) A person who -

(a) makes a statement to 1[an income tax authority] that is false or misleading in a material particular; or

(b) omits from a statement made to 2[an income tax authority] any matter or thing without which the statement is misleading in a material particular, shall commit an offence punishable on conviction -

(i) where the statement or omission was made knowingly or recklessly, with a fine or imprisonment for a term not exceeding two years, or both; or

(ii) in any other case, with a fine.

(2) A person shall not commit an offence under sub-section (1) if the person did not know and could not reasonably be expected to have known that the statement to which the prosecution relates was false or misleading.

(3) 3[Entry against S. No. 10 in column (2) of the Table in sub-section (1) of section 182] shall apply in determining whether a person has made a statement to 4[an income tax authority].

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1-Substituted for the words "a taxation officer" vide the Finance Ordinance, 2002 (XXVII of 2002), (Promulgated on 15th June, 20.02),
2-Substituted for the words "a taxation officer" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Substituted for the expression "Sub-section (3) of section 187" vide Finance Act, 2015
4-Substituted for the words "a taxation officer" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

1**[195A. Prosecution for non-compliance with notice under section 116A.-** Any person who, without reasonable excuse, fails to comply with a notice under sub-section (2) of section 116A; shall commit an offence punishable on conviction with imprisonment up to one year or with a fine up to fifty thousand Rupees or both.

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

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

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**196. Prosecution for obstructing** 1**[an income tax authority].-** A person who obstructs 2[an income tax authority] in discharge of functions under this Ordinance shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year, or both.

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1-Substituted for the words "a taxation officer" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
2-The words were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**197. Prosecution for disposal of property to prevent attachment.-** Where the owner of any property, or a person acting on the owner's behalf or claiming under the owner, sells, mortgages, charges, leases or otherwise deals with the property after the receipt of a notice from the Commissioner with a view to reverting the Commissioner from attaching it, shall commit an offence punishable on conviction with a fine 1[up to hundred thousand rupees] or imprisonment for a term not exceeding three years, or both.

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1-The words were inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

**1[***]**

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1-Section "198" omitted and shall always be deemed to have been so omitted since the commencement of the Income Tax Ordinance, 2001 (XLIX of 2001) by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021. Before omission read as:

**"198. Prosecution for unauthorized disclosure of information by a public servant.-** A person who discloses any particulars in contravention of 1[sub-section 1B of section 107 or] section 216 shall commit an offence punishable on conviction with a fine 2[of not less than five hundred thousand rupees] or imprisonment for a term not exceeding 3[one year], or both."

1-Inserted vide the Finance Act, 2016 (XXIX of 2016)

2-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

3-For the words "six months" the words "one year" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013 (It is not mentioned in relevant amending section of Act that to whom the words "one year" are substituting. It seems to be typographic error. However, keeping in view the scheme of words it clearly implies that the intention was to substitute the words "six months". Therefore the amendment incorporated under this reference is purely indicative without any legal backing till the time mistake rectified by the competent forum.

**199. Prosecution for abetment.-** Where a person 1[knowingly and wilfully] aids, abets, assists, incites or induces another person to commit an offence under this Ordinance, the first-mentioned person shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding three years, or both.

---

1-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**200. Offences by companies and associations of persons.-** (1) Where an offence under this Part is committed by a company, every person who, at the time the offence was committed, was -

(a) the principal officer, a director, general manager, company secretary or other similar officer of the company; or

(b) acting or purporting to act in that capacity, shall be, notwithstanding anything contained in any other law, guilty of the offence and all the provisions of this Ordinance shall apply accordingly.

(2) Where an offence under this Part is committed by an association of persons, every person who, at the time the offence was committed, was a member of the association shall be, notwithstanding anything contained in any other law, guilty of the offence and all the provisions of this Ordinance shall apply accordingly.

(3) Sub-sections (1) and (2) shall not apply to a person where -

(a) the offence was committed without the person's consent or knowledge; and

(b) the person has exercised all diligence to prevent the commission of the offence as ought to have been exercised having regard to the nature of the person's functions and all the circumstances.

**201. Institution of prosecution proceedings without prejudice to other action.-** Notwithstanding anything contained in any law for the time being in force, a prosecution for an offence against this Ordinance may be instituted without prejudice to any other liability incurred by any person under this Ordinance.

**1[202. Power to compound offences.-** Notwithstanding any provisions of this Ordinance, where any person has committed any offence, the 2[Chief Commissioner] may, with the prior approval of the Board, either before or after the institution of proceedings, compound such offence subject to payment of tax due along with 3[default surcharge]and penalty as is determined under the provisions of this Ordinance.]

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1-Section 202 substituted by the Finance Act, 2009. The substituted sub-section "202" read as follows:
"202. Power to compound offences.- Where any person has committed any offence under this Part, the Commissioner may either before or after the institution of proceedings, compound such offence and order that such person pay the amount for which the offence may be compounded."
2-The words "Director General" substituted by Finance Act, 2012.
3-The words "additional tax" substituted by Finance Act, 2010

**203. Trial by Special Judge.-** 1[(1) The Federal Government may, by notification in the official Gazette, appoint as many special judges as it may consider necessary, and where it appoints more than one Special Judge, it shall specify in the notification the territorial limits within which each of them shall exercise jurisdiction 2[.]]

3[Provided that the Federal Government may, by, notification in official Gazette, declare that a special judge appointed under section 185 of the Customs Act 1969 (IV of 1969) shall have jurisdiction to try offences under this Ordinance.]

4[(1A) A Special Judge shall be a person who is or has been a Sessions Judge and shall, on appointment, have the jurisdiction to try exclusively an offence punishable under this Part other than an offence referred to in section 198.

(1B) The provisions of the Code of Criminal Procedure, 1898 (Act V of 1898), except those of Chapter XXXVIII of that Code, shall apply to the proceedings of the court of a Special Judge and, for the purposes of the said provisions, the court of Special Judge shall be deemed to be a Court of Sessions trying cases, and a person conducting prosecution before the court of a Special Judge shall be deemed to be a Public Prosecutor.]

(2) A Special Judge shall take cognizance of, and have jurisdiction to try, an offence triable under sub-section (1) only upon a complaint in writing made by the Commissioner 5[:]

5[Provided that where the offence of concealment of income which has resulted in non-payment of tax of rupees one hundred and above in case of a filer and rupees twenty five million or above in case of non-filer, the procedure provided in section 203B shall be applicable.]

6[(3) The Federal Government may, by order in writing, direct the transfer, at any stage of the trial, of any case from the court of one Special Judge to the court of another Special Judge for disposal, whenever it appears to the Federal Government that such transfer shall promote the ends of justice or tend to the general convenience of parties or witnesses.

(4) In respect of a case transferred to a Special Judge by virtue of sub-section (1) or under sub-section (3), such Judge shall not, by reason of the said transfer, be bound to recall and rehear any witness who has given evidence in the case before the transfer and may act on the evidence already recorded by or produced before the court which tried the case before the transfer.]

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1-Sub-section (1) substituted by the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931).
Earlier this sub- section was substituted by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) & the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of substitution sub-section (1) was as under:--
"(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (Act V of 1898) or in any other law, an offence punishable under this Part (other than an offence referred to in section 198) shall be tried exclusively by a Special Judge appointee by the Federal Government under the Pakistan Criminal Law (Amendment) Act, 1958 (XL of 1958), as if such offence were an offence specified in the Schedule to that Act."
2-Substituted for full stop vide the Finance Act, 2014
3-Added vide the Finance Act, 2014
4-Sub-sections (1A) and (1B) inserted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier these sub-sections were inserted by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) & the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
5-For the full stop and thereafter Proviso added by Finance Act, 2021, dated 30-06-2021.
6-Sub-sections (3) and (4) were added vide the Finance Act, 2010 (XVI of 2010). Earlier these sub-sections were added the Finance (Amendment) Ordinance, 2010 (III of 2010 Promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 21th October, 2009)

1**[203A. Appeal against the order of a Special Judge.-** An appeal against the order of a Special Judge shall lie to the respective High Court of a Province within thirty days of the passing of the order and it shall be heard as an appeal under the Code of Criminal Procedure 1898 (Act V of 1898) by a single Judge of the High Court.]

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1-Section 203A was inserted vide the Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010

**1[203B. Power to arrest and prosecute.-** (1) Where on the basis of material evidence brought on record, as a result of audit conducted by the auditors in terms of sub-section (8) of section 177 read with section 214C of this Ordinance, an assessment is made or amended under section 121 or 122 of this Ordinance, as the case may be, and the assessing officer records a finding that the taxpayer has committed the offence of concealment of income which has resulted in non-payment of tax of Rupees one hundred million and above in case of a filer and rupees twenty five million or above in case of non-filer, the taxpayer may be arrested after obtaining written approval of the committee specified under sub-section (2).

(2) The committee under sub-section (1) shall comprise the Minister for Finance and Revenue, the Chairman of the Board and the senior most member of the Board.

(3) All arrests made under this Ordinance shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (Act V of 1898).

(4) Notwithstanding anything contained in sub-sections (1) and (2) or any other provision of this Ordinance, where any person has committed offence of concealment of income or any offence warranting prosecution under this Ordinance, the Chief Commissioner with the prior approval of the Board may, either before or after the institution of any proceedings for recovery of tax, compound the offence if such person pays the amount of tax due along with such default surcharge and penalty as is determined under the provisions of this Ordinance.

(5) Where the person suspected of offence of concealment of income or any offence warranting prosecution under this Ordinance is a company, every director or officer of that company whom the authorised officer has reason to believe is personally responsible for actions of the company contributing to offence of concealment of income or any offence warranting prosecution under this Ordinance shall be liable to arrest:

Provided that any arrest under this sub-section shall not absolve the company from the liabilities of payment of tax, default surcharge and penalty imposed under this Ordinance.]

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1-Sections “203B” substituted by Finance Act, 2021, dated 30-06-2021

**1[203C. Procedure to be followed on arrest of a person.-** (1) When an officer of Inland Revenue authorized under sub-section (1) of section 203B in this behalf arrests a person under section 203B, he shall immediately intimate the fact of the arrest of that person to the Special Judge who may direct such officer to produce that person at such time and place and on such date as the Special Judge considers expedient and such Officer shall act accordingly.

(2) Notwithstanding anything contained in the sub-section (1), any person arrested under this Ordinance shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.

(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit:

Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considers that the affording of such opportunity shall defeat the purposes of this Ordinance.

(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.

(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of an officer of Inland Revenue holding inquiry against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order:

Provided that the period of such custody shall not exceed more than fourteen days.

(6) When any person is arrested under this Ordinance, an officer of Inland Revenue shall record the fact of arrest and other relevant particulars in the register specified in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty four hours of his arrest, excluding the time necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate, make a request for his further detention in his custody.

(7) While holding an inquiry under sub-section (6), an officer of Inland Revenue shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Ordinance.

(8) If an officer of Inland Revenue, after holding an inquiry as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.

(9) The Special Judge to whom a report has been made under sub-section, (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(10) An officer of Inland Revenue empowered to hold inquiry under this section shall maintain a register to be called "Register of Arrests and Detentions" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Ordinance, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such Officer is so directed by him.

(11) After completing the inquiry, an officer of Inland Revenue shall, as early as possible, submit to Special Judge a complaint in the same form and manner in which the officer in-charge of a police station submits a report, before a court.

(12) Magistrate of the first class may record any statement or confession during inquiry under this Ordinance, in accordance with the provisions of section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).

(13) Without prejudice to the foregoing provisions of this section, Board, with the approval of the Federal Minister-in-charge, may, by notification in the official Gazette, authorize any other officer working under the Board to exercise the powers and perform the functions of an officer of Inland Revenue under this section, subject to such conditions, if any, that it may deem fit to impose.]

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1-Sections "203C" substituted by Finance Act, 2021, dated 30-06-2021

**1[203D. Special Judges.-** (1) The Federal Government shall by notification in the official Gazette, appoint as many Special Judges as it considers necessary and, where it appoints more than one Special Judge, it shall specify in the notification the headquarter of each Special Judge and the territorial limits within which he shall exercise jurisdiction under this Ordinance.

(2) No person shall be appointed as a Special Judge unless he is or has been a Sessions Judge.]

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1-Sections “203D” substituted by Finance Act, 2021, dated 30-06-2021

**1[203E. Cognizance of offences by Special Judges.-** (1) Notwithstanding anything contained in this Ordinance or any other law for the time being in force, a Special Judge may, within the limits of his jurisdiction, take cognizance of any offence punishable under this Ordinance upon-

(a) a report in writing made by an officer of Inland Revenue or by any other officer especially authorized in this behalf by the Federal Government; or

(b) receiving a complaint or information of facts constituting such offence made or communicated by any person; or

(c) his own knowledge acquired during any proceeding before him under this Ordinance or under any other law for the time being in force.

(2) Upon the receipt of report under clause (a) of sub-section (1), the Special Judge shall proceed with the trial of the accused.

(3) Upon the receipt of a complaint or information under clause (b), or acquired in the manner referred to in clause (c) of sub-section (1), the Special Judge may, before issuing a summon or warrant for appearance of the person complained against, hold a preliminary inquiry for the purpose of ascertaining the truth or falsehood of the complaint, or direct any magistrate or any officer of Inland Revenue or any police officer to hold such inquiry and submit a report, and such Magistrate or officer shall conduct such inquiry and make report accordingly.

(4) If, after conducting such inquiry or after considering the report of such Magistrate or officer, the Special Judge is of the opinion that there is-

(a) no sufficient ground for proceeding, he may dismiss the complaint, or

(b) sufficient ground for proceeding, he may proceed against the person complained against in accordance with law.

(5) A special Judge or a Magistrate or an officer holding inquiry under sub-section (3) may hold such inquiry, as early as possible, in accordance with the provision of section 202 of the Code of Criminal Procedure, 1898 (Act V of 1898).]

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1-Sections “203E” substituted by Finance Act, 2021, dated 30-06-2021

**1[203F. Special Judge, etc. to have exclusive jurisdiction.-**

Notwithstanding anything contained in this Ordinance or in any other law for the time being in force no,-

(a) court other than the Special Judge having jurisdiction, shall try an offence punishable under this Ordinance;

(b) other court or officer, except in the manner and to the extent specifically provided for in this Ordinance, shall exercise any power, or perform any function under this Ordinance;

(c) court, other than the High Court, shall entertain, hear or decide any application, petition or appeal under chapters XXXI and XXXII of the Code of Criminal Procedure, 1898 (Act V of 1898), against or in respect of any order or direction made under this Ordinance; and

(d) no court, other than the Special Judge or the High Court, shall entertain any application or petition or pass any order or give any direction under chapters XXXVII, XXXIX, XLIV or XLV of the aforesaid Code.]

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1-Sections “203F” substituted by Finance Act, 2021, dated 30-06-2021

**1[203G. Provisions of Code of Criminal Procedure, 1898, to apply.-** (1) The provision of the Code of Criminal procedure, 1898 (Act V of 1898), so far as they are not inconsistent with the provisions of this Ordinance, shall apply to the proceedings of the court of a Special Judge and such court shall be deemed to be a court of Sessions for the purpose of the said Code and the provisions of Chapter XXIIA of the foresaid Code, so far as applicable and with the necessary modifications, shall apply to the trial of cases by the Special Judge under this Ordinance.

(2) For the purposes of sub-section (1), the Code of Criminal Procedure, 1898 (Act V of 1898), shall have effect as if an offence punishable under this Ordinance were one of the offences referred to in sub-section (1) of section 337 of the said Code.]

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1-Sections “203G” substituted by Finance Act, 2021, dated 30-06-2021

**1[203H. Transfer of cases.-** (1) Where more than one Special Judge are appointed within the territorial jurisdiction of a High Court, the High Court, and where not more than one Special Judge is so appointed, the Federal Government, may by order in writing direct the transfer, at any stage of the trial, of any case from the court of one Special Judge to the Court of another Special Judge for disposal, whenever it appears to the High Court or, as the case may be, the Federal Government, that such transfer may promote the ends of justice or tend to the general convenience of the parties or witnesses.

(2) In respect of a case transferred to a Special Judge under sub-section (1), such Special Judge shall not by reason of the said transfer, be bound to recall and rehear any witness whose evidence has been recorded in the case before the transfer and may act upon the evidence already recorded or produced before the court which tried the case before the transfer.]

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1-Sections “203H” substituted by Finance Act, 2021, dated 30-06-2021

**1[203I. Place of sittings.-** A Special Judge shall ordinarily hold sittings at his headquarters but, keeping in view the general convenience of the parties or the witnesses, he may hold sittings at any other place.]

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1-Sections “203I” substituted by Finance Act, 2021, dated 30-06-2021

**204. Power to tender immunity from prosecution.-** (1) The 1[Board with the approval of the Minister-in-charge] may, for the purpose of obtaining the evidence of any person appearing to have been directly or indirectly concerned in, or privy to the concealment of income or to the evasion of tax, tender to such person immunity from prosecution for any offence under this Ordinance or under the Pakistan Penal Code (Act XLV of 1860), or under any other Federal Law on condition of the person making full and true disclosure of the whole circumstances relating to the concealment of income or evasion of tax.

(2) A tender of immunity made to, and accepted by, the person concerned shall render the person immune from prosecution for any offence in respect of which the tender was made and to the extent specified in the immunity.

(3) If it appears to the 1[Board with the approval of the Minister-in-charge] that any person to whom immunity has been tendered under this section has not complied with the conditions on which the tender was made or is concealing anything or giving false evidence, the 1[Board with the approval of the Minister-in-charge] may withdraw the immunity, and any such person may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which the person appears to have been guilty in connection with the same matter.

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1-For the words “Federal Government” substituted by Finance Act, 2021 dated 30-06-2021

## PART XII
## 1[DEFAULT SURCHARGE

**205.** 2**[Default Surcharge].-** (1) A person who fails to pay -

3[(a) any tax, excluding the advance tax under section 147 and 4[default surcharge] under this section;]

(b) any penalty; or

(c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for 5[default surcharge] at a rate equal to 6[ 7[ 8[12] percent per annum] ] on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid 9[:]

10[Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order, and does not file an appeal under section 131, he shall not be liable to pay default surcharge for the period beginning from the due date of payment in consequence of an order appealed against to the date of payment in consequence of notice under sub-section (2) of section 137.]

11[(1A) a person who fails to pay advance tax under section 147 shall be liable for 12[default surcharge] at a rate equal to 13[ 14[ 15[12] percent per annum]] on the amount of tax unpaid computed for the period commencing on the date on which it was due and ending on the date on which it was paid or date on which the return of income for the relevant tax year was due, whichever is earlier.]

16[(1B) Where, in respect of any tax year, any taxpayer fails to pay tax under sub-section 17[(4A), or] (6) of section 147 or the tax so paid is less than 18[ninety] per cent of the tax chargeable for the relevant tax year, he shall be liable to pay 19[default surcharge] at the rate of 20[ 21[ 22[12] percent per annum]] on the amount of tax so chargeable or the amount by which the tax paid by him falls short of the 23[ninety] per cent, as the case may be; and such 24[default surcharge ]shall be calculated from the first day of April in that year to the date on which assessment is made or the thirtieth day of June of the financial year next following, whichever is the earlier 25[:

Provided that in the case of person having a special tax year, the default surcharge shall be calculated on and from the first day of the fourth quarter of the special tax year till the date on which assessment is made or the last day of special tax year, whichever is earlier.]

(2) Any 26[default surcharge] paid by a person under sub-section (1) shall be refunded to the extent that the tax, penalty or other amount to which it relates is held not to be payable.

(3) A person who fails to 27[collect tax, as required under Division II of Part V of this Chapter or Chapter XII or deduct tax as required under Division III of Part V of this Chapter or Chapter XII or fails to] pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for 28[default surcharge] at a rate equal to 29[ 30[ 31[12] percent per annum] ] on the amount unpaid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it was paid to the Commissioner 32[:]

33[Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order and does not file an appeal under section 131, he shall not be liable to pay default surcharge for the period beginning from the date of order under section 161 to the date of payment.]

34[***]

(5) The Commissioner shall make an assessment of any 35[default surcharge] imposed under this Part in accordance with the provisions of Part II of this Chapter as if the 36[default surcharge] were tax.

(6) The provisions of Parts III and IV apply to an assessment of 37[default surcharge] as if it were an assessment of tax.

38[(7) Where a person is liable for default surcharge under this Part, the Commissioner may, at his discretion, make assessment of default surcharge for the period of default or part thereof, notwithstanding that the tax due has not actually been paid.]

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1-Substituted for the words "ADDITIONAL TAX'" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010), the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

2-Substituted for the words "Additional tax" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

3-Clause (a) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution clause (a) was as under:--

"(a) any tax, including any advance payment of tax under section 147;"

4-Substituted for the words "additional tax" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

5-Substituted for the words "additional tax" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 Promulgated on 28th October, 2009)

6-Substituted for the letters and words i[KIBOR plus three per cent per quarter] vide the Finance Act, 2012.

i. Substituted for the words a[twelve] per cent per annum" vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009),

a. Substituted for the word "eighteen" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

7-Substituted for the letters and words "KIBOR plus three per cent per quarter" vide Finance Act, 2012

8-Substituted for the figure "18" vide Finance Act, 2015

9-Substituted for the full stop at the end a colon vide Finance Act, 2012

10-Proviso was added vide Finance Act, 2012

11-Sub-section (IA) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

12-Substituted for the words "additional tax" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 & the Finance (Amendment) Ordinance, 2009 (XXJI of 2009 promulgated on 28th October, 2009)

13-The words i[twelve] per cent per annum" was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

i. Substituted for the word "eighteen" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

14-Substituted for the letters and words "KIBOR plus three per cent per quarter" vide Finance Act, 2012

15-Substituted for the figure "18" vide Finance Act, 2015

16-Sub-section (IB) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

17-The brackets, figure, letter and word were inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)

18-Substituted for the word "eighty" vide the Finance Act, 2006 (III of 2006 assented on 30tb June, 2006)

19-Substituted for the words "additional tax" vide the Finance Act, 2010 (XVI of 2010. This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

20-The words “twelve per cent per annum” were substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
21-Substituted for the letters and words “i[KIBOR plus three per cent per quarter]” vide Finance Act, 2012
i. Substituted for the words a[twelve] per cent per annum” vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
a. Substituted for the word “eighteen” vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
22-Substituted for the figure “18” vide Finance Act, 2015
23-Substituted for the word “eighty” vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
24-Substituted for the words “additional tax” vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
25-For the full stop, a colon was substituted and thereafter the proviso was added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
2-Substituted for the words “additional tax” vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
27-The words, comma and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
28-Substituted for the words “additional tax” vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 & the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
29-The words i[twelve] per cent per annum” substituted vide the Finance Act, 2009 (Assented on 30th June, 2009)
i. Substituted for the word “eighteen” vide the Finance Act, 2004 (II of 2004), (Assented on 30th June, 2004)
30-Substituted for the letters and words “KIBOR plus three per cent per quarter” vide Finance Act, 2012
31-Substituted for the figure “18” vide Finance Act, 2015
32-Substituted for the full stop vide Finance Act, 2012
33-Proviso was added vide Finance Act, 2012
34-Sub-section (4) omitted vide the Finance Act, 2003 (I of 2003), (Assented on 16th June, 2003). At the time of omission sub-section (4) was asunder:--
“(4) Additional tax imposed under sub-section (3) shall be borne personally by the person obliged to collect or deduct the tax, and no part shall be recoverable from the taxpayer.”
35-Substituted for the words “additional tax” by the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010)
36-Substituted for the words “additional tax” vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) .Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
37-Substituted for the words “additional tax” vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010), (Promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
38-Sub-section “(7)” inserted by Finance Act, 2020, dated 30-06-2020.

1**[205A. Reduction in** 2**[default surcharge], consequential to reduction in tax or penalty.-** Where, in consequence of any order made under this Ordinance, the amount of tax or penalty in respect of which 2[default surcharge] is chargeable under section 205 is reduced, the 2[default surcharge], if any, levied under the aforesaid section shall be reduced accordingly.]

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1-Section 205A was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

2-Substituted for the words "additional tax" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 193I). Earlier this amendment was made vide the finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

## PART XIII
## CIRCULARS

**206. Circulars.-** (1) To achieve consistency in the administration of this Ordinance and to provide guidance to taxpayers and officers of the 1[Board], the 1[Board] may issue Circulars setting out the Board's interpretation of this Ordinance.

2[(2) A circular issued by the 1[Board] shall be binding on all Income Tax Authorities and other persons employed in the execution of the Ordinance, under the control of the said Board other than Commissioners of Income Tax (Appeals).]

(3) A Circular shall not 3[be] binding on a taxpayer.

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1-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June. 2007)
2-Sub-section (2) substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution sub-section (2) was as under:-
"(2) A Circular shall be binding on the Central Board of Revenue, other than the Commissioner (Appeals)."
3-The word inserted by the Finance Ordinance. 2002 (XXVII of 2002 promulgated on 15th June, 2002)

1**[206A. Advance ruling.-** (1) The 2[Board] may, on application in writing by a non-resident taxpayer, issue to the taxpayer an advance ruling setting out the Commissioner's position regarding the application of this Ordinance to a transaction proposed or entered into by the taxpayer.

(2) Where the taxpayer has made a full and true disclosure of the nature of all aspects of the transaction relevant to the ruling and the transaction has proceeded in all material respects as described in the taxpayer's application for the ruling, the ruling is 3[binding] on the Commissioner with respect to the application to the transaction of the law as it stood at the time the ruling was issued.

(3) Where there is any inconsistency between a circular and an advance ruling, priority shall be given to the terms of the advance ruling 4[.]

5[***]

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1-Section 206A inserted by the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
3-Substituted for the word "blinding" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
4-For the colon, a full stop was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. The said colon was earlier substituted in place of a full stop vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 201I)
5-Proviso was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission, the provision appeared as follows:-
i[Provided that this section shall not apply to a non resident tax payer having a permanent establishment in Pakistan]
i. Proviso was added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

## CHAPTER XI
## ADMINISTRATION

### PART I
### GENERAL

1[**207. Income tax authorities.-** (1) There shall be the following Income Tax authorities for the purposes of this Ordinance and rules made there under, namely:

(a) Board;

(b) Chief Commissioner Inland Revenue;

(c) Commissioner Inland Revenue;

(d) Commissioner Inland Revenue (Appeals);

(e) Additional Commissioner Inland Revenue;

(f) Deputy Commissioner Inland Revenue;

(g) Assistant Commissioner Inland Revenue;

2[(ga) special audit panel;]

(h) Inland Revenue Officer;

(i) Inland Revenue Audit Officer;

3[(ia) District Taxation Officer Inland Revenue;

(ib) Assistant Director Audit.]

(j) Superintendent Inland Revenue;

(k) Inspector Inland Revenue; and

(l) Auditor Inland Revenue.

(2) The Board shall examine, supervise and oversee the general administration of this Ordinance.

4[(3) income tax authorities specified in sub-section (1) except in clause (a) shall be subordinate to the Board.]

5[(3A) Commissioners Inland Revenue, Additional Commissioners Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit 6[Officers] 7[, District Taxation Officer Inland Revenue, Assistant Director Audit], Superintendents Inland Revenue, Auditors Inland Revenue and Inspectors Inland Revenue, shall be subordinate to the Chief Commissioners Inland Revenue.]

(4) Subject to sub-section (5), Additional Commissioners Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit Officers 8[, District Taxation Officer Inland Revenue, Assistant Director Audit], Superintendents Inland Revenue, Auditors Inland Revenue and Inspectors Inland Revenue shall be subordinate to the Commissioners Inland Revenue.

(4A) Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit Officers 9[, District Taxation Officer Inland Revenue, Assistant Director Audit],

Superintendents Inland Revenue, Auditors Inland Revenue and Inspectors Inland Revenue shall be subordinate to the Additional Commissioners Inland Revenue.

(5) An officer vested with the powers and functions of Commissioner shall be subordinate to the Chief Commissioner Inland Revenue.

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1-Section 207 substituted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the dec1artion made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) Earlier a different Section was substituted vide the Finance (Amendment) Ordinance, 2010 (Ill of 2010 promulgated on 6th February, 2010) & the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009). At the time of substitution section 207 was as under:--

*[207. Income tax authorities.-(1) There shall be the following income tax authorities for the purposes of this Ordinance, namely:-

(a) i[Board]

i. Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

(b) Regional Commissioners of Income Tax;

(c) Commissioners of Income Tax;

(d) Commissioners of Income Tax (Appeals); and

(e) Taxation Officers.

(2) The ii[Board] shall exercise the general administration of this

ii. Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

(3) The Regional Commissioners of Income Tax and the Commissioners of Income Tax (Appeals) shall be subordinate to the III[Board] and the Commissioners of Income Tax shall be subordinate to the Regional Commissioners.

III. Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

(4) Subject to sub-section (5), the taxation officers shall be subordinate to the Commissioners of Income Tax.

(5) A taxation officer invested with the powers and functions of the Commissioner, under subsection (2) of section 209, shall be subordinate to the Regional Commissioner of Income Tax.]

*. Earlier, the section 207 substituted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002. At the time of substitution section 207 was as under:-

"207. Income tax authorities.-(1) There shall be the following income tax authorities for the purposes of this Ordinance, namely:-

(b) Regional Commissioners of Income Tax; and

(c) Commissioners of Income Tax.

(2) The Commissioners of Income Tax shall be subordinate to the Regional Commissioners of Income Tax within whose jurisdiction they perform their functions."

2-Inserted vide Finance Act, 2015

3-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

4-Sub-section (3) substituted by the Finance Act, 2012. At the time of substitution sub- section (3) was as under:-

"(3) The Chief Commissioners Inland Revenue and Commissioners Inland Revenue (Appeals) shall be subordinate to the Board and Commissioners Inland Revenue shall be subordinate to the Chief Commissioner Inland Revenue."

5-Sub-section (3A) inserted vide Finance Act, 2012

6-Substituted for the word "Officer" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

7-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

8-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

9-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

1**[208 Appointment of income tax authorities.-** 24[(1) The Board may appoint as many Chief Commissioners Inland Revenue, Commissioners Inland Revenue, Commissioners Inland Revenue (Appeals), Additional Commissioners Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit Officers 3[, District Taxation Officer Inland Revenue, Assistant Director Audit], Superintendents Inland Revenue, Inspectors Inland Revenue, Auditors Inland Revenue and such other executive or ministerial officers and staff as may be necessary.]

(2) Subject to such orders or directions as may be issued by the 4[Board], any income tax authority may appoint any income tax authority subordinate to it and such other executive or ministerial officers and staff as may be necessary.

(3) All appointments, other than of valuers, chartered accountants or experts, made under this Ordinance, shall be subject to rules and orders of the Federal Government regulating the terms and conditions of persons in public services and posts.]

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1-Section 208 substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).
At the time of substitution section 208 was as under:--
"208. Central Board of Revenue.-The Central Board of Revenue shall exercise the general administration of this Ordinance."
2-Sub-section (1) substituted vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) At the time of substitution sub-section (1) was as under:--
"(1) The i[Board] may appoint as many Regional Commissioners of Income Tax, Commissioners of Income Tax, Commissioners of Income Tax (Appeals), taxation officers and such other executive or ministerial officers and staff as may be necessary."
i. Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
3-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
4-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

1**[209. Jurisdiction of income tax authorities.-** 2[(1) Subject to this Ordinance, the 4[Chief Commissioners ], the Commissioners and the Commissioners (Appeals) shall perform all or such functions and exercise all or such powers under this Ordinance as may be assigned to them in respect of such persons or classes of persons or such areas as the 5[Board] may direct 6[,]]

7[Provided that the Board or the Chief Commissioner, as the case may be, may transfer jurisdiction in respect of cases or persons from one Commissioner to another.]

(2) The 8[Board] or the 9[Chief Commissioner] may, by an order, confer upon or assign to any 10[Officer of Inland Revenue] all or any of the powers and functions conferred upon or assigned to the Commissioner, under this Ordinance, in respect of any person or persons or classes of persons or areas 11[as may be specified in the order].

11a[Provided that the Board may also confer upon or assign to any Officer of Inland Revenue the aforesaid powers and functions through Automated Case Selection System:

Provided further that the Board may make rules for conferment or assignment of such powers and functions through Automated Case Selection System.

Explanation.-For the purpose of this sub-section, the expression "Automated Case Selection System" means an algorithm for randomized allocation of cases by using suitable technological modes.]

(3) An order under sub-section (2) by the 12[Chief Commissioner] shall be made only with the approval of the 1568[Board].

(4) The 13[Officer of Inland Revenue] referred to in sub-section (2) shall, for the purposes of this Ordinance, be treated to be the Commissioner.

(5) Within the area assigned to him, the Commissioner shall have jurisdiction,-

(a) in respect of any person carrying on business, if the person's place of business is within such area, or where the business is carried on in more than one place, the person's principal place of business is within such area; or

(b) in respect of any other person, if the person resides in such area.

(6) Where a question arises as to whether a Commissioner has jurisdiction over a person, the question shall be decided by the 14[Chief Commissioner], or 15[Chief Commissioners], concerned and, if they are not in agreement, by the 16[Board]

(7) No person shall call into question the jurisdiction of a Commissioner after that person has furnished a return of income to the Commissioner or, where the person has not furnished a return of income, after the time allowed by any notice served on the person for furnishing such return has expired.

(8) Notwithstanding anything contained in this section, every commissioner shall have all the powers conferred by, or under, this Ordinance on him in respect of any income arising within the area assigned to him.

17[(8A) The power to confer jurisdiction under this section shall include the power to transfer jurisdiction from one income tax authority to another.]

(9) Where, in respect of any proceedings under this Ordinance, an income tax authority is succeeded by another, the succeeding authority may continue the proceedings from the stage it was left by that authority's predecessor.]

1-Section 209 was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 209 was as under:--

"209. Appointment of Regional Commissioners of Income Tax and Commissioners of Income Tax.- (1) The Central Board of Revenue may appoint as many Regional Commissioners of Income Tax and Commissioners of Income Tax as may be necessary.

(2) Subject to such orders or directions as may be issued by the Central Board of Revenue, any Regional Commissioner of Income Tax may appoint any subordinate income tax authority subordinate and such other executive or ministerial officers and staff as may be necessary.

(3) Subject to such orders or directions as may be issued by the Central Board of Revenue, any Commissioner of Income Tax may appoint such executive or ministerial officers and staff as may be necessary.

(4) All appointments under this Ordinance shall be subject to the rules and orders of the Federal Government regulating the terms and conditions of service of persons in public services and posts."

2-Sub-section (1) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (1) was as under:--

"(1) Subject to this Ordinance, the Regional Commissioners, the Commissioners and the Commissioners (Appeals) shall perform all or such functions and exercise all or such powers, under this Ordinance, in respect of such persons or classes of persons or such areas, as may be assigned to them by orders or directions issued by the Central Board of Revenue."

3-Substituted for the words "Regional Commissioners" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of I931)

4-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

5-Substituted for the full stop vide the Finance Act, 20 II (XVI of 20II assented on 29th June, 2011)

6-Proviso was added vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

7-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

8-Substituted for the words "Regional Commissioner" vide the Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010

9-Substituted for the words "taxation officer" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

10-The words inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

11-Substituted for the words "Regional Commissioner" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931)

11a-For the full stop, Provisos and Explanation inserted by Finance Act, 2020, dated 30-06-2020

12-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

13-Substituted for the words "taxation officer" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

14-Substituted for the words "Regional Commissioner" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931)

15-Substituted for the words "Regional Commissioners" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931)

16-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007).

17-Sub-section (8A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

1**[210. Delegation.-** (1) The Commissioner 2[subject to sub-section (1A),] may, by an order in writing, delegate to any 3[Officer of Inland Revenue, subordinate to the Commissioner] all or any of the powers or functions conferred upon or assigned to the Commissioner under this Ordinance, other than the power of delegation.

4[(1A) The Commissioner shall not delegate the powers of amendment of assessment contained in sub-section (5A) of section 122 4a[and amendment of an order of recovery under sub-section (3) of section 161] to 5[an officer of Inland Revenue below the rank of Additional Commissioner Inland Revenue]

6[(1B) The Commissioner may, by an order in writing, delegate to a special audit panel appointed under sub-section (11) of section 177, or to a firm of chartered accountants or a firm of Cost and Management Accountants appointed by the Board or the Commissioner to conduct an audit of person under section 177, all or any of the powers or functions to conduct an audit under this Ordinance.]

(2) An order under sub-section (1) may be in respect of all or any of the persons, classes of persons or areas falling in the jurisdiction of the Commissioner.

(3) The Commissioner shall have the power to cancel, modify, alter or amend an order under sub-section (1).

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1-Section 210 substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 210 was as under:--

"210. Jurisdiction of Regional Commissioners of Income Tax and Commissioners of Income Tax.- (1) Subject to this Ordinance, the Regional Commissioners of Income Tax and the Commissioners of Income Tax shall perform such functions in respect of such persons or classes of person, or such areas, as may be assigned to them by directions issued by the Central Board of Revenue.

(2) Where any directions issued under sub-section (1) have assigned to two or more income tax authorities the same function in respect of the same persons or 'c1ass of persons, or the same areas, they shall perform their functions in accordance with such orders as the Central Board of Revenue, or any other authority to whom they are subordinate, may make for the allocation of functions and the distribution of the work performed.

(3) Within a Commissioner's assigned area, the Commissioner shall have jurisdiction,--

(a) in respect of any person carrying on business, if the person's place of business is within such area, or where the business is carried on in more than one place, the person's principal place of business is within such area; or

(b) in respect of any other person, if the person resides within such area.

(4) Where a question arises as to whether a Commissioner has Jurisdiction over any person, the question shall be decided by the Regional Commissioner or Regional Commissioners concerned and, if they are not in agreement, by the Central Board of Revenue.

(5) No person shall call into question the jurisdiction of a Commissioner after the person has furnished a return of income to the Commissioner or, where the person has not furnished a return, after the time allowed by any notice served- on the person for furnishing such return has expired.

(6) Notwithstanding anything contained in this section, every Commissioner shall have all the powers conferred by, or under this Ordinance on a Commissioner in respect of any income arising within the Commissioner's assigned area.

(7) Where any application may be made by a person under this Ordinance, the application shall be made to the Commissioner with jurisdiction over the person or to the taxation officer with delegated power in respect of the application."

2-The words, brackets, figure and letter were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

3-Substituted for the words "taxation officer" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) "the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 21th October, 2009)

4-Sub-section (1A) was added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

4a-Expression inserted by Finance Act, 2020, dated 30-06-2020

5-Substituted for the words "taxation officer below the rank of Additional Commissioner of Income Tax" vide the Finance Act, 2010 (XVI Of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

6-Sub-section (1B) was Substituted vide Finance Act, 2015. At the time of substitution sub-section (1B) was as under:-

i[(1B) The Commissioner may delegate the powers to a firm of chartered accountants [or a firm of Cost and Management Accountants] appointed by the [Board or the Commissioner] to conduct the audit of persons [***] for audit under section 177.]

i. Sub-section (1B) was added vide Finance Act, 2009

1**[211. Power or function exercised.-** (1) Where, by virtue of an order under section 210, a 2[an officer of Inland Revenue 3[or by a special audit panel appointed under subsection (11) of section 177]] exercises a power or performs a function of the Commissioner, such power or function shall be treated as having been exercised or performed by the Commissioner.

(2) The exercise of a power, or the performance of a function, of the Commissioner by a 4[an officer of Inland Revenue] shall not prevent the exercise of the power, or the performance of the function, by the Commissioner.]

5[(3) the Board or with the approval of the Board an authority appointed under this Ordinance, shall be competent to exercise all powers conferred upon any authority subordinate to it]

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1-Section 211 substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 211 was as under:--

"211. Delegation.-The Commissioner may delegate- to any taxation officer any duty, power, or function conferred or imposed on the Commissioner under this Ordinance, other than the power of delegation under this section."

2-Substituted for the words "a taxation officer" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 Promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

3-Inserted vide Finance Act, 2015

4-Substituted for the words "a taxation officer" vide the Finance Act, 2010 (XVI of 2010. This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010) and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

5-Sub-section (3) was added vide Finance Act, 2012

1**[212. Authority of approval.-** The 2[Board] may, by a general or special order, authorize the 3[Chief Commissioner Inland Revenue] or the Commissioner to grant approval in any case where such approval is required from the 2[Board] under any provision of this Ordinance.]

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1-Section 212 substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 212 was as under:-

"212 Authority of approval.-The Central Board of Revenue may, by general or special order, in writing, authorize the Regional Commissioner or the Commissioner to grant approval in any case where such approval is required from the Central Board of Revenue under any provision of this Ordinance."

2-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

3-Substituted for the words "Regional Commissioner" by Finance Act, 2021, dated 30-06-2021

1**[213. Guidance to income tax authorities.-** In the course of any proceedings under this Ordinance, the Commissioner or any taxation officer may be assisted, guided or instructed by any income tax authority to whom he is subordinate or any other person authorized in this behalf by the 2[Board].]

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1-Section 213 substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 213 was as under:--

"213. Exercise of jurisdiction by successor.-Where, in respect of any proceedings under this Ordinance, an income tax authority is succeeded by another, the succeeding authority may continue the proceedings from the stage at which it was left by that authority's predecessor."

2-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

1**[214. Income tax authorities to follow orders of the 2[Board].-** (1) Subject to sub-section (2), all income tax authorities and other persons employed in the execution of this Ordinance shall observe and follow the orders, instructions and directions issued by the 2[Board].

(2) No orders, instructions or directions shall be given by the 2[Board] that will interfere with the discretion of the Commissioner (Appeals) in the exercise of his appellate function.]

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1-Section 214 substituted' vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 214 was as under:--

"214. Guidance to Commissioner or taxation officer.-In the course of any proceedings under this Ordinance, the Commissioner or any taxation officer with delegated power under section 211 may be assigned guided or instructed by any income tax authority to whom he is subordinate or any other person authorized in this behalf by the Central Board of Revenue."

2-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

1[**214A. Condonation of time limit.-** Where any time or period has been specified under any of the provisions of the Ordinance or rules made there-under within which any application is to be made or any act or thing is to be done, the Board may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate 2[.]

**3[Explanation.-** For the purpose of this section, the expression any act or thing is to be done' includes any act or thing to be done by the taxpayer or by the authorities specified in section 207.]

Provided that the Board may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any Commissioner or 4[Chief Commissioner] under this Ordinance to exercise the powers under this section in any case or class of cases.]

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1-Section 214A inserted by the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
2-Substituted for the colon vide the Finance Act, 2012
3-Explanation was added vide the Finance Act, 2012
4-Substituted for the word "Director General" vide the Finance Act, 2012

1**[214B. Power of the Board to call for records.-** (1) The Board may, of its own motion, call for and examine the record of any departmental proceedings under this Ordinance or the rules made there-under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein and may pass such order as it may think fit:

Provided that no order imposing or enhancing any tax or penalty than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard

(2) No proceedings under this section shall be initiated in a case where an appeal is pending.

(3) No order shall be made under this section after the expiry of three years from the date of original decision or order.]

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1-Section 214B was inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)

1**[214C. Selection for audit by the Board.-** (1) The Board may select persons or classes of persons for audit of Income Tax affairs through computer ballot which may be random or parametric as the Board may deem fit.

2[(1A) Notwithstanding anything contained in this Ordinance or any other law, for the time being in force, the Board shall keep the parameters confidential.]

(2) Audit of Income Tax affairs of persons selected under sub-section (1) shall be conducted as per procedure given in section 177 and all the provisions of the Ordinance, except the first proviso to sub-section (1) of section 177, shall apply accordingly.

(3) For the removal of doubt it is hereby declared that Board shall be deemed always to have had the power to select any persons or classes of persons for audit of Income Tax affairs.]

3**[Explanation.-** For the removal of doubt, it is declared that the powers of the Commissioner under section 177 arc independent of the powers of the Board under this section and nothing contained in this section restricts the powers of the Commissioner to call for the record or documents including books of accounts of a taxpayer for audit and to conduct audit under section 177.]

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1-Section 214C was added by the Finance Act, 2010 (XVI of 2010)
2-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
3-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**1[***]**

1-Section 214D was omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018 which was earlier inserted vide Finance Act, 2015 (V of 2015) assented on 29th June, 2015. At the time of omission section 214D was as under:--

[214D. Automatic selection for audit.-(1) A person shall be automatically selected for audit of its income tax affairs for a tax year if-

(a) the return is not filed within the date it is required to be filed as specified in section 118, or, as the case may be, not filed within the time extended by the Board under section 214A or further extended for a period not exceeding thirty days by the Commissioner under section 119; or

(b) the tax payable under sub-section (1) of 137 has not been paid.

(2) Audit of income tax affairs of persons automatically selected accordingly:

Provided that audit proceedings shall only be initiated after the expiry of ninety days from the date as mentioned in sub-section (1)

(3) Subject to section 182, 205 and 214C, sub-section (1) shall not apply if the person files the return within ninety days from the date as mentioned in sub-section (1) and-

(a) twenty five percent higher tax, than the tax paid during immediately preceding tax year, has been paid by a person on the basis of taxable income and had declared taxable income in the return for immediately preceding tax year; or

(b) tax at the rate of two percent of the turnover or the tax payable under Part of the First Schedule, whichever is higher, has been paid by a person along with the return and in the immediately preceding tax year has either not filed a return or had declared income below taxable limit:

Provided that where return has been filed for the immediately preceding tax year, turnover declared for the tax year is not less than the turnover declared for the immediately preceding tax year.

(4) The provisions of sub-section (1) and sections 177 and 214C shall not apply, for a tax year, to a person registered as retailer under rule (4) of the Sales Tax Special Procedure Rules, 2007 subject to the condition that name of the person registered under rule (4) of the Sales Tax Special Procedure Rules, 2007 remained on the sales tax active taxpayers' list throughout the tax year;

(5) Sub-section (4) shall have effect from the date appointed by the Board through Notification in the official gazette.]

1**[214E. Closure of audit-.** 2[(1)] Notwithstanding the omission of section 214D, audit of income tax affairs of a taxpayer under sub-section (2) of section 214D shall be deemed to have been concluded,

if-

(i) taxpayer has been selected for audit under sub-section (1) of the omitted section 214D;

(ii) notice under section 122 has not been issued;

(iii) the taxpayer has revised return voluntarily, by thirty first day of December, 2018, along with payment of 25% higher tax than the tax paid with return on the basis of taxable income and where no tax is payable 2% of the turnover and where no turnover is declared penalty under entry at Serial No. 1 of sub-section (1) of section 182 has been paid voluntarily:

Provided that the condition of revision, 25% higher tax or 2% of the turnover shall not apply, if the taxable income of the taxpayer includes only salary income or income subject to final taxation under sub-section (1) of section 169 or subject to taxation under section 5, 5AA, 6, 7, 7A or 7B.

**Explanation.-** For the removal of doubt it is clarified that only audit initiated as a result of automatic selection under the omitted section 214D shall stand abated under this section and audit initiated or to be initiated on the basis of definite information or otherwise as per provisions of section 177 or 214C shall be conducted independently.]

3[(2) Notwithstanding anything contained in sub-section (1), the Board may prescribe procedure for conclusion of audit of income tax affairs of a person automatically selected for audit under omitted section 214D.

(3) The prescribed procedure under sub-section (2) may include acceptance of declared income of a taxpayer for a tax year subject to conditions specified therein.]

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1-Inserted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018

2-Provision renumbered by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same Provision was renumbered by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019

3-Subsections "(2) & (3)" added by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was added by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019

1**[215. Furnishing of returns, documents etc.-** (1) Where, by virtue of an order under section 210, the Commissioner has delegated to any 2[an officer of Inland Revenue] the function and 3 power to receive, or to call for and receive, any returns of income, certificates, documents, accounts and statements from any person 3[***] the 4[person] shall furnish such returns, certificates, documents, accounts and statements to that 5[officer of Inland Revenue] and, when furnished, shall be treated as having been furnished to the Commissioner.

(2) where a person is allowed, under any provision of this Ordinance, to make an application to the Commissioner and the Commissioner has delegated to any 6[officer of Inland Revenue] the function or power to receive the application, such application, when made, shall be treated as having been made to the Commissioner.]

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1-Section 215 substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution section 215 was as under:--

"215 Taxation officers to follow orders of Central Board of Revenue.-(1) Subject to sub-section (2), all taxation officers and other persons employed in the execution of this Ordinance shall observe and follow the orders instructions and directions of the Central Board of Revenue.

(2) No orders, instructions or directions shall be given by the Central Board of Revenue that will interfere with the discretion of the Commissioner (Appeals) in the exercise the appellate function of the Commissioner (Appeals)."

2-Substituted for the words "taxation officer" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

3- Omitted for the words "or persons or class of persons (hereinafter called 'filer')," vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

4-Substituted for the word "filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

5-Substituted for the words "taxation officer" vide the Finance Act, 2010 (XVI of 20I0). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010), (Promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

6-Substituted for the words "taxation officer" vide the Finance Act, 2010 (XVI of 20I0). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

**216. Disclosure of information by a public servant.-** (1) All particulars contained in-

(a) any statement made, return furnished, or accounts or documents produced under the provisions of this Ordinance;

(b) any evidence given, or affidavit or deposition made, in the course of any proceedings under this Ordinance, other than proceedings under Part XI of Chapter X; or

(c) any record of any assessment proceedings or any proceeding relating to the recovery of a demand,
shall be confidential and no public servant save as provided in this Ordinance may disclose any such particulars.

1(2) Notwithstanding anything contained in the Qanun-e-Shahadat, 1984 (P.O. Order No. 10 of 1984), the National Accountability Ordinance, 1999 (XVIII of 1999), the federal Investigation Agency Act, 1974 (VIII or 1975) and the Right of Access to Information Act, 2017 (XXX[ V of 2017), or any other law for the time being in force, no court or other authority shall, sav e as provided in this Ordinance, require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under this Ordinance, or declarations made under section 100F of this Ordinance or made under the Voluntary Declaration of Domestic Assets Act, 2018, the Foreign Assets (Declaration and Repatriation) Act, 2018 or the Assets Declaration Act, 2019 or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof.]

(3) Nothing contained in sub-section (1) shall preclude the disclosure of any such particulars-

(a) to any person acting in the execution of this Ordinance, where it is necessary to disclose the same to him for the purposes of this Ordinance;

(b) to any person authorised by the Commissioner in this behalf, where it is necessary to disclose the same to such person for the purposes of processing of data and preparation of computer printouts relating to returns of income or calculation of tax;

(c) where the disclosure is occasioned by the lawful employment under this Ordinance of any process for the service of any notice or the recovery of any demand;

(d) to the Auditor-General of Pakistan for the purpose of enabling the Auditor- General to discharge his functions under the Constitution;

(e) to any officer appointed by the Auditor-General of Pakistan or the Commissioner to audit income tax receipts or refunds;

(f) to any officer of the Federal Government or a Provincial Government authorised by such Government in this behalf as may be necessary for the purpose of enabling that Government to levy or realize any tax imposed by it;

(g) to any authority exercising powers under 2[the 3[Federal Excise Act, 2005],] the Sales Tax Act, 1990, the Wealth Tax Act, 1963 (XV of 1963), or the Customs Act, 1969 (IV of 1969), as may be necessary for the purpose of enabling its duty to exercise such powers;

(h) occasioned by the lawful exercise by a public servant of powers under the Stamp Act,1899 (II of 1899) to impound an insufficiently stamped document;

(i) to the State Bank of Pakistan to enable it to compile financial statistics of international investment and balance of payment;

(j) as may be required by any order made under sub-section (2) of section 19 of the Foreign Exchange Regulation Act, 1947 (VII of 1947), or for the purposes of any prosecution for an offence under section 23 of that Act;

(k) to the Securities and Exchange Commission or the Monopolies Control Authority for the purposes of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Monopolies and Restrictive Trade Practices (Control and Prevention) Ordinance, 1970 (VI of 1970), the 3a[Companies Act, 2017 (XIX of 2017)] or the Securities and Exchange Commission of Pakistan Act, 1997, as the case may be;

4[(ka) Employees Old Age Benefit Institution in respect of information regarding salaries in statements furnished under section 165;]

5[***]

(l) Relevant to any inquiry into a charge of misconduct in connection with income tax proceedings against a legal practitioner or an accountant;

(m) to a Civil Court in any suit or proceeding to which the Federal Government or any income tax authority is a party which relates to any matter arising out of any proceedings under this Ordinance;

(n) for the purposes of a prosecution for any offence under the Pakistan Penal Code, 1860 (XLVI of 1860), in respect of any such statement, returns, accounts, documents, evidence, affidavit or deposition, or for the purposes of a prosecution for any offence under this Ordinance;

(o) relevant to any inquiry into the conduct of an official of the Income Tax Department to any person or officer appointed to hold such inquiry, or to a Public Service Commission, established under the Federal Public Service Commission Ordinance, 1977 (XLV of 1977), when exercising its functions in relation to any matter arising out of such inquiry;

(p) as may be required by any officer or department of the Federal Government or of a Provincial Government for the purpose of investigation into the conduct and affairs of any public servant, or to a Court in connection with any prosecution of the public servant arising out of any such investigation;

(q) to an authorised officer of the government of any country outside Pakistan with which the Government has entered into an agreement under section 107 for the avoidance of double taxation and the prevention of fiscal evasion as may be required to be disclosed in pursuance of that agreement; or

(r) to the Federal Tax Ombudsman appointed under the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000 (XXXV of 2000) 6[; or]

7[(s) to the Financial Monitoring Unit (FMU) for the purposes of performing functions as laid down in the Anti-Money Laundering Act, 2010 (VII of 2010) 7a[; or]

7b[(t) in respect of any high-level public officials and public servants in BPS-17 and above, their spouses, children or benamidars, or any person in relation to whom the afore-mentioned persons are beneficial owner:

Provided that nothing in clause (t) shall apply to those who are expressly excepted under clause (iv) of sub-section (m) of section 5 of the National Accountability Bureau Ordinance, 1999 (Ordinance No. XVIII of 1999).

Explanation - "High-level public officials" mean politically exposed persons as defined by a rule, regulation, executive order or instrument; or under any law for the time being in force.]

(4) Nothing in this section shall apply to the production by a public servant before a Court of any document, declaration, or affidavit filed or the giving of evidence by a public servant in respect thereof.

(5) Nothing contained in sub-section (1) shall prevent the 8[Board] from publishing, with the prior approval of the Federal 9[ 10[Government]], any such particulars as are referred to in that sub-section.

(6) Nothing contained in sub-section (1) shall prevent the Federal Government from publishing particulars and the amount of tax paid by a holder of a public office as defined in the 11[National Accountability Bureau Ordinance, 1999 (XVIII of 1999).]

12[(6A) Nothing contained in sub-section (1) shall prevent the Board from providing data to any person approved by the Federal Government to process and analyze such data for broadening of tax base or for checking evasion:

Provided that such data shall be anonymized before transmission to the person and identifying particulars of the taxpayers shall be kept confidential.]

13[(6B) Nothing contained in sub-section (1) shall prevent the Board from publishing the names of offshore evaders, in the print and electronic media who have evaded offshore tax equal to or exceeding rupees two and half million Rupees.

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

(7) Any person to whom any information is communicated under this section, and any person or employee under the first-mentioned person's control, shall be, in respect of that information, subject to the same rights, privileges, obligations, and liabilities as if the person were a public servant and all the provisions of this Ordinance, so far as may be, shall apply accordingly.

(8) No prosecution may be instituted under this section except with the previous sanction of the 14[Board].

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1-For sub-section "(2)" substituted by Income Tax (Amendment) Ordinance, 2022, dated 03-03-2022. Before substitution sub-section "(2)" read as under:
"(2) Notwithstanding anything contained in the Qanun-e-a[Shahadat], 1984 (P.O. Order No. 10 of 1984), or any other law for the time being in force, no court or other authority shall be, save as provided in this Ordinance, entitled to require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under this Ordinance, or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof."
a-Substituted for the word "Shadat" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
2-Substituted for the words, commas, figures and brackets "the Central Excises and Salt Act 1944 (I of 1944), the Estate Duty Act, 1950 (X of 1950)" vide the Finance Ordinance, 2002 (XXVI of 2002 promulgated on 15th June, 2002)
3-Substituted for the words, comma, figure and brackets "Central Excises Act, 1944 (I of 1944)" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
3a-For the expression "Companies Ordinance, 1984 (XLVII of 1984) substituted by Finance Act, 2021, dated 30-06-2021
4-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
5-Clause "(kb)" omitted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021. Earlier Clause "(kb)" Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Before omission read as:
"(kb) to National Database and Registration Authority for the purpose of broadening of the tax base;"
6-For the "full stop" substituted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019
7-Clause "(s)" inserted by by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was inserted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019
7a-For the full stop substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022
7b-Clause "(t)" added by Finance (Supplementary) Act, 2021, dated 15-01-2022
8-Substituted for the word "Commissioner" vide Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
9-Substituted for the word "Government" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
10-Substituted for word "Minister-in-charge" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
11-Substituted for the word, comma, figures and brackets Ehtesab Act, 1997 (IX of 1997) vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
12-Inserted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018
13-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
14-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

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

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

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

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**217. Forms and notices; authentication of documents.-** (1) Forms, notices, returns, statements, tables and other documents required under this Ordinance may be in such form as determined by the 1[Board] for the efficient administration of this Ordinance and publication of such documents in the official Gazette shall not be required.

(2) The Commissioner shall make the documents referred to in sub-section (1) available to the public in the manner prescribed.

(3) A notice or other document issued, served or given by the Commissioner under this Ordinance shall be sufficiently authenticated if the name or title of the Commissioner, or authorised 2[officer of Inland Revenue] taxation officer, is printed, stamped or written on the notice or document 3[or if it is computer generated and bears the authentication in the manner prescribed by the Board].

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1-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-Substituted for the words "taxation officer" vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931)
3-The words were added vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931)

**218. Service of notices and other documents.-** (1) Subject to this Ordinance, any notice, order or requisition required to be served on a resident individual (other than in a representative capacity) for the purposes of this Ordinance shall be treated as properly served on the individual if -

(A) personally served on the individual or, in the case of an individual under a legal disability or a non-resident individual, the representative of the individual;

(B) sent by registered post or courier service to the place specified in clause (b) 1[of sub-section (2)] or to the individual's usual or last known address in Pakistan; or

(C) served on the individual in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (V of 1908) 2[:or]

3[(D] served on the individual electronically in the prescribed manner.]

(2) Subject to this Ordinance, any notice, order or requisition required to be served on any person (other than a resident individual to whom sub-section (1) applies) for the purposes of this Ordinance shall be treated as properly served on the person if -

(A) personally served on the representative of the person;

(B) sent by registered post or courier service to the person's registered office or address for service of notices under this Ordinance in Pakistan, or where the person does not have such office or address, the notice is sent by registered post to any office or place of business of the person in Pakistan; or

(C) served on the person in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (V of 1908).

3[(D] served on the individual electronically in the prescribed manner.]

(3) Where an association of persons is dissolved, any notice, order or requisition required to be served under this Ordinance on the association may be served on any person who was 4[the principal officer or] a member of the association immediately before such dissolution.

(4) Where section 117 applies, any notice, order or requisition required to be served under this Ordinance on the person discontinuing the business may be served on the person personally or on any individual who was the person's representative at the time of discontinuance.

(5) The validity of any notice issued under this Ordinance or the validity of any service of a notice under this Ordinance shall not be called into question after the return to which the notice relates has been furnished or the notice has been otherwise complied with.

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1-The words brackets and figure were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
3-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
4-The words inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**219. Tax or refund to be computed to the nearest Rupee.-** In the determination of any amount of tax or refund payable under this Ordinance, fractions of a rupee less than fifty paisa shall be disregarded and fractions of a rupee equal to or exceeding fifty paisa shall be treated as one rupee.

**220. Receipts for amounts paid.-** The Commissioner shall give a receipt for any tax or other amount paid or recovered under this Ordinance.

**221. Rectification of mistakes.-** (1) The Commissioner, the Commissioner (Appeals) or the Appellate Tribunal may, by an order in writing, amend any order passed by 1[him] to rectify any mistake apparent from the record on 2[his or its] own motion or any mistake brought to 3[his or its] notice by a taxpayer or, in the case of the Commissioner (Appeals) or the Appellate Tribunal, the Commissioner.

4[(1A) The Commissioner may, by an order in writing, amend any order passed under the repealed Ordinance by the Deputy Commissioner, or an Income Tax Panel, as defined in section 2 of the repealed Ordinance to rectify any mistake apparent from the record on his own motion or any mistake brought to his notice by a taxpayer and the provisions of sub-section (2), sub-section (3)and sub-section (4) shall apply in like manner as these apply to an order under sub-section (1).]

(2) No order under sub-section (1) which has the effect of increasing an assessment, reducing a refund or otherwise applying adversely to the taxpayer shall be made unless the taxpayer has been given a reasonable opportunity of being heard.

(3) Where a mistake apparent on the record is brought to the notice of the Commissioner 5[or] Commissioner (Appeals) 6[***], as the case may be, and no order has been made under sub-section (1) before the expiration of the financial year next following the date on which the mistake was brought to their notice, the mistake shall be treated as rectified and all the provisions of this Ordinance shall have effect accordingly.

(4) No order under sub-section (1) may be made after five years from the date of the order sought to be rectified.

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1-Substituted for the word “them” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
2-Substituted for the word “their” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Substituted for the word “their” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Sub-section (1A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier a different Sub-section (1A) was inserted vide S.R.O. 633(I)/2002, dated 14 September, 2002 and sub-section as was inserted vide S.R.O. 633(I)/2002, dated 14 September, 2002, and rescinded vide S.R.O. 608(I)/2003, dated 24 June, 2003 with effect from 1st July, 2003. At the time of rescission of Sub-section (1A), it was as under:--
“(1A) The Commissioner may amend by an order in writing, any order passed under the repealed Ordinance by the DCIT, or an Income Tax Panel, as defined in section 2 of the repealed Ordinance.”
5-Substituted for the comma vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-The words “or the Appellate Tribunal” omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**222. Appointment of expert.-** The Commissioner may appoint any expert as the Commissioner considers necessary for the purposes of this Ordinance, including for the purposes of audit or valuation.

1[**222A. Fee and service charges.-** 2[(1)] The 3[Board with the approval of Federal Minister-in-charge] may, by notification in the official Gazette, and subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation or in respect of any other service or control mechanism provided by any formation under the control of the Board, including ventures of public-private partnership at such rates as may be specified in the notification.]

4[(2) The Board may authorize and prescribe the manner in which fee and service charges collected including by ventures of public-private partnership under this section are expended.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
2-Section renumbered as sub-section "(1)" by Finance Act, 2021, dated 30-06-2021
3-For the word "Federal Government" substituted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019
4-Sub-section "(2)" added by Finance Act, 2021, dated 30-06-2021

**223. Appearance by authorised representative.-** (1) Any taxpayer who is entitled or required to attend before the Commissioner, the Commissioner (Appeals) or the Appellate Tribunal in connection with any proceeding under this Ordinance may, except when required under section 176 to attend personally, attend by an authorised representative.

(2) For the purposes of this section and subject to sub-section (3), an authorised representative of a taxpayer shall be a person who is a representative of the person under section 172 and any of the following persons, namely:-

(a) A relative of the taxpayer;

(b) a current full-time employee of the taxpayer;

(c) any officer of a scheduled bank with which the taxpayer maintains a current account or has other regular dealings;

(d) any legal practitioner entitled to practice in any Civil Court in Pakistan;

(e) any accountant; or

(f) any income tax practitioner.

(3) For the purposes of this section -- (a) no person who has been dismissed or removed from service in the Income Tax Department shall be entitled to represent a taxpayer under sub-section (1);

(b) no person having resigned from service after having been employed in the Income Tax Department for not less than two years shall be entitled to represent a taxpayer under sub-section (1) for a period of two years from the date of resignation;

(c) no person having retired from service in the Income Tax Department shall be entitled to represent a taxpayer under sub-section (1) for a period of one year from the date of retirement in any case in which the person had made or approved, as the case may be, any order of assessment, refund or appeal within one year before the date of retirement; or

(d) no person who has become insolvent shall be entitled to represent a taxpayer under sub-section (1) for so long as the insolvency continues;

(e) no person who has been convicted of an offence in relation to any income tax proceedings under this Ordinance shall be entitled to represent a taxpayer under sub-section (1) for such period as the Commissioner may, by order in writing, determine.

(4) Where any legal practitioner or accountant is found guilty of misconduct in a professional capacity by any authority entitled to take disciplinary action against the legal practitioner or accountant, an order passed by that authority shall have effect in relation to any right to represent a taxpayer under sub-section (1) as it has in relation to the person's right to practice as a legal practitioner or accountant.

(5) Where any person (other than a person to whom sub-section (4) applies) is found guilty of misconduct in relation to any income tax proceeding, the Commissioner may, by an order in writing, direct that the person cease to represent a taxpayer under sub-section (1) before the Commissioner, Commissioner (Appeals) or Appellate Tribunal.

(6) The Commissioner shall not make an order under clause (e) of sub-section (3) or sub-section (5) in respect of any person, unless the Commissioner has given the person a reasonable opportunity to be heard.

(7) Any person against whom an order under clause (e) of sub-section (3) or sub-section (5) has been made may, within thirty days of service of notice of the order, appeal to the 1[Board] to have the order cancelled.

(8) The 1[Board] may admit an appeal after the expiration of the period specified in sub-section (7) if satisfied that the appellant was prevented by sufficient cause from lodging the appeal within the period.

(9) No order made under clause (e) of sub-section (3) or sub-section (5) shall take effect until thirty days after notice of the order is served on the person or, where an appeal has been lodged under sub-section (7), until the disposal of the appeal.

(10) The 1[Board] may make rules under section 2[237] for the registration of income tax practitioners and related matters, including establishing a code of conduct for such practitioners.

(11) In this section - "accountant" means -

(a) a chartered accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961);

(b) a cost and management accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966); or

(c) a member of any association of accountants recognized for the purposes of this section by the 1[Board]; and "income tax practitioner" means a person who is registered as such by the 1[Board], being a person who possesses such qualifications as may be prescribed for the purposes of this section or who has retired after putting in satisfactory service in the Income Tax Department for a period of not less than ten years in a post or posts not below that of Income Tax Officer.

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1-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007) assented on 30th June, 2007)
2-Substituted for the figure "232" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**224. Proceedings under the Ordinance to be judicial proceedings.-** Any proceedings under this Ordinance before the Commissioner, Commissioner (Appeals) or Appellate Tribunal shall be treated as judicial proceedings within the meaning of sections 193 and 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and for the purposes of section 196 of the Pakistan Penal Code, 1860 (Act XLV of 1860).

**225. Proceedings against companies under liquidation.-** Notwithstanding anything contained in 1[section 310 of the Companies Act, 2017 (XIX of 2017)], leave of the Court shall not be required for continuing with or commencing any proceeding under this Ordinance against a company in respect of which a winding up order has been made or Provisional Liquidator appointed.

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1-For the expression "section 316 of the Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021

**226. Computation of limitation period.-** In computing the period of limitation, there shall be excluded -

(a) in the case of an appeal or an application under this Ordinance, the day on which the order complained of was served and, if the taxpayer was not furnished with a copy of the order when the notice of order was served on the taxpayer, the time requisite for obtaining a copy of such order; and

1[(b) in the case of an assessment or other proceeding under this Ordinance,

(i) the period, if any, for which such proceedings were stayed by any Court, Appellate Tribunal or any other authority or]

(ii) the period, if any, for which any proceeding for the tax year remained pending before any Court, Appellate Tribunal or any other authority

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1-Clause (b) substituted vide the Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010. At the time of substitution clause (b) was as under:-

"(b) in the case of an assessment or other proceeding under this Ordinance, the period, if any, for which such proceedings were stayed vide i[any Court, ii[ Appellate 1 Tribunal or any other authority)

i. Substituted for the words, brackets .and comma "the Commissioner (Appeals), the Tribunal or any Court" by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

ii The word inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

**227. Bar of suits in Civil Courts.-** 1[(1)] No suit or other legal proceeding shall be brought in any Civil Court against any order made 2[or any notice issued] under this Ordinance, and no prosecution, suit or other proceedings shall be made against any person for anything which is in good faith done or intended to be done under this Ordinance or any rules or orders made 3[or any notice issued] thereunder.

4[**Explanation.-** For the removal of doubt, it is clarified that Civil Court includes any court exercising power of the civil court.]

5[(2) Notwithstanding anything contained in any other law for the time being in force, no investigation or inquiry shall be undertaken or initiated by any governmental agency against any officer or official for anything done in his official capacity under this Ordinance, rules, instructions or direction made or issued there-under without the prior approval of the Board.]

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1-Existing section renumbered as sub-section (1) vide the Finance Act, 2010 (XVI of 2010)
2-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
3-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
4-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
5-Sub-section (2) was added vide the Finance Act, 2010 (XVI of 2010)

1**[227A. Reward to Inland Revenue officers and officials.-** (1) in cases 2[(i)] involving concealment or evasion of income tax and other taxes, cash reward shall, only after realization of part or whole of the taxes involved in such cases, be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases 3[and (ii) for other meritorious services] and to the informer providing credible information leading to such detection.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for individual performance or to collective welfare of the officers and officials of Inland Revenue.]

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1-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
2-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
3-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

1**[227B. Reward to whistleblowers.-** (1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of income tax, fraud, corruption or misconduct providing credible information leading to such detection of tax.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers.

(3) The claim for reward by the whistleblower shall be rejected if-

(a) the information provided is of no value;

2[(aa) the information is not supported by any evidence;]

(b) the Board already had the information;

(c) the information was available in public records; or

(d) no collection of taxes is made from the information provided from which the Board can pay the reward.

(4) For the purpose of this section, "whistleblower" means a person who reports concealment or evasion of income tax leading to detection or collection of taxes, fraud, corruption or misconduct, to the competent authority having power to take action against the person or an income tax authority committing fraud, corruption, misconduct, or involved in concealment or evasion of taxes.]

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1-Inserted vide Finance Act, 2015

2-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**1[227BA. Reward and benefits for certain persons.-** (1) The Board may sanction rewards to e-intermediaries for filing of returns of new taxpayers.

(2) The Board with the approval of Federal Minister in-charge may announce benefits, rebates, tax credits, allowances and any other incentive in cash or otherwise for class or classes of persons.

(3) The Board with the approval of the Federal Minister in-charge may, by notification in the official Gazette, prescribe the procedure in this behalf and also notify the class or classes of persons eligible under this section. The provisions of this section shall take effect from the date notified by the Board.]

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1-Section "227BA" inserted by Finance Act, 2021, dated 30-06-2021

**1[***]**

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1-Section 227C was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission section 227C was as under:-

"i[227C. Restriction on purchase of certain assets.-Notwithstanding anything contained in any law, for the time being in force,-

(a) any application for booking, registration or purchase of a new locally manufactured motor vehicle or for first registration of an imported vehicle shall not be accepted or processed by any vehicle registering authority of Excise and Taxation Department or a manufacturer of a motor vehicle respectively, unless the person is a filer.; and

(b) any application or request by a person to any authority responsible for registering, recording or attesting transfer of any immovable property , exceeding five million rupees, for registering or attesting the transfer shall not be accepted or processed by such authority, unless the person is a filer ii[:]]

III[Provided that the provisions of clause (a) shall not apply in respect of,-

iv[(i) locally manufactured motor vehicle; or]

(ii) a person holding a Pakistan v[or a non-resident Pakistani citizen holding international passport] origin card or a national identity card for overseas Pakistani who produces a certificate from a scheduled bank of receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of booking, registration or purchase of motor vehicle:

Provided further that the provisions of clause (b) shall not apply to,-

(i) a legal heir acquiring property in inheritance; or

(ii) a person holding a Pakistan vi[or a non-resident Pakistani citizen holding international passport] origin card or a national identity card for overseas Pakistani who produces a certificate from a scheduled bank for receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of registering, recording or attesting transfer.]

i Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

ii Substituted for the full stop vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018

III Added vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018

iv. Clause (i) was substituted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019.

v Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019

vi Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019"

1[**227D. Automated impersonal tax regime.-** (1) The Board may design an alternate impersonal taxation regime whereby personal interaction will be minimized.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf.

(3) This section shall be applicable only for low risk and compliant taxpayers as may be prescribed.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**1[227E. E-hearing.-** (1) The Board may design and prescribe e-hearing module for the purpose of conducting hearings, granting opportunity of being heard and electronically receiving any information for the purpose of this Ordinance.

(2) The recording of e-hearing proceedings shall be admissible as evidence before any forum or court of law for the purpose of this Ordinance.

(3) The Board may make rules for the purpose of this section.

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1-Section "227E" inserted by Finance Act, 2021, dated 30-06-2021

## PART II
## 1[DIRECTORATES-GENERAL]

2**[228. The Directorate General of** 3**[***] Internal Audit.-** (1) The Directorate General of 3[***] Internal Audit shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate General of 3[***] Internal Audit.]

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1-Substituted for the heading "DIRECTORATE-GENERAL OF i[INTERNAL AUDIT] vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

i. Substituted for the word "INSPECTION" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

2-Section 228 substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June. 2005). At the time of substitution section 228 was as under:--

"228. Appointment of Directorate-General of Inspection.-(1) The Federal Government shall appoint a Directorate-General of Inspection to exercise the powers and discharge the functions conferred on it under this Part.

(2) The Directorate-General shall consist of a Director-General and as many Directors.

Additional Directors, Deputy Directors, Assistant Directors, Extra- Assistant Directors and Inspectors, as the Director-General may consider necessary to be appointed from among the officers of the Income Tax Group."

3-The words were "Inspection and" omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

1**[229. Directorate General of Training and Research.-** (1) The Directorate General of Training and Research shall consist of a Director General, Additional Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such officers as the Board, may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate General of Training and Research and its officers]

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1-Section 229 was added vide the Finance Act, 2010 (XVI of 2010). Earlier a different Section 229 was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June. 2005). At the time of omission 229 was as under:-

"229 Inspection authorities.- (1) there shall be the following classes of inspection authorities for the purposes of this Ordinance namely:--

(a) The Director-General of Inspection; and

(b) Directors of Inspection.

(2) The Directors of Inspection shall be subordinate to the Director-General of Inspection."

1**[230. Directorate General (Intelligence and Investigation), Inland Revenue.-** (1) The Directorate General (Intelligence and Investigation) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

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

(a) specify the functions and jurisdiction of the Directorate General and its officers; and

(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.]

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1-Section (230) added vide Finance Act, 2012. Section 230 added by the Finance Act, 2012. Earlier a different Section 230 was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission section 230 was as under:--

"230. Jurisdiction of Inspection Authorities.- (1) Subject to the provisions of this Chapter, the Directors of Inspection shall perform their functions in respect of such persons or classes of persons or such areas as may be assigned to them by the Director-General.

(2) The Director-General or a Director of Inspection may assign any function in respect of any area, or office or offices located within an-area, case, class of cases; person or classes of persons to any inspection officer working under this control.

(3) In this section, "inspection officer" means an Additional Director of Inspection, a Deputy Director of Inspection, an Assistant Director and an Extra-Assistant Director."

## 1[PART III
## 2[DIRECTORATES-GENERAL]

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

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Withholding Taxes.]

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1-Part III was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
2-Substituted for the heading "DIRECTORATE-GENERAL OF WITHHOLDING TAXES" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.

1**[230B. Directorate-General of Law.-** (1) Directorate- General of Law shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors, Law Officers and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazelle, specify the functions, jurisdiction and powers of the Directorate-General of Law.]

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1-New sections inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**1[230C. Directorate-General of Research and Development.-** (1) The Directorate-General of Research and Development shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Research and Development.]

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1-New sections inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

1**[230D. Directorate-General of Broadening of Tax Base.-** (1) The Directorate-General of Broadening of Tax Base shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Broadening of Tax Base.

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1-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

1**[230E. Directorate General of International 2[Tax] Operations,-** (1) The Directorate General of International Tax Operations shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazelle,-

(a) specify the functions and jurisdiction of the Directorate General and its officers; and

(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.

(3) The functions and powers of the Directorate General of International Tax Operations shall include but not limited to-

(a) receive and send information from other jurisdictions under spontaneous, automatic and on demand exchange of information under exchange of information agreements;

(b) levy and recover tax by passing an assessment order under section 123(1A) in case of undeclared off-shore assets and incomes;

(c) receive, transmit and exchange country by country reports to the jurisdictions that are parties to international agreements with Pakistan; and

(d) conduct transfer pricing audit in cases selected for such audit by the Director General of International Tax Operations.

(4) The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit.

**Explanation**.-For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177 and 214C which is audit of the income tax affairs of the taxpayer.]

3[(5) Transfer pricing audit of cases selected under clause (d) of sub-section (3) shall be conducted as per procedure given in section 177 and all the provisions of the Ordinance, except the first proviso to sub-section (1), sub-sections (6A), (10) and (14) of section 177, shall apply accordingly.

(6) Nothing contained in this section shall prevent the Commissioner from determination of transfer price at arm's length in transactions between associates while conducting audit of income tax affairs of a taxpayer under section 177 or 214C or during proceedings under section 122.]

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1-Section 230E was substituted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019. At the time of substitution section 230E was as under:-

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

(2) The functions of the Directorate General of Transfer Pricing shall be to conduct transfer pricing audit.

Explanation: For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177, 214C or 214D which is audit of the income tax affairs of the taxpayer.

(3) The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit and may further specify functions, jurisdiction and powers of the Directorate-General of Transfer Pricing."

2-Substituted for the word "Tar" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

3-sub-section "(5) & (6)" inserted by by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same were inserted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019

1**[230F. Directorate General of Immovable Property.-** (1) The Directorate-General of Immovable Property, (hereinafter referred to as Directorate-General in this section, shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions and jurisdiction of the Directorate-General and its officers.

(3) The Directorate-General may, subject to the provisions and conditions as may be prescribed, initiate proceedings for the acquisition of property for the reasons and purposes specified in sub-section (4).

(4) The proceedings under sub-section (3) shall be initiated, where the Directorate- General, on the basis of valuation made by it, has reason to believe that any immovable property of a fair market value has been transferred by a person, hereinafter referred to as the transferor, to another person, hereinafter referred to as the transferee, for a consideration which is less than the fair market value of the immovable property and that the consideration for such transfer as agreed to between the transferor and transferee has been understated in the instrument of transfer for the purposes of-

(a) the avoidance or reduction of withholding tax obligations under this Ordinance;
(b) concealment of unexplained amount referred to in sub-section (1) of section 111 representing investment in immovable property; or
(c) avoidance or reduction of capital gains tax under section 37.

(5) The Directorate-General may appoint any valuer or expert as it considers necessary for the purposes of determination of valuation including fair market value of immovable property.

(6) The mode and manner of appointment of a valuer or expert shall be as may be prescribed.

(7) The valuation made under sub-section (4) and reasons that consideration is less than the fair market value shall be recorded in writing.

(8) No proceedings shall be initiated in respect of any immovable property after expiration of a period of six months from the end of the month in which the instrument of transfer in respect of such property is registered, recorded or attested.

(9) The mode and manner of initiation of proceedings and acquisition of immovable property under this section shall be as may be prescribed:

Provided that the proceedings shall not be initiated unless the transferee is provided with an opportunity of being heard and where the objection by the transferee, if any, is rejected by the Directorate-General, it shall record in writing the reasons for rejection through an order.

(10) If the Directorate-General is satisfied with the objections or reasons furnished by the transferee or the transferor, it shall, by order in writing, declare that the property shall not be acquired under this section.

(11) If after hearing the objections, if any, and after taking into account all the relevant material on record, the Directorate-General is satisfied that the fair market value of such property exceeds the consideration by more than fifty per cent of such consideration and that transfer as agreed to between the transferor and the transferee has not been truly stated in the instrument of transfer it may, after obtaining approval of the Board, make an order for acquisition of the immovable property under this section.

(12) The transferee may prefer express appeal to the Appellate Tribunal of Immovable Property against the order of acquisition of any immovable property under sub-section (11) within sixty days of service of a copy of such order.

(13) There shall be established an Appellate Tribunal of Immovable Property to exercise the powers conferred on the Tribunal under this section.

(14) The appointment of members of the Tribunal, powers, functions, constitution of the Tribunal and mode and manner of disposal of appeals shall be as may be prescribed.

(15) The Appellate Tribunal may, after giving the appellant and the Directorate-General an opportunity of being heard, pass such order as it thinks fit.

(16) The transferee or the Directorate-General aggrieved by any order of the Tribunal may, within sixty days of the date on which the order under sub-section (15) is served, prefer an appeal against such order to the High Court.

(17) As soon as may be after the order for acquisition of immovable property made under sub-section (11) becomes final, the Directorate-General may, by notice in writing, order the transferee or any other person who may be in possession of the immovable property to surrender or deliver possession thereof to the Directorate-General within thirty days of the date of the service of the notice.

(18) The order referred to in sub-section (11) becomes final if either no appeal has been there against filed or on appeal filed before the Tribunal, the order is confirmed and no appeal is filed before the High Court or on appeal filed before the High Court the order is confirmed.

(19) Notwithstanding anything contained in any law or any agreement for the time being in force, where order referred to in sub-section (11) becomes final, the immovable property and all rights including ownership rights thereof shall be vested in the Federal Government and shall be treated to be in the same position in relation to such rights as the person in whom such rights would have continued to vest if such order had not become final.

(20) Where any immovable property is acquired under this section, the Board shall make the payment of consideration for acquisition to the person or persons entitled thereto, as soon as may be, after the property becomes vested in the Federal Government.

(21) Notwithstanding the provisions of section 68, for the purpose of this section,-

(a) “consideration for acquisition” means a sum equal to the aggregate of the amount of the consideration for the transfer of immovable property and hundred per cent of such consideration;
(b) “fair market value” in relation to an immovable property means the price that the immovable property would ordinarily fetch on sale in the open market on the date of execution of the instrument of transfer of such property;
(c) “immovable property” means any land with or without a superstructure or any building or part of a building or any rights therein and includes, where any land or any building or part of a building is transferred along-with any machinery, plant, equipment, furniture and fittings; and
(d) “transfer” in relation to any immovable property means transfer of such property by way of sale or exchange or lease for a term of not less than ten years.

(22) The provisions of this section shall come into force on such date as the Federal Government may, by notification in official Gazette, appoint.

2[***]

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1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
2-Sub-section (23) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission sub-section (23) was as under:-
“(23) From the date of appointment as mentioned in sub-section (22), rates mentioned in column (3) of the Table in Division XVIII shall be 1% and provisions of clause (c) of sub-section (4) of section 111, section 236C, section 236W and Division X of Part IV of the First Schedule shall not apply.”

**1[230G. Directorate General of Special Initiative.-** (1) The Directorate General of Special Initiative shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

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

(a) specify the functions, jurisdiction and powers of the Directorate General of Special Initiative and its officers; and

(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

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

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

(a) specify the functions, jurisdiction and powers of the Directorate General of Valuation and its officers; and

(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.]

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1-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**1[230I. Directorate General of Compliance Risk Management.-**

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

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

(a) specify the functions, jurisdiction and powers of the Directorate General of Compliance Risk Management and its officers; and

(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.]

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1-Section "230I" inserted by Finance Act, 2021, dated 30-06-2021

**1[***]**

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1-Section 231 omitted by the Finance Act, 2005. The omitted section 231 read as follows:
"231. Functions and Powers of Directorate.- (1) The functions of the Directorate-General of Inspection shall be, namely:-
(a) To carry out inspections of income tax cases and offices;
(b) to investigate or cause investigation to be carried out in respect of –
(i) cases involving leakage of revenue or evasion of taxes; and
(ii) Regional Commissioners of Income Tax, Commissioners of Income Tax, taxation officers and any other staff of income tax offices allegedly involved in corruption and malpractice, and recommend to the competent authority appropriate disciplinary action;
(c) to carry out audit of cases or offices involving income tax revenues;
(d) to recommend to the Central Board of Revenue in matters of tax policy, tax administration and tax operations;
(e) to furnish an annual report about the workings of Income Tax Offices to the Central Board of Revenue by the thirty-first day of December, following the end of the financial year to which it relates; and
(f) to carry out any other work or function that may be assigned to it by the Federal Government.
(2) In discharge of its functions under sub-section (1), the Directorate-General shall have the powers specified in section 176."

## CHAPTER XII
## TRANSITIONAL ADVANCE TAX PROVISIONS

**1[***]**

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1-Sections “231A” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**1[231A. Cash withdrawal from a bank.-** 2[(1) Every banking company shall deduct tax at the rate specified in Division VI of Part IV of the First Schedule, if the payment for cash withdrawal, or the sum total of the payments for cash withdrawal in a day, exceeds 3[fifty] thousand rupees.]

4**[Explanation**.- For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate withdrawals from all the bank accounts in a single day.]

5[***]

1-Section 231A was inserted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

2-Sub-section (1) was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution sub-section (1) was as under:-

“(1) Every banking company shall, at the time of making a payment for cash withdrawal exceeding twenty-five thousand rupees, deduct tax from the, payment at the rate specified in Division VI of Part IV of the First Schedule”

3-Substituted for the word “twenty-five” vide the Finance Act, 2012

4-Added vide the Finance Act, 2016 (XXIX of 2016)

5-Sub-section (2) was omitted vide Finance Act, 2015. At the time of omission sub-section (2) was as under:-

(2) Advance tax under this section shall not be collected in the case of withdrawals made by,

(a) the Federal Government or a Provincial Government;

(b) a foreign diplomat or a diplomatic mission in Pakistan; or

(c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.]

**1[***]**

1-Sections "231AA" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**1[231AA. Advance tax on transactions in bank.-** (1) Every banking company shall deduct tax at the rate specified in Division VIA of Part IV of the First Schedule, if the payment for withdrawal is made through any mode of banking transactions including Demand Draft, Payment Order, Online Transfer, Telegraphic Transfer, CDR, STDR, RTC, or any other instrument of bearer nature or non receipt of cash on cancellation of any of these instruments 2[.]

2[***]

(2) every banking company, non banking financial institution, exchange company or any authorized dealer of foreign exchange shall collect advance tax at the time of transfer of any sum against cash through online transfer, telegraphic transfer, mail transfer or any other mode of electronic transfer.

3[***]

(3) The advance tax under this section shall be collected at the rate specified in Division VIA of part IV of the first schedule, where the sum total of payments for transactions mentioned in sub-section (1) or sub-section (2) as the case may be, exceeds twenty-five thousand rupees in a day.]

1-Section 231AA was inserted vide the Finance Act, 2010 (XVI of 2010)

2-Colon was Substituted with full stop and thereafter proviso was omitted vide Finance Act, 2015. At the time of omission proviso was as under:-

"Provided that this sub-section shall not be applicable in case of inter-bank or intra-bank transfer and also where payment is made through a crossed cheque for purchase of a financial instrument as referred to in sub-section (1)."

3-Sub-section (4) was omitted vide Finance Act, 2015. At the time of omission sub-section (4) was as under:-

"(4) Advance tax under this section shall not be collected in the case of transactions made by,

(a) the Federal Government or a Provincial Government;

(b) a foreign diplomat or a diplomatic mission in Pakistan; or

(c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt."

1**[231B. Advance tax on private motor vehicles.-** (1) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule 2[:

Provided that no collection of advance tax under this sub-section shall be made after five years from the date of first registration as specified in clauses (a), (b) and (c) of sub-section (6).]

3[(1A) Every leasing company or a scheduled bank or a non-banking financial institution or an investment bank or a modaraba or a development finance institution, whether shariah compliant or under conventional mode, at the time of leasing of a motor vehicle to a 4[person whose name is not appearing in the active taxpayers' list] either through ijara or otherwise, shall collect advance tax at the rate of four per cent of the value of the motor vehicle.]

(2) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of transfer of registration or ownership of a private motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule:

Provided that no collection of advance tax under this sub-section shall be made all transfer of vehicles after five years from the date of first registration in Pakistan.

5[(2A) Every motor vehicle registration authority of Excise and Taxation Department shall, at the time of registration, collect tax at the rates specified in Division VII of Part IV of the First Schedule, if the locally manufactured motor vehicle has been sold prior to registration by the person who originally purchased it from the local manufacturer.]

(3) Every manufacturer of a motor 6[vehicle] shall collect, at the time of sale of a motor car or jeep, advance tax at the rate specified in Division VII of Part IV of the First Schedule from the person to whom such sale is made.

(4) Sub-section (1) shall not apply if a person produces evidence that tax under sub-section (3) in case of a locally manufactured vehicle or tax under section 148 in the case of imported vehicle was collected from the same person in respect of the same vehicle.

(5) The advance tax collected under this section shall be adjustable:

Provided that the provisions of this section shall not be applicable in the case of-

(a) the Federal Government;

(b) a Provincial Government;

(c) a Local Government;

(d) a foreign diplomat; or

(e) a diplomatic mission in Pakistan.]

7[(6) For the purposes of this section the expression "date of first registration" means-

(a) the date of issuance of broad arrow number in case a vehicle is acquired from the Armed Forces of Pakistan;

(b) the date of registration by the Ministry of Foreign Affairs in case the vehicle is acquired from a foreign diplomat or a diplomatic mission in Pakistan;

(c) the last day of the year of manufacture in case of acquisition of an unregistered vehicle from the Federal or a Provincial Government; and

(d) in all other cases the date of first registration by the Excise and Taxation department.

(7) For the purpose of this section "motor vehicle" includes car, jeep, van, sports utility vehicle, pick-up trucks for private use, caravan automobile, limousine, wagon and any other automobile used for private purpose.]

8[Explanation.- For the removal of doubt, it is clarified that a motor vehicle does not include a rickshaw, motorcycle-rickshaw and any other motor vehicle having engine capacity upto 200cc.]

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1-Substituted for section 231B, vide the Finance Act, 2014. At the time of substitution section 231B was as under:-
i[231B. Advance tax on private motor vehicles.-Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a new locally manufactured motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule:
Provided that the provisions of this section shall not be applicable in the case of –
(a) the Federal Government;
(b) the Provincial Government;
(c) the Local Government;
(d) a foreign diplomat; or
(e) a diplomatic mission in Pakistan.]
i. Section 231B substituted by the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of substitution section 231 B was as under:-
a[(231B). Purchase of motor cars and jeeps.-Every person shall pay, at the time of registration of a new motor car or a jeep, advance tax at the rates specified in Division VII of Part IV of the First Schedule:
Provided that the provisions of this section shall not be applicable in the case of-
(i) the Federal Government;
(ii) the Provincial Government;
(iii) a foreign diplomat; or
(iv) a diplomatic mission in Pakistan.]"
a. Section 231B was substituted by the Finance Act, 2008 (I of 2008 assented on 26th June 2008). At the time of substitution section 231B was as under:-
b[231B. Purchase of motor cars.- (1) Every manufacturer or authorized dealer of motor cars shall at the time of sale of a motor car, collect advance tax at the rate specified in Division VIII of Part IV, of the First Schedule.
(2) Advance tax under this section shall not be collected in the case of purchase made by-
(i) the Federal Government or a Provincial Government; or
(ii) a foreign diplomat or diplomatic mission in Pakistan]"
b. Section 231B was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007.
2-Full stop was substituted with a "colon" and thereafter new proviso was added vide the Finance Act, 2016 (XXIX of 2016)
3-Substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution sub-section (1A) was as under:-
i[(1A) Every leasing company or a scheduled bank or an investment bank or a development finance institution or a modaraba shall, at the time of leasing of a motor vehicle to a non-filer, collect advance tax at the rate of three per cent of the value of the motor vehicle.]
i. Initially it was added vide the Finance Act, 2016 (XXIX of 2016)
4-Substituted for the words "non-filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
5-Sub-section "(2A)" inserted by Finance Act, 2021, dated 30-06-2021. Earlier the Sub-section was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021. Before substitution read as:
"(2A) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax from the buyers of locally manufactured motor vehicles who subsequently sell it within ninety days of delivery of such vehicle whether prior to or after registration, at the rates specified in Division VII of Part IV of the First Schedule:
Provided that no collection of advance tax under this sub-section shall be made after the 30th day of June, 2021."
6-Substituted for "car or jeep" vide Finance Act, 2015
7-Added vide Finance Act, 2015
8-Explanation inserted by Finance Act, 2020, dated 30-06-2020

**1[***]**

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1-Section 232 omitted vide the Finance Ordinance, 2002 (XXVII of 2002, promulgated on 15th June, 2002). At the time of omission section 232 was as under:--

"232. Transfer of funds.-(1) Advance tax at the rate specified in Part-IV of the First Schedule shall be collected by a person-

(a) clearing an outstation cheque of an amount excluding twenty-five thousand rupees;

(b) issuing a demand draft, pay order, special deposit receipts, cash deposit-receipt or rupee traveller's cheque; and

(c) effecting a telegraphic or electronic transfer of funds, from the drawer of such cheque, draft, pay order, receipt or person ordering transfer of funds.

(2) Advance tax under sub-section (I) shall not be collected in the case of payments made by-

(a) Federal Government, Provincial Governments, statutory bodies and universities;

(b) a non-profit organization within the meaning of clause (37) of section 2;

(c) an industrial undertaking or institution exempt from tax under the Second Schedule;

(d) a public company whose shares are traded on a registered stock exchange in Pakistan;

(e) a foreign diplomat or a foreign diplomatic mission in Pakistan;

(f) a branch or office of a company to another branch or office of such company;

(g) a person who holds National Tax Number and furnishes a statement to that bank in the prescribed from and manner."

1**[233. Brokerage and commission.-** (1) Where any payment on account of brokerage or commission is made by the Federal Government, a Provincial Government, a 2[Local Government], a company or an 2a[association of person or individual having turnover of hundred million rupees or more] (hereinafter called the "principal") to a 3[***] person (hereinafter called the "agent"), the principal shall deduct advance tax at the rate specified in 4[Division II of] Part IV of the First Schedule from such payment.

(2) If the agent retains Commission or brokerage from any amount remitted by him to the principal, he shall be deemed to have been paid the commission or brokerage by the principal and the principal shall collect advance tax from the agent.

5[(2A) Notwithstanding the provisions of sub-section (1), where the principal is making payment on account of commission to an advertising agent, directly or through electronic or print media, the principal shall deduct tax (in addition to tax required to be deducted under clause (b) of sub-section (1) of section 153 on advertising services excluding commission), at the rate specified in Division II of Part IV of the First Schedule on the amount equal to-

$$\frac{A \times 15}{85}$$

Where A = amount paid or to be paid to electronic or print media for advertising services (excluding commission) on which tax is deductible under clause (b) of sub-section (1) of section 153.

(2B) Tax deducted under sub-section (2A) shall be 6[minimum] tax on the income of the advertising agent.]

(3) Where any tax is 7[required to be] collected from a person under sub-section (1), 8[such tax] the tax so collected shall be the 9[minimum] tax on the income of such persons.]

10[Explanation- For the removal of doubt, it is explained that the income of person referred to in sub-sections (2B) and (3) means the amount on which tax is deductible under sub-sections (1) or (2A) of this section.]

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1-Section 233 substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution section 233 was as under:--
"233. Brokerage and Commission.- (1) Where any payment on account of brokerage or commission is made by the Federal Government, a Provincial Government, a local authority, a company or an association of persons i[other than travel agents and insurance agents] ii[constituted by, or under, any law] (hereinafter called the "principal") to any person (hereinafter called the "agent"), the principal shall deduct advance tax at the rate specified in Part IV of the First Schedule from such payment.
(2) If the agent retains commission or brokerage from any amount remitted by him to the
principal, he shall be deemed to have been paid the commission or brokerage by the principal and the principal shall collect advance tax from the agent iii[(3) Where any payment on account of brokerage or commission is made by the principal to a 'travel agent or an insurance agent, the principal shall deduct advance tax at the rate specified in Part IV of the First Schedule from such payment
(4) where any tax is collected from a person under sub-section (1) or sub-section (3) the tax so collected shall be the final tax on the income of such persons.]"
i. The words inserted by the Finance Act, 2004 (II of 2004 assented on; 30th June, 2004)
ii. The words and commas inserted vide the Finance Act, 2003 (I of 2003 assented on; 16th June, 2003)
iii. Sub-sections (3) and (4) added vide the Finance Act, 2004 (II of 2004 assented on; 30th June, 2004)
2-Substituted for the words "local authority" vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
2a-For the expression "association of persons constituted by, or under any law" substituted by Finance Act, 2021, dated 30-06-2021
3-The word "resident" was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006),
4-The words were inserted vide Finance Act, 2010 (XVI of 2010),
5-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
6-Substituted for the word "final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
7-The words inserted vide Finance Act, 2012
8-Substituted for the words "the tax so collected" vide Finance Act, 2012
9-Substituted for the word "final" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
10-Explanation added by Finance (Supplementary) Act, 2021, dated 15-01-2022

**1[***]**

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1-Sections “233A” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**1[233A. Collection of tax by a stock exchange registered in Pakistan-**

(1) A stock exchange registered in Pakistan shall collect advance tax,-

(a) at the rates specified in Division IIA of Part IV of First Schedule from its Members on purchase of shares in lieu of 2[tax on] the commission earned by such Members; 3[and]

(b) at the rates specified in Division IIA of Part IV of First 4[Schedule] from its Members on sale of shares in lieu of 5[tax on] the commission earned by such Members 6[.and]

7[***]

8[***]

9[(2) The tax collected under sub-section (1) shall be [adjustable]

10[(3) This section shall not apply from the first day of March, 2019.]

