



Budget Briefing 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

 **ERNST & YOUNG**
Quality In Everything We Do

For more material visit www.imranghazi.com

BUDGET BRIEFING 2012

www.imranghazi.com

This Memorandum is correct to the best of our knowledge and belief at the time of going to the press. It is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. The Firm and Ernst & Young do not accept any responsibility for any loss arising from any action taken or not taken by anyone using this publication.

This Memorandum may be accessed on our website
<http://www.ey.com>

www.imranghazi.com

This page left blank.

Budget Briefing

This Memorandum has been prepared as a general guide for the benefit of our clients and is available to other interested persons upon request. This should not be published in any manner without the Firm's consent. This is not an exhaustive treatise as it sets out interpretation of only the significant amendments proposed by the Finance Bill, 2012 (the Bill) in the Income Tax Ordinance, 2001 (the Ordinance), the Sales Tax Act, 1990 (the ST Act), the Customs Act, 1969 (the Customs Act), the Federal Excise Act, 2005 (the FE Act) and Capital Value Tax (CVT) in a concise form sufficient enough to amplify the important aspects of the changes proposed to be made. The Repealed Ordinance means the Income Tax Ordinance, 1979 since repealed. The Board means the Federal Board of Revenue, Government of Pakistan.

Changes of consequential, administrative, procedural or editorial in nature have either been excluded from these comments or otherwise dealt with briefly.

The amendments proposed by the Bill after having been enacted as the Finance Act, 2012, shall, with or without modification, become effective from the tax year 2013, unless otherwise indicated.

It is suggested that the text of the Bill and the relevant laws and notifications, where applicable, be referred to in considering the interpretation of any provision. Since these are only general comments, no decision on any issue be taken without further consideration and specific professional advice should be sought before any action is taken.

Contents	Page
Highlights	i - ii
Income Tax	1 - 25
Sales Tax	27 - 32
Customs	33 - 42
Federal Excise	43 - 48
Capital Value Tax	49

KARACHI: 02 June 2012

This page left blank.
www.imranghazi.com

Income Tax

- Tax at 5 to 10% on capital gain on disposal of immovable property held upto two years.
- Eighth Schedule for taxation of capital gain on listed securities introduced.
- NCCPL authorized to collect and deposit tax from investors on account of capital gain.
- No questions asked about nature and source of investment in stock exchanges if certain conditions fulfilled.
- Tax rate on capital gain frozen upto tax year 2014.
- Limits for allowing tax credits on account of investment in shares and life insurance premium enhanced. The holding period of shares reduced to twenty four months.
- Free or Concessional employer loan upto Rs. 500,000/- not to attract notional taxation of benefit
- Bench mark rate for calculating benefit on free or concessional loan to employees fixed at 10%.
- Tax credit under Section 65B, 65D and 65E allowable against minimum tax and final tax.
- Investment made for BMR during July 2011 to June 2016 allowed tax credit at the rate of 20% and shall be available for adjustment upto five years.
- Tax credit under Section 65D for newly established industrial undertaking set up with 100% equity allowable against minimum tax and final tax.
- Issuance of new shares against cash to be recognized as new equity. short term financing for working capital requirements is not a bar for claiming tax credit.
- Undertakings engaged in corporate dairy farming also eligible to tax credit under Section 65D and 65E.
- Scope of total income harmonized to include exempt income within its ambit. However, exempt income continues not to be a part of taxable income.
- The redundant provisions of Section 59A of the Ordinance relating to set off and carry forward losses by members of a professional firm are suggested to be deleted.
- Monetary threshold of cash withdrawal from banks enhanced from PKR 25,000 to PKR 50,000.
- Minimum experience of Commissioner to become an accountant member is reduced from five to three years.
- Compensation for delayed refund allowable at the rate of 15%. Declared to be taxable as "income from other sources".
- Rate of default surcharge fixed at 18%.
- Waiver from default surcharge if tax demand is paid after the appeal is decided by the Commissioner (Appeals) and no second appeal is preferred.
- Dividends received by banks from money market funds and income funds taxed at the rate of 25% in tax year 2013 and at the rate of 35% in subsequent years.
- E&P Companies provided with option to pay tax at 40% from tax year 2012 after paying the previous tax demands and withdrawing appeals.
- Tax payer honour card for individual tax payers introduced.
- Remittance of after tax profit by a branch of a foreign company now defined to be Pakistan source income.
- Revision of return not permitted if income is revised downwards.
- The time period for obtaining the information in respect of deficiencies in the return extended by 180 days.
- Original or revised assessment has no legal consequence for best judgment assessment.
- Commissioner now empowered to make necessary enquiry as he deemed fit for amending the assessment as far as it is prejudicial to the interest.
- Commissioner (Appeals) can now grant a stay of demand for a maximum period of 30 days.
- The concept of automatic relief to the appellant in case of expiry of limitation of time for passing the appellate order is removed.
- ATIR can now grant a stay of demand for a maximum period of 180 days.
- Tax due under a provisional assessment may be paid prior to the expiry of 60 days.
- The Board may prescribe rules for determination of cost and consideration in respect of acquisition and disposal of an asset.

Sales Tax

- Assessment and recovery provisions consolidated.
- Zero rating of supplies against international tender replaced with exemption.
- Higher rate of sales tax of 19.5% and 22% abolished.
- Sales Tax Rules 2006 and Sales Tax Special Procedures Rules 2007 amended.
- Fixed rate on fertilizer abolished.
- Wholesalers input tax claim restricted to 90% of the output tax.
- Various sales tax SROs amended or rescinded.

Federal Excise

- Rate of duty on cigarettes enhanced.
- Reduction in rate of duty on cement.
- Duty on travel by air to Pakistan withdrawn.
- Services of asset management companies exempted from duty with retrospective effect.
- Withdrawal of duty on lubricants and cosmetics.
- Various FED SROs amended or rescinded.

Customs

- Change in definition clause to include en route pilferage of transit goods.
- Introduction of four new Directorates General for effective enforcement.
- Elimination of whipping punishment and introduction of new computer related offences.
- Extension of powers of adjudication to the Collector, Superintendent and Principal Appraiser; and, redefining of limits of monitory jurisdiction according to the level of officers.
- Allowing officers to file appeals before the Collector (Appeals) against the orders under section 179 passed by an officer below the rank of the Additional Collector.
- Provision of appeal before the Appellate Tribunal against the orders of adjudication passed under section 179 by the officers not below the rank of Additional Collector.
- Reduction of maximum general tariff slab from 35% to 30%.
- Reduction in duty on self-copy and self adhesive papers and raw materials and components / input goods of printing and stationery items and pharmaceuticals.

