

Amended upto 01-11-2023

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

Notification No. S.R.O. 428(I)/2002, Islamabad, the July 1, 2002.- In exercise of powers conferred by section 237 of the Income Tax Ordinance, 2001 (XLIV of 2001), the Federal Board of Revenue is pleased to make the following rules, namely-

**INCOME TAX RULES, 2002
CHAPTER - I**

1. Short title and commencement.-

- (1) These rules may be called the Income Tax Rules, 2002.
- (2) They extend to the whole of Pakistan.
- (3) They shall come into force on the first day of July, 2002; except rules 3 to 9 which shall be applicable in respect of income earned on or after first day of July. 2002, and other rules covered by the rule on "Saving".

2. Definitions.-

(1) In these rules, unless there is anything repugnant in the subject or context,-

(a) 3[“Federal Board of Revenue” means the Federal Board of Revenue, established under the Federal Board of Revenue Act, 2007;]

Note: Notification No. SRO.1102(I)/91 (Oct 5, 1991) - The reference “Board” wherever appearing in the Rules includes a reference to “Regional Commissioners of Tax” and “Commissioner of Tax”, as the case may be.

4[(aa) “Computerized Payment Receipt” means a computer generated receipt issued by the State Bank of Pakistan or the National Bank of Pakistan acknowledging payment of tax;

(ab) “digital certificate” or “digital signatures” means a digital certificate or digital signatures issued by an agency approved by the 5Federal Board of Revenue to issue such certificate or signatures;

(ac) “e-intermediary” means a person registered as,

(i) Chartered Accountant with the Institute of Chartered Accountants of Pakistan;

(ii) Cost and Management Accountant with the Institute of Cost and Management Accountants of Pakistan;

(iii) a legal practitioner entitled to practice in any Court in Pakistan;

(iv) a member of the Association of Chartered Certified Accountants, UK; or

(v) an Income Tax Practitioners, registered with Tax Bar affiliated with All Pakistan Tax Bar Association.]

(b) “electronic transmission” means a facsimile or electronic-mail transmission;

(c) “Ordinance” means Income Tax Ordinance, 2001 (XLIX of 2001), where however, context so provides, Income Tax Ordinance, 1979 (XXXI of 1979) till its relevance in a particular context; 4[***]

(d) “section” means section of the Ordinance 5[; 6[***]]

7[(e) “schedule” means a schedule to these rules 8[; and]]

8[(f) “transmission” means to transmit data through a computer network.]

(2) All other expressions used but not defined in these rules shall have the meaning assigned to them under the Income Tax Ordinance, 2001.

1-Substituted by the Finance Act, 2007. The substituted definition read as follows:

“Central Board of Revenue” means the Central Board of Revenue, established under the Central Board of Revenue Act, 1924 (IV of 1924); “

2-Clauses “(aa) to (ac)” inserted by SRO 516(I)/2006, dated June 01, 2006.

3-The words “Central Board of Revenue” substituted by the Finance Act, 2007

4-Word “and” omitted by Notification No. SRO 651(I)/2004, dated July 30, 2004.

5-Substituted for full stop by Notification No. SRO 651(I)/2004, dated July 30, 2004.

6-Word “and” omitted by Notification No. SRO 516(I)/2006, dated June 01, 2006.

7-Clause “(e)” inserted by Notification No. SRO 651(I)/2004, dated July 30, 2004.

8-Substituted for full stop and Clause “(f)” inserted by Notification No. SRO 516(I)/2006, dated June 01, 2006.

CHAPTER-II
DETERMINATION OF INCOME
HEADS OF INCOME
1[PART-I:
SALARY

3. Valuation of perquisites, allowances and benefits.-

For the purposes of computing the income chargeable to tax under the head “salary”, the value of all perquisites, allowances and benefits provided by the employer to the employee shall be included in the said income in accordance with the rules 4 to 7.

1-Part I substituted by Notification No. SRO 668(I)/2006, dated June 27, 2006, earlier it was substituted by Notification No. SRO 609(I)/2002, dated September 10, 2002.

4. Valuation of accommodation.-

The value of accommodation provided by an employer to the employee shall be taken equal to the amount that would have been paid by the employer in case such accommodation was not provided.

Provided that the value taken for this purpose shall, in any case, not be less than forty five percent of the minimum of the time scale of the basic salary or the basic salary where there is no time scale. 1[:]

1[Provided further that where House Rent Allowance is admissible @ thirty percent, the value taken for the purpose of this rule shall be an amount not less than thirty percent of minimum of the time scale of basic salary or the basic salary where there is no time scale.]

1-Proviso inserted and before it colon substituted for full stop by SRO 716(I)/2008, dated July 02, 2008.

5. Valuation of conveyance.-

The value of conveyance provided by the employer to the employee shall be taken equal to an amount as below:-

(i)	Partly for personal and partly for official use	5% of:	(a) the cost to the employer for acquiring the motor vehicle; or, (b) the fair market value of the motor vehicle at the commencement of the lease, if the motor vehicle is taken on lease by the employer;
(ii)	For personal use only 10% of:	10% of:	(a) the cost to the employer for acquiring the motor vehicle; or, (b) the fair market value of the motor vehicle at the commencement of the lease, if the motor vehicle is taken on lease by the employer; and

6. For the purpose of this part, “employee” includes a director of a company.

7. These rules shall be applicable for the salary income received after thirtieth of June, 2006.]

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1[*]**

PART-II
INCOME FROM BUSINESS

10. Entertainment expenditure.-

(1) For the purpose of clause (d) of section 21, which provides for a limitation on the deduction of entertainment expenditure, and subject to sub-rule (2), a deduction for entertainment expenditure shall be limited to expenditure incurred by a person that satisfies the conditions laid down in sub-section (1) of section 20 and which is-

- (a) expenditure incurred outside Pakistan on entertainment in connection with business transactions or where such expenditure is allocated as head office expenditure;
- (b) expenditure incurred in Pakistan on entertainment of foreign customers and suppliers;
- (c) expenditure incurred on entertainment of customers and clients at the person's business premises;
- (d) expenditure incurred on entertainment at a meeting of shareholders, agents, directors or employees;
or
- (e) expenditure incurred on entertainment at the opening of branches.

1[***]

(2) A person shall be allowed a deduction under sub-rule (1) only for expenditure incurred on the entertainment of persons related directly to the person's business.

(3) In this rule, "entertainment" means the provision of meals, refreshments, and reasonable leisure facilities in accordance with the tradition of business and subject to overall norms and customs of business in Pakistan.

11. Agricultural produce as raw materials.-

(1) This rule applies to a person who is a cultivator or receiver of agricultural produce as rent-in-kind and who uses agricultural produce raised or received as raw materials in a business the income from which is chargeable to tax under the head "Income from Business".

(2) In determining the amount of income of a person to whom this section applies, the market value of any agricultural produce raised or received as rent-in-kind by the person and used as raw materials in the person's business shall be allowed as a deduction.

(3) For the purposes of sub-rule (2), the market value of agricultural produce shall be-

(a) where the agricultural produce is ordinarily sold in the market in its raw state or after application of any process ordinarily employed by a cultivator or receiver of agricultural produce as rent-in-kind to render it fit to be taken to market, the market price for the produce at the time it is used as raw materials in the person's business; or

(b) in any other case, the sum of the following amounts, namely:-

(i) the expenses of cultivation; and

(ii) the land revenue rent paid for the area in which the produce is grown.

(4) No deduction shall be allowed for any expenditure incurred by a person as cultivator or receiver of agricultural produce as rent-in-kind, other than as specified in sub-rule (2).

12. Particulars required to be furnished for claiming depreciation deduction or initial allowance amortization deduction.-

(1) The following particulars shall be furnished by a taxpayer at the time of furnishing a return of income for any tax year in order to claim a depreciation deduction under section 22, an initial allowance under section 23 or an amortization deduction under section 24 read with the Third Schedule to the Ordinance, namely:-

- (a) a description of each depreciable asset and intangible in respect of which a deduction is claimed;
- (b) where a depreciable asset or intangible is used in the tax year only partly in deriving income from business chargeable to tax, the extent of such part use;

1[***]

- (d) if the depreciable asset or intangible was acquired in the tax year, the date of acquisition;
- (e) the written down value of each depreciable asset at the beginning of the tax year computed in accordance with sub-section (5) of section 22 and the cost of each intangible as determined under sub-section (11) of section 24;
- (f) the amount of capital expenditure incurred in the tax year on additions, alterations, improvements or extensions in relation to any depreciable asset or intangible and where the depreciable or amortizable amount of such expenditure is limited under the Ordinance, the lower amount shall also be stated;
- (g) the total value of each depreciable asset for which a depreciation deduction is allowable for the tax year (this is the sum of the amounts specified in clauses (e) and (f), less any initial allowance allowed for the asset in that year;
- (h) the prescribed rate of depreciation and initial allowance (if any) for each depreciable asset or class of asset for the tax year, and the normal useful life for each intangible;
- (i) the amount of depreciation deduction and initial allowance (if any) for each depreciable asset for the year and the amount of amortization deduction for each intangible for the year;
- (j) the total depreciation deduction, initial allowance and amortization deduction allowed for the tax year; and
- (k) the written down value of each depreciable asset and the cost of intangible at the end of the tax year, and the remaining normal useful life.

Explanation: Addition to intangible to be separately shown.

(2) The following particulars shall be furnished by a taxpayer at the time of furnishing a return of income for any tax year in which a depreciable asset or intangible is disposed of in the year, namely:-

- (a) the consideration received for the asset or intangible;
- (b) the written down value of the asset or intangible disposed of at the beginning of the tax year; and
- (c) the excess or deficit of the consideration received in relation to the written down value (i.e., clause (b) less clause (a) or clause (a) less clause (b), as the case may be).

1-Clause “(c)” omitted by SRO 392(I)/2009, dated May 19, 2009.

1[12A. Decommissioning certificate.-

As required under sub-rule (4A) of rule 2 of Part-I of Fifth Schedule to the Income Tax Ordinance, decommissioning certificate shall be submitted, as set out in Part-XA of the Second Schedule to these rules.]

13. Apportionment of expenditures 1[, deductions and allowances].- (1) This rule applies for the purposes of section 67, which provides for apportionment of expenditure 1[, deductions and allowances] incurred for more than one purposes.

(2) Any expenditure 1[, deductions and allowances] that is incurred for a particular class or classes of income shall be allocated to that class or classes, as the case may be.

2[(3) (a) Any common expenditure excluding financial expenses relatable or attributable to non-business advances or loans and the amount referred to in sub-rule(2) relatable to business including presumptive and exempt income, shall be allocated to each class of income according to the following formula, namely:-

$A \times B/C$

where-

A is the amount of the expenditure incurred;

B is the total amount of gross receipts (without deduction of expenditures) for the tax year for the class of income; and

C is the total amount of gross receipts (without deduction of expenses 1[, deductions and allowances]) and net gains for the tax year of all classes of income;

(b) Where, however, net gain, brokerage, commission and other income is to be taken into account on turnover of such transactions, such income shall be compared with gross profit from business for adopting figures for components “B” and “C” of the formula at (a) above 3[:]]

4[Explanation.- The terms gross receipt means net off receipts or turnover of Sales Tax or EFD paid.]

(4) Where expenditures 1[, deductions and allowances] are to be allocated among different classes of income under sub-rule (3) consideration shall be given to the nature and source of each class of income, on reasonable basis to earn each class of income (particularly, in allocating selling expenses).

(5) Where the allocation of expenditures 1[, deductions and allowances] is made in accordance with sub-rule (3) a certificate by the Chartered Accountants or Cost and Management Accountant stating the basis of allocation shall be accepted unless significant variations are found; and where books 5[of accounts] are not required to be audited, the reasonable basis based on the 6[sub-rules] (3) and (4) may be adopted which would be accepted by 7[the] Commissioner, unless variation is found. Significant variations would be beyond the limits of 10 ± in collection as in sub-rule (3) under any head of account.

8[(6)] In this rule.-

“class of income” means -

(a) Pakistan-source income chargeable under the head “Salary”;

(b) foreign-source income chargeable under the head “Salary”;

(c) Pakistan-source income chargeable under the head “Income from Property”;

(d) foreign-source income chargeable under the head “Income from Property”;

- (e) Pakistan-source income chargeable under the head “Income from Business” (other than income subject to section 19);
- (f) foreign-source income chargeable under the head “Income from Business” (other than income subject to section 19);
- (g) Pakistan-source income from a speculation business chargeable under the head “Income from Business”;
- (h) foreign-source income from a speculation business chargeable under the head “Income from Business”;
- (i) Pakistan-source income chargeable under the head “Capital Gains”;
- (j) foreign-source income chargeable under the head “Capital Gains”;
- (k) Pakistan-source income chargeable under the head “Income from Other Sources”;
- (l) foreign-source income chargeable under the head “Income from Other Sources”;
- (m) income exempt from tax;
- (n) Chargeable to tax under section 5, 6 or 7; and
- (o) amounts to which section 169 applies 9[***] and

“common expenditure” means expenditure 1[, deductions and allowances] that is not clearly allocable to any particular class or classes of income, such as general administrative and other such allocable expenditures 1[, deductions and allowances].

1-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

2-Sub-rule (3) substituted by SRO 392(I)/2009, dated May 19, 2009.

3-The full stop substituted by SRO 1218(I)/2015, dated 08.12.2015.

4-Inserted by SRO 1218(I)/2015, dated 08.12.2015.

5-Inserted by SRO 392(I)/2009, dated May 19, 2009.

6-Substituted for “sub-rule” by SRO 392(I)/2009, dated May 19, 2009.

7-Word substituted by SRO 392(I) 2009, dated May 19, 2009.

8-Substituted for “(8)” by SRO 392(I) 2009, dated May 19, 2009.

9-Words etc. “except proceed realised from exports from which separate provision is made as sub-rule (8)” omitted by SRO 392(I)/2009, dated May 19, 2009.

1[PART-III: COMPUTATION OF CAPITAL GAIN ON DISPOSAL OF SECURITIES

UNDER SECTION 37A OF THE INCOME TAX ORDINANCE, 2001

13A. Acquisition of securities.- (1) A security may be acquired through purchase, exchange, bonus issue, right issue, gift, bequest, inheritance, leverage schemes and derivative contracts.

(2) A security may be acquired in the electronic book entry form or in the form of physical certificate.

(3) A security may be acquired through the trading platform provided by a stock exchange or through off market transactions.

(4) In case of securities other than units of an open mutual fund, broker's bill for the purchase, broker generated computerized ledger statement of the investor's brokerage account, CDC statement of the investor's CDC sub account and payment of cost of acquisition through cheques shall be supportive evidence of acquisition of securities.

(5) In case of units of an open end mutual fund, certified statement of investor's account provided by the asset management company shall be supportive evidence of acquisition of securities.

13B. Disposal of securities.- (1) A security may be disposed of through sale, gift, exchange or transfer by the security holder in any other way.

(2) A security may be disposed of in the electronic book entry form or in the form of physical certificate.

(3) A security may be disposed of through the trading platform provided by a stock exchange or through off market transactions.

(4) In case of securities other than units of an open mutual fund, broker's sale proceeds or difference bill, broker generated computerized ledger statement of the investor's brokerage account, CDC statement of the investor's CDC sub-account and proof of payment through cheques shall be supportive evidence of disposal of securities.

(5) In case of units of an open end mutual fund, certified statement of investor's account provided by the asset management company shall be supportive evidence of disposal of securities.

13C. Holding period.- (1) Securities held for a period upto a maximum of one eighty-two days and for a period upto maximum of three sixty-five days shall be taken as held for six months and one year respectively.

(2) In case of short positions, holding period shall be the period intervening between the date when a security is sold short and the date when the security is purchased to cover the short position.

(3) In case of futures contracts, holding period shall be the period intervening between the date of entry into a futures contract and the date of exit from such contract.

13D. Computation of capital gain or loss.-

(1) Capital gain or loss arising on the disposal of any security shall be computed on the basis of First in First Out (FIFO) inventory accounting method.

(2) Capital loss arising on disposal of securities in any tax year shall be set off against capital gain arising from the disposal of securities during that tax year to determine the taxable capital gain arising from the disposal of securities.

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

13E. Computation of capital gain or loss on derivatives.-

(1) In case of long position in deliverable futures contracts, capital gain or loss shall be computed as the difference between cost of acquisition of securities underlying the futures contract and the consideration from disposal of those securities to close the long position at or before maturity of the contract.

(2) In case of short position in deliverable futures contracts, capital gain or loss shall be computed as the difference between the consideration from short sale of securities underlying the futures contract and the cost of acquisition to purchase those securities to close the short position on or before maturity of the contract.

(3) In case of cash settled futures contracts, capital gain or loss shall be the cash payment which the investor respectively receives from or makes to the other party to such contract to settle the contract on or before maturity of the contract.

(4) In case of options, capital gain or loss shall be the difference between exercise price of the options and the consideration from disposal of the securities underlying such options.

(5) In case of contracts of right, capital gain or loss shall be the difference between cost of acquisition of right shares underlying the contract and the consideration from disposal of those shares.

1[(6) Profit made on sale of borrowed shares shall be treated as capital gain when such shares are acquired for their return to Authorized Intermediary. Period intervening between acquisition and disposal of such borrowed shares shall determine the holding period in which the capital gain or loss falls. Specific Identification Method shall be used to determine the acquisition cost and consideration for disposal of such securities. The difference between cost of acquisition and consideration received against disposal (net off all borrowing costs) of such shares shall be treated as capital gain or loss. This rule shall be applicable to the securities borrowed in accordance with the Securities Lending and Borrowing Scheme approved by Securities and Exchange Commission of Pakistan.

(7) Profit made on disposal of shares acquired under Margin Finance Scheme, Margin Trading Scheme or other Financing or Leverage schemes approved by Securities and Exchange Commission of Pakistan shall be treated as capital gain. The difference between cost of acquisition (inclusive of borrowing cost) and consideration received against disposal of such shares shall determine the quantum of capital gain or loss.]

1-Sub-rules (6) and (7) inserted by SRO 1149(I)/2011, dated December 27, 2011.

13F. Capital loss adjustment disallowed in certain cases.-

(1) Capital loss adjustment as provided in rules 13D and 13E shall not be admissible in the following cases, namely:-

1[(a) Wash Sales where capital loss realized on sale of specific security by an investor in preceded or followed in one month's period by purchase of the same securities by the same investor whereby the transaction falls within one month between same two parties or their related parties where one was seller and other was buyer and they change places becoming buyer and seller respectively, thus, maintaining the portfolio.];

(b) Cross Trades where coordinated reshuffle of securities between two related accounts of the same investor. between two related accounts of the related investors between two membership cards of the same broker or between two related brokerage houses is undertaken and securities accumulating unrealized losses are sold to related accounts to artificially realize capital losses in one account without actually selling the securities to an outsider and the artificial losses so realized in an account are then used to minimize capital gain tax liability on the capital gain realized in the same account; and

(c) Tax Swap Sales where the investor having realized loss (as in the case of a wash sale) on a particular security does not repurchase the same security but chooses another similar security in the same sector thus not only minimizing or eliminating altogether liability on account of tax on capital gain, but also maintaining the portfolio broadly at the same risk return profile.

13G. Exemption from tax on capital gain.- Exemption shall be applicable as provided under the Ordinance.

13H. Payment of tax on capital gain.- (1) Every investor shall calculate tax on capital gain arising on securities 1[***] at the prescribed rates.

(2) Every investor other than individual investor shall e-file statement of advance tax on capital gain on the prescribed format within 2[twenty one] days after the end of each quarter with the tax authority having jurisdiction in the case.

(3) The liability to pay the due tax on capital gain shall lie on the investor who held the securities during the period for which tax on capital gain is to be paid and, in case of any benami accounts, on the investor who de facto owns the securities carried in such accounts.

1-The words and commas “held for a period upto six months, and above six months to one year, after the end of each tax year” omitted by the SRO 1145(I)/2016 dated 7th December, 2016.

2-Substituted for “seven” by SRO 1149(I)/2011, dated December 27, 2011.

13I. Maintenance of records.- (1) Every investor shall maintain accounts and records separately for each of his brokerage accounts regarding his securities business which sufficiently enable for verification of the discharge of his obligations under these rules.

(2) Without prejudice to the generality of the foregoing provision, every investor shall maintain in particular the following accounts and records, namely:-

(a) fortnightly ledger statements of the investor's brokerage account or each brokerage account if there are more than one account whether in the investor's own name or any benami accounts, generated by his broker;

(b) fortnightly CDC statements of the investor's CDC sub account or each CDC sub account corresponding to each brokerage account, if there are more than one brokerage account whether held in the investor's own name or any benami accounts;

(c) record of security holdings and their value carried in the investor's brokerage account on 30th June of each year;

(d) record of cash carried in the investor's brokerage account as on 30th June of each year;

(e) record of funds deposited in the investor's brokerage account; and

(f) record of funds withdrawn from the investors brokerage account.

1[**13J. Exchange of information.**- Information regarding member, broker, investor of a stock exchange
2[“, members of PMEX, unit holders in mutual funds”] required by the 3[Federal Board of Revenue
shall be obtained directly from National Clearing Company of Pakistan Limited (NCCPL).]

1-Rule 13J substituted by SRO 1149(I)/2011, dated December 27, 2011.

2-The expression inserted by the SRO 1145(I)/2016 dated 7th December, 2018

3-The words “Central Board of Revenue” substituted by the Finance Act, 2007

13K. Violations and penalties.- Any investor who, in discharge of his obligations under these rules, violates any provision of the rules shall be liable to penalty and other charges provided in the Ordinance.

13L. Definitions.- (1) In this Part, unless the context otherwise requires,-

- (a) borrowed security means a security which an investor borrows under any security lending and borrowing scheme approved by the Securities and Exchange Commission of Pakistan, with an aim to returning the security to its lender, at any later date;
- (b) capital gain means the difference between consideration from disposal of a security and the price paid or would have been paid for acquisition of such security when former exceeds the later, provided that capital gain, in case of a borrowed security, means the difference between consideration received from short selling of the borrowed security and the price paid or payable to purchase it for its return to the lender of such security;
- (c) capital loss means the difference between cost of acquisition of a security and the consideration from disposal of that security when the former exceeds the later;
- (d) cost of acquisition of any security means the market price of the security which the investor pays or would have paid to purchase such security, provided that cost of acquisition,-
 - 1[(i) in case of a right share, means the discounted price at which the right shares are issued to a shareholders by the issuer including the cost of acquisition of letter of rights;]
 - (ii) in case of a security acquired through bequest or inheritance means the market price of security at which the deceased person making bequest or leaving the inheritance, as the case may be, paid or would have paid to purchase such security;
 - 2[3[“(iii)”] in case of bonus shares:
 - (i) shall be ex-bonus price if tax has already been paid under section 236M;
 - (ii) the value determined under section 236N, if tax is paid under section 236N; and
 - 4[(iii) shall be zero, in any other case.]
 - (iv) in case of initial public offering, the actual price paid to the issuer shall be treated as the cost of acquisition of such securities.]
- (e) consideration from disposal of any security means the market price of a security which the investor receives or would have received on the sale of that security;
- (f) derivative products means a financial product which derives its value from the underlying security or other asset, may be traded on a stock exchange of Pakistan and includes deliverable futures contracts, cash settled futures contracts, contracts of rights and options 5[and future commodity contracts traded at PMEX];
- (g) date of acquisition shall be determined as under, namely:-
 - (i) in case of security in electronic book entry form, earlier of the dates on which the investor makes the purchase or otherwise gets title to the security and the security is transferred to the investor’s brokerage account, CDC sub account or the concerned broker’s or stock exchange’s member’s CDC Group Account;

- (ii) in case of any security in the physical certificate form, earlier of the dates on which selling broker or stock exchange's member sells the security, the date on which an investor acquires physical possession of the security, the date on which investor's name is entered on the security or the date on which the issuing company enters the investor's name in the record of its security holders;
 - (iii) in case of acquisition of a security on account of a nomination under section 80 of the Companies Ordinance, 1984 (XLVII of 1984) under bequest or inheritance, the date of death of the person making such bequest or leaving such inheritance, or the date of transmission by succession or under a will by the deceased, as the case may be, whichever is earlier;
 - (iv) in case of acquisition of a security under a futures contract, the date of entry into the futures contract;
 - (v) in case of a borrowed security, the date on which the investor purchases the security to cover his short position and to return the security to the security lender; and
 - (vi) in case of conversion of global depository receipts into shares, the closing price of shares on the day of such conversion shall be treated as acquisition cost of such shares.
- (h) date of disposal of any security in the electronic book entry form means,-
- (i) the date on which the investor sells or otherwise disposes of the security and the security is transferred from the investor's brokerage account, CDC sub-account or the concerned broker's or stock exchange's member's CDC Group Account, whichever is earlier;
 - (ii) in case of any security in the physical certificate form means the date on which selling broker sells the security or the date on which the issuing company deletes the seller's name from the record of its security holders, whichever is earlier;
 - (iii) in the case of a security underlying a futures contract, means the date of exit from futures contract; and
 - (iv) in the case of a borrowed security means the date on which the borrower short sells the borrowed security after borrowing it from the security lender;
- (i) date of entry into futures contract means, in case of a long position, the date on which securities underlying the futures contract are purchased and are transferred to the investor's brokerage account and, in case of a short position, the date on which securities underlying the futures contract are sold short;
- (j) date of exit from futures contract means, in case of a long position, the date on which securities underlying the futures contract are sold and are transferred from the investor's brokerage account and, in case of a short position, the date on which securities underlying the futures contract are purchased to cover the short position;
- (k) date of exercise of option means the date of acquisition of a security underlying an option and is the date on which option is exercised to acquire the underlying security;

- (l) exercise price is the cost of acquisition of a security underlying an option and is the price of securities underlying an option which the investor paid to purchase the underlying securities on exercise of the option;
- (m) holding period shall be calculated as prescribed under the provisions of sub-section (2) of section 37A of the Income Tax Ordinance, 2001;
- (n) investor means every person who invests in securities and includes every broker who makes investments in such securities; and
- (o) jurisdiction of tax authority means the jurisdiction of the tax office in which business of the securities is being carried on by a person and where such business is carried on in more than one place, the person's principal place of business.

(2) All other words and expressions not specifically defined in these rules shall have the meanings assigned to them under the Ordinance.

1- Sub-clause "(i)" substituted by SRO 1956(I)/2022, dated 24-10-2022

2-Clause "(d)(iii)" substituted by SRO 161(I)/2015, dated February 23, 2015.

3-The letter "(d)" re-numbered by SRO 1218(I)/2015, dated 08.12.2015.

4-Paragraph (iii) substituted by SRO 1956(I)/2022, dated 24-10-2022

5-The words added by the SRO 1145(I)/2016 dated 7th December, 2016.

13M. Quarterly statements.-

Quarterly statements shall be e-filed in the following format, namely 1[:]

2[“Provided that these statements shall not be applicable in the case of investors falling under Eighth Schedule to the Ordinance read with rule 13N.”]

Statement of Capital gains tax liability Part-I Particulars of Investor's account

1. Investor's Name(s)

(i) _____
(ii) _____
(iii) _____

2. Complete Address(es)

(i) _____
(ii) _____
(iii) _____

3. Brokerage Account No. _____
4. Date of Opening of Brokerage Account _____
5. Type of Account (individual, joint, AOP, firm, company) _____
6. Name of Brokerage Firm/ Company _____
7. Contact No. and Address of Brokerage Firm/ Company _____
8. CDC sub account No. _____
9. Total value of shares carried in account as on 30th June _____
10. Total cash carried in account as on 30th June _____
11. Tax period (tax year/quarter) _____
12. Capital gain during the tax period _____
13. Capital loss during the tax period _____
14. Net gain/loss _____
15. Tax on capital gain payable for the tax period _____
(Calculated in part II, III & IV of summary of transactions)

Investor's Name _____

Signature _____

Date _____

**1[Part II
Summary of Capital Gain on Securities as per Division VII of Part I of
First Schedule**

Sales					Purchases					Holding period	Filer/Non-Filer	Applicable Rate as per Division VII	Capital Gain (Loss)	CGT Payable
(1)					(2)					(3)	(4)	(5)	(6)	(7)
Date of sale	Particulars of shares	No. of Shares	Sale Price per share	Sale Proceeds	Date of purchase	Particulars of shares	No. of shares	Purchase Price per security	Total Purchase price					

* Applicable in case the security is acquired after 1 July 2012

Investor's Name
 Brokerage Account No
 Signature
 Date]

**Part - III
Affidavit**

I S/O CNIC No resident of holding brokerage account No with the brokerage firm and holding CDC sub account No with Central Depository Company do hereby solemnly affirm that particulars of my account given in Part I and the particulars of securities transactions conducted during the tax period given in Part - II of the summary of securities transactions are true and correct and in accordance with the ledger statements and CDC statements of my account for the above mentioned tax period.

I further affirm that nothing has been concealed or incorrectly stated regarding my account. I know that in case any particulars of my account and share transactions conducted during the above mentioned tax period and given under rule 13M of the Income Tax Rules, 2002 as mentioned above are found to be false being not in conformity with ledger statements and CDC statements of my account, I am liable to be penalized in accordance with rule 13K of the Income Tax Rules, 2002.

Deponent (investor's name)
 Signature
 Date:"]

1-The colon and hyphen substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

2-The proviso added by the SRO 1145(I)/2016 dated 7th December, 2016.

3-Part-II, Part-III, Part-IV and Part-V substituted for Part-II and Part-II by Notification No. SRO 1145(I)/2016 dated 7th December, 2016.

4-Substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

1[13N. Special procedures for computation of capital gains and collection of tax.-

(1) NCCPL shall, in accordance with this rule, collect tax on capital gains as provided in Eighth Schedule to the Ordinance, hereinafter in this Part called as the said Eight Schedule.

(2) The provisions of the said Eighth Schedule and these rules shall apply to capital gains derived from listed securities on or after the 24th April, 2012, except in the case of instrument of redeemable capital where such provisions shall be applicable on capital gain derived from the 1st July, 2012 2[:]

3[Provided that in case of Foreign Institutional Investors, provisions of the said Eighth Schedule and these rules shall be applicable on capital gain derived from the first day of July, 2014.

Explanation: For the removal of doubt, it is clarified that all Foreign Institutional Investors shall be subject to the regime as laid down in Eighth Schedule and no exemption whatsoever from withholding tax under Eighth Schedule or under these rules is available to Foreign Institutional Investors for any reason.]

4[(3) In computing capital gains, NCCPL shall take into account transactions and their values as reported to or provided to or extracted from the systems or procedures in place with NCCPL, stock exchange and the Central Depository Company of Pakistan Limited, the clearing members in case of Foreign Institutional Investors, PMEX in case of future commodity contracts and Asset Management Companies in case of open ended mutual funds:

Provided that, where any discrepancy or error is pointed out or found in recording the date of acquisition of security, NCCPL may, with prior approval of the Commissioner Inland Revenue, rectify such date based on the relevant information provided by CDC as obtained from concerned issuer or its share registrar or clearing members in case of Foreign Institutional Investors and accordingly re-compute the capital gain tax liability in the financial year in which such security has been disposed of.]

5[(3A) Notwithstanding the sub-rule (1), Asset Management Companies and PMEX shall continue to determine, compute and collect Capital gains tax on open ended mutual funds and future commodity contracts respectively, and shall deposit the same with NCCPL within ten working days of the month end.]

6[(3B) NCCPL shall verify the liability of the investor calculated by Asset Management Companies and PMEX as above, and will compute the net capital gains tax liability or refund for each investor to be collected from or refunded to the Asset Management Companies or PMEX. Provided that where cumulative refund per investor for the year to date does not exceed Rs 1,000 per investor, it will be carried forward for adjustment in next month(s), however, any refunds, irrespective of amount, shall be refunded at the year end:

Provided that the information to be reported to or provided to NCCPL as above shall be required to be in a manner and time deemed necessary for NCCPL to discharge its obligation under the law and provisions of Rule 3 and 3A of Eight Schedule to the Ordinance shall be applicable in this respect.]

(4) 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 -

A is the consideration received by the person on disposal of the security; and

B is the cost of acquisition of the security.

(5) Capital gain or loss arising on the disposal of listed securities shall be computed on the basis of First in First Out (FIFO) inventory accounting method:

Provided that while applying FIFO method, market based transactions shall be taken into account first:

Provided further that the FIFO method shall not apply in respect of sale of shares purchased on the same trading day or in same futures or derivative contract 7[, except traded on PMEX,] and capital gain or loss shall be computed by applying average method 8[:]

9[Provided further that the FIFO shall be applied on aggregate inventory held by an investor at UIN level.]

10[(5A). For the purposes of computation and collection of capital gains tax in this rule applicable rate shall be taken from Division VII of Part I of the First Schedule based on whether the investor is filer or non-filer as per ATL at the time of transaction 10a[:]

Provided that NCCPL shall adjust the capital gain tax liability based on status of investor as filer or non-filer as per Active Taxpayers' List at the end of tax year.]

11[(5B) For the purpose of computation of capital gains tax liability on stock fund the applicable rate of tax as per third proviso of the Division VII of Part I of the First Schedule shall be taken on month on month basis.]

(6) Capital loss arising on disposal of listed securities as determined by NCCPL in any financial year shall be set off against capital gain arising from the disposal of securities during that financial year to determine the taxable capital gain arising from the disposal of listed securities.

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

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

(a) The setting off of eligible capital loss carried forward from previous tax year(s) shall be made by NCCPL under this Rule, only in respect of a taxpayer whose name appear or appeared in the Active Tax Payers List [ATL] pertaining to the tax year to which such loss pertains as witnessed by the Active Tax Payers List [ATL] available on FBR's website after updation for the tax year to which such loss pertains;

(b) adjustment of carried forward capital loss(es) shall be made on monthly basis by NCCPL from the first month of updation of ATL for that tax year and on first-in first-out (FIFO) basis;

(c) NCCPL may requisition date wise position of Active Tax Payers List [ATL] in respect of particular taxpayer from Information Technology (IT) Wing of the Board as and when required;

(d) At the end of relevant tax year, NCCPL shall maintain tax year-wise balance of unexpired carried forward capital losses separately identifiable for computation of limitation period for each tax year; and

(e) The manner of adjustment of capital loss carried forward from previous tax years will be in accordance with illustration given in clause (zf) of Rule 13P.]

(8) NCCPL shall deduct or add 0.5 percent for client's trade and 0.25 percent for broker's proprietary trade of the consideration received on disposal or cost of acquisition of securities respectively, in lieu of brokerage, commission, transaction fee, levy, Laga or any other similar incidental expenses incurred by the person while disposing or acquiring a security, subject to the condition that such deduction shall only be allowed in respect of market based transactions 13[:]

13[Provided that the above deductions shall not be applicable in case of units of open ended mutual funds and future contracts entered into by the members of PMEX.]

(9) NCCPL shall also deduct financing cost from the consideration received if financing is availed through NCCPL's leveraged market products.

(10) NCCPL shall collect an amount as computed in the manner laid down in the said Eighth Schedule and these rules on monthly basis in respect of transactions settled in a month, after adjustment of losses 13a[including adjustment of carried forward losses as per section 37A(5) and sub-rules (7) and (7A) above] and repayment of amount collected in previous month or months of same financial year, to ensure that at the end of any given month NCCPL possesses an amount equal to the estimated amount of tax liability on capital gains.

(11) Amount computed in the manner laid down in the said Eighth Schedule and these rules shall be collected by NCCPL from or through the clearing member 14[PMEX and Asset Management Companies] on net capital gains derived by person, taxable under the said Eighth Schedule.

(12) Any person, if not satisfied with the computation of capital gain or tax thereon or both made by NCCPL for the purpose of the said Eighth Schedule, such person may re-compute the capital gain and lodge claim of refund, if any, with the Commissioner after filing of return of income and the Commissioner shall refund the amount of tax in accordance with provisions of Part VI of Chapter X of the Ordinance.

(13) For the purpose of the said Eighth Schedule and this rule, the provisions of rules 13F, 13H and 13I shall not apply.

(14) The provisions of rule 13J shall not apply to the person whose tax liability on capital gains is discharged under the said Eighth Schedule, however the brokerage account of the investor 15[, account of unit holder of open ended mutual fund with Asset Management Companies and account of member of PMEX as the case may be] shall not be closed until and unless such person obtains a clearance certificate from NCCPL 16[:]

17[Provided that accounts of unit holders of open ended mutual funds with Asset Management Companies and account of member of PMEX, if closed without obtaining clearance certificate from NCCPL, Asset Management Company or PMEX shall remain responsible to ensure that any outstanding liability in respect of Capital Gain Tax which has arisen or may arise, has been collected from respective investor and deposited with NCCPL:]

18[Provided further that in case Asset Management Company or PMEX is unable to recover such tax from investor, these non-payments should be reported on monthly basis to NCCPL for onward reporting to Board in terms of rule 6(3) of the Eight Schedule to the Ordinance.]

(15) NCCPL shall issue certificate as provided in clause (4) of rule 1 of the said Eighth Schedule, as set out in Part I of rule 13O, 19[verifying] capital gains and tax thereon, if any, to each person subject to tax under the said Eighth Schedule within 19a[forty-five] days from the end of the financial year.

(16) NCCPL shall furnish electronically to the Board a quarterly statement of amount collected, within thirty days from the end of each quarter as set out in Part II of rule 13O.

(17) The person who has opted out of the scheme of taxation provided in the said Eighth Schedule shall file an undertaking to NCCPL in the form prescribed in Part III of rule 13O 20[along with the evidence of obtaining prior approval of Commissioner under rule 5 of the said Eighth Schedule].

21[Provided that the Commissioner shall not accord prior approval, unless the taxpayer is a filer]

(18) Statements referred in rule 2 of the said Eighth Schedule shall be furnished on the format prescribed in Part IV of rule 13O.

22[(18A) Where an irrevocable option has been filed to NCCPL by a person, after obtaining prior approval of the Commissioner to opt out of Eighth Schedule for determination and payment of capital gains tax, NCCPL shall submit to the Board details of capital gains and tax thereon of such person or persons for the tax year or part thereof in respect of which capital gain tax collection has not been made by NCCPL.]

(19) The period of forty-five days or one hundred twenty days, as the case may be, as referred in rule 2 of the said Eighth Schedule, shall be the period or periods in aggregate to, forty-five days or one hundred twenty days, as the case may be, during the period as provided in rule 2(1)(b) and 2(2)(b) of the said Eighth Schedule.

(20) For the purpose of rule 2 of the said Eighth Schedule, the investment shall be the time weighted average of the invested amount arranged in descending order for forty-five days or one hundred twenty days, as the case may be. The amount of investment at any particular day shall be netted off with the market value of net open sale position in futures and derivative contract of the same security to the extent of the amount of investment representing such security, before calculating aforementioned time weighted average.

(21) For the purpose of clarity in computing, determining, collecting and depositing the tax on 23[capital gains by Asset Management Companies and PMEX] capital gains by NCCPL, certain transactions and their tax treatments as well as the amount and period of investment referred to in rule 2 of the said Eighth Schedule are as enunciated in rule 13P:

Provided that in case of any confusion in respect of such computation, determination, collection or deposit, NCCPL, after computing, determining, collecting or depositing, may refer the case to the Board for clarification and make adjustments, if required, after such clarification.

(22) Definitions

For the purposes of this part,-

(a) “clearing member” shall have meaning as defined in NCCPL Regulations, 2003;

(b) “leveraged market” shall have the meaning as defined in the Securities (Leveraged Markets and Pledging) Rules, 2011;

(c) “market based transaction” means transaction executed at any registered stock exchange in Pakistan or NCCPL’s platform; and

(d) “UIN” means Unique Identification Number as defined in NCCPL Regulations, 2003.

(23) Notwithstanding anything contained in these rules, for the purpose of computation of capital gains and collection of tax thereon, the date of acquisition 24[, except in the case of foreign institutional investors,] and disposal, the consideration received and cost of acquisition shall be determined in the following manner, namely:-

(a) for the purpose of computation of capital gains, securities held on the 23rd April, 2011 shall be deemed as having held for a period of more than one year and the cost of such securities shall be deemed to be the market price (day-end price) of the securities, as on the 23rd April 2011;

(b) where physical securities have been deposited in an account maintained with Central Depository Company of Pakistan Limited between the 24th April, 2011 and the 23rd April, 2012 (both days inclusive), the date of acquisition of such securities shall be deemed as the 23rd April, 2011 and the cost of securities shall be deemed as market price (day-end price) as on the 23rd April, 2011;

(c) where securities have been acquired or disposed between the 24th April, 2011 and the 23rd April, 2012 (both days inclusive), the cost of acquisition and consideration received for disposal shall be determined in the following manner, namely:-

(i) in case of market-based transactions, the transaction price of the securities;

(ii) in case of transactions other than market-based transactions deal price provided by the stock exchange; and

(iii) in all other cases, the market price (day-end price);

(d) where physical securities are deposited on or after the 24th April, 2012 in an account maintained with Central Depository Company of Pakistan Limited, the actual date of acquisition and market price (day-end price) prevailing on such date shall be taken into account for computation of capital gains tax; 25[***]

26[(dd) where securities of unlisted company are converted into listed form, the cost of acquisition of such securities shall be the face value and the date of acquisition shall be the date of acquisition as available with CDC:

Provided that the cost of acquisition of securities in case of securities acquired during book building process and initial public offer (IPO) period shall be the applicable IPO price;

(e) in all other cases, where actual or deal price is not known to NCCPL, the market price (day-end price) shall be taken into account for computation of capital gains tax.

27[(24) Notwithstanding anything contained in these rules, for the purpose of computation of capital gains and collection of tax thereon with respect to foreign institutional investors, the date of acquisition and disposal, the consideration received and cost of acquisition shall be determined in the following manner, namely:-

(a) for the purpose of computation of capital gains, securities held on the 30th June, 2012 shall be deemed as having held for a period of more than two years and the cost of such securities shall be deemed to be the market price (day-end price) of the securities, as on the 30th June 2012;

(b) where securities have been acquired or disposed of between the 1st July, 2012 and the 30th June, 2014 (both days inclusive), the cost of acquisition and consideration received for disposal shall be determined in the following manner, namely:-

(i) in case of market-based transactions, the transaction price of the securities;

(ii) in case of transactions other than market-based transactions deal price provided by the stock exchange; and

(iii) in all other cases, the market price (day-end price);

(c) where physical securities are deposited on or after the 1st July, 2014 in an account maintained with Central Depository Company of Pakistan Limited, date and cost of acquisition shall be taken into account as follows:-

(i) the actual date of acquisition and market price (day-end price) prevailing on such date shall be taken into account for computation of capital gains tax, where such securities are acquired after April 23, 2011; and

(ii) the cost of such securities and date of acquisition shall be deemed to be the market price (day-end price) of the securities, as on the 23rd April 2011, where such securities are acquired on or before April 23, 2011; and

(iii) in all other cases, where actual or deal price is not known to NCCPL, the market price (day-end price) shall be taken into account for computation of capital gains tax.

(25) Foreign Institutional Investor may apply to NCCPL for separate Unique Identification Numbers (UIN) for each of its sub-funds under its umbrella.

(26) Where separate UINs have been obtained by Foreign Institutional Investor for each of the sub-funds under its umbrella, capital gain or loss shall be computed separately for each sub-fund and loss under one UIN shall not be allowed to be set off against capital gain arising to another sub-fund with separate UIN.

(27) Where a Foreign Institutional Investor opts not to apply to NCCPL under sub-rule (25), loss arising to any sub-fund shall not be allowed to be set off against capital gain of any sub-fund. However, such loss of a sub-fund may be adjusted against gain arising to such sub-fund at the time of filing of return by the sub-fund.]

28[(28) A new UIN shall not be assigned to unit holders of open ended mutual funds and members of PMEX if they already have been assigned a UIN by NCCPL.]

1-New Rules inserted vide SRO 1119(I)/2012 dated 12th September, 2012

2-Substituted for full stop by SRO 161(I)/2015, dated February 23, 2015.

3-Proviso and explanation inserted by SRO 161(I)/2015, dated February 23, 2015.

4-Sub-rule (3) substituted by the SRO 1145(I)/2016 dated 7th December, 2016. The substituted sub-rule (3) read as follows:-
In computing capital gains, NCCPL shall take into account transactions and their values as reported to or provided to or extracted from the systems or procedures in place with NCCPL, stock exchanges. The Central Depository Company of Pakistan Limited and clearing members in case of Foreign Institutional Investors:
Provided that, where any discrepancy or error is pointed out or found in recording the date of acquisition of security, NCCPL may, with the prior approval of the Commissioner Inland Revenue, rectify such date based on the relevant information provided by CDC as obtained from concerned issuer or its share registrar and accordingly re-compute the capital gain tax liability in the financial year in which such security has been disposed of.

5-Substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

6-Substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

7-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

8-Full stop substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

9-Added by the SRO 1145(I)/2016 dated 7th December, 2016.

10-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

10a-For the full stop and thereafter Proviso Inserted by the SRO 1956(I)/2022 dated 24-10-2022.

11-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

12-For sub-rule “(7)” and thereafter sub-rule “(7A)” inserted by substituted by S.R.O. 801(I)/2021, dated 24-06-2021.

Before substitution sub-rule “(7)” read as:
“(7) Capital loss arising on disposal of listed securities in any financial year shall not be carried to a subsequent financial year.”

13-Full stop and Proviso added by the SRO 1145(I)/2016 dated 7th December, 2016.

14-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

15-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

16-Full stop substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

17-Added by the SRO 1145(I)/2016 dated 7th December, 2016.

18-Added by the SRO 1145(I)/2016 dated 7th December, 2016.

19-Substituted for “showing computation of” by SRO 161(I)/2015, dated February 23, 2015.

19a-Substituted for "Thirty" by the SRO 1956(I)/2022 dated 24-10-2022

20-Words inserted by SRO 161(I)/2015, dated February 23, 2015.

21-Proviso inserted by SRO 161(I)/2015, dated February 23, 2015.

22-Sub-rule (18A) inserted by SRO 161(I)/2015, dated February 23, 2015

23-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

24-Words etc. inserted by SRO 161(I)/2015, dated February 23, 2015.

25-The word “and” omitted by the S.R.O. 498(I)/2016 dated 27

26-Clause "(dd)" substituted by the SRO 1570(I)/2022 dated 22-08-2022

27-Sub-rules (24) and (27) inserted by SRO 161(I)/2015, dated February 23, 2015.

28-Added by the SRO 1145(I)/2016 dated 7th December, 2016.

13O. Statements and forms.- Statements and forms as mentioned in sub-rules (15), (16), (17) and (18) of rule 13N, shall be filled in the following format, namely:-

1[Part I

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

Form A
[See rule 13N (15)]

Original/Duplicate					Date of Issue _____
Name of taxpayer					
UIN/CNIC/NTN/Company Registration Number					
Period					July 1, 20__ to June 30, 20__
Amount of net capital gain/(loss) on securities (Current Tax Year - Exempt)					Rupees _____
Amount of net capital gains/(Loss) on securities (Current Tax Year) (Taxable)					Rupees _____
Capital loss brought forward (if any) from previous years (Tax Year and amounts)					
Years Amounts					
Year 1					Rupees _____
Year 2					
Year 3					
Total					
Amount of net capital gains/(Loss) on securities (After adjustment of brought forward capital loss					Rupees _____
Amount of tax liability on capital gains					Rupees _____
Amount of tax liability on capital gains collected and deposit by NCCPL					Rupees _____
Amount and year wise break-up of capital losses carried forward including the limitation period is as follows:					Rupees _____
Tax year	Loss for the year as per NCCPL certificate	Loss already adjusted	Carried forward capital loss	Year of expiry	]

2[Part-II

**Format of quarterly Statement to be filed by NCCPL to the Board under rule 1(5) of the Eighth
Schedule to the Ordinance
[See rule 13N(16)]**

NTN No. _____ Address _____
Telephone _____ Fax _____ Email _____

S.No.	Name	UIN	[Net amount of capital gains as at quarter ended	Provisional amount of capital gains tax liability as at quarter ended

I, _____ holder of CNIC No. _____ in my capacity as Principal Officer
/ Representative of NCCPL do hereby solemnly declare that to the best of my knowledge and belief the
information given in this statement is correct and complete and in accordance with the applicable
provisions of the Income Tax Ordinance, 2001 and Income Tax Rules, 2002.

Date _____ (dd/mm/yyyy)
Signature _____]

Part-III

Format of irrevocable option to be filed by the taxpayer under rule 5 of the Eighth Schedule to the Ordinance, who opts out of the mechanism for determination and payment of tax liability on capital gains laid down in the Eighth Schedule to the Ordinance [See rule 13N(17)]

To, (NCCPL)

In terms of rule 5 of the Eighth Schedule to the Ordinance, I / we (name of person), hereby undertake to opt out of the mechanism for determining and payment of tax liability laid down in the said Eighth Schedule.

My other particulars are as under:

UIN	
NTN / CNIC	
Business address	
Residence address	
Telephone No.	
E-mail address	

I do hereby solemnly declare that information stated above is complete and correct to the best of my knowledge and belief.

Signature of the authorized person

Dated: _____

Part-IV

Statement of investments to be filed by taxpayer with the Commissioner under rule 2(1) of the Eighth Schedule to the Ordinance [See rule 13N(18)]

To,

The Commissioner, Inland Revenue.

I hereby declare my investments in listed securities as of _____ 3[20____], in terms of rule 2(1) of the Eighth Schedule to the Ordinance, as under:-

S.No.	Name of Security	Rupees

My other particulars are as under:

Name	
NTN / CNIC	
Business address	
Residence address	
Telephone No.	
E-mail address	

I do hereby solemnly declare that information stated above is complete and correct to the best of my knowledge and belief.

Signature of the authorized person
Dated _____

1[Part-I

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

[See rule 13N(15)]

Original/Duplicate	Date of issue
Sr. No	
1. Name of taxpayer	
2. UIN	
3. CNIC/NTN	
4. Period	July 1, 20____ to June 30, 20____
5. Amount of net capital gains on securities	
6. Amount of tax liability on capital gains collected and deposited by NCCPL Rupees	Rupees _____
7. Amount of tax liability on capital gains collected and deposited by NCCP Rupees	Rupees _____

This is to further certify that the tax collected has been deposited in the Federal Government Account.

Name of authorized person _____,

Signature _____”

2-Part-I substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

3-Substituted for “2012” by SRO 161(I)/2015, dated February 23, 2015.

13P. Clarifications and explanations.- Clarification and explanation as mentioned in sub-rule (21) of rule 13N regarding computation of capital gains and tax payable thereon under the Eighth Schedule to the Ordinance, and the amount and period of investment referred to in rule 2 of the said Eighth Schedule are as under:-

(a) Sales transactions:-

(i) Details of the transaction

An investor, holding securities, sells such securities in a stock exchange. The transaction is settled by transferring the securities sold from his account maintained in Central Depository System to the investor(s) buying the securities with credit of sale proceeds to the account of investor disposing of the securities.

(ii) Tax treatment

Disposal of security is to be taken as taxable event, at settlement date. Capital gain will be computed by applying FIFO method. If the securities holding period is more than one year, then no CGT shall be collected, otherwise, as per holding period, CGT shall be collected as per the holding period.

(iii) Example

A, being a client of a broker, has 2,000 shares of company ABC in his account. He acquired 1,000 shares on the 1st January, 2011 at Rs.15 per share, 500 on the 1st July, 2012 at Rs.16 per share and 500 on the 1st January, 2012 at Rs.14 per share. He disposed off 500 shares on the 1st February, 2012 at Rs.13 per share, 500 shares on the 7th February, 2012 at Rs.14 per share, 500 shares on the 21st February, 2012 at Rs.15 per share and 500 shares on the 28th February, 2012 at Rs.22 per share.

The cost of acquisition is deemed to include 0.50% of the acquisition cost as incidental expenses incurred.

NCCPL shall collect CGT as per following example 1[(below rates are hypothetical and used solely for understanding purposes, therefore, rate as per Division VII of Part I of First Schedule will be applicable in case of actual transactions)]:

Purchases / Acquisitions				Disposal				
Date	No. of shares	Price	Cost*	1st Feb, 2012	7th Feb, 2012	21st Feb, 2012	28th Feb, 2012	Total
1-Jan-11	1,000	15	15,000	500	500			1000
1-Jan-11	50	16	8,000			500		500
1-Jan-12	500	14	7,000				500	500
	2,000		30,000	500	500	500	500	500

Selling price per share	13	14	15	22	
Sale proceed Less:	6,500	7,000	7,500	11,000	32,000
Cost	7,500	7,500	8,000	7,000	30,000
	(1,000)	(500)	(500)	4,000	2,000

Less: 0.50% of sale proceeds as expense	32.50	35	37.50	55	160
	(1,032.50)	(535)	(537.50)	3,945	1,840
Adjustment of eligible losses			537.50	(537.50)	
Loss not eligible for set-off	1,032.50	535			
	0	0	0	3,407.50	
Holding period	396	402	235	58	
Tax rate applicable	0%	0%	8%	10%	
Tax to be collected					340.75
					3,066.75

[*Cost has been deemed to include 0.50% of cost of acquisition for ancillary expenses, hence not separately mentioned.]

(b) Squaring up transactions in ready, futures and derivatives

(i) Details of the transaction

An investor holding shares disposes of such shares, but on the same day or in same futures or derivative contract he buys same quantity of shares. The system does not change the inventory balances of the person in his account. The net difference of sale and purchase is either paid being profit or recovered being loss from the investor.

(ii) Tax treatment

Since there is no movement in the account, the net difference is payable to the investor, the same shall be taken as capital gain for holding period less than 6 months and the net difference will be subject to tax collection at 10%. If the net difference is recoverable, then the same shall be treated as loss and no tax shall be collected.

(iii) Example

In the example given in clause (a)(iii), in addition to the above, if A on the 28th February 2013 sold 500 shares, at Rs.23, purchased 500 shares at Rs.21 and then sold 500 shares at Rs.22.

In this case, the average selling price of the two sales would be Rs.22.5 per share which will be taken as the basis for computing capital gains. Consequently, gain of Rs.750 (500 x (22.5-21)) shall be taken as taxable at 10%. Whereas, on remaining 500 shares sold the taxable gain, if any, will be computed by taking sale consideration at Rs.22.5 per share by apply FIFO method on inventory held by A in his account.

(c) Transfer owing to privatization

(i) Details of the transaction

Owing to privatization, the shares of Government owned entities may be offered to public through stock exchanges. In such case, the Government shareholding is placed in the account of Privatization

Commission and, after subscription, the shares are transferred from Privatization Commission's account to the accounts of the buyers.

(ii) Tax treatment

Transfer of shares by the Federal or Provincial Government in an entity will not be subject to capital gains tax due to exemption contained in section 49 of the Ordinance.

Acquisition of shares shall not be subject to any tax. The cost of acquisition of the shares shall be the price paid by the buyers to acquire the shares and such cost base shall be taken into account for computation of capital gain on any subsequent disposal of shares by the buyers.

(d) Negotiated deal transactions

(i) Details of the transaction

Certain investors holding shares may sell through negotiated deal at a price agreed with the buyer e.g. a strategic sale and purchase of shares to acquire or dispose of controlling shares. Such transactions are reported as negotiated deal transactions at the relevant stock exchange through a stock broker in the manner prescribed by such stock exchange.

(ii) Tax treatment

The price reported as selling price or the market price, whichever is higher, shall be taken into account to compute capital gain on the basis of holding period of such securities.

(iii) Example

A holding 51% shares in company ABC (51,000 shares acquired at Rs.10). He negotiated a price of Rs.30 per share with a foreign investor who intends to hold company ABC. The transaction is reported to the stock exchange through the broker. In case the market price of such shares on that date of transaction is Rs.25, the capital gain shall be computed at the price of Rs.30 being higher of reported selling price and market price. Gain will be computed at Rs.20 per share (Rs.30 less Rs.10).

In case the market price of such shares on that date of transaction is Rs.35, the capital gain shall be computed at the price of Rs.35 being higher of reported selling price and market price. In this case gain will be computed at Rs.25 per share (Rs.35 less Rs.10).

(e) Transfer owing to acquisition

(i) Details of the transaction

Certain transactions in listed securities, fulfilling the rules and regulations, are entered into to acquire voting shares and takeovers under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002. Such transaction may be entered into at negotiated price or may be executed through the pricing mechanism of stock exchange.

(ii) Tax treatment

The actual selling price, negotiated or quoted, whichever is higher, in accordance with the provisions of relevant laws, as reduced by the cost of securities on FIFO basis, shall be taken as capital gain or loss and considering the example given in clause (a)(iii), any taxable gain shall attract collection of tax at applicable rate.

(f) Buy-back of shares

(i) Details of the transaction

Pursuant to section 95A of the Companies Ordinance, 1984, a company may buy back its shares from its shareholders. If an investor holding shares exercise option then shares held by him are transferred to the company.

(ii) Tax treatment

The transfer of shares under buy-back arrangement will be taken as disposal and the price paid by the company to acquire the shares shall be taken as sale price to compute capital gain and collect tax thereon, if such gain is taxable.

(g) Transfer from one account of investor to his another account

2[(i) Details of the transaction

An investor holding securities in his one account transfers such securities to another. In case where securities are transferred from singly owned account to another singly owned account that may be maintained with same or different participant or from a joint account to another joint account with same combination of joint holders this will be treated as portfolio transfer as no change has occurred in overall portfolio of the investor. However, in case of transfer of securities from a singly owned or joint account to an account where ownership structure is different, such transfers shall be treated as disposal.

(ii) Tax treatment

In case of portfolio transfer where ownership of securities does not change, no capital gain tax shall be computed. In such a case the date and cost of acquisition of the securities shall not be changed owing to such portfolio transfer.

In all other cases, including transfer by investor from one fund in an Asset Management Company to another fund maintained by same or another Asset Management Company, such transfer shall be treated as disposal and shall be taxed accordingly.]

(h) Securities lending and borrowing (SLB)

(i) Details of the transaction

An investor borrows securities from a person holding such security for a specified period under an outright purchase and re-sale contract. Investor sells the borrowed security in the market and on or before contract completion date repurchases it to return to the lender. The borrowing investor while returning the security to the lender pays financial charges for the period of use of security.

(ii) Tax treatment

In accordance with rule 13L(1)(b), the net difference in the hands of the borrower resulting in completing the whole transaction, including the financial charges incurred on borrowing the securities, is to be treated as capital gain or loss, as the case may be. The income of the lender, being mark-up income, shall not be subject to capital gain tax.

(iii) Example

A borrowed 1,000 shares from B for short term. The agreed value of the borrowed shares is Rs.100 per share on which mark-up for the specified period is to be paid by the borrower at the time of returning the borrowed securities. A sold such borrowed securities at Rs.101 per share and subsequently on the date agreed to return the shares to the lender, re-purchased 1000 shares at Rs.90. At the time of settlement, the borrower also paid a sum of Rs.2 per share as mark up on borrowed security to the lender 3[(below rates are hypothetical and used solely for understanding purposes, therefore, rate as per Division VII of Part I of First Schedule will be applicable in case of actual transactions)].

Net gain / loss of the borrower	No of shares	Price	Amount
Sale of borrowed shares	1,000	101	101,000
Repurchase of shares and returned to the lender	(1,000)	90	(90,000)
0.50% of sale proceeds as incidental expenses on sale			(505)
0.50% of repurchase price being incident expenses on acquisition			(450)
Financial cost paid to the lender		2	(2,000)
Net gain / (loss)			8,045
Tax to be collected @ 10% on net gain			804.50
Financial income of the lender			2,000
No CGT to be collected			0

For the lender, on return of the borrowed shares by the borrower, the cost and date of acquisition shall remain the same as was before lending the shares to the borrower.

(i) Transfer / transmission upon death

(i) Details of the transaction

Upon death of an individual, the securities held are transferred to the executor or beneficiary.

(ii) Tax treatment

In accordance with section 79 of the Ordinance, no gain or loss is recognized on transmission of an asset to an executor or the beneficiary on the death of a person. Accordingly, no capital gain tax is required to be computed and collected at the time of such transfer. The date of acquisition and cost of the 4[securities] in the hands of executor or beneficiary will be the same as was in the hands of deceased person.

(j) Transfer for / against GDRs

(i) Details of the transaction

A person holding shares of a company, for which GDR is issued, may deposit the shares with the Depository for issuance of shares. Conversely, the GDR issued may either be redeemed at specified time or cancelled before time in which case the Depository issues shares to the GDR holder.

(ii) Tax treatment

When the person deposits shares into the Depository and get issued GDRs, the shares will be taken as disposed of and consequently, capital gain will be required to be computed. Since the value of GDRs issued will not be available to NCCPL, therefore, the market price (day-end price) of the date of transfer

shall be taken as consideration received by the person for the purpose of computation and collection of capital gain tax.

Similarly, when GDRs are converted into shares, the deposit of shares in the person's account shall not be a taxable event, being an acquisition of shares. However, as the value for which GDRs converted into shares will not be available with NCCPL, therefore, the cost of acquisition for such shares shall be taken the market price (day- end price) of the date on which the shares are deposited.

(k) Gift (to family members or to members other than family members)

(i) Details of the transaction

Securities may be transferred from an investor's account to another account belonging to his family or another member not belonging to family by reason of a gift, by use of reason code established under Central Depository System 5[or similar code in Asset Management Companies and PMEX system].

(ii) Tax treatment

In accordance with section 79 of the Ordinance, no gain or loss is recognized on disposal of an asset by reason of a gift of the asset. Accordingly, such transfer will not attract capital gain tax. The date of acquisition and cost of the securities shall remain same in the hands of transferee as were in the hands of transferor.

(l) Reversal of erroneous transfers

(i) Details of the transaction

Sometime, securities may be transferred from one investor's account erroneously, which are then returned from the participants account to whom such erroneous delivery is made.

(ii) Tax treatment

If at the time of transaction such an error is not identified, NCCPL will compute and collect tax on transfer of 6[securities] at first stage, if applicable. However, since subsequent reversal of erroneous transfers is not due to disposal therefore such rectification of mistake to correct the inventory in participants' accounts will not be considered as taxable event.

(iii) Example

A sold 500 shares which were bought by B. Erroneously, 5,000 shares were transferred from A's account to C's account. On detection of error, C' returns 5,000 shares to A and then A transfers 500 shares to B.

At the time of first transfer of 5,000 shares the system will record the transaction and compute capital gain tax, if applicable. Subsequent reversals, will be made through erroneous transfer reason code, and being there no actual disposal involved, no gain or loss shall be computed in the case of transfer of shares from C to A and then A to B.

The respective persons, if need arises, may seek adjustments for actual results in their return of income, including refund for excess collection of tax due to erroneous transfer by the investor.

(m) Global custodian related market based transaction

(i) Details of the transaction

Foreign institutional investors not only deal in shares for their own account but also on behalf of other investors through global custodians.

(ii) Tax treatment

7[CGT shall be charged to the final settlement account of the person settling the underlying trade and such clearing member shall be responsible to collect and deposit with NCCPL, CGT computed on such transactions].

8[(iii) Example:

ABC Company, a foreign institutional investor, sells 20,000 shares of XYZ Company on its own behalf and on behalf of other investors as follows 9[(below rates are hypothetical and used solely for understanding purposes, therefore, rate as per Division VII of Part I of First Schedule will be applicable in case of actual transactions)]:

Name	Qty	Capital Gain/ (Loss)	Holding Period (days)	Rate	Capital Gain Tax	First Settlement Account	Final Settlement Account for CGT Collection
ABC Co.	8,000	Rs.35,000	300	12.5%	Rs. 4,375	ABC Company-Proprietary UIN	ABC Company
Mr. P	5,000	Rs.31,000	390	10%	Rs. 3,100	ABC Company-IBD UIN	Mr. P
Mr. Q	3,000	Rs. (11,000)	410	NA	NA	ABC Company-IBD UIN	Mr. Q
Mr. R	4,000	Rs.27,000	750	0%	0	ABC Company-IBD UIN	Mr. R
Total	20,000				Rs. 7,475		

As illustrated above, foreign institutional investors (ABC Company) sold shares, on its own behalf and on behalf of other investors. Thus, capital gain tax shall be charged to the final settlement account of the person settling the underlying trade and such clearing member shall be responsible to collect and deposit with NCCPL CGT computed on such transactions. Further, IBD UIN of foreign institutional investor used as a transitional account shall be exempt from capital gain tax.

Similarly, for purchase transactions, final settlement account shall be used for the purpose of inventory maintenance of the clients of foreign institutional investors and inventory shall not be maintained for the IBD UIN of foreign institutional investor.]

(n) Failure in delivery or payment

(i) Details of the transaction

Where a person has sold the securities but unable to settle the transaction by delivery, as per stock market mechanism, the securities are bought from another investor and delivered to the buyer(s). The person in default is charged with certain penalties or charges for his failure to complete the transaction.

Similarly, a buyer may default in making payment for securities purchased. The securities so purchased by him are retrieved and sold to settle his liability towards the seller.

(ii) Tax treatment

Where the seller fails to deliver securities, and the transaction is settled by purchase of securities from another investor to settle the transaction, the person in default shall not be treated as seller of the securities in accordance with criteria of section 75 of the Ordinance. Rather, the person from whom the securities were purchased to settle the transaction is to be taken as person disposing the securities and accordingly he will be subject to capital gain tax, if applicable.

Where a buyer defaults in taking the delivery of security by not making payment due, the securities sold on his behalf will be taken as disposal by him and if any gain arises in the hands of buyer in default such gain will be subject to capital gain tax, if applicable.

(o) Failed/ un-affirmed transaction

(i) Details of the transaction

Clearing Member (CM) of one stock exchange (Originating CM) deals with a CM of another stock exchange (Transacting CM) for sale or purchase of shares. When, the Originating CM does not confirm the transaction to the NCCPL, NCCPL completes the transaction by executing sale or purchase through Transacting CM. To complete the transaction, shares are delivered to/from the account of Transacting CM.

(ii) Tax treatment

Since such transactions are settled by the Transacting CM, NCCPL shall compute capital gain in respect of such transaction from such Transacting CM.

(p) Pledge call

(i) Details of the transaction

When a borrower defaults in payment to the lender, and 10[securities] were pledged as collateral, the borrower is entitled to transfer such 10[securities] from the person in default to his own account.

(ii) Tax treatment

When the 10[securities] are transferred from the account of person in default to the lender's account, such transfer will be treated as disposal for tax purposes. The system price (day-end price) will be taken as deemed consideration for the purpose of computation of capital and tax thereon. Since no proceeds will be due to the person in default, thus, NCCPL may not be able to collect tax from such person. However, NCCPL shall report such capital gain and the amount tax, if any, in the statements.

11[(q) Disposal of bonus shares

(i) Details of the transaction.-

A company issues bonus shares to its shareholders, which are subsequently sold by the shareholder in the market.

(ii) Tax Treatment-

Bonus Share Entitlement prior to the 1st July, 2014 or from 1st July, 2018 onwards:-

Where bonus share entitlement is prior to the first day of July, 2014 or from the first day of July, 2018 onwards, the cost of such shares shall be computed by spreading the cost of old shares over the old shares plus the bonus shares taken together. This cost of a share shall be the same for the old shares and the new shares. Subsequently, when such bonus shares are disposed of, such cost shall be taken for computation of capital gain and tax thereon. Similarly, the cost of old shares shall be taken the same as for bonus shares, and when the old shares are disposed of, such cost shall be taken for computation of capital gain and tax thereon, even if these are sold prior to the crediting of bonus shares in the shareholder's account, but after the date of entitlement of bonus shares.

Example. - A, being a client of a broker, acquired 400 shares of company B in his account. He acquired these shares on 01-01-2019 at Rs. 30 per share. On the same day i.e. 01-01-2019, the company declared bonus shares @ 25%, and date of entitlement of the shares was declared as 1-04-2019 and the shares were to be credited in the account of A on 15-5-2019. He disposed off 300 shares on the 15-06-2019 at Rs. 35 per share.

NCCPL shall compute capital gains as per following example:-

Purchases /Acquisitions				Disposal	
Date	No. of shares	Price	Cost	15-Jun-19	Total
1-Jan-19	400	30	12,000	300	300
1-Jan-19	Bonus shares issued @ 25%				
After entitlement					
1-Jan-19	400	24	9,600		
15-May-19 (Bonus)	100	24	2,400		
				300	300
Selling price per share				35	
Sale proceed				10,500	
Less: Cost				7,200	
Capital Gain				3,300	

Bonus Share Entitlement during the 1st July, 2014 till the 30th June, 2018:-

From the first day of July, 2014 till the thirtieth day of June, 2018 for computation of capital gain tax, the cost of bonus shares shall be the price prevailing on first day of book closure (ex-bonus price). Subsequently, when such bonus shares are disposed of, such cost shall be taken for computation of capital gain and tax thereon. Similarly, the cost of old shares shall remain same before and after bonus shares are issued, and when the old shares are disposed of, such cost shall be taken for computation of capital gain and tax thereon, even if these are sold prior to the crediting of bonus shares in the shareholder's account, but after the date of entitlement of bonus shares.

Example. - A, being a client of a broker, has 400 shares of company B in his account. He acquired these shares on the 1st January, 2015 at Rs.20 per share. On the same day i.e. 01-01-2015, the company declared bonus shares @ 50%, and date of entitlement of the shares was declared as 1-04-2015 and the shares were to be credited in the account of A on 15-5-2015, The market value (ex-bonus price) of these shares on 31-03-2015 is Rs.25 per share. He disposed of 500 shares on the May 20, 2015 at Rs.30 per share.

NCCPL shall compute capital gains as per following example:-

Purchases /Acquisitions				Disposal	
Date	No. of shares	Price	Cost	20-May-15	Total
1-Jan-15	400	20	8,000	500	500
1-Jan-15	Bonus shares issued @ 50%				
1-Apr-15	400	24	9,600		
15-May-15 (Bonus)	100	24	2,400		
				500	500
Selling price per share				30	
Sale proceed				15,000	
Less: Cost				10,500	
Capital Gain				4,500	

(r) Right issue

(i) Details of the transaction

A Company may grant letter of rights to its shareholders to acquire further shares in the company at a given price. Such rights are credited to the respective shareholders account and such rights are also traded on stock exchange. A shareholder granted the right, or an investor who bought the right from the stock market, subscribe the shares of the company by making payment of given price of the shares. Shares so acquired may then be disposed of.

(ii) Tax treatment.-

The sale proceeds of letter of rights (LoR) or rights shares shall be the market price of the LoRs or rights shares as received by the investor.

Cost of acquisition of LoRs shall be the price paid, if any, by the investor to acquire such LoRs.

Cost of acquisition of the right shares shall be the price paid by the investor to acquire those right shares, including price paid for acquisition of LoRs:

Provided that where right shares are not credited on or before 45 days from date of delisting of LoRs by CDC, these LoRs shall be deemed as disposed of at zero price.

Capital gain or loss on disposal of LoRs or rights shares shall be computed as difference of consideration received from disposal and the cost of acquisition.”; and

(ii) after sub-clause (ii), substituted as aforesaid, the following new sub-clause shall be added, namely:-

“(iii) Example.-

LoR Allotment Price	0
LoR Price - Purchased from Market	5.00
LoR Price - Sold in Market	12.00

Right Share subscription price	25.00
Right Shares Price - Sold in Market	40.00

Case A: Investor A is allotted 100 LoRs. He disposes of 12 LoRs, subscribes 70 LoRs, does not exercise remaining 18 LoRs and sells 10 right shares.

Case B: Investor B purchases 100 LoRs. He disposes of 12 LoRs, subscribes 70 LoRs, does not exercise remaining 18 LoRs and sells 10 right shares.

Particulars	Case A	Case B
Cost of acquisition of 100 LoRs	-	500.00
Capital Gain on disposal of 12 LoRs	144.00	84.00
Cost of acquisition of 70 Right shares	1,750.00	2,100.00
Capital loss on not exercising 18 LoRs	-	(90.00)
Capital Gain on disposal of 10 Right shares	150.00	100.00

(s) Merger

(i) Securities are moved pursuant to order or directive of authorities like SECP, SBP, High Court etc.

(ii) Tax treatment

13[Since no change of ownership of the shareholder is involved therefore such transfer will not be taken as taxable event and no CGT will be collected on such transfer. Similar treatment shall be applicable in case of merger of funds consequent of an order of court or SECP.]

(iii) Example

A holds 1,000 shares in ABC which he acquired at Rs.10 each on the 1st January, 2013. ABC merged into company XYZ through scheme approved by the High Court. XYZ issues 1 share for each 2 shares of company ABC. Consequently, in A's account, 1,000 shares in company ABC are replaced with 500 shares of company XYZ. The extinguishment of 1,000 shares in company ABC will be treated as tax neutral event, and 500 shares in XYZ will have the same cost base i.e. Rs.10,000 (Rs.20 per share). If subsequently, A sells shares of XYZ, capital gain will be computed taking into account the date of acquisition i.e. the 1st January, 2013.

(t) De-merger

(i) Details of the transaction

Consequent to the order of the court, SECP or State Bank of Pakistan, a company may de-merged and split into two companies. Consequently, the shareholding of existing company is also divided into shares of the two companies i.e. existing company and the new company. In Central Depository System, in a shareholders account the existing company's shareholding is reduced to the revised shareholding whereas new shareholding in the new company is also recognized.

(ii) Tax treatment

Pursuance to section 97A of the Ordinance, the splitting will be tax neutral event. The cost base of existing shareholding shall be divided in proportion to the revised shareholding in the existing company and the new company. The date of acquisition of shares in the existing company will remain same for

the revised shareholding in the two companies 14[Similar treatment shall be applicable in case of demerger of funds consequent of an order of court or SECP.]

(u) Capital reduction / Splitting of shares / Conversion

(i) Details of the transaction

A company may consider reducing its paid capital or splitting the 15[securities] under the relevant laws. In such, the existing 16[investors] are either required to surrender the existing 15[securities] and obtain new 15[securities] in the ratio approved, or the existing 15[securities] are divided into specified numbers of new 15[securities].

(ii) Tax treatment

Since the existing 15[investors] are issued with new 15[securities] in exchange of their existing 15[securities] due to the corporate requirements, and no change in ownership occurs, therefore, the cancellation of existing 15[securities] is not to be treated as ‘disposal’ for tax purposes. Further, the cost and date of acquisition of new 15[securities] will remain same, as it was for existing 15[securities].

(v) Specie dividend

(i) Details of the transaction

A company declares dividend in specie, whereby, the dividend is paid in the form of shares in a company (other than the shares of the company declaring dividend). Such shares held in the account of the company are transferred to the respective shareholders’ account. The shareholders who received such shares in other company may then dispose of such shares.

(ii) Tax treatment

When a person will be transferring shares in other company to its shareholders as specie dividend, then such shares will be taken as disposed of and will be subject to capital gain tax.

The shares will be added in the share holders’ account and the cost 14[of such shares shall be taken as zero], whereas, the acquisition date will be the date on which shares are credited. Such cost base shall be taken into account for computation of gain or loss at the time of disposal of shares received as specie dividend and original shares.

(w) Offer for sale

(i) Details of the transaction

Pursuant to section 61 of the Companies Ordinance, 1984, transactions for issuance or sale of securities can be carried out as offer for sale.

(ii) Tax treatment

When securities are issued by the company under offer for sale, the issuance is not a taxable event. The date on which such securities are credited to the investor’s account shall be taken as acquisition date and the price paid for acquiring such securities shall be taken as cost of acquisition of such securities. Such date and cost base shall then be considered for computation of capital gains tax if such securities are disposed of by the investor subsequently.

If under offer for sale, a person disposes of securities held by him, then such disposal will be taxable event and subject to capital gains tax.

(x) Court orders

(i) Details of the transaction

There could be certain orders of the courts whereby transfer of securities may be required from an investor's account to another investor's account or any other person, e.g. deposit of securities with Nazir of the Court, transfer of securities in case of dispute among legal heirs, award of decree etc. etc.

(ii) Tax treatment

Capital gains tax on transfer under a court order will depend on the contents of the order. For example, in case of an order in dispute among legal heirs, the transfer of securities may not be taxable being covered under section 79 of the Ordinance. Similarly, in case of mergers or de-mergers, transfers would be tax neutral event. Whereas, in case of a decree against an investor, transfer of securities from his account may constitute taxable event.

NCCPL shall be responsible to compute capital gains tax, where a clearing member report transfer under a court order as taxable event through Central Depository System.