1-Section 233A inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

2-The words were inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

3-The word “and” added vide Finance Act, 2012

4-Substituted for the word “schedule” vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

5-The words were inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

6-Substituted for semicolon vide Finance Act, 2012

7-Clause (c) omitted vide the Finance Act, 2012. Earlier the same Clause (c) was omitted by the Finance (Amendment) Ordinance, 2012 (III of 2012 promulgated on 24th April, 2012. At the time of omission clause (c) was as under:--

“(c) from its i[Members] in respect of trading of shares by the Members at the rates specified in Division IIA of Part IV of First Schedule; and”

i. Substituted for the word “members” vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

1704 Clause (d) omitted vide the Finance Act, 2012. At the time of omission clause (d) was as under:--

(d.) from its i[Members) in respect of financing of carryover trades ii[***] in share business at the rate specified in Division IIA of Part IV of First Schedule.”

i. Substituted for the word “Member” vide the Finance Act, 2005 (VII of 2005), (Assented on 29th June, 2005)

ii The brackets and word “(Badia)” omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June,

8-Sub-section (2) was substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution clause (c) was as under:--

i[(2) The tax collected under clauses (a) to ii[(b)] of sub-section (1) shall be III[adjustable.]

i. Sub-section (2) was substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution sub-section (2) was as under;--

“(2) The tax collected under clause (a) and clause (b) of the sub-section (I) shall be a final tax.”

ii. Substituted for the brackets and letter “(c)” vide the Finance Act, 2012. Earlier same amendment” was made vide the Finance (Amendment) Ordinance, 2012 (III of 2012 promulgated on 24th April, 2012)

III. Substituted for the words “minimum tax” vide the Finance Act, 2010 (XVI of 20.10)

9-Substituted for the word “final tax” vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

10-Added vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019

**1[***]**

1-Sections “233AA” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**1[233AA. Collection of tax by NCCPL.-** NCCPL shall collect advance tax from the members of Stock Exchange registered in Pakistan, 2[, margin financiers, trading financiers and lenders] in respect of margin financing in share business 3[or providing of any margin financing, margin trading or securities lending under Securities (Leveraged Markets and Pledging) Rules, 2011 in share business” shall be inserted] at the rate specified in Division 4[IIB] of Part IV of First Schedule] 5[: Provided that the provisions of this section shall not apply to any Mutual Fund specified in sub-clause (2) of clause (57) of Part I of the Second Schedule.]

1-Section (233AA) inserted vide Finance Act, 2012

2-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

3-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

4-Substituted for the letters “IIA” the letters “IIB” vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

5-For the full stop at the end a colon ws substituted and thereafter the proviso was added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**234.** 1**[Tax on motor vehicles].-** (1) Any person 2[at the time of] collecting motor vehicle tax shall also collect advance tax at the rates specified in 3[Division III of] Part IV of the First Schedule.

(2) If the motor vehicle tax is collected in installments 4[or lump sum] the advance tax may also be collected in installments 5[or lump sum] in like manner.

6[(2A) In respect of motor cars used for more than ten years in Pakistan, no advance tax shall be collected after a period of ten years.]

(3) In respect of a passenger transport vehicle with registered seating capacity of ten or more persons, advance tax shall not be collected after a period of ten years from the first day of July of the year of make of the vehicle.

(4) In respect of a goods transport vehicle with registered laden weight of 7[*** ] less than 8120 kilograms, advance tax shall not be collected after a period of ten years from the date of first registration of vehicle in Pakistan.

8[(5) Advance tax collected under this section shall be adjustable.]

9[(6) For the purpose of sub-sections (1) and (2) "motor vehicle" shall include the vehicles specified in sub-section (7) of section 231B.]

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1-Substituted for the marginal note "Transport business" vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
2-The words inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
3-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
4-For the comma, the words "or lump sum" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
5-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
6-Sub-section (2A) inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
7-The words "2030 kilogram or more but" were omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
8-Substituted for sub-section (5) vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of substitution sub-section (5) was as under:
"(5) Where tax is collected from any person being the owner of goods transport vehicle, the tax so collected shall be the final tax on the income of such person [from plying, or hiring out, of such vehicle."
9-Added vide Finance Act, 2015

**1[***]**

1-Sections “234A” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

1**[234A CNG Stations.-** (1) There shall be collected advance tax at the rate specified in Division VIB of Part III of the First Schedule on the amount of gas bill of a Compressed Natural Gas station.

(2) The person preparing gas consumption bill shall charge advance tax under sub-section (1) in the manner gas consumption charges are charged.

(3) The tax collected under this section 2[and under section 235] shall be a 3[minimum] tax on the income of a CNG station arising from the consumption of the gas referred to in sub-section (1).

4[Explanation.-For removal of doubt, it is clarified that for the purposes of this section tax on income arising from consumption of gas referred to in sub-section (3) means the tax collected under sub-section (1) which is inclusive of sales tax and all incidental charges.]

5[***]

1-Section 234A inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

2-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

3-Substituted for the word “final” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

4-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

5-Omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission sub-section (4) was as under:--

(4) The taxpayers shall not be entitled to claim any adjustment of withholding tax collected or deducted under any other head, during the tax year.

**235. Electricity consumption.-** (1) There shall be collected advance tax at the rates specified in 1[Division IV of] Part-IV of the First Schedule on the amount of electricity bill of a commercial or industrial 2[or domestic] consumer 3[:]

3[Provided that the provisions of sub-section (1) shall not apply to a domestic consumer of electricity if his name appears on the Active Taxpayers' List.]

4[(1A) In addition to tax collectable under sub-section (1), there shall be collected additional advance tax at the rates given in the Division IV of Part-IV of the First Schedule from professionals not appearing on ATL and operating from residential premises having domestic electric connections from DISCOs;

For the purposes of this sub-section professionals include Accountants, Lawyers, Doctors, Dentists, Health Professionals, Engineers, Architects, IT Professionals, Tutors, Trainers and other persons engaged in provision of services.]

(2) The person preparing electricity consumption bill shall charge advance tax under sub-section (1) in the manner electricity consumption charges are charged.

5[**Explanation.-** For removal of doubt, it is clarified that for the purposes of this section electricity consumption bill referred to in sub-section (2) means electricity bill inclusive of sales tax and all incidental charges.]

(3) Advance tax under this section shall not be collected from a person who produces a certificate from the Commissioner that his income during tax year is exempt from tax 6[or that he has discharged advance tax liability 7[under section 147 or whose entire income is subject to final tax regime or minimum tax regime under any provisions of this Ordinance other than this section]].

8[(4) Under this section,-

(a) in the case of a taxpayer other than a company, tax collected up to bill amount of 9[three hundred and sixty thousand Rupees per annum] shall be treated as minimum tax on the income of such persons and no refund shall be allowed;
(b) in the case of a taxpayer other than a company, tax collected on monthly bill over and above thirty thousand rupees per month shall be adjustable; and

10[(c)] in the case of a company 10[or domestic consumer], tax collected shall be adjustable against tax liability.]

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1-The expression inserted by Finance Act, 2020, dated 30-06-2020
2-Words inserted by Finance Act, 2021, dated 30-06-2021
3-For the full stop and Proviso added by Finance Act, 2021, dated 30-06-2021
4-Subsection "(1A)" added by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
5-The expression inserted by Finance Act, 2020, dated 30-06-2020
6-For the words "for the tax year" expression substituted by Finance Act, 2021, dated 30-06-2021
7-Sub-section (4) substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of substitution sub-section (4) was as under:--
i[(4) The tax collected under this section ii[up to bill amount of twenty thousand rupees per month] shall be minimum tax on the income of a person (other than a company). There shall be no refund of the tax collected under this section, unless the tax so collected is in excess of the amount for which the taxpayer is chargeable under this Ordinance in the case of a company.
i Sub-section (4) added by the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
ii The words inserted by the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
8-Substituted for the expression "thirty thousand rupees per month" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
9-Clause (d) was re-numbered as clause (c) vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017 but as a matter of fact said clause already appears as (c) since the substitution of sub-section (4) vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
10-Expression inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021

**1[***]**

1-Section "235A" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**a[235A. Domestic electricity consumption.-** (1) There shall be collected advance tax at the rates specified in Division XIX of Part IV of the First Schedule on the amount of electricity bill of a domestic consumer.

b[**Explanation**-For removal of doubt, it is clarified that for the purposes of this section, electricity consumption bill referred to in sub-section (2) means electricity bill inclusive of sales tax and all incidental charges.]

(2) The person preparing electricity consumption bill shall charge advance tax under sub-section (1) in the manner electricity consumption charges are charged.

(3) Tax collected under this section shall be adjustable against tax liability.

a-Inserted vide the Finance Act, 2014

b-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**1[***]**

1-Secton “235B” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

**235B. Tax on steel melters** 1**[and composite units].-** (1) There shall be collected tax from every steel melter, 2[and] composite steel units, registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007 at the rate of one rupee per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS products) excluding stainless steel.

(2) The person preparing electricity consumption bill shall charge and collect the tax under sub-section (1) in the manner electricity consumption charges are charged and collected.

(3) The tax collected under sub- section (1) shall be deemed to be the tax required to be deducted under sub-section (1) of section 153, on the payment for local purchase of scrap.

(4) Tax collected under sub-section (1) shall be non-adjustable and credit of the same shall not be allowed to any person.]

1-Substituted for “re-rollers etc.” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

2-Substituted for “steel re-roller,” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**236. Telephone** 1**[and internet] users.-** (1) Advance tax at the rates specified in 2[Division V] Part IV of the First Schedule] shall be collected on the amount of -

(a) telephone bill of a subscriber; 3[***]

(b) prepaid cards for 4[***] telephones 5[; 6[***]]

7[(c) Sale of units through any electronic medium or whatever form 8[; and]]

9[(d) internet bill of a subscriber; and

(e) prepaid cards for internet.]

(2) The person preparing the telephone 10[or internet] bill shall charge advance tax under sub-section (1) in the manner telephone 10[or internet] charges is charged.

(3) The person issuing or selling prepaid cards for 11[***] telephones 12[or internet] shall 13[collect] advance tax under sub-section (1) from the purchasers at the time of issuance or sale of cards.

14[(3A) The person issuing or selling units through any electronic medium or whatever form shall collect advance tax under sub-section (1) from the purchaser at the time of issuance or sale of units]

(4) Advance tax under this section shall not be colleted from Government, a foreign diplomat, a diplomatic mission in Pakistan, or a person who produces a certificate from the Commissioner that his income during the tax year is exempt from tax.

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1-Inserted vide Finance Act, 2015
2-Words inserted by Finance Act, 2021, dated 30-06-2021
3-The word “and” was omitted vide the Finance Act, 2010 (XVI of 2010)
4-The word “mobile” was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
5-Substituted for “full stop” vide Finance Act, 2010
6-The word “and” was omitted vide Finance Act, 2015
7-Clause (c) was inserted vide the Finance Act, 2010 (XVI of 2010)
8-Substituted for “full stop” vide Finance Act, 2015
9-Clauses “(d) & (e)” Added vide Finance Act, 2015
10-The words inserted vide Finance Act, 2015
11-The word “mobile” was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
12-The words inserted vide Finance Act, 2015
13-Substituted for “called” by Finance Act, 2003
14-Sub-section (3A) was inserted vide the Finance Act, 2010 (XVI of 2010)

1**[236A. Advance tax at the time of sale by auction.-** (1) Any person making sale by public auction, 2[or auction by a tender] of any property or goods 3[(Including property or goods confiscated or attached)] either belonging to or not belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub-clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of 4[Inland Revenue] or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold.

5[Explanation.-For the removal of doubt it is clarified for the purpose of this section that-

(a) the expression "sale by public auction or auction by a tender" includes renewal of a license previously sold by public auction or auction by a tender; and

(b) where payment is received in installments, advance tax is to be collected with each installment.]

(2) The credit for the tax collected under sub-section (1) in that tax year shall, subject to the provisions of section 147, be given in computing the tax payable by the person purchasing such property in the relevant tax year or in the case of a taxpayer to whom section 98B or section 145 applies, the tax year, in which the "said date" as referred to in that section, falls or whichever is later.

**Explanation.-** For the purposes of this section, sale of any property includes the awarding of any lease to any person, including a lease of the right to collect tolls, fees or other levies, by whatever name called.]

6[(3) Notwithstanding the provisions of sub-section (2), tax collected on a lease of the right to collect tolls shall be final tax.]

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1-Section 236A was inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
2-The words inserted by the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
3-Substituted for the words "confiscated or attached" vide the Finance Act, 2010 (XVI of 2010)
4-Substituted for the words "of income tax" vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
5-Explanation inserted by Finance Act, 2020, dated 30-06-2020
6-Added vide the Finance Act, 2016 (XXIX of 2016)

**1[***]**

1-Section “236B” omitted by Finance Act, 2021, dated 30-06-2021

1**[236B. Advance tax on purchase of air ticket.-** (1) There shall be collected advance tax at the rate specified in Division IX of Part IV of the First Schedule, on the purchase of gross amount of domestic air ticket 2[:

Provided that this section shall not apply to routes of Baluchistan coastal belt, Azad Jammu and Kashmir, FATA, Gilgit-Baltistan and Chitral.]

(2) The 3[airline issuing] air ticket shall charge advance tax under sub-section (1) in the manner air ticket charges are charged.]

4[(2A) The mode, manner and time of collection shall be as may be prescribed.]

5[(3) The advance tax collected under sub-section (1) shall be adjustable.

6[***]

1-Section 236B was inserted vide the Finance Act, 2010 (XVI of 2010)

2-Colon was substituted for full stop and thereafter new proviso was added vide Finance Act, 2015

3-Substituted for the words “person preparing” vide the Finance Act, 2014

4-Inserted vide the Finance Act, 2014

5-Sub-sections (3) & (4) were inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

6-Sub-section (4) was omitted vide Finance Act, 2015. At the time of omission sub-section (4) was as under:-

(3) The advance tax under this section shall not be collected in the case of

(a) the Federal Government, provincial Government or a provincial Government.

(b) a person who produces a certificate from the Commissioner Inland Revenue that income of such person during the tax year is exempt.

**1[[236C. Advance Tax on sale or transfer of immovable Property.-** (1) Any person responsible for registering 2[,recording] or attesting transfer of any immovable property shall at the time of registering 2[,recording] or attesting the transfer shall collect from the seller or transferor advance tax at the rate specified in Division X of Part IV of the First Schedule to the Income Tax Ordinance, 2001 3[:]

6[Provided that this sub-section shall not apply to a seller, being the dependant 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 or for services rendered by the Shaheed or the person who dies in service] 7[:]

7[Provided further that if the seller or transferor is a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) who had acquired the said immovable property through a Foreign Currency Value Account (FCVA) or NRP Rupee Value Account (NRVA) maintained with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan, the tax collected under this section from such persons shall be final discharge of tax liability in lieu of capital gains taxable under section 37 earned by the seller or transferor from the property so disposed of.]

4[Explanation,- For removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society 5[, public and private real estate projects registered/governed under any law, joint ventures, private commercial concerns] and registrar of properties.]

(2) The Advance tax collected under sub-section (1) shall be adjustable 8[:]

9[Provided that where immovable property referred to in subsection (1) is acquired and disposed of within the same tax year, the tax collected under this section shall be minimum tax.]

10[***]

11[(3) Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding 12[four] years.] 13[***]

14[(4) Sub-section (1) shall not apply to:-

(a) a seller, if the seller is dependent of:

(i) a seller, if the seller is dependent of: a Shaheed belonging to Pakistan Armed Forces; or

(ii) a person who dies while in the service of the Pakistan Armed Forces or the Federal and Provincial Governments; and

(b) to the first sale of immovable property which has been acquired or allotted as an original allottee, duly certified by the official allotment authority.]

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1-Inserted by the Finance Act, 2017.
2-Inserted by the Finance Act, 2017.
3-Full stop substituted by the Presidential Order No.F.2(1)/2016-Pub dated 31.08.2016.
4-Added by the Finance Act, 2017.
5-Expression inserted by Finance Act, 2021, dated 30-06-2021.

6-Added by the Presidential Order No.F.2(1)/2016-Pub dated 31.08.2016.
7-Full stop substituted and proviso added by the Finance Act, 2021. Earlier this substitution and addition were made through Tax Laws (Amendment) Ordinance, 2021.
8-Full stop substituted by the Finance Act, 2017
9-inserted by the Finance Act, 2017
10-Sub-section (3) omitted by the Finance Act 2015. The omitted sub-section read as follows:
"(3) The advance tax under this section shall not be collected in the case of Federal Government, Provincial Government or a Local Government."
11-Added by the Finance Act, 2016.
12-The word "five" substituted by Finance Act, 2020 dated 30th June, 2020.
13-Sub-section (4) omitted by the Presidential Order No.F.2(1)/2016-Pub dated 31.08.2016. The omitted sub-section read as follows:-
"(4) Sub-section (1) shall not apply to:-
(a) a seller, if the seller is dependent of:
(i) a Shaheed belonging to Pakistan Armed Forces; or
(ii) a person who dies while in the service of the Pakistan Armed Forces or the Federal and Provincial Governments; and
(b) to the first sale of immovable property which has been acquired or allotted as an original allottee, duly certified by the official allotment authority."]
14-Sub-section (4) added by the Income Tax (Fourth Amendment) Act, 2016 dated 02.12.2016.

1[**236CA. Advance tax on TV plays and advertisements.-**

(1) Any licensing authority certifying any foreign TV drama serial or a play dubbed in Urdu or any other language, for screening and viewing on any landing rights channel, shall collect advance tax at the rates specified in Division XA of Part IV of the First Schedule.

(2) Any licensing authority certifying any commercial for advertisement starring foreign actor, for screening and viewing on any landing rights channel shall collect advance tax at the rates specified in Division XA of Part IV of the First Schedule.

(3) The tax required to be collected under this section shall be minimum tax in respect of income arising from such drama serial or play or advertisement referred to in sub-section (1) or (2) of this section.";

(8) in section 236Q, after sub-section (3), the following explanation shall be added, namely:-

Explanation - For the removal of doubt, it is explained that the income of person referred to in sub-section (3) means the amount on which tax is deductible under sub-section (1) or (2) of this section.]

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1-Section "236CA" inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022

**1[***]**

1-Secton “236D” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

1**[236D. Advance tax on functions and gatherings.-** (1) Every prescribed person shall collect advance tax at the rate specified in Division XI of Part IV of the First Schedule on the total amount of the bill from a person arranging or holding a function in a montage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used, for such purpose.

(2) Where the food, service or any other facility is provided by any other person, the prescribed person shall also collect advance tax on the payment for such food, service or facility at the rate specified in Division XI of Part IV of the First Schedule from the person arranging or holding the function.

(3) The advance tax collected under sub-section (1) and sub-section (2) shall be adjustable.

(4) In this section,

(a) “function” includes any wedding related event, a seminar, a workshop, a session, an exhibition, a concert, a show, a party or any other gathering held for such purpose; and

(h) “prescribed person” includes the owner, a lease-holder, an operator or a manager of a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.]

1-Sections 236D was inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**1[***]**

1-Section 236E was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission section 236E was as under:-
236E. Advance tax on foreign-produced TV plays and serials.-(1) Any licensing authority certifying any foreign TV drama serial or a play dubbed in Urdu or any other regional language, for screening and viewing on any landing rights channel, shall collect advance tax at the rates specified in Division XII of Part IV of the First Schedule.
(2) The advance tax collected under sub-section (1) shall be adjustable.

**1[***]**

1-Secton "236F" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

**1[236F. Advance tax on cable operators and other electronic media.-** (1) Pakistan Electronic Media Regulatory Authority, at the time of issuance of licence for distribution services or renewal of the licence to a licencee, shall collect advance tax at the rates specified in Division XIII of Part IV of the First Schedule.

(2) The tax collected under sub-section (1) shall be adjustable.

(3) For the purpose of this section, "cable television operator", "DTH", "Distribution Service", "electronic media", "IPTV" "loop holder", "MMDS", "mobile TV", shall have the same meanings as defined in Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (XIII of 2002) and rules made thereunder.]

1-Sections 236F was inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

1**[236G. Advance tax on sales to distributors, dealers and wholesalers.-** (1) Ever manufacturer or commercial importer of 2[pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment,] electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to distributors, dealers and wholesalers, shall collect advance tax at the rate specified in Division XIV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.

(2) Credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the distributor, dealer or wholesaler on the taxable income for the tax year in which the tax was collected.]

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1-Sections 236G was inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
2-Words inserted by Finance Act, 2021, dated 30-06-2021

1**[236H. Advance tax on sales to retailers.-** (1) Every manufacturer, distributor, dealer, wholesaler or commercial importer of 2[pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment,] electronics, sugar, cement, iron and steel products, 3[***] motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers 4[, and every distributor or dealer to another wholesaler in respect of the said sectors], shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.

(2) Credit for the tat collected under sub-section (1) shall be allowed in computing the tax due by the retailer on the taxable income for the tax year in which the tax was collected.]

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1-Sections 236H was inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
2-Words inserted by Finance Act, 2021, dated 30-06-2021
3-The words and comma “Fertilizer” were Omitted vide Finance Act, 2015
4-Inserted vide Finance Act, 2015

**1[***]**

1-Section "236HA" omitted by Finance Act, 2021, dated 30-06-2021. Earlier inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Before omission read as:

**"236HA. Tax on sale of certain petroleum products.-** (1) Every person selling petroleum products to a petrol pump operator or distributer, where such operator or distributer is not allowed a commission or discount, shall collect advance tax on ex-depot sale price of such products at the rate specified in Division XVA of Part IV of the First schedule.

(2) The tax deductible under sub-section (1) shall be a final tax on the income arising from the sale of petroleum products to which sub-section (1) applies."

1**[236I. Collection of advance tax by educational institutions.-** (1)There shall be collected advance tax 2[from a person not appearing on the active taxpayers' list] at the rate specified in Division XVI of Part-IV of the First Schedule on the amount of fee paid to an educational institution.

(2) The person pre paring fee voucher or charge and shall charge advance tax under sub-section (1) in the manner the fee is charge.

(3) Advance tax under this section shall not be collected from a person 3[on an amount which is paid by way of scholarship or] where annual five does not exceed two hundred thousand rupees.

(4) The term "fee" includes, tuition fee and all charges received by the educational institution, by whatever name called, excluding the amount which is refundable.

(5) Tax collected under this section shall be adjustable against the tax liability of either of the parents or guardian making payment of the fee.

4[(6) Advance tax under this section shall not be collected from a person who is a non-resident and.-

(i) furnishes copy of passport as an evidence to the educational institution that during previous tax year his stay in Pakistan was less than one hundred eighty-three days;

(ii) furnishes a certificate that he has no Pakistan-source income; and

(iii) the fee is remitted directly from abroad through normal banking channels to the bank account of the educational institution.]

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1-Sections 236I was inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
2-Explanation inserted by Finance Act, 2020, dated 30-06-2020
3-Inserted by the Finance Act, 2018
4-Added by the Finance Act, 2015

**1[***]**

1-Secton “236J” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

**236J. Advance tax on dealers, commission agents and arhatis etc.-** (1) Every market committee shall collect advance tax from dealers, commission agents or arhatis, etc, at the rates specified in Division XVII of Part-IV of the First Schedule at the time of issuance or renewal of licences.

(2) The advance tax collected under sub-section (1) shall be adjustable,

(3) in this section “market committee” includes any committee or body formed under any provincial or local law made for the purposes of establishing, regulating or organizing agricultural, livestock and other commodity markets.]

1-Sections 236J was inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

2-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

3-Inserted vide Finance Act, 2015

1**[236K. Advance tax on purchase or transfer of immovable property.-** (1) Any person responsible for registering 2[, recording] or attesting transfer of any immovable property shall at the time of registering 2[, recording] or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule.]

3[**Explanation**,-For removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society 4[, public and private real estate projects registered/governed under any law, joint ventures, private commercial concerns] and registrar of properties.]

(2) The advance tax collected under sub-section (1) shall be adjustable 5[:]

5[Provided that if the buyer or transferee is a non-resident individual holding a Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) who has acquired the said immovable property through a Foreign Currency Value Account (FCVA) or NRP Rupee Value Account (NRVA) maintained with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan, the tax collected under this section from such persons shall be final discharge of tax liability for such buyer or transferee.]

6[(3) Any person responsible for collecting payments in installments for purchase or allotment of any immovable property where the transfer is to be effected after making payment of all installments, shall at the time of collecting installments collect from the allotee or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule 7[:]

7[Provided that where tax has been collected along with installments, no further tax under this section shall be collected at the time of transfer of property in the name of buyer from whom tax has been collected in installments which is equal to the amount payable in this section.]

(4) Nothing contained in this section shall apply to a scheme introduced by the Federal Government, or Provincial Government or an Authority established under a Federal or Provincial law for expatriate Pakistanis 8[:]

8[Provided that the mode of payment by the expatriate Pakistanis in the said scheme or schemes shall be in the foreign exchange remitted from outside Pakistan through normal banking channels.]

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1-Inserted vide the Finance Act, 2014
2-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
3-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
4-The expression inserted by Finance Act, 2021, dated 30-06-2021
5-For the full stop and Proviso added by Finance Act, 2021, dated 30-06-2021. Earlier same was added by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
6-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier Sub-section (3) was omitted vide Finance Act, 2015. At the time of omission Sub-section (3) was as under:-
"(3) The advance tax under this section shall not be collected in the case of the Federal Government, a Provincial Government, a Local Government or a foreign diplomatic mission in Pakistan."
7-For the full stop and Proviso added by Finance Act, 2021, dated 30-06-2021
8-Colon was substituted for full stop and thereafter new proviso was added vide Finance Act, 2015

**1[***]**

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1-Section “236L” omitted by Finance Act, 2021, dated 30-06-2021. Earlier this section was inserted, vide Finance Act, 2014 Before omission read as:

“236L. Advance tax on purchase of international air ticket.- (1) Every airline, operating in Pakistan, shall collect advance tax at the rates specified in Division XX of Part IV of the First Schedule, on the gross amount of international air tickets issued to passengers booking one-way or return, from Pakistan.

(2) The airline issuing air ticket shall collect or charge advance tax under sub-section (1) in the manner air ticket charges are collected or charged, either manually or electronically.

(3) The mode, manner and time of collection under sub-section (1) and time of collection shall be as may be prescribed.

(4) The advance tax collected under sub-section (1) shall be adjustable.”

**1[***]**

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1-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of omission section 236M was as under:-

236M. Bonus shares issued by companies quoted on stock exchange.-(1) Notwithstanding anything contained in any law for the time being in force, every company, quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold five per cent of the bonus shares to be issued.

(2) Bonus shares withheld under sub-section (1) shall only be issued to a shareholder, if the company collects from the shareholder, tax equal to five per cent of the value of the bonus shares issued to the shareholder including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books.

(3) Tax under sub-section (2), shall be collected by the company, within fifteen days of the first day of closure of books.

(4) If the shareholder fails to make the payment of tax under sub-section (2) within fifteen days or the company fails to collect the said tax within fifteen days, the company shall deposit the bonus share withheld under sub-section (1) in the Central Depository Company of Pakistan Limited or any other entity as may be prescribed.

(5) Bonus shares deposited in the Central Depository Company of Pakistan Limited or the entity prescribed under sub-section (4) shall be disposed of in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner, by way of credit to the Federal Government.

(6) issuance of bonus shares shall be deemed to be the income of the shareholder and the tax collected by the company under sub-section (2) or proceeds of the bonus shares disposed of and paid under sub-section (5) shall be treated to have been paid on behalf of the shareholder.

(7) Tax paid under this section shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares.

**1[***]**

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1-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of omission section 236N was as under:-

236N. Bonus shares issued by companies not quoted on stock exchange.- (1) Notwithstanding anything contained in any law for the time being in force, every company, not quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall deposit tax, within fifteen days of the closure of books, at the rate of five per cent of the value of the bonus shares on the first day of closure of books, whether or not tax has been collected by the company under sub-section (3).

(2) Issuance of bonus shares shall be deemed to be the income of the shareholder and tax deposited under sub-section (1) shall be treated to have been deposited on behalf of the shareholder.

(3) A company liable to deposit tax under sub-section (1), shall be entitled to collect and recover the tax deposited under sub-section (1), from the shareholder, on whose behalf the tax has been deposited, before the issuance of bonus shares.

(4) If a shareholder neither makes payment of tax to the company nor collects its bonus shares, within three months of the date of issuance of bonus shares, the company may proceed to dispose of its bonus shares to the extent it has paid tax on its behalf under sub-section (1).

(5) Tax paid under this section shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares.

(6) The Board may prescribe rules for determination of value of shares under sub-section (1).]

1**[236O. Advance tax under this chapter.-** The advance tax under this chapter shall not be collected 2[or deducted from],-

(a) the Federal Government or a Provincial Government;

(b) a foreign diplomat or a diplomatic mission in Pakistan; or

(c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.

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1-Section '236O' was inserted vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015)
2-Substituted for the words "in the case of withdrawals made by" vide the Finance Act, 2016 (XXIX of 2016)

**1[***]**

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1-Section "236P" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**"236P. Advance tax on banking transactions otherwise than through cash.-** (1) Every banking company shall collect advance adjustable tax from a 1[person whose name is not appearing in the active taxpayers' list] at the time of sale of any instrument, including demand draft, pay order, special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt, rupee traveller's cheque or any other instrument of such nature.

(2) Every banking company shall collect advance adjustable tax from a 2[person whose name is not appearing in the active taxpayers' list] at the time of transfer of any sum through cheque or clearing, interbank or intra bank transfers through cheques, online transfer, telegraphic transfer, mail transfer, direct debit, payments through internet, payments through mobile phones, account to account funds transfer, third party account to account funds transfers, real time account to account funds transfer, real time third party account to account fund transfer, automated teller machine (ATM) transfers, or any other mode of electronic or paper based funds transfer.

(3) The advance tax under this section shall be collected at the rate specified in Division XXI of Part IV of the First Schedule, where the sum total of payments for all transactions mentioned in sub-section (1) or sub-section (2), as the case may be, exceed fifty thousand rupees in a day.

3[**Explanation**.-For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate transfers from all the bank accounts in a single day.]

(4) Advance tax under this section shall not be collected in the case of 4[***] payments made for Federal, Provincial or local Government taxes."

1-Substituted for the word "non-filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

2-Substituted for the word "non-filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

3-Added vide the Finance Act, 2016 (XXIX of 2016)

4-The words 'Pakistan Real time Interbank Settlement Mechanism (PRISM) transactions or' were omitted vide the Finance (Second Amendment) Act, 2016 (II of 2016 assented on 29th January, 2016

**236Q. Payment to residents for use of machinery and equipment.-** (1) Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person for use or right to use industrial, commercial and scientific equipment shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.

(2) Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person on account of rent of machinery shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.

(3) The tax deductible under sub-sections (1) and (2) shall be 1[minimum] tax on the income of such resident person.

2[Explanation - For the removal of doubt, it is explained that the income of person referred to in sub-section (3) means the amount on which tax is deductible under sub-section (1) or (2) of this section.]

(4) In this section "prescribed person" means a prescribed person as defined in sub-section (7) of section 153.

(5) The provisions of sub-section (1) and (2) shall not apply to-

(a) agricultural machinery; and

(b) machinery leased by a leasing company, an investment bank or a modaraba or a scheduled bank or a development finance institution in respect of assets owned by the leasing company or an investment bank or a modaraba or a scheduled bank or a development finance institution.

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1-For the word "final" substituted by Finance Act, 2020, dated 30-06-2020
2-Explaantion added by Finance (Supplementary) Act, 2021, dated 15-01-2022

**1[***]**

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1-Secton “236R” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

**236R. Collection of advance tax on education related expenses remitted abroad.-** (1) There shall be collected advance tax at the rate specified in Division XXIIV of Part-IV of the First Schedule on the amount of education related expenses remitted abroad.

(2) Banks, financial institutions, foreign exchange companies or any other person responsible for remitting foreign currency abroad shall collect advance tax from the payer of education related expenses.

(3) Tax collected under this section shall be adjustable against the income of the person remitting payment of education related expenses.

(4) For the purpose of this section, “education related expenses” includes tuition fee, boarding and lodging expenses, any payment for distant learning to any institution or university in a foreign country and any other expense related or attributable to foreign education.

**1[***]**

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1-Section “236S” omitted by Finance Act, 2021, dated 30-06-2021. Earlier this section was inserted, vide Finance Act, 2015 Before omission read as:

**“236S. Dividend in specie.-** Every person making payment of dividend-in specie shall collect tax from the gross amount of the dividend in specie paid at the rate specified in Division I of Part III of the First Schedule.”

**1[***]**

1-Section 236T was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission section 236T was as under:-
236T. Collection of tax by Pakistan Mercantile Exchange Limited (PMEX).- (1) Pakistan Mercantile Exchange Limited (PMEX) shall collect advance tax,-
(a) at the rates specified in Division XXII of Part IV of First Schedule from its members on purchase of futures commodity contracts;
(b) at the rates specified in Division XXII of Part IV of First Schedule from its members on sale of futures commodity contracts; and
(2) The tax collected under clauses (a) to (b) of sub-section (1) shall be an adjustable tax.

**1[***]**

1-Secton “236U” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

1**[236U. Advance tax on insurance premium.-** (1) Every insurance company shall collect advance tax at the time of collection of insurance premium from 2[a person whose name is not appearing in the active taxpayers’ list] in respect of general insurance premium and life insurance premium, at the rates specified in Division XXV of Part IV of the First Schedule.

(2) Insurance premium collected through agents of the insurance company shall be treated to have been collected by the insurance company.

(3) Advance tax collected under this section shall be adjustable.

1-Inserted vide the Finance Act, 2016 (XXIX of 2016)

2-Substituted for the word “non-filers” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

**1[***]**

1-Section "236V" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this section was inserted, vide Finance Act, 2016 Before omission read as:

1**[236V. Advance tax on extraction of minerals.-** (1) There shall be collected advance tax at the rate specified in Division XXVI of Part-IV of the First Schedule on the value of minerals extracted, produced, despatched and carried away from the licensed or leased areas of the mines.

(2) Advance tax under sub-section (1) shall be collected by the provincial authority collecting royalty per metric ton from the lease-holder of mines or any person extracting minerals.

(3) Advance tax collected under this section shall be adjustable.

(4) The value of the minerals for the purpose of this section shall be as specified by the Board.]

**1[***]**

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1-Section "236W" was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission section "236W" was as under:-

"i[236W. Tax on purchase or transfer of immovable property.- (1) Every person responsible for registering ii[, recording] or attesting transfer of any immovable property shall at the time of registering III[, recording] or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate of three per cent of the amount computed under clause (c) of sub-section (4) of section 111.

iv[Explanation,-For removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society and registrar of properties.]

(2) Tax collected under sub-section (5) shall not be adjustable.]"

i Inserted vide Income Tax (Amendment) Act, 2016 passed by NA on 30th November, 2016

ii Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

III Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

iv Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**1[***]**

1-Secton “236X” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as under:

1**[236X. Advance tax on tobacco.-** (1) Pakistan Tobacco Board or its contractors, at the time of collecting cess on tobacco, directly or indirectly, shall collect advance tax at the rate of five percent of the purchase value of tobacco from every person purchasing tobacco including manufacturers of cigarettes.

(2) Tax collected under this section shall be adjustable.]

1-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

**1[***]**

1-Section "236Y" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this section was inserted, vide Finance Act, 2018 Before omission read as:

1**[236Y. Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards.-** (1) Every banking company shall collect advance tax, at the time of transfer of any sum remitted outside Pakistan, on behalf of any person who has completed a credit card transaction, a debit card transaction, or a prepaid card transaction with a person outside Pakistan at the rate specified in Division XXVII of Part IV of the First Schedule.

(2) The advance tax collected under this section shall be adjustable.]

## CHAPTER XIII
## MISCELLANEOUS

**237. Power to make rules.-** (1) The [Board] may, by notification in the official Gazette, make rules for carrying out 1[***] the purposes of this Ordinance.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a) the manner in, and procedure by, which the income, profits and gains chargeable to tax and the tax payable thereon under this Ordinance shall be determined in the case of -

(i) income derived partly from agriculture and partly from other business; or

(ii) non-resident persons;

2[(ab) ascertainment or determination of any income or class of income to be included in the total income of a taxpayer and any deduction from such income;]

(b) fees and other charges to be paid in respect of any matter referred to in this Ordinance;

(c) anything which is to be or may be prescribed under this Ordinance;

(d) the procedure for furnishing returns and other documents as required under this Ordinance, including on computer media or through electronic medium or for issuance of orders or notices, or levy of 3[default surcharge] or penalty through electronic medium;

4[(da) the procedure for approval of a non-profit organization;]

(e) contain provisions of a saving or transitional nature consequent upon the making of this Ordinance; and

(f) penalties for the contravention of the rules made under this Ordinance.

(3) The power to make rules conferred by this section shall be, except on the first occasion of the exercise thereof, subject to the condition of previous publication.

(4) Where rules made under this section -

(a) affect a person;
(b) are of a transitional nature; and
(c) are made within twelve months after commencement of this Ordinance, these may provide that they shall take effect from the date on which this Ordinance comes into force or a later date.

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1-The words “Central Board of Revenue” substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-The word “of” omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
3-Clause “(ab)” inserted vide the F1803 Substituted for the words “additional tax” vide the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 vide the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009),
4-Clause “(da)” was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

1**[237A. Electronic record.-** (1) The Board may require any person to use its information system and electronic resource, in order to replace or supplement, its manual business processes by automated business processes and substitute its paper based records by electronic record.

(2) Electronic record generated, maintained, issued, served, received, filed or requisitioned through the electronic resource of the Board shall by itself sufficiently and conclusively prove its validity, authenticity and integrity and shall be treated to have been done so according to the provisions of this Ordinance.]

---

1-Section 237A was inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

**238. Repeal.-** The Income Tax Ordinance, 1979 (XXXI of 1979), shall stand repealed on the date this Ordinance comes into force in pursuance of sub-section (3) of section 1.

**239. Savings.-** 1[(1) Subject to sub-section (2), in making any assessment in respect of any income year ending on or before the 30th day of June, 2002, the provisions of the repealed Ordinance in so far as these relate to computation of total income and tax payable thereon shall apply as if this Ordinance had not come into force.]

2[(2) The assessment, referred to in sub-section (1), shall be made by an income tax authority which is competent under this Ordinance to make an assessment in respect of a tax year ending on any date after the 30th day of June, 2002, and in accordance with the procedure specified in section 59 or 59A 3[or 61] or 62 or 63, as the case may be, of the repealed Ordinance.]

4[(3) The provisions of sub-sections (1) and (2) shall apply, in like manner, to the imposition or charge of any penalty, 5[default surcharge] or any other amount, under the repealed Ordinance, as these apply to the assessment, so however that procedure for such imposition or charge shall be in accordance with the corresponding provisions of this Ordinance.]

(4) Any proceeding under the repealed Ordinance pending on the commencement of this Ordinance before any income tax authority, the Appellate Tribunal or any Court by way of appeal, reference, revision or prosecution shall be continued and disposed of as if this Ordinance has not come into force.

(5) Where the period prescribed for any application, appeal, reference or revision under the repealed Ordinance had expired on or before the commencement of this Ordinance, nothing in this Ordinance shall be construed as enabling such application, appeal, reference or revision to be made under this Ordinance by reason only of the fact that a longer period is specified or provision for an extension of time in suitable cases by the appropriate authority.

(6) Any proceeding for 6[***] prosecution in respect of an assessment for an income year ending on or before the 30th day of June 2002 shall be taken and continued as if this Ordinance has not come into force.

(7) Any income tax, super tax, surcharge, penalty, 7[default surcharge], or other amount payable under the repealed Ordinance may be recovered under this Ordinance, but without prejudice to any action already taken for the recovery of the amount under the repealed Ordinance.

(8) Any election or declaration made or option exercised by any person under any provision of the repealed Ordinance and in force immediately before the commencement of this Ordinance shall be treated as an election or declaration made, or option exercised under the corresponding provisions, if any, of this Ordinance.

(9) Anything done or action taken under the repealed Ordinance in so far as it is not inconsistent with the 8[provisions] of this Ordinance shall, without prejudice to anything already done or any action already taken, be treated as having been done or taken under this Ordinance.

(10) Any agreement entered into, appointment made, approval given, recognition granted, direction, instruction, notification, notice, order or rule issued or made under any provision of the repealed Ordinance and in force or valid at the commencement of this Ordinance shall, so far as it is not inconsistent with the corresponding provision of this Ordinance or any agreement, appointment entered into, approval given, recognition granted, direction, instruction, notification, notice, order or rule issued or made under this Ordinance, be treated as entered into, made, given, granted or issued, as the case may be, under that corresponding provision and shall unless revoked, cancelled or repealed by, or under, this Ordinance, continue in force accordingly.

(11) Any appointment, act of authority or other thing made or done by any authority or person and subsisting or in force at the commencement of this Ordinance which would have been made or done under any substantially corresponding provision of this Ordinance by any authority or person other than the one specified in the repealed Ordinance, or in any manner other than as specified in the repealed Ordinance shall continue in force and have effect as if it has been made or done under the corresponding provision of this Ordinance by the authority or person, or in the manner specified in the corresponding provision as if such provision had been in force when it was made or done.

9[(12) Any notification issued under section 50 of the repealed Ordinance and in force on the commencement of this Ordinance shall continue to remain in force, unless 10[amended, modified], cancelled or repealed by, or under, this Ordinance.]

11[(13) The authority which issued any notification, notice, direction or instruction, or made any rule, agreement or appointment, or granted any approval or recognition, referred to in sub-sections (10) and (12), shall have the power to 12[amend, modify], cancel or repeal any such notification, notice, direction, instruction, rule, agreement, appointment, approval or recognition.]

13[(14) Any yield from National Saving Schemes of Directorate of National Savings where investment was made on or before 30th June, 2001 and any income derived from Mahana Amdani Account where monthly installment does not 14[exceed] one thousand rupees shall continue to remain exempt and any person paying such yield or income shall not deduct tax under section 151 there from and the recipient of such yield or income shall not be required to produce an exemption certificate under section 159 in support of the said exemption.]]

(15) Section 107AA of the repealed Ordinance shall continue to apply until the 30th day of June, 2002.

(16) The Income Tax Rules made under the repealed Ordinance, on the valuation of perquisites shall continue to apply 15[in respect of any income year ending on or before] the 30th day of June 2002.

(17) Item 8(5)(h) of the Third Schedule to the repealed Ordinance shall continue to apply to assets covered by the item.

16 [***]

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1-Sub-section (1) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-sections (1) was as under:-
"(1) The repealed Ordinance shall continue to apply to the assessment year ending on the 30th day of June 2003."
2-Sub-section (2) was substituted vide the Finance Ordinance, 2002 (XXVll of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (2) was as under:-
"(2) In making any assessment in respect of any income year ending on or before the 30th day of June 2002, the provisions of the repealed Ordinance relating to the computation of total income and the tax payable thereon shall apply as if this Ordinance has not come into force."
3-The word and figure was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier this amendment was made vide S.R.O. 633(I)/2002, dated 14th September, 2002 and which was S.R.O. 633(I)/2002, dated 14th September, 2002 rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003.
4-Sub-section (3) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (3) was as under:-
"(3) Where any return of income has been furnished by a person for any assessment year ending on or before the 30th day of June 2003, proceedings for the assessment of the person for that year shall be taken and continued as if this Ordinance has not come into force."
5-Substituted for the word "sub-section" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
6-Substituted for the words "additional tax" vide the Finance Act, 20I0 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made by the Finance (Amendment) Ordinance, 2010 (III of 2010 promulgated on 6th February, 20I0) & the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)
7-The words "the imposition of penalty or" were omitted vide the Finance Act, 2002 (XXVll of 2002 promulgated on 15th June, 2002)
8-The words "additional tax" substituted vide Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931). Earlier this amendment was made vide the Finance (Amendment) Ordinance', 2010 (III of 2010 promulgated on 6th February, 20I0) & the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 28th October, 2009)

8-The word “provision” substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
9-Sub-section (12) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-sections (12) was as under:--
“(12) Clause 77C of Part I. of the First Schedule of the repealed Ordinance shall continue to apply to the yield on National Savings Deposit Certificates issued before 1st July, 2001 and a person paying yield on such a Certificate shall not deduct tax under section 151 from the payment.”
10-Substituted for the word “revoked” vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
11-Sub-section (13) was substituted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (13) was as under:--
“(13) There is no requirement for the holder of Certificate to which sub-section.”
12-Substituted for the words and comma, “amended, modified” vide the Finance Act, 2014
13-Sub-section (14) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution sub-section (14) was as under:-
“(14) Clause (77C) of Part 1 of the First Schedule of the repealed Ordinance shall continue to apply to the yield on National Savings Deposit Certificates issued before 1st July, 2001, and a person paying yield on such a Certificate shall not deduct tax under section 151 from the payment, and the holder of such Certificate shall not be required to acquire an exemption certificate under section 159 to give effect to the said exemption.”
Earlier, Sub-section (14) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (14) was as under:-
“(14) applies to acquire an exemption certificate under section 159 to give effect to the exemption.”
14-The word “exceeds” was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
15-Substituted for the word “until” vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
16-Sub-section (18) omitted by the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier sub-section (18) was omitted vide S.R.O. 633(1)2002, dated 14th September, 2002 and which was rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003. At the time of omission sub-section (18) was as under:--
i(18) In this section, “income tax authority” means an income tax authority as specified in section 3 of the repealed Ordinance.
i. Sub-section (I8) substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution sub-section (18) was as under:-
“(18) In this section,--
“assessment year” means assessment year as defined in the repealed Ordinance;
“income tax authority” means income tax authority as defined in section 3 of the repealed Ordinance;
“income year” means income year as defined in the repealed Ordinance; and
“repealed Ordinance” means the Income Tax Ordinance, I 979 (XXXI of 1979)”

1[**239A. Transition to Federal Board of Revenue.-** Any reference to the Central Board of Revenue, wherever occurring, in this Ordinance and the rules made there under and Notifications, Orders, or any other instrument issued there under shall be construed as a reference to the Federal Board of Revenue on the commencement of the Federal Board of Revenue Act, 2007.]

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1-Section 239A was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

1**[239B. Reference to authorities.-** Any reference to the Regional Commissioner of Income Tax, Commissioner of Income Tax, Commissioner of Income Tax (Appeals) and Taxation Officer, wherever occurring, in this Ordinance and the rules made there under 2[and in any other law in force at the time of promulgation of this Ordinance] and notifications, orders, circulars or clarifications or any instrument issued there under shall be construed as reference to the Chief Commissioner Inland Revenue, Commissioner Inland Revenue, Commissioner Inland Revenue (Appeals) and officer of Inland Revenue, respectively.]

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1-Section 239B inserted by the Finance Act, 2010 (XVI of 2010). This amendment was effective from 5th June, 2010 by the declaration made under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) Earlier this Section 239B was inserted vide the Finance (Amendment) Ordinance, 20I0 (III of 20I0 promulgated on 6th February, 2010 and the Finance (Amendment) Ordinance, 2009 (XXII of 2009 promulgated on 25th October, 2009)

2-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

**240. Removal of difficulties.-** (1) Subject to sub-section (2), if any difficulty arises in giving effect to any of the provisions of this Ordinance, the Federal Government may, by notification in the official Gazette, make such order, 1[not] inconsistent with the provisions of this Ordinance, as may appear to it to be necessary for the purpose of removing the difficulty.

2[***]

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1-Substituted for the word "no" vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

2-Sub-section (2) was omitted vide the Finance Act, 2010 (XVI of 2010) effective from 5th June, 2010. At the time of omission sub-section (2) was as under:--

"(2) No such power shall be exercised under sub-section (1) after the 30th day of June, 2004."

1**[241. Validation.-** 2[(1)] All notifications and orders issued and notified, in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2017 shall be deemed to have been validly issued and notified in exercise of those powers.]

3[(2) Notwithstanding any omission, irregularity or deficiency in the establishment, or conferment of powers and functions, of the Directorate-General (Intelligence and Investigation), Inland Revenue and authorities specified in section 230, all orders passed, notices issued and actions taken in exercise or purported exercise of the powers and functions of the Commissioner under this Ordinance by the Directorate-General (Intelligence and Investigation), Inland Revenue or the authorities specified in section 230 shall be deemed to have been validly passed, issued and taken under this Ordinance.]

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1-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
2-Re-numbered as (i) vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
3-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

**1[242. Benefits of repealed provisions.-** The existing beneficiaries of exemptions or concessionary provisions of the Ordinance, already expired or expiring, on thirtieth day of June, 2021 or repealed by Tax Laws (Second Amendment) Ordinance, 2021 shall continue to enjoy benefits of the repealed provisions for the periods prescribed therein and subject to conditions and limitations specified therein.]

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1-Section "242" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Laws (Second Amendment) Ordinance, 2021. The amendment read as follows:

"The following provisions of the Income Tax Ordinance, 20021 (XLIX of 2001) already expired or expiring on thirtieth day of June, 2021 are omitted, provided that the existing beneficiaries shall continue to enjoy benefits of the repealed provisions for the periods and subject to conditions and limitations specified in theses repealed provisions, namely:-

1- Section 65D;

2- Following clauses of Part-I of the Second Schedule :– (72), (126C), (126H), (126J), (126K), (126L) and (126N); and

3- Clause (18A) of Part-II of the Second Schedule."

## THE FIRST SCHEDULE

## PART I

## RATES OF TAX
**(See Chapter II)**

**1[Division I**
Rates of Tax for Individuals and Association of Persons]

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

**TABLE**

| S. No. | Taxable Income | Rate of Tax |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Where taxable income does not exceed Rs. 400,000 | 0% |
| 2. | Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 600,000 | 5% of the amount exceeding Rs. 400,000 |
| 3. | Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000 | Rs. 10,000 plus 10% of the amount exceeding Rs. 600,000 |
| 4. | Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000 | Rs. 70,000 plus 15% of the amount exceeding Rs. 1,200,000 |
| 5. | Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000 | Rs. 250,000 plus 20% of the amount exceeding Rs. 2,400,000 |
| 6. | Where taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000 | Rs. 370,000 plus 25% of the amount exceeding Rs. 3,000,000 |
| 7. | Where taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000 | Rs. 620,000 plus 30% of the amount exceeding Rs. 4,000,000 |
| 8. | Where taxable income exceeds Rs. 6,000,000 | Rs. 1,220,000 plus 35% of the amount exceeding Rs. 6,000,000 |

(2) Where the income of an individual chargeable under the head “salary” exceeds seventy-five per cent of his taxable income, the rates of tax to be applied shall be as set out in the following Table, namely:-

**TABLE**

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

| | | |
|---|---|---|
| 9. | Where taxable income exceeds Rs. 12,000,000 but does not exceed Rs.30,000,000 | Rs. 2,345,000 plus 27.5% of the amount exceeding Rs. 12,000,000 |
| 10. | Where taxable income exceeds Rs. 30,000,000 but does not exceed Rs.50,000,000 | Rs. 7,295,000 plus 30% of the amount exceeding Rs. 30,000,000 |
| 11. | Where taxable income exceeds Rs. 50,000,000 but does not exceed Rs.75,000,000 | Rs. 13,295,000 plus 32.5% of the amount exceeding Rs. 50,000,000 |
| 12. | Where taxable income exceeds Rs.75,000,000 | Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000]; |

2[***]

3[***]

4[***]

**5[Division II**
**Rates of Tax for Companies**

6[(i) The rate of tax imposed on the taxable income of a company for the tax year 2007 7[,] onward shall be 35% 8[:]

9[Provided that the rate of tax imposed on the taxable income of a company other than a banking company, shall be 34% for the tax year 2014 10[;] ]

11[Provided further that the rate of tax imposed on the taxable income of a company, other than a banking company shall be 33% for the tax year 201512[:

Provided further that the rate of tax imposed on taxable income of a company, other than banking company shall be 32% for the tax year 2016. 31% for tax year 2017 and 30% for tax year 2018 and 13[29% for tax year 2019 and onwards.]

14[***]

15[*** ]

16[(iii) where the taxpayer is a small company as defined in section 17[3], tax shall be payable at the rate of 18[25]% 19[:]]

20[***]

21[Provided that for tax year 2019 and onwards tax rates shall be as set out in the following Table, namely:-

**TABLE**

| Tax Year | Rate of Tax |
|---|---|
| 2019 | 24% |
| 2020 | 23% |
| 2021 | 22% |
| 2022 | 21% |
| 2023 and onwards | 20%] |

**22[Division IIA**
**Table**

| S. No. | Person | Rate of super tax | | | |
|---|---|---|---|---|---|
| | | Rate (percentage of income) | | | |
| | | Tax Year 2018 | Tax Year 2019 | Tax Year 2020 | Tax Year 2021 23[and onwards] |
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1. | Banking company | 24[4]% | 4% | 25[4]% | 26[4]% |
| 2. | Person other than a banking company, having income equal to or exceeding Rs. 500 million | 3% | 2% | 27[0]% | 0% |

Provided that in case of a banking company, super tax for tax year 2019 shall be payable, on estimate basis, by thirtieth day of June, 2018.]

28[**Division III**
**Rate of Dividend Tax**

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

(a) 7.5% in case of dividend paid by Independent Power 29[Producers] where such dividend is a pass through item under an Implementation Agreement or Power Purchase Agreement or Energy Purchase Agreement and is required to be re-imbursed by Central Power Purchasing Agency (CPPA-G) or its predecessor or successor entity.

(b) 15% in mutual funds 30[, Real Estate Investment Trusts] and cases other than those mentioned in clauses (a) 30a[, (c) and (d)].

30b[(c) 0% in case of dividend received by a REIT scheme from Special Purpose Vehicle and 35% in case of dividend received by others from Special Purpose Vehicle as defined under the Real Estate Investment Trust Regulations, 2015.]

30c[(d)] 25% in case of a person receiving dividend from a company where no tax is payable by such company, due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III.]

**31[Division IIIA**
**Rate for Profit on Debt**

The rate of tax for profit on debt imposed under section 7B shall be 32[15%]-

33[***]

**34[Division IIIB**
**Rate or Tax on Return on investment in sukuks received from a special purpose vehicle**

The rate of tax imposed under section 5AA on return on investment in sukuks received from a special purpose vehicle shall be-

(a) 25% in the case the sukuk-holder is a company;

(b) 12.5% in case the sukuk-holder is an individual or an association of person, if the return on investment is more than one million; and

(c) 10% in case the sukuk-holder is an individual and an association of person, if the return on investment is less than one million.]

## Division IV
## Rate of Tax on Certain Payments to Non-residents

The rate of tax imposed under section 6 on payments to non-residents shall be 15% of the gross amount of the royalty or fee for technical services 35[and 5% of the gross amount of the fee for offshore digital services].

## Division V
## Rate of Tax on Shipping or Air Transport Income of a Non-resident Person

The rate of tax imposed under section 7 shall be –

(a) in the case of shipping income, 8% of the gross amount received or receivable; or

(b) in the case of air transport income, 3% of the gross amount received or receivable.

**36[***]**

**37[***]**

**38[Division VII**
**CAPITAL GAINS ON DISPOSAL OF SECURITIES**

The rate of tax to be paid under section 37A shall be as follows:-

**TABLE**

| **39[S.No.** | **Period** | **Tax Year 2015** | **Tax Year 2016** | **Tax Year 2017** | **Tax Year 2018, 2019, 2020 and 2021** | | **Tax Year 2022 and onwards** |
|---|---|---|---|---|---|---|---|
| | | | | | **Securities acquired before 01-07-2016** | **Securities acquired after 01-07-2016** | |
| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **(8)** |
| 1. | Where holding period of a security is less than twelve months | 12.5% | 15% | 15% | 15% | 15% | 12.5% |
| 2. | Where holding period of a security is twelve months or more but less than twenty-four months | 10% | 12.5% | 12.5% | 12.5% | | |
| 3. | Where holding period of a security is twenty - four months or more but the security was acquired on or after 1st July, 2013. | 0% | 7.5% | 7.5% | 7.5% | | |
| 4. | Where the security was acquired before 1st July, 2013 | 0% | 0% | 0% | 0% | 0% | 0% |
| 5. | Future commodity contracts entered into by members of Pakistan Mercantile Exchange | 0% | 0% | 5% | 5% | 5% | 5%] |

Provided that the rate of tax on cash settled derivatives traded on the stock exchange shall be 5% for the tax years 2018 to 2020.]
Provided that the rate for companies shall be as specified in Division II of Part I of First Schedule, in respective of debt securities;
Provided further that a mutual fund or a collective investment scheme or a REIT scheme shall deduct Capital Gains Tax at the rates as specified below, on redemption of securities as prescribed, namely:-

| **Category** | **Rate** |
|---|---|
| Individual and association of persons | 10% for stock funds<br>10% for other funds |
| Company | 10% for stock funds<br>25% for other funds |

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5%:
Provided further that no capital gains tax shall be deducted, if the holding period of the security is more than four years.]

40[Explanation.-For removal of doubt, it is clarified that, the provisions of this proviso shall be applicable only in case of a mutual fund or collective investment scheme or a REIT scheme.]

**41[Division VIII**

Tax on capital gains on disposal of Immoveable Property

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

**TABLE**

| S.No. | Amount of Gain | Rate of Tax |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Where the gain does not exceed Rs. 5 million | 3.5% |
| 2. | Where the gain exceeds Rs. 5 million but does not exceed Rs. 10 million | 7.5% |
| 3. | Where the gain exceeds Rs. 10 million but does not exceed Rs. 15 million | 10% |
| 4. | Where the gain exceeds Rs. 15 million | 15% |

**42[DIVISION VIIIA**
**TAX ON BUILDERS**

The rate of tax under section 7C shall be as follows:

| (A) Karachi, Lahore and Islamabad | | (B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta | | (C) Urban Areas not specified in A and B | |
|---|---|---|---|---|---|
| For commercial buildings | | | | | |
| Rs. 210/ Sq Ft | | Rs. 210/ Sq Ft | | Rs. 210/ Sq Ft | |
| For residential buildings | | | | | |
| Area in Sq. ft | Rate/ Sq. Ft | Area in Sq. Ft | Rate/ Sq. Ft | Area in Sq. Ft | Rate/ Sq. Ft |
| Up to 750 | Rs. 20 | Up to750 | Rs. 15 | Up to 750 | Rs. 10 |
| 751 to 1500 | Rs. 40 | 751 to 1500 | Rs. 35 | 751 to 1500 | Rs. 25 |
| 1501 & more | Rs. 70 | 1501 and more | Rs. 55 | 1501 and more | Rs. 35 |

**43[DIVISION VIIIB**
**TAX ON DEVELOPERS**

The rate of tax under section 7D shall be as follows:

| (A) Karachi, Lahore and Islamabad | | (B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta | | (C) Urban Areas not specified in A and B | |
|---|---|---|---|---|---|
| For commercial Plots | | | | | |
| Rs. 210/ Sq Yd | | Rs. 210/ Sq Yd | | Rs. 210/ Sq Yd | |
| For residential Plots | | | | | |
| Area in Sq. Yd | Rate/ Sq. Yd | Area in Sq. Yd | Rate/ Sq. Yd | Area in Sq. Yd | Rate/ Sq. Yd |
| Up to 120 | Rs. 20 | Up to 120 | Rs. 15 | Up to 120 | Rs. 10 |
| 121 to 200 | Rs. 40 | 121 to 200 | Rs. 35 | 121 to 200 | Rs. 25 |
| 201 and more | Rs. 70 | 201 and more | Rs. 55 | 201 and more | Rs. 35] |

**44[Division IX**
**Minimum tax under section 113**

| 45[S.No | Person(s) | Minimum Tax as percentage of the person's turnover for the year |
|---|---|---|
| (1) | (2) | (3) |
| 1. | (a) Oil marketing companies, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.)<br>(b) Pakistan International Airlines Corporation; and<br>(c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production; | 0.75% |
| 2. | (a) Oil refineries<br>(b) Motorcycle dealers registered under the Sales Tax Act, 1990 | 0.5% |
| 3. | (a) Distributors of pharmaceutical products, fast moving consumer goods and cigarettes;<br>(b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990;<br>(c) Rice mills and dealers;<br>(d) Tier-1 retailers of fast moving consumer goods who are integrated with Board or its computerized system for real time reporting of sales and receipts;<br>(e) Person's turnover from supplies through e-commerce including from running an online marketplace as defined in clause (38B) of section 2.<br>(f) Persons engaged in the sale and purchase of used vehicles<br>(g) Flour Mills | 0.25% |
| 4. | In all other cases | 1.25%] |

46**[PART II**
**RATES OF ADVANCE TAX**
**[See Division II of Part V of Chapter X]**

The rate of advance tax to be collected by the Collector of Customs under section 148 shall be-

| S. No. | Persons | Rate |
|---|---|---|
| (1) | (2) | **(3)** |
| 1. | Persons importing goods classified in Part I of the Twelfth Schedule | 1% of the import value as increased by customs-duty, sales tax and federal excise duty |
| 2. | Persons importing goods classified in Part 11 of the Twelfth Schedule | 2% of the import value as increased by customs-duty, sales tax and federal excise duty |
| 3. | Persons importing goods classified in Part III of the Twelfth Schedule | 5.5% of the import value as increased by customs-duty, sales tax and federal excise duty”; |

Provided that the rate specified in column (3),-

(a) in case of manufacturers covered under rescinded Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 as it stood on the 28th June, 2019 on import of items covered under the aforementioned S.R.O. shall be 1%;

(b) in case of persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan shall be 4% 47[;]

47[(c) in case of importers of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below shall be one percent:]

Provided further that the rate of tax on value of import of mobile phone by any person shall be as set out in the following table, namely:-

**Table**

| **S. No.** | **C & F Value of mobile phone (in US Dollar)** | **Tax (in Rs.)** | |
|---|---|---|---|
| | | **In CBU condition PCT Heading 8517.1219** | **In CKD/SKD condition under PCT Heading 8517.1211** |
| **(1)** | (2) | **(3)** | **(4)** |
| 1 | Up to 30 except smart phones | 70 | 0 |
| 2 | Exceeding 30 and up to 100 and smart phones up to 100 | 100 | 0 |
| 3 | Exceeding 100 and up to 200 | 930 | 0 |
| 4 | Exceeding 200 and up to 350 | 970 | 0 |
| 5 | Exceeding 350 and up to 500 | 3,000 | 5,000. |
| 6 | Exceeding 500 | 5,200 | 11,500”; |

**PART III**
**DEDUCTION OF TAX AT SOURCE**
**(See Division III of Part V of Chapter X)**

49**[Division I**
**Advance Tax on Dividend**

The rate of tax to be deducted under section 150 50[***] shall be-

51[(a) 7.5% in case of dividend paid by Independent Power 52[Producers] 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.]

53[(b) 15% in mutual funds 54[, Real Estate Investment Trusts] and cases other than those mentioned in clauses (a) 53a[, (c) and (d);] and]

54a[(c) 0% in case of dividend received by a REIT scheme from Special Purpose Vehicle and 35% in case of dividend received by others from Special Purpose Vehicle: as defined under the Real Estate Investment Trust Regulations, 2015; and

55[ 55a[(d)] 25% in case of a person receiving dividend from a company where no tax is payable by such company, due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III]

56[***]

**Division IA**
**Profit on Debt**

The rate of tax to be deducted under section 151 shall be 57[10]% of the yield or profit 58[***] 59[.]

59[***]

**60[Division IB**
**Return on Investment in Sukuks**

The rate of tax to be deducted 61[on return on investment in sukuks from a sukuk holder] shall be-

(a) 62[25]% in case thc sukuk-holder is a company;

(b) 12.5% in case the sukuk-holder is an individual or an association of person, if the return on investment is more than one million;

(c) 10% in case the sukuk-holder is an individual and an association of person, if the return on investment is less than one million; and

63[***]

**64[Division II**
**Payments to non-residents**

(1) The rate of tax to be deducted from a payment referred to in sub-section (1A) of section 152 shall be 65[7% of the gross amount payable 66[***].

67[(1A) The rate of tax to be deducted from payments referred to in sub-section (1AA) of section 152, shall be 5% of the gross amount paid.]

(2) The rate of tax to be deducted under sub-section (2) of section 152 shall be 68["20"] % of the gross amount paid.]

69[(3) The rate of tax to be deducted under sub-section (1AAA) of section 152, shall be 10% of the gross amount paid.

70[(3A) The rate of tax to be deducted under 71[sub-sections (1D) and (1DA)] of section 152 shall be 10% of the amount of capital gain.]

72[(4) The rate of tax to be deducted from a payment referred to in clause (a) of subsection (2A) of section 152 shall be--

(i) in case of a company, 4% of the gross amount payable 73[***]; and

(ii) in any other case, 4.5% of the gross amount payable 74[***].

(5) The rate of tax to be deducted from a payment referred to in clause (b) of subsection (2A) of section 152 shall be--

75[(i) 3% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard, services, software development services, IT services and IT enabled services as defined in 76[section 2], tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services 77[, oilfield services];]

78[(ii) in cases other than 79[sub-paragraph (i)],-

(a) in case of a company, 8% of the gross amount payable 80[***]; and

(b) in any other case, 10% of the gross amount payable 81[***]

82[(6) The rate of tax to be deducted from a payment referred to in clause (c) of subsection (2A) of section 152 shall be,-

(i) 10% of the gross amount payable in case of sportspersons;

83[(ii) 84[***] 7% of the gross amount payable and 85[***]; and]

86[***]

## Division III
## Payments for Goods or Services

(1) The rate of tax to be deducted from a payment referred to in clause (a) of subsection (1) of section 153 shall be –

(a) in the case of the sale of rice, 87[***], cotton seed or edible oils, 88[1.5]% of the gross amount payable 89[:

Explanation.- For removal of doubt, it is clarified that "cotton seed and edible oils" means cotton seed oil and edible oils;]

90[***]

91[(b) in the case of sale of goods 92[including toll manufacturing].

93[(i) in case of a company, 4% of the gross amount payable 94[***]; and

(ii) in any other case, 4.5% of the gross amount payable 95[***]

96[(2) The rate of tax to be deducted from a payment referred to in clause (b) of subsection (1) of section 153 shall be-

97[(i) 3% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section 2, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services, oilfield services, telecommunication services, collateral management services, travel and tour services.

Explanation:- The tax rate under this sub-paragraph shall be applicable only to a service provider whose services are subjected to withholding tax on gross receipts and the service provider has not agitated taxation of gross receipts before any court of law;]

(ii) in case of rendering of or providing of services other than sub-clause (i),-

(a) in case of a company, 8% of the gross amount payable;
(b) in any other case, 10% of the gross amount payable; and
(c) in respect of persons making payments to electronic and print media for advertising services, 1.5% of the gross amount payable;]

98[(3) The rate of tax to be deducted from a payment referred to in clause (c) of subsection (1) of section 153 shall be]

99[(i) 10% of the gross amount payable in case of sportspersons;

(ii) in case of a company, 100[6.5%] of the gross amount payable 101[***] and
(iii) in any other case, 102[7%] of the gross amount payable 103[***]

**104[***]**

**105[***]**

**106[***]**

## Division IV
## Exports

107[(1) The rate of tax to be deducted under sub-sections (1), (3), (3A), (3B) or (3C) of section 154 shall be 1% of the proceeds of the export.]

(2) The rate of tax to be deducted under sub-section (2) of section 154 shall be 108[5]% 109[***].

110[(3) The rate of tax to be deducted under sub-section 111["(2)"] of section 153 shall be 112[1]%.]

**113[Division IVA**
**Exports of Services**

The rate of tax to be deducted under section 154A shall be one percent of the proceeds of the export.”;

**114[Division V**
**Income from Property**

(a) The rate of tax to be deducted under section 155, in the case of individual and association of persons, shall be-

**115[TABLE**

| **"Sr. No** | **Gross amount of rent** | **Rate of tax** |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1 | Where the gross amount of rent does not exceed Rs. 300,000 | Nil |
| 2 | Where the gross amount of rent exceeds Rs. 300,000 but does not exceed Rs. 600,000 | 5 per cent of the gross amount exceeding Rs. 300, 000 |
| 3 | Where the gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 2,000,000 | Rs. 15,000 plus 10 per cent of the gross amount exceeding Rs. 600, 000 |
| 4 | Where the gross amount of rent exceed Rs. 2,000,000 | Rs. 155,000 plus 25 per cent of the gross amount exceeding Rs. 2,000, 000; |

(b) The rate of tax to be deducted under section 155, in the case of company shall be 15% of the gross amount of rent 116[***].]

## 119[DIVISION VI
## PRIZES AND WINNINGS

(1) The rate of tax to be deducted under section 156 on a prize on prize bond or cross–word puzzle shall be 120[15]% of the gross amount paid 121[ 122[***] ].

(2) The rate of tax to be deducted under section 156 on winnings from a raffle, lottery, prize on winning a quiz, prize offered by company for promotion of sale shall be 20% of the gross amount paid.]]

**123[DIVISION VIA**
**PETROLEUM PRODUCTS**

Rate of collection of tax under section 156A shall be 124[12] % of the amount of payment 125[ 126[***].]

**127[***]**

**128[***]**

## PART IV
## (See Chapter XII)

## DEDUCTION OR COLLECTION OF ADVANCE TAX

**129[***]**

**130[Division II**
**BROKERAGE AND COMMISSION**

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

**TABLE**

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

**131[***]**

**132[***]**

**Division III**
**133[Tax on Motor Vehicles]**

Rates of collection of tax under section 234,-

134[(1) In case of goods transport vehicles, tax of two rupees and fifty paisa per kilogram of the laden weight shall be charged 135[***]]

136[(1A) In the case of goods transport vehicles with laden weight of 8120 kilograms or more, advance tax after a period of ten years from the date of first registration of vehicle in Pakistan shall be collected at the rate of twelve hundred rupees per annum;]

(2) In the case of passenger transport vehicles plying for hire with registered seating capacity of-

| 137**[S. No.** | **Capacity** | **Rs. per seat per annum** |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1. | Four or more persons but less than ten persons. | 50 |
| 2. | Ten or more persons but less than twenty persons. | 100 |
| 3. | Twenty persons or more. | 300]; |

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

| **S. No.** | **Engine Capacity** | **Rs. per seat per annum** |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1. | upto 1000cc | Rs. 800 |
| 2. | 1001cc to 1199cc | Rs. 1,500 |
| 3. | 1200cc to 1299cc | Rs. 1,750 |
| 4. | 1300cc to 1499cc | Rs. 2,500 |
| 5. | 1500cc to 1599cc | Rs. 3,750 |
| 6. | 1600cc to 1999cc | Rs. 4,500 |
| 7. | 2000cc & above | Rs. 10,000”; |

139**[ (4) where the motor vehicle tax is collected in lump sum,-**

| 140**[S.No.** | **Engine Capacity** | **Rs. per seat per annum** |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1. | upto 1000cc | Rs. 10,000 |
| 2. | 1001cc to 1199cc | Rs. 18,000 |
| 3. | 1200cc to 1299cc | Rs. 20,000 |
| 4. | 1300cc to 1499cc | Rs. 30,000 |
| 5. | 1500cc to 1599cc | Rs. 45,000 |
| 6. | 1600cc to 1999cc | Rs. 60,000 |
| 7. | 2000cc & above | Rs. 120,000] |

**141[DIVISION IV**

Electricity Consumption

(1) The rate of collection of tax from commercial and industrial consumers from gross amount of bills shall be as set out in the following Table, namely:-

**TABLE**

| S.No | Gross amount of Bill | Tax |
|---|---|---|
| 1 | upto Rs. 500 | Rs. 0 |
| 2 | exceeds Rs. 500 but does not exceed Rs. 20,000 | 10% of the amount |
| 3 | exceeds Rs.20,000 | Rs. 1950 plus 12% of the amount exceeding Rs. 20,000 for commercial consumers Rs. 1950 plus 5% of the amount exceeding Rs. 20,000 for industrial consumers |

(2) The rate of tax to be collected on domestic electricity consumption shall be-

(i) zero percent the amount of monthly bill is less than Rs.25,000; and

(ii) 7.5% if the amount of monthly bill is Rs. 25,000 or more;]

141a[(3) The rate of additional advance tax under sub-section (1A) of section 235 shall be collected from the gross amount of the electricity bills at the rates given below:-

| Sr. No. | Description | Rate of additional tax |
|---|---|---|
| (1) | (2) | (3) |
| 1 | Where the bill does not exceed 10,000 rupees | 5% |
| 2 | Where the bill exceeds 10,000 rupees but does not exceed 20,000 rupees | 10% |
| 3 | Where the bill exceeds 20,000 rupees but does not exceed 30,000 | 15% |
| 4 | Where the bill exceeds 30,000 rupees but does not exceed 40,000 | 20% |
| 5 | Where the bill exceeds 40,000 rupees but does not exceed 50,000 | 25% |
| 6 | Where the bill exceeds 50,000 rupees but does not exceed 75,000 | 30% |
| 7 | Where the bill exceeds 75,000 rupees | 35%] |

**DIVISION V**
**TELEPHONE USERS**

Rates of collection of tax under section 236,-

| | | |
|---|---|---|
| 142[(a) | in the case of a telephone subscriber (other than mobile phone subscriber) where the amount of monthly bill exceeds Rs.1000. | 10% of the exceeding amount of bill] |
| (b) | in the case of subscriber of mobile telephone and prepaid telephone card | 143[15%] of the amount of bill or sales price of pre-paid telephone card or sale of units through electronic medium or whatever form] |

**146[***]**

**147[***]**

148[**DIVISION VII**

**ADVANCE TAX ON PURCHASE, REGISTRATION AND TRANSFER OF MOTOR VEHICLES**

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

| S. No. | Engine Capacity | Rs. per seat per annum |
|---|---|---|
| (1) | (2) | (3) |
| 1. | upto 850cc | Rs. 7,500 |
| 2. | 851cc to 1000cc | Rs. 15,000 |
| 3. | 1001cc to 1300cc | Rs. 25,000 |
| 4. | 1301cc to 1600cc | Rs. 50,000 |
| 5. | 1601cc to 1800cc | Rs. 75,000 |
| 6. | 1801cc to 2000cc | Rs. 100,000 |
| 7. | 2001cc to 2500cc | Rs. 150,000 |
| 8. | 2501cc to 3000cc | Rs. 200,000 |
| 9. | Above 3000cc | Rs. 250,000] |

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

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

Provided that the rate of tax to be collected shall be reduced by 10% each year from the date of first registration in Pakistan.]

151[(3) The rate of tax under sub-section (2A) of section 231B shall be as follows-

151a[TABLE

| S. No. | Engine capacity | Tax |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Up to 1000cc | Rs 100,000 |
| 2 | 1000cc to 2000cc | Rs 200,000 |
| 3 | 2000cc and above | Rs 400,000 |

]

**152[DIVISION VIII**
**ADVANCE TAX AT THE TIME OF SALE BY AUCTION**

The rate of collection of tax under section 236A shall be 153[10] % of the gross sale price of any property or goods sold by auction 154[ ] 155[:]

155[Provided that in case of immovable property sold by auction, the rate of collection of tax under this section shall be 5% of the gross sale price.]

156[***]

## 157[DIVISION X
## ADVANCE TAX ON SALE OR TRANSFER OF IMMOVEABLE PROPERTY

The rate of tax to be collected under section 236C shall be 158[1%] of the gross amount of the consideration received 159[ 160[***] ].]

161[***]

162[***]

163[***]

**163a[Division XA**
**Advance Tax on TV plays and advertisements**

The rate of tax to be collected under section 236CA shall be,-

| | |
|---|---|
| (a) Foreign-produced TV drama serial or play | Rs. 1,000,000 per episode |
| (b) Foreign-produced TV play (single episode) | Rs.3,000,000 |
| (c) Advertisement starring foreign actor | Rs. 500,000 per second.”; |

]

**164[Division XIV**

**Advance tax on sale to distributors, dealers or wholesalers.**

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

**TABLE**

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

165[Provided that the rate of advance tax on sale to distributors, dealers or wholesalers of fertilizer shall be 0.25%, if they are already appearing on both the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001).]

## 166[DIVISION XV

## Advance tax on sale to retailers

The rate of collection of tax under section 236H on the gross amount of sales shall be 0.5%.

**167[***]**

## 168[DIVISION XVI
## COLLECTION OF ADVANCE TAX BY EDUCATIONAL INSTITUTIONS

The rate of collection of tax under section 236I shall be 5% of the amount of fee.

**169[***]**

**170[Division XVIII**
**Advance tax on purchase of immovable property**

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

**171[***]**

**172[***]**

**173[***]**

**174[***]**

175**[DIVISION XXIII**
**PAYMENT TO A RESIDENT PERSON FOR RIGHT TO USE MACHINERY AND EQUIPMENT**

Rate of collection of tax under section 236Q shall be 10 percent of the amount of payment.]

**176[***]**

**177[***]**

**178[***]**

**179[***]**

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1-Division I was substituted vide Finance Act, 2019, (V of 2019) assented on 30th June, 2019. Before substitution Division I was appeared as under:-

**i[Division I**
**Rates of Tax for Individuals**

i Division I was substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018.

ii[(1) The rates of tax imposed on the taxable income of every individual, not being an individual to which paragraph (1A) of this Division applies, shall be as set out in the following table, namely-]

**TABLE**

| S. No. | Taxable income | Rate of tax |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Where the taxable income does not exceed Rs. 400,000 | 0% |
| 2. | Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 800,000 | Rs. 1,000 |
| 3. | Where the taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000 | Rs. 2,000 |
| 4. | Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs. 2,400,000 | 5% of the amount exceeding Rs.1,200,000 |
| 5. | Where the taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000 | 60,000 + 15%of the amount exceeding Rs.2,400,000 |
| 6. | Where the taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000 | 150,000 + 20%of the amount exceeding Rs.3,000,000 |
| 7. | Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 5,000,000 | 350,000 + 25% of the amount exceeding Rs. 4,000,000 |
| 8. | Where the taxable income exceeds Rs. 5,000,000 | 600,000 + 29% of the amount exceeding Rs. 5,000,000 |

ii Paragraph (1) was substituted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018. At the time of substitution paragraph (1) appeared as follows:-

"(1) The rates of tax imposed on the taxable income of every individual shall be as set out in the following table, namely:-

**TABLE**

| S. No. | Taxable income | Rate of tax |
|---|---|---|
| (1) | (2) | (3) |
| 1 | Where the taxable income does not exceed Rs. 400,000 | 0% |
| 2 | Where the taxable income exceeds Rs.400,000 but does not exceed Rs. 800,000 | Rs.1,000 |

| | | |
|---|---|---|
| 3 | Where the taxable income exceeds Rs.800,000 but does not exceed Rs. 1,200,000 | Rs.2,000 |
| 4 | Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000 | 5% of the amount exceeding Rs.1,200,000 |
| 5 | Where the taxable income exceeds Rs.2,400,000 but does not exceed Rs.4,800,000 | Rs. 60,000 + 10% of the amount exceeding Rs.2,400,000 |
| 6 | Where the taxable income exceeds Rs.4,800,000 | Rs. 300,000 + 15% of the amount exceeding Rs.4,800,000 |

Provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees.

Rates of Tax for Association of Persons

(2) The rates of tax imposed on the taxable income of every Association of Persons shall be as set out in the following table, namely:-

**TABLE**

| S. No. | Taxable Income | Rate of Tax |
|---|---|---|
| (1) | (2) | (3) |
| 1 | Where the taxable income does not exceed Rs.400,000 | 0% |
| 2 | Where the taxable income exceeds Rs.400,000 but does not exceed Rs.1,200,000 | 5% of the amount exceeding Rs.400,000 |
| 3 | Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000 | Rs.40,000 + 10% of the amount exceeding Rs.1,200,000 |
| 4 | Where the taxable income exceeds Rs. 2,400,000 but does not exceed Rs.3,600,000 | Rs.160,000 + 15% of the amount exceeding Rs.2,400,000 |
| 5 | Where the taxable income exceeds Rs. 3,600,000 but does not exceed Rs.4,800,000 | Rs.340,000 + 20% of the amount exceeding Rs.3,600,000 |
| 6 | Where the taxable income exceeds Rs. 4,800,000 but does not exceed Rs.6,000,000 | Rs.580,000 + 25% of the amount exceeding Rs.4,800,000 |
| 7 | Where the taxable income exceeds Rs.6,000,000 | Rs.880,000 + 30% of the amount exceeding Rs.6,000,000; ] |

Provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees.

(1A) Where the income of an individual chargeable under the head “salary” exceeds fifty per cent of his taxable income, the rates of tax to be applied shall be as set out in the following table, namely:-

**TABLE**

| S. No. | Taxable income | Rate of tax |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1. | Where the taxable income does not exceed Rs. 400,000 | 0% |
| 2. | Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 800,000 | Rs. 1,000 |
| 3. | Where the taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000 | Rs. 2,000 |
| 4. | Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,500,000 | 5% of the amount exceeding Rs.1,200,000 |
| 5. | Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs. 4,000,000 | 65,000 + 15%of the amount exceeding Rs.2,500,000 |
| 6. | Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 8,000,000 | 290,000 + 20%of the amount exceeding Rs.4,000,000 |
| 7. | Where the taxable income exceeds Rs. 8,000,000 | 1,090,000 +25% of the amount exceeding Rs.8,000,000 |

Provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees.]

**Division I**

**RATES OF TAX FOR INDIVIDUALS i[AND ASSOCIATION OF PERSONS]**

1. Subject to ii[ III[clause] (1A) iv[***] ], the rates of tax imposed on the taxable income of every individual v[and Association of Persons] vi[except a salaried taxpayer] vii[***] viii[***] shall be as set out in the following table, namely:–

i The words added vide the Finance Act, 2012. Earlier the same words was omitted vide the Finance Act, 2010 (XVI of 2010)

ii The word, brackets and figure “clause (2)” were substituted vide the Finance Act, 2005 VII of 2005 assented on 29th June, 2005)

III Substituted for the word “clauses” vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
iv The word, brackets and figure “and (2)” omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
v The words were inserted vide Finance Act, 2012
vi The words inserted by the Finance Act, 200S (VII of 2005 assented on 29th June, 2005)
vii The words “or Association of persons” were omitted vide the Finance Act, 2010 (XVI of 2010)
viii The words, brackets and figures “to which sub-section (1) of section 92 applies” omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

**ix[TABLE**

| **S. No.** | **Taxable Income** | **Rate of tax** |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| **1.** | Where the taxable income does not exceed Rs 400,000 | 0% |
| 2. | Where the taxable income exceeds Rs 400,000 but does not exceed Rs 500,000 | 7% of the amount exceeding Rs 400,000 |
| 3 | Where the taxable income exceeds Rs 500,000 but does not exceed Rs 750,000 | Rs 7,000 + 10% of the amount exceeding Rs 500,000 |
| 4 | Where the taxable income exceeds Rs 750,000 but does not exceed Rs 1,500,000 | Rs 32,000 + 15% of the amount exceeding Rs 750,000 |
| 5 | Where the taxable income exceeds Rs 1,500,000 but does not exceed Rs 2,500,000 | Rs 144,500 + 20% of the amount Exceeding Rs 1,500,000 |
| 6 | Where the taxable income exceeds Rs 2,500,000 but does not exceed Rs 4,000,000 | Rs 344,500 + 25% of the amount exceeding Rs 2,500,000 |
| 7 | Where the taxable income exceeds Rs 4,000,000 but does not exceed Rs 6,000,000 | Rs 719,500 + 30% of the amount exceeding Rs 4,000,000 |
| 8 | Where the taxable income exceeds Rs 6,000,000 | Rs 1,319,500 + 35% of the amount exceeding Rs 6,000,000” |

ix Table was substituted vide Finance Act, 2015. At the time of substitution Table was as under:-

**x[TABLE**

| ***S. No.*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where the taxable income does not exceed Rs.400,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs.400,000 but does not exceed Rs.750,000* | *10% of the amount exceeding Rs.400,000* |
| *3.* | *Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000* | *Rs.35,000 + 15% of the amount exceeding Rs.750,000* |
| *4.* | *Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000* | *Rs.147,500 + 20% of the amount exceeding Rs.1,500,000* |
| *5.* | *Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs.4,000,000* | *Rs.347,500 + 25% of the amount exceeding Rs.2,500,000* |
| *6.* | *Where the taxable income exceeds Rs.4,000,000 but does not exceed Rs.6,000,000* | *Rs. 722,500 + 30% of the amount exceeding Rs.4,000,000* |
| *7.* | *Where the taxable income exceeds Rs.6,000,000* | *Rs. 1,322,500 + 35% of the amount exceeding Rs. 6,000,000”; and* |

x. Table was substituted vide the Finance ACT, 2013 (XXII of 2013 assented on 29th June, 2013). At the time of substitution the table was as under:-

**xi[TABLE**

| ***S. No.*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where the taxable income does not exceed Rs.400,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs.400,000 but does not exceed Rs.750,000* | *10% of the amount exceeding Rs.400,000* |

| | | |
|---|---|---|
| *3.* | *Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000* | *Rs.35,000 + 15% of the amount exceeding Rs.750,000* |
| *4.* | *Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000* | *Rs.147,500 + 20% of the amount exceeding Rs.1,500,000* |
| *5.* | *Where the taxable income exceeds Rs.2,500,000* | *Rs.347,500 + 25% of the amount exceeding Rs.2,500,000* |

xi. Table was substituted vide the Finance ACT, 2012 (XVII of 2012 assented on 26th June, 2012). At the time of substitution the table was as under:-

**xii[TABLE**

| ***S. No*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** |
| *1.* | *Where the taxable income does not exceed Rs.350,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs. 350,000 but does not exceed Rs.500,000* | *7.5%* |
| *3.* | *Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000* | *10%* |
| *4.* | *Where the taxable income exceeds Rs. 750,000 but does not exceed Rs.1,000,000* | *15%* |
| *5.* | *Where the taxable income exceeds Rs. 1,000,000 but does not exceed Rs. 1,500,000* | *20%* |
| *6.* | *Where the taxable income exceeds Rs. 1,500,000* | *25%* |

xii. Table was substituted vide the Finance ACT, 2011. At the time of substitution the table was as under:-

**xIII[TABLE**

| ***S. No*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where the taxable income does not exceed Rs.300,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs. 300,000 but does not exceed Rs.500,000* | *7.5%* |
| *3.* | *Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000* | *10%* |
| *4.* | *Where the taxable income exceeds Rs. 750,000 but does not exceed Rs.1,000,000* | *15%* |
| *5.* | *Where the taxable income exceeds Rs. 1,000,000 but does not exceed Rs. 1,500,000* | *20%* |
| *6.* | *Where the taxable income exceeds Rs. 1,500,000* | *25%* |

xiii. Table was substituted vide the Finance ACT, 2010 (XVI of 2010). At the time of substitution the table was as under:-

**xiv[TABLE**

| ***S. No*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where the taxable income does not exceed Rs.100,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs. 100,000 but does not exceed Rs.110,000* | *0.50%* |
| *3.* | *Where the taxable income exceeds Rs. 110,000 but does not exceed Rs.125,000* | *1.00%* |
| *4.* | *Where the taxable income exceeds Rs. 125,000 but does not exceed Rs.150,000* | *2.00%* |
| *5.* | *Where the taxable income exceeds Rs. 150,000 but does not exceed Rs.175,000* | *3.00%* |
| *6.* | *Where the taxable income exceeds Rs. 175,000 but does not exceed Rs.200,000* | *4.00%* |
| *7.* | *Where the taxable income exceeds Rs. 200,000 but does not exceed Rs.300,000* | *5.00%* |
| *8.* | *Where the taxable income exceeds Rs. 300,000 but does not exceed Rs.400,000* | *7.50%* |
| *9.* | *Where the taxable income exceeds Rs. 400,000 but does not exceed Rs.500,000* | *10.00%* |
| *10.* | *Where the taxable income exceeds Rs.500,000 but does not exceed Rs.600,000* | *12.50%* |

| | | |
|---|---|---|
| *11.* | *Where the taxable income exceeds Rs. 600,000 but does not exceed Rs.800,000* | *15.00%* |
| *12.* | *Where the taxable income exceeds Rs. 800,000 but does not exceed Rs.1,000,000* | *17.50%* |
| *13.* | *Where the taxable income exceeds Rs. 1,000,000 but does not exceed Rs. 1,300,000* | *21.00%* |
| *14.* | *Where the taxable income exceeds Rs. 1,300,000* | *25.00%* |

xiv. Table was substituted vide the Finance ACT, 2006 (III of 2006). At the time of substitution the table was as under:-

| ***S. No*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where taxable income does not exceed Rs.100,000* | *0%* |
| *2.* | *Where taxable income exceeds Rs. 100,000 but does not exceed Rs.150,000* | *7.5% of the amount exceeding Rs. 100,000* |
| *3.* | *Where taxable income exceeds Rs. 150,000 but does not exceed Rs. 300,000* | *3750 plus 12.5% of the amount exceeding Rs. 150,000* |
| *4.* | *Where taxable income exceeds Rs. 300,000 but does not exceed Rs.400,000* | *22500 plus 20% of the amount exceeding Rs. 300,000* |
| *5.* | *Where taxable income exceeds Rs. 400,000 but does not exceed Rs.700,000* | *42500 plus 25% of the amount exceeding Rs. 400,000* |
| *6.* | *Where taxable income exceeds Rs.700,000* | *117500 plus 35% of the amount exceeding Rs. 700,000* |

xv. Table was substituted vide the Finance ACT, 2004 (II of 2004). At the time of substitution the table was as under:-

**xvi[TABLE**

| ***S. No*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where taxable income does not exceed Rs.80,000* | *0%* |
| *2.* | *Where taxable income exceeds Rs. 80,000 but does not exceed Rs.150,000* | *7.5% of the amount exceeding Rs. 80,000* |
| *3.* | *Where taxable income exceeds Rs. 150,000 but does not exceed Rs. 300,000* | *5250 plus 12.5% of the amount exceeding Rs. 150,000* |
| *4.* | *Where taxable income exceeds Rs. 300,000 but does not exceed Rs.400,000* | *24000 plus 20% of the amount exceeding Rs. 300,000* |
| *5.* | *Where taxable income exceeds Rs. 400,000 but does not exceed Rs.700,000* | *44000 plus 25% of the amount exceeding Rs. 400,000* |
| *6.* | *Where taxable income exceeds Rs.700,000* | *119000 plus 35% of the amount exceeding Rs. 700,000* |

xvi. Table was substituted vide the Finance ACT, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution the table was as under:-

**[TABLE**

| ***S. No*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where taxable income does not exceed Rs.60,000* | *0%* |
| *2.* | *Where taxable income exceeds Rs. 60,000 but does not exceed Rs.150,000* | *7.5% of the amount exceeding Rs. 60,000* |
| *3.* | *Where taxable income exceeds Rs. 150,000 but does not exceed Rs. 300,000* | *6750 plus 12.5% of the amount exceeding Rs. 150,000* |
| *4.* | *Where taxable income exceeds Rs. 300,000 but does not exceed Rs.400,000* | *25500 plus 20% of the amount exceeding Rs. 300,000* |
| *5.* | *Where taxable income exceeds Rs. 400,000 but does not exceed Rs.700,000* | *45500 plus 25% of the amount exceeding Rs. 400,000* |
| *6.* | *Where taxable income exceeds Rs.700,000* | *120500 plus 35% of the amount exceeding Rs. 700,000* |

xvii Proviso omitted vide the Finance Act, 20II (XVI of 2011 assented on 29th June, 2011). At the time of omission Proviso was as under:-

'Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 125,000 xviii[:]'
xviii Substituted for the full stop vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
xix[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 35% rate of tax mentioned against serial no. 8 of the table shall be 32% for tax year 2016 and onwards]
xix Proviso substituted by the Finance Act, 2015 (V of 2015). Before substitution the proviso appeared as under:-
xx[Provided further that Internally Displaced Persons Tax (IDPT), treated as income tax, on the tax payable on the taxable income of one million rupees or more, shall be levied at the rate of 5% of such tax, for tax year 2009]
xx Proviso was Inserted vide Finance Act, 2009
xxi[(1A) Where the income of an individual chargeable under the head "salary" exceeds fifty percent of his taxable income, the rates of tax to be applied shall be as set out in the following table namely:-

**xxii[TABLE**

| ***S. No*** | ***Taxable Income*** | ***Rate of tax*** |
|---|---|---|
| *1* | *Where the taxable income does not exceed Rs 400,000* | *0%* |
| *2* | *Where the taxable income exceeds Rs 400,000 but does not exceed Rs 500,000* | *2% of the amount Exceeding Rs 400,000* |
| *3* | *Where the taxable income exceeds Rs 500,000 but does not exceed Rs 750,000* | *Rs 2,000 + 5% of the amount exceeding Rs 500,000* |
| *4* | *Where the taxable income exceeds Rs 750,000 but does not exceed Rs 1,400,000* | *Rs 14,500 + 10% of the amount exceeding Rs 750,000* |
| *5* | *Where the taxable income exceeds Rs 1,400,000 but does not exceed Rs 1,500,000* | *Rs 79,500 + 12.5% of the amount exceeding Rs 1,400,000* |
| *6* | *Where the taxable income exceeds Rs 1,500,000 but does not exceed Rs 1,800,000* | *Rs 92,000 + 15% of the amount exceeding Rs 1,500,000* |
| *7* | *Where the taxable income exceeds Rs 1,800,000 but does not exceed Rs 2,500,000* | *Rs 137,000 + 17.5% of the amount exceeding Rs 1,800,000* |
| *8* | *Where the taxable income exceeds Rs 2,500,000 but does not exceed Rs 3,000,000* | *Rs 259,500 + 20% of the amount exceeding Rs. 2,500,000* |
| *9* | *Where the taxable income exceeds Rs 3,000,000 but does not exceed Rs 3,500,000* | *Rs. 359,500 + 22.5% of the amount exceeding Rs. 3,000,000* |
| *10* | *Where the taxable income exceeds Rs 3,500,000 but does not exceed Rs 4,000,000* | *Rs 472,000 + 25% of the amount exceeding Rs 3,500,000* |
| *11* | *Where the taxable income exceeds Rs 4,000,000 but does not exceed Rs 7,000,000* | *Rs 597,000 + 27.5% of the amount exceeding Rs 4,000,000* |
| *12* | *Where the taxable income exceeds Rs 7,000,000* | *Rs 1,422,000 + 30% of the amount exceeding Rs 7,000,000* |

xxi Clause (1A) was inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xxii Substituted for the TABLE vide the Finance Act, 2015 (V of 2015 assented on 29th June, 2015). At the time of substitution Table was as under:

**xxIII[TABLE**

| ***S. No*** | ***Taxable Income*** | ***Rate of Tax*** |
|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** |
| *1.* | *Where the taxable income does not exceed Rs.400,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs.400,000 but does not exceed Rs.750,000* | *5% of the amount exceeding Rs.400,000* |
| *3.* | *Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,400,000* | *Rs. 17,500 + 10% of the amount exceeding Rs.750,000* |
| *4.* | *Where the taxable income exceeds Rs.1,400,000 but does not exceed Rs.1,500,000* | *Rs.82,500 + 20.5% of the amount exceeding Rs.1,400,000* |
| *5.* | *Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.1,800,000* | *Rs. 95,000 + 15% of the amount exceeding Rs. 1,400,000* |
| *6.* | *Where the taxable income exceeds Rs.1,800,000 but does not exceed Rs. 2,500,000* | *Rs. 140,000 + 17.5% of the amount exceeding Rs.1,800,000* |
| *7.* | *Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs. 3,000,000* | *Rs. 262,500 + 20% of the amount exceeding Rs. 2,500,000"; and* |
| *8.* | *Where the taxable income exceeds Rs. 3,000,000 but does not exceed Rs.3,500,000* | *Rs. 362,500 + 22.5% of the amount exceeding Rs. 3,000,000* |

| | | |
|---|---|---|
| *9.* | *Where the taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 4,000,000* | *Rs. 475,000 + 25% of the amount exceeding Rs. 3,500,000* |
| *10.* | *Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 7,000,000* | *Rs. 600,000 + 27.5% of the amount exceeding Rs. 4,000,000* |
| *11.* | *Where the taxable income exceeds Rs. 7,000,000* | *Rs. 1,425,000 + 30% of the amount exceeding. Rs. 7,000,000";* |

xxiii. Earlier, the TABLE was substituted in 2013 vide the Finance Act, 2013 (XXII of 2013) assented on 29th June, 2013. At the time of substitution Table was as under:-