INCOME TAX

	Section	Page
1	Tax on capital gains on disposal of immovable property	37 (1A) 5
2	The Eighth Schedule	37A, 100B & 233AA 5
3	Tax credit for investment in shares and life insurance premium	62 6
4	Interest on loan given by employer to employee	13 (7) 7
5	Fixation of bench-mark rate	13 (14) 7
6	Tax credit for investment in plant and machinery	65B 7
7	Tax credit for newly established industrial undertaking	65D 8
8	Tax credit for existing industrial undertakings	65E 8
9	Set off and carry forward of losses by the members of an Association of Persons	59A 9
10	Pakistan source dividend	101(6) 9
11	Scope of total income harmonized	9, 10 & 53 9
12	Rules to be prescribed to determine the cost of an asset	76 9
13	Rules to be prescribed for determining the consideration for an asset	77 9
14	Minimum tax	113 10
15	Treating additional payment on delayed refund as other income	39 10
16	Revised return	114 10
17	Extension of the period for issuance of notice	120 11
18	Original or revised assessment has no legal consequence for best judgment assessment	121 11
19	Rationalize the provisions of amendment of assessment	122 11
20	Deducted versus deductible and collected versus collectible	148(7) & (8), 151(3), 152(1B) & (1BB), 153(3), 154(4), 156(3), 156A(2), 169(1) & 233 11
21	Payments to non residents	152, 153 & 153A 11
22	Commissioner's (Appeals) power to stay tax demand is curtailed	128 12
23	Decision of Commissioner (Appeals)	129 12
24	Appointment as an accountant member of ATIR	130 13
25	Stay of demand by the Appellate Tribunal	131 13
26	Due date for payment of tax under provisional assessment	137 13
27	Appointment of authority	211 13
28	Threshold limit of cash withdrawals enhanced	231A 13
29	Payments to traders and distributors	153A 13
30	Additional payment for delayed refunds	171 13

		Section	Page
31	Audit by Chartered Accountants	210(1B) & 177 (1)(c)	13
32	Tax payer card	181B	14
33	Offenses and penalties	182	14
34	Default surcharge	205 (1), (1A), (1B) & (3)	14
35	Income Tax Authorities	207 & 211	14
36	Powers of Board to grant condonation of time limit	214A	14
37	Directorate General (Intelligence and Investigation) Inland Revenue	230	14

www.imranghazi.com

THE FIRST SCHEDULE

	Clause	Page
38	Rates of tax for individuals and Association of Persons	15
39	Association of Persons	15
40	Marginal relief	15
41	Tax year	15
42	Salaried taxpayer	15
43	Reduction in tax liability	15
44	Impact of change in tax rate for tax year 2013	16
	As applicable to salaried individual	
	As applicable to assesses other than a salaried individual	
	As applicable to Association of Persons	
45	Rate of tax on retailers	16
46	Rates of tax for companies	16
47	Rate of tax on dividend income	16
48	Rates of tax on capital gains on securities	17
49	Rate of tax on capital gain on immovable property	17
50	Collection of tax from distributors, dealers and wholesalers	17
51	Income from property www.imranghazi.com	17
52	Advance income tax on private motor vehicles	17
53	Advance tax on registration of private motor vehicles	18
54	Advance tax on goods transport vehicles	18
55	Advance tax on passenger transport vehicles	18
56	Advance tax on electricity consumption	18
57	Advance tax on purchase of air tickets	18
58	Advance tax at the time of sale by auction or auction by a tender	18
59	Withholding tax rates	19
60	Rates of tax for non-resident taxpayers	21

THE SECOND SCHEDULE

PART-I

61	Income payment plan out of accumulated balance of pension account	(23B)	22
62	Withdrawal of accumulated balance from approved pension fund	(23C)	22
63	Exemption of donations paid to approved Institutes, foundations, societies, boards trusts and funds	(61)	22
64	Exemptions to the Citizens Foundation	(66)	22
65	Venture Capital Company and Venture Capital Fund	(101)	22

PART-II			
66	Reduced rate of collection of tax on imports	(9A)	22
PART-IV			
67	Withholding of tax from inter-corporate dividend	(11B)	22
68	Withholding of tax from inter-corporate profit on debt	(11C)	22
69	Option to opt out of Final Tax Regime (FTR)	(41A, 41AA & 41AAA)	23
70	Exemption from withholding of tax to certain institutions	(47B)	23
71	Tax at import stage on goods temporarily imported	(56) (iii)	23
THE THIRD SCHEDULE			
		Rule	Page
72			24
THE FOURTH SCHEDULE			
73			24
THE FIFTH SCHEDULE			
		Rule	Page
74	Rate for payment to Government for E&P Companies	(4A), 4 of Part I	24
THE SEVENTH SCHEDULE			
		Rule	Page
75	Amendments in taxation of banking companies	6	25

1. Tax on capital gains on disposal of immovable property

Section 37, Sub-section 1A

The FBR is facing a tough challenge in expanding the tax base and has not been able to gain much ground in the past few years which has resulted in a low tax to GDP ratio. This dilemma of low tax base and low tax to GDP ratio has been under constant criticism and therefore the FBR is seized with searching for new avenues to expand the tax base and resultantly collect more taxes.

With this in mind, the Bills seeks to introduce a new sub-section (1A) in Section 37 which seeks to levy tax on the disposal of such immovable property that has been held for a period upto 2 years. Accordingly, the gain arising on disposal of such immovable property shall be taxed in the following manner:

- | | | |
|-----|---|-----|
| i) | Immovable property held for a period upto 1 year | 10% |
| ii) | Immovable property held for a period of more than 1 year but upto 2 years | 5% |

Consequential amendments have been introduced in sub-section 5 which provides a list of assets that constitute "Capital Assets" for the purpose of Section 37.

We would like to point out that there are conflicting views whether the Federal Government has the power to tax the gain on immovable property in the provinces other than Islamabad Capital Territory in view of the amendment made in Entry 50 of the Federal Legislature List available in the Fourth Schedule to the Constitution through the Constitution (Eighteenth Amendment) Act, 2010.