(y) Computation of investment amount for the purpose of rule 2 of the Eighth Schedule to the Ordinance

The period of investment and amount eligible under rule 2 of Eighth Schedule to the Ordinance shall be determined as per following examples 17[(below rates are hypothetical and used solely for understanding purposes, therefore, rate as per Division VII of Part I of First Schedule will be applicable in case of actual transactions)]:

Example-1

Statement of Net Investment With Age - clause 2(1) of Eighth Schedule						
Date	Description	Cost of Investment	Value of open Derivatives Sale Position	Net Investment	No of days	Accumulative Investment
23-Apr-12	Opening Balance	5,000,000	1,000,000	4,000,000	24	4,000,000
17-May-12	Disposal	(2,000,000)	-	(2,000,000)	8	3,000,000
25-May-12	Disposal	-	1,500,000	(1,500,000)	12	1,500,000
06-Jan-12	Acquisition	4,000,000	-	4,000,000	17	7,000,000
23-Jun-12	Disposal	(5,000,000)	-	(5,000,000)	7	2,000,000
30-Jun-12	Closing balance	2,000,000				

Sorted in Descending Order		Calculation of Time Weighted Average
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No of days	Accumulative Investment		No of days	Accumulative Investment	Product	Time Weighted Average
17	7,000,000		17	7,000,000	119,000,000	
24	4,000,000		24	4,000,000	96,000,000	
8	3,000,000		4	3,000,000	12,000,000	
7	2,000,000		45		227,000,000	
12	1,500,000		Time Weighted Average = Total product/No of days			5,044,444

As per clause 2(1), of the Eighth Schedule, amount of investment made prior to April 23, 2012 shall be considered as investment for the purposes of the said clause. The investment has to remain invested for at least 45 days. The above example indicate that amount invested has increased during the 45 days and therefore it is established that the amount of investment as on April 23, 2012 i.e. Rs.4,000,000 remains invested for 45 days till June 30, 2012. If it has been decreased from Rs.4,000,000, the decreased amount should have been taken for the purposed of the said clause 2(1).

Example-2

Statement of Net Investment With Age - clause 2(2) of the Eighth Schedule						
Date	Description	Cost of Investment	Value of open Derivatives Sale Position	Net Investment	No of days	Accumulative Investment
24-Apr-12	Acquisition	10,000,000	-	10,000,000	14	10,000,000
08-May-12	Disposal	(2,000,000)	500,000	(2,500,000)	17	7,500,000
25-May-12	Disposal	(3,000,000)	-	(3,000,000)	30	5,000,000
24-Jun-12	Acquisition	4,000,000	-	4,000,000	29	9,000,000
23-Jun-12	Disposal	(1,000,000)	1,500,000	(2,500,000)	258	6,500,000
07-Apr-13	Acquisition	500,000	-	500,000	416	8,500,000
28-May-14	Disposal	(6,000,000)	-	(6,000,000)	31	2,500,000
28-Jun-14	Acquisition	12,000,000	-	12,000,000	1	14,500,000
29-Jun-14	Disposal	(2,000,000)	3,000,000	(5,000,000)	1	9,500,000
30-Jun-14	Closing balance	12,500,000	5,000,000	7,500,000		

Sorted in Descending Order			Calculation of Time Weighted Average			
No of days	Accumulative Investment		No of days	Accumulative Investment	Product	Time Weighted Average
1	14,500,000		1	14,500,000	14,500,000	
14	10,000,000		14	10,000,000	140,000,000	
1	9,500,000		1	9,500,000	9,500,000	
29	9,000,000		29	9,000,000	261,000,000	
416	8,500,000		75	8,500,000	637,500,000	
17	7,500,000		120		1,065,500,000	
258	6,500,000					
30	5,000,000					8,854,167]
31	2,500,000		Time Weighted Average = Total product/No of days			

18[(z) Free of Payment transactions (transactions executed outside Pakistan).

Certain foreign institutional investors holding shares may sell through negotiated deal at a price agreed with the buyer outside Pakistan e.g. a strategic sale and purchase of shares to acquire or dispose of controlling shares. Such transactions are reported to respective clearing member of foreign institutional investors to transfer the shares from seller account to buyer account. In such transactions, respective clearing member does not know the transaction price and merely transfers shares from one account to other on the instructions of its foreign client.

Respective clearing member receiving the instructions from foreign institutional investors shall be responsible to report such transactions in the negotiated deal market at the relevant stock exchange through a stock broker in the manner prescribed by such stock exchange or through reporting interface provided by NCCPL for this purpose. The price reported as selling price or the market price (day-end price of the date of transaction), whichever is higher, shall be taken into account to compute capital gain on the basis of holding period of such securities as illustrated in clause (d).

(za) Capital gains on disposal of debt security Tax treatment

By including debt securities in the definition of security in section 37A, the gain or loss on disposal of debt securities shall be computed, collected and paid as provided in Eighth Schedule, unless opted out with the approval of Commissioner. However companies shall not be subject to this regime and will continue to be taxed as in the past with the rates applicable to the companies and not the rates as amended in Division VII of Part I of First Schedule. Individuals on the other hand shall be subject to mechanism as laid down in the Eighth Schedule to the Ordinance, in respect of debt securities for which settlements are undertaken by NCCPL.]

19[(zb) Sales transactions of securities of private/public unlisted company after its conversion into listed company:-

(i) Detail of the transaction

An investor, holding such securities, sells securities in a stock exchange. The transaction is settled by transferring the securities sold from his account maintained in Central Depository System to the investor buying the securities with credit of sale proceeds to the account of investor disposing of the securities.

(ii) Tax treatment

Disposal of security is to be taken as taxable event, at settlement date. Capital gain will be computed by applying FIFO method. Capital Gain shall be chargeable to tax as per section 37A read with rates specified in Division VII of Part I of the First Schedule of the Income Tax Ordinance, 2001.

(iii) Example

(a) A, being a client of a broker, has 1,000 shares of company ABC in his account. He acquired 1,000 shares on the 1st January, 2013 at Rs. 10 per share when the Company was private/public unlisted company having face value of share of Rs. 10 and transfers the same in electronic form with CDC on 1st February, 2013. ABC Company listed on stock exchange on 1st July, 2015 at a listing price of Rs. 20. He disposed of 500 shares on 1st January, 2016 at Rs. 25 per share and 500 shares on 8th February, 2017 at Rs. 30 per share.

(b) NCCPL shall compute capital gain and tax thereon, if any in the following manners:

(c) Date of acquisition will be based on CDS data while face value will be entered as cost of acquisition from ready board quotations:

Purchases / Acquisitions			Disposal			
Date	No. of shares	Price	Cost*	1st Jan, 2016	8th Feb, 2017	Total
1-Jan-13	1,000	10	10,000	500	500	1,000

Selling price per share	25	30	
Sale proceed	12,500	15,000	27,500
Less: Cost	5,000	5,000	10,000
Difference	7,500	10,000	17,500
Less: 0.50% of sale proceeds as expense	62.50	75	137.5
Capital gain	7,437.5	9,925	17,362.5
Holding period	1,095	1,499	
Tax rate applicable	7.5%	0%	
Tax to be collected	557.81	-	

20[(zc) Setoff of losses in case of investors having securities of multiple categories: Details of transaction:

An investor holds various securities i.e. shares of company listed in Pakistan Stock Exchange [PSX], units of open ended mutual funds and future commodity contracts traded at PMEX exchange. The investor has arrived at capital gain in case of certain securities while also incurred capital loss on other securities that is eligible for setoff with capital gain arrived at during the period on other securities.

(i) Tax Treatment:

Effective from 1 July 2016, units of open ended mutual funds and future commodity contracts are brought in the ambit of Eighth Schedule under NCCPL. Accordingly the investors will be entitled to have the capital loss adjusted against the capital gain in terms of Rule 13N(6) while NCCPL will calculate capital gain tax liability of net capital gain position i.e. after adjustment of capital losses for the year in terms of Rule 13N(10).

(ii) Example:

The examples in respect of above are given below (below rates are hypothetical and used solely for understanding purposes, therefore, rate as per Division VII of Part I of First Schedule will be applicable in case of actual transactions):

Example 1:

Client Name: Ahmed Ali

UIN: 3520211111119

Financial Year: July 2016 to June 2017

Month: September 2016

Description	Tax Obligation AMC-FUND-1		Tax Obligation PMEX		Tax Obligation PSX		Net Tax Obligation	
Tax Position computed by NCCPL	Gain/(Loss)	Tax	Gain/(Loss)	Tax	Gain/(Loss)	Tax	Gain/(Loss)	Tax
	100,000	10,000	200,000	20,000	(150,000)	0	150,000	15,000
Loss Allocation	(50,000)		(100,000)		150,000	0		
Net Tax	50,000	5,000	100,000	10,000	0	0	150,000	15,000
Tax Collection Demand		5,000		10,000				

In the above example, after adjustment of capital loss proportionally (In proportion of capital gains) during the month, NCCPL shall demand Rs 5,000 from AMC-1 and Rs 10,000 from PMEX.

Example 2:

Example 1:

Client Name: Ahmed Ali

UIN: 3520211111119

Financial Year: July 2016 to June 2017

Month: February 2017

Balance as of December 31, 2016		CGT Computation PSX- February 2017		CGT Computation- PMEX-January 2017		Net CGT as of February 2017	
Gain/(Loss)	CGT collection from PMEX	Gain/(Loss)	CGT	Gain/(Loss)	CGT	Gain/(Loss)	CGT
100,000	10,000	50,000	5,000	(70,000)	NIL	80,000	8,000

In the above example, it is assumed that CGT of Rs. 10,000 has been collected by NCCPL from PMEX till December, 31 2016. Now, in the month of February, the investor has capital gains arising on disposal of listed securities at PSX and resulting tax liability on such gains Rs 5,000. However, due to net loss of Rs. (70,000) as reported by PMEX for respective investor, NCCPL will determine net capital gain of Rs. 80,000 (100,000+50,000-70,000) as at February 28, 2017 with net tax liability of Rs. 8,000. But as NCCPL has already collected Rs 10,000 from PMEX as at December 31, 2016 therefore, NCCPL will refund Rs. 2,000 (10,000-8000) to the PMEX.]

20[(zd)Future Commodity contracts entered into by the member of PMEX:

(i) Details of transaction:

A member of PMEX has entered into future commodity contracts which are traded at PMEX. These can either be settled in cash or through actual settlement. Capital gains tax would have to be worked out in accordance with applicable legal framework.

(ii) Tax Treatment:

Effective from 1 July 2016, future commodity contracts entered into by the member of PMEX are brought in the ambit of Eighth Schedule under NCCPL. Accordingly NCCPL will calculate and determine capitals gain tax liability on these contracts in terms of Rule 13N.

(iii) Examples:

The examples in respect of above are as under (below rates are hypothetical and used solely for understanding purposes, therefore, rate as per Division VII of Part I of First Schedule will be applicable in case of actual transactions):

Example 1. Cash settled future commodity contracts:

Capital Gain Loss and CGT Working

Date	Transaction	No of contracts	Contract Price \$	Day end Price (\$)	Exchange Rate (USD to PKR)	Gain/ (Loss) in USD	Gain/ (Loss) in PKR	CGT @ 5%
		A		B	C			
7/1/2016	Purchase	1	14.5	15	105	0.50	52.50	2.63
7/2/2016				15.5	105.5	0.50	52.75	2.64
7/3/2016				14.9	105.3	(0.60)	(63.18)	(3.16)
7/4/2016	Sale	1	16	16.5	105.3	1.10	115.83	5.79
Total						1.50	157.90	7.90

Example 2. Delivery settled future commodity contract- Contract sold before settlement date without physical delivery:

Investor	Date	Transaction	Contract Name	Quantity	Price Rs
A	1-Jul-16	Purchase	TOLA GOLD MON	1	50,100
A	4-Jul-16	Sale	GOLD GOLD MON	1	52,500
Gain on sale					2,400
Applicable tax rate					5%
Capital gain					120

Example 3. Delivery settled future commodity contract- Settled at settlement dates:

Investor	Trade Date	Settlement Date	Transaction	Contract Name	Quantity	Price PKR
A	1-Jul-16	8-Jul-16	Purchase	TOLA GOLD FRI	1	50,100
A	4-Jul-16	11-Jul-16	Purchase	TOLA GOLD MON	1	51,000

A	11-Jul-16	13-Jul-16	Sale	TOLA GOLD WED	1 Tola	52,500
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Commodity Name	Units	Inventory Date	Inventory Value
Tola Gold	1 Tola	8-Jul-16	50,100
Tola Gold	1 Tola	11-Jul-16	51,000
Average value			50,550

Monday Contract is settled on next Monday and Tuesday contract on next Tuesday. Upon settlement, funds and inventory is moved.

Capital Gain Loss Computation

Sale Quantity	1 Tola
Selling Price	52,500
Sale Value	52,500
Less : Cost	50,100
Capital Gain / (Loss)	2,400
Tax rate applicable	5%
Tax to be collected	120

Example 4. Delivery settled future commodity contract- Settled at settlement dates:

Opening Inventory at June 30, 2016

Commodity Name	Units	Inventory Date	Purchase Price	Inventory Value
Tola Gold	5 tola	5-Jan-16	52,000	260,000
Tola Gold	10 tola	12-Mar-16	51,500	515,000

Purchase after June 30, 2016

Commodity Name	Units	Inventory Date	Purchase Price	Inventory Value
Tola Gold	1 Tola	8-Jul-16	50,100	50,100
Tola Gold	1 Tola	11-Jul-16	51,000	51,000

Total Inventory for sale

Commodity Name	Units	Inventory Date	Purchase Price	Inventory Value
Tola Gold	5 tola	5-Jan-16	52,000	260,000
Tola Gold	10 tola	12-Mar-16	51,500	515,000
Tola Gold	1 Tola	8-Jul-16	50,100	50,100
Tola Gold	1 Tola	11-Jul-16	51,000	51,000
	17			876,100

In this case, capital gain loss in the above mentioned example 3, on 13-Jul-2016 shall be computed as under:

Capital Gain Loss Computation

Sale Quantity	1 Tola
Selling Price	52,500

Sale Value	52,500
Less : Cost	52,000
Capital Gain / (Loss)	500
Tax rate applicable	5%
Tax to be collected	25

Example 5. Deposit of commodity and sale thereof:

		Contract Day end Price
1 -July-2016	Monday	50,150

In this case deemed value of 10 tola gold deposited on July 1, 2016 shall be as under:

Commodity Name	Units	Inventory Date	Deemed Purchase Price	Inventory Value
Tola Gold	10 Tola	1 -Jul-16	50,150	501,500

Capital Gain Loss Computation

Sale Quantity	4 Tola
Selling Price	52,500
Sale Value	210,000
Less : Cost	200,600
Capital Gain / (Loss)	9,400
Tax rate applicable	5%
Tax to be collected	470

Example 6. Physical commodity deposited but withdrawn later:

An investor deposits 10 tola gold on July 1, 2016 in the vault and withdraws 5 Tola after 4 days.

The withdrawal would be considered as a tax neutral event. No capital gains tax implications would arise. The remaining inventory would be valued at applicable cost for the purpose of any future capital gains tax calculation.]

20[(ze) Acquisition of shares in Book Building /Initial Public Offer (IPO) and subsequent sale:

(i) Details of the transaction:

Shares are offered by company in an IPO including book building. The shares are subscribed and allotted at the applicable price. These can later be sold by the investors.

(ii) Tax treatment:

Capital gain will be computed by applying FIFO method. Capital Gain shall be chargeable to tax as per section 37A read with rates specified in Division VII of Part I of the First Schedule of the Income Tax Ordinance, 2001.

(iii) Example:

XYZ Company offered shares in an IPO on 1 June 2016 and the company's shares started trading at PSX from 15 July 2016. Mr. A, has acquired 1,000 shares having a face value of Rs 10 each at Rs20 per share

being the publically offered IPO price. The shares have been sold at PSX on 30 June 2019 at Rs 70 per share.

Capital gains tax will be calculated as follows. (The tax rate used in this example is hypothetical. In case of actual transaction the rates as per Division VII of Part I of the First Schedule at the time of sale shall be applicable).

Cost of acquisition	(1,000 x 20)	Rs 20,000
Sales proceeds	(1,000 x 70)	Rs. 70,000
0.5% of sales proceeds as expense		Rs 350
Capital gain		Rs 49,650
Holding period		1124 days
Applicable rate		7.5%
Capital gains tax liability		Rs 3,724 ¹

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

(i) Details of the transaction

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

(ii) Tax Treatment

The taxpayer will be entitled for adjustment of prior years' capital losses on FIFO basis subject to condition that the capital loss for the current year (if any) will be set-off first. Moreover, the taxpayer would only become entitled for adjustment of carried forward losses after the returns for tax years 2019-20 and 2020-21 have been filed and the ATL for that tax years have been updated on the basis of returns for the relevant tax year.]

1-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

2-Sub-clauses (i) and (ii) substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

Details of the transaction

An investor holding shares in his one account transfers shares to another. In case where shares are transferred from singly owned account to another singly owned account that may be maintained with different participant or from a joint account to another joint account with same combination of joint holders this will be treated as portfolio transfer as no change has occurred in overall portfolio of the investor. However, in case of transfer of shares from a singly owned or joint account to an account where ownership structure is different, such transfers shall be treated as disposal.

(ii) Tax treatment

In case of portfolio transfer where ownership of shares does not change, no capital gain tax shall be computed.

Whereas in all other cases, such transfer shall be treated as disposal and shall be taxed accordingly.]

3-Added by the SRO 1145(I)/2016 dated 7th December, 2016.

4-The word "shares" substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

5-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

6-The word "shares" substituted by the SRO 1145(I)/2016 dated 7th December, 2016

7-Substituted for "Provisions of Eighth Schedule to the Ordinance shall not apply on the transactions of foreign institutional investor" by SRO 161(I)/2015, dated February 23, 2015.

8-Sub-clause (iii) inserted by SRO 161(I)/2015, dated February 23, 2015.

9-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.

10-The word "shares" substituted by the SRO 1145(I)/2016 dated 7th December, 2016.

- 11-Clause (q) substituted by SRO 161(I)/2015, dated February 23, 2015.
- 12-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.
- 13-Added by the SRO 1145(I)/2016 dated 7th December, 2016.
- 14-Added by the SRO 1145(I)/2016 dated 7th December, 2016.
- 15-The word “shares” substituted by the SRO 1145(I)/2016 dated 7
- 16-The word “shareholders” substituted by the SRO 1145(I)/2016 dated 7th December, 2016.
- 17-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.
- 18-Clauses “(z) and (za)” inserted by SRO 161(I)/2015, dated February 23, 2015.
- 19-Inserted by the S.R.O. 498(I)/2016 dated 27th July, 2016.
- 20-Inserted by the SRO 1145(I)/2016 dated 7th December, 2016.
- 21-Clause “(zf)” substituted by S.R.O. 801(I)/2021, dated 24-06-2021

**1[PART IV
COMPUTATION AND COLLECTION OF TAX UNDER SECTIONS 7C AND 7D**

13Q. Application.- This Chapter provides for the mode and manner for collection of tax under sections 7C and 7D from builders and developers, the functions and responsibilities of the authorities approving, suspending and cancelling No Objection Certificates (NOC) to sell and the matters connected and ancillary thereto.

1[**13R. Definitions.-** For the purpose of sections 7C and 7D and for this Chapter, -

(a) “authority” includes:-

(i) the Chief Executive of a building control authority as defined in respective Federal or Provincial law regarding approval, construction and completion of buildings and development of land; or

(ii) the Executive Officer of the Cantonment where the Cantonments Act, 1924 (Act II of 1924) applies; or

(iii) the Executive Officer of a municipal corporation or municipal committee responsible for approving land development or building construction plan within municipality; or

(iv) the District Officer (Revenue) of a district responsible for approving land development or building construction plan within district; or

(v) a body corporate or council, or any department of such body corporate or council, or any Government department or functionary or any organization which acts as an authority for approving the building or land development plans for such area by or under any law.

(vi) any Government department or functionary or any organization which acts as an authority for approving the building or land development plans for such area by or under any law.

(b) “builder” means a builder as defined in the Federal and respective Provincial laws regarding approval, construction and completion of buildings and includes any person engaged in the construction of building or otherwise and disposes of newly constructed or renovated building.

(c) “building” means a building or part thereof and includes all fittings, fixtures, installations, signs and display structures of the building, but does not include any building notified by the Board.

Explanation.- It is hereby declared and without limiting the generality of this clause that building includes any building whether house, apartment, residential plaza, shopping plaza, office, shop, bungalow, villa, duplex or any built up structure under whatever name.

(d) “developer” means a developer as defined in the Federal and respective Provincial laws regarding development of land for the purposes of residential or commercial plotting and includes any person engaged in developing of plot or plots of any kind either for itself or otherwise but does not include any land development notified by the Board.

(e) “Inspector General of Registration” means Inspector General of Registration as defined in Part II of Registration Act, 1908 (XVI of 1908) and includes Provincial Inspector Generals of Registration, Registrars and Sub-Registrars of districts and sub districts, towns as notified by the provincial governments.]

1[**13S. Advance tax on builders and developers.**- Every authority prescribed under sub-rule (a) of rule 13R shall, at the time of approval of a land development plan or of a building construction plan and before issuing NOC to sell, collect advance tax at the rate of five percent of the tax liability computed at the rates specified in Division VIIIA or Division VIIIB of Part I of the First Schedule to the Ordinance, from a builder or a developer as the case may be.]

1[**13T. Mode and manner for payment and collection of tax from builders.-** Every builder after obtaining approval of a building plan or of a revised building plan from the authority and NOC to sell, shall furnish on line a copy of building plan and evidence of partial payment of five percent tax to the Chief Commissioner along with computation of final tax liability on the basis of covered area as per rates provided in Division VIIIA of the First Schedule to the Ordinance. The Chief Commissioner shall, after being satisfied that the rates are applied correctly and after making such inquiry as he thinks fit, shall online issue a schedule of advance tax installments to be paid by the builder in accordance with rule 13U.]

1[**13U. Schedule of Installments for builders.-** The Chief Commissioner shall, upon online application of the builder as prescribed in rule 13V, online issue the schedule of equal Installments on four-monthly basis within thirty days of the application:

Provided that the duration of payment of tax shall commence from the date of issuance of NOC to sell till the date of completion of building or building project in the approval plan:

Provided further that provisions of this rule shall not apply if a builder opts to pay the entire tax liability in lump sum.]

1[13V. **Application for payment of tax in installments by builders.-** The builder shall online apply for the payment of installments under this Chapter through the following application form.-

**APPLICATION FOR ISSUANCE OF SCHEDULE OF INSTALLMENTS FOR
PAYMENT OF TAX U/S 7C OF THE INCOME TAX ORDINANCE 2001 READ WITH RULE
13T OF INCOME TAX RULES 2002**

1.	Name of the builder/ owner	
2.	NTN/CNIC (Attach copy of CNIC)	
3.	Name of project/ building (if any)	
4.	Address of the project/ building	
5.	Phone Number	
6.	Mobile Number of builder/ owner	
7.	Email Address	
8.	Name(s), CNIC and office Address(es) of Member(s)/ Director(s) of AOP/ Company (if applicable)	
9.	Category	(commercial/ residential & offices/ dual)
10.	Commercial area of building	
11.	Residential area of building	
12.	Total Area of building	
13.	Total final tax liability	Rs.
14.	Less Tax paid @ 5% on approval	Rs.
15.	Balance tax to be paid in equal four monthly installments	Rs.
16.	Duration of the project in months	Months
17.	Amount of each installment	Rs.
	i. 1st installment due on - / - / -	Rs.
	ii. 2nd installment due on - / - / -	Rs.
	iii. 3rd installment due on - / - / -	Rs.
	iv. 4th installment due on - / - / -	Rs.
	v.	Rs.
	vii.	
	viii.	

I, _____, CNIC No _____, in my capacity as self/Member/Member

of Association of Persons/Director or Principal officer of company do solemnly declare that to the best of my knowledge and belief, the information given in this application under Rule 4 of Part II of the Tenth Schedule to the Income Tax Ordinance 2001 is/ are correct and complete in accordance with the provisions of section 99B read with Tenth Schedule to the Income Tax Ordinance, 2001.

Name _____
CINC _____
Date _____]

1[**13W. Responsibilities of the Authority.**- The authority shall have the following responsibilities.-

- (i) No approval plan shall be issued unless five percent of the tax has been collected under rule 3;
- (ii) The authority shall inform the Chief Commissioner Inland Revenue in writing about approval of new land development and building construction plans on quarterly basis;
- (iii) The authority shall suspend or cancel the building plan on the written request of the Chief Commissioner in case of default in payment of installments under these rules;

Provided that the Chief Commissioner shall take this action after consultation with Association of Builders and Developers (ABAD); and

- (iv) The authority may revoke suspension or cancellation under sub-rule (ii) above as the case may be, on the written direction of the Chief Commissioner.]

1[13X. Responsibility of the Inspector General of Registration.- (1) No transfer of building or built up units to the buyers shall be effected unless the builder shall furnish NOC from the Chief Commissioner for payment of tax dues.

(2) Provisions of sub-rule (1) shall not apply in case a builder pays one hundred and fifty percent of the tax liability to be computed in accordance with Division VIIIA of the First Schedule.

(3) For the purpose of sub-rule (2) the Inspector General of Registration shall be responsible to collect and deposit tax and all the provisions of section 161 shall apply mutatis mutandis.]

1[**13Y. Responsibilities of the Builder.-** (1) The builder shall online furnish to the Chief Commissioner a copy of approved construction plan and evidence of tax collection by the authority on the last day of the calendar month in which such plan is approved or within a week if the approved plan is issued in the last week of the calendar month.

(2) The builder shall furnish to the Chief Commissioner a copy of tax payment challan within one week of due date of each installment as per the schedule of payment of installment.

(3) The builder shall be tax withholding agent on making any payment for which tax withholding is provided under Chapter X and Chapter XII to the Ordinance which includes payment on account of salaries to employees, supplies, services and contract.]

1[**13Z. Adjustment of withholding taxes by builders.-** The builder shall not be entitled to claim adjustment of withholding tax collected or deducted under any other head during the year to the extent of activities which fall under final tax regime.]

1[**13ZA. Mode and manner for payment and collection of tax from land developers.-** (1) Every land developer after obtaining the approval of the development plan or a revised development plan from the authority and NOC to sell, shall online furnish copy of development plan and evidence of payment of five percent tax to the Chief Commissioner along with computation of final tax liability on the basis of area proposed to be developed as per rates provided in Division VIIIB of the First Schedule to the Ordinance. The Chief Commissioner shall, after being satisfied that the rates are applied correctly and after making such inquiry as he thinks fit, online issue a schedule of advance tax installments to be paid by the developer in accordance with rule 13ZB.]

1[**13ZB. Schedule of Installments for land developers.**- The Chief Commissioner shall, upon online application of the developer as prescribed in rule 13ZC, online issue the schedule of equal Installments on four monthly basis within thirty days of the application:

Provided that the duration of payment of tax shall commence from the date of issuance of NOC to sell till the date of completion of development project:

Provided further that provisions of this rule shall not apply if a developer opts to pay the entire tax liability in lump sum.]

13ZC. Application for payment of tax in installments by land developers.- The developer shall online apply for payment of installments under these rules through the following form.-

APPLICATION FOR ISSUANCE OF SCHEDULE OF INSTALLMENTS FOR PAYMENT OF TAX U/S 7D OF THE INCOME TAX ORDINANCE 2001 READ WITH RULE 13ZA OF INCOME TAX RULES 2002

1.	Name of the developer	
2.	NTN/CNIC (Attach copy of CNIC)	
3.	Name of land development project (if any)	
4.	Address of the project	
5.	Phone Number	
6.	Mobile Number of developer/ owner	
7.	Email Address	
8.	Name(s), CNIC and office Address(es) of Member(s)/ Director(s) of AOP/ Company (if applicable)	
9.	Category	(commercial/ residential & offices/ dual)
10.	Commercial area of project (Sq. yd)	
11.	Residential area of project (Sq. yd)	
12.	Total development area	
13.	Final tax liability	Rs.
14.	Less Tax paid @ 5% on approval	Rs.
15.	Balance tax to be paid in equal four monthly installments	Rs.
16.	Duration of the project in months	Months
17.	Amount of each installment	Rs.
	i. 1st installment due on - / - / -	Rs.
	ii. 2nd installment due on - / - / -	Rs.
	iii. 3rd installment due on - / - / -	Rs.
	iv. 4th installment due on - / - / -	Rs.
	v.	Rs.
	vii.	
	viii.	

I, _____, CNIC No _____, in my capacity as self/Member/Director of Association of Persons/ company do solemnly declare that to the best of my knowledge and belief, the information given in this application under Rule 4 of Part II of the Tenth Schedule to the Income Tax Ordinance 2001 is/ are correct and complete in accordance with the provisions of section 99B read with Tenth Schedule to the Income Tax Ordinance, 2001.

Name _____
 CINC _____
 Date _____]

1[**13ZD. Responsibilities of the Authority.**- The authority shall have the following responsibilities:

(i) No approval of development plan shall be issued unless five percent of the tax has been collected under Rule 13W;

(ii) The authority shall suspend or cancel the development plan on the written request of the Chief Commissioner in case of default in payment of installments under these rules:

Provided that the Chief Commissioner shall take this action after consultation with ABAD.

(iii) The authority may revoke suspension or cancellation made under rule (ii) above as the case may be, on the written request of the Chief Commissioner.]

1[13ZE. Responsibility of the Inspector General of Registration.- (1) No transfer of developed units to the buyers shall be effected unless the developer shall furnish NOC from the Chief Commissioner for payment of tax dues on all plans approved after 1st July 2016.

(2) Provisions of sub-rule (1) shall not apply in case a developer pays one hundred and fifty percent of the tax liability to be computed in accordance with rule Division VIIIB of the Ordinance.

(3) For the purpose of sub-rule (2) the Inspector General of Registration shall be responsible to collect and deposit tax and all the provisions of section 161 shall apply mutatis mutandis.]

1[**13ZF. Responsibilities of the Land Developer.-** (1) The developer shall online furnish to the Chief Commissioner a copy of approved land development plan and evidence of tax collection by it on the last day of the calendar month in which such plan is approved or within a week if the approved plan is issued in the last week of the calendar month.

(2) The developer shall furnish to the Chief Commissioner a copy of tax payment challan within one week of due date of each installment as per the schedule of payment of installment.

(3) The developer shall be tax withholding agent on making any payment for which tax withholding is provided under Chapter X and Chapter XII to the Ordinance which includes payment on account of salaries to employees, supplies, services and contract, etc.]

1[**13ZG. Adjustment of withholding taxes.-** The land developer shall not be entitled to claim adjustment of withholding tax collected or deducted under any other head during the year to the extent of activities which falls under final tax regime.]

1[**13ZH. General provisions for builders and developers.-** (1) If a building or a land development project is stopped by any court order or by any government agency during construction of building or land development, the payment of subsequent installments shall stand suspended till the time the stay order is vacated.

(2) If a builder or a developer fails to pay three consecutive installments within due time, the Commissioner shall issue a notice in writing and copy thereof shall be endorsed to Association of Builders and Developers ABAD. In case of no response or unsatisfactory reply, a committee of three members shall be constituted by the Chief Commissioner which shall comprise one member from ABAD. The committee shall decide further action as deemed fit.

(3) If a building or land development project is disposed off during construction or development, the seller and purchaser shall jointly submit an application in writing to the Chief Commissioner. The Chief Commissioner shall issue NOC after satisfying that the due tax was paid by the seller. The remaining installments of tax shall be paid by the successor-purchaser of the under construction building or under developed land on the terms of schedule of payment of installments issued earlier to the predecessor-seller by the Chief Commissioner. There after all the provisions of this schedule shall apply to the successor-purchaser.

(4) The Commissioner shall exercise all powers relating to provisions containing recovery of tax, advance tax, default surcharge and prosecution as laid down in Chapter X and in Chapter XII to the Ordinance, in case of any default of non-payment, short payment or late payment of any tax collected or collectable, paid or payable under this Chapter.]

CHAPTER - III PERSONS

14. Resident individual.-

(1) This rule applies for the purposes of section 82, which provides for the determination of persons as resident individuals.

(2) The following rules apply for the purposes 1[***] of section 82 in computing the number of days an individual is present in Pakistan in a tax year, namely:-

(a) subject to clause (c), a part of a day that an individual is present in Pakistan (including the day of arrival in, and the day of departure from, Pakistan) counts as a whole day of such presence;

(b) the following days in which an individual is wholly or partly present in Pakistan count as a whole day of such presence, namely:-

(i) a public holiday;

(ii) a day of leave, including sick leave;

(iii) a day that the individual's activity in Pakistan is interrupted because of a strike, lock-out or delay in receipt of supplies; or

(iv) a holiday spent by the individual in activity in Pakistan; and Pakistan before, during or after any activity in Pakistan; and

(c) a day or part of a day where an individual is in Pakistan solely by reason of being in transit between two different places outside Pakistan does not count as a day present in Pakistan.

1-Words "of clauses (a) and (b)" omitted by SRO 392(I)/2009, dated May 19, 2009.

CHAPTER - IV

TAXATION OF FOREIGN-SOURCE INCOME OF RESIDENTS

15. Foreign income tax.- (1) This rule applies for the purposes of sections 102 and 103, which provide resident persons with relief from international double taxation.

(2) A foreign levy is a foreign income tax if the following conditions are satisfied, namely:-

(a) the levy is a tax; and

(b) the tax is substantially equivalent to the income tax imposed by the Ordinance.

(3) Subject to sub-rules (4) and (5), a foreign levy is a tax if it requires a compulsory payment pursuant to the authority of the foreign country to levy taxes.

(4) A penalty, fine, interest or similar obligation is not a tax for the purposes of this Chapter.

(5) A foreign levy is not a tax to the extent that a person subject to the levy receives or is entitled to receive, directly or indirectly, a specific economic benefit from the foreign country in exchange for the payment pursuant to the levy.

(6) Subject to sub-rule (7), a foreign tax is substantially equivalent to the income tax imposed under the Ordinance if the following conditions are satisfied, namely:-

(a) the tax is imposed in respect of events that would result in the derivation of income, gains or profits under the Ordinance;

(b) the taxable amount is computed under the foreign tax by subtracting from gross receipts any significant expenses and the depreciation or amortization of capital costs attributable to such receipts, or, where the tax is imposed under the foreign law or any other basis; and

(c) Dividend or interest income earned from foreign source, on being so taken by the FBR, may be treated to have same character for the resident person, as it has under the Ordinance.

(7) The following foreign taxes are substantially equivalent to the income tax imposed under the Ordinance, namely:-

(a) a withholding tax imposed on dividends, gross receipts payable to non-resident persons as final tax; or

(b) tax on wages by withholding imposed as a final tax on salary.

(8) In this rule,

(a) “economic benefit” includes -

(i) any property;

(ii) any service;

(iii) any fee or other payment;

(iv) any right to use, acquire or extract natural resources, patents, or other property owned or controlled by the foreign country; or

(v) any reduction or discharge of a contractual obligation; and

(b) “specific economic benefit” means an economic benefit that is not available on substantially the same terms -

(i) all persons subject to the income tax generally imposed by the foreign country; or

(ii) if there is no generally imposed income tax, the population of the country in general.

16. Foreign tax credit.-

- (1) This rule applies for the purposes of section 103, which provides for the foreign tax credit.
- (2) A resident taxpayer claiming a foreign tax credit for a tax year shall submit an application for the credit with the taxpayer's return of income for that year.
- (3) An application for a foreign tax credit shall be in the form as specified in Part I of the First Schedule to these rules.
- (4) Subject to sub-rule (5), an application for a foreign tax credit shall be accompanied by the following 1[documents], namely:-
 - (a) where the tax has been deducted at source, a declaration by the payer of the income tax has been deducted and a certified copy of the receipt that the payer has received from the foreign tax authority for the deducted tax; or
 - (b) in any other case, the original or a certified copy of the receipt that the taxpayer has received from the foreign tax authority for the tax paid.
- (5) Where a resident taxpayer cannot obtain evidence of the deduction of tax from the payer of income as required under clause (a) of sub-rule (4), the Commissioner may accept such secondary evidence of the deduction as is determined by him.

1-Substituted for "documentation" by SRO 392(I)/2009, dated May 19, 2009.

CHAPTER - V

TAXATION OF NON-RESIDENTS

17. Application of chapter.-

The rules in this Chapter apply for the purposes of sub-clause (ii) of clause (a) of sub-section (2) of section 237, which provides for the making of rules concerning the manner in, and procedure by, which the income, profits and gains chargeable to tax, and the tax payable thereon, under the Ordinance shall be determined in the case of non-resident persons.

18. Income from royalty.- The income of a non-resident person by way of 1[royalty] received from a resident person or a permanent establishment in Pakistan of a non-resident person shall be-

(a) in the case a royalty received in pursuance of an agreement made before the 8th day of March, 1980, or an agreement made on or after the said date the proposal in respect of which was approved by the Government before the said date, the gross amount of the royalty less the deductions allowed under section 40; or

(b) in any other case, to which sub-section (2) of section 6 does not apply, the gross amount of the royalty less 2[than] the following expenditure-

(i) any expenditure incurred in Pakistan to earn such royalty, wherever paid;

(ii) any expenditure incurred outside Pakistan in pursuance of such agreement not exceeding ten percent of gross amount of royalty.

3[***]

(c) in the case of royalty received in pursuance to any other agreement, the gross amount of the royalty less the following expenditures only, namely:-

(i) any expenditure incurred in Pakistan in earning such income;

(ii) any expenditure incurred in Pakistan in respect of any work done in pursuance of such agreement; and

(iii) any expenditure incurred outside Pakistan in respect of any work done in pursuance of such agreement not exceeding ten percent of the gross amount of such royalty.

(d) The provisions of 4[clauses] (b) and (c) would not apply where, royalty is covered by section 169.

1-Substituted for "royalties" by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for "then" by SRO 392(I)/2009, dated May 19, 2009.

3-Propviso omitted by SRO 590(I)/2004, dated July 07, 2004.

4-Substituted for "sub-rule" by SRO 392(I)/2009, dated May 19, 2009.

19. 1[Fee] for technical services.- (1) The income of a non-resident person by way of 1[fee] for technical services received from a resident person or a permanent establishment in Pakistan of a non-resident person shall be-

(a) in the case of 1[fee] received in pursuance of an agreement made before the 8th day of March, 1980, or an agreement made on or after the said date the proposal in respect of which was approved by the Government before the said date only in such cases, the gross amount of the 1[fee] less the deductions allowed under section 40;

(b) in the case of 1[fee] received in pursuance of an agreement made on or after 8th day of March, 1980 but before the 4th day of May, 1981, the gross amount of the [fee] less the deductions allowed under section 40 with a maximum total deduction equal to twenty percent of the gross amount of such 1[fee]; or

(c) in any other case to which sub-section (2) of 2[Section 6] of the Income Tax Ordinance, 2001 does not apply, the gross amount of 3[fee for technical services] less the following perquisites:-

(i) any expenditure incurred in Pakistan to earn such 3[fee for technical services], wherever paid.

(ii) any expenditure incurred outside Pakistan in pursuance of such agreement not exceeding ten percent of gross amount of 3[fee for technical services].

Provided that a non-resident may opt for taxation under section 6 of Income Tax Ordinance, 2001, by filing a written declaration option within 15 days of the commencement of contract. Such option shall remain operative till completion of the said contract.

(d) 4[clause] (c) would not apply where the fee for technical service is covered by the provisions of section 169.

1-Substituted for “fees” by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for “Section 5” by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for “royalty” by SRO 392(I)/2009, dated May 19, 2009.

4-Substituted for “sub-rule” by SRO 392(I)/2009, dated May 19, 2009.

1|19A. Certificate of residence.-

(1) Where any person, resident in Pakistan, seeks to obtain a certificate of residence from the Competent Authority of Pakistan for its presentation before the tax authorities of another country with which Pakistan has signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion, for the purposes of obtaining tax credit or fiscal relief, the person may submit an application in this behalf in the Form prescribed below, namely:-

Form of Application for Obtaining Certificate of Residence

To
The Competent Authority of Pakistan,
2[Federal Board of Revenue,
Constitution Avenue,
Islamabad.

Sir,

Whereas the applicant is resident in Pakistan by way of [INSERT: Entitlement to residence] in respect of the Tax year ending on [INSERT: Date], and has earned [INSERT: Type/Head of Income] income in [INSERT: Name of the country], during the period [INSERT: From To]: and that Pakistan and [INSERT: Name of the other country] have signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion, dated, which entitles the applicant to a reduced tax rate/tax credit/tax sparing credit/fiscal relief in [INSERT: Name of the Country] upon issuance of a Certificate of Residence by the Competent Authority of Pakistan, for which purpose, all relevant particulars are as under, namely:-

1	Name / Nomenclature of the Applicant	
2	Whether Individual, AOP or Company?	
3	CNIC / Registration / Incorporation No	
4	Address in Pakistan	
5	Telephone / Fax / email address	
6	National Tax Number	
7	Income declared for the Tax Year	
8	Name and Designation of Tax Authority to which the Certificate is intended for presentation	
9	Type (s) / Particulars of Income Earned	

Copies of the following documents in support of our claim are enclosed, namely:-

- (1) Proof of earning of income in the foreign country;
- (2) Copy of NIC;
- (3) Copy of NTN Certificate;
- (4) Copy of the Certificate of Incorporation (if applicable) ; and
- (5) Copy of the Income Tax Return for the latest tax year (if applicable)

Verification

I _____ son/daughter/wife of Mr. _____ solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3. I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

Date _____

Place _____

Signatures: _____

Name: _____

(2) The Competent Authority of Pakistan, if required, shall cause to call for a report from the Commissioner concerned.

(3) The Commissioner after verifying all the relevant facts as stated by the taxpayer in the application shall submit his report 3[within thirty days of the receipt of the application by him from the 2Federal Board of Revenue].

(4) The Competent Authority of Pakistan shall decide upon the request of the taxpayer and issue the Certificate of Residence as per the Form prescribed below within forty five days of the submitting of the application, namely:-

Form of Certificate of Residence Issued by the Competent Authority

[CERTIFICATE OF RESIDENCE FOR PRESENTATION
BEFORE THE TAX AUTHORITIES OF
IN RESPECT OF THE TAX YEAR]

I certify that Mr./Ms/M/s. _____ is resident in Pakistan by way of _____, and subject to taxes in Pakistan covered in the Agreement for Avoidance of Double Taxation and Fiscal Evasion between Pakistan and _____. The particulars relating to his/ her/ its person and the details of economic activities and tax paid in Pakistan during the Tax Year are as under, namely:-

(a) Name: _____

(b) Address: _____

(i) Residence: _____

(ii) Office: _____

(c) Telephone: (Res) _____ (Off) _____ (Fax) _____

(d) CNIC/Registration/Passport No. _____

(e) National Tax No. _____

- (f) Personal Status _____
(g) Main Sources of Income: _____
(h) Other Source(s) of Income: _____
(i) Income Declared/Assessed for
the Tax year: _____
(j) Total Tax Paid/Payable for the
Tax year: _____
(k) LTU/ RTO: _____

THE COMPETENT AUTHORITY

4[Member (Inland Revenue) or his Authorized Officer]

(5) In respect of each tax year a separate application shall be submitted by the taxpayer, and a separate Certificate shall be issued by the Competent Authority of Pakistan 5[or his Authorized Officer].

(6) In case the Competent Authority of Pakistan decides not to issue a Certificate of Residence, it shall communicate its decision along with reasons of rejection thereof to the applicant taxpayer within forty five days of the submitting of the application.

1-Rules 19A, 19B and 19C inserted by SRO 619(I)/2006, dated June 08, 2006. Later Rules 19A to 19D have been inserted by SRO 714(I)/2006, dated July 05, 2006. Due to confusion both sets of Rules 19A to 19C have been reproduced till clarification by CBR.

2-The words "Central Board of Revenue" substituted by the Finance Act, 2007

3-Substituted for "within fifteen days of the receipt of the application by him" by SRO 392(I)/2009, dated May 19, 2009.

4-Substituted for "Member (Direct Taxes)" by SRO 725(I)/2011, dated July 28, 2011.

5-Words inserted by SRO 725(I)/2011, dated July 28, 2011.

19B. Certificate of payment of tax in Pakistan.-

(1) Where any person, non-resident in Pakistan, seeks to obtain a certificate of payment of tax in Pakistan by way of deduction, collection or otherwise, which attains finality or which is a final tax under any provision of the Ordinance or that of the Agreement for the Avoidance of Double Taxation and Fiscal Evasion between Pakistan and the country of residence of the applicant taxpayer, for presentation before the tax authorities of the country of his residence, the person may submit an application to the Competent Authority of Pakistan in the Form prescribed below, namely:-

Form of application for obtaining certificate of payment of tax in Pakistan

To

The Competent Authority of Pakistan,
1[Federal Board of Revenue,
Constitution Avenue,
Islamabad.

Sir,

Whereas the applicant was resident in [INSERT: Name of the country], by reason of [INSERT: Nationality, Incorporation, Situs of Management], and thus non-resident in Pakistan in respect of the Tax year ending on; and that Pakistan and [INSERT: Name of the country of residence] have signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion dated, which entitles the applicant to a tax credit / fiscal relief in respect of the tax paid in Pakistan, in the country of his residence upon issuance of a Certificate of Payment of Tax Paid by the Competent Authority of Pakistan. The relevant details in this regard are as under, namely:-

1	Name / Nomenclature of the Applicant	
2.	Country of Residence	
3.	Personal Status [Individual, AOP, Company]	
4.	Tax Year	
5.	Particulars / details of income earned in Pakistan	
6.	Total tax paid in Pakistan for the Tax Year	
7.	Has any appeal been filed against the imposition of the aforementioned tax in Pakistan?	
8.	Have you applied or intend to apply for the refund or adjustment of the tax paid against demand of any other year?	

Copies of the following documents in support of our claim are enclosed, namely:-

- (i) Proof of income earned in Pakistan
- (ii) Proof of tax paid in Pakistan
- (iii) Proof of residence in the other country

Verification

I _____ son/daughter/wife of Mr. _____ solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3. I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

Date _____

Place _____

Signatures: _____

Name: _____

(2) The Competent Authority of Pakistan, if required, shall cause to call for a report from the Commissioner concerned.

(3) The Commissioner after verifying all the relevant facts as stated by the taxpayer in the application shall submit his report 1[within thirty days of the receipt of the application by him from the Federal Board of Revenue].

(4) The Competent Authority of Pakistan shall decide upon the request of the taxpayer, and issue a certificate of payment of tax in Pakistan, as per the Form prescribed below within forty five days of the submitting of the application, namely:-

Form of Certificate of Payment of Tax in Pakistan Issued by the Competent Authority

[CERTIFICATE OF TAX PAID IN PAKISTAN FOR PRESENTATION BEFORE THE TAX
AUTHORITIES OF _____ IN RESPECT OF THE TAX YEAR _____]

I certify that Mr./Ms/M/s being non-resident in Pakistan has paid income tax in Pakistan in respect of the Tax Year ending on as per the following details:-

1. Name: _____

2. Address: _____

(i) Residence: _____

(ii) Office: _____

3. Telephone: (Res) _____ (Off) _____ (Fax) _____

4. National Tax No. (if any) _____

5. Personal Status _____

6. Main Sources of Income: _____

7. Other Source(s) of Income: _____

8. Total Income Declared/Assessed _____

9. Total Tax Paid/Payable during the year: _____

10. Tax Office: LTU/ RTO: _____

Note: Average exchange rate prevalent during the year was US\$ 1 = PKR

THE COMPETENT AUTHORITY
3[Member (Inland Revenue) or his Authorized Officer]

(5) After issuance of the certificate of payment of tax in Pakistan, the Commissioner shall earmark the amount of tax covered by the certificate against refund or adjustment in lieu of tax demand of the taxpayer in respect of any prior or subsequent tax year, under any circumstances.

(6) In case the Competent Authority of Pakistan decides not to issue a certificate of payment of tax in Pakistan, it shall communicate its decision along with the reasons of rejection thereof to the applicant taxpayer within sixty days of the submitting of the application at the available address in Pakistan.

1-The words "Central Board of Revenue" substituted by the Finance Act, 2007

2-Substituted for "within fifteen days of the receipt of the application by him" by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for "Member (Direct Taxes)" by SRO 725(I)/2011, dated July 28, 2011

19C. Certificate for tax sparing credit.- 1[(1)] Where any person, non-resident in Pakistan, seeks to obtain a certificate for tax sparing credit in respect of income earned through a permanent establishment situated in Pakistan, under a provision, if any contained therein, of the Agreement for the Avoidance of Double Taxation and Fiscal Evasion between Pakistan and the country of residence of such taxpayer, may submit an application to the Competent Authority of Pakistan in the Form prescribed below namely:-

**Form of Application for Obtaining Certificate
for Tax Sparing Credit**

To

The Competent Authority of Pakistan,
2[Federal Board of Revenue,
Constitution Avenue,
Islamabad.

Sir,

Whereas the applicant was resident in [INSERT: Name of the country], by reason of [INSERT: Nationality. Incorporation. Situs of Management], and thus non-resident in Pakistan in respect of the Tax year ending on; and that Pakistan and [INSERT: Name of the country of residence] have signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion dated, which entitles the applicant to a tax credit / fiscal relief in respect of the tax paid in Pakistan, in the country of his residence upon issuance of a Certificate of Payment of Tax Paid by the Competent Authority of Pakistan. The relevant details in this regard are as under, namely:-

1.	Name / Nomenclature of the Applicant	
2.	Country of Residence	
3.	Personal Status [Individual, AOP, Company]	
4.	Tax Year	
5.	Particulars/ details of income earned in Pakistan	
6.	Admitted tax liability paid / payable in Pakistan	
	Total tax payable in Pakistan in case tax incentives / fiscal benefits would not have been allowed Has any appeal been filed against any order of any tax authority in Pakistan?	
7.	Amount qualifying for normal tax credit	
8.	Amount qualifying for tax sparing credit	

Copies of the following documents in support of our claim are enclosed, namely: -

- (i) Proof of income earned in Pakistan
- (ii) Proof of tax paid in Pakistan
- (iii) Proof of residence in the other country

Verification

I _____ son/daughter/wife of Mr. _____ solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3. I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

Date _____

Signatures: _____

Place _____

Name: _____

(2) The Competent Authority of Pakistan, if required, shall cause to call for a report from the Commissioner concerned.

(3) The Commissioner after verifying all the relevant facts as stated by the taxpayer in the application shall submit his report 3[within sixty days of the receipt of the application by him from the Federal Board of Revenue].

(4) The Competent Authority of Pakistan shall decide upon the request of the taxpayer, and issue a certificate for tax sparing credit, as per the Form prescribed below within 4[ninety] days of the submitting of the application, namely:-

Form of Certificate for Tax Sparing Credit issued by the Competent Authority

[CERTIFICATE FOR TAX SPARING CREDIT FOR PRESENTATION BEFORE THE TAX AUTHORITIES OF IN RESPECT OF THE TAX YEAR]

I certify that Mr/Ms/M/s..... being non-resident in Pakistan has paid income tax in Pakistan in respect of the Tax Year ending on as per the following details:-

(a) Name: _____

(b) Address: _____

(i) Residence: _____

(ii) Office: _____

(c) Telephone: (Res) _____ (Off) _____ (Fax) _____

(d) National Tax No. (if any) _____

(e) Personal Status _____

(f) Main Source(s) of Income: _____

(g) Other Source(s) of Income: _____

(h) Total Income Declared/Assessed: _____

(i) Total Tax Paid during the year: _____

(j) Total amount of tax spared: _____

(k) Tax Office: LTU/ RTO: _____

Note: Average exchange rate prevalent during the year was US\$ 1 = PKR

THE COMPETENT AUTHORITY
5[Member (Inland Revenue) or his
Authorized Officer]

(5) In case the Competent Authority of Pakistan decides not to issue a certificate for tax sparing credit, it shall communicate its decision along with the reasons of rejection thereof to the applicant taxpayer within sixty days of the submitting of the application at the available address in Pakistan.]

1-Figure and bracket inserted by SRO 392(I)/2009, dated May 19, 2009.

2-The words "Central Board of Revenue" substituted by the Finance Act, 2007

3-Substituted for "within fifteen days of the receipt of the application by him" by SRO 392(I)/2009, dated May 19, 2009.

4-Substituted for "45" by SRO 392(I)/2009, dated May 19, 2009.

5-Substituted for "Member (Direct Taxes)" by SRO 725(I)/2011, dated July 28, 2011

1[19D]. Application for initiation of Mutual Agreement Procedure (MAP).- (1) Where a resident taxpayer, or a Pakistani national residing abroad is aggrieved by any action of the tax authorities of any country outside Pakistan with which Pakistan has signed an Agreement for the Avoidance of Double Taxation for the reason that, according to him, such action is not in accordance with the terms of the agreement with such other country outside Pakistan, he may make an application to the Competent Authority in Pakistan seeking to invoke the provision of the Mutual Agreement Procedure, if any, provided therein, in the Form prescribed in rule 2[19F].

(2) The Competent Authority of Pakistan upon satisfaction that,-

- (a) the taxpayer has reasonable grounds to justify Competent Authority” assistance;
- (b) the application has been made within two years from the date of notification of the cause of grievance; and
- (c) the double taxation or other impending grievance is more than a mere possibility;

shall cause to take up the matter with the Competent Authority of the country concerned and endeavor to resolve the matter through consultative measures.

(3) In case the Competent Authority in Pakistan decides not to intervene in the matter, it will inform the taxpayer applicant within thirty days of the receipt of the application, of its decision and grounds thereof in writing.

(4) If during the course of mutual agreement proceedings, the Competent Authority of the other country requires any clarification, verification of facts, or guarantees, that shall be communicated to the applicant taxpayer, and after the receipt of the same shall be passed on to the Competent Authority of the other country.

(5) At any time, if the terms and conditions of the impending resolution are not satisfactory to the taxpayer, he may withdraw from the MAP proceedings and pursue any right of appeal under the normal course available.

(6) The Competent Authority of Pakistan would communicate the outcome of the Mutual Agreement Proceedings taken up with the other country to the applicant taxpayer in writing.]

1-Rule inserted by SRO 714(I)/2006, dated July 05, 2006, originally numbered as “19A”, erroneously, later renumbered as “19D” by SRO 1032(I)/2006, October 03, 2006.

2-Substituted for “19C” by SRO 1032(I)/2006, October 03, 2006.

1[19E]. Action by the Competent Authority of Pakistan on an application received through the Competent Authority of a treaty partner country.- (1) Where a reference is received from the Competent Authority of a country outside Pakistan under an agreement with that country with regard to any action taken by any income-tax authority in Pakistan, the Competent Authority in Pakistan shall call for a report from the Commissioner concerned and, if required, examine the relevant records, and shall endeavour to arrive at a resolution of the case on unilateral basis in terms of the liberal interpretation of the legal provisions applicable.

(2) The Competent Authority of Pakistan shall entertain all such requests from the Competent Authority of a treaty partner country that are about but not limited to -

(a) tax demands that have arisen or are likely to arise as a result of a tax audit, assessment or re-assessment proceedings, or a tax appeal, or a review by a Commissioner of Income Tax of an assessment or re-assessment proceedings on the grounds that it is prejudicial to the interest of the revenue;

(b) Withholding tax on income or other similar advance taxes that are levied under the Ordinance; and.

(c) interpretation and application of any provision of the laws governing the taxes covered in the relevant treaty as applicable to the non-resident person.

(3) The Competent Authority of Pakistan may decline a MAP request made by the Competent Authority of a treaty partner country, if it is not received within two years from the date of notification of the order or notice giving rise to the cause of grievance.

(4) In case the Competent Authority of Pakistan cannot resolve the matter on unilateral basis, it would cause to communicate with the Competent Authority of the other country, and both authorities would endeavor to resolve the matter through a consultative process, and arrive at a mutually agreed settlement.

(5) If during the course of the mutual agreement proceedings, the Competent Authority of Pakistan requires any clarification, verification of facts, or an irrevocable bank guarantee, the same shall be communicated to the applicant taxpayer, under intimation to the Competent Authority of the country through which the reference for mutual agreement proceedings was received.

(6) Wherever required the Competent Authority of Pakistan shall give an opportunity of being heard to the applicant taxpayer in person, through an authorized representative or a counsel.

(7) The resolution arrived at under mutual agreement procedure, in consultation with the competent authority of the country outside Pakistan, shall be communicated, wherever necessary, to the Commissioner concerned, in writing.

(8) During the pendency of the Mutual Agreement proceedings the Competent Authority of Pakistan may, depending on the merits of each case, direct the Commissioner concerned to put on hold the recovery proceedings of any amount of tax, additional tax or penalty that may be outstanding against such taxpayer, if the taxpayer furnishes, as security, an irrevocable Bank Guarantee issued by any scheduled bank, or a Pakistani branch of a foreign bank approved by the State Bank of Pakistan to carry out business of banking in Pakistan as prescribed in rule 2[19G].

(9) The amount of the irrevocable Bank Guarantee shall be equal to -

(a) the amount of tax, additional tax or penalty as has been imposed through the order or notice that is the subject matter of MAP proceedings; or

(b) if no amount has yet been imposed through an order or notice, the amount determined by the Commissioner concerned.

(10) The Competent Authority of Pakistan shall endeavor to resolve or close the case within a period of one year from the date on which it receives the reference under the Mutual Agreement Procedure provision as contained in the Agreement for Avoidance of Double Taxation between Pakistan and that other state.

(11) The effect to the resolution arrived at under Mutual Agreement Procedure shall be given by the Commissioner, notwithstanding any time limitations contained in the Ordinance, within thirty days of receipt of the same, if the taxpayer-

(a) gives his acceptance to the resolution delivered under the Mutual Agreement Procedure; and

(b) withdraws his appeal, if any, pending on the issue which was the subject matter for adjudication under Mutual Agreement Procedure.

(12) The amount of tax, additional tax or penalty already determined shall be recomputed in accordance with the decision taken under the Mutual Agreement Procedure in the manner laid down in the Ordinance and the rules in such a way it does not contravene or negate the resolution arrived at.

(13) The Commissioner concerned shall draw-down upon the Bank Guarantee as specified in sub-rule (8) in writing within ten days from the notice of acceptance of MAP resolution given by the application in pursuance to the issuance of the resolution or notification of closure of the MAP proceedings by the Competent Authority of Pakistan].

1-Rule inserted by SRO 714(I)/2006, dated July 05, 2006, originally numbered as "19B", erroneously, later renumbered as "19E" by SRO 1032(I)/2006, October 03, 2006.

2-Substituted for "19D" by SRO 1032(I)/2006, dated October 03, 2006.

1[19F]. Form of application for initiation of MAP Proceedings.- Application under rule 19A shall be submitted on the form prescribed as under:

To
The Competent Authority of Pakistan,
2[Federal Board of Revenue,
Constitution Avenue,
Islamabad.

Sir,

Whereas the applicant is aggrieved by the action of the tax authority of _____ (name of the country) in respect of the tax year ending on _____ for the reasons given hereunder, the matter may kindly be taken up with the competent authority of _____ (name of the country) under Article _____ of the _____ (specify the agreement) between Pakistan and country).

The relevant details in this regard are as under:-

Name of the applicant	
Present and permanent address in Pakistan	
Residential status or nationality	
CNIC and NTN	
Entitlement to invoke MAP Proceedings (Residence or Nationality)	
Telephone No.	
Name and designation of Tax Authority in the foreign country (Treaty Partner)	
Date of the notice or order giving rise to the action	
Is the order or action of the income-tax authority of the country outside Pakistan not in accordance with the agreement? If so, the reasons thereof (attach separate sheet if required).	
Have you filed any appeal in the foreign country against the order or notice giving rise to the cause of grievance?	

Copies of the following documents in support of our claim are enclosed, namely:-

- (1) Order or Notice giving rise to the cause of grievance
- (2) Computerized National Identity Card
- (3)

Verification

I, _____ son/ daughter/ wife of Mr. _____ solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3 I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

Date _____

Place _____

Signatures: _____

Name _____

1-Rule inserted by SRO 714(I)/2006, dated July 05, 2006, originally numbered as "19C", erroneously, later renumbered as "19F" by SRO 1032(I)/2006, October 03, 2006.

2-The words "Central Board of Revenue" substituted by the Finance Act, 2007

1[19G]. Form of Irrevocable Bank Guarantee.- An irrevocable Bank Guarantee shall be furnished in all cases, unless specifically exempted by the Competent Authority of Pakistan, on the format as prescribed as under:

To,
The President of Pakistan
acting through and represented
by the Commissioner 2[“Inland Revenue”],
[INSERT: LTU/RTO]
Government of Pakistan
[INSERT: City]

Bank Guarantee

Bank Guarantee as security for keeping the recovery of Tax Demand in abeyance during the pendency of the proceedings of Mutual Agreement Procedure (MAP) under the Agreement for Avoidance of Double Taxation.

This Deed of Bank Guarantee made this _____ day of _____, 20 __, by [INSERT: Name and Address of Guaranteeing Bank] (hereinafter called “the Bank”, which expression shall, unless excluded by or repugnant to the context, include its successors and assignees) to the President of Pakistan acting through and represented by the Commissioner 3[***] [INSERT: LTU/RTO], Government of Pakistan, [INSERT: City], (hereinafter called “the Government”)

WHEREAS the Government has agreed that [INSERT: Name, Address, and National Tax Number of the Taxpayer] (hereinafter called “the Taxpayer”, which expression shall, unless excluded by or repugnant to the context, include its successors and assignees) shall furnish a Bank Guarantee in respect of a demand of Rs.[INSERT: Amount of Tax in dispute] for the tax year(s)....., in lieu of which the recovery of any part of such demand shall not be enforced until thirty days after the Commissioner receives written notice of the MAP Agreement arrived at between the Competent Authorities of the Governments of Pakistan and the [INSERT: Name of the Country]

AND WHEREAS THE Bank has, at the request of the Taxpayer, agreed to execute these presents:

NOW THEREFORE THIS DEED WITNESSES AS FOLLOWS:

In consideration of the Government agreeing to treat the Taxpayer as not in default for Rs.[INSERT: Amount of Tax in dispute, plus interest specified in paragraph 1 below] for the tax year(s).....,

1. The Bank irrevocably guarantees and undertakes, for the term provided in paragraph 2 that the Bank shall indemnify and keep indemnified the Government to the extent of the said sum of Rs.[INSERT: Amount of Tax in dispute] (Rupees [written text] and the recurring additional tax accruing at the rate specified in the Ordinance. The Bank further guarantees and undertakes that on advice from the Government that the Taxpayer has failed and neglected to observe any of its obligations to the Government with regard to the terms and conditions of any agreements between the Taxpayer and the Government or between the Competent Authority of Pakistan and that of the country on whose request MAP proceedings were initiated that may underlie or subsequently cover and encompass this Bank Guarantee, the decision of the Government as to whether any amount should be paid out by the Bank to the Government hereunder shall be final and binding.

2. The Bank further agrees that the guarantee herein contained shall remain in full force and effect for a period of one year from the date hereof or till [INSERT: date]; and if the Government, in case the MAP

proceedings are not finalized till the aforementioned date, does not receive a renewal of this Bank Guarantee or a substitute Bank Guarantee for the amounts of tax and interest in dispute prior to thirty days before the expiration date of this Bank Guarantee, the Government may instruct the Bank to pay the guaranteed amounts prior to expiration of the Bank Guarantee.

Provided that, notwithstanding any other thing contained herein, the liabilities of the Bank shall be limited to the maximum of the guaranteed amount of Rs.[INSERT: Amount of tax in dispute] (Rupees [INSERT: written text]), as increased by interest pursuant to paragraph 1 during the term of this Bank Guarantee; and unless a claim in writing is lodged with the Bank, or action to enforce the claim under the guarantee is filed or initiated against the Bank, within six months from the date of expiry of the guarantee period fixed hereunder or where such period is extended under the terms of this guarantee from the date of such extended period as the case may be, all the rights of the Government under this guarantee shall be forfeited and the Bank shall be relieved and discharged from liabilities hereunder.

3. The obligations of the Bank to the Government under this Bank Guarantee will terminate on issuance of the Notification by the Commissioner drawing down upon the bank guarantee upon the occurrence of any of the following; namely:-

- (i) the payment by the Bank or the Taxpayer to the Government of the guaranteed amounts;
- (ii) the payment by the taxpayer to the government of all amounts owed, as agreed to by the Competent Authorities in a MAP Agreement;
- (iii) a MAP Agreement by the Competent Authorities proclaiming that the government will not seek to recover any part of the previously-demanded amount; or
- (iv) the taxpayer furnishes to the Government afresh security from the Bank, or a similar security from another Bank.

4. The guarantee herein contained shall not be discharged or affected by any change in the constitution either of the taxpayer or of the Bank.

5. The Government shall have the fullest liberty without affecting the guarantee to postpone for any time, or from time to time, any of the powers exercisable by it against the taxpayer, or to either enforce or forbear any of the terms and conditions under this guarantee or under the Ordinance and the rules, and the Bank shall not be released from its liabilities under this guarantee by any exercise by the government of the liberty with reference to the matter aforesaid or by reasons of time being given to the taxpayer, or by any other act of forbearance or enforcement on the part of the Government, or by any indulgence by the Government to the taxpayer, or by any other matter or thing whatsoever which under the law relating to sureties would but for these provision have the effect of so releasing the Bank from its such liability.

6. The Bank hereby agrees and undertakes that any claim which the Bank may have against the taxpayer shall be subject and subordinate to the prior payment and performance in full of all the obligations of the Bank hereunder and the Bank will not without prior written consent of the Government exercise any legal rights or remedies of any kind in respect of any such payment or performance so long as the obligations of the Bank hereunder remain owing and outstanding, regardless of the insolvency, liquidation or bankruptcy of the taxpayer or otherwise howsoever. The Bank will not counter claim or set off against its liabilities to the Government hereunder any sum outstanding to the credit of the Government with it.

7. This Bank Guarantee shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan (without regard to its principles of conflict of laws).

8. The Bank undertakes not to revoke this guarantee during its currency except with the prior consent of the Government in writing.

9. Notwithstanding anything hereinbefore contained liability of the Bank under this guarantee is restricted to Rs.[INSERT: Amount of Tax in dispute, plus interest specified in paragraph 1 above] (Rupees [written text]) and is valid for the period(s) described in paragraph 2 above. Unless a demand or claim under this guarantee is lodged with the Bank on or before [INSERT: date, as established in paragraph 2 above], all rights of the Government under the said guarantee shall be forfeited and the Bank shall be relieved and discharged from all liabilities there under whether or not this document shall have been returned to the Bank.

IN WITNESS WHEREOF, the Bank, through its duly authorized representative, has set its hand stamp on this _____ day of _____ at _____

For and on behalf of the Bank

Signature

Name _____

Designation _____

i. Witness

Signature _____

Name _____

ii. Witness

Signature _____

Name _____

[Attorney per power of Attorney No. _____
Date _____]

1-Rule inserted by SRO 714(I)/2006, dated July 05, 2006, originally numbered as “19D”, erroneously, later renumbered as “19G” by SRO 1032(I)/2006, October 03, 2006.

2-The words “Income Tax Enforcement” substituted by SRO 1218(I)/2015, dated 08.12.2015.

3-The words “Income Tax Enforcement” omitted by SRO 1218(I)/2015, dated 08.12.2015.

1[19H. Application of this rule:- (1) This rule applies for the purposes of 2[sub-sections (7) of section 37 and] sub-sections (5), (6) and (7) of section 101A to prescribe:

(a) documents and statement for information required to be furnished to the Commissioner under sub-section (7) of section 101 A;

(b) fair market value of the assets for the purposes of sub-section (5) of section 101A; 3[]

(c) determination of reasonable attribution of income of the non-resident in respect of assets located in Pakistan for the purposes of sub-section (6) of section 101A 4[; and]

5[(d) fair market value of shares for the purposes of sub-section (7) of section 37.]

(2) The value of a share or interest as mentioned in sub-section (5) of section 101A shall be computed in the following manner, namely:-

(a) in case shares or securities are traded on any stock exchange and the transaction is carried out through the stock exchange, fair market value of such shares and securities shall be the transaction value as recorded in such stock exchange on the date of transaction;

(b) in case shares or securities are traded on any stock exchange and the transaction is not carried out through the stock exchange, fair market value of such shares and securities shall be the market price (day-end price) of such shares or securities traded on stock exchange on the date of transaction:

Provided that if the shares or securities are not traded on the stock exchange on the date of transaction, fair market value of such shares and securities shall be the market price (day-end price) of such shares or securities traded on a date immediately preceding the date of transaction when such shares and securities were traded on the stock exchange.

(c) in case shares or securities are not traded on any stock exchange and the shares are equity shares, the fair market value shall be computed according to the following formula, namely: —

$$(A + B + C - D) E/F$$

where—

A book value of all assets, other than those mentioned in component B;

B fair market value under section 68 in respect of:

(i) immovable property; and

(ii) assets as mentioned in subsection (5) of section 38 under section 68;

C fair market value of shares and securities as computed in this sub-rule;

D book value of liabilities shown in the balance sheet excluding contingent liabilities, provisions made for meeting liabilities, paid-up capital regarding equity shares, reserves and surpluses, amount set apart for dividends where such dividends (regarding equity as well as preference shares) have not been declared and provision made for taxation;

E paid-up value of equity shares; and F paid-up equity share capital.

(d) in case shares or securities are not traded on any stock exchange and the shares are not equity shares, the fair market value shall be estimated to be price it would fetch if sold in the open market on the date of transaction:

Provided that where the Commissioner is not satisfied with the valuation, the Commissioner may appoint any expert as is considered necessary for the purposes of obtaining valuation under section 222.

(e) in case of interest by a member in an association of persons, the fair market value shall be computed in the following manner, namely:-

$A + B$

Where-

A capital contributed by the member in the association of persons;

B share of the member in the value of the association of persons as is in excess of capital contributed.

(f) value of the association of persons, as mentioned in clause (e) shall be computed in accordance with any internationally accepted valuation methodology:

Provided that where the Commissioner is not satisfied with the valuation or the valuation methodology, the Commissioner may appoint any expert as is considered necessary for the purposes of obtaining valuation under section 222.

(g) If the transaction value of the share is higher than the value of share determined under this rule, then the value of a share shall be the transaction value of the share.

For the purpose of sub-section (6) of section 101 A, income attributable to assets

located in Pakistan shall be computed according to the following formula, namely:-

where-

A income from the transfer of share of, or interest in, computed in accordance with the provisions of section 101, as if, such share or interest is located in Pakistan;

B fair market value of assets located in Pakistan from which the share or interest referred to in A derives its value substantially

C fair market value of all the assets of the company, computed under these rules.

(4) If the taxpayer required to furnish information under sub-section (7) or under these rules or transferor of the share or interest in the company or the entity fails to provide the information required under section 101 or under these rules the gain shall be computed in such manner as the Commissioner deems appropriate on the basis of whatever information available or obtained from any person or source.

(5) Every taxpayer through which a non-resident company holds, directly or indirectly, assets, the value of which is derived, wholly or principally from the assets located in Pakistan and the non-resident company disposes of the asset, the taxpayer shall furnish to the Commissioner within sixty days of the transaction of disposal or alienation of the asset by the non-resident company, the information and documents as specified in Form A of this rule:

Provided that where the said period of sixty days has already expired before coming into force of this rule, and the transaction has been made after first of July, 2018, the information and documents specified in Form A shall be furnished within thirty days of coming into force of this rule.

(6) The provisions of Division IV of Part V of Chapter X and section 205 shall apply, mutatis mutandis, to the person required to deduct tax under sub-section (8) of section 101A and company required to collect tax under sub-section (9) of section 101A.

6[(7) For the purpose of determining fair market value of shares under sub-section (7) of section 37, component D in the formula in clause (c) of sub-rule (2) shall be taken as zero.

(8) State Bank of Pakistan shall not allow transfer or registration of repatriable shares unless prescribed certificate from the Commissioner, to the effect that the tax liability under sub-sections (6) to (10) of section 37 is discharged, is provided by the person selling the shares.]

Form A

[To be filled and furnished along with required documents as per section 107(7)]

Part I (Taxpayer's Information)

Name and address of the taxpayer required to furnish information under section 101(7)

NTN _____

Details of the transaction/asset(s) disposed of _____

Please attach the following documents and information with this form:

(a) Balance Sheet and financial statements of the latest accounting period/tax year of the buyer and the seller

(b) Copy of the Agreement of the transaction

(c) Summary of all written and oral agreements and understandings relating to the transaction

Part II (Seller's Information)

Name and full particulars of the person _____

Whether the person is Resident or Non-resident _____

Address of the person and country of residence _____

Nature of asset disposed of by the seller _____

Whether the asset was disposed of at fair market value _____

Total Gross Consideration received _____

(including consideration in kind or waiver of any liability etc.)

Part III Buyer's Information

Name and full particulars of the person _____

Whether the person is Resident or Non-resident _____

Address of the person and country of residence _____

Nature of asset acquired _____

Whether the asset was acquired at fair market value _____

Total Gross Consideration paid _____

(including consideration in kind or waiver of any liability etc.)

Whether independent valuation of the asset was made(Yes/No) _____

if Yes, please provide the copy of independent valuation

if No, what was the basis of valuation of the asset _____

Place/country where transaction was completed _____].

1-Inserted by Notification No. S.R.O. 960(I)/2021, dated 02-08-2021

2-Word etc. inserted by SRO 776(I)/2023 dated 27-06-2023

3-Word "and" omitted by SRO 776(I)/2023 dated 27-06-2023

4-Substituted for full stop by SRO 776(I)/2023 dated 27-06-2023

5-Clause "(d)" inserted by SRO 776(I)/2023 dated 27-06-2023

6-Clause "(7 & 8)" inserted by SRO 776(I)/2023 dated 27-06-2023

CHAPTER - VI

TRANSFER PRICING

20. Application of this chapter.- This chapter applies for the purposes of section 108 mainly, which provide the Commissioner with the power to distribute, apportion or allocate income, expenditures or tax credits between associates in respect of transactions not made in accordance with the arm's length principle.

21. Interpretation.- (1) In this Chapter,-

- (a) “comparable uncontrolled transaction”, in relation to a controlled transaction, means an uncontrolled transaction that satisfies one of the following conditions, namely:-
 - (i) the differences (if any) between the two transactions or between persons undertaking the transactions do not materially affect the price in the open market, the resale price margin or the cost plus mark up, as the case may be; or
 - (ii) if the differences referred to in sub-clause (i) do materially affect the price in the open market, the resale price margin or the cost plus mark up, as the case may be, then reasonably accurate adjustments can be made to eliminate the material effects of such differences;
- (b) “controlled transaction” means a transaction between associates;
- (c) “transaction” means any sale, assignment, lease, license, loan, contribution, right to use property or performance of services;
- (d) “uncontrolled persons” means persons who are not associates; and
- (e) “uncontrolled transaction” means a transaction between uncontrolled persons.

22. Subject to the other rules in this Chapter, the Commissioner, in applying this Chapter shall also be guided by international standards, case law and guidelines issued by the various tax-related internationally recognized organizations.

23. Arm's length standard.- (1) In determining the income of a person from a transaction with an associate, the standard to be applied by the Commissioner shall be that of a person dealing at arm's length with a person who is not an associate (referred to as the "arm's length standard").

(2) A controlled transactions shall meet the arm's length standard if the result of the transaction is consistent with the result (referred to as the "arm's length result") that would have been realized if uncontrolled persons had engaged in the same transaction under the same conditions.

(3) Subject to sub-rule (6), the following methods shall apply for the purposes of determining an arm's length result, namely:-

- (a) the comparable uncontrolled-price method;
- (b) the resale price method;
- (c) the cost plus method; or
- (d) the profit split method.

(4) The method in clause (d) shall apply only where the methods in clauses (a), (b) and (c) cannot be reliably applied.

(5) As between clauses (a), (b) and (c), the method that, having regard to all the facts and circumstances, provides the most reliable measure of the arm's length result as in the opinion of Commissioner shall be applied.

(6) Where the arm's length result cannot be reliably determined under one of the methods in sub-rule (3) the Commissioner may use any method provided it is consistent with the arm's length standard.

24. Comparable uncontrolled price method.- The comparable uncontrolled price method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the amount charged in a comparable uncontrolled transaction.

25. Resale price method.- (1) The resale price method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the resale gross margin realized in a comparable uncontrolled transaction.

(2) The following steps shall apply in determining the arm's length result under the resale price method, namely:-

- (a) determine the price that a product purchased from an associate has been sold to a person who is not an associate (referred to as the "resale price"); and
- (b) from the resale price is subtracted a gross margin (referred to as the "resale gross margin") representing the amount that covers the person's selling and other operating expenses and, in light of the functions performed (taking into account assets used and risks assumed), make an appropriate profit;
- (c) from that amount is subtracted any other costs associated with the purchase of the product, such as customs duty; and
- (d) the amount remaining is the arm's length result.

(3) The resale price margin of a person in a controlled transaction may be determined by reference to:-

- (a) the resale price margin that the person earns on products purchased and sold in a comparable uncontrolled transaction; or
- (b) the resale price margin that an independent person earns in comparable uncontrolled transaction.

26. Cost plus method.- (1) The cost plus method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the cost plus markup realised in a comparable uncontrolled transaction.

(2) The following steps shall apply in determining the arm's length result under the cost plus method, namely:-

- (a) determine the costs incurred by the person in a controlled transaction;
- (b) to this amount is added a mark up (referred to as the "cost plus mark up" to make an appropriate profit in light of the functions performed and market conditions; and
- (c) the sum of the amounts referred to in clauses (a) and (b) is the arm's length result.

(3) The cost plus mark up of a person in a controlled transaction may be determined by reference to:-

- (a) the cost plus mark up that the person earns in a comparable uncontrolled transaction; or
- (b) the cost plus mark up that an independent person earns In comparable uncontrolled transaction.