**xxiv[TABLE**

| ***S. No.*** | ***Taxable Income*** | ***Rate of tax*** |
|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** |
| *1.* | *0 to Rs. 400,000* | *0%* |
| *2.* | *Rs.400,000 to Rs.750,000* | *5% of the amount exceeding Rs. 400,000* |
| *3.* | *Rs.750,000 to Rs. 1,500,000* | *Rs.17,500+ 10% of the amount exceeding Rs.750,000* |
| *4.* | *Rs.1,500,000 to Rs.2,000,000* | *Rs.95,000+15% of the amount exceeding Rs.1,500,000* |
| *5.* | *Rs.2,000,000 to 2,500,000* | *Rs.175,000+17.5% of the amount exceeding Rs.2,000,000* |
| *6.* | *Rs.2,500,000 and above* | *Rs.420,000+20% of the amount exceeding Rs.2,500,000/-]* |

xxiv. Earlier, the TABLE was substituted in 2012 vide the Finance Act, 2012. At the time of substitution Table was as under:

**xxv(TABLE**

| ***S. No.*** | ***Taxable Income*** | ***Rate of tax.*** |
|---|---|---|
| ***(I)*** | ***(2)*** | ***(3)*** |
| *1.* | *Where taxable income does not exceed Rs. 350,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs. 350,000 but does not exceed Rs.40,0000* | *1.50%* |
| *3.* | *Where the taxable income exceeds Rs. 40,000 but does not exceed Rs.450,000* | *2.50%* |
| *4.* | *Where the taxable income exceeds Rs. 450,000 but does not exceed Rs. 550,000* | *3.50%* |
| *5.* | *Where the taxable income exceeds Rs. 55,000 but does not exceed Rs.650,000* | *4.50%* |
| *6.* | *Where the taxable income exceeds Rs. 650,000 but does not exceed Rs.650,000* | *6.00%* |
| *7* | *Where the taxable income exceeds Rs. 750,000 but does not exceed Rs.650,000* | *7.50%* |
| *8* | *Where the taxable income exceeds Rs. 900,000 but does not exceed Rs.650,000* | *9.00%* |
| *9* | *Where the taxable income exceeds Rs. 1050,000 but does not exceed Rs.1200,000* | *10.00%* |
| *10* | *Where the taxable income exceeds Rs. 1200,000 but does not exceed Rs.1,450,0000* | *11.00%* |
| *11* | *Where the taxable income exceeds Rs.1,450,0000but does not exceed Rs.1,700,000* | *12.50%* |
| *12* | *Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1, 950,000* | *14.00%* |
| *13* | *Where the taxable income exceeds Rs.1, 950,000 but does not exceed Rs.2, 250,000* | *15.00%* |
| *14* | *Where the taxable income exceeds Rs.2, 250,000 but does not exceed Rs.2,850,000* | *16.00%* |
| *15* | *Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000* | *17.50%* |
| *16* | *Where the taxable income exceeds Rs.3,550,000but does not exceed Rs.4,550,000* | *18.50%* |
| *17* | *Where the taxable income exceeds Rs. 4,550,000* | *20.00%* |

xxv. Earlier, the TABLE was substituted in 2011 vide the Finance Act, 2011. At the time of substitution Table was as under:-

**xxvi[TABLE**

| ***S. No.*** | ***Taxable Income.*** | ***Rate of tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where the taxable income does not exceed Rs. 300,000,* | *0%* |

| | | |
|---|---|---|
| *2.* | *Where the taxable income exceeds Rs. 300,000 but does not exceed Rs. 350,000,* | *0.75%* |
| *3.* | *Where the taxable income exceeds Rs. 350,000 but does not exceed Rs. 400,000,* | *1.50%* |
| *4.* | *Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 450,000,* | *2.50%* |
| *5.* | *Where the taxable income exceeds Rs. 450,000 but does not exceed Rs. 550,000,* | *3.50%* |
| *6.* | *Where the taxable income exceeds Rs. 550,000 but does not exceed Rs. 650,000,* | *4.50%* |
| *7.* | *Where the taxable income exceeds Rs. 650,000 but does not exceed Rs. 750,000,* | *6.00%* |
| *8.* | *Where the taxable income exceeds Rs. 750,000 but does not exceed Rs. 900,000,* | *7.50%* |
| *9.* | *Where the taxable income exceeds Rs. 900,000 but does not exceed Rs. 1,050,000,* | *9.00%* |
| *10.* | *Where the taxable income exceeds Rs. 1,050,000 but does not exceed Rs. 1,200,000,* | *10.00%* |
| *11.* | *Where the taxable income exceeds Rs. 1, 200,000 but does not exceed Rs. 1,450,000,* | *11.00%* |
| *12.* | *Where the taxable income exceeds Rs. 1,450,000 but does not exceed Rs. 1,700,000,* | *12.50%* |
| *13.* | *Where the taxable income exceeds Rs. 1,700,000 but does not exceed Rs. 1,950,000,* | *14.00%* |
| *14.* | *Where the taxable income exceeds Rs. 1,950,000 but does not exceed Rs. 2, 250,000,* | *15.00%* |
| *15.* | *Where the taxable income exceeds Rs. 2, 250,000 but does not exceed Rs. 2,850,000,* | *16.00%* |
| *16.* | *Where the taxable income exceeds Rs. 2,850,000 but does not exceed Rs. 3,550,000,* | *17.50%* |
| *17.* | *Where the taxable income exceeds Rs. 3,550,000 but does not exceed Rs. 4,550,000,* | *18.50%* |
| *18.* | *Where the taxable income exceeds Rs.4,550,000* | |

xxvi. Earlier, the TABLE was substituted in 2010 vide the Finance Act, 2010 (XVI of 20 I 0). At the time of substitution Table was as under:-

**xxvii[TABLE**

| ***S. No.*** | ***Taxable Income.*** | ***Rate of tax*** |
|---|---|---|
| ***(I)*** | ***(2)*** | ***(3)*** |
| *1.* | *Where the taxable income does not exceed Rs. 200,000,* | *0%* |
| *2.* | *Where the taxable income exceeds Rs. Rs. 200,000 but does not exceed Rs. 250,000,* | *0.50%* |
| *3.* | *Where the taxable income exceeds Rs. 250,000, but does not exceed Rs. 3500,000,* | *0.75%* |
| *4.* | *Where the taxable income exceeds Rs. 3500,000, but does not exceed 40,0000,* | *1.50%* |
| *5.* | *Where the taxable income exceeds Rs. 40,0000,but does not exceed Rs. 450,000,* | *2.50%* |
| *6.* | *Where the taxable income exceeds Rs. 450,000,but does not exceed Rs. 550,000,* | *3.50%* |
| *7.* | *Where the taxable income exceeds Rs. 550,000,but does not exceed Rs. 650,000,* | *4.50%* |
| *8.* | *Where the taxable income exceeds Rs. 650,000,but does not exceed Rs. 750,000,* | *6.00%* |
| *9.* | *Where the taxable income exceeds Rs. 750,000, but does not exceed Rs. 900,000,* | *7.50.%* |
| *10.* | *Where the taxable income exceeds Rs. 900,000, but does not exceed Rs. 1,050,000,* | *9.00%* |
| *11.* | *Where the taxable income exceeds Rs. 1,050,000, but does not exceed Rs. 1, 200,000,* | *10.00%* |

| | | |
|---|---|---|
| *12.* | *Where the taxable income exceeds Rs. 1, 200,000, but does not exceed Rs. 1,450,000,* | *11.50%* |
| *13.* | *Where the taxable income exceeds Rs. 1,450,000, but does not exceed Rs. 1,700,000,* | *13.00%* |
| *14.* | *Where the taxable income exceeds Rs. 1,700,000, but does not exceed Rs. 1,950,000,* | *14.00%* |
| *15.* | *Where the taxable income exceeds Rs. 1,950,000, but does not exceed Rs. 2,250,000,* | *15.00%* |
| *16.* | *Where the taxable income exceeds Rs. 2, 250,000, but does not exceed Rs. 2,850,000,* | *16.00%* |
| *17.* | *Where the taxable income exceeds Rs. 2,850,000, but does not exceed Rs. 3,550,000,* | *17.50%* |
| *18.* | *Where the taxable income exceeds Rs. 3,550,000, but does not exceed Rs. 4,550,000* | |
| *19.* | *Where the taxable income exceeds Rs. 4,550,000, but does not exceed Rs. 8,650,000* | 19.00% |
| *20.* | *Where the taxable income exceeds Rs. 8,650,000* | |

xxvii. Earlier, the TABLE was substituted in 2009 vide the Finance Act, 2009 (I of 2009). At the time of substitution Table was as under:-

**xxviii[TABLE**

| ***S. No.*** | ***Taxable Income*** | ***Rate of tax*** |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Where the taxable income does not exceed Rs. 180,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs.l80,000 but does not exceed Rs.250,000,* | *0.50%* |
| *3.* | *Where the taxable income exceeds Rs.250,000 but does not exceed Rs.350,000,* | *0.75%* |
| *4.* | *Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000* | *1.50%* |
| *5.* | *Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000* | *2.50%* |
| *6.* | *Where the taxable income exceeds Rs. 450,000 but does not exceed Rs.550,000* | *3.50%* |
| *7.* | *Where the taxable income exceeds Rs. 550,000 but does not exceed Rs.650,000,* | *4.50%* |
| *8..* | *Where the taxable income exceeds Rs. 650,000 but does not exceed Rs.750,000,* | *6.00%* |
| *9.* | *Where the taxable income exceeds Rs. 750,000 but does not exceed Rs.900,000,* | *7.50%* |
| *10* | *Where the taxable income exceeds Rs. 900,000 but does not exceed Rs.1 ,050,000,* | *9.00%* |
| *11* | *Where the taxable income exceeds Rs. 1,050,000 but does not exceed Rs. 1, 200,000,* | *10.00%* |
| *12* | *Where the taxable income exceeds Rs. 1, 200,000 but does not exceed Rs. 1,450,000,* | *11.00%* |
| *13* | *Where the taxable income exceeds Rs. 1,450,000 but does not exceed Rs.1,700,000,* | *12.50%* |
| *14* | *Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs. 1,950,000,* | *14.00%* |
| *15* | *Where the taxable income exceeds Rs. 1,950,000 but does not exceed Rs. 2, 250,000,* | *15.00%* |
| *16* | *Where the taxable income exceeds Rs. 2, 250,000 but does not exceed Rs. 2,850,000,* | *16.00%* |
| *17* | *Where the taxable income exceeds Rs. 2,850,000 but does not exceed Rs. 3,550,000,* | *17.50%* |
| *18* | *Where the taxable income exceeds Rs. 3,550,000 but does not exceed Rs. 4,550,000,* | *18.50%* |
| *19* | *Where the taxable income exceeds Rs. 4,550,000 but does not exceed Rs.8,650,000,* | *19.00%* |
| *20* | *Where the taxable income exceeds Rs. 8,650,000.* | *20.00%* |

Provided that where income of a woman tax payer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.240,000:
Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the table, the income tax payable shall be the tax payable on the maximum of that slab plus an amount equal to-
(i) 20% of the amount by which the total income exceeds the said limit where the total income does not exceed Rs. 500,000.
(ii) 30% of the amount by which the total income exceeds in each slab but total income does not exceed Rs. 1,050, 000
(iii) 40% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.2,000,000.
(iv) 50% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.4,450,000.
(v) 60% of the amount by which the total income exceeds in each slab but the total income exceeds Rs.4,450,000.]"
xxviii Earlier, the TABLE was substituted in 2008 vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution Table was as under:-

**xxix[TABLE**

| ***SR#*** | ***Taxable Income*** | ***Rate of tax*** |
|---|---|---|
| *1.* | *Where the taxable income does not exceed Rs.150,000* | *0%* |
| *2.* | *Where the taxable income exceeds Rs. 150,000 but does not exceed Rs. 200,000* | *0.25%* |
| *3.* | *Where the taxable income exceeds Rs. 200,000 but does not exceed Rs. 250,000* | *0.50%* |
| *4.* | *Where the taxable income exceeds Rs. 250,000 but does not exceed Rs. 300,000* | *0.75%* |
| *5.* | *Where the taxable income exceeds Rs. 300,000 but does not exceed Rs. 350,000* | *1.50%* |
| *6.* | *Where the taxable income exceeds Rs. 350,000 but does not exceed Rs. 400,000* | *2.50%* |
| *7.* | *Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 500,000* | *3.50%* |
| *8.* | *Where the taxable income exceeds Rs. 500,000 but does not exceed Rs.600,000* | *4.50%* |
| *9.* | *Where the taxable income exceeds Rs. 600,000 but does not exceed Rs. 700,000* | *6.00%* |
| *10.* | *Where the taxable income exceeds Rs. 700,000 but does not exceed Rs. 850,000* | *7.50%* |
| *11.* | *Where the taxable income exceeds Rs. 850,000 but does not exceed Rs. 950,000* | *9.00%* |
| *12.* | *Where the taxable income exceeds Rs. 950,000 but does not exceed Rs. 1,050,000* | *10.00%* |
| *13.* | *Where the taxable income exceeds Rs. 1,050,000 but does not exceed Rs.1, 200,000* | *11.00%* |
| *14.* | *Where the taxable income exceeds Rs. 1, 200,000 but does not exceed Rs. 1,500,000* | *12.50%* |
| *15.* | *Where the taxable income exceeds Rs. 1,500,000 but does not exceed Rs. 1,700,000* | *14.00%* |
| *16.* | *Where the taxable income exceeds Rs. 1,700,000 but does not exceed Rs. 2,000,000* | *15.00%* |
| *17.* | *Where the taxable income exceeds Rs. 2,000,000 but does not exceed Rs. 3,150,000* | *16.00%* |
| *18.* | *Where the taxable income exceeds Rs. 3,150,000 but does not exceed Rs. 3,700,000,* | *17.50%* |
| *19.* | *Where the taxable income exceeds Rs. 3,700,000 but does not exceed Rs. 4,450,000* | **18.50%** |
| *20.* | *Where the taxable income exceeds Rs. 4,450,000 but does not exceed Rs. 8,400,000* | 19.00% |
| *21.* | *Where the taxable income exceeds Rs. 8,400,000.* | 20.00% |

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.200,000.]
xxix. Earlier, the TABLE was substituted in 2006 the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution Table was as under:-

TABLE

| ***S. No*** | ***Taxable Income*** | ***Rate of tax*** |
|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** |

| | | |
|---|---|---|
| *1.* | *Where the taxable income does not exceed Rs. 100,000* | *Nil* |
| *2.* | *Where the taxable income exceeds Rs. exceeds Rs. 100,000 but does not exceed Rs.200,000* | *3.5% of the amount exceeding Rs. 100,000* |
| *3.* | *Where taxable income exceeds Rs. 200,000 but does not exceed Rs. 400,000* | *Rs.3,500 plus 12% of the amount exceeding Rs. 200,000* |
| *4.* | *Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 700,000* | *Rs. 27,500 plus 25% of the amount exceeding Rs.400,000* |
| *5.* | *Where taxable income exceeds Rs. 700,000* | *Rs.102,500 plus 30% of the amount exceeding Rs. 700,000.* |

2-Division IA was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Division IA was as under:--

**i[Division IA**

**Rate of Tax on certain persons**

The rate of tax to be paid under sub-section (1) of section 113A shall be ii[one per cent] of the turnover.]

III[*** ]

i. Division IA was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

ii. Substituted for the figure and sign a[0.50%],, vide the Finance Act, 2010 (XVI of 2010)

a. The figure "0.75%" was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007),

3-Clause 3 was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause 3 was as under:-

"3. The rates of tax applicable to a legal representative of a deceased individual liable for tax under clause (b) of sub-section (I) of section 87 shall be-

(a) in the tax year in which the deceased died and the following tax year, the rates applicable under clause I; or

(b) in any subsequent year, 35%."

4-The Division-1B were omitted vide the Finance Act, 2012. At the time of omission Division IB was as under:-.

**i|(DIVISION IB**

**RATES OF TAX FOR ASSOCIATION OF PERSONS**

The rate of tax imposed on the taxable income of Association of Persons for the tax year 2010 and onward shall be 25%.]

i. Division IB was added vide the Finance Act, 2010 (XVI of 2010)

5-Division II was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).

At the time of substitution Division II was as under:--

**"Division II**

**Rates of Tax for Companies**

The rates of tax imposed on the taxable income of a company shall be as set out in the following table, namely:

| ***Banking company*** | ***Public company, other than a banking company*** | ***Private company, other than a banking company*** |
|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** |
| *50%* | *35%* | *45%"* |

6-Clause (1) was substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of substitution clause (1) was as under;--

"(1) The rates of tax imposed on the taxable income of a company shall be as set out in the following table, namely:--

**TABLE**

| ***Tax Year*** | ***Banking Company*** | ***Public Company other than a Banking Company*** | ***Private Company other than a Banking Company*** |
|---|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** | ***(4)*** |
| *2003* | *47%* | *35%* | *43%* |
| *2004* | *44%* | *35%* | *41%* |
| *2005* | *41%* | *35%* | *39%* |
| *2006* | *38%* | *35%* | *37%* |
| *2007* | *35%* | *35%* | *35%"* |

7-Substituted for the word "and" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

8-Substituted for full stop vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

9-Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

10-Substituted for full stop at the end a colon vide the Finance Act, 2014

11-Added vide the Finance Act, 2014
12-Colon was substituted for full stop and thereafter new proviso was added vide Finance Act, 2015
13-Substituted for the words “thereafter as set out in the following Table, namely:-” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
14-Table was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission table was as under:-

**“TABLE**

| Tax Year | Rate of Tax |
|---|---|
| 2019 | 29% |
| 2020 | 28% |
| 2021 | 27% |
| 2022 | 26% |
| 2023 and onwards | 25%.” |

15-Paragraph (ii) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission Paragraph (ii) was as under--
i[ (ii) Where the taxpayer is a society or a cooperative society, the tax shall be payable at the rates applicable to ii[a] company or an individual, whichever is beneficial to the taxpayer.]
i. Paragraph (ii) added vide the Finance Act, 2003 (I of 2003), (Assented on 16th June, 2003),
ii. Substituted for the words “the public” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
16-Clause (iii) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
17- Substituted for figure “20” vide the Finance Act, 2010 (XVI of 2010)
18-Substituted for figure “20” vide Finance Act, 2010 (XVI of 2010)
19-Substituted for the full stop by the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
20 Proviso was omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of omission Proviso was as under:--
i[Provided where the turnover exceeds the prescribed limit of Rs. 250 million, tax shall be payable at the following rates, namely:--

| | ***Turnover*** | ***Rate*** |
|---|---|---|
| 1 | Income attributable to turnover exceeding Rs.250 million but does not exceed Rs.350 million | *25% plus* |
| *2* | *Income attributable to turnover exceeding Rs.350 million but does not exceed Rs.500 million* | *30% plus* |
| *3* | On the income attributable to turnover exceeding Rs.500 million.] | *33% plus* |

21-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
22-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution it appeared as under:-

**i[Division IIA**
**Rates of Super Tax**

i Inserted vide Finance Act, 2015
23-The expression inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021
24-Substituted for the word “0” vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
25-Substituted for the word “3” vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
26-Substituted for the word “2” vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
27-Substituted for the word “1” vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
28-Division III was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution Division III was as under:-
“Division III
Rate of Dividend Tax
The rate of tax imposed under section 5 on dividend received from a company shall be -
(a) 7.5% in the case of dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects; and
(b) 15% in cases other than mentioned in clauses (a) and (c);
(c) 12.5%, in case of dividend received by a person from a mutual fund if the amount of dividend is above 2.5 million and 10% if the amount of dividend is less than or equal to 2.5 million.

Provided that the dividend received by a person from a stock fund shall be taxed at the rate of 12.5% for tax year 2015 and onwards, if dividend receipts are less than capital gains:
Provided further that the dividend received by a company from a collective investment scheme, REIT Scheme] or a mutual fund, other than a stock fund, shall be taxed at the rate of 15% for tax year 2015 and onwards:
Provided also that if a Development REIT Scheme with the object of development and construction of residential buildings is set up by thirtieth day of June, 2020, tax imposed on dividend received by a person from such Developmental REIT Scheme shall be reduced by fifty percent for three years from the date of setting up of the said Scheme."
29- For the word "Purchases" substituted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019.
30-The expression inserted by Finance Act, 2021, dated 30-06-2021.
30a-For the expression "and (c)" substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022
30b-Clause "(b)"renumbered by Finance (Supplementary) Act, 2021, dated 15-01-2022
30c-Clause "(c)" inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022
31-Inserted vide Finance Act, 2015
32-The expression added by Finance Act, 2021, dated 30-06-2021.
33-Table omitted by Finance Act, 2021, dated 30-06-2021.

**Table**

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

Table was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution table was as under:-

**"TABLE**

| S. No | Profit on Debt | Rate of tax |
|---|---|---|
| (1) | (2) | (3) |
| 1 | Where profit on debt does not exceed Rs.5,000,000 | 10% |
| 2 | Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000 | 12.5% |
| 3 | Where profit on debt exceeds Rs.25,000,000 | 15%" |

34-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)
35-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
36-Division VI was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Division VI was as under:-

**i[Division VI**
**Income from Property**

(a) The rate of tax to be paid under section 15, in the case of individual and association of persons, shall be-

| *S. No.* | *Gross amount of rent* | *Rate of tax* |
|---|---|---|
| *(1)* | *Where the gross amount of rent does not exceed Rs.150,000.* | *Nil* |
| *(2)* | *Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.400,000.* | *5 per cent of the gross amount exceeding Rs.150,000* |
| *(3)* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.* | *Rs.12,500 plus 7.5 per cent of the gross amount exceeding Rs.400,000.* |
| *(4)* | *Where the gross amount of rent exceeds Rs.1,000,000.* | *Rs.57,500 plus 10 per cent of the gross amount of rent exceeding Rs.1,000,000.* |

*(b) The rate of tax to be paid under section 15, in the case of company, shall be-*

| *S.NO* | *Gross amount of rent* | *Rate of tax* |
|---|---|---|
| *(1)* | *Where the gross amount of rent does not exceed Rs.400,000.* | *5 per cent of the gross amount of rent.* |

| | | |
|---|---|---|
| *(2)* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.* | *Rs.20,000 plus 7.5 per cent of the gross amount of rent exceeding Rs.400,000.* |
| *(3)* | *Where the gross amount of rent exceeds Rs.1 ,000,000* | *Rs.65,000 plus 10 per cent of the gross amount of rent exceeding Rs.1,000,000* |

i. Previously, Division VI was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of substitution Division VI was as follows-

**ii[DIVISION VI**
**INCOME FROM PROPERTY**

III[(a) The rate of tax to be paid under section 15, In the case of individual and association of persons, shall be-

| ***S. No.*** | ***Gross amount of rent*** | ***Rate of tax*** |
|---|---|---|
| *1* | *Where the gross amount of rent does not exceed Rs. 150,000.* | *Nil.* |
| *2* | *Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.400,000.* | *5 per cent of the gross amount exceeding Rs. 150,000* |
| *3* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000* | *Rs.12,500 plus 10 per cent of the Gross amount exceeding Rs.400,000.* |
| *4* | *Where the gross amount of rent exceeds Rs. 1,000,000.* | *Rs.72,500 plus 15 per cent of the Gross amount exceeding Rs.l,000,000.* |

*(b) The rate of tax to be paid under section 15, in the case of company, shall be—*

| ***S. No.*** | ***Gross amount of rent*** | ***Rate of tax*** |
|---|---|---|
| *1* | *Where the gross amount of rent does not exceed Rs. 400,000* | *5 percent of the gross amount of rent.* |
| *2* | *Where the gross amount of rent exceeds Rs.400, 000.but does not exceed Rs. 1,000,000.* | *Rs. 20,000 plus 10 per cent of the gross amount of rent exceeding Rs.400,000.* |
| *3* | *Where the gross amount of rent exceeds Rs. 1 000,000.* | *Rs.80,000 plus 15 per cent of the gross amount of rent exceeding Rs.1,000,000"* |

i. Division VI was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
ii. Paragraph (a) substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution Paragraph (a) was as under:-
"(a) the rate of tax to be paid under section 15 shall be 5% of the gross amount of rent chargeable to tax under that section;"
37-Division VIA omitted by Finance Act, 2021, dated 30-06-2021. Earlier inserted vide the Finance Act, 2016 (XXIX of 2016). Before omission read as:

**DIVISION VIA**
**INCOME FROM PROPERTY**

The rate of tax to be paid under section 15, in the case of individual and association of persons, shall be as follows:-

| **S. No.** | **Gross amount of rent** | **Rate of tax** |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1. | Where the gross amount of rent does not exceed Rs.200,000. | 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. |
| 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 exceeds Rs.4,000,000 but does not exceed Rs.6,000,000. | Rs.610,000 plus 25 per cent of the gross amount exceeding Rs.4,000,000 |
| 7. | Where the gross amount of rent exceeds Rs.6,000,000 but does not exceed Rs.8,000,000 | Rs.1,110,000 plus 30 per cent of the gross amount exceeding Rs.6,000,000 |

| | | |
|---|---|---|
| 8. | Where the gross amount of rent exceeds Rs.8,000,000 | Rs.1,710,000 plus 35 percent of the gross amount exceeding Rs.8,000,000 |

38-Division VII was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution Division VII was as under:--

**i[Division VII**

**Capital Gains on disposal of Securities**

The rate of tax to be paid under section 37A shall be as follows—

| ***S. No.*** | ***Period*** | ***Tax Year 2015*** | ***Tax Year 2016*** |
|---|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** | ***(4)*** |
| *1* | *Where holding period of a security is less than twelve months* | *12.5%* | *15%* |
| *2* | *Where holding period of a security is twelve months or more but less than twenty four months* | *10%* | *12.5%* |
| *3* | *Where holding period of a security is twenty four months or more but less than four years* | *0%* | *7.5%* |
| *4* | *where holding period is more than four years* | *0%* | *0%* |

Provided that the rate for companies shall be as specified in Division II of Part I of First Schedule, in respective of debt securities;

Provided further that a mutual fund or a collective investment scheme or a REIT scheme shall deduct Capital Gains Tax at the rates as specified below, on redemption of securities as prescribed, namely:

| *Category* | *Rate* |
|---|---|
| *Individual and association of persons*<br>*company* | *10% for stock funds*<br>*10% for stock funds*<br>*10% for stock funds*<br>*25% for stock fund* |

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5%.

Provided further that no capital gains tax shall be deducted, if the holding period of the security is more than four years.]

i. Division VII was Substituted vide Finance Act, 2015. At the time of substitution Division VII was as under:-

**i[Division VII**

**Capital Gains on Sale of Securities**

The rate of tax to be paid under section 37A shall be as follows:--

**ii[TABLE**

| **S.No.** | **Period** | **Tax Year** | **Rate of tax** |
|---|---|---|---|
| **(1)** | **(2)** | **(3)** | **(4)** |
| 1. | *Where holding period of a security is less than six months* | 2011<br>2012<br>2013<br>2014 | 10%<br>10%<br>10%<br>10% |
| 2. | *Where holding period of a security is more than six months but less than twelve months* | 2011<br>2012<br>2013<br>2014 | 7.5%<br>8%<br>8%<br>8% |
| ***TAX YEAR 2015*** | | | |
| 3. | *Where holding period of a security is less than twelve months* | 12.5% | |
| 4. | *Where holding period of a security is twelve months or more but less than twenty-four month:* | 10% | |
| 5. | *Where holding period of a security is twenty-four months or more"* | 0% | ] |

Provided that the rate for companies shall be as specified in Division II of Part I of First Schedule, in respect of debt securities;]

i. Division VII was Added vide Finance Act, 2010

ii. Table was substituted by the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014. At the time of substitution table was as under:-

**III[TABLE**

| **S.No.** | **Period** | **Tax Year** | **Rate of tax** |
|---|---|---|---|
| **(1)** | **(2)** | **(3)** | **(4)** |

| | | | |
|---|---|---|---|
| 1. | *Where holding period of a security is less than six months* | 2011<br>2012<br>2013<br>2014<br>2015 | a[10%<br>10%<br>10%<br>10%<br>17.5%] |
| 2. | *Where holding period of a security is b[more than six months but less than twelve months* | 2011<br>2012<br>2013<br>2014<br>2015<br>2016 | c[7.5%<br>8%<br>8%<br>8%<br>9.5%<br>10%] |
| 3. | *Where holding period of a security is e[twelve months or more]* | -- | 0%] |

i. Table substituted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
ii. Substituted vide the Finance Act, 2012 (XXVII of 2012 assented on 26th June, 2012)
III Substituted vide the Finance Act, 2012 (XXVII of 2012 assented on 26th June, 2012)
iv. Substituted vide the Finance Act, 2012 (XXVII of 2012 assented on 26th June, 2012)
v. Sr. No. 3 and the relating entries were omitted by the Finance (Amendment) Ordinance, 2012 (III of 2012 promulgated on 24th April, 2012). This omission had no effect as later that Ordinance was not presented in the Parliament.
vi. Substituted vide the Finance Act, 2012 (XXVII of 2012 assented on 26th June, 2012). At the time of above substitution the table was as under:-

**[TABLE**

| **S.No.** | **Period** | **Tax Year** | **Rate of tax** |
|---|---|---|---|
| **(1)** | **(2)** | **(3)** | **(4)** |
| 1. | *Where holding period of a security is less than six months* | 2011<br>2012<br>2013<br>2014<br>2015 | 10%<br>10%<br>12.5%<br>15%<br>17.5%] |
| 2. | *Where holding period of a security is more than six months but less than twelve months* | 2011<br>2012<br>2013<br>2014<br>2015<br>2016 | 7.5%<br>8%<br>8.5%<br>9%<br>9.5%<br>10%] |
| 3. | *Where holding period of a security is more than one year.* | -- | 0%] |

39-For the tabular form substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

| **S. No.** | **Period** | **Tax Year 2015** | **Tax Year 2016** | **Tax Year 2017** | **Tax Year 2018, 2019 and 2020 and onwards** | |
|---|---|---|---|---|---|---|
| | | | | | **Securities acquired before 01.07.2016** | **Securities acquired after 01.07.2016** |
| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** |
| 1. | Where holding period of a security is less than twelve months | 12.5% | 15% | 15% | 15% | 15% |
| 2. | Where holding period of a security is twelve months or more but less than twenty four months | 10% | 12.5% | 12.5% | 12.5% | |
| 3. | Where holding period of a security is twenty - four months or more but the security was acquired on or after 1st July, 2013. | 0% | 7.5% | 7.5% | 7.5% | |
| 4. | Where the security was acquired before 1st July, 2013 | 0% | 0% | 0% | 0% | 0% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5. | Future commodity contracts entered into by the members of Pakistan Mercantile Exchange | 0% | 0% | 5% | 5% | 5%] |

40-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

41-For "Division VIII" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

**Division VIII**

**Tax on Capital Gains on disposal of Immovable Property**

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

| S.No. | Amount of Gain | Rate of Tax |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1. | Where the gain does not exceed Rs. 5 million | 2.5% |
| 2. | Where the gain exceeds Rs. 5 million but does not exceed Rs. 10 million | 5% |
| 3. | Where the gain exceeds Rs. 10 million but does not exceed Rs. 15 million | 7.5% |
| 4. | Where the gain exceeds Rs. 15 million | 10% |

42-Inserted vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015)

43-Inserted by the Finance Act, 2016.

44-Division IX added by the Finance Act, 2014

45-For the tabular form substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

| S. No | Person(s) | 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.);<br>(b) Pakistan International Airlines Corporation; and<br>(c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production.<br>(d) Dealers or distributors of fertilizers and<br>(e) person running an online marketplace as defined in clause (38B) of section 2. | 0.75% |
| 2. | (a) Distributors of pharmaceutical products, fast moving consumer goods and cigarettes;<br>(b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990;<br>(c) Rice mills and dealers; and<br>(d) Flour mills. | 0.25% |
| 3. | Motorcycle dealers registered under the Sales Tax Act, 1990. | 0.3% |
| 4. | In all other cases. | 1.5% |

46-For Part II substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as:

The rate of advance tax to be collected by the Collector of Customs under section 148 shall be--

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

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

Provided that the rate specified in column (3),-

(a) in the case of industrial undertaking, importing plastic raw material falling under PCT Heading 39.01 to 39.12 for its own use shall be 1.75% of the import value as increased by customs duty, sales tax and Federal excise duty; and

(b) in the case of a commercial importer, importing plastic raw material falling under PCT Heading 39.01 to 39.12 shall be 4.5 % of the import value as increased by customs duty, sales tax and Federal excise duty:

Provided further that the rate of tax on value of import of mobile phone by any person shall be as set out in the following Table, namely:

**Table**

| S. No. | C&F Value of mobile phone (in US Dollar) | Tax (in Rs.) |
|---|---|---|
| **(1)** | **(2)** | **(3)** |
| 1 | Up to 30 | 70 |
| 2 | Exceeding 30 and up to 100 | 100 |
| 3 | Exceeding 100 and up to 200 | 930 |
| 4 | Exceeding 200 and up to 350 | 970 |
| 5 | Exceeding 350 and up to 500 | 3,000 |
| 6 | Exceeding 500 | 5,200] |

47-For the colon and Clause “(c)” substituted by Finance Act, 2021, dated 30-06-2021. Earlier it was substituted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021

49-Substituted for Division I vide the Finance Act, 2014. At the time of omission Division I was as under:-

**i[DIVISION-I**

**PROFIT ON DEBT**

**The rate of tax to be deducted under section 151 shall be 10% of the yield or profit paid.]**

i. Division 1 was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution Division 1 was as under:-

**“Division I**

**Profit on Debt**

**The rate of tax to be deducted under section 151 shall be--**

(a) in the case of any profit on debt referred to in clause (a) or (b) ii[or (d)] of subsection (I) of section 151, 10% of the yield or profit paid; or

(b) in the case of any profit on debt referred to in clause (c) of subsection (I) of section 151, III[20%] of the yield or profit paid.”

ii. The word, brackets and letter were inserted vide the Finance Ordinance, 2002 (XXVII of 2002) promulgated on 15th June, 2002)

III. Substituted for the figure “30%” vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
50-Words “and 236S” omitted by Finance Act, 2021, dated 30-06-2021
51-Paragraph (a) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution paragraph (a) was as under:-
“(a) 7.5% in the case of dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects;”
52-For the word “Purchases” substituted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019.
53-For Clause “(b)” substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as:
(b) 15% other than mentioned in (a) above;
53a-For the expression “and (c)” substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022
54-Expression inserted by Finance Act, 2021, dated 30-06-2021
54a- Clause “(c)” inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022
55-Clause “(ba)” substituted by Finance Act, 2020, dated 30-06-2020.
55a- Clause “(ba)”renumbered by Finance (Supplementary) Act, 2021, dated 15-01-2022
56-Paragraph (c) and provisos was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission Paragraph (c) was as under:-
“(c) 20% for non-filers other than mentioned in (a) above:
Provided that the rate of tax required to be deducted by a collective investment scheme, REIT Scheme] or a mutual fund shall be-

| **Person** | **Stock** | **Money market fund, income fund or REIT scheme or any other fund** | |
|---|---|---|---|
| | | **Filer** | **Non-Filer** |
| **(1)** | **(2)** | **(3)** | **(4)** |
| Individual | 12.5% | 12.5% | 15% |
| Company | 12.5% | 15% | 25% |
| AOP | 12.5% | 12.5% | 15% |

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains the rate of tax deduction shall be 12.5%:
Provided further that if a Developmental REIT Scheme with the object of development and construction of residential buildings is set up by thirtieth day of June, 2020, rate of tax on dividend received by a person from such Developmental REIT Scheme shall be reduced by fifty percent for three years from the date of setting up of the said Scheme:
Provided further that the rate of tax on dividend received by a person, other than a company, from a money market mutual fund shall be 10%, if the amount of dividend does not exceed two and a half million Rupees:
Provided also that the rate of tax on dividend received by an individual, from a Rental REIT Scheme shall be 7.5%.”
57-Substituted for the figure “10” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
58-Omitted for the words “for filers and “17.5%” of the yield or profit paid, for non-filers” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
59-For the colon and Proviso omitted by Finance Act, 2021, dated 30-06-2021. Before omission Proviso read as:
“Provided that the rate shall be 10% in cases where the taxpayer furnishes a certificate to the payer of profit that during the tax year yield or profit paid is rupees five hundred thousand rupees or less.”
60-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)
61-For the expression “under section 150A,” substituted by Finance Act, 2021, dated 30-06-2021
62-For the figure “15” substituted by Finance Act, 2020, dated 30-06-2020.
63-Paragraph (d) and provisos was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission Paragraph (d) was as under:-
“(d) 17.5% in case the sukuk-holder is non-filer.”
64-Division II substituted was vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution Division II was as under:--
“Division II
Payments to non-residents
The rate of tax to be deducted under sub-section (2) of section 152 shall be 30% of the gross amount paid.”
65-Substituted for the expression “6% of the gross amount payable” vide the Finance Act, 2016 (XXIX of 2016)
66-Omitted for the words “in case a person is a filer and 13% in case the person is a non-filer” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
67-Clause (IA) was inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
68-Substituted for the figure “30” vide the Finance Act, 2010 (XVI of 2010)
69-Clauses (3), (4), (5) & (6) were added vide Finance Act, 2012
70-Clause “(3A)” inserted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was inserted by Tax Laws (Second Amendment) Ordinance, 2019, dated 27-12-2019.

71-For the expression “sub-section (1D)” substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
72-Paragraph (4) was substituted vide Finance Act, 2015. At the time of substitution Paragraph (4) was as under:-
(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be 3.5% of the gross amount payable.
73-Omitted for the words “, if the company is a filer and 7% if the company is a non-filer” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
74-Omitted for the words “, if the person is a filer and 7.75% if the person is a non-filer” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
75-For sub-paragraph substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as:
(i) in the case of transport services, two per cent of the gross amount payable; or
76-For the expression “clause (133) of Part I of the Second Schedule” substituted by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
77-Expression substituted by Finance Act, 2021, dated 30-06-2021
78-Sub-Paragraph (ii) was substituted vide Finance Act, 2015. At the time of substitution Sub-Paragraph (ii) was as under:-
(ii) in any other case, six percent of the gross amount payable.
79-For the word “transport” substituted by Finance Act, 2020, dated 30-06-2020
80-Omitted for the words “, if the company is a filer and 14% if the company is a non-filer” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
81-Omitted for the words “, if the person a filer and 17.5% if the person is a non-filer” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
82-Paragraph (6) was substituted vide Finance Act, 2015. At the time of substitution Paragraph (6) was as under:-
(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be six percent of the gross amount payable.
83-Sub-paragraph (ii) was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution subparagraph (ii) was as under:--
(ii) in case of a company, 7% of the gross amount payable, if the company is a filer and 10% if the company is a non-filer; and
84-Omitted for the words “in case a person is a filer;” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
85-Omitted for the words “and 13% if the person is a non filer,” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
86-Sub-paragraph (iii) was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission subparagraph (iii) was as under:--
(iii) in any other case, 7.5% of the gross amount payable, if the person is a filer and 10% if the person is a non-filer.
87-The word “cotton” omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
88-Substituted for the figure “1” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). Earlier this amendment was made by S.R.O. 586(I)/2002, dated 28th August, 2002 and which was S.R.O. 586(I)/2002, dated 28th August, 2002 rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003
89-For the full stop a colon was substituted and thereafter the explanation was added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
90-Sub-paragraph “(ab)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(ab) in the case of supplies made by the distributer of fast moving consumer goods.
(i) in case of a company, 2% of the gross amount payable; and
(ii) in any other case, 2.5% of the gross amount payable.”
*Earlier Sub-paragraph “(ab)” substituted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of substitution clause (ab) was as under:-
i[(ab) in the case of the supplies made by the distributors of fast moving consumer goods, 3% of the gross amount payable, if the supplier is a company and 3.5% if the supplier is other than a company.]
i. Inserted vide the Finance Act, 2016 (XXIX of 2016)
91-Substituted for sub-paragraph “(b) in the case of the sale of any other goods, 3.5% of the gross amount payable” vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
92-The words substituted by Finance Act, 2020, dated 30-06-2020.
93-clause (i) and (ii) was Substituted vide Finance Act, 2015. At the time of substitution clause (i) and (ii) was as under:-
(i) [4]% of the gross amount payable in the case of companies; and
(ii) [4.5]% of the gross amount payable in the case of other taxpayers.
94-Omitted for the words “, if the company is a filer and 8% if the company is a non-filer” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
95-Omitted for the words “, if the person is a filer and 9% if the person is a non-filer” vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
96-Clause (2) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution clause (2) was as under:-
“(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be-

(i) in the case of transport services, two per cent of the gross amount payable; or
(ii) in the case of rendering of or providing of services,
(a) in case of a company, 8% of the gross amount payable, if the company is a filer and 14.5% if the company is a non-filer; and
(b) in any other case, 10% of the gross amount payable, if the person is a filer and 17.5% if the person is a non-filer;
(c) in respect of persons making payments to electronic and print media for advertising services,-
(i) in case of a filer, 1.5% of the gross amount payable; and
(ii) in case of a non-filer, 12% of the gross amount payable, if the non-filer is a company and 15% if the non-filer is other than a company;"
97-For Sub-paragraph "(i)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
"(i) 3% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection, certification, testing and training services"
98-Clause (3) substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution clause (3) was as under:-
"(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be-
(a) in the case of a contact with a value exceeding thirty million rupees, 6% of the gross amount payable; or
(b) in any other case, 5% of the gross amount payable."
99-Clause (i),(ii) and (iii) was substituted vide the Finance Act, 2015 (V of 2015 assented on 29th June, 2015). At the time of substitution clauses (i),(ii) and (iii) were as under:-
(i) i[7]% of the gross amount payable in the case of companies; and
(ii) ii[7.5]% of the gross amount payable in the case of other taxpayers.]
III[(iii) 10% of the gross amount payable in case of sportspersons. ]
i Substituted for the figure "6" vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014).
ii Substituted for the figure "6.5" vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014).
III Added vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014).
100-For the figure "7%" substituted by Finance Act, 2021, dated 30-06-2021
101-Omitted for the words ", if the company is a filer and 14% if the company is a non-filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
102-For the figure "7.5%" substituted by Finance Act, 2021, dated 30-06-2021
103-Omitted for the words ", if the person is a filer and 15% if the person is a non filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
104-Clause (4) was omitted vide the Finance Act, 2006. At the time of omission clause (4) was as under:-
i[(4) The rate of tax to be deducted from a payment referred to in sub-section (3) of section 153 shall be 6% of the gross amount payable.]
i. Clause (4) was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution clause (4) was as under:-
"(4) The rate of tax to be deducted from a payment referred to sub-section (3) of section 153 shall be-
(a) in the case of a turnkey contract, 8% of the gross amount payable;
(b) in the case of a contract or sub-contract for the design, construction, or supply of plant or equipment-
(i) under the hydel power project or a transmission line project, 5% of the gross amount payable; or
(ii) under any other power project, 4% of the gross amount payable; or
(c) in the case of any other contract-
(i) where the value of contract exceeds thirty million rupees, 6% of the gross amount payable; or
(ii) where the value of the contract does not exceed thirty million rupees is a[5]% of the gross amount payable.
b[(d) in the case of advertisement services, 5% of the gross amount payable.]
a. Substituted for the figure"6" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
Earlier this amendment was made vide S.R.O. 586(I)/2002, dated 28th August, 2002 which was rescinded vide S.R.O. 608(I)/2003, dated 24th June, 2003 with effect from 1st July, 2003
b. Clause (d) was added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
105-Division IIIA was omitted vide the Finance Act, 2012. At the time of omission Division IIIA was as under:

**i[Division IIIA**

**PAYMENTS TO NON-RESIDENT MEDIA PERSONS**

The rate of tax to be deducted under section 153A shall be 10% of the gross amount paid.]
i. Division IIIA was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
106-Division "IIIB" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
**Division IIIB**

**Royalty paid to resident persons**

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

107-Clause (1) was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of substitution clause (1) was as under--

i[(1) The rate of tax to be deducted under sub-section (1), (3), (3A) or (38) of section 154 shall be 1% of the proceeds of the export.

i. Clause (1) and the table substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of substitution clause (I) and the table was as under:-

"(1) The rate of tax to be deducted under sub-section a[(1A) of section 153 of sub-section (1), (3), (3A) or (3B)] of section 154 shall be as set out in the following table, namely:-

**"TABLE**

| *S. No.* | *Nature of goods exported.* | *Rate of deduction of tax.* |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1* | *Exports listed in Part I of the Seventh Schedule* | *0.75% of the proceeds of the export* |
| *2* | *Exports listed. in Part II of the Seventh Schedule* | *1.0% of the proceeds of the export* |
| *3* | *Exports listed in Part III of the Seventh Schedule* | *1.25% of the proceeds of the export* |
| *b[4* | *Exports listed in Part IV of the Seventh Schedule* | *1.50% of the proceeds of export)"* |

a. Substituted for the brackets, figures and word "(1) or (3)" vide the Finance Act, 2006 (III of 2006) assented on 30th June, 2006)

b. Serial number 4 was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

108-Substituted for the figure "10" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

109-The words "of the proceeds of the export" were omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

110-Sub-clause (3) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

111-Substituted for the figure, bracket and letter "(1A)" vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)

112-Substituted for the figure "0.5" vide the Finance Act, 2014

113-Division "IVA" substituted by Finance Act, 2021, dated 30-06-2021

114-Division V was substituted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of substitution, Division V was as under:-

**i[Division V**

**Income from Property**

(a) The rate of tax to be deducted under section 155, in the case of an individual and association of persons shall be-

| *S. No.* | *Gross amount of rent* | *Rate of tax* |
|---|---|---|
| *(I)* | *(2)* | *(3)* |
| *1* | *Where the gross amount of rent does not exceed Rs. 150,000.* | *Nil.* |
| *2* | *Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.400,000* | *5 per cent of the gross amount exceeding Rs.150000.* |
| *3* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs. 1,000,000.* | *Rs.12,500 plus 7.5 percent of the gross amount exceeding Rs.400,000.* |
| *4* | *Where the gross amount of rent exceeds Rs. 1,000,000* | *Rs.57, 500 plus 10 per cent of the gross amount exceeding Rs. 1,000,000.* |

*(b) The rate of tax to be paid under section 155, in the case of company, shall be*

| *S. No* | *Gross amount of rent* | *Rate of tax* |
|---|---|---|
| *(1)* | *Where the gross amount of rent does not exceed Rs.400,000.* | *5 per cent of the gross amount of rent.* |
| *(2)* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.* | *Rs.20,000 plus 7.5 per cent of the gross amount of rent exceeding Rs.400,000.* |
| *(3)* | ***Where the gross amount of rent exceeds Rs.1,000,000*** | ***Rs.65,000 plus 10 per cent of the gross amount of rent exceeding Rs.1,000,000.*** |

i Earlier Division V was substituted by the Finance Act, 2009. (I of 2009 assented on 30th June, 2009). At the time of substitution Division V was as under:-

**"Division V**

**Income from Property**

ii[ (a) The rate of tax to be deducted under section 155, in the case of an individual and association of persons shall be-

| ***S. No.*** | ***Gross amount of rent*** | ***Rate of tax*** |
|---|---|---|
| ***(I)*** | ***(2)*** | ***(3)*** |
| *1* | *Where the gross amount of rent does not exceed Rs. 150,000.* | *Nil.* |
| *2* | *Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.400,000* | *5 per cent of the gross amount exceeding Rs.150000.* |
| *3* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.* | *Rs.12,500 plus 10 percent of the gross amount exceeding Rs.400,000.* |
| *4* | *Where the gross amount of rent exceeds Rs. 1,000,000* | *Rs.72, 500 plus 15 per cent of the gross amount exceeding Rs. 1,000,000.* |

*(b) The rate of tax to be deducted under section 155, in the case of a company, shall be*

| ***S. No.*** | ***Gross amount of rent*** | ***Rate of tax.*** |
|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** |
| *1* | *Where the gross amount of rent does not exceed Rs.400,000.* | *5 per cent of the gross amount of rent.* |
| *2* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000* | *Rs.20,000 plus 10 per cent of the gross amount of rent exceeding Rs.400,000.* |
| *3* | *Where the gross Where the gross amount of rent exceeds Rs. 1,000,000* | *Rs.80,000 plus 15 per cent of the gross amount of rent exceeding Rs.1,000,000* |

ii. Existing Paragraphs (a) & (b) substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

115-Table was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution table was as under:-

| ***S. No.*** | ***Gross amount of rent*** | ***Rate of tax*** |
|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** |
| *1.* | *Where the gross amount of rent does not exceed Rs. 150,000* | *Nil* |
| *2.* | *Where the gross amount of rent exceeds Rs. 150,000 but does not exceed Rs, 1,000,000* | *10% of the gross amount exceeding Rs.150,000* |
| *3.* | *Where the gross amount of rent exceeds Rs. 1,000,000* | *Rs, 85,000 + 15% of the gross amount exceeding Rs. 1,000,000,* |

115-Table inserted by Finance Act, 2021, dated 30-06-2021

116-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

119-Division VI was substituted vide the Finance Act, 2010 (XVI of 2010). At the time of substitution Davison VI was as under:--

**"Division VI**

**Prizes And Winnings**

(1) The rate of tax to be deducted under section 156 on a prize on prize bond shall be 10% of the gross amount paid.

(2) The rate of tax to be deducted under section 156 on winnings from a raffle, lottery, prize on winning a quiz, prize offered by companies for promotion of sale, or cross-word puzzle shall be 20% of the gross amount paid."

Earlier, the Division VI was substituted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of substitution Division VI was as under:-

**"Division VI**

**Prizes and Winnings**

The rate of tax to be deducted under section 156 shall be 10% of the gross amount paid."

120-Substituted for the figure "10" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

121-Inserted vide the Finance Act, 2016 (XXIX of 2016)

122-Omitted for the words "for filers and 25% of the gross amount paid for non-filers" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

123-Division VIA was added vide the Finance Act, 2004 Division VIA added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004).

124-Substituted vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014).
125 Inserted vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015).
126-Omitted for the words "for filers and 17.5% for non-filers" shall be omitted" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
127-Division "VIB" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**"DIVISION VIB**
**CNG STATIONS**

The rate of tax to be collected under section 234A in the case of a Compressed Natural Gas station shall be four per cent of the gas consumption charges.

128-Division VII omitted by the Finance Ordinance, 2002 (XXVII of 2002, promulgated on: 15th June, 2002). At the time of omission Division VII was as under--

**"DIVISION VII**
**PETROLEUM PRODUCTS**

The rate of tax to be deducted under section 157 shall be 10% of the commission or discount."

129-Omitted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission Division I was as under:--

**"DIVISION I**
**TRANSFER OF FUNDS**

Rate of tax for the purpose of collection of tax under section 232 is 0.30 percent of the amount."

130-Division II was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution Division II was as under:-

**"i[DIVISION II**
**BROKERAGE AND COMMISSION**

| S. No. | Person | Rate applicable on the amount of payment. | |
|---|---|---|---|
| | | Filer | Non-Filer |
| (1) | (2) | (3) | (4) |
| 1. | Advertising Agents | 10% | 15% |
| 2. | Life Insurance Agents where commission received is less than Rs.0.5 million per annum | 8% | 16% |
| 3. | Persons not covered in 1 and 2 above | 12% | 15%] |

i Substituted for Division II vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution Division II was as under:--

**i[ Division II**
**Brokerage and Commission**

The rate of collection under sub-section (1) of section 233 shall be,-
(i) in case of filers,-
(a) 10% of the amount of the payment, in case of advertising agents; and
(b) 12% of the amount of payment in all other cases; and
(ii) in case of non-filers, 15% of the amount of payment.;]

ii. Substituted for Division II vide the Finance Act, 2015. At the time of substitution Division II was as under:--

**ii[DIVISION II**
**BROKERAGE AND COMMISSION**

The rate of collection under sub-section (1) of section 233 shall be.-
(a) 7.5% of the amount of the payment, in case of advertising agents;
(b) 12% of the amount of payment in all other cases.]

i. Division II was substituted vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014). At the time of substitution Division II was as under:-

**III[DIVISION–II**
**BROKERAGE AND COMMISSION**

The rate of collection under sub-section (1) of section 233 shall be 10% of the amount of the payment]

III. Division II was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution Division II was as under:-

**iv[DIVISION II**
**BROKERAGE AND COMMISSION**

The rate of collection under sub-section (1) of section 233 shall be,-

iv. Division II was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution Division II was as under:--

**v[DIVISION II**
**BROKERAGE AND COMMISSION**

(a) The rate of collection of tax under sub-section (I) of section 233 in respect of indenting commission agents, advertising agents and yam dealers shall be 5% of the amount of payment.
(b) The rate of collection of tax under sub-section (I) of section 233 in respect of other commission income other than (a) above, shall be 10% of the amount of payment.
(c) The rate of collection of tax under sub-section (3) of section 233 shall be 10% of the amount of payment.]

v. Division II was substituted vide the Finance Act, 2004 (II of 2004 assented on 29th June, 2004).

**"DIVISION II**
**BROKERAGE AND COMMISSION**

The rate of collection of tax under section 233 is 5% of the amount of payment."

131-Division "IIA" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**128[DIVISION IIA**
**RATES FOR COLLECTION OF TAX BY A STOCK EXCHANGE REGISTERED IN PAKISTAN**

| S. No. | Description | Rate |
|---|---|---|
| (1) | (2) | (3) |
| 1. | in case of purchase of shares as per clause (a) of sub-section (1) of section 233A. | 0.02% of purchase value |
| 2. | in case of sale of shares as per clause (b) of subsection (1) of section 233A. | 0.02% of sale value] |

132-Division "IIB" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**"Division IIB**
**Rates for collection of tax by NCCPL**

The rate of deduction under section 233AA shall be 10% of profit or mark-up or interest earned by the member, margin financier or securities lender."

133-Substituted for the heading "Transport Business" vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)

134-Paragraph (1) was substituted vide Finance Act, 2015. At the time of substitution paragraph (1) was as under:-

i(1) in case of goods transport vehicles, tax of ii[Five rupees] per kilogram of the laden weight shall be charged i Substituted vide Finance Act, 2010 (XVI of 2010).

ii. Substituted for the word "one rupee" vide the Finance Act, 2012 (XVII of 2012 assented on 26th June, 2012)

At the time of above substitution Clause (1) was as under:-

| | | |
|---|---|---|
| *(a)* | *Less than 2030 kilograms* | *Rs. 1,200* |
| *(b)* | *2030 kilograms or more but less than 8120 kilograms* | *Rs. 7,200* |
| *(c)* | *8120 kilograms or more but less than 15000 kilograms.* | *Rs.12,000* |
| *(d)* | *15000 kilograms a[or more] but less than 30,000 kilograms.* | *Rs.18,000* |
| *(e)* | *30,000 kilograms b[or] more but less than 45,000 kilograms.* | *Rs.24,000* |
| *(f)* | *45,000 kilograms or more but less than 60,000 kilograms.* | *Rs.30,000* |
| *(g)* | *60,000 kilograms or more.* | *Rs.36,000* |

a. The words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

b. The words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

135-The words "for filer and four rupees per kilogram of the laden weight for non-filer" omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

136-Paragraph (1A) was inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

137-Table was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution table was as under:-

| "S.No | Capacity | Rs. per seat per annum | |
|---|---|---|---|
| | | Filer | Non-Filer |
| (i) | Four or more persons but less than ten persons. | 50 | 100 |
| (ii) | Ten or more persons but less than twenty persons. | 100 | 200 |
| (iii) | Twenty persons or more. | 300 | 500" |

138-Clause (3) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution clause (3) was as under:-

"(3) in case of other private motor vehicles shall be as following,-

| S. No | Engine capacity | For filers | For non-filer |
|---|---|---|---|

| (1) | (2) | (3) | (4) |
|---|---|---|---|
| 1 | up to 1000cc 1001cc to | Rs. 800 | Rs. 1,200 |
| 2 | 1199cc 1200cc to | Rs. 1,500 | Rs. 4,000 |
| 3 | 1299cc 1300cc to | Rs. 1,750 | Rs. 5,000 |
| 4 | 1499cc 1500cc to | Rs. 2,500 | Rs. 7,500 |
| 5 | 1599cc 1600cc to | Rs. 3,750 | Rs. 12,000 |
| 6 | 1999cc 2000cc & | Rs. 4,500 | Rs. 15,000 |
| 7 | above | Rs.10,000 | Rs. 30,000" |

139-Substituted for clause (4) vide the Finance Act, 2014. At the time of substitution clause (4) was as under:-

i[(4) where the motor vehicle tax is collected in lump sum,-

| (a) | up to 1000cc | Rs. 7,500 |
|---|---|---|
| (b) | 1001cc 1199cc | Rs. 12,500 |
| (c) | 1200cc 1299cc to | Rs. 1,750 |
| (d) | 1300cc 1599cc | Rs. 30,000 |
| (e) | 1600cc 1999cc to | Rs. 40,000 |
| (f) | 2000cc & above | Rs. 80,000] |

i. Added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

140-Table was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution table was as under:-

| "S. No. | Engine capacity | For filers | For non-filer |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1. | Upto 1000cc | Rs. 10,000 | Rs. 10,000 |
| 2. | 1001cc to 1199cc | Rs. 18,000 | Rs. 36,600 |
| 3. | 1200cc to 1299cc | Rs. 20,000 | Rs. 40,000 |
| 4. | 1300cc to 1499cc | Rs. 30,000 | Rs. 60,000 |
| 5. | 1500cc to 1599cc | Rs. 45,000 | Rs. 90,000 |
| 6. | 1600cc to 1699cc | Rs. 60,000 | Rs. 120,000 |
| 7. | 2000cc & above | Rs. 120,000 | Rs. 240,000" |

141-For Division "IV" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

**Division IV**

**Electricity Consumption**

Rate of collection of tax under section 235 where the gross amount of electricity bill,-

| (a) | does not exceed Rs. 400 | Rs. 0 |
|---|---|---|
| (b) | exceeds Rs. 400 but does not exceed Rs. 600 | Rs. 80 |
| (c) | exceeds Rs. 600 but does not exceed Rs. 800 | Rs. 100 |
| (d) | exceeds Rs. 800 but does not exceed Rs. 1000 | Rs. 160 |
| (e) | exceeds Rs. 1000 but does not exceed Rs. 1500 | Rs. 300 |
| (f ) | exceeds Rs. 1500 but does not exceed Rs. 3000 | Rs. 350 |
| (g ) | exceeds Rs. 3000 but does not exceed Rs. 4500 | Rs. 450 |
| (h) | exceeds Rs. 4500 but does not exceed Rs. 6000 | Rs. 500 |
| (i) | exceeds Rs. 6000 but does not exceed Rs. 10000 | Rs. 650 |
| (j) | exceeds Rs. 10000 but does not exceed Rs.15000 | Rs. 1000 |
| ( k) | exceeds Rs. 15000 but does not exceed Rs.20000 | Rs. 1500 |
| (l) | exceeds Rs. 20000. | (i) at the rate of 10 per cent for commercial consumers; (ii) at the rate of 5 percent for industrial consumers |

Clauses (a) to (I) substituted vide the Finance Act, 2003 (I of 2003 assented June, 2003). At the time of substitution clauses (a) to (I) were as under:--

| (a) | *does not exceed Rs. 400* | Rs. 60 |
|---|---|---|
| (b) | exceeds Rs. 400 but does not exceed Rs. 600 | Rs. 80 |
| (c) | exceeds Rs. 600 but does not exceed Rs. 800 | Rs. 100 |
| (d) | exceeds Rs. 800 but does not exceed Rs. 1000 | Rs. 160 |
| (e) | exceeds Rs. 1000 but does not exceed Rs. 1500 | Rs. 300 |
| (f ) | exceeds Rs. 1500 but does not exceed Rs. 3000 | Rs. 450 |
| (g ) | exceeds Rs. 3000 but does not exceed Rs. 4500 | Rs. 600 |
| (h) | exceeds Rs. 4500 but does not exceed Rs. 6000 | Rs. 750 |
| (i) | exceeds Rs. 6000 | Rs. 1000" |

141a-Clause "(3)" added by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021

142-Paragraph (a) was substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution Paragraph (a) was as under:--

"(a) In the case of telephone subscriber i[(other than mobile telephone subscriber)] where the monthly bill-

| | | |
|---|---|---|
| (a) | exceeds Rs. 1000 but does not exceed Rs. 2000 | Rs. 50 |
| (b ) | exceeds Rs. 2000 but does not exceed Rs. 3000 | Rs. 100 |
| (c ) | exceeds Rs. 3000 but does not exceed Rs. 5000 | Rs. 200 |
| (d) | exceeds Rs. 5000 | Rs. 300 |

i. The brackets and words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

143-For the expression "10% for tax year 2022 and 8% onwards" substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022. Earlier for the expression "12.5%" substituted by Finance Act, 2021, dated 30-06-2021

146-Division "VI" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**DIVISION-VI**

**CASH WITHDRAWAL FROM A BANK**

The Rate of tax to be deducted under section 231A shall be 0.6% of the cash amount withdrawn, for the person whose name is not appearing in the active taxpayers' list.

147-Division "VIA" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**Division VIA**

**Advance tax on Transactions in Bank**

The rate of tax to be deducted under section 231AA shall be at the rate of 0.6% of the transactions for the person whose name is not appearing in the active taxpayers' list.

148-Substituted for Division VII, vide the Finance Act, 2015. At the time of substitution Division VII was as under:-

**i[DIVISION VII**

**ADVANCE TAX ON PURCHASE OF PRIVATE MOTOR CAR AND JEEP**

The rate of tax under sub-sections (1), (2) and (3) of section 231B shall be as follows—

| ***S. No.*** | ***Engine capacity*** | ***For filers*** | ***For non-filer*** |
|---|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** | ***(4)*** |
| *1.* | *Upto 850cc* | *Rs. 10,000* | *Rs. 10,000* |
| *2.* | *851cc to 1000cc* | *Rs. 20,000* | *Rs. 25,000* |
| *3.* | *1001cc to 1300cc* | *Rs. 30,000* | *Rs. 40,000* |
| *4.* | *1301cc to 1600cc* | *Rs. 50,000* | *Rs. 100,000* |
| *5.* | *1601cc to 1800cc* | *Rs. 75,000* | *Rs. 150,000* |
| *6.* | *1801cc to 2000cc* | *Rs. 100,000* | *Rs. 200,000* |
| *7.* | *2001cc to 2500cc* | *Rs. 150,000* | *Rs. 300,000* |
| *8.* | *2501cc to 3000cc* | *Rs. 200,000* | *Rs. 400,000* |
| *9.* | *Above 3000cc* | *Rs. 250,000* | *Rs. 450,000* |

Provided that the rate of tax to be collected under sub-section (2) of section 231B, shall be reduced by 10% each year from the date of first registration in Pakistan.]

i. Division VII was substituted vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014). At the time of substitution Division VII was as under:-

**ii[DIVISION VII**

**PURCHASE OF MOTOR CARS AND JEEPS**

The rate of payment of tax under section 231B shall be as follows:-

| ***Engine capacity*** | ***Amount of Tax*** |
|---|---|
| *Upto 850cc* | *Rs. 10,000* |
| *851cc to 1000cc* | *Rs. 20,000* |
| *1001cc to 1300cc* | *Rs. 30,000* |
| *1301cc to 1600cc* | *Rs. 50,000* |
| *1601cc to 1800cc* | *Rs. 75,000* |
| *1801cc to 2000cc* | *Rs. 100,000* |
| *Above 2000cc* | *Rs. 150,000* |

ii. Division VII was substituted vide the Finance Act, 2013 (XXII of 2013 assented on 29th June, 2013).

At the time of substitution Division VII was as under:-

**III[DIVISION VII**

**PURCHASE OF MOTOR CARS AND JEEPS**

The rate of payment of tax under section 231B shall be as follows:

| ***Engine capacity*** | ***Amount of Tax*** |
|---|---|
| *Upto 850cc* | *Rs. 7,500* |
| *851cc to 1000cc* | *Rs. 10,500* |
| *1001cc to 1300cc* | *Rs. 16,875* |
| *1301cc to 1600cc* | *Rs. iv[25,000]* |
| *1601cc to 1800cc* | *Rs. 22,500* |

| | |
|---|---|
| *1801cc to 2000cc* | *Rs. 16,875* |
| *Above 2000cc* | *Rs. 50,000]* |

III. Division VII was substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008).
iv. Substituted for the figure "16,875" vide the Finance Act, 2012 (XVII of 2012 assented on 26th June, 2012)

**v[DIVISION VIII**

**PURCHASE OF MOTOR CARS AND JEEPS**

The rate of tax to be collected under section 231B shall be shall be 5 per cent of the gross amount payable for the purchase of motor vehicle.]

v. Division VIII vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). It seems that Division VIII would be Division VII. However, in section 231B Division VIII is referred.

149-Clause (1) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution clause (1) was as under:-

"(1) The rate of tax under sub-sections (1) and (3) of section 231B shall be as follows:–

| S. No. | Engine capacity | For filers | Tax for nonfiler |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1 | up to 850cc | Rs. i[7,500] | ii[Rs. 15,000 |
| 2 | 851cc to 1000cc | Rs. III[15,000] | Rs. 37,500 |
| 3 | 1001cc to 1300cc | Rs. iv[25,000] | Rs. 60,000 |
| 4 | 1301cc to 1600cc | Rs. 50,000 | Rs. 150,000 |
| 5 | 1601cc to 1800cc | Rs. 75,000 | Rs. 225,000 |
| 6 | 1801cc to 2000cc | Rs. 100,000 | Rs. 300,000 |
| 7 | 2001cc to 2500cc | Rs. 150,000 | Rs. 450,000 |
| 8 | 2501cc to 3000cc | Rs. 200,000 | Rs. 600 000 |
| 9 | Above 3000cc | Rs. 250,000 | Rs. 675,000] |

i Substituted for "10,000" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

ii Column (4) was substituted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019. At the time of substitution column (4) was as under:-

| |
|---|
| Rs. 10,000 |
| Rs. 25,000 |
| Rs. 40,000 |
| Rs. 100,000 |
| Rs. 150,000 |
| Rs. 200,000 |
| Rs. 300,000 |
| Rs. 400,000 |
| Rs. 450,000 |

*III Substituted for "20,000" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017*

iv Substituted for "30,000" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

150-Clause (2) was substituted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution clause (2) was as under:-

"(2) The rate of tax under sub-section (2) of section 231B shall be as follows:–

| S. No. | Engine capacity | For filers | Tax for nonfiler |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1 | up to 850cc | -- | 5000 |
| 2 | 851cc to 1000cc | 5,000 | 15,000 |
| 3 | 1001cc to 1300cc | 7,500 | 25,000 |
| 4 | 1301cc to 1600cc | 12,500 | 65,000 |
| 5 | 1601cc to 1800cc | 18,750 | 100,000 |
| 6 | 1801cc to 2000cc | 25,000 | 135,000 |
| 7 | 2001cc to 2500cc | 37,500 | 200,000 |
| 8 | 2501cc to 3000cc | 50,000 | 270,000 |
| 9 | Above 3000cc | 62,500 | 300,000" |

151-Clause "(3)" added by Finance Act, 2021, dated 30-06-2021. Earlier same was substituted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021

151a-For the table substituted by Finance (Supplementary) Act, 2021, dated 15-01-2022

| S. No. | Engine capacity | Tax |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Up to 1000cc | Rs 50,000 |
| 2 | 1000cc to 2000cc | Rs 100,000 |

| | | |
|---|---|---|
| 3 | 2000cc and above | Rs 200,000 |

152-Division VIII was inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
153-For the figure "5", the figure "10" was substituted vide the Finance Act, 2013 (Act No. XXII of 2013 assented on 29th June, 2013).
154-Omitted for the word "for filers and 15% of the gross sale price of any property or goods sold by auction for non-filers" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
155-For the full stop and thereafter Proviso substituted by Finance Act, 2020, dated 30-06-2020. Earlier same was inserted by Tax Laws (Amendment) Ordinance No. 1, 2020 dated 17-04-2020
156-Division "IX" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**DIVISION IX**

**ADVANCE TAX ON PURCHASE OF AIR TICKET**

The rate of tax to be deducted under section 236B shall be 5% of the gross amount of air ticket.
157-Division X was added vide the Finance Act, 2010 (XVI of 2010)
158-Substituted for the figure "0.5%" vide the Finance Act, 2016 (XXIX of 2016)
159-Added vide the Finance Act, 2014
160-Omitted for the words "for filers and 2% of the gross amount of the consideration received for non-filers" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
161-Division "XI" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:

**1[DIVISION XI**

**ADVANCE TAX ON FUNCTIONS AND GATHERINGS**

The rate of tax to be collected under each sub-sections (1) and (2) of section 236D shall be 2[5] % 3[:]]
4[Provided that the rate for the function of marriage in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose shall be as set out in the Table below:-

**TABLE**

| S. No. | Rate of tax | |
|---|---|---|
| (1) | (2) | (3) |
| 1. | 5% of the bill advalorem or Rs. 20,000 per function, whichever is higher | For Islamabad, Lahore, Multan, Faisalabad, Rawalpindi, Gujranwala, Bahawalpur, Sargodha, Sahiwal, Shekhupura, Dera Ghazi Khan, Karachi, Hyderabad, Sukkur, Thatta, Larkana, Mirpur Khas, Nawabshah, Peshawar, Mardan, Abbottabad, Kohat, Dera Ismail Khan, Quetta, Sibi, Loralai, Khuzdar, Dera Murad Jamaliand Turbat. |
| 2. | 5% of the bill advalorem or Rs. 10,000 per function, whichever is higher | For cities other than those mentioned above] |

5[Provided further that the rate for the function of marriage in a marriage hall, marquee or a community place with the total function area less than 500 square yards or, in case of a multi storied premises, with the largest total function area on one floor less than 500 square yards, shall be 5% of the bill ad valorem or Rs. 5,000 per function whichever is higher.]
1-Added vide the Finance Act, 2013 (Act No. XXII of 2013 assented on 29th June, 2013).
2-Substituted for the figure"10" vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014)
3-Substituted for the full stop vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
4-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
5-Added vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
162-DIVISION XII was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission DIVISION XII was as under:-

**i [DIVISION XII**

**ADVANCE TAX ON FOREIGN-PRODUCED FILMS AND TV PLAYS**

Rate of collection of tax under section 236E shall be as follows:-

| | | |
|---|---|---|
| *(a)* | *Foreign-produced TV drama serial* | *Rs.100,000/- per episode* |
| *(b)* | *Foreign-produced TV play (single episode)* | *Rs. 100,000* |

i. Added vide the Finance Act, 2013 (Act No. XXII of 2013 assented on 29th June, 2013).
163-Division "XIII" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:

**1[DIVISION XIII**

(1) The rate of tax to be collected under section 236F in the case of Cable Television Operator shall be as follows:-

| License Category as provided in PEMRA Rule | Tax on License Fee | Tax on Renewal |
|---|---|---|
| H | Rs.7,500 | Rs.10,000 |

| | | |
|---|---|---|
| H-1 | Rs.10,000 | Rs.15,000 |
| H-II | Rs.25,000 | Rs. 30,000 |
| R | Rs.5,000 | Rs. 2[12,000] |
| B | Rs.5,000 | Rs.40,000 |
| B-1 | Rs.30,000 | Rs. 3[35,000] |
| B-2 | Rs.40,000 | Rs.4[45,000] |
| B-3 | Rs.50,000 | Rs.75,000 |
| B-4 | Rs.75,000 | Rs.100,000 |
| B-5 | Rs.87,500 | Rs.150,000 |
| B-6 | Rs.175,000 | Rs.200,000 |
| B-7 | Rs.262,500 | Rs.300,000 |
| B-8 | Rs.437,500 | Rs.500,000 |
| B-9 | Rs.700,000 | Rs.800,000 |
| B-10 | Rs.875,500 | Rs.900,000 |

(2) The rate of tax to be collected by Pakistan Electronic Media Regulatory Authority under section 236F in the case of IPTV, FM Radio, MMDS, Mobile TV, Mobile Audio, Satellite TV Channel and Landing Rights, shall be 20 percent of the permission fee or renewal fee, as the case may be.

5[(3) In addition to tax collected under paragraph (2) Pakistan Electronic Media Regulatory Authority shall collect tax at the rate of fifty per cent of the permission fee or renewal fee, as the case may be, from every TV Channel on which foreign TV drama serial or a play in any language, other than English, is screened or viewed.]

1-Added vide the Finance Act, 2013 (XXII of 2013 assented on 29th June, 2013)
2-Substituted for the figure"30,000" vide the Finance Act, 2016 (XXIX of 2016)
3-Substituted for the figure"50,000" vide the Finance Act, 2016 (XXIX of 2016)
4-Substituted for the figure"60,000" vide the Finance Act, 2016 (XXIX of 2016)
5-Inserted vide the Finance Act, 2016 (XXIX of 2016)

163a-Division "XA" inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022

164-Division XIV was substituted vide finance Act 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution Division XIV was as under:-

**"i[DIVISION XIV**
**ADVANCE TAX ON SALE TO DISTRIBUTORS, DEALERS OR WHOLESALERS**

The rate of collection of tax under section 236G shall be as follows:-

| **Category of Sale** | **Rate of Tax** | |
|---|---|---|
| | **Filer** | **Non-Filer** |
| Fertilizers | ii[0.7%] | III[0.7%] |
| Other than fertilizers | 0.1% | 0.2%] |

i Substituted for Division XIV, vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014). At the time of substitution of Division XIV was as under:--

**"DIVISION XIV**
**ADVANCE TAX ON SALE TO DISTRIBUTORS, DEALERS OR WHOLESALERS**

The rate of collection of tax under section 236G shall be as follows:-

| **Category of Sale** | **Rate of Tax** | |
|---|---|---|
| | **Filer** | **Non-Filer** |
| Fertilizers | 0.2% | 0.4% |
| Other than fertilizers | 0.1% | 0.2% |

ii Substituted for the figure "0.2" vide Finance Act, 2015
III Substituted for the figure "0.4" vide Finance Act, 2015"

165-Proviso added by Finance Act, 2021, dated 30-06-2021. Earlier Proviso added by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021 read as under:

Provided that the rate of advance tax on sale to distributors, dealers or wholesalers of fertilizer shall be 0.25%, if they already are or get themselves registered under the Sales Tax Act, 1990 within sixty days of the promulgation of the Tax Laws (Amendment) Ordinance, 2021.

166-For Division XV substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

**Division XV**
**Advance tax on sale to retailers**

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

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

167-Division "XVA" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**Division XVA**

Advance tax on sale of certain petroleum products

The rate of collection of tax under section 236HA shall be 0.5% of ex-depot sale price.

168-Added vide the Finance Act, 2013 (Act No. XXII of 2013 assented on 29th June, 2013)

169-Division "XVII" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:

**Division XVII**

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

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

**TABLE**

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

170-Division XVIII was substituted vide finance Act 2019 (V of 2019) assented on 30th June, 2019. At the time of substitution Division XVIII was as under:-

**"i[DIVISION XVIII**

**Advance tax on purchase of immovable property**

The rate of tax to be collected under section 236K shall be:-

| S. No | Period | Rate of Tax |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Where value of Immovable property is up to ii[4 million]. | 0% |
| 2. | Where the value of Immovable property is more than III[4 million] | Filer iv[2]% |
| Non-Filer v[4]% | | |

Provided that the rate of tax for Non-Filer shall be 1% upto the date appointed by the Board through notification in official gazette.

i Added vide the Finance Act, 2014 (IX of 2014 assented on 25th June, 2014)

ii Substituted for the figure and word "3 million" vide Income Tax (Amendment) Act, 2016 dated passed by NA on 30th November, 2016

III Substituted for the figure and word "3 million" vide Income Tax (Amendment) Act, 2016 dated passed by NA on 30th November, 2016

iv Substituted for the figure "1" vide the Finance Act, 2016 (XXIX of 2016)

v Substituted for the figure "2" vide the Finance Act, 2016 (XXIX of 2016)"

171-Division "XIX" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**DIVISION XIX**

**Advance tax on domestic electricity consumption**

The rate of tax to be collected under section 235A shall be-

(i) 7.5% if the amount of monthly bill is Rs. 75,000 or more; and

(ii) 0% the amount of monthly bill is less than Rs. 75,000.

172-Division "XX" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**DIVISION XX**

**ADVANCE TAX ON INTERNATIONAL AIR TICKET**

The rate of tax to be collected under section 236L shall be:-

| S. No. | Type of Ticket | Rate |
|---|---|---|
| (1) | (2) | (3) |
| 1 | First/Executive Class | Rs.16,000 per person |
| 2 | Others excluding Economy | Rs.12,000 per person |
| 3 | Economy | 0 |

187-Table was Substituted vide Finance Act, 2015. At the time of substitution Table was as under:-

| *S. No.* | *Type of Ticket* | *Rate* |
|---|---|---|
| *(1)* | *(2)* | *(3)* |
| *1.* | *Economy* | *0%* |
| *2.* | *Other than economy* | *4%]* |

173-Division "XXI" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**DIVISION XXI**

**ADVANCE TAX ON BANKING TRANSACTIONS OTHERWISE THAN THROUGH CASH**

The rate of tax to be collected under section 236P shall be 0.6% of the transaction for the persons who are not appearing in the active taxpayers' list.

i[Provided that the rate specified in this Division ii[for the period it deems appropriate] shall be 0.3 per cent for the period commencing from the 11th day of July, 2015 and ending on the 30th day of September, 2015 (both days inclusive) or till the date as the III[Board with the approval of the Federal Minister-in-charge] may, by notification in the official Gazette on recommendation of the Economic Coordination Committee of the Cabinet, extend iv[:]]

i. Proviso was added vide Income Tax (Amendment) Ordinance, 2015 (X of 2015 promulgated on 11th July, 2015)

ii Inserted vide the Finance Act, 2016 (XXIX of 2016)

III Substituted for 'Federal Government' vide Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

iv Substituted for the full stop vide Finance (Amendment) Act, 2016 (I of 2016 assented on 29th January, 2016)

174-DIVISION XXII was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission DIVISION XXII was as under:-

**i[DIVISION XXII**

**RATE OF COLLECTION OF TAX BY PAKISTAN MERCANTILE EXCHANGE LIMITED**

The rate of tax to be collected under section 236T shall be shall be as follows:–

In case of sale or purchase of future commodity contract as per clause (a) and (b) of sub-section (1) of section 236T shall be 0.05%.

i. Added vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015)

175-Added vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015)

176-Division "XXIV" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:

1**[DIVISION XXIV**

**COLLECTION OF ADVANCE TAX ON EDUCATION RELATED EXPENSES REMITTED ABROAD**

Rate of collection of tax under section 236R shall be 5 percent of the amount of total education related expenses.]

1-Added vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015)

177-Division "XXV" omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:

1**[DIVISION XXV**

**ADVANCE TAX ON INSURANCE PREMIUM**

The rate of tax to be collected from 2[persons who are not appearing in the active taxpayers' list] under section 236U shall be as under:-

| S. No. | Type of Premium | Rate |
|---|---|---|
| (1) | (2) | (3) |
| 1. | General insurance premium | 4% |
| 2. | Life insurance premium if 3[exceeding Rs. 0.3 million in aggregate] per annum | 1% |
| 3. | Others | 0%] |

1-Added vide the Finance Act, 2016 (XXIX of 2016)

2-Substituted for the words "non-filer" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

3-Substituted for "exceeding Rs.0.2 million" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

178-Division "XXVI" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**DIVISION XXVI**

**ADVANCE TAX ON EXTRACTION OF MINERALS**

The rate of tax to be collected under section 236V shall be 5% of the value of the minerals for.

179-Division "XXVII" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

**Division XXVII**

**Advance tax on amount remitted abroad through credit, debit or prepaid cards**

The rate of tax to be deducted under section 236Y shall be 1% of the gross amount remitted abroad.

## THE SECOND SCHEDULE
## EXEMPTIONS AND TAX CONCESSIONS
**[See section 53]**

## PART I
## EXEMPTIONS FROM TOTAL INCOME

Incomes, or classes of income, or persons or classes of persons, enumerated below, shall be exempt from tax, subject to the conditions and to the extent specified hereunder:

1[***]

2[***]

(3) Any income chargeable under the head "Salary" received by a person who, not being a citizen of Pakistan, is engaged as an expert or technical, professional, scientific advisor or consultant or senior management staff by institutions of the Agha Khan Development Network, (Pakistan) listed in Schedule I of the Accord and Protocol dated, November 13, 1994 executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network.

3[***]

(5) Any allowance or perquisite paid or allowed as such outside Pakistan by the Government to a citizen of Pakistan for rendering service outside Pakistan.

5[***]

6[***]

(8) Any pension received by a citizen of Pakistan from a former employer, other than where the person continues to work for the employer (or an associate of the employer).

Provided that where the person receives more than one such pension, the exemption applies only to the higher of the pensions received.

7[(9) Any pension-

(i) received in respect of services rendered by a member of the Armed Forces of Pakistan or Federal Government or a Provincial Government;

(ii) granted under the relevant rules to the families and dependents of public servants or members of the Armed Forces of Pakistan who die during die service.]

8[***]

9[***]

(12) Any payment in the nature of commutation of pension received from Government or under any pension scheme approved by the Central Board of Revenue for the purpose of this clause.

(13) Any income representing any payment received by way of gratuity or commutation of pension by an employee on his retirement or, in the event of his death, by his heirs as does not exceed-

(i) in the case of an employee of the Government, a 10[Local Government], a statutory body or corporation established by any law for the time being in force, the amount receivable in accordance with the rules and conditions of the employee's services;

(ii) any amount receivable from any gratuity fund approved by the Commissioner in accordance with the rules in Part III of the Sixth Schedule;

(iii) in the case of any other employee, the amount not exceeding 11[three] hundred thousand rupees receivable under any scheme applicable to all employees of the employer and approved by the 12[Board] for the purposes of this sub-clause; and

(iv) in the case of any employee to whom sub-clause (i), (ii) and (iii) do not apply, fifty per cent of the amount receivable or seventy-five thousand rupees, whichever is the less:

Provided that nothing in this sub-clause shall apply-

(a) to any payment which is not received in Pakistan;

(b) to any payment received from a company by a director of such company who is not a regular employee of such company;

(c) to any payment received by an employee who is not a resident individual; and to any gratuity received by an employee who has already received any gratuity from the same or any other employer.

13[***]

14[***]

(16) Any income derived by the families and dependents of the "Shaheeds" belonging to Pakistan Armed Forces from the special family pension, dependents pension or children's allowance granted under the provisions of the Joint Services Instruction No. 5/66.

(17) Any income derived by the families and dependents of the "Shaheeds" belonging to the Civil Armed Forces of Pakistan to whom the provisions of the Joint Services Instruction No. 5/66 would have applied had they belonged to the Pakistan Armed Forces from any like payment made to them.

15[***]

(19) Any sum representing encashment of leave preparatory to retirement of a member of the Armed Forces of Pakistan or an employee of the Federal Government or a Provincial Government.

16[***]

17[***]

(22) Any payment from a provident fund to which the Provident Funds Act, 1925(XIX of 1925) applies.

(23) The accumulated balance due and becoming payable to an employee participating in a recognized provident fund.

18[(23A) the accumulated balance up to 19[50]% received from the voluntary pension system offered by a pension fund manager under the Voluntary Pension System Rules, 2005 at the time of eligible person's-

(a) retirement; or
(b) disability rendering him unable to work; or
(c) death by his nominated survivors 19a[:]

19a[Provided that, excluding the cases mentioned in sub-clauses (b) and (c), in case of withdrawal before retirement age or withdrawal at the time of or after retirement age in excess of fifty percent of the accumulated

balance, tax shall be charged at the rate specified in sub-section (6) of section 12 and the pension fund manager shall at the time of making payment deduct tax at the said rate.]

20[(23B) The amounts received as monthly installment from an income payment plan invested out of the accumulated balance of an individual pension accounts with a pension fund manager or an approved annuity plan or another individual pension account of eligible person or the survivors pension account maintained with any other pension fund manager as specified in the Voluntary Pension System Rules 2005 shall be exempt from tax provided accumulated balance is invested for a period of ten years:

Provided that where any amount is exempted under this clause and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner that any of the conditions specified in this clause were not fulfilled, the exemption originally allowed shall be deemed to have been wrongly allowed and the Commissioner may, not withstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant years and the provisions of this Ordinance shall, so far as may be, apply accordingly.

(23C) Any withdrawal of accumulated balance from approved pension fund that represent the transfer of balance of approved provident fund to the said approved pension fund under the Voluntary Pension System Rules, 2005]

(24) Any benevolent grant paid from the Benevolent Fund to the employees or members of their families in accordance with the provisions of the Central Employee Benevolent Fund and Group Insurance Act, 1969.

(25) Any payment from an approved superannuation fund made on the death of a beneficiary or in lieu of or in commutation of any annuity, or by way of refund of contribution on the death of a beneficiary 21[.]

22[***]
23[***]
24[***]
25[***]

(26) Any income of a person representing the sums received by him as a worker from out of the Workers Participation Fund established under the Companies Profits (Workers Participation) Act, 1968 (XII of 1968).

26[***]
27[***]
28[***]
29[***]
30[***]
31[***]
32[***]
33[***]
34[***]
35[***]
36[***]
37[***]
37a[***]

38[(39A) Any amount paid as 39[internal security allowance, compensation in lieu of bearer allowance,] kit allowance, ration allowance, special messing allowance, SSG allowance, Northern Areas compensatory allowance, special pay for Northern Areas and height allowance to the Armed Forces personnel.]

(40) Any income of a newspaper employee representing Local Travelling Allowance paid in accordance with the decision of the Third Wage Board for Newspaper Employees constituted under the Newspaper Employees (Conditions of Service) Act, 1973, published in Part II of the Gazette of Pakistan, Extraordinary, dated the 28th June, 1980.

40[***]

41[***]
42[***]
43[***]
44[***]
45[***]
46[***]
47[***]
48[***]
49[***]

(51) The perquisite represented by the right of the President of Pakistan, 50[***] and the Chiefs of Staff, Pakistan Armed Forces to occupy free of rent as a place of residence any premises provided by the Government.

(52) The perquisite represented by free conveyance provided and the sumptuary (entertainment) allowance granted by Government to 51[***] the Chiefs of Staff, Pakistan Armed Forces and the Corps Commanders.

52[***]

53[(53A) The following perquisites received by an employee by virtue of his employment, namely:-

54[***]

(ii) free or subsidized food provided by hotels and restaurants to its employees during duty hours;
(iii) free or subsidized education provided by an educational institution to the children of its employees;
(iv) free or subsidized medical treatment provided by a hospital or a clinic to its employees; and
(v) any other perquisite or benefit for which the employer does not have to bear any marginal cost, as notified by the 55[Board].]

56[***]

(55) The perquisites represented by the right of a judge of the Supreme Court of Pakistan or of a judge of High Court to occupy free of rent as a place of residence any premises provided by Federal or Provincial Government, as the case may be, or in case a judge chooses to reside in a house not provided by Government, so much of income which represents the sum paid to him as house rent allowance.

(56) The following perquisites, benefits and allowances received by a Judge of Supreme Court of Pakistan and Judge of High Court, shall be exempt from tax.

(1) (a) Per perquisites and benefits derived 57[from] use of official car maintained at Government expenses.

(b) Superior judicial allowance payable to a Judge of Supreme Court of Pakistan and Judge of a High Court.
(c) Transfer allowance payable to a Judge of High Court.

(2) The following perquisites of the Judge of Supreme Court of Pakistan and Judge of High Court shall also be exempt from tax during service, and on or after retirement.

(a) The services of a driver and an orderly.
(b) 1000 (one thousand) free local telephone calls per month.
(c) 1000 units of electricity as well as (25 hm3 of gas) per month and free supply of water; and
(d) 200 litres of petrol per month.

(3) If during service, a judge dies, exemption from tax in respect of benefits and perquisites provided to widow as mentioned in sub-clause (2) shall also be available to the widow.

(57) (1) Any income from voluntary contributions, house property and investments in securities of the Federal Government derived by the following, namely:-

(i) National Investment (Unit) Trust of Pakistan established by the National Investment Trust Limited, if not less than ninety per cent of its Units at the end of that year are held by the public and not less than ninety per cent of its income of the year is distributed among the Unit-holders;

(ii) any Mutual Fund approved by the 58[Securities and Exchange Commission of Pakistan] and set up by the Investment Corporation of Pakistan, if not less than ninety per cent of its Certificates at the end of that year are held by the public and not less than ninety per cent of its income of that year is distributed among the Certificate-holders; and

58a[***]

(2) Any income 59[(other than capital gain on stock and shares of public company, PTC vouchers, modarba certificates, or any instrument of redeemable capital and derivative products held for less than 12 months)] derived by any Mutual Fund, investment company, or a collective investment scheme 60[or a] 61[REIT Scheme] 62[or Private Equity and Venture Capital Fund] 63[***] or the National Investment (Unit) Trust of Pakistan established by the National Investment Trust Limited from any instrument of redeemable capital as defined in the 63a[Companies Act, 2017 (XIX of 2017)], if not less than ninety per cent of its income of that year is distributed amongst the Unit-holders.

(3) Any income of the following funds and institutions, namely:-

(i) a provident fund to which the Provident Funds Act, 1925 (XIX of 1925), applies;

(ii) trustees on behalf of a recognized provident fund or an approved superannuation fund or an approved gratuity fund;

(iii) a benevolent fund or group insurance scheme approved by the 64[Board] for the purposes of this clause;

(iv) Service Fund;

(v) Employees Old Age Benefits Institution established under the Employees Old Age Benefit Act, 1976 (XIV of 1976);

(vi) any Unit, Station or Regimental Institute; and

(vii) any recognized Regimental Thrift and Savings Fund, the assets of which consist solely of deposits made by members and profits earned by investment thereof;

**Explanation**.-For the purpose of this clause, "Service Fund" means a fund which is established under the authority, or with the approval of the Federal Government for the purpose of -

(a) securing deferred annuities to the subscribers of payment to them in the event of their leaving the service in which they are employed; or

(b) making provision for their wives or children after their death; or

(c) making payment to their estate or their nominees upon their death 65[; and]

65a[(viii) a Pension Fund approved by the Securities and Exchange Commission of Pakistan under the Voluntary Pension System Rules, 2005;]

66[(ix) any profit or gain or benefit derived by a pension fund manager from a pension Fund approved under the Voluntary Pension System Rules, 2005, on redemption of the seed capital invested in pension fund as specified in the Voluntary Pension System Rules, 2005 67[;] ]

68[***]

69[(xi) International Irrigation Management Institute.]

70[(xii) Punjab pension Fund established under the Punjab Pension Fund Act, 2007 (1 of 2007) and the trust established there under.]

71[(xiii) Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002.]

72[(xiv) Punjab General Provident Investment Fund established under the Punjab General Provident Investment Fund Act, 2009 (V of 2009) and the trust established thereunder.;]

73[(xv) Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund.

(xvi) Khyber Pakhtunkhwa General Provident Investment Fund.

(xvii) Khyber Pakhtunkhwa Pension Fund.]

75[***]
76[***]
77[***]
78[***]
79[***]
80[***]
81[***]
83[***]
118[***]
119[***]
120[***]
121[***]
122[***]
123[***]
124[***]
125[***]
126[***]

126[(65A) Income for any tax year commencing from the tax year 2003, derived from the Welfare Fund created under rule-26 of the Emigration Rules, 1979 (made under section 16 of the Emigration Ordinance, 1979 (XVIII of 1979), except the Income generated by the aforesaid Fund through commercial activities.]

127[(66) (1) Any income derived by the following institutions, foundations, societies, boards, trusts and funds, namely:-

**Table 1**

| Sr. No. | Name |
|---|---|
| (1) | (2) |
| (i) | International Islamic Trade Finance Corporation. |
| (ii) | Islamic Corporation for Development of Private Sector. |
| (iii) | National Memorial Bab-e-Pakistan Trust. |
| (iv) | Pakistan Agricultural Research Council. |
| (v) | The corporatized entities of Pakistan Water and Power Development Authority from the date of their creation upto the date of completion of the process of corporatization i.e. till the tariff is notified. |
| (vi) | The Prime Minister's Special Fund for victims of terrorism. |
| (vii) | Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of |
| (viii) | The Institutions of the Agha Khan Development Network (Pakistan) as contained in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and the Agha Khan Development Network. |
| (ix) | Pakistan Council of Scientific and Industrial Research. |
| (x) | The Pakistan Water and Power Development Authority established under the Pakistan Water and Power Development Authority Act, 1958 (W. P. Act XXXI |
| (xi) | WAPDA First Sukuk Company Limited. |
| (xii) | Pension of a former President of Pakistan and his widow. |
| (xiii) | State Bank of Pakistan and State Bank of Pakistan Banking Services Corporation. |
| (xiv) | International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVIII of 1956) and provided in section 9 of Article VI of Articles of Agreement 1955 as amended through April 1993. |
| (xv) | Pakistan Domestic Sukuk Company Ltd. |
| (xvi) | ECO Trade and Development Bank. |
| (xvii) | The Islamic Chamber of Commerce and Industry under the Organization of Islamic Conference (OIC). |
| (xviii) | Commission on Science and Technology for Sustainable Development in the South (COMSATS) formed under International Agreement signed on 5th |
| (xix) | WAPDA on issuance of twenty billion rupees TFC's/SUKUK certificates for consideration of Diamer Bhasha Dam Projects. |
| (xx) | Federal Board of Revenue Foundation. |
| (xxi) | WAPDA Second Sukuk Company Limited. |
| (xxii) | Pakistan International Sukuk Company Limited. |
| (xxiii) | Second Pakistan International Sukuk Company Limited. |
| (xxiv) | Third Pakistan International Sukuk Company Limited. |
| (xxv) | Asian Infrastructure Investment Bank and persons as provided in Article 51 of Chapter IX of the Articles of Agreement signed and ratified by Pakistan and entered into force on the 25th December, 2015. |
| (xxvi) | Su preme Court of Pakistan - DiamerBhasha & Mohmand Dams - Fund. |
| (xxvii) | National Disaster Risk Management Fund. |
| (xxviii) | De posit Protection Corporation established under sub-section (l) of section 3 of |
| (xxix) | SAARC Energy Centre. |
| (xxx) | The Asian Development Bank established under the Asian Development Bank |
| (xxxi) | The Prime Minister's COVID-19 Pandemic Relief Fund-2020. |
| (xxxii) | Saarc Arbitration Council (SARCO). |

| | |
|---|---|
| (xxxiii) | International Parliamentarians' Congress. |
| (xxxiv) | Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT. |
| (xxxv) | Shaukat Khanum Memorial Trust. |
| (xxxvi) | National Endowment Scholarship for Talent (NEST). |
| 128[(xxxvii) | Islamic Naya Pakistan Certificates Company Limited (INPCCL)] |
| (xxxviii) | Abdul Sattar Edhi Foundation. |
| (xxxix) | Patient's Aid Foundation. |
| (xl) | Indus Hospital and Health Network. |
| (xli) | Securities and Exchange Commission of Pakistan. |
| (xlii) | Dawat-e-Hadiya, Karachi. |
| (xliii) | Privatisation Commission of Pakistan. |
| (xliv) | The Citizens Foundation. |
| (xlv) | Sundus Foundation. |
| (xlvi) | Ali Zaib Foundation. |
| (xlvii) | Fauji Foundation. |
| (xlviii) | Make a Wish Foundation. |
| (xlix) | Audit Oversight Board. |
| (xlx) | Supreme Court Water Conservation Account. |
| (xlxi) | Layton Rahmatullah Benevolent Trust (LRBT). |
| (xlxii) | Baluchistan Education Endowment Fund (BEEF). |
| (xlxiii) | Saylani Welfare International Trust. |
| (xlxiv) | Chiniot Anjuman Islamia. |
| (xlxv) | Army Welfare Trust.] |
| 128a[(xlxvi) | Pakistan Mortgage Refinance Company Limited.] |
| 128b(lvii) | The Pakistan Global Sukuk Programme Company Limited.] |

(2) Subject to the provisions of section 100C, any income derived by the following institution, foundations, societies, boards, trusts and funds, namely:-

**Table 2**

| Sr. No. | Name |
|---|---|
| **(1)** | **(2)** |
| 129[ | ] |
| (ii) | Al-Shifa Trust. |
| (iii) | Bilquis Edhi Foundation. |
| (iv) | Fatimid Foundation. |
| (v) | Pakistan Engineering Council. |
| (vi) | The Institution of Engineers. |
| (vii) | Liaquat National Hospital Association. |
| (viii) | [***] |
| (ix) | Greenstar Social Marketing Pakistan (Guarantee) Limited. |
| (x) | [***] |
| (xi) | Gulab Devi Chest Hospital. |
| (xii) | Pakistan Poverty Alleviation Fund. |
| (xiii) | National Academy of Performing Arts. |
| (xiv) | Pakistan Sweet Homes Angels and Fairies Place. |
| (xv) | National Rural Support Programme. |
| (xvi) | Pakistan Bar Council. |
| (xvii) | Pakistan Centre for Philanthropy. |
| (xviii) | Pakistan Mortgage Refinance Company Limited. |
| (xix) | Aziz Tabba Foundation. |
| (xx) | [***] |
| (xxi) | The Kidney Centre Post Graduate Training Institute. |
| (xxii) | Pakistan Disabled Foundation.. |
| (xxiii) | Forman Christian College.. |
| (xxiv) | Habib University Foundation. |
| (xxv) | Begum Akhtar Rukhsana Memorial Trust Hospital. |
| (xxvi) | Al-Khidmat Foundation. |
| (xxvii) | Dawat-e-Islami Trust. |
| (xxviii) | Sardar Trust Eye Hospital, Lahore.. |
| (xxix) | Akhuwat. |
| (xxx) | [***] |
| (xxxi) | [***] |
| (xxxii) | Al-Shifa Trust Eye Hospital. |
| (xxxiii) | [***] |
| (xxxiv) | SARMAYA-E-PAKISTAN LIMITED. |
| (xxxv) | Lahore University of Management Sciences, Lahore. |
| (xxxvi) | [***] |
| (xxxvii) | Ghulam Ishaq Khan Institute of Engineering Sciences and Technology. |
| (xxxviii) | Society for the Promotion of Engineering Sciences and Technology in Pakistan (SOPREST). |
| (xxxix) | Businessmen Hospital Trust. |
| (xl) | Baitussalam Welfare Trust. |
| (xli) | Alamgir Welfare Trust International. |
| (xlii) | Foundation University. |

Provided that with effsct from the 1st day of July, 2021, exemption under this sub-clause shall be subject to fulfilling the conditions specified in section 100C.]