2. The Eighth Schedule

Section 37A, 100B and 233AA

In May 2012, the President promulgated the Finance (Amendment) Ordinance, 2012 whereby a number of amendments were introduced in the Ordinance, and in the Finance Act, 1989 that deals with Capital Value Tax (CVT). All the amendments introduced via the Finance (Amendment) Ordinance, 2012 come into effect from 24 April 2012 and relate to taxability of capital gains on listed securities and CVT. The Bill now proposes to re-introduce these amendments since an Ordinance issued by the President is valid only for ninety days.

A new section 100B and a separate Schedule that contains special provisions relating to capital gain tax are being inserted in the Ordinance which state that

capital gains on disposal of listed securities and tax thereon, shall be computed, determined, collected and deposited in accordance with the rules laid down in the Eighth Schedule.

The proposed Eighth Schedule assigns the responsibility of computation of capital gains, including the collection and payment of tax on capital gains to the National Clearing Company of Pakistan Limited (NCCPL) which has been defined to mean a company incorporated under the Companies Ordinance, 1984 and licensed as a Clearing House by the Securities and Exchange Commission of Pakistan.

However, the provisions of section 100B and the Eighth Schedule are not applicable to the following persons or class of persons:

- A mutual fund;
- A banking company, a non-banking finance company, and an insurance company subject to tax under the Fourth Schedule;
- A modaraba;
- A "foreign institutional investor" being a person registered with NCCPL as a foreign institutional investor; and
- Any other person or class of persons notified by the Board.

Salient features of the proposed Eighth Schedule are summarized as under:

- To enable NCCPL to perform its functions as per the Eighth Schedule, Central Depository Company of Pakistan Limited (CDC) would furnish information as required by NCCPL;
- NCCPL will issue a certificate (on prescribed format) of the gains taxable under the Eighth Schedule and such certificate shall be filed by the taxpayer along with the return of income for the relevant tax year;
- Investments made prior to introduction of the Eighth Schedule in listed securities will not be that put to question as to their nature and source provided the person making the investment in listed securities files a statement of such investments along with his return of income and wealth statement for tax year 2012 by the due date and the amounts remain invested for a period of forty five days upto 30 June 2012;
- Investments made after the introduction of the Eighth Schedule upto 30 June 2012 in shares of a public company registered at a stock exchange will also not be put to question as to their nature and source provided the amounts remain invested for a period of one hundred and twenty days tax on capital gains is duly paid in terms of the Eighth Schedule and the person making the investment

files a statement of such investments along with his return of income and wealth statement for the relevant tax year by the due date;

- The provisions contained in the Ordinance that deal with collection and recovery of tax, advance tax and deduction of tax at source shall not apply on the income from capital gains that are taxable under the Eighth Schedule except as provided for therein;
- The provisions of the Eighth Schedule, however, are not applicable to a person who files an irrevocable option to NCCPL after obtaining approval of the Commissioner to the effect that he does not wish to be taxed under the Eighth Schedule.

The above insertions in law are apparently designed for investors in the informal sector and incentives by way of no questions asked on the source of investment, no interaction with the tax authorities, etc. are provided in order to bring this sector in the tax net.

Reduction in tax rates

The rate of tax on capital gains was to progressively increase each tax year. The Eighth Schedule and the related amendments now freeze the tax rate for succeeding two tax years at the rates prescribed for the tax year 2012. A comparative table highlighting the change is as follows:

S. No	Holding period	Tax year ending 30 June	Original Rates	Revised Rates
1	Where holding period of the security is less than six months	2011	10%	10%
		2012	10%	10%
		2013	12.5%	10%
		2014	15%	10%
		2015	17.5%	17.5%
2	Where holding period of the security is more than six months but less than twelve months	2011	7.5%	7.5%
		2012	8%	8%
		2013	8.5%	8%
		2014	9%	8%
		2015	9.5%	9.5%
		2016	10%	10%
3	Where the holding period of the security is twelve months or more	-	0%	0%

Serial number 3 above and the rate of 0% make it clear that where securities are held for more than twelve months, the capital gains are not taxable.

Tax at the rate of 0.01% on the traded value of securities was required to be collected by a stock exchange through its members. This was an advance tax that was adjustable against the final tax liability on capital gains and in case of no tax liability, it was refundable. This requirement to collect such advance tax by a stock exchange has been dispensed with.

Corresponding provisions are also being introduced in Section 233A of the Ordinance where the obligation of a stock exchange to collect tax from its members in respect of trading of shares has been done away with since under the new provisions NCCPL is now obliged to collect tax relating to trading of shares. Moreover, tax collection on account of margin financing (financing of carry over trade) is also being transferred to NCCPL.

Section 37A of the Ordinance is also being amended whereby exempt capital gains under the Ordinance have been excluded from the purview of this Section.

3. Tax credit for investment in shares and life insurance premium

Section 62

This Section provides tax credit to resident persons (other than companies) on investment in shares and life insurance to encourage investment. Presently, the limit of eligible investment for tax credit is the cost of acquiring the shares or the premium paid or total contribution during the year compared with 15% of the person's taxable income for the year or Rs. 500,000/- whichever is less.

The Bill seeks to enhance the incentive provided in the Section and has therefore proposed to raise the limit of eligible investment for tax credit to the lessor of:

- a) cost of acquiring the shares or premium paid or total contribution
- b) 20% of taxable income of the persons for the tax year; or
- c) Rs.1,000,000.

The mandatory period for retaining investments in respect of which the tax credit is allowed is presently 36 months from the date of acquisition. The Bill now proposes to reduce this mandatory retention period to 24 months.

4. Interest on loan given by employer to employee
Section 13, sub-section 7

The benefit arising to an employee on account of an interest-free or concessional loan provided by the employer is treated as salary. Where no mark-up is charged the benchmark rate prescribed under the Ordinance for each tax year is treated as the benefit received by the employee. Similarly where the employer provides the loan at a mark-up which is less than the prescribed benchmark rate, the difference between the benchmark rate and the rate at which the employer has provided the loan, is treated as a benefit and taxed notionally in the hands of the employee.

The Bill now seeks to provide that notional taxation of mark-up under the aforesaid provision would not apply in cases where the loan does not exceed Rs. 500,000/-.

It should be noted that through an earlier amendment introduced in this sub-section through Finance Act, 2010 it was provided that if the employee waves his rights to receive interest from any account maintained with the employer then the aforesaid notional taxation of mark-up would not apply.