27. Profit split method.- (1) The profit split method may be applied where transactions are so interrelated that the arm's length result cannot be determined on a separate basis.

(2) The profit split method determines the arm's length result on the basis that the associates form a firm and agree to divide profits in the manner that independent persons would have agreed on the basis that they are dealing with each other at arm's length.

(3) The Commissioner may determine the division of profits on the basis of a contribution analysis, a residual analysis or on any other basis as appropriate having regard to the facts and circumstances.

(4) Under contribution analysis, the total profits from controlled transactions shall be divided on the basis of the relative value of the functions performed by each person participating in the controlled transactions.

(5) Under residual analysis, the total profits from controlled transactions shall be divided as follows:-

- (a) each person shall be allocated sufficient profit to provide the person with a basic return appropriate for the type of transactions in which the person is engaged; and
- (b) any residual profit remaining after the allocation in clause (a) shall be allocated on the basis of division between independent persons determined having regard to all the facts and circumstances.

(6) For the purposes of clause (a) of sub-rule (5), the basic return shall be determined by reference to market returns achieved for similar types of transactions by independent persons.

**1[CHAPTER-VIA
DOCUMENTATION AND CO UNTRY-BY-COUNTRY REPORTING REQUIREMENTS
PART-I
PRELIMINARY**

27A. Application of this chapter:- (1) This chapter shall apply for the purposes of sub-sections (3) to (5) of section 108.

(2) The purpose of this Chapter is to prescribe documents, information, files and reports which certain taxpayers are required to keep, maintain and furnish to the 2[Board and the] Commissioner under sub-sections (3) to (5) of section 108.

(3) Nothing in this Chapter shall preclude a taxpayer accounting for income chargeable under the Ordinance, from-

- (a) maintaining any books of account, documents or records in addition to those prescribed in these rules; or
- (b) maintaining the books of account, documents or records in the manner prescribed keeping in view the head of the income of the taxpayer and, wherever applicable, the nature of the taxpayer's business.

(4) Definitions.- In this Chapter,-

- (a) "consolidated financial statements" mean the financial statements of an MNE group in which the assets, liabilities, income, expenses and cash flows of the ultimate parent entity and the constituent entities are presented as those of a single economic entity;
- (b) "competent authority agreement" means an agreement,-
 - (i) that is between authorised representatives of those foreign jurisdictions that are parties to an international agreement with Pakistan; and
 - (ii) that provides legal authority for the automatic exchange of country-by-country reports between the party jurisdictions;
- (c) "constituent entity" means,-
 - (i) any separate entity of an MNE group that is included in the consolidated financial statements of the MNE group for financial reporting purposes or would be so included if equity interests in such business unit of an MNE group were to be traded on a stock exchange;
 - (ii) any such entity that is excluded from the MNE group's consolidated financial statements solely on size or materiality grounds; and
 - (iii) any permanent establishment of any separate entity of the MNE group included in sub-clauses (i) or (ii), provided the entity prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting or internal management control purposes;

3[Explanation.- The expression constituent entity resident in Pakistan" wherever appearing in this Chapter shall include permanent establishment in Pakistan of a non-resident person.]

(d) “country-by-country report” means a report in respect of an MNE group, containing—

- (i) the aggregate information in respect of the amount of revenue profit or loss before income tax, amount of income tax paid, amount of income tax accrued, stated capital, accumulated earnings, number of employees and tangible assets not being cash or cash equivalents, with regard to each country or territory in which the group operates;
- (ii) the details and identification of each constituent entity of the group including the country or territory in which such constituent entity is incorporated or organised or established and the country or territory where it is resident; and
- (iii) detailed description of the nature and details of the main business activity or activities of each constituent entity; and

4[(e) “entity” means a company or an association of persons;]

(f) “fiscal year” means-

- (i) a tax year, in a case where the ultimate parent entity or surrogate parent entity is resident of Pakistan; and
- (ii) an annual accounting period with respect to which the ultimate parent entity of the MNE group prepares its financial statements under any law for the time being in force or the applicable accounting standards of the country or territory of which such entity is a resident, in case the ultimate parent entity or surrogate parent entity is not resident of Pakistan;

(g) “group” means a collection of entities related through ownership or control, such that-

- (i) it is either required to prepare consolidated financial statements for financial reporting purposes under any law for the time being in force or the accounting standards of the country or territory of which the parent entity is resident; or
- (ii) would have been required to be prepared had the equity shares of any of the entity were listed on a stock exchange in the country or territory of which the parent entity is resident;

(h) “international agreement” means an agreement referred to in sub-section (1) of section 107 and includes the Multilateral Convention for Mutual Administrative Assistance in Tax Matters, any bilateral or multilateral tax convention or any Tax Information Exchange Agreement to which Pakistan is a party and that by its terms provides legal authority for the exchange of tax information between jurisdictions, including automatic exchange of such information;

(i) “MNE group” means any group that—

- (i) includes two or more entities the tax residence for which is in different jurisdictions or includes an entity that is resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction; and
- (ii) has a total consolidated group revenue equivalent to seven hundred and fifty million euros or more, or an equivalent amount in Pakistan Rupees, during the fiscal year immediately

preceding the reporting fiscal year as reflected in its consolidated financial statements for such preceding fiscal year;

5[(j) “related party” means an associate as defined in section 85 of the Ordinance.]

6[(k) “reporting entity” means the constituent entity including the parent entity or the surrogate parent entity or any constituent entity under rule 27D, that is required to file a country-by-country report in its jurisdiction of tax residence on behalf of the MNE group;

6[(l) “reporting fiscal year” means that fiscal year, the financial and operational results of which are reflected in the country-by-country report;

6[(m) “surrogate parent entity” means any constituent entity of the MNE group that has been designated by such MNE group, in place of the ultimate parent entity, to file the country-by-country reports in the country or territory in which the said constituent entity is resident, on behalf of such MNE group;

6[(n) “systemic failure” with respect to a country or territory means that the country or territory has a competent authority agreement in effect with Pakistan, for automatic exchange of country-by-country reports, but-

- (i) has suspended automatic exchange, for reasons other than those that are in accordance with the terms of that agreement; or
- (ii) otherwise persistently failed to automatically provide to Pakistan country-by-country reports in its possession of MNE groups that have constituent entity or entities in Pakistan;

7[(o) “ultimate parent entity” means a constituent entity of an MNE group that meets the following criteria, namely:-

- (i) it owns directly or indirectly a sufficient interest in one or more constituent entities of such MNPJ group such that it is required to prepare consolidated financial statements under any law for the time being in force or the accounting standards of the country or territory of which the entity is resident or it would have been required to prepare a consolidated financial statement had the equity shares of any of the enterprises were listed on a stock exchange in the country or territory of which the entity is resident; and
- (ii) there is no other constituent entity of such MNE group that owns directly or indirectly an interest described in sub-clause (i) in the first mentioned constituent entity.

PART-II

COUNTRY-BY-COUNTRY REPORTING REQUIREMENTS

27B. For every fiscal year, every constituent entity resident in Pakistan, if the constituent entity is not the ultimate parent company or the surrogate parent entity, shall furnish to the Board, on or before the date the constituent entity is required to file return under section 118, the details of the ultimate parent entity or the surrogate parent entity of the MNE group and the country or territory of which the said entities are resident:

Provided that for fiscal year relating to tax year 2017, the information shall be provided by 8[twenty eighth] day of February, 2018 9[:]

10[Provided further that a constituent entity, being a surrogate parent entity, shall furnish to the Board, on or before the date the surrogate parent entity is required to file return under section 118, the details of the ultimate parent entity of the MNE group and the country or territory of which the said entity is resident.]

27C. For every fiscal year, every constituent entity resident in Pakistan, if the constituent entity is the ultimate parent company or the surrogate parent entity, shall furnish to the Board, on or before the date the constituent entity is required to file return under section 118, the information whether the constituent entity is an ultimate parent entity or the surrogate parent entity:

Provided that for fiscal year relating to tax year 2017, the information shall be provided by 1[twenty eighth] day of February, 2018.

27D. (1) Every ultimate parent entity or the surrogate parent entity resident in Pakistan shall, for every reporting fiscal year in respect of the MNE group of which it is a constituent entity, furnish country-by-country report to the Board on or before the due date specified under rule 27G.

(2) The Board, for every reporting fiscal year in respect of every MNE group, whose ultimate parent entity or the surrogate parent entity resident in Pakistan is required to furnish country-by-country report under sub-rule (1) or the constituent entity under rule 27E, shall transmit and exchange country-by-country reports to the jurisdictions that are parties to the competent authority agreement as defined in clause (b) of sub-rule (4) of rule 27A, on or before the due date specified under rule 27G.

(3) The requirements under sub-rules (1) and (2) shall be for reporting fiscal years relating to tax year 2017 and onwards 2[:]

3[Provided that the provisions of this chapter shall not apply to tax year 2017 if it commences before first day of January, 2016.]

27E. A constituent entity resident in Pakistan, which is neither the ultimate parent entity nor the surrogate parent entity of an MNE group shall file a country-by-country report to the Board with respect to the reporting fiscal year of an MNE group of which it is a constituent entity on or before the date specified under rule 27G, if-

- (a) the ultimate parent entity of the MNE group is not obligated to file a country-by-country report in the country or territory of which the ultimate parent entity is a resident:
- (b) the country or territory in which the ultimate parent entity is resident has an international agreement to which Pakistan is a party but does not. have a competent authority agreement to exchange country-by-country report; or

- (c) there has been a systemic failure of the country or territory of which the ultimate parent, entity is a resident and the said failure has been intimated by the Board to such constituent entity:

Provided that where there are more than one constituent entities of the same MNE group that are resident in Pakistan and one or more of the above conditions apply, the MNE group may designate one of such constituent entities to furnish the country-by-country report to the Board with respect to any reporting fiscal year on or before the date specified under rule 27G and to intimate in writing to the Board that the filing is intended to satisfy the filing requirement of all the constituent entities of such MNE group that are resident in Pakistan 1[:]

2[Provided further that the provisions of this rule shall not apply to a constituent entity if the ultimate parent entity or the surrogate parent entity of the constituent entity is not required to file country-by-country report in its jurisdiction of residence only for the reason that as per rules of the jurisdiction of the ultimate parent entity or the surrogate parent entity, total consolidated group revenue, in near equivalent amount in domestic currency, is less than seven hundred and fifty million euros.]

27F. The provisions of rule 27E shall not apply, if a surrogate parent entity of the MNE group has furnished a country-by-country report with respect to any reporting fiscal year with the tax authority of country or territory of which the surrogate parent entity is a resident on or before the date specified under rule 27G and satisfies the following conditions, namely:-

- (a) the surrogate parent entity is required to file the country-by-country reports in the country or territory in which such entity is resident;
- (b) the country or territory in which the surrogate parent entity is resident has a competent authority agreement with Pakistan;
- (c) the country or territory in which the surrogate parent entity is resident has not intimated the Board of a systemic failure;
- (d) the country or territory in which the surrogate parent entity is resident has been intimated in writing by the said entity that it is the surrogate parent entity designated by the MNE group; and
- (e) the Board has been intimated in accordance with rule 3[27B].

27G. (1) The country-by-country report required to be filed under this chapter shall be filed not later than twelve months after the last day of the reporting fiscal year of the MNE group, in the manner and as provided in Form A and Tables specified in the Schedule to this Chapter:

Provided that for tax year 2017 country-by-country report required to be filed under this chapter shall be filed 1[not later than fifteen months after the last, day of the reporting fiscal year of the MNE group)]2[:]

3[Provided further that where the country-by-country report is required to be filed under rule 27E and notification of systemic failure has been received by the constituent entity, the said period of twelve months shall be further extended by forty-five days, from the date of receipt of the notification.)

(2) The country-by-country reports required to be transmitted and exchanged under rule 27D to the jurisdictions that are parties to the competent authority agreement as defined in clause (b) of sub-rule (4) of rule 27A shall be so transmitted and exchanged not later than fifteen months after the last day of the reporting fiscal year of the MNE group, in the manner and as provided in Form A and Tables specified in the Schedule to this Chapter:

Provided that for tax year 2017 country-by-country report required to be transmitted and exchanged by the Board under this chapter shall be transmitted and exchanged 4[not later than eighteen months after the last day of the reporting fiscal year of the MNE group).

5[(3) This rule shall not have effect for tax year 2017 in respect of constituent entity required to file country-by-country report under rule 27E provided that the information required to be furnished under rule 27B, 27C or under first proviso to sub-rule (1) of rule 27E, as the case may be, has been furnished to the Board.)

27H. (1) The country-by-country reports shall be appropriately used.

(2) Appropriate use of country-by-country reports means that the data or information obtained from such reports shall only be used for purposes of-

- (a) conducting high level and informed transfer pricing risk assessment;
- (b) assessment of other base erosion and profit shifting (BEPS) related risks;
- (c) economic and statistical analysis, where appropriate.

Explanation - For the purpose of clause (b), BEPS related risks refer to risks that may result in the erosion of Pakistan's tax base resulting from strategies adopted by the MNE groups that make use of tax rules and legislation of different jurisdictions to artificially shift profits to low or no tax jurisdictions where there is little or no economic activity and consequently reduce the overall tax payable by the MNE group. The rules or legislation may include tax credits, carry-forward of losses, hybrid entities, hybrid financial instruments, conduit companies, the use of derivatives to avoid withholding taxes, and profit shifting using the contractual allocation of risk and the pricing of intangibles.

(3) The data in the country-by-country reports shall not be used for purposes of making transfer pricing adjustments on the basis of an income allocation formula or based on a global formulary apportionment of income.

Explanation.- For the removal of doubt it is hereby clarified that nothing in this rule shall prevent making enquiries into the MNE group's transfer pricing arrangements or into other tax matters in the course of a transfer pricing audit.

(4) Transfer Pricing risk assessment based on the data contained in country-by-country reports shall not be made by an authority below the rank of Commissioner or Director, as the case may be:

Provided that such authority shall obtain prior approval for conducting risk assessment from Director General of Transfer Pricing to ensure that data or information contained in country-by-country report has not been used inappropriately.

(5) To ensure that data or information contained in country-by-country report has been used appropriately in making transfer pricing risk assessment, Director General of Transfer Pricing, on its own or on a request, may issue a circular setting out the guidance or instructions on appropriate use of data contained in such reports and shall be binding on the tax authorities.

(6) Subject to the Ordinance, Director General of Transfer Pricing in issuing circulars referred to in sub-rule (5) shall also be guided by international standards and guidelines issued by the various tax-related internationally recognized organizations.

(7) Where the information or data contained in country-by-country report has not been used appropriately, the Board shall-

- (a) notify the breach of appropriate use, to the Co-ordinating Body Secretariat of Organization of Economic Cooperation and Development (OECD) or other competent authority; and
- (b) concede inappropriate adjustments in competent authority proceedings that involve a tax adjustment using an income allocation formula or a global formulary apportionment of income based on information from country-by-country report.

(8) The Board may, from time to time, review and update any existing or additional requirements for appropriate use of data or information contained in country- by-country reports.

27I. The Board shall preserve the confidentiality of the information contained in the country-by-country report at least to the same extent that would apply if such information were provided to it under the provisions of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

27J. On behalf of the Board, Director General of Transfer Pricing shall be the authority authorized to:

- (a) receive country-by-country reports as specified in rule 27D; and
- (b) transmit and exchange country-by-country reports to the jurisdictions that are parties to the competent authority agreement as defined in clause (b) of sub-rule (4) of rule 27A:

Provided that till the appointment of Director General of Transfer Pricing, the authority to receive, transmit or exchange country-by-country reports shall be the Member (Inland Revenue Policy).

PART-III

DOCUMENTATION REQUIREMENTS

27K. Notwithstanding the provisions of sub-clause (ii) of clause (i) of sub-rule (4) of rule 27A, every taxpayer, being a constituent entity of an MNE group and having a turnover of more than one hundred million Rupees, shall keep and maintain a master file.

27L. Master file as referred to in rule 27K, shall contain standardised information relevant for all MNE group members and must include -

- (a) chart illustrating the MNE's legal and ownership structure and geographical location of operating entities;
- (b) general written description of the MNE's business including -
 - (i) important drivers of business profit;
 - (ii) a description of the supply chain for the group's five largest products or service offerings by turnover plus any other products or services amounting to more than five percent of group turnover. The required description could take the form of a chart or a diagram;
 - (iii) a list and brief description of important service arrangements between members of the MNE group, other than research and development (R&D) services, including a description of the capabilities of the principal locations providing important services and transfer pricing policies for allocating services costs and determining prices to be paid for intra-group services;
 - (iv) a description of the main geographic markets for the group's products and services that are referred to in sub-clause (ii);
 - (v) a brief written functional analysis describing the principal contributions to value creation by individual entities within the group, i.e. key functions performed, important risks assumed and important assets used; and
 - (vi) a description of important business restructuring transactions, acquisitions and divestitures occurring during the fiscal year;
- (c) information of intangibles, including -
 - (i) a general description of the MNE's overall strategy for the development, ownership and exploitation of intangibles, including location of principal R&D facilities and location of R&D management;
 - (ii) a list of intangibles or groups of intangibles of the MNE group that are important for transfer pricing purposes and which entities legally own them including entities responsible for the Development, Enhancement, Management, Protection or Exploitation (DEMPE) functions with respect to such intangibles;
 - (iii) a list of important agreements among identified associated enterprises related to intangibles, including cost contribution arrangements, principal research service agreements and licence agreements;

- (iv) a general description of the group's transfer pricing policies related to R&D and intangibles; and
- (v) a general description of any important transfers of interests in intangibles among associated enterprises during the fiscal year concerned, including the entities, countries and compensation involved;
- (d) inter-company financial activities, including -
 - (i) a general description of how the group is financed, including important financing arrangements with unrelated lenders;
 - (ii) The identification of any members of the MNE group that provides a central financing function for the group, including the country under whose laws the entity is organised and the place of effective management of such entities; and
 - (iii) a general description of the MNE's general transfer pricing policies related to financing arrangements between associated enterprises; and
- (e) annual consolidated financial statement for the fiscal year concerned if otherwise prepared for financial reporting, regulatory, internal management, tax or other purposes.

27M. Every taxpayer shall keep, maintain and make available, a local file for all transactions, exceeding fifty million Rupees, with the associates. The local file shall be made available, if required by the Commissioner under section 108, at any time after the due date of filing of return under section 118.

27N. Local file referred to in rule 27M, shall include -

- (a) local entity structure including its management structure of the local entity, a local organization chart and a description of the individuals to whom local management reports and the country or countries in which such individuals maintain their principal offices;
- (b) a detailed description of the business and business strategy pursued by the local entity including an indication whether the local entity has been involved in or affected by business restructurings or intangibles transfers in the present or immediately past year and an explanation of those aspects of such transactions affecting the local entity;
- (c) key competitors;
- (d) information for each category of controlled transactions in which the taxpayer is involved, including -
 - (i) a description of all the controlled transactions (e.g. procurement of manufacturing services, purchase of goods, provision of services, loans, financial and performance guarantees, licences of intangibles, etc.) and the context in which such transactions take place;
 - (ii) the amount of intra-group payments and receipts for each category of controlled transactions involving the local entity (i.e. payments and receipts for products, services, royalties, interest, etc.) broken down by tax jurisdiction of the foreign payer or recipient;
 - (iii) an identification of associated enterprises involved in each category of controlled transactions and the relationship amongst them;

- (iv) detailed list of all inter-company agreements and copies of all such agreements concluded by the taxpayer;
 - (v) a detailed comparability and functional analysis of the taxpayer and relevant associated enterprises with respect to each documented category of controlled transactions, including any changes compared to prior three years;
 - (vi) an indication of the most appropriate transfer pricing method with regard to the category of transaction and the reasons for selecting that method;
 - (vii) detailed information on transfer pricing methods applied including comparable searches criteria, results of searches and application of transfer pricing method;
 - (viii) information regarding periodically updating and refreshing comparable searches and the period after which such comparable searches are updated and refreshed; and
 - (ix) list of all existing unilateral and bilateral or multilateral advance pricing agreements and copies thereof and other tax rulings to which Pakistan is not a party and which are related to controlled transactions described as aforesaid; and
- (e) financial information including -
- (i) annual local entity financial accounts for the fiscal year concerned. If audited statements exist they should be supplied and if not, existing unaudited statements should be supplied;
 - (ii) information and allocation schedules showing how the financial data used in applying the transfer pricing method may be tied to the annual financial statements; and
 - (iii) summary schedules of relevant financial data for comparables used in the analysis and the sources from which that data was obtained.

27O. Failure to maintain or furnish documents by the taxpayer required to be maintained under this chapter shall be subject to penalty or penalties under section 182 of the Ordinance.

27P. Where any time or period has been specified under any of the rules in this Chapter, within which any document, information, file or report is required to be furnished to the Board by certain persons, the Board may, on an application filed by the person, permit through an order in writing, such person to furnish documents, information, files or reports, as the case may be, within such time or period as the Board may consider appropriate subject to such [imitations or conditions as may be specified in the order.

27Q. Documents, reports, information and details required to be furnished under Part II of this Chapter by electronic transmission using the specified software in accordance with the specified format or any other requirements including safety valve, security and verification considerations as may be specified by the Federal Board of Revenue from time to time:

Provided that till the time such specified software in accordance with the specified format or any other requirements is developed or procured and installed, the documents, reports, information and details shall be furnished electronically via electronic mail on electronic mail address, namely, cbcr@fbr.gov.pk.

Schedule
[see rule 27G(2)]
Country-by-Country Report

1. Is this an amended report? Yes No
2. Enter the last day of reporting tax year of the MNE group for which you are reporting (see instruction) Year Month Day
3. Does this report cover a full reporting tax year? Yes No
4. If no, indicate the number of month for which you are reporting

Reporting Entity Section
Section 1
Reporting Entity Identification

FORM A

Check one box only to indicate the type of reporting entity and complete the areas that apply			
Person (Company/Trust/AOP) Incorporation/Registration Number			
Enter the name of MNE group			
Reporting Entity's address			
Street Number	Street		
City	Province or territory	Country code	Postal code

Section 2
Rate of the Reporting Entity

Check one box only to indicate the reporting role of the entity filing this report (see instructions)	
☐ Ultimate parent entity ☐ Surrogate parent entity ☐ Constituent entity	
If you selected constituent entity, is this report filed on behalf of all constituent entities of the MNE group in Pakistan for the reporting fiscal year?	
☐ Yes ☐ No	
If you selected surrogate parent entity or constituent entity, provide the name and country of residence for tax purposes of the ultimate parent entity.	
Name of ultimate parent entity Country Code	

Section 3
Certification

I certify that the information given on this form is, to my knowledge, correct and complete, and fully discloses the reporting entity's related information		If someone other than the reporting entity prepared this form, provide their;
Name of certifier		
Sign here (it is a serious offence to file a false statement)		Address
Position/title of certifier		
Telephone number of certifier	Date (DD-MM-YYYY)	Telephone number of contact

COUNTRY-BY-COUNTRY REPORT

TABLE 1
Overview of allocation of income, taxes and business activities by tax jurisdiction

Name of the MNE group: Fiscal year concerned: Currency:										
Tax Jurisdiction	Revenues			Profit (Loss) Before Income Tax	Income Tax Paid (on cash basis)	Income Tax Accrued Current Year	Stated capital	Accumulated earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
	Unrelated Party	Related Party	Total							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

TABLE 2
List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction

Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction	Tax Jurisdiction of organisation or incorporation if different from Tax Jurisdiction of Residence	Main business activity(ies)												
			Research and Development	Holding/managing intellectual property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of services to unrelated parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding shares or other equity instruments	Dormant	Other ^[1]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	1.														
	2.														
	3.														
	1.														
	2.														
	3.														

¹-Please specify the nature of the activity of the Constituent Entity in the “Additional Information” section.

TABLE 3
Additional Information

Name of the MNE group:
Fiscal year concerned:
<i>Please include any further brief information or explanation you consider necessary or that would facilitate the understanding of the compulsory information provided in the country-by-country report.</i>
]

-
- 1-Chapter VIA inserted by Notification No. SRO 1191(I)/2017, dated November 16, 2017
 - 2-Words inserted by Notification No SRO 144(I)/2018, dated February 9, 2018
 - 3-Explanation inserted by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 4-Substituted for “(e) “entity” includes a company:” by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 5-Clause (j) inserted by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 6-Re-numbered by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 7-Re-numbered by Notification No. SRO 144(I)/2018, dated February 9, 2018.
 - 8-Substituted for ‘fifteenth’ by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 9-Substituted for full stop by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 10-Proviso inserted by Notification No. SRO 144(I)/2018, dated February 9, 2018.
 - 11-Substituted for “by thirty first day of March, 2018” by Notification No. SRO 144(I)/2018, dated February 9, 2018.
 - 12-Substituted for full stop by Notification No. SRO 144(I)/2018. dated February 9, 2018
 - 13-Proviso inserted by Notification No. SRO 144(I)/2018, dated February 9, 2018.
 - 14-Substituted for “27D” by Notification No. SRO 144(I)/2018, dated February 9, 2018.
 - 15-Substituted for “by thirty first day of March, 2018” by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 16-Proviso inserted by Notification No. SRO 144(I)/2018, dated February 9, 2018
 - 17-Substituted for “by thirtieth day of June, 2018” by Notification No. SRO 144(I)/2018, dated February 9, 2018.
 - 18-Sub-rule (3) inserted by Notification No. SRO 144(I)/2018, dated February 9, 2018

CHAPTER – VII
RECORDS AND BOOKS OF ACCOUNTS
PART-I
PRELIMINARY

28. Application of Chapter.-

- (1) The rules in this Chapter apply for the purposes of section 174.
- (2) The purpose of this Chapter is to prescribe the minimum level of books of accounts, documents and records to be maintained by taxpayers
- (3) Nothing in this Chapter shall preclude a taxpayer accounting for income chargeable under the head “Income from Business” from
 - (a) maintaining any books of account, documents or records in addition to those prescribed in these rules;
 - (b) adding such further columns or particulars in the forms prescribed in these rules for the taxpayer’s own requirement; or
 - (c) maintaining the books of account, documents or records in the manner prescribed keeping in view the nature of the taxpayer’s business.

Interpretation.- In this Chapter-

- (a) “legal practitioner” includes an advocate, pleader, tax practitioner and advisor or consultant on income tax, sales tax, customs, central excise or salt tax laws.
- (b) “medical practitioner” includes a doctor, surgeon, Physician, dentist, psychiatrist, Physiotherapist, tabib, homeopath, vaid, veterinarian and any person practicing medicine under any other name.

PART-II
BOOKS OF ACCOUNT PRESCRIBED

29. Books of account, documents and records to be maintained.-

(1) Every taxpayer deriving income chargeable under the head “Income from Business” shall maintain proper books of account, documents and records with respect to-

- (a) all sums of money received and expended by the taxpayer and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods and all services provided and obtained by the taxpayer;
- (c) all assets of the taxpayer;
- (d) all liabilities of the taxpayer; and
- (e) in case of a taxpayer engaged in assembly, production processing, manufacturing, mining or like activities, all items of cost relating to the utilization of materials, labour and other inputs.

(2) If a taxpayer uses fiscal electronic cash register or computerized accounting software, it may issue cash-memo invoice/receipt generated by the electronic cash register or computer.

(4) The books of account documents and records to be maintained under this chapter shall be maintained for 1[“six”] years after the end of the tax year to which they relate.

(5) 2[“The provision of sub rule (4) shall not apply where any proceeding under the Ordinance is pending before any authority or court the taxpayer shall maintain the record till final decision of the proceedings.”]

1-The word “five” substituted by SRO 1218(I)/2015, dated 08.12.2015.

2-Sub-rule (5) inserted by SRO 1218(I)/2015, dated 08.12.2015.

30. In particular, and without prejudice to the generality of the provisions of Rule 29, every taxpayer, other than companies, deriving income chargeable under the head “Income from business” shall issue and maintain the following minimum books of account, documents and records.- (1) Taxpayers with business income upto Rs. 1[“500,000”] and new taxpayers deriving income from business (excluding taxpayers to whom sub-rules (2), (3) or (4) apply):

- (a) Serially numbered and dated cash-memo/ invoice / receipt for each transaction of sale or receipt containing the following:-
 - (i) taxpayer’s name or the name of his business, address national tax number 2[“or CNIC”] and sales tax registration number, if any; and
 - (ii) the description quantity and value of goods sold or services rendered:

Provided that where each transaction does not exceed Rs.100, one or more cash-memos per day for all such transactions may be maintained;

- (b) Daily record of receipts, sales, payments purchases and expenses: a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice; and
- (c) Vouchers of purchases and expenses.

(2) Taxpayers with business income exceeding Rs. 3[“500,000”] (excluding taxpayers to whom sub-rules (1), (3) or (4) apply) and wholesalers, distributors, dealers and commission agents:-

- (a) Serially numbered and dated cash-memo / invoice / receipt for each transaction of sale or receipt containing the following:-
 - (i) taxpayer’s name or the name of his business, address, national tax number 4[or CNIC] and sales tax registration number, If any;
 - (ii) the description, quantity and value of goods sold or services rendered; and
 - (iii) in case of a wholesaler, distributor, dealer and commission agent, where a single transaction exceeds Rs.10,000, the name and address of the customer;

Provided that where each transaction does not exceed Rs.100, one or more cash-memos per day for all such transactions may be maintained;

- (b) Cash book and/or bank book or daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice;
- (c) General ledger or annual summary of receipts, sales, payments, purchases and expenses under distinctive heads;
- (d) Vouchers of purchases and expenses and where a single transaction exceeds Rs.10.000 with the name and address of the payee; and
- (e) Where the taxpayer deals in purchase and sale of goods, quarterly inventory of stock-in-trade showing description, quantity and value.

(3) Professionals (like medical practitioners, legal practitioners, accountants, auditors, architects, engineers etc.):-

(a) Serially numbered and dated patient-slip/ invoice/ receipt for each transaction of sale or receipt containing the following:-

- (i) taxpayer's name or the name of his business or profession, address national tax number 4[or CNIC] and sales tax registration number, if any;
- (ii) the description, quantity and value of medicines supplied or details of treatment /case/ services rendered (confidential details are not required) and amount charged; and
- (iii) the name and address of the patient/client:

Provided that the condition of recording address of the patient on the patient slip under this clause shall not apply to general medical practitioners;

- (b) Daily appointment and engagement diary in respect of clients and patients: Provided that this clause-shall not apply to general medical practitioners;
- (c) Daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice; and
- (d) Vouchers of purchases and expenses.

(4) Manufacturers (with turnover exceeding Rs.2.5 million):

(a) Serially numbered and dated cash-memo/ invoice/ receipt for each transaction of sale or receipt containing the following:-

- (i) taxpayer's name or the name of his business, Address, national tax number 4[or CNIC] and sales tax registration number, if any;
- (ii) the description, quantity and, value of goods sold; and
- (iii) where a single transaction exceeds Rs. 10,000 with the name and address of the customer;

- (b) Cash book and/or bankbook;
- (c) Sales day book and sales ledger (where applicable);
- (d) Purchases day book and purchase ledger (where applicable);
- (e) General ledger;
- (f) Vouchers of purchases and expenses and where a single transaction exceeds Rs. 10,000 with the name and address of the payee; and
- (g) Stock register of stock-in-trade (major raw materials and finished goods) supported by gate inward and outward records and quarterly inventory of all items of stock-in-trade including work-in-process showing description, quantity and value.

1-The figure "200,000" substituted by SRO 1218(I)/2015, dated 08.12.2015

2-Inserted by SRO 1218(I)/2015, dated 08.12.2015

3-The figure "200,000" substituted by SRO 1218(I)/2015, dated 08.12.2015

4-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016

1[**30A. Electronic tax register.**- A person required to use an electronic tax register shall -

- (a) install the electronic tax register (ETR) within seven days of its authentication by Commissioner holding jurisdiction over such case and obtain a register identification number (RIN) for permanent affixture on the Electronic tax register;
- (b) use the electronic tax register to record only his own sales and ensure that each sale is made through it and print the receipt of each sale containing the information in accordance with sub-rules (3) and (4) of rule 29 and rule 30, and to deliver the original receipt to the purchaser;
- (c) in case of non-availability for use of the electronic tax register, the sales may be recorded with the use of a substitute electronic tax register, duly authenticated by the Commissioner;
- (d) prepare a daily and a monthly Accounting report containing the information as prescribed in Chapter VII of these rules;
- (e) ensure that the electronic tax register operates correctly with particular regard to correct programming of the names of goods and services and the correct allocation of their tax rates;
- (f) promptly report any malfunctioning of the electronic tax register to the person responsible for its servicing;
- (g) on demand by an authorized person, produce the electronic tax register for inspection;
- (h) ensure the inspection of the electronic tax register before the authorized service management after six months;
- (i) keep copies of electronic tax register reports for a period of five years and produce the same for inspection by the Commissioner whenever required to do so;
- (j) safely keep the electronic tax register ledger in the electronic tax register's casing and produce it whenever required by the Commissioner to do so; and
- (k) ensure the inspection before further use of an electronic register which has been or is suspected to have been interfered or tempered with.]

31. Every taxpayer deriving income chargeable under the head income from salary¹, property, capital gains or other sources shall issue and maintain the following minimum documents and records.- (1) Taxpayers deriving income from Salary:

Salary certificate indicating the amount of salary and tax deducted there from.

(2) Taxpayers deriving income from property:

- (a) Tenancy agreement, if executed;
- (b) Tenancy termination agreement, if executed;
- (c) Receipt for amount of rent received; and
- (d) Evidence of deductions claimed in respect of premium paid to insure the building, local rate, tax, charge or cess, ground rent, profit/interest or share in rent on money borrowed, expenditure on collecting the rent, legal services and unpaid rent.

(3) Taxpayers deriving income from capital gains:

- (a) Evidence of cost of acquiring the capital asset;
- (b) Evidence of deduction for any other costs claimed; and
- (c) Evidence in respect of consideration received on disposal of the capital asset.

(4) Taxpayers deriving income from other sources:

2[(a)] Dividends:

Dividend warrants.

2[(b)] Royalty:

Royalty agreement

2[(c)] Profit on debt:

- (i) Evidence and detail of profit yielding debt;
- (ii) Evidence of profit on debt and tax deducted thereon, like certificate in the prescribed form or bank account statement; and
- (iii) Evidence of Zakat deducted, if any.

2[(d)] Ground rent, rent from the sub-lease of land or building, income from the lease of any building together with plant or machinery and consideration for vacating the possession of a building or part thereof:

- (i) Lease agreement; and
- (ii) Lease termination agreement.

2[(e)] Annuity or Pension: Evidence of amount received.

2[(f)] Prize money on bond, winning from a raffle, lottery or cross word puzzle:

Evidence of income and tax deducted thereon, like certificate in the prescribed form.

2[(g)] Provision use or exploitation of property:

Agreement.

2[(h)] Loan, advance, deposit or gift:

Evidence of mode of receipt of a loan, advance, deposit or gift i.e. by a crossed cheque or through a banking channel

2[(i)] General:

Evidence of deduction for any other expenditure claimed.

1-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

2-Clauses (i) to (ix) re-lettered as (a) to (i) by Notification No. SRO 392(I)/2009 dated May 19, 2009.

PART-III
**GENERAL INSTRUCTIONS ABOUT MAINTAINING BOOKS OF ACCOUNTS,
DOCUMENTS AND RECORDS**

32. General form of books of accounts, documents and records.- (1) The books of accounts, records and other documents required to be maintained by a taxpayer in accordance with this Chapter may be kept on electronic media, provided sufficient steps have been taken to ensure the sanctity and safe keeping of such accounts, documents and records.

(2) The books of accounts, documents and records required to be maintained by a company in accordance with this Chapter shall be maintained in accordance with international accounting standards and as required under the Companies Ordinance, 1984.

33. Books of account documents and records to be kept at the specified place.- (1) The books of accounts, documents and records required to be maintained by a taxpayer in accordance with this Chapter shall be kept at the place where the taxpayer is carrying on the business or, where the business is carried on in more places than one, at the principal place of business or at each of such places if separate books of accounts are maintained in respect of each place.

(2) Where a person derives income from sources other than from business, the books of accounts, documents and records shall be kept at the person's place of residence or such other place as may be so declared by such person.

(3) The place or places where the books of accounts, documents and records are kept shall be clearly stated on the tax return form in the column requiring the details of the records maintained.

**1|CHAPTER VIIA
ONLINE INTEGRATION OF BUSINESSES**

33A. Application.- The provisions of this Chapter shall apply to all persons mentioned in column (2) of schedule I, excluding those specified in column (4), whose principal place of business is -

- (a) In case of a company, anywhere in Pakistan; and
- (b) In all other cases, within the civil limits including cantonments of districts specified in schedule II.

33B. Obligations and requirements.- (1) The Person as specified in rule 33A, hereinafter referred to as “integrated enterprise” in this Chapter, shall install such fiscal electronic device and software, as approved by the Board, available on its website with complete technical instructions for installation, configuration and integration.

(2) The person shall notify to the Board, through the Computerized System, of all the establishments, hereinafter referred to as notified establishments, from which they intend to carry on business and shall register each point of sale (POS) to activate the integration duly providing the following information, namely -

- (a) POS Registration Number (to be provided by the System);
- (b) Name of business;
- (c) Branch name;
- (d) Branch address;
- (e) POS identification number; and
- (f) Registration date.

(3) No sale or service from the notified establishment shall be rendered without being recorded by the duly accredited electronic fiscal device (EFD), which means a system composed of one Sale Data Controller (SDC) and at least one Point of Sale (POS) connected together, that has the following characteristics and requirements, namely:-

(a) it can perform following tasks, i.e. -

- (i) receive, record, analyze and store fiscal data;
- (ii) format fiscal data into fiscal invoices or bills;
- (iii) transmit the fiscal data to the Board's Computerized System through secure means; and
- (iv) print invoice or bill.;

(b) Sales data controller (SDC) is the component of an EFD that—

- (i) receives transaction data from a POS component of the EFD;
- (ii) analyses the transaction data into fiscal data;
- (iii) formats the fiscal data as a fiscal invoice or bill creates the digital signature for the EFD and records the digital signature on the fiscal invoice or bill;
- (iv) transmits the fiscal invoice or bill number to the POS;
- (v) encrypt and preserves the transaction data and fiscal data in an irrevocable and secure manner;
- (vi) transmits the fiscal data to the Board's Computerized System;

(c) External SDC (E-SDC) is hardware set up as a separate component of the EFD used by integrated enterprise;

(d) virtual SDC (V-SDC) is software attached to the POS system;

(e) an integrated enterprise must integrate each and every POS of the business to any of the SDC;

(f) an EFD must comply with the following, namely:-

- (i) each POS is accredited;
- (ii) each POS transmits to the SDC a bill, on which is recorded the transaction data specified in sub-rule (5), for each transaction of the business;
- (iii) the SDC receives the transaction data, analyses the data, verify calculated taxes to produce fiscal data for the transaction, record the invoice or bill data and transmits the fiscal invoice or bill number to POS;
- (iv) POS prints the fiscal invoice or bill with the fiscal invoice or bill number and QR Code;
- (v) the SDC transmits the fiscal data to the Board's system; and
- (vi) a fiscal invoice or bill is produced for each invoice.;

(g) the point of sale should have the following functionalities, namely:-

- (i) provide mechanism to connect to SDC;
- (ii) send each invoice or bill to SDC for the issuance of fiscal invoice or bill;
- (iii) generate the QR Code on the base of fiscal invoice or bill number generated by the SDC and print the QR Code on bill;
- (iv) must perform closing on the close of day, week and month;
- (v) send the summary report with following fields to FBR periodically (daily, weekly or monthly)-
 - (a) total sale; and
 - (b) total number of invoices or bills for the period;
- (vi) every adjustment, modification or cancellation must be recorded duly maintaining logs for each activity; and
- (vii) system events need to be recorded.

(4) The invoice or bill for each transaction shall be transmitted to EFD specifying the following particulars, namely:-

- (a) POS Registration Number;
- (b) unique sequential invoice number;
- (c) date and time of sale invoice or bill;
- (d) name of customer or service recipient, where recorded;
- (e) item-wise description of service and price exclusive of sales tax, if any;
- (f) rate for each item, if applicable;
- (g) total amount inclusive of sales tax, if any;
- (h) discount, if any; and
- (i) mode of payment, cash or credit card. In case of credit card, the name of client and other relevant details thereof.

(5) POS shall print a clear and legible invoice or bill for each transaction, copy of which shall be provided to the customer, containing the following particulars in addition to those as in the preceding sub-rule, namely:-

- (a) QR Code (Generated based on FBR Fiscal Invoice Number);
- (b) FBR Fiscal Invoice Number;
- (c) name of the business;
- (d) national tax number; and
- (e) name or location of the notified establishment.

(6) The EFDs installed at each notified establishment shall be tamper-proof and all the data recorded thereon shall be backed up at an offline site.

(7) In case of sale returns or exchange, a proper credit note or supplementary invoice with prescribed particulars shall be issued containing the reference of original invoice and the detail of amount refunded or additionally charged, along with sales tax involved, if any.

(8) All the transactions made from the notified establishment shall be communicated to the Board's Computerized System through EFD.

(9) The SDC shall be capable of generating and sending alert messages resulting from any malpractice or error or any inconsistent action noticed in the system and keeping a log thereof.

(10) The transactions on each point of sales in the notified establishment e recorded by a CCTV camera and the recording thereof shall be retained for P of at least three months. Such recordings shall be provided to the missioner concerned as and when demanded and for the time as specified.

(11) In case ancillary services or sale of goods are made from notified establishment, the transactions thereof shall also be recorded and the invoice or bill issued in the same manner. Such data shall also be communicated to the Board's Computerized System in the same manner.

(12) The cost for integration including the cost of equipment and fiscalization shall be borne by the taxpayer itself.

(13) The taxpayer shall prominently display at each establishment that the POS or the establishment is accredited by FBR to issue invoice or bill and that the registration number of each POS is verifiable through the Board's verification services.

33C. Accreditation of points of sales (POS) systems.- (1) A vendor, who wants to supply a POS of a particular brand, model and specification to a Person that is not an accredited POS, must apply to the Board for accreditation of the POS of that brand, model and specification.

(2) On receiving the application under sub-rule (1), the Board shall take steps to determine accreditation of the brand, model and specification of the POS. During the accreditation process, the supplier must provide the Board with access to information and equipment, and any other assistance reasonably required for carrying out the process.

(3) After completing the accreditation process, the Board shall either allow accreditation to the brand, model and specification of POS as applied for or refuse the same in accordance with the parameters determined by it.

(4) The Board shall, without delay after accrediting a POS under this sub-rule, publish the details of the brand, model and specification of the POS on its website along with the date of accreditation.

(5) The Board may revoke the accreditation of a POS if the POS ceases to comply with the determined parameters. The notice of revocation shall be sent to the integrated supplier operating such POS. The Board shall also immediately remove the particulars of the POS from its website.

33D. Record, access and examination.- (1) The integrated enterprise shall maintain the record of all the bills and transactions made from a notified establishment and also at the notified central location. The taxpayer shall provide access to such premises as well as the specific record required to the Inland Revenue officer as authorized by the Commissioner concerned.

(2) Other provisions of the Ordinance regarding record maintenance and access thereto, and otherwise, shall also be applicable.

(3) FBR may issue the parameters for inquiry/investigation.

(4) The FBR may conduct inquiry and investigations at different levels to ensure that the taxpayer is complying with these rules, including by-

- (a) checking if the taxpayer is issuing valid invoices or bill;
- (b) checking if the POS and SDC for the taxpayer's business are accredited;
- (c) checking if the EFD complies with the guidelines set out in these rules;
- (d) checking the operation of the protocols; and
- (e) requiring taxpayers to provide relevant information and documents as necessary.

33E. Online integration during intervening period.- (1) During the intervening period till such time the Board puts into operation a system of accredited secure devices and real time communication of bills and other data as stipulated in rule 33B, the online integration shall be considered to have been achieved if all the conditions specified in this rule are fulfilled.

(2) The taxpayer shall certify, using his user ID and password on the Computerized System, that he shall fulfill all the requirements of this Chapter as relaxed by this rule and that he shall ensure integration of all notified establishments in the manner as stipulated in rule 33B within one month of the date when the Board declares readiness for the same through a notice sent through email or Computerized System. Such person shall provide details of all his establishments in the manner as stipulated in sub-rule (2) of rule 33B. Such person shall also make necessary declaration during this process as stipulated by the Board's Computerised System.

(3) The taxpayer shall upload or transfer the data of all invoices or bills periodically to the Board's Computerized System but the interval during such transfer shall not exceed seven clear days in any case.

33F. Consequences of non-compliance or contravention.- A taxpayer found to have tampered with the system or issued bill or invoice otherwise than through the prescribed devices or contravenes any of the provisions of this Chapter, shall be liable to penalty or punishment in accordance with the provisions of Income Tax Ordinance, 2001.

33G. Reporting of failure to transfer sale or bill data to the Board.- The Board shall ensure to provide a facility on its website to a customer of an integrated enterprise Person to verify and ensure that the invoice or bill issued to him has been duly communicated to the Board's Computerized System and in case of non-verification, he may upload the image of invoice or bill to the Board's portal.

THE SCHEDULE - I
[see rule 33A]

S.No.	Description	PCT Heading, if applicable	Exclusion, if any
(1)	(2)	(3)	(4)
1	Restaurants	9801.2000 9801.7000	Where – a. the restaurant is operating otherwise than as part of a food court; and b. the facility of air- conditioning is not installed or available in the premises.
2	Hotels, motels, guest houses, marriage halls, Marquees, clubs including race clubs.	9801.1000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000	Where- a. The covered area is less than 4500 sq. feet b. the facility of air-conditioning is not installed or available in the premises
3	Inter-city travel by road.	9803.9000	Where – a. The taxpayer is only providing non air conditioned travel service; or b. Travel service maintaining a fleet of less than ten vehicles.
4	Courier services and cargo services	9808.0000 98.04	Where — a. the taxpayer is not a company, and b. taxpayer is offering only domestic courier or cargo serving.
5	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such parlours / clinics,	9810.0000 9821.4000 and 9821.5000	Where – a. the covered area is less than 1000 sq. feet or b. the facility of air-conditioning is not installed or available in the premises.
6	Medical practitioners and consultants	9815.1000	Where – a. the consultation is being provided at a place other than a hospital or Poly-Clinic; and b. the consultation fee is less than Rs. 1500/-.
7	Pathological laboratories, medical diagnostic laboratories including X-Rays, CT Scan, M.R. Imaging etc.	98.16 98.17	Where – c. the taxpayer is not a company; and d. the taxpayer is not maintaining more than one branch whether under its own name or through an associate.
8	Hospitals or medical care centres providing medical consultation, hospitalization or other ancillary services	Respective Headings	

9	Health clubs, gyms, physical fitness centres, and body or sauna massage centres	98.21	Where – a. The covered area is less than 1000 sq. feet; or b. the facility of air-conditioning is not installed or available in the premises
10	Photographers	-	Photographers charging less than Rs. 100,000 per event
11	Accountants	-	Accountants who are not operating as part of a firm or a company
12	Retailers including manufacturer-cum- retailer, wholesaler- cum-retailer, importer-cum-retailer or such other person who combines the activity of retail sale with another business activity.	Respective headings	A retailer who does not fall in any on the following categories, namely: a. a retailer operating as a unit of national or international chain of stores; b. a retailer operating in an air-conditioned shopping mall, plaza or center, excluding kiosks; c. a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds rupees twelve hundred thousand; d. a wholesaler-cum- retailer, engaged in bulk import and supply of consumer goods on wholesale basis to retailers as well as on retail basis to the general body of consumers; or e. a retailer whose shop measures one thousand square feet in area or more.
2[13	Foreign Exchange Dealers / Exchange Companies	Respective Headings	]

THE SCHEDULE - II
[see rule 33A(b)]

S.No	Description
(1)	(2)
1.	Karachi
2.	Lahore
3.	Islamabad
4.	Rawalpindi
5.	Faisalabad
6.	Multan
7.	Peshawar
8.	Gujranwala]

1-Chapter “VIIA” inserted by Notification No. S.R.O. 296(I)/2020, dated 09-04-2020. Earlier Chapter “VIIA” inserted by Notification No. S.R.O. 296(I)/2020, dated 09-04-2020. Before insertion read as:

CHAPTER VIIA

ONLINE INTEGRATION OF BUSINESSES

33A. Application.- The provisions of this Chapter shall apply to all persons mentioned in column (2) of schedule I, excluding those specified in column (4), whose principal place of business is -

(a) In case of a company, anywhere in Pakistan; and

(b) In all other cases, within the civil limits including cantonments of districts specified in schedule II.

33B. Obligations and requirements.- (1) The Person as specified in rule 33A, hereinafter referred to as “integrated enterprise” in this Chapter, shall install such fiscal electronic device and software, as approved by the Board, available on its website with complete technical instructions for installation, configuration and integration.

(2) The person shall notify to the Board, through the Computerized System, of all the establishments, hereinafter referred to as notified establishments, from which they intend to carry on business and shall register each point of sale (POS) to activate the integration duly providing the following information, namely-

- (a) POS Registration Number (to be provided by the System);
- (b) Name of business;
- (c) Branch name;
- (d) Branch address;
- (e) POS identification number; and
- (f) Registration date.

(3) No sale or service from the notified establishment shall be rendered without being recorded by the duly accredited electronic fiscal device (EFD), which means a system composed of one Sale Data Controller (SDC) and at least one Point of Sale (POS) connected together, that has the following characteristics and requirements, namely:-

(a) it can perform following tasks, i.e.-

- (i) receive, record, analyze and store fiscal data;
- (ii) format fiscal data into fiscal invoices or bills;
- (iii) transmit the fiscal data to the Board's Computerized System through secure means; and
- (iv) print invoice or bill.;

(b) Sales data controller (SDC) is the component of an EFD that—

- (i) receives transaction data from a POS component of the EFD;
- (ii) analyses the transaction data into fiscal data;
- (iii) formats the fiscal data as a fiscal invoice or bill creates the digital signature for the EFD and records the digital signature on the fiscal invoice or bill;
- (iv) transmits the fiscal invoice or bill number to the POS;
- (v) encrypt and preserves the transaction data and fiscal data in an irrevocable and secure manner;
- (vi) transmits the fiscal data to the Board's Computerized System;

(c) External SDC (E-SDC) is hardware set up as a separate component of the EFD used by integrated enterprise;

(d) virtual SDC (V-SDC) is software attached to the POS system;(e) an integrated enterprise must integrate each and every POS of the business to any of the SDC;

(f) an EFD must comply with the following, namely:-

- (i) each POS is accredited;
- (ii) each POS transmits to the SDC a bill, on which is recorded the transaction data specified in sub-rule (5), for each transaction of the business;

(iii) the SDC receives the transaction data, analyses the data, verify calculated taxes to produce fiscal data for the transaction, record the invoice or bill data and transmits the fiscal invoice or bill number to POS;

(iv) POS prints the fiscal invoice or bill with the fiscal invoice or bill number and QR Code;

(v) the SDC transmits the fiscal data to the Board's system; and

(vi) a fiscal invoice or bill is produced for each invoice.;

(g) the point of sale should have the following functionalities, namely:-

- (i) provide mechanism to connect to SDC;
- (ii) send each invoice or bill to SDC for the issuance of fiscal invoice or bill;
- (iii) generate the QR Code on the base of fiscal invoice or bill number generated by the SDC and print the QR Code on bill;
- (iv) must perform closing on the close of day, week and month;
- (v) send the summary report with following fields to FBR periodically (daily, weekly or monthly)-

(a) total sale; and

(b) total number of invoices or bills for the period;

(vi) every adjustment, modification or cancellation must be recorded duly maintaining logs for each activity; and

(vii) system events need to be recorded.

(4) The invoice or bill for each transaction shall be transmitted to EFD specifying the following particulars, namely:-

(a) POS Registration Number;

(b) unique sequential invoice number;

(c) date and time of sale invoice or bill;

(d) name of customer or service recipient, where recorded;

(e) item-wise description of service and price exclusive of sales tax, if any;

(f) rate for each item, if applicable;

(g) total amount inclusive of sales tax, if any;

(h) discount, if any; and

(i) mode of payment, cash or credit card. In case of credit card, the name of client and other relevant details thereof.

(5) POS shall print a clear and legible invoice or bill for each transaction, copy of which shall be provided to the customer, containing the following particulars in addition to those as in the preceding sub-rule, namely:-

(a) QR Code (Generated based on FBR Fiscal Invoice Number);

(b) FBR Fiscal Invoice Number;

(c) name of the business;

- (d) national tax number; and
 - (e) name or location of the notified establishment.
 - (6) The EFDs installed at each notified establishment shall be tamper-proof and all the data recorded thereon shall be backed up at an offline site.
 - (7) In case of sale returns or exchange, a proper credit note or supplementary invoice with prescribed particulars shall be issued containing the reference of original invoice and the detail of amount refunded or additionally charged, along with sales tax involved, if any.
 - (8) All the transactions made from the notified establishment shall be communicated to the Board's Computerized System through EFD.
 - (9) The SDC shall be capable of resulting from any malpractice or error or system and keeping a log thereof.
 - (10) The transactions on each point of sales in the notified establishment e recorded by a CCTV camera and the recording thereof shall be retained for P of at least three months. Such recordings shall be provided to the missioner concerned as and when demanded and for the time as specified.
 - (11) In case ancillary services or sale of goods are made from notified establishment, the transactions thereof shall also be recorded and the invoice or bill issued in the same manner. Such data shall also be communicated to the Board's Computerized System in the same manner.
 - (12) The cost for integration including the cost of equipment and fiscalization shall be borne by the taxpayer itself.
 - (13) The taxpayer shall prominently display at each establishment that the POS or the establishment is accredited by FBR to issue invoice or bill and that the registration number of each POS is verifiable through the Board's verification services.
- 33C. Accreditation of points of sales (POS) systems.-** (1) A vendor, who wants to supply a POS of a particular brand, model and specification to a Person that is not an accredited POS, must apply to the Board for accreditation of the POS of that brand, model and specification.(2) On receiving the application under sub-rule (1), the Board shall take steps to determine accreditation of the brand, model and specification of the POS. During the accreditation process, the supplier must provide the Board with access to information and equipment, and any other assistance reasonably required for carrying out the process.
- (3) After completing the accreditation process, the Board shall either allow accreditation to the brand, model and specification of POS as applied for or refuse the same in accordance with the parameters determined by it.
 - (4) The Board shall, without delay after accrediting a POS under this sub-rule, publish the details of the brand, model and specification of the POS on its website along with the date of accreditation.
 - (5) The Board may revoke the accreditation of a POS if the POS ceases to comply with the determined parameters. The notice of revocation shall be sent to the vendor specifying the reasons for revocation and also to the integrated supplier operating such POS. The Board shall also immediately remove the particulars of the POS from its website.
- 33D. Record, access and examination.-** (1) The integrated enterprise shall maintain the record of all the bills and transactions made from a notified establishment and also at the notified central location. The taxpayer shall provide access to such premises as well as the specific record required to the Inland Revenue officer as authorized by the Commissioner concerned.
- (2) Other provisions of the Ordinance regarding record maintenance and access thereto, and otherwise, shall also be applicable.
 - (3) FBR may issue the parameters for inquiry/investigation.
 - (4) The FBR may conduct inquiry and investigations at different levels to ensure that the taxpayer is complying with these rules, including by-
 - (a) checking if the taxpayer is issuing valid invoices or bill;
 - (b) checking if the POS and SDC for the taxpayer's business are accredited;
 - (c) checking if the EFD complies with the guidelines set out in these rules;
 - (d) checking the operation of the protocols; and
 - (e) requiring taxpayers to provide relevant information and documents as necessary.
- 33E. Online integration during intervening period.-** (1) During the intervening period till such time the Board puts into operation a system of accredited secure devices and real time communication of bills and other data as stipulated in rule 33B, the online integration shall be considered to have been achieved if all the conditions specified in this rule are fulfilled.
- (2) The taxpayer shall certify, using his user ID and password on the Computerized System, that he shall fulfill all the requirements of this Chapter as relaxed by this rule and that he shall ensure integration of all notified establishments in the manner as stipulated in rule 33B within one month of the date when the Board declares readiness for the same through a notice sent through email or Computerized System. Such person shall provide details of all his establishments in the manner as stipulated in sub-rule (2) of rule 33B. Such person shall also make necessary declaration during this process as stipulated by the Board's Computerised System.
 - (3) The taxpayer shall upload or transfer the data of all invoices or bills periodically to the Board's Computerized System but the interval during such transfer shall not exceed seven clear days in any case.
- 33F. Consequences of non-compliance or contravention.-** A taxpayer found to have tampered with the system or issued bill or invoice otherwise than through the prescribed devices or contravenes any of the provisions of this Chapter, shall be liable to penalty or punishment in accordance with the provisions of Income Tax Ordinance, 2001.
- 33G. Reporting of failure to transfer sale or bill data to the Board.-** The Board shall ensure to provide a facility on its website to a customer of an integrated enterprise Person to verify and ensure that the invoice or bill issued to him has been duly communicated to the Board's Computerized System and in case of non-verification, he may upload the image of invoice or bill to the Board's portal.

THE SCHEDULE - I

[see rule 33A]

S.No.	Description	PCT Heading, if	Exclusion, if any
(1)	(2)	(3)	(4)
1	Restaurants	9801.200 9801.7000	Where - a. the restaurant is operating otherwise than as part of a food court; and b. the facility of air-conditioning is not installed or available in the premises.
2	Hotels, motels, guest houses, marriage halls, Marquees, clubs including race clubs.	9801.1000 9801.3000 9801.4000 9801.5000 9801.6000	Where- a. The covered area is less than 4500 sq. feet b. the facility of air-conditioning is not installed or available in the premises
3	Inter-city travel by road.	9803.9000	Where - a. The taxpayer is only providing non air conditioned travel service; or b. Travel service maintaining a fleet of less than ten vehicles.
4	Courier services and cargo services	9808.0000 98.04	Where — a. the taxpayer is not a company, and b. taxpayer is offering only domestic courier or cargo serving.
5	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such	9810.0000 9821.4000 And 9821.5000	Where - a. the covered area is less than 1000 sq. feet or b. the facility of air-conditioning is not installed or available in the premises.
6	Medical practitioners and consultants	9815.1000	Where - a. the consultation is being provided at a place other than a hospital or Poly-Clinic; and b. the consultation fee is less than Rs. 1500/-.
7	Pathological laboratories, medical diagnostic laboratories including X-Rays, CT Scan, M.R. Imaging etc.	98.16 98.17	Where - c. the taxpayer is not a company; and d. the taxpayer is not maintaining more than one branch whether under its own name or through an associate.
8	Hospitals or medical care centres providing medical consultation, hospitalization or other ancillary services	Respective Headings	
9	Health clubs, gyms, physical fitness centres, and body or sauna massage centres	98.21	Where - a. The covered area is less than 1000 sq. feet; or b. the facility of air-conditioning is not installed or available in the premises
10	Photographers	-	Photographers charging less than Rs. 100,000 per event
11	Accountants	-	Accountants who are not operating as part of a firm or a company
12	Pharmacies		Where - a. the taxpayer company; and the taxpayer is not b. maintaining more than one branch whether under its own name or through an associate

THE SCHEDULE - II

[see rule 33A(b)]

S.No	Description
(1)	(2)
1.	Karachi
2.	Lahore
3.	Islamabad
4.	Rawalpindi
5.	Faisalabad
6.	Multan
7.	Peshawar
8.	Gujranwala

2-Serial No. 13 inserted by SRO 175(I)/2022 dated 27-06-2022

CHAPTER - VIII
RETURNS, EMPLOYER'S CERTIFICATE, WEALTH STATEMENT AND STATEMENT TO
BE FILED BY CERTAIN PERSONS

1[**34. Return of income.-** (1) This rule shall apply to provide for the furnishing of returns of income.

2[(2) A return of income as required to be furnished under section 114 shall be in the form as specified in Annexure-XIII of Part VI of the Second Schedule 3[

Provided that where return has been furnished prior to coming into force of Notification No. S.R.O.1891(I)/2022, dated the 13th day of October, 2022, the form specified in the said Notification shall be furnished separately by the 31st December, 2022.]

(3) A return of income shall be verified in the manner specified in the form.

(4) A return of income shall be accompanied by the following, namely:-

- (a) applicable documents;
- (b) statements;
- (c) certificates; 4[]
- (d) annexes; 5[and

(e) in case of companies, the return of income shall be accompanied by audited accounts and reconciliation of profits as per accounts and taxable income as declared in the return.]

6[]]

1-Rule 34 substituted by SRO 651(I)/2004, dated July 30, 2004.

2-Sub-rule (2) substituted by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for full stop and Proviso inserted by SRO 2068(I)/2022 dated 01-12-2022

4-Word "and" omitted by SRO 392(I)/2009, dated May 19, 2009.

5-Word "and" and clause "(e)" inserted by SRO 392(I)/2009, dated May 19, 2009.

6-Word etc. "as are specified in Part-VI of the Second Schedule." Earlier the words "the annexures to" appearing after the word "in" were omitted by SRO 1032(I)/2006, dated October 03, 2006.

1[34A. Time limit for notifying income tax return form.- (1) This rule shall apply for the purpose of setting timelines in respect of various steps involved in notifying income tax return forms for a tax year.

(2) The return form specified in sub-rule (2) of rule 34 shall be notified for suggestions from all persons likely to be affected thereby on or before the first day of December of the financial year 2[] to which the return relates by observing following timelines:-

- (a) Inland Revenue Policy Wing shall identify the legal amendments to be incorporated in income tax return forms by thirty-first day of August of the financial year 2[] to which the return relates;
- (b) preparation of change request form (CRF) shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by fifteenth day of September of the financial year 2[] to which the return relates;
- (c) analysis and scrutiny of change request form (CRF) by Chief Income Tax Policy and Chief Business Domain Team shall be conducted by sixteenth day of September of the financial year 2[] to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval on the same day;
- (d) PRAL shall complete configuration and development of the approved CRF by thirty first day of October of financial year 2[] to which the return relates; and
- (e) User Acceptance Test (UAT) of the amended return forms on testing environment shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by fifteenth day of November of financial year 2[] to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval on the same day.

(3) The Return Form shall remain available on the portal for suggestions till seventh day of January of financial year 2[] to which the return relates.

(4) The final return form shall be notified on or before the thirty first day of January of financial year 2[] to which the return relates by observing following timelines:-

- (a) Inland Revenue Policy Wing and Information Technology Wing shall review the suggestions received from stakeholders by twelfth day of January of financial year 2[] to which the return relates;
- (b) a new Change Request Form (CRF), if required, shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by 15th day of January of the financial year 2[] to which the return relates and the same shall be approved by Member Inland Revenue;
- (c) PRAL shall complete configuration and development of the approved CRF by 20th day of January of the financial year 2[] to which the return relates;
- (d) User Acceptance Test (UAT) of the final Return forms on testing environment shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by 25th day of January of the financial year 2[] to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval;
- (e) final income tax return forms shall be available on IRIS by the thirty first day of January of financial year 2[] to which the return relates;
- (f) in case, any further amendments are made in the financial year to which the return relates that have an impact on the finally notified income tax return forms referred to at clause (e), such amendments shall also be incorporated accordingly; and
- (g) notwithstanding anything contained in this rule, the time so specified may, if requested by the Member Inland Revenue Policy, be extended by the Board to such extent and subject to such conditions and limitations as it may deem proper.]

1- Rules “(34A)” inserted by Notification No. S.R.O. 1185(I)/2020, dated 06-11-2020.

2- Words “following the financial year” omitted by Corrigendum, dated 24-11-2020

Before insertion Rule “(34A)” inserted by Notification No. S.R.O. 1041(I)/2020, dated 13-10-2020 read as under:

“(34A) Time limit for notifying income tax return form.- (1) This rule shall apply for the purpose of setting timelines in respect of various steps involved in notifying income tax return forms for a tax year.

(2) The return form specified in sub-rule (2) of rule 34 shall be notified for suggestions from all persons likely to be affected thereby on or before the first day of December of the financial year following the Finance Act to which the return relates by observing following timelines:-

(a) Inland Revenue Policy Wing shall identify the legal amendments to be incorporated in income tax return forms by thirty-first day of August of the financial year following the Finance Act to which the return relates;

(b) preparation of change request form (CRF) shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by fifteenth day of September of the financial year following the Finance Act to which the return relates;

(c) analysis and scrutiny of change request form (CRF) by Chief Income Tax Policy and Chief Business Domain Team shall be conducted by sixteenth day of September of the financial year following the Finance Act to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval on the same day;

(d) PRAL shall complete configuration and development of the approved CRF by thirty first day of October of financial year following the Finance Act to which the return relates; and

(e) User Acceptance Test (UAT) of the amended return forms on testing environment shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by fifteenth day of November of financial year following the Finance Act to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval on the same day.

(3) The Return Form shall remain available on the portal for suggestions till seventh day of January of financial year following the Finance Act to which the return relates.

(4) The final return form shall be notified on or before the thirty first day of January of financial year following the Finance Act to which the return relates by observing following timelines:-

(a) Inland Revenue Policy Wing and Information Technology Wing shall review the suggestions received from stakeholders by twelfth day of December of financial year following the Finance Act to which the return relates;

(b) a new Change Request Form (CRF), if required, shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by tenth day of January of the financial year following the Finance Act to which the return relates and the same shall be approved by Member Inland Revenue;

(c) PRAL shall complete configuration and development of the approved CRF by fifteenth day of January of the financial year following the Finance Act to which the return relates;

(d) User Acceptance Test (UAT) of the final Return forms on testing environment shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by eighteenth day of January of the financial year following the Finance Act to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval;

(e) final income tax return forms shall be available on IRIS by the thirty first day of January of financial year following the Finance Act to which the return relates;

(f) in case, any further amendments are introduced in Finance Act that have an impact on the finally notified income tax return forms referred to as clause (e), such amendments shall be incorporated by seventh day of July of the financial year next following; and

(g) notwithstanding anything contained in this rule, the time so specified may, if requested by the Member Inland Revenue Policy, be extended by the Board to such extent and subject to such conditions and limitations as it may deem proper.

1[34B. Taxpayer's profile.- (1) This rule shall apply for the purposes of section 114A of the Income Tax Ordinance, 2001, which provides for the furnishing of a taxpayer's profile.

(2) A taxpayer's profile shall be filed electronically on the prescribed format and manner as provided on IRIS Web Portal.

(3) The taxpayer's profile shall be verified in the manner specified on IRIS Web Portal.]

1[***]

1-Rule 35 omitted by SRO 1218(I)/2015, dated 08.12.2015. Earlier it was substituted by Notification No. SRO 651(I)/2004, dated July 30, 2004. The omitted rule read as under:

“35. Employer's certificate in lieu of return of income.-

(1) This rule shall apply to provide for the furnishing of an employer's certificate in lieu of return of income.

(2) An employer's certificate in lieu of return of income as required under section 115 shall be in the form specified in Part III of the Second Schedule.

(3) An employer's certificate in lieu of return of income shall be accompanied by the following, namely:-

(a) applicable documents;

(b) statements;

(c) certificates; and

(d) annexes;

as are specified in the annexures to Part VI of the Second Schedule.”

36. Wealth statement.-

- (1) This rule shall provide for the furnishing of a wealth statement.
- (2) A wealth statement shall be-
 - (a) in the form specified in Part 1[IV] of the Second Schedule to these rules;
 - (b) verified in the manner specified in the form; 2[]
 - (c) accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance 3[; and]
- 3[(d) accompanied by a wealth reconciliation statement.]

1-Substituted for “V” by Notification No. SRO 861(I)/2003, dated September 01, 2003.

2-Word “and” omitted by SRO 392(I)/2009, dated May 19, 2009.

3-Word “and” and clause “(d)” inserted by SRO 392(I)/2009, dated May 19, 2009.

36A. Foreign income and assets statement.- (1) This rule shall provide for furnishing of a foreign income and assets statement.

(2) A foreign income and assets statement shall be -

(a) in the form specified in Part IVA of the Second Schedule to these rules providing the particulars of-

(i) the person's total foreign assets and liabilities as on the last day of the tax year;

(ii) any foreign assets transferred by the person to any other person during the tax year and the consideration for the said transfer; and

(iii) 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;

(b) verified in the manner specified in the form; and

(c) accompanied by such documents, statements and certificates as specified in the form and in the Ordinance, these rules and circulars issued under the Ordinance.

(3) Failure to furnish foreign income and assets statement by every resident individual required to be furnished under this rule shall be subject to penalty under S. No. 1AAA of sub-section (1) of section 182 of the Income Tax Ordinance, 2001 (XLIX of 2001).

37. Return to be furnished by a non-resident ship owner or charterer.- (1) This rule shall apply for the Purposes of section 143, which provides for the furnishing of returns by non-resident ship owners or charterers.

(2) A return required to be furnished under section 143 shall be in the following form, namely:-

Description	Code	Total Amount	Amount Exempt from Tax / Subject to Fixed / Final Tax	Amount Subject to Normal Tax	Action
Final / Fixed / Minimum / Average / Refundable / Reduced Income Tax	920100				
Refund Adjustment of Other Year(s) against Demand of this Year	92101				
Withholding Income Tax	9201				
Advance Income Tax	9202				
Advance Tax Paid under 147 for Builders/Developers	92025				
Advance Income Tax u/s 147(A)	92022				
Tax on High earning persons u/s 4C	9231822				
Admitted Income Tax	9203				
Demandable Income Tax	9204				
Advance Income Tax u/s 147(5B)	92021				
Refundable Income Tax	9210				

(3) A return required to be furnished under section 143 shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance.

(4) A return required to be furnished under section 143 may be furnished by any of the methods specified in rules 73 and 74.

38. Return to be furnished by a non-resident aircraft owner or charterer.- (1) This rule shall apply for the purposes of section 144, which provides for the furnishing of quarterly returns by non-resident aircraft owners or charterers.

(2) A return required to be furnished under section 144 shall be in the following form, namely:-

Final / Fixed / Minimum / Average / Relevant / Reduced Tax	Description	Code	Total Amount	Amount Exempt from Tax / Subject to Fixed / Final Tax	Amount Subject to Normal Tax	Action
Final / Fixed / Minimum / Average / Relevant / Reduced Income Tax		920100				
Refund Adjustment of Other Years against Demand of this Year		92101				
Withholding Income Tax		9201				
Advance Income Tax		9202				
Advance Tax Paid under 147 for Builders/Developers		92025				
Advance Income Tax u/s 147(A)		92022				
Tax on High earning persons u/s 40		9231822				
Assessed Income Tax		9203				
Demanded Income Tax		9204				
Advance Income Tax u/s 147(B)		92021				
Refundable Income Tax		9210				

(3) A return required to be furnished under section 144 shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance.

(4) A return required to be furnished under section 144 may be furnished in any of the methods specified in rules 73 and 74.

2[***]

1-Form substituted by Notification No. SRO 1955(I)/2022, dated October 24, 2022

2-Substituted for "Charter" by SRO 392(I)/2009, dated May 19, 2009.

1[*]**

1-Rule 39 omitted by SRO 1218(I)/2015, dated 08.12.2015. The omitted rule read as under:

“39. Statement in lieu of Return of income.-

(1) Where in lieu of Return of income statement is required to be filed namely incomes covered by sections 5,6 and 7 or where tax deduction is to be taken as final discharge of tax liability u/s 169 a statement in the prescribed form shall be filed as prescribed in Part 5[IV] of the Second Schedule to the Rules.

(2) Where a taxpayer has income from a source which does not form part of total income and also income under any head of income given in section 11 (except salary), Return is specifically required to be filed on a prescribed statement as well as shall be filed.”

**1[CHAPTER - VIIIA
BANKING COMPANIES REPORTING REQUIREMENT RULES 2010**

39A. This chapter shall apply to the banking companies reporting requirement for the purposes of section 165A of the Ordinance.

Definitions.- (1) In this Chapter, unless there is anything repugnant in the subject or context,-

- (a) “account holders deposits statement” means account holders deposits statement as specified in Form A;
- (b) “banking company officer” means a senior officer stationed at the head office and nominated by a banking company to coordinate with the Board for the provision of any information and documents required by the Board;
- (c) “credit card payments statement” means credit card payments statement as specified in Form B;
- (d) “cash withdrawal statement” means cash withdrawal statement as specified in Form C;
- (e) “information” includes account holders deposits statement, credit card payments statement, cash withdrawal statement, profit on debt statement, and details of any information or data as required by the Board from the banking company in terms of section 165A(2) of the Ordinance;
- (f) “reporting banking company” means a banking company required under section 165A of the Ordinance to provide to the Board all the information and documents electronically or otherwise, mentioned in the said section; and
- (g) “profit on debt statement” means profit on debt statement as specified in Form D.

39B. Furnishing of information.- (1) The information, required to be furnished under section 165A of the Ordinance shall be provided by the reporting banking company, in the manner as specified in account holders deposits statement, credit card payments statement, cash withdrawal statement and profit on debt statement.

(2) The information other than that provided in sub-rule (1) shall be provided by the reporting banking company as specified in a notice issued in terms of section 165A of the Ordinance.

39C. Authorized Persons.- (1) Banking company officer, shall be nominated by the reporting banking company not later than thirty days of coming into force of the rules contained in this chapter.

(2) Where a banking company officer is not nominated within the time allowed as specified in sub-rule (1), the President or principal officer of the reporting banking company, stationed at the head office, shall be treated as banking company officer.

(3) The information required to be reported to the Board shall be provided by the banking company officer to the Federal Board of Revenue.

39D. Time of furnishing information.- (1) Every banking company officer shall furnish to the Board a monthly account holders deposits statement, credit card payments statement, and cash withdrawal statement as specified in Form A, Form B, and Form C, respectively, for immediately preceding calendar month within seven days of the end of the preceding calendar month.

(2) Every banking company officer shall furnish to the Board an annual profit on debt statement as specified in Form D for immediately preceding calendar year within three months of the end of the preceding calendar year.

(3) Every banking company officer, shall furnish to the Board any information and documents in addition to those mentioned in sub-rules (1) and (2) within the time allowed by the Board.”;

1-For Chapter “VIII A” substituted by Notification No. S.R.O. 686(I)/2020, dated 05-08-2020. Before substitution Chapter VIII A read as under:

**1[CHAPTER - VIII A
BANKING COMPANIES REPORTING REQUIREMENTS**

39A. This chapter contains rules for banking companies reporting requirements for the purpose of section 165A of the Ordinance.

Definitions.- (1) In this Chapter, unless there is anything repugnant in the subject or context,-

- (a) “account holders deposits statement” means account holders deposits statement as specified in Form A;
- (b) “banking company officer” means a senior officer stationed at the head office and nominated by a banking company to coordinate with the Board for the provision of any information and documents required by the Board;
- (c) “credit card payments statement” means credit card payments statement as specified in Form B;
- (d) “cash withdrawal statement” means cash withdrawal statement as specified in Form C;
- (e) “information” includes account holders deposits statement, credit card payments statement, cash withdrawal statement, profit on debt statement, and details of any information or data as required by the Board from the banking company in terms of section 165A(2) of the Ordinance;
- (f) “reporting banking company” means a banking company required under section 165A of the Ordinance to provide to the Board all the information and documents electronically or otherwise, mentioned in the said section; and
- (g) “profit on debt statement” means profit on debt statement as specified in Form D.

39B. Furnishing of information.- (1) The information, required to be furnished under section 165A of the Ordinance shall be provided by the reporting banking company, in the manner as specified in account holders deposits statement, credit card payments statement, cash withdrawal statement and profit on debt statement.

(2) The information other than that provided in sub-rule (1) shall be provided by the reporting banking company as specified in a notice issued in terms of section 165A of the Ordinance.

39C. Authorized Persons.- (1) Banking company officer, shall be nominated by the reporting banking company not later than thirty days of coming into force of the rules contained in this chapter.

(2) Where a banking company officer is not nominated within the time allowed as specified in sub-rule (1), the President or principal officer of the reporting banking company, stationed at the head office, shall be treated as banking company officer.

(3) The information required to be reported to the Board shall be provided by the banking company officer to the Federal Board of Revenue.

39D. Time of furnishing information.- (1) Every banking company officer shall furnish to the Board a monthly account holders deposits statement, credit card payments statement, and cash withdrawal statement as specified in Form A, Form B, and Form C, respectively, for immediately preceding calendar month within seven days of the end of the preceding calendar month.

(2) Every banking company officer shall furnish to the Board an annual profit on debt statement as specified in Form D for immediately preceding calendar year within three months of the end of the preceding calendar year.

(3) Every banking company officer, shall furnish to the Board any information and documents in addition to those mentioned in sub-rules (1) and (2) within the time allowed by the Board.”;

Earlier Chapter “VIII A” substituted by Notification No. S.R.O. 686(I)/2020, dated 05-08-2020 Before substitution Chapter VIII A read as under:

**1[CHAPTER - VIII A
BANKING COMPANIES REPORTING REQUIREMENTS**

39A. This chapter contains rules for banking companies reporting requirements for the purpose of section 165A of the

Ordinance.

1-Chapter VIII A inserted by SRO 115(I)/2014 dated February 19, 2014.