164[***]
165[***]
166[***]
167[***]
168[***]
169[***]
170[***]
171[***]
172[***]
173[***]
174[***]
175[***]
176[***]

177[(75) Any profit on debt and capital gains derived by any agency of foreign Government or any non-resident person approved by the Federal Government for the purpose of this clause from debt and debt instruments approved by the Federal Government.]

178[***]
179[***]

(78) Any profit on debt derived from foreign currency accounts held with authorised banks in Pakistan, 180[or certificate of investment issued by investment banks] in accordance with Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, by 181[non-resident individuals, non-resident association of persons and no-resident companies.]

(79) Any profit on debt derived from a rupee account held with a scheduled bank in Pakistan by a 182[non-resident individual holding a Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC)], where the deposits in the said account are made exclusively from foreign exchange remitted into the said account.

183[***]
184[***]
185[***]
186[***]
187[***]
188[***]
189[***]
190[***]
190[***]
191[***]
192[***]
193[***]
194[***]
195[***]
196[***]
197[***]
198[***]
199[***]
200[***]
201[***]
202[***]
203[***]

204[***]

**205[(99)** Any income derived by a Collective Investment Scheme or a REIT Scheme 205a[including Special Purpose Vehicle], if not less than ninety per cent of its accounting income of that year, as reduced by capital gains whether realized or unrealized, is distributed amongst the unit or certificate holders or shareholders as the case may be.

**Explanation.-** For the purpose of this clause the expression "accounting income" means income calculated under the generally accepted Accounting Principles and verified by the auditors 205b[and Special Purpose Vehicle shall have the same meaning as defined under the Real Estate Investment Trust Regulations, 2015] 205c**[:]**

205c[Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account]

206[(99A) Profits and gains accruing to a person on the sale of immoveable property 206a[or shares of Special Purpose Vehicle] to any type of REIT scheme upto the 30th day of June, 2023.]

206b[Explanation.- For the purpose of this clause, Special Purpose Vehicle shall have the same meaning as defined under the Real Estate Investment Trust Regulations. 2015.]

207[***]

208[***]

209[(102A) Income of a person as represents a subsidy granted to him by the Federal Government for the purposes of implementation of any orders of the Federal Government in this behalf.]

210[****]

211[(103A) Any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA 212[ 213[***] 214[subject to the condition that return of the group has been filed for the tax year] ].]

215[***]

216[***]

217[(103D) Dividend income and long term capital gains of any venture capital fund from investments in zone enterprises as defined in clause (p) of section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years commencing from issuance of licence by the Authority to the zone enterprise.]

218[***]

219[(105B) Any income received by a taxpayer from a corporate agricultural enterprise, distributed as dividend out of its income from agriculture.]

220[***]
221[***]

(107) Any income derived by any subsidiary of the Islamic Development Bank wholly owned by it and set up in Pakistan and engaged in owning and leasing of tankers.

222["(107A) Any income derived by the Islamic Development Bank from its operations in Pakistan in connection with its social and economic development activities."]

223[***]
224[***]

225[***]
226[***]
227[***]
228[***]
229[***]
230[***]

231[***]

232[***]

233[***]

234[(114B) Profit and gains accruing to persons mentioned in proviso to sub-section (1) of section 236C in respect of first sale of immovable property acquired from or allotted by the Federal Government or Provincial Government or any authority duly certified by the official allotment authority, and the property acquired or allotted is in recognition of services rendered by the Shaheed or the person who dies in service.]

235[***]
236[***]
237[***]
238[***]
239[***]
240[***]
241[***]
242[***]
243[***]
244[***]
245[***]

246[(126) Any income of a public sector university established solely for educational purposes and not for the purposes of profit, with effect from the 1st day of July, 2013.]

247[(126A) Income derived by China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, 248[Gwadar] International Terminal Limited, 248[Gwadar] Marine Services Limited and 248[Gwadar] Free Zone Company Limited from 248[Gwadar] Port 249[and Gwadar Free Zone] operations for a period of twenty-three years, with effect from the sixth day of February, 2007.

(126AA) Profit and gains derived by a taxpayer from businesses set up in the 248[Gwadar] Free Zone Area for a period of twenty three years with effect from the first day of July, 2016.

(126AB) Profit on debt derived by-

(a) any foreign lender; or

(b) any local bank having more than 75 per cent shareholding of the Government or the State Bank of Pakistan, under a Financing Agreement with the China Overseas Ports Holding Company Limited, 250[China Overseas Port Holding Company Pakistan (Private) Limited, Gwadar International Terminals Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited] for a period of twenty three years with effect from the first day of July, 2016;

(126AC) Income derived by contractors and sub-contractors of China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, 248[Gwadar] International Terminal Limited, 248[Gwadar] Marine Services Limited and 248[Gwadar] Free Zone Company Limited from 248[Gwadar] Port 249[and Gwadar Free Zone] operations for a period of twenty years, with effect from the first day of July, 2016.

(126AD) (1) Any income derived by China Overseas Ports Holding Company Limited being dividend received from China Overseas Ports Holding Company Pakistan (Private) Limited, 248[Gwadar] International Terminal Limited 248[Gwadar] Marine Services Limited and 248[Gwadar] Free Zone Company Limited for a period of twenty-three years with effect from the first day of July, 2016.

(2) Any income derived by China Overseas Ports Holding Company Pakistan (Private) Limited being dividend received from, Gwadar International Terminal Limited Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty-three years with effect from the first day of July, 2016.]

251[(126B) Profits and gains derived by a refinery-

(a) from new deep conversion refinery of at least 100,000 barrels per day for which approval is given by the Federal Government before the 31st day of December, 2021; or

(b) for the purpose of upgradation, modernization or expansion project of any existing refinery which makes undertaking to the Federal Government in writing before the 31st day of December, 2021 in this regard:

Provided that this exemption shall be available for a period of twenty years beginning from the date of commencement of commercial production in the case of new refinery and ten years from the date of completion of up gradation, modernization or expansion project of existing refinery.

Provided further that the exemption under this clause shall only be available to those refineries whose products fulfill Euro 5 standards];

252[***]

253[***]

254[(126D) Profit and gains derived by a taxpayer from an industrial undertaking set up in the Gawadar declared by the Federal Government to be a Zone within the meaning of Export Processing Zone Authority Ordinance, 1980 (IV of 1980) as Export Processing Zone, Gawadar, for a period of ten years beginning with the month and year in which the industrial undertaking is set up or commercial operation commenced, whichever is later.]

255[(126E) income derived by a zone enterprise as defined in Special Economic Zones Act, 2012 (XX of 2012) for a period of ten years starting from the date the developer certifies that the zone enterprise has commenced commercial operation and for a period of ten years to a developer of zone starting from the date of signing of the development agreement in the special economic zone as announced by the Federal Government 256[:]

256[Provided that this clause shall also apply to a co-developer as defined in Special Economic Zone Rules, 2013 subject to the condition that a certificate has been furnished-

(a) by the developer that he has not claimed exemption under this clause and has relinquished his claim in favour of the co-developer; and

(b) by the Special Economic Zone Authority validating that the developer has not claimed exemption under this clause and has relinquished claim in favour of the co-developer.]

257[(126EA) Profits and gains derived by-

(a) zone developer as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement;

(b) profits and gains of Zone Enterprises as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and

(c) Special Technology Zones Authority established under the Special Technology Zones Ordinance 2020.]

257[***]
258[***]
259[***]
260[***]
261[***]

(126M) Profits and gains derived by a taxpayer from a transmission line project set up in Pakistan on or after the 1st day of July, 2015 for a period of ten years. The exemption under this clause shall apply to such project which is-

(a) owned and managed by a company formed for operating the said project and registered under the 262[Companies Act, 2017 (XIX of 2017)], and having its registered office in Pakistan;

(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and

(c) owned by a company fifty per cent of whose shares are not held by the Federal Government or Provincial Government or a Local Government or which is not controlled by the Federal Government or a Provincial Government or a Local Government:

Provided that the exemption under this clause shall not apply to projects set up on or after the thirtieth day of June, 263[2022].

264[***]
265[***]
266[***]
267[***]
268[***]
269[***]
270[***]

(132) Profits and gains derived by a taxpayer from an electric power generation project set up in Pakistan on or after the 1st day of July, 1988. The exemption under this clause shall apply to such project which is-

(a) owned and managed by a company formed for operating the said project and registered under the 271[Companies Act, 2017 (XIX of 2017)], and having its registered office in Pakistan:

(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and

(c) owned by a company fifty per cent of whose shares are not held by the Federal Government or a 272[Local Government] or which is not controlled by the Federal Government or a Provincial Government or a 272[Local Government]:

Provided that the condition laid down in sub-clause (a) shall not apply to the Hub Power Company Limited 273[:]

274[Provided further the exemption under this clause shall not apply to oil fired power plants setup 275[between 22nd October, 2002 and 30th June, 2006] 276[but shall apply to Dual Fuel (Oil/Gas) power projects set up on or after the first September, 2005] 277[:] ]

278[Provided further that the exemption under this clause shall be available to companies registered in Pakistan or Azad Jammu and Kashmir owning and managing Hydel Power Projects, set up in Azad Jammu and Kashmir or Pakistan 279[:]]

280[Provided further that exemption under this clause shall also be available to the expansion projects of the existing Independent Power Projects already in operation 281[:]]

282[Provided also that conditions laid down in sub-clause (b) shall not apply to electric power generation project formed by the splitting up, or the reconstruction or the reconstitution of an electric power generation business already in existence and availing exemption under this clause:

283[Provided further that the exemption under this clause shall be available to persons, who enter into agreement or to whom letter of intent is issued by the Federal or Provincial Government for setting up an electric power generation project in Pakistan on or before the 30th day of June, 2021 and who obtains the letter of support on or before the 30th day of June, 2023.]

284[***]

285[(132AA) Profits and gains derived from sale of electricity by National Power Parks Management Company (Private) Limited or demerged entities of National Power Parks Management Company (Private) Limited commencing from the commercial operation dates and continuing after the date of change of ownership as a result of privatization by the Privatization Commission of Pakistan.]

286[***]

287["(132C) Profits and gains derived by a taxpayer from a bagasse/biomass based cogeneration power project having one or more boilers of not less than 60 bar (kg/CM3) pressure each, commissioned after the first day of January 2013."

288[***]
289[***]
290[***]
291[***]
292[***]
293[***]
294[***]

295[(139) (a) The benefit represented by free provision to the employee of medical treatment or hospitalization or both by an employer or the reimbursement received by the employee of the medical charges or hospital charges or both paid by him, where such provision or reimbursement is in accordance with the terms of employment:

Provided that National Tax Number of the hospital or clinic, as the case may be, is given and the employer also certifies and attests the medical or hospital bills to which this clause applies;

(b) any medical allowance received by an employee not exceeding ten per cent of the basic salary of the employee if free medical treatment or hospitalization or reimbursement of medical or hospitalization charges is not provided for in the terms of employment; or

296[***]

297[(140) All payments on account of principal, interest, or fees received by the Overseas Private Investment Corporation (ODIC), from development project undertaken in pursuance to the Investment Incentive Agreement signed between the Government of Pakistan and the Government of the United States of America, dated 18th November, 1997.]

298[(140A) Any profit on debt received by Japan International Cooperation Agency (JICA), from Islamabad-Burhan Transmission Reinforcement Project (Phase-I) undertaken in pursuance to the loan agreement for Islamabad-Burhan Transmission Reinforcement Project (Phase-I).]

299[***]

(142) Income from social security contributions derived by Balochistan Employees' Social Security Institution, Employees' Social Security Institution Khyber Pakhtunkhwa, Punjab Employees' Social Security Institution and Sindh Employees' Social Security Institution.

Explanation.-For the removal of doubt, it is clarified that all incomes other than social security contributions shall not be exempt;]

300[***]
301[***]
302[***]

303[(145A) Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive);]

304[***]

305[(147) Any income derived by the Federal Government Employees Housing Authority and Nava Pakistan Housing and Development Authority for the tax year 2020 and the following four tax years.]

306[***]

307[(149) Any sum-

(i) remitted to Pakistan through banking channels in foreign currency received by an international buying house from its non-resident principal to meet its expenses in Pakistan; and

(ii) chargeable under the head "Salary" received by a person who, not being a citizen or resident of Pakistan, is engaged as an expert by an international buying house.

Explanation.-For the purpose of this clause international buying house means persons acting as buying offices, buyers' agents, or representatives of international buyers for facilitating exports from Pakistan and are registered as liaison offices with Board of Investment or companies registered with SECP. Provided that such buying houses act as cost centers with the sole purpose to bring export orders to Pakistan on behalf of their principals and do not enter into any local business transactions in Pakistan and their expenses are remitted to Pakistan.]

## PART II
## REDUCTION IN TAX RATES

307[* * *]

Incomes or classes of income, or persons or classes of persons, enumerated below, shall be liable to tax at such rates which are less than the rates specified in the First Schedule, as are specified hereunder:

308[***]
309[***]
310[***]
311[***]

312[(5A) The rate of tax to be deducted under sub-section (2) of section 152, in respect of payments 313[from] profit on debt payable to a non-resident person having no permanent establishment in Pakistan, 314[other than those covered under clauses (78) and (79) of Part I of the Second Schedule,] shall be 10% of the gross amount paid 315[:]

316[(5AA) The rate of tax to be deducted under sub-section (2) of section 152, in respect of payments to an individual, on account of profit on debt earned from a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 and purchased exclusively through a bank account maintained abroad, a non-resident Rupee account repatriable (NRAR) or a foreign currency account maintained with a banking company in Pakistan shall be ten percent of the gross amount paid:

Provided that tax deducted on such profit on debt shall be Final tax.]

318[(5AB) The rate of tax to be deducted under section 151 shall be ten percent from the profit on debt from a debt instrument, whether conventional or Shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 (XVIII of 1944) or its wholly owned special purpose company, purchased by a resident citizen of Pakistan who has already declared foreign assets to the Board through a Foreign Currency Value Account (FCVA) maintained with authorized banks in Pakistan under the foreign exchange regulation issued by the State Bank of Pakistan.

Provided that the tax so deducted shall be the final tax.

(5AC) The rate of tax to be deducted under sub-section (2) of section 152 or under section 151 , as the case may be, shall be zero percent of the gross amount of profit on debt paid, covered under clauses (78) and (79) of Part I of the Second Schedule.]

319[***]
320[***]
321[***]
322[***]
323[***]
324[***]

325[(9AA) In respect of import of white sugar from the 25th day of August, 2020 to the 15th day of November, 2020 both days inclusive, tax under section 148 shall be collected at the rate of 0.25% as per quantity, quality, mode and manner prescribed by Ministry of Commerce during the said period.

(9AB) Tax under section 148 on commercial import of the white sugar shall be collected at the rate of 0.25% from the 26th day of January 2021 till the 30th day of June, 2021.

(9AC) Subject to quota allotment by Commerce Division, tax under section 148 shall be collected at the rate of 0.25% on import of raw sugar imported by sugar mills from the 26th day of January, 2021 to the 30th day of June, 2021 both days inclusive provided that such imports shall not exceed fifty thousand metric tons per sugar mill and three hundred thousand metric tons in aggregate by the sugar industry.]

326[***]
327[***]
328[***]
329[***]
330[***]
331[***]
332[***]
333[***]
334[***]
335[***]
336[***]
337[***]
338[***]
339[***]
340[***]
341[***]
342[***]
343[***]
344[***]
345[***]
346[***]
347[***]
348[***]
349[***]

350[(18C) The rate of tax as specified in Division-III of Part-I of First Schedule shall be reduced to 7.5% in case of dividends declared by a company as are "attributable" to profits and gains derived from a bagasse and biomass based co-generation power project qualifying for exemption under clause (132C) of Part-I of this Schedule:

Provided that the amount of "attributable" dividends shall be computed in accordance with the following formula, namely:-

AXB/C

Where-

A is the total amount of dividend for the year;

B is the accounting profit for the year attributable to the bagasse and biomass based cogeneration power project qualifying for exemption under clause (132C) of Part-I of this Schedule; and

C is the total accounting profit before tax for the year.

Explanation.- For the removal of doubt, it is clarified that accounting profit attributable to the bagasse/biomass based cogeneration power project would be determined by the external auditor of the company and the external auditor shall issue a certificate to this effect.]

351[***]
352[***]
353[***]
354[***]
355[***]
356[***]

357[(24A) The rate of tax, under clause (a) of sub-section (1) of section 153, from distributors of cigarette and pharmaceutical products 358[***] shall be 1% of the gross amount of payments.]

359[***]
360[***]

361[(24C) The rate of tax under clause (a) of sub-section (1) of section 153 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, electronics excluding mobile phones, sugar, cement 361a[, steel], and edible oil as recipient of payment shall be 0.25% of gross amount of payments subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001):

Provided that the benefit under this clause shall only be available to those Tier-1 retailers as defined under Sales Tax Act, 1990 who are integrated and configured with Board or its computerized system for real time reporting of sales or receipts.]

362[(24CA) The rate of tax under clause (a) of sub-section (1) of section 153 in case of a person, other than a company, as a recipient of payment for goods supplied to Utility Stores Corporation of Pakistan shall be 1.5% of the gross amount of payment in respect of supply of tea, spices, salt, dry milk, sugar, pulses wheat flour and ghee for the period commencing from the 7th day of April, 2020 and ending on 30th day of September, 2020:

Provided that this clause shall not be applicable to supply of tea, spices, salt and dry milk which are sold under a brand name:

Provided further that this clause shall not be applicable where rate of tax under clause (a) of sub-section (1) of section 153 is less than 1.5% of the gross amount of payment under any provisions of the Ordinance.]

363[(24D) The rate of minimum tax under sub-section (1) of section 113 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, locally manufactured mobile phones, sugar, electronics excluding imported mobile phones, cement 361a[, steel] and edible oil shall be 0.25% subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001:

Provided that the benefit under this clause shall be available to only those Tier-1 retailers as defined under Sales Tax Act, 1990 who are integrated and configured with Board or its computerized system for real time reporting of sales or receipts.]

364[***]
365[***]

366[(27) The tax on payment under the Compulsory Monetization of Transport Facility for Civil Servants, in BS-20 to BS-22 (as reduced by deduction of driver's Salary) shall be charged at the rate of 5% as a separate block of income.]

367[***]
368[***]

369[(28C) The rates of tax as specified in Division II of Part-IV of the First Schedule shall be five percent in the case of a person running online marketplace as defined in clause (38B) of section 2.]

370[(28D) The rate of minimum tax under section 113 for tax year 2020 shall be 0.5% in the case of a trader having turnover upto one hundred million Rupees:

Provided that the tax liability of traders for tax year 2019 and 2020 in case of traders who filed return of income for tax year 2018 shall not be less than the tax paid for the tax year 2018.

Explanation.-For the purpose of this clause, 'trader' shall mean an individual engaged in business of buying and selling of goods in the same state including a retailer and a wholesaler but shall not include a distributor.

(28E) The rate of minimum tax under section 113 371[***] shall be 0.5% in case of a trader of yarn being an individual.]

372[(28F) The rate of tax under clause (b) of sub-section (1) of section 153 in case of oil tanker contractor services shall be 2% of the gross amount of the payments.]

373[***]
374[***]

## PART III
## REDUCTION IN TAX LIABILITY

Income, or classes of income, or person or classes of person, enumerated below, shall be allowed reduction in tax liability to the extent and subject to such conditions as are specified hereunder:-

375[(1) Any amount received as-
(a) flying allowance by 376[***], flight engineers, navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority, Junior Commissioned Officers or other ranks of Pakistan Armed Forces; and
(b) submarine allowance by the officers of the Pakistan Navy, shall be taxed @ 2.5% as a separate block of income 377[:

Provided that the reduction under this clause shall be available to so much of the flying allowance or the submarine allowance as does not exceed an amount equal to the basic salary-]

378[The tax payable by a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by high Education Cmmission, a Board of Education or a University recognized by the higher Education commission, including government **[ ] research institution, shall be reduced by an amount equal to **[25]% of tax payable on his income from salary **[ ] ]

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

379[(1AA) Total allowances received by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%, provided that the reduction under this clause shall be available to so much of the allowances as exceeds an amount equal to the basic pay.]

380[***]
381[***]

382[(4) In respect of old and used automotive vehicles, tax under section 148 shall not exceed the amount specified in Notification No. S.R.O. 577(I)/2005, dated the 6th June, 2005.]

383[***]

384[6) The tax payable under clause (c) of sub-section (1) of section 39, in respect of any amount paid as yield or profit on investment in Bahbood Savings Certificate or Pensioners Benefit Account 385[and Shuhada Family Welfare Account] shall not exceed 10% of such profit.]

386[***]

(9) The tax payable on profits and gains derived by a person from low cost housing projects shall be reduced by fifty percent. The reduction in tax liability under this clause shall apply to such project which is-

(a) owned and managed by a company formed for operating the said project and registered under the Companies Act, 2017 (XIX of 2017) and having its registered office in Pakistan; and
(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and
(c) a low cost housing project under which the maximum sale price of a single housing unit is two and a half million rupees 387[.]

387[Provided that exemption under this clause shall continue to remain available to such projects which commence on or before the 30th day of June, 2024.]

388[(9A) The amount of tax payable on income chargeable under the head, “Capital Gains” on disposal of immovable property shall be reduced by fifty percent on the first sale of immovable property acquired or allotted to ex-servicemen and serving personnel of Armed Forces or ex-employees or serving personnel of Federal and Provincial Governments, being original allottees of the immovable property, duly certified by the allotment authority 389[;]

389[Provided that for capital gains arising after completion of three years from the date of acquisition of immovable property the amount of tax payable shall be reduced by seventy-five percent.]

390[(9B) The tax payable on the income, profits and gains of projects of ‘low cost housing’ developed or approved by Naya Pakistan Housing and Development Authority’ (NAPHDA) or under the Ehsaas Programme shall be reduced by 90% 391[:]

391[Provided that exemption under this clause shall continue to remain available to such projects which commence on or before the 30th day of June, 2024.]

392[***]
393[***]
394[***]
395[***]
396[***]
397[***]
398[***]
399[***]

400[(17) The tax payable by cotton ginners on their income and profits shall not be more than sum of 1% of their turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake:

Provided that the tax so payable shall be final tax in respect of their cotton ginning and oil milling activities only.]

401[(18) The rate of withholding tax on value of offshore supply contract of an Independent Power Producer located wholly or partly in territories of AJ&K shall be 1% provided:

(i) PPIB has issued Letter of Support for the project;
(ii) its EPC Contract has been executed and submitted to NEPRA for EPC stage tariff determination prior to the enactment of Finance Act, 2018;
(iii) offshore supply contract arrangement of offshore supply contractor having permanent establishment in Pakistan falls under the purview of cohesive business operation as contemplated under Income Tax Ordinance, 2001; and
(iv) such 1% tax shall be full and final liability of the offshore contractor.

(19) The tax payable by woman enterprises on profit and gains derived from business chargeable to tax under the head “Income from Business” shall be reduced by 25%.

Explanation.- For the purpose of this clause a woman enterprise means a startup established on or after first day of July 2021 as sole proprietorship concern owned by a woman or an AOP all of whose members are women or a company whose 100% shareholding is held or owned by women:

Provided that benefit of this clause shall not be available to a business that is formed by the transfer or reconstitution or reconstruction or splitting up of an existing business.]

(20) The tax payable by a person other than a banking or insurance company in respect of profit on debt from investment in Federal Government securities shall be fifteen percent of the gross amount of the profit on debt:
Provided that tax so payable shall be final tax on the income representing profit on debt from investment in Federal Government securities.]

## PART IV
## EXEMPTION FROM SPECIFIC PROVISIONS

Income, or classes of income, or persons or classes of persons, enumerated below, shall be exempt from the operation of such provisions of this Ordinance, subject to such conditions and to the extent, as are specified hereunder:

402[***]

403[(1A) the provision of clause (d) of section 46 shall not apply to Sukuk issued by "The Second Pakistan International Sukuk Company Limited 404[and the Third Pakistan International Sukuk Company, Limited.]

405[***]

(3) The provisions of clause (b) of 406[component C of the formula contained in] sub-section (2) of section 61 shall not apply in case of donations made to Agha Khan Hospital and Medical College, Karachi:

407[***]
408[***]

409(4A) No provision of this Ordinance shall apply for recoup of tax credit already allowed to National Power Parks Management Company (Private) Limited for investment in plant and machinery notwithstanding non issuance of share certificates or any restructuring of its ownership pattern or debt to equity ratio prior to privatization as part of the privatization process.]

410[(5) The provisions of section 111 regarding un-explained income or assets shall not apply in respect of,-

(i) any amount of foreign exchange deposited in a private Foreign Currency account Currency Accounts Scheme introduced by the State Bank of Pakistan:

Provided that the exemption clause shall not be available in respect of any incremental deposits made on or after the 16th day of December, 1999 in such accounts held by a resident person or in respect of any amount deposited in accounts opened on or after the said date by such person.

(ii) any amount invested in the acquisition of Three Years Foreign Currency Bearer Certificates issued under the Foreign Currency Bearer Certificates Rules, 1997.

(iii) rupees withdrawn or assets created out of such withdrawal in rupees from private foreign currency accounts, or encashment of Foreign Exchange Bearer Certificates, US Dollar Bearer Certificates and Foreign Currency Bearer Certificates.]

411[***]
412[***]
413[***]
414[***]
415[***]

(9AA) Provisions of clause (a) of sub-section (1) of section 153, shall not apply to ship breakers as recipient of payment:

Provided that this clause shall only apply for ships imported after the 1st July 2014.]

417[***]
418[***]
419[***]

420[(11A) The provisions of section 113, regarding minimum tax, shall not apply to,-

(i) National Investment (Unit) Trust or a collective investment scheme authorised or registered under the Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 or a real estate investment trust approved and authorised under the Real Estate Investment Trust 421[Regulations, 2015] 422[or a pension fund registered under the Voluntary Pension System Rules, 2005] or any other company in respect of turnover representing transactions in shares, or securities listed on a registered stock exchange;

(ii) petroleum dealers, in so far as they relate to turnover on account of sale of petroleum and petroleum products, notwithstanding their status as a company, a registered firm or an individual, engaged in retail sale of petroleum and petroleum products through petrol pumps for the purposes of assessment of their income and determination of tax thereon:

Provided that this exemption shall not apply to the sale of petroleum and petroleum products through petrol pumps which are directly operated or managed by companies engaged in distribution of petroleum and petroleum products.

Explanation.-For the removal of doubt it is declared that the companies engaged in distribution of petroleum and petroleum products other than through petrol pumps shall not be entitled to the benefits of this exemption;

(iii) Hub Power Company Limited so far as they relate to its receipts on account of sale of electricity;

423[***]

(v) companies, qualifying for exemption under clause (132) 424[ 425[***]] of Part-I of this Schedule, in respect of receipts from sale of electricity;

(vi) Provincial Governments and Local Governments, qualifying for exemption under section 49 and other Government bodies which are otherwise exempt from income tax:

Provided that nothing shall be construed to authorize any refund of tax already paid or the collection of any outstanding demand created under the said section;

(vii) Pakistan Red Crescent Society;

(viii) special purpose, non-profit companies engaged in scrutinizing the receivables of Provincial Governments;

426[***]

(xi) a resident person engaged in the business of shopping who qualifies for application of reduced rate of tax on tonnage basis as final tax under clause (21) of Part II of the second Schedule;

(xii) a venture capital company, venture capital fund and Private Equity and Venture Capital Fund which is exempt under clause (101) of Part-I of this Schedule;

427[***]

(xiv) Corporate and Industrial Restructuring Corporation (CIRC);

428[***]

(xvi) a morabaha bank or a financial institution approved by the State Bank of Pakistan or the Securities and Exchange Commission of Pakistan (SECP), as the case may be, for the purpose of Islamic Banking and Finance in respect of turnover under a morabaha arrangement; 429[***]

(xvii) WAPDA First Sukuk Company Limited 430[; and

431[***]

(xix) LNG Terminal Operators and LNG Terminal Owners.

(xx) taxpayers located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA for tax year 2010, 2011 and 2012 excluding manufacturers and suppliers of cement, sugar, beverages and cigarettes.

(xxi) Rice Mills for the Tax Year 2015.

(xxii) taxpayers qualifying for exemption under clauses (126I) of Part-I of this Schedule in respect of income from manufacture of equipment with dedicated use for generation of renewable energy.

(xxiii taxpayers qualifying for exemption under clauses (126J) of Part-I of this Schedule in respect of income from operating warehousing or cold chain facilities for storage of agriculture produce.

(xxiv) taxpayers qualifying for exemption under clauses (126K) of Part-I of this Schedule in respect of income from operating halal meat production, during the period mentioned in clause (126K).

(xxv) taxpayers qualifying for exemption under clauses (126L) of Part-I of this Schedule in respect of income from a manufacturing unit set up in Khyber Pukhtunkhwa Province between 1st day of July, 2015 and 30th day of June, 2018 432[; and

(xxvi) China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty three years, with effect from the sixth day of February, 2007.

(xxvii) companies, qualifying for exemption under clause (126M) of Part-I of this Schedule, in respect of profits and gains derived from a transmission line project.]

433[(xxviii) Third Pakistan International Sukuk Company Limited.]

434[***]

435[(xxx) taxpayers qualifying for exemption under clause (126) of Part-I of this Schedule with effect from tax year 2014.]

436[(xxxi) National Disaster Risk Management Fund.

(xxxii) Deposit Protection Corporation established under sub-section (1) of section 3 of the Deposit Protection Corporation Act, 2016 (XXXVII of 2016).

(xxxiii) SARMAYA-E-PAKISTAN LIMITED.

(xxxiv) Green field industrial undertaking qualifying for exemption under clause (126O) of Part I of the Second Schedule.]

437[(xxxv) The Prime Minister's COVID-19 Pandemic Relief Fund-2020.

(xxxvi) the Federal Government Employees Housing Authority and Naya Pakistan Housing and Development Authority for the tax year 202C and the following four tax years;

(xxxvii) Hajj Group Operators in respect of turnover relating to Hajj operations for the tax year 2021;

(xxxviii) A resident company engaged in hotel business in Pakistan in respect of turnover for the period starting on the first day of April, 2020 and ending on the thirtieth day of September, 2020.]

438[(xxxix) Islamic Naya Pakistan Certificate Company Limited (INPCCL);

(xl) receipts from sale of electricity produced from a bagasse and biomass based co-generation power project qualifying for exemption under clause (132C) of Part-I of this Schedule;

(xli) National Power Parks Management Company (Private) Limited or demerged entities of National Power Parks Management Company (Private) Limited commencing from the commercial operation dates and continuing after the date of change of ownership as a result of privatization by the Privatization Commission of Pakistan.";

(xlii) Persons qualifying for exemption under clause (126E) of Part I of this Schedule for tax year 2021 and onwards

(xliii) Persons qualifying for exemption under clause (126EA) of Part I of this Schedule;

(xliv) Persons mentioned in Table I of clause (66) of Part I of Second Schedule.]

438a[(xlv) Mobile Phone manufacturers engaged in the local manufacturing of mobile phone devices.]

439[(11B) The provisions of section 150 shall not apply in respect of inter-corporate dividend within the group companies entitled to group taxation under section 59AA 440[***] 441[subject to the condition that the return of the group has been filed for the latest completed tax year].

(11C) The provisions of section 151 shall not apply in respect of inter-corporate profit on debt within the group companies entitled to group taxation under section 59AA 442[***] 443[subject to the condition that the return of the group has been filed for the latest completed tax year]]

444[(11D) The provisions of section 113C shall not apply to LNG Terminal Operators and LNG Terminal Owners.]

445[(11E) The provisions of clause (b) of sub-section (1) of section 153 shall not apply to payments received by Sui Southern Gas Company Limited and Pakistan LNG Terminal Limited from Sui- Northern Gas Pipelines Limited on account of re-gasification charges.]

450[(12) (a) The provisions of clause (I) of section 21 and clause (a) of sub-section (1) of section 153 shall not apply where agricultural produce is purchased directly from the grower of such produce, subject to provision of a certificate by the grower to the withholding agent in the following format, namely:-

**CERTIFICATE TO BE FILED BY THE GROWER OF AGRICULTURAL PRODUCE**

It is certified that I …….. holder of CNIC Number …… have sold following agricultural produce, namely.

i) Name of agricultural produce: (wheat, rice, cotton, sugarcane etc. ……..
ii) Quantity ……
III) Total price ……..
iv) land identification (if any) ……..

To Mr. / M/s …… On (date) …….. and being the grower producer of the said agricultural produce, and owner of agricultural land area measuring (optional) ……. Located in …… I am not liable to any withholding income tax.

Signature of Thumb impression……...
Name: ……...
CNIC: ……...
Address ……...

Date ……...

(b) the provisions of clause (a) of sub-section (1) of section 153 shall not-apply only in case of cash payments ‘made for meeting the incidental expenses of a business trip to the crew of oil tanker. This exemption shall not apply in case of any other payments made ray owners of o tankers; and

447[***]
448[***]

449[(12A) The provisions of section 150 shall not apply to dividend paid to Transmission Line Projects under Transmission Line Policy 2015.]

450[(12B) The provisions of section 148 shall not apply to the import of following goods for a period commencing from 20th day of March, 2020 and ending on 451[31st day of December, 2021].

**TABLE**

| (1) | (2) | (3) |
|---|---|---|
| 1 | Real-time PCR system (standard 96-well plate and 0.2ml tubes format, 5 channel) | |
| 2 | Biosafety Cabinet | |
| 3 | Auto Clave 50 Liter Capacity | |
| 4 | Multi channel pipette (0.5-10 pl) | |
| 5 | Single channel pipette<br>a) 2 pl b) 10 pl c) 200 pl d) 1000 pl | |
| 6 | Muti channel pipette 20-200 ml | |
| 7 | Vacuum fold | |
| 8 | Micro Centrifuge (Non-refrigerated, Rotor capacity: 12 x 1.5 / 2.0 ml vessels, 2 x PCR strip, Max. speed: 12,100 x g (13,400 rpm)) | |
| 9 | PCR Cabinet (HEPA filter system, UV and white light) | |
| 10 | Real-time PCR kit for the detection of Coronavirus (SARS-CoV-2) | |
| 11 | Viral RNA Extraction Kit and machine (Automatic Extractors) | |
| 12 | VTM (Viral Transport Medium) | |
| 13 | Dr Oligo Synthesizer | |
| 14 | Refrigerator/freezer (-20 °C) | |
| 15 | Vortex Machine | |
| 16 | Refrigerated Centrifuge Machine (Rotor capacity 1.5ml x 24, max. speed 14000 rpm) | |
| 17 | UPS (6 KVA) | |
| 18 | Tyvek Suits | |
| 19 | N-95 | |
| 20 | Biohazard Bags (18 Liters) | |
| 21 | PAPR (Powdered Air Purifying respirators) | |
| 22 | Multimode ventilator with air compressor | |
| 23 | Vital sign monitor with 2IBPand ETco2 two Temp. | |
| 24 | ICU motorized patient bed with side cabinet and over bed table | |
| 25 | Syringe infusion pump | |
| 26 | Infusion pump | |
| 27 | Electric suction machine | |
| 28 | Defibrillator | |
| 29 | X-Ray Mobile Machine | |
| 30 | Simple Nebulizer | |
| 31 | Ultrasound machine | |
| 32 | Noninvasive BIPAP | |
| 33 | ECG Machine | |
| 34 | Pulse Oximeters | |
| 35 | Ripple mattress | |
| 36 | Blood gas analyzer | |
| 37 | AMBU Bag | |
| 38 | Nitrile Gloves | |
| 39 | Latex Gloves | |
| 40 | Goggles | |
| 41 | Face Shields | |

| | | |
|---|---|---|
| 42 | Gum Boots | |
| 43 | Mackintosh bed sheets | |
| 44 | Surgical Masks | |
| 45 | Air Ways | |
| 46 | Diaflow | |
| 47 | Disposable Nebulizer Mask Kit | |
| 48 | ECG Electrodes | |
| 49 | ETT Tube (Endotracheal Tubes) All sizes | |
| 50 | Humidifier Disposable Flexible | |
| 51 | IV Cannula all sizes | |
| 52 | IV Chambers | |
| 53 | Oxygen Recovery Kit | |
| 54 | Padded Sheets | |
| 55 | Stomach Tube | |
| 56 | Stylet for Endotracheal Tube | |
| 57 | Suction Tube control valve | |
| 58 | Tracheostomy Tube 7, 7.5, 8 | |
| 59 | Ventilator Circuit | |
| 60 | Ventury Masks | |
| 61 | Disposable shoes cover (water proof) | |

451a[(12BA) The provisions of section 148 shall not apply on import of 30 million adult 3xPly Knit face masks received as humanitarian assistance from M/s HANES Brands Inc. North Carolina, USA for distribution within the population of Lahore Division, Government of the Punjab.]

452(12C) The provision of section 148 shall not apply to persons importing pulses for a period commencing from the 7th day of April, 2020 and ending on 30th September, 2020.

453[(12D) The provisions of section 148 shall not apply on the import of finished drug Remdesivir 100 mg injection and injectable solution 100 mg vial for the period starting from the 22nd day of June, 2020 and ending on the date as may be notified by the Board in the official Gazette on recommendation of the National Health Services, Regulation and Coordination Division.

(12E) The provisions of section 148 shall not apply to persons on import of medicines fortreatment of life threatening rare diseases not manufactured in Pakistan, subject to the following conditions, namely:-

(i) the import is approved by the Board, through notification in the official Gazette;
(ii) the specification and quantity of medicine is recommended by the National Health Sendees, Regulation and Coordination Division in a prescribed format on a case to case basis; and
(iii) such medicine is required for the personal use of the importing person or his immediate family member:

Provided that where circumstances exist to take immediate action in emergency situations. the Board may, on recommendation of a provincial Eiealth department or a tertiary care hospital of the Federal or Provincial Government, provisionally allow import of such quantity of medicine under this clause which does not exceed sixty days usage.]

454[(12F) The provision of section 148 shall not apply on import of 1.5 million tons of wheat having PCT Heading 1001.1900 and 1001.9900 in pursuance of Cabinet Decision in case No.399/23/2020 dated the 16th June, 2020;

(12G) The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 541/30/2020 dated the 4th August, 2020, not apply on import by the Trading Corporation of Pakistan of 300,000 metric tons of white sugar having PCT heading 1701.9910,1701.9920, specification B;

(12H) (a) The provisions of section 148 shall not apply on import of following goods for a period of three months starting from the 23rd of June, 2020, namely:-

| S.No. | Description | PCT Code |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Oxygen gas | 2804.4000 |
| 2. | Cylinders (for oxygen gas) | 7311.0090 |
| 3. | Cryogenic tanks (for oxygen gas) | 7311.0030 |

; and

(b) the concessions given in this clause shall also apply in respect of the letters of credit opened or goods declaration forms filed on or after the 23rd June, 2020;

(12I) The provisions of section 148 shall not apply on import of 83 X Micron sprayers for Anti-Locust Operation (Respective heading) by National Disaster Management Authority (NDMA).

(12J) The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 34/02/2021, dated the 12th January, 2021, not apply on import of three hundred thousand metric tons of wheat through tendering process by the Trading Corporation of Pakistan;

(12K) (a) The provisions of section 148 shall not apply on import of following goods by the manufacturers of oxygen for a period of three months starting from the 25th day of December, 2020, namely:-

| S.No. | Description | PCT Code |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Cryogenic Tanks (for oxygen Gas) | 7311.0030 |

(b) the concessions given in this clause shall also apply in respect of the letters of credit opened or goods declaration forms filed on or after the 25th day of December, 2020;

(12L) The provisions of section 148 and 153 shall not apply on import and subsequent supply of five hundred thousand metric tons of white sugar imported by the Trading Corporation of Pakistan;

(12M) The provisions of section 148 shall not apply on import of following goods for a period of one hundred and eighty days starting from the 14th day of May, 2021, namely:-

| S.No. | Description | PCT Code |
|---|---|---|
| (1) | (2) | (3) |
| 1. | - Oxygen | 2804.4000 |
| 2. | - - - Other (Oxygen Cylinders) | 7311.0090 |
| 3. | - - - For Cryogenic (Tanks/Vessels) | 7311.0030 |
| 4. | Oxygen Concentrators/Generators/Manufacturing Plants of all specifications and capacities. | Respective headings”; |

(12N) Border sustenance markets-

(a) The provisions of section 148 shall not apply on the import of goods which takes place within the jurisdiction of Border sustenance markets specified in Table-I below:-

**TABLE-I**

| | PCT Heading | |
|---|---|---|
| 1 | 7011000 | -SEED (Potatoes) |
| 2 | 7020000 | TOMATOES, FRESH OR CHILLED. |
| 3 | 7031000 | -ONIONS AND SHALLOTS |
| 4 | 7032000 | -GARLIC |
| 5 | 7049000 | -OTHERS which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 6. | 7061000 | -CARROTS AND TURNIPS |
| 7 | 7070000 | CUCUMBERS AND GHERKINS FRESH OR CHILLED. |
| 8 | 7081000 | -PEAS (PISUM SATIVUM) |
| 9 | 7082000 | -BEANS (VIGNA SPP., PHASEOLUS SPP.) |
| 10 | 7089000 | -OTHER LEGUMINOUS VEGETABLES |
| 11 | 7131000 | - Peas (Pisum sativum) |
| 12 | 7132010 | Grams (Dry/Whole) |
| 13 | 7132090 | --other- which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 14 | 7133100 | -- Beans of the species Vigna mungo (L.) Hepper or Vigna radiata (L.) Wilczek |
| 15 | 7133200 | -- small red (Adzuki) beans (Phaseolus or Vigna angularis) |
| 16 | 7133300 | Kidney beans including white beans |
| 17 | 7133400 | -- Bambara - vigna subteranea or vaahdzeia subterrea |
| 18 | 7133500 | - - Cow peas (Vigna unguiculata) |
| 19 | 7133990 | -- Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 20. | 7134010 | - Lentils (Dry Whole) |
| 21 | 7135000 | - Broad beans (Vicia faba var. major) and horse beans (Vicia faba var. equina, Vicia faba var. minor) |
| 22 | 7136000 | - Pigeon peas (cajanus cajan) |
| 23 | 7139090 | - Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 24. | 9051000 | Vanilla (Neither crushed nor ground) |
| 25 | 9061100 | Cinnamon |
| 26 | 9061900 | Other (Cinnamon And Cinnamon Tree Flowers) |
| 27 | 9071000 | - - Neither crushed nor ground (Cloves) |
| 28 | 9072000 | - - Crushed or ground (Cloves) |

| | | |
|---|---|---|
| 29 | 9081100 | - - Neither Crushed nor ground (Nutmeg) |
| 30 | 9081200 | - - Crushed or ground (Nutmeg) |
| 31 | 9082100 | - - Neither crushed nor ground (Maze) |
| 32 | 9082200 | - - Crushed or ground (Maze) |
| 33 | 9083110 | -- Large (Cardammoms) |
| 34 | 9083120 | -- Small (Cardammoms) |
| 35 | 9083200 | - - Crushed or ground (Cardammoms) |
| 36 | 9092100 | - - Neither crushed nor ground (Coriander) |
| 37 | 9092200 | - - Crushed or ground (Coriander) |
| 38 | 9093100 | - - Neither crushed nor ground (Seeds of Cumins) |
| 39 | 9093200 | - - Crushed or ground (Seeds of Cumins) |
| 40 | 9096100 | - - Neither crushed nor ground (Seeds of Anise, Badian, Caraway, Fennel etc) |
| 41 | 9096200 | - - Crushed or ground (Seeds of Anise, Badian, Caraway, Fennel etc) |
| 42 | 9109910 | - - - THYME; BAY LEAVES |
| 43. | 10031000 | Barley (Seeds) |
| 44 | 10039000 | Other (Barley) |
| 45 | 12060000 | Sunflower seeds ,whether or not broken |
| 46 | 12129200 | Locust beans |
| 47 | 12130000 | Cereal straws and husks |
| 48 | 15161000 | Animal Fats and Oil and their fractions |
| 49 | 15162010 | Vegetable Fats and their fractions |
| 50 | 15162020 | Vegetable Oils and their fractions |
| 51 | 82089010 | -- Knives and cutting blades for paper and paper board |
| 52 | 4011000 | -OF A FAT CONTENT, BY WEIGHT, NOT EXCEEDING 1% (Milk and Cream) |
| 53 | 4012000 | -OF A FAT CONTENT, BY WEIGHT, EXCEEDING 1% BUT NOT EXCEEDING 6% (Milk and Cream) |
| 54 | 4014000 | - Of a fat content, by weight, exceeding 6% but not exceeding 10% (Milk and Cream) |
| 55 | 4015000 | - Of a fat content, by weight, exceeding 10% (Milk and Cream) |
| 56 | 7039000 | -LEEKS AND OTHER ALLIACEOUS VEGETABLES |
| 57 | 7041000 | -CAULIFLOWERS AND HEADED BROCCOLI |
| 58 | 7042000 | -BRUSSELS SPROUTS |
| 59 | 7051100 | - - CABBAGE LETTUCE (HEAD LETTUCE) |
| 60 | 7051900 | - - OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 61 | 7052100 | - - WITLOOF CHICORY (CICHORIUM INTYBUS VAR.FOLIOSUM) |
| 62 | 7052900 | - - OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |

| | | |
|---|---|---|
| 63. | 7069000 | -OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 64 | 7096000 | Fruits of the genus Capsicum or of the genus Pimenta |
| 65 | 8042000 | Figs |
| 66 | 8061000 | -FRESH (Grapes) |
| 67 | 8062000 | --DRIED (Grapes) |
| 68 | 8071100 | - - WATERMELONS |
| 69 | 8071900 | - - OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 70 | 8081000 | -APPLES |
| 71 | 9021000 | Green Tea |
| 72 | 9022000 | Other Green Tea |
| 73 | 9101200 | - - Crushed or ground (Ginger) |
| 74 | 9103000 | -TURMERIC (CURCUMA) |
| 75 | 9109990 | -- OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 76 | 17021110 | Lactose (Sugar ) |
| 77 | 17021120 | -- Lactose syrup |
| 78 | 17021900 | - - OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 79 | 17029020 | - -- CARAMEL |
| 80 | 23040000 | OIL-CAKE AND OTHER SOLID RESIDUES, WHETHER OR NOT GROUND OR IN THE FORM OF PELLETS, RESULTING FROM THE EXTRACTION OF SOYA BEAN OIL. |
| 81 | 23099000 | Other (animal feed) |
| 82 | 52042010 | -- FOR Sewing (Thread) |
| 83 | 52042020 | For embroidery (Thread) |
| 84 | 82011000 | - Spades and shovels |
| 85 | 82055900 | Other (Tools for masons, watchmakers, miners and hand tools nes) |
| 86 | 82083000 | - For kitchen appliances or for machines used by the food industry |
| 87 | 82089090 | -- OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 88 | 4031000 | -YOGURT |
| 89 | 7019000 | Other (Potatoes) |
| 90 | 7104000 | - Sweet corn |
| 91 | 7109000 | - Mixtures of vegetables |
| 92 | 8041010 | Fresh (Dates) |
| 93 | 8041020 | Dried (Dates) |
| 94 | 8091000 | -APRICOTS |
| 95 | 8092100 | - - Sour cherries (Prunus cerasus) |

| | | |
|---|---|---|
| 96 | 8092900 | - - Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 97 | 8093000 | -PEACHES, INCLUDING NECTARINES |
| 98 | 8094000 | -PLUMS AND SLOES |
| 99 | 8101000 | Strawberries |
| 100 | 8105000 | Kiwi Fruit |
| 101 | 9101100 | - - Neither crushed nor ground (Ginger) |
| 102 | 10011900 | Other (Durum wheat (excl. seed for sowing)) |
| 103 | 10019900 | Other (Wheat and meslin (excl. seed for sowing, and durum wheat)) |
| 104 | 11010010 | Of Wheat (Flour) |
| 105 | 11010020 | Of Meslin (Flour) |
| 106 | 19021920 | - - - VERMACELLI |
| 107 | 19059000 | Other (Packed Cake) |
| 108 | 20071000 | Homogenised perparations |
| 109 | 20079100 | Citrus Fruit |
| 110 | 20079900 | Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 111 | 34013000 | -ORGANIC SURFACE-ACTIVE PRODUCTS AND PREPARATIONS FOR WASHING THE SKIN, IN THE FORM OF LIQUID OR CREAM AND PUT UP FOR RETAIL SALE, WHETHER OR NOT CONTAINING SOAP |
| 112 | 34022000 | - Preparations put up for retail sale |
| 113 | 34029000 | -- Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 114 | 69111090 | Others (Tableware and kitchenware of porcelain or china) |
| 115 | 69119000 | Other (Household articles nes & toilet articles of porcelain or china) |
| 116 | 70134900 | Other (Glassware for table or kitchen purposes (excl. glass having a linear c) |
| 117 | 70139900 | Other (Glassware nes (other than that of 70.10 or 70.18)) |
| 118 | 82159910 | -- Spoons |
| 119 | 82159990 | Other (Tableware articles not in sets and not plated with precious meta) |
| 120 | 87120000 | Bicycles and other cycles (including delivery tricycles), not motorised. |
| 121 | 96170010 | -- Vacuum flasks |
| 122 | 96170020 | -- OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |

(b) The provisions of section 154 shall not apply to the export of goods which takes place within the jurisdiction of Border sustenance markets specified in Table - II below:-

**TABLE-II**

| Sr.# | PCT Heading | Description |
|---|---|---|
| 1 | 02012000 | Other cuts with bone in (Meat of bovine animals, fresh or chilled) |
| 2 | 02012000 | Boneless (Meat of bovine animals, fresh or chilled) |
| 3 | 02013000 | Other cuts with bone in (Meat of bovine animals, frozen) |
| 4 | 02022000 | Boneless (Meat of bovine animals, frozen) |
| 5 | 02023000 | Fish |
| 6 | 03021100 | Honey |
| 7 | 04090000 | Plants |
| 8 | 06022000 | -SEED (Potatoes) |
| 9 | 07011000 | Other (Potatoes) |
| 10 | 07019000 | TOMATOES, FRESH OR CHILLED. |
| 11 | 07020000 | -ONIONS AND SHALLOTS |
| 12 | 07031000 | Garlic |
| 13 | 07032000 | -CARROTS AND TURNIPS |
| 14 | 07061000 | -OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 15 | 07069000 | Cucumbers |
| 16 | 07070000 | Egg Plant |
| 17 | 07093000 | Fruits of the genus Capsicum or of the genus Pimenta (pepper) |
| 18 | 07096000 | Others (Lady Finger) |
| 19 | 07099900 | Fresh Potato |
| 20 | 07101000 | Pea |
| 21 | 07102100 | Spinach |
| 22 | 07103000 | - Plantains (Bananas) |
| 23 | 08031000 | - Other (Bananas) |
| 24 | 08039000 | Fresh (Dates) |
| 25 | 08041010 | Dried (Dates) |
| 26 | 08041020 | -- Mangoes |

| | | |
|---|---|---|
| 27 | 08045020 | -- Mandarins (including tangerines and satsumas) |
| 28 | 08052100 | -- Kino (fresh) |
| 29 | 08052910 | Grapes (Fresh) |
| 30 | 08061000 | -- WATERMELONS |
| 31 | 08071100 | Melons |
| 32 | 08071900 | Apricots |
| 33 | 08091000 | Cherries |
| 34 | 08092900 | Peaches |
| 35 | 08093000 | Strawberries |
| 36 | 08101000 | Pomegranates |
| 37 | 08109010 | Fresh fruits nes (Other) |
| 38 | 08109090 | Apple |
| 39 | 08133000 | Green Tea |
| 40 | 09021000 | Other green tea |
| 41 | 09022000 | Mate. |
| 42 | 09030000 | Red Chillies (Whole) |
| 43 | 09042110 | -- Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 44 | 09042190 | Red Chillies (Powder) |
| 45 | 09042210 | -- Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 46 | 09042290 | - - Neither crushed nor ground (Vanilla) |
| 47 | 09051000 | - - Crushed or ground (Vanilla) |
| 48 | 09052000 | - - - SEED FOR SOWING (Rice) |
| 49 | 10061010 | -- OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 50 | 10061090 | -HUSKED (BROWN) RICE |
| 51 | 10062000 | - - - BASMATI (Rice) |
| 52 | 10063010 | -- OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and |

| | | |
|---|---|---|
| | | Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 53 | 10063090 | -BROKEN RICE |
| 54 | 10064000 | Flour (of Wheat) |
| 55 | 11010010 | - Sesamum seeds |
| 56 | 12074000 | Other (hemp Seeds) |
| 57 | 12079900 | Ajwain |
| 58 | 12119000 | Vegetable Oils and their fractions |
| 59 | 15162020 | - - - VERMACELLI |
| 60 | 19021920 | Papad |
| 61 | 19041090 | - Homogenised preparations |
| 62 | 20071000 | --Nimko |
| 63 | 20081900 | -- OTHER (Custard Powder) |
| 64 | 21069090 | Other (Animal feed) |
| 65 | 23099000 | Table Salt |
| 66 | 25010010 | -- Rock Salt |
| 67 | 25010020 | -- Sea Salt |
| 68 | 25010030 | -- Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 69 | 25010090 | Candles |
| 70 | 34060000 | Safety Match |
| 71 | 36050000 | -OTHER (Plastic Articles) |
| 72 | 39264090 | Woven fabrics of jute or of other textile bast fibres, unbleached |
| 73 | 53101000 | -- Jute (hessian cloth) |
| 74 | 53109010 | - - Binder or baler twine |
| 75 | 56074100 | - - Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 76 | 56074900 | - Of other synthetic fibres |

| | | |
|---|---|---|
| 77 | 56075000 | -- Unbleached (Terry toweling in similar woven terry fabrics, of cotton) |
| 78 | 58021100 | -- Other (Terry toweling In similar woven Terry fabrics, OF cotton) |
| 79 | 58021900 | - Terry towelling and similar woven terry fabrics, of other textile materials |
| 80 | 58022000 | - Tufted textile fabrics |
| 81 | 58023000 | - Hand made lace |
| 82 | 58043000 | Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries (for example, petit point, cross stitch), whether or not made up. |
| 83 | 58050000 | - Fabrics consisting of warp without weft assembled by means of an adhesive (bolducs) |
| 84 | 58064000 | - Textile fabrics coated with gum or amylaceous substances, of a kind used for the outer covers of books or the like |
| 85 | 59011000 | Mix Goods/Garments (Babies garments&clothg accessories) |
| 86 | 61119000 | --OTHER (Men or Boys Suits etc) |
| 87 | 62031990 | - - Of cotton |
| 88 | 62042200 | - - Of other textile materials |
| 89 | 62042900 | - - Of other textile materials |
| 90 | 62043900 | -- Shisha embroidered dresses |
| 91 | 62044210 | -OTHER which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |
| 92 | 62129000 | -OTHER (Bed linen, Toilet linen etc) |
| 93 | 63021090 | Jute Bags (of jute or of other textile bast fibres of heading 53.03) |
| 94 | 63051000 | Sacks and bags, for packing of goods, of cotton |
| 95 | 63052000 | Worn clothing and other worn articles |
| 96 | 63090000 | Other (Tableware and kitchenware of porcelain or china) |
| 97 | 69111090 | Others (Household articles nes & toilet articles of porcelain or china) |
| 98 | 69119000 | Drinking glasses (excl. glasses of glass ceramics or of lead crystal a |

| | | |
|---|---|---|
| 99 | 70133700 | Nuts, iron or steel, nes (Others) |
| 100 | 73181690 | Tools for masons, watchmakers, miners and hand tools nes (Other) |
| 101 | 82055900 | Hand tools (Other, including sets of articles of two or more subheadings of this heading) |
| 102 | 82059000 | - - Table knives having fixed blades |
| 103 | 82119100 | - - Other knives having fixed blades |
| 104 | 82119200 | Tableware articles not in sets and not plated with precious metal |
| 105 | 82159990 | Needle |
| 106 | 84485100 | -- Vacuum flasks |
| 107 | 96170020 | -- Other which qualifies for exemption or concession or reduced rate under the provisions of Customs Act, 1969 and Sales Tax Act, 1990 or Federal Excise Act, 2005 for Border Sustenance Markets |

The exemption under this clause shall be available on the import of goods subject to following conditions, namely:-

(i) Such goods shall be supplied only within the limits of Border Sustenance Markets established in cooperation with Iran and Afghanistan;

(ii) If the goods, on which exemption under this table has been availed, are brought outside the limits of such markets, income tax shall be charged on the import value as per provisions of section 148 of this Ordinance;

(iii) Such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of income tax involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction;

(iv) The said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets; and

(v) Breach of any of the conditions specified herein shall attract relevant legal provisions of the Ordinance, besides recovery of the amount of income tax along with default surcharge and penalties involved.]

454a[(12O) The provisions of section 148 shall not apply on import of drones donated by Ministry of Agriculture and Rural Affairs (MARA), Government of China to Pakistan through Sea Route].

455[***]
456[***]
457[***]
458 [***]

(16) The provisions of sections 459[113,] 148, 151, 153, 155 460[and 156] shall not apply to the institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network:

Provided that such institutions shall continue to collect and deduct tax under section 461[149, 151, 152, 153, 155, 156 or 233] from others persons, wherever required there under 462[:]

463[***]
464[***]
465[***]
466[***]

(19) The provisions of 467[sections 113 and] 151 shall not apply to non residents, (excluding local branches or subsidiaries or offices of foreign banks, companies, associations of persons or any other person operating in Pakistan), in respect of their receipts from Pak rupees denominated Government and corporate securities and redeemable capital, as defined in the 468[Companies Act, 2017 (XIX of 2017)], listed on a registered stock exchange, where the investments are made exclusively from foreign exchange remitted into Pakistan through a Special Convertible Rupee Account maintained with a bank in Pakistan.

469[***]
470[***]
471[***]
472[***]
473[***]
474[***]
475[***]
476[***]
477[***]
478[***]
479[***]
480[***]
481[***]
482[***]
483[***]
484[***]
485[***]
486[***]
487[***]
488[***]

489[(36A) The provisions of clause (a) of sub-section (1) of section 151 shall not apply in respect of any amount paid as yield or profit on investment in Bahbood Savings Certificate or Pensioner's Benefit Account 490[and Shuhada Family Welfare Account].]

491[(36B) The provisions of section 151 shall not apply to profit on debt paid on promissory notes and sales tax refund bonds issued under the provisions of the Sales Tax Act, 1990.

(36C) The provisions of section 151 shall not apply to profit on debt paid on Pakistan Banao Certificate.]

(36D) The provisions of sections 150 and 151 shall not apply to SARMAYA-E-PAKISTAN LIMITED]

(36E) The provisions of section 151 shall not apply on profit on debt paid on bonds issued under the Federal Government Duty Drawback Bonds Rules, 2019.]

492[***]

(38) The provisions of section 151, 493[153 494[, 233 and 236Q.]] shall not apply to special purpose vehicle for the purpose of securitization 494[or issue of skuks.]

495[(38A) The provisions of sections 150, 151 and 233 shall not apply to a Venture Capital Company;]

496[(38AA) The provisions of section 150 shall not apply to China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty-three years.]

497[***]

498[(38C) The provisions of section 499[150,] 151, 152, 153 and 233 shall not apply to the Islamic Development Bank.]

500[(38D) The provisions of section 151 and 153 shall not apply to the National Disaster Risk Management Fund.]

501[***]
502[***]
503[***]
504[***]
505[***]
506[***]

(42) The provisions of 507[sub-section 508[(3)]of section 153] shall not apply in respect of payments received by a resident person for providing services by way of operation of container or chemical or oil terminal at a sea-port in Pakistan or of an infrastructure project covered by the Government's Investment Policy, 1997.

509[***]
510[***]

511[(43A) The provisions of sub-section (1) of section 153 shall not apply to payments received by a person 512[***] on account of supply of petroleum product imported by the same person under the Government of Pakistan's deregulation policy of POL products;]

513[(43B) The provisions of clause (a) sub-section (1) of section 153 shall not apply to payments received on sale of air tickets by travelling agents, who have paid withholding tax on their commission income.]

514[(43C) The provision of clause (a) of sub-section (1) of section 153 shall not be applicable to any payment received by a petroleum agent or distributor who is registered under Sales Tax Act, 1990 on account of supply of petroleum products.]

515[***]
516[***]
517[***]

518[(43D) The provisions of 519[clause (a) and (b)] of sub-section (1) of section 153 shall not apply in case of oil tanker contractor with effect from 1st July 2005, provided that such contractor pays tax @ 2.5, on the payments for rendering or providing of carriage services 520[***].

521[(43E) The provisions of 519[clause (a) and (b)] of sub section (1) of section 153 shall not apply in case of goods transport contractors, provided that such contractors gay tax at the rate of 522[3.5]% on payments for rendering or providing of carriage services.]

523[(43F) The provisions of section 153 shall not apply in the case of a start-up, being recipient of payment, as defined in clause (62A) of section 2.]

524[(43G) The provisions of section 153 shall not apply to commodity futures contracts listed on a Futures Exchange licensed under the Futures Market Act, 2016 (XIV of 2016).]

525[***]

(45) The provisions of 526[sub-section 527[(1)] of section 153] shall not apply to any manufacturer-cum-exporter as 528[the prescribed person]:

Provided that-

(a) the manufacturer-cum-exporter shall deduct tax from payments made in respect of goods sold in Pakistan;

(b) if tax has not been deducted from payments on account of supply of goods in respect of goods sold in Pakistan, the tax shall be paid by the manufacture-cum- exporter, if the sales in Pakistan are in excess of five per cent of export sales 529[.]

529[***]

530[(45A) 531[***] The rate of deduction of withholding tax under clauses (a) and (b) of sub-section (1) of section 153 shall be one percent on local sales, supplies and services provided or rendered to the 532[tax payers falling in the] following categories 533[***], namely:-

(i) textile and articles thereof;
(ii) carpets;
(iii) leather and articles thereof including artificial leather footwear;
(iv) surgical goods; and
(v) sports goods;

534[Explanation.-For removal of doubt, it is clarified that the relief of reduced rate for withholding tax under clause (a) and (b) of sub-section (1) of section 153 is available only to the local sales, supplies and services made by the taxpayers of categories specified at serial no (i) to (v) of this clause:]

535[Provided that the rate of deduction of withholding tax under clauses (a) and (b) of sub-section (1) of section 153 shall be 0.5% on local sales, supplies and services made by traders of yarn to the above mentioned categories of taxpayers.]

536[***]

537[***]

538[(45B) The provisions of section 153 shall not apply on the purchase of used motor vehicles from general public.]

539[(46) The provisions of sub-section (1) of section 153 shall not apply to any payment received by an oil distribution company or an oil refinery 540[ 541[and provisions of sub-section (2A) of section 152 shall not apply to] Permanent Establishment of Non-resident Petroleum Exploration and Production (E&P) Companies] for supply of its petroleum products.]

542[(46A) the provisions of sub-section 543[(3)] of section 153 shall not apply to any payment received by a manufacturer of iron and steel products relating to sale of goods manufactured by him.]

544(46AA) The provisions of section 153 shall not apply to the following persons as recipients of payment, namely:-

(i) a Provincial Government;

(ii) a local authority;

(iii) persons who are residents of Azad Kashmir and execute contracts in Azad Kashmir only and produce a certificate to this effect from the concerned income tax authority;

545[(iv) subject to fulfillment of procedure laid down in clause (12) of Part IV of Second Schedule, persons receiving payments exclusively for the supply of agriculture produce including following-

(I) fresh milk;

(II) fish by any person engaged in fish farming;

(III) live chicken, birds and eggs by any person engaged in poultry farming;

(IV) live animals by any person engaged in cattle farming;

(V) unpackaged meat; and

(VI) raw hides:

Provided that this clause shall not apply to the payments for agriculture produce which has been subjected to any process other than that which is ordinarily performed to render such produce to be fit to be taken to the market;]

546[(v) companies receiving payments for the supply of electricity and gas including companies receiving payments for the transmission of electricity and gas.]

(vi) companies receiving payments for the supply of crude oil;

(vii) hotels and restaurants receiving payments in cash for providing accommodation or food or both, as the case may be;

(viii) shipping companies and air carriers receiving payments for the supply of passenger tickets and for the cargo charges of goods transported;

(ix) individuals who are not registered under section 181 of the Ordinance, receiving payments for the supply of sand, bricks, grit, gravel, crushed stone, soft mud or clay; and

(x) artisans, plumbers, electricians, surface finishers, carpenters, painters or daily wagers, receiving payments in respect of services provided or rendered to the construction sector including construction of buildings, roads, bridges and other such structures or the development of land, subject to the following conditions, namely:-

(a) services under this clause are provided or rendered by an individual who is not registered under section 181;

(b) the name, Computerized National Identity Card Number and address of such individual is recorded by the recipient of such service; and

(c) payment for such services is made directly to such individual.]

547[***]
548[***]
549[***]

550[(47A) The provisions of section 153 shall not apply in respect of payments received by a resident person for supply of such goods as were imported by the same person and on which tax has been paid under section 148.]

551[(47B) The provisions of sections 150, 151 552[,] 233 553[and Part I, Division VII of the First Schedule] shall not apply to any person making payment to National Investment Unit Trust or a collective investment scheme 554[***] or Approved Pension Fund or an Approved Income Payment Plan or a REIT Scheme 553a[including

Special Purpose Vehicle] 554[***] or a recognized provident fund or an approved superannuation fund or an approved gratuity fund.]

554a[Explanation.- For the purpose of this clause, Special Purpose Vehicle shall have the same meaning as defined under the Real Estate Investment Trust Regulations, 2015.]

555[(47C) The provisions of sub-section (1) of section 154 shall not apply to an exporter in respect of cooking oil or vegetable ghee exported to Afghanistan, from whom advance tax has been collected under section 148 on import of edible oil.]

556[(47D) The provisions of clause (a) of sub-section (3) of section 153 shall not apply to cotton ginners]

557[***]
558[***]
559[***]
560[***]
561[***]
562[***]
563[***]
564[***]

565[(56) The provisions of section 148, regarding withholding tax on imports shall not apply in respect of-

(i) goods classified under Pakistan Customs Tariff falling under 566[Chapter 86 and 99 except PCT Heading 9918];

567[(ia) Petroleum oils and oils obtained from bituminous minerals crude (PCT Code 2709.0000), Furnace-oil (PCT Code 2710.1941), High speed diesel oil (PCT) Code 2710.1931), Motor spirit (PCT Code 2710.1210), J.P.1 (PCT Code 2710.1912), base oil for lubricating oil (PCT Code 2710.1993), Light diesel oil (PCT Code 2710.1921) and Super Kerosene Oil imported by Pakistan State Oil Company Limited, Shell Pakistan Limited, Attock Petroleum Limited, Byco Petroleum Pakistan Limited, Admore Gas Private Limited, Chevron Pakistan Limited, Total- PARCO Pakistan(Private) Limited, Hascol Petroleum Limited, 568[Bakri Energy (Private) Limited], Gas and Oil Pakistan (Pvt) Ltd 569[or any other oil marketing company licensed by Oil and Gas Regulatory Authority (OGRA)] and oil refineries.]

(ii) goods imported by direct and indirect exporters covered under sub-chapter 7 of Chapter XII of S.R.O. 450(I)/2001 dated June 18, 2001;

(iii) goods temporarily imported into Pakistan for subsequent exportation and which are exempt from customs duty and sales tax under Notification 570[No.492(I)/2009, dated the 13th June, 2009]; 571[***]

572[(iiia) Goods temporarily imported into Pakistan by international athletes which would be subsequently taken back by them within one hundred and twenty days of temporary import;]

(iv) Manufacturing Bond as prescribed under Chapter XV of Customs Rules, 2001 notified vide S.R.O. 450(I)/2001, dated June 18, 2001 572[; and]]

573[(v) mineral oil imported by a manufacturer or formulator of pesticides which is exempt from customs-duties under the customs Notification No S.R.O. 857(I)/2008, dated the 16th August, 2008.]

574[(vi) the Federal Government;

(vii) a Provincial Government;

(viii) a Local Government;

(ix) a foreign company and its associations whose majority share capital is held by a foreign government:

(x) a person who imports plant and machinery for execution of a contract with the Federal Government or a provincial government or a local government and produces a certificate from that government;

(xi) companies importing high speed diesel oil, light diesel oil, high octane blending component or kerosene oil, crude oil for refining and chemical used in refining thereof in respect of such imports; and

(xii) Petroleum (E&P) companies covered under the Customs and Sales Tax Notification No. S.R.O. 678(I)/2004, dated the 7th August, 2004, except motor vehicles imported by such companies.]

575[(xiii) Goods produced or manufactured and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969) are complied with;

(xiv) plant and machinery imported for setting up of a bagasse/biomass based cogeneration power project qualifying for exemption under clause (132C) of Part-I of this Schedule.;

(xv) persons authorized under Export Facilitation Scheme 2021 notified by the Board with such scope, conditions, limitation, restrictions and specification of goods.;

(xvi) motor vehicles upto 1000cc in CBU condition;

(xvii) Printed books excluding brochures, leaflets and similar printed matter, whether or not in single sheets.(PCT code 49.01);

(xviii) Newspapers, journals and periodicals, whether or not illustrated or containing advertising material (PCT code 49.02); and

(xix) blind talking mobile phones imported by blind persons as per rules issued by the Board (respective PCT headings).]

576[***]
577[***]
578[***]
579[***]
580[***]

(56F) The provisions of sub-section (2) of section 156A and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of the commission or discount received.

581[***]
582[***]

583[(57)The provisions of 584[section] 585[***] 586[***] 153 shall not apply to companies operating Trading Houses which-

(i) have paid up capital of exceeding Rs.250 million;
(ii) own fixed assets exceeding Rs.300 million at the close of the Tax Year;
(iii) maintain computerized records of imports and sales of goods;
(iv) maintain a system for issuance of 100% cash receipts on sales;
(v) present accounts for tax audit every year; and
(vi) is registered 587[under the Sales Tax Act, 1990]:

Provided that the exemption under this clause shall not be available if any of the aforementioned conditions are not fulfilled for a tax year 588[ 589[:] ]]

590[***]
591[***]

592[Provided further that minimum tax under section 113 shall be 0.5% upto the tax year 593[2021] and one per cent thereafter.]

594[Explanation.-

595[(i)] For the removal of doubt, exemption under this clause, in respect of section 153, shall only be available as a recipient and not as withholding agent.]

596[(ii) It is further clarified that in-house preparation and processing of food and allied items for sale to customers shall not disqualify a company from being treated as a Trading House, provided that all the conditions in this clause are fulfilled and sale of such items does not exceed two per cent of the total sales.]

597[***]

598[***]

599[(59) The provisions of section 151, regarding withholding tax on profit on debt, shall not apply-

600[***]

(ii) to any payment made by way profit or interest to any person on Term Finance Certificates being the instruments of redeemable capital under the 601[Companies Act, 2017 (XIX of 2017)], issued by Prime Minister's Housing Development Company (Pvt) Limited (PHDCL);

602[***]

(iv) in the case of any resident individual, no tax shall be deducted from income or profits paid on,-

603[***]

(b) Investment in monthly income Savings Accounts Scheme of Directorate of National Savings, where monthly installment in an account does not exceed one thousand rupees]

604[(60) The provisions of sections 148 and 153 shall not apply to fully as well partly designed/assembled cypher devices, for use within the country as are verified by 605[Cabinet Division (NTISB)] with reference to design, quality and quantity.]

606[(60A) The provisions of section 148 shall not apply for import of plant, machinery and equipment including dumpers and special purposes motor vehicles imported by the following for construction of Sukkur-Multan section of Karachi-Peshawar Motorway project and Karakorum Highway (KKH) Phase-II (Thakot to Havellian Section) of CPEC project respectively, namely:-

(a) M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and

(b) M/s China Communication Construction Company (M/s CCCC).

(60AA) The provisions of section 148 of the Income Tax Ordinance, 2001(XLIX of 2001), shall not apply for import of construction materials or goods up to a maximum of 10,898.000 million rupees imported by China State Construction Engineering Corporation (M/s CSCEC) for construction of Sukkur-Multan section of Karachi-Peshawar Motorway project of National Highway Authority under CPEC.]

607[(60B) The provisions of section 148 shall not apply on import of thirty-five armoured and security vehicles imported by or for Ministry of Foreign Affairs, Government of Pakistan meant for security of visiting foreign dignitaries, subject to the following conditions, namely:-

(i) that the vehicles imported under this clause shall only be used for the security purpose of foreign dignitaries and will be parked in Central Pool of Cars (CPC) in the Cabinet Division for further use as and when needed; and

(ii) that the importing Ministry at the time of import shall furnish an undertaking to the concerned Collector of Customs to the extent of customs-dues exempted under this clause on consignment to consignment basis binding themselves that the vehicles imported under this clause shall not be re-exported, sold or otherwise disposed of without prior approval of the Board and in the manner prescribed therefor.]

608[(60C) The provision of section 148 shall not apply on import of equipment to be furnished or installed for Rail Based Mass Transit Projects in Lahore, Karachi, Peshawar and Quetta under CPEC]

609[(60D) The provisions of section 148 shall not apply on import of fire fighting equipments by industrial undertakings set up in the special economic zones established by the Federal Government.]

610[(60DA) The provisions of section 148 shall not apply to the import of the capital equipment as defined in section 2 of the Special Technology Zones Ordinance 2020 (XIII of 2020) by-

(a) zone developers as defined in section 2 of the Special Technology Zones Ordinance 2020 for consumption in the special technology zones for the period of 10 years commencing from the date of signing the development agreement;

(b) zone enterprises as defined in section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and

(c) Special Technology Zones Authority established under the Special Technology Zones Ordinance 2020.]

610[(60E) The provisions of section 148 shall not apply on mobile phones brought in personal baggage under the Baggage Rules, 2006.]

611[***]

612[***]

613[(62) The following provisions of Section 97 shall not apply in case of transfer of assets on amalgamation of companies or their businesses or acquisition of shares, requiring that transferor:

(a) be resident company; and

(b) belong to a wholly-owned group of resident companies. Provided that:

(i) the transferee resident company shall own or acquire at least 75% of the share capital of the transferor company or the business in Pakistan of the transferor company;

(ii) the amalgamated company is a company incorporated in Pakistan;

(iii) the assets of the amalgamating company or companies immediately before the amalgamation become the assets of the amalgamated company by virtue of the amalgamation, otherwise than by purchase of such assets by the amalgamated company or as a result of distribution of such assets to the amalgamated company after the winding up of the amalgamating company or companies;

(iv) the liabilities of the amalgamating company or companies immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation; and

(v) the scheme of amalgamation is sanctioned by the State Bank of Pakistan, any court or authority as may be required under the law.]

614[***]

615[***]

616[(65) Any income derived by a project, approved by Designated National Authority (DNA), from the transfer or sale of Clean Development Mechanism Credits i.e. Certified Emission Reductions, verified Emission Reductions.]

617[(66) The provisions of section 235 shall not be applicable to the taxpayers 618[***] registered with sales tax as exporter or manufacturer of -

(a) carpets;
(b) leather and articles thereof including artificial leather footwear;
(c) surgical goods;
(d) sports goods; and
(e) textile and articles thereof.]

619[(67) The provisions of sections 150, 151, 152, 153 and 233 shall not apply in respect of payments made to the International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVII of 1956).]

620[(67A) The provisions of section 100B and Eighth Schedule shall not apply to transactions carried on upto 30th day of June, 2015, on any Stock Exchange of Pakistan, by International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVIII of 1956).]

621[(68) The provisions of sections 151, 153 and 155 shall not apply in respect of payments made to the Pakistan Domestic Sukuk Company Ltd.]

622[(69) The provisions of sections 150, 151, 152, 153 and 233 shall not apply in respect of payments made to the Asian Development Bank established under the Asian Development Bank Ordinance, 1971 (IX of 1971).]

623[(70) The provisions of section 148, regarding withholding tax on imports, shall not apply in respect of goods or classes of goods for the execution of contract, imported by contractors and sub-contractors engaged in the execution of power project under the agreement between the Islamic Republic of Pakistan and HUB Power Company Limited.]

624[(71) The provisions of this Ordinance shall not be applicable to the M/s TAISEI Corporation under the agreement between National Highway Authority, GOP, which falls under the zero rated regime of sales tax and registered with sales tax in respect of supply of products, services and equipment.]

625[(72) The provisions of sections 150, 151, 152, 153 and 233 shall not apply in respect of payments made to The ECO Trade and Development Bank.]

626[***]

627[(72AA) The provisions of section 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations.]

628[***]

629[(73) To mitigate part of the cost of obtaining foreign support to fill productivity gap, income tax payable by a foreign experts shall be exempted provided that such expert is acquired with the prior approval of the Ministry of Textile Industry.

(74) The provisions of sub-section (8) of section 22 shall not apply to Civil Aviation Authority (CAA) in respect of the asset transferred for the purpose of the ijara agreement between Pakistan Domestic Sukuk Company Limited and the Federal Government.

(75) The provisions of sub-section (8) of section 22 shall not apply to Civil Aviation Authority (CAA) in respect of the asset transferred for the purpose of the ijara agreement between Pakistan Domestic Sukuk Company Limited and the Federal Government.

Provided that depreciation shall be allowed at the written down value of the assets immediately before their transfer for the purpose of above mentioned Ijara agreement.]

630[***]

631[(77) Provisions of sections 148 and 153 shall not be applicable on import and subsequent supply of items with dedicated use of renewable sources of energy like solar and wind etc., even if locally manufactured, which include induction lamps, SMD, LEDs with or without ballast with fittings and fixtures, wind turbines including alternator and mast, solar torches, 632[tubular daylighting devices such as solatube,] lanterns and related instruments, PV modules 633[with or without ]the related components including invertors, charge controllers and batteries.]

634[(78) 635[Coal Mining and Coal based Power Generation Projects in Sindh],-

(i) the dividend income of the shareholders of such a project shall be exempt provisions of section 150 from the date of commencement of business till 30 years from such date; and
(ii) the payments made on account of sale or supply of goods or providing or rendering of services during project construction and operations, shall be exempt from the provisions of section 636[152(2A) and section] 153.]

637[***]

638[(79A) The provisions of clause (b) of sub-section (1) of section 153 shall not apply to payments received by National Telecommunication Corporation against provision of telecommunication services including ancillary services specified in sub-section (3) of section 41 of the Pakistan Telecommunication (Re-organization) Act. 1996 (XVII of 1996).]

639[***]
640[***]
641[***]
642[***]
643[***]
644[***]
645[***]

646(86) (a) The provisions of section 111 shall not apply to-

(i) investment made by an individual in a greenfield industrial undertaking directly or as an original allottee in the purchase of shares of a company establishing an industrial undertaking or capital contribution in an association of persons establishing an industrial undertaking;
(ii) investment made by an association of persons in an industrial undertaking; and
(iii) investment made by a company in an industrial undertaking-

if the said investment is made on or after the 1st day of January, 2014 and commercial production commences on or before the 30th day of June, 2019;

(b) The concessions given in this clause shall also apply to investment made in-

(i) construction industry in corporate sector;
(ii) low cost housing construction in the corporate sector;
(iii) livestock development projects in the corporate sector;
(iv) new captive power plants; and
(v) mining and quarrying in Thar coal, Balochistan and Khyber Pakhtunkhawa;

(c) The concessions given in sub-clause (a) shall not apply to investment made in-

(i) arms and ammunitions;
(ii) explosives;
(iii) fertilizers;
(iv) sugar;
(v) cigarettes;
(vi) aerated beverages;
(vii) cement;
(viii) textile spinning units;
(ix) flour mills;
(x) vegetable ghee; and
(xi) cooking oil manufacturing;

(d) The term green field industrial undertaking shall include expansion projects for the purposes of this clause; and

(e) Immunity under this clause shall not be available to proceeds of crime relating to offences under the following laws, namely:-

(i) Control of Narcotics Substances Act, 1997;
(ii) Anti-Terrorism Act, 1997; and
(iii) Anti-Money Laundering Act, 2010.]

647[***]
648[***]
649[***]

650(91) The provisions of section 148 shall not apply to-

(i) Tillage and seed bed preparation equipment as specified below

| **Equipment** | **PCT Code** |
|---|---|
| (i) Rotavator | 8432.8010 |
| (ii) Cultivator | 8432.2910 |
| (iii) Ridger | 8432.8090 |
| (iv) Sub soiler | 651[8432.3900] |
| (v) Rotary slasher | 8432.8090 |
| (vi) Chisel plow | 8432.1010 |
| (vii) Ditcher | 8432.1090 |
| (viii) Border disc | 8432.2990 |
| (ix) Disc harrow | 8432.2100 |
| (x) Bar harrow | 8432.2990 |
| (xi) Mould board plow | 8432.1090 |
| (xii) Tractor rear or front blade | 8430.6900 |
| (xIII) Land leveller or land planer | 8430.6900 |
| (xiv) Rotary tiller | 8432.8090 |

| | |
|---|---|
| (xv) Disc plow | 8432.1090 |
| (xvi) Soil-scrapper | 8432.8090 |
| (xvii) K.R. Karundi | 8432.8090 |
| (xviii) Tractor mounted trancher | 652[8701.9200] |
| (xix) Land leveler | 8430.6900 |

(ii) Seeding or planting equipment

| **Equipment** | **PCT Code** |
|---|---|
| (i) Seed-cum-fertilizer drill (wheat, rice barley, etc.) | 653[8432.3100] |
| (ii) Cotton or maize planter with fertilizer attachment | 654[8432.3900] |
| (iii) Potato planter | 655[8432.3900] |
| (iv) Fertilizer or manure spreader or broadcaster | 656[8432.4100] |
| (v) Rice transplanter | 657[8432.3900] |
| (vi) Canola or sunflower drill | 658[8432.3100] |
| (vii) Sugarcane planter | 659[8432.3900] |

(iii) Irrigation, drainage and agro-chemical application equipment

| **Equipment** | **PCT Code** |
|---|---|
| (i) Tube wells filters or strainers | 8421.2100, 8421.9990 |
| (ii) Knapsack sprayers | 8424.2010 |
| (iii) Granular applicator | 8424.2010 |
| (iv) Boom or field sprayers | 8424.2010 |
| (v) Self propelled sprayers | 8424.2010 |
| (vi) Orchard sprayer | 8424.2010 |

(iv) Harvesting, threshing and storage equipment

| **Equipment** | **PCT Code** |
|---|---|
| (i) Wheat thresher | 8433.5200 |
| (ii) Maize or groundnut thresher or sheller | 8433.5200 |
| (iii) Groundnut digger | 8433.5900 |
| (iv) Potato digger or harvester | 8433.5300 |
| (iv) Sunflower thresher | 8433.5200 |
| (vi) Straw balers | 8433.4000 |
| (vii) Fodder rake | 8433.5900 |
| (viii) Wheat or rice reaper | 8433.5900 |
| (ix) Chaff or fodder cutter | 8433.5900 |
| (x) Cotton picker | 8433.5900 |
| (xi) Onion or garlic harvester | 8433.5200 |
| (xii) Sugar harvester | 8433.5200 |
| (xIII) Tractor trolley or forage wagon | 8716.8090 |
| (xiv) Reaping machines | 8433.5900 |
| (xv) Combined harvesters | 8433.5100 |
| (xvi) Pruner/shears | 8433.5900 |
| 660[(xvii) Corn harvester/corn picker and silage maker with their respective PCT heading;] | |

(v) Post-harvest handling and processing & miscellaneous machinery

| Equipment | PCT Code |
|---|---|
| (i) Vegetables and fruits cleaning and sorting or grading equipment | 8437.1000 |
| (ii) Fodder and feed cube maker equipment | 8433.4000 |

(92) The provisions of section 148 shall not apply to.-

| | PCT Code |
|---|---|
| Aircraft, whether imported or acquired on wet or dry lease | 8802.2000, 8802.3000, 8802.4000 |
| Maintenance kits for use Respective in trainer aircrafts of headings 8802.2000 and | Respective headings |
| Spare parts for use in aircrafts, trainer aircrafts or simulators | Respective headings |
| Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division | Respective headings |
| Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division setting up Greenfield airports by a company authorized by Aviation Division | Respective headings |
| Aviation simulators imported by airline company recognized by Aviation Division | Respective headings |

(93) The provisions of sub-section (1) of section 154 shall not apply to taxpayers operating halal meat production and qualifying for exemption under clause (126K) of Part-l of this Schedule for the period specified in clause (126K).]

661[***]

662[(95) The provisions of sections 147, 151, 152, 236A and 236K shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and The Pakistan Global Sukuk Programme Company Limited, as a payer.]

663[(95A) The provisions of section 236A shall not apply in respect of auction of franchise rights to participating teams in a national or international league organized by any board or other organization established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by the Government with effect from the first day of July, 2019.]

662[(96) The provisions of sections 151, 153, 155 and 236C shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and the Pakistan Global Sukuk Programme Company Limited, as a recipient.]

664[(97) the provision of section 236C shall not apply to “Pakistan International Sukuk Company Limited.]

665[(97A) The provisions of sections 37, 236C and 236K shall not apply to National Highway Authority in respect of transfer of immovable property to the Pakistan Global Sukuk Programme Company Limited and in respect of transfer of immoveable property to National Highway Authority from the Second Pakistan International Sukuk Company Limited or the Pakistan Global Sukuk Programme Company Limited.]

666[(98) The provisions of section 148 shall not apply to import of ships and other floating crafts including tugs, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistani entity and flying Pakistani flag:

Provided that exemption under this clause shall be available up to the year 667[2030], subject to the condition that the ships and crafts are used for the purpose for which they were procured, and in case such ships and crafts are used for demolition purposes, tax collectible under section 148, applicable to ships and crafts purchased for demolition purposes, shall be chargeable.

(99) The provisions of section 148 shall not apply to import or acquisition of aircraft on wet or dry lease by M/s Pakistan International Airlines Corporation with effect from 19th March, 2015.]

668[(100) The provisions of section 236U shall not apply to an insurance company collecting premium under:-

(a) Crop Loan Insurance Scheme (CLIS): and

(b) livestock Insurance Scheme (LIS).]

669[***]

(102) The provisions of section 231B(1A) shall not apply to light commercial vehicles leased under the Prime Minister's Youth Business Loan Scheme.]

670[(102A) The provisions of section 233 shall not apply to commission received by a retail branchless banking agent on any amount disbursed by the Ehsaas Emergency Cash Transfer Programme for the period commencing on 16th April, 2020 and ending on 30th day of September, 2020.]

671[(103) The provisions of section 7B shall not apply to yield or profit on investment in Bahbood Savings Certificate or Pensioner's Benefit Account, provided that tax on the said yield or profit on debt is paid at the rates specified in Division I of Part I of the First Schedule subject to clause (6) of Part III.

(104) The provisions of section 5A shall not apply to a company where a restriction has been imposed on distribution of dividend on account of an agreement with the Government of Pakistan.

672[***]
673[***]

674[(107) The provisions of section 111 relating to unexplained income or assets shall not apply in respect of any contribution paid to the Supreme Court of Pakistan - Diamer Bhasha & Mohmand Dams - Fund.

(108) The provisions of sections 675[131 and 151] shall not apply to the Supreme Court of Pakistan - Diamer Bhasha & Mohmand Dams - Fund.

676[***]

677[(109A) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of this Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive).]

678[(110) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of person resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and

Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive)]

679[(111) The provisions of section 4B shall not apply to so much of the income of banking company as defined in the said section subject to reduced rate of tax at 20% under rules 7D, 7E and 7F of the Seventh Schedule for tax years 2020 to 2023.]

680[(111A) The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to the extent of payment of dividend to non-resident persons.]

681[(111AB) The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan.]

682[***]

(113) The provision of sub-section (5B) of sections 147 shall not apply in respect of capital gains arising to a non-resident company having no permanent establishment in Pakistan from investment in debt instruments and Government securities including treasury bills and Pakistan investment bonds through special convertible rupee account (SCRA) maintained with a banking company or financial institution in Pakistan.

(114) The provisions of section 683[clause (ae) of sub-section (1) of section 114] and 181 shall not apply to a non-resident company having no permanent establishment in Pakistan solely by reason of capital gain or profit on debt earned from investments in debt securities and Government securities including treasury bills and Pakistan investment bonds through special convertible rupee account maintained with a banking company or financial institution in Pakistan.

684[(114A) The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or a Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan:

Provided that this clause shall not apply if the person referred in this clause has Pakistan-source taxable income other than the following; namely:-

(a) profit on debt on FCVA or Non-resident Pakistani Rupee Value Account (NRVA).

(b) profit on debt earned on Government of Pakistan (GOP) securities either conventional or Shariah Compliant where investment has been made from proceeds of FCVA or NRVA;

(c) capital gain on disposal of immovable property acquired from proceeds of FCVA or NRVA;

(d) capital gain on disposal of securities traded on Pakistan Stock Exchange and units of mutual funds that are acquired from proceeds of FCVA or NRVA; or]

(e) dividend income from securities traded on Pakistan Stock Exchange and mutual funds that are acquired from proceeds of FCVA or NRVA.]

(115) The provisions of section 153 shall not apply to traders being individuals having turnover upto one hundred million Rupees as a prescribed person.

Explanation.- Trader in this clause shall have the meaning as provided in clause (28D) of Part II of the Second Schedule.]

685[“(116) The provisions of section 151 686[***] shall not apply to The Prime Minister’s COVID-19 Pandemic Relief Fund-2020.]

687[***]

688[(118) The provisions of withholding taxes contained in the Income Tax Ordinance. 2001 (XLIX of 2001) shall not apply to Islamic Naya Pakistan Certificates Company Limited (INPCCL) as a recipient.

(119) The provisions of section 153(1)(a) shall with effect from the 1st day of July, 2020 not apply to distributors, dealers, wholesalers and retailers of locally manufactured mobile phone devices as withholding agent.]

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1-Clause (1) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (1) was as under:-
“(1) Any income chargeable under the head “Salary” received by any person being an employee of the International Irrigation Management Institute (IIMI) in Pakistan, who is neither a citizen of Pakistan nor a resident individual in any of the four years immediately preceding the year in which he arrived in Pakistan.”
2-Clause (2) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (2) was as under:-
(2) Any income chargeable under the head “Salary” received by, or due III, any person, not being a citizen of Pakistan or a resident, individual, as remuneration for services rendered by him as a health professional under the contract of service concluded with Shaukat Khanum Memorial Hospital and Research Center, Lahore, and approved by the Federal Government for the purposes of this clause.”
3-Clause “(4)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(4) Any income chargeable under the head “Salary” received by-
(a) a Pakistani seafarer, working on Pakistan flag vessels for one hundred and eighty three days or more during a tax year; or
(b) a Pakistani seafarer working on a foreign vessel provided that such income is remitted to Pakistan, not later than two months of the relevant tax year, through normal banking channels.”
Earlier Clause (4) substituted by S.R.O. 1119(I)/2006, dated 1st November, 2006. At the time of substitution clause (4) was as under:-
“(4) Any income chargeable under head “Salary” received by a Pakistani seafarer working on a foreign vessel i[or on Pakistan flag vessels for 183 days or more during a tax year] provided that such income is remitted to Pakistan, not later than two months of the relevant income year, through normal banking channels.”
“i. The words and figure were inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
4-Substituted for the words “income year” vide the Finance Act, 2014
5-Clause (6) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (6) was as under:-
“(6) Any income chargeable under the head “Salary” received by a person, not being a citizen of Pakistan, by virtue of his employment with the British Council”
6-Clause (7) omitted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (7) was as under:-
“(7) Any income chargeable under the head “Salary” paid by Government 10 Khasadars, levies and Badraggas employed in the tribal territory on the North West Frontier and of all persons employed in the tribal levy services in Baluchistan.”
7-Clause (9) substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution clause (9) was as under:-
“(9) Any pension received in respect of any service rendered by a member of the Armed Forces of Pakistan or as an employee of the Federal Government or a Provincial Government.”
8-Clause (10) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (10) was as under:-
“(10) Any pension granted to any public servant to whom clause (14) does not apply in respect of injuries received in the performance of his duties.”
9-Clause (11) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (11) was as under:-
“(11) Any pension granted to any public servant to whom clause (15) does not apply who has been invalidated from service on account of any bodily disability.”
10-The words “local authority” were substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
11-Substituted for the word “two” vide the Finance Act, 2016 (XXIX of 2016)

12-Substituted for the words “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
13-Clause (14) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (14) was as under:-
“(14) Any pension granted to the personnel of Armed Forces of Pakistan (including personnel of the Territorial Force and the National Service of Pakistan) in respect of injuries received in the performance of their duties as such.”
2046 Clause (15) omitted by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (15) was as under:-
“(15) Any pension granted to the personnel of the Armed Forces of Pakistan (including personnel of the Territorial Force and the National Service of Pakistan) invalidated from service with such Forces on account of bodily disability attributable to, or aggravated by, such service”
15-Clause (18) omitted vide the Finance Act; 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (18) was as under:-
“(18) Any pensions granted under the relevant rules to the families and dependents of public servants or members of the Armed Forces of Pakistan who die during service.”
16-Clause (20) was omitted vide Finance Act, 2015. At the time of omission Clause (20) was as under:-
“(20) Any income received by a person from an annuity issued under the Pakistan Postal Annuity Certificate Scheme on or after the 27th July, 1977, not exceeding ten thousand rupees per annum.”
17-Clause (21) omitted vide the Finance Act, 2008 (I of 2008 assente4 on 26th June, 2001). At the time of omission clause (21) was as under:-
“(21) Any income received by a person from an annuity or annuities issued i[up to 30th June, 2005] by the State Life Insurance Corporation of Pakistan or a life insurance company registered under section 3 of the Insurance Ordinance, 2000 (XXXIX of 2000).”
Provided that this clause shall not apply to so much of the income received by a person from an annuity or annuities which, together with the income from any annuity or annuities referred to in clause (2) exceeds ten thousand rupees per annum.”
i. The words and figure were inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
18-Clause (23A) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
18a[citizens of Pakistan and foreign nationals residing abroad, foreign association of persons, companies registered and operating abroad and foreign nationals residing in Pakistan.]
19-The figure “25” was substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009
19a-For the full stop and Proviso inserted by Finance Act, 2020 dated 30-06-2020
20-Clause (23B) & (23C) inserted vide the Finance Act, 2012
21-Full stop was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
22-Sub-clauses (1) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission sub-clauses (1) was as under:-
“(1) in the case of an employee of the Government or a i[Local Government] or a statutory body or corporation established by any law for the time being in force, the amount receivable in accordance with the rules and conditions of his service;”
i. Substituted for the words “local authority” vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
23-Sub-clauses (ii) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission sub-clauses (ii) was as under:-
“(ii) any amount receivable from any gratuity fund approved by the Commissioner in accordance with the rules contained in Part III of the Sixth Schedule;”
24-Sub-clauses (iii) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission sub-clauses (iii) was as under:-
“(iii) in the case of any other employee, the amount not exceeding two hundred thousand rupees receivable under any scheme applicable to all employees of the employer and approved by the i[Board] for the purposes of this sub- clause; and”
i-Substituted for the words “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
25-Sub-clauses (iv) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission sub-clauses (iv) was as under:-
26-Clause (27) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (27) was as under:-
“(27) Any income of an officer representing the sum received by him as Entertainment Allowance admissible to him under the Ministry of Finance and Provincial Coordination (Finance Division) Office Memorandum No. F. 2 (2) Imp-/77, dated the 29th April, 1977.”
27-Clause (28) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).
At the time of omission clause (28) was as under:-
“(28) Any income of an officer representing the sum received by him as Entertainment Allowance admissible to him under the Ministry of Finance (Finance Division) Office Memorandum No. F. 1(1)-Imp/83, dated the 18th August, 1983.”
28-Clause (29) omitted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (29) was as under:-
“(29) Any income of an officer of the Pakistan Armed Forces representing the sum received as Entertainment Allowance admissible to him under the Ministry of Defence Office Memorandum No. 716 (D)/(B)/77, dated the 29th April, 1977.”