5. Fixation of bench-mark rate
Section 13, sub-section 14

For the purpose of determining the benefit arising out of free or concessional loan provided by the employer, a benchmark rate was provided at 5% in tax year 2003 at the time when the concept of notional taxation of benefit on free or concessional loan was introduced. It was further provided that for subsequent years the benchmark rate would be increased by 1% or will be such rate as prescribed by the Federal Government by notification. In subsequent years, the rate kept on increasing by 1% every year which until the tax year 2012 became as high as 14%. The present rate is even higher than the prevailing SBP discount rate.

In order to redress this issue the Bill seeks to provide a maximum rate of 10%.

6. Tax credit for investment in plant and machinery
Section 65B

We continue to witness a constant decline in investment and retardation of economic activities therefore, to further incentivize investment by companies owning industrial undertakings to make investments in plant and machinery for the purpose of balancing modernization and replacement (BMR),

certain amendments have been proposed in this Section.

The present scheme allows a taxpayer being a company which invests in the purchase of plant and machinery for the purpose of BMR credit equal to 10% of the amount so invested against the tax payable by the tax payer. It requires purchase and installation of the plant and machinery to be carried out between 01 July 2010 and 30 June 2015. The tax credit is allowed in the year in which the plant and machinery is installed. In case the tax credit cannot be availed in that year wholly or partially then the unutilized tax credit is allowed to be claimed in the subsequent two tax years.

The Bill seeks to extend the facility of tax credit to those tax payers who are liable to pay minimum tax and taxes under the Final Tax Regime (FTR) as well. However, both the provisions of minimum tax and FTR, in our view do not allow credit against the respective tax liabilities and expressly state that no credits or rebates would be available against the liability determined under the respective laws. This position has been challenged earlier as well under the repealed 1979 Ordinance and in one of the recent judgments the courts have held that tax credit under section 107AA of the repealed Ordinance (similar to present Section 65B) is not available against minimum tax. Although the objective of the proposal is to allow maximum tax benefits to industrial investors, the FBR may alternately make suitable amendments to the relevant sections dealing with minimum tax and FTR to make the credit eligible.

It further seeks to provide that tax credit under this Section will also be available to companies that are setup in Pakistan before 01 July 2011 and which make investment in plant and machinery between July 2011 and June 2016. Whilst the mode and manner of tax credit calculation and allowability remains the same, tax credit to such companies will be allowed at the rate of 20% and in case the tax credit is not absorbed in the tax year in which the plant and machinery is installed then the balance tax credit shall be allowed to be carried forward upto five tax years.

It follows therefore that the higher tax credit and the longer period for absorption of tax credit would be available to such companies that are already formed before 01 July 2011. For companies that are formed or would be formed after 01 July 2011, the tax credit presently available at 10% of the amount invested with a carry forward limit of two tax years shall continue to be available.

Assets acquired on lease would continue to be ineligible for the tax credit under this section since they do not qualify the condition of ownership of the plant and machinery.

7. Tax credit for newly established industrial undertaking
Section 65D

Through the Finance Act, 2010 a tax credit for newly established industrial undertaking was introduced. This tax credit is available to a company that is formed for establishing and operating a new industrial undertaking for manufacturing in Pakistan. The tax credit is available upto 100% of the tax payable from such industrial undertaking for a period of five years beginning from the date of setting up or commencement of commercial production, whichever is later.

One of the conditions for admissibility of the tax credit under this Section is that the industrial undertaking is set up with 100% equity owned by the company. This condition raised certain questions whether the requirement of equity meant fresh injection of cash equity or also permitted conversion of accumulated profits into equity through issuance of bonus shares. There were also queries whether the requirement to have 100% equity means equity for setting up the industrial undertaking only or for operating it as well i.e. working capital requirements.

The Bill now seeks to clarify the above issues and it is now proposed that only such equity would be considered to be eligible which is raised through issuance of new shares for cash consideration. Further a proviso is proposed to be inserted which clarifies that short term financing for the purpose of meeting working capital requirements shall not disqualify the tax payer from the tax credit under this section.

The Bill also seeks to expand the scope of the eligible companies and seeks to allow the tax credit not only to those companies which are engaged in manufacturing but are also engaged in corporate dairy farming. It further seeks to clarify that the tax credit would be available against the tax payable including minimum tax and taxes paid under FTR by such tax payers. However, the difficulty relating to adjustment against minimum tax mentioned under Section 65B still remain.

A new sub-section (5) is also proposed to be inserted which states that for the purpose of this section as well as for claiming tax credit under Section 65B and 65E, the industrial undertaking would be treated to have been set up on the date on which the industrial

undertaking is ready to go into production whether trial production or commercial production. This clarificatory amendment seems to be in conflict with the requirement stated in sub-section (1) which states that the tax credit would be available beginning from the date of setting up or commencement of commercial production, whichever is later.

8. Tax credit for existing industrial undertakings
Section 65E

Through the Finance Act, 2011 this section was introduced that also provided tax credit to such companies that were set up before 01 July 2011 which invested in purchase and installation of plant and machinery for the purpose of BMR or for expansion of the plant and machinery already installed. The tax credit was available in such cases in the ratio of the equity invested in the plant and machinery and the total investment made by the industrial undertaking.

The present section was creating a duplication of available tax credits on BMR as tax credit was also available under Section 65B although Section 65E is silent on the mode of investment whether through equity investment or borrowing.

The Bill now seeks to redraft almost the whole section to clarify the anomalies in the present Section and proposes as under:

Investment is made by a company set up in Pakistan before 01 July 2011 through 100% new equity raised through issuance of new shares in the purchase and installation of plant and machinery for an industrial undertaking including corporate dairy farming for the purpose of:

- a) Expansion of the plant and machinery already installed; or
- b) undertaking a new project.

The tax credit will be allowed against the tax payable including minimum tax and tax paid under FTR for a period of five years from the date of setting up or commencement of commercial production from the new plant or expansion project, whichever is later.

In the case of a new project, it is provided that where the tax payer maintains separate accounts he shall be allowed a tax credit equal to 100% of the tax payable including minimum tax and taxes payable under FTR attributed to such expansion project or new project. Where separate accounts are not maintained, the tax credit will be allowed in the ratio of the new equity and the total equity including the new one.