39B. Definitions.-

(1) In this Chapter, unless there is anything repugnant in the subject or context,-

- (a) "Account Holders Deposits Statement" means Account Holders Deposits Statement as specified in Form 'A';
- (b) "Banking Company Officer" means a senior officer stationed at the head office and nominated by a banking company to coordinate with the Board for provision of any information and documents required by the Board;
- (c) "Credit Card Payments Statement" means Credit Card Payments Statement as specified in Form 'B';
- (d) "Currency Transactions Report" means currency transactions report generated and submitted by a banking company to the Financial Monitoring Unit under the Anti-Money Laundering Act, 2010 (VII of 2010).
- (e) "Information" includes Account Holders Deposits Statement, Credit Card Payments Statement, Written Off Loans Statement, currency transactions report, suspicious transactions report, details of any information or data through online access to central data base of the banking company or any other information as required by the Board from the banking company;
- (f) "Reporting Banking Company" means a banking company required under section 165A of the Ordinance to provide to the Board all the information and documents electronically or otherwise, mentioned in the said section;
- (g) "Suspicious Transactions Report" means suspicious transactions report generated and submitted by a banking company to the Financial Monitoring Unit under the Anti-Money Laundering Act, 2010 (VII of 2010); and
- (h) "Written off Loans Statement" means Written off loans Statement as specified in Form 'C';

39C. Furnishing of information.-

- (1) The information, required to be furnished under section 165A of the Ordinance (other than information required under clause (a) of sub-section (1) of section 165A) shall be provided, by the reporting banking company, in the manner as specified in Account Holders Deposits Statement, Credit Card Payments Statement, Written Off Loans Statement, currency transactions report and suspicious transactions report.
- (2) The information and online access required to be provided under clause (a) of sub-section (1) of section 165A, shall be provided by the reporting banking company, through online access to its central database containing details of its account holders and all transactions made in their accounts.
- (3) The information other than information provided in sub-rule (1) and (2), shall be provided by the reporting banking company as specified in a notice issued in terms of section 165A(2) of the Ordinance.

39D. Authorized Persons.-

- (1) Banking company officer, shall be nominated by the reporting banking company not later than thirty days of coming into force of rules contained in this chapter.
- (2) Where a banking company officer is not nominated within the time allowed as specified in sub-rule (1), the President or any Principal Officer of the reporting banking company, stationed at the head office shall be treated as banking company officer.
- (3) The information required to be reported to the Board shall be provided by the banking company officer to the Chairman, Federal Board of Revenue or any officer authorized by the Chairman in this behalf.
Provided that the officer authorized by the Chairman shall not be below the rank of Member of the Board.

1-The words "Central Board of Revenue" substituted by the Finance Act, 2007

39E. Time of furnishing information.-

- (1) Every banking company officer, shall furnish to the Board a monthly Account Holders Deposits Statement and Credit Card Payments Statement as specified in Form 'A' and Form 'B' respectively, for immediately preceding calendar month within seven days of the end of the preceding calendar month.
- (2) Every banking company officer shall furnish to the Board an annual Written off Loans Statement as specified in Form 'C' for immediately preceding calendar year within three months of the end of the preceding calendar year.
- (3) Every banking company officer, shall furnish to the Board a copy of each currency transactions report and suspicious transactions report generated by it at the time it is submitted to the Financial Monitoring Unit under the Anti-Money Laundering Act, 2010 (VII of 2010).
- (4) Every banking company officer, shall furnish to the Board any information and documents in addition to those mentioned in sub-rules (1) to (3) within the time allowed by the Board.

39F. Exclusions.-

- (1) The information may not be provided by the banking company officer in respect of a person who holds National Tax Number and has also filed return of income for the immediately preceding tax year.
- (2) The information regarding the person mentioned in sub-rule (1) may be provided to the reporting banking company by the Board, on 10th of every month.

FORM-A
[See rule 39B(1)(a)]
ACCOUNT HOLDERS DEPOSITS STATEMENT

REPORTING BANKING COMPANY: _____

BANKING COMPANY OFFICER: _____

INFORMATION OF PERSONS WHO HAVE DEPOSITED RS. ONE MILLION OR MORE DURING THE MONTH OF:

S.No.	Name	CNIC	Most recent particulars including address(es)	Amount deposited during the month	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief, the information given in this statement is correct and complete;

I, further declare that I am competent to make his declaration and verify it in my capacity as nominee of the reporting Banking Company _____.

Signature. _____

Name _____

CNIC _____

FORM-B

[See rule 39B(1)(c)]

CREDIT CARDS PAYMENTS STATEMENT

REPORTING BANKING COMPANY: _____

BANKING COMPANY OFFICER: _____

INFORMATION OF PERSONS WHO HAVE MADE CREDIT CARD PAYMENTS OF RS.ONE HUNDRED THOUSAND OR MORE DURING THE MONTH OF:

S.No.	Name	CNIC	Most recent particulars including address(es)	Amount deposited during the month	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief, the information given in this statement is correct and complete;

I, further declare that I am competent to make his declaration and verify it in my capacity as nominee of the reporting Banking Company _____.

Signature. _____

Name _____

CNIC _____

FORM-C

[See rule 39B(1)(h)]

WRITTEN OFF LOANS STATEMENT

REPORTING BANKING COMPANY: _____

BANKING COMPANY OFFICER: _____

INFORMATION IN RESPECT OF LOANS WRITTEN OFF EXCEEDING RS ONE MILLION OR MORE DURING THE CALENDER YEAR:

S.No.	Name	CNIC	Most recent particulars including address(es)	Amount deposited during the month	Remarks
(1)	(2)	(3)	(4)	(5)	(6)

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief, the information given in this statement is correct and complete;

I, further declare that I am competent to make his declaration and verify it in my capacity as nominee of the reporting Banking Company _____.

Signature. _____

Name _____

CNIC _____

CHAPTER - IX
CERTIFICATES, STATEMENTS AND PROCEDURE FOR PAYMENT OF ADVANCE TAX
PART-I
SECTION 159
CERTIFICATE

40. Exemption or lower rate certificate u/s 159.-

(1) An application for a certificate under sub-section (1) of section 159 shall be made in the form specified in Part-VII of the First Schedule to these rules.

(2) A certificate issued by the Commissioner under sub-section (1) of section 159 shall be in the form specified in Part VIII of the First Schedule to these rules.

1[(3) An application for a certificate under sub-section (1) of section 159 read with clause (v) of paragraph 1 of Notification No. S.R.O. 947(I)/2008, dated the 5th September, 2008, shall be in the form specified in Part VII (a) of the First Schedule to these rules.

(4) A system based exemption certificate issued by the Commissioner for goods specified under clause (v) of paragraph 1 of Notification No. S.R.O. 947(I)/2008, dated the 5th September, 2008 shall be in the form specified in Part-VIII (a) of the First Schedule to these rules.]

1-Sub-rules “(3) and (4)” inserted by SRO 1139(I)/2008, dated October 31, 2008.

**1|PART IA
IMPORTED GOODS**

**DIVISION I
GENERAL**

40A. Application.-The provisions of this Part shall apply to addition, omission or amendment of entries in the Twelfth Schedule and application of reduced rate on goods falling under Part III of said schedule imported by persons as raw material for its own use.

DIVISION II
RECLASSIFICATION IN THE TWELFTH SCHEDULE

40B. Committee on Imported Goods.- (1) There shall be a Committee on Imported Goods which shall consist of the following members, namely,-

- (a) Member Inland Revenue Policy, FBR Chairperson
- (b) Member Inland Revenue Operations, FBR Member
- (c) Member Taxpayers Audit, FBR Member

(2) The Chief Income Tax Policy shall act as secretary to the committee.

(3) The Committee on Imported Goods shall be empowered to add in the Twelfth Schedule of the Ordinance any entry thereto or omit any entry therefrom or amend any entry therein.

(4) The Chairperson of the Committee may, suo moto or on application of a taxpayer being an importer of such goods, place a matter pertaining to sub-rule (3) before the committee by way of convening a meeting including a virtual meeting or by way of circulation which shall decide the matter within sixty days.

40C. Reclassification of imported goods - (1) The Committee on Imported Goods, may after taking into consideration all relevant facts, add in the Twelfth Schedule of the Ordinance, any entry thereto or omit any entry therefrom or amend any entry therein:

Provided that such decision of the Committee shall be made by majority.

(2) A decision under sub-rule (1) to add in the Twelfth Schedule of the Ordinance any entry thereto or omit any entry therefrom or amend any entry therein shall be notified in the Official Gazette by the Board.

DIVISION III
EXEMPTION AND REDUCED RATE CERTIFICATES

40D. Import under an Exemption Certificate.- (1) A taxpayer eligible under sub-section (1) of section 159 of the Ordinance may submit an application to the Commissioner for an exemption certificate through Iris, and submit supporting documents and data in electronic form:

Provided that till such time Iris is enabled for the purpose of this sub-rule, the application and supporting documents and data may be submitted manually to the Commissioner.

(2) On receipt of a complete application along with the documents prescribed under sub-rule (1), the Commissioner may carry out such verification as he may consider necessary to ascertain, inter alia, whether-

- (a) such goods are relevant to the activity of the taxpayer whose income is exempt from tax under the Ordinance or is subject to hundred percent tax credit 2[under the Ordinance]; and
- (b) similar goods previously imported by the taxpayer have not been supplied to its associate or any other person in a non-arm's length transaction.

(3) The Commissioner may, within fifteen days of application by the taxpayer through an order in writing,-

- (a) approve such quantity of goods as it may deem fit to be imported by the person without collection of tax under section 148 of the Ordinance; or
- (b) reject the application of the taxpayer.

40E. Import under a Reduced Rate Certificate.- (1) A taxpayer desirous of importing goods classified under Part III of the Twelfth Schedule to the Ordinance as raw material for its own use may submit an application to the Commissioner for a reduced rate certificate through Iris, and submit the following documents and data in electronic form, namely:-

- (a) the site plan of the manufacturing unit indicating the location of the premises and the details of the total area, covered area and manufacturing area and separate storage areas for manufactured goods, factory rejects and wastages;
- (b) the installed production capacity per day and the average production per day for the last two tax years;
- (c) the complete manufacturing process flow, clearly indicating, inter alia, the following, namely-
 - (i) the stage at which local and imported raw materials shall be consumed; and
 - (ii) the stage at which finished goods shall be manufactured;
- (d) inventory statement, consumption statement and input-output ratios of locally procured and imported goods for the last assessed tax year and the period starting on the first day after the last assessed tax year and ending on the day on which an application under sub-rule (1) is made; and
- (e) an estimate of advance tax under sub-section (4A) of section 147 of the Ordinance, if not already furnished:

Provided that till such time Iris is enabled for the purpose of this sub-rule, the application and supporting documents and data may be submitted manually to the Commissioner:

Provided further that a taxpayer shall not be required to furnish documents and data under clause (a) and (b) where the taxpayer has been granted a reduced rate certificate under this rule in the previous tax year and the taxpayer submits a declaration to the effect that there is no change in particulars specified under clause (a) and (b).

(2) On receipt of a complete application along with the documents prescribed under sub-rule (1), the Commissioner may, after such verification as he may consider necessary, calculate the quantity of raw material allowable to be imported during the tax year at reduced rate which shall be computed in accordance with the following formula, namely:-

$$[(125\% \times A) - B] \times [1 + C]$$

Where -

A is lesser of previous year's import or consumption of the raw material;

B is the raw material available with the taxpayer at the time of application; and

C is the percentage change in turnover estimated under section 147 compared to last assessed tax year.

(3) The Commissioner may, within fifteen days of application by the taxpayer through an order in writing,-

- (a) approve such quantity of goods as it may deem fit to be imported by the person as if such goods were classified under Part II of the Twelfth Schedule; or
- (b) reject the application of the taxpayer

(4) All orders under sub-rule (3) shall be reviewed quarterly by the Review Committee, which shall consist of the following members, namely:-

- (a) Member Inland Revenue Operations, FBR Chairperson
- (b) Chief Inland Revenue Operations, FBR Member
- (c) Chief Income Tax Policy, FBR Member

40F. Monitoring by the Commissioner.-(1) The Commissioner or an officer authorized by the Commissioner shall have free access to the premises, registered office or any other place where any stocks, business records or documents required under these rules are kept or maintained or whose business activities are covered under these rules; and such officer may, at any time, inspect the goods, stocks, records, data, documents, correspondence, accounts and statements or any other record to verify, inter alia, the following, namely -

- (a) the production capacity and stock consumption as stated by the taxpayer; and
- (b) the raw material being imported is in line with the manufacturing activity or capacity and it is being used as raw material for own use only.

(2) The Commissioner may conduct audit of consumption, production and sales of the latest Tax Year for which return of income has been filed at any time during the year in order to verify that the quantum of annual production is in accordance with the consumption of raw materials and the input-output co-efficient.”.

1-Part “1A” inserted by Notification No. S.R.O. 686(I)/2020, dated 12-08-2020. Earlier Part “1A” inserted by Notification No. 615(I)/2020, dated 19-07-2020. Read as under”

**1|PART IA
IMPORTED GOODS
DIVISION I
GENERAL**

40A. Application.- The provisions of this Part shall apply to addition, omission or amendment of entries in the Twelfth Schedule and application of reduced rate on goods falling under Part III of said schedule imported by persons as raw material for its own use.

**DIVISION II
RECLASSIFICATION IN THE TWELFTH SCHEDULE**

40B. Initiation of reclassification procedure.-(1) A taxpayer being an importer of a goods may apply to the Board to reclassify imported goods in the Twelfth Schedule to the Ordinance, if-

- (a) a capital goods has not been classified in Part I; or
- (b) a raw material has not been classified in Part II.

(2) An application under sub-rule (1) shall be examined by the Committee on Imported Goods.

(3) The Board may, suo moto, reclassify goods to Part III of the Twelfth Schedule to the Ordinance if it is found to be a finished goods.

40C. Committee on Imported Goods.-(1) The Committee on Imported Goods shall consist of the following members, namely,-

- (a) Member Inland Revenue Policy, FBR Chairman
- (b) Member Inland Revenue Operations, FBR Member
- (c) Member Customs Policy, FBR Member
- (d) Chairman National Tariff Commission Member
- (e) Chairman Engineering Development Board Member

(2) The Chief Income Tax Policy shall act as secretary to the committee.

(3) If the Chairman of the Committee is satisfied that the matter merits consideration, he shall place it before the committee, by way of convening a meeting including a virtual meeting or by way of circulation.

(4) An application for reclassification shall be accepted if approved by majority:

40D. Decision of the Board.- Upon receipt of the recommendations of the committee under rule 40C, the Chairman FBR may-

- (a) reclassify such goods as it may deem fit after taking into consideration the recommendations of the Committee on Imported Goods;
- (b) refer the matter back to the committee for further examination of additional aspects as may be noted by the Board; or
- (c) reject the application of the taxpayer for reasons to be recorded in writing,

PART IAA
EXEMPTION UNDER SECTION 152

40FA. Exemption or lower rate certificate under sections 152 and 159 to non-resident persons or permanent establishment of non-resident person - (1) Notwithstanding rule 40(1) and Part VII of the First Schedule to these rules, an online application by a non-resident person or a PE of a non-resident person for a certificate under sub-section (1) of section 159 shall be made in the form specified in Part VII(B) of the First Schedule to these rules, duly furnishing therewith all the requisite information and documents.

(2) An online application or notice for a certificate under sub-section (4B) of section 152 and sub-section (5) of section 152 shall be made by a payer in the form specified in Part VII(C) of the First Schedule to these rules, duly furnishing therewith all the requisite information and documents.

(3) An exemption certificate or a reduced rate certificate shall be issued to the non-resident person or PE of a non-resident person only if the Commissioner Inland Revenue is satisfied that the applicant-

(i) has furnished return or returns of income when became due, if any, on or before the date on which the application or notice is made, and

(ii) is not in default or deemed to be in default in respect of any tax (including penalties, default surcharge, advance tax under section 147 or tax payable under section 137) unless the same is stayed by Commission-IR, Commissioner-IR (Appeal), Appellate Tribunal Inland Revenue, High Court, Supreme Court or any other statutory body under the Income Tax Ordinance, 2001 (XLIX of 2001).

(4) The non-resident person or PE of a non-resident person shall file an affidavit to the effect that neither its withholding agent (payer) has filed application or notice for exemption or reduced rate certificate nor payer's application or notice has been rejected. In case of misrepresentation, issued exemption or reduced rate certificate shall be cancelled forthwith.

(5) The resident person or PE of a non-resident person shall file an affidavit that neither the payee (non-resident person and PE of a non-resident person) has filed application or notice for exemption or reduced rate certificate nor has it been rejected. In case of misrepresentation, issued exemption or reduced rate certificate shall be cancelled forthwith.

(6) The applicant shall provide the details of all the contracts made for the sale of goods, rendering or providing of services or for execution of contract in Pakistan.

(7) The Commissioner Inland Revenue may call for information, documents, record in respect of matters arising during the proceedings under section 152(4B), 152(5) or 159(1) of the Ordinance or cause further enquiry including but not limited to cohesive business operation.

(8) The Commissioner Inland Revenue may call for any information, documents, record from any person in connection with the application in order to determine that the amount is chargeable to tax being Pakistan - source income under the Ordinance.

(9) The Commissioner Inland Revenue shall, after providing an opportunity of being heard, pass an order within thirty days of receipt of application. However, any period adjourned at the request of the applicant or is postponed due to any proceedings, stay order, alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of the aforementioned period.

(10) The Commissioner Inland Revenue shall afford an opportunity of being heard to the applicant and, in case of default on the date of hearing, he may proceed ex parte to decide the application on the basis of the available record.

(11) The certificate shall be valid for the period as allowed by the Commissioner IR unless withdrawn by the Commissioner IR earlier.

(12) The Commissioner Inland Revenue shall keep and maintain all record, inter-alia. encompassing the application and notice, necessary enclosures and annexure and the orders passed.

1-Part "IAA" inserted by Notification No. 923(I)/2020, dated 29-09-2020. Earlier Part IAA inserted by Notification No. 863(I)/2020, dated 14-09-2020 read as under:

"PART IAA

EXEMPTION UNDER SECTION 152

40FA. Exemption or lower rate certificate under sections 152 and 159 to non-resident persons or permanent establishment of non-resident person.- (1) Notwithstanding rule 40(1) and Part VII of the First Schedule to these rules, an online application by a non-resident person or a PE of a non-resident person for a certificate under sub-section (1) of section 159 shall be made in the form specified in Part VIIA of the First Schedule to these rules, duly furnishing therewith all the requisite information and documents.

(2) An online application or notice for a certificate under sub-section (4B) of section 152 and sub-section (5) of section 152 shall be made by a payer in the form specified in Part VI 1(B) of the First Schedule to these rules, duly furnishing therewith all the requisite information and documents.

(3) An exemption certificate or a reduced rate certificate shall be issued to the non-resident person or PE of a non-resident person only if the Commissioner Inland Revenue is satisfied that the applicant-

(i) has furnished return or returns of income when became due, if any, on or before the date on which the application or notice is made, and

(ii) is not in default or deemed to be in default in respect of any tax (including penalties, default surcharge, advance tax under section 147 or tax payable under section 137) unless the same is stayed by Commission-IR, Commissioner-IR (Appeal), Appellate Tribunal Inland Revenue, High Court, Supreme Court or any other statutory body under the Income Tax Ordinance, 2001 (XLIX of 2001).

(4) The non-resident person or PE of a non-resident person shall file an affidavit to the effect that neither its withholding agent (payer) has filed application or notice for exemption or reduced rate certificate nor payer's application or notice has been rejected. In case of misrepresentation, issued exemption or reduced rate certificate shall be cancelled forthwith.

(5) The resident person or PE of a non-resident person shall file an affidavit that neither the payee (non-resident person and PE of a non-resident person) has filed application or notice for exemption or reduced rate certificate nor has it been rejected. In case of misrepresentation, issued exemption or reduced rate certificate shall be cancelled forthwith.

(6) The applicant shall provide the details of all the contracts made for the sale of goods, rendering or providing of services or for execution of contract in Pakistan.

(7) The Commissioner Inland Revenue may call for information, documents, record in respect of matters arising during the proceedings under section 152(4B), 152(5) or 159(1) of the Ordinance or cause further enquiry including but not limited to cohesive business operation.

(8) The Commissioner Inland Revenue may call for any information, documents, record from any person in connection with the application in order to determine that the amount is chargeable to tax being Pakistan -source income under the Ordinance.

(9) The Commissioner Inland Revenue shall, after providing an opportunity of being heard, pass an order within thirty days of receipt of application. However, any period adjourned at the request of the applicant or is postponed due to any proceedings, stay order, alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of the aforementioned period.

(10) The Commissioner Inland Revenue shall afford an opportunity of being heard to the applicant and, in case of default on the date of hearing, he may proceed ex parte to decide the application on the basis of the available record.

(11) The certificate shall be valid for the period as allowed by the Commissioner IR.

(12) The Commissioner Inland Revenue shall keep and maintain all record, inter-alia, encompassing the application and notice, necessary enclosures and annexure and the orders passed."."

**1[PART II
COLLECTION OR DEDUCTION OF TAX AT SOURCE
DIVISION I
EMPLOYER'S CERTIFICATE**

1[***]

DIVISION II
CERTIFICATE FOR COLLECTION OR DEDUCTION OF TAX
(OTHER THAN FROM SALARY)

1[42. Certificate of collection or deduction of tax 2[*].-**

- (1) As required under sub-section (1) of section 164, any person responsible for-
- (a) Collecting tax under Division II of Part V of Chapter X of the Ordinance;
 - (b) Deducting tax from a payment under Division III of Part V of Chapter X of the Ordinance, except in the case of salary;
 - (c) Collecting or deducting tax under Chapter XII of the Ordinance; or
 - (d) Deducting tax under the Sixth Schedule to the Ordinance, shall issue a certificate to the person from whom tax has been collected or deducted, in the form as set out in Part VII of the Second Schedule to these rules, within fifteen days after the end of the financial year or discontinuation of business etc.
- (2) Where the person from whom tax has been collected or deducted requests for the issuance of the certificate before the end of the financial year, the certificate under sub-rule (1) shall be issued for the period in that year within seven days of the request made.
- (3) Where the certificate issued under sub-rule (1) or sub-rule (2) has been lost, stolen or destroyed the recipient of the certificate may request, in writing, to the issuer of the certificate to issue a duplicate thereof.
- (4) Where a request has been made under sub-rule (3), the issuer of the certificate shall comply with the request and the certificate so issued shall be clearly marked “duplicate”.
- (5) The certificate issued under sub-rules (1), (2) or sub-rule (3) shall be in duplicate and serially numbered.

1-Part II comprising of rules 42 substituted by SRO 641(I)/2005, dated June 27, 2005.

2-Words “other than from salary” omitted by SRO 1062(I)/2007, dated October 27, 2007.

DIVISION III
PAYMENT OF TAX COLLECTED OR DEDUCTED

1[43. Payment of tax collected or deducted.-

As required under section 160 and under the Sixth Schedule to the ordinance the tax collected or deducted under Division II or Division III of Part V of Chapter X of the Ordinance, Chapter XII of the Ordinance or Sixth Schedule to the Ordinance shall be paid to the Commissioner by way of credit to the Federal Government,-

(a) where the tax has been collected or deducted by the Federal Government or a Provincial Government on the day the tax was collected or deducted; or

2[(b) where the tax has been collected or deducted by a person other than the Federal Government or a Provincial Government,-

(i) by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within seven days from the end of each week ending on every Sunday; and

(ii) by remittance abroad to a non-resident through State Bank or any other banking company, prior to remitting abroad of the amount from which tax is to be deducted or collected.]

3[Provided that the tax collected by a banking company upto 19th July, 2015 in respect of advance tax on banking transactions under section 236P of Ordinance may be deposited into the Government Treasury by 31st July, 2015.]

1-Part II comprising of rules 43 substituted by SRO 641(I)/2005, dated June 27, 2005.

2-For Clause (b) substituted by Notification No. S.R.O. 255(I)/2017, Islamabad, the 12th April, 2017.

(b) where the tax has been collected or deducted by a person other than the Federal Government or a Provincial Government, by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within a[Seven days from the end of each week ending on every Sunday] b[:]

a-Substituted for "seven days from the end of each fortnight" by SRO 392(I)/2009, dated May 19, 2009.

b-Substituted for full stop and after that proviso inserted by SRO 498(I)/2015, dated July 24, 2015.

3-Substituted for full stop and after that proviso inserted by SRO 498(I)/2015, dated July 24, 2015.

**1[Division IIIA
ADVANCE TAX ON AIR TICKETS**

43A. Advance tax on air tickets.-

(1) This rule shall apply for the purposes of section 236B and 236L.

(2) Airlines issuing tickets directly to passengers, either manually or electronically, shall charge and collect advance tax, at the rates applicable for sections 236B and 236L, directly from the passengers and shall be paid within the time as prescribed in sub-rule (4).

Explanation: For the purpose of this rule, airline means airline issuing tickets for uplifting passengers of any airline, whether having its head office or registered office or an agent in Pakistan or not, if the journey originates in Pakistan. The obligation to charge, collect and deposit tax is in respect of the airline uplifting the passengers in respect of the journey originating in Pakistan.

(3) Where the tickets are issued by persons, other than the Airlines, and the persons issuing tickets on behalf of the Airlines, are charging and collecting advance tax from the passengers and making payment of tax to the Airline directly, or through IATA, or through any other entity authorized in that behalf, the tax so collected by the airlines from such persons shall be paid as per sub-rule (4).

(4) Tax collected by the airlines under sub-rule (3), shall be paid by the 15th day of the following second month in respect of tickets issued upto the last working day of each calendar month:

Provided that for the month of May and June, the tax shall be paid by 15th day of June on the basis of average tax paid in respect of July to April. Any short or excess tax paid, in respect of tickets issued during May and June, shall be adjusted in the tax required to be paid by the 15th day of July.

(5) Every Airline issuing international air tickets shall make adequate arrangements for collection of tax under this rule from the persons issuing tickets on its behalf or through electronic means, and in case of default, the said tax shall be collected from the airline, without prejudice to any other liability which it may incur under the Ordinance.

(6) Notwithstanding anything contained in Second Schedule to the Income Tax Rules, 2002, monthly and annual statements of tax collected under section 236B and 236L, shall be submitted by every airline to the respective Commissioner Inland Revenue, in the form and verified in the manner as indicated in sub-rule (8).

(7) Monthly statement for the tax deposited by 15th of each month, under sub-rule (4), shall be filed by 21st of the month:

Provided that the monthly statement for the month of September, 2014 shall be furnished along with the monthly statement of October, 2014.

(8) The forms and manner in which the monthly and annual statements are to be filed, are as below:

FORM

Airline/Uplifting Airline:						
SN	Name of Airline for which tickets issued.	Gross Fare	Tax @ 5% or 4%	Date of collection	Date of Deposit	CPR No.

I certify that the above statement contains complete information of tax collectible under section 236B of the Income Tax Ordinance, 2001, during the month/year ending on the _____, 20 ____

Name and Signature of person responsible _____

Signature: _____

Date: _____

Seal _____

Annual statement of tax collected under section (236B/236L) _____ of the Income Tax Ordinance, 2001, for the year ending on the _____, 20 ____

Airline/Uplifting Airline:										
SN	Name of Airline for which tickets issued	Document or Ticket No.	Passenger Name	NIC/ Passport No.	Route/ Sector	Gross Fare	Tax @ 5%	Date of collection	Date of Deposit	CPR No.

I certify that the above statement contains complete information of tax collectible under section 236B of the Income Tax Ordinance, 2001, during the month/year ending on the _____, 20 ____

Name and Signature of person responsible _____

Signature: _____

Date: _____

Seal _____

(9) Provisions of section 236G and 236L, shall not be applicable in the case of a foreign diplomat or a diplomatic mission in Pakistan.]

1[43B.- Amount actually paid under section 158.- The amount actually paid as per clause (c) of section 158 the Ordinance includes,-Payment of tax collected or deducted,-

- (a) amount paid by the person, as withholding agent;
- (b) amount paid on behalf of the person, as withholding agent;
- (c) amount paid at the instruction of the person, as withholding agent; and
- (d) gross amount settled or discharged by the person, as withholding agent, to other person before netting off or adjusting such against any receivable from the said other person.]

DIVISION IV
1[*] 2[MONTHLY] STATEMENT 3[] OF TAX COLLECTED**
OR DEDUCTED

4[44. Annual statement of tax collected or deducted.-

5[***]

6[(2) Pursuant to sub-section (2) of section 165, a person responsible for collecting or deducting tax under Division II or Division III of Part V of Chapter X of the Ordinance or under Chapter XII of the Ordinance shall furnish 7[“or e-file”] a monthly statement 8[“by the 15th day of the month following the month to which withholding tax pertains”] as set out in part X of the Second Schedule to these rules.]

(3) The statement referred to in sub-rule (2) shall be accompanied by the evidence of deposit of tax collected or deducted to the credit of the Federal Government.

(4) A person required to furnish the 9[statement] under sub-rule 10[***] (2) shall, wherever required by the Commissioner, furnish a reconciliation of the amounts mentioned in the aforesaid 11[***] 12[monthly] statements with the amounts mentioned in the return of income, statements, related annexes and other documents submitted from time to time.

13[(5) Pursuant to sub-section (6), a person responsible for deducting tax under section 149 shall furnish or e-file annual statement by the 31st day of the month of July after the end of a financial year in the form set out in Part IX of the Second Schedule to these rules.]

1-The words “Annual and” omitted by SRO 1218(I)/2015, dated 08.12.2015.

2-Substituted for “Quarterly” by SRO 1032(I)/2006, dated October 03, 2006.

3-The letter “s” omitted by SRO 1218(I)/2015, dated 08.12.2015.

4-Part II comprising of rules 41 to 45 substituted by SRO 641(I)/2005, dated June 27, 2005.

5-Rule (1) omitted by SRO 1218(I)/2015, dated 08.12.2015. The omitted rule read as under:-

“(1) An annual statement required to be furnished under sub-section (1) of section 165 for a financial year shall be in the form as set out in Part VIII and Part IX of the Second Schedule to these rules.”

6-Sub-rule (2) substituted by SRO 790(I)/2006 dated August 03, 2006.

7-Inserted by SRO 1218(I)/2015, dated 08.12.2015.

8-The words “within twenty days of the end of each month” substituted by SRO 1218(I)/2015, dated 08.12.2015.

9-The word “statements” substituted by SRO 1218(I)/2015, dated 08.12.2015.

10-The word “(1) or” omitted by SRO 1218(I)/2015, dated 08.12.2015.

11- Omitted by SRO 1218(I)/2015, dated 08.12.2015.

12-Substituted for “Quarterly” by SRO 1032(I)/2006, dated October 03, 2006.

13-Added by the S.R.O. 754(I)/2016 dated 15th August, 2016.

45. Statement of tax deducted under the Sixth Schedule to the Ordinance.-

The statement required to be furnished under sub-clause (b) of clause 11 of Part II of the Sixth Schedule to the Ordinance for a financial year shall be in the form as set out in Part XI of the Second Schedule to these rules.]

1[*]**

1[*]**

CHAPTER - X

PRESCRIBED FORMS

67. Application of Chapter.-

This chapter prescribes forms to be used for the purposes of the Ordinance.

68. Amended assessment notice.-

An amended assessment order related issue notice or/ letter issued by the Commissioner under section 122 shall be in the manner or proforma specified in Part II of the First Schedule to these rules.

69. Section 140 notice.-

A notice issued by the Commissioner under section 140 shall be in the form specified in Part IV of the First Schedule to these rules.

70. Section 145 certificate.-

A certificate issued by the Commissioner to the Director of Immigration or immigration authority under section 145 shall be in the form specified in Part V of the First Schedule to these rules.

71. Section 170 application.-

- (1) An application under section 170 for a refund of tax shall be in the proforma specified in Part VI of the First Schedule to these rules.
- (2) The application shall be verified in the manner specified in the form.
- (3) The application shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance and these rules.

72. Section 175 authorization.-

The authorization of a 1[“officer of Inland Revenue”] for the purposes of section 175 shall be in the manner specified in Part XIII of the First Schedule to these rules.

1-The words “taxation officer” substituted by SRO 1218(I)/2015, dated 08.12.2015.

CHAPTER - XI
FURNISHING OF DOCUMENTS; SERVICE OF DOCUMENTS; FORMS AND NOTICES

73. Furnishing of documents and returns etc.-

- (1) This rule applies for the purposes of furnishing of documents under the Ordinance or these rules.
- (2) Except as provided in the Ordinance or these rules, any application, statement or other document to be furnished to the Commissioner shall be furnished in the following manner, namely:-
- (a) by post or courier service;
- (b) delivered by hand to the officer having jurisdiction over the person or to such other officer as the Commissioner may specify; or
- 1[(c) on computer or by electronic transmission using the specified software in accordance with the specified format or any other requirements including safety valve, security and verification considerations as may be specified by the 2[Federal Board of Revenue from time to time.]
- 3[(2A) In the case of a Company, electronic filing of income tax return and withholding tax statements shall be mandatory from the first day of July 2007 onwards.]
- 4[(2AA) In case of Federal Government departments, electronic filing of withholding statements shall be mandatory from the first day of July, 2009 onwards.]
- 5[(2B) In the case of a non-resident ship owner and aircraft owner or charterer thereof, the electronic filing of the income tax return and application for port clearance shall be mandatory from the 1st day of July 2008 onward.]
- 6[(2C) In case a person registered for sales tax, electronic filing of income tax return 7[“and withholding tax statements”] shall be mandatory from the first day of July, 2009 onwards.
- (2D) In case of an Association of Persons, electronic filing of income tax return and withholding tax statements shall be mandatory from the first day of July, 2009 onwards.]
- 8[(2DD) In case of an individual declaring taxable income one million rupees and more or turnover or receipts exceeding fifty million rupees electronic filing of income tax return and withholding statement shall be mandatory from the first day of July, 2016 onwards.]
- 9[(2E) From Tax Year 2009 onwards, wherever refund of tax is claimed in a non-company case, income tax return shall be filed electronically, and in all cases, whether relating to a company or a non-company, electronic filing of refund application as prescribed in Part-VI of the First Schedule shall be mandatory.]
- (3) A return, statement, certificate, application or other document furnished by a person that includes the 10[digital] signature of the person or the person’s 7[e-intermediary] shall be taken to be signed by that person.
- (4) A person who furnishes a return, statement, certificate, application or other document by electronic transmission which includes the electronic signature of another person who has not consented to the inclusion of the signature shall commit an offence punishable on conviction with a fine or imprisonment not exceeding one year, or both.

11[(5) An Electronic Income Tax Return filed under these rules shall be deemed to be a return for the purposes of sub-section (2A) of section 114 of the Ordinance.]

12[(6) The e-intermediary shall get the authority letter in the manner specified below, from the taxpayer and produce it before the concerned income tax authority whenever demanded, namely:-

AUTHORITY LETTER

I/We _____ S/o. resident of/having registered office at _____, holder of CNIC No/company registration number _____, solemnly declare that a signed copy of the return/ certificate/statement/ document/ annexure/ etc. have been provided to my/our e-intermediary Mr./Ms. _____ (Name & Address) who is a Chartered Accountant/Cost and Management Accountant/ a legal practitioner entitled to practice in any civil Court in Pakistan/ a member of the Association of Chartered Certified Accountants, UK/ ITP registered with Tax Bar affiliated with All Pakistan Tax Bar Association of Pakistan. I/We further authorize the said e-intermediary to transmit my/our return/ certificate/ statement/document/ annexure/etc. to the designated officer of 13[Federal Board of Revenue.

(Signatures) _____

Name: _____

Address: _____

(7) The return/certificate/statement/document/annexure/ etc and all supporting documents of the taxpayers shall be retained by the e- intermediary who shall provide them to the taxation officer concerned whenever demanded.]

14[(8) The Board may direct that provisions of any of the sub-rules of this rule shall not apply for a tax year.]

1-Clause (c) substituted by SRO 516(I)/2006, dated June 01, 2006.

2-The words "Central Board of Revenue" substituted by the Finance Act, 2007

3-Sub-rule (2A) inserted by SRO 708(I)/2007, dated July 14, 2007.

4-Sub-rule (2AA) inserted by SRO 392(I)/2009, dated May 19, 2009.

5-Sub-rule (2B) inserted by SRO 695(I)/2008, dated June 26, 2008.

6-Sub-rules (2C) & (2D) inserted by SRO 684(I)/2009, dated July 23, 2009.

7-Inserted by SRO 1218(I)/2015, dated 08.12.2015.

8-Inserted by S.R.O. 754(I)/2016 dated 15th August, 2016.

9-Sub-rule (2E) inserted by SRO 986(I)/2009, dated November 17, 2009.

10-Substituted for "electronic" and "representative", respectively by SRO 516(I)/2006, dated June 01, 2006.

11-Sub-rule (5) substituted by SRO 516(I)/2006, dated June 01, 2006.

12-Sub-rules (6) and (7) substituted by SRO 516(I)/2006, dated June 01, 2006.

13-The words "Central Board of Revenue" substituted by the Finance Act, 2007

14-Sub-rule (8) inserted by SRO 498(I)/2015, dated July 24, 2015.

74. Service of documents electronically.-

(1) This rule applies for the purposes of the service of documents under the Ordinance or these rules.

1[(2) Where a person has provided an electronic address, the document required to be served on the person shall be considered sufficiently served if sent to that address.]

(3) For the purposes of sub-rule (2), a document is considered sent to an electronic address if the sender receives-

(a) in the case of a message sent to a facsimile number, confirmation from the sending facsimile machine that the transmission is sent; 2[***]

(b) in the case of a message sent to an electronic mail address, confirmation from the server of the recipient that the message has been received 3[; and]

4[(c) from the Board a digitally signed e-mail acknowledging the receipt of Electronic

Income Tax Return 5[or electronic withholding tax statement.].]

(4) In this rule-

(a) “document” means any notice, order or requisition under the Ordinance; and

(b) “electronic address” means a facsimile number or electronic mail address.

1-Sub-rule (2) substituted by SRO 597(I)/2022, dated 15-05-2022

2-Word and omitted by SRO 516(I)/2006, dated June 01, 2006.

3-Substituted for full stop by SRO 516(I)/2006, dated June 01, 2006.

4-Clause “(c)” inserted by SRO 516(I)/2006, dated June 01, 2006.

5-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

75. Forms and notices.-

Any order, notice, assessment, computation or other document required to be issued under the Ordinance or these rules may be generated by computer and the order, notice, assessment, computation or other document shall not require the signature of the 1[officer of Inland Revenue] whose name and designation is specified thereon.

1-The words “taxation officer” substituted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

CHAPTER XII APPEALS

76. Appeal to the Commissioner Inland Revenue (Appeals) on web portal.- An appeal under section 127 of the Income Tax Ordinance, 2001 shall be filed, as prescribed on Iris web portal from the 1st day of January, 2021.

76A. Date of filing of appeal.- The date filing of appeal shall be the date on which it was filed electronically.

76B. Documents to accompany appeal.- (1) The appellant shall electronically attach documents along with appeal namely:-

- (a) the order appealed against;
- (b) notice of demand; and
- (c) proof of payment of appeal fee.
- (d) any other supporting document (s)

(2) The appellant shall annex an electronic index showing the documents filed under this rule.

76C. Intimation of filing of appeal to the respondent.- The appeal shall also be electronically transmitted to the respondent through Iris.

76D. Filing of affidavit regarding contrary facts.- Where a fact, which cannot be borne out by or is contrary to the record, is alleged, it shall be stated clearly and concisely by a duly sworn affidavit and shall have to be filed electronically with appeal and shall be produced in original before the Commissioner (Appeals).

76E. Defective appeals etc.- (1) Where an appeal is not filed electronically in the manner specified in these rules, an electronic notice shall be issued within three days requiring the appellant or his authorized representative, if any to bring the appeal in conformity with the rules, within the time limitation as specified in sub-section (5) of section 127 of the Ordinance subject to just exceptions under sub-section (6) of the aforesaid section and the appeal so received shall not be deemed to have been filed unless the provisions of these rules have been fully complied with.

(2) Where the appellant or his authorized representative does not meet the requirement under sub-rule (1), the matter shall be decided by the Commissioner (Appeals) through appropriate orders.

76F. Power of attorney etc., by authorized representative.- Where an authorized representative has been appointed or declared as defined in section 172 of Ordinance, such representative shall electronically attach with the appeal, the document showing his authority and his/her acceptance thereof, which shall be signed and dated by the representative and shall also specify his capacity in which he/she is acting as such. Further, this shall be produced in original before the Commissioner (Appeals).

76G. Procedure for filing and disposal of stay application.- (1) On receipt of stay application electronically the official authorized in this behalf shall fix the application for hearing in the following manner, namely:-

(a) For applications received before 01:00PM on a working day, hearing shall be fixed on the next working day; and

(b) For applications received after 01:00PM on a working day, hearing shall be fixed on the day after the next working day.

(2) Stay applications shall be disposed by the Commissioner (Appeals) electronically within seven working days of fixation.

76H. Date and place of hearing of appeal and stay applications.- (1) The Commissioner (Appeals) shall issue notices electronically to both the parties to the appeal informing them about the date and place of hearing of appeal or the stay application as the case may be.

(2) The Commissioner Inland Revenue (Appeals) may, where deemed necessary, require the respondent department to submit para-wise comments electronically in response to the appellant's electronic submissions, if any, on or before the date of hearing.

76I. Hearing of Appeal or stay application.- (1) On the day fixed for hearing or any other day to which the hearing is adjourned the appellant shall be heard and the Commissioner (Appeals) shall then hear the respondent against the appeal or stay application and in that case the appellant shall have a right to reply.

(2) The Commissioner Inland Revenue (Appeals) may from time to time adjourn the hearing of the appeal.

76J. Notice to be issued electronically to both parties under sub-section (2) of section 129.- The Commissioner Inland Revenue (Appeals) shall issue notices electronically to both parties for providing them a reasonable opportunity to present their stance in case of increase in the amount of any assessment order or decrease in the amount of any refund.

76L. Reports.- (1) The Commissioner Inland Revenue (Appeals) shall submit electronically a monthly performance report as prescribed on Iris web portal by the 5th of every month.

(2) Commissioner Inland Revenue (Appeals) shall submit the stay applications disposal report as prescribed on Iris web portal by the 5th and 20th day of every month

76M. Uploading Manual Orders/letters Received: The Commissioner Inland Revenue (Appeals) shall make it sure that orders/decisions received from the Tribunal or Higher Courts and all other documents which have been received manually from quarters other than the appellant, are immediately uploaded in Iris in soft form with the relevant case on web portal.

76N. Electronic Order: The order passed electronically on Iris web portal shall not require any seal or signature of the Commissioner (Appeals). The date of order shall be the date as mentioned on the order generated by the system.

76O. Explanation. (1) No case pertaining to the Tax Year 2014 onwards, shall be filed manually from 1st of January 2021, and the cases already filed manually before the said date shall be proceeded as per the SRO 279(I)/2018 dated 5th March, 2018. All such cases shall be finalized as per law but not later than 2[31st December, 2021]. If any case is left out or remanded back by the Tribunal or Higher Judiciary, from the cases processed earlier manually, the Commissioner (Appeals) shall process it electronically with the effect from 1st July, 2021.

(2) The cases pertaining to periods prior to the Tax Year, 2014 would be processed as per SRO 279(I)/2018 dated 05-03-2018.

1-For "Rule 76 to 76O" substituted by Notification No. SRO 1315(I)/2020, dated 09-12-2020. Earlier "Rule 76 to 76O" substituted by Notification No. SRO 1262(I)/2020, dated 26-11-2020, read as under:

1[76. Appeal to the Commissioner Inland Revenue (Appeals) on web portal.- An appeal under section 127 of the Income Tax Ordinance, 2001 shall be filed, as prescribed on Iris web portal from the 1st day of January, 2021.

76A. Date of filing of appeal.- The date filing of appeal shall be the date on which it was filed electronically.

76B. Documents to accompany appeal.- (1) The appellant shall electronically attach documents along with appeal namely:-

(a) the order appealed against;

(b) notice of demand; and

(c) proof of payment of appeal fee.

(d) any other supporting document (s)

(2) The appellant shall annex an electronic index showing the documents filed under this rule.

76C. Intimation of filing of appeal to the respondent.- The appeal shall also be electronically transmitted to the respondent through Iris.

76D. Filing of affidavit regarding contrary facts.- Where a fact, which cannot be borne out by or is contrary to the record, is alleged, it shall be stated clearly and concisely by a duly sworn affidavit and shall have to be filed electronically with appeal and shall be produced in original before the Commissioner (Appeals).

76E. Defective appeals etc.- (1) Where an appeal is not filed electronically in the manner specified in these rules, an electronic notice shall be issued within three days requiring the appellant or his authorized representative, if any to bring the appeal in conformity with the rules, within the time limitation as specified in sub-section (5) of section 127 of the Ordinance subject to just exceptions under sub-section (6) of the aforesaid section and the appeal so received shall not be deemed to have been filed unless the provisions of these rules have been fully complied with.

(2) Where the appellant or his authorized representative does not meet the requirement under sub-rule (1), the matter shall be decided by the Commissioner (Appeals) through appropriate orders.

76F. Power of attorney etc., by authorized representative.- Where an authorized representative has been appointed or declared as defined in section 172 of Ordinance, such representative shall electronically attach with the appeal, the document showing his authority and his/her acceptance thereof, which shall be signed and dated by the representative and shall also specify his capacity in which he/she is acting as such. Further, this shall be produced in original before the Commissioner (Appeals).

76G. Procedure for filing and disposal of stay application.- (1) On receipt of stay application electronically the official authorized in this behalf shall fix the application for hearing in the following manner, namely:-

(a) For applications received before 01:00PM on a working day, hearing shall be fixed on the next working day; and

(b) For applications received after 01:00PM on a working day, hearing shall be fixed on the day after the next working day.

(2) Stay applications shall be disposed by the Commissioner (Appeals) electronically within seven working days of fixation.

76H. Date and place of hearing of appeal and stay applications.- (1) The Commissioner (Appeals) shall issue notices electronically to both the parties to the appeal informing them about the date and place of hearing of appeal or the stay application as the case may be.

(2) The Commissioner Inland Revenue (Appeals) may, where deemed necessary, require the respondent department to submit para-wise comments electronically in response to the appellant's electronic submissions, if any, on or before the date of hearing.

76I. Hearing of Appeal or stay application.- (1) On the day fixed for hearing or any other day to which the hearing is adjourned the appellant shall be heard and the Commissioner (Appeals) shall then hear the respondent against the appeal or stay application and in that case the appellant shall have a right to reply.

(2) The Commissioner Inland Revenue (Appeals) may from time to time adjourn the hearing of the appeal.

76J. Notice to be issued electronically to both parties under sub-section (2) of section 129.- The Commissioner Inland Revenue (Appeals) shall issue notices electronically to both parties for providing them a reasonable opportunity to present their stance in case of increase in the amount of any assessment order or decrease in the amount of any refund.

76L. Reports.- (1) The Commissioner Inland Revenue (Appeals) shall submit electronically a monthly performance report as prescribed on Iris web portal by the 5th of every month.

(2) Commissioner Inland Revenue (Appeals) shall submit the stay applications disposal report as prescribed on Iris web portal by the 5th and 20th day of every month.

76M. Uploading Manual Orders/letters Received: The Commissioner Inland Revenue (Appeals) shall make it sure that orders/decisions received from the Tribunal or Higher Courts and all other documents which have been received manually from quarters other than the appellant, are immediately uploaded in Iris in soft form with the relevant case on web portal.

76N. Electronic Order: The order passed electronically on Iris web portal shall not require any seal or signature of the Commissioner (Appeals). The date of order shall be the date as mentioned on the order generated by the system.

76O. Explanation. (1) No case pertaining to the Tax Year 2014 onwards, shall be filed manually from 1st of January 2021, and the cases already filed manually before the said date shall be proceeded as per the SRO 279(I)/2018, dated 5th March, 2018. All such cases shall be finalized as per law but not later than 30th June, 2021. If any case is left out or remanded back by the Tribunal or Higher Judiciary, from the cases processed earlier manually, the Commissioner (Appeals) shall process it electronically with the effect from 1st July, 2021.

(2) The cases pertaining to periods prior to the Tax Year, 2014 would be processed as per SRO 279(I)/2018 dated 05-03-2018.

2-For the Expression "30th June, 2021" substituted by Corrigendum dated 24-05-2021.

77. Prescribed form for appeal to the Appellate Tribunal.-

An appeal under section 131 shall be in the following form and verified in the manner indicated therein, namely:-

**FORM OF APPEAL TO THE TRIBUNAL UNDER SECTION 131
OF THE INCOME TAX ORDINANCE, 2001
(RULE 77)**

NO. _____ OF 20 ____

APPELLANT

Vs.

RESPONDENT

1[Inland Revenue Office] in which
assessment was made and one in
which it is located

Tax year to which the appeal relates
Section of the Income Tax Ordinance,
2001 under which Commissioner
passed the order

Commissioner (Appeals) passing the
appellate order

Date of communication of the order
appealed against

Address to which notices may be sent
to the appellant

Address to which notices may be sent
to the respondent

Claim in appeal

2|GROUNDS OF APPEAL
-- AS PER SEPARATE SHEET ATTACHED --

(Appellant)

(Authorised Representative, if any)

VERIFICATION

We _____, the appellant do hereby declare that what is stated above is true to the best of our information and belief.

Verified today, the _____ day of _____, 20____.

(Appellant)

N.B.

1. The memorandum of appeal (including the Grounds of Appeal when filed on a separate paper) must be in triplicate and should be accompanied by two copies (at least one of which should be a certified copy) of the order appealed against and two copies of the order of the Commissioner.
2. The memorandum of appeal in the case of an appeal by the taxpayer must be accompanied by a fee. The appeal fee must be credited in the Treasury or a Branch of the National Bank of Pakistan or the State Bank of Pakistan and the triplicate portion of the challan sent to the Tribunal with the memorandum of appeal. The Appellate Tribunal will not accept cheques, hundies or other negotiable instruments.
3. The memorandum of appeal should be set forth, concisely and under distinct heads, the grounds of appeal without any argument or narrative and such grounds should be numbered consecutively.

1-The words "Income Tax Office" substituted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

2-Substituted for "GROUND OF APPEAL" BY SRO 392(I)/2009, dated May 19, 2009.

1[78. **Prescribed Form for reference to High Court.** An application under subsection (1) of section 133 to refer to the High Court any question of law shall be in the following form, namely:-

**FORM OF REFERENCE APPLICATION UNDER
SECTION 133 OF THE INCOME TAX ORDINANCE, 2001**

Year _____

Before the High Court of _____.

Income Tax

Reference Application No. _____ of 20

APPELLANT.....

VERSUS

RESPONDENT

Title and number of appeal which
gives rise to the reference _____

The applicant (s) state (s) as follows:-

1. That the appeal noted above was decided by the _____ Bench of the Income Tax Appellate Tribunal on _____

2. That the order under sub-section (3) of section 132 of the Income Tax Ordinance, 2001 was served on the applicant on _____

3. That the facts which are admitted and/or found by the Tribunal, the determination of the Tribunal and the question(s) of law which arises out of its order have been truly stated in the attached statement of the case.

4. That the following questions of law arise out of the order of the Tribunal:-

(1)

(2)

(3)

5. That the following documents are attached with this application:

(1) Statement of the case signed by the Appellant.

(2) Certified copy of the order of the Appellate Tribunal from which the question(s) of law stated above arises.

(3) First Appellate Order (by the Commissioner (Appeals)).

(4) Original assessment or other order.

6. That other document (s) or copies thereof, as specified below (the translation in English of the document, where necessary are annexed with the statement of the case.

2[7. It is certified that the respondent has been intimated regarding filing of reference along with this copy of reference on _____.]

Signed
(Appellant)

Signed
(Authorized Representative, if any)

N.B:- 1. The application must be made in triplicate.

2. The application made by taxpayer must be accompanied by a fee of one hundred rupees. The fee be deposited in the Treasury or a Branch of the National Bank of Pakistan or the State Bank of Pakistan alongwith the income tax challan (in quadruplicate) and one copy of the challan be attached with the application.

1|CHAPTER XIII
COMMON REPORTING STANDARD

78A. Application. - This Chapter contains rules for reporting financial institutions to provide information to the Federal Board of Revenue for the purposes of section 107 read with section 165B of the Income Tax Ordinance, 2001 (XLIX of 2001).

78B. Definitions.- In this Chapter, -

(a) “Reporting Financial Institution” means any Participating Jurisdiction Financial Institution that is not a Non-Reporting Financial Institution;

(b) “Participating Jurisdiction Financial Institution” means-

(i) any Financial Institution that is resident in a Participating Jurisdiction, but excludes any branch of that Financial Institution that is located outside such Participating Jurisdiction; and

(ii) any branch of a Financial Institution that is not resident in a Participating Jurisdiction, if that branch is located in such Participating Jurisdiction;

(c) “Financial Institution” for the purposes of this Chapter, the term means a Custodial Institution, a Depository Institution, an Investment Entity or a Specified Insurance Company;

(d) “Custodial Institution” means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. An Entity holds Financial Assets for the account of others as a substantial portion of its business if the Entity’s gross income attributable to the holding of Financial Assets and related financial services equals or exceeds twenty per cent of the Entity’s gross income during the shorter of -

- (i) the three-year period that ends on the 31st December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or
- (j) the period during which the Entity has been in existence;

(e) “Depository Institution” means any Entity that accepts deposits in the ordinary course of a banking or similar business;

(f) “Investment Entity” means any Entity -

(i) that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer namely:-

- (a) trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.), foreign exchange, exchange, interest rate and index instruments, transferable securities or commodity futures trading;
- (b) individual and collective portfolio management; or
- (c) otherwise investing, administering or managing Financial Assets or money on behalf of other persons; or

(ii) the gross income of which is primarily attributable to investing, reinvesting or trading in Financial Assets, if the Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company or an Investment Entity described in sub-clause (i);

An Entity is treated as primarily conducting as a business one or more of the activities described in sub-clause (i) of clause (f), or an Entity’s gross income is primarily attributable to investing, reinvesting or trading in Financial Assets for purposes of sub-clause (ii) of clause(f), if the Entity’s gross income attributable to the relevant activities equals or exceeds fifty per cent of the Entity’s gross income during the shorter of (a) the three-year period ending on the 31st December of the year preceding the year in which the determination is made; or (b) the period during which the Entity has been in existence. The

term “Investment Entity” does not include an Entity that is an Active NFE because it meets any of the criteria in sub-clause (iv) through (vii) of clause (aq) of rule 78B.

(g) “Financial Asset” includes a security (for example, a share of stock in a corporation, partnership or beneficial ownership interest in a widely held or publicly traded partnership or trust, note, bond, debenture or other evidence of indebtedness), partnership interest, commodity, swap (for example, interest rate swaps, currency swaps, basis swaps, interest rate caps, interest rate floors, commodity swaps, equity swaps, equity index swaps and similar agreements), Insurance Contract or Annuity Contract or any interest (including a futures or forward contract or option) in a security, partnership interest, commodity, swap, Insurance Contract or Annuity Contract. The term “Financial Asset” does not include a non-debt, direct interest in real property;

(h) “Specified Insurance Company” means any Entity that is an insurance company (or the holding company of an insurance company) that issues or is obligated to make payments with respect to a Cash Value Insurance Contract or an Annuity Contract;

(i) “Non-Reporting Financial Institution” means any Financial Institution that is-

(i) a Governmental Entity, International Organization or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in a Specified Insurance Company, Custodial Institution, or Depository Institution;

(ii) a Broad Participation Retirement Fund, a Narrow Participation Retirement Fund, a Pension Fund of a Governmental Entity, International Organization or Central Bank or a Qualified Credit Card Issuer;

(iii) any other Entity that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the Entities described in sub-clauses (i) and (ii) and included in the list to be published by Federal Board of Revenue and made available on its web portal, on recommendations of the State Bank of Pakistan and the Securities Exchange Commission of Pakistan, as the case may be, as a Non- Reporting Financial Institution, provided that the status of such Entity as a Non-Reporting Financial Institution does not frustrate the purposes of these rules;

(iv) an Exempt Collective Investment Vehicle; or

(v) a trust to the extent that the trustee of the trust is a Reporting Financial Institution and reports all information required to be reported pursuant to rule 78C with respect to all Reportable Accounts of the trust;

(j) “Governmental Entity” means the government of a jurisdiction, any political subdivision of a jurisdiction (which, for the avoidance of doubt, includes a state, province, county or municipality) or any wholly owned agency or instrumentality of a jurisdiction or of any one or more of the foregoing (each, a “Governmental Entity”). This category is comprised of the integral parts, controlled entities and political subdivisions of a jurisdiction.

Explanation. - For the purpose of this clause,-

(i) an “integral part” of a jurisdiction means any person, organisation, agency, bureau, fund, instrumentality or other body, however designated, that constitutes a governing authority of a jurisdiction. The net earnings of the governing authority must be credited to its own account or

to other accounts of the jurisdiction, with no portion inuring to the benefit of any private person. An integral part does not include any individual who is a sovereign, official or administrator acting in a private or personal capacity.

(ii) a “controlled entity” means an Entity that is separate in form from the jurisdiction or that otherwise constitutes a separate juridical entity, provided that-

(A) the Entity is wholly owned and controlled by one or more Governmental Entities directly or through one or more controlled entities;

(B) the Entity’s net earnings are credited to its own account or to the accounts of one or more Governmental Entities, with no portion of its income inuring to the benefit of any private person; and

(C) the Entity’s assets vest in one or more Governmental Entities upon dissolution; and

(iii) Income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a governmental program and the program activities are performed for the general public with respect to the common welfare or relate to the administration of some phase of government. Notwithstanding the foregoing, however, income is considered to inure to the benefit of private persons if the income is derived from the use of a governmental entity to conduct a commercial business, such as a commercial banking business that provides financial services to private persons;

(k) “International Organization” means any international organization or wholly owned agency or instrumentality thereof and includes any intergovernmental organization (including a supranational organization) that is comprised primarily of governments, that has in effect a headquarters or substantially similar agreement with Pakistan and the income of which does not inure to the benefit of private persons;

(l) “Central Bank” means an institution that is by law or government sanction the principal authority, other than the government of the jurisdiction itself, issuing instruments intended to circulate as currency. Such an institution may include an instrumentality that is separate from the government of the jurisdiction, whether or not owned in whole or in part by the jurisdiction;

(m) “Broad Participation Retirement Fund” means a fund established to provide retirement, disability or death benefits or any combination thereof, to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that the fund-

(i) does not have a single beneficiary with a right to more than five per cent of the fund’s assets;

(ii) is subject to government regulation and provides information reporting to the tax authorities; and

(iii) satisfies at least one of the following requirements, namely:-

(A) The fund is generally exempt from tax on investment income or taxation of such income is deferred or taxed at a reduced rate, due to its status as a retirement or pension plan;

(B) the fund receives at least fifty per cent of its total contributions (other than transfers of assets from other plans described in clauses (m) through (o) or from retirement and pension accounts described in sub- clause (i) of clause (ah) from the sponsoring employers;

(C) distributions or withdrawals from the fund are allowed only upon the occurrence of specified events related to retirement, disability or death (except rollover distributions to other retirement funds described in clauses (m) through (o) or retirement and pension accounts described in sub-clause (i) of clause (ah) or penalties apply to distributions or withdrawals made before such specified events; or

(D) contributions (other than certain permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or may not exceed fifty thousand US Dollars annually, applying the rules set forth in sub- rule (3) of rule 781 for account aggregation and currency translation;

(n) “Narrow Participation Retirement Fund” means a fund established to provide retirement, disability or death benefits to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that-

(i) the fund has fewer than fifty participants;

(ii) the fund is sponsored by one or more employers that are not Investment Entities or Passive NFEs;

(iii) the employee and employer contributions to the fund [other than transfers of assets from retirement and pension accounts described in sub-clause (i) of clause (ah)] are limited by reference to earned income and compensation of the employee, respectively;

(iv) participants, that are not residents of the jurisdiction in which the fund is established, are not entitled to more than twenty per cent of the fund’s assets; and

(v) the fund is subject to government regulation and provides information reporting to the tax authorities;

(o) “Pension Fund of a Governmental Entity, International Organization or Central Bank” means a fund established by a Governmental Entity, International Organization or Central Bank to provide retirement, disability or death benefits to beneficiaries or participants that are current or former employees (or persons designated by such employees) or that are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services performed for the Governmental Entity, International Organization or Central Bank;

(p) “Qualified Credit Card Issuer” means a Financial Institution satisfying the following requirements, namely:-

(i) the Financial Institution is a Financial Institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer; and

(ii) beginning on or before the 1st July, 2017, the Financial Institution implements policies and procedures either to prevent a customer from making an overpayment in excess of fifty thousand US Dollars or to ensure that any customer overpayment in excess of fifty thousand US Dollars is refunded to the customer within sixty days, in each case applying the rules set forth in sub-rule (3) of rule 781 for account aggregation and currency translation. For this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns;

(q) “Exempt Collective Investment Vehicle” means an Investment Entity that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle are held by or through individuals or Entities that are not Reportable Persons except a Passive NFE with Controlling Persons who are Reportable Persons. An Investment Entity that is regulated as a collective investment vehicle does not fail to qualify as an Exempt Collective Investment Vehicle, solely because the collective investment vehicle has issued physical shares in bearer form, provided that-

(i) the collective investment vehicle has not issued and does not issue any physical shares in bearer form;

(ii) the collective investment vehicle retires all such shares upon surrender;

(iii) the collective investment vehicle performs the due diligence procedures set forth in rule 78D through 78J and reports any information required to be reported with respect to any such shares when such shares are presented for redemption or other payment; and

(iv) the collective investment vehicle has in place policies and procedures to ensure that such shares are redeemed or immobilized as soon as possible and in any event prior to the 1st July, 2017;

(r) “Financial Account” means an account maintained by a Financial Institution and includes a Depository Account, a Custodial Account and

(i) in the case of an Investment Entity, any equity or debt interest in the Financial Institution. Notwithstanding the foregoing, the term “Financial Account” does not include any equity or debt interest in any Entity that is an Investment Entity solely because it (a) renders investment advice to and acts on behalf of or (b) manages portfolios for and acts on behalf of a customer for the purpose of investing, managing or administering Financial Assets deposited in the name of the customer with a Financial Institution other than such Entity;

(ii) in the case of a Financial Institution not described in sub-clause (i) any equity or debt interest in the Financial Institution, if the class of interests was established with a purpose of avoiding reporting in accordance with Rule 78C; and

(iii) any Cash Value Insurance Contract and any Annuity Contract issued or maintained by a Financial Institution, other than a noninvestment- linked, non-transferable immediate life annuity that is issued to an individual and monetizes a pension or disability benefit provided under an account that is an Excluded Account. The term “Financial Account” does not include any account that is an excluded account;

(s) “Depository Account” includes any commercial, checking, savings, time or thrift account or an account that is evidenced by a certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness or other similar instrument maintained by a Financial Institution in the ordinary course of a banking or similar business. A Depository Account also includes an amount held by an insurance company pursuant to a guaranteed investment contract or similar agreement to pay or credit interest thereon;

(t) “Custodial Account” means an account (other than an Insurance Contract or Annuity Contract) that holds one or more Financial Assets for the benefit of another person;

(u) “Equity Interest” means, in the case of a partnership that is a Financial Institution, either a capital or profits interest in the partnership. In the case of a trust that is a Financial Institution, an Equity Interest is considered to be held by any person treated as a settlor or beneficiary of all or a portion of the trust, or any other natural person exercising ultimate effective control over the trust. A Reportable Person will be treated as being a beneficiary of a trust if such Reportable Person has the right to receive directly or

indirectly (for example, through a nominee) a mandatory distribution or may receive, directly or indirectly, a discretionary distribution from the trust;

(v) “Insurance Contract” means a contract (other than an Annuity Contract) under which the issuer agrees to pay an amount upon the occurrence of a specified contingency involving mortality, morbidity, accident, liability or property risk;

(w) “Annuity Contract” means a contract under which the issuer agrees to make payments for a period of time determined in whole or in part by reference to the life expectancy of one or more individuals. The term also includes a contract that is considered to be an Annuity Contract in accordance with the law, regulation or practice of the jurisdiction in which the contract was issued, and under which the issuer agrees to make payments for a term of years;

(x) “Cash Value Insurance Contract” means an Insurance Contract (other than an indemnity reinsurance contract between two insurance companies) that has a Cash Value;

(y) “Cash Value” means the greater of (a) the amount that the policyholder is entitled to receive upon surrender or termination of the contract (determined without reduction for any surrender charge or policy loan), and (b) the amount the policyholder can borrow under or with regard to the contract. Notwithstanding the foregoing, the term “Cash Value” does not include an amount payable under an Insurance Contract-

(i) solely by reason of the death of an individual insured under a life insurance contract;

(ii) as a personal injury or sickness benefit or other benefit providing indemnification of an economic loss incurred upon the occurrence of the event insured against;

(iii) as a refund of a previously paid premium (less cost of insurance charges whether or not actually imposed) under an Insurance Contract (other than an investment-linked life insurance contract or an Annuity Contract) due to cancellation or termination of the contract, decrease in risk exposure during the effective period of the contract, or arising from the correction of a posting or similar error with regard to the premium for the contract;

(iv) as a policyholder dividend (other than a termination dividend) provided that the dividend relates to an Insurance Contract under which the only benefits payable are described in sub-clause (ii) of clause (y); or

(v) as a return of an advance premium or premium deposit for an Insurance Contract for which the premium is payable at least annually if the amount of the advance premium or premium deposit does not exceed the next annual premium that will be payable under the contract;

(z) “Preexisting Account” means a Financial Account maintained by a Reporting Financial Institution on or before the 30th June, 2017;

(aa) “New Account” means a Financial Account maintained by a Reporting Financial Institution opened on or after the 1st July, 2017;

(ab) “Preexisting Individual Account” means a Preexisting Account held by one or more individuals;

(ac) “New Individual Account” means a New Account held by one or more individuals;

(ad) “Preexisting Entity Account” means a Preexisting Account held by one or more Entities;

(ae) “Lower Value Account” means a Preexisting Individual Account with an aggregate balance or value that does not exceed one million US Dollars as of 30th June, 2017 or the 31st December of any subsequent year;

(af) “High Value Account” means a Preexisting Individual Account with an aggregate balance or value that exceeds one million US Dollars as of the 30th June, 2017 or the 31st December of any subsequent year;

(ag) “New Entity Account” means a New Account held by one or more Entities;

(ah) “Excluded Account” means any of the following accounts, namely:-

(i) a retirement or pension account that satisfies the following requirements, namely:-

(A) the account is subject to regulation as a personal retirement account or is part of a registered or regulated retirement or pension plan for the provision of retirement or pension benefits (including disability or death benefits);

B) the account is tax-favoured (i.e. contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);

(C) information reporting is required to the Commissioner Inland Revenue with respect to the account;

(D) withdrawals are conditioned on reaching a specified retirement age, disability, or death, or penalties apply to withdrawals made before such specified events; and

(E) either (i) annual contributions are limited to fifty thousand US Dollars or less, or (ii) there is a maximum lifetime contribution limit to the account of one million US Dollars or less, in each case applying the rules set forth in sub-rule (3) of rule 781 for account aggregation and currency translation.

A Financial Account that otherwise satisfies the requirements of this paragraph will not fail to satisfy such requirements solely because such Financial Account may receive assets or funds transferred from one or more Financial Accounts that meet the requirements of sub-clauses (i) or (ii) of clause (ah) or from one or more retirement or pension funds that meet the requirements of any of clauses (m) through (o);

(ii) an account that satisfies the following requirements, namely:-

(A) the account is subject to regulation as an investment vehicle for purposes other than for retirement and is regularly traded on an established securities market, or the account is subject to regulation as a savings vehicle for purposes other than for retirement;

(B) the account is tax-favoured (i.e. contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);

(C) withdrawals are conditioned on meeting specific criteria related to the purpose of the investment or savings account (for example, the provision of educational or medical benefits), or penalties apply to withdrawals made before such criteria are met; and

(D) annual contributions are limited to fifty thousand US dollars or less, applying the rules set forth in rule 78/ for account aggregation and currency translation.

A Financial Account that otherwise satisfies the requirement of para (D) of sub clause (ii) of clause (ah) will not fail to satisfy such requirement solely because such Financial Account may receive assets or funds transferred from one or more Financial Accounts that meet the requirements of sub-clause (i) or (ii) of clause (ah) or from one or more retirement or pension funds that meet the requirements of any of clauses (m) through (o);

(iii) a life insurance contract with a coverage period that will end before the insured individual attains age of ninety, provided that the contract satisfies the following requirements, namely:-

(A) periodic premiums, which do not decrease over time, are payable at least annually during the period the contract is in existence or until the insured attains age of ninety, whichever is shorter;

(B). the contract has no contract value that any person can access (by withdrawal, loan, or otherwise) without terminating the contract;

(C) the amount (other than a death benefit) payable upon cancellation or termination of the contract cannot exceed the aggregate premiums paid for the contract, less the sum of mortality, morbidity, and expense charges (whether or not actually imposed) for the period or periods of the contract's existence and any amounts paid prior to the cancellation or termination of the contract; and

(D) the contract is not held by a transferee for value;

(iv) an account that is held solely by an estate if the documentation for such account includes a copy of the deceased's will or death certificate;

(v) an account established in connection with any of the following, namely:-

(A) a court order or judgment;

(B) a sale, exchange or lease of real or personal property, provided that the account satisfies the following requirements , namely:-

(I) the account is funded solely with a down payment, earnest money, deposit in an amount appropriate to secure an obligation directly related to the transaction, or a similar payment, or is funded with a Financial Asset that is deposited in the account in connection with the sale, exchange, or lease of the property;

(II) the account is establish and used solely to secure the obligation of the purchaser to pay the purchase price for the property, the seller to pay any contingent liability, or the lessor or lessee to pay for any damages relating to the leased property as agreed under the lease;

(III) the assets of the account, including the income earned thereon, will be paid or otherwise distributed for the benefit of the purchaser, seller, lessor, or lessee (including to satisfy such person's obligation) when the property is sold, exchanged, or surrendered, or the lease terminates;

(IV) the account is not a margin or similar account established in connection with a sale or exchange of a Financial Asset; and

(V) the account is not associated with an account described in sub-clause (vi) of clause (ah);

(C) an obligation of a Financial Institution servicing a loan secured by real property to set aside a portion of a payment solely to facilitate the payment of taxes or insurance related to the real property at a later time;

(D) An obligation of a Financial Institution solely to facilitate the payment of taxes at a later time;

(vi) A Depository Account that satisfies the following requirements; namely:-

(A) the account exists solely because a customer makes a payment in excess of a balance due with respect to a credit card or other revolving credit facility and the overpayment is not immediately returned to the customer; and

(B) Beginning on or before the 1st July, 2017, the Financial Institution implements policies and procedures either to prevent a customer from making an overpayment in excess of fifty thousand US Dollar or to ensure that any customer overpayment in excess of fifty thousand US Dollars is refunded to the customer within sixty days, in each case applying the rules set forth in sub-rule (3) of rule 78I for currency translation. For this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns;

(vii) any other account that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the accounts described in sub-clauses (i) through (vi) of clause (ah) and is included in the list to be published by the Federal Board of Revenue (FBR) and made available on its web portal, on recommendations of the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan, as the case may be, as excluded account, provided that the status of such account as an Excluded Account does not frustrate the purposes of these rules;

(ai) “Reportable Account” means an account held by one or more Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a Reportable Person provided it has been identified as such pursuant rule 78D through 78J;

(aj) “Reportable Person” means a Person other than-

(i) a corporation the stock of which is regularly traded on one or more established securities markets;

(ii) any corporation that is a Related Entity of a corporation described in sub-clause (i);

(iii) a Governmental Entity;

(iv) an International Organization;

(v) a Central Bank; or

(vi) a Financial Institution.

(ak) “Reportable Jurisdiction Person” means an individual or Entity that is resident in a Reportable Jurisdiction or an estate of a decedent that was a resident of Reportable Jurisdiction. For this purpose, an Entity such as a partnership, limited liability partnership or similar legal arrangement that has no residence for tax purposes shall be treated as resident in the jurisdiction in which its place of effective management is situated;

(al) “Reportable Jurisdiction” means all jurisdictions other than Pakistan and the United States of America;

(am) “Participating Jurisdiction” means a jurisdiction (i) with which an agreement is in place pursuant to which there is an obligation in place to provide the information specified in rule 78C, and (ii) which is identified in a published list to be made available on FBR’s web portal;

(an) “Controlling Persons” means the natural persons who exercise control over an Entity 1[or owns 20% or above stake in an entity]. In the case of a trust, such term means the settlor, the trustees, the protector, if any, the beneficiaries or class of beneficiaries and any other natural person exercising ultimate effective control over the trust and in the case of a legal arrangement, other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” must be interpreted in a manner consistent with the Financial Action Task Force recommendations;

(ao) “NFE” means any Entity that is not a Financial Institution;

(ap) “Passive NFE” means any (i) NFE that is not an Active NFE or (ii) an Investment Entity described in sub-clause (ii) of clause (f) that is not a Participating Jurisdiction Financial Institution;

(aq) “Active NFE” means any NFE that meets any of the following criteria, namely:-

(i) less than fifty per cent of the NFE’s gross income for the preceding calendar year is passive income and less than fifty per cent of the assets held by the NFE during the preceding calendar year are assets that produce or are held for the production of passive income;

(ii) the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;

(iii) the NFE is a Governmental Entity, an International Organization, a Central Bank , or an Entity wholly owned by one or more of the foregoing;

(iv) substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;

(v) the NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is twenty four months after the date of the initial organization of the NFE;

(vi) the NFE was not a Financial Institution in the past five years and is in the process of liquidating its assets or is reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution;

(vii) the NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or

(viii) the NFE meets all of the following requirements, namely:-

(A) it is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organization, business league, chamber of commerce,

labour organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare;

(B) it is exempt from income tax in its jurisdiction of residence;

(C) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

(D) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and

(E) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organization, or escheat to the government of the NFE's jurisdiction of residence or any political subdivision thereof;

(ar) "Account Holder" means the person listed or identified as the holder of a Financial Account by the Financial Institution that maintains the account. A person, other than a Financial Institution, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor or intermediary is not treated as holding the account for purposes of these rules and such other person is treated as holding the account. In the case of a Cash Value Insurance Contract or an Annuity Contract, the Account Holder is any person entitled to access the Cash Value or change the beneficiary of the contract. If no person can access the Cash Value or change the beneficiary, the Account Holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a Cash Value Insurance Contract or an Annuity Contract, each person entitled to receive a payment under the contract is treated as an Account Holder;

(as) "AML/KYC Procedures" means the customer due diligence procedures of a Reporting Financial Institution pursuant to the anti-money laundering or similar requirements to which such Reporting Financial Institution is subject;

(at) "Entity" means a legal person or a legal arrangement, such as a corporation, partnership, trust or foundation;

(au) "Related Entity" means if either entity controls the other Entity, or two Entities are under common control. For this purpose control includes direct or indirect ownership of more than fifty percent of the vote and value in an Entity;

(av) "TIN" means Taxpayer Identification Number (or any other functional equivalent in the absence of a Taxpayer Identification Number); and

(aw) "Documentary Evidence" includes any of the following, namely:-

(i) a certificate of residence issued by an authorized government body (for example, a government or agency thereof or a municipality) of the jurisdiction in which the payee claims to be a resident;

(ii) with respect to an individual, any valid identification issued by an authorized government body (for example, a government or agency thereof or a municipality that includes the individual's name and is typically used for identification purposes;

(iii) with respect to an Entity, any official documentation issued by an authorized government body (for example, a government or agency thereof or a municipality) that includes the name of the Entity and either the address of its principal office in the jurisdiction in which it claims to be a resident or the jurisdiction in which the Entity was incorporated or organized;

(iv) any audited financial statement, third-party credit report, bankruptcy filing or securities regulator's report.

78C. General Reporting Requirements.- (1) Subject to sub-rule (3) through (6) each Reporting Financial Institution shall report the following information with respect to each Reportable Account of such Reporting Financial Institution to the Federal Board of Revenue, namely:-

- (a) the name, address, jurisdiction of residence, TIN and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with rules 78G through 787, is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction of residence and TIN of the Entity and the name, address, jurisdiction of residence, TIN and date and place of birth of each Reportable Person;
- (b) the account number (or functional equivalent in the absence of an account number);
- (c) the name and identifying number, if any, of the Reporting Financial Institution;
- (d) the account balance or value (including, in the case of a Cash Value Insurance Contract or Annuity Contract, the Cash Value or surrender value) as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;
- (e) in the case of any Custodial Account-
 - (i) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year; or other appropriate reporting period; and
 - (ii) the total gross proceeds from the sale or redemption of Financial Assets paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution acted as a custodian, broker, nominee or otherwise as an agent for the Account Holder;
- (f) in the case of any Depository Account, the total gross amount of interest paid or credited to the account during the calendar year or other appropriate reporting period; and
- (g) in the case of any account not described in clause (e) or (f) of sub-rule (1), the total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period.