29-Clause (30) omitted vide the Finance Ordinance, 2002 (XXVII of 2002), (Promulgated on 15th June, 2002). At the time of omission clause (30) was as under:-
"(30) Any income of an officer representing the sum received by him as Entertainment Allowance admissible to him under the Cabinet Secretariat (Establishment Division) Office Memorandum No. 18/2l78-CV, dated the 13th July, 1978."
30-Clause (31) omitted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (31) was as under:-
"(31) Any income of an officer representing the sum received by him as Senior Post Allowance admissible to him under the Ministry of Finance, Planning and Development (Finance Division) Office Memorandum No. F. 1(36) Gaz-IMP- I/73, dated the 18th August, 1973"
31-Clause (32) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (32) was as under:-
"(32) Any income of an officer representing the sum received by him as Senior Post Allowance admissible to him under the Ministry of Finance and Provincial Coordination (Finance Division) Office Memorandum No. F. 1(I) Imp-/77, dated the 28th April, 1977."
32-Clause (33) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (33) was as under:-
"(33) Any income of any officer representing the sum received by him as Orderly Allowance admissible to him under the Finance Division O.M. No. F.1(3)-IMP-II/85, dated the 24th October, 1985."
33-Clause (34) omitted by the Finance Act, 2003 (I of 2003), (Assented on 16th June, 2003). At the time of omission clause (34) was as under:-
"(34) Any income of an employee of a recognized University in Pakistan representing the sums received by him as i[***] "Orderly Allowance admissible under the terms and conditions of his service."
i. The words and comma "Senior Post Allowance, Entertainment Allowance or" omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
34-Clause 35 was omitted vide the Finance Act, 2014. At the time of omission clause 35 was as under:-
(35) Any income representing compensatory allowance payable to a citizen of Pakistan locally recruited in Pakistan Mission abroad as does not exceed 75 per cent of his gross salary.
35-Clause (36) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003 At the time of omission clause (36) was as under:-
"(36) Any income of an officer representing the sum received by him as Personal Staff Subsidy admissible to him under the Cabinet Secretariat (Establishment Division) Office Memorandum No. 18/2/78-CV, dated the 13th July, 1978."
36-Clause (37) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (37) was as under:-
"(37) Any income representing cost of living allowance admissible to the Government employees at the rate of 7%."
37-Clause (38) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (38) was as under:-
"(38) Any sum paid, for purpose of meeting the charges for gas, water and electricity, or the value of gas, water and electricity provided free of charge to an employee up to ten per cent of the minimum of time scale, and where there is no time scale, up to ten per cent of the basic salary."
37a-Clause "(39)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(39) Any special allowance or benefit (not being entertainment or conveyance allowance) or other perquisite within the meaning of section 12 specially granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit."
38-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
39-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
40-Clause (41) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (41) was as under:-
"(41) Such portion of the income of a member of Pakistan Armed Forces as is compulsorily payable by him under any orders issued by Government to mess, entertainment or band fund."
41-Clause (42) omitted vide the Finance Act, 2006 (III of 2006), (Assented on 30th June, 2006). At the time of omission clause (42) was as under:-
"(42) Any amount received as flying allowance by pilots, flight engineers and navigators employed by any Pakistani airline or by Civil Aviation Authority"
42-Clause (43) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (43) was as under:-
"(43) Any amount notified as flying allowance payable to pilots, flight engineers and navigators of the Pakistan Air Force."
43-Clause (44) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (44) was as under:-
"(44) Any amount notified as flying allowance payable to pilots, flight engineers and navigators of the Pakistan Army and the Pakistan Navy."
44-Clause (45) omitted vide the Finance Act, 2006 (III of 2006), (Assented on 30th June, 2006). At the time of omission "Clause (45) was as under:-

"(45) Any amount received as flying allowance by junior commissioned officers or other ranks of Pakistan Armed Forces."
45-Clause (46) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (46) was as under:-
(46) Any amount notified as submarine allowance payable to officers of the Pakistan Navy."
46-Clause (47) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (47) was as under:-
"(47) The value of rations issued in kind, or cash allowance paid in lieu thereof to members of Pakistan Armed Forces or of Territorial Forces."
47-Clause (48) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (48) was as under:-
"(48) The value of rent-free quarters occupied by, or cash allowance paid in lieu thereof, to members of the Pakistan Armed Forces, including Territorial Force."
48-Clause (49) omitted by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (49) was as under:-
"(49) The conservancy allowance granted in lieu of free conservancy to personnel below commissioned rank of Pakistan Armed Forces and Territorial Force."
49-Clause (50) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (50) was as under-
"(50) Deferred pay admissible to Armed Forces personnel under the new Pay Code."
50-The words "the Provincial Governors" omitted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018
51-The words "Provincial Governors" omitted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018
52-Clause (53) was omitted vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018. At the time of omission the clause (53) was as under:-
(53) The following perquisites and allowances provided or granted by Government to the Ministers of the Federal Government, namely:-
(a) rent-free accommodation in so far as the value thereof exceeds ten per cent of the basic salary of the Ministers concerned;
(b) house-rent allowance paid by Government in lieu of rent-free accommodation in so far as it exceeds five hundred and fifty rupees per month;
(c) free conveyance; and
(d) sumptuary allowance.
53-Clause (53A) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005).
54-In clause (53A), sub-clause "(i) free or concessional passage provided by transporters including airlines to its employees (including the members of their household and dependents) was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
55-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007).
56-Clause (54) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (54) was as under-
"(54) Any sum paid, for purpose of meeting the charges for gas, water and electricity, or the value of gas, water and electricity provided free of charge to the Federal and Provincial Ministers."
57-Substituted for the word "form" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005).
58-Substituted for the words "Controller of Capital Issues" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).
58a-Paragraph "(iii)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021 Before omission read as:
"(iii) Sheikh Sultan Trust, Karachi."
59-The brackets, words, commas and figure were inserted vide the Finance Act, 2010 (XVI of 2010).
60-The words were inserted vide the Finance Act, 2006 (Assented on 30th June, 2006).
61-Substituted for the words "real estate investment trust" vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008).
62-The words were inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007).
63-The words "approved vide the securities and Exchange Commission of Pakistan" omitted vide the Finance Act, 2008
64-Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007.
65-Substituted for the full stop vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
65a-Paragraph was (viii) added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005).
66-Paragraph was (IX) added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005).
67-Substituted for the full stop vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006).
68-Paragraph (x) omitted vide the Finance Act, 2008 (I of 2008) assented on 26th June, 2008. At the time of omission Paragraph (x) was as under:-
i"(x) the accumulated balance up to 25% received from the voluntary pension system offered vide a pension fund manager under the Voluntary Pension System Rules, 2005 at the time of eligible person's:-
(a) retirement; or

(b) disability rendering him unable to work; or
(c) death by his nominated survivors ii[; and]"
i. Sub-clause (x) added by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
ii. Substituted for the full stop by S.R.O. 1038(I)/2006, dated 9th October, 2006
69-Paragraph (xi) was added vide S.R.O. 1038(I)/2006, dated 09.10.2006
70-Paragraph (xii) was inserted vide the Finance Act, 2010
71-Added vide the Finance Act, 2014
72-Added vide Finance Act, 2015
73-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
75-Omitted vide the Finance Act, 2014. At the time of omission clause (58) was as under:-
(58) (1) Any income of a trust or welfare institution i[or non-profit organization] specified in sub-clauses (2) and (3) from donations, voluntary contributions, subscriptions, house property, investments in the securities of the Federal Government and so much of the income chargeable under the head "Income from business "as is expended in Pakistan for the purposes of carrying out welfare activities:
Provided that in the case of income under the head "Income from business", the exemption in respect of income under the said head shall not exceed an amount which bears to the income under the said head the same proportion as the said amount bears to the aggregate of the incomes from the aforesaid sources of income.
(2) A trust administered under a scheme approved by the Federal Government in this behalf and established in Pakistan exclusively for the purposes of carrying out such activities as are for the benefit and welfare of (i) ex-servicemen and serving personnel, including civilian employees of the Armed Forces, and their dependents; or
(ii) ex-employees and serving personnel of the Federal Government or a Provincial Government and their dependents, where the said trust is administered by a committee nominated by the Federal Government or, as the case may be, a Provincial Government.
(3) A trust or welfare institution ii[or non-profit organization] approved by III[Regional Commissioner of Income Tax] for the purposes of this sub-clause.
[i. The words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)]
[ii. The words were inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)]
[iii. Substituted for the words "the Central Board of Revenue" vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)]
76-Omitted vide the Finance Act, 2014. At the time of omission clause (58A) was as under:-
i[(58A) Income of university or other educational Institution being run by a non- profit organization existing solely for educational purposes and not for purposes of profit.]
[i. Clause (58A) added vide the Finance Act, 2013]
77-Omitted vide the Finance Act, 2014. At the time of omission clause (59) was as under:-
(59) Any income which is derived from investments in securities of the Federal Government, i[, profit on debt from ii[scheduled banks], grant received from Federal Government or Provincial Government or District Governments, foreign grants] and house property held under trust or other legal obligations wholly, or in part only, for religious or charitable purposes and is actually applied or finally set apart for application thereto:
Provided that nothing in this clause shall apply to so much of the income as is not expended within Pakistan:
Provided further that if any sum out of the amount so set apart is expended outside Pakistan, it shall be included in the total income of the tax year in which it is so expended or of the year in which it was set apart, whichever is the greater, and the provisions of section 122 shall not apply to any assessment made or to be made in pursuance of this proviso.
Explanation.- Notwithstanding anything contained in the Mussalman Wakf Validating Act, 1913 (VI of 1913), or any other law for the time being in force or in the instrument relating to the trust or the institution, if any amount is set apart, expended or disbursed for the maintenance and support wholly or partially of the family, children or descendents of the author of the trust or the donor or, the maker of the institution or for his own maintenance and support during his life time or payment to himself or his family, children, relations or descendents or for the payment of his or their debts out of the income from house property dedicated, or if any expenditure is made other than for charitable purposes, in each case such expenditure, provision, setting apart, payment or disbursement shall not be deemed, for the purposes of this clause, to be for religious or charitable purposes.
[i. The commas and words inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)]
[ii. Substituted for the words "financial institution" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)]
78-Omitted vide the Finance Act, 2014. At the time of omission clause (60) was as under:-
(60) Any income of a religious or charitable institution derived from voluntary contributions applicable solely to religious or charitable purposes of the institution:
Provided that nothing contained in clause (61) or this clause shall apply to the income of a private religious trust which does not ensure for the benefit of the public.
79-Inserted vide S.R.O. 735(I)/2016 dated 9th August, 2016
80-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
81-Inserted vide S.R.O. 899(I)/2016 dated 26th September, 2016
82-Inserted vide S.R.O. 44(I)/2017 dated 27th January, 2017

83-Clause "(61)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:

(61) 1[Any] amount paid as donation to the following institution, foundations, societies, boards, trusts and funds, namely:-

(i) any Sports Board or institution recognized by the Federal Government for the purposes of promoting, controlling or regulating any sport or game;

2[(ia) The Citizens Foundation.]

3[* **]

(iii) Fund for Promotion of Science and Technology in Pakistan;

(iv) Fund for Retarded and Handicapped Children;

(v) National Trust Fund for the Disabled;

4[***]

(vii) Fund for Development of Mazaar of Hazarat Burri Imam;

(viii) Rabita-e-Islami's Project for printing copies of the Holy Quran;

(ix) Fatimid Foundation, Karachi;

(x) Al-Shifa Trust;

5[***]

(xii) Society for the Promotion of Engineering Sciences and Technology in Pakistan;

6[(xiii) Pakistan Red Crescent Society.]

7[***]

8[***]

9[***]

10[***]

11[***]

12[***]

13[***]

14[***J

15[***]

16[***]

(xxiii) Citizens-Police Liaison Committee, Central Reporting Cell, Sindh Governor House, Karachi;

(xxiv) ICIC Foundation;

17[***]

(xxvi) National Management Foundation;

(xxvii) Endowment Fund of the institutions of the Agha Khan Development Network (Pakistan listed in Schedule I of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network;

(xxviii) Shaheed Zulfiqar Ali Bhutto Memorial Awards Society;

(xxix) Iqbal Memorial Fund;

(xxx) Cancer Research Foundation of Pakistan, Lahore;

(xxxi) Shaukat Khanum Memorial Trust, Lahore;

(xxxii) Christian Memorial Hospital, Sialkot;

(xxiii) National Museums, National Libraries and Monuments or institutions declared to be National Heritage by the Federal Government;

(xxxiv) Mumtaz Bakhtawar Memorial Trust Hospital, Lahore;

(xxxv) Kashmir Fund for Rehabilitation of Kashmir Refugees and Freedom Fighters;

(xxxvi) Institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network;

(xxxvii) Azad Kashmir President's Mujahid Fund, 1972; National Institute of Cardiovascular Diseases, (Pakistan) Karachi; Businessmen Hospital Trust, Lahore; Premier Trust Hospital, Mardan; Faisal Shaheed Memorial Hospital Trust, Gujranwala; Khair-un-Nisa Hospital Foundation, Lahore; Sind and Balochistan Advocates' Benevolent Fund; Rashid Minhas Memorial Hospital Fund;

(xxxviii) Any relief 18[or] welfare fund established by the Federal Government;

(xxxix) Mohatta Palace Gallery Trust; 19[***]

20[(xl)] Bagh-e-Quaid-e-Azam project, Karachi 21[; 22[***] ]

23[(xli) Any amount donated for Tameer-e-Karachi Fund 24[:]]

25[(xlii) Bank of Commerce and Credit International Foundation for Advancement of Science and Technology.]

26[(xlii) Pakistan Red Crescent Society.]

27[(xliii) Governor Punjab's Flood Relief Fund 2011 provided that the principal Accounting Officer to the Governor of Punjab is a signatory of the accounts of the Fund.]

28[(xliv) Any amount donated to Federal Board of Revenue Foundation.]

29[(xlv) The Indus Hospital, Karachi.]

30[(xlvi) Pakistan Sweet Homes Angels and Fairies Place.

(xlvii) Al-Shifa Trust Eye Hospital.

(xlviii) Aziz Tabba Foundation.

(xlix) Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT.

(l) Sharif Trust.

(li) The Kidney Centre Post Graduate Institute.

(lii) Pakistan Disabled Foundation.;

(liii) Sardar Trust Eye Hospital, Lahore.]

31[(liv) Supreme Court of Pakistan-Diamer Bhasha & Mohmand Dams-Fund.]

32[Provided that the amount so donated shall not exceed-

(a) in the case of an individual or association of persons, thirty percent of the taxable income of the person for the year; and

(b) in the case of a company, 33[twenty] percent of the taxable income of the person for the year 34[; and]]

35[(lv) Layton Rahmatullah Benevolent Trust (LRBT).

(lvi) Akhuwat.]

36[(Ivii) The Prime Minister's COVID-19 Pandemic Relief Fund-2020;

(lviii) Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI);

(Ivix) Lahore University of Management Sciences;

(lvx) Dawat-e-Hadiya, Karachi;

(Ivxi) Baitussalam Welfare Trust;

(Ivxii) Patients' Aid Foundation:

(lvxiii) Alkhidmat Foundation;

(ivxiv) Alamgir Welfare Trust International.]
37[Provided that the amount so donated shall not exceed-
(a) in the case of an individual or association of persons, thirty per cent of the taxable income of the person for the year; and
(b) in the case of a company, 38[twenty] per cent of the taxable income of the person for the year 39[:]]
39[Provided further that the amount so donated by an associate shall not exceed-
(a) in the case of an individual or association of persons, fifteen percent of the taxable income of the person for the year; and
(b) in the case of a company, ten percent of the taxable income of the person for the year:
Provided also that the provisions of this clause shall apply only if donation is paid by a crossed cheque drawn on a bank.]
1-The words, figure and comma "Subject to the provisions of section 61, any" were substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
2-sub-clause (ia) inserted vide the Finance Act, 2012
3-Sub-clause (ii) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clause (ii) was as under:-
"(ii) President's Fund for Afghan Refugees;"
4-Sub-clause (vi) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clause (vi) was as under:-
"(vi) Bangladesh Flood Relief Fund, 1988;"
5-Sub-clause (xi) was omitted' vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011. At the time of omission sub-c1ause (xi) was as under:-
"(xi) Bank of Commerce and Credit International Foundation for Advancement of Science and Technology;"
6-Inserted vide S.R.O. 1125(I)/2005, dated 10.11.2005 (VII of 2005 assented on 29th June, 2005)
7-Sub-clause (xiii) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clauses (xiii) were as under:-
"(xiii) President's Fund for Assistance to Palestine;
8-Sub-clause (xiv) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clauses (xiv) was as under:-
"(xiv) President's Famine Relief Fund for Africa;"
9-Sub-clause (xv) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clauses (xv) was as under:-
"(xv) Bangladesh Cyclone Relief Fund, 1985;"
10-Sub-clause (xvi) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clauses (xvi) was as under:-
"(xvi) Prime Minister's Fund for the Welfare of Widows and Orphans;"
11-Sub-clause (xvii) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clauses (xvii) was as under:-
(xvii) Prime Minister's Disaster Relief Fund, 1987;"
12-Sub-clause (xviii) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clauses (xviii) was as under:-
"(xviii) Chief Minister Punjab's Flood Relief Fund, 1988;"
13-Sub-clause (xix) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clauses (xix) was as under:-
"(xix) Prime Minister's Fund for Welfare and Relief for Kashmiris;"
14-Sub-clause (xx) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clause (xx) was as under:-
"(xx) Prime Minister's Bangladesh Cyclone Relief Fund, 1991;"
15-Sub-clause (xxi) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission sub-clauses (xxi) was as under:-
"(xxi) Sindh Governor's Relief Fund, 1990, for the Relief and Rehabilitation of Victims of Violence in Sindh.
16-Sub-clause (xxii) was omitted by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission sub-clause (xxii) was as under:-
"(xxii) Balochistan Governor's Relief Fund for the Relief and Rehabilitation of drought affected people of Balochistan;"
17-Sub-clause (xxv) was omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011. At the time of omission sub-clause (xxv) was as under:-
"(xxv) BCCI Formation;"
18-Substituted for the word "are" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
19-The word "and" omitted vide S.R.O. 701(I)/2004, dated 16.08.2004
20-The Roman letters "(xxxxx)" substituted vide S.R.O. 701(I)/2004, dated 16.08.2004
21-Substituted for the full stop vide Notification No. 701(I)/2004, 16th August, 2004
22-The full stop substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
23-Added vide S.R.O. 701(I)/2004, dated 16.08.2004
24-Substituted for the full stop vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
25-Sub-clause (xlii) was inserted vide Notification No. S.R.O. 990(I)/2011, dated 18th October, 2011
26-Sub-clause (xlii) was inserted vide Notification No.S.R.O. 1125(I)/2005, dated 10th November, 2005
27-Sub-clause (xlii) was inserted vide Notification No. S.R.O. 106(I)/2011 dated 23rd November, 2011
28-Sub-clause (xliv) vide Notification No. S.R.O. 383(I)/2012.
29-Added vide Finance Act, 2015
30-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
31-Added vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018
32-Proviso was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
33-Substituted for the word "fifteen" vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
34-Substituted for the full stop by Notification No S.R.O. 990(I)/2011, dated 18th October, 2011
35-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
36-New serial No. added by Finance Act, 2020, dated 30-06-2020. Earlier the same Sub-Clause (lvii) added by Notification No. S.R.O. 300(I)/2020, dated 10-04-2020
37-Added by the Finance Act, 2005.
38-The word "fifteen" substituted by the Finance Act, 2009.
39-For the full stop and Provisos added by Finance Act, 2020 dated 30-06-2020
118-Clause (62) omitted by the Finance Act, 2008 (I of 2008) assented on 26th June, 2008). At the time of omission clause (62) was as under:-

"(62) Such portion of the total income of a taxpayer as is paid by him during the income year as donation to the Liaquat National Hospital Association, Karachi:
Provided that the amount so donated shall be included in computing the total income of the taxpayer:
Provided further that the amount by which the taxable by a taxpayer is reduced on account of the exemption under this clause shall be equal to the sum which bears the same proportion to the sum exempted from tax under this clause as the tax payable on the total income of the taxpayer bears to the said total income.
119-Clause (63) omitted .by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006), At the time of omission clause (63) was as under:-
i[(63) Any amount paid as donation to the President's Relief Fund for Tsunami Victims.]
i. Clause (63) inserted vide S.R.O. 302(I)/2005, dated 7th April, 2005 Earlier Clause (63) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (63) was as under:-
"(63) Any amount paid as donation to the Prime Minister's Fund for National Debt Retirement:
Provided that the exemption under this clause shall not apply in respect of any assessment year commencing on, or after the first day of July, 2002."
120-Clause (63A) omitted by the Finance Act, 2008 (I of 2008) (Assented on 26th June, 2008). At the time of omission clause (63A) was as under:-
i[(63A) Any amount paid as donation to the President's Relief Fund for Earthquake Victims 2005.]
i. Clause (63A) was inserted vide S.R.O. 1033(I)/2005, dated 10th October, 2005
121-Clause (63B) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (63B) was as under:-
i[(63B) Any amount donated or paid, as sponsorship in connection with the holding of 2nd session of the World Islamic Economic Forum, 2006.]
i. Clause (63B) was added vide S.R.O. 1088(I)/2006, dated 31st October, 2006,
122-Clause (64) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002. At the time of omission clause (64) was as under:-
"(64) Any amount paid as donation to the National Self Reliance Fund:
Provided that the exemption under this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002."
123-Clause "(64A)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(64A) Any amount donated to the Prime Minister's Special Fund for victims of terrorism.]"
124-Clause "(64B)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:
"[(64B) Any amount donated to the Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP."
125-Clause "(64C)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:
"(64C) Prime Minister's Flood Relief Fund 2010 and Provincial Chief Ministers' Relief Funds, for victims of flood 201."
126-Clause "(65)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:
"(65) Any income derived from donations made by non-official or private sector sources in Pakistan to the Waqf for Research on Islamic History, Art and Culture, Istanbul set up by the Research Centre for Islamic History, Art and Culture (IRCICA)."
126-Clause (65A) was inserted vide S.R.O. 819(I)/2012 dated 4th July, 2012
127-For Clause "(66)" substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as:
(66) Any income derived by-
i. Abdul Sattar Edhi Foundation, Karachi;
ii. Al-Shifa Trust, Rawalpindi.
iii. Bilquis Edhi Foundation, Karachi.
iv. Fatimid Foundation, Karachi.
1[***]
vi. International Islamic Trade Finance Corporation".
vii. Islamic Corporation for Development of Private Sector;
viii. National Memorial Bab-e-Pakistan Trust for the assessment year commencing on or after the 1st day of July, 1994.
ix. Pakistan Agricultural Research Council, Islamabad.
x. Pakistan Engineering Council;
xi. The corporatized entities of Pakistan Water and Power Development Authority from the date of their creation up to the date of completion of the process of corporatization i.e. till the tariff is notified.
xii. The Institution of Engineers, Pakistan, Lahore.
2[(xiia) The Prime Minister's Special Fund for victims of terrorism]
3[(xiib) Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP]
xiii. The Institutions of the Agha Khan Development Network (Pakistan) as contained in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and the Agha Khan Development Network.

xvi. The Liaquat National Hospital Association, Karachi.
xv. The Pakistan Council of Scientific and Industrial Research.
xvi. The Pakistan Water and Power Development Authority established under the Pakistan Water and Power Development Authority Act, 1958 (W. P. Act XXXI of 1958).]
4[xvii WAPDA First Sukuk Company Limited.]
5[6[***]
7[(xix) Pension of a former President of Pakistan and his widow under the President Pension Act, 1974 (IX of 1975)]
8[(xx) State Bank of Pakistan and State Bank of Pakistan Banking Services Corporation]
9[(xxi) International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVIII of 1956) and provided in section 9 of Article VI of Articles of Agreement 1955 as amended through April 1993.]
10[(xxii) Pakistan Domestic Sukuk Company Ltd]
11[(xxiii) The Asian Development Bank established under the Asian Development Bank Ordinance, 1971 (IX of 1971).]
12[(xxiv) The ECO Trade and Development Bank]
13[14[(xxv)] The Islamic Chamber of Commerce and Industry under the Organization of Islamic Conference (OIC)]
15[16[(xxvi)] Commission on Science and Technology for Sustainable Development in the South (COMSATS) formed under International Agreement signed on 5th October, 1994.]
17[18[(xxvii)] WAPDA on issuance of twenty billion rupees TFC's/SUKUK certificates for construction of Diamer Bhasha Dam Projects]
19[20[(xxviii)] The Citizens Foundation.]
21[22[(xxix)] Wapda Second Sukuk Company Limited]
23[24[(xxx)] Federal Board of Revenue Foundation]
25[26[(xxxi] Sindh Institute of Urology and Transplantation, SIUT Trust and 153[Society for the Welfare of SIUT].]
27[28[(xxxii) Green star Social Marketing Pakistan (Guarantee) Limited.]
29[(xxxiii) The Indus Hospital, Karachi.]
30[(xxxiv) Second Pakistan International Sukuk Company Limited.]
31[(xxxv) Third Pakistan International Sukuk Company Limited.]
32[(xxxvi) Asian Infrastructure Investment Bank and persons as provided in Article 51 of Chapter IX of the Articles of Agreement signed and ratified by Pakistan and entered into force on the 25th December, 2015.
(xxxvii) Gulab Devi Chest Hospital.
(xxxviii) Pakistan Poverty Alleviation Fund.
(xxxix) National Academy of Performing Arts.
(xl) Pakistan Sweet Homes Angels and Fairies Place.
(xli) National Rural Support Programme.]
33[(xlii) SAARC Energy Centre.
(xliii) Pakistan Bar Council.
(xliv) Pakistan Centre for Philanthropy.
(xlv) Pakistan Mortgage Refinance Company Limited.
(xlvi) Aziz Tabba Foundation.
(l) Al-Shifa Trust Eye Hospital.
(li) Saylani Welfare International Trust.
(lii) Shaukat Khanum Memorial Trust.
(liii) Layton Rahmatullah Benevolent Trust (LRBT).
(liv) The Kidney Centre Post Graduate Training Institute.
(lv) Pakistan Disabled Foundation.
(lvi) Forman Christian College.;
(lvii) Habib University Foundation.
(lviii) Begum Akhtar Rukhsana Memorial Trust Hospital.
(lix) Al-Khidmat Foundation.
(lx) Dawat-e-Islami Trust
(lxi) Sardar Trust Eye Hospital, Lahore.]
34[(lxii) Supreme Court of Pakistan-Diamer Bhasha & Mohmand Dams-Fund.]
35[(lxiii) National Disaster Risk Management Fund.
(lxiv) Deposit Protection Corporation established under sub-section (1) of section 3 of the Deposit Protection Corporation Act, 2016 (XXXVII of 2016).
(lxv) SARMAYA-E-PAKISTAN LIMITED]
36[(lxvi) Akhuwat.
(lxvii) Audit Oversight Board."
(lxviii) Patient's Aid Foundation.]
37[(lxix) The Prime Minister's COVID-19 Pandemic Relief Fund-2020.]

1-Omitted vide the Finance Act, 2014. At the time of omission sub-clause (v.) was as under:-
v. Hamdard Laboratories (Waqf) Pakistan
2-Sub-clause (xiia) was inserted vide S.R.O. 390(I)/2009, dated 19.05.2009
3-Sub-clause (xiib) was inserted vide S.R.O. 576(I)/2009, dated 18.06.2009

4-Sub-clause (xvii) was added vide Notification No. S R O. 864(I)/2006, dated 24th August, 2006
5-Sub-clause (xviii) was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission was sub-clause (xviii) was as under:-
i [xviii) Micro Finance Banks for a period of five years starting from first day of July 2007:
Provided such banks shall not issue dividends to their share holders and their profit and gain (if any) shall be utilized for Micro Finance Operations only.]
i. Sub-clause (xviii) was added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
6-Sub-clauses (xix) was inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
7-Sub-clauses (xx) was inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
8-Sub-clause (xxi) was added vide S.R.O. 766(I)/2008, dated 21st July, 2008,
9-Sub-clause (xxii) was added vide S.R.O. 772(I)/2008, dated 22nd July, 2008
10-Sub-clause (xxiii) was added vide S.R.O. 1012(I)/2008, dated 23rd September, 2008
11-Sub-clause (xxiv) was added vide S.R.O. 810(I)/2009 dated 19th September, 2009
12-Sub-clauses (xxiv) was added vide S.R.O. 833(I)/2009, dated 29th September, 2009
13-Re-numbered as clause vide the Finance Act, 2014
14-Sub-clauses (xxv) was added vide S.R.O. 833(I)/2009, dated 29th September, 2009
15-Re-numbered as clause vide the Finance Act, 2014
16-Sub-clause (xxvii) was added vide Notification No. S.R.O. 119(I)/2011, dated 14th February, 2011
17-Re-numbered as clause vide the Finance Act, 2014
18-Sub-clause (xxviii) was added vide the Finance Act, 2012
19-Re-numbered as clause vide the Finance Act, 2014
20-Sub-Clause (xxviii) was inserted vide Notification No. S.R.O. 463(I)/2012, dated 28th April, 2012
21-Re-numbered as clause vide the Finance Act, 2014
22-Sub-Clause (xxvii) was added vide Notification No. S.R.O. 383(I)/2012, dated 18th April, 2012
23-Re-numbered as clause vide the Finance Act, 2014
24-Sub-Clause (xxix) was added S.R.O. 1225(I)/2012 dated 1st October, 2012
25-Re-numbered as clause vide the Finance Act, 2014
26-Substituted for the words "Society for Welfare of Patients of SIUT" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
27-Added vide the Finance Act, 2014
28-Re-numbered as clause (xxxii) vide the Finance Act, 2014
29-Added vide Finance Act, 2015
30-Inserted by S.R.O. 1029(I)/2014 dated 19th November, 2014
31-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. This entry was also inserted earlier vide S.R.O. 924(I)/2016 dated 30th September, 2016
32-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
33-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
34-Added vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018
35-Added vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
36-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
37-Sub-Clause (lxix) added by Notification No. S.R.O. 300(I)/2020, dated 10-04-2020
128- Serial No. "xxxvii to xlxv" and entries relating thereto inserted by Finance Act, 2021, dated 30-06-2021. Earlier Serial No. "xxxvii" and entries relating thereto inserted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021.
128a-S.No. "xlxvi" added by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
128b-Serial No. "(lvii)" added by Notification No. S.R.O. 1457(I)/2021, dated 11-11-2021
129[Serial numbers (i), (viii), (x), (xx), (xxx), (xxxi), (xxxiii) and (xxxvi) and entries relating thereto omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

| | |
|---|---|
| 129[(i) | Abdul Sattar Edhi Foundation. |
| (vii) | Liaquat National Hospital Association. |
| (x) | Indus Hospital, Karachi. |
| (xx) | Layton Rahmatullah Benevolent Trust (LRBT). |
| (xxx) | Audit Oversight Board.. |
| (xxxi) | Patient's Aid Foundation. |
| (xxxiii) | Saylani Welfare International Trust. |
| (xxxvi) | Dawat-e-Hadiya, Karachi. |

164-Clause (67) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (67) was as under:-
"(67) Any income of the Liaquat National Hospital Association, Karachi"
165-Clause (68) omitted by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (68) was as under:-
"(68) Any income derived by-
(i) Abdul Sattar Edhi Foundation, Karachi; and
(ii) Bilquis Edhi Foundation, Karachi."
166-Clause (69) omitted by the Finance Act, 2006 (III of 2006 assented on 30th June, 2006), At the time of omission clause (69) was as under:-
"(69) Any income derived vide Al-Shifa Trust, Rawalpindi."
167-Clause (70) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (70) was as under:-
"(70) Any income derived by Fatimid Foundation, Karachi."

168-Clause (71) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (71) was as under:-
"(71) Any income of Hamdard Laboratories (Waqf) Pakistan"
169-Clause (7IA) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (7IA) was as under:-
i[(71A) Any income of National Memorial Bab-e-Pakistan Trust for the assessment year commencing on or after the 1st day of July, 1994.]"
i.. Clause (71A) was inserted vide S.R.O. 354(I)/2004, dated 26th May, 2004,
170-Clause (72) omitted by Finance Act, 2021, dated 30-06-2021. Earlier it was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). Before omission read as:
(72) Any profit on debt payable to a non-resident person in respect of such private loan to be utilised on such project in Pakistan as may be approved b0.y the Federal Government for the purposes of this clause, having regard to the rate of profit and the terms of re-payment of the loan and the nature of project on which it is to be utilised."
171-Substituted for the full stop vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
172-Sub-clause (iii) inserted vide the Finance Act, 2010 (XVI of 2010). Earlier a different sub-clause (iii) omitted by the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission Sub-clause (iii) was as under:-
"(iii) being a foreign individual, company, firm or association of persons in respect of a foreign loan as is utilized for industrial investment in Pakistan provided that the agreement for such loan is concluded on or after the First day of February 1991, and is duly registered with the State Bank of Pakistan."
173-Clause "(72A)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
1[(72A) Any income derived by Sukuk holder in relation to Sukuk issued by "The Second Pakistan International Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited, including any gain on disposal of such Sukuk.]
1-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. This entry was also made earlier vide S.R.O. 924(I)/2016 dated 30th September, 2016
174-Clause (73) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (73) was as under:-
"(73) Any profit on debt payable to a non-resident person on a loan in foreign exchange against export letter of credit which is used exclusively for export of goods manufactured or processed for exports in Pakistan."
175-Clause "(74)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier it was by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
1[(74) Any profit on debt derived by Hub Power Company Limited on or after the first day of July, 1991, on its bank deposits or accounts with financial institutions directly connected with financial transactions relating to the project operations.]
1-Substituted for the words i[scheduled banks) vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). This substitution shall be deemed to have been made with effect from 1st July, 2003.
i. Substituted for the words "financial institutions" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
176-Clause (74A) omitted by the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011).At the time of omission clause (74A) was as under:-
i[(74A) Any profit on debt, payable to National Bank of Pakistan, on foreign currency loan of US $ 100 million given to Pakistan State Oil Company Limited (PSO) under agreement executed at Bahrain on the 29th May, 200I, approved by the Federal Government vide Finance Division's letter No. F.3(3)EF (B-III)/2001, dated the May 29, 2001.]"
i. Clause (74A) was inserted vide S.R.O. 754(I)/2007, dated 27th July, 2007
177-For clause "(75)" substituted by Finance Act, 2021, dated 30-06-2021. Earlier it was by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before substitution read as:
"(75) Any income of an agency of a foreign Government, a foreign national (company, firm or association of persons), or any other non-resident person approved by the Federal Government for the purposes of this clause, from profit on moneys borrowed under a loan agreement or in respect of foreign currency instrument approved by the Federal Government."
178-Clause (76) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (76) was as under:-
"(76) Any profit on debt payable to a non-resident person being a foreign individual, company, firm or association of persons in respect of a foreign loan as is utilised for industrial investment in Pakistan provided that the agreement for such loan is concluded on or after the first day of February 1991, and is duly registered with the State Bank of Pakistan."
179-Clause (77) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (77) was as under:-
"(77) Any profit derived by a non-resident person (whether a citizen of Pakistan or otherwise) in respect of the Islamic mode of financing, including istisna, morabaha, musharika i[.]"
i. Substituted for the colon vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
180-The words were inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
181-For the expression **"**citizens of Pakistan and foreign nationals residing abroad, foreign association of persons, companies registered and operating abroad and foreign nationals residing in

Pakistan**”** added by Finance Act, 2021, dated 30-06-2021. Earlier it was added by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021.
182-For the expression “citizen of Pakistan residing abroad” added by Finance Act, 2021, dated 30-06-2021. Earlier it was added by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
183-Clause “(80)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(80) Any income derived from a private foreign currency account held with an authorised bank in Pakistan, or certificate of investment issued by investment banks in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, by a resident individual who is a citizen of Pakistan:
Provided that the exemption under this clause shall not be available in respect of any incremental deposits made in the said accounts on or after the 16th day of December, 1999, or in respect of any accounts opened under the said scheme on or after the said date.”
184-Clause (81) was omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission clause (81) was as under:-
“(81) The income of a person, other than a bank or a financial institution, by way of interest on Foreign Currency Bearer Certificates issued under the Three-Years Foreign Currency Bearer Certificate Rules, 1997.”
185-Omitted vide the Finance Act, 2014. At the time of omission clause (81A) was as under:-
i[(81A) Not withstanding omission of clause (81), the existing holders of Foreign Currency Bearer Certificate shall continue to have the benefit of exemption till such certificates are encashed]
[i . Clause (81A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)]
186-Clause (82) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (82) was as under:-
(82) Any profit on Special US Dollar Bonds issued under the Special US Dollar Bonds Rules, 1998:
Provided that the exemption under this clause shall not apply to profits on the said bonds purchased by a resident person out of any incremental deposits made in the foreign currency accounts on or after the 16thday of December, 1999, or out of new accounts opened on or after the said date”
187-Clause (83) omitted by the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (83) was as under:-
(83) Any profit on debt derived from Pak rupees account or certificates of deposit which have been created by conversion of a foreign currency account or deposit held on the 28th day of May, 1998, with a bank authorised under the Foreign Currency Accounts Scheme of State Bank of Pakistan:
Provided that nothing contained in this clause shall apply to such Pak rupee account or certificates which are created out of foreign currency deposits which are not exempt under clause (78) “[and (80)].”
i. The words, brackets and figure inserted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). This amendment shall be deemed to have been so inserted from 5th August 1998.
188-Clause (84) omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission clause (84) was as under:-
“(84) Any profit on debt received from a Pakistani bank by a foreign bank, approved by the Federal Government for the purposes of this clause, for such period as may be determined by the Federal Government:
Provided that-
(i) the profit is earned on deposits comprising of remittances from abroad held in a rupee account opened with a Pakistani bank with the prior approval of the State Bank of Pakistan;
(ii) the Pakistani bank maintaining the said rupee account holds 20 per cent or more of the equity capital of the said foreign bank and the management of the latter vests in the Pakistani bank; and
(iii) the rate of profit chargeable on the said deposits does not exceed the rate of interest chargeable on the deposits in the foreign currency accounts allowed to be opened with banks in Pakistan by the State Bank of Pakistan.”
189-Clause (85) omitted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (85) was as under:-
“(85) Any income derived by any person, not being a bank, a banking company, financial institution, a development financing institution or a company engaged in the business of insurance, by way of return on bearer bonds issued by the Pakistan Water and Power Development Authority, established under the Pakistan Water and Power Development Authority Act, 1958 (West Pakistan Act. No. (XXXI of 1958)
Provided that nothing contained in this clause shall apply in respect of return on bonds issued on or after the first day of July, 1991”
190-Clause (86) omitted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (86) was as under:-
“(86) Any income derived by any person, being an individual, by way of return on bearer or registered bonds (Second issue, 1989), issued by the Pakistan Water and Power Development Authority, established under the Pakistan Water and Power Authority Act, 1958 (West Pakistan Act, No. XXXI of 1958):
Provided that nothing contained in this clause shall apply in respect of return on bonds issued on or after the first day of July, 1991”
191-Clause (87) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (87) was as under:-

"(87) Any income derived by a non-resident person from foreign investment in 7th issue of Pak rupee denominated W APDA Energy Bonds issued under the WAPDA Energy Bonds (7th Issue) Regulations. 1997."
192-Clause (88) omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission clause (88) was as under:-
"(88) Any income derived by a non-resident person (excluding local branches subsidiaries or offices of foreign banks, companies, associations of persons or any other person operating in Pakistan) from Federal Government securities and redeemable capital as i[defined] in the Companies Ordinance, 1984. (XLVII of 1984) listed on a registered stock exchange, where the investments are made exclusively from foreign exchange remitted into Pakistan through a Special Convertible Rupee Account maintained with a bank in Pakistan."
i. Substituted for the words "define" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
193-Omitted vide the Finance Act, 2014. At the time of omission clause (88A) was as under:-
i[(88A) Not withstanding omission of clause (88), the existing holders of Federal Government Securities and redeemable capital shall continue to have benefit of exemption till the maturity of the securities and redeemable capital.]
[i. Clause (88A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)]
194-Clause (89) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (89) was as under:-
"(89) Any income derived by an individual or association of persons from rated and listed Term Finance Certificates being the instruments of redeemable capital under the Companies Ordinance 1984, issued on or after the 14th day of September 1997:
Provided that the exemption under this clause shall not apply in respect or any assessment year commencing on or after the first day of July 2002
195-Clauses "(90), (90A) & (91)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(90) Any profit on debt payable by an industrial undertaking in Pakistan-
(i) on moneys borrowed by it under a loan agreement entered into with any such financial institution in a foreign country as may be approved in this behalf by the Federal Government by a general or special order; and
(ii) on moneys borrowed or debts incurred by it in a foreign country in respect of the purchase outside Pakistan of capital plant and machinery in any case where the loan or debt is approved by the Federal Government, having regard to its terms generally and in particular to the terms of its payment, from so much of the tax payable in respect thereof as exceeds the tax or taxes on income paid on such interest in the foreign country from which the loan emanated or in which the debt was incurred (hereinafter referred to as the 'said country'):
Provided that, where the amount of such tax or taxes paid in the said country exceeds the amount of the tax payable in Pakistan, no refund of the amount paid in excess shall be allowed:
Provided further that, where the said country exempts such interest or allows credit against its own tax for the tax which would have been payable in Pakistan if the said interest were liable to tax in Pakistan, no tax shall be payable in Pakistan in respect of such interest.
(90A) Any profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, for a period of five years with effect from the 1st day of July, 2018.
(91) Any income of a text-book board of a Province established under any law for the time being in force, accruing or arising from the date of its establishment."
196-Clause 92 was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Clause 92 was as under:-
"(92) Any income of any university or other educational institution established solely for educational purposes and not for purposes of profit."
197-Omitted vide the Finance Act, 2014. At the time of omission clause (92A) was as under:-
i[(92A) Any income of any university or any other educational institution established in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA, for a period of two years ending on the 30th day of June, 2011]
[i. Clause (92A) was inserted vide Finance Act, 2010 (XVI of 2010)]
198-Clause (93) was omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011). At the time of omission clause (93) was as under:-
"(93) Profits and gains derived by a taxpayer from the running of any computer training institution or computer training scheme, recognized by a Board of Education or a University or the University Grant Commission, as the case may be, set up between the first day of July, 1997, and the thirtieth day of June, 2005, both days inclusive, for a period of five years beginning with the month in which such institution is set up:
Provided that a computer training institution or computer training scheme approved by the i[Board] before the first day of July, 2000 shall continue to avail exemption under this clause till the expiry of the specified period."
i. Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
199-Omitted vide the Finance Act, 2014. At the time of omission clause (93A) was as under:-
i[(93A) Profits and gains derived by a taxpayer from the running of any vocational institute or technical institute or poly-technical institute, recognized by a Board of Technical Education or a university or any other authority appointed in this behalf by the Federal Government or a Provincial Government, as the case may be, set up between the first day of July, 2004,

and the thirtieth day of June, 2008, both days inclusive, for a period of five years beginning from the tax year in which such institution is recognized.]
[i. Clause (93A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
200-Clause (94) omitted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (94) was as under:-
"(94) Any amount paid by way of Federal Educational Fee or expended on setting up and managing or running of a middle, high or technical school in accordance with the conditions laid down in the Federal Education Fee Scheme.
201-Clause (95) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (95) was as under:-
"(95) Any income derived vide the Pakistan Council of Scientific and Industrial Research."
202-Clause (96) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (96) was as under:-
"(96) Any income derived by the Institution of Engineers, Pakistan, Lahore."
203-Clause (97) omitted by the Finance Act, 2006 (III of 2006), (Assented on 30th June, 2006). At the time of omission clause (97) was as under-
"(97) Income of Pakistan Agricultural Research Council, Islamabad"
204-Clause "(98)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
(98) Any income derived by any Board or other organization established 1[by Government] 2[***] in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by Government 3[:]
4[Provided that the exemption of this clause shall not be applicable to the Pakistan Cricket Board.]
1-Inserted vide the Finance Act, 2016 (XXIX of 2016)
2-The words "by Government" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
3-Substituted for the full stop vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
4-Proviso was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
204-Clause 98A was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Clause 92 was as under:-
i[(98A) Any income derived by International Cricket Council Development (International) Limited (IDI), International Cricket Council (ICC), employees , Officials, agents and representatives of IDI and ICC, officials from ICC members, players, coaches, medical doctors and officials of member countries, IDI partners and media representatives, other than person who are resident of Pakistan, from ICC champions Trophy, 2008 hosted in Pakistan"
i.. Clause (98A) inserted vide Notification No. S.R.O. 490(I)/2008 dated 31st May, 2008
205-Clause (99) substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June 2008). At the time of substitution clause (99) was as under:-
i[(99) Any income derived by a mutual fund or an investment company registered under the ii[Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003], or a unit trust scheme constituted by an assets management company registered under the Assets Management Companies Rules, 1995 III[, or a Real Estate Investment Trust approved and authorized under Real Estate Investment Trust Rules, 2006 established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules. 2006]. If not less than ninety per cent of its accounting income of that year, as reduced by capital gains whether realized or un-realized, is distributed amongst-the unit or certificate holders or shareholders as the case may be:-
Explanation.-For the purpose of this clause the expression "accounting income" means income calculated under the Generally Accepted Accounting Principles and verified by the auditors.]
i. Clause (99) substituted vide S.R.O. 728(I)/2002, dated 23rd October, 2002. At the time of substitution clause (99) was as under:-
"(99) Any income derived by a Mutual Fund or an investment company registered under the Investment Companies and Investment Advisors Rules, 1971 or a unit trust scheme constituted by an asset management company registered under the Assets Management Companies Rules, 1995, if not less than ninety per cent of its income of that year is distributed amongst the unit or certificate holders or shareholders, as the case may be."
ii. Substituted for the words, comma and figures "Investment Companies and Investment Advisers Rules, 1971" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
iii. The commas, words and figures were inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
205a-Expression inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022
205b-Expression inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022
205c-
206-For Clause (99A) substituted by Finance Act, 2021, dated 30-06-2021. Earlier it was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). Before substitution read as:
"(99A) Profits and gains accruing to a person on sale of immovable property to a REIT Scheme up to thirtieth day of June, 2015:]
Provided that profit and gains on sale of immovable property to a Developmental REIT Scheme with the object of development and construction of residential buildings shall be exempt upto thirtieth day of June, 2023:"
206a-Expression inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022

206b-Explanation inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022
207-Clauses "(100) & (101)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
(100) Any income, not being income from 1[manufacturing or] trading activity, of a modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), for any assessment year commencing on or after the first day of July, 1999 2[:]
Provided that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the said Ordinance or the rules made 3[thereunder, as are distributed amongst the shareholders]:
Provided further that with effect from the first day of July, 1999 for the purpose of determining the distribution of ninety per cent profits, the profits distributed through bonus certificates or shares to the certificate holders shall not be taken into account.
(101) Profits and gains derived between the first day of July, 2000 and the thirtieth day of June, 4[2024] both days inclusive, by a venture capital company and venture capital fund registered under Venture Capital Companies and Funds Management Rules, 2000 5[and a Private Equity and Venture Capital Fund].
1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
2-Substituted for the semi-colon vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2 (03)
3-Substituted for the word "thereafter" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
4-Substituted for the figure i[2014" vide the Finance Act, 2012
i. Substituted for the figure "2007" vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
5-The words were added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007).
208-Clause (102) was omitted vide the Finance Act, 2010 (XVI of 2010). At the time of omission clause (102) was as under:-
"(102) Any dividend received by the Investment Corporation of Pakistan from any other company which has paid or will pay tax in respect of the profits out of which such dividends are paid."
209-Clause (102A) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
210-Clause (103) omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(103) Any distribution received by a taxpayer from a collective investment scheme registered by the Securities and Exchange Commission of Pakistan under the Non-Banking Finance Companies and Notified Entities Regulations, 2007, including National Investment (Unit) Trust or REIT Scheme or a Private Equity and Venture Capital Fund out of the capital gains of the said Schemes or Trust or Fund:
Provided that this exemption shall be available to only such mutual funds, collective investment schemes that are debt or money market funds and these do not invest in shares."
211-Clause (103A) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
212-The word, figure and letter were inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
213-The expression "or section 59B" was omitted vide the Finance Act, 2016 (XXIX of 2016)
214-Added vide Finance Act, 2015
215-Clause 103B was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Clause 92 was as under:-
i[103B) any individual in specie derived in the form of shares in a company, as defined in the Companies Ordinance, 1984 (XLVII of 1984)
Provided that when such shares are disposed of by recipient, the amount representing the dividend in specie shall be taxed in accordance with provisions of section 5 of this Ordinance and the amount, representing the difference between the consideration received and the amount here in above, shall be treated in accordance with provisions of section 37 or section 37A, as the case may be.]
i. Clause (103B) was inserted vide the Finance Act, 2010 (XVI of 2010)
216-Clause "(103C)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(103C) Dividend income derived by a company, if the recipient of the dividend, for the tax year 2[is eligible for] group relief under section 59B"
217-Clause "(103D)" added by Finance Act, 2021, dated 30-06-2021.
218-Clauses (104), (105), (105A)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:
(104) Any income derived by the Libyan Arab Foreign Investment Company being dividend of the Pak-Libya Holding Company.
(105) Any income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited.
4[(105A) Any income derived by Kuwait Foreign Trading Contracting and Investment Company or Kuwait Investment Authority being dividend of the Pak-Kuwait Investment Company in Pakistan from the year of incorporation of Pak- Kuwait Investment Company.]"
1-Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
2-The expression omitted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was omitted by Tax Law (Second Amendment), Ordinance, 2019, dated 27-12-2019. Before omission read as:
"computed according to the following formula-

A x B/C
Where-
A is the amount of dividend;
B is the shareholding of the company receiving the dividend in the company, distributing the dividend; and
C is the total ordinary share capital of the company distributing the dividend."
3-Substituted for the words "has availed" vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
4-Clause (l05A) was inserted vide Notification No S.R.O. 749(I)/2004 dated 30th August, 2004
219-Clause (105B) was inserted vide S.R.O. 106(I)/2008 dated 1st February 2008
220-Clause (106) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (106) was as under:-
"(106) Any income derived by the Pakistan Water and Power Development Authority, established under the Pakistan Water and Power Development Authority Act, 1958 (West Pakistan Act No. XXXI of 1958)"
221-Clause (106A) omitted vide the Finance Act, 2006 (III of 2006) assented on 30th June, 2006). At the time of omission clause (106A) was as under:-
i"(106A) Any income derived by the corporatized entities of Pakistan Water and Power Development Authority from the date of their creation up to the date of completion of the process of corporatization i.e. till the tariff is notified]"
i. Clause (106A) was inserted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
222-Clause (107A) was inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
223-Clause (108) omitted by the Finance Act, 2003 (I of 2003 assented on 10th June, 2003. At the time of emission Clause (108) was asunder:-
"(108) Any income derived by the International Irrigating Management Institute (IIMI) Pakistan,"
224-Clause (109) omitted by the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (109) was as under:-
"(109) Any amount collected by the Civil Aviation Authority up to the thirty-first December, 1998, on account of security charges."
225-Clause (110) omitted by the Finance Act, 2010 (XVI of 2010). At the time of omission clause (110) was as under:-
"(110) Any income chargeable under the head "capital gains" being income from the sale of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XL VII of 1984), listed on any stock exchange in Pakistan or shares of a public company i[as defined in sub- section (47) of section 2) and the Pakistan Telecommunications Corporation vouchers issued by the Government of Pakistan, derived by a taxpayer ii[up to tax year ending on the thirtieth day of June, III[2010)]
i. Substituted for the words "as defined in the First Schedule" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
ii. Substituted for the words, comma and figure "III respect of any a[tax year 2005]" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
(a) Substituted for the words, comma and figure "assessment year ending on or before the thirtieth day of June, 2005" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
iii. Substituted for the figure a[(2008) vide S.R.O. 567(I)/2008, dated 11th June 2008
(a) Substituted for the figures "2001" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
226-Clause (110A) was omitted vide Finance Act, 2010 (XVI of 2010). At the time of omission clause (110A) was as under:-
i"(110A) Any gain on transfer of a capital asset of the existing stock exchanges to new corporatized stock exchange, in the course of corporatized stock exchange in the course of corporatization of an existing stock exchange."
i. Clause (110A) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
227-Clauses "(110B) & (110C)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as"
1[(110B) Any gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange, for acquisition of shares and trading or clearing rights acquired by such member in new corporatized stock exchange in the course of corporatization of an existing stock exchange.]
2[(110C) Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, during the period from the 1st day of July, 2018 till the 30th day of June, 2023]
1-Clause (110B) inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
2-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
228-Clause (111) was omitted vide the Finance Act, 2010 (XVI of 2010). At the time of omission clause (111) was as under:-
"(111) Any income chargeable under the head "capital gains" being income from the sale of shares of a public company derived by any foreign institutional investor as is approved by the Federal Government for the purpose of this clause."
229-Clause (112) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (112) was as under:-
"(112) Any income chargeable under the head "capital gains" derived by a person from the sale of shares of industrial units of public sector corporations by the Privatization Commission".
230-Clause (113) was omitted vide Finance Act, 2015. At the time of omission Clause (113) was as under:-

(113) Any income chargeable under the head "capital gains", being income from the sale of shares of a public company set up in any Special Industrial Zone referred to in clause 2279[(126)]of this Schedule, derived by a person for a period of five years from the date of commencement of its commercial production:
Provided that the exemption under this clause shall not be available to a person from the sale of shares of such companies which are not eligible for exemption from tax under clause (126)
231-Clause "(114)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(114) Any income chargeable under the head "capital gains" derived by a person from an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980)."
232-Clause (114A) omitted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011). At the time of omission clause (114A) was as under:-
i"(114A) Any income chargeable under the head "capital gains" derived by a person from sale of ships arid all floating crafts including tugs, dredgers, survey vessels and other specialized craft up to tax year ending on the thirtieth day of June 2011."
i. Clause (114A) was added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
233-Clause "(114AA)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(114AA) Any income chargeable under the head "capital gains" derived by a resident individual from the sale of constructed residential property:
Provided that exemption under this clause shall only apply, if
(a) at the time of sale, the residential property was being used for the purpose of personal accommodation by the resident individual, his spouse or dependents and for which any of the utility bills is issued in the name of such individual;
(b) the land area of the property does not exceed 500 square yards in case of a house and 4000 square feet in case of a flat; and
(c) exemption under this clause has not previously been availed by the individual, his spouse or dependents."
234-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
235-Clause (115) omitted by the Finance Act, 2003 (I of 2003), (Assented on 16th June, 2003). At the time of omission clause (115) was as under:-
"(l15) Any share of income received by a taxpayer out of capital gains on which tax has been paid by the firm of which he is a partner i[:]
ii[Provided that exemption under this clause shall not apply in respect of any tax year commencing on or after the 1st day of July, 2002.]"
i. Substituted for the full stop vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
ii. Proviso added by the Finance Ordinance, 2002 (XXVII of 2002), (Promulgated on 15th June, 2002)
236-Clause (116) omitted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (116) was as under:-
(116) Any income derived by a taxpayer from the business of fish catching or fish processing, where the fish catching business or fish processing unit is established by the taxpayer for the first time between first day of July, 1993, and 30th day of June, 1997, for a period of five years from the date of such establishment, subject to the condition that the said date shall be determined by the Commissioner on an application made by the taxpayer."
237-Clause "(117)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(117) Any income derived by a person from plying of any vehicle registered in the territories of Azad Jammu and Kashmir, excluding income arising from the operation of such vehicle in Pakistan to a person who is resident in Pakistan and non-resident in those territories."
238-Clause (118) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (118) was as under:-
"(118) Profits and gains derived by a taxpayer from a pioneer Industrial undertaking which is set up by 30th day of June, 1997 for a period of five years from the date of commencement of commercial production The exemption under this clause shall apply to a pioneer industrial undertaking which-
(a) is owned and managed by a company formed and registered under the Companies Act, 1913 (VII of 1913) having its registered office in Pakistan:
(b) is an undertaking the income, profits and gains of which are not liable to be computed in accordance with the rules contained in the Fifth Schedule;
(c) fulfils the following conditions, namely:-
(i) that the undertaking is based on highly sophisticated technology;
(ii) that the technology employed has fast obsolescence;
(iii) that investment in the undertaking involves high risk; and that the goods produced or to be produced are such that neither these goods, nor identical or close substitutes thereof, arc being produced in Pakistan; and
(d) is approved, on an application made by the taxpayer in such form and manner and accompanied by such statements, certificates, documents and undertakings, and in accordance with such procedure, as may be prescribed by the Central Board of Revenue."
239-Clause (119) was omitted vide the Finance Ordinance 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (119) was as under:-

Profits and gains derived by a taxpayer, being a resident company, from an industrial undertaking engaged in the manufacture of electronic equipment or components thereof which IS set up In the North West Frontier Province or In the Islamabad Capital Territory by 30th day of June, 1997, and is approved by the Central Board of Revenue for purposes of this clause, for a period of five years from the dale of commencement of commercial production."

240-Clause (120) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (120) was as under:-

"(120) Profits and gains derived by a taxpayer from an industrial undertaking for a period of five years from the date of commencement of commercial production

2. The exemption under this clause shall apply to an undertaking which is-

(a) set up between the first day of July, 1994, and the thirtieth day of June, 2000: both days inclusive;

(b) owned and managed by a company formed exclusively for operating the said industrial undertaking engaged in fruit processing and registered under the Companies Ordinance, 1984 (XL VII of 1984), and having its registered office in Pakistan; and

(c) is not formed by splitting up or the reconstruction or reconstitution of business already in existence or by transfer to a new business of any machinery or plant in Pakistan at any time before the commencement of the new business."

241-Clause (121) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (121) was as under:-

i"(121) Profits and gains derived by an assessee from an Industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980) for the assessment years 1998-1999, 1999-2000 and 2000-2001.

However, exemption under this clause shall be restricted to the remaining period of exemption to which a company was entitled before the relevant amendments made by the Finance Act, 1996 (IX of 1996)]"

i. Clause (121) was inserted vide S.R.O. 596(I)/2002, dated 5th September, 2002. Earlier Clause (121) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (121) was as under:-

"(121) (1) Profits and gains derived by a taxpayer from an industrial undertaking or a period of five years from the date of commencement of commercial production."

(2) The exemption under this clause shall apply to an Industrial undertaking which is-

(a) set up between the first day of July, 1994, and the thirtieth day of June, 2000, both days inclusive;

(b) owned and managed by a company formed exclusively for operating the said industrial undertaking engaged In the manufacture of soft and stuffed toys; and

(c) not formed by splitting up, reconstruction or reconstitution of business already in existence or by transfer to a new business of any machinery or plant in Pakistan at any time before the commencement of the new business."

242-Clause (122) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).

At the time of omission clause (122) was as under:-

"(122) (1) Profits and gains derived by a taxpayer from an industrial undertaking for a period of five years from the date of commencement of commercial production.

(2) The exemption under this clause shall apply to an industrial undertaking which is-

(a) engaged in the manufacture of solar thermal, photovoltaic equipment for production of solar energy and solar appliances;

(b) set up between the first day of July, 1997 and the thirtieth day of June, 2000; and

(c) is not formed by splitting up or the reconstruction or reconstitution of business already in existence or by transfer to a new business of any machinery or plant in Pakistan at any time before the commencement of the new business."

243-Clause (123) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (123) was as under-

"(123) Profits and gains derived by a taxpayer from an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), for a period of five years from the date of commencement of production, and for such further period as may be allowed by the Federal Government:

Provided that nothing contained in this clause shall apply to an industrial undertaking set up after the 30th June, 1997."

244-Clause (124) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).

At the time of omission clause (124) was as under:-

"(124) Profits and gains derived by a taxpayer up to the thirtieth day of June, 1997 from an industrial undertaking set up in the Karachi Export Processing Zone, declared by the Federal Government as a Zone within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980)"

245-Clause (125) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).

At the time of omission clause (125) was as under:-

(125) (1) Profits and gains derived by a company' for a period of five years from an industrial undertaking set up in such area and within such period and on such conditions as the Federal Government may, by notification in the Official Gazette, specify:

Provided that the exemption under this sub-clause shall not be available after the 31st January, 1996, except to such companies otherwise qualifying under this clause, which have established letters of credit for the import of plant and machinery for such industrial undertaking by the 31st January, 1996.

(2) Income chargeable under the head "Capital gains" derived by a taxpayer from the sale of shares representing foreign equity in such company and on such conditions as the Federal Government may by notification in the official Gazette, specify:
Provided that the exemption under this sub-clause shall not be available to a taxpayer from the sale of shares representing foreign equity in such companies which do not qualify for exemption under sub-clause (1)"
246-Substituted for clause (126) vide the Finance Act, 2014. At the time of omission clause (126) was as under:-
(126) (1) Profits and gains derived by a taxpayer from an industrial undertaking set up between the first day of July, 1995, and the i[31st day of December, 2002], both days inclusive, for a period of ten years beginning with the month in which the undertaking is set up or commercial production is commenced, whichever is the later:
Provided that the exemption under this clause shall not be available after the 31st January, 1996, except to such taxpayers, otherwise qualifying under this clause, who have established letters of credit for the import of plant and machinery for such industrial undertaking by the 31st January, 1996 ii[:]
iii[Provided further that the extension in deadline from the 30th June, 1999, to the 31st December, 2002, shall not apply to those projects whose cases are sub-judice and that the Federal Government shall decide such cases in accordance with the verdict of the apex Court.]
(2) The exemption under this clause shall apply to an industrial undertaking which fulfils the following conditions, namely:-
(a) that it is set up in such area as may be notified by the Federal Government to be a Special Industrial Zone;
(b) that it is not formed by the splitting up, or the reconstruction or reconstitution of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business;
(c) that it is owned and managed by a company formed exclusively for operating such industrial undertaking and registered under the Companies Ordinance, 1984 (XLVII of 1984), having its registered office in Pakistan; and
(d) that it is not engaged in the manufacture of arms and ammunition, security printing, currency and mint, high explosives, radioactive substances, alcohol (except industrial alcohol), cotton ginning, spinning (except as part of integrated textile [unit]), sugar manufacturing (white), flour milling, steel re-rolling and furnace, Tobacco industry, ghee or vegetable oil industry, plastic bags (including Polypropylene, and Polyethylene), beverages (excluding fruit juices), polyester industry, automobile assembly and cement industry.
[i Substituted for the figures, words and comma "30th day of June, 1999" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)]
[ii. Substituted for the full stop vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)]
[iii. Proviso was added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
247-Substituted for clause "126A"vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution clause "126A"was as under:-
i [(126A) income derived by China Overseas Ports Holding Company Limited from Gwadar Port operations for a period of
ii [twenty three] years, with effect from the sixth day of February, 2007.]
i. Substituted for clause (126A) vide the Finance Act, 2014. At the time of substitution clause (126A) as under:
i[(126A) income derived by –
(a) Gawadar Free Zone Company Limited;
ii[(b) PSA Gawadar International Terminal Limited;]
iii[(c) Gawadar Marine Services Limited; and]
iv[(d) P.S.A. Gawadar (PTE) Ltd.] from Gwadar Port operations for a period of twenty years beginning from the year in which the company is set up or commercial operation is commenced, whichever is the later.]
[i. Clause (126A) was inserted vide S.R.O. 755(I)2007, dated 27th July, 2007
[ii. Substituted for sub-clause (c) vide S.R.O. 41(I)/2008, dated 11th January, 2008. At the time of substitution sub-clauses (b) and (c) was as under:-
(b) PSA Gwadar International Terminal Limited; and"
[iii. Substituted for sub-clause (c) vide S.R.O. 41(I)/2008, dated 11th January, 2008. At the time of substitution sub-clause (c) was as under:-
(c) Gwadar Marine Services Limited"
[iv. Sub-clause (d) was substituted vide S.R.O. 152(I)/2008, dated 16th February, 2008. At the time of substitution sub-clause (d) was as under:-
"(d) Port of Singapore Authority International (PTE) Ltd. (PSAI),"
ii. Substituted for the figure "Twenty" vide Finance Act, 2015
248-Substituted for "Gawadar" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
249-Words substituted by Finance Act, 2020, dated 30-06-2020. Earlier the same was inserted by Tax Laws (Amendment) Ordinance, 2019, dated 09-10-2019
250-Words substituted by Finance Act, 2020, dated 30-06-2020. Earlier the same was inserted by Tax Laws (Amendment) Ordinance, 2019, dated 09-10-2019
251-For clause "(126B)" substituted by Finance Act, 2021, dated 30-06-2021. Earlier Clause "(126B)" substituted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before substitution read as:
"(126B) Profit and gains derived by Khalifa Coastal Refinery for a period of twenty years beginning in the month in which the refinery is setup or commercial production is commenced, whichever is the later."

252-Clause "(126BA)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"1[(126BA) Profits and gains derived by a refinery set up between the 1st day of July, 2018 and the 30th day of June, 2023 with minimum 100,000 barrels per day production capacity for a period of twenty years beginning in the month in which the refinery is set up or commercial production is commenced, whichever is later. Exemption under this clause shall also be available to existing refineries, if-
(a) existing production capacity is enhanced by at least 100,000 barrels per day;
(b) the refinery maintains separate accounts for income arising from aforesaid additional production capacity; and
(c) the refinery is a deep conversion refinery.]"
1-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
253-Clause "(126C)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
(126C) (1) Profits and gains derived by a taxpayer from an industrial undertaking set up in Larkano Industrial Estate between the 1st day of July, 2008 and the thirtieth day of June, 2013, both days inclusive, for a period of ten years beginning with the month in which the industrial undertaking is set up or commercial production commenced, whichever is the later.
(2) Exemption under this clause shall apply to an industrial undertaking which is owned and managed by a company registered under the Companies Ordinance 1984 (XLVII of 1984) and formed exclusively for operating the said undertaking.]
254-Clause (126D) was inserted vide S.R.O. 606(I)/2009, dated 29th June, 2009
255-Substituted for clause (126E) vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013.
At the time of substitution clause (126E) was as under:-
i[(126E) Corporate income tax holiday for a period of five years for projects from the date of commercial operations, and for developers of the zone, for a period of ten years from the date of start of development activity in the Special Economic Zones as announced by the Federal Government]
i. Clause (126E) was substituted vide S.R.O. 123(I)/2010, dated 26th February, 2010). At the time of substitution clause (126E) was as under-
"(126E) Income derived by Corporate zone developers for projects in the Special Economic Zones as announced by the Federal Government for a period of ten years from the date of start of developmental activity.
Initially: Clause (126E) was inserted S.R.O. 660(I)/2009, dated 15th July, 2009
256-For the full stop and thereafter Proviso added by Finance Act, 2020 dated 30-06-2020
257-Clause (126F) was omitted vide Finance Act, 2015. At the time of omission Clause (126F) was as under:-
i[(126F) Profits and gains derived by a taxpayer located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA for a period of three years starting from the tax year 2010:
Provided that this concession shall not be available to the manufacturers and suppliers of cement, sugar, beverages and cigarettes
i Clause (126F) was inserted vide the Finance Act, 2010 (XVI of 2010)
258-Clause "(126G)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"1[(126G) Profit and gains derived for a period of five years from the date of start of commercial production by the following companies from the projects mentioned against each that have been declared 'Pioneer Industry' by Economic Coordination Committee of the Cabinet--
(i) M/s. Astro Plastics (Pvt.) Ltd. from their Biaxially Oriented Polyethylene, Terephthalate (BOPET) Project; and
(ii) M/s. Novatex Ltd. from their Biaxially Oriented Polyethylene Terephtalate (BOPET) Project]"
1-Added vide S.R.O. 281(I)/2014, dated 8th April, 2014
259-Clause "(126H)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(126H) Profits and gains derived by a taxpayer, from a fruit processing or preservation unit set up in Balochistan Province, Malakand Division, Gilgit-Baltistan and FATA between the first day of July, 2014 to the thirtieth day of June, 2017, both days inclusive, engaged in' processing of locally grown fruits, for a period of five years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later."
260-Clause "(126I)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier it was omitted Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Bfefore omission read as:
261-Clauses "(126J), (126K) and (126L)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(126J) Profits and gains derived by a taxpayer, from an industrial undertaking set up by 31st day of December, 2016 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from first day of July, 2015:
Provided that this clause shall also apply to such undertaking set up between the 1st March, 2019 and the 30th June, 2023 for a period of five years beginning from the date such industrial undertaking is set up.
(126J) Profits and gains derived by a taxpayer, from an industrial undertaking set up between 1st day of July, 2015 and 30th day of June, 2016 engaged in operating warehousing or cold chain facilities for storage of agriculture produce for a period of three years beginning with the month in which the industrial undertaking is set up or commercial operations are commenced, whichever is later."
(126K) Profits and gains derived by a taxpayer, from an industrial undertaking set up between the first day of July, 2015 and the 30th day of June, 2017 for establishing and operating a halal meat production unit, for a period of four years beginning

with the month in which the industrial undertaking commences commercial production. The exemption under this clause shall apply if the industrial undertaking is -
(a) owned and managed by a company formed for operating the said halal meat production unit and registered under the Companies Ordinance, 1984 (XLVII of 1984), and having its registered office in Pakistan;
(b) not formed by the splitting up, or the re construction or re constitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and
(c) halal meat production unit is established and obtains a halal certification within the period between the first day of July, 2015 and the 30th day of June, 2017.
(126L) Profits and gains derived by a taxpayer, from an industrial undertaking set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan between 1st day of July, 2015 and 30th day of June, 2018 for a period of five years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later:
Provided that exemption under this clause shall be admissible where-
(a) the industrial undertaking is setup between the first day of July, 2015 and 30th day of June, 2018, both days inclusive; and
(b) the industrial undertaking is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1st July 2015."
262-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021
263-For the figure "2018" substituted by Finance Act, 2021, dated 30-06-2021. Earlier it was substituted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
264-Clause "(16N)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(126N) Profits and gains derived by a taxpayer from an industrial undertaking, duly certified by the Pakistan Telecommunication Authority, engaged in the manufacturing of cellular mobile phones, for a period of five years, from the month of commencement of commercial production:
Provided that the industrial undertaking has been set up and commercial production has commenced between the first day of July, 2015 and the thirtieth day of June, 2017 and the industrial undertaking is not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan."
265-Clause "(126O)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before omission read as:
"(126O) Profits and gains of a company from a green field industrial undertaking for a period of five years incorporated on or after the first day of July, 2019 provided that the green field industrial undertaking is not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan before the commencement of the new business.]"
266-Clause (127) was omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (127) was as under:-
"(127)(1) Profit and gains derived by a taxpayer from an industrial undertaking set up between the first day of July, 1995, and the thirtieth day of June, 1997, both days inclusive, for a period of eight years beginning with the month in which commercial production is commenced (2) The exemption under this clause shall apply to an industrial undertaking which fulfils the following conditions, namely:-
(i) It is set up in a rural area i.e., outside the limits of any municipal corporation, municipal committee, cantonment board or Islamabad Capital Territory and in no case within the following areas namely:-
(a) up to ten kilometers from the municipal or cantonment limits of Karachi or Lahore; and
(b) up to ten kilometers from the existing limits of municipal corporations or cantonments boards;
Explanation.-The distance between an industrial undertaking and the outer boundary of a municipal or cantonment limit shall be measured in a straight line on horizontal plane as provided in section II of the General Clauses Act, (X of 1897), and the said distance, wherever required, will be-defined and determined by the concerned officer of the District Administration. (ii) It is not formed by the splitting up, or the reconstruction or reconstitution of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business.
(iii) It is owned and managed by a company formed for operating such industrial undertaking and registered under the Companies Ordinance, 1984 (XL VII of 1984), having its registered office in Pakistan.
(iv) It is an undertaking engaged in any of the following agro-based industries:
(a) cultivation, production, processing and preservation of flowers and ornamental plants;
(b) cattle, sheep and goat forming for the production and processing of meat. It will cover rearing, sale and slaughtering of animals and processing and packing of meat and meat products;
(c) dairy farming for the production of milk;
(d) processing, packing, preservation and canning of milk and milk products with or without addition of other things;
(e) processing, packing, preservation and canning of meat and meat products;
(f) processing, packing, preservation and canning of fruits and vegetable;
(g) inland farming and preservation packing and canning of fish and seafood with or other things;

(h) cultivation production and multiplication of high yielding seeds of cereals, pulses, vegetables fruits Oil seeds and cash crops like sugarcane Conon coca, coffee, tea, herbs and spices;
(i) cultivation. production and extraction of edible oils;
(j) poultry farming and processing, packing, preservation and canning of poultry meat with or without addition of other things; and
(k) manufacture of cattle and poultry feeds."
267-Clause (128) omitted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (128) was as under:-
"(128) Any income accruing or arising outside Pakistan to an industrial undertaking set up in an area declared by the Federal Government to be a Zone within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980)
Provided-the said income accrues or arises from such activities of the said undertaking as are approved by the Federal Government:
Provided that nothing contained in this clause shall apply to an industrial undertaking set up after the 30th June, 1997."
268-Clause (129) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (129) was as under:-
"(129) Any income of Saudi-Pak Industrial and Agricultural Investment Company Limited in Pakistan for a period of twenty years commencing with the thirty first day of December 1982."
269-Clause (130) was omitted vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (130) was as under:-
"(130) Any income of Pakistan-Kuwait Investment Company in Pakistan for a period of twenty years from the date of its incorporation."
270-Clause "(131)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(131) Any income-
(a) of company registered under the Companies Ordinance 1984 (XLVII of 1984), and having its registered office in Pakistan, as is derived by it by way of royalty, commission or fees from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise by the company or in the consideration of technical services rendered outside Pakistan to such enterprise by the company under an agreement in this behalf, or
(b) of any other taxpayer as is derived by him, in the income year relevant to assessment year beginning with the first day of July, 1982 and any assessment year thereafter, by way of fees for technical services rendered outside Pakistan to a foreign enterprise under an agreement entered into in this behalf:-
Provided that-
(i) such income is received in Pakistan by or on behalf of the said company or other taxpayer, as the case may be, in accordance with the law for the time being in force for regulating payments and dealings in foreign exchange; and
(ii) where any income as aforesaid is not brought into Pakistan in the year in which it is earned and tax is paid thereon, an amount equal to the tax so paid shall be deducted from the tax payable for the year in which it is brought into Pakistan and, where no tax is payable for that year or the tax payable is less than the amount to be deducted, the whole or such part of the said amount as is not deducted shall be carried forward and deducted from the tax payable for the year next following and so on."
271-For the expression "Companies Ordinance, 1984 (XLVII of 1984)" substituted by Finance Act, 2021, dated 30-06-2021.
272-Substituted for the words "local authority" vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008
273-Substituted for full stop vide S.R.O. 940(I)/2002, dated 19.12.2002 dated 19th December, 2002
274-Substituted vide S.R.O. 44(I)/2003, dated 11.01.2003. The substituted proviso inserted vide S.R.O. 940(I)/2002, dated 19.12.2002, read as under:-
i[Provided further that with effect from the 22nd October, 2002, exemption under this clause shall not be available to any oil fired power plant".
i. Proviso was added vide S.R.O. 940(I)/2002, dated 19th December, 2002
275-Substituted for the words, figures and comma "on or after 22nd October, 2002" vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
276-The words, brackets, comma and figure was added vide S.R.O. 1009(I)/2005 dated 26th September, 2005
277-Substituted for the full stop vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
278-Proviso was added vide the Finance Act, 2007 (IV of 2 (07 assented on 30th June, 2007)
279-Full stop was substituted vide S.R.O. 405(I)/2008, dated 26.04.2008
280-Proviso was added vide S.R.O. 405(I)/2008, dated 26.04.2008
281-Full stop was substituted vide S.R.O. 248(I)/2015, dated 27th March, 2015.
282-Proviso was added S.R.O. 248(I)/2015, dated 27th March, 2015.
283-For the Proviso added by Finance (Supplementary) Act, 2021, dated 15-01-2022. Earlier Proviso added by Finance Act, 2021, dated 30-06-2021. Earlier it was added by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. Before addition Proviso read as:

"Provided further that no exemption under this clause shall be available to persons, who enter into agreement or to whom letter of intent is issued by Federal or Provincial Government for setting up an electric power generation project in Pakistan after the 30th day of June, 2021."

284-Clause "(132A)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:

"(132A) Profit and gains derived by Bosicor Oil Pakistan Limited for a period of seven and half years beginning from the day on which the refinery is set up or commercial production is commenced whichever is later."

285-Clause "(132AA)" substituted by Finance Act, 2021, dated 30-06-2021.

286-Clause "(132B)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:

"(132B) Profits and gains derived by a taxpayer from a coal mining project in Sindh, supplying coal exclusively to power generation projects."

287-Clause "(132C)" substituted by Finance Act, 2021, dated 30-06-2021.

288-Clause "(133)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:

(133) Income from exports of computer software or IT services or IT enabled services up to the period ending on 30th day of June, 2025:

Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.

Explanation.-For the purpose of this clause -

(a) "IT Services" include software development, software maintenance, system integration, web design, web development, web hosting, and network design, and

(b) "IT enabled services" include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, HR services, telemedicine centers, data entry operations 6[, locally produced television programs] and insurance claims processing.]

289-Clause (133A) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (133A) was as under:-

i[(133A) Any income derived vide an individual from transfer of his membership rights or shares of a stock exchange in Pakistan ii[along with a room in the Stock Exchange] to a company at any time between the first day of July, 2005, and the thirtieth day of June, III[2008]."

i. Clause (133A) inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

ii. The words inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June 2006)

iii. Substituted for the figure a[2007]" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

(a) Substituted for the figure 2006" vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)

290-Clause (134) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June 2003). At the time of omission clause (134) was as under:-

"(134) Any amount received on encashment of any certificate issued in pursuance of the US Dollar Bearer Certificate Rules. 1991:

Provided that exemption under this clause shall not be available in respect of certificates purchased on or after the 15 June, 1995"

291-Omitted vide the Finance Act, 2014. At the time of omission clause 135 was as under:-

(135) Any amount received on encashment of Special US Dollar Bond issued under the Special US Dollar Bonds Rules, 1998.

292-Clause "(135A) & (136)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:

"Clause (135A) Any income derived by a non-resident from investment in OGDCL exchangeable bonds issued by the Federal Government."

(136) Any income of a special purpose vehicle as defined in the Asset Backed Securitization Rules, 1999 made under the Companies Ordinance, 1984 (XLVII of 1984):

Provided that, if there is any income which accrues or arises in the accounts of the special purpose vehicle, after completion of the process of the securitization 312[or redemption of sukuks], it shall be returned to the Originator as defined by the said rules within the income year next following the year in which the income has been determined and such income shall be taxable in the hands of the Originator.]"

293-Clause (137) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (137) was as under:-

i[(137) Income of Fugro Geodetic Limited from execution of contract with the Government of Pakistan for survey for the establishment of the Continental Shelf of Pakistan]

i. Clause (137) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005.

Earlier different Clause (137) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (137) was as under:-

"(137) Payments made on or after the first day of July, 1991, for the supply of plant, equipment and machinery to Hub Power Company Limited by a non-resident person"

294-Clause (138) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (138) was as under:-
"(138) Any income referred to in Section 3.4 (a) of the Facilitation Agreement between the President of the Islamic Republic of Pakistan and the taxpayer purchasing the Kot Addu Power Station from Pakistan Water and Power Development Authority for a period of ten years from 28th June, 1996; provided, however, that the exemption under this clause shall only be available subject to the business of the said taxpayer being restricted to owing and operating the Kot Addu Power Station."
295-Clause (139) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution clause (139) was as under:-
"(139) i[(a) Any benefit, reimbursement received by an employee on account of medical charges or hospital charges, or both, incurred by an employee, as provided for under the terms of the employee's employment agreement; or where such benefit for reimbursement, medical charges or hospital charges, or both are not provided for under the terms of employment's agreement, medical allowance up to maximum of 10% of the basic pay for the year:
Provided that National Tax Number of the hospital or clinic, as the case may be, is given and the employer also certifies and attests the medical or hospital bills to which this clause applies; or]
(b) Any amount paid by a taxpayer, being an individual and resident in Pakistan, by way of personal expenditure on medical service, to the extent of 10% of taxable income returned in return of income or Rs. 30,000 whichever is lower:
Provided that the receipts in respect of such expenditure being name, National Tax Number and complete address of the medical practitioners are furnished along with his return of income."
i. Clause (a) substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clause (a) was as under:-
"(a) Any benefit, allowance or reimbursement received by an employee on account of medical expenses or hospital charges, or both, incurred by the employee, as provided for under the terms of the employee's employment agreement, to a maximum of 10% of the employee's basic pay for the tax year, provided, however, that where reimbursement exceeds 10% of the basic pay, the unabsorbed allowance shall be carried forward only to the next year to be allowed along with expense for the year.
Provided that the amount so carried forward and amount for the year may not exceed 10% of basic salary.
Provided further that National Tax Number of the hospital or clinic, as the case may be, is given and the employer also certified and attests the medical or hospital bills to which this clause applies; or"
296-Sub-clause (c) omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission sub-clause (c) was as under:-
"(c) any amount paid during a year by a taxpayer being a resident individual by way of personal expenditure on medical service to the extent of ten per cent of taxable income declared in his return of income for the said tax year or thirty thousand rupees - whichever is the less:
Provided that the receipts of such expenditure bearing name National Tax Number and complete address of the medical practitioners are furnished along with his return of income."
297-New clause (140) was added vide S.R.O. 1353(I)/2012 dated 31st October, 2012
298-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
299-Clause "(141)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(141) Profit and gains derived by LNG Terminal Operators and Terminal Owners for a period of five years beginning from the date when commercial operations are commenced."
300-Clause "(143)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(143) Profit and gains derived by a start-up as defined in clause (62A) of section 2 for the tax year in which the start-up is certified by the Pakistan Software Export Board and the following two tax years."
301-Omitted vide S.R.O. 1213(I)/2018 dated 5th October 2018. At the time of omission clause 144 was as under:- [(144) Profits and gains derived by individuals from any source in the districts of Chitral, Dir and Swat (which includes Kalam), the former Tribal Area in Kohistan district, Malakand former Protected Areas the former Tribal Area adjoining Mansehra district, the former State of Amb, Zhob district, Loralai district (excluding Duki Tehsil), Dalbandin Tehsil of Chagai district and Marri and former Bugti Tribal territories of Sibi district, former Tribal Areas adjoining the districts of Peshawar, Kohat, Bannu, Lakki Marwat, Dera Ismail Khan, Tank as well as former Tribal Areas i.e. Bajaur Agency, Orakzai Agency, Mohmand Agency, Khyber Agency, Kurram Agency, North Waziristan Agency and South Waziristan Agency, provided that existing business set ups register themselves with field offices of FBR by 30th September, 2018.
302-Omitted vide S.R.O. 1213(I)/2018 dated 5th October 2018.At the time of obmission clause 145 was as under:-
(145) Profits and gains of existing businesses conducted by association of persons and companies from any source in the districts of Chitral, Dir and Swat (which includes Kalam), the former Tribal Area in Kohistan district, Malakand former Protected Areas the former Tribal Area adjoining Mansehra district, the former State of Amb, Zhob district, Loralai district (excluding Duki Tehsil), Dalbandin Tehsil of Chagai district and Marri and former Bugti Tribal territories of Sibi district, former Tribal Areas adjoining the districts of Peshawar, Kohat, Bannu, Lakki Marwat, Dera Ismail Khan, Tank as well as former Tribal Areas i.e. Bajaur Agency, Orakzai Agency, Mohmand Agency, Khyber Agency, Kurram Agency, North Waziristan Agency and South Waziristan Agency, provided that existing business set ups register themselves with field offices of FBR by 30th September, 2018.