9. Set off and carry forward of losses by the members of an Association of Persons (AOP)

Section 59A

It would be recalled that until tax year 2007, a professional firm that was prohibited from incorporating by any law or the rules of the body regulating the profession was not required to be taxed separately as a person and accordingly the income derived by such a firm was taxed in the hands of its members. The Finance Act, 2007 however, discontinued such special treatment to professional firms by omitting sub-sections (2), (3) and (4) of Section 92 of the Ordinance which resulted in making the professional firms taxable in its own capacity as a person.

Although the Finance Act, 2007 withdrew the special treatment provided to the professional firms and their members, Section 59A of the Ordinance continued to contain the provisions allowing set off and carry forward of the losses by the members.

The Bill now proposes to withdraw sub-sections (1) and (2) of Section 59A of the Ordinance. Similarly, the Bill seeks to omit references of already deleted sub-section (3) of Section 92 of the Ordinance from sub-sections (3) and (4) of Section 59A of the Ordinance. These provisions deal with set off and carry forward of losses by the members of the professional firm.

10. Pakistan source dividend

Section 101(6)

It would be recalled that the Finance Act, 2008 expanded the scope of the term "dividend" by introducing Clause (f) in sub-section (19) of Section 2 of the Ordinance whereby remittance of after tax profit of a branch of a foreign company operating in Pakistan has been included in its ambit. However, Section 101 of the Ordinance while determining the geographical source of different classes of income, has not specifically defined that remittance of after tax profit by the branch of a foreign company is Pakistan source income. Such a lacuna became a moot point of various legal proceedings on the ground that even though the definition of the term "dividend" has been expanded, the Pakistan source dividend only represents dividends paid by a resident company to its shareholders.

The Bill seeks to address this issue by proposing an amendment to sub-section (6) of Section 101 of the Ordinance whereby a reference to Clause (f) in sub-section (19) of Section 2 of the Ordinance is made which makes remittance of after tax profit by the branch of a foreign company as Pakistan source income.

11. Scope of total income harmonized

Section 9, 10 and 53

The expression total income represents the summation of five heads of income viz. Salary, Income from Property, Income from Business, Capital Gains and Income from Other Sources. However, each head of income excludes exempt income under the Ordinance from its ambit. Hence exempt income appears not to be a part of the total income whereas sub-section (1A) of Section 53 of the Ordinance provides that exempt income shall be included in the total income, though no tax is to be paid on such exempt income.

The Bill seeks to harmonize the scope of total income by introducing the following clauses in Section 10 of the Ordinance:

- a) Person's income under all heads of income from the year; and
- b) Person's income exempt from tax under any of the provisions of this Ordinance.

Simultaneously the Bill suggest to omit sub-section (1A) of Section 53 of the Ordinance.

The consequential amendment in Section 9 of the Ordinance which defines the taxable income is suggested by referring to clause (a) of Section 10 of the Ordinance.

12. Rules to be prescribed to determine the cost of an asset

Section 76

Section 76 of the Ordinance identifies various components that constitute parts of the cost of an asset. The Bill seeks to introduce a new sub-section whereby, notwithstanding the manner in which the cost of an asset is computed under this section, the Board may prescribe rules for determining the cost of any asset.

13. Rules to be prescribed for determining the consideration for an asset

Section 77

Section 77 of the Ordinance describes how the consideration of an asset is to be computed in the event of its disposal. The Bill proposes to introduce a new sub-section whereby, notwithstanding how the consideration is determined on disposal of an asset pursuant to Section 77 of the Ordinance, the Board may prescribe rules for determination of consideration received for any asset.

14. Minimum tax Section 113

Minimum tax was reintroduced by the Finance Act, 2009. The reintroduced provisions for minimum tax are substantially identical to the provisions which were applicable at the time of withdrawal in 2008. Under Section 113 of the Ordinance the minimum tax is payable at the prescribed rate if no tax is payable for a tax year or the "tax payable or paid" for a tax year is less than 1% of the turnover of the prescribed person.

The manner in which sub-section (3) defines "turnover" excludes deemed income, gross fee for rendering of services, commission and gross receipts from execution of contracts, which are treated as deemed income liable to "final tax paid or payable" separately under the relevant provisions of the Ordinance.

The prescribed final tax "paid or payable" as applicable on receipts which are excluded for the purpose of minimum tax on the turnover should not be reckoned or included in the aggregate total tax "paid or payable" for the purposes of determination of minimum tax. However, it appears that for the purposes of clarifying any ambiguity, the Bill proposes to add explanation to sub-section (1) of Section 113 of the Ordinance whereby it is explained that the expression "tax payable or paid" does not include tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under Section 169 of the Ordinance or under any other provisions of the Ordinance.

The Finance Minister in his budget speech and in the subsequent press conference has stated that the rate of minimum tax has been reduced from the existing 1% to 0.5%. The Bill, however, does not contain any such proposal to effectuate the amendment.

15. Treating additional payment on delayed refund as other income Section 39

Under Section 171 of the Ordinance, a tax payer is entitled to additional payment for delay in issue of refunds. Under the law, if a refund due to a tax payer is not settled within three months of its determination, the tax law presently provides for payment of compensation at the rate of KIBOR (now proposed to be replaced by fixed rate of 15%).

In the past taxation of the additional payment received by a tax payer has been the subject matter of debate as it was argued that such receipt is in the nature of damages for wrongful possession of assesses'

property (i.e. refunds). It was therefore, argued that any such compensation for holdup of refunds is a capital receipt not chargeable to tax, and several decisions of appellate forums are available in favour of this interpretation including cases of the Indian Supreme Court.

In order to bring this income clearly under the tax net, the Bill seeks to include additional payment for delayed refunds under any tax law as taxable income under the head income from other sources.

16. Revised return Section 114

A taxpayer is entitled to revise his/her/its return of income provided the following two conditions are satisfied:

- a) It is accompanied by revised accounts or revised audited accounts, as the case may be; and
- b) The reasons for revision of return, in writing, duly signed, by the taxpayers are filed with the return.

The Bill proposes to introduce another condition for revising the return of income which is to the effect that, in respect of the revised return, the taxable income declared is not less than and loss declared is not more than income or loss, as the case may be, determined by an order issued under Sections 121 (best judgment assessment), 122 (amendment of assessments), 122A (revision by the Regional Commissioner), 122C (provisional assessment), 129 (decision in appeal), 132 (disposal of appeals by the Appellate Tribunal), 133 (reference to High Court) or 221 (rectification of mistakes).