(2) The information reported shall identify the currency in which each amount is denominated.

(3) Notwithstanding clause (a) of sub-rule (1), with respect to each Reportable Account that is a Preexisting Account, the TIN or date of birth is not required to be reported if such TIN or date of birth is not in the records of the Reporting Financial Institution and is not otherwise required to be collected by such Reporting Financial Institution under the domestic law. However, a Reporting Financial Institution is required to use reasonable efforts to obtain the TIN and date of birth with respect to Preexisting Accounts by the end of the second calendar year following the year in which such Accounts were identified as Reportable Accounts.

(4) Notwithstanding clause (a) of sub- rule (1), the TIN is not required to be reported if (i) a TIN is not issued by the relevant Reportable Jurisdiction or (ii) the domestic law of the relevant Reportable Jurisdiction does not require the collection of the TIN issued by such Reportable Jurisdiction.

(5) Notwithstanding clause (a) of sub- rule (1), the place of birth is not required to be reported unless the Reporting Financial Institution is otherwise required to obtain and report it under the domestic law and it is available in the electronically searchable data maintained by the Reporting Financial Institution.

(6) Notwithstanding rule 78C, the information to be reported with respect to 2017 is the information described in said rule, except for gross proceeds described in sub-clause (ii) of clause (e) of sub-rule (1).

78D. General Due Diligence Requirements.- (1) An account is treated as a Reportable Account beginning as of the date it is identified as such pursuant to the due diligence procedures in rules 78D through 78J and, unless otherwise provided, information with respect to a Reportable Account shall be reported annually in the calendar year following the year to which the information relates.

(2) The balance or value of an account is determined as of the last day of the calendar year or other appropriate reporting period.

(3) Where a balance or value threshold is to be determined as of the last day of a calendar year, the relevant balance or value shall be determined as of the last day of the reporting period that ends with or within that calendar year.

(4) Reporting Financial Institutions may use service providers to fulfill the reporting and due diligence obligations imposed on such Reporting Financial Institutions pursuant to these rules, but these obligations shall remain the responsibility of the Reporting Financial Institutions.

(5) Reporting Financial Institutions may apply the due diligence procedures for New Accounts to Preexisting Accounts and the due diligence procedures for High Value Accounts to Lower Value Accounts. Where New Account due diligence procedures are used for Preexisting Accounts, the rules otherwise applicable to Preexisting Accounts shall continue to apply.

78E. Due diligence procedures for Preexisting Individual Accounts. – The following procedures apply for purposes of identifying Reportable Accounts among preexisting Individual Accounts, namely:-

(1) Accounts not Required to be Reviewed, Identified, or Reported. A Preexisting Individual Account that is a Cash Value Insurance Contract or an Annuity Contract is not required to be reviewed, identified or reported, provided the Reporting Financial Institution is effectively prevented by law from selling such Contract to residents of a Reportable Jurisdiction.

(2) Lower Value Accounts. The following procedures shall apply with respect to Lower Value Accounts, namely:-

- (a) Residence Address. If the Reporting Financial Institution has in its records a current residence address for the individual Account Holder based on Documentary Evidence, the Reporting Financial Institution may treat the individual Account Holder as being a resident for tax purposes of the jurisdiction in which the address is located for purposes of determining whether such individual Account Holder is a Reportable Person;
- (b) Electronic Record Search. If the Reporting Financial Institution does not rely on a current residence address for the individual Account Holder based on Documentary Evidence as set forth in sub-clause (a) of clause (2), the Reporting Financial Institution shall review electronically searchable data maintained by the Reporting Financial Institution for any of the following indicia and apply sub-clause (c) through (f) of sub-clause (2).
 - i) identification of the Account Holder as a resident of Reportable Jurisdiction;
 - ii) current mailing or residence address (including a post office box) in a Reportable Jurisdiction;
 - iii) one or more telephone numbers in a reporting Jurisdiction and no telephone number in the jurisdiction of the Reporting Financial Institution;
 - iv) standing instructions (other than with respect to a Depository Account) to transfer funds to an account maintained in a Reportable Jurisdiction;
 - v) currently effective power of attorney or signatory authority granted to a person with an address in a Reportable Jurisdiction; or
 - vi) a “hold mail” instruction or “in-care-of” address in a Reportable Jurisdiction if the Reporting Financial Institution does not have any other address on file for the Account Holder.
- (c) if none of the indicia listed in sub-clause (b) of clause (2) are discovered in the electronic search, then no further action is required until there is a change in circumstances that results in one or more indicia being associated with the account or the account becomes a High Value Account;
- (d) if any of the indicia listed in sub paragraphs (i) through (v) of sub-clause (b) of clause (2) are discovered in the electronic search, or if there is a change in circumstances that results in one or more indicia being associated with the account, then the Reporting Financial Institution shall treat the Account Holder as a resident for tax purposes of each Reportable Jurisdiction for which an indicium is identified, unless it elects to apply sub-clause (f) of clause (2) and one of the exceptions in such clause applies with respect to that account;
- (e) if a “hold mail” instruction or “in-care-of” address is discovered in the electronic search and no other address and none of the other indicia listed in paragraphs (i) through (v) of sub-clause (b) of clause (2) are identified for the Account Holder, the Reporting Financial Institution shall, in the order most appropriate to the circumstances, apply the paper record search described in sub-clause (b) of clause (3) or seek to obtain from the Account Holder a self-certification or

Documentary Evidence to establish the residence for tax purposes of such Account Holder. If the paper search fails to establish an indicium and the attempt to obtain the self-certification or Documentary Evidence is not successful, the Reporting Financial Institution shall report the account as an undocumented account; and

- (f) notwithstanding a finding of indicia under sub-clause (b) of clause (2), a Reporting Financial Institution is not required to treat an Account Holder as a resident of a Reportable Jurisdiction, if

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- (i) the Account Holder information contains a current mailing or residence address in the Reportable Jurisdiction, one or more telephone numbers in the Reportable Jurisdiction (and no telephone number in the jurisdiction of the Reporting Financial Institution) or standing instructions (with respect to Financial Accounts other than Depository Accounts) to transfer funds to an account maintained in a Reportable Jurisdiction, the Reporting Financial Institution obtains, or has previously reviewed and maintains a record of -

(A) a self-certification from the Account Holder of the jurisdiction of residence of such Account Holder that does not include such Reportable Jurisdiction; and

(B) documentary evidence establishing the Account Holder's non-reportable status; and

- (ii) the Account Holder information contains a currently effective power of attorney or signatory authority granted to a person with an address in the Reportable Jurisdiction, the Reporting Financial Institution obtains or has previously reviewed and maintains a record of -

(A) a self-certification from the Account Holder of the jurisdiction of residence of such Account Holder that does not include such Reportable Jurisdiction; or

(B) documentary evidence establishing the Account Holder's non-reportable status.

(3) Enhanced Review Procedures for High Value Accounts. The following enhanced review procedures apply with respect to High Value Accounts, namely:-

- (a) Electronic Record Search. With respect to High Value Accounts, the Reporting Financial Institution will review electronically searchable data maintained by the Reporting Financial Institution for any of the indicia described in sub-clause (b) of clause (2);
- (b) Paper Record Search, if the Reporting Financial Institution's electronically searchable databases include fields for and capture all of the information described in sub-clause (c) of clause (3), then a further paper record search is not required. If the electronic databases do not capture all of this information, then with respect to a High Value Account, the Reporting Financial Institution shall also review the current customer master file and, to the extent not contained in the current customer master file, the following documents associated with the account and obtained by the Reporting Financial Institution within the last five years for any of the indicia described in sub-clause (b) of clause (2) namely:-

- (i) the most recent Documentary Evidence collected with respect to the account;
- (ii) the most recent account opening contract or documentation;
- (iii) the most recent documentation obtained by the Reporting Financial Institution pursuant to AML or KYC Procedures or for other regulatory purposes;
- (iv) any power of attorney or signature authority forms currently in effect; and

- (v) any standing instructions (other than with respect to a Depository Account) to transfer funds currently in effect;

(c) Exception to the Extent Databases Contain Sufficient Information.

A Reporting Financial Institution is not required to perform the paper record search described in sub-clause (b) of clause (3) to the extent the Reporting Financial Institution's electronically searchable information includes the following; namely:-

- (i) the Account Holder's residence status;
 - (ii) the Account Holder's residence address and mailing address currently on file with the Reporting Financial Institution;
 - (iii) the Account Holder's telephone number currently on file, if any, with the Reporting Financial Institution;
 - (iv) in the case of Financial Accounts other than Depository Accounts, whether there are standing instructions to transfer funds in the account to another account (including an account at another branch of the Reporting Financial Institution or another Financial Institution);
 - (v) whether there is a current "in-care-of" address or "hold mail" instruction for the Account Holder; and
 - (vi) whether there is any power of attorney or signatory authority for the account.
- (d) Relationship Manager Inquiry or Actual Knowledge. In addition to the electronic and paper record searches described above, the Reporting Financial Institution shall treat as a Reportable Account any High Value Account assigned to a relationship manager (including any Financial Accounts aggregated with that High Value Account) if the relationship manager has actual knowledge that the Account Holder is a Reportable Person.

(e) Effect of Finding Indicia. -

- (i) if none of the indicia listed in sub-clause (b) of clause (2) are discovered in the enhanced review of High Value Accounts described above and the account is not identified as held by a Reportable Person in sub-clause (d) of clause (3), then further action is not required until there is a change in circumstances that results in one or more indicia being associated with the account;
- (ii) if any of the indicia listed in paragraphs (i) through (v) of sub-clause (b) of clause (2) are discovered in the enhanced review of High Value Accounts described above, or if there is a subsequent change in circumstances that results in one or more indicia being associated with the account, then the Reporting Financial Institution shall treat the account as a Reportable Account with respect to each Reportable Jurisdiction for which an indicium is identified unless it elects to apply sub-clause (f) of clause (2) and one of the exceptions in such clause applies with respect to that account;
- (iii) if a "hold mail" instruction or "in-care-of" address is discovered in the enhanced review of High Value Accounts described above, and no other address and none of the other indicia listed in paragraphs (i) through (v) of sub-clause (b) of clause (2) are identified for the Account Holder, the Reporting Financial Institution shall obtain from such Account Holder a self- certification or Documentary Evidence to establish the residence for tax purposes of the Account Holder. If the Reporting Financial Institution cannot obtain such self-certification or Documentary Evidence, it shall report the account as an undocumented account;

- (f) if a Preexisting Individual Account is not a High Value Account as of the 30th June, 2017, but becomes a High Value Account as of the last day of a current or subsequent calendar year, the Reporting Financial Institution shall complete the enhanced review procedures described in clause (3) with respect to such account within the calendar year following the year in which the account becomes a High Value Account. If based on this review such account is identified as a Reportable Account, the Reporting Financial Institution shall report the required information about such account with respect to the year in which it is identified as a Reportable Account and subsequent years on an annual basis, unless the Account Holder ceases to be a Reportable Person;
- (g) once a Reporting Financial Institution applies the enhanced review procedures described in clause (3) to a High Value Account, the Reporting Financial Institution is not required to re-apply such procedures, other than the relationship manager inquiry described in sub-clause (d) clause (3), to the same High Value Account in any subsequent year unless the account is undocumented where the Reporting Financial Institution should re-apply them annually until such account ceases to be undocumented;
- (h) if there is a change of circumstances with respect to a High Value Account that results in one or more indicia described in sub-clause (b) of clause (2) being associated with the account, then the Reporting Financial Institution shall treat the account as a Reportable Account with respect to each Reportable Jurisdiction for which an indicium is identified unless it elects to apply sub-clause (f) of clause (2) and one of the exceptions in such sub-clause applies with respect to that account.
- (i) A Reporting Financial Institution shall implement procedures to ensure that a relationship manager identifies any change in circumstances of an account. For example, if a relationship manager is notified that the Account Holder has a new mailing address in a Reportable Jurisdiction, the Reporting Financial Institution is required to treat the new address as a change in circumstances and, if it elects to apply sub-clause (f) of clause (2), is required to obtain the appropriate documentation from the Account Holder.

(4) Review of Preexisting High Value Individual Accounts shall be completed by the 31st December, 2017 and for Low Value Accounts, by the 31st December, 2018; and

(5) Any Preexisting Individual Account that has been identified as a Reportable Account under this rule shall be treated as a Reportable Account in all subsequent years, unless the Account Holder ceases to be a Reportable Person.

78F. Due Diligence for New Individual Accounts.- The following procedures shall apply for purposes of identifying Reportable Accounts among New Individual Accounts, namely:-

(1) With respect to New Individual Accounts, upon account opening, the Reporting Financial Institution shall obtain a self-certification, which may be part of the account opening documentation, that allows the Reporting Financial Institution to determine the Account Holder's residence for tax purposes and confirm the reasonableness of such self-certification based on the information obtained by the Reporting Financial Institution in connection with the opening of the account, including any documentation collected pursuant to AML or KYC Procedures;

(2) If the self-certification establishes that the Account Holder is resident for tax purposes in a Reportable Jurisdiction, the Reporting Financial Institution shall treat the account as a Reportable Account and the self-certification shall also include the Account Holder's TIN with respect to such Reportable Jurisdiction (subject to sub-rule (4) of rule 78C) and date of birth; and

(3) If there is a change of circumstances with respect to a New Individual Account that causes the Reporting Financial Institution to know, or have reason to know, that the original self certification is incorrect or unreliable, the Reporting Financial Institution cannot rely on the original self-certification and shall obtain a valid self-certification that establishes the residence for tax purposes of the Account Holder.

78G. Due Diligence for Preexisting Entity Accounts.- The following procedures shall apply for the purposes of identifying Reportable Accounts among Preexisting Entity Accounts, namely:-

(1) Entity Accounts not Required to be Reviewed, Identified or Reported.

Unless the Reporting Financial Institution elects otherwise, either with respect to all Preexisting Entity Accounts or, separately, with respect to any clearly identified group of such accounts, a Preexisting Entity Account with an aggregate account balance or value that does not exceed two hundred fifty thousand US Dollars as of the 31st December, 2017, is not required to be reviewed, identified or reported as a Reportable Account until the account balance or value exceeds two hundred fifty thousand US Dollars as of the last day of any subsequent calendar year;

(2) Entity Accounts subject to Review. A Preexisting Entity Account that has an aggregate account balance or value that exceeds two hundred fifty thousand US Dollars as of the 31st December, 2017, and a Preexisting Entity Account that does not exceed two hundred fifty thousand US Dollars as of the 31st December, 2017 but the aggregate account balance or value of which exceeds two hundred fifty thousand US Dollars as of the last day of any subsequent calendar year, shall be reviewed in accordance with the procedures set forth in clause (4);

(3) Entity Accounts with respect to which Reporting is required. With respect to Preexisting Entity Accounts described in clause (2), only accounts that are held by one or more Entities that are Reportable Persons, or by Passive NFEs with one or more Controlling Persons who are Reportable Persons, shall be treated as Reportable Accounts;

(4) Review Procedures for identifying entity Accounts with respect to which Reporting is required. For Preexisting Entity Accounts described in clause (2), a Reporting Financial Institution shall apply the following review procedures to determine whether the account is held by one or more Reportable Persons, or by Passive NFEs with one or more Controlling Persons who are Reportable Persons, namely:-

(a) Determine whether the Entity' is a Reportable Person.

(i) Review information maintained for regulatory or customer relationship purposes (including information collected pursuant to AML or KYC Procedures) to determine whether the information indicates that the Account Holder is resident in a Reportable Jurisdiction. For this purpose, information indicating that the Account Holder is resident in a Reportable Jurisdiction includes a place of incorporation or organisation, or an address in a Reportable Jurisdiction;

(ii) If the information indicates that the Account Holder is resident in a Reportable Jurisdiction, the Reporting Financial Institution shall treat the account as a Reportable Account unless it obtains a self-certification from the Account Holder, or reasonably determines based on information in its possession or that is publicly available, that the Account Holder is not a Reportable Person;

(b) Determine whether the Entity is a Passive NFE with one or more Controlling Persons who are Reportable Persons. With respect to an Account Holder of a Preexisting Entity Account (including an Entity that is a Reportable Person), the Reporting Financial Institution shall determine whether the Account Holder is a Passive NFE with one or more Controlling Persons who are Reportable Persons. If any of the Controlling Persons of a Passive NFE is a Reportable Person, then the account shall be treated as a Reportable Account. In making these determinations the Reporting Financial Institution shall follow the guidance in the following paragraphs in the order most appropriate under the circumstances:-

- (i) Determining whether the Account Holder is a Passive NFE. For purposes of determining whether the Account Holder is a Passive NFE, the Reporting Financial Institution shall obtain a self-certification from the Account Holder to establish its status, unless it has information in its possession or that is publicly available, based on which it can reasonably determine that the Account Holder is an Active NFE or a Financial Institution other than an Investment Entity described in paragraph (ii) of sub-clause (f) of rule 78B that is not a Participating Jurisdiction Financial Institution;
- (ii) Determining the Controlling Persons of an Account Holder. For the purposes of determining the Controlling Persons of an Account Holder, a Reporting Financial Institution may rely on information collected and maintained pursuant to AML or KYC Procedures; and
- (iii) Determining whether a Controlling Person of a Passive NFE is a Reportable Person. For the purposes of determining whether a Controlling Person of a Passive NFE is a Reportable Person, a Reporting Financial Institution may rely on Information collected and maintained pursuant to AML or KYC Procedures in the case of a Preexisting Entity Account held by one or more NFEs with an aggregate account balance that does not exceed one million US Dollars ; or a self-certification from the Account Holder or such Controlling Person of the jurisdiction in which the Controlling Person is resident for tax purposes; and

(5) Timing of Review and Additional Procedures Applicable to Preexisting Entity Accounts.

- (a) Review of Preexisting Entity Accounts with an aggregate account balance or value that exceeds two hundred fifty thousand US Dollars as of the 31st December, 2017 shall be completed by the 31st December, 2018.
- (b) Review of Preexisting Entity Accounts with an aggregate account balance or value that does not exceed two hundred fifty thousand US Dollars as of the 31st December, 2017, but exceeds two hundred fifty thousand US Dollars as of the 31st December of a subsequent year, shall be completed within the calendar year following the year in which the aggregate account balance or value exceeds two hundred fifty thousand US Dollars; and
- (c) If there is a change of circumstances with respect to a Preexisting Entity Account that causes the Reporting Financial Institution to know, or have reason to know, that the self-certification or other documentation associated with an account is incorrect or unreliable, the Reporting Financial Institution shall re-determine the status of the account in accordance with the procedures set forth under clause (4).

78H. Due Diligence for New Entity Accounts.- The following procedures shall apply for purposes of identifying Reportable Accounts among New Entity Accounts; namely:-

(1) Review procedures for identifying Entity Accounts with respect to which reporting is required. For New Entity Accounts, a Reporting Financial Institution shall apply the following review procedures to determine whether the account is held by one or more Reportable Persons, or by Passive NFEs with one or more Controlling Persons who are Reportable Persons:-

(a) Determine Whether the Entity Is a Reportable Person.

- (i) Obtain a self-certification, which may be part of the account opening documentation, that allows the Reporting Financial Institution to determine the Account Holder's residence for tax purposes and confirm the reasonableness of such self-certification based on the information obtained by the Reporting Financial Institution in connection with the opening of the account, including any documentation collected pursuant to AML or KYC Procedures. If the Entity certifies that it has no residence for tax purposes, the Reporting Financial Institution may rely on the address of the principal office of the Entity to determine the residence of the Account Holder; and
- (ii) If the self-certification indicates that the Account Holder is resident in a Reportable Jurisdiction, the Reporting Financial Institution shall treat the account as a Reportable Account unless it reasonably determines based on information in its possession or that is publicly available, that the Account Holder is not a Reportable Person with respect to such Reportable Jurisdiction;

(b) Determine whether the Entity is a Passive NFE with one or more Controlling Persons who are Reportable Persons. With respect to an Account Holder of a New Entity Account (including an Entity that is a Reportable Person), the Reporting Financial Institution shall determine whether the Account Holder is a Passive NFE with one or more Controlling Persons who are Reportable Persons. If any of the Controlling Persons of a Passive NFE is a Reportable Person, then the account shall be treated as a Reportable Account. In making these determinations the Reporting Financial Institution shall follow the following paragraphs in the order most appropriate under the circumstances as under: -

- (i) Determining whether the Account Holder is a Passive NFE. For purposes of determining whether the Account Holder is a Passive NFE, the Reporting Financial Institution shall rely on a self-certification from the Account Holder to establish its status, unless it has information in its possession or that is publicly available, based on which it can reasonably determine that the Account Holder is an Active NFE or a Financial Institution other than an Investment Entity described in sub-clause (ii) of clause (f) of rule 78B that is not a Participating Jurisdiction Financial Institution;
- (ii) Determining the Controlling Persons of an Account Holder. For purposes of determining the Controlling Persons of an Account Holder, a Reporting Financial Institution may rely on information collected and maintained pursuant to AML or KYC Procedures; and
- (iii) Determining whether a Controlling Person of a Passive NFE is a Reportable Person. For purposes of determining whether a Controlling Person of a Passive NFE is a Reportable Person, a Reporting Financial Institution may rely on a self-certification from the Account Holder or such Controlling Person.

78I. Special due Diligence Rules. - The following additional clauses shall apply in implementing the due diligence procedures described above:

(1) Reliance on self- certification and documentary evidence. A Reporting Financial Institution may not rely on a self-certification or Documentary Evidence if the Reporting Financial Institution knows or has reason to know that the self-certification or Documentary Evidence is incorrect or unreliable;

(2) Alternative procedures for financial accounts held by individual beneficiaries of a cash value insurance contract or an annuity contract. A Reporting Financial Institution may presume that an individual beneficiary (other than the owner) of a Cash Value Insurance Contract or an Annuity Contract receiving a death benefit is not a Reportable Person and may treat such Financial Account as other than a Reportable Account unless the Reporting Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Reportable Person. A Reporting Financial Institution has reason to know that a beneficiary of a Cash Value Insurance Contract or an Annuity Contract is a Reportable Person if the information collected by the Reporting Financial Institution and associated with the beneficiary contains indicia as described in clause (2) of rule 78E. If a Reporting Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Reportable Person, the Reporting Financial Institution shall follow the procedures in clause (2) of rule 78E;

(3) Account Balance Aggregation and Currency Rules.-

- (a) Aggregation of individual accounts. For purposes of determining the aggregate balance or value of Financial Accounts held by an individual, a Reporting Financial Institution is required to aggregate all Financial Accounts maintained by the Reporting Financial Institution, or by a Related Entity, but only to the extent that the Reporting Financial Institution's computerized systems link the Financial Accounts by reference to a data element such as client number or TIN, and allow account balances or values to be aggregated. Each holder of a jointly held Financial Account shall be attributed the entire balance or value of the jointly held Financial Account for purposes of applying the aggregation requirements described in this sub-rule;
- (b) Aggregation of entity accounts. For purposes of determining the aggregate balance or value of Financial Accounts held by an Entity, a Reporting Financial Institution is required to take into account all Financial Accounts that are maintained by the Reporting Financial Institution, or by a Related Entity, but only to the extent that the Reporting Financial Institution's computerized systems link the Financial Accounts by reference to a data element such as client number or TIN, and allow account balances or values to be aggregated. Each holder of a jointly held Financial Account shall be attributed the entire balance or value of the jointly held Financial Account for purposes of applying the aggregation requirements described in this sub-rule;
- (c) Special aggregation rule applicable to relationship managers. For purposes of determining the aggregate balance or value of Financial Accounts held by a person to determine whether a Financial Account is a High Value Account, a Reporting Financial Institution is also required, in the case of any Financial Accounts that a relationship manager knows, or has reason to know, are directly or indirectly owned, controlled, or established (other than in a fiduciary capacity) by the same person, to aggregate all such accounts; and
- (d) Amounts read to include equivalent in other currencies. All dollar amounts are in U.S. dollars and shall be read to include equivalent amounts in other currencies, as determined by domestic law.

78J. International guidelines and commentaries. - For illustration, interpretation and implementation of this chapter, guidance shall also be sought from commentaries on the Model Competent Authority Agreement and Common Reporting Standard as developed by the Organization for Economic Co-Operation and Development (OECD) as amended from time to time. Following table may be referred to for cross referencing to the Commentary of OECD:

S.No.	Reference in Income Tax Rules, 2002	Reference in Commentary ⁷ on Common Reporting Standard Developed by OECD
(1)	(2)	(3)
1	Rule 78B	Commentary on Section VIII concerning Defined Terms
	Rule 78C	Commentary on Section I concerning General Reporting Requirements
2	Rule 78D	Commentary on Section II concerning Due Diligence requirements
3	Rule 78E	Commentary on Section III concerning Due Diligence for Pre Existing Individual Accounts
4	Rule 78F	Commentary on Section IV concerning Due Diligence for New Individual Accounts
5	Rule 78G	Commentary on Section V concerning Due Diligence for Pre Existing Entity Accounts
6	Rule 78H	Commentary on Section VI concerning Due Diligence for New Entity Accounts
7	Rule 78I	Commentary on Section VII concerning Special Due Diligence Requirements.”

1- Substituted by Notification No. S.R.O. 166(I)/2017, Islamabad, the 15th March, 2017

1[78K. Record keeping for due diligence procedures.- Reporting financial institutions shall keep record of the steps undertaken and any evidence relied upon for the performance of the due diligence procedures and measures to obtain such records for at least five years after the end of the period within which the reporting financial institution must report the information required to be reported.]

1[78L. Date for filing of common reporting standards reports.– The annual domestic reporting date for filing of common reporting standards reports by reporting financial institutions shall be 31st May of each year. The common reporting standard reports shall be filed on the AEOI portal on FBR's official website in CRS XML Schema prescribed by the Global Forum of Organization for Economic Co-operation and Development (OECD).]

78M. Avoidance of obligation.- If a person enters into any arrangements for the purpose of avoiding any obligation under Common Reporting Standards Rules in Chapter XIA of the Income Tax Rules, 2002 by misrepresentation or suppression of facts all the provisions of the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002 shall apply accordingly.

78N. Power to call for record and inspect premises- (1) The records maintained under Common Reporting Standards Rules in Chapter XIIA of the Income Tax Rules, 2002 including rule 78K by the reporting financial institutions or any other record maintained by any other person under any law may be required to be furnished alongwith full and free access to any premises, place, accounts, documents or computers of reporting financial institutions by the Federal Board of Revenue or any person authorized by the Board to ensure compliance of Common reporting Standards Rules in Chapter XIIA of the Income Tax Rules, 2002. The Board may under the law compel assistance of any person including State Bank of Pakistan, Securities and Exchange Commission of Pakistan and any such organization, body etc. who holds such information that may assist the Board to identify and classify reporting financial institutions, non-reporting financial institutions and excluded accounts, and ensure that their identification and classification is as per Common Reporting Standards Rules in Chapter XIIA of the Income Tax Rules, 2002.

(2) The Federal Board of Revenue may by notification establish and adopt a risk based assessment approach to invoke sub-rule (1).

780. Compulsory enrollment.- The Federal Board of Revenue may in accordance with law compulsorily enroll a reporting financial institution if the said institution fails to enroll with the department through AEOI Portal on FBR's official website.

FORM-A
[See rule 39A(1)(a)]

ACCOUNT HOLDERS DEPOSITS STATEMENT

REPORTING BANKING COMPANY: _____

BANKING COMPANY OFFICER: _____

INFORMATION OF PERSONS WHO HAVE DEPOSITED RUPEES TEN MILLION OR MORE DURING THE MONTH OF: _____

S. No.	CNIC/N/Cop / Passport No.	NTN	Name / Title of Account	Resident / Non-Resident ¹	Address	Tel No.	Account Opening Date	Account No (IBAN)	Business / Profession/ Occupation	Amount Deposited During the Month	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief, the information given in this Statement is correct and complete.

I, further declare that I am competent to make his declaration and verify it in my capacity as nominee of the reporting Banking Company_____.

Signature. _____

Name _____

CNIC _____

FORM-B
[See rule 39A(1)(c)]

CREDIT CARD(S) PAYMENTS STATEMENT

REPORTING BANKING COMPANY: _____

BANKING COMPANY OFFICER: _____

INFORMATION OF PERSONS WHO HAVE MADE CREDIT CARD PAYMENTS OF RUPEES
TWO HUNDRED THOUSAND OR MORE DURING THE MONTH OF:

S. No.	CNIC/N/Cop / Passport No.	NTN	Name / Title of Account	Resident / Non- Resident ¹	Address	Tel No.	Credit Card Acquisition Date	Credit Card No.1	Business / Profession	Amount of payments made against credit card bills	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief, the information given in this statement is correct and complete;

I, further declare that I am competent to make his declaration and verify it in my capacity as nominee of the reporting Banking Company_____.

Signature. _____

Name _____

CNIC _____

FORM-C
[See rule 39A(1)(d)]

CASH WITHDRAWAL STATEMENT

INFORMATION IN RESPECT OF CASH WITHDRAWAL EXCEEDING RUPEES ONE MILLION OR MORE DURING THE MONTH OF: _____

S. No.	CNIC/N/Cop / Passport No.	NTN	Name / Title of Account	Resident / Non-Resident ¹	Address	Tel No.	Account Opening Date	Account No. (IBAN)	Business / Profession / Occupation	Section	Amount of cash withdrawal during the month	Amount of tax deducted	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief, the information given in this statement is correct and complete;

I, further declare that I am competent to make his declaration and verify it in my capacity as nominee of the reporting Banking Company_____.

Signature._____

Name _____

CNIC _____

FORM-D
[See rule 39A(1)(g)]
PROFIT ON DEBT STATEMENT

REPORTING BANKING COMPANY: _____

BANKING COMPANY OFFICER: _____

INFORMATION IN RESPECT OF PROFIT ON DEBT DURING THE FINANCIAL YEAR: _____

S. No.	CNIC/N/Cop / Passport No.	NTN	Name / Title of Account	Resident / Non- Resident	Address	Tel No.	Account Opening Date	Account No. (IBAN)	Business / Profession	Section	Amount of profit on debit	Amount of tax deducted	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief, the information given in this statement is correct and complete;

I, further declare that I am competent to make his declaration and verify it in my capacity as nominee of the reporting Banking Company.

Signature. _____

Name _____

CNIC _____]

CHAPTER – XIII
1[TAXPAYER’S REGISTRATION]

2[79. Application of Chapter.-

The rules in this Chapter apply for the purposes of section 181 which provides for registration of taxpayers.]

1-Heading substituted for “NATIONAL TAX NUMBER CARD” by SRO 392(I)/2009, dated May 19, 2009.
2-Rule 79 substituted by SRO 392(I)/2009, dated May 19, 2009.

1[80. Registration.-

- (1) An individual having CNIC required to file return of total income manually shall be treated as registered under sub-section (4) of section 181 on the day he files the return manually.
- (2) An individual having CNIC required to e-file return of total income shall be treated as registered, when the individual is e-enrolled.
- (3) A company, an association of persons (AOP) or foreign national shall be treated as registered when the company, AOP or the foreign national, is e-enrolled.
- (4) An individual having CNIC who failed to file return, shall be registered by the Commissioner having jurisdiction on the basis of CNIC or NICOP when he is satisfied after providing opportunity to be heard that the income of the individual is taxable and is required to file return of income.
- (5) An individual not having CNIC and required to file return of total income manually shall be registered in the same manner as specified in sub-rules (1) and (4), either on application by the individual or if Commissioner is satisfied that income of individual is taxable after providing opportunity to be heard.
- (6) A company, an AOP or foreign national shall be treated as registered as per sub-rule (3), if the Commissioner, having jurisdiction over the company, an AOP or foreign national, is satisfied after providing opportunity to be heard that the company, the AOP or foreign national requires registration.]

1-Rule 80 substituted by SRO 1076(I)/2015, dated 02.11.2015, the substituted Rule 80 read as follows:

80. Application for National Tax Number Certificate.-

- (1) An application for a National Tax Number Certificate shall be in the form specified in 3[Part IX] of the First Schedule to these rules and shall be accompanied by documentary evidence of the applicant's identity.
- (2) The following shall be provided as documentary evidence of an applicant's identity-
 - (a) in the case of an individual-
 - (i) NIC or a current passport; or
 - (ii) other documents with photo-identification-driver's licence.
 - (b) in the case of a company other than a trust), the certificate of incorporation or registration of the company;
 - (c) in the case of a trust, the trust deed;
 - (d) in the case of a firm, the instrument of partnership; or
 - 3[(e) in the case of an association of persons (other than a firm), the instrument of partnership or copies of NICs of the members of the association of persons. Detail of non-resident members be provided along with copies of their passports.]
- (3) An application for a National Tax Number Certificate shall be lodged-
 - (a) by post or delivery by hand to the Commissioner having jurisdiction over the applicant; orby inclusion with the applicant's first return of income or first employer's statement furnished in lieu of a return of income.

1[80A e-enrolment.- Every individual, an AOP or a company required to e-file return of total income shall submit form of e-enrolment as specified in Part IX of the First Schedule to these rules through Board's online system.]

1[80B Requirement of e-enrolment.- (1) An individual required to be registered under sub-rule (2) of rule 80 shall provide-

- (a) number of CNIC, NICOP or Passport;
- (b) cell phone number in his name ;
- (c) e-mail address;
- (d) nationality;
- (e) residential address;
- (f) accounting period;
- (g) in case of business income,
 - (i) business name;
 - (ii) business address; and
 - (iii) principal business activity;
- (h) name and NTN of employer in case of salary income;
- (i) address of property in case of property income;

(2) A company and an AOP required to be registered under sub-rules (3) and (6) of rule 80 shall provide-

- (a) name of company or AOP;
- (b) business name;
- (c) business address;
- (d) accounting period;
- (e) phone No of business;
- (f) e-mail;
- (g) cell phone of principal officer of the company or AOP;
- (h) principal business activity;
- (i) address of industrial establishment or principal place of business;
- (j) company type, like public limited, private limited, unit trust, trust, NGO, society, small company, modaraba or any other;
- (k) date of registration;
- (l) incorporation certificate by Securities and Exchange Commission of Pakistan (SECP) in case of company;
- (m) registration certificate and partnership deed in case of registered firm;
- (n) partnership deed in case firm is not registered;
- (o) trust deed in case of trust;
- (p) registration certificate in case of society;

2[***]

- (r) name of representative with his CNIC or NTN;
- (s) following particulars of every director and major shareholder having 10% or more shares in case of company or partners in case of an AOP, namely:-

- (i) Name;
- (ii) CNIC/NTN/Passport; and (ii) Share % “]

3[“(3) A non-resident company having permanent establishment in Pakistan, required to be registered under sub-rules (3) and (6) of rule 80, shall provide -

- (a) name of company;
- (b) business address;
- (c) accounting period;

- (d) phone number of business;
- (e) principal business activity;
- (f) address of principal place of business;
- (g) registration number and date of the branch with the Securities and Exchange Commission of Pakistan (SECP);
- (h) name and address of principal officer or authorized representative of the company;
- (i) authority letter for appointment of principal officer or authorized representative of the company;
- (j) cell phone number of principal officer or authorized representative of the company; and
- (k) email address of principal officer or authorized representative of the company.

(4) A non-resident company not having permanent establishment in Pakistan, required to be registered under sub-rules (3) and (6) of rule 80, shall provide -

- (a) name of company;
- (b) business address in the foreign country;
- (c) name and nationality of directors or trustees of the company;
- (d) accounting period;
- (e) name and address of authorized representative of the company;
- (f) authority letter for appointment of authorized representative of the company.
- (g) cell phone number of authorized representative of the company;
- (h) email address of authorized representative of the company;
- (i) principal business activity; and
- (j) tax registration or incorporation document from concerned regulatory authorities of the foreign country.”]

1-Rule 80B inserted by SRO 1076(I)/2015, dated 02.11.2015.

2-Clause (q) omitted by SRO 466(I)/2016, dated 31.05.2016, omitted clause read as follows:-

“(q) registration or incorporation from concerned country in case of non- resident company or AOP”

3-Added by SRO 466(I)/2016 dated 31.05.2016.

1[81. Decision on application of registration or e-enrolment.

(1) The Commissioner may, where a person has filed a form of registration or e-enrolment under rule 80 or 80A, after examining available information, particulars, data or documents and making such inquiry as he may deem necessary, grant registration or e-enrolment to the person or after recording reasons, refuse registration or e-enrolment to the person within fifteen days of filing of form of registration or e-enrolment.

(2) Person aggrieved by any decision of the Commissioner under sub-rule (1) may file representation before the concerned Chief Commissioner within thirty days of the said decision. The Chief Commissioner after making such inquiry if necessary shall decide the representation as he deems fit.”]

Rule 81 substituted by SRO 1076(I)/2015, dated 02.11.2015. The substituted Rule 81 read as follows:

81. Decision on application for a National Tax Number Certificate-

(1) The Commissioner shall make a decision on an application for a National Tax Number [Certificate] within fifteen days of the application being properly lodged.

(2) Where the Commissioner decides not to grant a National Tax Number 1[Certificate], the Commissioner shall give the applicant notice in writing of the decision and the reasons for the decision.

1[81A. Taxpayer's registration by the Commissioner.-

(1) The Commissioner having jurisdiction over a case may register a person as a taxpayer where he is satisfied that the income of the person is taxable and is required to file a return of income under section 114.

(2) The Commissioner shall issue to the taxpayer a letter under sub-section(2) of section 181 to submit an application for registration prescribed under rule 80 along with documents specified therein within a reasonable time given in the said letter. In case of compliance NTN certificate shall be issued accordingly.

(TRN) for which a serially numbered Trial Register shall be maintained by the Commissioner. The Trial Register shall contain the basic information of the taxpayer like name of the person or business, available address, CNIC 2["if provided"], nature of income generating activity and any other information regarded useful by the Commissioner. In such case, statutory notices shall be issued for assessment of income or other legal obligation of the taxpayer under the Ordinance on TR Number:

Provided that before allotment of Trial Registration Number the Commissioner shall verify and match the particulars of the taxpayer from the NTN Master Index to avoid duplication of registration.

(4) In case any assessment is made or any liability is created by the Commissioner under the Income Tax Ordinance, 2001 against the taxpayer, the Commissioner on the basis of information as contained in Trial Register, allot an NTN to the taxpayer within fifteen days of the date of completion of assessment or creation of a liability under the Ordinance.]

1-Rule 81A inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Inserted by the SRO 30(I)/2017 dated 18th January, 2017

1[81B. Active Taxpayers List.-

(1) This rule shall apply for the purposes of clauses (23A) and (35C) of section 2 and section 181A.

(2) The Board shall publish Active Taxpayers List, hereinafter referred to as ATL, comprising persons who meet the criteria as laid down under sub-rule (4) and shall be made available on the Board's web portal, by first day of March in each financial year:

Provided that for financial year 2014-15, Active Taxpayers List shall be published and made available on the Board's web portal, by first day of July, 2014 2[:]

3[Provided further that for financial year 2014-15, Active Taxpayers List shall be published and made available at Board's web portal by the 11th April, 2015.]

(3) ATL published in any financial year shall be valid for the period beginning on the date of publish and ending on last day of February, next following 4[:]

5[Provided that Active Taxpayers List published during financial year 2013-14, shall be valid upto the 10th April, 2015.]

(4) ATL shall be updated on 6[every Sunday at 24:00 hours], hereinafter referred to as updation date.

(5) A person's name shall be included in ATL, if the person has filed a return under section 114 or a statement under section 115 for the tax year for which the last date as specified in section 118 falls during immediately preceding twelve month 7[:]

8[Provided that name of a company or an AOP in whose case return is not due to be filed because of incorporation or formation after 30th day of June relevant to the tax year referred above, shall be included in Active Taxpayers List.]

(6) In case a joint account is held in a bank by more than one person, the joint account holders as an entity shall be deemed to have met the criteria as laid down under sub-rule (5) , if any of the persons in the joint account meets the criteria as laid down under the said sub-rule (5).

(7) In case an account is held in a bank in the name of a minor, the minor shall be deemed to have met the criteria as laid down under sub-rule (5), if the parent, guardian or any person who has made deposits in the minor's account meet the criteria as laid down under said sub-rule (5).

(8) A person's name shall be included in ATL on the: immediately following updation date, if at any time the criteria as laid down under sub-rule (5), is fulfilled by that person.]

1-Rule 81B substituted by SRO 765(I)/2014, dated August 26, 2014. Earlier it was inserted by SRO 328(I)/2011, dated April 27, 2011.

2-Colon substituted for full stop by SRO 267(I)/2015, dated April 02, 2015.

3-Proviso inserted by SRO 267(I)/2015, dated April 02, 2015.

4-Colon substituted for full stop by SRO 267(I)/2015, dated April 02, 2015.

5-Proviso inserted by SRO 267(I)/2015, dated April 02, 2015.

6-Substituted for "fifteenth day of every month" by SRO 831(I)/2015, dated August 21, 2015.

7-Substituted for full stop by SRO 831(I)/2015, dated August 21, 2015.

8-Proviso inserted by SRO 831(I)/2015, dated August 21, 2015.

1[81C. Taxpayer Card.-

(1) This rule shall apply for the purposes of clauses (23A) and (35C) of section 2.

(2) Subject to sub-rule (5), the Board may issue Taxpayer Card by first of March, each year, to a person who meets the criteria as laid down in sub-rule (3):

Provided that for the returns filed after the 31st of December. Taxpayer card shall be issued within sixty days of the filing of Return.

(3) A person shall be issued Taxpayer Card, if the person has filed a return under section 114 or a statement under section 115 for the tax year for which the last date as specified in section 118 falls during immediately preceding twelve months.

(4) Taxpayer Card shall be valid for one year, beginning on the date of issue and ending on last day of February of the following year:

Provided that Taxpayers Cards issued in respect of tax year 2013, shall be valid upto 28th day of February, 2015.

(5) The Board may authorize National Database and Registration Authority (NADRA), for the purpose of printing and issuing taxpayers cards.]

1[82. Modification or cancellation of registration. -

- (1) A person, who after being registered under rule 80 or e-enrolled under rule 80A discovers any omission or wrong statement therein, or notices subsequent occurrence of any change in any information, particulars, data or documents already filed, may, without prejudice to any liability incurred by him under any provision of the Ordinance, file a form of modification as specified in Part IX of the First Schedule to these rules.
- (2) The Commissioner may, where a person has filed a form of modification of registration under sub-rule (1), after examining available information, particulars, data or documents and making such inquiry as he may deem necessary, grant or refuse modification to the person.
- (3) Person aggrieved by any decision of the Commissioner under sub-rule (2) may file representation before the concerned Chief Commissioner within thirty days of the said decision. The Chief Commissioner after making such inquiry if necessary shall decide the representation as he deems fit.
- (4) The Commissioner may, after examining available information, particulars, data or documents, making such inquiry as he may deem necessary and providing reasonable opportunity of being heard to a person, make modifications in registration of a person.
- (5) The Commissioner may, based on available information, particulars, data or documents, after making such inquiry as he may deem necessary, after discharge of all outstanding liabilities, without prejudice to any other liability which such person may incur under the Ordinance and after providing reasonable opportunity of being heard to a person, by an order in writing, cancel registration of a taxpayer.]

1-Substituted by SRO 1076(I)/2015 dated 02.11.2015. The substituted Rule 82 read as follows:

“82. Cancellation of National Tax Number Certificate.-

- (1) Where the Commissioner decides that a National Tax Number Certificate was issued to a person under an identity that was not the person's true identity, the Commissioner may, by notice in writing served on the person, cancel the Certificate.
- (2) The Commissioner shall set out in the notice the reasons for the Commissioner's decision to cancel the Certificate.”

83. Displaying and quoting of National Tax Number 1[Certificate].-

(1) Every person deriving income from business chargeable to tax who has been issued with a National Tax Number 1[Certificate] shall display the person's National Tax Number at a conspicuous place at every place of business of the person.

(2) Every person referred to in sub-rule (1) shall quote the person's National Tax Number in the following circumstances, namely:-

(a) in all commercial transactions entered into by the person;

(b) in cash memos issued under rule 30;

(c) in all returns, statements and other documents required to be furnished under the Ordinance and in any correspondence with the Commissioner; and

(d) in all documents relating to the person's business on the following matters, namely:-

(i) all new connections of utilities, including water, gas, electricity and telephone;

(ii) the entering into a loan with a banking company or financial institution;

(iii) the opening of letters of credit; and

(iv) the transfer of urban immovable property.

Chapter XIII A

Record of Beneficial Owners

83A. Application of Chapter. - (1) The rules in this chapter shall be applicable for the purposes of section 18IE of the Income Tax Ordinance, 2001 (XLIX of 2001) providing for record of beneficial owners.

(2) Every company and association of persons (AOP), on its initial registration with FBR, shall electronically furnish the particulars of its beneficial owners to the Board as prescribed in Form BOF-01 of Part IXA of the First Schedule to these rules through Board's online system.

(3) Every company and AOP, already registered with FBR, shall electronically furnish the particulars of its beneficial owners to the Board on or before the 31st day of December, 2023, as prescribed in Form BOF-01 of Part IXA of the First Schedule to these rules through Board's online system.

(4) The record of the beneficial owners shall be updated whenever there is a change in any of the particulars of the beneficial owner as stipulated in Form (BOF- 01) of Part IXA of the First Schedule of these rules, within 30 days from the date when the change occurs.

(5) In case of non-profit organization as defined under section 2(36) of the Income Tax Ordinance, 2001, the settlor, trustee, founder, promoter, beneficiary, class of beneficiary, as the case may be, will be the beneficial owners of the non-profit organization:

Provided that where the beneficiary or class of beneficiary of the non-profit organization is general public, the beneficiary or class of beneficiary of such non-profit organization shall be exempted from the requirement of providing information of beneficial owners under this rule.

(6) In case there is no change in the beneficial owners of the Company or AOP throughout a particular tax year, the Company or AOP as the case may, shall furnish a "Certificate of Confirmation for Beneficial Owner" to this effect as prescribed in Form (BOF-02) under Part IXA of the First Schedule to these rules through Board's online system along with the Income Tax return to be filed for that tax year.

83B. Definitions. - In this Chapter unless there is anything repugnant in the subject or context, -

(1) "Board" means Federal Board of Revenue as defined in section 2(8) of the Income Tax Ordinance, 2001 (XLIX of 2001);

(2) "chain of ownerships" means all the legal entities and the legal arrangements through which the ownership rights (shareholdings) of a company or AOP are ultimately held by the natural person;

(3) "contractual association" means the legal tie or contractual tie of two or more persons and/or legal entities and/or legal arrangements on the basis of a contract executed by the parties of the contract;

(4) "direct means" means (i) exercise of control by natural person including exercise of ultimate control over a company or AOP through direct ownership i.e. without having ownership of intervening legal person or persons between the natural persons and the company or AOP, as the case may be, or (ii) exercise of control through voting rights;

(5) "indirect means" means exercise of control through means other than the direct means, and includes but not limited to means of control through (i) chain of ownerships; (ii) joint control arrangement; (iii) contractual associations; (iv) personal or family connections; or (v) senior managerial position;

(6) "joint control arrangement" means a situation where two or more natural or legal persons, each having ownership or voting rights of less than twenty-five percent, but their aggregate ownership or voting rights is twenty-five percent or more in a company or AOP and exercise or may exercise control over that company or AOP for being associates to each other in terms of section 85 of the Income Tax Ordinance, 2001 (XLIX of 2001); and

(7) “ultimate effective control” means a situation in which ownership or control is ultimately exercised through direct or indirect means.

83C. Record of beneficial owner. - (1) The beneficial owner who exercise ultimate effective control over a company or AOP through direct ownership rights (through shareholding) of twenty-five percent or more, shall provide the following particulars or information, namely:-

- (a) name of beneficial owner;
- (b) father’s name or spouse’s name;
- (c) date of birth;
- (d) nationality of beneficial owners;
- (e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;
- (f) percentage of shareholding or ownership interest held by the beneficial owner;
- (g) date of acquisition of ownership interest; and
- (h) residential and commercial address of the beneficial owner.

(2) The beneficial owner who exercises ultimate effective control over the company or AOP through ownership rights of twenty-five percent or more through chain of ownerships, shall provide the following particulars and information, namely: -

- (a) name of beneficial owner;
- (b) father’s name or spouse’s name;
- (c) date of birth;
- (d) nationality of beneficial owner;
- (e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;
- (f) particulars of legal owner i.e. all legal entities and arrangements through which the company or AOP is indirectly owned by the beneficial owner, including -
 - (i) name of the legal owners;
 - (ii) type of legal owner involved in chain of ownership e.g. joint stock company, limited liability company, foundation, trusts etc.;
 - (iii) country of incorporation or registration of legal owner;
 - (iv) incorporation or registration details of the legal owner i.e. incorporation or registration number, date of incorporation or registration and name of incorporating or registering authority; and
 - (v) registered address of the legal owner;
- (g) percentage of shareholding or ownership interest held by the beneficial owner;
- (h) date of acquisition of ownership interest; and

(i) residential and commercial addresses of the beneficial owners.

(3) The beneficial owner who exercises ultimate effective control over the company or AOP through joint control arrangement, shall provide the following particulars, namely: -

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owners;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owners;

(f) nature of relationship between the beneficial owners involved in joint control arrangement For example, Mr. X who holds x percentage of ownership interests in M/s ABC company or AOP is the spouse of Ms. Y who holds y percentage of ownership interest in M/s ABC company or AOP, such as -

(i) relatives;

(ii) friends; and

(iii) other associates; (Please specify)

(g) percentage of shareholding or ownership interest of each beneficial owner involved in joint control arrangement;

(h) date of acquisition of ownership interest by each beneficial owner; and

(i) residential and commercial addresses of the beneficial owners.

(4) The beneficial owner, who exercises ultimate effective control over the company or AOP through voting rights, shall provide the following particulars, namely:- (a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owner;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;

(f) nature and details of voting rights that provide the effective control to the beneficial owner;

(g) percentage of voting rights held by the beneficial owner;

(h) residential and commercial addresses of the beneficial owners.

(5) The beneficial owner, who exercises ultimate effective control over the company or AOP through contractual associations, shall provide the following particulars and information, namely: -

(a) name of beneficial owner;

(b) father's name or spouse's name;

- (c) date of birth;
 - (d) nationality of beneficial owner(s);
 - (e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;
 - (f) nature and details of the contract which provides effective control over the company or AOP to the contracting parties of the contract. Copy of the contract shall be provided to the Board; and
 - (g) residential and commercial addresses of the beneficial owner.
- (6) The beneficial owner who exercises ultimate effective control over the company or AOP through personal or through family connections with the owners, directors or management of the company or AOP shall provide the following particulars and information, namely: -
- (a) name of beneficial owner;
 - (b) father's name or spouse's name;
 - (c) date of birth;
 - (d) nationality of beneficial owners;
 - (e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;
 - (f) nature and details of the personal and family connection which provides effective control to the beneficial owner [e.g. Mr. X (the beneficial owner) has influence over the company or AOP for being associated to Mr. Y (company's managing director)]; and
 - (g) residential and commercial addresses of the beneficial owner.
- (7) The beneficial owner who exercises ultimate effective control over the company or AOP through senior managerial position or other indirect means shall provide the following particulars and information, namely: -
- (a) name of beneficial owner;
 - (b) father's name or spouse's name;
 - (c) date of birth;
 - (d) nationality of beneficial owner;
 - (e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;
 - (f) managerial position held by senior managing officer and the nature of control he exercises in the company or AOP [For example, Mr. X the CEO of the company holds the power of appointing or removing the directors of the company];
 - (g) date of acquisition of senior management position in the company or AOP; and
 - (h) residential and commercial addresses of the beneficial owner.

83D. The Cascading Process for recording of beneficial ownership information. - (1) Rule 83C represents a cascading process which entails three Tests. Rule 83C(1), 83C(2), 83C(3) and 83C(4) shall collectively represent

Test 1. Rule 83C(5) and 83C(6) shall collectively represent Test 2 and Rule 83C(7) shall represent Test 3 of the cascading process.

(2) The three Tests of the cascading process shall be applied in succession when a previous test has been applied but has not resulted in the identification of all beneficial owner i.e. Test 2 shall only be applied in case if there is doubt as to whether a person with controlling ownership interest is a beneficial owner, or where no beneficial owner has been identified as a consequence of application of Test 1. Similarly, Test 3 shall only be applied in case the information about all beneficial owners is not recorded or captured by application of Test 1 and Test 2.

83E. Retention of records of beneficial owner.- (1) Every company or AOP shall retain the records of all beneficial owners for a period of ten years from the date when the beneficial owners of that company or AOP, as the case may be, cease to be the beneficial owners of that company or AOP.

(2) Board shall retain the records of beneficial owners of all companies and AOPs registered with the Board for a period of ten years from the date when that company or AOP ceases to be registered with FBR.

Form BQF-01

Record of Beneficial Owner
prescribed under section 181E of Income Tax Ordinance, 2001

RECORDS OF BENEFICIAL OWNER(S)			
Cascading Tests and Application	Sr No.	Category of Beneficial Owner(s)	Information to be Obtained
Test 1 The test aims at identifying, obtaining and verifying the particulars of the beneficial owner(s) who exercise(s) ultimate effective control over the company or AOP through direct/indirect ownership and voting rights.	1	Particulars of beneficial owner(s) who exercise(s) ultimate effective control over the company or AOP through direct ownership rights (shareholding) of twenty-five percent or more.	Name of beneficial owner Father's name/Spouse's name Date of Birth Nationality of beneficial owner(s) CNIC/NIC/OPAITN/Passport number(s)/ Foreign National Identity number of beneficial owner(s) Percentage of shareholding/ownership interest held by the beneficial owner(s) Date of acquisition of ownership interest Residential and Commercial addresses of the beneficial owner.
	2	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through ownership rights of twenty-five percent or more through chain of ownerships.	Name of beneficial owner Father's name/Spouse's name Date of Birth Nationality of beneficial owner(s) CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s) Particulars of all legal owner(s) i.e. all legal entity(ies) or/and arrangement(s) through which the company or AOP is indirectly owned by the beneficial owner(s). i. Name(s) of the legal owner(s) ii. Type of legal owner(s) involved in chain of ownership (e.g. Joint Stock Company, Limited Liability Company, Foundation, Trusts etc.) iii. Country of Registration / Incorporation of legal owner(s) iv. Incorporation /Registration detail(s) of the legal owner(s) i.e. Incorporation number, date of incorporation and name of registering authority. v. Registered addresses of the legal owner(s) Percentage of shareholding/ownership interest held

			by the beneficial owner(s) Date of acquisition of ownership interest Residential and Commercial addresses of the beneficial owner.
	3		Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through joint control arrangements. Name of beneficial owner Father's name/Spouse's name Date of Birth Nationality of beneficial owner(s) CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s) Details/nature of relationship between the beneficial owners involved in joint control arrangement. * Relatives [For example, Mr. X who holds x percentage of ownership interests in M/s ABC company/AoP is the spouse of Ms. Y who holds y percentage of ownership interest in the same company/AoP]. . Friends . Other associates (Please specify) Percentage of shareholding/ownership interest of each beneficial owner involved in joint control arrangement Date of acquisition of ownership interest by each beneficial owner Residential and Commercial addresses of the beneficial owner(s).
	4	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through voting rights.	Name of beneficial owner Father's name/Spouse's name Date of Birth Nationality of beneficial owner(s) CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s) Details of voting rights that provide control to the beneficial owner(s). Percentage of voting rights held by the beneficial owner(s) Residential and Commercial addresses of the beneficial owner.
Test 2 Test 2 aims at Identifying, obtaining and verifying the particulars of the beneficial owner(s) who exercise(s) ultimate effective control over the company or AOP through contractual associations and personal and/or family connections with the owners / directors/management of the company or AOP.	1	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through contractual associations.	Name of beneficial owner Father's name/Spouse's name Date of Birth Nationality of beneficial owner(s) CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s) Nature and details of the contract which provides effective control of the company or AOP to the contracting parties/ beneficial owner. Residential and Commercial addresses of the beneficial owner(s)
If there is doubt under Test 1 as to whether a person with direct/indirect/joint ownership interest or direct/indirect voting rights is a beneficial owner, or where no natural person exerts control through ownership interests and	2	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through personal and/or family connections with the management/owners/ directors of the company or AOP.	Name of beneficial owner Father's name/Spouse's name Date of Birth Nationality of beneficial owner(s) CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s) Nature and details of the personal/family connection which

CHAPTER - XIV
REGISTRATION OF INCOME TAX PRACTITIONERS

84. Application of Chapter XIV.-

This chapter applies for the purposes of section 223, which provides for the registration and regulation of income tax practitioners.

85. Application for registration as an income tax practitioner.-

(1) A person satisfying the requirements in rule 86 and desiring to be registered as an income tax practitioner shall make an application 1[to the 2["Chief Commissioner"], Regional Tax Office] in the form specified in Part X of the First Schedule to these rules.

(2) Every application under this rule shall be accompanied by-

(a) Treasury receipt for five hundred rupees required to be deposited as a non-refundable application fee in any Government Treasury; and

(b) such documents, statements and certificates as specified in the form.

1-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

2-the words "Director General" substituted by SRO 1218(I)/2015, dated 08.12.2015.

86. Prescribed qualification for registration as an income tax practitioner.-

(1) For the purposes of the definition of “income tax practitioner” in sub-section (11) of section 223, a person applying for registration as an income tax practitioner shall:-

(a) possess one of the following qualifications, namely:-

(i) a degree in Law at least in the second division, a degree in Commerce (with Income Tax Law and Accounting or Higher Auditing as subjects or parts of subjects, whether compulsory or optional) or a degree in Business Administration or Business Management (with Accounting and Income Tax Law as subjects or parts of subjects, whether compulsory or optional) conferred by a prescribed institution; or

(ii) a pass in a prescribed accounting examination.

(b) have worked for a continuous period of one year as an apprentice under the supervision of a chartered accountant, cost and management accountant, legal practitioners entitled to practice in a civil court in Pakistan 3[or] a registered income tax practitioner 4[and having been registered as a chartered accountant, cost and management accountant, legal practitioner and income tax practitioner] for a period of not less than ten years.

(2) For the purposes of sub-clause (i) of clause (a) of sub-rule (1), a degree conferred by a prescribed institution that is a foreign university or institution shall only qualify if the degree is equivalent to a degree conferred by a Pakistani university and is recognized as such by a Pakistani university.

(3) In this rule,-

(a) “Institute of Chartered Accountants of Pakistan” means the Institute of Chartered Accountants of Pakistan constituted under the Chartered Accountants Ordinance, 1961;

(b) “foreign institution” means any institution in a foreign country authorised to grant a degree under the laws of the country;

(c) “foreign university” means any university in a foreign country incorporated by law, or accredited or affiliated by any association of universities or college in the country or by any authority formed for that purpose under the laws of that country;

(d) “prescribed accounting examination” means any of the following examinations, namely:-

(i) an examination equivalent to the intermediate examination conducted by the Institute of Chartered accountants of Pakistan;

(ii) an examination equivalent to the intermediate examination conducted by any foreign institute of chartered accountants and recognized by the Institute of Chartered Accountants of Pakistan as equivalent to its intermediate certificate;

(iii) an examination equivalent 3[to] the final examination conducted by the Association of 4[Chartered Certified Accountants, United Kingdom;] or

(iv) Part-III of examination for Cost and Management Accountants conducted by the Institute of Cost and Management Accountants under the Cost and Management Accountants Act, 1966 (XIV of 1966); and

(v) Certified public accountants of USA.

(e) “Prescribed institution” means a university incorporated by any law in force in Pakistan or Azad Kashmir, a foreign university or a foreign institution.

1-Substituted for “, and” by SRO 67(I)/2003, dated January 11, 2003.

2-Substituted for “registered” by SRO 67(I)/2003, dated January 11, 2003.

3-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

4-Substituted for “Certified and Corporate Accountants, London;” by SRO 392(I)/2009, dated May 19, 2009.

87. Registration of income tax practitioners.-

- (1) On receipt of an application under rule 85, the 1[2[“Chief Commissioner”], Regional Tax Office] may make such further enquiries and call for such further information or evidence as may be considered necessary.
- (2) If the 1[2[“Chief Commissioner”], Regional Tax Office] is satisfied that an applicant qualifies to be registered as an income tax practitioner, the 1[2[“Chief Commissioner”], Regional Tax Office] shall cause the applicant’s name to be entered in a register to be maintained for the purpose in the office.
- (3) The name of a person entered on the register of income tax practitioners shall be notified to the Commissioner and the Appellate Tribunal.
- (4) The 1[2[“Chief Commissioner”], Regional Tax Office] shall notify ‘the applicant, in writing, of the decision on the application.
- (5) Where the 3[2[Chief Commissioner], Regional Tax Office] decides to refuse an application for registration, the notice referred to in sub-rule (4) shall include a statement of reasons for the refusal.

1-Substituted for “Regional Commissioner” By SRO 392(I)/2009, dated May 19, 2009.

2-The words “Director General” substituted by SRO 1218(I)/2015, dated 08.12.2015.

3 Substituted for “RCIT” by Notification No. SRO 392(I)/2009, dated May 19, 2009.

88. Duration of registration.- Registration of a person as an Income Tax Practitioner shall remain in force until any of the following occurs, namely:-

(a) the person surrenders the registration by notice in writing to the 1[2[“Chief Commissioner”], Regional Tax Office].

(b) the person dies; or

(c) the person’s registration is terminated by the 1[2[“Chief Commissioner”], Regional Tax Office].

1-Substituted for “Commissioner” by Notification No. SRO 392(I)/2009, dated May 19, 2009

2-Substituted for “Director General” by Notification No. SRO 1218(I)/2015, dated December 8, 2015.

89. Cancellation of registration.-

(1) Any person (including an income tax authority) who considers that an income tax practitioner is guilty of misconduct in a professional capacity may file a complaint in writing with the 1[2[“Chief Commissioner”], Regional Tax Office].

(2) A complaint filed under sub-rule (1) shall be accompanied by affidavits and other documents as necessary to sustain the complaint.

(3) On receipt of a complaint in writing under sub-rule (1), the 1[2[“Chief Commissioner”], Regional Tax Office] shall fix a date, hour and place which shall be no later than twenty one days from the receipt of the complaint for enquiry into the complaint.

(4) Within seven days of receipt of the complaint, the 1[2[“Chief Commissioner”], Regional Tax Office] shall serve a notice of the complaint on the Income Tax Practitioner to whom the complaint relates and such notice shall-

(a) in form the practitioner of the date, hour and place of the enquiry; and

(b) be accompanied by a copy of the complaint and any affidavits and other documents accompanying the complaint.

(5) If, at the date fixed for enquiry, it appears that the notice and accompanying documents referred to in sub-rule (4) have not been served as provided for in that sub-rule, the 1[2[“Chief Commissioner”], Regional Tax Office] shall adjourn the enquiry to a date then to be fixed and may direct that the notice and accompanying documents shall be served by registered post or such other means as the 1[2[“Chief Commissioner”], Regional Tax Office] sees fit.

(6) Not less than two days before the date or adjourned date fixed for the enquiry, the income tax practitioner concerned shall file with the 1[2[“Chief Commissioner”], Regional Tax Office] a signed explanation in writing and any affidavit in reply intended to be used in the enquiry.

(7) On the date or adjourned date of the enquiry, the complainant shall file any affidavits in reply intended to be used at the enquiry.

(8) The 1[2[“Chief Commissioner”], Regional Tax Office] may adjourn the enquiry from time to time to a date and place to be fixed at the time of adjournment and may make such orders and give such directions in regard to the enquiry and all matters relating thereto as the 1[2[“Chief Commissioner”], Regional Tax Office] may think fit.

(9) On the date or adjourned date fixed for the enquiry, the 1[2[“Chief Commissioner”], Regional Tax Office] may-

(a) hear and determine the complaint upon the affidavit and other documents, if any, filed and may allow the complainant and income tax practitioner to be cross- examined on their affidavits; or

(b) hear and determine the complaint upon oral evidence.

(10) If the 2[“Chief Commissioner”], Regional Tax Office decides to hear oral evidence, the procedure generally and as far as practicable shall be that which is followed at the hearing of suits by Civil Courts, provided that the record of oral evidence shall be kept in such manner as the 1[2[“Chief Commissioner”],

Regional Tax Office] may direct and, if a shorthand writer is employed to take down evidence, the transcript of the writer's notes shall be a record of deposition of the witnesses.

(11) If the 1[2["Chief Commissioner"], Regional Tax Office] decides that the income tax practitioner to whom the complaint relates is guilty of professional misconduct, the 3["Chief Commissioner"], Regional Tax Office shall cancel the practitioner's registration.

(12) The 1[2["Chief Commissioner"], Regional Tax Office] shall give the complainant and the income tax practitioner to whom the complaint relates notice, in writing, of the 9["Chief Commissioner"], Regional Tax Office's decision on the complaint.

1-Substituted for "Commissioner" by SRO 392(I)/2009 dated May 19, 2009.

2-The words "Director General" substituted by SRO 1218(I)/2015, dated 08.12.2015.

1[90. Appeal to Federal Board of Revenue.-

(1) The appeal against the decision of the 2[“Chief Commissioner”], Regional Tax Office shall lie with the Federal Board of Revenue. However, the FBR on filing of an appeal may, pending decision of appeal, allow the ITP to represent cases pending, before decision is made by the 2[“Chief Commissioner”].

(2) The FBR shall decide the case of the ITP within sixty days of the filing of the appeal.]

1-Rule 90 substituted by SRO 392(I)/2009, dated May 19, 2009.

2-The words “Director General” substituted by SRO 1218(I)/2015, dated 08.12.2015

CHAPTER - XV
RECOGNISED PROVIDENT FUNDS, APPROVED SUPERANNUATION FUNDS AND
APPROVED GRATUITY FUNDS
PART I
RECOGNISED PROVIDENT FUNDS

91. Application for recognition of provident fund.-

1. An application for recognition of a provident fund shall be made, in writing, by the employer maintaining the fund, setting out the following information, namely:-

- (a) the employer's name and the address of the employer's principal place of business;
- (b) the name of all employees, whether in or outside Pakistan subscribing to the fund;
- (c) the place where the accounts of the fund are or will be maintained; and
- (d) where the fund is already in existence, a copy of the last balance sheet of the fund and details of the investments of the fund.

2. A verification in the following form shall be annexed to the application, namely:-

“We/ I, the trustee(s) of the above named fund, do declare that what is stated in the above application is true to the best of our/my information and belief, and that the documents sent herewith are the originals or true copies thereof.”

3. Subject to sub-rule (4), the application shall be accompanied by the following documents, namely:-

- (a) the original of trust deed to be sighted by the Commissioner;
- (b) a copy of the trust deed to be retained by the Commissioner; and
- (c) the rules of the fund.

Provided that if the original of the trust deed cannot conveniently be produced, the Commissioner may accept, in lieu of the original, a true copy certified either by a Magistrate or in any manner provided for in the Companies Rules, 1984, in which case, an additional copy shall be furnished for retention by the Commissioner.

4. The application shall be lodged with the Commissioner responsible for the area/ jurisdiction in which the accounts of the fund are kept, or, if the accounts are kept outside Pakistan, lodged with the Commissioner responsible for the area/ jurisdiction in which the local headquarters for the employer are situated.

92. Decision on application.-

- (1) The Commissioner may make such enquiries and call for such further information or evidence as the Commissioner may consider necessary to decide the application.
- (2) The Commissioner shall notify the applicant, in writing, of the Commissioner's decision on the application.
- (3) Where the Commissioner decides to refuse an application under 1[this] rule, the notice referred to in sub-rule (2) shall include a statement of reasons for the refusal.
- (4) 2[Unless" otherwise specified by the Commissioner], an order according recognition to a provident fund shall take effect from the last day of the month in which the application for recognition is received by the Commissioner or, at the request of the employer, the last day of any later month in the same financial year.

1-Inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for "Subject to sub-rule (5)" by SRO 392(I)/2009, dated May 19, 2009.

93. Withdrawal of recognition.-

Where the Commissioner decides to withdraw recognition of a provident fund, the Commissioner shall notify the applicant, in writing, of the Commissioner's decision and such notice shall include a statement of reasons for the withdrawal.

94. Form of appeal in case of non-recognition or withdrawal of recognition.-

(1) An appeal under sub-rule (1) of rule 12 of Part I of the Sixth Schedule to the Ordinance 1[against] the Commissioner's decision to refuse an application for recognition or to withdraw recognition shall be 2[made to Federal Board of Revenue] in the following form 2[and] shall be verified in the manner indicated therein, namely:-

**FORM OF APPEAL IN CASE OF
NON-RECOGNITION OR "WITHDRAWAL OF RECOGNITION"**

To
The 3[Federal Board of Revenue],
Islamabad/Before the Commissioner (Appeals)

The petition of _____ employer(s) carrying on business, profession or vocation
_____ at _____

Your petitioner(s) applied to/obtained sanction from the Commissioner under Part I of the Sixth Schedule to the Income Tax Ordinance, 2001 for the recognition of the provident fund maintained by him (them) for the benefit of his (their) employees. The Commissioner has refused recognition/withdrawn recognition for the reason stated in his order, dated of which a copy is attached.

For the reasons set out below your petitioner(s) submit(s) that the fund should be contained to be recognized and pray(s) that the 3[Federal Board of Revenue] may be pleased to.

Accord recognition
Continue the recognition.

GROUND(s) OF APPEAL

-
- (1)
(2)
(3)
(4)
(5)
-

I / We named above petition to declare that whatever is stated above is true to the best of our information and belief.

Name _____
Signature _____
Address _____
Date _____

(2) An appeal referred to in sub-rule (1) shall be accompanied by a copy of a challan for Rs.100/- paid in Government treasury.

1-Substituted for "to" by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for "Subject to sub-rule (5)" by SRO 392(I)/2009, dated May 19, 2009.

3-The words "Central Board of Revenue" substituted by the Finance Act, 2007

95. Accounts required to be maintained by a recognized provident fund.-

- (1) A recognized provident fund shall prepare accounts at intervals of not more than twelve months.
- (2) An account shall be maintained for each subscriber to the fund and it shall include the particulars shown in the following form, namely:-

Account closed.

Date

Paid to employee

Lapsed to the employer

Or to fund

Recovery by employer

Name _____ Date of joining _____ Fund _____

Annex

Contribution by the Employer						
Month and year	Salary	By employees	Normal	Of contingent nature	Total in columns 3,4,5	Total Interest on the amount shown in column 6
I	2	3	4	5	6	7

Balance brought forward

July _____

August _____

June _____

Total:

Exempt		Not exempt			
Employer's contribution not exceeding statutory limit	Interest on sum in Column 6 at % but not exceeding statutory limit	Contribution Column 4+5 minus Column 8	Interest Column 7 minus Column 9	Additions to total income 10 plus Column 11	Remarks
8	9	10	11	12	13

Adjustment on account of temporary

Withdrawals account (Column 8 and 9 only).

Adjustment on account of non-payable

Withdrawals account Columns 10 and 11.

Total carried over.

If desired column 7 may be divided into sub-columns showing separately the interest on columns and columns 4 and 5 respectively.

Non-payable withdrawals Account	Temporary withdrawal Account
Amount	Advance Repayment
July	Balance brought
	Forward
	July
August	August
June	June
Total	

(3) The trustees of a recognised provident fund shall furnish to the Commissioner an abstract for the fund's accounting period of the individual account of each employee participating in the fund whose income under the head "Salary" is Rs.24,000 or more per annum.

(4) The abstract shall-

(a) be in the form prescribed in sub-rule (2), but shall show only the total of the various columns thereof for fund's accounting period; and

(b) include an account of any temporary withdrawals by the employees during the year and of the repayment thereof.

(5) The abstract shall be furnished by the trustees to the Commissioner responsible for the area in which the accounts of the fund are kept or to such jurisdiction or functional Division as the Commissioner may, in each case, direct.

(6) Subject to rule, the abstract shall be furnished-

(a) in the case of a company, on or before the first day of August next following the fund's accounting period or within fifteen days of the expiry of six months from the end of the fund's accounting period, whichever is later; and

(b) in any other case-

(i) where the fund's accounting period ends at any time between the first day of July and the thirty-first day of December (both days inclusive), on or before the first day of August next following; or

(ii) in any other case, on or before the first day of October next following the end of the fund's accounting period.

(7) The account to be made under the provisions of sub-rule (1) of rule 7 of Part I of the Sixth Schedule to the Ordinance shall show in respect of each employee-

(a) the total salary paid to the employee during the period of participation in the provident fund;

(b) the total contributions made by, or in respect of, the employee;

(c) the total interest which has accrued thereon; and

(d) so far as may be, the percentage of the employee's salary in accordance with which contributions have been made by the employer and the employee.

96. Time limit for submission of accounts kept outside Pakistan.-

- (1) Where the accounts of a recognized provident fund are kept outside Pakistan, certified copies of the accounts shall be supplied not later than the 15th September in each year to a local representative of the employer in Pakistan.
- (2) The Commissioner may, upon application in writing, fix a date later than the 15th September as the date by which the certified copies shall be supplied.

97. Limit on contribution by employers.-

The Commissioner may relax the limits fixed under clause (c) of sub-rule (1) of rule 2 of Part I of the Sixth Schedule to the Ordinance for contribution of an employer to the individual account of an employee in any year provided that such contribution shall not exceed the following limits, namely:-

- (a) the employer's aggregate contribution in any year including the normal contribution to the individual account of any one employee 1[***] shall not exceed double the amount of the contribution of the employee in that year; and
- (b) the amount of the periodical bonuses and other contribution of a contingent nature which may be credited by an employer in any year to the individual account of anyone employee shall not exceed the amount of the contribution of the employee in that year.

1-Commas, words etc. "whose salary does not exceed Rs. 1000 per month," omitted by SRO 392(I)/2009, dated May 19, 2009.

98. Limit on contributions by certain employees.-

Where an employee of a company owns shares in the company with a voting power exceeding ten percent of the whole of such power, the sum of the exempted contributions of the employee and employer to the recognized provident fund maintained by the company shall not exceed Rs.1,000 in any month.

99. Exclusion from total income of accumulated balances.-

For the purpose of rule 4 of Part I of the Sixth Schedule to the Ordinance, the accumulated balance due and becoming payable to an employee participating in a recognized provident fund shall be exempt from income tax and shall be excluded from the computation of total income.

100. Treatment of consideration for dealings with beneficial interest.-

If an employee assigns or creates a charge upon his beneficial interest in a recognized provident fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date of receipt of the notice, the consideration received for such assignment or charge shall be treated as salary received by him in the year in which the fact became known to the Commissioner and shall be assessed accordingly.

101. Treatment in certain cases where recognition is withdrawn.-

If the Commissioner withdraws recognition from a recognized provident fund, the balance to the credit of each employee at the end of the financial year prior to the date of the withdrawal of recognition shall be paid to the employee free of tax at the time when such employee receives the accumulated balance due to him and the remainder of the accumulated balance due to him shall be liable to tax as if the fund had never been recognized.

102. Investment of moneys of a recognized provident fund.-

(1) Where the employer is not company as defined in clause (7) of section 2 of the Companies Ordinance, 1984, the contributions made by employees after the date of recognition of a provident fund and the interest on the accumulated balance of such contribution shall be wholly invested either in securities of the nature specified in clause (2)(b), (c), (d) or (e) of section 20 of the Trusts Act, 1882, and payable both in respect of capital and interest in Pakistan or in a Post Office Savings Bank Account in Pakistan or deposited in National Savings, Federal Government securities or deposits in NCBs or NBP, or, in the other government securities or any other established financial institutions including mutual funds subject to maximum of 20% of such deposits or investment at any time in the year.

(2) Where the employer is a company as defined in clause (7) of section 2 of the Companies Ordinance, 1984, all moneys contributed to a provident fund (whether by the company or by the employees or accruing by way of interest or otherwise to such fund) shall be wholly invested in accordance with the provisions of section 227 of the Companies Ordinance, 1984, or deposited or invested as in sub-rule (1) or with the prior approval of the Commissioner, in purchase of shares of a public limited company offered for sale inviting public offer by the Federal Government so, however, that the securities and deposits in which the contributions made by the employees after the date of recognition of a provident fund and the interest on the accumulated balance on such contributions are invested or deposited are payable in respect of capital, deposit and interest in Pakistan.