Provided further that the exemption under this clause shall be restricted to the association of persons and companies whose registered offices are in the aforesaid Areas.]
303-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
304-Clause "(146)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(146) Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive)."
305-Clause "(147)" substituted by Finance Act, 2020, dated 30-06-2020
306-Clause "(148)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"1[(148) Any income derived by Islamic Naya Pakistan Certificates Company Limited (INPCCL).]"
1-Clause "(148)" added by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
307-Clause (i) omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (i) was as under:-
"(i) The rates of income tax i[***] as specified in the First Schedule and as applicable to the profits and gains derived by a resident company from an undertaking set up between the first day of July, 1981 and the thirtieth day of June, 1998, both days inclusive, and engaged in the exploration and extraction of such mineral deposits, other than petroleum, as ii[is] specified by the Federal Government by a notification in the Official Gazette, shall be reduced by 50% for a period of five years immediately next following the period of five years from the date of commercial production."
i. The words "and super tax" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
ii. Substituted for the words "may be" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
308-Clauses "(2), (3), & (3B)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
(2) Any income of persons whose profits or gains from business are computed under the Fifth Schedule to this Ordinance as is derived from letting out to other similar persons any pipeline for the purpose of carriage of petroleum shall be charged to tax at the same rate as is applicable to such persons in accordance with the provisions of the said Schedule.
1[(3) (a) The tax in respect of income from services rendered outside Pakistan and construction contracts executed outside Pakistan shall be charged at the rates as specified in sub-clause (b), provided that receipts from services and income from contracts are brought into Pakistan in foreign exchange through normal banking channel.
(b) The rates in respect of income from services rendered outside Pakistan shall be 50- of the rates as specified in clause (2) of Division III of Part III of the First Schedule and the rates in respect of contracts executed outside Pakistan shall be 50- of the rates as specified in clause (3) of Division III of Part III of the First Schedule.]
(3B) The income of Pakistan Cricket Board derived from sources outside Pakistan including media rights, gate money, sponsorship fee, in-stadium rights, out-stadium rights, payments made by International Cricket Council, Asian Cricket Council or any other Cricket Board shall be taxed at a rate of four per cent of the gross receipts from such sources:
Provided that Pakistan Cricket Board may opt to pay tax at the rate of four per cent of the gross receipts from tax year 2010 and onwards:
Provided further that this option shall be available subject to withdrawal of appeals, references and petitions on the issue of tax rate pending before any appellate forum or tax authority:
Provided further that the outstanding tax liability payable under this clause up to tax year 2015 is paid by 30th June, 2016.]
1-Inserted vide the Finance Act, 2016 (XXIX of 2016)
309-Omitted vide the Finance Act, 2014. At the time of Clause (3A) was as under:-
i[(3A) The tax in respect of income from construction contracts outside Pakistan shall be charged at the rate of one per cent of the gross receipts provided that such income is brought into Pakistan in foreign exchange through normal banking channel.]
[i. Clause (3A) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
310-Clause (4) omitted by the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (4) was as under:-
"(4) In the case of an industrial. undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the income, profits and gains of such undertaking accruing or arising after the expiry of the period of exemption under clause (132) of Part I shall be charged to tax for a period of five years thereafter at the rate equal to twenty-five per cent of the rates specified in the First Schedule:
Provided that nothing contained in this clause shall apply in respect of undertakings whose period of exemption under clause (124) of Part I will expire after the 30th June, 1997."
311-Clause (5) was omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of omission clause (5) was as under:-
"(5) The tax chargeable in respect of commission received by an export indenting agent or an export buying house shall be at the rate equal to the rate of tax applicable to the exporter on export of goods to which such commission relates."
312-Clause (5A) substituted by S.R.O. 218(I)/2008, dated 6th March, 2008. At the time of substitution clause (5A) was as under:-

i”(5A) The rate of withholding tax in respect of payments for profit on debt payable to a non-resident person, having no permanent establishment In Pakistan, shall be the rate as provided In Avoidance of Double Taxation Treaty of the respective country of the non-resident.”
i. Clause (5A) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
313-Substituted for the word “for” vide the Finance Act, 2009, (I of 2009 assented on 30th June, 2009)
314-The expression inserted by Finance Act, 2021, dated 30-06-2021. Earlier it was inserted Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
315-Substituted for the full stop vide the Finance Act, 2011 (XVI of 20 II assented on 29th June, 2011)
316-Clause “(5AA)” substituted by Finance Act, 2020, dated 30-06-2020
317-Proviso added was vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
318-Clauses “(5AB) & (5C)” inserted by Finance Act, 2021, dated 30-06-2021. Earlier same were inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
319-Clause “(5B)” omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
“(5B) The tax in respect of capital gains derived by a person from the sale of shares or assets by a private limited company to Private Equity and Venture Capital Fund shall be charged at the rate of ten per cent of such gains.”
320-Clause (6) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (6) was as under:-
“(6) In the case of resident person the profit on Special US Dollar Bonds purchased out of any incremental deposits made in the existing foreign currency accounts on or after the 16th day of December, 1999, or out of new accounts opened on or after the said date, shall be liable to deduction of income tax under clause (C) of sub-section (1) of section 151 at the rate of 10 per cent of the amount of the said profit.”
321-Clause (7) omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (7) under-
“(7) In case of any resident individual the tax from profit or interest of any National i[Savings] Schemes of Directorate of National Savings or Post Office ii[Savings] Account m which investment is made on, or after, the first day of July, 2001, shall be deducted at the rate often per cent of such profit or interest:
Provided that no tax shall be deducted from income or profits paid on-
(a) Defence Savings Certificates. Special Savings Certificate Savings accounts or Post Office Savings Account made on or after, the first day of July, 2001 where such deposit does not exceed III[ one hundred and fifty] thousand rupees. And
(b) Investment in Monthly Income iv[Savings] Accounts Scheme of Directorate of National Savings on, or alter, the first day of July, 200I where monthly installment in an account does not exceed one thousand rupees”
i. Substituted for the word “Saving” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
ii. Substituted for the word “Saving” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003
III. Substituted for the words “three hundred” vide the Finance Ordinance. 2002 (XXVII of 2002 promulgated on 15th June, 2002)
iv. Substituted for the word “Saving” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
322-Clause (8) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (Xl was as under:-
“(8) In the case of Daewoo Corporation, Seoul, Korea (hereinafter referred to as the Contractor), payments received in full or III part (including a payment by way of an advance) In pursuance of the contract agreements made with the National Highway Authority on the thirtieth day of December, 1991. For design and construction of Lahore-Islamabad Motorway shall be deemed to be the income of the Contractor and charged to tax at the rate of three per cent of such payments which shall constitute final discharge of his tax liability under this Ordinance and the Contractor shall not be required to file the return of income under section 114.”
323-Clauses (9) was omitted vide S.R.O. 140(I)/2013 date 26th February, 2013. At the time of omission clause (9) was as under:-
*[(9) Tax under section 148 shall be collected at rate of the 1% on import of all fibres, yarns and fabrics i[***] and goods covered by the Zero Rating Regime of the Sales Tax notified by ii[Board] III[:]”
i. The brackets, words and comma “(excluding pure cotton or its yarns or its fabrics),” were omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
ii. Substituted for the words “Central Board of Revenue” vide the Finance Act, 2007 assented on 30th June, 2007)
III. Substituted for the full stop vide the Finance Act, 2012
a. Earlier, Clause (9) was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution clause (9) was as under.-
“(9) Tax shall be collected at 3/4th of the rate applicable under section 148 on the goods imported under
the Afghan Transit Trade Agreement. 1965 and subject to Notification S.R.O. 368(I)/95 dated the 2nd May, 1995”
324-Clauses (9A) was omitted vide S.R.O. 140(I)/2013 date 26th February, 2013. At the time of omission clause (9A) was as under:-
*[(9A) Tax under section 148 shall be collected at the rate of 3% on the import value of raw material imported by an industrial undertaking for its own use.]
i[Provided that the rate of 3% shall be applicable on production of an exemption certificate issued by the Commissioner.]

i. Proviso added vide the Finance Act, 2012
*. Clause (9A) inserted by the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). Earlier a different Clause (9A) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (9A) was as under:-
i[(9A) Tax under section 231 B shall be collected at the rate of two and a half per cent at the time of sale of motor car and the withholding tax agents (manufacture or advance payment made by the purchaser, shall collect advance tax where sale invoice is issued and delivery of motor car is made after 31st August 2007.]
i. Clause (9A) inserted vide S.R.O. 661(I)/2007, dated 24-08-2020
325-Clauses inserted by Finance Act, 2021, dated 30-06-2021. Before insertion read as:
"(9AA) In respect of import of white sugar from the 25th day of August, 2020 to the 15th day of November, 2020 (both days inclusive), tax under section 148 shall be collected at the rate of 0.25% as per quantity, quality, mode and manner prescribed by Ministry of Commerce during the said period.
(9AB) Tax under section 148 on commercial import of the white sugar shall be collected at the rate of 0.25% from the 26th day of January 2021 till the 30th day of June, 2021"
326-Omitted vide the Finance Act, 2014. At the time of Clause (9B) was as under:-
i[(9B) Tax under section 148 shall be collected at the rate of 1% on import value of remeltable steel (PCT Heading 72.04) ii[and directly reduced iron] imported by an industrial undertaking for its own use.]
i. Clause (9B) inserted vide S.R.O. 772(I)/2012, dated 26th June, 2012
ii. Inserted vide S.R.O. 451(I)/2013 dated 27th May, 2013
327-Omitted vide the Finance Act, 2014. At the time of omission clause (9C) was as under:-
i[(9C) Tax under section 148 shall be collected at the rate of 1% in case of manufacturers and 3% in case of commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011.]
[i. Inserted vide S.R.O. 212(I)/2013 dated 14th March, 2013
328-Clause (10) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (10) was as under:-
"(10) In the case of M/s. Fauji Foundation and Army Welfare Trust, so much of the income chargeable under the head "Income from business" as is not exempt under clause (58) of Part I shall be charged to tax at the rate of 20% of such income."
329-Clause (11) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June 2006). At the time of omission clause (11) was asunder:-
"(11) In the case of a non-resident O &M Contractor payments received in full or In part including a payment by way of an advance, for the operation and maintenance of a private sector power project and transmission line projects approved by the Federal Government shall be deemed to be the Income of the said O & M Contractor and charged to tax at the rate of five per cent of such payments for a period of three years beginning with the date of commencement of company's operations which shall constitute the final discharge or tax liability by the O&M Contractor under this Ordinance In respect of the said project."
330-Clause (12) omitted by the Finance Act, 2006 (III or 2006 assented on 30th June, 2006). At the time of omission clause (12) was as under:-
"(12) In the case of consortium of M/s. STFA Construction Company of Turkey and M/s. JDN of Belgium (hereinafter referred to as the contractor) all payments received in pursuance of the contract agreement No. CEN-126/93 made with the Ormara Naval Harbour Project Board, on the fourteenth day of June, 1993, for the construction of a Naval Harbour at Ormara (including off-shore and land development works), chargeable to tax in any assessment year, shall be deemed to be the income of the contractor and charged to tax at the rate of three per cent which shall constitute final discharge of contractor's tax liability under this Ordinance."
331-Clause (13) was omitted vide the Finance Act, 2008 (I of 2008) assented on 26th June, 2008).Earlier this amendment made vide S.R.O. 567(I)/2008, dated 11th June, 2008 At the time of omission clause (13) was as under:-
i[(13) Tax under section 148 shall be collected at the rate of 1% on imports of capital goods and raw material imported exclusively for its own use by a manufacturer registered with Sales Tax Department.]
i. Clause (13) substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007. At the time of substitution clause (13) was as under:-
ii[(13) Tax under section 148 shall be collected In the case of edible oils at the rate of 3% and in the case of condemned ships imported for the purpose of breaking at the rate of I % of the import value as increase by customs-duty and sales tax, if any, levied thereon.)]
ii. Clause (13) was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution clause (13) was as under:-
III[(13) In respect of any edible oils and condemned ship imported for the purpose of breaking, the tax under section 148 shall be collected at the rate of three per cent of the value of such edible oils or ships as increased by customs duty and sales tax, if any, levied thereon.]]
III. Clause (13) was substituted vide S.R.O. 908(I)/2003, dated 15th September, 2003. At the time of substitution clause (13) was as under:-
"(13) In respect of any edible oils imported, the tax under section 148 shall be collected at the rate of three per cent of the value of such edible oils as increased by customs-duty and sales tax, if any, levied thereon."
332-Clause (13A) omitted by the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). Earlier this amendment made vide S.R.O. 567(I)/2008, dated 11th June, 2008 At the time of omission clause (13A) was as under:-

i[(13A) In respect of phosphate fertilizers imported and specified in S.R.O. 609(I)/2004, dated 16th July, 2004 the tax under section 148 of the Income Tax Ordinance. 2001 shall be collected at the rate of 1% of its import value as increased by customs-duty, sales tax and federal excise duty, if any, levied thereon.]
i.. Clause (I3A) was substituted vide S.R.O. 619(I)/2004 dated 17th July, 2004 ).At the time of substitution clause (13A) was as under:-
ii[(13A) In respect of diammonium (DAP) fertilizer imported. the tax under section 148 shall be collected at the rate of 1% of its import value as increased by customs-duly and sales tax. If any levied thereon Clause (I3A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004).
Earlier this amendment made vide S.R.O. 441(I) 2004 dated 12th June, 2004."
ii. Clause (13A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004).
Earlier this amendment made vide S.R.O. 441(I) 2004 dated 12th June, 2004
333-Clause (13B) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). Earlier this amendment made vide S.R.O.567 (I)/2008, dated 11th June, 2008. At the time of omission clause (I3B) was as under:-
i[(13B) In respect of goods falling under HS Code 801.1100. 801.3200, 802.1200, 802.9010, 902.4010, 902.4090, ii[2101.1110, 2101.1120, 0902.2000, 904.1110, 907.0000, 908.1000, 3702.3100, 3705.2000, 3707.9000, 4011.2090, III[***]. 6301.1000, 8204.0000, 8301.1000, 8511.1000, 8525.4000, 8529.9010, iv[,] 9004.1000, v[09041120 (White Pepper), 0904.1190 (Long Pepper), 0906.1000 (Cassia). 0813.4010 (Tamarind), 0908.3020 (Small Cardamom), 0908.3010 (Big Cardamom). 0909.1000 (Star Aniseeds), 0802.5000 (Pistachio), 1211.9000 (Medical Herbs), 1301.1010 (Seed Lac), 1903.0010 (Sago Seeds), 1301.9090 (Gum Gopal), 3706.9000 Other (cinematographic film), 9613.1000 (Pocket lighters. gas fuelled, non- refIIIable) and 9613.2000 (Pocket lighters, gas fuelled, refIIIable) and such other goods as notified by a vi[Board)) of the First Schedule to the Customs Act. I %9 (IV of 1969), imported, the tax under section 148 shall be collected at the rate of 2% of its import value as increased by vii[customs-duty, sales tax and federal excise duty], if any levied thereon.]
i. Clause (13B) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004),
ii The commas and figures was inserted vide S.R.O. 1004(I)/2004, dated 20th December, 2004.
III Numbers and commas "50.04, 50.05. 50.06." were omitted vide the Finance Act, 2005 (VII of 2005), assented on 29th June, 2005)
iv Substituted for the word "and" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
v. The figures, brackets, words and commas was inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
vi Substituted for the words "Central Board of Revenue" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
vii. Substituted for the words "customs-duty and sales tax" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
334-Clause (13C) was omitted vide Finance Act, 2015(V of 2015 assented on 29th June, 2015). At the time of omission clause (13C) was as under:-
*[(13C) In respect of manufacturers of cooking oil or vegetable ghee or both, the rate of income tax on purchase of locally produced edible oil shall be i[2% ]of the purchase price.]
i. Substituted for the figure "1" vide the Finance Act, (I of 2008 assented on 26th June, 2008)
* The clause (13C) was substituted vide S.R.O. 36(I)/2005 dated 7th January 2005
ii[(13C) In respect of edible oil purchased locally vide manufacturers of cooking oil or vegetable ghee or both, the rate of income tax shall be I % of the purchase price.]
ii. Clause (13C) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June 2004),
335-Clause (130) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (130) was as under:-
i[(13D) In respect of Import of polyester yarn/fibre of all types. the tax under section 148 shall be collected at the rate of two per cent of the value of such items as increased by customs-duty and sales tax. If any levied there on.]
i. Clause (13D) was inserted vide S.R.O 769(I)/2004 dated 6th September 2004
336-Omitted vide the Finance Act, 2014. At the time of Clause (13E) was as under:-
i[(13E) In respect of potassic fertilizers imported in pursuance of Economic Coordination Committee of the cabinet's decision No. ECC-155/12/2004 dated the 9th December, 2004, the tax under section 148 of the Income Tax Ordinance, 2001 shall be collected at the rate of one percent of its import value as increased by customs-duty and sales tax, if any, levied thereon.]
i. Clause (13E) was added vide S.R.O. 37(I)/2005, dated 7th January, 2005
337-Clause (13F) was omitted vide S.R.O. 1037(I)/2005, dated 14th October, 2005). At the time of omission clause (13F) was as under:-
i[(13F) In respect of import of blankets (acrylic) ii[***] the tax under section 148 of the Income Tax Ordinance, 2001 shall be collected at the rate of two per cent of the value of such items as increased b/customs duty and sales tax, if any levied thereon.]
i. Clause (13F) was added vide Notification No. S.R.O 38(I)/2005 dated 7th January, 2005.
ii. The words and figures "and acrylic yam of 32 to 40 metric count if imported for self consumption by blanket manufacturers" were omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
338-Clause (13G) was omitted vide S.R.O. 140(I)/2013 dated 26th February, 2013. At the time of omission clause (13G) was as under:-

*[(13G) Tax under section 148 on the following item shall be collected @ 1% of their import value as increased by i[customs-duty, sales tax and federal excise duty], if any levied thereon:
i. Substituted for the words "customs-duty and sales tax" vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
ii[***]
ii. Sub-clause (i) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008).
Earlier this amendment made vide S.R.O. 567(I)/2008, dated 11th June, 2008. At the time of omission sub-clause (i) was as under:-
"i. Capital goods;"
III[***]
III. Sub-clause (ii) was omitted vide the Finance Act, 2008 (I of 2008) assented on 26th June, 2008). Earlier this amendment made vide S.R.O. 567(I)/2008, dated 11th June, 2008. At the time of omission sub-clause (ii) was as under:-
"ii Cement;"
iv[***]
iv. Sub-clause (iii) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). Earlier this amendment made vide S.R.O. 567(I)/2008 dated 11th June, 2008. At the time of omission sub-clause was as under:-
iii. Coal;
iv. Gold;
v. Mobile telephone sets;
vi. Silver;
v[***]
v. Sub-clauses vii to xxiv omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). Earlier this amendment made vide S.R.O. 567(I)/2008 dated 11th June, 2008. At the time of omission sub- clauses were as under:-
"vii. Sugar;
viii. Wheat;
ix. Raw wood;
x. Trucks in CBU condition having Gross Vehicle Weight exceeding 5 tons classified under PCT headings 87.01, 8704.3290 and 8704.9090;
xi. Dump trucks classified under PCT heading 8704;
a[xii Fully dedicated CNG buses (CBU) classified under PCT heading 8702.1090 and 8702.9090 and agricultural tractors classified under PCT heading 8701.9020;]
a. Sub-clause (xii) was substituted vide S.R.O. 1118(I)/2006 dated 6th November, 2006. At the time of substitution sub-clause (xii) was as under:-
"Buses classified under PCT heading 8702.1090"
(xiii) Computer hardware, parts and accessories of items classified under PCT heading 8471
b[(xiv) Condemned ships for the purpose of breaking.]
b. Sub-clause (xiv) was added by the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
xiii. medical, surgical, dental or veterinary machinery equipment, fixtures, fittings, furniture and diagnostic kits not manufactured locally covered by S.R.O. 575(I)/2006 dated 05.06.2006 under the Customs Act, 1969;
xiv equipments relating to call centers not 'manufactured locally covered by S.R.O.575(I)/2006 dated 05.06.2006 under the Customs Act, 1969;]
xv. Disinfectants used in poultry business covered by S.R.O. 567(I)/2006 dated05.06.2006 under the Customs Act, 1969;
xvi. pre-fabricated structures for poultry farms covered by S.R.O. 567(I)/2006 dated 05.06.2006 under the Customs Act, 1969;
xvii. live stock and raw materials and intermediaries goods as used in the manufacture of packing material for the packing of dairy products covered by SRC 567(I)/2006 dated 05.06.2006 under the Customs Act, 1969;
xviii ripening chambers, hot water treatment plant, vapor hot treatment plant, modern cold storage, packing machinery, power generating sets of 10-25 KVA and battery operated fork lift trucks used in horticulture and floriculture business covered by S.R.O. 575(I)/2006 dated 05.06.2006 under the Customs Act, 1969;
xix. processing and packing machinery / equipment required for fish farming covered by S.R.O. 575(I)/2006 dated 05.06.2006 under the Customs Act, 1969;
xx. medicines for cancer, drugs used for kidney dialysis and kidney transplant, all type of vaccines for Hepatitis, Interferon and other medicines for Hepatitis, all vaccines/anti-sera, cardiac medicines, injection anti-D Immunoglobulin, blood bags CPDA.l, all medicines for HIV/AIDS and all medicines for Thalassemia covered by S.R.O. 567(I)/2006 dated 0506.2006 under the Customs Act, 1969;
xxi. Broadcasting equipments covered by S.R.O. 575(I)/2006 dated 0506.2006 under the Customs Act, 1969;
xxii. News print covered by S.R.O. 567(I)/2006 dated 05.06.2006 under the Customs Act, 1969.
xxiii Computer hardware, parts and accessories of items classified under PCT heading 8471;
c[(xxlv) Condemned ships for the purpose of breaking.]"
c. Sub-clause (xxiv) was added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007
*. Clause (13G) substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution clause (13G) was as under:-

**[(13G) In respect of remeltable and re-rollable scrap, the tax under section -148 shall be collected at the rate of one per cent of the value of such goods as increased by customs-duty and sales tax, if any, levied thereon.]
**. Clause (13G) was added vide S.R.O. 718(I)/2005, dated 16th July, 2005
339-Clause (13H) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). Earlier this amendment made vide S.R.O. 567(I)/2008, dated 11th June, 2008. At the time of omission clause (13H) was as under:-
i[I3H) Tax under section 148 on the following items shall be collected @ 2% of their import value as increased by customs duty ii[Federal Excise Duty] and sales tax, if any levied thereon-
(i) raw material for steel industry including remeltable; and re-roll able scrap;
(ii) raw material for manufacturer of poultry feed; III[***]
(iii) stationery iv[;]
v[(iv) edible oils including crude oil imported as raw material for manufacture of ghee or cooking oil:
(v) Energy saver lamps [PCT heading 8539.10];
(vi) Bitumen [PCT heading 2714];
(vii) Fixed Wireless Terminal [PCT heading 8525.2040]
(viii) Pesticides and weedicides]
i. Clause (13H) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
ii. The comma and words were inserted vide the- Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
III. The word "and" was omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
iv. Substituted for the full stop vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
v. Sub-clauses (iv) to (viii) added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
340-Omitted vide the Finance Act, 2014. At the time of omission clause (13HH) was as under:-
i[(13HH) Tax shall be deducted under section 153 at the rate of 1% on the sale value of rice to be sold by Rice Exporters Association of Pakistan (REAP) to Utility Store Corporation, in accordance with the provisions of the agreement, signed with Ministry of Food, Agriculture and Livestock (MINFAL) on May 5, 2008.]
[i. Clause (13HH) was inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
341-Omitted vide the Finance Act, 2014. At the time of omission clause (13HHH) was as under:-
i[(13HHH) Tax shall be deducted under section 153 at the rate of 0.75% on the sale value of rice to be sold by Rice Exporters Association of Pakistan (REAP) to Utility Store Corporation, in accordance with the provisions of the agreement, signed by REAP with Ministry of Food, Agriculture and Livestock (MINFAL) on ii[April 30], 2008.
Provided that this clause shall be applicable up to June 30, 2008]
[i. Clause (13HHH) inserted vide S.R.O. 645(I)/2008 dated 20th June, 2008]
[ii. Clause (13HHH) was inserted vide S.R.O. 645)/2008, dated 20th June, 2008
342-Clause (14) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (14) was as under:-
"(14) Tax shall be deducted under section 154 at the rate of 0.75% from foreign exchange proceeds on account of exports of-
(i) rice marketed under a brand name up to i[fifty) kilograms packs;
(ii) canned and bottled fish including sea-food and other food items; and
(iii) precious and semi-precious stones whether uncut, cut, or polished."
"i. Substituted for the word "five" vide S.R.O. 1053(I)/2003, dated 17th November, 2003
343-Clause 14, 14A, 14B were omitted vide the Finance Act, 2015. At the time of omission clauses were as under:-
"(14) In case of owners of [goods transport vehicles], the rate of tax as specified in clause (i) of Division III of Part IV of First Schedule shall be reduced to Rs.2 per kilogram of the laden weight.
[(14A) In case of passenger transport vehicles, the rate of tax as specified in sub clause (c) of clause (2) in Division III of Part IV of the First Schedule shall be reduced to 250 rupees per seat per annum.]
(14B) In case of owners of goods transport vehicles, the rate of tax as specified in clause (i) of Division III of Part IV of First Schedule shall be reduced to two Rupees per kilogram of the laden weight for the period commencing on the 1st July, 2012 and ending on the 17th November, 2013 (both days inclusive) [:]
Provided that owners of the passenger transport vehicles may pay tax for the period 1st day of July, 2012 to 30th day of June, 2013 at the rates under this clause, if the tax is paid by the 30th day of June, 2014."
Provided further that the tax already paid from 1st day of July, 2012, as per rates specified in Division III of Part IV of the First Schedule, shall not be refunded.]
344-Clause (15) was omitted vide the Finance Act, 200S (I of 2008 assented on 26th June, 2008. At the time of omission clause (15) was as under:-
"(15) Tax shall be deducted under section 154 at the rate of 0.75% from foreign exchange proceeds on account of exports of fish and fisheries products packed in retail packs of five hundred grams to two kilograms."
345-Clause (16) omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (16) was as under:-
"(16) In the case of a non-resident company, rate of deduction of tax under section 150 on dividends received from a company engaged exclusively I n mining operations, other than petroleum shall be 7.5 per cent of the gross amount of dividend."
346-Omitted vide the Finance Act, 2014. At the time of omission Clause (17) was as under:-
"(17) The rates of tax as specified in Division III of Part-I of First Schedule shall be reduced to 7.5% in case of dividends declared or distributed by purchaser of a power project privatised by WAPDA."

347-Clause "(18)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"1[(18) In the case of a modaraba the rate of income tax shall be 25% of total income excluding such part of total income to which Division III of Part I of the First Schedule or section 153 or section 154 applies.]
1-Clause (18) was added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
348-Clause "(18A)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(18A) The rate of tax as specified in Division II of Part I of the First Schedule shall be reduced to 20% for a company setting up an industrial undertaking between the first day of July, 2014 to the thirtieth day of June, 2017, for a period of five years beginning from the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later:
Provided that fifty percent of the cost of the project including working capital is through owner equity foreign direct investment."
349-Clause "(18B)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(18B) The rate of tax as specified in Division II of Part I of the First Schedule shall be reduced by 2- in case of a company whose shares are traded on stock exchange if:
(a) it fulfils prescribed shari'ah compliant criteria approved by State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the Board;
(b) derives income from manufacturing activities only;
(c) has declared taxable income for the last three consecutive tax years; and
(d) has issued dividend for the last five consecutive tax years."
1-Inserted vide the Finance Act, 2016 (XXIX of 2016)
350-Clause "(18C)" added by Finance Act, 2021, dated 30-06-2021.
351-Omitted vide the Finance Act, 2014. At the time of omission clause 19 was as under:-
i[(19) In respect of tax year commencing on or after the first day of July, 2002, the rate of income tax in respect of income of amalgamated company for its different businesses shall be the same as applicable to such businesses in the relevant tax year for the tax year in which amalgamation takes place and two tax years next following.]
i. Clause (19) was added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
352-Omitted vide the Finance Act, 2014. At the time of omission clause 19 was as under:-
i[(20) The rates of tax as specified in clause (b) of Division-III of Part-I of First Schedule shall be reduced to 7.5% in case of dividend declared or distributed on shares of a company set up for power generation.]
i. (20) was added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
353-Clause (21) was added vide the Finance Ordinance, 2002 (XXVI of 2002 promulgated on 15th June, 2002)
354-(22) omitted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission clause (22) was as under:-
i[(22) In respect of companies getting enlisted on any stock exchange in Pakistan during the period first July, 2005 to thirtieth June, 2006; the rate of income tax shall be reduced by 1%.]"
i. Clause (22) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
355-Omitted vide the Finance Act, 2014. At the time of omission clause 23 was as under:-
i[(23) In respect of Urea fertilizer imported, the tax under section 148 shall be collected at the rate of 1% of its import value as increased by[customs-duty, sales tax and federal excise duty], if any levied thereon.]
i. Clause (23) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
356-Omitted vide the Finance Act, 2014. At the time of omission clause 24 was as under:-
i[(24) In respect of pulses imported, the tax under section 148 shall be collected at the rate of two per cent of the value of such pulses as increased by ii[customs-duty, sales tax and federal excise duty], if any, levied thereon.]
i. Clause (24) was added vide S.R.O. 741(I)/2005, dated 22nd July, 2005
ii. The words "customs-duty and sales tax" substituted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
357-Clause (24A) was inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009),
358-Expression "and for large distribution houses who fulfill all the conditions for a large import house as laid down under clause (d) of sub-section (7) of section 148, for large import houses," omitted by Finance Act, 2021, dated 30-06-2021. Earlier it was inserted vide the Finance Act, 2010 (XVI of 2010)
359-Clause "(24AA)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"1[(24AA) The rate of tax, under section 152 in the case of M/S CR-NORINCO JV (Chinese Contractor) as recipient, on payments arising out of commercial contract agreement signed with the Government of Punjab for installation of electrical and mechanical (E&M) equipment for construction of the Lahore Orange Line Metro Train Project, shall be 6% of the gross amount of payment.]"
1-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier, the same was inserted vide S.R.O. 44(I)/2017 dated 27th January, 2017
360-Omitted vide the Finance Act, 2014. At the time of omission clause 24B was as under:-
i[(24B) (a) In case of steel Melters, who have opted under the Sales Tax Special Procedure Rules, 2007-

(i) for the tax year 2011, the rate of minimum tax under sub-section (1) of section 113 shall be 0.5% of turnover Rs. 280 per Metric Ton, whichever is higher, provided that the consequent tax liability is deposited by 31st May, 2012;
(ii) for the tax year 2008 to 2010, the rate of withholding tax under section 153(1)(a) on purchase of steel scrap shall be 1% of value of purchase or Rs. 300 per Metric Ton, whichever is higher, provided that the consequent tax liability is deposited by 30th June, 2012; and
(iii) for the tax year 2011 and 2012, the rate of withholding tax under section 153(1)(a) on purchases or Rs. 400 per Metric Ton, whichever is higher, provided that the consequent tax liability for the tax year 2011 is deposited by 30th June, 2012.
(b) In case of Steel Re-rolling Mills, who have opted under the Sales Tax Special Procedure Rules, 2007,-
(i) for the tax year 2011, the rate of minimum tax under sub-section (1) of section 113 shall be 0.5 of turnover or Rs. 315 per Metric Ton, whichever is higher, provided that the consequent tax liability is deposited by 31st May, 2012;
(ii) for the tax year 2008 to 2010, the rate of withholding tax under section 153(1)(a) on purchase of ingots and billets shall be 1% of the value of purchases or Rs. 400 per Metric Ton, whichever is higher, provided that the consequent tax liability for the tax year 2011 is deposited by 30th June, 2012, and
(iii) for the tax year 2011 to 2012, the rate of withholding tax under section 153(1)(a) on purchase of ingots and billets shall be 1% of the value of purchases or Rs. 450 per Metric Ton, whichever is higher, provided that the consequent tax liability for the tax year 2011 is deposited by 30th June, 2012]
i. Clause (24B) inserted vide S.R.O. 550(I)/2012 dated 23rd May, 2012
361-For Clause "(24C)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
(24C) The rate of tax under clause (a) of sub-section (1) of section 153 in case of dealers and sub-dealers wholesalers and retailers of fast moving consumer goods, fertilizer of sugar, cement and edible oil, as recipient of the payment, shall be 0.25% of the gross amount of payments:
Provided that the benefit of reduced rate shall be available to those dealers, sub-dealers, wholesalers and retailers of above sectors who already are or get themselves registered under the Sales Tax Act, 1990 within sixty days of the promulgation of the Tax Laws (Amendment) Ordinance, 2021.
361a-Expression inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
362-Clause "(24CA)" substituted by Finance Act, 2020, dated 30-06-2020. Earlier it was added by Notification No. 236(I)/2020, dated 20-03-2020.
363-For Clause "(24C)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
"(24D) The rate of minimum tax under sub-section (1) of section 113 in case of dealers and sub-dealers, wholesalers and retailers of locally manufactured mobile phones, fast moving consumer goods, fertilizer, of sugar, cement and edible oil shall be 0.25% subject to the condition that the names of such dealers and sub-dealers are appearing on the active taxpayers' lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001):
Provided that the benefit of reduced rate shall be available to those dealers, sub-dealers, wholesalers and retailers of above sectors who already are or get themselves registered under the Sales Tax Act, 1990 within sixty days of the promulgation of the Tax Laws (Amendment) Ordinance, 2021.
364-Clause (25) omitted vide the Finance Act 2007 (IV of 2007 assented on 30th June, 2007). At the time of omission clause (25) was as under:-
i[(25) Services of ii[sizing, weaving,] stitching, dying, printing, embroidery and washing rendered or provided to an exporter or an export house shall be treated as export and chargeable to tax at the rate equal to the rate of tax applicable to the exporter on export of goods to which such services relate as specified in Division IV of Part III of the First Schedule.]
i. Clause (25) was added vide S.R.O. 946(I)/2005, dated 12th September, 2005
ii. The words and commas were inserted vide the Finance Act, 2006 (III of 2006), assented on 30th June, 2006)
365-Omitted vide the Finance Act, 2014. At the time of omission clause 26 was as under:-
i[(26) the rate of tax as specified in Division II of Part IV, of the First Schedule, in the case of advertising agents, shall be 5% of the amount of the payment.]
i. Clause (26) was added vide the Finance Act 2006 (III of 2006 assented on 30th June 2006)
366-Clause (27) added vide S.R.O. 569(I)/2012, dated 26th May, 2012
367-Clause 28 was omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009. At the time of omission clause (28) was as under:-
i[(28) The rate of tall to be deducted under section 155, as specified in Division V, Part III of First Schedule, shall be as under:-
(a) in the case of individual and association of persons at S. Nos. 3 and 4 of the Table-

| ***S. NO.*** | ***Gross amount of rent*** | ***Rate of Tax*** |
|---|---|---|
| *3* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs. 1,000,000* | *Rs. 12,500 plus 7.5 per cent of the gross amount exceeding Rs.400,000* |
| *4* | *Where the gross amount of rent exceeds Rs.1,000,000* | *Rs. 57,500 plus 10 per cent of the gross amount exceeding Rs.1,000,000;* |
| *b* | *in the case of company at S. Nos. 2 and 3 of the Table:--* | |
| *2* | *Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs. 1,000,000.* | *Rs. 20,000 plus 7.5 per cent of the gross amount exceeding Rs.400,000* |

| | | |
|---|---|---|
| *3* | *Where the gross amount of rent exceeds Rs.1,000,000* | *Rs. 65,000 plus 10 per cent of the gross amount exceeding Rs. 1,000,000;]* |

i. Clause (28) was added vide S.R.O. 767(I)/2008, dated 21st July, 2008

368-Clauses "(28A) & (28B)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier these Clauses omitted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:

"[(28A) The rate of tax under section 148 on import of hybrid cars shall be reduced as below:-

| 1[Engine capacity | Rate of reduction |
|---|---|
| Up to 1200 cc | 100% |
| 1201 to 1800 cc | 50% |
| 1801 to 2500 cc | 25 %] |

(28B) The rate of tax shall be 0.15% under section 231A on cash withdrawal by an exchange company, duly licensed and authorized by the State Bank of Pakistan, exclusively dedicated for its authorized business related transactions, subject to the condition that a certificate issued by the concerned Commissioner Inland Revenue for a financial year mentioning details and particulars of its Bank Account being used entirely for business transactions is provided;"

1-Inserted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

369-Added vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

370-Clauses "(28D) & (28E)" inserted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same were inserted by Tax Law (Second Amendment), Ordinance, 2019, dated 27-12-2019.

371-Words "for tax year 2020" omitted by Finance Act, 2021, dated 30-06-2021

372-Clause "(28F)" substituted by Finance Act, 2021, dated 30-06-2021.

373-Omitted vide the Finance Act, 2014. At the time of omission clause 29 was as under:-

i[(29) The rate of tax under section 153A as specified in Part 11A of the First Schedule shall be reduced to 0.1% in case of cigarette manufacturers who are registered under the Sales Tax Act, 1990.]

i. Clause (29) was added vide S.R.O. 1077(I)/2012 dated 31st August 2012

374-Omitted vide the Finance Act, 2014. At the time of omission clause 30 was as under:-

i[(30) The rate of tax as specified in column (3), against serial no. 2 in clause (1), in Division I of the Part I of First Schedule to the Ordinance shall be reduced to 5%, for taxable income declared in a return for tax year 2012, filed under clause (87) or (88) of the Part IV of this Schedule.]

i. New clause (30) was added vide S.R.O. 1065(I)/2013, dated 20th December, 2013

375-Clause (1) was substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution clause (1) was as under:-

i"(1) Any amount received as flying allowance by-

(a) pilots, flight engineers and navigators of Pakistan Armed Forces. Pakistani Airlines or Civil Aviation Authority; and

(b) Junior Commissioned officers or other ranks of Pakistan Armed Forces shall be taxed @ 2.5% as a separate block of income."

i Sub-clause (1) was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). Earlier sub-clause (1) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission sub-clause (1) was as under:-

"(1) The Income Tax liability on income of salaried taxpayers, where any income chargeable under the head "salary" exceeds 50% of a[taxable] income as determined under clause 1 & 2 of Division-l of Part-I of the First Schedule, shall be reduced at the following rates-

| ***S. No.*** | ***Income Slab*** | ***Reduction in Tax liability*** |
|---|---|---|
| *1.* | *Where income exceeds Rs. 60,000 but does not exceed Rs. 80.000* | *70%* |
| *2.* | *Where income exceeds Rs 80,000 but does not exceed Rs. 100,000* | *60%* |
| *3.* | *Where income exceeds Rs. 100,000 but does but exceed Rs. 150,000* | *50%* |
| *4.* | *Where income exceeds Rs. 150,000 but does not exceed Rs. 200, 000* | *40%* |
| *5.* | *Where income exceeds Rs. 200,000 but does not exceed Rs. 300,000* | *30%* |
| *6* | *Where income exceeds Rs. 300,000 but does not exceed Rs. 500,000* | *20%* |
| *7.* | *Where Income exceeds Rs 500.000 but does not exceed Rs. 1,000.000* | *10%* |
| *8.* | *Where income exceeds Rs. 1.000,000* | *5%* |

376-The word and comma "pilots," was omitted vide the Finance Act, 2014.

377-For the full stop a colon was substituted and thereafter the proviso was added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013

378-Clause (1A) omitted by Finance Act 2004. Earlier Clause (1A) was inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of omission clause (1A) was as under:-

i[(1A) Where the taxable income ii[other than income on which the deduction of tax is final] in a tax year, of a taxpayer aged III[60] years or more on the first day of that tax year does not exceed iv[one million] rupees, his tax liability on such income shall be reduced by 50%.

i. Clause (IA) was inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)]
ii. The words were inserted vide Finance Act, 2010 (XVI of 2010)]
iii. Substituted for the figure "65" vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)]
iv. Substituted for the words a[seven hundred fifty thousand] vide the Finance Act, 2010 (XVI of 2010)
a. Substituted for the figure b[500,000]" vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
b. Substituted for the figure c[400, 000] vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
c. Substituted for the words d[three] hundred thousand" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
d. Substituted for the word "two" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
379-Clause "(1AA)" Inserted vide the Finance Act, 2014
380-Sub-clause (2) omitted by Finance Act, 2021, dated 30-06-2021. Earlier it was substituted by Finance Act, 2006 and before omission read as:
"(2) The tax payable by a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by High Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary:
Provided that this clause shall not apply to teachers of medical profession who derive income from private medical practice or who receive share of consideration received from patients."
381-Clause (3) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (3) was as under:-
"(3) Where any company engaged in the business of distribution of cigarette manufactured in Pakistan is required to pay minimum tax on the amount representing its turnover under section I 13, the amount of tax payable under the said section shall be reduced by i[eighty per cent."
i. Substituted for the word "eight" vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
382-Clause (4) was substituted vide the Finance Act, 2011 (XVI of 2011 assented on 21st June 2011). At the time of substitution clause (4) was as under:-
"(4) In respect of old and used automotive vehicles specified in S.R.O. 932(I)/2004, dated 20th November, 2004, the tax under section 148 of the Income Tax Ordinance, 2001, shall not exceed the amount specified in column (3) of the Table below, namely:-
TABLE

| ***S. No.*** | ***Vehicles meant for transport of persons*** | ***Income tax in Pak. Rupees*** |
|---|---|---|
| ***1*** | ***2*** | ***3*** |
| *1* | *Upto 800CC* | *29,852* |
| *2* | *from 80 I CC to 1000 CC* | *34,497* |
| *3* | *from 1001 CC to 1300 CC* | *67, 282* |
| *4* | *from 1301 CC to 1600.CC* | *105,061* |
| *5* | *from 1601 CC to 1800 CC* | *120, 256"* |

i. Clause (4) was inserted vide S.R.O. 981(I)/2004, dated 11th December, 2004,
383-Clause "(5)" Omitted vide the Finance Act, 2014. Earlier it was inserted vide S.R.O. 171(I)/2008, dated 21st February, 2008. At the time of omission clause (5) was as under:-
(5) Where the corporatized entities of Pakistan Water and Power Development Authority (DISCOs) and National Transmission and Dispatch Company (NTDC), are required to pay minimum tax under section 113, the purchase price of electricity shall be excluded from the turnover liable to minimum tax up to the tax year 2013."
384-Existing Clause (5) was renumbered as Clause (6) vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
385-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier, the same was inserted vide S.R.O. 1280(I)/2017 dated 22nd December, 2017
386-Clauses "(7) & (8)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier Clauses "(7) & (8)" omitted by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(7) The amount of tax payable by foreign film-makers from making films in Pakistan shall be reduced by fifty percent on income from film-making in Pakistan.
(8) The amount of tax payable by resident companies deriving income from film-making shall be reduced by seventy percent on income from film-making."
387-For the full stop and thereafter Proviso added by Finance Act, 2021, dated 30-06-2021. Earlier added by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021
388-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
389-For the full stop and Proviso inserted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was inserted by Tax Law (Second Amendment), Ordinance, 2019, dated 27-12-2019.
390-Clause "(9B)" substituted by Finance Act, 2020, dated 30-06-2020. Earlier it was inserted by Tax Laws (Amendment) Ordinance No. 1, 2020 dated 17-04-2020
391-For the full stop and thereafter Proviso added by Finance Act, 2021, dated 30-06-2021. Earlier added by Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021
392-Omitted vide the Finance Act, 2014. At the time of omission clause (7) was as under:-

i[(7) Where any ii[taxpayer] engaged in the business of distribution of cigarettes manufactured in Pakistan is required to pay minimum tax on the amount representing its turnover under section 113, the amount of tax payable under the said section shall be reduced by eighty per cent.]
i. Clause (7) was added vide S.R.O. 69(I)/2010, dated 3rd February, 2010
ii. Substituted for the word "company", the word "taxpayer" vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013
393-Omitted vide the Finance Act, 2014. At the time of omission clause (8) was as under:-
i [(8) For the distributors of pharmaceutical products, fertilizers, consumer's goods including fast moving consumers goods, the rate of minimum tax on the amount representing their annual turnover under section 113 shall be reduced by eight percent.]
i. Clause (8) was added vide S.R.O. 1086(I)/2010, dated 30th November, 2010.
394-Omitted vide the Finance Act, 2014. At the time of omission clause (9) was as under:-
i[(9) In cases of oil marketing companies, oil refineries and Sui Southern Gas Company Limited [and Sui Northern Gas Pipelines Limited] the rate of minimum tax shall be reduced to 0.5% only for the cases where annual turnover exceeds rupees one billion.]
i. Clause (9) was added vide S.R.O. 1086(I)/2010 dated 30th November, 2010
i. Substituted for the comma vide Notification No. S.R.O. 92(I)/2011 dated 7th February, 2011. This amendment shall be deemed to have been substituted on the 30th November, 2010.
395-Omitted vide the Finance Act, 2014. At the time of omission clause (10) was as under:-
i[(10) For cases of flour mills the rate of minimum tax on the amount representing their annual turnover under section 113 shall be reduced by eighty percent.]
i. Clause (10) was added vide S.R.O. 174(I)/2011, dated 5th March, 2011
396-Omitted vide the Finance Act, 2014. At the time of omission clause (11) was as under:-
i[(12) For the case of M/s Pakistan International Airlines Corporation the rate of minimum tax on the amount representing their annual turnover under section 113 shall be reduced by fifty per cent.
i. Clause (11) was added vide S.R.O. 977(I)/2011 19th October, 2011
397-Omitted vide the Finance Act, 2014. At the time of omission clause (12) was as under:-
i[(12) For the case of M/s Pakistan International Airlines Corporation the rate of minimum tax on the amount representing their annual turnover under section 113 shall be reduced by fifty per cent.]
(13) For the petroleum agents and distribution who are registered under the Sales Tax Act, 1990 and rice mills and dealers, the rated of minimum tax under section 113 on the representing their annual turnover under section 113 shall be reduced by eighty percent.
(14) For the poultry industry including poultry breeding, broiler production, egg production and poultry feed production, the rate of minimum tax under section 113 on the amount representing their annual turnover under section 113 shall be reduced by fifty per cent.]
i. Clauses (12), (13) and (14) were added vide S.R.O. 57(I)/2012 24th January, 2012
398-Omitted vide the Finance Act, 2014. At the time of omission clause (15) was as under:-
i[(15) for the motorcycle dealers registered under the Sales Tax Act, 1990, the rate of minimum tax under section 113-
(i) For the tax year 2011 shall be reduced by fifty per cent provided that they deposit their minimum tax on turnover by the 30th June,2012; and
(ii) For the tax year 2012 on words shall be reduced by seventy-five per cent.]
i. Clause (15) was added vide S.R.O. 549(I)/2012]
399-Clause (16) was omitted vide Finance Act, 2015. At the time of omission clause (16) was as under:-
*[(16) The minimum penalty for failure to furnish statement under section 115, 165 or 165A as mentioned in column (3) against serial No. (1A) in the Table given in sub-section (1) of section 182 shall be reduced to ten thousand rupees.]
* Clause (16) was inserted vide S.R.O. 978(I)/2013, 13th November, 2011
400-Clauses "(17)" inserted by by Finance Act, 2021, dated 30-06-2021. Earlier it was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
401-Clause "(18) & (19)" added by Finance Act, 2021, dated 30-06-2021.
402-Clause (1) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (1) was as under:-
"(1) The provisions of clause (k) of section 21 sha11 not apply to any expenditure incurred by a banking company or a financial institution owned and contro11ed by the Federal Government on the provisions of perquisites, allowances or other benefits to any employee in pursuance of any law."
403-Clause (1A) inserted vide S.R.O. 1029(I)/2014 dated 29.11.2014
404-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier, the same was added vide S.R.O. 924(I)/2016 dated 30th September, 2016
405-Clauses "(2)" omitted by by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Law (Second Amendments) Ordinance, 2021, dated 22-03-2021. before omission read as:
"(2) In the case of losses referred to in section 57 in respect of an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the period of six 1[tax years] specified in the said section shall not apply."
1-Substituted for the words "assessment years" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

406-Substituted for the words “component C of” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
407-Clause (3A) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (3A) was a under:-
i[(3A) The provisions of sub-sections (5) and (5A) of section 34 and section 70 shall not apply to any benefit derived by way of waiver of profit on debt or the debt itself under the State Bank of Pakistan, Banking Policy Department’s Circular No. 29 of 2002, dated the I5th October, 2002, to the extent not set off against the losses under Part VIII of Chapter III.]
“i. Clause (3A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June 2004)
408-Clause (4) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (4) was as under:-
“(4) The provisions of section III shall not apply in respect of any amount invested in the acquisition of Foreign Exchange Bearer Certificates issued under the Foreign Exchange Bearer Certificates Rules, 1985.”
409-Clause “(4A)” inserted by Finance Act, 2021, dated 30-06-2021.
410-Clause (5) was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution clause (5) was as under:-
“(5) The provisions of section 111 shall not apply in respect of any amount of foreign exchange deposited in a private Foreign Currency account held with an authorized bank in Pakistan in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan:
Provided that the exemption under this clause shall not be available in respect of any incremental deposits made on or after the 16th day of December, 1999 in such accounts held by a resident person or in respect of i[ any amount] deposited in accounts opened on or after the said date by such person”
i. Substituted for the word “accounts” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003
411-Clause (6) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003. At the time of omission clause (6) was as under:-
“(6) The provisions of section 111 shall not apply in respect of any amount invested in the acquisition of US Dollar Bearer Certificate issued under the US Dollar Bearer Certificates Rules. 1991.”
412-Clause (7) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005. At the time of omission clause (7) was as under:-
“(7) The provisions of section 111 shall not apply in respect of any amount invested in the acquisition of Three-Years Foreign Currency Bearer Certificates issued under the Foreign Currency Bearer Certificates Rules, 1997”
413-Clause (8) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (8) was as under:-
“(8) The i[provisions) of section 111 shall not apply in respect of rupees withdrawn or assets created out of such withdrawal in rupees from private foreign currency accounts, or encashment of Foreign Exchange Bearer Certificates, US Dollar Bearer Certificates and Foreign Currency Bearer Certificates.”
i. Substituted for the word “provision” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
414-Clause (9) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (9) was as under:-
“(9) The provisions of section 111 shall not apply in respect of any amount invested by a sponsor or an original allottee in the purchase of shares of a company owning and managing an industrial undertaking specified in rule 5A of the Third Schedule of the Income Tax Ordinance, 1979.”
415-Clause “(9A)” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
(9A) Provisions of clause (a) of sub-section (1) of section 153, shall not apply to steel melters 1[and] composite steel units, as a payer, in respect of purchase of scrap, provided that tax is collected in accordance with section 235B.
1-Substituted for the expression “, steel re-rollers,” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
416-The expression “, steel re-rollers” was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
417-Omitted vide the Finance Act, 2014. At the time of omission clause (10) was as under:-
i[(10) The provisions of section 111, Part-X and Part-XI of Chapter X shall not apply in respect of any amount invested in the purchase of Special US Dollar Bonds issued under the Special U.S. Dollar Bond Rules, 1998:
Provided that the exemption under this clause shall not be available in respect of the amount invested in the said Bonds purchased out of incremental deposits made in the existing foreign currency accounts on or after 16th day of December, 1999, or out of foreign currency accounts opened on or after the said date, or on payment of the amount referred to in sub-rule (3) of rule 5 of Special U.S. Dollar Bond Rules, 1998 after the said date.]
i. Clause (10) substituted by the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002). At the time of substitution clause (10) was as under:-
“(10) The provisions of section 111 shall not apply in respect of any amount invested by a Foreign Currency Account holder in the purchase of Special US Dollar Bonds, issued under the Special US Dollar Bond Rules, 1998:
Provided that the exemption under this clause shall not be available in respect of the amounts invested in the Bonds purchased out of Incremental deposits made in the existing foreign currency accounts on or after the 16th day of December, 1999 or out of the foreign currency accounts opened on or after the said date.”
418-Omitted vide the Finance Act, 2014. At the time of omission clause (10A) was as under:-

i[(10A) (i) The provisions of serial No. 5 of the Table given in sub-section (1) of section 182 and clause (a) of sub-section (1) of section 205 shall not apply to business located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA, provided that the principal amount of tax due is paid by the 30th day of June, 2010;
(ii) the provisions of section 235, regarding advance tax on electricity, shall not apply to commercial and industrial consumers of electricity located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA till the 30th day of June, 2011;
(iii) the provisions of section 154, regarding withholding tax on exports, shall not be applicable to the export of goods originating from the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA, till the 30th day of June, 2011;
Explanation.- For the purpose of this Schedule,
(a) most affected areas means district Peshawar, Malakand Agency, and districts of Swat, Buner, Shangla, Upper Dir, Lower Dir, Hangu, Bannu, Tank, Kohat and Chitral; and
(b) moderately affected areas means districts of Charsadda, Nowshera, DI Khan Batagram, Lakki Marwat, Swabi and Mardan."]
i. Clause (10A) was inserted vide the Finance Act, 2010 (XVI of 2010)
419-Clause (11) was omitted vide the Finance Act, 2008 (I of 2008, assented on 26th June, 2008). At the time of omission clause (II) was as under:-
i[(11) The provisions of section 113, regarding minimum tax, shall not apply to,-
(i) National Investment (Unit) Trust or a collective investment scheme authorized or registered under the Non-banking Finance Companies (Establishment and Regulation) Rules, 2003
ii[or a real estate investment trust approved and authorized under the Real Estate Investment Trust Rules, 2006], or any other company in respect of turnover representing transactions in shares, or securities listed on a registered stock exchange;
(ii) petroleum dealers, in so far a; they relate to turnover on account of sale of petroleum and petroleum products, notwithstanding their status as a company a registered firm or an individual, engaged in retail sale of petroleum and petroleum products through petrol pumps for the purposes of assessment of their income and determination of tax thereon Provided that this exemption shall not apply to the sale of petroleum and petroleum products through petrol pumps which are directly operated or managed by companies engaged in distribution of petroleum and petroleum products.
Explanation.-For the removal of doubt it is declared that the companies engaged in distribution of petroleum and petroleum products other than through petrol pumps shall not be entitled to the benefits of this exemption;
(iii) Hub Power Company Limited so far as they relate to its receipts on account sale of electricity:
(iv) Kot Addu Power Company Limited (KAPCO) for the period it continues to be entitled to exemption under clause (138) of Part-I of this Schedule;
(v) companies, qualifying for exemption under clause (132) of Part-I of this Schedule. In respect of receipts from sale of electricity;
(vi) Provincial Governments and local authorities, qualifying for exemption under section 49 and other Government or semi-Government bodies which are otherwise exempt from income tax:
Provided that nothing shall be construed to authorize any refund of tax already paid or the collection of any outstanding demand created under the said section;
(vii) Pakistan Red Crescent Society;
(viii) special purpose, non-profit companies engaged in scrutinizing the receivables of Provincial Governments or the companies;
(ix) non-profit organizations approved under clause (36) of section 2 or clause (58) or included in clause (61) of Part-I of this Schedule:
(x) a taxpayer who qualifies for exemption under clause (133) of Part-I of this Schedule. In respect of income from export of computer software or IT services or IT enabled services;
(xi) a resident person engaged in the business of shipping who qualifies for application of reduced rate of tax on tonnage basis as final tax under clause (21) of Pan II of the Second Schedule:
(xii) a venture capital company III[,] venture capital fund iv[and Private Equity and Venture Capital Fund] which is exempt under clause (101) of Part-I of this Schedule;
(xiii) a Modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
(xiv) Corporate and Industrial Restructuring Corporation (CIRC);
(xv) a Small Company as defined in section 2; v[***]
(xvi) the corporatized entities of Pakistan Water and Power Development Authority, so far as they relate to their receipts on account of sale of electricity, from the date of their creation up to the date of completion of the process of corporatization i.e. till the tariff is notified vi[;]
vii[ (xvii) a morabaha bank or a financial institution approved by the State Bank of Pakistan or the Securities and Exchange Commission of Pakistan (SECP), as the case may be, for the purpose of Islamic Banking and Finance in respect of turnover under a morabaha arrangement viii[; and))
ix[ (xviii) WAPDA First Sukuk Company Limited.)
i. Clause (11) was substituted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution clause (11) was as under:-

“The provisions of section 113 shall not apply to National Investment (Unit) Trust or a Mutual Fund established by the Investment Corporation of Pakistan or an investment company registered under the Investment Companies and Investment Advisors Rules, 1971 or any other company in respect of turnover representing transactions in shares, or securities listed on a registered stock exchange.”
ii. The words and comma inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
iii. Substituted for the word “and” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
iv. The words inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
v. The word “and” omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
vi. Substituted for the semi-colon and word a[;and]” vide S.R.O. 884(I)/2006, dated 28th August, 2006
(a) Substituted for the full stop vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
vii. Sub-clause (xvii) inserted vide the Finance Act, 2006 (III of 2006), (Assented on 30th June, 2006)
viii. Substituted for the full stop vide S.R.O. 884(I)/2006, dated 28th August, 2006
ix. Sub-clause (xviii) was added vide S.R.O. 884(I)/2006, dated 28th August, 2006
420-Clause (11A) was inserted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
421-Substituted for the word, comma and figures “Rules, 2006” vide Finance Act, 2015
422-The words, comma and figure were inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
423-Sub-clause (iv) was omitted vide Finance Act, 2015. At the time of omission Sub-clause (iv) was as under:-
(iv) Kot Addu Power Company Limited (KAPCO) for the period it continues to be entitled to exemption under clause (138) of Part-I of this Schedule;
424-Inserted vide the Finance Act, 2014
425-The words “and clause (132B)” were Omitted vide Finance Act, 2015
426-Sub-clauses “(ix) & (x)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(x) a taxpayer who qualifies for exemption under clause (133) of Part-I of this Schedule, in respect of income from export of computer software or IT services or IT enabled services;
(xi) a resident person engaged in the business of shipping who qualifies for application of reduced rate of tax on tonnage basis as final tax under clause (21) of Part II of the Second Schedule;”
427-Sub-clauses “(xiii)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(xiii) a modaraba qualifying for exemption under clause (100) of Part-I of this Schedule.”
428-Sub-clauses “(xv)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(xv) The corporatized entities of Pakistan Water and Power Development Authority, so far as they relate to their receipts on account of sales of electricity, from the date of their creation up to the date of completion of the process of corporatization i.e. till the tariff is notified;”
429-The word “and” were Omitted vide Finance Act, 2015
430-Semi-Colon and word “and” was substituted for full stop and thereafter new sub-clauses were added vide Finance Act, 2015
431-Sub-clauses “(xv)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
(xviii) companies, qualifying for exemption under clause (132B) of Part-I of this Schedule, in respect of receipts from a coal mining project in Sindh, supplying coal exclusively to power generation projects.
432-Full stop was substituted with “; and” and thereafter new clauses were added vide the Finance Act, 2016 (XXIX of 2016)
433-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier, the same was added vide S.R.O. 924(I)/2016 dated 30th September, 2016
434-Sub-clauses “(xxix)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(xxix) start-up as defined in clause (62A) of section 2.”
435-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier, the same was added vide S.R.O. 29(I)/2018 dated 12th January, 2018
436-Added vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
437-Sub-clauses substituted by Finance Act, 2020, dated 30-06-2020. Earlier Sub-Clause (xxxv) added by Notification No. S.R.O. 300(I)/2020, dated 10-04-2020
438-Clauses “(xxxix) to (xliv)” inserted by Finance Act, 2021, dated 30-06-2021. Earlier clause “(xxxix)” was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
438a-Sub-clause “(xlv)” inserted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
439-Clause (11B) and Clause (11C) were inserted vide the Finance Act, 2012
440-The words “or section 59B” was omitted vide the Finance Act, 2016 (XXIX of 2016)
441-Inserted vide Finance Act, 2015
442-The words “or section 59B” was omitted vide the Finance Act, 2016 (XXIX of 2016)
443-Inserted vide Finance Act, 2015
444-Inserted vide Finance Act, 2015
445-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
446-Clause (12) was inserted vide S.R.O. 787(I)/2011 dated 22nd August 2011
447-Sub-clause (c) omitted by S.R.O. 550(I)/2012 dated 23rd May, 2012. At the time of omission sub-clause (c) was as under:-

"(c) withholding tax under clause (a) of sub-section (I) of section 153 shall be deductible at one percent on local purchase of steel scrap by those steel melters who have opted under Sales Tax Special Procedures and are compliantly filing returns under the said scheme."

448-Clause (12) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (12) was as under:-

"(12) The provisions of section 113 in so far as they relate to turnover on account of sale of petroleum and petroleum products shall not apply to petroleum dealers. Notwithstanding i[their] status as a company a registered firm or an individual, engaged in retail sale of petroleum and petroleum products through petrol pumps for the purposes of assessment of their income and determination of tax thereon.

Provided that this exemption shall not apply to the sale of petroleum and petroleum products through petrol pumps which are directly operated or managed by companies ii[***] engaged in distribution of petroleum and petroleum products.

Explanation - For the removal of doubt it is declared that the companies engaged in distribution of petroleum and petroleum products other than through petrol pumps shall not be entitled to the benefits of this exemption."

i. Substituted for the word "there" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

ii. The words "and registered firms" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

449-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018

450-Clause (12B) substituted by Finance Act, 2020, dated 30-06-2020. Earlier clause (12B) added by Notification No. 236(I)/2020, dated 20-03-2020.

451-For the expression "30th day of June, 2021" substituted by Notification No. SRO 1008(I)/2021, dated August 09, 2021. Earlier the expression "30th day of September, 2020" substituted by the Finance Act, 2021. Earlier this substituted by the SRO 1241(I)/2020 dated 20.11.2020.

451a-Clause "(12BA)" substituted by Notification No. SRO 1009(I)/2021, dated August 09, 2021

452-Clause "(12C)" substituted by Finance Act, 2020, dated 30-06-2020. Before substitution read as:

"(12C). The provision of section 148 shall not apply to persons importing pulses for a period commencing from the date of issuance of this notification till 30th June, 2020.]"

453-Clause "(12D) & (12D)" substituted by Finance Act, 2020, dated 30-06-2020.

454-Clauses "(12F) to (12N)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

"(12F)The provision of section 148 shall not apply on import of 1.5 million tons of wheat having PCT Heading 1001.1900 and 1001.9900 in pursuance of Cabinet Decision in case No.399/23/2020 dated the 16th June, 2020.]

(12G) The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 541/30/2020 dated the 4th August, 2020, not apply on import by the Trading Corporation of Pakistan of 300,000 metric tons of white sugar having PCT heading 1701.9910, 1701.9920, specification B.

(12H) (a) The provisions of section 148 shall not apply on import of following goods for a period of three months starting from the 23 of June, 2020, namely:-

| S.No. | Description | PCT Code |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Oxygen gas | 2804.4000 |
| 2. | Cylinders (for oxygen gas) | 7311.0090 |
| 3. | Cryogenic tanks (for oxygen gas) | 7311.0030 |

(b) the concessions given in this clause shall also apply in respect of the letters of credit opened or goods declaration forms filed on or after the 23rd June, 2020.]

(12I) The provisions of section 148 shall not apply on import of 83 X Micron sprayers for Anti-Locust Operation (Respective heading) by National Disaster Management Authority (NDMA).

(12J)] The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 34/02/2021, dated the 12th January, 2021, not apply on import of three hundred thousand metric tons of wheat through tendering process by the Trading Corporation of Pakistan].

(12K) (a) The provisions of section 148 shall not apply on import of following goods by the manufacturers of oxygen for a period of three months starting from the 25lh day of December, 2020, namely:-

| S.No. | Description | PCT Code |
|---|---|---|
| (1) | (2) | (3) |
| 1. | Cryogenic Tanks (for oxygen Gas) | 7311.0030 |

(b) the concessions given in this clause shall also apply in respect of the letters of credit opened or goods declaration forms filed on or after the 25th day of December, 2020.

(12L) The provisions of section 148 and 153 shall not apply on import and subsequent supply of five hundred thousand metric tons of white sugar imported by the Trading Corporation of Pakistan.

(12M) The provisions of section 148 shall not apply on import of following goods for a period of one hundred and eighty days starting from the 14th day of May, 2021, namely:-

| S.No. | Description | PCT Code |
|---|---|---|

| (1) | (2) | (3) |
|---|---|---|
| 1. | - Oxygen | 2804.4000 |
| 2. | - Other (Oxygen Cylinders) | 7311.0090 |
| 3. | - For Cryogenic (Tanks/Vessels) | 7311.0030 |
| 4. | - Oxygen Concentrators/Generators/Manufacturing Plants of all specifications and capacities. | Respective headings] |

454a-Clause "(12O)" added by Notification No. SRO 1407(I)/2021, dated 29th October, 2021.
455-Clause (13) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 9th June, 2005). At the time of omission clause (13) was as under:-
"(13) The provisions of section 113 shall not apply to Hub Power Company Limited so far as they relate to its receipts on account of sale of electricity."
456-Clause (13A) was omitted vide the Finance Act, 2006 (III of 2006 assented on 29th June, 2006). At the time of omission clause (13A) was as under:-
i[(13A) The provisions of section 113 shall not apply to Kot Addu Power Company limited (KAPCO) for the period it continues to be entitled to exemption under clause (138) of Part-I of this Schedule.]
i. Clause (13A) was inserted vide S.R.O. 724(I)/2002, dated 17th October, 2002
457-Clause (14) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission clause (14) was as under:-
"(14) A company registered and authorized by the Federal Government to import gold and silver shall be liable to pay tax on import of gold at the rate of two rupees per eleven grams six hundred and sixty four milligrams and five rupees per kilogram in the case of silver in accordance with the provisions of section 148 and such payment of tax shall be deemed to be full and final liability of tax in respect of income accruing from such import including liability of tax under section 113."
458-Clause (15) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (15) was as under:-
"(15) The provisions of section 113 shall not apply to companies, qualifying for exemption under clause (132) of Part-l of this Schedule, in respect of receipts from sale of electricity."
2490 The figure and comma inserted by the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). Earlier the figure "113" was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
459-Inserted by the Finance Act, 2009.
460-Substituted for the word and figure"156 and I57" vide the Finance Act, 2003 (I of 200 assented on 16th June, 2003)
461-Substituted for the figure "113" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
462-Substituted for the colon vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
463-Proviso was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission Proviso was as under-
"Provided further that in respect of application of section i[113] this clause shall take effect from the first day of July, 1991."
i. Substituted for the figure, comma and word a[149, I51. I52, 153. 155. 156 or 233] vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
(a) Substituted for the figure "113" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
464-Clause (16A) was omitted vide the Finance Act, 2015. At the time of omission clause (16A) was as under:-
*[(16A) The provisions of section 153(1) (b) shall not be applicable to the persons making payments to electronic and print media] in respect of the advertising services.
* Inserted vide Finance Act, 2009
465-Clause (17) was omitted vide the Finance Act, 200S (VII of 2005 assented on 29th June, 2005). At the time of omission clause (17) was as under:-
"(17) The provisions of section 113, shall not apply to i[Provincial -Governments and] local authorities, qualifying for exemption under section 49 and other ii[ ***] III[Government or semi-Government bodies which are otherwise exempt from income tax].
Provided that nothing contained in this clause shall be construed to authorize any refund of tax already paid or the collection of any out stand demanding created under the said section."
i. The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
ii. The word "than" omitted vide the Finance Act, 2004 (II of 2004), (Assented on 30th June, 2004),
iii. Substituted for the words "corporate, Government or semi-Governmental bodies, not otherwise liable to income tax" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
466-Clause (18) was omitted vide the Finance Act, 2005 (VII of 2005), assented on 29th June, 2005). At the time of omission clause (18) was as under:-
"(18) The provisions of section 113 shall not apply to Pakistan Red Crescent Society."
467-Substituted for the word "section" vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009),
468-For the expression "Companies Ordinance, 1984 (XLVII of 1984) substituted by Finance Act, 2021, dated 30-06-2021.
469-Clause (20) omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (20) was as under:-

“(20) The provisions of section 113 shall not apply to special purpose non- profit companies engaged in securitizing the receivables of Provincial Governments or the companies.”
470-Clause (21) omitted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (21) was as under:-
“(21) The provisions of section 113 shall not apply to non-profit organization i[approved under clause (36) of section 2 or clause (58) or Included In) clause (61) of Part-I of this Schedule.”
i. Substituted for the words, brackets and figures “including those approved or included 111 clause (58) or” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
471-Clause (22) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005. At the time of omission clause (22) was as under:-
(22) The provisions of section 113 shall not apply to a taxpayer who qualifies for exemption under clause (133) of Part-I of this Schedule.”
472-Clause (22A) omitted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (22A) was as under:-
i[(22A) The provisions of section 113 shall not apply to a resident person engaged in the business of shipping who qualifies for application of reduced rate of tax on tonnage basis as final tax under clause (21) of Part II of this Schedule]
“i. Clause (22A) was inserted vide S.R.O. 248(I)/2003 dated 5th March 2003
473-Clause (23) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June 2005). At the time of omission clause (23) was as under:-
“(23) The provisions of section 113 shall not apply to a venture capital company and venture capital fund which is exempt under clause (101) of Part-I of this Schedule.”
474-Clause (24) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (24) was as under:-
“(24) The provisions of section 113 shall not apply to a modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance. 1980 (XXXI of 1980)”
475-Clause (25) omitted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (25) was as under:-
“(25) Nothing in section 113 shall apply to Corporate and Industrial Restructuring Corporation (CIRC).”
476-Clause (26) omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (26) was as under:-
“(26) The provisions of section 148 shall not apply to goods or classes of goods Imported by contractors and sub-contractors engaged m the execution of power project under the agreement between the Islamic Republic of Pakistan and Hub Power Company Limited.”
477-Clause (26) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June. At the time of omission clause (27) was as under:-
“(27) The provisions of section 148 shall not apply to such specially equipped motor vehicle or support equipment Imported by a disabled person as is allowed by the Federal Government.”
478-Clause (28) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (28) was as under:-
“(28) The provision of section 148 shall not apply to in case of such goods imported Pakistan as are exempt from customs duties and sales tax under i[Headings 9913.9914 and 9915 of Sub-Chapter III of Chapter 99 of First Schedule the Customs Act, 1969 (IV of 1969)]
i. Substituted for the words comma Figures and brackets “S.R.O.s 360(I)/2000, 362(I)/2000 and 363(I)/2000 dated 17.06.2000” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
479-Clause (29) was omitted vide the Finance Act 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (29) was asunder:-
i[(29) The provisions of section 148 shall not apply to goods imported by direct and indirect exporters covered under:
(a) Sub-Chapter 4 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001
(b) Sub-Chapter 6 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001
(c) Sub-Chapter 7 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001]
i. Clause (29) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution clause (29) was as under:-
“(29) The provisions of section 148 shall not apply to goods Imported by direct and indirect exporters covered under:-
(i) the Manufacturing in Bond Rules. 1997 issued under S.R.O. 1140(I)/97, dated the 6th November, 1997;
(ii) the Common Bonded Warehouse (Conventional) Rules. 1998 issued under S.R.O. 843(I)/98 dated the 23rd July, 1998: and
(iii) the Duty and Tax Remission for Export Rules, 2001 issued under S.R.O. 185{I)/2001 dated the 21st March, 2001”
480-Clause (30) omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (30) was as under:-
i[(30) The provisions of section 148 shall not apply in respect of goods specified under Heading 9929. Sub-Chapter VIII of Chapter 99 of the First Schedule to the Customs Act, 1969 (IV of 1969)]

i. Clause (30) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution clause (30) was as under-

ii[(30) The provisions of section 148 shall not apply in respect of goods temporarily imported into Pakistan for subsequent exportation and which are exempt from customs-duty under S.R.O. 410(I)/2001, dated the 18th June, 2001, and tile goods specified at S. Nos. 22 and 23 in Table-II of the S.R.O. 444(I)/2001, dated the 18th June, 2001]

ii. Clause (30) was substituted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002. At the time of substitution clause (30) was as under:-

"(30) The provisions of section 148 shall not apply in respect of goods temporarily imported into Pakistan for subsequent exportation and which are exempt from S.R.O. 410(I)/2001 dated 18th June, 2001 and Notification No S.R.O. 592(I)/97, dated 7th August, 1997."

481-Clause (31) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (31) was as under:-

"(31) The provisions of section 148 shall not apply in respect of such mobile telephone sets as are exempt from custom duty and are charged to sales tax in the manner prescribe in the S.R.O. 390(I)/2001, dated 18th June, 2001"

482-Clause (31A) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (31A) was as under:-

i[(31A) The provisions of section 148 shall not apply to plan, machinery and equipment imported which are subject to 5% rate of customs-duty under Chapter 84 of the First Schedule to the Customs Act. 1969 (IV of 1969) or are exempt from customs-duty or subject to a lower rate of customs-duty under relevant Customs notifications.]"

i. Clause (31A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004 Earlier this amendment made vide S.R.O. 441(I)/2004, dated 12th June 2004

483-Clause (3B) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (31 B) was as under:-

i[(31B) The provisions of section 148 shall not apply in respect of agricultural tractors imported in CBU conditions.]

i. Clause (31B) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

484-Clause (32) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (32) was as under:-

"(32) The provisions of sections 149 and 152 relating to fee for technical services shall not apply to M/s. Siddiq Sons Tin Plate limited In respect of salaries of expatriate employees. royalty or technological and know-how fee for technical assistance for projects located in Special Industrial Zone, Windher, Balochistan, who have established LICs prior to the 31st January, 1996"

485-Clause (33) omitted by the Finance Act, 2008 (10 of 2008) (Assented on 26 June, 2008). At the time of omission clause (33) was as under:-

"(33) The provisions of sections 151 and 233 shall not apply to any person making payment to National Investment (Unit) Trust or a mutual fund established by the Investment Corporation of Pakistan or an investment company registered under the Investment Companies and Investment Advisers Rules, 1971 or a unit trust scheme constituted by an Asset Management Company registered under the Asset Management Companies Rules, 1995 i[or a real investment trust, approved and authorized under the Real Estate Investment Trust Rules, 2006, established and managed by a REIT management company licensed under the Real Estate Investment Trust Rules. 2006] ii[or a private Equity and Venture Capital Fund ]"

i. The words, commas and figures was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)

ii. The words, commas and figures was inserted vide the Finance Act, 2006 (III or 2006 assented on 30th June, 2006)

486-Clause (34) was omitted vide the Finance Act 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (34) was as under:-

"(34) The provision of section 151 shall not apply 111 respect of profit or Interest paid on a Term Finance Certificate held by a company which has been issued on. Or after, the first day of July, 1999"

487-Clause (35) was omitted vide the Finance Act 2005 (VII of 2005 assented on 29th June 2005). At the time of omission clause (35) was under:-

"(35) The provisions of section 151 shall not apply to any payment made by way profit or interest to any person on Term Finance Certificates being the instruments of redeemable capital under the Companies Ordinance. 1984 (XL VII of 1984), issued by Prime Minister's Housing Development Company (Pvt.) Limited (PHDCL)."

488-Clause (36) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (36) was as under:-

"(36) The provisions of clause (c) of sub-section (I) of section 151 shall not apply in respect of any amount paid as interest or profit on Special US Dollar Bonds Issued under the Special US Dollar Bonds Rules. 1998"

489-Clause (36A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)

490-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier, the same was inserted vide S.R.O. 1280(I)/2017 dated 22nd December, 2017

491-Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019

492-Clause (37) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (37) was as under:-

"(37) The provisions of section 151 shall not apply to Pak rupee accounts or certificate referred to in clause (83) of Part I of this Schedule."

493-The commas, figures and words were inserted vide the Finance Ordinance. 2002 (XXVII of 2002 promulgated on 15th June, 2002)
494-Inserted vide the Tax Laws (Amendment) Ordinance 2016 dated 31st August, 2016 (Ordinance No. V of 2016)
495-Clause (38A) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
496-Inserted vide the Finance Act, 2016 (XXIX of 2016)
497-Omitted vide the Finance Bill 2014. At the time of omission clause (38B) was as under:-
i[(38B) The provisions of section 150 shall not apply to the Islamic Development Bank.]
[i. Clause (38B) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
498-Clause (38C) was inserted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011)
499-Inserted vide the Finance Act, 2014
500-Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
501-Clause (39) omitted by the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (39) was as under:-
"(39) The provisions of section 151 shall not apply to a person who produces a certificate from the Commissioner of Income Tax concerned to the effect that his income during the income year is exempt from tax."
502-Clause (40) was omitted vide the Finance Act, 2005 (II of 2005) and notwithstanding any judgment, order or decision of any Court, Tribunal or Authority including Income Tax Authority, shall be deemed always to have been so omitted and shall have effect accordingly. At the time of omission clause (40) was as under:-
"(40) The provisions of i[sub-section (6) of section 153] in so far as they relate to payments on account of supply of goods ii[from] which tax is deductible under the said section shall not apply in respect of any person being a manufacturer of such goods, unless he opts for the presumptive tax regime:
Provided that a declaration of option is furnished in writing within three months of the commencement of the iii[tax] year and such declaration shall be irrevocable and shall remain in force for three years:
Provided further nothing contained in this clause shall apply to any manufacturer of goods for which special rates of deduction of tax are specified under the iv[repealed] Ordinance."
i. Substituted for the word and figure "section 153" vide the Finance Ordinance, 2002 (XXVII of 2002) promulgated on 15th June, 2002)
ii. The word inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
III. Substituted for the word "income" vide the Finance Act, 2003 (I of 2003), assented on 16th June, 2003)
iv. Substituted for the word "replaced" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003) (XXVII of 2002 promulgated on 15th June, 2002)"
503-Clause (41) was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission clause (41) was as under:-
"(41) The provisions of [sub-section [(1B) of section 152]] shall not apply in respect of a nonresident person unless he opts for the presumptive tax regime:
Provided that a declaration of option is furnished in writing within three months of the commencement of the [tax] year and such declaration shall be irrevocable and shall remain in force for three years."
504-Omitted vide the Finance Act, 2014. At the time of omission clause (41A), (41AA) and (41AAA) were as under:-
i[(41A) The provisions of sub-section (7) of section 148 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 60% of tax already collected under sub-section (7) of section 148.
(41AA) The provisions of sub-section (4) of section 154 and clause (b) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 50% of tax already deducted under sub-section (4) of section 154.
(41AAA) The provisions of clause (a) of sub-section (1) of section 153 and clause (b) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 70% of tax already deducted under clause (a) of sub-section (1) of section 153.]
i. Clauses (41A), (41AA) & (41AAA) vide the Finance Act, 2012
505-Clause (41A) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (41A) was as under:-
i[(41A) Notwithstanding anything contained in the Finance Act, 2005 (VII of 2005) with respect to the omission of clause (40) of Part IV of the Second Schedule to this Ordinance, nothing in sub-section (6A) of Section 153 of this Ordinance shall apply to any person being a manufacturer, where declaration of option for the presumptive tax regime has been furnished and transactions pertaining to such option have been undertaken and completed on or before the 30th June, 2005:
Provided that all declaration of options already furnished shall cease to have effect after the 30th June, 2005.]
i. Clause (41A) was inserted vide S.R.O. 1130(I)/2005 dated 14th November, 2005.
506-Omitted vide the Finance Act, 2014. At the time of omission clause (41B) was as under:-
i[(41B) The provisions of sub-section (2) of section 152 shall not apply in respect of payments to foreign news agencies, syndicate services and non-resident contributors, who have no permanent establishment in Pakistan.]
[i. Clause (41B) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

507-Substituted for the word and figure “section 153” vide the Finance Act, 2002 (XXVII of 2002) promulgated on 15th June, 2002)
508-Substituted for the bracket and figure “(6)” vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011
509-Clause (42A) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (42A) was as under:-
i[(42A) The provisions of sub-section (6) of section 153 shall not apply in respect of payments received by a person for supply of relief goods for earthquake victims against funds from the President Relief Fund for Earthquake Victims 2005 or any other such source of the Government or the purchases made by approved voluntary Non-Profit Organizations or welfare bodies for the aforesaid purpose.)
i. Clause (42A) was inserted vide S.R.O. 1205(I)/2005, dated 6th December 2005
510-Clause (43) was omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission clause (43) was as under:-
“(43) The provisions of i[sub-section (I) of section 153] shall not apply to payments received by Pak-Arab Refinery Limited on account of supply of ii[its] products.”
i. Substituted for the word and figure “section 153” vide the Finance Ordinance. 2002 (XXVII of 2002 promulgated on 15th June, 2002)
ii. Substituted for the word “it” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
511-Clause (43A) was substituted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of substitution clause (43A) was as under:-
i”(43A) The provisions of section 153, shall not apply to payments received by M/s. Total PARCO Pakistan Limited for the supply of petroleum products.]”
i. Clause (43A) was inserted vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002).
512-The words and brackets i[including Permanent Establishment of Non-resident Petroleum Exploration and Production (E&P) Companies] was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
i. The words were inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
513-Clause (43B) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). Earlier a different Clause (43B) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission Clause (43B) was as under:-
i[ (43B) The provisions of section 153 shall not apply to the payments received by Al Rahim Trading Co. (Pvt.) Limited, Karachi for the supply of petroleum products.]
i. Clause (43B) was inserted vide Notification No, S.R.O. 830(I)/2002 dated 22th November, 2002
514-Clause (43C) inserted vide S.R.O. 57(I)/2012 dated 24 January, 2012
515-Clause (43C) was omitted vide the Finance Act, 2003 (I of 2003 assented Oil’ 16th June, 2003). At the time of omission clause (43C) was as under:-
i[(43C) The provisions of section 153 shall not apply to the payments received by Hascombe Storage (Pvt.) Limited, Karachi, for the supply of petroleum products.]”
i. Clause (43C) was inserted vide Notification No. S.R.O. 961(I)/2002, dated 23rd December, 2002
516-Clause (43D) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (43D) under:-
i[(43D) The provisions of section I S3 shall not apply to the payments received by M/s Overseas Trading Corporation, Karachi, for the supply of petroleum products.]”
i. Clause (43D) was inserted vide Notification No S.R.O. 253(I)/2003 dated 7th March, 2003
517-Clause (43E) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (43E was as under:-
i[(43E) The Provisions of section 153 shall not apply to the payment received by M/s ICI Pakistan Limited, for the supply of petroleum products.]”
i. Clause (43E) was inserted vide Notification No. S.R.O. 408(I)/2003, doted 8th May, 2003
518-Inserted vide S.R.O. 126(I)/2013 dated 13th February, 2013
519-For the expression “clause (a)” substituted by Finance Act, 2021, dated 30-06-2021.
520-The expression “w.e.f. tax year 2012” omitted by Finance Act, 2021, dated 30-06-2021.
521-New clause (43E) was inserted vide S.R.O. 980(I)/2013, dated 18th November, 2013
522-Substituted for the figure “3%” by Finance Act, 2021, dated 30-06-2021.
523-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
524-Clasue “(43G)” inserted by Finance Act, 2021, dated 30-06-2021.
525-Clause (44) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (44) was as under:-
“(44) The provision of section i[148] shall not apply to an indirect exporter as defined in the Duty and Tax mission for Export Rules, 2001 issued under Notification No. S.R.O. 185(I)/2001, dated the 21st March, 2001”
i. Substituted for the figure “153” vide the Finance Ordinance. 2002 (XXVII of 2002 promulgated on 15th June, 2002)
526-Substituted for the word and figure “section 153” vide the Finance Act, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
527-Substituted for the brackets and figure “(6)” vide the Finance Act, 2003 (I of 2.0.03 assented on 16th June, 2003)

528-Substituted for the words “a payer” vide the Finance Act, 2003 (I of 2.0.03 assented on 16th June, 2003)
529-The expression “; and” and paragraph (c) omitted by the Finance Act, 2021. The omitted paragraph read as follows:
(c) nothing contained in this clause shall apply to payments made on account of purchase of the goods in respect of which special rates of tax deduction have been specified under the provisions of the repealed Ordinance.
530-Clause (45A) substituted vide S.R.O. 333(I)/2011 dated 2nd May, 2011 dated 2nd May, 2011. At the lime of substitution clause (45A) wall as under:-
i[(45A) (a) The Rate of deduction of withholding tax under clauses (a) and (b) of sub- section (1) of section 153 shall be one percent on the local sales, supplies or services made or rendered to the following categories of sales Tax zero-rated taxpayers, namely:-
(i) textile and articles thereof,
(ii) carpets:
(iii) leather and articles thereof including artificial leather footwear:
(iv) surgical goods: and
(v) sports goods:
(b) Provisions of clause (a) of sub-section (I) or section III of the Income Tax Ordinance, 2001 (XLIX of 2001) shall not apply to the amounts credited in the books of accounts maintained for the period ending the 30th June, 2011 by the sellers suppliers, service providers to the categories of sales tax zero-rated taxpayers as mentioned at sub-clause (1) above; and
(c) Provisions of sub-clauses (a) and (b) above shall be applicable only to only to new cases of sellers. Suppliers, service providers of the above tax zero-rated tax payers who set themselves registered by the 30th June, 2011)
i. Clause (45A) was inserted vide S.R.O. 288(I)/2011 dated 1st April, 2011
531-The expression “(a)” omitted by Finance Act, 2021, dated 30-06-2021
532-Words inserted by S.R.O 669(I)/2013, dated 17.07.2013.
533-The words “of sales tax zero-rated taxpayers,” omitted by S.R.O 669(I)/2013, dated 17.07.2013
534-Explanation inserted by Finance Act, 2021, dated 30-06-2021
535-For the Proviso substituted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was substituted by Law (Second Amendment), Ordinance, 2019, dated 27-12-2019. Before substitution Proviso read as:
“Provided that withholding tax under clauses (a) and (b) of sub-section (1) of section 153 shall not be deducted from sales, supplies and services made by traders of yarn to the above mentioned categories of taxpayers. Such traders of yarn shall pay minimum tax @ 0.1% on their annual turnover on monthly basis on 30th day of each month and monthly withholding tax statement shall be e-filed under the provisions of section 165 of this Ordinance.”
536-Sub-clause (b) omitted by Finance Act, 2021, dated 30-06-2021. The sub-clause read as follows:
“(b) provisions of clause (a) of sub-section (1) of section 111 of this Ordinance shall not apply to the amounts credited in the books of accounts maintained for the period ending on the 30th June 2011, by the sellers, suppliers, service providers to the categories of sales tax zero-rated taxpayers, as mentioned in sub-clause (a).”
537-Sub-Clause “(c)” omitted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was omitted Law (Second Amendment), Ordinance, 2019, dated 27-12-2019. Before omission Clause (c) read as:
(c) provisions of sub-clauses (a) and (b) shall be applicable only to the cases of sellers, suppliers, service providers of the above mentioned categories of sales tax zero-rated taxpayers, who are already registered and to those taxpayers who get themselves registered by the 30th June, 2011.]
538-Clause “(45B)” added by Finance Act, 2021, dated 30-06-2021
539-Clause (46) was substituted vide the Finance Act, 2004 (II of 2004 assented on 30ttt June 2004). At the time of substitution clause (46) was as under:-
“(46) The provisions of i[sub-section (I) of section 153] shall not apply in respect or payments received on account of supply of petroleum products by Attock Petroleum Limited.”
i. Substituted for the word and figure “section 153” vide the Finance Ordinance. 2002 (XXVII of 2002 promulgated on 15th June, 2002)
540-The words and brackets were inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008).
541-Substituted for the word “or” vide Finance Act, 2015
542-Clause (46A) inserted by S.R.O. 847(I)/2007 dated 22nd August, 2007. Before insertion difference Clause (46A) was omitted vide the Finance Act, 2004 (II of 2004) assented on 30th June, 2004. At the time of omission clause
(46A) was as under:-
i[(46A) The provisions of sub-section (1) of section 153 shall not apply to the payments received by M/s. TOTAL PARCO Pakistan Limited (TPPL) for the supply of petroleum products.]
i. Clause (46A) was inserted vide Notification S.R.O. No. 855(I)/2003 dated 29th August, 2003.
543-For the brackets and figure “(6)” substituted by the Finance Act, 2011.
544-Clause “(46AA)” substituted by Finance Act, 2020, dated 30-06-2020.
545-For Clause “(iv)” substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
“(iv) persons receiving payments from a company or an association of persons having turnover of fifty million rupees or more or from an individual having turnover of fifty million rupees or more exclusively for the supply of agriculture produce including fresh milk, fish by any person engaged in fish farming, live chicken, birds and eggs by any person engaged in poultry’ farming and by an industrial undertaking engaged in poultry processing which has not been subjected to any process other than that which is ordinarily performed to render such produce fit to be taken to market;”

546-For Clause "(v)" substituted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:
(v) companies receiving payments for the supply of electricity and gas;
547-Clause (46B) was omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June 2009). At the time of omission clause (46B) was as under:-
i[(46B) the provisions of sub-section (6B) of section 153. In so far as they relate to payments on account of sale of goods from which tax is deductable under section 153, shall not apply in respect of an individual or association of persons being a manufacturer of such goods, for the tax year 2007.]
i. Clause (46B) was inserted vide S.R.O. 847(I)/2007 dated 22nd August, 2007. Before insertion difference Clause (46B) was omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission clause (46A) was as under:-
i[(46B) The provisions of sub-section (I) of section 153 shall not apply to the payments received by M/s. Enar Petrotech Services (Pvt.) Limited for the supply of its products."
i. Clause (46B) was inserted vide Notification S.R.O. No. 856(I)/2003, dated 27th August, 2003.
548-Clause (46C) was omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission clause (46C) was as under:-
i[(46C) The provisions of sub-section (I) of section 153 shall not apply to the payments received by M/s. Bosicor Pakistan Limited for the supply of its products.]
i. Clause (46C) was inserted vide S.R.O. 857(I)/2003, dated 27th August, 2003.
549-Clause (47) was omitted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009). At the time of omission clause (47) was as under:-
i[(47) The provisions of i[sections 151 and 155] shall not apply to a person who produces a certificate from the Commissioner of Income Tax concerned to the effect that his Income during the Income year is exempt from tax.]
i. Substituted for the word and figure "section 153" vide the Finance Ordinance. 2002 (XXVII of 2002) promulgated on 15th June,2002)
550-Clause (47A) was added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
551-Clause (47B) substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the tune of substitution clause (47B) was as under:-
i[(47B) The provisions of sections 150, 151 and 233 shall not apply to any person making payment to National Investment (Unit) Trust or a mutual fund established by the Investment Corporation of Pakistan or ii[a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules. 2003 or a modaraba] III[or Approved Pension Fund or an Approved Income Payment Plan constituted by a Pension Fund Manager registered under Voluntary Pension System Rules. 2005 iv[or a Real Estate Investment Trust approved and authorized under the Real Estate Investment Trust Rules, 2006 established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006 v[or a Private Equity and Venture Capital Fund"]]
i. Clause (47B) was added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)
ii. Substituted for the words "an Investment Company registered under the Investment Companies and Investment Advisors Rules, 1971 or a Unit Trust Scheme constituted by an Asset Management Companies Rule, 1995, or a modaraba management company" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003).
iii. The words, figures and comma were added vide the Finance Act, 2005 (VII of 2005 assented on 29th, June, 2005)
iv. The words, figures and commas added vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
v. The words was added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
552-Substituted for the word "and" vide the Finance Act, 2012
553-Inserted vide the Finance Act, 2012
553a-The expression inserted by Finance (Supplementary) Act, 2021, dated 15-01-2022
554-The words "or a modaraba" and "or a Private Equity and Venture Capital Fund" omitted by Finance Act, 2021, dated 30-06-2021
554a-Explanation added by Finance (Supplementary) Act, 2021, dated 15-01-2022
555-Clause (47C) was inserted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
556-Clause (47D) was substituted vide the Finance Act, 2011 (XVI of 2011 assented on 29th June, 2011). At the time of substitution clause (47D) was as under:-
i[(47D) The provisions of sub-section (6A) of section 153 shall not apply to cotton ginners.]
i. Clause (47D) was added vide Notification No. S.R.O. 989(I)/2005 dated 19th September, 2005.
557-Clause (48) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (48) was as under:-
"(48) The provisions of section 236 shall not apply to a person who produces a certificate from the Commissioner of income Tax concerned to the effect that his income during tile income year, is exempt from tax."
558-Clause (49) was omitted vide the Finance Act, 2003 (I of'2003 assented on 16th June, 2003). At the time of omission clause (49) was as under:-
"(49) The provisions of section 236 shall not apply where the subscriber is a non-taxable non-profit organization"
559-Clause (50) omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003. At the time of omission clause (50) was as under:-

"(50) The provisions of section 234 shall not apply to a person who produces a certificate from Commissioner of Income Tax concerned to the effect that his income during the income year is exempt from tax."
560-Clause (51) was omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003). At the time of omission clause (51) was as under:-
"(51) The provisions of section 235 shall not apply to a person who produces a certificate from the Commissioner of Income Tax concerned to the effect that his income during the income year is exempt from tax."
561-Clause (52) was omitted vide the Finance Act, 2010 (XVI of 2010). At the time of omission clause (52) was as under:-
"(52) The provisions of clause (vi) of Notification No. S.R.O. 593(I)/91 dated the 30th June, 1991 shall not apply to any importer being an industrial undertaking engaged in the manufacture of vanaspati ghee or oil."
562-Clause (53) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of omission clause (53) was as under:-
i[(53) The provision of ii[sections 148 and 153) shall not apply to the wheat imported by Trading Corporation of Pakistan in pursuance of Economic Coordination Committee of the Cabinet's Decisions No. ECC-67/5/2004 dated the 2nd July, 2004]
i. Clause (53) was added vide S.R.O. 833(I)/2004, dated 29th September, 2005.
ii. Substituted for the word and figure "section 148" vide S.R.O. 918(I)/2004 dated 11th November, 2004
563-Clause (54) omitted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005. At the 'time of omission clause (54) was as under:-
i[(54) The provisions of section 148 shall not apply to sugar imported in pursuance of Economic Coordination Committee of the Cabinet's Decision No. ECC16/2/2005 dated 08.02.2005."
i. Clause (54) was added vide S.R.O. 174(I)/2005
564-Clause (55) was omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th .2005). At the time of omission clause (55) was as under:-
i[(55) The provision of section 148 shall not apply to the import of the following items, namely:-
(a) onions;
(b) potatoes;
(c) tomatoes;
(d) garlic;
(e) halal meat of-
(1) (i) goat; and
(ii) sheep; and
(2) beef; and
(f) live animals (bovine animal i.e. buffalos. cows. sheep. goats and camels only)."
i.. Clause (55) was added vide S.R.O. 423(I)/2005, dated 13th May, 2005.
565-Clause (56) was substituted vide the Finance Act 2008 (I of 2008) assented on 26th June, 2008). Before substitution vide the Finance Act 2008 (I of 2008) the clause (56) was as under:-
i[(56) The provisions of section 148, shall not be applicable to the Import of goods classified under Pakistan Customs Tariff falling under Chapters 27, 52.01, 86 and 99.]
i. Clause (56), which was added vide the Finance Act, 2005 (VII or 2005 assented on 29th June, 2005), was substituted vide S.R.O. 567(I)/2008 dated 11th June, 2008. At the time of substitution clause (56) was as under:-
"(56) The provisions of section 148, regarding withholding tax on imports, shall not apply in respect of:-
(i) goods or classes of goods Imported by contractors and sub-contractors engaged in the execution of power project under the agreement between the Islamic Republic of Pakistan and Hub Power Company Limited;
(ii) such specially equipped motor vehicle or support equipment Imported by a disabled person, as is allowed by the Federal Government;
(iii) such goods imported into Pakistan as are exempt from customs duties and sales tax under Headings 9913, 9914 and 9915 of Sub Chapter III of Chapter 99 of First Schedule to the Customs Act, 1969 (IV of 1969):
(iv) goods imported by direct and indirect exporters covered under-
(a) Sub-Chapter 4 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001:
(b) Sub-Chapter 6 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001: and
(c) Sub-Chapter 7 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001.
(v) goods specified under Heading 9929. Sub-Chapter VIII of Chapter 99 of the first Schedule to the Customs Act, 1969 (IV of 1969)
ii[(vi) Liquefied Petroleum Gas (LPG);
ii. Clause (vi) & (vii) was substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of substitution clauses (vi) and ( vii) was as under:-
"(vi) such mobile telephone sets as are exempt from custom duty and arc charged to sales tax in the manner prescribed ill S.R.O. 390(I)/2001 dated the 18th June, 2001:
(vii) plant, machinery and equipment and parts thereof imported as are subject to 5% rate of customs-duty under Chapter 84 or the First Schedule to the Customs Act. 1969 (IV or 1969), or arc exempt from customs-duty or subject to a lower rate of customs-duty under relevant Customs notifications:"
(vii) Liquefied Natural Gas (LNG);]
(viii) agricultural tractors imported in CBU condition

(ix) an indirect exporter as defined in the Duty and Tax Remission for Export Rules, 2001 issued under S.R.O. 85(I)/2001, dated the 21"March, 200I.
iii[(x) Radio Navigational Aid Apparatus Imported for an airport or on alter First January, 2006]
iii. Clause (x) substituted vide the Finance Act, 2006 (III of 2006 assented on 30th June 2006). At the time or substitution clause (x) was a under -
"(x) Import of wheat a[and wheat flour],"
a. The words added vide S.R.O 772(I)/2005 dated 3rd August, 2005.
iv[***]
iv. Clause (XI) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006. At the time of omission clause (xi) was as under:-
"(xi) sugar imported in pursuance of Economic Coordination Committee of the cabinet's decision No. ECC 16/2/200, dated 08.02.2005. b[***]
b. The word "and" was omitted vide S.R.O. 1010(I)/2005, dated 26th September 2005.
(xii) Import of the following items Namely:-
(a) onions:
(b) potatoes:
(c) tomatoes;
(d) garlic;
(e) halal meat of-
(1) (I) goat; and
(ii) sheep; and
(2) beef; and
(f) live animals (bovine animals i.e. buffalos, cows, sheep, goats and camels only);
v[and]
v. The word added vide S.R.O. 1010(I)/2005, dated 26th September 2005.
vi[(xiii) ***]
vi. Sub-clause (xiii), which was added vide S.R.O. 1010(I)/2005, dated 26th September, 2005, was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission sub-clause (xIII) was as under:-
"(xiii) cement imported in pursuance of Economic Coordination Committee or the Cabinet's Decision No. ECC-124/8/2005.dated the 1st September, 2005 ]"
vii[(xiv) goods donated for the of earthquake victims as are exempt from customs duties and sales tax c[; and]
vii. Sub-clause (xiv) inserted vide S.R.O. 1034(I)/2005, dated 10th October, 2005.
c. Substituted for the full stop vide S.R.O. 1037(I)/2005, dated 14th October 2005.
viii[(xv) tents, tarpaulin and blankets]
viii. Sub-clause (xv) was added vide S.R.O. 1037(I)/2005, dated 14th October 2005.
ix[(xvi) ***]
ix. Sub-clause (xvi) was omitted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006). At the time of omission sub-clause (xvi) was as under:-
x[(xvi) Off-highway dump trucks and On Highway Dump Trucks of 320 HP and above and Transit Mixers imported by construction companies.]
x. Sub-clause (xvi), which was added vide S.R.O. 60(I)/2006 dated 25th January, 2006, was substituted vide S.R.O. 517(I)/2006 dated 2nd June, 2000. At the time of substitution sub-clause (XVI) was as under:-
"(xvi) off-highway dump trucks and transit mixers"
xi[(xvii) import of ships and floating crafts including tugs, dredgers, survey vessels and other specialized crafts, registered in Pakistan]
xi. Sub-clause (xvii) was added vide S.R.O. 93(I)/2006 dated 7th February, 2006.
xii[(xviii) goods specified in column (2) of the Table below, falling under the PCT heading number mentioned in column (3) of the said Table, namely:-
TABLE

| S. No. | Description of goods | PCT heading number |
|---|---|---|
| (1) | (2) | (3) |
| 1 | Camera | 9007.11 |
| 2 | Studio lights | 9405.401 |
| 3 | Screen. | 9010.6 |
| 4 | Camera all kind lenses. | 9002.11 |
| 5 | Stand filters. | 9002.2 |
| 6 | Lenses video assist. | 9002.19 |
| 7 | Lights/studio lights | 9405.401 |

| | | |
|---|---|---|
| 8 | Laboratory for processing | 9010.5 |
| 9 | Steam back. | 9405.401 |
| 10 | Mixing studio facility. | 9010.5 |
| 11 | Re-mixing and accessories. | 9010.5 |
| 12 | Jimmy gib. | 9010.5 |
| 13 | Negative. | 9010.5 |
| 14 | Positive. | 90105000 |
| 15 | Sound. | 9010.5 |
| 16 | Magnetic sound/negative. | 9010.5 |
| 17 | Lighting equipment Imported by M/S Rafi Peer Theatre Workshop. | 9405.4010] |

xii. Sub-clause (xviii) was added vide S.R.O. 272(I)/2006 dated 21st March, 2006.
xiii[ (xix) one time import of d[16] buses by Daewoo Express Bus Services Ltd.]
xiii. Sub-clause (xlx) was added vide S.R.O. 363(I)/2006. 15th April, 2006.
d. Substituted for the figure "32" vide S.R.O. 505(I)/2006 dated 31st May, 2006.
xiv[(xx) goods temporarily imported into Pakistan for subsequent exportation and which are exempt from customs duty and sales tax under S.R.O. 1065(I)/2005, dated the 20th October, 2005]
xiv Sub-clause (xx) was added vide S.R.O. 863(I)/ 2006 dated 23rd August, 2006.
xv[(XXi) capital goods imported by a manufacturer whose sales arc 100% exports and produces a certificate from the Commissioner of Income Tax to the effect that the imported capital goods shall be:-
(a) installed in his own Industrial undertaking: and
(b) exclusively used for production of goods to be exported
xv. Sub-clause (xxi) was added vide S.R.O. 1268(I)/2006, dated 21st December, 2006
xvi[(xxii) Capital goods and raw material imported by manufacturer exporter registered with Sales Tax Department as a manufacturer.
(xxiii) Petroleum (E&P) companies covered under S.R.O. 678(I)/2004 dated 07.08.2004 except motor vehicles imported by such companies.
(xxiv) Companies importing high speed diesel oil light diesel oil high octane blending component or motor sprit, furnace oil JP-1, MTBE, Kerosene oil, crude oil for refining and chemical use In refining thereof in respect of such goods: e[***]
(xxv) The re-importation of re-usable containers for re- export qualifying customs-duty and sales tax exemption on temporary import under the Customs S.R.O 344(I)/95 dated the 25th day of April, 1995 f[and]
xvi Sub-clauses (xxii) to (xxv) was added vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
e. The word "and'" was omitted vide S.R.O. 759(I)/2007 dated 31st July, 2007.
f. Substituted for the full stop vide. S.R.O. 759(I)/2007 dated 31st July, 2007.
xvii[(xxvi) goods donated for relief of flood victims or year 2007 as exempt from customs-duty and sales tax.]
xvii Clause (xxvi) was added vide S.R.O, 759(I)/2007, dated 31st July, 2007.
xviii[(xxvii) Plant. machinery. equipment and specific items used in production of bio- diesel as are exempt from customs-duty and sales tax.]"
xviii Clause (xxvii) was added vide S R O 274(I)/2008, dated 11th March, 2008.
566-Substituted for the commas, figures and words "Chapters 27, 86 and 99" vide Finance Act, 2015
567-Inserted vide Finance Act, 2015
568-Substituted for "Bakri Trading Company Pakistan (Pvt) Ltd, Overseas Oil Trading Company (Pvt) Ltd" vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
569-Inserted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
570-Substituted for the words, figures, brackets, commas and symbol "No. S.R.O. 1065(I)/2005, dated the 20th October, 2005" vide the Finance Act, 2012
571-The word "and" omitted vide S.R.O. 860(I)/2008, dated 19.08.2008
572-Clause "(iiia)" inserted by Finance Act, 2021, dated 30-06-2021. Earlier it was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
573-Full stop substituted vide S.R.O. 860(I)/2008, dated 19.08.2008
574-Inserted vide S.R.O. 860(I)/2008, dated 19.08.2008
575-Clauses "(xiii) to (xix)" inserted by Finance Act, 2021, dated 30-06-2021.
576-Sub-Clauses substituted by Finance Act, 2020, dated 30-06-2020.
577-Clause (56A) was omitted vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017. At the time of omission clause (56A), which was added vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013, was as under:-
"(56A) The provisions of sub-section (7) of section 148 and clause (a) of sub-section (1) of section 169 shall not apply to a person who is liable to withholding tax under section 236E."