The legislature has, however, allowed to revise the return if a taxpayer discovers any omission or wrong statement in the original return regardless of the fact that the revision entails any increase or decrease in the declared income or loss, as the case may be. The proposed amendment effectively restricts the revision since the correction of omission or wrong statement in the return may or may not result in a similar or higher amount of taxable income or loss as has been assessed under the aforementioned sections. Therefore, the proposed amendment seems to be harsh and unjustifiable as the tax payer is not allowed to revise his income downwards although he may have very justifiable reason for doing so.

17. Extension of the period for issuance of notice
Section 120

In terms of sub-section (3) of Section 120 of the Ordinance, where a return of income furnished is not complete, the Commissioner is empowered to issue a notice to the taxpayer informing him of the deficiencies (other than incorrect amount of tax payable on taxable income, as specified in the return, or short payment of tax payable) and directing him to provide such information, particulars, statement or documents by such date specified in the notice.

Pursuant to sub-section (6) of Section 120 of the Ordinance such notice cannot be issued after the end of the financial year in which return was furnished. The Bill now seeks to extend the date for issuance of such notice by an additional period of 180 days.

18. Original or revised assessment has no legal consequence for best judgment assessment
Section 121

In terms of Section 121 of the Ordinance, the Commissioner may, based on any available information or material or to the best of his judgment, make an assessment of the taxable income of the person and the tax due thereon. Such best judgment assessment can be made under the specified conditions that the person has either failed to furnish a return or statement under the specified sections or fails to produce accounts, documents and records required to be maintained under Section 174 of the Ordinance.

For the purpose of best judgment assessment, the Bill proposes to provide that the assessment, if any, treated to have been made on the basis of original or revised return filed by the taxpayer shall be of no legal effect.

19. Rationalize the provisions of amendment of assessment
Section 122

Section 122 of the Ordinance empowers the Commissioner to amend the assessment order treated as issued or issued under Section 120 or Section 121. Now the Bill envisages to empower the Commissioner to amend the provisional assessment issued under Section 122(c) of the Ordinance.

The Bill also proposes to omit references to Sections 59, 59A, 62, 63 or 65 of the repealed Ordinance from sub-section (1) of Section 122 of the Ordinance due to efflux of time.

Sub-section (5A) of Section 122 of the Ordinance empowers the Commissioner to amend the assessment of a taxpayer, if he considers the assessment order is erroneous in so far as it is prejudicial to the interest of revenue. The provisions of sub-section (5A) are to some extent analogous to Section 66A of the repealed Ordinance. In the repealed Section 66A, the Commissioner was empowered to make necessary enquiry as he deemed fit before issuing an order. However, such powers were not vested on the Commissioner under the existing sub-section (5A).

The Bill now proposes to empower the Commissioner to undertake such enquiries by amending the provisions of sub-section (5A) of Section 122 of the Ordinance.

20. Deducted versus deductible and collected versus collectible

Section 148(7) & (8), Section 151(3), 152(1B) & (1BB), Section 153(3), 154(4), 156(3), 156A(2), 169(1) and Section 233

The Bill seeks to substitute the word "deducted" with "deductible", the word "collected" with "collectible" and insert words "required to be" after the word "tax" in the above mentioned sections wherever the context so requires.

Under the above mentioned sections it is obligatory to deduct or collect tax while making payment and the tax so deducted generally constitutes the final tax of the recipients. The terms "deducted" or "collected" as used in the aforesaid sections mean actually deducted or collected which is legally not interchangeable with the terms "deductible" or "collectible".

In the situation when the tax was short deducted, it was legally arguable that the amount on which tax was not or short deducted would not be covered under the final tax regime. Accordingly, it appears that the legislature seems to have brought clarity in the concepts of collection or deduction of tax by replacing the words "deducted" and "collected" with the expressions "collectible" and "deductible".

This would therefore, mean that if an amount is liable to collection or deduction of tax, the same would still be subject to final tax, if any, even though the payer or the collector may have defaulted in deducting or collecting the tax.

21. Payments to non residents

Sections 152, 153 and 153A

The Bill seeks to introduce new sub-section (1AAA) in Section 152 of the Ordinance whereby payment to

nonresident media person on account of relaying advertisement from outside Pakistan is subject to withholding tax. The tax so deducted is suggested to be a final discharge of tax liability. It would be recalled that the said provision is already available under Section 153A of the Ordinance which is now suggested to be substituted by the Bill so as to club it with withholding provisions relating to non residents covered under Section 152.

The prescribed person under Section 153 of the Ordinance while making payment to “a permanent establishment in Pakistan of a nonresident person” on account of :

- a) sale of goods;
- b) rendering of or providing of services;
- c) execution of a contract, other than a contract of a sale of goods or the rendering of or providing of services.

is obliged to deduct tax in accordance with sub-section (1) of Section 153 of the Ordinance. The tax so deducted on payments to the permanent establishment except a manufacturer on account of sale of goods or on execution of a contract are treated as a final discharge of tax liability in terms of sub-section (3) of Section 153 of the Ordinance.

The Bill proposes to withdraw the expression “permanent establishment in Pakistan of a nonresident” from sub-section (1) and (3) of Section 153 of the Ordinance.

It appears that the Legislation intends to reintroduce the aforesaid provisions of Section 153 of the Ordinance in Section 152 of the Ordinance. However, the Bill does not propose any such amendment in Section 152 of the Ordinance. Whereas in Division II of Part III of the First Schedule to the Ordinance, which prescribes rates of tax deduction on payments to nonresident persons, the Bill suggests to insert Clauses (3), (4), (5) and (6). The suggested clauses refer to sub-section (1AAA) and sub-section (2A) of Section 152 of the Ordinance and prescribe the rates of deduction of tax at source which commensurate with the rates of tax deducted at source on payment to a permanent establishment of a non-resident on account of supply of goods, rendering of services and execution of a contract.

It is therefore, suggested that the proposed sub-section (2A) of Section 152 of the Ordinance should be appropriately drafted or the relevant provision be inserted so as to couch the aforesaid proposed amendments in Section 153, as well as in Section 152 of the Ordinance.