103. Permitted withdrawals.-

(1) Subject to these rules, withdrawals by employees from accumulated balance may be allowed by the trustees of a recognized provident fund in the following circumstances, namely:-

(a) to pay expenses in connection with the illness of a subscriber or a member of his family;

1[(aa) to transfer the balance or a part thereof to an approved pension fund, established under Voluntary Pension System Rules, 2005]

(b) to meet the expenditure on purchase of a motor cycle or scooter provided that authenticated copies of documents substantiating such purchase are deposited with the trustees of the fund;

(c) to pay the overseas passage by reason of health or education of a subscriber or a member of his family;

(d) to pay expenses in connection with marriages, funerals or ceremonies, which, by the religion of the subscriber, it is incumbent upon him to perform and in connection with which it is obligatory that expenditure should be incurred;

(e) to pay expenses in connection with the performance of Haj by the subscriber;

(f) to meet the expenditure on building or purchasing a house or a site for a house, provided that the documents substantiating the building or purchase of such house, or the purchase of such site, are deposited with the trustees of the fund;

(g) to meet the expenditure on repairs, renovation or extension of a residential house belonging to the subscriber;

(h) to pay premiums on policies of insurance on the life of the subscriber or of his wife provided that the policy is assigned to the trustees of the fund or at their discretion deposited with them and that the receipt granted by the insurance company for the premiums is from time to time handed over to the trustees for inspection by the Commissioner;

(i) to purchase shares of a public limited company for investment as per rules of this Chapter;

(j) in the case of a subscriber who has attained the age of fifty years on the date on which withdrawal is permitted-

(i) subject to sub-rule (2), to meet the expenditure on the purchase of a house or construction of a house on land owned by him or a member of his family anywhere in Pakistan;

(ii) subject to sub-rule (3), to meet expenditure on the purchase of agricultural land from Government;

(iii) to repay a loan taken from a financial institution, provided that the subscriber shall, within a period of two weeks from the date of withdrawal produce satisfactory evidence before the trustees to show that the advance has been utilized for the purpose for which it was drawn failing which the entire amount of withdrawal together with interest accrued thereon shall forth with become repayable to the fund in a lump-sum; and

(iv) without assigning any reason; or

(k) in the case of an employee proceeding on leave preparatory to retirement, at the discretion of the trustees of the fees, without assigning any reason, provided that where an employee rejoins duty on the expiry of his leave, the amount withdrawn together with the interest accruing thereon at the rate allowed by the fund shall be repaid forthwith in to the fund in a lump-sum.

(2) The first installment of a withdrawal under sub-clause (i) or clause (j) of sub-rule (1) shall be allowed to be drawn only after an agreement has been executed between the subscriber and the trustees of the fund to the effect that the subscriber shall expend the full amount of the said advance towards the purchase or the building of a houses as claimed at the earliest possible opportunity and if the actual amount so expended is less than the amount of permitted withdrawal the subscriber shall repay the difference into the fund forthwith and further that if the said house is sold or otherwise alienated by its owner to any other person while the subscriber is still in service, the subscriber shall forthwith repay into the fund the entire amount of the withdrawal together with interest accrued thereon in lump-sum.

(3) The first installment of a withdrawal under sub-clause (ii) of clause (j) of sub-rule (1) shall be allowed to be drawn only after an agreement has been executed between the subscriber and the trustees of the fund to the effect that the subscriber shall expend the full amount of the said advance towards the purchase of the said piece of land at the earliest possible opportunity and if the actual amount so expended is less than the amount of permitted withdrawal the subscriber shall repay the difference into the fund forthwith and further that if the said house is sold or otherwise alienated by its owner to any other person while the subscriber is still in service, the subscriber shall forthwith repay into the fund the entire amount of the withdrawal together with interest accrued thereon in lump-sum.

104. Limits on Withdrawals.-

(1) Withdrawals permitted under these rules shall not exceed the following limits, namely:-

(a) in the case of withdrawals permitted under clauses (a), (b), (c) or (d) of sub-rule (1) of rule 103, six months' salary of the subscriber or the total of accumulated balance to his credit, whichever is the less;

1[(aa) in the case of withdrawals permitted under clause (aa) of sub-rule (1) of rule 103, the accumulated balance to the credit of subscriber;]

(b) in the case of withdrawals permitted 2[under clause (e) of sub-rule (1) of rule 103], six months salary of the subscriber or twenty five thousand rupees or/ of the total of the accumulated balance to his credit, whichever is the lowest;

(c) in the case of withdrawals permitted under clause (f) or (g) of sub-rule (1) of rule 3[103], thirty-six month's salary of the subscriber or the total of the accumulated balance to his credit, whichever is the less;

(d) in the case of withdrawals permitted under clause (h) of sub-rule (1) of rule 3[103], eighteen months salary of the subscriber or the total of the accumulated balance to his credit, whichever is the less, provided that this restriction shall apply to each withdrawal and not to the total withdrawal;

(e) in the case of withdrawals permitted under clause (i) of sub-rule (1) of rule 3[103], six months' salary of the subscriber or ten thousand rupees or the total of the accumulated balance to his credit, whichever is the lowest;

(f) in the case of withdrawals permitted under sub-clauses (i), (ii) and (iii) of clause (j) of sub-rule (1) of rule 3[103], twenty-four months' salary of the subscriber or eighty percent of the total of the accumulated balance to his credit, whichever is the less;

(g) in the case of withdrawals permitted under sub-clause (iv) of clause (j) of sub-rule (1) of rule 3[103], sixty percent of the total of the accumulated balance to 3[credit of] the subscriber; and

(h) in the case of withdrawals permitted under clause (k) of sub-rule (1) of rule 3[103], ninety percent of the accumulated balance to the subscriber.

(2) For the purpose of rule and this rule:-

(a) "accumulated balance" means the total of the accumulations of exempted contributions and exempted interest contained in the balance to the credit of the employee at the time of withdrawals;

(b) "family" means the employee's wife, legitimate children, step children, parents, sisters and brothers who reside with the employee and are wholly dependent on him; and

(c) "salary" means the salary as defined in clause (h) of rule 14 of Part I of the Sixth Schedule to the Ordinance to which the employee is entitled at the time when the withdrawal is granted.

1-Clause "(aa)" inserted by SRO 815(I)/2008, dated August 01, 2008.

2-Substituted for "under clause (d) of sub-rule (1) of rule" by SRO 392(I)/2009 dated May 19, 2009.

3-Inserted by SRO 392(I)/2009, dated May 19, 2009.

105. Second withdrawals.-

- (1) Save as provided in sub-rules (2), (3), (4) and (5), no second withdrawal from a recognized provident fund shall be permitted until the sum first withdrawn has been fully repaid.
- (2) A withdrawal may be permitted for the purposes specified in clause (h) of sub-rule (1) of rule 110, notwithstanding that the sum withdrawn for any other purpose has not been repaid.
- (3) Subsequent withdrawals for the purposes specified in clause (h) of sub-rule (1) of rule 103 may be permitted, notwithstanding that the sum or sums previously drawn for the same purpose has or have not been repaid.
- (4) A withdrawal for anyone of the purposes specified in sub-rule (1) of rule 103 other than that specified in clause (a) of that sub-rule may be permitted notwithstanding that the sum or sums withdrawn for the purposes of clause (e) of sub-rule (1) has or have not been repaid.
- (5) A withdrawal for any of the purposes specified in sub-rule (1) of rule 103 other than those specified in clauses (f) and (h) of that sub-rule may be permitted notwithstanding that the sum previously withdrawn for the purposes of clause (d) of sub-rule (1) has not been repaid.
- 1[(6) Subsequent withdrawals for the purposes specified in clause (aa) of sub-rule (1) of rule 103 shall be permitted.]

106. Repayment of amounts withdrawn.-

(1) Where any withdrawal is allowed for a purpose specified in clauses 1[(aa),] (f), (h), (i), (j) or (k) of sub-rule (1) of rule 103, the amount withdrawn need not be repaid.

(2) Subject to sub-rules (3) and (4), where a withdrawal is allowed for a purpose other than those referred to in sub-rule (1), the amount withdrawn shall be repaid in not more than forty- eight equal monthly installments and shall bear profit in accordance with the following, namely:-

Withdrawals which are repaid in not more than twelve monthly installments	Withdrawals which are repaid in more than twelve but not more than twenty-four monthly installments
Withdrawals which are repaid in more than twenty-four but not more than thirty-six monthly installments.	Withdrawals which are repaid in more than thirty-six 3[monthly] installments.
The rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of one additional installment.	rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of two additional installments.
The rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of three additional installments.	The rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of four additional installments.

(3) For the purposes of sub-rule (2) and at the discretion of the trustees of the fund, profit may be recovered on the amount withdrawn or the balance thereof outstanding from time to time at 1 percent above the rate which is payable for the time being on the balance in the fund to the credit of the subscriber.

(4) Where an employee contributing to the fund elects not to receive any profit accruing on his accumulated balance, no profit shall be charged on the amount withdrawn by him from the fund.

(5) The employer shall deduct such installments payable under sub-rule (2) from the employee's salary and pay them to the trustees commencing from the second monthly payment made after the withdrawal or, in the case of an employee on leave without pay, from the second monthly installment after his return to duty.

In the case of default of repayment of installments under sub-rules (2) and (5), the Commissioner may at his discretion, order that the amount of withdrawal or the amount outstanding shall be added to the total income of the employee for the year in which the default occurs and the employee shall be assessed accordingly.

1-Inserted by SRO 815(I)/2008, dated August 01, 2008.

2-Substituted for "months" by SRO 392(I)/2009, dated May 19, 2009.

107. Power to relax conditions.-

Notwithstanding anything contained in rules 103, 104, 105 or 106, the Commissioner may in special circumstances to be recorded in writing relax the conditions for withdrawals from and repayment to the fund.

PART II
APPROVED SUPERANNUATION FUNDS

108. Application for approval of a superannuation fund.-

(1) The application required to be made under sub-rule (1) of rule 3 of Part II of the Sixth Schedule to the Ordinance for approval of a superannuation fund shall contain the following information, namely:-

- (a) the employer's name and the address of the employer's principal place of business;
- (b) the classes and number of employees, whether in Pakistan or outside Pakistan, entitled to the benefits of the fund;
- (c) the age of retirement prescribed in the fund's regulations;
- (d) the place where the accounts of the fund are or will be maintained; and
- (e) where the fund is already in existence, details of investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

"We/I, the trustees of the above named fund, do declare that what is stated in the application is true to the best of our/my information and belief and that the documents sent herewith are the originals or true copies thereof".

109. Returns, statements and other documents that may be required to be furnished.-

The trustees of an approved superannuation fund and any employer who contributes to an approved superannuation fund may be required by notice, in writing, from the Commissioner under rule 8 of Part II of the Sixth Schedule to the Ordinance to-

- (a) furnish a return containing such particulars of contributions as the notice may require;
- (b) prepare and deliver a return containing -
 - (i) the name and place of residence of every person in receipt of an annuity from the fund;
 - (ii) the amount of the annuity payable to each annuitant;
 - (iii) particulars of every contribution (including interest on contributions), if any, returned to the employer or to employees; and
 - (iv) particulars of sums paid in commutation or in lieu of annuities; and
- (c) furnish a copy of the accounts of the fund to the last date prior to such notice in which such amounts have been made up together with such other information and particulars as may be reasonably required with the permission of the 1[Federal Board of Revenue].

1-The words “Central Board of Revenue” substituted by the Finance Act, 2007

110. Limits on contribution by the employer.-

- (1) The ordinary annual contribution by the employer to an approved superannuation fund in respect of any particular employee shall be made on a reasonable definite basis as may be approved by the Commissioner with regard to the earnings, the contributions or the number of members of the said fund so however that such contributions shall not exceed twenty percent of the employee's salary for each year.
- (2) Subject to any condition which the Commissioner may think fit to specify under this rule, the amount to be allowed as a deduction on account of initial contribution which an employer may make in respect of the past service of an employee admitted to the benefits of a fund shall not exceed twenty percent of the employee's salary for each year of his past services with the employer.
- (3) Notwithstanding the provisions of sub-rules (1) and (2), an employer may, with the prior approval of the Commissioner, make a special contribution to an approved superannuation fund to meet the deficit in the fund, if any.

111. Investment and deposit of moneys of superannuation fund.-

All moneys contributed to an approved superannuation fund and interest on the accumulated balance of such contributions, if any, shall be utilized for making payments under a scheme of insurance or a contract of annuity with the State Life Insurance Corporation of Pakistan, an insurance company carrying on life insurance business and registered under section 3 of the Insurance Act, 1938 (IV of 1938), or the Pakistan Post Office Insurance Department having for its main object the provision of annuities for the beneficiaries, or deposited or invested in accordance with the provisions 1[***] of rule 102.

1-Words etc omitted for “of sub-rule (1)” by SRO 1209(I)/2005, dated 6 December, 2005.

112. Treatment of consideration for dealings with beneficial interest.-

If an employee assigns or creates a charge upon his beneficial interest in an approved superannuation fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date of receipt of the notice, the consideration received for such assignment or charge shall be treated as salary received by him in the year in which the fact became known to the Commissioner and shall be assessed accordingly.

113. Circumstances in which approval may be withdrawn.-

The Commissioner may withdraw approval accorded under Part II of the Sixth Schedule to the Ordinance in the case of a fund which ceases to satisfy the requirements of the said Part or fails to fulfill the requirements of rules 110, 111 and 112.

114. Form of appeal in case of refusal to approve or withdrawal of approval.- (1) An appeal under sub-rule (1) of rule 10 of Part II of the Sixth Schedule to the Ordinance shall be in the following form and shall be verified in the manner indicated therein, namely:-

**FORM OF APPEAL IN CASE OF NON-APPROVAL
OR WITHDRAWAL OF APPROVAL**

To
The 1[Federal Board of Revenue],
Islamabad.

The petition of _____ employer(s) carrying on business, profession or vocation _____ at your petitioner(s) applied to/obtained sanction from the Commissioner under Part II of the Sixth Schedule to the Income Tax Ordinance, 2001 for the approval of the superannuation fund maintained him (them) for the benefit of his (their) employees. The Commissioner has refused/ _____ withdrawn the approval for the reasons stated in his order, dated of which a copy is attested.

For the reasons set out below your petition(s) submit(s) that the fund should be recognised and pray(s) that the 1[Federal Board of Revenue] may be pleased to.

GROUND OF APPEAL

We/I _____ the petitioner(s) named in the above petition do declare that stated therein is true to the best of our my information and belief.

Signature _____
Name _____
Address _____

(2) An appeal shall be accompanied by a copy of a challan for Rs.100 paid in the Government treasury.

PART III
APPROVED GRATUITY FUNDS

115. Application for approval of a gratuity fund.-

(1) The application required to be made under sub-rule (1) of rule 3 of Part III of the Sixth Schedule to the Ordinance for approval of gratuity fund shall contain the following information, namely:-

- (a) the employer's name and the address of employer's principal place of business;
- (b) the classes and number of employees, whether in Pakistan or outside Pakistan, entitled to the benefits of the fund;
- (c) the age of retirement prescribed in the fund's regulations;
- (d) the minimum period of service prescribed in the fund's regulation as a condition of eligibility to receive the gratuity in case of termination of employment;
- (e) the place where the accounts of the fund are or will be maintained; and
- (f) where the fund is already in existence, details of investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

“We/ I, the trustees of the above named fund, do declare what is stated 1[in] that the application is true to the best of our/my information and belief and that the comments sent herewith are the original or true copies thereof.”

1-Substituted for “that” by SRO 392(I)/2009, dated May 19, 2009. The SRO mentions substitution of the word “that” appearing for the first time while it is clearly intended to replace the word appearing for the second time. The amendment has been made accordingly.

116. Returns, statements and other documents that may be required to be furnished.-

The trustees of an approved gratuity fund and ,an employer who contributes to an approved gratuity fund may be required by notice, in writing, from the Commissioner under rule 7 of Part III of the Sixth Schedule to the Ordinance to:-

- (a) furnish a return containing such particulars of contributions as the notice may require;
- (b) prepare and deliver a return containing:
 - (i) the name and place of residence of every person in receipt of a gratuity from the fund; and
 - (ii) the amount of the gratuity paid to each employee; and
- (c) furnish a copy of the accounts of the fund to the last date prior to such notice in which such accounts have been made up together with such other information and particulars as may be reasonably required with the permission of the Commissioner.

117. Limits on contribution by the employer.-

(1) The ordinary annual contribution by the employer to an approval gratuity fund in respect of any particular employee shall be made on a reasonable definite basis, as may be approved by the Commissioner, with regard to the length of service of the employee so however that such contribution shall not exceed salary of the employee for the last month of each financial year.

(2) Subject to any condition which the Commissioner may think fit to specify under this rule, the amount to be allowed as a deduction on account of initial contribution which an employer may make in respect of the past services of an employee admitted to the benefits of a fund shall not exceed salary of the employee for the last month of each financial year during the course of his past services with the employer.

(3) Notwithstanding the provisions of sub-rules (1) and (2), an 1[employer] may with the prior approval of the Commissioner, make a special contribution to an approved gratuity fund to meet the deficit in the fund, if any.

1-Substituted for “employee” by SRO 392(I)/2009, dated May 19, 2009.

118. Investment or deposits of moneys of a gratuity fund.-

All money contributed to an approved gratuity fund and interest on the accumulated balances of such contributions shall be deposited or invested in accordance with the provisions of 1[rule 102].

1-Substituted for “sub-rule (1) of rule 109” by Notification No. SRO 590(I)/2004, dated July 7, 2004.

119. Treatment of consideration for dealings with beneficial interest.-

If an employee assigns or creates a charge upon his beneficial interest in an approved gratuity fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice 1[to] the employee that if he does not secure the cancellation of the receipt of the notice, the consideration received for such assignment of charge shall be treated as salary received by him in the year in which the fact became 2[known] to the Commissioner and shall be assessed accordingly.

1-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for “know” by SRO 392(I)/2009, dated May 19, 2009.

120. Circumstances in which approval may be withdrawn.-

The Commissioner may withdraw approval awarded under Part III of the Sixth Schedule to the Ordinance in the case of a fund which ceases to satisfy the requirements of the said Part or fails to fulfill the requirements of rule.

121. Form of appeal in case of refusal to approve or withdrawal of approval.-

An appeal under sub-rule (1) of rule 9 of Part III of the Sixth Schedule to the Ordinance shall be in the following form and shall be verified in the manner indicated therein, namely:-

FORM OF APPEAL IN CASE OF NON-APPROVAL OR WITHDRAWAL OF APPROVAL

To
The 1[Federal Board of Revenue],
Islamabad.

The petition of employer(s) carrying on business, profession or vocation _____ at your petitioner(s) applied to/obtained sanction from the Commissioner under Part III of the Sixth Schedule to the Income Tax Ordinance, 2001 for the approval of the gratuity fund maintained him (them) for the benefit of his (their) employees. The Commissioner has refused/ _____ withdrawn the approval for the reasons stated in his order, dated _____ of which a copy is attested.

For the reasons set out below your petition(s) submit(s) that the fund should be recognized and pray(s) that the 1[Federal Board of Revenue] may be pleased to.

GROUND OF APPEAL

We/ 1 _____ : _____ the petitioner(s) named in the above petition do declare that stated therein is true to the best of our/my information and belief.

Signature _____
Name _____
Address _____

(2) An appeal shall be accompanied by a copy of a challan for Rs.100/- paid in the Government treasury.

1-The words "Central Board of Revenue" substituted by the Finance Act, 2007

CHAPTER – XVI
INCOME TAX RECOVERY RULES
PART - I

122. Definitions.-

For the purposes of 1[these] rules, unless there is anything repugnant in the subject or context,-

(a) “Tax Recovery” means recovery of debt due to the Federal Government under the Income Tax Ordinance, 2001;

(b) “defaulter” means the taxpayer mentioned in the notice;

(c) “execution”, in relation to a Notice, means steps taken for the recovery of arrears under these rules;

2[(ca) “notice”, in this Chapter means a notice under sub-section (1) of section 138 of the Income Tax Ordinance 2001 .]

(d) “officer” means a person authorized by the commissioner to execute an order of attachment or sale under these rules; and

(e) “share in a corporation” includes stock, debenture stock, debentures or bonds.

(f) for the purpose of this Chapter, “Commissioner” means Commissioner of 3[“Inland Revenue”] as defined under clause 13 of section 2 and includes any 4[Officer of Inland Revenue or Inspector Inland Revenue] taxation officer delegated powers by the Commissioner to act, exercise powers and functions under this Chapter, in respect of a taxpayer(s) by general or specific orders, or under scheme of enforcement in the tax recovery matters designed by the FBR 5[:]

6[Provided that the Commissioner Inland Revenue shall not delegate powers and functions under this Chapter to any Inspector Inland Revenue in respect of taxpayer having tax demand exceeding five million rupees.]

1-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Clause “(ca)” inserted by SRO 392(I)/2009, dated May 19, 2009.

3-The words “Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

4-The words “taxation officer” substituted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

5-Full stop substituted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

6-Added by the S.R.O. 754(I)/2016 dated 15th August, 2016.

123. Form of notice of recovery to be issued by Commissioner.-

1[(1) The notice required to be served upon the taxpayer under sub-section (1) of section 138 shall be in the form as prescribed in part-III of First Schedule to these rules.]

124. Mode of service of notice.-

The notice referred to in rule 123 and other notices under rules contained in this part shall be served as provided in section 218 of the Income Tax Ordinance, 2001.

125. Time limit for execution of the notice.-

No step in execution of the notice referred to in rule 123 shall be taken until the period specified in the said notice has elapsed since the date of service of the notice.

Provided that if the Commissioner is satisfied that the defaulter is to cancel, remove or dispose of the whole or any part of such of his moveable property as would be liable to attachment in execution of a notice that the realization of the amount of Notice would in consequence be delayed or obstructed, he may at any time after the issue of the notice under rule direct, for reasons to be recorded in writing, an attachment of the whole or part of such property:

Provided further that if the defaulter whose property has been so attached furnishes security to the satisfaction of the Commissioner, such attachment shall be cancelled from the date on which such security is accepted by the Commissioner.

126. Disposal of proceeds of execution.-

Whenever assets are realized, by sale or otherwise in execution of a Notice, they shall be disposed of in the following manner, namely:-

- (a) there shall be paid to the Commissioner the amount due under the 1[notice] in execution of which the assets were realized; and
- (b) the balance, if any, shall be paid to the defaulter.

1-Substituted for “certificate” by SRO 392(I)/2009, dated May 19, 2009.

127. Determination of disputes.-

Except as otherwise expressly provided in these rules, every question arising between the Commissioner and the defaulter or their representatives, relating to the execution, discharge or satisfaction of a 1[notice duly issued] under these rules, or relating to confirmation or setting aside by an order under these rules of a sale held in execution of such Certificate, shall be determined by order of the Commissioner before whom such question arise.

1-Substituted for "Certificate duly filed" by SRO 392(I)/2009, dated May 19, 2009.

128. Exemption from attachment.-

The following shall not be liable to attachment and sale under these rules, namely:-

- (a) the necessary wearing apparel, cooking vessels, beds and bedding of the defaulter, his wife and children, and such personal ornaments, as, in accordance with religious usage, cannot be parted with by any women;
- (b) tools of artisans, and, where the defaulter is an agriculturist, his implements of husbandry and such cattle and seed grain as may, in the opinion of the Commissioner, be necessary to enable him to earn his livelihood as such;
- (c) houses and other buildings (with the materials and the sites thereof and the land immediately appurtenant thereto and necessary for their enjoyment) belonging to an agriculturist and occupied by him;
- (d) books of account;
- (e) a mere right to sue for damages;
- (f) any right of personal service;
- (g) stipends and gratuities allowed to a pensioner of the Government, or payable out of any service family pension fund notified in official Gazette by the Federal Government or the Provincial Government in this behalf, and political pensions;
- (h) the wages of labourers and domestic servants, whether payable in money or in kind;
- (i) salary to the extent of the first hundred rupees and one half of the remainder:

Provided that where such salary is the salary of the servant of Government or servant of a railway or local authority, and 1[] whole or any part of the portion of such salary liable 2[to] attachment has been under attachment, whether continuously intermittently for a total period of twenty four months, portion shall be exempt from attachment until the expiry of further period of twelve months and, where such attachment been made in execution of one and the same certificate, shall be finally exempt from attachment in execution of that notice;
- (j) the pay and allowances of persons to whom the Pakistan 1[Army] Act, 1952 (XXXIX of 1952), applies, or of persons other than Commissioned Officers to whom the Pakistan Navy Ordinance, 1961 (XXXV of 1961), applies;
- (k) all compulsory deposits and other sums in or derived from fund to which the Provident Funds Act, 1925 (XIX of 1925), the time being applies in so far as they are declared by the Act not to be liable to attachment;
- (l) any allowance forming part of the emoluments of any servant of Government or of any servant of a railway or local authority which the appropriate Government may, by notification in the official Gazette, declare to be exempt from attachment, and any subsistence grant or allowance made to any such servant while under suspension;
- (m) any expectancy of succession by survivorship or other 3[merely] contingent or possible right or interest; and

(n) a right to future maintenance.

Explanation 1.- The particulars mentioned in clauses (g), (h), (i), (j) and (l) are exempt from attachment or sale whether before or 4[after] they are actually payable, and in the case of salary other 5[than] salary of a servant of the Government or a servant of railway local authority the attachable portion thereof is exempt from attachment until it is actually payable.

Explanation 2.- In clauses (h) and (i), “wages” or “salary” means the total monthly emoluments, excluding any allowance declared exempt from attachment under the provisions of clause (l), derived by a person from his employment whether on duty or on leave.

Explanation 3.- In clause (l), “appropriate Government” means-

(i) as respects any person in the service of the Federal Government, or any servant of Railway Board, a cantonment! authority or of the port authority or a major port, the Federal Government; and

(ii) as respect any person in the service of a Provincial Government or a servant of any local authority, the Provincial Government.

1-Letter “III” omitted by SRO 392(I)/2009, dated May 19, 2009.

2-Word inserted by SRO 392(I)/2009 dated May 19, 2009.

3-Substituted for “me” by SRO 392(I)/2009, dated May 19, 2009.

4-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

5-Substituted for “t” by SRO 392(I)/2009, dated May 19, 2009.

129. Investigation by Commissioner.-

(1) Where any claim is preferred to, or any objection is made to the attachment or sale of, any property in execution of a 1[notice] on the ground that such property is not liable to such attachment or sale, the Commissioner shall proceed to investigate the claim or objection:

Provided that no such investigation shall be made when the Commissioner considers that the claim or objection was designedly or unnecessarily delayed.

(2) Where the property to which the claim or objection relates has been advertised for sale, the Commissioner ordering the sale may postpone it during the investigation of the claim or objection, upon such terms as to security or otherwise as the Commissioner may deem fit.

(3) The claimant or objector shall adduce evidence to show that at the date on which the Notice was originally issued by the Commissioner for the recovery of the arrears, he had some interest in, or was possessed of the property in question.

(4) Where, upon the said investigation the Commissioner is satisfied that, for the reason stated in the claim or objection, such property was at the said date in the possession of the defaulter or of some person in trust for him or in the occupancy of a tenant or other person paying rent to him, or being in the possession of the defaulter at the said date, it was so in his possession, not on his own account or as his own property, but on account of or in trust for some other person the Commissioner shall make an order releasing the property, wholly or to such extent as it was not 2[] in possession of the defaulter on his own account, from attachment or sale.

(5) Where the Commissioner is satisfied that the property was, at that date, in the possession of the defaulter as his own property and not on account of any other person, or was in possession of some other person in trust for him or in the occupancy of a tenant or other person paying rent to him, the Commissioner shall disallow the claim.

1-Substituted for "Certificate" by SRO 392(I)/2009, dated May 19, 2009.

2-Word "it" omitted by SRO 392(I)/2009, dated May 19, 2009.

130. Removal of attachment on satisfaction or cancellation of Certificate.-

Where the amount due is paid to the Commissioner 1[the attachment] shall be deemed to be withdrawn and, in case of immovable property, the withdrawal shall, if the defaulter so desired, be proclaimed at his expense, and a copy of the proclamation shall be affixed in manner provided by these rules for a proclamation of sale of immovable property.

1-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

131. Officer entitled to attach and sell.-

The attachment and sale of immovable property may be made by such officer as the Commissioner may from time to time direct.

132. Adjournment or stoppage of sale.-

(1) The Commissioner may adjourn sale hereunder to a specified day and hour; and the officer conducting any such sale may adjourn the sale, recording his reasons for such adjournment:

1[Provided that, where the sale is being conducted in or within the precincts of the office of the concerned Commissioner 2[***], the officer shall not adjourn the sale without prior permission of the Commissioner.]

(3) Every sale shall be stopped if, before the lot is knocked down, the amount 3[due is] tendered to the officer conducting the sale, or proof is given to his satisfaction 4[that the] amount has been paid to the Commissioner who ordered the sale.

1-Proviso substituted by SRO 392(I)/2009, dated May 19, 2009.

2-The words “of income tax” omitted by SRO 1218(I)/2015, dated 08.12.2015.

3-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

4-Substituted for “e” by SRO 392(I)/2009, dated May 19, 2009.

133. Defaulter not to mortgage, etc., any property.-

Where a notice has been served on a defaulter under rule 123 the defaulter or his representative in interest shall not sell, mortgage, charge, lease or otherwise deal with any property belonging to him except with the permission of the Commissioner.

134. Prohibition against bidding or purchase by officer.-

No officer or other person having any duty to perform in connection with any sale under these rules shall, either directly or indirectly, bid for, acquire or attempt to acquire any interest in the property sold.

135. Assistance by police.-

Any officer authorized to attach or sell any property or to arrest the defaulter or charged with any duty to be performed under these rules, may apply to the officer-in-charge of the nearest police station for such assistance as may be necessary in the discharge of his duties.

PART - II
ATTACHMENT AND SALE OF MOVABLE PROPERTY ATTACHMENT

136. Person authorized to act, etc.-

(1) The Commissioner may authorize any person to execute an order of attachment or sale under the rules in this part and in Part III and, where he does not so authorize any person references, in the said rules to “officer”, so far as may be, be construed 1[as] references to the Commissioner.

(2) Except as otherwise provided in these rules, when any movable property is to be attached, the officer shall be furnished by the Commissioner with a warrant in writing and signed with his name specifying the name of the defaulter and the amount to be realized.

2[(3) The warrant of attachment of movable property to be issued by the Commissioner under sub-rule (2) shall be in the following form, namely:-

WARRANT OF ATTACHMENT OF MOVEABLE PROPERTY
(Rule 136(2) of the Income Tax Rules, 2002)

Commissioner _____
No. _____ dated _____

To

S/O _____

You Mr./Mrs./M/s. _____ have failed to pay Rs. _____
(Rupees _____) which was due as income tax arrears in spite of service of a notice under section 138(1) of the Income Tax Ordinance, 2001, dated _____.

In view of the said default and in pursuance of recovery of tax arrears, it is hereby ordered to attach moveable property belonging to Mr/Mrs/M/s. _____, the defaulter of the said amount.

Mr. _____ is authorized under rule 136(1) of the Income Tax Rules, 2002, to execute this warrant. This order is given under my hand and seal at (name of city) _____ on this day of (month) _____ (year) _____.

Commissioner of 3[“Inland Revenue”]]

1-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Sub-rule (3) substituted by SRO 392(I)/2009, dated May 19, 2009.

3-The words “Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

137. Service of copy of warrant.-

The officer shall cause a copy of the warrant to be served on the defaulter.

138. Attachment. -

If, after service of the copy of warrant, the amount is not paid forthwith, the officer shall proceed to attach the movable property of the defaulter.

Provided that the standing crops of the agricultural produce lying in the field stored in or near the dwelling house of the defaulter or stored on the land owned or cultivated by the defaulter, which represents the agricultural produce of the land owned, leased or cultivated by the defaulter, shall not be attached.

139. Property in defaulter's possession.-

Where the property to be attached is movable property in the possession of the defaulter, the attachment shall be made by actual seizure and the officer shall keep the property in his own custody or in the custody of one of his subordinates and shall be responsible for due custody thereof.

Provided that when the property seized is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, the officer may sell it at once.

140. Debts and shares, etc.-

(1) In the case of-

(a) a debt not secured by a negotiable instrument,

(b) a share in a corporation, or

(c) other movable property not in the possession of the defaulter except property deposited in, or in the custody of, any court, the attachment shall be made by a written order, prohibiting,-

(ii) in the case of the share, the person in whose name the share may be standing from transferring the same or receiving any dividend thereon; and

(iii) in the case of other movable property except as aforesaid, the person in possession of the same from giving it over to the defaulter.

(2) A copy of such order shall be affixed on some conspicuous part of the office of the Commissioner, and another copy shall be sent, in the case of the debt, to the debtor, in the case of the share in a corporation, to the proper officer of the corporation and in the case of other movable property (except as aforesaid), to the person in possession of the same.

(3) A debtor prohibited under clause (i) of sub-rule (1) shall, on receipt of order of the Commissioner, pay the amount of his debt to the Commissioner, and such payment shall discharge him as effectually as payment to the party entitled to receive the same.

(4) Where the execution of a document or the endorsement of the defaulter in whose name a negotiable instrument or a share in a corporation is standing is required to transfer such negotiable instrument or share, the Commissioner such other officer as he may authorize in this behalf may execute such document or make such endorsement as may be necessary, and such execution or endorsement have the effect as an execution or endorsement by the defaulter.

(5) Until the transfer of such negotiable instrument or share, the Commissioner or any other officer authorized by him in this behalf may receive any interest or dividend due thereon and sign a receipt for the same. Any receipt so signed shall be as valid and effectual for all purposes as if the same had been signed by the defaulter himself.

141. Share in movable property.-

Where the property to be attached consists of the share or interest of the defaulter in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the defaulter prohibiting him from transferring such share or interest or subjecting same to a charge in any manner.

142. Attachment of negotiable instrument.-

Where the property is a 1[negotiable] instrument not deposited in a Court, nor in the custody of a public officer, the attachment shall be made by actual seizure, and the instrument shall be brought before the Commissioner and held subject to 2[his] orders.

1-SRO 392(I)/2009 dated May 19, 2009 seeks to substitute the word “liable” by “negotiable”, whereas the word “negotiable” already appears there.

2-Substituted for “this” by SRO 392(I)/2009, dated May 19, 2009.

143. Attachment of property in custody of public officer.-

Where the property to be attached is in the custody of any public officer, the attachment be made by a notice to such officer requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further 1[orders] of the Commissioner by whom the notice is issued.

1-Substituted for “s” by SRO 392(I)/2009, dated May 19, 2009.

144. Attachment of property in partnership.-

(1) Where the property to be attached consists of an interest of the defaulter, being a partner, in

the partnership property, the Commissioner may make an order charging the 1[share] of such partner in the partnership property and profits, with payment of amount due under the notice, and may, by the same or a subsequent 1[order], appoint a receiver the share of such partner in the profits, whether already declared or accruing, and of any other money which may become due to in respect of the partnership, and direct maintenance or rendition of accounts and inquiries and make an order for the sale of such interest or such order as the circumstances of the case may require.

(2) The other partners shall be at liberty at any time to redeem the interest charged or; in the case of a sale being directed, to purchase the same.

145. Inventory.-

In the case of attachment of movable property by actual seizure the officer shall, after attachment of the property prepare an inventory of all the property attached, specifying in it the place where it is lodged or kept, and shall forward the same to the Commissioner and deliver a copy thereof to the defaulter.

146. Attachment not to be excessive.-

The attachment by seizure shall not be excessive, that is to say, the property attached shall be as nearly as possible proportionate to the amount specified in the warrant.

147. Seizure between sunrise and sunset.-

Attachment by seizure shall be made after sunrise and before sunset and not otherwise.

148. Entry into building by officer, etc.-

The officer may break open any inner or other door or window of any building and enter any building in order to seize any movable property if the officer has reasonable grounds to believe that such building contains movable property liable to seizure under the warrant and the officer has notified his authority and intention of breaking open if admission is not given. He shall, however, give all reasonable opportunity to women 1[to] withdraw.

149. Sale.-

The Commissioner may direct that any movable property attached under these rules or such portion thereof as may seem necessary to satisfy the certificate shall be sold.

150. Issue of proclamation.-

When any sale of movable property is ordered by the Commissioner, he shall issue a proclamation of the intended sale specifying the time and place of sale and whether the sale is subject to confirmation or not.

151. Proclamation how made.-

(1) The proclamation shall be made by the beat of drum or other customary mode, and the contents of the proclamation shall be explained in the language of the district-

(a) in the case of property attached by actual seizure-

(i) in the village in which the property was seized or, if the property was seized in a town or city, then, in the locality in which it was seized; and

(ii) at such other places as the Commissioner of Tax may direct; and

(b) in the case of property attached otherwise than by actual seizure, in such places, if any, as the Commissioner may direct.

(2) A copy of the proclamation shall also be affixed at a conspicuous place in the office of the Commissioner.

(3) Where the Commissioner so directs, such proclamation may also be published in one or two newspapers.

152. Sale after fifteen days.-

Except where the property is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, no sale of movable property under these rules shall, without the consent in writing of the defaulter, take place until after the expiry of at least fifteen days from the date on which a copy of the proclamation of sale was affixed in the office of the Commissioner.

153. Sale to be by auction or by tender.-

The property shall be sold by public auction or by tender, in one or more lots, as the officer may consider advisable and, if the amount to be realized by sale may be satisfied by the sale of a portion of the property, the sale shall be only with respect to that portion of the property.

154. Sale by public auction.-

- (1) Where movable property is sold by public 1[auction], the price of each lot shall be paid at the time of sale or as soon thereafter the officer holding the sale directs and in default of payment the property shall 2[***] be re-sold.
- (2) On payment of the purchase money, the officer holding the sale shall grant to the purchaser a certificate specifying the property purchased, the price paid the name of the purchaser, and the sale shall thereupon become absolute.

1-Substituted for "on" by SRO 392(I)/2009, dated May 19, 2009.

2-Word "with" omitted by SRO 392(I)/2009, dated May 19, 2009.

155. Irregularity not to vitiate sale.— Any error or irregularity in publishing or conducting the sale of movable property shall not vitiate the sale if provisions of these rules have been substantially complied with.

156. Negotiable instruments or share in a corporation.— Notwithstanding anything contained in these rules, where the property to be sold 2[is] negotiable instrument or a share in a corporation, the Commissioner instead of directing the sale to be made by public auction, authorize the sale of such instrument or share through a broker.

157. Order for payment of coin or currency notes to the Commissioner 1[*].-**

Where the property attached is current coin or currency notes, the Commissioner may, at any time during the continuance of the attachment, direct that such coin or notes, or a part thereof sufficient to satisfy the Notice, be paid over to the Commissioner.

1-Word inserted by SRO 392(I)/2009 dated May 19, 2009.

PART - III
ATTACHMENT AND SALE OF IMMOVABLE PROPERTY ATTACHMENT

158. Attachment.-

1[(1)] Attachment of the immovable property of the defaulter be made by an order prohibiting the defaulter from transferring or subjecting the property to a charge in any manner and prohibiting all persons from taking any benefit under such transfer or charge.

2[(2)] The order of attachment of immovable property to be issued by the Commissioner under this rule shall be in the following form, namely:-

ORDER OF ATTACHMENT OF IMMOVABLE PROPERTY
(Rule 158 of the Income Tax Rules, 2002)

To,

S/O _____

You have failed to pay a sum of Rs. _____ (Rupees _____) payable by you, for which a notice under section 138(1) of the Income Tax Ordinance, 2001, dated _____ has already been served upon you.

In view of the said default and in pursuance of recovery of income tax arrears you Mr/Mrs/M/s. _____ are hereby prohibited and restrained until further orders of the undersigned from transferring of immovable property No. _____ located at (address) _____ or subjecting the same to a charge in any manner and, that all persons are prohibited from taking any benefit under such transfer or charge.

Given under my hand and seal at (name of city) _____ on this day of (month) _____ (year) _____

Commissioner of 3[“Inland Revenue”]]

1-Rule 158 renumbered as sub-rule (1) and sub-rule (2) by SRO 392(I)/2009, dated May 19, 2009.

2-The words “Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

3-Substituted for “aimed” by SRO 392(I)/2009, dated May 19, 2009.

159. Service of notice of attachment.-

A copy of the order of attachment be served on the defaulter.

160. Proclamation of attachment.-

The order of attachment shall be 1[proclaimed] at some place on or adjacent to the property attached by beat of drum or customary mode, and a copy of the order shall be affixed at a conspicuous of the property and also at a conspicuous place of the office of the Commissioner.

1-Substituted for “aimed” by SRO 392(I)/2009, dated May 19, 2009.

161. Sale and proclamation of sales.-

- (1) The Commissioner of Tax may direct that any immovable property which has been attached, or such portion of as may seem necessary to satisfy the notice, shall be sold.
- (2) Where any immovable property is ordered to be sold, the Commissioner shall cause a proclamation of the intended sale to be made in the language of the district.

162. Contents of proclamation.-

(1) A proclamation of sale of immovable property shall be drawn up after service of notice to the defaulter, and shall state time and place of sale and also specify-

(a) the location of the property to be sold;

(b) as fairly and accurately as possible the revenue or rent, if any, assessed upon the property or any part thereof; and

(c) the amount for the recovery of which the sale is ordered.

(2) The proclamation may also specify any other thing which the Commissioner considers material for a purchaser to know in order to judge the nature and value of the property.

163. Mode of making proclamation.-

- (1) Every proclamation for the sale of immovable property shall be made at some place on or near such property by beat of drum or other customary mode, and a copy of the proclamation shall be affixed at a conspicuous place of the property and also at a conspicuous 1[part] of the office of the Commissioner.
- (2) Where the Commissioner so directs, such proclamation may be published in one or two newspapers.
- (3) Where the property is divided into lots for the purpose of being sold separately, it shall not be necessary to make a separate proclamation for each lot, unless proper notice of the sale cannot, in the opinion of the Commissioner otherwise be given.

164. Time of sale.-

No sale of immovable property under these rules shall, without the consent in writing of the defaulter, take place until after 1[the] expiration of at least thirty days from the date on which a copy of the proclamation of sale has been affixed on the property or in the office of the Commissioner, whichever is later.

1-Substituted for "tile" by SRO 392(I)/2009, dated May 19, 2009.

165. Sale to be by auction or by tender.-

The sale shall be made by public auction or by tender to the highest bidder and shall be subject to confirmation by the Commissioner.

166. Deposit by purchaser and re-sale in default.-

(1) On every sale of immovable property, the person declared to be the purchaser shall pay, immediately after such declaration, a deposit of twenty-five percent of the amount of his purchase money to the officer conducting the sale; and in default of such deposit the property shall forthwith be resold.

(2) The full amount of purchase money payable shall be paid by the purchaser to the Commissioner on or before the fifteenth day from the date of the sale of the property.

167. Procedure in default of payment.-

In default of payment within the period mentioned in rule 166 twenty percent of deposit made under sub-rule (1) of that rule shall be forfeited and the rest shall be kept as deposit to be dealt with as mentioned in rule 168 and the property shall be re-sold and the defaulting purchaser shall forfeit all claims to the property or to any part of the, sum for which it may be subsequently sold except to such sums as may be found refundable to him under rule 168.

168. Amount recoverable from purchaser in default.-

Any deficiency of price which may happen on a re-sale by reason of the purchaser's default including all expenses attending such re-sale, shall be recoverable from the defaulting purchaser upto the maximum of eighty percent of the deposit made by him under sub-rule (1) of rule 173 and kept as a deposit under rule 166 and if there is any surplus after meeting the deficiency the same shall be refunded to the defaulting purchaser.

169. Authority to bid.-

All persons bidding at the sale shall be required to declare if they are bidding on their own behalf, or on behalf of their principals and, in the latter case, they shall be required to deposit their authority, and in default their bids shall be rejected.

170. Application to set aside sale of immovable property on deposit.-

(1) Where immovable property has been sold in execution of a 1[notice], the defaulter, or any person whose interests are affected by the sale, may, at any 2[time] within thirty days from the date of the sale, apply to the Commissioner to set aside the sale, on his depositing-

(a) for payment to the Commissioner, the amount specified in the proclamation of sale as that for the recovery of which the sale was ordered with interest thereon at the rate of eight percent per annum, calculated from the date of proclamation of sale to the date when the deposit is made; and

(b) for payment to the purchaser, as penalty, a sum equal to ten percent of the purchase money.

1-Substituted for "Certificate" by SRO 392(I)/2009, dated May 19, 2009.

2-Word inserted by SRO 392(I)/2009 dated May 19, 2009.

171. Application to set aside sale of immovable property on ground of non-service of notice or irregularity.-

Where immovable property has been 1[sold] in execution of a notice, 2[***] the defaulter, or any person whose interests are affected by the sale, may, at any time within thirty days from the date of the sale, apply to the Commissioner to set aside the sale of the immovable property on the ground that notice was not served on the defaulter to pay the arrears as required by these rules or on the ground of a material irregularity in publishing or conducting the sale:

Provided that-

- (a) no sale shall be set aside on any such ground unless the Commissioner is satisfied on the basis of evidence, produced before him that the applicant has sustained loss by reason of the non-service or irregularity; and
- (b) an application made by a defaulter under this rule shall be disallowed unless he deposits the amount recoverable from him in execution of the notice.

1-Word inserted by SRO 392(I)/2009 dated May 19, 2009.

2-Words “the Commissioner of Income Tax,” omitted by SRO 392(I)/2009, dated May 19, 2009.

172. Setting aside sale where defaulter has no saleable interest.-

At 1[any] time within thirty days of the sale, the purchaser may apply to the Commissioner to set aside the sale on the ground that the defaulter had no saleable interest in the property sold.

173. Confirmation of sale.-

(1) Where no application is made for setting 1[aside] the sale under the foregoing rules or where such an application is made and 2[disallowed] by the Commissioner, he shall, if the full amount of the purchase money has been paid, make 3[an] order confirming the sale, and 4[thereupon] the sale shall become absolute.

(2) Where such application is made and allowed, and where, in the case of application made to set aside the sale on deposit of the amount 5[of tax penalty and additional tax], the deposit is made within thirty days from the date of sale, the Commissioner shall make an order setting aside the sale.

Provided that no such order shall be made unless notice of the application has been given to the persons affected thereby.

1-Substituted for "Certificate" by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for "owed" by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for "l'in" by SRO 392(I)/2009, dated May 19, 2009.

4-Substituted for "upon" by SRO 392(I)/2009, dated May 19, 2009.

5-Substituted for "and penalty, interest" by SRO 392(I)/2009, dated May 19, 2009.

174. Return of purchase money in certain cases.-

Where a sale of immovable property is set aside, any money paid or deposited by the purchaser on account of the purchase, together with the penalty, if any, deposited for payment to the purchaser, shall be paid to the purchaser.

175. Sale certificate.-

(1) Where a sale of immovable property has become absolute, the Commissioner shall grant a certificate specifying the property sold, and the name of the person who at the time of sale was declared to be the purchaser.

(2) Such certificate shall state the date on which the sale become absolute.

176. Postponement of sale to enable defaulter to raise amount due under notice.-

(1) Where an order for the sale of immovable property has been made and the defaulter satisfies the Commissioner of Tax that there is reason to believe that the amount of the notice may be raised by mortgage or lease or private sale of such property, or some part thereof, or of any other immovable property of the defaulter, the Commissioner of Tax may, on the application of the defaulter, postpone the sale of the property specified in the order for sale, on such terms and for such period as he thinks proper, to enable the defaulter to raise the amount.

(2) In such case, the Commissioner shall grant a certificate to the defaulter authorizing him, within a period to be mentioned therein and notwithstanding anything contained in these rules, to make the proposed mortgage, lease or sale:

Provided that all money payable under such mortgage, lease or sale shall be paid, not to the defaulter, but to the Commissioner:

Provided further that no mortgage, lease or sale under this rule shall become absolute until it has been confirmed by the Commissioner.

177. Fresh proclamation before resale.-

Every re-sale of immovable property, in default of payment of the purchase money within the period allowed for such payment, shall be made after the issue of a fresh proclamation in the manner and for the period herein-before provided for the sale.

178. Bid of co-sharer to have preference.-

Where the property sold is a share of undivided immovable property and two or more persons, of whom one is a co-sharer, respectively bid the same sum for such property or for any lot, the bid of the co-sharer shall have preference.

PART - IV
APPOINTMENT OF RECEIVER

179. Appointment of receiver for business.-

(1) Where the property of Defaulter consists of a business, the Commissioner may attach the business and appoint a person as receiver to manage the business.

Where immovable property is attached, the Commissioner may, instead of directing sale of the property, appoint a person as receiver to manage such property.

(2) Attachment of a business under this rule shall be made by an order prohibiting the defaulter from transferring or subjecting the business to a charge in any manner and prohibiting all persons from taking any benefit under such transfer or charge and intimating that the business has been attached under this rule. A copy of the order of attachment shall be served on the defaulter and another copy shall be affixed on a conspicuous part of the premises in which the business is carried on and at a conspicuous place in the office of the Commissioner.

(3) Where the Commissioner so directs, such order shall also be published in a newspaper.

180. Appointment of receiver for immovable property.-

Where immovable property is attached, the Commissioner may, instead of directing sale of the property, appoint a person as receiver to manage such property.

181. Power of receivers, etc.-

(1) Where it appears to the 1[Officer] to be just and convenient, the Officer may by order-

- (a) remove any person from the possession or custody of the property;
- (b) commit the same to the possession, custody or management of the receiver; and
- (c) confer upon the receiver all such powers, as to bringing and defending suits and for the realization, management, protection, preservation and improvement of the property, the collection of the rents and profits thereof, the application and disposal of such rents and profits, and the execution of documents as the owner himself has or such of those powers as the Commissioner thinks fit:

Provided that nothing in this rule shall authorize the Commissioner to remove from the possession or custody of property any person whom any party to recovery proceedings has not a present right so to remove.

(2) The Commissioner may by general or special order fix the amount to be paid as remuneration for the services of the receiver.

(3) Every receiver appointed by the Commissioner shall -

- (a) furnish such security, if any, as the Commissioner thinks fit, to account duly for what he shall receive in respect of the property;
- (b) submit his accounts at such periods and in such form as the Commissioner directs;
- (c) pay the amount due from him as the Commissioner of Income directs; and
- (d) be responsible for any loss occasioned to the property by his willful default or gross negligence.

(4) The profits or rents and profits, of such business or other property after defraying the expenses of management, be adjusted towards discharge 2[of] arrears, and the balance, if any, shall be paid to the defaulter.

1-Substituted for "Commissioner" by SRO 392(I)/2009 dated May 19, 2009.

2-Word inserted by SRO 392(I)/2009 dated May 19, 2009.

182. Withdrawal of management.-

The attachment and management under this part may be withdrawn at any time at the discretion of the Commissioner, or if the arrears are discharged by receipt of such profits and rents or are otherwise paid.

PART- V
ARREST AND DETENTION OF THE DEFAULTER

183. Notice to show cause.-

(1) No order for the arrest and detention in civil prison of a defaulter shall be made unless the Commissioner has issued and served a notice upon the defaulter, calling upon him to appear before him on the date specified in the notice and to show cause why he should not be committed to the civil prison, and unless the Commissioner, for reasons to be recorded in writing, is satisfied-

(a) that the defaulter, with the object or effect of obstructing the execution of the 1[notice] has, after the receipt of the 1[notice] in the office of the Commissioner, dishonestly transferred, concealed or removed any part of his property, or

(b) that the defaulter has, or has had since the receipt of the notice in the office of the Commissioner, the means to pay the arrears or some substantial part thereof and refuses or neglects or has refused or neglected to pay the same.

(2) Notwithstanding anything contained in sub-rule (1) a warrant for the arrest of the defaulter may be issued by the Commissioner, if he is satisfied, by affidavit or otherwise, that, with the object or effect of delaying the execution of the notice, the defaulter is likely to abscond or leave the local limits of the jurisdiction of the Commissioner.

(3) Where appearance is not made in compliance to a notice issued and served under sub-rule (1), the Commissioner may issue a warrant for the arrest of the defaulter.

(4) Every person arrested in pursuance of a warrant of arrest under sub-rule (2) or sub-rule (3) shall be brought before the Commissioner as soon as practicable and in any event within twenty-four hours of his arrest, 2[exclusive of] the time required for the journey:

Provided that if the defaulter pays the amount entered in the warrant 3[of] arrest as due to the officer arresting him, such officer shall at once release him.

4[(5) The warrant of arrest of the defaulter to be issued by the Commissioner under sub-rule shall be in the following form, namely:-

WARRANT FOR ARREST OF THE DEFAULTER
(Rule 183(2) of the Income Tax Rules, 2002)

Commissioner _____

No. _____ dated _____

To _____

S/O. _____

Whereas a notice u/s 138(1) of the Income Tax Ordinance, 2001, dated _____ was issued and served upon Mr. _____ son of _____ (full address) _____ for recovery of arrears. An amount due from the said defaulter is detailed as below:-

Amount as per notice u/s 138(1): _____

Cost and charges: _____

Total: _____

In spite of the service of the said notice, the said arrears have not been paid. Accordingly, you are hereby commanded to arrest the said defaulter and produce him before the undersigned as soon as practicable in any event within 24 hours of his arrest (exclusive of time required for the journey) unless the defaulter pays to you the amount of arrears of Rs. _____ (Rupees _____) and Rs. _____ (Rupees _____) being the cost of executing the process.

You are hereby further commanded to return the warrant on or before the day of _____ with an endorsement given on the day on which and the manner in which it has been executed or the reasons why it has not been executed.

Given under my hand and seal at (city) _____ on this _____ day of (month) _____ (year) _____.

Commissioner of 5["Inland Revenue"]]

1-Substituted for "Certificate" by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for "exclusively" by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for "ii" by SRO 392(I)/2009, dated May 19, 2009.

4-Sub-rule (5) inserted by SRO 392(I)/2009, dated May 19, 2009.

5-The words "Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.

184. Hearing.-

When a defaulter appears before the Commissioner in compliance to a notice to show cause or is brought before the Commissioner under rule 183 the Commissioner shall give the defaulter an opportunity of showing cause why he should not be committed to the civil prison.

185. Custody pending hearing.-

Pending the conclusion of the inquiry, the Commissioner may order the defaulter to be detained in the custody of such officer as the Commissioner of Income Tax may think fit or release him on his furnishing security to the satisfaction of the Commissioner for his appearance when required.

186. Order of detention.-

(1) Upon the conclusion of the inquiry, the Commissioner may make an order for the detention of the defaulter in the civil prison and shall in that event cause him to be arrested if he is not, already under arrest:

Provided that in order to give the defaulter an opportunity of satisfying the arrears, the Commissioner may, before making the order of detention leave the defaulter in the custody of the officer arresting him or of any other officer for specified period not exceeding fifteen days, or release him on his furnishing security to the satisfaction of the Commissioner for his appearance at the expiration of the specified period if the arrears are not so satisfied.

(2) When the Commissioner does not make an order of detention under sub-rule (1), he shall, if the defaulter is under arrest, direct his release.

1[(3) The warrant for detention of the defaulter in civil prison to be made by the Commissioner under this rule shall be in the following form, namely:-

WARRANT FOR DETENTION OF THE DEFAULTER IN CIVIL PRISON (Rule 186(1) of the Income Tax Rules, 2002)

Commissioner _____

No. _____ dated _____

To

The Officer In charge of the civil prison

Where Mr. _____ S/o. _____ (Full address) _____ has been brought before the undersigned under a warrant in execution of a notice under section 138(1) of the Income Tax Ordinance, 2001, for recovery of tax arrears.

And whereas he has not satisfied the undersigned that he is entitled to be discharged from custody and has not paid the amount due from him as specified below:-

Income Tax _____

Penalty _____

Additional Tax _____

Cost and charges _____

Total _____

And whereas the undersigned is satisfied that the said defaulter _____ should be committed to the civil prison and an order to that effect has been passed by the undersigned on this _____ day of (month) _____ (year) _____,

You are hereby commanded and required to take and receive the said defaulter _____ in the civil prison and to keep him imprisoned therein for a period of _____ or until the amount aforesaid together with further additional tax at a rate equal to _____ percent per annum u/s.205 of the Income Tax Ordinance, 2001 on the amount unpaid being Rs. _____ for the period commencing immediately after the date of issue of this warrant to the date on which it is paid to you on behalf of the Commissioner of income tax or until you receive an order of his release from the undersigned.

The undersigned does hereby fix Rs. _____ per day (calculated under rule 198 of the Income Tax Rules, 2002) as a rate for subsistence allowance for the period of his detention.

Given under my hand and seal at (name of city) _____ on this day of _____ (month)
_____ (year) _____

Commissioner of 2[“Inland Revenue”]]

1-Sub-rule (3) inserted by SRO 392(I)/2009, dated May 19, 2009.

2-The words “Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

187. Detention in and release from prison.-

(1) Every person detained 1[in] the civil prison in execution of a 2[notice] may be so detained-

(a) where the 2[notice] is for a demand of an amount exceeding twenty five thousands, for a period of six months, and

(b) in any other case for a period of six weeks:

Provided that he shall be released from such detention-

(i) on the amount mentioned in the warrant for his detention being paid to the Officer-in-charge of the civil prison, or

(ii) on the request of the Commissioner who has issued the notice or of the Commissioner on any ground other than the grounds mentioned in 3[rules] 193(1) and 196:

Provided further that where he is to be released on the request of the Commissioner, he shall not be released without the order of the Commissioner.

(2) A defaulter released from detention under this rule shall not, merely by 4[reason] of his release, be discharged from his liability for the arrears; but he shall liable to be re-arrested under the notice in execution of which he was detained in the civil prison.

1-Inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for "certificate" by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for "rule" by SRO 392(I)/2009, dated May 19, 2009.

4-Inserted by SRO 392(I)/2009, dated May 19, 2009.

188. Release.-

(1) The Commissioner may order the release of a defaulter who has been arrested in execution of a notice upon being satisfied that he has disclosed the whole of his property and has placed it at the disposal of Commissioner and that he has not committed any act in bad faith.

(2) If the Commissioner has ground for believing the disclosure made 2[by] the defaulter under sub-rule (1) to have been untrue, he may order the re-arrest of the defaulter in execution of the notice but the period of his detention in the prison shall not in the aggregate exceed that authorized by rule 187.

189. Release on ground of illness.-

- (1) At any time after a warrant for the 1[arrest] of a defaulter has been issued, the Commissioner may cancel it on ground of the serious illness of the defaulter.
- (2) Where a defaulter has been arrested, the Commissioner may 2[release] him if, in the opinion of the Commissioner of Tax, he is not in a fit state of 2[mind] to be detained in the civil prison.
- (3) Where a defaulter has been committed to the civil prison, he may be, 2[released] therefrom by the Commissioner on the ground of the existence of any infectious or contagious disease or on the ground of his suffering from any illness.
- (4) A defaulter released under this rule may be re-arrested, but the period 2[of his] detention in the civil prison shall not in the aggregate exceed that authorized by rule 164.

1-Inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for “bas” by SRO 392(I)/2009, dated May 19, 2009.

190. Entry into dwelling house.-

For the purpose of making an arrest under these rules,-

- (a) no dwelling house shall be entered after sunset and before sunrise;
- (b) no outer door of a dwelling house shall be broken open unless such dwelling house or a portion thereof is in the occupancy of the defaulter and he or any other occupant of the house refuses or in any way prevents access thereto; but, when the person executing any such warrant has duly gained access to any dwelling house, he may break open the door or any room or apartment if he 1[has] reason to believe that the defaulter is likely to be found there; and
- (c) no room, which is in the actual occupancy of a woman who, according to the custom of the country, does not appear in public shall be entered into unless the officer authorized to make the arrest has given notice to her that she is at liberty to withdraw and has given her reasonable time and facility for withdrawing.

1-Substituted for “bas” by SRO 392(I)/2009, dated May 19, 2009.

191. Prohibition against arrest of woman or minor, etc.-

The Commissioner shall not order the arrest or detention in the civil prison of-

(a) a woman, or

(b) any person who, in his opinion, is a minor or of unsound mind.

PART - VI
MISCELLANEOUS

192. Continuance of Notice.-

No notice shall cease to be in force by reason of the death of the defaulter.

193. Procedure on death of defaulter.-

If, at any time after the issue of a Notice 1[by] the Commissioner, the defaulter dies, the proceedings under these rules (except arrest and detention) may be continued against the legal representative of the defaulter who shall be liable to pay out of the estate of the deceased person to the extent to which the estate is capable of meeting the arrears demand and the provisions of these rules shall 2[***] apply as if the legal representative were the defaulter.

1-Substituted for “to” by SRO 392(I)/2009, dated May 19, 2009.

2-Word “be” omitted by SRO 392(I)/2009, dated May 19, 2009.

194. Appeal.-

1[(1) Where -

(a) the Commissioner passes any order under Chapter XVI, the appeal against such order shall lie to the 2[“Chief Commissioner”], Regional Tax Office or Large Taxpayer Unit, as the case may be; and

(b) any 3[“officer of Inland Revenue 4[, Inspector Inland Revenue] “] or authority to whom powers have been delegated passes any order under the said Chapter, an appeal against such order shall lie to the Commissioner,]

(2) Every appeal under this rule shall be presented within thirty days from the date of the order appealed against.

(3) The appellate authority (hereinafter referred to as “the authority”) after hearing the party or his representative may admit the appeal for hearing or reject it summarily if he is of the opinion that the appeal is without any substance.

(4) Where the appeal is admitted for hearing under sub-rule (3), the authority hearing appeal shall fix a date for hearing 5[for] which notice shall be given to the 6[concerned parties].

(5) If, on the date of hearing, no step is taken on behalf of either party, the authority hearing appeal may forthwith take up the appeal for ex-parte disposal or dismiss it for default, as the case may be:

Provided that the appeal may be adjourned to some other date for hearing on sufficient cause being shown by either party by an application in that behalf.

7(6) After hearing both the parties or their representatives or when the appeal is taken up for exparte order, the appellate authority may make an order, to confirm, modify, reverse or remand the case for fresh decision in the light of directions that the appellate authority may think appropriate to give, being not inconsistent with these rules.]

(7) Pending the decision of any appeal, execution of the 8[notice] may be stayed if the appellate authority so directs, but not otherwise.

1-Sub-rule (1) substituted by SRO 392(I)/2009, dated May 19, 2009.

2-The words “Director General” substituted by SRO 1218(I)/2015, dated 08.12.2015.

3-The words “taxation officer” substituted by SRO 1218(I)/2015, dated 08.12.2015.

4-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

5-Substituted for “of” by SRO 392(I)/2009, dated May 19, 2009.

6-Substituted for “other party” by SRO 392(I)/2009, dated May 19, 2009.

7-Sub-rule (6) substituted by SRO 392(I)/2009, dated May 19, 2009.

8-Substituted for “Certificate” by SRO 392(I)/2009, dated May 19, 2009.

195. Review.-

Any order passed under these rules may, after notice to all persons interested, be reviewed by the officer who made the order, or by his successor in office, on account of any mistake apparent from the record.

196. Recovery from surety.-

Where any person has under these rules 1[become] surety for the amount due by the defaulter, he may be proceeded against 2[under] these rules as if he were the defaulter.

1-Substituted for “e” and “r” respectively by SRO 392(I)/2009, dated May 19, 2009.

2-Bracket and figure “(1)” omitted by SRO 392(I)/2009, dated May 19, 2009.

197. Receipt to be given.-

If any amount is received by any officer or other person in pursuance of these rules, he shall issue a receipt of the amount so received.

198. Subsistence allowance.-

1[***] When a defaulter is arrested or; detained in the civil prison, the sum payable for the subsistence of the defaulter 4[during detention or] arrest until he is released shall be borne by the Commissioner.

1-Bracket and figure “(1)” omitted by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for “from the definition or of” by SRO 392(I)/2009, dated May 19, 2009.

199. The sum under rule 198, shall be calculated on the scale fixed by the Provincial Government for the subsistence of judgement-debtors arrested in execution 1[decree] of a civil court.

1-Inserted by SRO 392(I)/2009, dated May 19, 2009.

200. Delivery of property in occupancy of defaulter.-

Where the immovable property sold is in the occupancy of the defaulter or of some person on his 1[behalf], or of some person claiming under a title created by the defaulter subsequently to the attachment of such property and a 2[notice] in respect thereof has been made, the Commissioner shall, on the application of the purchaser, order delivery to be made by putting such purchaser or any person whom he may appoint to receive delivery on his behalf in possession of the property and if be by removing any person who refuses to vacate the same.

1-Substituted for “from the definition or of” by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for “Certificate” by SRO 392(I)/2009, dated May 19, 2009.

201. Delivery of property in occupancy of tenant.-

Where the immovable property sold is in the occupancy of a tenant or other person entitled to occupy the same and a certificate in respect thereof has been granted, the Commissioner shall, on the application of the purchaser, order delivery to be made by affixing a copy of the certificate of sale at some conspicuous place on the property, and proclaiming to the occupant by beat of drum or other customary mode, at some convenient place that the interest of the defaulter has been transferred to the purchaser.

202. Resistance or obstruction to possession of immovable property.-

(1) Where the holder of a certificate for the possession of immovable property or the purchaser of any such property sold in execution of a 1[notice is resisted or] obstructed by any person in obtaining possession of the property, he may make an application to the Commissioner complaining of such resistance or obstruction.

(2) The Commissioner shall fix a day for investigating the matter and shall summon the party against whom the application is made to appear and answer the same.

1-Substituted for "Certificate is resisted" by SRO 392(I)/2009, dated May 19, 2009.

203. Resistance or obstruction by defaulter.-

Where the Commissioner is satisfied that the resistance or obstruction was occasioned without any just cause by the defaulter or by some other person at his instigation, he shall direct that the applicant be put into possession of the property, and where the applicant is still resisted or obstructed in obtaining possession, the Commissioner may also, at the instance of the applicant, order the defaulter, or any person acting at his instigation, to be detained in the civil prison for a term which may extend to thirty days.

204. Resistance or obstruction by bona fide Claimant.-

Where the Commissioner is satisfied that the resistance or obstruction was occasioned by any person (other than the defaulter) claiming in good faith to be in possession of the property on his own account 1[or] some person other than the defaulter, the Commissioner shall make an order dismissing the application.

1-Substituted for “of” by SRO 392(I)/2009, dated May 19, 2009.

205. Dispossession by certificate holder or purchaser.-

(1) Where any person other than defaulter is dispossessed of immovable property by the holder of a certificate for the possession of such property or where on such property has been sold in execution of a Certificate, by the purchaser thereof, he may make an application to the Commissioner complaining of such dispossession.

(2) The Commissioner shall fix a day for investigating the matter and shall summon the party against whom the application is made to appear and answer the same.

206. Bona fide claimant to be restored to possession.-

Where the Commissioner is satisfied that the applicant was in possession of the property on his own account or on account of some person other than defaulter, he shall direct that the applicant be put into possession of the property.

207. Rules not applicable to transferee lite pendente.-

Nothing in rules 211 and 205 shall apply to resistance or obstruction in execution of a certificate for the possession of immovable property by a person to whom the defaulter has transferred the property after the institution of the proceedings in which the order was passed or to the dispossession of any such person.

208. Delivery of movable property, debts and shares.-

- (1) Where the property sold is movable property of which actual seizure has been made, it shall be delivered to the purchaser.
- (2) Where the property sold is movable property in the possession of some person other than the defaulter, the delivery thereof to the purchaser shall be made by giving notice to the person in possession prohibiting him from delivering possession of the property to any person except the purchaser.
- (3) Where the property sold is a debt not secured by a negotiable instrument or is a share in a corporation, the delivery thereof shall be made by a written order of the Commissioner prohibiting the creditor from receiving the debt or any, 1[interest] thereon, and the debtor from making payment thereof to any person except the purchaser, or prohibiting the person on in whose name the share may be standing from making any transfer of the share to any person except the 2[purchaser], or receiving payment of any dividend or interest thereon, and the manager, secretary, or other proper officer of the corporation from permitting any such transfer or making any such payment to any person except the purchaser.

1-Substituted for “rest” by SRO 392(I)/2009, dated May 19, 2009.

2-Substituted for “chaser” by SRO 392(I)/2009, dated May 19, 2009.

209. Execution of documents and endorsement of negotiable instruments.-

Where any endorsement or execution of document is required to transfer a negotiable instrument or any share to a purchaser under these rules, such document shall be executed or endorsement shall be made by the Commissioner.

210. Forms.-

Any notice, warrant of attachment, warrant of arrest, sale proclamation, sale certificate or order to be issued under these rules, shall be issued in such form as the Board may from time to time direct, and any defect or deficiency in form unless it adversely effects the interest of the parties, shall not vitiate the proceedings taken or initiated.

1|CHAPTER XVIA
RECOVERY OF TAX FROM PERSONS HOLDING MONEY ON BEHALF OF A
TAXPAYER

210A. Definitions.- For the purposes of this chapter, unless there is anything repugnant in the subject or context,-

- (a) “tax recovery” means recovery of debt due to the Federal Government under the Income Tax Ordinance, 2001;
- (b) “defaulter” means the taxpayer mentioned in the notice; and
- (c) “notice”, means a notice under sub-section (1) of section 140 of the Income Tax Ordinance, 2001.

210B. Notice of recovery to be issued by Commissioner.- (1) Where any tax is due under section 137 of the Ordinance, the Commissioner may serve a notice upon any person mentioned in sub-section (1) of section 140 of the Ordinance in the form as prescribed under rule 69:

Provided that prior approval of the Chief Commissioner shall be obtained who shall satisfy himself as to the service of order and that no refund due to the defaulter is available for adjustment against the tax demand. He shall also satisfy himself that no application for rectification or appeal effect which is likely to result in creation of refund is pending hearing before the Commissioner.

(2) No notice shall be issued before expiry of due date under section 137.

(3) Recovery under this chapter shall be independent of recovery under chapter XVI.

210C. Service and compliance of notice.- (1) The notice referred to in sub-rule (1) of rule 21 OB shall be served on the person in the manner provided in section 218 of the Income Tax Ordinance, 2001.

(2) The Commissioner shall also forward a copy of the notice to the defaulter at his last known address, and in case an account or money is held jointly, to all the joint-holders on their last known address.

(3) The person shall remit or send the money to the Commissioner through pay order or demand draft or through banking transfer or cheque for payment to the government treasury on the same day the notice is served, or, in case the money is to become due for payment to the defaulter at a future date, on the same day it becomes due:

Provided that where the person is liable to make a series of payments to the taxpayer, the Commissioner may specify the amount to be paid out of each payment until tax due has been paid.

(4) Recovery of tax shall be made only to the extent of tax due by the taxpayer:

Provided that in case the money is held jointly with any person other than the defaulter, the shares of the joint-holders in such account shall be presumed, until the contrary is proved, to be equal.

(5) Every person to whom a notice is issued shall be bound to comply with such notice.

210D. Determination of disputes.- (1) Any question, arising between the Commissioner and the defaulter or their representatives relating to the execution, discharge or satisfaction of a notice duly issued under these rules, shall be determined by order of the Commissioner before whom such question arises.

(2) The Commissioner shall decide the matter under this rule within thirty days of preference of claim or making of objection.

210E. Appeal.- (1) Where -

(a) the Commissioner passes any order under rule 21OD, an appeal against such order shall lie to the Chief Commissioner, Regional Tax Office or Large Taxpayer Unit, as the case may be; and

(b) any officer of Inland Revenue to whom powers have been delegated passes any order under rule 21OD, an appeal against such order shall lie to the Commissioner.

(2) Where an appeal is admitted for hearing under sub-rule (1), the authority hearing the appeal shall fix a date for hearing for which notice shall be served to the concerned parties.

(3) After hearing both the parties or their representatives or when the appeal is taken up for exparte order, the appellate authority may make an order, to confirm, modify, reverse or remand the case for fresh decision in the light of directions that the appellate authority may think appropriate, being not inconsistent with these rules.

210F. Receipt to be given.- If any amount is received by the Commissioner in pursuance of these rules, he shall issue a receipt of the amount so received and such amount shall be considered to have been paid under the authority of the taxpayer.

210G. Withdrawal of notice.- The notice shall remain in force until withdrawn by the Commissioner.

210H. Failure to comply with notice.- (1) Where a person fails to comply with a notice in the manner provided in rule 210C, the person shall be personally liable to pay the amount to the Commissioner who may pass an order under sub-section (5) of section 140 to that effect and seek to recover the same.

(2) No order under sub-section (5) of section 140 shall be made unless the person has been provided with an opportunity of being heard

(3) A person personally liable for an amount of tax under sub-section (5) of section 140 as a result of failing to comply with notice shall be entitled to recover the tax from the defaulter.

(4) An order under sub-section (5) of section 140 shall not absolve the defaulter and the Commissioner may proceed to recover the tax from the defaulter until the entire amount is recovered either from the person or the defaulter

210I. Board may Issue instructions.- (1) The Board may, from time to time, issue instructions, impose conditions, or limitations, or specify procedure to regulate recovery under this section.

(2) Any instructions, by the Board, issued earlier shall continue in force unless rescinded.]

1|CHAPTER XVIB REFUND

210IA. Application.- This Chapter shall apply for electronic issuance of refunds under sub-section (4) of section 170 of the Ordinance.

210IB. Establishment of Centralized Income Tax Refund Office (CITRO).- There shall be established a Centralized Income Tax Refund Office (CITRO) under the Federal Board of Revenue (FBR) for centralized payment of refunds from such date as the Board may specify.

210IC. Sanction and payment of refund.- (1) From such date to be notified by the Board, after completing all codal formalities the Commissioner shall pass an order under section 170(4) and transmit the order to CITRO. The same shall be reflected in CITRO in real time.

(2) The CITRO shall generate electronic advice of approved amount for onwards submission to State Bank of Pakistan (SBP) through dedicated VPN tunnel established between FBR & SBP. The SBP shall credit amount directly to the account of taxpayer.

(3) SBP shall confirm the transfer of amounts to the taxpayers account or vice versa electronically to CITRO.

(4) The CITRO shall reconcile the payments issued as per instructions during the month with the electronic scrolls received from the SBP and record the outcome of such reconciliation in the system.

(5) Where any payment instruction is returned back by the SBP due to any reason, the CITRO shall transmit the same to concerned Commissioner for correction in payment instruction.

(6) FBR shall ensure that complete data of refunds issued is made available to the concerned Commissioner electronically.

1-For "Chapter XVIB" inserted by Notification No. S.R.O. 214(I)/2021, dated 18-02-2021. Earlier same was inserted Notification No. S.R.O. 175(I)/2021, dated 10-02-2021. Before substitution read as under:

210I A. Application.- This Chapter shall apply to all refund orders issued under sub-section (4) of section 170 of the Ordinance.

210IB. Establishment of Centralized Income Tax Refund Office (CITRO) and posting of officers.- There shall be established a Centralized Income Tax Refund Office (CITRO) under the Federal Board of Revenue for centralized payment of refund amount to such claimants and from such date as the Board may specify.

210IC. Sanction and payment of refund.- (1) From such date to be notified by the Board, the Commissioner shall transmit an order under sub-section (4) of section 170 of the Ordinance through Iris to the treasury officer in CITRO under his digital signature, and retain a copy thereof for record.

(2) The treasury officer in CITRO and the co-signatory designated by the Board in this regard shall issue the cheque or a promissory note to the FBR Refund Settlement Company Limited, as the case may be, for the sanctioned amount as mentioned in the refund order or online transfer.

(3) The CITRO shall also prepare a statement of payment advice for the concerned bank on a daily basis, for direct transfer to the taxpayer under intimation to the CITRO, the concerned Commissioner as well as the taxpayer.

(4) The in-charge of CITRO shall reconcile the refund cheques and payment advices issued during the month with the Bank scrolls received from the State Bank of Pakistan and record the outcome of such reconciliation in the system.

(5) Where any cheque is returned back by the State Bank of Pakistan due to any reason, the treasury officer shall cancel such cheque, if required, and attach such cancelled cheque with the respective counterfoil of the cheque-book.

1-For "Chapter XVIB" inserted by Notification No. S.R.O. 1314(I)/2020, dated 09-12-2020, Earlier "Chapter XVIB" was inserted by Notification No. S.R.O. 1239(I)/2020, dated 20-11—2020, read as under:

210IA. Application.—This Chapter shall apply to all refund orders issued under sub-section (4) of section 170 of the Ordinance.

210IB. Establishment of Centralized Income Tax Refund Office (CITRO) and posting of officers.— There shall be established a Centralized Income Tax Refund Office (CITRO) under the Federal Board of Revenue for centralized payment of refund amount to such claimants and from such date as the Board may specify.

210IC. Sanction and payment of refund.— (1) From such date to be notified by the Board, the Commissioner shall transmit an order under sub-section (4) of section 170 of the Ordinance through Iris to the treasury officer in CITRO under his digital signature, and retain a copy thereof for record.

(2) The treasury officer in CITRO and the co-signatory designated by the Board in this regard shall issue the cheque or a promissory note to the FBR Refund Settlement Company Limited, as the case may be, for the sanctioned amount as mentioned in the refund order or online transfer.

(3) The CITRO shall also prepare a statement of payment advice for the concerned bank on a daily basis, for direct transfer to the taxpayer under intimation to the CITRO, the concerned Commissioner as well as the taxpayer.

(4) The in-charge of CITRO shall reconcile the refund cheques and payment advices issued during the month with the Bank scrolls received from the State Bank of Pakistan and record the outcome of such reconciliation in the system.

(5) Where any cheque is returned back by the State Bank of Pakistan due to any reason, the treasury officer shall cancel such cheque, if required, and attach such cancelled cheque with the respective counterfoil of the cheque-book.

**1[CHAPTER – XVII
NON-PROFIT ORGANIZATIONS**

211. Procedure for the approval of a non-profit organization.-

(1) An institution, fund, trust, society or any other non-profit organization (hereinafter referred to in this Chapter as organization) established in Pakistan for religious, educational, charitable, welfare or development purposes or for the promotion of an amateur sport requiring approval of the Commissioner under clause (36) of section 2 of the Ordinance, shall make an application to the Commissioner in the following form, namely:-

**APPLICATION FOR APPROVAL
FOR THE PURPOSES OF CLAUSE (36) OF SECTION 2
OF THE INCOME TAX ORDINANCE, 2001**

The Commissioner of 2[“Inland Revenue”],

Zone,
(City).