578-The Expression “(56B) Provisions of section 148 shall not apply in respect of import of potatoes between 5th of May, 2014 and 31st of July, 2014, provided that such imports shall not exceeds 200,000 metric tons in aggregate during the said period.” was omitted vide Finance Act, 2015. The same was inserted earlier vide S.R.O. 341(I)/2014 dated 2nd May, 2014
579-Omitted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Inserted vide the Finance Act, 2014 which is as below:-
i[(56B) The provisions of sub-section (7) of section 148, and clause (a) of sub-section (1) of section 169 shall not apply to a person being a commercial importer if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 5.5%, of the imports, if the person is a company and 6% otherwise.]
i The same Clause 56B was inserted earlier vide S.R.O. 341(I)/2014 dated 2nd May, 2014
580-Clauses “(56C), (56D) and (56E) omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
(56C) The provisions of sub-section (3) of section 153, in respect of sale of goods and clause (a) of sub-section (1) of section 169 shall not apply to a person, if the person opts to file return of total income along with accounts and documents, as may be prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 3.5% of the gross amount of sales, if the person is a company and 4% otherwise.
(56D) The provisions of sub-section (3) of section 153, in respect of contracts and clause (a) of sub-section (1) of section 169 shall not apply to a person if the person opts to file return of total income along with accounts and documents as may be prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 6% of contract receipts, if the person is a company and 6.5% otherwise.
(56E) The provisions of sub-section (2) of section 153 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 0.5% of gross amount of services received.
581-Clause “(56E)” omitted by Finance Act, 2020, dated 30-06-2020. Before omission read as:
“(56G) The provisions of sub-section (3) of section 233 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of the commission.”
582-Clause (56H) was omitted vide Finance Act, 2015. At the time of omission Clause (56H) was as under:-
(56H) Provisions of section 148 shall not apply in respect of import of potatoes between 5th of May, 2014 and 1st of November, 2014, provided that such import shall not exceed 300,000 metric tons in aggregate during the said period.
583-Clause (57) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
584-Substituted for the expression “sections 113 and” vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution it was as under:-
“i [sections] ii [113 and]”
i. Substituted for “section” vide S.R.O. 439(I)/2013 dated 20th May, 2013. Earlier the word “section” was replaced by “sections” vide S.R.O. 140(I)/2013 dated 26th February, 2013
ii. Inserted vide S.R.O. 439(I)/2013 dated 20th May, 2013.
585-The figure i[113] omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008
i. The figure and comma was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006
586-The figures “113” and “148” were omitted vide S.R.O. 140(I)/2013 dated 26th February, 2013. Earlier figure “113” substituted figure “148” vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009) and figure “148” was inserted vide S.R.O. 717(I)/2009, dated 12th August, 2009
587-Substituted for the words, “with Sales Tax Department” the words, comma and figure “under the Sales Tax Act, 1990” vide the Finance Act, 2014
588-The colon i[;] substituted vide the Finance Act, 2008 (I of 2008) assented on 26th June, 2008)
i. Substituted for the full stop vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
589-Substituted for the full stop vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
590-Second proviso of sub-clause (vi) was omitted vide S.R.O. 140(I)/2013 dated 26th February, 2013. The said proviso was Proviso was inserted vide the Finance Act, 2001) (I of 2009 assented on 10th June, 2009) and appeared as under:-
“Provided further that the exemption from application of section 113 shall be available for the first ten years, starting from the tax year in which the business operations commenced.”
591-Proviso was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission proviso was as under:-
i[Provided further that the exemption from application of section 113 shall be available for the first ten tax years, starting from the tax year in which the business operations commenced.]
i. Proviso was inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006).
592-Proviso was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution proviso was as under:-
i. [Provided further that the exemption from application of section 113 shall be available for the first ten years, starting from the tax year in which the business operations commenced,]
i. Inserted vide S.R.O. 439(I)/2013 dated 20th May, 2013.
593-Substituted for ‘2019’ vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
594-Inserted vide the Finance Act, 2014

595-Explanation was numbered as Paragraph (i) vide Finance Act, 2015
596-Inserted vide Finance Act, 2015
597-Clause "(57A)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier Clause (57A) was inserted vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007). Before omission read as:
"(57A) The provisions of sections 153 and 169 shall not apply to large import houses:
Provided that the exemption under this clause shall not be available if any of the conditions provided in section 148 are not fulfilled for a tax year."
598-Clause (58) was omitted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of omission clause (58) was as under:-
i[(58) The provisions of section 205 shall not apply to telecom companies for default of not collect ins withholding tax under section 236(I) (b) on sale of prepaid cards during tax year 2004. if the amount not collected is deposited within three months:
Provided that nothing contained in this clause shall apply to the amounts collected under section 236(1) (b) but not deposited in the Treasury.]
i. Clause (58) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005).
599-Clause (59) was added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
600-Sub-clause (i) was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission sub- clause (i) was as under:-
(i) in respect of profit or interest paid on a Term Finance Certificate held by a company which has been issued on, or after, the first day of July, 1999;
601-For the expression "Companies Ordinance, 1984 (XLVII of 1984) substituted by Finance Act, 2021, dated 30-06-2021.
602-Sub-Clause (iii) was omitted vide Finance Act, 2015. At the time of omission Sub-Clause (iii) was as under:-
(iii) to Pak rupee accounts or certificates referred to in clause (83) of Part-I of this Schedule; and
603-Paragraph (a) was omitted vide the Finance Act, 2013 (Act No. XXII of 2013) assented on 29th June, 2013. At the time of omission Paragraph (a) was as under:
"(a) Defence Savings Certificates, Special Savings Certificates, Savings Accounts or Post Office Savings Accounts, or Term Finance Certificates (TFCs), where such deposit does not exceed one hundred and fifty thousand rupees;"
604-Clause (60) was added vide S.R.O. 85(I)/2006, dated 3rd February, 2006
605-Substituted for the letters "NTISB" vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
606-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier the same clause 60A was inserted vide S.R.O. 735(I)/2016 dated 9th August, 2016
607-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier the same clause 60B was inserted vide S.R.O. 899(I)/2016 dated 26th September, 2016
608-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018
609-Added vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
610-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
611-Clause "(61)" omitted by Finance Act, 2021, dated 30-06-2021. Earlier added vide S.R.O. 273(I)/2006, dated 21st March, 2006. Before omission read as:
(61) The provisions of section 231A shall not apply in respect of any cash withdrawal, from a bank, made by an earthquake victim against compensation received from GOP including payments through Earthquake Reconstruction and Rehabilitation Authority (ERRA) account.]
612-Clause (61A) was omitted vide Finance Act, 2015. At the time of omission Clause (61A) was as under:-
i(61A) The provisions of section 231A shall not apply in respect of any cash withdrawal by exchange companies duly licensed and authorised by the State Bank of Pakistan on their bank account exclusively dedicated for their authorised business related transaction:
Provided that:-
(a) Exemption under this clause shall be available to exchangSe companies who are issued exemption certificate by the concerned Commissioner Inland Revenue for a financial year; and
(b) The Commissioner shall issue the exemption certificate after obtaining relevant details and particulars of the Bank Accounts,]
i.Clause (61A) inserted vide S.R.O. 383(I)/2012 dated 18th April, 2012.
613-Clause (62) was added vide S.R.O. 885(I)/2006, dated 29th August, 2006
614-Clause (63) omitted though Finance Act, 2020 dated 30th June, 2020 the omitted clause read as follows:
"(63) M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore shall be deemed to have been approved by the Commissioner for the purpose of sub-section (36) of section 2 notwithstanding the provisions of clause (c) of sub-section (36) of section 2."
615-Clause (64) omitted by the Finance Act, 2009. The omitted clause (64) read as follows:
"(64)No tax shall be collected under section 231B during the period commencing from the 21st February, 2008 and ending on the 20th April, 2008 and shall apply to booking of a motor car and delivered during the said period.
616-Clause (65) was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
617-Clause (66) was substituted vide S.R.O. 1055(I)/2008, dated 10th October, 2008. At the time of substitution clause (66) was as under:-
i[(66) The provisions of section 235, shall not be applicable to the exporters-cum-manufacturers of-

(a) carpets;
(b) leather and articles thereof including artificial leather footwear;
(c) surgical goods:
(d) sport goods: and
(e) textile and articles thereof;"
i. Clause (66) was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
618-The words "who fall under the zero rated regime of sales tax and" omitted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020. Earlier the same was omitted by Tax Law (Second Amendment), Ordinance, 2019, dated 27-12-2019.
619-Clause (67) was added vide S.R.O. 766(I)/2008, dated 21st July, 2008
620-Inserted vide Finance Act, 2015
621-Clause (68) was added vide S.R.O. 772(I)/2008, dated 22nd July, 2008
622-Clause (69) was added vide S.R.O. 1012(I)/2008, dated 23rd September, 2008
623-Clause (70) was added vide S.R.O. 129(I)/2009, dated 7th February, 2009,
624-Clause (71) was added vide S.R.O. 712(I)/2009, dated 5th August, 2009,
625-Added vide S.R.O. 810(I)/2009, dated 19.09.2009
626-Clause "(72A)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
"(72A) The provisions of clause (l) of section 21, sections 113 and 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations provided that the tax has been paid at the rate of Rs.3,500 per Hajji for the tax year 2013 and Rs.5,000 per Hajji for the tax year 2014 to 2017 in respect of income from Hajj operations."
627-Clauses "(72AA)" substituted by Finance Act, 2020, dated 30-06-2020.
628-Clause "(72B)" omitted by Finance Act, 2020, dated 30-06-2020. Earlier it was inserted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020, and also same was inserted by Tax Law (Second Amendment), Ordinance, 2019, dated 27-12-2019, read as:
"(72B) the provisions of section 148 shall not apply to an industrial undertaking if the tax liability for the current tax year, on the basis of determined tax liability for any of the preceding two tax years, whichever is the higher, has been paid 1[in the manner as may be prescribed] and a certificate to this effect is issued by the concerned Commissioner."
1-For the word "paid" inserted by Tax Laws (Amendment) Act, 2020, dated 30-03-2020, and also same was inserted by Tax Law (Second Amendment), Ordinance, 2019, dated 27-12-2019
Provided that the certificate shall only be issued by the Commissioner if an application for the said certificate is filed before the Commissioner, in the manner and after fulfilling the conditions as specified by notification in the official Gazette, issued by the Board for the purpose of this clause:
Provided further that the Commissioner shall be deemed to have issued the exemption certificate in cases where the certificate is automatically processed and issued by IRIS upon expiry of prescribed time period:
Provided also that the Commissioner may modify or cancel the certificate issued automatically by IRIS on the basis of reasons to be recorded in writing after providing an opportunity of being heard.
Provided further that the quantity of raw material to be imported which is sought to be exempted from tax under section 148 shall not exceed 125 per cent of the quantity of raw material imported and consumed during the previous tax year:
Provided also that the Commissioner shall conduct audit of taxpayer's accounts during the financial year in which the certificate is issued in respect of consumption, production and sales of the latest tax year for which return has been filed and the taxpayer shall be treated to have been selected for audit under section 214C:
Provided also if the taxpayer fails to present accounts or documents to the Commissioner or the officer authorized by the Commissioner, the Commissioner shall, by an order in writing, cancel the certificate issued and shall proceed to recover the tax not collected under section 148 for the period prior to such cancellation and all the provisions of the Ordinance shall apply accordingly.
Provided also that exemption certificate shall not be issued to an industrial undertaking importing raw materials, specified in sub-section (8) of section 148.
629-Clauses (73), (74) & (75) were added vide the Finance Act, 2010 (XVI of 2010)
630-Clause (76) was omitted vide the Finance Act, 2012. There are two clauses of (76) one was added by S.R.O. 1099(I)/2010, dated 7th December, 2010 and other by S.R.O. 120(I)/2011, dated 14th February, 2011. But Finance Act, 2012 is not clear that which one has been omitted. Before omission read as:
"(76) The provisions of section 148 shall not apply on import of solar PV panels / modules, along with related components including investors, charge controllers and batteries, LVD induction lamps, SMD LEDs with or without ballast with fittings and fixtures, fully assembled wind turbines including alternator and mast, solar torches, lanterns and related instruments."
631-Clause 77 was added vide S.R.O. 263(I)/2011, dated 19.03.2011
632-Inserted vide Finance Act, 2015
633-Substituted for the word "along with" vide Finance Act, 2012
634-Clause 78 was added vide S.R.O. 317(I)/2011, dated 19.04.2011
635-Substituted for the words "with respect to a project situated in the special Economic Zone at Thar coalfield" vide S.R.O. 609(I)/2011, dated 13th June, 2011
636-Inserted vide S.R.O. 235(I)/2015, dated 18th March 2015
637-Clause (79) was omitted vide Finance Act, 2015. At the time of omission Clause (79) was as under:-

i[(79) The provisions of clause (b) of the proviso to sub-section (3) of section 153 shall not be applicable to the tax with held on payments receive by a company for providing or rendering of services.]
i Clause (79) was added vide S.R.O. 1003(I)/2011, dated 31 October, 2011
638-Clauses "(79a)" inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021
639-Omitted vide the Finance Act, 2014. At the time of omission clause (80) was as under:-
i[(80) The provisions of section 153A shall not apply to any manufacturer till 30th June, 2013.]
i. Inserted vide S.R.O. 1487(I)/2012 dared 24th December, 2012.
640-Clause (81) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clause (81) was as under:-
"(81) The provisions of clause (a) of section 165, shall not apply in case of manufacturer, distributor, dealer and wholesaler required to collect advance tax under sub section (1) of section 236H."
641-Clause (81a) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clause (81a) was as under:-
"(81A) The provisions of clause (a) of subsection (1) of section 165 shall not apply to banking companies for furnishing information of taxes collected and deducted under sections 231A and 151."
642-Clause (82) was omitted vide the Finance Act, 2016 (XXIX of 2016). At the time of omission was as under:-
i[(82) The provisions of sub-section (2) of section 116 shall not apply for the tax year ii[2014] to an individual or a member of an association of persons whose last declared or assessed income, or the declared income for the year is less than one million rupees.
i. [New clauses (81) (82) were added vide S.R.O. 978(I)/2013 dated 13th November, 2013
ii. Substituted for the figure, "2013" vide the Finance Act, 2014
643-Clause (83) was omitted vide Finance Act, 2015. At the time of omission Clause (83) was as under:-
"(83) The provisions of sub-section (4) of section 116 shall not apply for the tax year 2013 to a person other than a company or a member of an association of persons falling under final tax regime (FTR) and has paid tax less than thirty five thousand rupees."
644-Omitted vide the Finance Act, 2014. At the time of omission clause (84) was as under:-
i[(84) For tax year 2013, the provisions of section 177 and section 214C shall not apply to a taxpayer, if the tax paid on the basis of taxable income declared by the taxpayer for the tax year 2013 is at least twenty five percent more than the tax assessed or paid, whichever is higher, for the tax year 2012;
Provided that the taxpayer files separate proforma for the said exemption with return, in the manner specified in the circular issued by the Board.]
i. New clauses (84) was added vide S.R.O. 1040(I)/2013 dated 5th December, 2013.
645-Omitted vide the Finance Act, 2014. At the time of omission clause (85) was as under:-
i[(85) The provisions of section 114(6)(ba) shall not apply to persons availing the benefit as provided in clause (84) who revise their returns before the due date of filing of return, for tax year 2013.]
i. New clauses (85) was added vide S.R.O. 1065(I)/2013 dated 20th December, 2013.
646-Substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. At the time of substitution it appeared as given below:-
"86(a) The provisions of section III shall not apply to
(i) investment made by an individual in a Greenfield industrial undertaking directly or as an original allottee in the purchase of shares of a company establishing an industrial undertaking or capital contribution in an association of persons establishing an industrial undertaking;
(ii) investment made by an association of persons in an industrial undertaking; and
(iii) investment made by a company in an industrial undertaking; if the said investment is made on or after the 1st day of January, 2014, and commercial production commences on or before the 30th day of June, i[ ii[2019]].
(b) The concessions given in this clause shall also apply to investment made in:
(i) Construction industry in corporate sector.
(ii) Low cost housing construction in the corporate sector.
(iii) Livestock development projects in the corporate sector.
(iv) New captive power plants.
(v) Mining and quarrying in Thar coal, Balochistan and Khyber Pakhtunkhwa.
(c) The concessions given in sub-clause (a) shall not apply to investment made in:
(i) Arms and ammunitions
(ii) Explosives
(iii) Fertilizers
(iv) Sugar
(v) Cigarettes
(vi) Aerated beverages
(vii) Cement
(viii) Textile spinning units
(ix) Flour mills

(x) Vegetable ghee and
(xi) Cooking oil manufacturing
(d) The term Greenfield industrial undertaking shall include expansion projects for the purposes of this clause.
(e) Immunity under this clause shall not be available to proceeds of crime relating to offences under the following laws:
(i) Control of Narcotics Substances Act, 1997;
(ii) Anti Terrorism Act, 1997; and
(iii) Anti-Money Laundering Act, 2010.]
I Substituted for the figure "2016" vide Finance Act, 2015
Ii Substituted for the figure"2017" vide the Finance Act, 2016 (XXIX of 2016)
647-Omitted vide the Finance Act, 2014. At the time of omission clause (87) was as under:-
"(87) The provisions of sections 182, 205, 177 and 214C shall not apply to an individual, holding an NTN who files a return, as specified in Form "A" below, by twenty eighth day of February, 2014, of the tax years from 2008 to 2012, for which returns have not been filed:
Provided that for each of the tax year, a minimum tax of twenty thousand rupees on the basis of taxable income is paid by the taxpayer:
Provided further that the taxpayer shall not be entitled to claim any adjustment of withholding tax collected or deducted under the Ordinance:
Provided also that the due date of filing of return for tax year 2013, in respect of individuals availing concessions under this clause shall be twenty eighth day of February, 2014.
Form "A"

| | | | | | | |
|---|---|---|---|---|---|---|
| | ***RETURN OF TOTAL INCOME UNDER CLAUSE 87/88 OF PART-1V OF SECOND SCHEDULE OF THE INCOME TAX ORDINANCE, 2001 (For Individual) FOR TAX YEARS 2008 to 2012*** | | | | | |
| *REGULATION* | *1* | *CNIC* | | | | |
| | *2* | *NTN* | | *Gender* | *Male* | *Female* |
| | | | | *Status* | *Resident* | *Non-Res* |
| | *3* | *Applicable Clause* | *87 (NTN holder as an 2B-11-2013)* | *88(NTN obtained after (28-11-013)* | | |
| | *4* | *Business Name ----------------------------------------------------* | | | | |
| | *5* | *Business Address………………………………………………* | | | | |
| | *6* | *Province……………………District………………City…………………* | | | | |
| | *7* | *Principal Activity…………………………………………………………* | | | | |
| | *8* | *Mobile No…………………………………………… Gas Ref. No……………………………* | | | | |
| | *9* | *E-Mail…………………………………………….. Business Start Date……………………..* | | | | |
| | *10* | *Bank Account……………… ……………….. ………………………*<br>***Bank City Bank Account Number*** | | | | |
| *TAXABLE INCOME/TAX COMPUTATION* | | *Description* | | *Code* | | *Amount* |
| | *11* | *Business Income [12 - 13 - 14]* | | *3999* | | |
| | *12* | *Net Sales* | | *3103* | | |
| | *13* | *Cost of Sales* | | *3116* | | |
| | *14* | *Profit & Loss Expenses* | | *3189* | | |
| | *15* | *Salary Income* | | *1999* | | |
| | *16* | *a. Capital Gains on immovable Property* | | *49991* | | |
| | | **b. Capital Gains Other than immovable Property** | | | | |
| | *17* | *Other Sources income (Loss)* | | *5999* | | |
| | *18* | *Income from property* | | *210101* | | |
| | *19* | *Total Income u/s 10(a) [11 + 15 + 15(b) + 17]* | | *9099* | | |
| | *20* | *Zakat Paid* | | *9121* | | |
| | *21* | *WWF Paid* | | *9122* | | |
| | *22* | *Taxable Income [19 - 20 - 21]* | | *9199* | | |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *EXEMPT INCOME* | *23* | *Tax Payable on Taxable Income* | | | | | | | | | | | | *9201* | | | |
| | | *24* | | | | | | | | | | | | *Salary Income* | *6101* | | |
| | *25* | *Properly Income* | | | | | | | | | | | | *6102* | | | |
| | *26* | *Business income/(Loss)* | | | | | | | | | | | | *6103* | | | |
| | *27* | *Capital Gains/(Loss)* | | | | | | | | | | | | *6104* | | | |
| | *28* | *Agriculture Income* | | | | | | | | | | | | *6106* | | | |
| | *29* | *Foreign Remittance* | | | | | | | | | | | | *6107* | | | |
| | *30* | *Other Sources Income* | | | | | | | | | | | | *6105* | | | |
| *TAX PAYMENT* | | *Tax paid vide CPR Number given below* | | | | | | | | | | | | | | | |
| | *31* | *CPR No.1* | | | | | | | | | | | | *Amount* | | | |
| | *32* | *CPR No.2* | | | | | | | | | | | | *Amount* | | | |
| | *33* | *CPR No.3* | | | | | | | | | | | | *Amount* | | | |
| *WS* | *33* | *Wealth Statement attached* | | | | | | | | | | | | *yes* | *Not Applicable* | | |
| *VERIFICATION* | **1,…….. holder of CNIC No…… in my capacity as Self/ Representative (as defined in section 172 of the Income Tax Ordinance, 2001) of Taxpayer named above, do solemnly declare that to of my knowledge and belief the Information given in this Statement is correct and complete in accordance with the provisions of the Income Tax Ordinance, 2001 and Income Tax Rules, 2002** | | | | | | | | | | | | | *ACKNOWLEDGEMENT* | **Signature & Stamp of Receiving Officer with Date** | | |

648-Omitted vide the Finance Act, 2014. At the time of omission Clause (88) was as under:--

"(88) The provisions of sections 182, 205, 177 and 214C shall not apply to an individual, if the individual files a return or returns, as prescribed for this clause, by twenty eighth day of February, 2014 for any or all of the tax years from 2008 to 2012, and

(i) has not filed any return for the last five years;

(ii) is not an NTN holder as on 28th day of November, 2013;

(iii) declares taxable income for the year which exceeds the amount on the basis of which, tax payable is twenty five thousand rupees or more; and

(iv) has paid the tax on the basis of taxable income declared in the return or returns:

Provided that concession under this clause shall only apply for the tax year or years, for which the returns have been filed and for equal number of succeeding consecutive tax years, if tax paid for the succeeding tax years is at least equal to tax paid for tax year 2012:

Provided further that the taxpayers shall not be entitled to claim any adjustment of withholding tax under the Ordinance, collected or deducted during a tax year, for which a return is filed:

Provided also that the due date of filing of return for tax year 2013, in respect of individuals availing concessions under this clause shall be twenty eighth day of February, 2014."

649-Clause (89), (90) were omitted vide Finance Act, 2015. At the time of omission Clauses were as under:-

i[(89) The provisions of section 236I shall not apply to-

(a) the Federal Government or a Provincial Government;

(b) an individual entitled to privileges under the United Nations (Privileges and Immunities) Act, 1948 (XX of 1948);

(c) a foreign diplomat or a diplomatic mission in Pakistan or

(d) a person who is a non-resident and

(i) furnishes copy of passport as an evidence to the educational institution that during previous tax year, his stay in Pakistan via Is than one hundred eighty-three days;

(ii) furnishes a certificate that he has no Pakistan-source income; and

(iii) fee is remitted directly from abroad through normal banking channels to the bank account of the educational institution.

(90) The provisions of section 236D shall not apply to-

(a) the Federal Government or a Provincial Government;

(b) an individual entitled to privileges under the United Nations (Privileges and Immunities) Act. 1948 (X of 1948); or

(c) a foreign diplomat or a diplomatic mission in Pakistan.]

i New clauses (89) & (90) were added vide S.R.O. 17(I)/2014, dated 7th January, 2014.

650-Added vide Finance Act, 2015

651-Substituted for the figure "8432.3090" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

652-Substituted for the figure "8701.9020" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017

653-Substituted for the figure “8432.3010” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
654-Substituted for the figure “8432.3090” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
655-Substituted for the figure “8432.3090” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
656-Substituted for the figure “8432.4000” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
657-Substituted for the figure “8432.3090” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
658-Substituted for the figure “8432.3010” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
659-Substituted for the figure “8432.3090” vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
660-Sub-paragraph “(xvii)” added by Finance Act, 2021, dated 30-06-2021.
661-Clause (94) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clause (94) was as under:-.
“(94) The provisions of clause (b) of the proviso to sub-section (3) of section 153 shall not apply for the period beginning on the first day of July, 2015 and ending on the thirtieth day of June, 2019 to a company being a filer and engaged in providing or rendering freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of this Schedule tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection, certification, testing and training services:
Provided that the tax payable or paid on the income from providing or rendering aforesaid services shall not be less than two percent of the gross amount of turnover from all sources and that the company furnishes in writing an irrevocable undertaking by the fifteenth day of November, 2015 to present its accounts to the Commissioner within thirty days of filing of return, for audit of its income tax affairs for tax year 2016 to 2018:
Provided further that for tax year 2018, the company shall furnish irrevocable undertaking by November, 2017 to present its accounts to the Commissioner.”
662-For Clauses “(95) & (96)” substituted by Notification No. S.R.O. 1457(I)/2021, dated 11-11-2021. Before substitution read as:
“(95) the provisions of sections 147, 150A, 151, 152, 663[***] 236A and 236K shall not apply to “The second Pakistan international Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited, as a payer.”
Earlier Clause “(95)”substituted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Before substitution it appeared as given below:-
“(95) the provisions of sections 147, 150A, 151, 152, 231A, 231AA, 236A and 236K shall not apply to The Second Pakistan International Sukuk Company Limited and the Third Pakistan International Sukuk Company Limited, as a payer.”
“(96) the provisions of sections 147, 150A, 151, 155 and 236K shall not apply to “The second Pakistan international Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited, as a recipient.”
Earlier Cluase “(96)” substituted vide Finance Act, 2018. Read as:
“(95) the provisions of sections 147, 150A, 151 and 155 and 236K shall not apply to “The Second Pakistan International Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited, as a recipient.”
663-Inserted vide Finance Supplementary (Second Amendment) Act, 2019 (III of 2019) assented on 9th March, 2019
664-Clause (97) was substituted vide the Finance Act, 2016. Earlier it was inserted by S.R.O. 1029(I)/2014 dated 19th November, 2014
665-Clause “(97A)” substituted by Notification No. S.R.O. 1457(I)/2021, dated 11-11-2021.
666-Added vide the Finance Act, 2016 (XXIX of 2016)
667-For the figure “2020” substituted by Finance Act, 2020, dated 30-06-2020.
668-Inserted vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier clause (100) was added vide S.R.O. 06(I)/2017 dated 9th January, 2017
669-Clauses “(101), (101A) and (101AA)” omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:
“(101) The provisions of section 231A shall not apply in respect of cash withdrawal made from a “Branchless Banking (BB) Agent Account” utilized to render branchless banking services to customers.
(101A) The provisions of section 231A shall not apply to a Pak Rupee account if the deposits in the account are made solely from foreign remittances credited directly into such account.
(101AA) The provisions of sections 231A, 231AA and 236P shall not apply to a Pak Rupee Account in a tax year to the extent of foreign remittances credited into such account during that tax year.”
670-Clause “(102A)” substituted by Finance Act, 2020, dated 30-06-2020.
671-Added vide Finance Act, 2018, (XXX of 2018) assented on 22nd May, 2018. Earlier, clause 103 was inserted vide S.R.O. 1217(I)/2017 dated 23rd November, 2017 while clause 104 was inserted vide S.R.O. 234(I)/2018 dated 13th February, 2018
672-Clause (105) was omitted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019. At the time of omission clause (105) was as under:-.
“(105) The provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding three tax years:
Provided that the Commissioner may select a person under section 177 for audit, with approval of the Board.]”
673-Clause (106) was omitted vide S.R.O. 1213(I)/2018 dated 5th October 2018. At the time of omission clause 106 was as under:-

"(106) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of tax shall not apply in the districts of Chitral, Dir and Swat (which includes Kalam), the former Tribal Area in Kohistan district, Malakand former Protected Areas the former Tribal Area adjoining Mansehra district, the former State of Amb, Zhob district, Loralai district (excluding Duki Tehsil), Dalbandin Tehsil of Chagai district and Marri and former Bugti Tribal territories of Sibi district, former Tribal Areas adjoining the districts of Peshawar, Kohat, Bannu, Lakki Marwat, Dera Ismail Khan, Tank as well as former Tribal Areas i.e. Bajaur Agency, Orakzai Agency, Mohmand Agency, Khyber Agency, Kurram Agency, North Waziristan Agency and South Waziristan Agency, if the payer and the recipient are residents of the aforesaid areas.

Provided the provision of section 149 shall not apply in respect of persons working in the aforesaid areas even if the payer resides outside the aforesaid areas."

674-Added vide Finance Supplementary (Amendment) Act, 2018 dated 9th October, 2018

675-For the expression "113, 151,231A,231AA and 236P" substituted by Finance Act, 2021, dated 30-06-2021

676-Clause "(109)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

"(109) The provisions of section 236P shall not apply at the time of transfer of any sum to the Supreme Court of Pakistan - Diamer Bhasha & Mohmand Dams- Fund."

677-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

678-Added vide S.R.O. 1213(I)/2018 dated 5th October, 2018

679-New Clause 111 added through Finance Supplementary (Second Amendment) Act, 2019

680-Clause "(111A)" substituted by Finance Act, 2020, dated 30-06-2020.

681-Clauses "(111AB)" inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021

682-Clause "(112) & (112A)" omitted by Finance Act, 2021, dated 30-06-2021. Before substitution read as:

"(112) The provision of section 236P shall not apply to special convertible rupee account (SCRA) of a non-resident company having no permanent establishment in Pakistan.

(112A) The provisions of section 231A, 231AA and 236P shall not apply to the holders of Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRPRVA) in respect of these accounts only"

683-For the expression "115(4)" substituted by Finance Act, 2020, dated 30-06-2020.

684-For Clause (114A) substituted by the Finance Act 2021. Earlier this clause was substituted through Tax Laws (Amendment) Ordinance, 2021.The substituted clause read as follows:

"(114A) The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a non-resident individual solely by reason of profit on debt earned from a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 and purchased exclusively through a bank account maintained abroad, a non-resident rupee account repatriable (NRAR) or a foreign currency account maintained with a banking company in Pakistan.]

685-Clauses "(116) & (117)" substituted by Finance Act, 2020, dated 30-06-2020. Earlier clauses (16) & (17) added by Notification No. S.R.O. 300(I)/2020, dated 10-04-2020. Before substituted read as:

"(116) The provisions of section 151, 231 A, 231AA and 236P shall not apply to The Prime Minister's COVID-19 Pandemic Relief Fund-2020.

(117) The provisions of section 236P shall not apply at the time of transfer of any sum to The Prime Minister's COVID-19 Pandemic Relief Fund- 2020."

686-The expression, ", 231A, 231AA and 236P" omitted by Finance Act, 2021, dated 30-06-2021.

687-Clause "(117)" omitted by Finance Act, 2021, dated 30-06-2021. Before omission read as:

"(117) The provisions of section 236P shall not apply at the time of transfer of any sum to The Prime Minister's COVID-19 Pandemic Relief Fund 2020."

688-Clauses "(118) & (119)" inserted by Finance Act, 2021, dated 30-06-2021. Earlier same was inserted by Tax Laws (Amendment) Ordinance, 2021, dated 12-02-2021.

## THE THIRD SCHEDULE

### 1[PART-I
### DEPRECIATION
### (See Section 22)

Depreciation rates specified for the purposes of section 22 shall be,-

| | | |
|---|---|---|
| I. | Building (all types). | 10% |
| II. | Furniture (including fittings) and machinery and plant (not otherwise specified), Motor vehicles (all types), ships, technical or professional books. | 15% |
| III. | Computer hardware including printer, monitor and allied item 2[, machinery and equipment used in manufacture of I.T. products], aircrafts and aero engines. | 30% |
| IV. | In case of mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part-I of the Fifth Schedule.<br>3[***]<br>(b) Offshore platform and production installations | 100%<br>20%] |
| 4[V | A ramp built to provide access to persons with disabilities not exceeding Rs. 250,000 each. | 100%] |

**PART II**
**INITIAL ALLOWANCE 5[AND FIRST YEAR ALLOWANCE]**
**6[( 7[See Sections 23, 8[***] and 23B])]**

(1) The rate of initial allowance under section 23 shall be 9[25]% 10[for plant and machinery 11[***]]

12[(2) The rate of First Year Allowance under section 13[***] 14[and section 23B] shall be 90%.]

## PART III
## PRE-COMMENCEMENT EXPENDITURE
**(See Section 25)**

The rate of amortization of pre-commencement expenditure under section 25 shall be 20%.

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1-Part I substituted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005). At the time of substitution part-I was as under:--

**"PART I**
**EPRECIATION** (See Section 22)
Depreciation rates specified for the purposes of section 22 shall be-

| ***Class of asset.*** | ***Description.*** | ***Rate per cent of the written down value.*** |
|---|---|---|
| ***BULDINGS*** | | |
| *I* | *Building (not otherwise specified).* | *5 (General rate)* |
| *11* | *Factory, workshop, cinema, hotel, hospital.* | *10* |
| *III* | *Residential quarters for labour.* | *10* |
| ***FURNITURE*** | | |
| *IV* | *Furniture (including fittings).* | *10* |
| ***MACHINERY AND PLANT*** | | |
| *V* | *Machinery and plant (not otherwise specified).* | *10 (General rate)* |
| *VI* | *Computer hardware, including printer, monitor and allied items.* | *30* |
| *VII* | *Technical or professional books.* | *20* |
| *VIII*<br>*(i)*<br>*(ii)* | *Ships.*<br>*New.*<br>*Second hand.*<br>*Age at time of purchase:*<br>*a) Not more than ten years.*<br>*b) Ten or more years.* | <br>*5*<br>*10*<br>*20* |
| *IX* | *Motor vehicles (all types).* | *20* |
| *X* | *Aircraft, aero-engines and aerial photographic apparatus.* | *30* |
| *XI* | *Below ground installations in mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part I of the Fifth Schedule.* | *100%* |
| *XII* | *Below ground installations, including but not limited to the cost of drilling, casing, cementing, logging and testing of wells, in off shore mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part I of the Fifth Schedule.* | *100* |
| *XIII* | *Off shore platforms and production installation in mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part I of the Fifth Schedule.* | *20* |

2-The comma and words were inserted vide the Finance Act, 2006 (III of 2006 assented on 30th June, 2006)
3-Entry (a) of serial number IV of the Table omitted by the Finance Act, 2021. Earlier this amendment was made through Tax Laws (Second Amendment) Ordinance, 2021. The omitted entry read as follows: "(a) Below ground installations."
4-Sub-Clause V added vide the Finance Act, 2010 (XVI of 2010)
5-Added by the Finance Act, 2008.
6-The word and figure "section 23" substituted by the Finance Act, 2008.
7-The words, figures and letter "See Sections 23 and 23A" substituted by the Finance Act, 2009.
8-The expression "23A" by the Finance Act, 2021. Earlier this amendment was made through Tax Laws (Second Amendment) Ordinance, 2021.
9-Substituted for 50% by the Finance Act, 2013. Earlier it was substituted for 40% by the Finance Act, 2002.
10-Inserted by the Finance Act, 2012.
11-Words "and 15% for buildings" omitted through Finance Act, 2019.
12-Added by the Finance Act, 2008.
13-The expression "section 23A and" omitted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Laws (Second Amendment) Ordinance, 2021.
14-Inserted by the Finance Act, 2009.

## THE FOURTH SCHEDULE
**(See Section 99)**

## RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF INSURANCE BUSINESS

**Profits on Life Insurance to be computed separately**

1. The profits and gains of a taxpayer carrying on life insurance business chargeable under the head "Income from Business" shall be computed separately from the taxpayer's income from other business. 1[Income from other business shall be profit or loss before tax as per profit and loss account prepared under the Insurance Ordinance, 2000 (XXXIX of 2000), excluding any surplus appropriation made during the year.]

**Computation of Profits and Gains of Life Insurance Business**

2[2. The profits and gains of a life insurance business shall be the current year's surplus appropriated to profit and loss account prepared under the Insurance Ordinance, 2000 (XXXIX of 2000), as per advice of the Appointed Actuary, net of adjustments under sections 22(8), 23(8) and 23(11) of the Insurance Ordinance, 2000 (XXXIX of 2000) so as to exclude from it any expenditure other than expenditure which is, under the provisions of Part IV of Chapter III, allowed as a deduction in computing profits and gains of a business to the extent of the proportion of surplus not distributed to policy holders.]

**Computing the Surplus under Rule 2**

3. (1) The following 3[provisions] shall apply in computing the surplus for the purposes of rule 2, namely:–

(a) the amounts paid to, or reserved for, or expended on behalf of policy-holders shall be allowed as a deduction;

(b) any amount either written off or reserved in the accounts, or through the actuarial valuation balance sheet to meet depreciation, or loss on the realization of investments shall be allowed as a deduction, and any sums taken credit for in the accounts or actuarial valuation balance sheet on account of appreciation, or gains on the realization of investments 4[shall be included in the surplus]; and

(c) profit on debt 5[accrued] in the inter-valuation period in respect of any securities of the Federal Government which have been issued or declared to be income tax free shall not be excluded, but shall be exempt from tax 6[***].

(2) For the purposes of clause (a) of sub-rule (1) –

(a) in the first computation of the surplus, no account shall be taken of amounts referred to in the 7[said clause] to the extent to which they are paid out, or in respect of any surplus brought forward from a previous inter-valuation period; and

(b) if any amount reserved for policy-holders ceases to be so reserved, and is not paid to, or expended on behalf of policy-holders, the sums previously allowed as a deduction under this Ordinance 8[or the repealed Ordinance] shall be treated as part of the 9[respective statutory fund] for the tax year in which the amount ceased to be so reserved.

(3) For the purposes of clause (b) of sub-rule (1), if it appears to the Commissioner, after consultation with the Securities and Exchange Commission of Pakistan, that the rate of profit on debt or other factors employed in determining the liability in respect of outstanding policies is inconsistent with the valuation of investments so as artificially to reduce the surplus, the Commissioner may make such adjustment to the allowance for depreciation, or in respect of appreciation, of such investment as the Commissioner thinks reasonable.

10[***]

**General Insurance**

5. The profits and gains of any business of insurance (other than life insurance) shall be taken to be the balance of the profits disclosed by the annual accounts required under the Insurance Ordinance, 2000 (XXXIX of 2000), to be furnished to the Securities and Exchange 11[Commission] of Pakistan subject to the following adjustments –

(a) any expenditure or allowance, or any reserve or provision for any expenditure, or the amount of any tax deducted at source from dividends or profit on debt received which is not deductible in computing the income chargeable under the head "Income from Business" shall be excluded;

12[(b) subject to the provisions of rule 6A, any amount of investment written off shall be allowed as a deduction, but any amount taken to reserve to meet depreciation of investments shall not be allowed as a deduction, and any sums taken credit for in the accounts on account of appreciation of investment shall not be treated as part of the profits and gains, unless these have been crystallized as gains or losses on the realization of investments;]

(c) no deduction shall be allowed for any expenditure, allowance, reserve, or provision in excess of the limits laid down in the Insurance Ordinance, 2000 (XXXIX of 2000), unless the excess is allowed by the 13[Securities] and Exchange Commission and is incurred in deriving income chargeable to tax 14[; and]

15[(d) no deduction shall be allowed for any expenditure incurred on account of insurance premium or re-insurance premium paid to an overseas insurance or re-insurance company or a local agent of an overseas insurance company until tax at the rate of 5% is withheld on the gross amount of insurance or re-insurance premium.]

**Mutual Insurance Association**

6. These rules shall also apply to the assessment of the profits and gains of any business of insurance carried on by a mutual insurance association and such profits and gains shall be chargeable to tax under the head "Income from Business".

16[***]

17[6B. In computing income under this Schedule, there shall be included capital gains on disposal of shares and dividend of listed companies, vouchers of Pakistan Telecommunication corporation, modaraba certificate or instruments of redeemable capital and derivative products and shall be taxed at the rates specified in Division II of Part I of First Schedule.]

18[***]

19[(6C) notwithstanding anything contained in this Ordinance, where loss on disposal of securities is sustained in a tax year, the loss shall be set off only against the gain from any other securities chargeable to tax under Rule 6B and no loss shall be carried forward to the subsequent tax year.]

20[6D. The provisions of section 4B shall apply to the taxpayers under this schedule and taxed at the rates specified in Division IIA of Part I of the First Schedule.]

21[6E. Notwithstanding anything contained in this Schedule, the Commissioner shall be authorized to examine and amend the amount of income as disclosed in the financial statement presented to the Securities and Exchange Commission of Pakistan with respect to commission paid and claimed for losses.]

**Definitions**

7. In this Schedule, –

"investments" includes all forms of shares, debentures, bonds, deposits and other securities, derivative instruments, and includes immovable property whether or not occupied by the insurer;

"life insurance business" means life insurance business as defined in section 4 of the Insurance Ordinance, 2000 (XXXIX of 2000); 22[and]

"Securities and Exchange Commission of Pakistan" means the Securities and Exchange Commission established under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) 23[;]

24["Securities" for the purpose of Rule 6B means shares of a public company, vouchers of Pakistan Telecommunication Corporation, Modaraba Certificates or instruments of redeemable capital and derivations products]

25[***]

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1-The words commas, figures and brackets was added vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
2-Rule 2 substituted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of substitution rule 2 was as under:--
"2. The profits and gains of a life insurance business shall be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by actuarial valuation made for the last inter-valuation period ending before the tax year for which the assessment is to be made so as to exclude from it any surplus or deficit included therein which was made in any earlier inter-valuation period and any expenditure other than expenditure which is, under the provisions of Part IV of Chapter III, allowed as a deduction in computing the profits and gains of a business"
3-Substituted for the word "rules" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-The words were inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
5-Substituted for the word "received" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004)
6-The words and figures "in accordance with Part VII of Chapter III" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
7-Substituted for the word "sub-clause" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
8-Substituted for the word "sub-clause" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
9-Substituted for the word "surplus" vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004),
10-Rule 4 was omitted vide the Finance Act, 2004 (II of 2004 assented on 30th June, 2004). At the time of omission rule 4 was as under:--
"Adjustment of Tax Paid by Deduction at Source
4. Where, for any tax year, an assessment of the profits and gains of life insurance business is made in accordance with the annual average of a surplus disclosed by a valuation for an inter-valuation period exceeding twelvemonths then in computing the tax due for that year no credit shall be allowed for the tax paid in the tax year, but credit shall be given for the annual average of the tax paid by deduction i[ or otherwise on profit on debit received on any security of the Federal Government, a Provincial Government. a local authority or a company ] during the period."
i. Substituted for the words "at source from profit on securities or otherwise" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
11-Substituted for the word "Commissioner" vide the Finance Ordinance. 2002 (XXVII of 2002 promulgated on 5th June, 2002)
12-Sub-rule (b) was substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008). At the time of substitution sub-rule (b) was as under:--
"(b) any amount either written off or taken to reserve to meet depreciation or loss on the realisation of investments shall be allowed as a deduction. and any sums taken credit for in the accounts on account of appreciation, or gains on the realisation of i[investments shall be treated as pan of the profits and gains. provided the Commissioner considers the amount to be reasonable; and"
i. Substituted for the word "investment" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
13-Substituted for the word "Security" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
14-Substituted for the full stop vide the Finance Act, 2008 (I of 2008 assented on ' 26th June, 2008)
15-Sub-rule (d) was added vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
16-Rule (6A) was omitted vide Finance Act, 2015. At the time of omission Rule (6A) was as under:-
i[(6A) Exemption of Capital Gains from the sale of shares.- In computing income under this Schedule, there shall not be included "capital gains", being income from the sale of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984), listed on any stock exchange in Pakistan or shares of a public company (as defined in sub-section (47) of section 2) and the Pakistan Telecommunications Corporation vouchers issued by the Government of Pakistan, derived up to tax year ending on the thirtieth day of June, 2010.
i. Clause (6A) was inserted vide the Finance Act, 2005.

17-Rule (6B) was substituted vide the Finance Act, 2016 (XXIX of 2016). At the time of substitution Rule (6B) was as under:--

i [(6B) Capital Gains on disposal of shares of listed companies, vouchers of Pakistan Telecommunication Corporation, moderate certificate or instrument of redeemable capital and derivative products shall be taxed at the following rated

ii [Table

| ***S. No.*** | ***Period*** | ***Tax Year 2015*** | ***Tax Year 2016*** |
|---|---|---|---|
| ***(1)*** | ***(2)*** | ***(3)*** | ***(4)*** |
| *1* | *Where holding period of a security is less than twelve months* | *12.5%* | *15%* |
| *2* | *Where holding period of a security is twelve months or more but less than twenty four months* | *10%* | *12.5%* |
| *3* | *Where holding period of a security is twenty four months or more but less than four years and* | *0%* | *7.5%]* |

i. Rule (6B) was inserted vide the Finance Act, 2010 (XVI of 2010).

ii. Substituted for the table vide Finance Act, 2015, At the time of substitution table was as under:-

a[Table

| ***S. No.*** | ***Tax Year*** | ***securities is less than six months*** | ***securities is more than six months but less than twelve months*** |
|---|---|---|---|
| *1* | *2011* | *10.0%* | *8.0%* |
| *2* | *2012* | *10.0%* | *8.0%* |
| *3* | *2013* | *12.5%* | *8.5%* |
| *4* | *2014* | *15.0%* | *9.0%* |
| *5* | *2015* | *17.5%* | *9.0%]* |

a. Substituted for the table vide Finance Act, 2012.

18-Proviso was omitted vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015. At the time of omission Proviso was as under:-

Provided that this rule shall not apply to the securities held for a period of more than twelve months.

19-Rule (6C) was inserted vide Finance Act, 2010 (XVI of 2010)

20-Inserted vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015

21-Inserted vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019

22-The word was added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002);

23-Substituted for the semi-colon and word "; and" vide the Finance Act, 2002

24-Substituted for the full stop i[.] by the Finance Act, 2010 (XVI of 2010)

i. Substituted for the semicolon and word ": and the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2004)

25-Omitted vide the Finance Act, 2002. The omitted fourth paragraph of the Fourth Schedule read as under:

"Securities and Exchange Commissioner of Pakistan" means the Securities and Exchange Commissioner of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997)"

## THE FIFTH SCHEDULE
## (See Section 100)

## PART I
## RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS FROM THE EXPLORATION AND PRODUCTION OF PETROLEUM

## RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS FROM THE EXPLORATION AND PRODUCTION OF PETROLEUM

### Exploration and Production of Petroleum a Separate Business

1. Where any person carries on, or is treated as carrying on, under an agreement with the Federal Government, any business which consists of, or includes, the exploration or production of petroleum in Pakistan or setting up refineries at Dhodak and Bobi fields, income of exploration and production companies from pipeline operations, and manufacture and sale of liquified petroleum gas or compressed natural gas, such business or part thereof, as the case may be, shall be, for the purposes of this Ordinance, treated as a separate business undertaking (hereinafter referred to as "such undertaking") and the profits and gains of such undertaking shall be computed separately from the income, profits, or gains from any other business, if any, carried on by the person.

### Computation of Profits

2 (1) Subject to the provisions of this Part, the profits and gains of such undertaking 1[shall be] computed in the manner applicable to income, profits and gains chargeable under the head "Income from Business".

(2) Where such person incurs any expenditure on searching for or discovering and testing a petroleum deposit or winning access thereto but the search, exploration, enquiry upon which the expenditure is incurred is given up before the commencement of commercial production, the expenditure allocable to a surrendered area or to the drilling of a dry-hole shall be treated as lost at the time of the surrender of the area or the completion of the dry-hole, as the case may be.

(3) Where the agreement provides that any portion of the expenditure is treated as lost under sub-rule (2) (hereinafter referred to as the "said loss") and is allowed against any income of such undertaking, it shall be allowed in either of the following ways as may be provided for in the agreement, namely:-

(a) The said loss in any year shall be set off against the income of that year chargeable under the head "Income from Business" or any income (other than income from dividends) chargeable under any other head and where the loss cannot be wholly set off in this manner the portion not so set off shall be carried forward to the following year and set off in the same manner and so on, but no loss shall be carried forward for more than six years; or

(b) the said loss in any year shall be set off against the income of such undertaking of the tax year in which commercial production has commenced and where the loss cannot be wholly set off against the income of such undertaking of that year, the portion not set off against the income, if any, of such undertaking of that year, and if it cannot be wholly so set off the amount of loss not so set off shall be carried forward to the following year, and so on, but no loss shall be carried forward for more than ten years.

(4) After the commencement of commercial production, all expenditure incurred prior thereto and not 2[treated as] lost under sub-rule (2) and not represented by physical assets in use at the time the commercial production shall be allowed as a deduction, so, however, that the portion of such deduction to be so allowed in any year shall be such amount not exceeding ten per cent of the aggregate amount deductible in respect of 3[onshore] areas, and not exceeding twenty five per cent for offshore areas, as may be selected by the taxpayer.

(5) Any expenditure, including a royalty paid to the Federal Government by an onshore petroleum exploration and production undertaking on, or after, the first day of July 2001 (not being in the nature of capital expenditure or personal expenses of the taxpayer) laid out or expended after the commencement of commercial production

wholly and exclusively for the purpose of the business of production and exploration of petroleum carried on by such undertaking shall be allowed as a deduction, provided that -

(a) no deduction shall be allowed in respect of such expenditure incurred in the acquisition of depreciable assets to which section 22 applies or in the acquisition of an intangible to which section 24 applies;

(b) 4[deductions under sections 22, 23 and 24 shall be admissible] in respect of assets referred to in clause (a);

(c) a depreciation deduction shall also be allowed under section 22 in respect of such expenditure incurred on the acquisition of the physical assets acquired before the commencement of commercial production and were being used by such undertaking on and after that date, as if such assets had been acquired at the time of the commencement of commercial production at their original cost, as reduced by the amount of depreciation deduction, if any, previously allowed to be deducted under this Ordinance.

(6) If, in any year, the deductions allowed Part IV of Chapter III and sub-rules (3) and (4) exceed the gross receipts from the sale of petroleum produced in Pakistan, such excess shall be set off against other income (not being dividends) and carried forward in the manner and subject to the limitations in section 57, so however that no portion of such excess shall be carried forward for more than six years.

(7) The limitation of six years specified in 5[sub-rule] (6) shall not apply to depreciation allowed to a person carrying on the business of offshore petroleum exploration and production, in respect of any machinery, plant or other equipment used in such exploration or production.

(8) For the purposes of section 22, where any asset used by a person in the exploration and production of petroleum is exported or transferred out of Pakistan, the person shall be treated as having made a disposal of the asset for a consideration received equal to the cost of the asset as reduced by any depreciation deductions allowed under this Ordinance (other than an initial allowance under section 23).

**Depletion Allowance**

3. In determining the income of such undertaking for any year ending after the date on which commercial production has commenced, an allowance for depletion shall be made equal to fifteen per cent of the gross receipts representing the well-head value of the production, but not exceeding fifty per cent of the profits or gains of such undertaking before the deduction of such allowance.

**Limitation on Payment to Federal Government and Taxes**

4. (1) The aggregate of the taxes on income and other payments excluding a royalty as specified in the Pakistan Petroleum 6[exploration] (Production) Rules, 1949 or the Pakistan Petroleum (Exploration and Production) Rules, 1986 and paid by an onshore petroleum and production undertaking on, or after, the first day of July 2001 to the Government in respect of the profits or gains derived from such undertaking for a tax year shall not exceed the limits provided for in the agreement, provided the 7[said aggregate shall not be] less than fifty per cent of the profits or gains derived by an onshore petroleum exploration and production undertaking and forty per cent of the profits or gains derived by an offshore petroleum exploration and production undertaking, before deduction of the payment to the Federal Government.

(2) In respect of any tax year commencing on, or after, the first day of July, 2002, the aggregate referred to in sub-clause (1) shall not be less than forty per cent of the profit or gains derived by an onshore petroleum exploration and production undertaking before the deduction of payment excluding royalty paid by an onshore 8[petroleum exploration and production undertaking] to the Federal Government.

(3) If, in respect of any tax year, the aggregate of the taxes on income and payments to the Federal Government is greater or less than the amount provided for in the agreement, an 9[additional amount of tax] shall be payable by the taxpayer, or an abatement of tax shall be allowed to the taxpayer, as the case may be, so as to make the aggregate of the taxes on income and payments to the Federal Government equal to the amount provided for in the agreement.

(4) If, in respect of any year, the payments to the Federal Government exceed the amount provided for in the agreement, so much of the excess as consists of any tax or levy referred to in sub-clause (b) of clause (3) of rule 6 shall be carried forward and treated, for the purposes of this rule, as payments to the Federal Government for the succeeding year, provided that the whole of the payments to the Federal Government exceeding the amount provided for in such agreement may be carried forward if so provided for in any agreement with a taxpayer made before the first day of 1970.

10[(4A) Notwithstanding anything contained in this Schedule, a person, for tax year 2012 and onward, may opt to pay tax at the rate of forty per cent of the profits and gains, net of royalty, derived by a petroleum exploration and production undertaking:

Provided that this option shall be available subject to withdrawal of appeals, references and petitions on the issue of tax rate pending before any appellate forum:

Provided further that the outstanding tax liability created under this Ordinance up to tax year 2011 is paid by the 30th June, 2012:
Provided also that this option is available only for one time and shall be irrevocable.]

11[4A.Decommissioning cost.— With effect from the Tax Year 2010, "Decommissioning Cost" as certified by a Chartered Accountant or a Cost Accountants, in the manner prescribed, shall be allowed over a period of ten years or the life of the development and production or mining lease whichever is less, starting from the year of commencement of commercial production or commenced prior to the 1st July, 2010, deduction for decommissioning cost as referred earlier shall be allowed from the Tax Year 2010 over the period of ten years or the remaining life of the development and production or mining lease, whichever is less.]

12[4AA. The provisions of section 4B shall apply to the tax payers under this Part and taxed at the rates specified in Division IIA of Part I of the First Schedule."]

**Provision Relating to Rules**

5. The 13[Board] may make rules for the purposes of any matter connected with, or incidental to the operation of this Part.

**Definitions**

6. In this Part,-

(1) "agreement" means an agreement entered into between the Federal Government and a taxpayer for the exploration and production of petroleum in Pakistan;

(2) "commercial production" means production as determined by the Federal Government;

(3) "payments to the Federal Government" means amounts payable to the Federal Government or to any Federal Governmental authority in Pakistan -

(a) in respect of royalties as specified in the Pakistan Petroleum (Production) Rules, 1949, or the Pakistan Petroleum (Exploration and Production) Rules, 1986; and

(b) in respect of any tax or levy imposed in Pakistan peculiarly applicable to oil production or to extractive industries or any of them and not generally imposed upon all industrial and commercial activities;

(4) "petroleum" means crude oil, natural gas, and case-head petroleum spirits as defined in the Pakistan Petroleum (Production) Rules, 1949, or the Pakistan Petroleum (Exploration and Production) Rules, 1986, but does not include refined petroleum products;

(5) “surrender” means the termination of rights with respect to an area including the expiration of rights according to the terms of an agreement;

(6) “surrendered area” means an area with respect to which the rights of the person have terminated by surrender or by assignment or by termination of the business;

(7) “Taxes on income” and “tax” includes income tax, but does not include payments to the Federal Government; and

(8) “well-head value” shall have the meaning assigned to it in the agreement between the Federal Government and the taxpayer, and in the absence of any such definition in the agreement, the meaning assigned to it in the Pakistan Petroleum (Production) Rules, 1949, or the Pakistan Petroleum (Exploration and Production) Rules, 1986.

## PART II
## RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS FROM THE EXPLORATION AND EXTRACTION OF MINERAL DEPOSITS (OTHER THAN PETROLEUM)

**Exploration and Extraction of Mineral Deposits a Separate Business**

1. Where any person carries on, or is treated as carrying on, any business which consists of or includes the exploration or extraction of mineral deposits of a wasting nature (other than petroleum) in Pakistan, such business or part thereof, as the case may be, shall be, for the purposes of this Ordinance 14[or the repealed Ordinance], treated as a separate undertaking (hereinafter referred to as "such undertaking") and the profits and gains of such undertaking shall be computed separately from the income, profits and gains from any other business, if any, carried on by the person.

**Computation of Profits**

2. (1) Subject to the provisions of this Part, the profits and gains of such undertaking shall be computed in the manner applicable to income, profits and gains chargeable under the head "Income from Business".

(2) All expenditure on prospecting and exploration incurred by such undertaking up to the date of commercial production shall be, to the extent to which it cannot be set off against any other income of such undertaking, treated as a loss.

(3) The loss referred to in sub-rule (2) shall be carried forward and set off against the income of such undertaking after the commencement of commercial production, so, however, that if it cannot be wholly set off against the income of such undertaking of the tax year in which the commercial production had commenced, the portion not so set off shall be carried forward to the following year and so on, but no such loss shall be carried forward for more than ten years beginning with the year in which commercial production commenced.

(4) After the commencement of commercial production, depreciation in respect of machinery and plant for extracting the ore shall be allowed as a deduction from the profits and gains of the tax year in which they are used for the first time in an amount equal to the original cost of such asset and the provisions of section 22 shall apply accordingly.

15[2A. The provisions of section 4B shall apply to the taxpayers under this Part and taxed at the rates specified in Division IIA of Part I of the First Schedule.]

DEPLETION ALLOWANCE

3. (1) In determining the profits and gains of such undertaking for any year an additional allowance (hereinafter referred to as the "depletion allowance") shall be made equal to twenty per cent of the taxable income of such undertaking (before the deduction of such allowance).

(2) No deduction under sub-rule (1) shall be made unless an amount equal to the depletion allowance is set apart and left as a reserve to be utilised for the development and expansion of such undertaking.

(3) Where a depletion allowance is made in any tax year and subsequently it is utilised for any purpose contrary to the provisions of sub-rule (2), the amount originally allowed under this Ordinance shall be treated as having been wrongly allowed and the Commissioner may, notwithstanding anything contained in the Ordinance, recompute the taxable income of the taxpayer for the relevant tax years and the provisions of section 122 shall apply, so far as may be, thereto, the period of five years specified in the section being reckoned from the end of the tax year 16[***] in which the amount was so utilised.

17[***]

**Provisions Relating to Rules**

5. The 18[Board] may make rules providing for any matter connected with, or incidental to, the operations of this Part.

**Definitions**

6. In this Part,-

(1) "commercial production" means production as determined by the Commissioner; and
(2) "petroleum" has the same meaning as in clause (4) of rule 6 of Part I.

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1-The word "are" substituted by the Finance Act, 2003
2-The words "deemed to be" substituted by the Finance Act, 2003.
3-The words "inshore" substituted by the Finance Act, 2003.
4-The words, comma and figures "sections 22, 23 and 24 apply" substituted by the Finance Act, 2003.
5-The word "sub-section" substituted by the Finance Act, 2003.
6-Inserted by the Finance Act, 2003
7-The words "aggregate is not" substituted by the Finance Act, 2003
8-The word "company" substituted by the Finance Act, 2003.
9-The words "additional tax" substituted by the Finance Act, 2003.
10-Added by the Finance Act, 2012.
11-Inserted by the Finance Act, 2010.
12-Inserted by the Finance Act, 2015.
13-The words "Central Board of Revenue" substituted by the Finance Act, 2007
14-Inserted by the Finance Act, 2003.
15-Inserted by the Finance Act, 2015.
16-The words "relevant to the tax year" omitted by the Finance Act, 2003.
17-Rule 4 omitted by the Finance Act, 2021. Earlier this amendment was made through Tax Laws (Second Amendment) Ordinance, 2021. The omitted rule read as follows:
"Tax Exemption of Profits from Refining or Concentrating Mineral Deposits
4. (1) Where such undertaking is also engaged in the business of refining or concentrating in Pakistan the mineral deposits extracted by it in Pakistan, so much of the profits and gains (hereinafter referred to as the "said amount") derived from such business as does not exceed ten per cent of the capital employed in such business (such capital being computed in accordance with such rules as may be made by the Board for the purposes of this rule) shall be exempt from tax.
(2) Where the profits and gains of such business computed for any tax year cover a period which is less or more than one year, the amount of profits and gains exempt under sub-rule (1) shall be the amount which bears the same proportion to the said amount of profits as the said period bears to a period of one year.
(3) The profits and gains of the business to which this rule applies shall be computed in accordance with Part IV of Chapter III.
(4) Nothing contained in this rule shall apply to an undertaking formed by the splitting up or reconstruction or reconstitution of business already in existence or by the transfer to a new business of any building, machinery, or plant used in a business which was carried on before the 1st day of July, 1975.
(5) The provisions of this rule shall apply to the tax year in which commercial production is commenced or the loss or allowance, if any, under sub-rules (3) or (4) of rule 2, as the case may be, has been set off or deducted in full, whichever is the latter, and for the next following four years.
18-Substituted by the Finance Act, 2007.

## THE SIXTH SCHEDULE

## PART I
## RECOGNISED PROVIDENT FUNDS

[See sections 2( 1[48]) and 21(e)]

1. Recognition of provident funds.-(1) The Commissioner may accord recognition to any provident fund which, in his opinion, complies with the requirements of rule 2, and may at any time, withdraw such recognition if, in his opinion, the circumstances of the fund cease to warrant the continuance of the recognition.

(2) An order according recognition shall take effect on such date as the Commissioner may fix in accordance with such rules as the Central Board of Revenue may make in this behalf, such date not being later than the last day of the financial year in which the order is made.

(3) An order according recognition to a provident fund shall not, unless the Commissioner otherwise directs, be affected by the fact that the fund is subsequently amalgamated with another provident fund on the occurrence of an amalgamation of the undertakings in connection with which the two funds are maintained or that it subsequently absorbs the whole or a part of another provident fund belonging to an undertaking which is wholly or in part transferred to, or merged in, the undertaking of the employer maintaining the first-mentioned fund.

(4) An order withdrawing recognition shall take effect from such date as the Commissioner may fix.

(5) The Commissioner shall neither refuse nor withdraw recognition of any provident fund, unless he has given to the trustees of the fund a reasonable opportunity of being heard.

2. Conditions for approval.-(1) In order that a provident fund may receive and retain recognition it shall satisfy the conditions hereinafter specified and any other conditions which the 2[Board] may, by rules, prescribe -

(a) all employees shall be employed in Pakistan, or shall be employed by an employer whose principal place of business is in Pakistan:

Provided that the Commissioner may, if he thinks fit, and subject to such conditions, if any, as he thinks proper to attach to the recognition, accord recognition to a fund maintained by an employer whose principal place of business is not in Pakistan, provided the proportion of employees employed outside Pakistan does not exceed ten per cent;

(b) the contributions of an employee in any year shall be a definite proportion of his salary for that year, and shall be deducted by the employer from the employee's salary in that proportion, at each periodical payment of such salary in that year, and credited to the employee's individual account in the fund:

Provided that an employee, who retains his employment while serving in armed forces of Pakistan or when taken into, or employed in, the national service under any law for the time being in force, may, whether he receives from the employer any salary or not contribute to the fund during his service in the armed forces of Pakistan or while so taken into, or employed in, the national service a sum not exceeding the amount he would have contributed had he continued to serve the 3[employer];

(c) the contributions of an employer to the individual account of an employee in any year shall not exceed the amount of the contributions of the employee in that year, and shall be credited to the employee's individual account at intervals not exceeding one year:

Provided that, subject to any rules which the 4[Board] may make in this behalf, the Commissioner may, in respect of any particular fund, relax the provisions of this clause -

(i) so as to permit the payment of larger contributions by an employer to the individual accounts of employees whose salaries do not, in each case, exceed five hundred rupees per month;

(ii) so as to permit the crediting by employers to the individual accounts of employees of periodical bonuses or other contributions 5[***] of a contingent nature, where the calculation and payment of such bonuses or other contributions is provided for on definite principles by the regulations of the fund;

(d) the employer shall not be entitled to recover any sum whatsoever from the fund, save in cases where the employee is dismissed for misconduct or voluntarily leaves his employment otherwise than on account of ill-health or other unavoidable cause before the expiration of the term of service specified in this behalf in the regulations of the fund:

Provided that in such cases the recoveries made by the employer shall be limited to the contributions made by him to the individual account of the employee, and to interest credited in respect of such contributions in accordance with the regulations of the fund and accumulations thereof;

(e) the fund shall be vested in two or more trustees or in the Official Trustees under a trust which shall not be recoverable save with the consent of all the beneficiaries;

(f) the fund shall consist of contributions as above specified, received by the trustees, or accumulations thereof, and of interest credited in respect of such contributions and accumulations, and of securities purchased therewith and of any capital gains arising from the transfer of capital assets of the fund, and of no other sums;

(g) the accumulated balance due to an employee shall be payable on the day he ceases to be an employee of the employer maintaining the 6[fund]:

Provided that notwithstanding anything contained in clause (f) or (g):-

(i) at the request made in writing by the employee who ceases to be an employee of the employer maintaining the fund, the trustees of the fund may consent to retain the whole or any part of the accumulated balance due to the employee to be drawn by him at any time on demand;

(ii) where the accumulated balance due to an employee who has ceased to be an employee is retained in the fund in accordance with the preceding clause, the fund may consist also of interest in respect of such accumulated balance;

(iii) the fund may also consist of any amount transferred from the individual account of an employee in any recognized provident fund maintained by his former employer and the interest in respect thereof;

(h) save as provided in clause (g) or in accordance with such conditions and restrictions as the 7[Board] may, by rules, specify, no portion of the balance to the credit of an employee shall be payable to him:

Provided that in order to enable an employee to pay the amount of tax assessed on his total income as determined under sub-rule (4) of rule 7, he shall be entitled to withdraw from the balance to his credit in the recognized provident fund a sum not exceeding the difference between such amount and the amount to which he would have been assessed if the transferred balance referred to in sub-rule (2) of rule 7 had not been included in his total income.

3. Employer's annual contributions, when deemed to be income received by employee.-

That portion of the annual accretion in any year to the balance at the credit of an employee participating in a recognized provident fund as consists of –

(a) contributions made by the employer in excess of 8[one-tenth of] the salary 9[or Rs. 10[150,000], whichever is low] of the employee; and

(b) interest credited on the balance to the credit of the employee in so far as it exceeds one-third of the salary of the employee or is allowed at a rate exceeding such rate as may be fixed by the Federal Government in this behalf by notification in the official Gazette, shall be 11[treated] to have been received by the

employee in that year and shall be included in his total income for that year and shall be liable to income tax.

4. Exclusion from total income of accumulated balance.- (1) Subject to such rules as may be made by the 12[Board] in this behalf, the accumulated balance due and becoming payable to an employee participating in a recognized provident fund shall be excluded from the computation of his total income.

(2) The provisions of sub-rule (1) shall also apply where, on the cessation of his employment, the employee obtains employment with any other employer and the accumulated balance due and becoming payable to him is transferred to his individual account in any recognized provident fund maintained by such other employer.

5. Tax on accumulated balance.-Where the accumulated balance due to an employee participating in a recognized provident fund is included in his total income, the Commissioner shall calculate the total of the various sums of tax which would have been payable by the employee in respect of his total income for each of the years concerned if the fund had not been a recognized provident fund and the amount by which such total exceeds the total of all sums paid by, or on behalf of such employee by way of tax for such years shall be payable by the employee in addition to any other tax for which he may be liable for the income year in which the accumulated balance due to him becomes payable.

6. Deduction at source of tax payable on accumulated balance.-The trustees of a recognised provident fund, or any person authorised by the regulations of the fund to make payment of accumulated balance due to employees shall, in cases where rule 5 applies, at the time an accumulated balance due to an employee is paid, deduct therefrom the amount payable under that rule and the provisions of Part V of Chapter X shall, so far as may be, apply as if the accumulated balance were income chargeable under the head "Salary".

7. Treatment of balance in newly recognized provident fund.-(1) Where recognition is accorded to a provident fund with existing balance, an account shall be made of the fund up to the day immediately preceding the day on which the recognition takes effect showing the balance to the credit of each employee on such day and containing such further particulars as the 13[Board] may prescribe.

(2) The account referred to in sub-rule (1) shall also show in respect of the balance to the credit of an employee the amount thereof which is to be transferred to that employee's account in the recognized provident fund, and such amount (hereinafter called his `transferred balance') shall be shown as the balance to his credit in the recognized provident fund on the date on which the recognition of the fund takes effect, and the provisions of sub-rule (4) and the proviso to clause (h) of rule 2 shall apply thereto.

(3) Any portion of the balance to the credit of an employee in the existing fund which is not transferred to the recognized fund shall be excluded from the accounts of the recognized fund and shall be liable to income tax in accordance with the provisions of this Ordinance, other than this Part.

(4) Subject to such rules as the 14[Board] may make in this behalf, the Commissioner shall make a calculation of the aggregate of all sums comprised in a transferred balance which would have been liable to income-tax if this Part had been in force from the date of the institution of the fund, without regard to any tax which may have been paid on any sum, and such aggregate, if any, shall be deemed to be income received by the employee in the income year in which the recognition of the fund takes effect and shall be included in the employee's total income for that year, and, for the purposes of assessment, the remainder of the transferred balance shall be disregarded, but no other exemption or relief, by way of refund or otherwise, shall be granted in respect of any sum comprised in such transferred balance:

Provided that, in cases of serious accounting difficulty, the Commissioner may, subject to the said rules, make a summary calculation of such aggregate.

(5) Nothing in this rule shall affect the rights of the persons administering an unrecognized provident fund or dealing with it, or with the balance to the credit of any individual employees, before recognition is accorded, in any manner which may be lawful.

8. Accounts of recognized provident funds.- (1) The accounts of a recognized provident fund shall be maintained by the trustees of the fund and shall be in such form and for such periods, and shall contain such particulars, as may be prescribed.

(2) The accounts shall be open to inspection at all reasonable times by income tax authorities, and the trustees shall furnish to the Commissioner such abstracts thereof as may be prescribed.

9. Treatment of fund transferred by employer to trustee.-(1) Where an employer, who maintains a provident fund (whether recognized or not) for the benefit of his employees and has not transferred the fund or any portion of it, transfers such fund or portion to trustees in trust for the employees participating in the fund, the amount so transferred shall be deemed to be of the nature of capital expenditure.

(2) When an employee participating in such fund is paid the accumulated balance due to him there from, any portion of such balance as represents his share in the amount so transferred to the trustees (without addition of interest, and exclusive of the employee's contributions and interest thereon) shall, if the employer has made effective arrangement to secure that tax shall be deducted at source from the amount of such share when paid to the employee, be deemed to be an expenditure by the employer, within the meaning of section 15[20], incurred in the 16[tax] year in which the accumulated balance due to the employee is paid.

10. Particulars to be furnished in respect of recognized provident funds.-The trustees of a recognized provident fund and any employer who contributes to a recognized provident fund shall, when required by notice from the Commissioner, within such period (not being less than twenty one days from the date 17[of service] of the notice), as may be specified in the notice, furnish such return, statement, particulars or information, as the Commissioner may require.

11. Provisions of this Part to prevail against regulations of the fund.-Where there is a repugnance between any regulations of a recognized provident fund and any provision of this Part or of the rules made there under, the regulation shall, to the extent of the repugnance, be of no effect, and the Commissioner may, at any time, require that such repugnance shall be removed from the regulations of the fund.

12. Appeals.-(1) An employer objecting to an order of Commissioner refusing to recognize, or an order withdrawing recognition from a provident fund may appeal, within sixty days of the 18[service] of such order, to the 19[Board].

(2) The Central Board of Revenue may admit an appeal after the expiration of the period specified in sub-rule (1), if it is satisfied that the appellant was prevented by sufficient cause from presenting it within that period.

(3) The appeal shall be in such form and shall be verified in such manner and shall be accompanied by such fee as may be prescribed.

13. Provisions relating to rules.-In addition to any power conferred by this Part, the 20[Board] may make rules:-

(a) prescribing the form of application for recognition and the statement and other particulars and documents to be submitted therewith;

(b) limiting the contributions to a recognized provident fund by employees of a company, who are shareholders in the company;

(c) providing for the assessment by way of penalty of any consideration received by an employee for an assignment of, or creation of a charge upon, his beneficial interest in a recognized provident fund;

(d) determining the extent to, and the manner in, which exemption from payment of tax may be granted in respect of contributions and interest credited to the individual accounts of employees in a provident fund from which recognition has been withdrawn;

(e) regulating the investment of the moneys of a recognized provident fund; and

(f) generally, to carry out the purposes of this Part and to secure such further control over the recognition of provident funds and the administration of recognized provident funds as it may deem requisite.

14. Definitions.-In this Part, unless the context otherwise requires,

(a) "accumulated balance due to an employee" means the balance to his credit, or such portion thereof as may be claimable by him under the regulations of the fund, on the day he ceases to be an employee of the employer maintaining the 21[fund];

(b) "annual accretion" in relation to the balance to the credit of an employee, means the increase to such balance in any year, arising from contributions and interest;

(c) "balance to the credit of an employee" means the total amount to the credit of his individual account in a provident fund at any time;

(d) "contribution" means any sum credited by or on behalf of, any employee out of his salary or by an employer out of his own money, to the individual account of an employee, but does not include any sum credited as interest;

(e) "employee" means an employee participating in a provident fund, but does not include a personal or domestic servant;

(f) "employer" means any person who maintains a provident fund for the benefit of his or its employees, being an individual, a company or an association of persons engaged in any business the profits and gains whereof are chargeable to income tax under the head "Income from Business";

(g) "regulations of fund" means the special body of regulations governing the constitution and administration of a particular provident fund; and

(h) "salary" includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.

15. Application of this Part.-This Part shall not apply to any provident fund to which the Provident Funds Act, 1925 (XIX of 1925) applies.

## PART II
## [See sections 22[12](5) and 21(e), and the Second Schedule]

## APPROVED SUPERANNUATION FUNDS

1. Approval of superannuation funds.- (1) The Commissioner may accord approval to any superannuation fund or any part of a superannuation fund which, in his opinion, complies with the requirements of rule 2, and may, at any time withdraw such approval if, in his opinion, the circumstances of the fund or the part, as the case may be, cease to warrant the continuance of the approval.

   (2) An order according approval or withdrawing approval shall take effect from such date as the Commissioner may fix.

   (3) The Commissioner shall neither refuse nor withdraw approval to any superannuation fund or any part of a superannuation fund unless he has given the trustees of that fund a reasonable opportunity of being heard.

2. Conditions for approval.-In order that a superannuation fund may receive and retain approval, it shall satisfy the conditions hereinafter specified and any other conditions which the 23[Board] may, by rules prescribe-

   (a) the fund shall be a fund established under an irrevocable trust, in connection with a trade or undertaking carried on in Pakistan, and not less than ninety per cent of the employees shall be employed in Pakistan;
   (b) the fund shall have for its sole purpose the provision of annuities for employees in the trade or undertaking on their retirement at or after a specified age or on their becoming incapacitated prior to such retirement, or for widows, children or dependants of persons who are or have been such employees on the death of these persons;
   (c) the employer in the trade or undertaking shall be a contributor to the fund; and
   (d) all annuities, pensions and other benefits granted from the fund shall be payable only in Pakistan.

3. Application for approval.- (1) An application for approval of a superannuation fund, or part of a superannuation fund, shall be made in writing by the trustees of the fund to the Commissioner by whom the employer is assessable, and shall be accompanied by a copy of the instrument under which the fund is established and by two copies of the regulations and, where the fund has been in existence during any year or years prior to the financial year in which the application for approval is made, also two copies of the accounts of the funds relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up, but the Commissioner may require such further information to be supplied as he thinks proper.

   (2) If any alternation in the regulations, constitutions, objects or conditions of the fund is made at any time after the date of the application for approval, the trustees of the fund shall forthwith communicate such alteration to the Commissioner mentioned in sub-rule (1), and, in default of such communication, any approval given shall, unless the Commissioner otherwise directs, be deemed to have been withdrawn from the date on which the alteration took effect.

4. Contributions by employer, when deemed to be his income.-Where any contributions by an employer (including the interest thereon, if any), are repaid to the employer, the amount so repaid shall be deemed for the purpose of tax to be the income of the employer of the income year in which it is so repaid.

5. Deduction of tax on contributions paid to an employee.-Where any contributions made by an employer (including interest on contributions, if any), are repaid to an employee during his life-time in circumstances other than those referred to in clause (25) of Part I of the Second Schedule, tax on the amount so repaid shall be deducted by the trustees 24[at the rate applicable to the year of withdrawal] and shall be paid by the trustees to the credit of the Federal Government within such time and in such manner as may be prescribed.

6. Deduction from pay off and contributions on behalf of employees to be included in a statement under section 165.- Where an employer deducts from the emoluments paid to an employee or pays on his behalf any contributions of that employee to an approved superannuation fund, he shall include all such deductions or payments in a statement which he is required to furnish under section 165.

7. Liability of trustees on cessation of approval.-If a fund, or a part of a fund, for any reason ceases to be an approved superannuation fund, the trustees of the fund shall nevertheless remain liable to tax on any sum paid on account of returned contributions (including interest on contributions, if any), in so far as the sum so paid is in respect of contributions made before the fund or part of the fund, as the case may be, ceased to be an approved superannuation fund under the provisions of this Part.

8. Particulars to be furnished in respect of superannuation fund.-The trustees of an approved superannuation fund and any employer who contributes to an approved superannuation fund shall, when required by notice from the Commissioner, within such period (not being less than twenty-one days from the date 25[of service] of the notice), as may be specified in the notice, furnish such return, statement, particulars or information, as the Commissioner may require.

9. Provisions of the Part to prevail against regulations of the fund.-Where there is a repugnance between any regulation of an approved superannuation fund and any provision of this Part or of the rules made there under the regulation shall, to the extent of the repugnance, be of no effect; and the Commissioner may, at any time, require that such repugnance shall be removed from the regulations of the fund.

10. Appeals.- (1) An employer objecting to an order of the Commissioner refusing to accord approval to a superannuation fund or an order withdrawing such approval may appeal, within sixty days of the 26[service] of such order, to the27[Board].

    (2) The 28[Board] may admit an appeal after the expiration of the period specified in sub-rule (1), if it is satisfied that the appellant was prevented by sufficient cause from presenting it within that period.

    (3) The appeal shall be in such form and shall be verified in such manner and shall be accompanied by such fee as may be prescribed.

11. Provisions relating to rules.-(1) In addition to any power conferred by this Part, the 29[Board] may make rules -

(a) prescribing the statements and other information to be submitted along with
(b) prescribing the returns, statements, particulars, or information which the Commissioner may require from the trustees of an approved superannuation fund or from the employer;
(c) limiting the ordinary annual contribution and any other contributions to an approved superannuation fund by an employer;
(d) regulating the investment or deposit of the moneys of any approved superannuation fund;
(e) providing for the assessment by way of penalty of any consideration received by an employee for an assignment of, or creation of a charge upon, his beneficial interest in an approved superannuation fund;
(f) providing for the withdrawal of approval in the case of a fund which ceases to satisfy the requirements of this Part or of the rules made there under; and
(g) generally, to carry out the purposes of this Part and to secure such further control over the approval of superannuation funds and the administration of approved superannuation funds as it may deem requisite.

12. Definitions.-In this Part, unless the context otherwise requires “contributions”, “employee’, “employer”, “regulations of a fund” and “salary” have, in relation to superannuation funds, the meanings assigned to those expressions in rule 14 of Part I in relation to provident funds.

## PART III
## [See sections 2(4) and 21(e), and the Second Schedule]

## APPROVED GRATUITY FUNDS

1. Approval of Gratuity Funds.-(1) The Commissioner may accord approval to any gratuity fund which, in his opinion, complies with the requirements of rule 2 and may, at any time, withdraw such approval if, in his opinion, the circumstances of the fund cease to warrant the continuance of the approval.

(2) An order according approval or withdrawing approval shall take effect from such date as the Commissioner may fix.

(3) The Commissioner shall neither refuse nor withdraw approval to any gratuity fund unless he has given the trustees of that fund a reasonable opportunity of being heard.

2. Conditions for approval.-In order that a gratuity fund may receive and retain approval, it shall satisfy the conditions hereinafter specified and any other conditions which the 30[Board] may, by rules, prescribe–

(a) the fund shall be a fund established under an irrevocable trust in connection with trade or undertaking carried on in Pakistan, and not less than ninety per cent of the employees shall be employed in Pakistan;
(b) the fund shall have for its sole purpose the provision of a gratuity to employees in the trade or undertaking on their retirement at or after a specified age or on their 31[becoming incapacitated prior to] such retirement, or on termination of their employment after a minimum period of service specified in the regulations of the fund or to the widows, children or dependents of such employees on their death;
(c) the employer in the trade or undertaking shall be a contributor to the fund; and
(d) all benefits granted by the fund shall be payable only in Pakistan.

3. Application for approval.- (1) An application for approval of a gratuity fund shall be made in writing by the trustees of the fund to the Commissioner by whom the employer is assessable and shall be accompanied by copy of the instrument under which the fund is established and by two copies of the rules and, where the fund has been in existence during any year or years prior to the financial year in which the application for approval is made, also two copies of the accounts of the fund relating to such prior year or years (not being more than three years immediately preceding year in which the said application is made) for which such accounts have been made up, but the Commissioner may require such further information to be supplied as he thinks proper.

(2) If any alteration in the rules, constitution, objects or conditions of the fund is made at any time after the date of the application for approval, the trustees of the fund shall forthwith communicate such 2780[alteration] to the Commissioner mentioned in sub-rule (1), and in default of such communication, any approval given shall, unless the Commissioner otherwise orders, be deemed to have been withdrawn from the date on which the alteration took effect.

4. Gratuity deemed to be salary.-Where any gratuity is paid to an employee during his lifetime, the gratuity shall be treated as salary paid to the employee for the purposes of this Ordinance.

5. Liability of trustees on cessation of approval.-If a gratuity fund for any reason ceases to be an approved gratuity fund, the trustees of the fund shall nevertheless remain liable to tax on any gratuity paid to any employee.

6. Contributions by employer, when deemed to be his income.-Where any contributions by an employer (including the interest thereon, if any,) are repaid to the employer, the amount so repaid shall be deemed for the purposes of tax to be the income of the employer of the income year in which they are so repaid.

7. Particulars to be furnished in respect of gratuity funds.-The trustees of an approved gratuity fund and any employer who contributes to an approved gratuity fund shall, when required by notice from the Commissioner, furnish, within such period not being less than twenty-one days from the date 33[of service] of the notice as may be specified in the notice, such return, statement, particulars or information, as the Commissioner may require.

8. Provisions of the Part to prevail against regulations of the fund.-Where there is repugnance between any rule of an approved gratuity fund and any provision of this Part or of the rules made there under the said rule shall, to the extent of repugnance, be of no effect and the Commissioner may, at any time, require that such repugnance shall be removed from the rules of the fund.

9. Appeals.- (1) An employer objecting to an order of the Commissioner refusing to accord approval to a gratuity fund or an order withdrawing such approval may appeal, within sixty days of the 34[receipt] of such order, to the 35[Board].

(2) The 36[Board] may admit an appeal after the expiration of the period specified in sub-rule (1), if it is satisfied that the appellant was prevented by sufficient cause from presenting it within that period.

(3) The appeal shall be in such form and shall be verified in such manner and shall be accompanied by such fee as may be prescribed.

10. Provisions relating to rules.- (1) In addition to any power conferred in this Part, the 37[Board] may make rules–

(a) prescribing the statements and other information to be submitted along with an application for approval;
(b) limiting the ordinary annual and other contributions of an employer to the fund;
(c) regulating the investment or deposit of the moneys of an approved gratuity fund;
(d) providing for the assessment by way of penalty of any consideration received by an employee for an assignment of, or the creation of a charge upon, his beneficial interest in an approved gratuity fund;
(e) providing for withdrawal of the approval in the case of a fund which ceases to satisfy the requirements of this Part or the rules made there under; and
(f) generally, to carry out the purposes of this Part and to secure such further control over the approval of gratuity funds and the administration of gratuity funds as it may deem requisite.

11. Definitions.-In this Part, unless the context otherwise requires, “contribution”, “employee”, “employer”, “regulations of a fund” and “salary” have in relation to gratuity funds, the meaning assigned to those expressions in rule 14 of Part I in relation to provident funds.

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1-The figure “49” substituted vide the Finance Act, 2005 (VII of 2005 assented on June, 2005)
2-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
3-Substituted for the word “employers” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
4-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
5-The words “is provided for on definite principles by the regulations” omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
6-Substituted for the word “funds” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
7-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
8-Substituted for the words “one-twelfth of” vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)
9-The words figure and comma were inserted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008) 10-Substituted for the figure “100,000” vide the Finance Act, 2016 (XXIX of 2016)
11-Substituted for the word “deemed” vide the Finance Ordinance, 2002 (XXVII of 2002 Promulgated on 15th June, 2002)
12-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
13-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
14-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
15-Substituted for the figure “23” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
16-Substituted for the word “income” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
17-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
18-Substituted for the word “making” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
19-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
20-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

21-Substituted for the word “funds” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
22-The figure “2” substituted vide the Finance Act, 2009 (I of 2009 assented on 30th June, 2009)
23-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
24-The words and commas “at the average rate of tax at which the employee was liable to tax during the preceding three years or during such period, if less than three years, as he was a member of the fund,” substituted vide the Finance Act, 2008 (I of 2008 assented on 26th June, 2008)
25-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
26-Substituted for the word “making” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
27-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007
28-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
29-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007).
30-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007).
31-Substituted for the words “employment after” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
32-Substituted for the word “alterations” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
33-Inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
34-Substituted for the word “making” vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
35-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
36-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)
37-Substituted for the “Central Board of Revenue” vide the Finance Act, 2007 (IV of 2007 assented on 30th June, 2007)

## 1[THE SEVENTH SCHEDULE
## (See section 100A)

## RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON

1. 2[Subject to the provisions of Chapter VII and VIII, income], profits and gains of a banking company shall be taken to be the balance of the income from all sources before tax, disclosed in the annual accounts required to be furnished to the State Bank of Pakistan subject to the following provisions, namely:-

(a) Deduction shall be allowed in respect of depreciation, initial allowance and amortization under sections 22, 23 and 24 provided that accounting depreciation, initial allowance or amortization deduction shall be added to the income. No allowance or deduction under this rule shall be admissible on assets given on finance lease.

(b) Section 21, sub-section (8) of section 22 and Part III of Chapter IV shall, mutatis mutandis, for computation of a banking company apply.

3[(c) Provisions for advances and off balance sheet items shall be allowed upto a maximum of 1% of total advances; 4[and provisions for advances and off-balance sheet items shall be allowed at 5% of total advances for consumers and small and medium enterprises (SMEs) (as defined under the State Bank Prudential Regulations)] provided a certificate from the external auditor is furnished by the banking company to the effect that such provisions are based upon and are in line with the Prudential Regulations. Provisioning in excess of 1% 5[of total advances for a banking company and 5% of total advances for consumers and small and medium enterprises (SMEs)] would be allowed to be carried over to succeeding years:

6[Provided that if provisioning is less than 1% of advances, for a banking company then actual provisioning for the year shall be allowed:]

7[Provided further that if provisioning is less than 5% of advances for consumers and small and medium enterprises (SMEs) then actual provisioning for the year shall be allowed and this provisioning shall be allowable from the first day of July, 2010.]

8[Explanation.- For removal of doubt, it is clarified that-

(i) provision for advance and off balance sheet items allowed under this clause, at the rate of 1 percent or 5 percent, as the case may be, shall be exclusive of reversals of such provisions;

(ii) reversal of “bad debts” classified as “doubtful” or “loss” are taxable as the respective provisions have been allowed under this clause; and

(iii) with effect from tax year 2020 and onward; reversal of “bad debts” classified as “loss” are taxable as the respective provisions have been allowed under this clause.]

9[(d) The amount of “bad debts” classified as “sub-standard” 10[“or doubtful”] under the Prudential Regulations issued by the State Bank of Pakistan shall not be allowed as expense.]

11[(e) Where any addition made under sub-rule (d) is reclassified by the taxpayer under the Prudential Regulations issued by the SBP, 12[***] ‘loss’, provision of sub-rule (c) shall mutatis mutandis apply in computing the provision for that tax year.]

13[(f) Where any addition made under sub-rule (d) is reclassified by the taxpayer in a subsequent year as ‘recoverable’, a deduction shall be allowed in computing the income for that tax year.]

(g) Adjustment made in the annual accounts, on account of application of international accounting standards 39 and 40 shall be excluded in arriving at taxable income.

14[Explanation - For removal of doubt, it is clarified that nothing in this clause shall be so construed as to allow a notional loss, or charge to tax any notional gain on any investment under any regulation or instruction unless all the events that determine such gain or loss have occurred and the gain or loss can be determined with reasonable accuracy.]

(h) An adjustment shall be made for exclusions from income on account of paragraph (g) for determining the cost of related item in the financial statement in the year of disposal of such item or asset or the discharge of the liability, as the case may be.

15[Explanation.- For removal of doubt, it is clarified that nothing contained in this Schedule shall be so construed as to restrict power of Commissioner, while conducting audit of the income tax affairs under section 177, to call for record or such other information and documents as he may deem appropriate in order to examine accounts and records to conduct enquiry into expenditure, income, assets and liabilities of a banking company and all provisions of this Ordinance shall be applicable accordingly.]

2. (i) Where a deduction is allowed for any expenditure (other than on account of charge for irrecoverable debt) in the manner referred to in rule 1 and the liability or a part of the liability to which the deduction relates is not paid within three years of the end of the tax year in which the deduction was allowed, the unpaid amount of the liability shall be chargeable to tax under the head "Income from Business" in the first tax year following the end of three years.

(ii) Where an unpaid liability is chargeable to tax as a result of the application of sub-rule (i) and such liability or a part thereof is subsequently paid, a deduction shall be allowed for the amount paid in the tax year in which the payment is made.

(iii) Loss on sale of shares of listed companies, disposed of within one year of the date of acquisition, shall be adjustable against business income of the tax year. Where such loss is not fully set off against business income during the tax year, it shall be carried forward to the following tax year and set off against capital gain only. No loss shall be carried forward for more than six years immediately succeeding the tax year for which the loss was first computed.

**3. Treatment for shariah compliant banking.-**

(1) Any special treatment for 'Shariah Compliant Banking' approved by the State Bank of Pakistan shall not be provided for any reduction or addition to income and tax liability for the said 'Shariah Compliant Banking' as computed in the manner laid down in this schedule.

(2) A statement, certified by the auditors of the bank, shall be attached to the return of income to disclose the comparative position of transaction as per Islamic mode of financing and as per normal accounting principles. Adjustment to the income of the company on this account shall be made according to the accounting income for purpose of this schedule.

**4. Head office expenditure.-**

(1) In case of foreign banks head office expenditure shall be allowed as deduction as per the following formula, namely:-

Head office expenditure = (A/B) XC

Where-

A. is the gross receipts of permanent establishment in Pakistan;
B. is the world gross receipts; and
C. is the total Head Office expenditure.

(2) The head office expenditure shall have the meaning as given in sub-sections (3) and (4) of section 105.

(3) The head office expenditure shall only be allowed if it is charged in the books of accounts of the permanent establishment and a certificate from external auditors is provided to the effect that the claim of such expenditure:

(i) has been made in accordance with the provision of this rule; and

(ii) is reasonable in relation to operation of the permanent establishment in Pakistan.

**5. Advance tax.-**

(1) The banking company shall be required to pay advance tax for the year under section 147 in twelve 16[***] installments payable by 15th of every month. Other provisions of section 147 17[***] shall apply as such.

18[(1A) A banking company required to make payment of advance tax in accordance with sub-rule (1), shall estimate the tax payable by it for the relevant Tax Year, at any time before the installment payable on 15th June, of the relevant year is due. In case the tax payable is likely to be more than the amount it is required to pay under sub-rule (1), the banking company shall furnish to the Commissioner an estimate of the amount of tax payable by it and thereafter pay in the installment due on 15th June the difference, if any, of fifty per cent of such estimate and advance tax already paid upto 15th June, of the relevant tax year. The remaining fifty per cent of the estimate shall be paid after 15th June in six equal installments payable by 15th of each succeeding month of the relevant tax year.]

(2) Provisions of withholding tax under this Ordinance shall not apply to a banking company as a recipient of the amount on which tax is deductible.

**6. Tax on income computed-** Income computed under this Schedule shall be chargeable to tax under the head "Income from Business" and tax payable thereon shall be computed at the rate applicable in Division II of Part I of the First Schedule. 19[***]

20[***]
21[***]
22[***]
23[***]
24[***]

**25[6C. Enhanced rate of tax on taxable income from Federal Government securities.-** (1) The taxable income arising from additional income earned from additional investment in Federal Government securities for the tax years 2020 and 26[2021], shall be taxed at the rate of 37.5% instead of the rate provided in Division II of Part I of the First Schedule.

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of Income certifying the amount of the money invested in Federal Government securities in preceding tax year, additional investments made for the tax year and mark-up income earned from the additional investments for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the investments in Federal Government securities to determine the applicability of the enhanced rate of tax.

(4) "Additional income earned" means mark-up income earned from additional investment in Federal Government securities by the bank for the tax year.

(5) "Additional investments" means average investment made in Federal Government securities by the bank during the tax year, in addition to the average investments held during the tax year 2019.

(6) The taxable income arising from additional investment under sub-rule (1) shall be determined according to the following formula, namely:-

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

Where -

A. is taxable income of the banking company;

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

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

27[(6A) For tax year 2022 onwards, the taxable income attributable to investment in the Federal Government securities shall be taxed at the rate of-

(i) 40% instead of rate provided in Division II of Part I of the First schedule if the 27a[gross advances] to deposit ratio as on last day of the tax year is upto 40%;

(ii) 37.5% instead of rate provided in Division II of Part I of the First schedule if the 27a[gross advances] to deposit ratio as on last day of the tax year exceeds 40% but does not exceed 50%; and

(iii) at the rates provided in Division II of Part I of the First schedule if 27a[gross advances] to deposit ratio as on last day of the tax year exceeds 50%.]

28[***]

**29[7A.** The provisions of section 113 shall apply to banking companies as they apply to any other resident company.]

**30[(7B)** From tax year 2015 and onwards, income from Dividend and income from Capital Gains shall be taxed at the rate specified in Division II of Part I of First Schedule.

**(7C)** For tax year 31[years 2015 32[***] 33[and onwards] ] the provisions of section 4B shall apply to banking companies and shall be taxed at the rate specified in Division IIA of Part I of First Schedule 34[:] ]

35[Provided that brought forward losses, if any, shall be excluded from income computed under this Schedule for the purpose of section 4B of this Ordinance.]

**36[7D**. Reduced rate of tax on additional advances for micro, small and medium enterprises.- (1) The taxable income 37[***] arising from additional advances to micro, small and medium enterprises, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule-

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of Income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the advances to micro, small and medium enterprises to determine the applicability of the reduced rate of tax.

(4) For the purposes of this rule, the term “micro, small and medium enterprises” shall have the same meaning as provided in Prudential Regulations issued by the State Bank of Pakistan.

(5) “Additional advances” means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year.

(6) The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely:-

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

Where-

A. is taxable income of the banking company;

B is not mark up income earned from such additional advances for the tax year as declared in the annual accounts; and

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

**7E.** Reduced rate of tax on additional advances for low cost housing.- (1) The taxable income arising from additional advances for low cost housing, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule 38[:]

38[Provided that the taxable income arising from additional advances to Naya Pakistan Housing and Development Authority for low cost housing schemes shall be taxed at the rate of 10%.]

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the advances made for low cost housing to determine the applicability of the reduced rate of tax.

(4) For the purposes of this rule, the term “low cost housing” shall have the same meaning as provided in Prudential Regulations issued by the State Bark of Pakistan.

(5) “Additional advances” means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year 2019.

(6) The taxable income arising from additional advances under sub rule. (1) shall be determined according to the following formula. namely:-

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

Where-

A. is taxable income of the banking company;

B. is net mark-up income earned from such additional advances for the tax year as declared in the annual accounts; and

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

**7F. Reduced rate of tax on additional advances as Farm Credit.--** (1) The taxable income arising from additional advances for Farm Credit in Pakistan for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part 1 of the First Schedule.

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the advances made for Farm Credit to determine the applicability of the reduced rate of tax.

(4) For the purposes of this rule, the term "Farm Credit" shall have the same meaning as provided in Prudential Regulations issued by the State Bank of Pakistan for agriculture financing excluding such advances made to a company as defined in section 80.

(5) "Additional advances" means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year 2019.

(6) The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula namely:-

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

Where-

A. is taxable income of the banking company;

B. is net mark-up income earned from such additional advances for the tax year as declared in the annual accounts: and

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

**8. Exemptions-** (1) Exemptions and tax concessions under the Second Schedule to this Ordinance shall not apply to income of a banking company computed under this Schedule.

39[(1A) The accumulated loss under the head "Income from Business" (not being speculation business losses) of an amalgamating banking company or banking companies shall be set off or carried forward against the business profits and gains of the amalgamated company and vice versa, up to a period of six tax years immediately succeeding the tax year in which the loss was first computed in the case of amalgamated banking company or amalgamating banking company or companies.]

(2) The provisions relating to group relief as contained in section 59B shall be available to the banking companies provided the holding and subsidiary companies are banking companies. The accounts of the group companies shall be audited by the chartered accountants firm on the panel of auditors of the State Bank of Pakistan. The surrender and claim of loss would be subject to the approval of the State Bank of Pakistan.

(3) The holding and subsidiary companies of 100% owned group of banking companies may opt to be taxed as one fiscal unit as per the provisions of section 59AA relating to group taxation subject to the approval of the State Bank of Pakistan.

**40[8A. Transitional provisions.-** (1) Amounts provided for in the tax year 2008 and prior to the said tax year for or against irrecoverable or doubtful advances, which were neither claimed nor allowed as a tax deductible in any tax year, shall be allowed in the tax year in which such advances are actually written off against such provisions, in accordance with the provision of section 29 and 29A.

(2) Amounts provided for in the tax year 2008 and prior to the said tax year for or against irrecoverable or doubtful advances, which were neither claimed nor allowed as a tax deductible in any tax year, which are written back in the tax year 2009 and thereafter in any tax year and credited to the profit and loss account, shall be excluded in computing the total income of that tax year under rule 1 of this Schedule.

(3) The provisions of this Schedule shall not apply to any asset given or acquired on finance lease by a banking company up to the tax year 2008, and recognition of income and deductions in respect of such asset shall be dealt in accordance with the provisions of the Ordinance as if this Schedule has not come into force:

Provided that un-absorbed depreciation in respect of such assets shall be allowed to be set-off against the said lease rental income only.]

9. Provision of Ordinance to apply- The provisions of the Ordinance not specifically dealt with in the aforesaid rules shall apply, mutatis mutandis, to the banking company.

10. The Federal Government may, from time to time, by notification in the official Gazette, amend the schedule so as to add any entry therein or modify or omit any entry therein.