22. Commissioner’s (Appeals) power to stay tax demand is curtailed Section 128

Under the Ordinance there is no specific provision which empowers the Commissioner (Appeals) to grant stay with regard to recovery of tax demand. However, the Commissioner (Appeal) has inherent jurisdiction to allow stay of the impugned tax demand. The Honourable Courts in their various judgments have also confirmed that the Commissioner (Appeals) has inherent powers to grant interim relief in the form of stay depending upon the circumstances of each case. Accordingly, the Commissioners (Appeals) exercise these inherent powers and grant stay orders generally for the period till the matter is decided in the appeal.

Now the Bill seeks to introduce a new sub-section (1A) in Section 128 of the Ordinance whereby the Commissioner (Appeals) has been granted power to stay the recovery of impugned income tax demand for a period not exceeding 30 days in aggregate.

23. Decision of Commissioner (Appeals) Section 129

In terms of sub-section (4) of Section 129 of the Ordinance, the limitation period for passing an appellate order by the Commissioner (Appeals) shall be no later than 4 months from the date of filing of appeal or within an extended period of 60 days for reasons to be recorded in writing by the Commissioner (Appeals). Under sub-section (5) of Section 129 of the Ordinance, in the event of failure on the part of the Commissioner (Appeals) to decide the appeal within the prescribed limit, the relief sought by the appellant in the appeal is treated as having been given and all the provisions of the Ordinance take effect accordingly.

The Bill now proposes to remove the concept of automatic relief to the appellant in the case of expiry of the limitation of time for passing of the appellate order. Accordingly, it is envisaged to omit sub-sections (5), (6) and (7) of Section 129 of the Ordinance.

24. Appointment as an accountant member of ATIR*Section 130*

The Bill envisages to reduce the minimum experience of Commissioner or Commissioner (Appeals) to become an accountant member of the ATIR from five to three years.

Presently, the accountant member becomes the chairperson of ATIR only in special circumstances. However, now the Bill seeks to make an amendment whereby the accountant member can also be appointed ordinarily as the chairperson of the ATIR.

25. Stay of demand by the Appellate Tribunal*Section 131*

The Appellate Tribunal is empowered to grant stay of tax demand for an initial period of one month. However it can extend the period of stay upto a period of six month in aggregate.

The Bill proposes to replace sub-section (5) of Section 131 of the Ordinance and empowers the Appellate Tribunal to grant stay against recovery of tax demand for a period not exceeding 180 days. However, such period of 180 days shall exclude the period for which stay was granted by the Honorable High Court. It appears that such an amendment would align the period of stay order of the Appellate Tribunal with that of the Honorable High Court.

26. Due date for payment of tax under provisional assessment*Section 137*

Pursuant to Section 122C of the Ordinance, a provisional assessment is treated as a final assessment order after the expiry of 60 days from its issue unless a return of income alongwith other relevant documents are duly filed by the taxpayer. Accordingly, in terms of Section 137 of the Ordinance, the due date for payment of tax under the provisional assessment is 60 days from the date of service of the notice of the provisional assessment to the taxpayer.

The Bill seeks to insert a new proviso in sub-section (2) of Section 137 of the Ordinance whereby a taxpayer may pay the tax payable prior to the expiry of 60 days.

27. Appointment of authority*Section 211*

The Bill seeks to insert new sub-section (3) in Section 211 of the Ordinance whereby an authority appointed

under the Ordinance, shall be competent to exercise all powers conferred upon any authority subordinate to it.

28. Threshold limit of cash withdrawals enhanced*Section 231A*

Withdrawal of cash from a bank in a day exceeding Rs. 25,000/- is subject to collection of tax at the prescribed rate of 0.2%. The Bill seeks to enhance such threshold of cash withdrawal from Rs. 25,000/- to Rs. 50,000/-.

29. Payments to traders and distributors*Section 153A*

The Bill proposes to substitute Section 153A of the Ordinance whereby every manufacturer, at the time of sale to distributors, dealers and wholesalers, shall collect tax at the prescribed rate, from the aforesaid persons, to whom such sales have been made.

The tax collected under sub-section (1) shall be an advance and adjustable while computing the tax due by the person on the taxable income for the tax year in which the tax was collected.

30. Additional payment for delayed refunds*Section 171*

The Commissioner Inland Revenue is required to pay compensation at the rate of KIBOR where refund due to a taxpayer is not settled within 3 months. The term KIBOR has been defined in Section 2(30AA) as the Karachi Interbank Offered Rate prevalent on the first day of each quarter of the financial year.

The Bill now seeks to replace the KIBOR with a fixed rate of 15%.

31. Audit by Chartered Accountants*Section 210, sub-section 1B and Section 177, sub-section (1)(c)*

The Commissioner Inland Revenue is empowered to delegate his powers to a firm of Chartered Accountants or Cost and Management Accountants appointed by the Board or the Commissioner to conduct an audit of a person selected for audit under Section 177.

The said accountants may also, with the prior approval of the Commissioner, visit the business premises of a tax payer to obtain any information or record and examine it within such premises of the tax payer who has been selected for audit.

The Bill seeks to omit the term "selected for audit" from both these sections perhaps to avoid any

controversy over the dispute that has arisen as a result of amendments introduced in section 177 and 214C of the Ordinance. These amendments were introduced through the Finance Act, 2010 after which several cases selected for audit by the Commissioners Inland Revenue have been challenged on the premise that the amendment introduced in Section 177 and corresponding insertion of Section 214C leave no powers with the Commissioner to select any case for tax audit as the powers to select a tax payer for audit are now vested with the Board in accordance with Section 214C.

32. Tax payer card Section 181B

It is proposed to enable the Board to make a scheme for introduction of a tax payer honour card for individual tax payers who fulfill a minimum criteria provided in the scheme. The benefits if any, of having such a taxpayer card would be announced by the FBR through a scheme.

33. Offenses and penalties Section 182

This Section provides various penalties for offenses committed by a tax payer for violating certain provisions of the Ordinance. However, it is provided in the section that before levying such penalties on a tax payer, the authorities must give opportunity of being heard to the concerned person.

It is now proposed to allow a tax payer who admits his default voluntarily to pay the penalty without the Commissioner having passed an order. It therefore means that where the tax payer agrees that he has committed an offense and is liable to penalty under the law, he can voluntarily pay the penalty without waiting for the tax authorities to show cause for the same before the levy of penalty.

34. Default surcharge Section 205, sub-section 1, 1A, 1B & 3

The rate of additional tax, for failure to pay any tax or advance tax by the due date or payment of at least 90% of the advance tax liability, is presently KIBOR + 3% per quarter.