1. With reference to clause (36) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001), I the undersigned, hereby apply, on behalf of _____ (name of the organization) for its approval for the purposes of the said clause for the tax year ending on_____.

2. Necessary particulars are set out below, and in the schedule to this application.

3. The following documents required under sub-rule (2) of rule 211 of the Income Tax Rules, 2002, are enclosed.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____

Signature _____
Name (in block letters). _____
Designation _____

Application must be signed either by the President or the Secretary of the organization or by a Trustee, of the trust.

SCHEDULE PARTICULARS

1. Name of the organization (in block letters) _____
2. Full address of the organization (in block letters) _____
3. Date of registration of the organization _____

4. Its aims and objects.

- (a) _____
- (b) _____
- (c) _____
- (d) _____

5. Whether the organization has been registered under 3[the Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organization or established in pursuance of a Trust Deed. Please give/state the law and the number and date of registration.

6. Whether constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number of Article/ Clause/ Rule etc., for each provision.

7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).

8. The number of members /trustees of the organization on the date of application _____.

9. Accounting year of the organization commences on _____ and ends on _____.

10. The following books of accounts are being regularly maintained by the organization and are open for inspection without any hindrance to the general public.

- (i) _____
- (ii) _____
- (iii) _____

4[(i) Bank A/c No. _____
(ii) Name of Bank _____
(iii) Branch _____]

Signature _____
Name (in block letters). _____
Designation _____

(2) An application under sub-rule (1) shall be accompanied by -

(a) a duly attested copy of the constitution, memorandum and articles of association, rules and regulations or bye-laws, as the case may be, of the organization specifying the aims and objects for which it is established;

5[(aa) Details of Members/Trustees of the organization on the date of application.

- (i) Name _____
- (ii) CNIC _____
- (iii) Income declared _____
- (iv) Tax Year _____]

(b) a certified copy of the registered trust deed, in case of a Trust;

(c) a certified copy of certificate of registration in the case of an organization registered under 1[the Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or under any other law in substitution thereof relating to the registration of welfare organization as applicable;

(d) duly attested copies of the balance sheet and of revenue accounts of the organization as audited by a “qualified accountant” for the year immediately preceding the year in which the application is made;

(e) the names 6[, CNIC/NTN, Last income declared, tax year] and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, as the case may be, of the organization, and indicating clearly their family relationships, if any, with each other;

(f) for the purposes of clause (d), “qualified accountant” means,-

(i) a retired audit, accounts, treasury or taxation officer of the Government not below BPS-17 or a bank manager, where the annual receipts of the organization do not exceed Rs.0.5 million;

7[***]

8[(iii) in other cases, a Chartered Accountant as defined under the Chartered accountants Ordinance, 1960 (x of 1960) or a Cost and Management accountant as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966) or a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1960 (X of 1960) or a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966);]

(g) a detailed report with regard to the performance of the organization for achieving its aims and objects during the 9[preceding financial year] preceding the date on which application is made, duly evaluated and certified by an independent certification agency approved by an authority designated by the Government of Pakistan for this purpose or, till that authority is established, under arrangements made by the Federal Board of Revenue 10[11[12[“Commissioner”]] 13[:]

14[Provided that till the approval of two such agencies, the applicant organization shall have an option to get its performance appraised by 15[16[“Chief Commissioner”], Regional Tax Office or Large Taxpayers Unit]:

Provided further that 17[18[“Chief Commissioner”] or Officers of Regional Tax Office or Large Taxpayer Unit] shall apply the same parameters on applicant organizations for the purpose of aforesaid evaluation as are approved by the FBR to be applied by the certification agency.]

-
- 1-Chapter XVII substituted by Notification No. SRO 541(I)/2003, dated June 13, 2003.
 - 2-The words "Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
 - 3-Words etc. inserted by SRO 392(I)/2009, dated May 19, 2009.
 - 4-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016.
 - 5-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016.
 - 6-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016.
 - 7-Sub-clause (ii) as follows omitted by SRO 774(I)/2006, dated July 29, 2006.
 - 8-Sub-clause (iii) as follows substituted by SRO 774(I)/2006, dated July 29, 2006.
 - 9-Substituted for "three financial years" by SRO No. 608(I)/2005, dated June 13, 2005.
 - 10-Inserted by SRO No. 608(I)/2005, dated June 13, 2005.
 - 11-Inserted by SRO No. 608(I)/2005, dated June 13, 2005.
 - 12-The words "or Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
 - 13-Substituted for full stop by Notification No. SRO 1015(I)/2003, dated November 05, 2003.
 - 14-Provisos inserted by Notification No. SRO 1015(I)/2003, dated November 05, 2003.
 - 15-Substituted for "CBR" by SRO 707(I)/2007, dated July 14, 2007.
 - 16-The words "Director General" substituted by SRO 1218(I)/2015, dated 08.12.2015.
 - 17-Substituted for "CBR or its officer" by SRO 707(I)/2007, dated July 14, 2007.
 - 18-The words "Director General" substituted by SRO 1218(I)/2015, dated 08.12.2015.

212. Decision on application.-

(1) On receipt of an application under rule 211, the Commissioner may make such inquiries or call for such further information as the Commissioner may deem necessary and after completion of formalities may approve the organization for the purpose of clause (36) of section 2 of the Ordinance.

(2) An approval granted under sub-rule (1) shall be -

(a) notified in the official Gazette; 1[and]

(b) subject to such conditions as the Commissioner may specify in the approval; 2[***]

3[***]

1-Substituted for “semi colon” by Notification No. SRO 667(I)/2006, dated June 27, 2006.

2-Word omitted for “and” by Notification No. SRO 667(I)/2006, dated June 27, 2006.

3-Clause “(c)” omitted by Notification No. SRO 667(I)/2006, dated June 27, 2006.

213. Refusal to grant approval.-

(1) The approval shall not be granted if the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do(es) not provide-

(a) for the audit of the annual accounts of the organization every year by a qualified accountant as specified in clause (f) of sub-rule (2) of rule 211;

(b) where the organization is registered under 1[the Companies Ordinance, 1984,] the the Societies Registration Act, 1860 (XXI of 1860), the Voluntary Social Welfare (Registration Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organization, for the quorum of a meeting of the members of the body in which the control of the affairs of the organization vests, being not less than four or one-third of the total number of the members of such body, whichever is greater;

(c) where the organization is a Trust as defined in the Trust Act, 1882 (II of 1882), for the quorum of a meeting of the members of the body in which the control of the affairs of the trust vests, being not less than three or one-third of the total number of the members of such a body, whichever is greater;

(d) for the transfer of its assets, in the event of its dissolution, after meeting all liabilities, if any, to another organization which is an approved non-profit organization, within three months of the dissolution under intimation to the Commissioner;

(e) for the utilization of its money, property or income or any part thereof solely for promoting its objects;

(f) for prohibiting any portion of its money, property or income being paid or transferred directly by way of dividend, bonus or profit to any of its members or the relative or relatives of a member or members;

(g) for the maintenance of accounts of the organization being kept in a scheduled bank or in a post office or national savings organization, National Bank of Pakistan or nationalized commercial banks;

(h) for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, without the prior approval of the Commissioner:

Provided this clause will have effect only in cases where the approval is granted; and

2[(i) for restricting the surpluses or monies validly set apart, excluding restricted funds, upto twenty-five percent of the total income of the year:

Provided that such surpluses or monies set apart are invested in Government securities, 3[National Saving Schemes, issued by the Central Directorate of National Savings] NIT units, a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, mutual fund, a real estate investment trust approved and authorized under the Real Estate Investment Trust Rules, 2006, or scheduled banks:

Explanation: For the purpose of this rule, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during year due to any obligation placed by the donor.]

(2) The Commissioner may refuse to approve the organization if the Commissioner is satisfied that the organization-

- (a) has been or is being used for personal gain of any particular person or a group of persons;
- (b) has been propagating the view of a particular political party or a religious sect;
- (c) has been or is being managed in a manner calculated to personally benefit its members or their families; 4[***]
- (d) has not been or will not be able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency 5[or as evaluated by 6[“Chief Commissioner”], Regional Tax Office or Large Taxpayer Unit under clause (g) of sub-rule (2) of rule 211; or]
- 7[(e) has made expenditure on salaries exceeding 50% of the total receipts excluding restricted donations or funds received during a tax year.]
- 8[(f) the names, CNIC/NTN, last income declared, tax year and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, as the case may be, of the organization and indicating clearly their family relationships, if any, with each other.]
- (3) The Commissioner shall notify the applicant, in writing, the decision to refuse the approval.
- (4) The notice referred to in sub-rule (3) shall include a statement of reasons for the refusal.

1-Words etc. inserted by SRO 392(I)/2009, dated May 19, 2009.

2-Sub-clause (i) as follows substituted by SRO 774(I)/2006, dated July 29, 2006.

3-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

4-Word “or” omitted by SRO 392(I)/2009 dated May 19, 2009.

5-Substituted for full stop and words inserted by SRO 392(I)/2009, dated July 19, 2009.

6-The words “Director General” substituted by SRO 1218(I)/2015, dated 08.12.2015.

7-Clause “(e)” inserted by SRO 392(I)/2009, dated May 19, 2009.

8-Inserted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

1[214. Validity of the approval.-

The approval granted under rule 212 will remain in force for the 2[subsequent three years or] unless withdrawn under rule 217 3[whichever is earlier].]

1-Rule 214 substituted by SRO 667(I)/2006, dated June 27, 2006.

2-The words “subsequent years” substituted by the S.R.O. 754(I)/2016 dated 15th August, 2016.

3-Added by the S.R.O. 754(I)/2016 dated 15th August, 2016.

215. Finalization of applications.-

The Commissioner shall finalize applications under rules 1[211] within two months of their receipt.

1-Substituted for “rules 211 and 214” by SRO 392(I)/2009, dated May 19, 2009.

1[*]**

1[217. Power to withdraw approval.-

(1) The Commissioner may, at any time, withdraw approval granted under rule 212, if he is satisfied that-

(a) the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do(es) not provide for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules, regulations and bye-laws without prior approval of the Commissioner;

(b) the organization has-

(i) been or is being used for personal gain of any particular person or a group of persons as specified in clause (a) of sub-rule (2) of rule 213;

(ii) been propagating the view of a particular political party or a religious sect as specified in clause (b) of sub-rule (2) of rule 213;

(iii) been or is being managed in a manner calculated to personally benefit its members or their families as specified in clause (c) of sub-rule (2) of rule 213; or

(iv) not been or will not be able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency as specified in clause (d) of sub-rule (2) of rule 213;

(v) failed to give valid reasons for setting apart, or not utilizing, or accumulating surpluses, excluding 2[restricted] funds, in excess of twenty five percent of the income for the year;

(vi) failed to file the return of income supported with following documents;

(a) the statement of audited balance sheet and statement of accounts as mentioned in clause (d) of sub-rule (2) of rule 211;

(b) statement showing names and addresses of the persons from whom donations, contributions, subscriptions etc exceeding Rs.5,000/- have been received during the tax year;

(c) statement showing the names and addresses of donees and beneficiaries etc to whom payments, services etc exceeding Rs.5,000/- have been made during the tax year; and

(d) statement showing the money set apart or kept un-utilized with reasons thereof;

(vii) failed to provide a detailed performance evaluation report in terms of clause (g) of sub-rule (2) of rule 211, after every three years 3[:]

3[Provided that where such detailed performance evaluation report is not submitted on or before 30th of September following every three tax years, the Commissioner shall issue a show cause notice for withdrawal of approval to the concerned organization as required under sub-rule (2)]

4[(viii) failed to file statements of deduction of income tax under section 165 read with rule 44.]

5[(ix) the names, CNIC/NTN, last income declared, tax year and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, as the case may be, of the organization and indicating clearly their family relationships, if any, with each other.]

(2) Approval shall not be withdrawn under sub-rule (1) unless the organization has had an opportunity to show cause against the action proposed to be taken.

(3) Where the Commissioner decides to withdraw approval under sub-rule (1), he shall intimate the organization, in writing, of the decision including a statement of reasons for the decision.]

1-Rule 217 substituted by SRO 667(I)/2006, dated June 27, 2006.

2-Substituted for “unrestricted” by SRO 21(I)/2007, dated January 05, 2007.

3-Substituted for full stop and proviso inserted by SRO 392(I)/2009, dated May 19, 2009.

4-Clause “(vii)” inserted by SRO 392(I)/2009, dated May 19, 2009.

5-Added by the S.R.O. 754(I)/2016 dated 15th August, 2016.

218. Appeal against a decision of Commissioner.-

1[(1)] An organization dissatisfied with –

(a) a decision to refuse an application made under rule 211 or 2[]; or

(b) a decision to withdraw an approval under rule 217, may lodge an appeal 3[within sixty days of the receipt of order from the Commissioner] in the following form with the 4[5[“Chief Commissioner”], Regional Tax Office or Large Taxpayer Unit] concerned, namely:-

GROUNDS OF APPEAL

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____

We/I _____ the appellant(s) named in the above appeal do declare that what is stated therein is true to the best of our/my information and belief.

Date _____

Signature _____

Name. _____

Address _____

PARTICULARS

1. Name of the organization (in block letters). _____
2. Full address of the organization (in block letters). _____
3. Date of establishment of the organization. _____
4. Its aims and objects.-

- (a) _____
- (b) _____
- (c) _____
- (d) _____

5. Whether the organization has been registered under 6[the Companies Ordinance, 1984, or] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organization or established in pursuance of a Trust Deed. Please give/state the law and the number and date of registration _____.

6. Whether constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number of Article/ Clause/ Rule etc., for each provision.

7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).

8. The number of members/ trustees of the organization on the date of application.

Signature _____

Name. (in block letters) _____

Designation _____

7[(2) The 8[“Chief Commissioner”], Regional Tax Office or Large Taxpayer Unit shall make a decision on the appeal of the organization within sixty days of its filing.]

1-Rule 218 renumbered as sub-rule (1) by SRO 392(I)/2009, dated May 19, 2009.

2-Word and figure “or 214” omitted by SRO 392(I)/2009, dated May 19, 2009.

3-Words inserted by SRO 392(I)/2009, dated May 19, 2009.

4-Substituted for “Regional Commissioner of Income Tax” by SRO 392(I)/2009, dated May 19, 2009.

5-The words “Director General” substituted by SRO 1218(I)/2015, dated 08.12.2015.

6-Words etc. inserted by SRO 392(I)/2009, dated May 19, 2009.

7-Sub-rule (2) inserted by SRO 392(I)/2009, dated May 19, 2009.

8-The words “Director General” substituted by SRO 1218(I)/2015, dated 08.12.2015.

219. Organization granted approval before commencement of these rules.-

The approval granted prior to the commencement of these rules to an organization shall be deemed to have been withdrawn unless an application in the manner laid down in rule 214 is made on behalf of such organization for 1[and upto calendar year 2003 by the 30th day of June 2004].

SRO 1015(I)/2003, dated November 05, 2003, substitutes “calendar year 2002 within the time specified before June 2003” while these words etc. appeared in the rule 219 before substitution of Chapter XVIII by SRO 541(I)/2003, dated June 13, 2003. Moreover the proposed words “and upto calendar year 2003 by the 30th day of June 2014” appear to be an intended insertion instead of substitution and has been so dealt with here.

220. Relaxation of requirements or conditions.-

The Commissioner may relax or modify any of the requirements or conditions of this chapter, in any individual case, if he is satisfied that the requirements or conditions could not be fulfilled by the applicant for reasonable cause.

220A. Procedure for approval 1[*] for purpose of 2[“clause (c) of sub section (2) of section 100C of the Ordinance”].-**

(1) An organization established in Pakistan requiring the approval of the 3[4[“Chief Commissioner”]] under 5[clause (c) of sub section (2) of section 100C of the Ordinance], shall;

(a) make an application to the 6[7[“Chief Commissioner”]] in Form-I annexed to this rule;

(b) the application shall be accompanied by-

(i) a duly attested copy of the constitution, memorandum and articles of association, rules and regulations or bye-laws, as the case may be, of the organization specifying the aims and objects for which organization is established;

(ii) a certified copy of the registered trust deed, in case of a Trust;

(iii) a certified copy of the certificate of registration in the case of an organization registered under 8[Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or under any other law in substitution thereof relating to the registration of welfare organizations as applicable;

(iv) duly attested copies of balance sheets and of revenue accounts of organization as audited by a “qualified accountant” for the three years immediately preceding the tax year in which the application is made;

9[(v) the names, CNIC/NTN, last income declared, tax year and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, as the case may be, of the organization and indicating clearly their family relationships, if any, with each other]; and

(iii) a detailed report with regard to the performance of the organization, for achieving its aims and objects during the three financial years immediately preceding the date of the application duly evaluated and certified by an independent certification agency approved 10[and appointed by the 11[Federal Board of Revenue]].

12[Provided that the 13[14[“Chief Commissioner”], Regional Tax Office or Large Taxpayers Unit] shall also receive applications for performance appraisal and certification of applicant organizations till at least two such agencies have been appointed:

Provided further that 15[16[“Chief Commissioner”], Regional Tax Office or Large Taxpayers Unit] shall apply the same parameters on applicant organizations for the purpose of aforesaid evaluation as are approved by the FBR to be applied by the certification agency.]

(2) (a) On receipt of an application for registration under this rule, the 17[18[“Chief Commissioner”]], subject to the requirements and conditions specified in sub-rule (3) and after such inquiry as it may deem necessary, grant approval to the organization if-

(i) the organization has been formed for the purpose of establishing hospitals or providing education or for community welfare or development;

(i) the organization has been formed for the purpose of establishing hospitals or providing education or for community welfare or development;

(ii) it has operated and functioned anywhere in Pakistan, for a period of not less than three years and has complied with minimum acceptable standards of internal governance, accountability, transparency and efficiency prescribed by any law for the time being in force;

(iii) its area of operation is wholly within Pakistan; and

(iv) its books of accounts are maintained regularly and in accordance with the generally accepted accounting principles and satisfactory arrangements exist for their inspection by interested members of the public-.

(b) The approval shall be notified in the official Gazette.

19[(c) The approval granted under rule 220A (2) will remain in force for subsequent years unless withdrawn under sub-rule (7) of rule 220A.]

(d) For the purposes of this rule, “qualified accountant” has the same meaning as assigned to it in clause (f) of sub-rule (2) of rule 211.

(3) Approval shall not be granted to an organization if the 21[20[“Chief Commissioner”]] is satisfied that-

(a) any of the requirements or conditions specified in sub-rules (1) and (2) has not been fulfilled; or

(b) the organization has been or is being used or is likely to be used for personal gains of any particular person or a group of persons; or

(c) the organization has been or is likely to be used for propagating the views of a particular political party or a religious sect; or

(d) the organization has not been or will not be able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency; or

(e) the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do(es) not provide-

(i) for audit of the annual accounts of the organization, every year by a “qualified accountant”;

(ii) for the transfer of its assets, in the event of its dissolution, after meeting all liabilities, if any, to an organization approved under this rule or rule 212 within three months of the dissolution under intimation to the 21[22[“Chief Commissioner”]]

(iii) for the regular maintenance of books of accounts in accordance with the generally accepted accounting principles and for their inspection by the interested members of the public, without any hindrance, at all reasonable times;

(iv) for the utilization of its money, property or income or any part thereof solely for promoting the objects specified in sub-clause (i) of clause (a) of sub-rule (2);

(v) for the maintenance of accounts of the organization being kept in a scheduled bank or in a post office or national savings organization, National Bank of Pakistan or nationalized commercial banks;

(vi) for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, without the prior approval of the 23[24[“Chief Commissioner”]]; and

25[(vii) for restricting the surpluses or monies validly set apart, excluding restricted funds, up-to twenty-five percent of the total income of the year:

Provided that such surpluses or monies validly set apart are invested in Government securities, 26[National Saving Schemes issued by the Central Directorate of National Savings,] NIT units, a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, mutual fund, a real estate investment trust approved and authorized under the Real Estate Investment Trust Rules, 2006, or scheduled banks:

Explanation: For the purpose of this rule, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during year due to any obligation placed by the donor.]

27[(4) The 28[“Chief Commissioner”] shall make a decision on the application of the organization within two months of its receipt.]

29[***]

30[(7) Power to withdraw approval.-

(1). The 31[“Chief Commissioner”] may, at any time, withdraw approval granted under rule 220A(2), if he is satisfied that-

(a). the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do not provide for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules, regulations and bye-laws without prior approval of the 32[“Chief Commissioner”];

(b) the organization has-

(i). been or is being used for personal gain of any particular person or a group of persons;

(ii). been propagating the view of a particular political party or a religious sect;

(iii). been or is being managed in a manner calculated to personally benefit its members or their families; or

(iv). has not been, or will not be, able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency;

(v). failed to give valid reasons for setting apart, or not utilizing, or accumulating surpluses, excluding 33[restricted] funds, in excess of twenty five percent of the income for the year;

(vi). failed to file the return of income supported with the following documents namely:-

(a). the statement of audited balance sheet and statement of accounts;

(b). statement showing names and addresses of the persons from whom donations, contributions, subscriptions etc exceeding five thousand rupees have been received during the tax year;

(c). statement showing the names and addresses of donees and beneficiaries etc to whom payments, services etc exceeding five thousand have been made during the tax year; and

(d). statement showing the money set apart or kept un-utilized with reasons thereof; and

(e). a detailed performance evaluation report in terms of sub-clause (vi) of clause (b) of sub-rule (1) of rule 220A, after every three years;

34[Provided that where such detailed performance evaluation report is not submitted on or before the 30th of September following every three Tax Years, 35[“Chief Commissioner”] shall issue a show cause notice for withdrawal of approval to the concerned organization as required under para (2) of the sub-rule;]

36[vii) failed to file statements of deduction of income tax under section 165 of the Income Tax Ordinance, 2001 read with rule 44.]

(2). approval shall not be withdrawn under 37[para (1) of sub-rule (7)] unless the organization has had an opportunity to show cause against the action proposed to be taken; and.

(3). where the 38[“Chief Commissioner”] decides to withdraw an approval under 39[para (1) of sub-rule (7)] he shall intimate the organization, in writing, of the decision including a statement of reasons for the decision.]

40[***]

(9). The 41[42[“Chief Commissioner”]] may relax or modify any of the requirement(s) or condition(s) of this rule in any individual case, if it is satisfied that the requirement(s) or condition(s) could not be fulfilled by the applicant for reasonable cause.

43[]

Form-1

[See rule 220A (1)(a)]

Application for Approval under 44[“clause (c) of sub section (2) of section 100C of”] the Income Tax Ordinance, 2001

To,

45[The 46[“Chief Commissioner of Inland Revenue”]]

With reference to 47[“clause (c) of sub section (2) of section 100C of”] the Income Tax Ordinance, 2001 (XLIX of 2001), I, the undersigned, hereby apply, on behalf of _____ (name of the organization) for its approval for the purposes of the said clause for the tax year ending on _____.

2. Necessary particulars are set out below, and in the schedule to this application.

3. The following documents required under clause (b) of sub-rule 1 of Rule 220A are enclosed.

- (i) _____
- (ii) _____

- (iii) _____
(iv) _____
(v) _____

Signature _____
Name (in block letters) _____
Designation _____

Application must be signed either by the President or the Secretary of the organization or by a Trustee of the Trust.

SCHEDULE

Particulars

1. Name of the Organization (in block letters) _____
2. Full address of the organization (in block letters) _____
3. Date of registration of the organization _____
4. Its aims and objects

- (a) _____
(b) _____
(c) _____

5. Where the organization has been registered under 48[the Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law or established in pursuance of a Trust Deed. Please give/ state the law, the number and date of Registration _____.

6. Whether the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, conforms to the provisions of sub-rules (2) and (3) of rule 220A. If so, please give the number of article/ clause/ rule for each provision.

7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).

8. The number of members/ trustees of the organization on the date of application.

9. Accounting year of the organization commences on _____ and ends on _____.

10. The following books of accounts are being regularly maintained by the institution and are open for inspection without any hindrance to the general public.

- (i) _____
(ii) _____
(iii) _____

Signature _____
Name (in block letters) _____
Designation _____

- 1-Words "of a non-profit organization" omitted by SRO 595(I)/2005, dated June 02, 2005.
- 2-The expression "sub-clause (3) of clause (58) of Part I of the Second Schedule" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 3-Substituted for "Federal Board of Revenue" by SRO 880(I)/2006, dated August 25, 2006.
- 4-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 5-The expression "sub-clause (3) of clause (58) of Part I of the Second Schedule" substituted by SRO 1218(I)/2015, dated 08.12.2015
- 6-Substituted for "Board" by SRO 880(I)/2006, dated August 25, 2006.
- 7-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 8-Words etc. inserted by SRO 392(I)/2009, dated May 19, 2009.
- 9-The sub-clause (v) substituted by the S.R.O. 754(I)/2016 dated 15th August, 2016. The substituted sub-clause reads as follows:-
 "(v) the names and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, as the case may be, of the organization and indicating clearly their family relationships, if any, with each other]
- 10-Substituted for "by an authority designated by the Government of Pakistan for this purpose or till that authority is established, under arrangements made by the Federal Board of Revenue" by SRO 1015(I)/2003, dated November 05, 2003.
- 11-The words "Central Board of Revenue" substituted by the Finance Act, 2007
- 12-Provisos inserted by Notification No. SRO 1015(I)/2003, dated November 05, 2003.
- 13-Substituted for "CBR" by SRO 707(I)/2007, dated July 14, 2007.
- 14-The words "Director-General" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 15-Substituted for "CBR or its officer" by SRO 707(I)/2007, dated July 14, 2007.
- 16-The words "Director-General" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 17-Substituted for "Federal Board of Revenue" by SRO 880(I)/2006, dated August 25, 2006.
- 18-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 19-Clause "(c)" substituted by SRO 880(I)/2006, dated August 25, 2006.
- 20-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 21-Substituted for "Federal Board of Revenue" by SRO 880(I)/2006, dated August 25, 2006.
- 22-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 23-Substituted for "Federal Board of Revenue" by SRO 880(I)/2006, dated August 25, 2006.
- 24-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 25-Sub-clause (vii) substituted by SRO 880(I)/2006, dated August 25, 2006.
- 26-Words etc. inserted by SRO 392(I)/2009, dated May 19, 2009.
- 27-Sub-rule (4) inserted by SRO 392(I)/2009, dated May 19, 2009.
- 28-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 29-Sub-rules 4, 5 and 6 omitted by SRO 880(I)/2006, dated August 25, 2006.
- 30-Sub-rule 7 substituted by SRO 880(I)/2006, dated August 25, 2006.
- 31-The words "Regional Commissioner" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 32-The words "Regional Commissioner" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 33-Substituted for "unrestricted" by SRO 21(I)/2007, dated January 05, 2007.
- 34-Proviso inserted by SRO 392(I)/2009 dated May 19, 2009.
- 35-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 36-Clause (vii) inserted by SRO 392(I)/2009, dated May 19, 2009.
- 37-Substituted for "sub-rule (1)" by SRO 392(I)/2009, dated May 19, 2009.
- 38-The words "Regional Commissioner" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 39-Substituted for "sub-rule (1)" by SRO 392(I)/2009, dated May 19, 2009.
- 40-Sub-rule 8 omitted by SRO 880(I)/2006, dated August 25, 2006.
- 41-Substituted for "Board" by SRO 880(I)/2006, dated August 25, 2006.
- 42-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 43-Sub-rule (10) omitted by SRO 1218(I)/2015, dated 08.12.2015. The omitted sub-rule read as under:
 "(10) The approval granted prior to the commencement of these rules to an organization shall be deemed to have been withdrawn unless an application in the manner laid down in sub-rule (4) is made on behalf of such organization for calendar year 2003 by the 30th June, 2004."
- 44-The expression "clause (58) of Second Schedule to" omitted by SRO 1218(I)/2015, dated 08.12.2015.
- 45-Substituted for "The Secretary, Federal Board of Revenue, Islamabad" by SRO 880(I)/2006, dated August 25, 2006.
- 46-The words "Regional Commissioner of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 47-The words "clause (58) of the Second Schedule to" substituted by SRO 1218(I)/2015, dated 08.12.2015.
- 48-Words etc. inserted by SRO 392(I)/2009, dated May 19, 2009.
- 49-Form II omitted by SRO 880(I)/2006, dated August 25, 2006.

1[220B. Approval and appointment of certification agencies.-

(1) Whereas rule 211 to 220A, both inclusive, provide for performance evaluation of non-profit organizations with regard to their aims and objectives during the last three years by approved independent certification agencies, the procedure given in the following sub-rules shall apply in respect of approval and appointment of such certification agencies.

(2) The Chairman, Federal Board of Revenue, shall, in his discretion, constitute a Committee for approval and appointment of certification agencies, hereinafter referred to as the Committee, comprising of not less than three members. The Chairman, Federal Board of Revenue shall also designate a member of the Committee to serve as its Chairman. All nominations to the Committee shall be ex-officio. One third of the membership or two members of the Committee, whichever is larger, shall constitute the quorum for meetings of the Committee.

(3) An application for approval and appointment as a certification agency shall be placed before the Committee.

(4) The Committee shall consider the application on its own merit and decide through a majority vote. The Chairman of the Committee shall cast a vote only in case of a tie.

(5) In its deliberations on the application, the Committee shall consider, inter alia, the following criteria, for approval and appointment of certification agency, namely: -

(a) demonstrated and established eminence, credibility and stature of the governing body of such organization that brings respect and credibility to the organization and its work;

(b) understanding of the organization, essentially the senior management and program staff, of the parameters of evaluation as approved by the Federal Board of Revenue;

(c) human resource, quantity as well as quality, available with the organization to conduct professional, objective and transparent evaluations of non-profit organizations;

(d) financial resources available with the organization for meeting the costs incurred on such evaluations;

(e) organizational understanding and experience of working with the non-profit organizations;

(f) experience of evaluating non-profit organizations or social programs;

(g) systems put in place by the organization to conduct evaluation and award of certification; and

(h) monitoring mechanisms to ensure transparency and objectivity.

(6) The Committee may call for any document, report and statement from the organization concerned to assess the capacity of the organization to undertake professional, objective and transparent evaluation as per the criteria specified in sub-rule (5). The Committee may also interview the managerial and program staff of the organization to assess their level of experience, understanding and professionalism.

(7) In no case, however, the committee shall decide to authorize an organization which-

(a) is not registered in Pakistan under any of the relevant laws;

(b) does not specifically prohibit distribution of profit, if any, to its members or staff;

- (c) is controlled in part or wholly by the Federal Government, Provincial Government or a local Government; and
- (d) in its other programmes create a conflict of interest in evaluating non-profit organization.

Explanation: A grant-making organization would have a conflict of interest if it undertakes evaluation and certification of its grant-recipient or potential-recipient organizations. Similarly, a capacity building organization, evaluating non-profit organizations whose capacity it has built or may build in future, would be in a conflict of interest situation.

(8) An application received by the Committee may be decided upon within a period of three months from the date of the receipt of such application.

(9) An applicant adversely affected by any decision of the Committee may file an appeal before the Member (2[“Inland Revenue”]), Federal Board of Revenue, within thirty days of the service of the decision upon the application.

(10) The approval and appointment of an organization as a certification agency shall be notified in the official Gazette.

(11) Any approval and appointment granted under this rule shall be for a period of three years and thereafter the Committee shall re-assess the capacity and evaluate the performance of such organization to function as a certification agency. The Committee shall complete such re-evaluation and its decision within three months, during which the certification agency shall continue to function as a legitimate certification agency.

(12) In case of any change in the status of an approved and appointed certification agency that may adversely affect its functioning as such an agency or in case of any violation of the standards of professionalism, transparency, integrity or objectivity coming to the knowledge of the Committee, the Committee may, after due inquiry and after providing proper opportunity of being heard to the agency, withdraw such approval and appointment at any time.]

1-Rule 220B inserted by Notification No. SRO 745(I)/2004, dated August 30, 2004.

2-The words “Direct Taxes” substituted by SRO 1218(I)/2015, dated 08.12.2015.

**1[CHAPTER XVIIA
GREEN FIELD INDUSTRIAL UNDERTAKING**

220C. Filing of application for the approval of a greenfield industrial undertaking.- (1) A “Greenfield Industrial Undertaking” as defined in clause (27A) of section 2 of the Ordinance, (hereinafter referred to in this Chapter as Industrial Undertaking) set up in Pakistan requiring approval of the Commissioner under sub-clause (b) of clause (27A) of section 2 of the Ordinance, shall make an application electronically to the Commissioner in the following form, namely:-

**APPLICATION FOR APPROVAL FOR THE PURPOSES OF SUB-CLAUSE (b)
OF CLAUSE (27A) OF SECTION 2 OF THE INCOME TAX ORDINANCE, 2001**

To,
The Commissioner of Inland Revenue,
_____ Zone,
_____ (City).

1. With reference to sub-clause (b) of clause (27A) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001), I the undersigned, hereby apply, on behalf of _____ (name of the industrial undertaking) for its approval for the purposes of the said clause.

2. Necessary particulars are set out below, and in the schedule to this application.

3. The following documents required under sub-rule (2) of rule 220C of the Income Tax Rules, 2002, are enclosed.

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____

Signature _____
Name (in block letters). _____
Designation _____

Application must be signed either by the Director, Principal Officer, Member or the owner of the industrial undertaking.

**SCHEDULE
PARTICULARS**

- 1. Name of the Industrial Undertaking (in block letters) _____
- 2. Full address of the Industrial Undertaking (in block letters) _____
- 3. Date of registration alongwith principal activity/nature of business of the Industrial Undertaking _____
- 4. Name(s) of owner(s) of land on which Industrial Undertaking is setup or intended to be set up _____

5. Date of registering, recording or attesting transfer of land on which Industrial Undertaking is setup or intended to be set up _____

6. Form of land such as commercial, residential, industrial, agricultural, open plot, constructed property etc. _____

7. Complete names and CNICs of directors/shareholders of industrial undertaking alongwith details of their shareholding in any other business if applicable _____

8. Complete details of plant, machinery, building or technology

(2) An application under sub-rule (1) shall be accompanied by -

(a) a duly attested copy of the constitution, memorandum and articles of association, rules and regulations or bye-laws, as the case may be, of the Industrial Undertaking.

(b) Details of Members/Directors of the Industrial Undertaking on the date of application.

(i) Name _____

(ii) CNIC _____

(iii) Income declared _____

(iv) Tax Year _____

(b) a certified copy of certificate of registration in the case an Industrial Undertaking registered under the Companies Ordinance, 1984.

(c) duly attested copies of the balance sheet and of revenue accounts of the Industrial Undertaking as audited by a “qualified accountant” for the year immediately preceding the year in which the application is made, if applicable.

(d) Copy of transfer/offer letter, sale deed, registration document at sub-registrar, land registry or any other documentary evidence of transfer of title, as the case may be.

(e) Copy of sale/purchase invoice(s), voucher(s), invoice of shipment, lease agreement, import goods declaration (GD) or bill of lading, as the case may be, of plant, machinery, building or technology to be used in the Industrial Undertaking.

220D. Processing of applications by the Commissioner.- (1) On receipt of an application under rule 220C, the Commissioner Inland Revenue may make such inquiries or call for such further information or documents as deemed necessary.

(2) After scrutiny of the application and the documents annexed thereto, the Commissioner Inland Revenue shall, forward the application to the Engineering Development Board, Government of Pakistan hereinafter referred to as “EDB” in this

Chapter, for seeking certification to the effect that process or technology used by the Industrial Undertaking has not earlier been used in Pakistan.

(3) Upon receipt of application forwarded by Commissioner Inland Revenue, the EDB shall process the same within the time stipulated by him and communicate its expert opinion / findings with regard to the query raised in sub-rule (2) to the Commissioner Inland Revenue

220E. Decision on application.- (1) On receipt of an application under rule 220C, the Commissioner, after completion of formalities, may approve the organization for the purpose of clause (27A) of section 2 of the Ordinance.

(2) An approval granted under sub-rule (1) shall be -

- (a) notified in the official Gazette; and
- (b) Subject to such conditions as the Commissioner may specify in the approval

220F. Refusal to grant approval.- (1) The Commissioner may refuse to approve the Industrial Undertaking if the Commissioner is satisfied that the Industrial Undertaking does not fulfill the conditions of Greenfield Industrial Undertaking

(2) The Commissioner shall notify the applicant, in writing, the decision to refuse the approval.

(3) The notice referred to in sub-rule (2) shall include a statement of reasons for the refusal.

220G. Finalization of applications.- The Commissioner Inland Revenue shall finalize the applications filed under Rule 220C within fifteen days of its receipt.

220H. Appeal against decision of a Commissioner Inland Revenue.- Any taxpayer dissatisfied with the decision of the Commissioner Inland Revenue under Rule 220F may prefer an appeal within sixty days of the receipt of the order to the Appellate Tribunal Inland Revenue under section 131 of the Ordinance.]

CHAPTER-XVIII
TAX CLEARANCE CERTIFICATE

221. Tax clearance certificate.-

(1) A person leaving Pakistan permanently may apply to the Commissioner for a tax clearance certificate referred to in sub-section (3) of section 145 where -

(a) the person has satisfied all income tax liabilities; or

(b) the person has made arrangements to the satisfaction of Commissioner for payment of income tax liabilities.

(2) An application referred to in sub-rule (1) shall be in the following form, namely:-

**APPLICATION FOR A CERTIFICATE UNDER SECTION 145
OF THE INCOME TAX ORDINANCE, 2001**

Not for tourists who have earned no income from Pakistan source and have come on tourist visa and stay is not more than 90 days in a tax year.

To,
The Commissioner,
_____ Zone,
_____ (City).

Sir,

I request that an Tax Clearance Certificate under section 145 of the Income Tax Ordinance, 2001, be granted to me. I give below necessary particulars:-

1. Name of applicant (in block letters) _____
 2. Domicile _____
 3. Present address _____
 4. Address in Home Country _____
 5. Nature of business, professions or vocation in Pakistan (if visit to Pakistan was made only as a tourist and no income was earned during the period of stay in Pakistan, it should be so stated).
 6. Place(s) at which the business, profession or vocation is or was carried on _____
 7. Name and address of employers of the _____ Applicant (in case the applicant is representing a firm or a company, the name and address of the company or firm should be stated here.
 8. Name of the Commissioner, if any, where last assessment of the applicant was made _____.
 9. Date of arrival in Pakistan _____
 10. Probable date of departure _____
 11. Destination _____
 12. Mode of travel (by air/sea/land) _____
 13. Place _____ Date _____
 14. Made the payment of tax with the evidence.
 15. Guarantee as per rule 158 is enclosed.
- Date _____ 20 ____

Yours faithfully,

Signature

(3) An application referred to in clause (b) of sub-rule (1) shall be accompanied by a certificate of guarantee of the applicant's employer or business associate in the following form, namely:-

**GUARANTEE CERTIFICATE TO BE FURNISHED BY EMPLOYER OR
BUSINESS ASSOCIATE OF THE APPLICANT**

(1) Certified that (Name in block letters) is our employee/ representative /associate.

(2) (i) Certified that _____ (give name) is leaving Pakistan and tax demand of Rs. _____ is outstanding him. The assessment is pending resulting in tax liability.

(ii) A cheque for the amount of tax due along with the computation of income is enclosed.

(iii) We undertake to pay the tax liability, if any, when determined.

Address _____ Signature _____
Associates _____ Designation _____

Seal of the business

Strike out whichever is in applicable.

222. Form of tax clearance certificate under section 145.-

For the purposes of sub-section (3) of section 145, a tax clearance certificate shall be in the following form, namely:-

COUNTERFOIL TAX CLEARANCE CERTIFICATE UNDER SECTION	TAX CLEARANCE CERTIFICATE UNDER SECTION, 145 OF THE INCOME TAX ORDINANCE.
Book No. _____ Serial No. _____	Book No. _____ Serial No. _____
Name _____	
Address _____	
Nationality _____	
Nature of business, Profession or Vocation Pakistan	This is to certify that _____ of _____ has no liability has made satisfactory arrangement for his/her liabilities under the Income Tax Ordinance, 2001 or the Income Tax Ordinance, 1979)
Date of arrival in Pakistan	
Date of departure	This certificate is valid
Designation	
Certificate valid	
Initials of _____ Commissioner	_____ Commissioner
Signature/ left hand thumb of Application/ or person receiving the Certificate on behalf of the applicant.	Signature/ left hand thumb of Application/ or person receiving the Certificate on behalf of the applicant.

1[223. Form of tax exemption certificate.-

On receipt of an application under rule 221, the Commissioner shall issue an exemption certificate under section 145 in the following form, namely:-

COUNTERFOIL OF TAX EXEMPTION CERTIFICATE UNDER SECTION 145	TAX EXEMPTION CERTIFICATE UNDER SECTION 145 OF THE INCOME TAX ORDINANCE, 2001
Book No. _____ Serial No. _____	Book No. _____ Serial No. _____
Name _____	
Address _____	Commissioner
Nationality _____	
Nature of business, Profession or Vocation Pakistan	Division _____ Jurisdiction
Date of departure	Signature/ left hand thumb of impression of Applicant/ or person receiving the certificate on behalf of the applicant.]
Designation	
Probable date of return to Pakistan	
Certificate valid upto	
_____ Initials of Commissioner	
Signature/ left hand thumb of impression of Applicant/ or person receiving the certificate on behalf of the applicant.	

- (i) they have not spent more than 90 days at a time in Pakistan; and
(ii) they have not spent more than 90 days in any financial year in Pakistan.

2[***]

1-Rule 223 substituted by SRO 392(I)/2009, dated May 19, 2009.

2-Omitted “(iii) passengers travelling by a pilgrim ship which sails direct from a Port in Pakistan to Jeddah.”

CHAPTER-XIX
MISCELLANEOUS

1[224. Conditions for approval of leasing companies for claim of depreciation deduction.-

The following conditions shall be fulfilled by a leasing company or a modaraba to claim deduction for depreciation on lease of depreciable assets under this rule, namely:-

- (i) The leasing company is engaged principally in the business of leasing of assets and has been issued a licence by the Securities and Exchange Commission of Pakistan to operate under the terms and conditions specified therein; and
- (ii) the leasing company or a modaraba doing leasing business undertakes that where a motor vehicle is given on lease, the purchase value thereof shall be restricted to the amount specified in the Third Schedule to the Ordinance, for the purposes of claiming depreciation or the expenditure on such lease.]

225. Recognized Associations of Accountants for the purpose of section 223.-

The following bodies are recognized by the Board as associations of accountants for the purpose of section 223, namely:-

- (a) The Institute of Chartered Accountants in England and Wales;
- (b) The Institute of Chartered Accountants in Scotland;
- (c) The Institute of Chartered Accountants in Ireland;
- (d) The Society of Incorporated Accountants and Auditors, London; and
- (e) The Association of 1[Chartered] Certified Accountants, United Kingdom.

226. Appointment of valuers.-

(1) A person desiring to be appointed as a valuer for the purposes of section 222 shall make an application to the Commissioner in duplicate setting out the fact or facts by virtue of which the person claims to be qualified for such appointment.

(2) For the purpose of sub-rule (1) a person qualified for appointment as a valuer means a person who:-

(a) holds a degree or equivalent qualification in civil engineering or mechanical engineering or mechanical and electrical engineering from any University incorporated under any law for the time being or accredited or affiliated by any association of universities or college in force in Pakistan and Azad Kashmir or a like degree or qualification conferred by any foreign university incorporated by law of that country and recognized by a Pakistani University;

(b) holds an internationally recognized qualification in architecture equivalent to or comparable with the Associate- ship of Royal Institute of British Architects;

(c) having successfully completed a diploma course in architecture or civil engineering or mechanical engineering or mechanical and electrical engineering or automobile engineering from a recognized institution has worked with a qualified architect or engineer or in a Government or quasi-Government department for a period of three years;

(d) has held the insurance surveyor certificate issued by the department of Insurance for a period of five years;

(e) has retired after putting in satisfactory service in the 1[“Inland Revenue”] Department or the Customs Department or judiciary or in a revenue collecting agency of the Government for period of not less than ten years in a post or posts in a grade not less than Grade 17; or

(f) for the purpose of valuation of such assets as require specialized knowledge not available to persons qualified under clauses (a), (b), (c), (d) and (e) of this sub-rule, any person, who is in the opinion of the Commissioner is fit to be appointed as a valuer.

(3) Notwithstanding anything contained in sub-rule (2), no person shall qualify for appointment as a valuer if the person-

(a) has been dismissed or removed from Government service;

(b) is an un-discharged insolvent;

(c) has been convicted of any offence under any law or has been found guilty of misconduct in his professional capacity which, in the opinion of the Commissioner, renders him unfit to 2[be] registered as a valuer; or

(d) has been representing taxpayers before income tax authorities.

(4) On receipt of an application under sub-rule (1), the Commissioner may make such inquiries or call for such further information or evidence as may be deemed necessary.

(5) If the Commissioner is satisfied that a person should be appointed as a valuer for the purposes of section 222, the Commissioner shall notify the person in writing of the decision.

- (6) Where the Commissioner decides to refuse an application under this rule, the Commissioner shall give the applicant notice, in writing, of the decision including a statement of reasons for the decision.
- (7) The appointment of a value may be terminated by the Commissioner at his discretion at any time without assigning any reason and without any compensation.

1-The words "Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.
2-Substituted for "e" by SRO 392(I)/2009, dated May 19, 2009.

1[227. Scale of remuneration, fees and allowances for a valuer.-

(1) A valuer appointed under section 222 shall not be paid any retention fee but would be entitled to remuneration at the following scale:-

	Rs.
Where the value of assets does not exceed Rs.1,000,000/-	5,000/-
Where the value of assets exceeds Rs.1,000,000/- but does not exceed Rs.5,000,000/-	10,000/-
Where the value of assets exceeds Rs.5,000,000/- but does not exceed Rs.10,000,000/-	20,000/-
Where the value of assets exceeds Rs.10,000,000/-	30,000/-

(2) In addition to remuneration at the scale prescribed under sub-rule (1), a valuer shall be entitled to the following fee and allowance:-

(a) a fee of Rs.500/- per day in the event of attendance before the Appellate Tribunal in connection with the valuation made in any case; and

(b) traveling expenses to which a Government servant in BPS-17 is entitled.]

228. Valuation of assets.-

1[(1) The valuation of immovable property for the purposes of section 111 shall be taken to be-

2[(a) the fair market value of immovable property shall be the value notified by the Board under sub-section (4) of section 68, in respect of area or areas specified in the said notifications;

(b) if the fair market value of any immovable property of any area or areas has not been determined by the Board in the notification referred to in sub-section (4) of section 68, 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; and

(c) in the case of agricultural land, the value shall be equal to the average sale price of the sales recorded in the revenue record of the estate in which the land is situated for the relevant period or time;

(d) if in a case sale price recorded in the instrument of sale of any property is higher than the fair market value as determined under clauses (a), (b) and (c), the applicable price shall be higher of the two; and

(e) in the case of sale price of any auctioned property or the fair market value as determined under clauses (a), (b) and (c), the higher price shall be applicable.]]

(2) For the purposes of section 111 and subject to sub-rule (2), the value of motor cars and jeeps shall be determined in the following manner, namely:-

(a) the value of the new imported car or jeep shall be the C.I.F. value of such car or the jeep, as the case may be, plus the amount of all charges, customs-duty, sales tax, levies, octroi fees and other duties and taxes leviable thereon and the costs incurred till its registration;

(b) the value of a new car or jeep purchased from the manufacturer or assembler or dealer in Pakistan, shall be the price paid by the purchaser, including the amount of all charges, customs-duty, sales tax and other taxes, levies, octroi, fees and all other duties and taxes leviable thereon and the costs incurred till its registration;

(c) the value of used car or jeep imported into Pakistan shall be the import price adopted by the customs authorities for the purposes of levy of customs-duty plus freight, insurance and all other charges, sales tax, levies octroi, fees and other duties and taxes leviable thereon and the costs incurred till its registration;

(d) the value of a car or jeep specified in clause (a), (b) and (c) at the time of its acquisition shall be the value computed in the manner specified in the clause (a), (b) or (c), as the case may be, as reduced by a sum equal to ten percent of the said clause for each successive year, upto a maximum of five years; or

(e) the value of a used car or jeep purchased by an assessee locally shall be taken to be the original cost of the car or the jeep determined in the manner specified in clause (a), (b) or (c), as the case may be, as reduced by an amount equal to ten percent for every year following the year in which it was imported or purchased from a manufacturer.

(3) In no case shall the value be determined at an amount less than fifty percent of the value determined in accordance with clause (a), (b) or (c) or the purchase price whichever is more.

(4) For the purposes of section 61, the value of any property donated to a non-profit organization shall be determined in the following manner, namely:-

(a) the value of articles or goods imported into Pakistan shall be the value determined for the purposes of levy of customs duty and the amount of such duty and sales tax, levies, fees, octroi and other duties, taxes or charges leviable thereon and paid by the donor;

(b) the value of articles and goods manufactured in Pakistan shall be the price as recorded in the purchase vouchers and the taxes, levies and charges leviable thereon and paid by the donor;

(c) the value of articles and goods which have been previously used in Pakistan and in respect of which depreciation has been allowed, the written down value, on the relevant date as determined by the Commissioner;

(d) the value of a motor vehicle shall be the value as determined in accordance with rule; and

(e) the value of articles or goods other than those specified above, shall be the fair market value as determined by the Commissioner.

229. Filing of returns, statements and documents and issuance of orders, notices through computers.-

(1) Notwithstanding anything contained in these rules taxpayer or any person responsible for furnishing the prescribed statements or returns may furnish such statement or return, on computer media and in such language, program arrangement and data formats and representations which are compatible with those of the 1["Inland Revenue"] Department and any other technical specification as the 2[Federal Board of Revenue] may prescribe; accompanied by a certificate in the following form and duly signed by the person authorized to sign such statement or return or the department may issue notice orders, or communication or production of documents in appeals or courts taken through computers or scanning images duly certified, namely:-

CERTIFICATE

I, _____ S/o. _____ do hereby certify that the data and information contained in the enclosed disk, diskette, tape or cartridge or scanning image or electric communication is complete, correct and true to the best of my knowledge and belief.

I, further certify that the return of income contained in the aforementioned media have been duly verified and affirmed to be true by the respective assessee.

Signature _____

Name. (in block letters) _____

Designation _____

Date _____

(2) Notwithstanding anything contained in these rules, any order required to be made or notice to be issued or assessment or computation made, or document required to be prepared or issued under the Ordinance may be generated through the computer system and no such order, notice, assessment, computer document shall require the signature of the concerned officer whose name and designation is specified on the aforementioned documents.

230. Charges for various forms.-

The following forms shall be provided after 30th June, 2002 on payment as mentioned against each:-

Form	Charge
(i) Form of return of total income.	Rupees Five each.
Form of Wealth statement under section 116 of the Income Tax Ordinance.	Rupees Five each.

1[2]231. Computation of export profits attributable to export sales.-

(1) Where a taxpayer exports any goods manufactured in Pakistan, the taxpayer's profits attributable to export sales of such goods shall be computed in the following manner, namely:-

(a) where a taxpayer maintains separate accounts of the business of export of goods manufactured in Pakistan, the profits of the export business shall be taken to be such amount as may be determined by the Commissioner in accordance with the provisions of Ordinance on the basis of such accounts; or

(b) in other cases, the profits of such business shall be taken to be an amount which bears to the total profits of the business of the taxpayer from the sale of goods, the same proportion as the export sales of goods manufactured in Pakistan bear to the total sales of goods.

(2) For the purpose of sub-rule,-

(a) the expression "export sales" means the f.o.b. price of the goods exported;

(b) the expression "total sales" means,-

(i) the aggregate of export sales as determined under clause (a);

(ii) the ex-factory price of goods sold in Pakistan, where the goods exported out of Pakistan were manufactured by the exporter; or

(iii) the ex-godown price of goods sold in Pakistan, in other cases.]

1-Rule 231 omitted by SRO 392(I)/2009, dated May 19, 2009.

2-Rule 231 inserted by SRO 58(I)/2010, dated February 02, 2010.

1[231A. Procedure for issuance of advance ruling under section 206A.-

(1) A non-resident person desiring an advance ruling under section 206A of the Ordinance, 2001 (XLIX of 2001) shall make an application to the Federal Board of Revenue in the following form set out in the Schedule below.

(2) The application under sub-section (1) shall be considered by a Committee consisting of the following members, namely:-

- | | |
|--|----------|
| (a) Chairman, Federal Board of Revenue | Chairman |
| (b) Member 2[(Inland Revenue)], FBR | Member |
| (c) 3[Senior Joint Secretary], Law, Justice.
and Human Rights Division. | Member |

(3) The Committee may obtain comments of the Commissioner 4[***] concerned and, if it considers necessary, advice of a legal expert on the application and decide the issue, as it may deem appropriate, in a joint sitting or through circulation amongst its members.

(4) Advance ruling for the purposes of this rule means determination by the Committee in relation to the transaction which has been undertaken or is proposed to be undertaken by a non-resident person the question of law specified in the application.

(5) The advance ruling shall be binding on the Commissioner only in respect of the specific transaction on which such advance ruling is issued. The advance ruling shall continue to remain in force unless there is a change in facts or in the law on the basis of which the advance ruling was pronounced.

(6) The copy of the advance ruling pronounced by the Federal Board of Revenue shall be provided to the applicant and to the Commissioner 5[***] having jurisdiction over the case.

(7) Notwithstanding anything contained in this rule, the advance ruling shall cease to be binding on the Commissioner, if it is subsequently found to have been obtained by fraud or misrepresentation of facts about the nature of the transaction on which advance ruling was issued.

(8) An application filed under this rule shall be disposed of not later than ninety days of its receipt.

1-Rule 231A and 231B inserted by SRO 130(I)/2004, dated February 27, 2004.

2-The words and brackets “(Direct Taxes)” substituted by SRO 1218(I)/2015, dated 08.12.2015.

3-Substituted for “Solicitor General” by SRO 54(I)/2009, dated January 22, 2009. Earlier it was substituted for “Additional Secretary” by SRO 756(I)/2008, dated July 15, 2008.

4-The words “of Income Tax” omitted by SRO 1218(I)/2015, dated 08.12.2015.

5-The words “of Income Tax” omitted by SRO 1218(I)/2015, dated 08.12.2015.

231B. Withdrawal of application.-

The applicant may withdraw the application made under rule 231A at any time before the advance ruling is issued.

SCHEDULE **[See sub-rule (1)]**

Application for advance ruling under section 206A
of the Income Tax Ordinance, 2001

To

The Chairman,
Federal Board of Revenue,
Islamabad

Dear Sir,

The undersigned being duly authorized hereby apply on behalf of _____ (name of the non-resident) for advance ruling under section 206A of the Income Tax Ordinance, 2001 (XLIX of 2001).

2. Necessary details of the transaction are set out below and in the Annexure to this application.

3. The following documents as required under rule 231A of Income Tax Rules, 2002 are enclosed:-

- (a) _____
- (b) _____
- (c) _____
- (d) _____
- (e) _____

Yours faithfully,

Signature _____

Name (in block letters) _____

Designation _____

Annexure

[See paragraph 2 of the Schedule]

(1) Name of the non-resident person (in block letters) _____

(2) Permanent address and telephone and fax numbers of the non-resident person (in block letters)

1[***]

2[***]

(5) Country of origin _____

(6) National Tax Number _____

(7) The following is the statement of the relevant facts of the transaction having bearing on the question(s) on which the resolution is required (Please annex extra sheet, if required):

(8) Statement containing the applicant's interpretation of law or facts, as the case may be, in respect of the question(s) on which advance ruling is required (Please annex extra sheet, if required) is as follows:-

(9) The undersigned, solemnly declare that:-

(a) full and true particulars of the transaction relevant for the purposes of advance ruling applied for have been disclosed and no material aspect affecting the determination of the application of the Income Tax Ordinance, 2001, in this behalf has been withheld; and

(b) that the above issue(s) is/ are not pending before any Income Tax Authority, Appellate Tribunal or Court for adjudication.

Yours faithfully,

Signature _____

Name (in block letters) _____

Designation _____

Address in Pakistan _____

Telephone No. _____

Fax No. _____]

1[231C. Alternative dispute resolution.- (1) This rule shall apply to all cases of disputes brought or specified for resolution under section 134A.

(2) In this rule, unless there is anything repugnant in the subject or context,-

(a) “applicant” means an aggrieved person or a class of persons in case identical issues are involved who has brought a dispute for resolution under section 134A; and

(b) “Committee” means a Committee constituted under sub-section (2) of section 134A.

(3) Any person or class of persons interested for resolution of any dispute under section 134A shall submit a written application for alternative dispute resolution to the Board in the form as set out in Part I of the Schedule to this rule.

(4) The Board, after examination of the contents of an application by a taxpayer and facts stated therein and on satisfaction that the application may be referred to a committee for the resolution of the hardship or dispute, shall appoint and notify a Committee, within a period of sixty days from the receipt of application specified under sub-rule (3), consisting of the following members, namely:-

(a) Chief Commissioner Inland Revenue having jurisdiction over the case; and

(b) 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.

(5) The Chief Commissioner Inland Revenue having jurisdiction over the case shall be Chairperson of the Committee.

(6) The Board shall notify a panel comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen, in accordance with eligibility criteria specified in Part II of the Schedule to this rule.

(7) The Committee shall decide the dispute through consensus within one hundred and twenty days from the date of its constitution by the Board.

(8) The decision of the Committee under sub-rule (7) shall be binding on the Commissioner when the applicant; being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in the form as set out in Part III of the Schedule to this rule 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 applicant, the decision of the Committee shall not be binding on the Commissioner.

(9) The Chairperson of the Committee shall be responsible for deciding the procedure to be followed by the Committee which may inter-alia, include the following, namely:-

(a) to decide about the place of sitting of the Committee;

(b) to specify date and time for conducting proceedings by the Committee;

(c) to conduct the proceedings of the Committee as he things appropriate;

(d) to issue notices by courier or registered post or electronic mail to the applicant;

- (e) to requisition and produce relevant records or witnesses from the Commissioner or other concerned quarters;
- (f) to ensure attendance of the applicant for hearing either in person or through an advocate, representative or a tax consultant;
- (g) to consolidate recommendations of the Committee and submission of a conclusive report to the Board; and
- (h) for any other matter covered under these rules.

(10) The Committee may conduct inquiry, seek expert opinion, direct any officer of Inland Revenue or any other person to conduct an audit and make recommendations to the Committee in respect of dispute or hardship.

(11) The Committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit, to decide the matter specified in sub-section (1) of section 134A.

(12) If the Committee fails to decide within the period of one hundred and twenty days under sub-rule (7), 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.

(13) On receipt of the Committee's decision the applicant may make the payment of income tax and other taxes as decided by the Committee under sub- rule (7) and all decisions and orders made or passed shall stand modified to the extent.

(14) A member of the Committee appointed under clause (b) of the sub-rule (4) shall on decision of the application by the Committee of which he is a Member, be paid a lump sum one time remuneration of one hundred thousand rupees for his services.

(15) The remuneration specified in sub-rule (14) shall be paid by the Board from its budget allocation within fifteen days of the receipt of the decision of the Committee under sub-rule (13).

THE SCHEDULE
Part I
[see sub-rule (3)]

Application for Alternative Dispute Resolution under section 134A of the Income Tax Ordinance, 2001

To,
The Chairman,
Federal Board of Revenue,
Islamabad

Dear Sir,

The undersigned being _____ (name and address of the applicant) duly authorized hereby apply for hardship and dispute resolution under section 134A of the Income Tax Ordinance, 2001 (XLIX of 2001).

2. Necessary details of the dispute or hardship are set out below and in the Annexure to this application.

3. A request is made to constitute a Committee as provided under sub-rule (4) of rule 231C of Income Tax Rules, 2002.

4. The following documents as are necessary for the resolution of the dispute or hardship are enclosed.

- (a) _____
(b) _____
(c) _____

Yours faithfully,

Signature _____
Name (in block letters) _____
NTN _____
Address _____
Date _____

Annexure
[see paragraph 2 of the Schedule]

- (1) Name of the applicant (in block letters) _____
- (2) National tax number _____
- (3) CNIC (for individuals) _____
- (4) Address of the applicant _____
- (5) Telephone Number _____ e-mail address _____ Fax Number _____
- (6) Tax year to which the dispute or hardship relates _____
- (7) The Commissioner with whom a dispute has arisen _____
- (8) The following is the statement of the relevant facts and law with respect to dispute or hardship having bearing on the questions on which the resolution is required (Please annex extra sheet, if required):-

- (9) Statement containing the applicant's interpretation of law or facts, as the case may be, in respect of questions on which resolution is required (Please annex extra sheet, if required) is as follows:-

- (10) The extent or the amount of tax which the applicant agrees to pay, if any. Rs.

- (11) The undersigned, solemnly declares that-

(a) full and true particulars of the dispute or hardship for the purposes of resolution have been disclosed and no material aspect affecting the determination of the application filed under the Income Tax Ordinance, 2001 (XLIX of 2001), in this behalf has been withheld;

(b) the above issues are pending adjudication before (name of the appellate forum, ATIR or Court)/not pending before any forum, ATIR, High Court or Supreme Court of Pakistan.

Yours faithfully,
Signature

Name (in block letters)

Designation

Date

Part II
[see sub-rule (6)]

Following shall be the eligibility criteria for Chartered Accountant, Cost and Management Accountant, Advocate and reputable businessman.-

(i) The Chartered Accountant shall be a member of Institute of Chartered Accountants of Pakistan and shall have minimum ten years experience of practice as a chartered accountant with at least five years of tax related practice and shall have in depth understanding of complex tax issues. He shall not be more than sixty five years old.

(ii) The Cost and Management Accountant shall be a member of Institute of Cost and Management Accountants of Pakistan and shall have minimum ten years experience of practice as a Cost and Management Accountant with at least five years of tax related practice and shall have in depth undertaking of complex tax issues. He shall not be more than sixty five years old.

(iii) The advocate shall hold degree in LL.B from a recognized Institute having in depth understanding of complex tax issues and shall have at least two reported tax cases or three other reported cases or five unreported cases of appellate tribunal inland revenue or higher courts. He shall have a minimum ten years experience including at least five years tax related practice and shall not be more than sixty five years old.

(iv) A reputable businessman shall have a Master Degree from Higher Education Commission recognized University or Foreign University with in depth understanding of complex tax issues and shall be a proprietor or director or partner of a business concern having a turnover of over one hundred million rupees in each of the past three years. He shall not be more than sixty five years old.

Part III
[see sub-rule (8)]
Before The [mention the respective appellate authority]
ITA No. / ITRA No / CA No. [mention whichever is applicable]

Name of the Appellant / Respondent [mention whichever is applicable]

Address

Versus

Name of the Appellant / Respondent [mention whichever is applicable]

Address

Subject: APPLICATION FOR WITHDRAWAL OF APPEAL UNDER SUB-SECTION (6) OF SECTION 134A OF THE INCOME TAX ORDINANCE, 2001

Respectfully submitted,

1. That the appellant's appeal or reference application or civil appeal [mention whichever is applicable] in ITA No. / ITRA No / CA No [mention whichever is applicable] is pending.
2. That the appellant has filed an application to the Federal Board of Revenue for constitution of Alternative Dispute Resolution Committee under section 134A of the Income Tax Ordinance, 2001 read with rule 231C of the Income Tax Rules, 2002 and on appellant's application, the Federal Board of Revenue has constituted a Committee for resolution of the appellant's dispute.
3. That under the provision of sub-section (6) of section 134A of the said Ordinance read with sub-rule (8) of rule 231C of Income Tax Rules, 2002 the appellant withdraws the aforesaid appeal or reference application or civil appeal as ITA No. / ITRA No. / CA No. [mention whichever is applicable].
4. Therefore it is prayed that the aforesaid appeal or reference application or civil appeal may be disposed of as withdrawn without prejudice to reinstatement of appellant's aforesaid appeal or reference application or civil appeal if the committee constituted under section 134A fails to make a decision within the stipulated time.

Applicant

Signature

Name

Complete Address.

1-Rule "231C" inserted by Notification No. S.R.O. 1249(I)/2020, dated 23-11-2020, before insertion read as:

1[231C. Alternative dispute resolution.- (1) This rule shall apply to all cases of disputes brought or specified for resolution under section 134A.

(2) In this rule, unless there is anything repugnant in the subject or context,-

(a) "applicant" means an aggrieved person or a class of persons in case identical issues are involved who has brought a dispute for resolution under section 134A; and

(b) "Committee" means a Committee constituted under sub-section (2) of section 134A.

(3) Any person or class of persons interested for resolution of any dispute under section 134A shall submit a written application for alternative dispute resolution to the Board in the form as set out in Part I of the Schedule to this rule.

(4) The Board, after examination of the contents of an application by a taxpayer and facts stated therein and on satisfaction that the application may be referred to a committee for the resolution of the hardship or dispute, shall appoint and notify a Committee, within a period of sixty days from the receipt of application specified under sub-rule (3), consisting of the following members, namely:-

(a) Chief Commissioner Inland Revenue having jurisdiction over the case; and

(b) 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.

(5) The Chief Commissioner Inland Revenue having jurisdiction over the case shall be Chairperson of the Committee.

(6) The Board shall notify a panel comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen, in accordance with eligibility criteria specified in Part II of the Schedule to this rule.

(7) The Committee shall decide the dispute through consensus within one hundred and twenty days from the date of its constitution by the Board.

(8) The decision of the Committee under sub-rule (7) shall be binding on the Commissioner when the applicant; being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in the form as set out in Part III of the Schedule to this rule 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 applicant, the decision of the Committee shall not be binding on the Commissioner.

(9) The Chairperson of the Committee shall be responsible for deciding the procedure to be followed by the Committee which may inter-alia, include the following, namely:-

(a) to decide about the place of sitting of the Committee;

(b) to specify date and time for conducting proceedings by the Committee;

(c) to conduct the proceedings of the Committee as he things appropriate;

(d) to issue notices by courier or registered post or electronic mail to the applicant;

(e) to requisition and produce relevant records or witnesses from the Commissioner or other concerned quarters;

(f) to ensure attendance of the applicant for hearing either in person or through an advocate, representative or a tax consultant;

(g) to consolidate recommendations of the Committee and submission of a conclusive report to the Board; and

(h) for any other matter covered under these rules.

(10) The Committee may conduct inquiry, seek expert opinion, direct any officer of Inland Revenue or any other person to conduct an audit and make recommendations to the Committee in respect of dispute or hardship.

(11) The Committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit, to decide the matter specified in sub-section (1) of section 134A.

(12) If the Committee fails to decide within the period of one hundred and twenty days under sub-rule (7), 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.

(13) On receipt of the Committee's decision the applicant may make the payment of income tax and other taxes as decided by the Committee under sub- rule (7) and all decisions and orders made or passed shall stand modified to the extent.

(14) A member of the Committee appointed under clause (b) of the sub-rule (4) shall on decision of the application by the Committee of which he is a Member, be paid a lump sum onetime remuneration of one hundred thousand rupees for his services.

15) The remuneration specified in sub-rule (14) shall be paid by the Board from its budget allocation within fifteen days of the receipt of the decision of the Committee under sub-rule (13).

THE SCHEDULE

Part I

[see sub-rule (3)]

Application for Alternative Dispute Resolution under section 134A of the Income Tax Ordinance, 2001

To,
The Chairman,
Federal Board of Revenue,
Islamabad

Dear Sir,

The undersigned being _____ (name and address of the applicant) duly authorized hereby apply for hardship and dispute resolution under section 134A of the Income Tax Ordinance, 2001 (XIX of 2001).

2. Necessary details of the dispute or hardship are set out below and in the Annexure to this application.

3. A request is made to constitute a Committee as provided under sub-rule (4) of rule 231C of Income Tax Rules, 2002.

4. The following documents as are necessary for the resolution of the dispute or hardship are enclosed.

- (a) _____
(b) _____
(c) _____

Yours faithfully,

Signature _____

Name (in block letters) _____

NTN _____

Address _____

Date _____

Annexure
[see paragraph 2 of the Schedule]

(1) Name of the applicant (in block letters) _____

(2) National tax number _____

(3) CNIC (for individuals) _____

(4) Address of the applicant _____

(5) Telephone Number _____ e-mail address _____ Fax Number _____

(6) Tax year to which the dispute or hardship relates _____

(7) The Commissioner with whom a dispute has arisen _____

(8) The following is the statement of the relevant facts and law with respect to dispute or hardship having bearing on the questions on which the resolution is required (Please annex extra sheet, if required)

(9) Statement containing the applicant's interpretation of law or facts, as the case may be, in respect of questions on which resolution is required (Please annex extra sheet, if required) is as follows:

(10) The extent or the amount of tax which the applicant agrees to pay, if any, Rs.

(11) The undersigned, solemnly declares that-

(a) full and true particulars of the dispute or hardship for the purposes of resolution have been disclosed and no material aspect affecting the determination of the application filed under the Income Tax Ordinance, 2001 (XIX of 2001), in this behalf has been withheld;

(b) the above issues are pending adjudication before (name of the appellate forum, ATIR or Court)/not pending before any forum, ATIR, High Court or Supreme Court of Pakistan.

Yours faithfully,

Signature _____

Name (in block letters) _____

Designation _____

Date _____

Part II
[see sub-rule (6)]

Following shall be the eligibility criteria for Chartered Accountant, Cost and Management Accountant, Advocate and reputable businessman.-

- (i) The Chartered Accountant shall be a member of Institute of Chartered Accountants of Pakistan and shall have minimum ten years experience of practice as a chartered accountant with at least five years of tax related practice and shall have in depth understanding of complex tax issues. He shall not be more than sixty five years old.
- (ii) The Cost and Management Accountant shall be a member of Institute of Cost and Management Accountants of Pakistan and shall have minimum ten years experience of practice as a Cost and Management Accountant with at least five years of tax related practice and shall have in depth undertaking of complex tax issues. He shall not be more than sixty five years old.
- (iii) The advocate shall hold degree in LL.B from a recognized Institute having in depth understanding of complex tax issues and shall have at least two reported tax cases or three other reported cases or five unreported cases of appellate tribunal inland revenue or higher courts. He shall have a minimum ten years experience including at least five years tax related practice and shall not be more than sixty five years old.
- (iv) A reputable businessman shall have a Master Degree from Higher Education Commission recognized University or Foreign University with in depth understanding of complex tax issues and shall be a proprietor or director or partner of a business concern having a turnover of over one hundred million rupees in each of the past three years. He shall not be more than sixty five years old.

Part III

[see sub-rule (8)]

Before The [mention the respective appellate authority]

ITA No. / ITRA No / CA No. [mention whichever is applicable]

Name of the Appellant / Respondent [mention whichever is applicable]

Address

Versus

Name of the Appellant / Respondent [mention whichever is applicable]

Address

Subject: APPLICATION FOR WITHDRAWAL OF APPEAL UNDER SUB-SECTION (6) OF SECTION 134A OF THE INCOME TAX ORDINANCE, 2001 Respectfully submitted,

1. That the appellant's appeal or reference application or civil appeal [mention whichever is applicable] in ITA No. / ITRA No / CA No [mention whichever is applicable] is pending.
2. That the appellant has filed an application to the Federal Board of Revenue for constitution of Alternative Dispute Resolution Committee under section 134A of the Income Tax Ordinance, 2001 read with rule 231C of the Income Tax Rules, 2002 and on appellant's application, the Federal Board of Revenue has constituted a Committee for resolution of the appellant's dispute.
3. That under the provision of sub-section (6) of section 134A of the said Ordinance read with sub-rule (8) of rule 231C of Income Tax Rules, 2002 the appellant withdraws the aforesaid appeal or reference application or civil appeal as ITA No. / ITRA No. / CA No. [mention whichever is applicable].
4. Therefore it is prayed that the aforesaid appeal or reference application or civil appeal may be disposed of as withdrawn without prejudice to reinstatement of appellant's aforesaid appeal or reference application or civil appeal if the committee constituted under section 134A fails to make a decision within the stipulated time.

Applicant

Signature

Name

Complete Address

1[231CA. Procedures for assessment oversight committee.- (1) This rule shall apply to all cases of settlement filed under section 122D of the Ordinance.

(2) In this rule, unless there is anything repugnant in the subject or context,-

(a) “applicant” means a person or a class of persons who has filed a case for settlement under section 122D of the Ordinance;

(b) “Committee” means a Committee constituted under sub-section (5) of section 122D of the Ordinance; and

(d) “settlement application” means an application made by a person to the Committee under subsection (1) of section 122D.

(3) A settlement application shall be made electronically by the applicant in person or by his authorized representative, under section 122D for agreed assessment to the Committee in the form as set out in the Schedule below.

(4) A settlement application shall be preferred to the Committee after the date of service of the notice issued under sub-section (9) of section 122 of the Ordinance and before finalization of assessment.

(5) The Commissioner shall not conclude assessment proceedings under section 122 if an application, made against the notice issued under sub-section (9) of section 122, lies pending before the committee.

(6) The Committee, after examination of the contents of an application submitted by an applicant and facts stated therein and on scrutiny of requisitioned record, if any, shall afford opportunity of being heard to the applicant in writing.

(7) The Committee shall finalize the applications filed under section 122D of the Ordinance within thirty days of receipt of application or within an extended period of sixty days, for reasons to be recorded in writing by the Committee.

THE SCHEDULE
[See sub-rule (3 of rule 231CA)]

Application for section 122D of the Income Tax Ordinance, 2001

To
The Chief Commissioner

Dear Sir,

The undersigned being duly authorized hereby apply _____ (name and address of the applicant) for agreed assessment under section 122D of the Income Tax Ordinance, 2001 (XLIX of 2001).

2. Necessary details of the case are set out below and in the annexure to this application.

3. The following documents as are necessary for the agreed assessment are enclosed.

(a) _____

(b) _____

(c) _____

Yours faithfully,
Signature _____
Name _____
(in block letters)

NTN _____
Address _____
Date _____

Annexure
[See paragraph 2 of the Schedule]

- (1) Name of the applicant _____
(in block letters)
- (2) National tax number
- (3) Address of the applicant
- (4) Telephone Number Fax Number
- (5) Name of the Commissioner who has sent notice u/s 122(9)
- (6) Copy of aforesaid notice under sub-section (9) of section 122 of the Ordinance.
- (7) Copy of reply submitted in response to notice under sub-section (9) of section 122 of the Ordinance.
- (8) The extent or the amount of tax which the applicant agrees to pay, if any.

Yours faithfully,

Signature _____
Name _____
(in block letters)

Designation _____
Date _____.”.

1[231D. Procedure for group taxation under section 59AA.-

- (1) For the purposes of this rule, a 100% owned company shall be a subsidiary company where another company, herein-referred to as “holding company”, owns all equity shares of such company except those held by nominees to meet the statutory requirements of the Companies Ordinance, 1984 (XLVII of 1984).
- (2) A holding company and each of its subsidiary companies of 100% owned group which fulfill the conditions specified in section 59AA shall make separate application containing declaration of irrevocable option for group taxation as one fiscal unit to the concerned Commissioner in the form as set out in the Schedule below within the first quarter of the tax year for which group taxation is opted for.
- (3) The application shall be signed, in the case of a holding company, by the Chief Executive Officer of the holding company and in the case of a subsidiary company the Chief Executive Officer of the subsidiary company, identifying the Commissioner having jurisdiction over the holding company or as the case may be, subsidiary company, National Tax Number and Corporate Registration Number.
- (4) The holding company as well as each subsidiary company shall furnish a certificate issued by the Securities and Exchange Commission of Pakistan verifying that the company has been complying with the Code of Corporate Governance as notified from time to time by the SECP.
- (5) The return for the tax year following the option for group taxation shall be prepared as one fiscal unit under the name of the holding company and the tax liability shall be discharged or the refund shall be claimed respectively as if the business of the subsidiary companies were the business of the holding company. However, for that purpose, no effect shall be taken for losses including unabsorbed depreciation of subsidiary companies for the tax year prior to the exercise of option for group taxation. Along with the group return, copies of audited accounts of every company in the group shall be attached.
- (6) On option for group taxation under sub-section (2) of section 59AA, the subsidiary companies shall furnish their returns of income in their respective tax jurisdiction along with a copy of application for group taxation for record and future adjustments and intimating non-taxability of the returned income. The subsidiary companies shall also intimate to the Commissioner having jurisdiction over the holding company regarding their option for group taxation.
- (7) Taxation matters relating to the period prior to the adoption of one fiscal unit shall continue to be dealt with by the Commissioner having jurisdiction over the subsidiary company.
- (8) In case, there is divestment of a subsidiary company and the provisions of group taxation become inapplicable, no effect shall be taken for group taxation during the year of disposal.
- (9) All the provisions of the Ordinance, including withholding provisions as applicable on a holding company shall mutatis mutandis apply to a subsidiary company during the period when the group is taxed as one fiscal unit. Each company shall file independent withholding statements as required under the provisions of the Ordinance.
- (10) The relief under group taxation shall be limited only to those companies which are locally incorporated under the Companies Ordinance, 1984 (XLVII of 1984).
- (11) All companies opting for group taxation under section 59AA shall have the similar accounting period for computation of income.