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1-The Seventh Schedule substituted by the Finance Act, 2007. The substituted "The Seventh Schedule" read as follows:

**1[THE SEVENTH SCHEDULE**

**EXPORTED GOODS**

**{See Division IV of Part III of First Schedule}**

**PART I**

**(SPECIFIED GOODS MANUFACTURED IN PAKISTAN)**

| **S. No.** | **Description** | ***Description*** |
|---|---|---|
| **(1)** | **(2)** | ***(3)*** |
| 1 | i[***] | |
| 2 | Engineering goods, including electrical goods | |
| 3 | ii[***] | |
| 4 | Jewellery pharmaceuticals, III[***] durries, horticultural products | |
| 5 | Ceramic iv[tiles] and wares | |
| 6 | Cutlery | |
| 7 | Engineering goods manufactured in Pakistan as specified in the Engineering Goods (Control) Order, 1983 | |
| 8 | Wooden furniture and wooden doors and windows | |
| 9 | Goods specified under Chapters, Heading and Sub-Heading Nos. of the Pakistan Custom Tariff v[***] | |
| 10 | Vegetables, fresh fruit and cut flowers | |
| vi[11 | Processed poultry meat) | |

i. The words "Leather and textile made ups" omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

ii. The words, figures, brackets and comma "Goods specified under Heading No. 90.18 of the Fifth Schedule to the Customs Act, 1969 (IV of 1969)" omitted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

III. The words "sports goods, toilet linen including terry towels" omitted by the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

iv. Substituted for the word "tiples" vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)

v. Items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x) and (xi) and the entries relating thereto in columns (2) and (3) omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005. At the time of omission items (i), (ii), (iii), (iv), (v). (vi), (vii), (viii), (ix), (x) and (xi) were as under-

| | | |
|---|---|---|
| (i) | 42.05 | Other articles of leather |
| (ii) | 5701 | Hand-knitted carpets and rugs |
| (iii) | 6101 | Men and boys overcoats, jackets knitted or crocheted |
| (iv) | 6102 | Women and girls overcoats, jackets knitted or crocheted |
| (v) | 61.03 | Men and boys suits- jackets, trousers, shirts knitted or crocheted |
| (vi) | 6105 | Men and boys shills knitted or crocheted |
| (vii) | 6106 | Women and girls blouses, shirts knitted or crocheted |
| (viii) | 6109 | shirts knitted or crocheted |
| (ix) | 61.12 | Tracksuits, swim-wear knitted or crocheted |
| (x) | 63.01.2000 a[, 3000.4000 | Blankets, wool, cotton and MMF b[***] |

| | | |
|---|---|---|
| (xi) | 63.02 | Bed linen, table linen and kitchen linen." |

(a) The commas and figures inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
(b) The figures and comma "3000, 4000" omitted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
vi. S. No. II and the entry relating thereto added vide the Finance Ordinance, 2002 (XXVII of 2002 promulgated on 15th June, 2002)

**PART II**
**(GOODS MANUFACTURED IN PAKISTAN)**

| ***S. No.*** | ***Description*** | ***Description*** |
|---|---|---|
| ***(I)*** | ***(2)*** | ***(3)*** |
| 1 | Export of goods manufactured in Pakistan subject to other provision of vii[this) Schedule | |
| viii[1A | (1) Leather and textile made ups<br>(2) Goods specified under heading No. 90.18 of the First Schedule to the Customs Act, 1969 (IV of 1969)<br>(3)Sports goods, toilet linen including terry towels<br>(4) Goods specified under Chapters, Heading and Sub Heading Nos. of the Pakistan Custom Tariff<br>(i) 42.05<br>(ii) 57.01<br>(iii) 61.01<br>(iv)61.02<br>(v) 61.03<br>(vi) 61.05<br>(vii)61.06<br>(viii) 61.09<br>(ix) 61.12<br>(x) 63.01, 2000,3000,4000<br>(xi) 63.02 | Other articles of leather<br>Hand-knitted carpets and rugs<br>Men and boys overcoats, jackets knitted or crocheted<br>Women and girls overcoats, jackets knitted or crocheted<br>Men and boys suits, jackets, trousers, shirts knitted or crocheted<br>Men and boys shirts knitted or crocheted<br>Women and girls blouses, shirts knitted or crocheted<br>T-shirts knitted or crocheted<br>Tracksuits, swimwear knitted or crocheted<br>Blankets, wool, cotton and MMF. Bed linen, table linen and kitchen linen) |
| 2 | (I) Refined/treated salt | |
| (ii) Ground barytes | | |
| (iv) Granite blocks and slabs | | |
| (v) Heat insulating bricks | | |
| 3 | Sale in Pakistan of goods manufactured in Pakistan against an international tender, where the contract under which such sale is made is approved by the Commissioner | |

vii. The word inserted vide the Finance Act, 2003 (I of 2003 assented on 16th June, 2003)
viii. S. No. 1A added vide the Finance Act, 2005 (VII of 2oo5 assented on 29th June, 2005)

**PART III**
**[GOODS NOT COVERED BY PART I ix[, 11 OR IV]**

| ***S. No.*** | ***Description*** |
|---|---|
| 1 | All other goods not covered under Part x[,] Part II xi[and Part IV] of this Schedule |
| 2 | The following goods or class of goods produced or manufactured in Pakistan, namely:-- |
| | xii[***] |
| | (ii) |
| | (iii) |
| | (iv) |
| | (v) |
| | xIII[***] |
| xiv[2A | Following types of goods not covered by other provisions of this Schedule, namely,-- |
| (I)leather and articles thereof | |

| | |
|---|---|
| (ii) textile and textile articles | |
| (iii) carpets | |
| (iv) surgical goods J | |
| *3* | *Such other goods as may be notified by the Central Board of Revenue* |

ix. Substituted for the word "or" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
x. Substituted for the word "and" vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xi. The words and figure inserted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xii. The words "(I) raw cotton" omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xIII. The words "(vi) cotton yam" omitted vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
xiv. Serial No. 2A added vide the Finance Act, 2005 (VII of 2005 assented on 29th June, 2005)

**xv[PART IV**
**[GOODS NOT COVERED BY PART I. II AND III]**

| ***S. No.*** | ***Description*** |
|---|---|
| *(I)* | *raw cotton* |
| *(ii)* | *cotton yarn* |
| *(iii)* | *such other goods as may be notified by the Central Board of Revenue]"* |

xv. Part IV was added vide the finance Act, 2005 (VII of 2005 assented on 29th June, 2005)
2-The word "Income" substituted by the Finance Act, 2018
3-Substituted by the Finance Act, 2009. The substituted sub-rule (c) read as follows:
"(c) Provisions for classified advances and off balance sheet items shall be allowed in accordance with the provisions of sections 29 and 29A."
4-Inserted by the Finance Act, 2010.
5-Proviso substituted by the Finance Act, 2011. The substituted proviso read as follows:
"Provided that if provisioning is less than 1% of the advances, then actual provisioning for the year shall be allowed."
6-Inserted by the Finance Act, 2011.
7-Inserted by the Finance Act, 2011.
8-Explanation added through Finance Act, 2019
9-Inserted by the Finance Act, 2009. Earlier sub-rule (d) was omitted by the Finance Act, 2008 which read as follows:
"(d) The amount claimed as expense, on account of "irrecoverable debt" classified under the Prudential Regulations issued by the State Bank of Pakistan as "substandard", shall not be allowed."
10-Words "or doubtful" inserted through Finance Act, 2019.
11-Inserted by the Finance Act, 2009. Earlier sub-rule (e) was omitted by the Finance Act, 2008 which read as follows:
"(e)Where any addition made under paragraph (d) is reclassified by the taxpayer as 'doubtful' or 'loss', under the Prudential Regulations issued by the State Bank of Pakistan, a deduction shall be allowed in computing the income for that tax year."
12-Words "as 'doubtful' or" omitted though Finance Act, 2019.
13-Inserted by the Finance Act, 2009. Earlier sub-rule (f) was omitted by the Finance Act, 2008 which read as follows:
"(f) Where any addition made under paragraph (d) is reclassified by the taxpayer in a subsequent year as 'recoverable', a deduction shall be allowed in computing the income for that tax year."
14-Added by the Finance Act, 2017
15-Explanation added through Finance Act, 2019.
16-The word "equal" omitted by the Finance Act, 2018.
17-The expression "except sub section (4A) and (6)" omitted by the Finance Act, 2018.
18-Inserted by S.R.O. 561(I)/2012, dated 29.05.2012.
19-The expression omitted by the Finance Act, 2015. The omitted expression read as follows:-
"The net income from "Dividend" and net income from "Capital Gains on sale of shares of listed companies" shall be taxed at the rate of ten 4 [and twelve and a half, respectively:"
20-First proviso omitted by the Finance Act, 2015. The omitted proviso read as follows:-
"Provided that where the shares of listed companies are disposed of within one year of the date of acquisition, the gain shall be taxed at the rate provided in Division II of Part I of the First Schedule:"
21-Second proviso omitted by the Finance Act, 2015. The omitted proviso read as follows:-
"Provided further that the "Dividend" received by a banking company from its asset management company shall be taxed at the rate of 20%:
22-Third proviso omitted by the Finance Act, 2015. The omitted proviso read as follows:-
"Provided also that the dividend received from Money Market Funds and Income Funds shall be taxed at the rate of 25% for tax year 2013onwards."
23-Rule (6A) omitted by the Finance Act, 2015. The omitted rule (6A) read as follows:-
"6A. For the purpose of rule 6, net income from dividend shall be computed according to the following formula, namely:-
(A/C) × B
WhereA is the total amount of expenditure as per this Schedule;
B is the gross amount of dividend received; and

C is the gross amount of receipts including dividend."
24-Rule (6B) omitted by the Finance Act, 2015. The omitted rule (6B) read as follows:-
"6B. For the purpose of rule 6, net income from capital gains shall be computed according to the following formula, namely:
(A/C) × B
Where A is the total amount of expenditure as per this Schedule;
B is the gross amount of capital gains; and
C is the gross amount of receipts including capital gains."
25-New rule (6C) inserted through Finance Act, 2019.
26-The word "onwards" substituted by the Finance Act, 2021.
27-Sub-rules (6A) inserted by the Finance Act, 2021.
27a-For the word "Assets" substituted by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021
28-Rule 7 omitted by the Finance Act, 2008. The omitted rule 7 read as follows:
"7. The provisions of section 113 shall apply to banking companies as they apply to any other resident company."
29-Inserted by the Finance Act, 2009.
30-Sub-rules (7B) and (7C) inserted by the Finance Act, 201
31-The expression "year 2015, 2016 and 2017" substituted by the Finance Act, 2018.
32-The figure "2020" substituted by "2021" through Finance Act, 2020 dated 30th June, 2020
33-The expression "to 2021" substituted by the Finance Act, 2021. Earlier this expression was substituted through Tax Laws (Amendment) Ordinance, 2021.
34-Full stop substituted by "colon" though Finance Act, 2019.
35-New proviso added through Finance Act, 2019.
36-Sub-rule (7D, 7E & 7F) inserted by through Finance Supplementary (Second Amendment) Act, 2019
37-Words "interest income" omitted through Finance Act, 2019.
38-Full stop substituted by colon thereafter new proviso inserted though Finance Act, 2020 dated 30th June, 2020.
39-Inserted by the Finance Act, 2008.
40-Added by the Finance Act, 2010.

## 1[EIGHTH SCHEDULE
## [Section 100B]

## RULES FOR THE COMPUTATION OF CAPITAL GAINS ON LISTED SECURITIES

1. Manner and basis of computation of capital gains and tax thereon.-(1) Capital gains on disposal of listed securities, subject to tax under section 37A, and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited on behalf of taxpayers by NCCPL in the manner prescribed.

2[(1A) Capital gains on disposal of units of open ended mutual funds and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited by NCCPL in the prescribed manner:

Provided that second and third proviso in Division VII of Part I of the First Schedule regarding capital gains arising on redemption of securities shall continue to apply.

(1B) Gain or loss arising to persons through trading of future commodity contracts on Pakistan Mercantile Exchange, subject to tax under section 37A and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited on behalf of taxpayers by NCCPL in the manner prescribed.]

(2) For the purpose of sub-rule (1) 3[, (1A) and (IB)], NCCPL shall develop an automated system.

(3) Central Depository Company of Pakistan Limited shall furnish information as required by NCCPL for discharging obligations under this Schedule

4[: Provided that if the said information is not furnished under this sub-rule or sub-rule (3A), NCCPL shall forward the details to the Commissioner who shall exercise powers under the Ordinance to enforce furnishing of the said information including all penalty provisions.]

5[(3A) The Asset Management Companies, Pakistan Mercantile Exchange and any other person shall furnish information when required by NCCPL for discharging obligations under this Schedule.]

(4) NCCPL shall issue an annual certificate to the taxpayer on the prescribed form in respect of capital gains subject to tax under this Schedule for a financial year:

Provided that on the request of a taxpayer or if required by the Commissioner, NCCPL shall issue a certificate for a shorter period within a financial year.

(5) Every taxpayer shall file the certificate referred to in sub-rule (4) along with the return of income and such certificate shall be conclusive evidence in respect of the income under this Schedule.

(6) NCCPL shall furnish to the Board within 6[forty-five] days of the end of each quarter, a statement of capital gains and tax computed thereon in that quarter in the prescribed manner and format.

(7) Capital gains computed under this Schedule shall be chargeable to tax at the rate applicable in Division VII of Part I of the First Schedule.

7[(8) The provisions of section 4B shall apply to the taxpayers under this schedule and taxed at the rates specified in Division IIA of Part I of the First Schedule.]

2. Sources of Investment.- (1) Where a person has made any investment in the listed securities, enquiries as to the nature and source of the amount invested shall not be made for any investment made prior to the introduction of this Schedule, provided that –

(a) a statement of investments is filed with the Commissioner along with the return of income and wealth statement for tax year 2012 within the due date as provided in section 118 of this Ordinance and in the manners prescribed; and

(b) that the amount remains invested for a period of forty- five days up to 30th of June 2012, in the manner as may be prescribed.

(2) Where a person has made any investment in the shares of a public company traded at a registered stock exchange in Pakistan from the date of coming into force of this Schedule till June 30, 2014 enquiries as to the nature and sources of amount invested shall not be made provided that –

(a) the amount remains invested for a period of one hundred and twenty days in the manner as may be prescribed;

(b) tax on capital gains, if any, has duly been discharged in the manner laid down in this Schedule; and

(c) a statement of investments is filed with the Commissioner along with the return of income and wealth statement for the relevant tax year within the due date as provided in section 118 of this Ordinance and in the manner prescribed.

(3) For the purpose of this rule, amount of investment shall be calculated in the prescribed manner, excluding market value of net open sale position in futures and derivatives, if such sale is in a security that constitutes the said investment.

3. Certain provisions of this Ordinance not to apply.-The respective provisions for collection and recovery of tax, advance tax and deduction of tax at source laid down in the Parts IV and V of Chapter X shall not apply on the income from capital gains subject to tax under this Schedule and these provisions shall apply in the manner as laid down in the rules made under this Ordinance, except where the recovery of tax is referred by NCCPL to the Board in terms of rule 6(3).

4. Payment of tax collected by NCCPL to the Board.-The amount collected by NCCPL on behalf of the Board as computed in the manner laid down under this Schedule shall be deposited in a separate bank account with National Bank of Pakistan and the said amount shall be paid to the Board along with interest accrued thereon on yearly basis by July 31st next following the financial year in which the amount was collected.

5. Persons to whom this Schedule shall not apply.-If a person intends not to opt for determination and payment of tax as laid down in this Schedule, he shall file an irrevocable option to NCCPL after obtaining prior approval of the Commissioner in the manner prescribed. In such case the provisions of rule 2 shall not apply.

6. Responsibility and obligation of NCCPL.- (1) Pakistan Revenue Automation Limited (PRAL), a company incorporated under the 8[Companies Act, 2017 (XIX of 2017)] or any other company or firm approved by the Board and any authority appointed under section 209 of this Ordinance, not below the level of an Additional Commissioner Inland Revenue, shall conduct regular system and procedural audits of NCCPL on quarterly basis to verify the implementation of this Schedule and rules made under this Ordinance.

(2) NCCPL shall implement the recommendations, if any, of the audit report under sub-rule (1), as approved by the Commissioner, and make adjustments for short or excessive deductions. However, no penal action shall be taken against NCCPL on account of any error, omission or mistake that has occurred from application of the system as audited under sub-rule (1).

(3) NCCPL shall be empowered to refer a particular case for recovery of tax to the Board in case NCCPL is unable to recover the amount of tax.

7. Transitional Provisions.-In respect of tax year 2012, for the period commencing from coming into force of this Schedule till June 30, 2012, the certificate issued by NCCPL under rule 1(4) shall be the basis of capital gains and tax thereon for that period.]

1-Eighth Schedule was added vide the Finance Act, 2012. Earlier, Eighth Schedule was added vide the Finance (Amendment) Ordinance, 2012 (III of 2012 promulgated on 24th April, 2012)
2-Inserted vide the Finance Act, 2016 (XXIX of 2016)
3-Inserted vide the Finance Act, 2016 (XXIX of 2016)
4-Full stop was substituted with a "colon" and thereafter new proviso was added vide the Finance Act, 2016 (XXIX of 2016)
5-Inserted vide the Finance Act, 2016 (XXIX of 2016)
6-Substituted for "thirty" vide the Finance Act, 2017 (XXVII of 2017) assented on 19th June, 2017
7-Inserted vide Finance Act, 2015 (V of 2015 assented on 29th June, 2015).
8-For the expression "Companies Ordinance, 1984 (XLVII of 1984) substituted by Finance Act, 2021, dated 30-06-2021.

## 1[THE NINTH SCHEDULE
## (See section 99A)

Notwithstanding anything contained in this Ordinance or any other law for the time being in force, a trader qualifying under this Schedule shall have the option to be assessed including for filing of return, either-

(a) under the provisions of this Ordinance, other than this Schedule; or
(b) under the provision of this Schedule.

### PART I
### RULES FOR THE COMPUTATION OF THE TAX PAYABLE ON PROFITS AND GAINS OF A TRADER FALLING UNDER SUB-SECTION (1) OF SECTION 99A

1. The tax payable on profits and gains of a trader falling under sub-section (1) of section 99A in respect of trading activities chargeable under the head "income from business" shall be computed in the manner hereinafter provided.

2. For trader qualifying under this Part, working capital for tax year 2015 shall not exceed rupees fifty million and tax at the rate of one per cent of the working capital shall be the tax payable on profits and gains from the trading activity.

3. For tax years 2016, 2017 and 2018, trader qualifying under this Part and who has paid tax for the tax year 2015 under rule 2 of this Part shall pay tax specified in rule 4 of this Part subject to the following conditions, namely:-

(a) for tax year 2016, the trader shall declare turnover at least three times of the working capital declared during tax year 2015; and
(b) for tax years 2017 and 2018 the trader shall declare turnover on which tax paid is at least twenty-five per cent more than the tax paid for the preceding tax year.

4. For the purpose of rule 3 of this Part, the following shall be tax rate on turnover:-

| **Turnover** | **Rate** |
|---|---|
| (1) | (2) |
| Where turnover does not exceed 50 million rupees. | 0.2% |
| Where turnover exceeds 50 million rupees but does not exceeds 250 million rupees. | Rs. 100,000 plus 0.15% of the amount exceeding 50 million rupees |
| Where turnover exceeds 250 million rupees | Rs. 400,000 plus 0.1% of the amount exceeding 250 million rupees. |

5. Trader qualifying under this Part shall be entitled to take credit of imputable income as defined in clause (28A) of section 2, for tax years 2016 to 2018, in relation to tax paid under rule 3 of this Part for the purpose of section 111.

## PART II
## RULES FOR THE COMPUTATION OF THE TAX PAYABLE ON PROFITS AND GAINS OF A TRADER FALLING UNDER SUB-SECTION (2) OF SECTION 99A

1. The tax payable on profits and gains of a trader falling under sub-section (2) of section 99A in respect of trading activities chargeable under the head "income from business" shall be computed in the manner hereinafter provided.

2. For tax year 2015, the tax payable on profits and gains of a trader qualifying under this Part shall be higher of the following:

(a) 25% higher tax than paid for tax year 2014 or for the latest tax year for which return has been filed on the basis of taxable income;
(b) tax on turnover at the rates specified in rule 4 of Part I; or
(c) rupees thirty thousand

3. For tax years 2016 to 2018, the tax payable on profits and gains of a trader qualifying under this Part shall be higher of the following:

(a) 25% higher tax on the basis of taxable income than tax paid for the preceding tax year; or
(b) tax on turnover at the rates specified in rule 4 of Part I.

4. Trader qualifying under this Part, who has filed return for tax year 2015 before the due date of filing of return under this Schedule, may file a revised return subject to the condition that the tax paid is higher of the following:

(a) tax as per rule 2 of this Part on the basis o revised return; or
(b) 10% higher tax than the tax paid as per original return.

5. For tax year 2015, the provisions of clause (ba) of sub section (6) of section 114 shall not apply to a trader who has revised the return under rule 4 of this Part before the due date of filing of return under this Schedule.

6. where the imputable income as defined in clause (28A) of section 2 in relation to tax on turnover at the rates specified in rule 4 of Part I is higher than the taxable income declared, the trader qualifying under this Part may opt to take the credit for the purpose of section 111, of the difference between the said imputable income and taxable income, provided that tax at the rate of one per cent of the difference is paid along with the return.

## PART III
## GENERAL PROVISIONS FOR THE TRADERS UNDER PART I AND PART II

1. Traders deriving income other than from trading activities chargeable under the head "income from business" shall not quality under this Schedule.

2. The provisions of sections 177 and 214C shall not apply to a trader qualifying under this Schedule, for tax years 2015 to 2018.

3. Trader qualifying under Part I of this Schedule shall be a return as specified in Form 'A" to rule 17 of this Part and trader qualifying under Part II of this Schedule shall file a return as prescribed under the Income Tax Rules, 2002.

4. A trader qualifying under this Schedule shall not be entitled to claim any adjustment of withholding tax collected or deducted under this Ordinance, against tax payable in respect of profits and gains relating to trading activity.

5. A trader qualifying under this Schedule shall not be entitled to claim any adjustment of refund due against tax payable under rule 2 or 3 of Part I or rule 1, 3, or 4 of Part II.

6. A trader qualifying under this Schedule shall not be entitled for any tax credit under this Ordinance.

7. If a trader fails to furnish a return for any of the tax years 2016, 2017 or 2018 after having furnished a return for tax year 2015 shall not qualify under this Schedule for any of the far years 2015 to 2018 notwithstanding the fact that the return for tax year 2015 stood qualified under this Schedule at the time of furnishing of such return and all this provisions of this Ordinance shall apply.

8. Where it is subsequently discovered by the Commissioner that the trader was not eligible to be qualified under this Schedule or became ineligible to be qualified under this Schedule during any time between tax years 2015 to 2018 due to non-payment of tax or filing of return or otherwise, the trader shall be treated to have exercised the option to be assessed under the provisions of this Ordinance, other than this Schedule and all this provisions of this Ordinance shall apply accordingly.

9. Tax payable under rule 2 or 3 of Part I or rule 1, 3, or 4 of Part II shall be paid in the State Bank of Pakistan or authorized branches of National Bank of Pakistan and evidence in the form of a copy of computerized tax payment receipt (CPR) shall be provided along with the specified or prescribed return, as the case may be, by the due date.

10. A trader qualifying under this Schedule shall not be a prescribed person for the purpose of section 153.

11. For the income relating to trading activity and qualifying under this Schedule-

(a) the Commissioner shall be deemed to have made an assessment of income for that tax year and the tax due thereon as equal to those respective amounts computed under rules 2 or 3 of Part I or rule 1, 3, or 4 of Part II; and
(b) the specified or prescribed return, as the case may be, shall, for all purposes of this Ordinance, be deemed to be an assessment order including the application of section 120.

Explanation.-For removal of doubt and for the purpose of this rule, it is declared that income means taxable income or imputable income as the case may be.

12. The Federal Government may, from time to time, by notification in the official Gazette, amend the Schedule so as to add any rule therein or modify or omit any rule therefrom.

13. The provisions of sub-section (2) of section 116 shall not apply for the tax year 2015 to the trader qualifying under this Schedule if the declared income for the year is less than one million rupees.

14. Notwithstanding anything contained in aforesaid rules, a return qualifying under this Schedule may be subject to amendment under section 122 where definite information, as defined in sub section (8) of section 122, comes into the knowledge or possession of the Commissioner in which case all the provisions of the Ordinance shall apply accordingly.

15. In this Schedule,

(a) 'due date' means the date as specified by the Federal Government for tax year 2015 and for the tax years 2016, 2017 and 2018 the date specified in clause (b) of sub-section (2) of section 118.

(b) 'turnover' means turnover as defined in clause (a) of sub-section (3) of section 113.

16. Persons convicted under Control of Narcotics Substances Act, 1997 (XXV of 1997), Anti Terrorism Act, 1997 (XXUI of 1997) and Anti-Money Laundering Act, 2010 (VII of 2010) shall not be eligible to qualify under this Schedule.

17. Return for the trader qualifying under Part I of this Schedule shall be on Form A as specified below:-

**Form A**
**RETURN FOR TRADER QUALIFYING UNDER PART I OF THE SCHEDULE FOR THE TAX YEARS 2015 TO 2018**

Name of proprietor/ Managing Member of AOP _____ CNIC: (please attach copy of CNIC) _____ Business (es) Name &Address(es)_____ Phone:_____ Email _____ Mobile _____
Residential Address of the proprietor:
_____
_____
Name(s) and Residential address(es) of Members of AOP (if applicable)
_____
_____
_____
_____
_____
_____

(1) Amount of working capital _____
(2) Tax payable on (1) above (for tax year 2015 only) _____
(3) Total Turnover _____
(4) Tax payable on (3) above (for tax years 2016 2017 and 2018 only) _____
(5) Amount of Tax [(2) or (4)] _____
(6) CPR No: _____ Dated: _____

Declaration
I _____ CNIC No. _____ in my capacity as self /representative of taxpayer named above, do hereby solemnly declare that to the best of my knowledge and belief the information given in simplified return is correct and complete in accordance with the provisions of Part I of the Ninth Schedule to Income Tax Ordinance, 2001 (XLIX of 2001).

Signature: _____
Dated: _____]

_____
1-Ninth Schedule was added vide the Finance (Third Amendment) Act, 2016 (III of 2016 assented on 29th January, 2016)

1**[THE TENTH SCHEDULE**
**(See section 100BA)**

**RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS' LIST**

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

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

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

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

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

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

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

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

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

"Explanation.-For the removal of doubt it is clarified that the imputable income so calculated or concealed income so determined shall not absolve the person so assessed, from requirement of filing of wealth statement under sub-section (1) of section 116, the nature and source of amounts subject to deduction or collection of tax under section 111, selection of audit under section 177 or 214C or subsequent amendment of assessment as provided in rule 8 and all the provisions of the Ordinance shall apply."

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

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

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

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

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

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

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

8. Amendment of assessment.-(1) The Commissioner may amend an assessment order where the imputed income is less than the amount on which tax was deducted or collected under rule 1 or on the basis of definite information acquired from an audit or otherwise, the Commissioner is satisfied that-

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

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

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

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

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

(a) tax deducted under section 149;

(b) tax deducted under section 152 other than sub-section 5[(2A)(a)], (2A)(b) and (2A)(c) of section 152;

6[(ba) Tax deducted under clause (5A) of Part II of the Second Schedule read with sub-section (2) of section 152;]

7[(bb) tax deducted under sub-section (2) of section 152 to the extent of clause (5AA) of Part II.]

(c) tax collected or deducted under section 154;

8[***]

(e) tax deducted under section 156B;

8[***]

8[***]

8[***]

(i) tax deducted under section 235;

8[***]

9[***]

(l) tax collected under section 236;

8[***]

9[***]

9[***]

(p) tax collected under section 236I;

9[***]

8[***]

8[***]

(t) tax collected under section 236Q;

9[***]

9[***]

9[***]

9[***]

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1-Added vide Finance Act, 2019 (V of 2019) assented on 30th June, 2019
2-The expression "or a statement under sub-section (4) of section 115" omitted by Finance Act, 2020, dated 30-06-2020.
3-The expression "or statement, as the case may be" omitted by Finance Act, 2020, dated 30-06-2020.
4-The expression "or sub-section (5) of section 115" omitted by Finance Act, 2020, dated 30-06-2020.
5-For the expression "(1), (1AA), (2)" omitted by Finance Act, 2020, dated 30-06-2020.
6-Clause "(ba)"inserted by Tax Law (Second Amendment), Ordinance, 2020 dated 30-03-2020. Earlier same was inserted by Tax Law (Second Amendment), Ordinance, 2019, dated 27-12-2019.
7-Sub-rule substituted by Finance Act, 2020, dated 30-06-2020.
8-Clauses "(d), (f), (g), (h), (j), (m), (r) and (s)" omitted by Finance Act, 2021, dated 30-06-2021
9-Sub-rules (k), (n), (0), (q), (u), (v), (w) and (x) omitted by Finance Act, 2020, dated 30-06-2020

**1[ELEVENTH SCHEDULE**
**[Sec section 100D]**

**RULES FOR COMPUTATION OF PROFITS AND GAINS OF BUILDERS AND DEVELOPERS AND TAX PAYABLE THEREON**

**1. Eligibility.-** These rules shall apply to projects undertaken by builders and developers under section 100D.

**2. Scope and payment of tax.-** (1) Income computed and tax payable thereon shall be on Project-by-Project basis which shall be computed and paid at the rates provided in rule 10.

(2) (a) The above-referred rates shall be applicable for computing tax liability for the project on annual basis. The annual tax liability shall be worked out as under:

$$\frac{\text{Tax liability as per the rates in rule 10}}{\text{Estimated project life in years}}$$

(b) The estimated project life for tax purposes shall not exceed 2[three] and a half years:

3[Provided that in case of existing incomplete projects, the estimated project life shall be treated as four years maximum from tax year 2020 through tax year 2023 and the tax payable shall be reduced by the percentage of completion up to the last day of accounting period pertaining to tax year 2019 or tax year 2020 as declared in the registration form.]

4[***]

(c) Year shall include fraction of a year; and

(d) The tax liability so calculated and paid shall be final tax.

**3. Registration and filing of return.-** (1) A builder or developer shall electronically register a project on Iris through FBR website on or before the 5[31st day of December, 2021] through submission of-

(a) registration form as may be prescribed which shall include, inter alia, details of a member or shareholder of a builder or developer, as the case may be:

Provided that a developer who is also a builder in case of a project shall submit two separate forms for registration as a developer and as a builder 6[:]

Provided further that where benefit of sub-section (3) of section 100D is required to be claimed by builder or developer, the project shall be registered latest by 30th day of June, 2021; and]

(b) an irrevocable option to be assessed under this Schedule in respect of each project.

(2) A builder or developer availing this scheme shall electronically file a return of income and wealth statement as may be prescribed accompanied with evidence of payment of due tax which shall be taken for all purposes of this Ordinance to be an assessment order issued to the taxpayer by the Commissioner to the extent of income computed under these rules.

**4. Certification.-** Every builder or developer shall be required to obtain and provide to the Board in the prescribed manner a certificate from approving authority or map approving authority or NESPAK, as the case may be, to the following effect, namely:-

(a) ‘total land area’ in square yards;

(b) ‘covered area’ in square feet;

(c) ‘saleable area’ in square feet; and

(d) type (commercial, residential or industrial) of saleable area or the total land area, as the case may be.

**5. Advance tax.-** A builder or developer falling under this scheme shall pay advance tax equal to one-fourth of the tax liability for the year as determined in accordance with sub- rule (1) of rule 2 in four equal installments in the manner laid down in section 147.

**6. Incorporation of profits and gains for computation of income.-** A builder or developer opting for taxation under section 100D shall not be allowed to incorporate profits and gains accruing from such projects in his books of account or wealth statement, as the case may be, in excess of ten times of the tax paid under rule 2:

Provided that profits and gains accruing from such projects in excess of ten times of tax paid under Rule (2) shall be incorporated by paying tax at the rate of 20% on profits and gains which are in excess of said limit.]

**7. Exemption from withholding of tax under sections 150 and 153.-** (1)

The provisions of section 153 shall not apply to builders and developers on-

(a) the purchase of building material except steel and cement;

(b) services of plumbing, electrification, shuttering and other similar services other than those provided by companies.

**8. Restriction on change in pattern of ownership of a builder or developer before completion of a project.-** Where exemption from the provisions of section 111 has been claimed under sub-section (3) of section 100D, the following restrictions shall apply, namely:-

(a) a shareholder or a partner of a builder or developer shall not be allowed a change in ownership of an incomplete project except where at leastfifty percent of the total project cost, as certified by a firm of chartered accountants having an ICAP QCR rating of ‘satisfactory’, notified by the Board for this purpose, has been incurred up to the date of change of ownership;

(b) The succession to legal heirs in case of deceased shareholder or a partner shall be allowed;

(c) The additional partners or shareholders in a builder or developer after the 8[30th day of June, 2021] may join but additional partners or shareholders shall not be eligible for exemption provided under sub¬section (3) of section 100D.

**9. Definitions.-** (1) In these rules, unless there is anything repugnant in the subject or context,

(a) “area” means

(i) in case of a builder,-

(a) in case of a commercial or a residential building excluding a house, the saleable area of the building; and

(b) in case of a house, the covered area of house;

(ii) in case of a developer, the total land area of the project;

(b) “building” means a residential or commercial building or unit thereof;

(c) “commercial building” includes any building or part thereof which is to be used for commercial purposes in accordance with the relevant laws;

(d) “commencement of project” means,-

(i) in case of a construction project, when layout plan is approved by the concerned authority; and

(ii) in case of a development project, when the development plan is approved by the concerned authority:

Provided that where the building or developer has taken all actions and done all things which are required and necessary to procure any approvals but any such approval is delayed beyond a period of 30 days from date of relevant application and the cutoff date of 9[31st day of December, 2021] is not adhered to by the builder or developer, the Board may provisionally accept commencement of such project on a case to case basis;

(e) “completion of project” means.-

(i) in the case of a builder, the date on which the grey structure is completed:

Provided that such grey structure shall only be considered as completed when the roof of the top floor has been laid as per the approved plan;

(ii) in the case of a developer, the date on which-

(A) at least 50% of the total plots have been booked in name of buyers;

(B) at least 40% of the sale proceeds have been received;

(C) landscaping has been completed; and

(D) at least 50% of the roads have been laid up to sub-grade level as certified by the approving authority or NESPAK;

(f) ‘low cost housing’ means a housing scheme as developed or approved by NAPHDA or under the Ehsaas Programme;

(g) “NAPHDA” means Naya Pakistan Housing and Development Authority;

(h) “NESPAK” means National Engineering Services Pakistan (Private) Limited;

(i) “residential building” means a building which is not a commercial building but does not include buildings used for industrial purposes;

(j) “saleable area” in case of buildings, means saleable area as determined by the approving authority or map approving authority or NESPAK under the relevant laws;

(k) “unit” means a self-contained or independent building or part thereof including houses, apartments, shops, offices, etc.

(2) All other expressions used but not defined in these rules shall have the same meaning as assigned to them under this Ordinance.

**10. Rate and computation of tax liability.-** (1) The rate of tax under section 100D shall be computed in accordance with the Table below, namely:-

**TABLE**

| Rate in respect of | | | |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| Area in | Karachi, Lahore and Islamabad | Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta | Urban Areas not specified in columns (2) and (3) |
| TAX ON BUILDERS FOR COMMERCIAL BUILDINGS | | | |
| Sq. ft. | - | - | - |
| Any size | Rs.250 per Sq. ft | Rs.230 per Sq. ft | Rs.210 per Sq. ft |
| FOR RESIDENTIAL BUILDINGS | | | |
| Sq. ft. | - | - | - |
| Upto 3000 | Rs. 80 per Sq. ft | Rs. 65 per Sq. ft | Rs. 50 per Sq. ft |
| 3000 and above | Rs. 125 per Sq. ft | Rs. 110 per Sq. ft | Rs. 100 per Sq. ft |
| TAX ON DEVELOPERS (ENTIRE PROJECT) | | | |
| Sq. Yds. | - | - | - |
| Any size | Rs.150 per Sq. yd | Rs.150 per Sq. yd | Rs.150 per Sq. yd |
| FOR DEVELOPMENT OF INDUSTRIAL AREA | | | |
| Sq. Yds. | - | - | - |
| Any size | Rs.20 per Sq. yd | Rs.20 per Sq. yd | Rs.10 per Sq. yd |

(2) In case of mixed use buildings having both commercial and residential areas, respective rates mentioned above shall apply.

(3) In case of development of plots and constructing buildings on the same plots as one project, both rates shall apply:

Provided that in the case of 'low cost housing' and all projects developed by NAPHDA, the higher rates shall apply.

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1-Eleventh Schedule added through Finance Act, 2020 dated 30th June, 2020.
2-The word "two" substituted by the Finance Act, 2021. Earlier this substitution was made through Income Tax (Amendment) Ordinance, 2021.
3-The first proviso substituted by the Finance Act, 2021. Earlier this substitution was made through Income Tax (Amendment) Ordinance, 2021. The substituted proviso read as follows:
"Provided that in case of existing incomplete projects, the estimated project life shall be treated as three years from tax year 2020 through tax year 2022, and the tax payable shall be reduced by the percentage of completion up to the last day of the accounting period pertaining to tax year 2019 as declared in registration form:"
4-The second proviso omitted by the Finance Act, 2021. Earlier this omission was made through Income Tax (Amendment) Ordinance, 2021.The omitted proviso read as follows:
Provided further that tax liability of tax year 2020 shall be paid along with return.
5-The expression "31st day of December, 2020" substituted by the Finance Act, 2021. Earlier this substitution was made through Income Tax (Amendment) Ordinance, 2021.
6-Semi colon and the word "and" substituted and proviso added by the Finance Act, 2021. Earlier this substitution and addition was made through Income Tax (Amendment) Ordinance, 2021.
7-Full stop substituted and proviso added by the Finance Act, 2021.
8-The expression "31st day of December, 2020" substituted by the Finance Act, 2021. Earlier this substitution was made through Income Tax (Amendment) Ordinance, 2021.
9-The expression "31st day of December, 2020" substituted by the Finance Act, 2021. Earlier this substitution was made through Income Tax (Amendment) Ordinance, 2021.

## 1[THE TWELFTH SCHEDULE
## [See Section 148]

## PART I

| PCT CODE | DESCRIPTION |
|---|---|
| (1) | (2) |
| 2711.1100 | --Natural Gas |
| 3102.1000 | -Urea, Whether Or Not In Aqueous Solution |
| 31.04 | Mineral or chemical fertilisers, potassic. |
| 52.01 | Cotton, not carded or combed. |
| 52.02 | Cotton waste (including yarn waste and garnetted stock). |
| 5203.0000 | Cotton, carded or combed. |
| 71.08 | Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form. |
| 72.04 | Ferrous waste and scrap; remelting scrap ingots of iron or steel. |
| 84.01 | Nuclear reactors; fuel elements (cartridges), non-irradiated, for nuclear reactors; machinery and apparatus for isotopic separation. |
| 84.02 | Steam or other vapour generating boilers (other than central heating hot wafer boilers capable also of producing low pressure steam); super-heated water boilers. |
| 84.03 | Central heating boilers other than those of heading 84.02. |
| 84.04 | Auxiliary plant for use with boilers of heading 84.02 or 84.03 (for example, economisers, super-heaters, soot removers, gas recoverers); condensers for steam or other vapour power units. |
| 84 05 | Producer gas or water gas generators, with or without their purifiers; acetylene gas generators and similar water process gas generators, with or without their purifiers. |
| 84.06 | Steam turbines and other vapour turbines. |
| 84.10 | Hydraulic turbines, waterwheels, and regulators therefor. |
| 84,11 | Turbo-jets, turbo-propellers and other gas turbines. |
| 84.12 | Other engines and motors. |
| 84.16 | Furnace burners for liquid fuel, for pulverised solid fuel or for gas; mechanical stokes, including their mechanical grates, mechanical ash dischargers and similar appliances. |
| 84.17 | Industrial or laboratory furnaces and ovens, including incinerators, non-electric. |
| 84.19 | Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking, roasting, distilling, rectifying, sterilising, pasteurising, steaming, drying, evaporating, vaporising, condensing or cooling, other than machinery or plant of a kind used for domestic purposes; instantaneous or storage water heaters, non-electric, |
| 84.20 | Calendering or other rolling machines, other than for metals or glass, and cylinders therefor. |
| 84.21 | Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases. |
| 8422.3000 | -Machinery for filling, closing, sealing, or labelling bottles, cans, boxes, bags or other containers; machinery for capsuling bottles, jars, tubes and similar containers; machinery for aerating beverages |
| 8422.4000 | -Other packing or wrapping machinery (including heat-shrink wrapping machinery) |

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| 84.23 (Except 8425.1000) | Weighing machinery (excluding balances of a sensitivity of 5 cg or better), including weight operated counting or checking machines; weighing machine weights of all kinds. |
| 84.26 | Ships' derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane. |
| 84.27 | Fork-lift trucks; other works trucks fitted with lifting or handling equipment. |
| 84.28 (Except 8426.1010 and 8428,4000) | Other lifting, handling, loading or unloading machinery (for example, lifts, escalators, conveyors, teleferics). |
| 84.29 | Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers. |
| 84.30 | Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow-ploughs and snow-blowers. |
| 84.31 | Parts suitable for use solely or principally with the machinery of headings 84.25 to 84.30. |
| 84.32 | Agricultural, horticultural or forestry machinery for soil preparation or cultivation; lawn or sports-ground rollers. |
| 84.33 (Except 8433.1100 and 8433.1900) | Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 84.37. |
| 84.34 | Milking machines and dairy machinery. |
| 84.35 | Presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages. |
| 84.36 | Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders. |
| 84.37 | Machines for cleaning, sorting or grading seed, grain or dried leguminous vegetables; machinery used in the milling industry or for the working of cereals or dried leguminous vegetables, other than farm-type machinery. |
| 84.38 | Machinery, not specified or included elsewhere in this Chapter, for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils. |
| 84.39 | Machinery for making pulp of fibrous cellulosic material or for making or finishing paper or paperboard. |
| 84.40 | Book-tending machinery, including book-sewing machines. |
| 84.41 | Other machinery for making up paper pulp, paper or paperboard, including cutting machines of all kinds. |
| 84.42 | Machinery, apparatus and equipment (other than the machines of headings 84.56 to 84.65), for preparing or making plates, cylinders or other printing components; plates, cylinders and other printing components: plates, cylinders and lithographic stones, prepared for printing purposes (for example, planed, grained or polished). |
| 8443.1100 | Offset printing machinery, reel-fed |
| 8443.1200 | Offset printing machinery, sheet-fed, office type (using sheets with one side not exceeding 22 cm and the other side not exceeding 36 cm in the unfolded state) |
| 8443.1300 | Other offset printing machinery |
| 8443.1400 | Letterpress printing machinery, reel fed, excluding flexographic printing |
| 8443.1500 | Letterpress printing machinery, other than reel fed, excluding flexographic printing |
| 8443.1600 | -Flexographic printing machinery |
| 8443.1700 | Gravure printing machinery |

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|---|---|
| 8443.1910 | Hot stamping machines |
| 8443.1920 | Label printing/embossing machines |
| 8443.1930 | Flat bed printing presses |
| 8443.1940 | Proof presses |
| 8443.1951 | On cotton textile |
| 8443.1959 | Other |
| 8443.1990 | Other |
| 8444.0000 | Machines for extruding, drawing, texturing or cutting man-made textile materials. |
| 84.45 | Machines for preparing textile fibres; spinning, doubling or twisting machines and other machinery for producing textile Yarns; textile reeling or winding (including weft-winding) machines and machines for preparing textile Yarns for use on the machines of heading 84.46 or 84.47 |
| 84.46 | Weaving machines (looms). |
| 84.47 | Knitting machines, stitch-bonding machines and machines tor making gimped Yarn, tulle, lace, embroidery, trimmings, braid or net and machines for tufting. |
| 84.48 | Auxiliary machinery for use with machines of heading 84.44, 84.45, 84.46 or 84.47 (for example, dobbies, Jacquards, automatic stop motions, shuttle changing mechanisms); parts and accessories suitable for use solely or principally with the machines of this heading or of heading 84.44, 84.45, 84.46 or 84.47 (for example, spindles and spindle flyers, card clothing, combs, extruding nipples, shuttles, healds and heald-frames, hosiery needles). |
| 8449.0000 | Machinery for the manufacture or finishing of felt or nonwovens in the piece or in shapes, including machinery for making felt hats; blocks for making hats. |
| 84.51 | Machinery (other than machines of heading 84.50) for washing, cleaning, wringing, drying, ironing, pressing (including fusing presses), bleaching, dyeing, dressing, finishing, coating or impregnating textile yarns, fabrics or made up textile articles and machines for applying the paste to the base fabric or other support used in the manufacture of floor coverings such as linoleum; machines for reeling, unreeling, folding, cutting or pinking textile fabrics. |
| 84.53 | Machinery for preparing, tanning or working hides, skins or leather or for making or repairing footwear or other articles of hides, skins or leather, other than sewing machines. |
| 84.54 | Converters, ladies, ingot moulds and casting machines, of a kind used in metallurgy or in metal foundries. |
| 84.55 | Metal-rolling mills and rolls therefor. |
| 84.56 | Machine tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electro-discharge, electro-chemical, electron beam, ionic-beam or plasma arc processes; water-jet cutting machines. |
| 84.57 | Machining centres, unit construction machines (single station) and multi-station transfer machines, for working metal. |
| 84.58 | Lathes (including fuming centres) for removing metal. |
| 84.59 | Machine-tools (including way-type unit head machines) for drilling, boring, milling, threading or tapping by removing metal, other than lathes (including turning centres) of heading 84.58. |
| 84.60 | Machine-tools for deburring, sharpening, grinding, honing, lapping, polishing or otherwise finishing metal or cermets by means of grinding stones, abrasives or polishing products, other than gear cutting, gear grinding or gear finishing machines of heading 84.61. |
| 84.61 | Machine-tools for planing, shaping, slotting, broaching, gear cutting, gear grinding or gear finishing, sawing, cutting-off and other machine-tools working by removing metal or cermets, not elsewhere specified or included. |

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| 84.62 | Machine-tools (including presses) for working metal by forging, hammering or die-stamping; machine-tools (including presses) for working metal by bending; folding, straightening, flattening, shearing, punching or notching; presses for working metal or metal carbides, not specified above. |
| 84.63 | Other machine-tools for working metal or cermets, without removing material, |
| 84.64 | Machine-tools for working stone, ceramics, concrete, asbestos-cement or like mineral materials or for cold working glass. |
| 84.68 | Machinery and apparatus for soldering, brazing or welding, whether or not capable of cutting, other than those of heading 85.15; gas-operated surface tempering machines and appliances. |
| 84.74 | Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or moulding solid mineral fuels, ceramic paste, unhardened cements, plastering materials or other mineral products in powder or paste form; machines for forming foundry moulds of sand. |
| 84.75 | Machines for assembling electric or electronic lamps, tubes or valves or flashbulbs, in glass envelopes; machines for manufacturing or hot working glass or glassware. |
| 84.77 | Machinery for working rubber or plastics or tor the manufacture of products from these materials, not specified or included elsewhere in this Chapter. |
| 84.78 | Machinery for preparing or making up tobacco, not specified or included elsewhere in this Chapter. |
| 84.79 (Except 8479.8960 and 8479.8990] | Machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter. |
| 84.80 | Moulding boxes for metal foundry; mould bases; moulding patterns; moulds for metal (other than ingot moulds), metal carbides, glass, mineral materials, rubber or plastics. |
| 84.86 | Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits or flat panel displays; machines and apparatus specified in Note 9(c) to this Chapter; parts and accessories. |
| 8501.3300 | Of an output exceeding 75 kW but not exceeding 375 kW |
| 8501.3400 | Of an output exceeding 375 kW |
| 8502.1190 | Other |
| 8502.1200 | Of an output exceeding 75 kVA but not exceeding 375 kVA |
| 8502.3100 | Wind-powered |
| 8502.3900 | Other |
| 8503.0090 | Other |
| 8504.2100 | Having a power handling capacity not exceeding 650 kVA |
| 8504.2200 | Having a power handling capacity exceeding 650 kVA but not exceeding 10,000 kVA |
| 8504.2300 | Having a power handling capacity exceeding 10,000 kVA |
| 8504.3400 | Having a power handling capacity exceeding 500 kVA |
| 8504.5000 | Other inductors |
| 85.14 | Industrial or laboratory electric furnaces and ovens (including those functioning by induction or dielectric loss); other industrial or laboratory equipment for the heat treatment of materials by induction or dielectric loss. |

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| 85.15 | Electric (including electrically heated gas), laser or other light or photon beam, ultrasonic, electron beam, magnetic pulse or plasma arc soldering, brazing or welding machines and apparatus, whether or not capable of cutting; electric machines and apparatus for hot spraying of metals or cermets. |
| 8543.3000 | -Machines and apparatus for electroplating, electrolysis or electrophoresis |
| 85.45 (Except 8545.1100 and 8545.9020) | Carbon electrodes, carbon blushes, lamp carbons, battery carbons and other articles of graphite or other carbon, with or without metal, of a kind used for electrical purposes. |
| 85.46 | Electrical insulators of any material. |
| 85.47 | Insulating fittings for electrical machines, appliances or equipment, being fittings wholly of insulating material apart from any minor components of metal (for example, threaded sockets) incorporated during moulding solely for purposes of assembly, other than insulators of heading 85.46; electrical conduit tubing and joints therefor, of base metal lined with insulating material. |
| 8905.2000 | Floating Or Submersible Drilling Or Production Platforms |

**Part II**

| | |
|---|---|
| 05.05 | Skins and other parts of birds, with their feathers or down, feathers and parts of feathers (whether or not with trimmed edges) and down, net further worked than cleaned, disinfected or treated for preservation; powder and waste of feathers or parts of feathers. |
| 05.06 | Bones and horn-cores, unworked, defatted, simply prepared [but not cut to shape), treated with add or degelatinised; powder and waste of these products. |
| 05.07 | Ivory, tortoise-shell, whalebone and whalebone hair, horns, antlers, hooves, nails, claws and beaks, unworked or simply prepared but not cut to shape; powder and waste of these products. |
| 05.08 | Coral and similar materials, unworked or simply prepared but not otherwise worked; shells of molluscs, crustaceans or echinoderms and cuttle-bone, unworked or simply prepared but not cui to shape, powder and waste thereof. |
| 0510.0000 | Ambergris, castoreum, civet and musk; cantharides; bile, whether or not dried; glands and other animal products used in the preparation of pharmaceutical products, fresh, chilled, frozen or otherwise provisionally preserved. |
| 05.11 | Animal products not elsewhere specified or included; dead animals of Chapter 1 or 3, unfit for human consumption. |
| 07.0100 | Potatoes, fresh or chilled. |
| 702.0000 | Tomatoes, fresh or chilled. |
| 07.03 | Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled. |
| 07.04 | Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled. |
| 07.05 | Lettuce (Lactuca sativa) and chicory (Cichorium spp.), fresh or chilled. . |
| 07.06 | Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled. |
| 0707.0000 | Cucumbers and gherkins fresh or chilled. |
| 07.08 | Leguminous vegetables, shelled or unshelled, fresh or chilled. |
| 07.11 | Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption. |
| 07.13 | Dried leguminous vegetables, shelled, whether or not stunned or split. |
| 10.02 | Rye. |

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|---|---|
| 10.03 | Barley. |
| 10.04 | Oats. |
| 10.05 | Maize (com). |
| 1006.1010 | Seed for sowing |
| 11.08 | Starches; inulin. |
| 12 01 | Soya beans, whether or not broken. |
| 1205.00 | Rape or colza seeds, whether or not broken |
| 1206.0000 | Sunflower seeds, whether or not broken. |
| 12.07 | Other oil seeds arid oleaginous fruits, whether or not broken. |
| 12.09 | Seeds, fruit and spores, of a kind used for sowing. |
| 12.10 | Hop cones, fresh or dried, whether or not ground, powdered or in the form of pellets; lupulin. |
| 12.11 | Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh, chilled, frozen or dried, whether or not cut, crushed or powdered. |
| 15.02 | Fats of bovine animals, sheep or goats, other than those of heading 15 03. |
| 15.07 | Soya-bean oil and its fractions, whether or not refined, but not chemically modified. |
| 15.11 | Palm oil and its fractions, whether or not refined, but not chemically modified. |
| 1518.0000 | Animal or vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading 15.16; inedible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, not elsewhere specified or included. |
| 18.03 | Cocoa paste, whether or not defatted. |
| 23.06 | Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading 23.04 or 23.05. |
| 2502.0000 | Unroasted iron pyrites. |
| 2503.0000 | Sulphur of all kinds, other than sublimed sulphur, precipitated sulphur and colloidal sulphur. |
| 25.04 | Natural graphite. |
| 25.05 | Natural sands of all kinds, whether or not coloured, other than metal bearing sands of chapter 26. |
| 25.06 | Quartz (other than natural sands); quartzite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape. |
| 2507.0000 | Kaolin and other kaolinic days, whether or not calcined. |
| 25.08 | Other days (not including expanded days of heading 68.06), andaiuslte, kyanite and sillimanite, whether or not calcined; mullite; chamotte or dinas earths. |
| 2509.0000 | Chalk. |
| 25.10 | Natural calcium phosphates, natural aluminium calcium phosphates and phosphatic chalk. |
| 25.11 | Natural barium sulphate (barytes); natural barium carbonate (witherite). whether or not calcined, other than barium oxide of heading 28,16. |
| 2512.0000 | Siliceous fossil meals (for example, kieselguhr, tripolite and diatomite) and similar siliceous earths, whether or not calcined, of an apparent specific gravity of 1 or less. |
| 25.1300 | Pumice stone; emery; natural corundum, natural garnet and other natural abrasives, whether or not heat-treated. |

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| 2514.0000 | Slate, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape. |
| 25.18 | Dolomite, whether or not calcined or sintered, including dolomite roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape; dolomite ramming mix. |
| 25.19 | Natural magnesium carbonate (magnesite); fused magnesia; dead-burned (sintered) magnesia, whether or not containing small quantities of other oxides added before sintering; other magnesium oxide, whether or not pure. |
| 25.20 | Gypsum; anhydrite; plasters (consisting of calcined gypsum or calcium sulphate) whether or not coloured, with or without small quantities of accelerators or retarders. |
| 2521.0000 | Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement. |
| 25.25 | Mica, including splittings; mica waste. |
| 2528.0000 | Natural borates and concentrates thereof (whether or not calcined), but not including borates separated from natural brine; natural boric acid containing not more than 85% of H3B03 calculated on the dry weight. |
| 25.29 | Feldspar; leucite; nepheline and nepheline syenite; fluorspar. |
| 25.30 | Mineral substances not elsewhere specified or included. |
| 26.01 | Iran ores and concentrates, including roasted iron pyrites. |
| 2602.0000 | Manganese ores and concentrates, Including ferruginous manganese ores and concentrates with a manganese content of 20 % or more, calculated on the dry weight. |
| 2603.0000 | Capper ores and concentrates. |
| 2604.0000 | Nickel ores and concentrates. |
| 2505.0000 | Cobalt ores and concentrates. |
| 2506.0000 | Aluminium ores and concentrates. |
| 2607.0000 | Lead ores and concentrates. |
| 2603.0000 | Zinc ores and concentrates. |
| 2609.0000 | Tin ores and concentrates,- |
| 2610.0000 | Chromium ores and concentrates. |
| 2611.0000 | Tungsten ores and concentrates. |
| 26.12 | Uranium or thorium ores and concentrates. |
| 26.13 | Molybdenum ores and concentrates. |
| 2614.0000 | Titanium ores and concentrates.’ |
| 26.15 | Niobium, tantalum, vanadium or zirconium ores and concentrates. |
| 26.16 | Precious metal ores and concentrates. |
| 26.17 | Other ores and concentrates. |
| 26.1800 | Granulated slag (slat) sand) from the manufacture of iron or steel. |
| 26.1900 | Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel. |
| 26.20 | Slag, ash and residues (other than from the manufacture of iron or steel) containing metals, arsenic or their compounds. |
| 27.01 | Coal; briquettes, ovoids and similar solid fuels manufactured from coal. |
| 27.02 | Lignite, whether or not agglomerated, excluding jet. |
| 2703.0000 | Peat (including peat litter), whether or not agglomerated. |
| 27.0400 | Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon. |

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| 2705.0000 | Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons. |
| 27.07 | -Oils and other products of the distillation of high temperature coal tar; similar product; in which the weight of the aromatic constituents exceeds that of the non-aromatic constituents. |
| 27.08 | Pitch and pitch coke, obtained from coal tar or from other mineral tars. |
| 2709.0000 | Petroleum oils and oils obtained from bituminous minerals, crude |
| 28.03 | Carbon (carbon blacks and other forms of carbon not elsewhere specified or included). |
| 28.04 | Hydrogen, rare qases and other non-metals. |
| 28.05 | Alkali or alkaline-earth metals; rare-earth metals, scandium and yttrium, whether or not intermixed or inter-alloyed: mercury. |
| 28.08 | Nitric acid; sulphonitric acids. |
| 28.09 | Diphosphorus pentaoxide; phosphoric acid; polyphosphoric acids, whether or net chemically defined. |
| 28.11 | Other inorganic adds and other inorganic oxygen compounds of non-metals. |
| 28.14 | Ammonia, anhydrous or in aqueous solution. |
| 28.15 | Sodium hydroxide (caustic soda): potassium hydroxide (caustic potash); peroxides of sodium or potassium. |
| 2817.0000 | Zinc oxide; Zinc peroxide. |
| 28.18 | Artificial corundum, whether or not chemically defined; aluminium oxide; aluminium hydroxide. |
| 28.19 | Chromium oxides and hydroxides. |
| 28.20 | Manganese oxides. |
| 28.21 | Iron oxides and hydroxides; earth colours containing 70 % or more by weight of combined iron evaluated as Fe2O3. |
| 2822.0000 | Cobalt oxides and hydroxides; commercial cobalt oxides. |
| 28.23 | Titanium oxides. |
| 28.24 | Lead oxides; red lead and orange lead. |
| 28.25 | Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides. |
| 28.26 | Fluorides: fluorosilicates, fluoroaluminates and other complex fluorine salts. |
| 28.27 | Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides. |
| 28.28 | Hypochlorites; commercial calcium hypochlorite; chlorites; hypobromites. |
| 28.29 | Chlorates and perchlorates; bromates and perbromates; iodates and periodates. |
| 28.30 | Sulphides; polysulphides, whether or not chemically defied. |
| 28.31 | Dithionites and sulphoxylates. |
| 28.32 | Sulphites; thiosulphates. |
| 28.33 | Sulphates; alums; peroxosulphates (persulphates). |
| 28.34 | Nitrites; nitrates. |
| 28.35 | Phosphinates (hypophosphites), phosphonates (phosphites) and phosphates; Polyphosphates. whether or not chemically defined. |
| 28.36 | Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate. |
| 28.39 | Silicates' commercial alkali metal silicates. |
| 28.40 | Borates: peroxoborates (perborates). |
| 28.41 | Salts of oxometallic or peroxometallic adds, |

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| 28.42 | Other salts of inorganic acids or peroxoacids (including aluminosilicates whether or not chemically defined), other than azides. |
| 28.43 | Colloidal precious metals; inorganic or organic compounds of precious metals, whether or not chemically defined; amalgams of precious metals. |
| 28.44 | Radioactive chemical elements and radioactive isotopes (including the fissile or fertile chemical elements and isotopes) and their compounds; mixtures and residues containing these products. |
| 28.45 | Isotopes other than those of heading 28.44; compounds, inorganic or organic, of such isotopes, whether or not chemically defined,- |
| 28.46 | Compounds, inorganic or organic, of rare-earth metals, of yttrium or of scandium or of mixtures of these metals. |
| 28.49 | Carbides, whether or not chemically defined. |
| 2850.0000 | Hydrides, nitrides, azides, silicides and borides, whether or not chemically defined, other than compounds which are also carbides of heading 28.49. |
| 28.52 | inorganic or organic compounds of mercury, whether or not chemically defined, excluding amalgams. |
| 28.53 | Phosphides, whether or not chemically defined, excluding ferrophosphorus; other inorganic compounds (including distilled or conductivity water and water of similar purity}; liquid air (whether or not rare gases have been removed); compressed air; amalgams, other than amalgams of precious metals. |
| 29.01 | Acyclic hydrocarbons. |
| 29.02 | Cyclic hydrocarbons. . |
| 29.03 | Halogenated derivatives of hydrocarbons. |
| 29.04 | Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated, |
| 29.05 | Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.06 | Cyclic alcohols and their halogenated. sulphonated, nitrated or nitrosated derivatives. |
| 29.07 | Phenols; phenol-alcohols. |
| 29.08 | Halogenated, sulphonated, nitrated or nitrosated derivatives of phenols or phenol- |
| | alcohols. |
| 29.09 | Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.10 | Epoxides, epoxyalcohols, epoxyphenols and epoxyethers, with a three-membered ring, and their haloqenated. sulphonated, nitrated or nitrosated derivatives. |
| 2911.0000 | Acetals and hemiacetals, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.12 | Aldehydes, whether or not with other oxygen function; cyclic polymers of aldehydes; paraformaldehyde. |
| 2913.0000 | Halogenated, sulphonated, nitrated or nitrosated derivatives of products of heading 29.12. |
| 29.14 | Ketones and quinones, whether or not with other oxygen function, and their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.15 | Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.16 | Unsaturated acyclic monocarboxylic adds, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.17 | Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives. |

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| 29.18 | Carboxylic adds with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.19 | Phosphoric esters and their salts, including lactophosphates; their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.20 | Esters of other inorganic adds of non-metals (exdudmg esters of hydrogen halides) and their salts; their halogenated, sulphonated, nitrated or nitrosated derivatives. |
| 29.21 | Amine-function compounds. |
| 29.22 | Oxygen-function amino-compounds. |
| 29.23 | Quaternary ammonium salts and hydroxides; lecithins and other phosphoaminolipids, whether or not chemically defined. |
| 29.24 | CarboxYarnide-function compounds; amide-function compounds of carbonic add. |
| 29.25 | Carboxyimide-function compounds (including saccharin and its salts) and imine-function compounds. |
| 29.26 | Nitrile-function compounds. |
| 29.27 | Diazo-, azo-or azoxy-compounds. |
| 29.28 | Organic derivatives of hydrazine or of hydroxylamine. |
| 29.29 | Compounds with other nitrogen function. |
| 29.30 | Organo-sulphur compounds |
| 29.31 | Other organo-inorganic compounds. |
| 29.32 | Heterocyclic compounds with oxygen hetero-atom(s) only. |
| 29.33 | Heterocyclic compounds with nitrogen hetero-atom(s) only, |
| 29.34 | Nucleic adds and their salts, whether or not chemically defined; other heterocyclic compounds, |
| 29.35 | SuIphonamides. |
| 29.36 | Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, whether or not in any solvent. |
| 29.37 | Hormones, prostaglandins, thromboxanes and leukotrienes, natural or reproduced by synthesis; derivatives and structural analogues thereof, including chain modified polypeptides, used primarily as hormones. |
| 29.38 | Glycosides, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives. |
| 29.39 | Alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives. |
| 29.41 | Antibiotics. |
| 29.4200 | Other organic compounds, |
| 30.01 | Glands and other organs for organo-therapeutic uses, dried, whether or not powdered; extracts of glands or other organs or of their secretions for organo-therapeutic uses; heparin and its salts; other human or animal substances prepared for therapeutic or prophylactic uses, not elsewhere specified or included. |
| 31.02 (except 3102.1000) | Mineral or chemical fertilisers, nitrogenous, |
| 31.03 | Mineral or chemical fertilisers, phosphatic, |
| 31.05 | Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen, phosphorus and potassium; other fertilisers; goods of this Chapter in tablets or similar forms or in packages of a gross weight not exceeding 10 kg. |
| 32.01 | Tanning extracts of vegetable origin; tannins and their salts, ethers, esters and other derivatives. |

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| 32.02 | Synthetic organic tanning substances; inorganic tanning substances; tanning preparations, whether or not containing natural tanning substances; enzymatic preparations for pre-tanning. |
| 1[3204.1100 | Disperse Dyes And Preparations Based Thereon |
| 3204.1200 | Acid dyes, whether or not premetallised, and preparations based thereon; mordant dyes and preparations based thereon |
| 3204.1300 | Basic dyes and preparations based thereon |
| 3204.1400 | Direct Dyes And Preparations Based Thereon |
| 3204.1510 | Indigo Blue |
| 3204.1590 | Other Vat dyes (including those usable in that state as pigments) and preparations based thereon: |
| 3204.1600 | Reactive Dyes And Preparations Based Thereon |
| | Pigments and preparations based thereon: |
| 3204.1710 | (a) Powdered |
| 3204.1720 | (b) Liquid |
| 3204.1790 | (c) Other |
| 3204.1910 | Dyes, Sulphur |
| 3204.1990 | Dyes, Synthetic |
| 3204.2000 | Synthetic Organic Products Of A Kind Used As Fluorescent Brightening Agents |
| 3204.9000 | Other Synthetic organic colouring matter |
| 3206.1900 | Pigments and preparations based on titanium dioxide] |
| 32.14 | Glaziers putty, grafting putty, resin cements, caulking compounds aid other mastics; painters' fillings; non-refractory surfacing preparations for facades, indoor walls, floors, ceilings or the like. |
| 33.02 | Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based or odoriferous substances, of a kind used for the manufacture of beverages. |
| 1[3402.1220 | Cationic surface active agents |
| 3402.1300 | Non-ionic surface active agents |
| 3402.9000 | Surface active preparations and cleaning preparations excluding detergents] |
| 34.03 | Lubricating preparations (including cutting-off preparations, bolt or nut release preparations, anti-rust or anti-corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment of textile materials, leather, furskins or other materials, but excluding preparations containing, as basic constituents, 70 % or more by weight of petroleum oils or of oils obtained from bituminous minerals. |
| 1[3404.9090 | Other artificial waxes] |
| 3504.0000 | Peptones and their derivatives; other protein substances and their derivatives, not elsewhere specified or included; hide powder, whether or not chromed. |
| 35.05 | Dextrins and other modified starches (for example, pre-gelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches. |
| 1[3506.9110<br>3506.9190 | Hot melt adhesive |
| 3507.9000 | Enzymes] |

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| 37.02 | Photographic film in rolls, sensitised, unexposed, of any material other than paper, paperboard or textiles; instant print film in rolls, sensitised, unexposed. |
| 37.03 | Photographic paper, paperboard and textiles, sensitised, unexposed. |
| 370.4000 | Photographic plates, film, paper, paperboard and textiles, exposed but not developed. |
| 3705.0000 | Photographic plates and film, exposed and developed, other than cinematographic film. |
| 37.07 | Chemical preparations for photographic uses (other than varnishes, glues, adhesives and similar preparations); unmixed products for photographic uses, put up in measured portions or put up for retail sale in a form ready for use, |
| 38.01 | Artificial graphite; colloidal or semi-colloidal graphite; preparations based on graphite or other carbon in the form of pastes, blocks, plates or other semi-manufactures. |
| 3803.0000 | Tail oil. whether or not refined. |
| 3804.0000 | Residual lyes from the manufacture of wood pulp, whether or not concentrated, desugared or chemically treated, including lignin sulphonates, but excluding tall oil of heading 38.03. |
| 38.06 | Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums. |
| 38.08 | Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations [for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included. |
| 38.10 | Pickling preparations for metal surfaces; fluxes and other auxiliary preparations for soldering, brazing or welding; soldering, brazing or welding powders and pastes consisting of metal and other materials; preparations of a kind used as cores or coatings for welding electrodes or rods. |
| 38.12 | Prepared rubber accelerators; compound plasticisers for rubber or plastics, not elsewhere specified or included; anti-oxidising preparations and other compound stabilisers tor rubber or plastics. |
| 38.15 | Reaction initiators, reaction accelerators and catalytic preparations, not elsewhere specified or included. |
| 3816.0000 | Refractory cements, mortars, concretes and similar compositions, other than products of heading 38.01 |
| 3817.0000 | Mixed alkylbenzenes and mixed alkylnaphthalenes, other than those of heading 27. 07 or 29. 02. |
| 3818.0000 | Chemical elements doped for use in electronics, in the form of discs, wafers or similar forms; chemical compounds doped for use in electronics. . |
| 3821.0000 | Prepared culture media for the development or maintenance of micro-organisms (including viruses and the like) or of plant, human or animal cells |
| 38.23 | Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols. |
| 38.24 | Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries {including those consisting of mixtures of natural products), not elsewhere specified or included. |
| 39.01 | Polymers of ethylene, in primary forms. |
| 39.02 | Polymers of propylene or of other olefins, in primary forms. |
| 39.03 | Polymers of styrene, in primary forms. |
| 39.04 | Polymers of vinyl chloride or of other halogenated olefins, in primary forms. |
| 1[3905.3000 | Polymers in vinyl alchol |
| 3906.9030 | Other acrylic polymers] |

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| 39.07 | Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms, |
| 39.08 | PolYarnides in primary forms. |
| 3910.0000 | Silicones in primary forms. |
| 39.11 | Petroleum resins, coumarone-indene resins, polyterpenes, polysulphides, polysulphones and other products specified in Mote 3 to this Chapter, not elsewhere specified or included, in primary forms. |
| 39.12 | Cellulose and its chemical derivatives, not elsewhere specified or included, in primary forms. |
| 1[3912.2010 | Cellulose Nitrates Nonplasticised |
| 3912.2090 | Other cellulose Nitrates |
| 3912.3100 | Carboxymethylcellulose And Its Salts] |
| 39. 14 | Ion-exchanqers based on polymers of headings 39,01 to 39.13, in primary forms. |
| 40.01 | Natural rubber, balata, gutta-percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip. |
| 40.02 | Synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip; mixtures of any product of heading 40 01 with-any product of this heading, in primary forms or in plates, sheets or strip. |
| 4003.0000 | Reclaimed rubber in primary forms or in plates, sheets or strip. |
| 40.04 | Waste, parings and scrap of rubber (other than hard rubber) and powders and granules obtained therefrom. |
| 40.05 | Compounded rubber, unvulcanised, in primary forms or in plates, sheets or strip. |
| 41.01 | Raw hides and skins of bovine (including buffalo) or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split. |
| 41.02 | Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but rot tanned, parchment-dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1 (c) to this Chapter. |
| 41.03 | Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment- dressed or further prepared), whether or not dehaired or split, other than those excluded by Note 1 (b) or 1 (c) to this Chapter. |
| 41.04 | Tanned or crust hides and skins of bovine (including buffalo) or equine animals, without hair on, whether or not split, but not further prepared. |
| 41.05 | Tanned or crust skins of sheep or lambs, without wool cm, whether or not split, but not further prepared. |
| 41.06 | Tanned or crust hides and skins of other animals, without wool or hair on, whether or not split, but not further prepared. |
| 41.07 | Leather further prepared after tanning or crusting, including parchment-dressed leather, of bovine (including buffalo) or equine animals, without hair on, whether or not split, other than leather of heading 41.14. |
| 4112.0000 | Leather further prepared after tanning or crusting, including parchment-dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 41.14. |
| 41.13 | Leather further prepared after tanning or crusting, including parchment-dressed leather, of other animals, without wool or hair on, whether or not split, other than leather of heading 41.14. |
| 41.14 | Chamois (including combination chamois) leather patent leather and patent laminated leather; metallised leather. |
| 41.15 | Composition leather with a basis of leather or leather fibre, in slabs, sheets or strip, whether or not in roils; parings and other waste of leather or of composition leather, not suitable for the manufacture of leather articles; leather dust, powder and flour. |

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| 42.05 (Except 4205.0090) | Other articles of leather or of composition leather. |
| 43.01 | Raw furskins (including heads, tails, paws and other pieces or cuttings, suitable for furriers' use), other than raw hides and skins of heading 41.01, 41.02 or 41.03. |
| 43.02 | Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading 43.03. |
| 44.01 | Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms. |
| 44.02 | Wood charcoal (including shell or nut charcoal), whether or not agglomerated. |
| 44.03 | Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared. |
| 4.4.04 | Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking-sticks, umbrellas tool handles or the like; chipwood and the like. |
| 4405.0000 | Wood wool: wood flour. |
| 44.06 | Railway or tramway sleepers (cross-ties) of wood. |
| 1[4407.1100 | Of Pine (Pinus Spp.) |
| 4407.1200 | Of Fir (Abies Spp.) And Spruce (Picea Spp.) |
| 4407.1900 | Other - Coniferous: |
| 4407.2100 | Mahogany (Swietenia Spp.) |
| 4407.2200 | Virola, Imbuia And Balsa |
| 4407.2500 | Dark Red Meranti, Light Red Meranti And MerantiBakau |
| 4407.2600 | White Lauan, White Meranti, White Seraya, Yellow Meranti And Alan |
| 4407.2700 | Sapelli |
| 4407.2900 | Other - Of tropical wood: |
| 4407.9100 | Of Oak (Quercus Spp.) |
| 4407.9200 | Of Beech (Fagus Spp.) |
| 4407.9300 | Of Maple (Acer Spp.) |
| 4407.9500 | Of Ash (Fraxinus Spp.) |
| 4407.9700 | Of Poplar And Aspen (Populus Spp.) |
| 4407.9900 | Wood sawn or chipped lengthwise, sliced or peeled, whether or not planned, sanded or end-jointed, of a thickness exceeding 6 mm. – Other] |
| 4701.0000 | Mechanical wood pulp. |
| 4702.0000 | Chemical wood pulp, dissolving grades. |
| 47.03 | Chemical wood pulp, soda or sulphate, other than dissolving grades. . |
| 47.04 | Chemical wood pulp, sulphite, other than dissolving grades. ‘ |
| 4705.0000 | Wood pulp obtained by a combination of mechanical and chemical pulping processes. |
| 47.06 | Pulps of fibres derived from recovered (waste and scrap) paper or paper board or of other fibrous cellulosic material. |
| 47.07 | Recovered (waste and scrap) paper or paperboard. |
| 48.04 | Uncoated kraft paper and paperboard; in roils or sheets, other than that of heading 48.02 or 48.03. |

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| 48.10 | Paper and paperboard, coated on one or both sides with kaolin (China day) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or rectangular (including square) sheets, of any size. |
| 48.13 | Cigarette paper, whether or not cut to size or in the form of booklets or tubes. |
| 48.22 | Bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened). |
| 4823.9040 | ---Double Side Adhesive Tapes |
| 5001.0000 | Silk-worm cocoons suitable for reeling. |
| 5002.0000 | Raw silk (not thrown). |
| 5003.0000 | Silk waste (including cocoons unsuitable for reeling, yarn waste and gametted stock). |
| 5004.0000 | Silk yarn (other than yarn spun from silk waste) not put up for retail sale. |
| 5005.0000 | Yarn spun from silk waste, not put up tor retail sale. |
| 51.01 | Wool, not carded or combed. |
| 51.02 | Fine or coarse animal hair, not carded or combed. |
| 51.03 | Waste of wool or of fine or coarse animal hair, including yarn waste but excluding gametted stock. |
| 5104.0000 | Gametted stock of wool or of fine or coarse animal hair. |
| 51.05 | Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments). |
| 51.06 | Yarn of carded wool, not put up for retail sale. |
| 51.07 | Yarn of combed wool, not put up for retail sale. |
| 51.08 | Yarn of fine animal hair (carded or combed), not put up for retail sale, |
| 52.05 | Cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not put up for retail sate. |
| 52.06 | Cotton yarn (other than sewing thread), containing less than 85% by weight of cotton, not put up for retail sale. |
| 53.01 | Fiax, raw or processed but not spun; flax tow and waste (including yarn waste and gametted stock). |
| 53.02 | True hemp (Cannabis saliva L.), raw or processed but not spun; tow arid waste of true hemp (including yarn waste and garnetted stock). |
| 53.03 | Jute and other textile bast fibres (excluding flax, true hemp and ramie), raw or processed but not spun; tow and wastes of these fibres (including yarn waste and gametted stock). |
| 53.05 | Coconut, abaca (Manila hemp or Musa textilis Nee), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils-and waste of these fibres (including yarn waste and gametted stock). |
| 53.06 | Flax Yarn. |
| 53.07 | Yarn of jute or of other textile bast fibres of heading 53.03. |
| 54.02 | Synthetic filament yarn (other than sewing thread), not put up for retail safe, including synthetic monofi1ament of less than 67 decitex. |
| 1[5403.3100 | Viscose Rayon, Untwisted Or With A Twist Not Exceeding 120 Turns Per Metre |
| 5403.3910 | Cuprammonium Rayon] |
| 55.0100 | Synthetic filament tow. |
| 55.0200 | Artificial filament tow. |
| 55.03 | Synthetic staple fibres, not carded, combed or otherwise processed for spinning |
| 1[5503.2010 | Synthetic staple fibres, not carded, combed or otherwise] |

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| 55.04 | Artificial staple fibres, not carded, combed or otherwise processed for spinning. |
| 55.05 | Waste (including noils, yarn waste and garnetted stock) of man-made fibres. |
| 55.06 | Synthetic staple fibres, carded, combed or otherwise processed for spinning. |
| 5507.0000 | Artificial staple fibres, carded, combed or otherwise processed for spinning. |
| 55.08 | Sewing thread of man-made staple fibres, whether or not put up for retail sale. |
| 55.09 | Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale. |
| 5510.00 | Yarn (other than sewing thread) of artificial staple fibres, not put up for retail sale. |
| 55.11 | Yarn (other than sewing thread) of man-made staple fibres, put up for retail sale. |
| 55.12 | Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres, |
| 55.13 | Woven fabrics of synthetic staple fibres, containing less than 85 % by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170 g/m2. |
| 55.14 | Woven fabrics of synthetic staple fibres, containing less than 85 % by weight of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170 g/m2. |
| 55.15 | Other woven fabrics of synthetic staple fibres. |
| 55.16 | Woven fabrics of artificial staple fibres. |
| 56.01 | Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill naps. ‘ |
| 56.08 | Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials. |
| 59.02 | Tyre cord fabric of high tenacity yarn of nylon or other polyarnides, polyesters or viscose rayon. |
| 63,10 | Used or new rags, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of textile materials. |
| 68.15 | Articles of stone or of other mineral substances (including carbon fibres, articles of carbon fibres and articles of peat), not elsewhere specified or Included. |
| 70.02 | Glass in balls (other than microspheres of heading 70.18), rods or tubes, unworked. |
| 71.05 | Dust and powder of natural or synthetic precious or semi-precious stones. |
| 72.01 | Pig iron and, spiegeleisen in pigs, blocks or other primary form. |
| 72.02 | Ferro-alloys. |
| 72.03 | Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having a minimum purity by weight of 99.94 %, In lumps, pellets or similar forms. |
| 72.05 | Granules and powders, of pig iron, spiegeleisen, iron or steel. |
| 72.06 | Iron and non-alloy steel in ingots or other primary forms (excluding iron of heading 72.03). |
| 72.08 | Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated. |
| 72.09 | Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), no clad, plated or coated. |
| 72.10 | Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated. |
| 72.11 | Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not dad, plated or coated. |
| 72.12 | Fiat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, dad, plated or coated. |
| 7217.3010 | Of A Kind Used In Manufacture Of Pneumatic Tyres (Bead Wire) |
| 72.18 | Stainless steel in ingots or other primary forms; semi-finished products of stainless steel. |

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| 72.19 | Flat-rolled products of stainless steel, of a width of 600 mm or more. |
| 72.20 | Fiat-rolled products of stainless steel, of a width of less than 600 mm. |
| 72.25 | Flat-rolled products of other alloy steel, of a width of 600 mm or more. |
| 72.26 | Flat-rolled products of other alloy steel, of a width of less than 600 mm. |
| 72.27 | Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel. |
| 7315.1920 | Other For Motor Cars And Vehicles |
| 7401.0000 | Copper mattes; cement copper (precipitated copper). |
| 7402.0000 | Unrefined copper; copper anodes for electrolytic refining. |
| 74.03 | Refined cooper and copper alloys, unwrought. |
| 74.04 | Cooper waste and scrap. |
| 7405.0000 | Master alloys of copper. |
| 74.06 | Copper powders and flakes. |
| 74.07 | Copper bars, rods and profiles. |
| 74.08 | Copper wire. |
| 74.09 | Copper plates, sheets and strip, of a thickness exceeding 0.15 mm. |
| 74.10 | Copper foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials), of a thickness (excluding any backing) not exceeding 0.15mm. |
| 74.11 | Copper tubes and pipes. |
| 7413.0000 | Stranded wire, cables, plaited bands and the like, of copper, not electrically insulated. |
| 75.01 | Nickel mattes, nickel oxide sinters and other intermediate products of nickel metallurgy. |
| 75.02 | Unwrought nickel, |
| 7503.0000 | Nickel waste and scrap. |
| 7504.0000 | Nickel powders and flakes. |
| 75.05 | Nickel bars, rods profiles and wire. |
| 75.06 | Nickel plates, sheets, strip and foil. |
| 76.01 | Unwrought aluminium. |
| 76.02 | Aluminium waste or scrap. |
| 76.03 | Aluminium powders and flakes. |
| 76.06 | Aluminium plates, sheets and strip, of a thickness exceeding 0.2 mm. |
| 7607.1100 | Rolled But Not Further Worked |
| 76.08 | Aluminium tubes and pipes. |
| 78.01 | Unwrought lead. |
| 7802.0000 | Lead waste and scrap. |
| 78.04 | Lead plates, sheets, strip and foil: lead powders and flakes. |
| 79.01 | Unwrought zinc. |
| 7902.0000 | Zinc waste and scrap. |
| 79.0300 | Zinc dust, powders and flakes. |
| 79.0400 | Zinc bars, rods, profiles and wire. |
| 79.0700 | Other articles of zinc. |
| 80.01 | Unwrought tin. |
| 8002.0000 | Tin waste and scrap. |

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| 8003.0000 | Tin bars, rods, profiles and wire |
| 81.01 | Tungsten (wolfram) and articles thereof, including waste, and scrap. |
| 81.02 | Molybdenum and articles thereof, including waste and scrap. |
| 81.02 | Tantalum and articles thereof, including waste and scrap, |
| 81.04 | Magnesium and articles thereof, including waste and scrap. |
| 81.05 | Cobalt mattes and other intermediate products of cobalt metallurgy; cobalt and articles thereof, including waste and scrap. |
| 8106.0000 | Bismuth and articles thereof, including waste and scrap. |
| 81.07 | Cadmium and articles thereof, including waste and scrap |
| 81.08 | Titanium and articles thereof, inducting waste and swap |
| 81.09 | Zirconium and articles thereof, including waste and scrap. |
| 81.10 | Antimony and articles thereof, inducting waste and scrap. |
| 8111.0000 | Manganese and articles thereof, including waste and scrap. |
| 81.12 | Beryllium, chromium, germanium, vanadium, gallium, hafnium, indium, niobium (columbium), rhenium and thallium, .and articles of these metals, including waste and scrap. |
| 8113.0000 | Cermets and articles thereof, including waste and scrap. |
| 83.09 | Stoppers, caps and lids (including crown corks, screw caps and pouring stoppers), capsules for bottles, threaded bungs, burg covers, seals and other packing accessories, of base metal. |
| 83.11 | Wire, rods, tubes, plates, electrodes and similar products, of base metal or of metal carbides, coated or cored with flux material, of a kind used tor soldering, brazing, welding or deposition of metal or of metal carbides; wire and rods, of agglomerated base metal powder, used for metal spraying. |
| 84.07 | Spark-ignition reciprocating or rotary internal combustion piston engines. |
| 84.08 | Compression-ignition internal combustion piston engines (diesel or semi-diesel engines). |
| 84.09 | Parts suitable for use solely or principally with the engines of heading 84,07 or 64,06. |
| 8414.1000 | Vacuum pumps |
| 8414.3010 | Used with HCFC and non-CFC gases |
| 8414.9010 | Of machines of heading 8414.1000 and 8414.3010 |
| 84.65 | Machine-tools (including machines for nailing, stapling, glueing or otherwise assembling) for working wood, cork, bone, hard rubber, hard plastics or similar hard materials. |
| 84.66 | Parts and accessories suitable for use solely or principally with the machines of headings 84,56 to 84.65, including work or tool holders, self-opening dieheads, dividing heads and other special attachments for the machines; tool holders for any type of tool for working in the hand. |
| 84.67 | Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric motor. |
| 8479.8990 | Other |
| 84.82 | Ball or roller bearings. |
| 84.84 | Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal; sets or assortments of gaskets and similar joints, dissimilar in composition, put up in pouches, envelopes or similar packings; mechanical seals. |
| 8501.1000 | Motors of an output not exceeding 37.5 W |
| 8501.2000 | Universal AC/DC motors of an output exceeding 37.5 W |

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| 8501.3110 | Photovoltaic generators consisting of panels of photocells combined with other apparatus |
| 8501.4010 | Of an output not exceeding 60 watts |
| 8501.4090 | Other |
| 8501.5120 | AC clutch motors for industrial sewing machine |
| 8501.5310 | Of an output exceeding 75 kW but not exceeding 375 kW (500 HP) |
| 85.03 (except 8503.0090) | Parts suitable for use solely or principally with the machines of heading 85.01 or 85.02, |
| 8504.9010 | On load-tape changer for power transformers |
| 8504.9020 | Bushings for power transformers |
| 8504.9030 | Of machines of heading 8504.4090 |
| 8504.9040 | Toroidal cores and strips |
| 8504.9090 | Other |
| 85.05 | Electro-magnets; permanent magnets and articles intended to become permanent magnets after magnetisation; electro-magnetic or permanent magnet chucks, damps and similar holding devices; electro-magnetic couplings., clutches and brakes; electro-magnetic lifting heads. |
| 85.11 | Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines (for example, ignition magnetos, magneto-dynamos, ignition coils, sparking plugs and glow plugs, starter motors); generators (for example, dynamos, alternators) and cut-outs of a kind used in conjunction with such engines |
| 85.12 | Electrical lighting or signalling equipment (excluding articles of heading 85.39), windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles. |
| 8528.7213 | In CKD/SKD condition |
| 85.29 | Parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28. |
| 85.33 | Electrical resistors (including rheostats and potentiometers), other than heating resistors. |
| 85.3400 | Printed circuits. |
| 85.35 | Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example, switches, fuses, lightning arresters, voltage limiters, surge suppressors, plugs and other connectors, junction boxes), for a voltage exceeding 1,000 volts. |
| 85.37 | Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus of heading 85.35 or 85.36, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of Chapter 90, and numerical control apparatus, other than switching apparatus of heading 85.17. |
| 85.38 | Parts suitable for use solely or principally with the apparatus of heading 85.35, 85,36 or 85.37. |
| 85.40 | Thermionic, cold cathode or photo-cathode valves and tubes (for example, vacuum or vapour or gas filled valves and tubes, mercury arc rectifying valves and tubes, cathode-ray tubes, television camera tubes). |
| 85.41 | Diodes, transistors and similar semi-conductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes(LED); mounted piezo-electric crystals. |
| 85.42 | Electronic integrated circuits; |
| 8545.1100 | Of A Kind Used For Furnaces |

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| 8545.9020 | For dry battery cells |
| 85.48 | Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators; electrical parts of machinery or apparatus, not specified or included elsewhere in this Chapter. |
| 8701.2010 | Components For The Assembly / Manufacture Of Road Tractors For Semi-Trailers (Prime Movers), In Any Kit Form, Of Less Than 280 Hp |
| 8701.2030 | Components For The Assembly / Manufacture Of Road Tractors For Semi-Trailers (Prime Movers), In Any Kit Form, Of 280 Hp And Above |
| 8702.1010 | Components For Assembly / Manufacture Of Vehicles, In Any Kit Form |
| 8703.2111 | Components For The Assembly/ Manufacture Of Vehicles, In Any Kit Form Excluding Those Of Headings 8703.2113 And 8703.2115 |
| 8703.2112 | Components For The Assembly / Manufacture Of Mini Van Type Vehicles, In Any Kit Form |
| 8703.2114 | Components For The Assembly/ Manufacture Of Auto Rickshaws, In Any Kit Form |
| 8703.2191 | Components For The Assembly / Manufacture Of Vehicles, In Any Kit form Excluding Those Of Heading 8703.2193 And 8703.2195 |
| 8703.2194 | Components For The Assembly / Manufacture Of Mini Van, In Any Kit Form |
| 8703.2210 | Components For The Assembly / Manufacture Of Vehicles, in Any Kit Form Excluding Those Of Heading 8703.2240 |
| 8703.2311 | Components For The Assembly / Manufacture Of Vehicles, In Arv Kit Form |
| 8703.2321 | Components For The Assembly / Manufacture Of Vehicles, In Any Kit Form Excluding Of Heading 8703.2323 |
| 8703.2322 | Components For The Assembly / Manufacture Of Sport Utility Vehicles, 4X4, in Any Kit Form |
| 8703.3310 | Components For The industrial Assembly/ Manufacture Of Vehicles, In Any Kit Form |
| 8704.1010 | Components For Assembly/ Manufacture Of Dump Trucks Designed For Off-Highway Use |
| 8704.2110 | Components For The Assembly / Manufacture Of Vehicles, In Any Kit Form |
| 8704.2211 | Components For The Assembly / Manufacture Of Vehicles, In Any Kit Form |
| 8704.2291 | Components For The Assembly / Manufacture Of Vehicles, In Any Kit Form |
| 8704.2310 | Components For The Assembly! Manufacture Of Vehicles, In Any Kit Form |
| 8704.3110 | Components For The Assembly / Manufacture, In Any Kit Form Excluding Those Of Heading 8704.3130 And 8704.3150 |
| 8704.3120 | Components For The Assembly / Manufacture Of Mini Cargo Van, In Any Kit Form |
| 8704.3140 | Components For The Assembly! Manufacture Of 3-Wheeler Cargo Loader, In Any Kit Form |
| 8711.2010 | Components For The Assembly / Manufacture Of Vehicles, In Any Kit Form |
| 8908.0000 | Vessels and other floating structures for breaking up. |
| 90.32 | Automatic regulating or controlling Instruments and apparatus. |
| 91.04 | Instrument panel clocks and docks of a similar type for vehicles, aircraft, spacecraft or vessels. |
| 9107.0000 | Time switches with clock or watch movement or with synchronous motor. |
| 9401.9010 | Seat Parts Made Of Foam, Head/Arm Rests And Seat Frames For Motor Cars Of Heading 87.03 And Vehicles Of Sub-Headings 8703.2113, 8703.2115, 8703.2193, 8703.2195, 8703.2240, |
| 9401.9030 | Other For Motor Cars And Vehicles |
| 96.06 | Buttons, press-fasteners, snap-fasteners and press-studs, button moulds and other parts of these articles; button blanks. |

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| 96.07 | Slide fasteners and parts thereof. |

1-PCT Codes inserted by Notification No. S.R.O. 1240(I)/2020, dated 20-11-2020

**Part III**

| PCT CODE | DESCRIPTION |
|---|---|
| **(1)** | **(2)** |
| Respective headings | Goods not specifically mentioned in Part I or II.”. . |

1-Substituted by Finance Act, 2020, dated 30-06-2020

## 1[THE THIRTEENTH SCHEDULE

(See section 61)

| S.No. | Name |
|---|---|
| (1) | (2) |
| 1. | any Sports Board or institution recognised by the Federal Government for the purposes of promoting, controlling or regulating any sport or game. |
| 2. | The Citizens Foundation. |
| 3. | Fund for Promotion of Science and Technology in Pakistan. |
| 4. | Fund for Retarded and Handicapped Children. |
| 5. | National Trust Fund for The Disabled. |
| 6. | Fund for Development of Mazaar of Hazarat Burn i Imam. |
| 7. | Rabita-e-lslami's Project for printing copies of the Holy Quran. |
| 8. | Fatimid Foundation, Karachi. |
| 9. | Al-Shifa Trust. |
| 10. | Society for the Promotion of Engineering Sciences and Technology in Pakistan. |
| 11. | Citizens-Police Liaison Committee, Central Reporting Cell, Sindh Governor House, Karachi. |
| 12. | ICIC Foundation. |
| 13. | National Management Foundation. |
| 14. | Endowment Fund of the institutions of the Agha Khan Development Network (Pakistan listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network. |
| 15. | Shaheed Zulfigar Ali Bhutto Memorial Awards Society. |
| 16. | Iqbal Memorial fund. |
| 17. | Cancer Research Foundation of Pakistan, Lahore. |
| 18. | Shaukat Khanum Memorial Trust, Lahore. |
| 19. | Christian Memorial Hospital, Sialkot. |
| 20. | National Museums, National Libraries and Monuments or institutions declared to be National Heritage by the Federal Government. |
| 21. | Mumtaz Bakhtawar Memorial Trust Hospital, Lahore. |
| 22. | Kashmir Fund for Rehabilitation of Kashmir Refugees and Freedom Fighters. |
| 23. | Institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network. |
| 24. | Azad Kashmir President's Mujahid Fund,1972. |
| 25. | National Institute of Cardiovascular Diseases, (Pakistan) Karachi. |
| 26. | Businessmen Hospital Trust, Lahore. |
| 27. | Premier Trust Hospital, Mardan. |
| 28. | Faisal Shaheed Memorial Hospital Trust, Gujranwala. |
| 29. | Khair-un-Nisa Hospital Foundation, Lahore. |
| 30. | Sind and Balochistan Advocates' Benevolent Fund. |
| 31. | Rashid Minhas Memorial Hospital Fund. |
| 32. | Any relief or welfare fund established by the Federal Government. |
| 33. | Mohatta Palace Gallery Trust. |
| 34. | Bagh-e-Quaid-e-Azam project, Karachi. |
| 35. | Any amount donated for Tameer-e-Karachi Fund. |
| 36. | Pakistan Red Cres-cent Society. |

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| 37. | Sank of Commerce and Credit International Foundation for Advancement of Science and Technology. |
| 38. | Federal Board of Revenue Foundation. |
| 39. | The Indus Hospital, Karachi. |
| 40. | Pakistan Sweet Homes Angels and Fairies Place. |
| 41. | Al-Shifa Trust Eye Hospital. |
| 42. | Aziz Tabba Foundation. |
| 43. | Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT. |
| 44. | Sharif Trust. |
| 45. | The Kidney Centre Post Graduate Institute. |
| 46. | Pakistan Disabled Foundation. |
| 47. | Sardar Trust Eye Hospital, Lahore. |
| 48. | Supreme Court of Pakistan - Diamer Bhasha & Mohmand Dams - Fund. |
| 49. | Layton Rahmatullah Benevolent Trust (LRBT). |
| 50. | Akhuwat. |
| 51. | The Prime Minister's COVIE)-19 Pandemic Relief Fund-2020. |
| 52. | Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI). |
| 53. | Lahore University of Management Sciences. |
| 54. | Dawat-e-Hadiya, Karachi. |
| 55. | Baitussalam Welfare Trust. |
| 56. | Patients' Aid Foundation. |
| 57. | Alkhidmat Foundation. |
| 58. | Alamqir Welfare Trust International. |
| 59. | Prime Minister's Special Fund for victims of terrorism. |
| 60. | Chief Ministers(Punjab) Relief Fund for Internally Displaced Persons (1 DPs) of KPK. |
| 61. | Prime Ministers Flood Relief Fund 2010 and Provincial Chief Ministers Relief Funds for victims of flood 2010. |
| 62. | Waqf for Research on Islamic History, Art and Culture, Istanbul. |
| 2[63. | All entities mentioned in Table - I of clause (66) of Part I of the Second Schedule of the Ordinance.] |

Provided that the Federal Government shall have the power to add, amend or omit any entry in this Schedule.";

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1-Thirteenth Schedule inserted by Finance Act, 2021, dated 30-06-2021. Earlier this amendment was made through Tax Laws (Second Amendment) Ordinance, 2021.

2-S.No. "63" added by Tax Laws (Third Amendment) Ordinance, 2021, dated 15-09-2021

**1[FOURTEENTH SCHEDULE**
**(See section 100E)**

**RULES FOR COMPUTATION OF PROFIT AND GAINS FOR SMALL AND MEDIUM ENTERPRISES**

1. Application.-These rules shall apply to small and medium enterprises as defined in Clause (59A) of Section 2 of the Ordinance.

2. Registration.-Small and medium enterprise shall be required to register with FBR on its Iris web portal or Small and Medium Enterprises Development Authority on its SME registration portal (SMERP).

3. Categories and tax rates.-There shall be following two categories of small and medium enterprises and tax on their taxable income shall be computed at the tax rates given in the table below, namely:-

| Sr. No. | Category | Turnover | Rates |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1. | Category-1 | Where annual business turnover does not exceed Rupees 100 million | 7.5% of taxable income |
| 2. | Category-2 | Where annual turnover exceeds Rupees 100 Million but does not exceed Rupees 250 Million | 15% of taxable income |

4. Option for Final Tax Regime.- (1) The small and medium enterprises may opt for taxation under final tax regime at the rates given in the table below:

| Sr. No. | Category | Turnover | Rates |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1. | Category-1 | Where annual business turnover does not exceed Rupees 100 million | 0.25% of gross turnover |
| 2. | Category-2 | Where annual turnover exceeds Rupees 100 Million but does not exceed Rupees 250 Million | 0.5% of gross turnover |

(2) Option under sub-rule (1) of this rule shall be exercised at the time of filing of return of income and option once exercised shall be irrevocable for three tax years.

(3) The provisions of section 177 and 214C shall not apply to SME who opts for taxation under sub-rule (1) of this rule.

5. Audit.- (1) SMEs who opt for taxation under normal law under rule 3 may be selected for tax audit through risk based parametric computer ballot under section 214C of the Ordinance if its tax to turnover ratio is below tax rates given in rule 4 of these rules.

(2) The cases selected under sub-rule (1) of this rule shall not exceed 5% of the total population of SMEs whose tax to turnover ratio is below tax rates given in rule 4 of these rules.

6. Exports.- The export proceeds of SMEs shall be subject to tax as per rates prescribed in Rule (4) under final tax regime.";

7. Exclusion from Minimum Tax on Turnover.-The provisions of section 113 of the Ordinance shall not apply to SMEs.

8. Tax on Supply of Goods.-The tax deductible under clause (a) of sub-section (1) of section 153 shall not be minimum tax where payments are received on sale or supply of goods by SMEs.

9. Provisions of Ordinance to apply.-The other provisions of the Ordinance shall apply mutatis mutandis to the SMEs.]

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1-Fourteenth Schedule inserted by Finance Act, 2021, dated 30-06-2021