(12) The transaction by any company within the group and with its associated companies shall be carried out and recorded on arm's length basis.

SCHEDULE
(See sub-rule (2) of rule 231D)
APPLICATION/ DECLARATION FOR GROUP TAXATION
UNDER SECTION 59AA OF THE INCOME TAX ORDINANCE, 2001

To,
The Commissioner,

Dear Sir,

I _____ S/O _____ being Chief Executive of M/s. _____ (Name/ NTN and address of the holding company or as the case may be subsidiary company) duly authorized in this regard hereby apply on behalf of the aforesaid company for group taxation under section 59AA of the Income Tax Ordinance, 2001, in respect of the following companies of the group:-

S.No .	Name of the company	Address (Head Office/ postal)	NTN No.	Incorporation No.	Whether holding or subsidiary company	Commissioner having jurisdiction over holding/ subsidiary company
(1)	(2)	(3)	(4)	(5)	(6)	(7)

2. The following documents are attached:-

- (i) Copies of incorporation certificates of the above mentioned companies seeking group taxation;
- (ii) Copy of the certificate issued by the SECP (as set out in Annexure to this Schedule) confirming that the company had complied with corporate governance requirements, as notified by the SECP, and are not defaulters of any rules or regulations.

3. It is declared that,-

- (i) the company asks for irrevocable option for group taxation as one fiscal unit;
- (ii) the companies in the group are locally incorporated under the Companies Ordinance, 1984; and
- (iii) the company complies with corporate governance requirements as notified by the Securities and Exchange Commission of Pakistan from time to time.

4. Further I certify that to the best of my knowledge and belief the information given in the application is correct and complete in accordance with the provisions of section 59AA of the Income Tax Ordinance, 2001.

Yours faithfully,

Signature _____

Name (in block letters) _____
CNIC _____
Designation _____
Date _____

ANNEXURE
(See paragraph 2(ii) of the Schedule)

**CERTIFICATE FROM THE SECURITIES
AND EXCHANGE COMMISSION OF PAKISTAN**

It is certified that M/s. _____, incorporated at No. _____ dated _____ is a holding company having 100% share of the following subsidiary companies, namely:-

- (a) _____
- (b) _____
- (c) _____
- (d) _____

And the holding company and its subsidiary companies (mentioned above) have not violated any corporate governance requirements notified by the SECP from time to time, and the said companies are entitled to avail group taxation under section 59AA of the Income Tax Ordinance. The SECP shall also inform the 2[“Commissioner of Inland Revenue”] concerned, if any code of corporate governance is violated by the holding company or its subsidiary companies mentioned above availing the benefit of group taxation under section 59AA of the Income Tax Ordinance, 2001

Signature _____
Name of the issuing authority _____
Seal/Stamp _____
Date: _____

1-Rule 231D inserted by SRO 392(I)/2009, dated May 19, 2009.

2- The words “Commissioner of Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

1[231E.- Special Audit Panel.- (1) This rule shall under section 177 of the Ordinance apply to all cases for conducting audit by the special audit panel as determined by the Commissioner in the light of sub-section (1B) of section 210 of the Ordinance.

(2) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following, namely:-

(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 as directed by the Board.

(3) Board shall invite firm of Chartered Accountant or Cost and Management Accountant through advertisement and shall determine their eligibility and remuneration on case to case basis or on the basis as determined by the Board.

(4) Special audit panel shall conduct audit, including a forensic audit of the income tax affairs of:-

(a) any person, or

(b) classes of persons

(5) The Commissioner shall determine the scope of audit under sub-rule (4) on case- to-case basis.

(6) Special audit panel shall be headed by a chairperson who shall be an officer of Inland Revenue.

(7) The chairperson of special audit panel shall be responsible for the procedure which may inter- alia include the following, namely:-

(a) to decide in consultation with the Commissioner about the place of sitting of the special audit panel;

(b) to specify date and time for conducting audit;

(c) to supervise the proceedings of audit;

(d) to issue notices by courier or registered post or electronic mail to the taxpayer under audit;

(e) to requisition and produce records, documents, information from the taxpayer under audit and from other persons in respect of the taxpayer under audit; and

(f) to ensure attendance of the taxpayer for hearing in person or through an advocate or representative.

(8) The special audit panel may conduct inquiry or seek expert opinion as may be considered necessary.

(9) Powers under section 175 and 176 of the Ordinance for conducting audit under sub-section (11) of section 177 of the Ordinance shall be exercised by an officer or officers of Inland Revenue.

(10) Audit proceedings shall not be held invalid in case of absence of any member of the panel, other than chairperson.

(11) The chairperson shall consolidate audit findings and get signatures of all other members of the panel for further action in light of sub-section (6) or sub-section (14) of section 177 of the Ordinance as deemed fit.

(12) In case of difference of opinion among members of the special audit panel, the audit findings of majority members would carry weight, and the chairperson shall proceed as per sub-rule (11). In case the majority members do not include chairperson, then the special audit panel shall send the report of difference of opinion to the Commissioner and the Commissioner may decide either to constitute new special audit panel or send the said report to another officer or officers of Inland Revenue. The audit findings either from the new special audit panel or from another officer or officers of Inland Revenue would suffice for further actions under sub-rule (11).

(13) Audit proceedings under sub-rule (12) shall include the taxpayer's record, documents, statements and difference of opinion by previous special audit panel and opportunity of being heard to the taxpayer under audit.]

1[231F.- Selection and conduct of audit.- (1) This rule shall apply to selection of cases for audit by the FBR under section 214C of the Income Tax Ordinance, 2001 (XLIX of 2001).

(2) The following steps shall be followed for selection of cases for audit through a computer ballot on random and parametric selection basis for tax years mentioned therein, namely:-

- (a) data of all returns (e-filed and manually filed) shall be utilized as a basic data;
- (b) the Board shall decide the cases of persons or classes of persons which are to be excluded from audit selection and such exclusions shall be publicized each year through FBR's web-portal for information, prior to the process of balloting or selection;
- (c) cases falling under exclusions shall be identified and such cases shall be excluded from the data to be used for balloting;
- (d) the data of the remaining cases shall be utilized for computer ballot for audit selection;
- (e) for each tax year cases for audit shall be selected in accordance with the predetermined percentage, to be publicized through FBR's web-portal, and prior to the balloting process, each year;
- (f) immediately after computer ballot, the lists of selected case shall be generated and placed on FBR's web-portal;
- (g) the whole balloting system for audit selection shall be based only on the NTN/ CNICs of the filers;
- (h) the NTN and CNICs of the cases selected for audit shall be communicated to concerned RTOs and LTUs as per their respective jurisdictions;
- (i) for the purpose of selection of cases on parametric basis, risk parameters for persons or classes or persons to be used for balloting, wherever necessary, shall be determined by the Board, as under:-

(A) risk parameters for persons or classes of persons to be used for balloting shall be determined by the Board;

(B) audit selection parameters may be based upon the following:-

- (I) financial ratios for the year viz a viz the history of the case;
- (II) financial ratios viz a viz industrial, sectoral or national ratios;
- (III) industrial comparisons or bench marks;
- (IV) quantum of losses or refunds beyond certain thresholds; or
- (V) compliance history; and

(j) computer balloting process in both categories of selection for audit shall be held in the presence of representatives from Chambers of Commerce and Industries and representatives of Tax Bar Associations.

(3) The cases selected for audit by the Board shall be processed and the Commissioner Inland Revenue concerned shall issue intimation letter to the taxpayer about the selection of his case for audit with the following details:-

- (a) section under which selection has been made;
- (b) tax year for which the case has been selected for audit;
- (c) mode of selection whether random or parametric;

(d) compliance requirements on the part of taxpayer e.g.-

- (i) provision of prescribed books of accounts;
- (ii) supporting information and documents, etc;
- (iii) computerized data, access to computerized data or provision of attested hard copies of computerized data.

(4) On completion of examination of books of accounts, data or information under this rule the discrepancies, if found, shall be intimated to the taxpayer for obtaining taxpayers' explanation, in the form of audit report, seeking taxpayer's explanation on these points.

(5) Explanations of the taxpayer, where found not acceptable, shall be intimated to the taxpayer, through a notice under section 122(9) of the Income Tax Ordinance, 2001 about the amendment in assessment alongwith the rationale or basis of such amendment and necessary amendment in assessment order shall be passed under section 122 of the said Ordinance after affording adequate opportunity of hearing to the taxpayer.]

1[231FA. Procedure for E-Audit.- (1) The provisions of this rule shall apply for the conduct of audit proceedings electronically under sub-section (2A) of section 177 of Income Tax Ordinance, 2001 (XLIX of 2001).

(2) Definitions.- in this rule, unless there is anything repugnant in subject or context,-

(a) “Adjudication Officer” means an officer of Inland Revenue to whom a case is assigned for assessment on the basis of audit report under these rules;

(b) “Audit Officer” means an officer of Inland Revenue to whom a case is assigned for conducting e-audit under these rules;

(c) “Automated Case Selection System” means an algorithm for randomized allocation of cases by using suitable technological modes;

(d) “Competent Authority” means the Board in case of selection of audit under section 214C and Commissioner Inland Revenue having jurisdiction in case of selection under section 177 of the Ordinance;

(e) “e-audit” means the audit proceedings of registered person conducted through electronic means including video links, or any other facility as may be specified by the Board from time to time; and

(f) “Iris” means a web based computer programme for operation and management of Inland Revenue taxes and laws administered by the Board.

(3) Where a case has been selected under section 177 or section 214C of the Ordinance, as the case may be, and the competent authority may issue direction to conduct e-audit, the following procedure shall be adopted, namely:-

(a) the cases selected for e-audit under sub-rule (1) shall be processed through Automated Case Selection System which will create an assignment for issuing notices through Iris to the taxpayer against selection of cases for audit;

(b) for issuance of notices, Automated Case Selection System will configure the:-

(i) list of officers of Inland Revenue to whom the case can be assigned; and

(ii) list of the cases to be marked across the jurisdiction; and thereafter, intimate to the concerned Commissioner IR where the case has been assigned by the Automated Case Selection System;

(c) the concerned Commissioner Inland Revenue to whom the case has been assigned by the Automated Case Selection System shall serve a notice under sub-section (1) of section 177 of Income Tax Ordinance, 2001, specifying the reasons for selection of his case for audit;

(d) a taxpayer shall produce the record or documents including books of accounts maintained under Income Tax Ordinance, 2001 through Iris or electronic data carrier notified by the Board;

(e) a taxpayer shall not be required to appear either personally or through authorized representative in connection with any proceedings under e- audit before the officer of Inland Revenue. In case of any explanation required by the taxpayer or officer of Inland Revenue, requests for personal hearing, shall be made through Iris and may be allowed to do so in assigned Jurisdiction and such hearings shall be

conducted exclusively through video links from personal computer system or any of the nearest Tax Facilitation Centre situated at the premises of the different Tax Offices, as the case may be;

(f) an Audit Officer to whom the case is assigned, after considering all the information, documents or evidence, if finds no discrepancy and have no conclusive proof against taxpayer may close the audit and send it to the Automated Case Selection System;

(g) after examination of record and after obtaining taxpayers' explanation on all the issues raised, if the Audit Officer to whom the case is assigned, does not agree with the declared version and proposes order for assessment of tax, shall prepare an audit report, containing audit observations/ findings and forward the report to taxpayer through Iris and Automated Case Selection System simultaneously;

(h) the Automated Case Selection System will once again configure and assign the case to any Adjudication Officer across the jurisdiction to make an order for assessment of tax under section 122, including imposition of penalty and default surcharge in accordance with sections 182 and 205 of the Ordinance, if required, as pointed out in the audit report;

(i) notwithstanding anything contained in the Income Tax Rules, 2002, the Jurisdiction assigned under sub-clause (ii) of clause (b) of sub-rule (3) above, by the Automated Case Selection System shall be deemed to have been made under the powers conferred by section 209 of the Income Tax Ordinance, 2001 till such time proceedings under clause (k) are finalized for the purpose of section 122 and section 177 of Income Tax Ordinance, 2001;

(j) the adjudication officer to whom the case is assigned under clause (h) of sub-rule (3) above, shall after a notice under section 122(9) of the ordinance through Iris to show cause to such person, make an order for assessment of tax as pointed out in the audit report and issue Assessment Order accordingly under section 122 of the Income Tax Ordinance, 2001 and send it to the Automated Case Selection System:

Provided that in case the taxpayer applies electronically for agreed assessment under section 122D in the prescribed form to the committee constituted under section 122D (5), and the committee may,-

(i) accept or modify the offer, and the taxpayer agrees to that offer, the Adjudication Officer shall pass the amended assessment order accordingly; or

(ii) rejects or unable to reach on consensus, the case will be referred back to Adjudication Officer for passing amended order under section 122 on the basis of available record and reply of the taxpayer; and

(k) the Automated Case Selection System, shall forward the assessment order passed under section 122 of the Ordinance for initiating recovery proceedings, if any under section 137 of the Income Tax Ordinance, 2001 to the jurisdiction where such person is originally registered.

1]“231G. Determination of value of bonus shares issued by a company not quoted on the stock exchange, to the shareholders of the company.

(1) The value of bonus shares issued by a company, not quoted on the stock exchange, to its shareholders in terms of sub-section (6) of section 236N of the Ordinance shall be the face value, or the breakup value, as determined below, whichever is higher.

(2) The breakup value of the bonus share shall be determined in the following manner:-

(a) the total equity of the company divided by the total number of ordinary shares (after the issuance of bonus shares) , as of the last day of the period for which financial statements are prepared and approved by the Board of Directors for the purpose of issuance of bonus shares. The total equity of the company shall be determined by adding paid up capital of the ordinary shares and the reserves; and

(b) for the purpose of sub-clause (a) above, the term “reserve” shall have the same meaning as defined under sub-section (3) of section 5A of the Ordinance.”]

1[“231H. Reduced rate of tax for Shari’ah compliant companies in terms of Sub-Clause (a) of clause (18B) of Part-II of the Second Schedule to the Ordinance.- In order to avail reduced rate of tax in terms of sub-clause (a) of clause (18B) of Part-II of the Second Schedule to the Ordinance, the Shari’ah compliant criteria for a company, whose shares are traded on a stock exchange, shall be as follows:-

- (i) The business of the company shall be Halal i.e. it shall not include processing or manufacturing of pork, liquor, non-Halal products, pornographic material or any other activity not permitted by Shari’ah.
- (ii) There should be Riba free financing on the balance sheet of the company, however the company may be leveraged through Islamic modes of financing obtained from licensed Islamic financial institutions.
- (iii) All the investments made by the company should be one hundred percent Shari’ah compliant, therefore, it would not be permissible for the company to acquire non-Shari’ah compliant instruments or securities which yield interest or income that is not Halal.
- (iv) The company shall be obliged to maintain free float of the company at thirty percent of the outstanding shares.”]

1[231I. Values of minerals for the purpose of sub-section (4) of section 236V of the Income Tax Ordinance, 2001.- (1) The values of minerals specified in column (2) of the Table below for the purposes of sub-section (4) of section 236V of the Ordinance are specified in column (3) thereof, namely:-

TABLE

S.No	Name of mineral	Rate per metric tonne (in Rupees)
(1)	(2)	(3)
1	Argillaceous clay	500
2	Asbestos	4875
3	Antimony	11700
4	Agglomerate	6500
5	Barite	6500
6	Basalt	9100
7	Bentonite	3900
8	Bauxite	4550
9	Bajri	780
10	Brine/salt	570
11	Barytes	875
12	Ball clay	875
13	Coal	5000
14	Clay	1625
15	China Clay	625
16	Calcite	1300
17	Celestite	1625
18	Conglomerate	1950
19	Chromite	18750
20	Chalk	2500
21	Dolomite	2250
22	Diorite	6500
23	Fluorite	10400
24	Fullers Earth	1300
25	Fire Clay	1300
26	Gypsum	1950
27	Granite	13000
28	Gabro stone	9750
29	Granodiorite	9750
30	Gravel	750
31	Iron ore	5200
32	Limestone (for manufacturers of cement)	4500
33	Limestone (other than cement factory)	1500
34	Laterite	815
35	Lake salt	875

36	Marble onyx	16250
37	Magnesite	3900
38	Marble (other than onyx)	3900
39	Manganese	5200
40	Ochre / red ochre	3900
41	Ordinary stone	910
42	Pumice	1950
43	Quartz	3900
44	Quartzite	3250
45	Rock salt	875
46	Silica sand	4500
47	Sulphur	3900
48	Soap stone	5250
49	Serpentine	3250
50	Shale (cement industry)	2500
51	Sand	650
52	Shale	750
53	Slate Stone	1875
54	Sandstone	750
55	Tar sand	490
56	Tuff	1625

(2) Advance tax shall be collected by the provincial authority or a person authorized by the provincial authority to collect or recover royalty on minerals excavated and transported from leased area.

(3) Where a person having authority to collect or recover royalty on behalf of the provincial authority-

(a) fails to collect tax as required; or

(b) having collected tax fails to pay the tax to the Commissioner as required under section 160, the person having authority to collect or recover royalty as well as provincial authority shall be jointly and severally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.]

232. Repeal & Savings.-

(1) The following rules as in force before the commencement of these rules are hereby repealed, namely Income Tax Rules, 1982.

“(2A) Notwithstanding anything contained in sub-rule (1), rules 190 to 198, 201, 201D, 201F, 202(C), 202D, 202E, 202F of Income Tax Rules, 1982 shall stand repealed on the first day of July, 2003; and

(2B) Any proceedings including proceedings under part IX (Chapters A, B, C, D, E & F) initiated, or any action taken or initiated, or approval sought, under Income Tax Rules, 1982 prior to 01.07.2002; such proceedings, action, or approval sought shall be completed under the Income Tax Rules, 1982 and to that extent Income Tax Rules, 2002 would not apply.”

PART-I OF THE FIRST SCHEDULE
Government of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____
APPLICATION FOR FOREIGN TAX CREDIT

The application for a foreign tax credit required to be furnished under the rules shall be in the following form, namely:-

Application for relief in respect of tax paid in another country.- An application for relief by way of credit against Pakistan tax for tax paid by a person resident in an tax year in Pakistan shall be made in the following form, namely:-

APPLICATION FOR UNILATERAL RELIEF
UNDER SECTION 103 OF THE INCOME TAX ORDINANCE, 2001

To
The Commissioner

1, _____ of _____ hereby declare that I have paid taxes on income by deduction or otherwise in the territory of _____ amounting to _____ in respect of income from sources therein for the tax year ending _____ amounting to _____ and that Pakistan tax amounting to Rs. _____ is also payable, on the said income.

2. I further declare that I was resident in Pakistan for the period on the basis of which the doubly taxed income stated above is assessable in Pakistan.

3. I now apply for relief by way of tax credit amounting to Rs. _____ under section 103 of the Income Tax Ordinance, 2001. My net income from all source to which the ordinance applies during the tax year ending on _____ 20 ____ amounted to Rs. _____ only, as shown in my return of income attached herewith/ already submitted.

Signature _____
Name _____
Address _____

Dated _____, 20 | National Tax Number _____

PART-II OF THE FIRST SCHEDULE
Government of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____
Notice Letter under section 122
of The Income Tax Ordinance, 2001
(See rule 2[68])

NTN/3[CNIC] _____

Name: _____

Address: _____

Tax year: _____

Dated: _____

Dear Sirs,

Whereas I consider necessary that the assessment order treated as issued under section 120 or issued under section 121 or amended assessment u/s. 122(3) needs alteration or and to make addition to income by amended or further amended assessment of amended assessment under section 122 for imposition of the correct amount of tax for the tax year _____, as in my opinion, Income Tax Return/ Statement and documents relating to the income and tax filed under the relevant provisions of this Ordinance.

2. In view of situation above, amended assessment or further assessment is necessary u/s.122 and for that the tax year, examination of books of account/ record is necessary. I, therefore require you to produce or cause to be produced at my office on the date and time mentioned below. the following accounts/documents on which you have relied your return of income, so that correct income may be determined and proper tax be imposed.

3. Please note that in case you or your authorized representative duly authorized to represent you in the assessment proceedings fails to attend the office/ produce the documents/ accounts mentioned above, assessment may be framed ex-parte which may also entail further legal punitive actions in accordance with law.

Name _____

Signature _____

Code No. _____

of the Commissioner

1-The words “DEPARTMENT OF INCOME TAX” substituted by SRO 1218(I)/2015 dated 08.12.2015.

2-Substituted for figure “62” by Notification No. 310(I)/2007, dated April 05, 2007.

3-The word “TRN” substituted by SRO 1218(I)/2015 dated 08.12.2015.

Part-III of the First Schedule
Government of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____

Notice under section 2[138(1)] of The Income Tax Ordinance, 2001

National Tax Number _____

Commissioner _____

Date _____

To

M/s. _____

Dear Sir,

Whereas it is established that the sum of Rs. _____ which is due from you on account of tax as per details given in the schedule below, is in arrear, you are, hereby, required to pay these arrears of tax by _____ and produce necessary evidence to that effect before me at my office on _____ failing which proceedings may be initiated under these rules to recover the said amount by one or more of the following modes, namely:-

- (a) attachment and sale of moveable or immovable property;
- (b) appointment of receiver for the management of your moveable or immovable property;
- (c) your arrest and detention in person for a period not exceeding six months.

I, in exercise of the powers vested in me 3[***] under section 138 of the Income Tax Ordinance, hereby further direct that you shall not sell, mortgage, charge, issue or otherwise deal with any property belonging to except with my permission to that effect in writing.

Commissioner

Range _____ Zone _____

SCHEDULE

Sr. No.	Assessment year(s)	Number in Demand and Collection Register	Income Tax	Penalty	Additional Tax	Surcharge	Total
1	2	3	4	5	6	7	8

1-The words “DEPARTMENT OF INCOME TAX” substituted by SRO 1218(I)/2015, dated 08.12.2015.

2-Substituted for “138(2)” by SRO 392(I)/2009, dated May 19, 2009.

3-Words “under the Income Tax Rules framed” omitted by SRO 392(I)/2009, dated May 19, 2009.

Government of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____
Notice u/s.140 read with rule 69 of Income Tax Rules, 2002 Recovery of Tax

M/s. Mr. _____

Dear Sir,

Whereas the undersigned is empowered to issue this notice and has reasons to believe that in respect of Mr. _____ a tax defaulter/ taxpayer for Rs. _____;

- (i) You are owing to this taxpayer money, amount, debt or may at a future date/ month owe to him.
- (ii) You hold money on behalf of the taxpayer/ defaulter.
- (iii) You are holding money on some other person's behalf for payment to the above named taxpayer defaulter.
- (iv) You hold authority of some other person to pay money to him or defaulter.

2. And whereas, an amount of Rs. _____ is tax due outstanding against the person, and whereas the taxpayer has not paid the same amount in time, therefore, under the provisions of section 148, you are required to remit or send the money to the undersigned through pay order/ D. Draft or through banking transfer or cheque for payment to the government, treasury under income tax head of account. Please take notice that:

- (i) Any tax paid in lieu of and on behalf defaulter in pursuance of this notice shall be treated as having been paid under the authority of taxpayer concerned - section 140(6).
- (ii) In case of failure to comply, the said amount shall be recovered from you, and all the provisions relating to tax recovery u/s.160, 161, 162 and 163 shall apply for effecting recovery of such amount from you.
- (iii) In case of default, additional tax u/s.205 shall also be charged and prosecution proceedings shall also be launched.

3. Since law provides for such mode of recovery, and payment shall be taken as made by the taxpayer to the government.

N.B. This notice requires the payment to the extent shown in the notice out of any amount due or due to be paid as mentioned at 1 (i to iv).

Given under my hand and seal
Commissioner

PART-V OF THE FIRST SCHEDULE
Government of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____

**Notice u/s.145 of Income Tax Ordinance, 2001 and rule 70 in respect of a person
who is likely to leave Pakistan permanently**

The Director of Immigration,
Airport/Seaport.
Incharge Immigration Department,
Airports/Seaport.

(See section 145 of the Income Tax Ordinance, 2001) on collection of tax from person leaving Pakistan.

Sir,

Whereas section 145 of the Income Tax Ordinance, 2001 empowers the undersigned to issue this certificate of outstanding tax demand and there are reasons to believe that Mr. _____ NTN _____ has to pay tax/ government dues of Rs. _____, or based on the return of income filed and the amended assessment made for which notice has been issued, a tax demand is likely to be raised, for which he has not made satisfactory arrangement for tax payment, and is likely to leave Pakistan permanently, therefore, you are required under section 145 not to allow Mr. _____ Mrs. _____ to leave the country, till he has discharged tax liability by way of making payment of tax by prescribed challan in the NBP/SBP and produces a copy of challan bearing date of payment of the amount after issuance of this certificate, or, produces from the undersigned withdrawal of the certificate/ notice, or makes payment of tax through pay order/ demand draft or bank cheque in favour of income tax department.

The certificate issued under my signature and seal is not to be disputed and would be valid till it is modified or withdrawn by the undersigned.

Commissioner

N.B. This certificate shall be withdrawn in case in the matter of pending amended assessment, proper arrangements are made for the payment of tax. This certificate shall be withdrawn immediately.

PART-VI OF THE FIRST SCHEDULE
Government of Pakistan
1["DEPARTMENT OF INLAND REVENUE"]
Office of the _____
(See Rule 71)

Prescribed application for refund of tax.- An application for refund of tax under section 170 shall be made in the following form, namely:-

The Commissioner,

Zone,

(City).

Dear Sir,

I _____ of _____ hereby declare:-

(a) that my total income computed in accordance with the provisions of Income Tax Ordinance, 2001 (XLIV of 2001), during the year ending on being the income year for the assessment for the year ending on the _____ amounted to Rs. _____.

(b) that the total tax chargeable in respect of such total income is Rs. _____.

(c) that the total amount of tax paid is Rs..

2[(d) that I have already filed evidence of payment of tax along with my return of income for the year or I enclose herewith evidence of tax already paid during the tax year for taking credit.]

I, therefore, request that a refund of Rs. _____ may be allowed to me.

Yours faithfully _____
Signature _____
NTN _____
Address _____

I hereby declare that I am resident/ non-resident and that what is in this application is correct.

Date _____
Signature _____

1-The words "DEPARTMENT OF INCOME TAX" substituted by SRO 1218(I)/2015, dated 08.12.2015.
2-Para "d" inserted in Part VI by SRO 392(I)/2009, dated May 19, 2009.

PART-VII OF THE FIRST SCHEDULE
Government of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____

Application for Certificate of Exemption from deduction of tax or deduction at a lower rate under section 2[159].-

(1) An application for a certificate under the section 3[159] shall be made in the following form, namely:-

**APPLICATION FOR CERTIFICATE
UNDER SECTION 159 OF THE INCOME TAX ORDINANCE, 2001**

The Commissioner

I _____ of _____ hereby declare that I am entitled to nil/ reduce rate withholding tax certificate, on the following basis, in accordance with the provisions of the Income Tax Ordinance, 2001 for the tax year

(i) was less than the minimum liable to tax;

(i) amounted to Rs. _____ on which tax is chargeable at the rate of

(ii) is under the Agreement for Avoidance of Double Taxation signed by the Government of Pakistan with the Government of _____ the country of my residence, not liable to Pakistan tax/ chargeable to Pakistan at the rate of _____.

(iii) was held exempt under clause _____ of the Second Schedule or is exempt under clause _____ of the Second Schedule.

(iv) that income is not likely to be chargeable to tax in view of tax credits or unabsorbed losses, or

(v) or, in any case, since advance tax rules 147 has been duly paid already, or

(vi) the goods imported are for manufacturing purposes at own factory/ mills/ unit.

(vii) for any other reasons (to be specified).

I, therefore, request that certificate may be issued to the person responsible for paying profit on securities/dividends/royalties/other amounts particulars of which are given in the Schedule annexed thereto, or to a person responsible for collecting tax at source, authorizing him not to deduct tax at the rate of _____ at the time of payment of such amount or to exempt from withholding tax at source.

Signature _____

Name _____

Nationality _____

Address _____

Date _____

National Tax Number (if any) _____

I, hereby declare that I am resident/ non-resident in Pakistan and that what is stated in the application is correct.

Signature _____

Name _____

Address _____

Date _____

(2) An application under sub-rule (1) in respect of income derived from sources within Pakistan (other than pensions paid by or on behalf of the Government of Pakistan) in accordance with the provisions of an agreement having effect under section 107 by a person resident in the territory with the Government of which the agreement is made shall be accompanied by further information in the following form, namely:-

1-The words “DEPARTMENT OF INCOME TAX” substituted by SRO 1218(I)/2015, dated 08.12.2015.

2-Figure inserted by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for “152” by SRO 392(I)/2009, dated May 19, 2009.

1[PART-VII(A) OF THE FIRST SCHEDULE

Application for Certificate of Exemption
under section 159 of the Income Tax Ordinance, 2001
[See Rule 40(3)]

To,

The 2[Commissioner of Inland Revenue”] _____

I, _____ Principal Officer/Member of AOP/Individual Proprietor of M/s. _____ hereby declare that I am entitled to import goods without collection of tax at source on the following basis, in accordance with the provisions of clause (v) of paragraph 1 of Notification No. S.R.O. 947(I)/2008, dated 05-09-2008 for the tax year _____:

(i) The goods imported consist of plant, machinery, fixtures, fittings or its allied equipments for the purposes of setting up an industrial undertaking (including hotel) owned by me.

(ii) Goods imported consist of plant, machinery, fixtures, fittings or its allied equipments are for the purpose of installation/utilization in an existing industrial undertaking (including hotel) owned by me.

I, therefore, request that certificate may be issued to the Collector of Customs _____ not to collect tax at source on the value of imports. Necessary details in this regard are given as under:-

(a) Copy of Memorandum and Articles of the Association in case of Company/AOP owning industrial undertaking/ Registration No. _____

(b) NTN _____

(c) Location address of the industrial undertaking _____

(d) Nature of the business of industrial undertaking _____

(e) Copy of the balance sheet of the industrial undertaking for the latest tax year _____

(f) Description of goods imported _____

(g) L.C. No. _____

(h) Value of goods _____

(i) Port of clearance _____

I, hereby declare that whatever is stated in the application is correct to the best of my knowledge and belief.

Signature _____

Name _____

Address _____

Date _____]

1-Part VII(a) inserted by SRO 1139(I)/2008, dated October 31, 2008.

2-The words “Commissioner of Income Tax” substituted by SRO 1218(I)/2015 dated 08.12.2015.

Federal Board of Revenue		Form for Exemption/Reduced Rate on Receipt of Payments by a Non-Resident Person or PE of a Non-Resident Person	
Note: Please Fill all the Fields			
General	1.	NTN:	Name of Payee:
	2.	Office (LTU/RTO):	3. Tax Year:
	4.	Date of Application:	
	5.	Commissioner IRS:	
Particulars of payee/Recipient (Non Resident Person or PE of Non Resident Person)		(i) Name:	
		(ii) Zone:	
	6.	Nature of payment (Business, Dividend, Interest, Royalties, FTS etc.):	
	7.	(i) Currency:	(ii) Amount Due for Receipt:
	8.	Affidavit that neither Withholding Agent (Payer i.e. resident person or PE of a non-resident person) has filed Application/Notice for Exemption/Reduced Rate Certificate nor it has been rejected.	
	8.	Status of the Payee (Non-Resident / PE of Non-Resident) :	
	9.	Non-Resident Person (Company, Individual, Firm/AOP/Trust):	
	Contact Details: i) Address: ii) Tel: iii) Fax: iv) E-mail: v) Website: vi) CNIC/ Passport No. (if individual) vii) STRN: viii) Incorporation # (if Company) ix) Incorporation Date (if Company) x) Registration # xi) Registration Date: (If Firm/AOP/Trust) xii) TIN xiii) Whether PE in Pakistan or not (Yes or No)		
	10.	PE of Non-Resident Person in Pakistan:	
		i) STRN: ii) BOI/EAD's Permission No: iii) Date: iv) Residence Country: v) Main Business: vi) Status in Home Country (Corporate, Non Corporate, Individual): vii) Contact Detail: a) Address: c) Fax: b) Tel: d) Email: e) Website: f) Inc./Reg. # g) Inc./Reg. Date	
11.	Bank Details of Non-Resident Person or PE of Non-Resident Person and Receipt of Payments Details:		
	i) Bank Account Details (where amount is finally destined to land) a) A/C# b) Bank Name c) Branch Address: ii) Currency: Total Amount received from the payer under the head during the year iii) Currency: Total Amount received from the payer during the year: iv) Certificate of Residence: copy attached		
Particulars of Payer (Resident Person or PE of Non-Resident Person)	12.	Status of the Payer (Resident / PE of Non Resident) :	
	13.	Resident Person (Company, Individual, Firm/AOP/Trust/GOP):	
	Contact Details: i) Address: ii) Tel: iii) Fax: iv) E-mail: v) Website: vi) NTN: vii) STRN: viii) CNIC No. (if individual) ix) Incorporation # (if Company) x) Incorporation Date (if Company) xi) Registration # xii) Registration Date: (If Firm/AOP/Trust/GOP)		
	14.	PE of Non-Resident Person in Pakistan:	
		i) NTN: ii) STRN: iii) BOI/EAD's Permission No: iv) Date: v) Residence Country: vi) Main Business: vii) Status in Home Country (Corporate, Non Corporate, Individual): viii) Contact Detail: a) Address: c) Fax: b) Tel: d) Email: e) Website: f) Inc./Reg. # g) Inc./Reg. Date	

Particulars of Transactions	15.	Bank Details of Payer (Resident Person or PE of Non-Resident Person) from where payment is received:
		i) Bank Account Details: a) A/C # _____ b) Bank Name _____ c) Branch Address: _____
Basis of Exemptions	16.	Is the contract one-time or going (Y/N)?
	17.	Nature of Contract? (What gives rise to the payments): _____
	18.	Is the Claim based on an Agreement for the Avoidance of Double Taxation (ADTA)?
	19.	Country: _____
	20.	Applicable Article / Paragraph: _____
	21.	Other supporting Arguments? (Please make out your case for exemption by making cogent arguments duly supported by legal provisions / data and documents)

Attachments:

Affidavit
 Certificate of Residence
 Copy of Contract/Agreement
 Copy of Invoice
 Any other document/information

I hereby declare that whatever stated above in this application is correct. It is further declared that all the attachments/ relevant documents/information are enclosed in entirety.

Signature _____
 Name _____
 Address _____
 Date _____

"PART-VII(C)
[see rule 40 FA]

Federal Board of Revenue Form for Exemption/Reduced Rate on Payments to Non-Resident Person Note: Please Fill all the Fields.	
General	1. NTN: - Name of Payer: EDN No.:
	2. Office (LTU/RTO): 3. Tax Year: 4. Date of Application:
	5. Commissioner IRS: (i) Name: (ii) Zone:
	6. Nature of payment (Business, Dividend, Interest, Royalties, FTS etc.):
	7. (i) Currency: (ii) Amount Due for Payment:
Particulars of Payer (Resident Person or PE of Non-Resident Person)	8. Affidavit that neither Payee (non-resident person or PE of a non-resident person) has filed Application/Notice for Exemption/Reduced Rate Certificate nor it has been rejected
	8. Status of the Payer (Resident / PE of Non-Resident) :
	9. Resident person (Company, Individual, Firm/AOP/Trust/GOP):
	Contact Details: i) Address: ii) Tel: iii) Fax: iv) E-mail: v) Website: vi) NTN: vii) STRN: viii) CNIC No. (if individual) ix) Incorporation # (if Company) x) Incorporation Date (if Company) xi) Registration # (If Firm/AOP/Trust/GOP) xii) Registration Date:
	10. PE of Non-Resident Person in Pakistan: i) NTN: ii) STRN: iii) BOI/EAD's Permission No: iv) Date: v) Residence Country: vi) Main Business: vii) Status in Home Country (Corporate, Non Corporate, Individual): viii) Contact Detail: a) Address: b) Tel: c) Fax: d) Email: e) Website: f) Inc./Reg. # g) Inc./Reg. Date:
	11. Bank Details of Resident Person or PE of Non-Resident Person and Payment Details: i) Bank Account Details (From where payment is made) a) A/C# b) Bank Name c) Branch Address: ii) Total Payment made to the payee Under the head during the year: iii) Total Payment to the payee made during the year:
	12. Category of Non-Resident Person (Company, Individual, Firm/AOP/Trust)
	Contact Detail: i) Name: ii) Address: iii) Country: iv) Tel: v) Fax: vi) E-mail: vii) Website: viii) Incorporation # (if Company) ix) Incorporation Date (if Company) x) Registration # (if Firm/AOP/Trust) xi) Registration Date (if Firm/AOP/Trust) xii) Bank Account Details of Non-Resident Person (where amount is finally destined to land) a) A/C# b) Bank Name c) Branch Address: d) Tel: e) Country: xiii) Certificate of Residence: copy attached XIV) TIN
	13. Is the contract one-time or going (Y/N)?
	14. Nature of Contract? (What gives rise to the payments): (Attach copy of contract / agreement)
Exemptions	15. Is the Claim based on an Agreement for the Avoidance of Double Taxation (ADTA)?
	16. Country:
	17. Applicable Article / Paragraph:

Basis of Ex	18.	Other supporting Arguments? (Please make out your case for exemption by making cogent arguments duly supported by legal provisions / data and documents)	
-------------	-----	--	--

Attachments:

- 1 Affidavit
- 2 Certificate of Residence
- 3 Copy of Contract/Agreement
- 4 Copy of Invoice
- 5 Any other document/information

I hereby declare that whatever stated above in this application is correct. It is further declared that all the attachments/ relevant documents/information are enclosed in entirety.

Signature _____
Name _____
Address _____
Date _____

[F.No.1(66)R&S/2020]


(Syed Hassan Sardar)
Secretary (Rules & SROs)

PART-VIII OF THE FIRST SCHEDULE
Government of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____

Reduce rate/exemption certificate:

Form for certificate of exemption from deduction or deduction of tax at a lower rate.-

(1) On an application made under rule 40, the 2[“Commissioner of Inland Revenue”] may, subject to the conditions laid down in sub-rule (2), give a certificate authorizing the person making the application to receive income specified in Part V of Chapter X without deduction of tax or after deduction of tax at a rate specified therein, in the following form, namely:-

Book No. _____ Voucher No. _____	Book No. _____ Voucher No. _____
Counterfoil of certificate under proviso to section of the Income Tax Ordinance, _____	Certificate under Section 159 of the Income Tax Ordinance, 2001
1. Date	Income Tax Office
2. Person to whom given	Circle _____ Zone _____
3. Person to whom addressed.	Date _____ 20 ____ -
4. Rate of deduction sanctioned.	
5. Description of income, nature of payment or description of asset/property Subject matter in this certificate.	To
I hereby authorize you to deduct the tax at the rate of _____	
Initials of the Commissioner	2. The income in this case is exempt under the Income Tax Ordinance, 2001.
Date on which certificate revised _____ 20 ____.	
Remarks _____	3. This authorization will remain in force until the date it is cancelled by me.
Initials of the _____ Commissioner	
	2[“Commissioner of Inland Revenue”] Description of securities payments

(2) The certificate referred to in sub-rule (1) shall be issued only if the 2[“Commissioner of Inland Revenue”] is satisfied that the person concerned-

- (i) has furnished such return of returns of income as became due, if any, on or before the date on which the application under rule - is made; and
- (ii) is not in default or deemed to be in default in respect of any tax (including advance tax under section 147 or tax payable under section 137).

1-The words “DEPARTMENT OF INCOME TAX” substituted by SRO 1218(I)/2015, dated 08.12.2015.

2-The words “Commissioner of Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

1[PART-VIII(A) OF THE FIRST SCHEDULE
Government of Pakistan
2[“DEPARTMENT OF INLAND REVENUE”]
Office of the _____
EXEMPTION CERTIFICATE UNDER SECTION 159
OF THE INCOME TAX ORDINANCE, 2001
[See Rule 40(4)]

On an application made under Rule 40, the 5[“Commissioner of Inland Revenue”] may, subject to conditions laid down in sub-rule (3) of the said rule, give a certificate authorizing the Collector of Customs not to collect tax on the import of goods from the person making the application in the following form specified herein namely:-

To,

The Collector of Customs _____

M/S. _____ have applied for issuance of exemption certificate under section 159 of the Income Tax Ordinance, 2001. The relevant particulars are given hereunder:-

1. Certificate No. _____ Date of Issue _____
2. Validity period From: _____ To _____
3. N.T.N. _____
4. Location address of the industrial undertaking: _____
5. Description of goods imported: _____
6. L.C. No. _____
7. Value of goods: _____

I hereby authorize you to exempt the import of goods from collection of tax under section 148 of the Income Tax Ordinance, 2001 as specified in clause (v) of paragraph 1 of Notification No. S.R.O. 947 (I)/2008, dated 05-09-2008 for setting up of an industrial undertaking or for installation in an existing industrial undertaking. This authorization will remain in force until the date specified above or cancelled by me earlier.

Any Remarks _____

3[“Commissioner of Inland Revenue”]
Enforcement Division _____
RTO/LTU _____]

1-Part VIII(a) inserted by SRO 1139(I)/2008, dated October 31, 2008.

2-The words “DEPARTMENT OF INCOME TAX” substituted by SRO 1218(I)/2015, dated 08.12.2015.

3-The words “Commissioner of Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

**1|PART-IX OF THE FIRST SCHEDULE
FORM OF E-ENROLMENT**

PART-X OF THE FIRST SCHEDULE
APPLICATION FOR REGISTRATION OF INCOME TAX PRACTITIONER

To

1[2[“Chief Commissioner”] of Regional Tax Office],

_____ Region,
_____ (City),
_____ (Jurisdiction)

Dear Sir,

With reference to section 223 of the Income Tax Ordinance, 2002, I, the undersigned, hereby apply for registration as an Income Tax Practitioner within the meaning of the said section.

Necessary particulars are as below:-

(1) Name (in block letters) _____

(2) Father’s name (in block letters) _____

(3) Residential address: _____

(a) _____

(b) _____

(4) Date of birth _____

(5) Academic/professional qualifications on the basis of which registration has been sought

(6) Present occupation _____

(7) Particulars of Chartered Accountant/ Cost and Management Accountant/ Income Tax Practitioner with whom apprenticeship was completed and the period and dates of apprenticeship.

I hereby declare on solemn affirmation that whatever information has been given above is correct to the best of my knowledge.

It is further affirmed that-

(a) I have not been dismissed or removed from service;

(b) I am not an un-discharged insolvent;

(c) I have not been disqualified to represent an income tax assesses by a 3[“Commissioner of Inland Revenue”] or any authority empowered to take disciplinary action against lawyers or registered accountants;

(d) A period of two years elapsed since I resigned from service after having been employed in the 4[“Inland Revenue Department”] for two years or more;

(e) I have not been convicted of any offence connected with any income tax proceeding under the Income Tax Ordinance, 2001, or the repealed Income Tax Ordinance, 1979 5[***]; and

(f) I have not been convicted of any offence under the Pakistan Penal Code.

Yours faithfully

Signature _____

Name of the Appellant _____

Office Address _____

Date _____

1-Substituted for “The Regional Commissioner of Income Tax” by SRO 392(I)/2009, dated May 19, 2009.

2-The words “Director General” substituted by SRO 1218(I)/2015, dated 08.12.2015.

3-The words “Commissioner of Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015

4-The words “Income Tax Department” substituted by SRO 1218(I)/2015, dated 08.12.2015.

5-The expression “and Income Tax Act, 1922” omitted by SRO 1218(I)/2015, dated 08.12.2015.

PART-XI OF THE FIRST SCHEDULE

Government of Pakistan
1["Department of Inland Revenue"]
office of the _____

Notice under sub-section 4 of section 114 of the Income Tax Ordinance, 2001

NTN//2["CNIC"] _____

Name: _____

Address: _____

3["Tax"] year: _____

Dated: _____

Dear Sir,

1. You have not furnished a return of income for the tax year _____ required to be filed under clause _____ of sub-section (1) of section 114 of the Income Tax Ordinance, 2001. You are, hereby, required to furnish 4["with thirty days from the date of service of notice"] on or before _____ a Return of Income for the said tax year, in the prescribed form and verified in the prescribed manner. A copy of the Return of Income is enclosed.

2. Please note that failure to comply with any of the terms of this notice may result in 5["provisional"] assessment under sub-section (1) of section 6["122C"] of the said Ordinance, and may also render you liable to a penalty under sub-section (1) of section 182, or, prosecution under section 191 of the said Ordinance or both.

Commissioner/
7["Officer of Inland Revenue"]

1-The words "Department of Income Tax" substituted by SRO 1218(I)/2015, dated 08.12.2015.

2-The word "TRN" substituted by SRO 1218(I)/2015, dated 08.12.2015.

3-The word "Assessment" substituted by SRO 1218(I)/2015, dated 08.12.2015.

4-Inserted by SRO 1218(I)/2015 dated 08.12.2015.

5-The words "an ex-parte" substituted by SRO 1218(I)/2015, dated 08.12.2015.

6-The figure "121" substituted by SRO 1218(I)/2015, dated 08.12.2015.

7-The word "Taxation Officer" substituted by SRO 1218(I)/2015, dated 08.12.2015.

**1[PART-XII OF THE FIRST SCHEDULE
2[Prescribed Form for Notice of Demand 3[for] payment of tax due].-**

Notice of demand required to be served upon the taxpayers under section 137(2) shall be in the following form, namely:-

**Government Of Pakistan
4[“Department of Inland Revenue”]
office of the _____**

**NOTICE OF DEMAND UNDER SECTION 137(2)
OF THE INCOME TAX ORDINANCE, 2001**

N.T.No. _____

5[“CNIC”]

Tax Year _____
Year ending To _____

To

Dear Sir/Madam

As a result of order passed u/s. _____ in your case for the tax year _____ whereby your total income has been determined at Rs. _____ and an amount of Rs. _____ (Rupees _____) has been determined to be payable/refundable as specified below.-

(a) Income Tax	Rs. _____
(b) 6[“Default Surcharge”]	Rs. _____
(c) WWF	Rs. _____
(d) Penalty u/s	Rs. _____
(e) Others	Rs. _____
Total	Rs. _____

(2) You are required to make the payment of the above amount on or before _____ but not later than 7[8[“thirty”]] days from the date of service of this notice in the National Bank of Pakistan/ State Bank of Pakistan/Treasury Office/Sub-Treasury Office.

(3) If you intend to appeal against the order, you may file an appeal under section 127 to the Commissioner of 9[“Inland Revenue”] (Appeals), Zone _____ within thirty days of the receipt of this notice.

(4) Please note that by timely payment of your tax liability you can avoid:

- (a) mandatory levy of 10[“default surcharge”] under section 205 11[***];
- (b) penalty under section 12[“182(1)”]; and
- (c) proceedings under 138(2).
- 13[“(d) Recovery of tax under section 140.”]

(5) Copy of the order on which demand/refund is based is enclosed.

Date _____

Seal

[Commissioner/14[“officer of Inland Revenue”]]

Personal Code _____]

1-Part XII substituted by SRO 189(I)/2006, dated February 28, 2006.

2-Underlining omitted by SRO 392(I)/2009, dated May 19, 2009.

3-Substituted for “in” by SRO 392(I)/2009, dated May 19, 2009.

4-The words “Department of Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

5-Inserted by SRO 1218(I)/2015 dated 08.12.2015.

6-The words “Additional Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

7-Substituted for “30” by SRO 755(I)/2008, dated July 15, 2008. Earlier it was substituted for “15” by SRO 612(I)/2006, dated June 08, 2006.

8-The words “fifteen” substituted by SRO 1218(I)/2015, dated 08.12.2015.

9-The words “Income Tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

10-The words “additional tax” substituted by SRO 1218(I)/2015, dated 08.12.2015.

11- The words “@ 12% per annum” omitted by SRO 1218(I)/2015, dated 08.12.2015.

12-The figure “183” substituted by SRO 1218(I)/2015, dated 08.12.2015.

13-Added by SRO 1218(I)/2015 dated 08.12.2015

14-The words “Taxation Officer” substituted by SRO 1218(I)/2015, dated 08.12.2015.

PART-XIII OF THE FIRST SCHEDULE
Government Of Pakistan
1[“DEPARTMENT OF INLAND REVENUE”]
office of the _____
Form of authorization
(See Rule 72 Section 175)

In pursuance of and as empowered under section 175 and to carry out the purpose and objects of the Section, M/s. _____ and M/s. _____ 2[“officer of Inland Revenue”] and/or M/s. _____ valuer(s) is/ are authorized with regard to the tax related matters of M/s. _____ to enter any premises and to have full and free access to any place, accounts, documents or computer, and to impound or to take extracts or copy of such material and/or examine and prepare notes, details of inventory and its valuation, or computer disc of information or floppies from hard disc or inventory of any article found at the place. The officer(s) authorized shall handover a copy of inventory of goods and material to the persons available on premises and/or put/affix on the conspicuous place in case of refusal of such person to receive or accept. In the later situation, may also send such copy through registered post/courier service as early as possible. The 3[“officer of Inland Revenue”] may keep in mind the enquiry/investigation, audit relating to tax issues only.

Commissioner

1-The words “DEPARTMENT OF INCOME TAX” substituted by SRO 1218(I)/2015, dated 08.12.2015.

2-The words “Taxation Officer” substituted by SRO 1218(I)/2015, dated 08.12.2015

**1[PART-XIV OF THE FIRST SCHEDULE
APPLICATION FOR GROUP RELIEF UNDER SECTION 59B
OF THE INCOME TAX ORDINANCE, 2001**

Prescribed application for group relief.- An application by the taxpayer for group relief under section 59B of the Income Tax Ordinance, 2001, shall be in the following form, namely:-

To,
The Commissioner,

Dear Sir,

The undersigned being duly authorized hereby apply on behalf of M/s._____ (Name, NTN and address of the company) for group relief under section 59B of the Income Tax Ordinance, 2001, in respect of the following companies of the group.

S.No.	Name of the company	Address (Head Office / postal)	NTN No.	Incorporation No.	Whether holding/subsidiary company	Commissioner having jurisdiction over holding/subsidiary company
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(ii) Copy of the certificate issued by the SECP (as set out in Annexure to this Part) confirming that the companies had complied with the corporate governance requirements, as Notified by the SECP, and are not defaulters of any rules or regulations.

3. It is declared that in accordance with the provisions of section 59B of the Income Tax Ordinance, 2001,-

(i) there is continued ownership for five years of share capital of the subsidiary company to the extent of,-

(a) fifty five percent in the case of a listed company; or

(b) seventy-five percent or more, in the case of other companies;

(ii) a company within the group has not engaged in the business of trading;

(iii) holding company, being a private limited company with seventy-five percent of ownership of share capital gets itself listed within three years from the year in which set off for loss is claimed;

(iv) the Board of Directors of the respective companies have approved the loss surrendered and loss claimed under section 59B of the Income Tax Ordinance, 2001;

(v) the Board of Directors of the loss claiming company has approved transfer of cash to the loss surrendering company equal to the amount of tax payable on the profit set off against the acquired loss; and

(vi) after the approval of cash transfer by the Board of Directors, the cash has been actually transferred before the filing of returns of the loss claiming company and the loss surrendering company.

Yours faithfully

Signature _____
Name (in block letters) _____
CNIC No. _____
Designation. _____
Date _____

ANNEXURE
(See paragraph 2(ii) of this part)
CERTIFICATE FROM THE SECURITIES AND
EXCHANGE COMMISSION OF PAKISTAN

It is certified that M/s _____, incorporated at No. _____ dated _____ is a holding company having 55% share of the following subsidiary companies, namely:-

- (a) _____
- (b) _____
- (c) _____
- (d) _____

It is certified that M/s _____, M/s _____ and M/s _____ are the subsidiary companies of the holding company M/s _____ holding 75% share of the aforementioned subsidiary companies.

And the holding company and its subsidiary companies (mentioned above) have not violated any corporate governance requirements notified by the SECP from time to time, and the above said companies are entitled to avail group relief under section 59B of the Income Tax Ordinance, 2001. This certificate shall be valid till no violation from the date of issuance of this certificate onwards is committed by the concerned companies. The SECP is obliged to intimate the Commissioner of Income Tax concerned, if any, code of corporate governance is violated by any of companies availing benefit of group relief under section 59B of the Income Tax Ordinance, 2001.

Signature _____
Name of the issuing authority _____
Seal/Stamp _____
Date _____

1|SECOND SCHEDULE
(See rule 34, 35, 36 and 39)

2[For (Return of Total Income/Statement of final taxation under the Income Tax Ordinance, 2001 for Company) please see FBR's website: <http://fbr.gov.pk>

3[For Part-I – C (Return of Total Income/Statement of final taxation under the Income Tax Ordinance, 2001 for Company) please see FBR's website: <http://fbr.gov.pk>

4[For Form IT-I and wealth statement please see FBR's website: <http://fbr.gov.pk>

5[For Part-II (Return of Total Income/Statement of final taxation under the Income Tax Ordinance, 2001 for Individual/AOP) please see FBR's website: <http://fbr.gov.pk>

6[For Part-II - A (Return of Total Income/Statement of final taxation under the Income Tax Ordinance, 2001 for Individual/AOP) please see FBR's website: <http://fbr.gov.pk>

7[For Part-II - D (Return of Total Income/Statement of final taxation under the Income Tax Ordinance, 2001 for Individual/AOP) please see FBR's website: <http://fbr.gov.pk>

8[For Instructions for Filing in Return Form & Wealth Statement please see FBR's website: <http://fbr.gov.pk>

9[For Part-II - F (Instructions for Filing of Return & Wealth Statement) please see FBR's website: <http://fbr.gov.pk>

10[For Part-II - G (Statement of Asset/Liabilities for Tax Year 2015) please see FBR's website: <http://fbr.gov.pk>

11[For Part-II - H (AOP Income Tax Return 2016) please see FBR's website: <http://fbr.gov.pk>

12[For Part-II - I (Companies Income Tax Return 2016) please see FBR's website: <http://fbr.gov.pk>

13[For Part-II- J, (Individual Income Tax Return 2017) & Part-II-K (AOP Income Tax Return 2017) please see FBR's website: <http://fbr.gov.pk>

14[For Part-II-J, (Personal Assets/Liabilities/Receipts/Expenses) please see FBR's website: <http://fbr.gov.pk>

15[For Part-II - L (Companies Income Tax Return 2017) please see FBRs website: <http://fbr.gov.pk>

16[For Part-II - M (Electronic Return for Individuals for Tax Year 2018) please see FBR's website: <http://fbr.gov.pk>

17[For Part-II - N (Electronic Return for Companies for Tax Year 2018) please see FBR's website: <http://fbr.gov.pk>

18[For Part-II - O (Electronic Return for Individuals for Tax Year 2019), (Electronic Return for Salaried Individuals for Tax Year 2019) & (Electronic Return for Association of Persons for Tax Year 2019) please see FBR's website: <http://fbr.gov.pk>

19 [For Part-II - OA (Instructions for Filling in Return Form & Wealth Statement) please see FBR's website: <http://fbr.gov.pk>

20[For Part-II - P (Electronic Return for Companies for Tax Year 2019) please see FBR's website: <http://fbr.gov.pk>

20a[For Part-II - Q (Electronic Return for Salaries Persons for Tax Year 2020) please see FBR's website: <http://fbr.gov.pk>

20b[

20c[Part II-R]			
FINAL SIMPLIFIED RETURN OF INCOME FOR RETAILERS HAVING TURNOVER LESS THAN RS. 10 MILLIONS (only business)			Form A
	Description		Total Amount
1	Business turnover/Receipts	3009	
2	Cost of Sales	3030	
3	Opening Stock	3039	
4	Purchases	3059	
5	Closing Stock	3099	
6	Other direct expenses	3083	
7	Gross Profit	3100	
	Profit & Loss Expenses	3180	
		3199	Calculated -Not visible to Taxpayer
	Total Income	9000	Calculated -Not visible to Taxpayer
	Net Profit/Taxable income	9100	
11	Tax Chargeable	9200	
13	Tax payable whichever is higher	9203	to be calculated by the system
14	Tax already Paid- elec-tel-other (add in description these codes / desc)	New Code	
	Electricity	64140101	235
	Telephone	64150001 + 64150002 + 64150003	
	Others	New Code	All other codes except above three categories
15	Net tax payable/refundable	9203	
		9210	
Verification		I Mr. holding CNIC do solemnly declare that to the best of my knowledge and belief the information given in this Return is correct and complete in accordance with the provisions of the Scheme.	

Signature
Date

Form B

WEALTH STATEMENT FOR THE RETAILERS HAVING TURNOVER UPTO RS. 10 MILLIONS			
S.No.			
	CNIC/NTN	Tax Year	2019
	Name	Due Date	
1.	Immovable Assets		
2.	Shop		
3.	Moveable Assets		
4.	Business Capital		
5.	Investment/Advance		
6.	Cash in hand/ Bank		
7.	Investment/ Advance		
8.	Loan/liabilities		
9.	Net Assets		
10.	Reconciliation of Net Assets		
11.	Net Assets Current Year		
12.	Net Assets Previous Year		
13.	Increase/Decrease in Assets		
14.	Income as per Return		
15.	Other inflows (Gift, Loan, remittance etc)		
16.	Outflows (Gift, Loan etc)		
17.	Personal Expenses		
Verification	I _____ Mr. _____ holding CNIC _____		
	do solemnly declare that to the best of my knowledge and belief the information given in this Return is correct and complete in accordance with the provisions of the Scheme.		

Signature

Date

This Notification shall be applicable for the Tax year 2020.]

20d[

Part II-S		
SIMPLIFIED RETURN OF INCOME FOR MANUFACTURERS HAVING TURNOVER LESS THAN RS. 50 MILLIONS		Form A
(Individuals and AOPs Only)		
NAME OF THE TAXPAYER		
STATUS		

NTN			
ADDRESS			
OWNERSHIP			
	Description		Total Amount
1	Gross Sales excluding ST/FE	3009	
2	Cost of Sales	3030	
3	Opening Stock	3039	
4	Purchases (Domestic / Imports)	3059	
5	Closing Stock	3099	
6	Other direct expenses	3083	
7	Gross Profit	3100	
	Profit & Loss Expenses	3180	
		3199	Calculated —Not visible to Taxpayer
	Total Income	9000	Calculated —Not visible to Taxpayer
	Inadmissible Tax Deductions		
	Admissible Tax Deductions		
	Deductible Allowance		
	Net Profit/Taxable income	9100	
11	Tax Chargeable	9200	
	Tax Credit		
13	Tax payable whichever is higher	9203	To be calculate by the system
14	Tax already Paid- elec-tel-other (add in description these codes / desc)	New Code	
	Electricity	64140101	235
	Telephone	64150001 + 64150002 + 64150003	
	Others	New Code	All other codes except above three categories
15	Net tax payable/refundable	9203	
		9210	
Verification		I Mr. holding CNIC do solemnly declare that to the best of my knowledge and belief the information given in this Return is correct and complete in accordance with the provisions of the Scheme.	

Signature

Date

WEALTH STATEMENT FOR THE MANUFACTURERS HAVING TURNOVER UPTO RS. 50 MILLIONS			
S.No.			
	CNIC/NTN	Tax Year	
	Name	Due Date	
1.	Immovable Assets		
2.	Manufacturing Unit		
3.	Moveable Assets		
4.	Business Capital		
5.	Investment/Advance		
6.	Cash in hand/ Bank		
7.	Investment/ Advance		
8.	Loan/liabilities		
9.	Net Assets		
10.	Reconciliation of Net Assets		
11.	Net Assets Current Year		
12.	Net Assets Previous Year		
13.	Increase/Decrease in Assets		
14.	Income as per Return		
15.	Other inflows (Gift, Loan, remittance etc)		
16.	Outflows (Gift, Loan etc)		
17.	Personal Expenses		
Verification	I Mr. _____ holding CNIC _____ do solemnly declare that to the best of my knowledge and belief the information given in this Return is correct and complete in accordance with the provisions of the Scheme.		

Signature
Date

This Notification shall be applicable for the tax year 2020.

20e-Part II-T substituted by Notification No. S.R.O. 853(I)/2021, dated 01-07-2021.

Please see LINK:

<https://fbr.gov.pk>

20f-Part II-U substituted by Notification No. S.R.O. 1073(I)/2021, dated 27-08-2021.

Please see LINK:

<https://fbr.gov.pk>

20g-Part II-V substituted by Notification No. S.R.O. 978(I)/2022, dated 30-06-2022.

Please see LINK:

<https://fbr.gov.pk>

20h-Part II-W substituted by Notification No. S.R.O. 1733(I)/2022, dated 13-08-2022.

Please see LINK:

<https://fbr.gov.pk>

20i-Part II-X substituted by Notification No. S.R.O. 778(I)/2023, dated 27-06-2023.

Please see LINK:

<https://fbr.gov.pk>

20j-Part II-Y substituted by Notification No. S.R.O. 779(I)/2023, dated 27-06-2023.

Please see LINK:

21-Parts III and IIIA omitted by Notification No. SRO 785(I)/2007, dated August 4, 2007 read with Notification No. SRO 680(I)/2007 dated July 5, 2007. Earlier it was substituted by Notification No. SRO 761(I)/2006 dated July 26, 2006 and shall be applicable for tax year 2006. Before this, Part III was substituted by Notification No. SRO 732(I)/2005, dated July 22, 2005 which was substituted by Notification No. SRO 651(I)/2004, dated July 30, 2004.

22-Part IV omitted by Notification No. SRO 785(I)/2007, dated August 4, 2007 read with Notification No. SRO 680(I)/2007 dated July 5, 2007. Earlier it was substituted by Notification No. SRO 761(I)/2006 dated July 26, 2006 and shall be applicable for tax year 2006. Before this, it was substituted by Notification No. SRO 732(I)/2005, dated July 22, 2005. (See all these SRO's at the website of FBR or in our publication Tax Review]

* Part IV is omitted but new wealth statement form for tax year 2008 is substituted on website of the Board without any legal authority i.e. by not issuing Statutory Regulatory Order (SRO) as required under the law.

20f-Part IVA substituted by Notification No. S.R.O. 1073(I)/2021, dated 27-08-2021.

Please see LINK:

<https://fbr.gov.pk>

23-Part V omitted by Notification No. SRO 785(I)/2007, dated August 4, 2007 read with Notification No. SRO 680(I)/2007 dated July 5, 2007. Earlier it was substituted by Notification No. SRO 761(I)/2006 dated July 26, 2006 and shall be applicable for tax year 2006. Before this, it was substituted by Notification No. SRO 732(I)/2005, dated July 22, 2005 which was substituted by Notification No. SRO 651(I)/2004, dated July 30, 2004.

24-Part VA substituted by Notification No. SRO 761(I)/2006, dated 26.7.2006 and shall be applicable for tax year 2006. Earlier it was substituted by Notification No. SRO 732(I)/2005, dated July 22, 2005 which was substituted by Notification No. SRO 651(I)/2004, dated 30.7.2004.

25-Part VI substituted by Notification No. SRO 761(I)/2006 dated July 26, 2006 and shall be applicable for tax year 2006. Earlier it was substituted by Notification No. SRO 732(I)/2005, dated July 22, 2005 which was substituted by Notification No. SRO 651(I)/2004, dated July 30, 2004.

26-Part VII inserted by Notification No. SRO 641(I)/2005, dated June 27, 2005.

27-Part VII inserted by Notification No. SRO 641(I)/2005, dated June 27, 2005.

28-Part IX substituted by Notification No. SRO 997(I)/2008 dated September 17, 2008. Earlier it was substituted by Notification No. SRO 821(I)/2007, dated August 15, 2007 and applicable for the tax year 2007 and onwards. Part IX inserted by Notification No. SRO 641(I)/2005 dated June 27, 2005.

29-Part X substituted by Notification No. SRO 941(I)/2015 dated September 18, 2015. Earlier Part X substituted by Notification No. SRO 998(I)/2008 dated September 17, 2008. Before this it was substituted by Notification No. SRO 946(I)/2007, dated September 12, 2007 and Notification No. SRO 790(I)/2006, dated August 5, 2006. Part X was inserted by Notification No. SRO 641(I)/2005, dated June 27, 2005.

1-The Second Schedule substituted by Notification No. SRO 861(I)/2003, dated September 1, 2003.

2-Part I substituted by Notification No. SRO 850(I)/2011, dated September 17, 2011. Though the Notification mentioned insertion of new Part however, the intention seems to be substitution of Part I containing Form IT-1. Earlier it was substituted by Notification No. SRO 793(I)/2011, dated August 24, 2011, Notification No. SRO 493(I)/2011, dated August 24, 2011, Notification No. SRO 1158(I)/2010, dated December 30, 2010, Notification No. SRO 881(I)/2010, dated September 9, 2010, Notification No. SRO 878(I)/2009, dated October 8, 2009, Notification No. SRO 785(I)/2007, dated August 4, 2007 read with Notification No. SRO 680(I)/2007 dated July 5, 2007, Notification No. SRO 761(I)/2006 dated July 26, 2006 and shall be applicable for tax year 2006. Before this, Part I was substituted by Notification No. SRO 732(I)/2005, dated July 22, 2005 and which was substituted by Notification No. SRO 651(I)/2004, dated July 30, 2004.

3-Part IC inserted by Notification No. SRO 848(I)/2012, dated July 10, 2012. However the SRO mention insertion after Part IIB.

4-Form IT-1 & wealth statement inserted by Notification No. SRO 828(I)/2013, dated September 26, 2013. 5-Part II substituted by Notification No. SRO 850(I)/2011, dated September 17, 2011. Though the SRO mentioned insertion of new Part-IIA, however the intension seems to be substitution of Part-II as both existing Part-II and new Part-IIA contains Form IT-2. Earlier it was substituted by Notification No. SRO 1159(I)/2010, dated December 30, 2010, Notification No. SRO 895(I)/2010, dated September 23, 2010. Though the SRO mentioned insertion of new Part-IIA, however the intension seems to be substitution of Part-II as both existing Part-II and new Part-IIA contains Form IT-2. Earlier it was substituted by Notification No. SRO 785(I)/2007, dated August 4, 2007 read with Notification No. SRO 680(I)/2007 dated July 5, 2007. Earlier it was substituted by Notification No. SRO 761(I)/2006 dated July 26, 2006 and shall be applicable for tax year 2006. Before this, Part II was substituted by Notification No. SRO 732(I)/2005, dated July 22, 2005 and which was substituted by Notification No. SRO 651(I)/2004, dated July 30, 2004.

6-Part IIA inserted by Notification No. SRO 718(I)/2009, dated August 11, 2009. However, the intention is seems to be replacement of Part II which contains Form IT-2 as appearing in this proposed Part.

7-Part IID inserted by Notification No. SRO 799(I)/2013, dated September 17, 2013.

8-Instructions inserted by Notification No. SRO 819(I)/2014, dated September 16, 2014.

9-Instructions inserted by Notification No. SRO 819(I)/2014, dated September 16, 2014.

10-Part IIG inserted by Notification No. SRO 877(I)/2015, dated September 01, 2015.

11-Part-II H inserted by Notification No. SRO 792(I)/2016, dated August 25, 2016.

12-Part-II - I inserted by Notification No. SRO 972(I)/2016, dated October 17, 2016.

13-Part-II - J & Part-II - K inserted by Notification No. SRO 819(I)/2017, dated August 17, 2017

14-New forms inserted by Notification No. SRO 981(I)/2017, dated September 28, 2017.

15-Part-II - L inserted by Notification No. SRO 982(I)/2017, dated September 28, 2017.

16-Part-II - M inserted by Notification No. SRO 1012(I)/2018, dated August 17, 2018.

17-Part-II - N inserted by Notification No. SRO 1357(I)/2018, dated November 09, 2018.

18-Part-II - O inserted by Notification No. SRO 979(I)/2019, dated September 2, 2019.

19-Part-II - OA inserted by Notification No. SRO 1160(I)/2019, dated September 27, 2019.
20-Part-II - P inserted by Notification No. SRO 1000(I)/2019, dated September 6, 2019.
20a-Part-II - Q added by Notification No. SRO 822(I)/2020, dated September 8, 2020.
20b- Part-II - R added by Notification No. SRO 885(I)/2020, dated September 17, 2020. Earlier Parts-II - R added by Notification No. SRO 821(I)/2020, dated September 8, 2020.
20c-For name of "Part-II-Q" inserted by Corrigendum, dated 24-11-2020.
20d-"Part-II-S" inserted by SRO 1316(I)/2020, dated 09-12-2020, Earlier "Part-II-S" was inserted by SRO 1261(I)/2020, dated 26-11-2020.
20e-Part II-T substituted by Notification No. S.R.O. 853(I)/2021, dated 01-07-2021.
20f-Part II-U substituted by Notification No. S.R.O. 1073(I)/2021, dated 27-08-2021.
21[For omitted Parts III & IIIA please see FBR's website: <http://fbr.gov.pk>
22[For omitted Part IV please see FBR's website: <http://fbr.gov.pk>
23[For omitted Part V please see FBR's website: <http://fbr.gov.pk>
24[For Part VA please see FBR's website: <http://fbr.gov.pk>
25[For Part VI please see FBR's website: <http://fbr.gov.pk>
26[For Part VII please see FBR's website: <http://fbr.gov.pk>
27[For Part VIII please see FBR's website: <http://fbr.gov.pk>
28[For Part IX please see FBR's website: <http://fbr.gov.pk>
29[For Part X please see FBR's website: <http://fbr.gov.pk>

1|PART XA
DECOMMISSIONING CERTIFICATE
(As required under sub-rule (4A) 2 of Part-I of
Fifth Schedule to the Income Tax Ordinance, 2001

It is certified that the decommissioning cost claimed, presents fairly, in all material respects:

- (i) I/We have examined the accounts and records of _____ (name, address & NTN of the taxpayer) relating to the decommissioning cost for the tax year_____.
- (ii) The amortization charge of Decommissioning cost for current year, claimed by the Company in its return of total income for Tax Year _____ is in accordance with sub-Rule (4A) of rule 2 of Part I of the Fifth Schedule to the Income Tax Ordinance, 2001.
- (iii) I/We certify that the tax payer has not included amounts of exchange loss, unwinding of discount, mark up or interest, cost of funds or inflationary impact in computing the decommissioning cost.
- (iv) I/We also certify that the decommission of all amounts is in Pakistan rupees (PKR).
- (v) The particulars required to be furnished under sub-Rule (4A) of rule 2 of Part I of the Fifth Schedule to the Income Tax Ordinance, 2001 are given in the Annexure to this certificate. The information provided in the Annexures is true and correct.

Signed: _____
Name: _____
Address: _____
Place: _____
Date: _____

ANNEXURE A**(GENERAL INFORMATION)**

Particulars		
1.	Name of the taxpayer	
2.	Address:	
3.	Tax Year:	
General		
4.	No. of concessions owned at the opening date of financial year	
5.	Names of concessions owned at the opening date of financial year	
6.	No. of concessions owned at the closing date of financial year	
7.	Names of concessions owned at the closing date of financial year	
8.	Amount of decommissioning cost to be amortized under sub-rule (4A) (separately in respect of each concession)	
9.	No. of years of useful life (separately in respect of each concession)	
10.	Amount of amortization deduction claimed in the return	
Additions and Deletions		
11.	No. of concessions disposed off during the year	
12.	Names and concessions disposed off during the year	
13.	Gross consideration received	
14.	Name of the each purchaser	
15.	Address	
16.	No. of concessions acquired during the year	
17.	Names of concessions acquired during the year	
18.	Gross consideration paid	
19.	Name of the recipient	
20.	Address	
21.	Amount of decommissioning cost deleted	
22.	Amount of decommissioning cost added	
23.	Net amount of decommissioning claim	

Signed: _____

Name: _____

Address: _____

Place: _____

Date: _____

ANNEXURE-B**(GENERAL INFORMATION)**

1. Name of the concession	
2. Address	
3. Name of the Operator	
4. Address of the Operator	
5. Date of commencement of commercial production	
6. Amount of amortization deduction claimed in the return in respect of the concession	
7. Total No. of years of useful life	
8. Balance No. of years of useful life available	
9. Total amount of decommissioning cost	

Signed: _____

Name: _____

Address: _____

Place: _____

Date: _____

ANNEXURE C

(HISTORICAL DATA OF THE CONCESSION)

		Original provision at the commencement of commercial production	Year 1	Year 2	Year 3	Year 4
Opening Balance of:	Decommissioning cost					
	Financial charges					
	Exchange Loss					
	Unwinding of discount					
	Mark up or inflationary charges					
Closing Balance of:	Decommissioning cost					
	Financial charges					
	Exchange Loss					
	Unwinding of discount					
	Mark up or inflationary charges					
Additions during the year:	Decommissioning cost					
	Financial charges					
	Exchange Loss					
	Unwinding of discount					
	Mark up or inflationary charges					
Deletions during the year:	Decommissioning cost					
	Financial charges					
	Exchange Loss					
	Unwinding of discount					
	Mark up or inflationary charges					

*Use extra columns for additional number of years.

**1[PART XI
Statement of Deduction of Income Tax from Payment of
Contributions to An Approved Superannuation Fund
[See rule 45]**

Particulars of withholding agent/payer/collector

Name _____

Address _____

_____ NTN _____

S. No.	Name, address and National Tax Number of the employee	The period for which the employer has contributed to the superannuation fund	The amount of contributions repaid		The average of deduction of Income Tax during the preceding three years	Amount of Income Tax deducted on repayment	Date of deposit of Income Tax in Government Treasury (dd/mm/yyyy)	Treasury Challan Number
			Principal	Interest				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Verification

I, _____ (Name), holder of CNIC No. _____, in my capacity as _____ (Designation and person responsible for deducting the tax, do hereby solemnly declare that to the best my knowledge the information given in this statement is correct, complete and in accordance with the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Date: _____ (dd/mm/yyyy) _____ [Signature]

1-Part-XI inserted by Notification No. SRO 641(I)/2006, dated 27-06-2006.

**1[PART XII
Statement regarding transfer of property**

1) The following monthly statement shall be filed by every person responsible to register or attest the transfer or right to use of immovable property 2[***], located in urban area, if it is;

- a) measuring at least 500 sq. yards or one kanal, whichever is less; or
- b) a residential flat with covered area measuring 1500 sq. feet and above; or
- c) a commercial property of any size;

Statement regarding transfer of properties-for the month of 200.....

S.No.	Name and address of the buyer	*National Tax Number of the buyer	Name of the seller	Address of the seller
(1)	(2)	(3)	(4)	(5)

*National Tax Number of the seller	Full particulars and location of property	Value of the property as per deed of registration	Date of Registration
(6)	(7)	(8)	(9)

* CNIC number, in case NTN is not available

“I _____ hereby certify that the above statement contains complete information regarding attestation/registration of properties, located in urban area (other than agricultural land), measuring at least five hundred sq. yards or one kanal, residential flats with covered areas measuring 1500 sq. feet and above, and commercial properties for the month of ____ 200 ____.

Name and Designation _____ Signature _____
Address _____ Date _____
(Seal)

2) For the purpose of this statement “urban area” means area falling within the limits of:-

- i) the Islamabad capital territory;
- ii) a cantonment board; or
- iii) a municipal body;
- iv) in case of Karachi up to 40 kilometers from the outer limit of municipal or cantonment limits;
- v) in case of Lahore and Faisalabad up to 30 kilometers from the outer limit of municipal or cantonment limits;
- vi) in other cases up to 10 kilometers from the outer limits of municipal bodies or cantonment boards; and
- vii) includes areas defined as such in the Urban Immoveable Property Tax Act 1958 (WP Act V of 1958) and such areas as the Central Board of Revenue may, for time to time, by notification in the Official Gazette specify.

3) The statement referred to in sub-rule (1) shall be furnished on or before 10th of each month regarding properties registered or attested during the preceding month,]

1-Part-XII inserted by Notification No. SRO 669(I)/2006, dated 28-06-2006.

2-Bracket and words “(other than agricultural land)” omitted by Notification No. SRO 1121(I)/2006 06.11.2006.

1[PART-XIII

Statement regarding sale of motor vehicles

1) Every manufacturer, dealer of motor vehicle, registration authority, bank, or leasing company, shall furnish a statement regarding sale or lease of motor vehicles, on monthly basis to the Commissioner or any officer appointed on his behalf as under, namely;

Statement for sale of motor vehicles

For the month of ____ 20 ____

S.No	Name and Address of Purchaser/Lessee	NTN/CNIC of Purchaser/Lessee	Registration Number of the Motor Vehicle	Motor Vehicle Make/Model/ Engine Capacity
(1)	(2)	(3)	(4)	(5)

Year of Manufacture	Date of First Registration of the vehicle in Pakistan	Registered Capacity/ Laden Weight of the Vehicle	Ex-factory Price of Motor Vehicle
(6)	(7)	(8)	(9)

*This form can be modified by omitting the columns are not applicable.

"I _____ certify that the above statement contains complete information regarding sale or lease of motor vehicles during the month of ____ 20 ____.

Name and Designation _____ Signature _____
Address _____ Date _____
(Seal)

2) The statement referred to in sub-rule (1) shall be furnished on or before 10th of each month regarding sale or lease of motor vehicles during the preceding month.]