The Bill now proposes to fix the rate of default surcharge at 18% per annum.

In case of non-payment of tax, if the tax demanded is not paid by the due date, it attracts default surcharge. It is now proposed that if a tax payer opts to pay the tax due in consequence of the order of the

Commissioner (Appeals) and does not file an appeal before the Appellate Tribunal, he would not be required to pay default surcharge from the day the tax was due on the basis of the original order till the day the notice for recovery of tax, under Section 137(2) in consequence of the order of the Commissioner (Appeals), is passed.

A similar option of waiver of default surcharge is available where a person has defaulted in withholding tax. If the appeal is decided by the Commissioner (Appeals) in favour of the department, the tax payer can pay the tax and he can avail waiver of further default surcharge if he does not file an appeal before the Appellate Tribunal.

35. Income Tax Authorities Sections 207 & 211

Certain amendments have been proposed in these sections to clearly lay down the sequential authority of superior and subordinate taxation authorities.

36. Powers of Board to grant condonation of time limit Section 214A

Through the Finance Act, 2009, this section was introduced. However, it was not very clear whether the condonation of time limit for doing such act or thing to be done within such time or period was for both the tax payer as well as the subordinate authorities of the Board.

The Bill now seeks to insert an explanation whereby it would be clarified that "any act or thing is to be done" includes any such act or thing either to be done on the part of the tax payer or the tax authorities specified in Section 207.

37. Directorate General (Intelligence and Investigation) Inland Revenue Section 230

A new authority viz. the Directorate General (Intelligence and Investigation) Inland Revenue is sought to be created under the Ordinance in line with similar authorities already created and functioning under the Sales tax, Federal Excise and Custom laws. The functions and jurisdiction of the Directorate and powers of the authorities shall be delegated by the Board through notification in the official Gazette.

THE FIRST SCHEDULE

38. Rates of tax for individuals and Association of Persons

The basic threshold for charge of income tax for salaried and non-salaried taxpayers is proposed to be raised from the existing Rs.350,000/- to Rs.400,000/-. Moreover, the number of slabs, in the case of salaried taxpayers, have been reduced from the existing 17 to 5 and accordingly, the rates of tax chargeable for the tax year 2013 (corresponding to the income year ending at any time between 01 July 2012 to 30 June 2013) have been proposed as under:

Salaried taxpayers

Salaried taxpayers	Rate
Upto Rs.400,000	Nil
Rs.400,001 - 750,000	5% of excess over Rs.400,000
Rs.750,001 - 1,500,000	Rs.17,500 + 10% of excess over Rs.750,000
Rs.1,500,001 - 2,500,000	Rs.92,500 + 15% of excess over Rs.1,500,000
Over Rs.2,500,000	Rs.242,500 + 20% of excess over Rs.2,500,000

Non salaried taxpayers

Non Salaried taxpayers	Rate
Upto Rs.400,000	Nil
Rs.400,001 - 750,000	10% of excess over Rs.400,000
Rs.750,001- 1,500,000	Rs.35,000 + 15% of excess over Rs.750,000
Rs.1,500,001 - 2,500,000	Rs.147,500 + 20% of excess over Rs.1,500,000
Over Rs.2,500,000	Rs.347,500 + 25% of excess over Rs.2,500,000

39. Association of Persons

Associations of persons for the tax year 2013 are proposed to be taxed as per the rate card of the non-salaried taxpayer. Their taxable income is presently taxed at a flat rate of 25%.

40. Marginal relief

Since the slab rates of tax are now progressive, the marginal relief provision has become redundant and needs to be deleted.

41. Tax year

"Tax Year" means a period of twelve months ending on 30 June and corresponds to the period to which the income of the taxpayer relates.

42. Salaried taxpayer

"Salaried taxpayer" is a person having salary income in excess of 50% of his/her taxable income.

43. Reduction in tax liability

A senior citizen of Pakistan, being a taxpayer, aged sixty years or more on the first day of the relevant tax year, is allowed a rebate of 50% of the tax payable if his/her taxable income in that tax year is Rs.1,000,000/- or less. The said rebate continues and the rule, that in determining the threshold as above, income under final tax regime shall be excluded, also remains unchanged.

The provision to reduce the income tax liability of a full time teacher or a researcher employed in a non-profit educational or research institution duly recognized by a Board of Education or a University or the Higher Education Commission and to a teacher and researcher of Government training and research institution also continues to be available. The tax liability in such cases is reduced by an amount equal to 75% of the tax payable on his / her income from salary.

44. Impact of change in tax rate for tax year 2013

As applicable to salaried individual

Salary per month	Salary per annum / taxable income	Tax incidence		Increase / (decrease) in tax incidence	
		Before amendment	After amendment	Increase / (decrease) in tax incidence	
				Rupees	%age
30,000	360,000	2,000	-	(2,000)	(100.00)
40,000	480,000	16,800	4,000	(12,800)	(76.19)
50,000	600,000	27,000	10,000	(17,000)	(62.96)
60,000	720,000	43,200	16,000	(27,200)	(62.96)
70,000	840,000	63,000	26,500	(36,500)	(57.94)
80,000	960,000	85,500	38,500	(47,000)	(54.97)
90,000	1,080,000	106,500	50,500	(56,000)	(52.58)
100,000	1,200,000	120,000	62,500	(57,500)	(47.92)
125,000	1,500,000	179,500	92,500	(87,000)	(48.47)
150,000	1,800,000	252,000	137,500	(114,500)	(45.44)
175,000	2,100,000	315,000	182,500	(132,500)	(42.06)
200,000	2,400,000	384,000	227,500	(156,500)	(40.76)
225,000	2,700,000	432,000	282,500	(149,500)	(34.61)
250,000	3,000,000	525,000	342,500	(182,500)	(34.76)
275,000	3,300,000	577,500	402,500	(175,000)	(30.30)
300,000	3,600,000	646,250	462,500	(183,750)	(28.43)
400,000	4,800,000	960,000	702,500	(257,500)	(26.82)
500,000	6,000,000	1,200,000	942,500	(257,500)	(21.46)
750,000	9,000,000	1,800,000	1,542,500	(257,500)	(14.31)
1,000,000	12,000,000	2,400,000	2,142,500	(257,500)	(10.73)
1,200,000	14,400,000	2,880,000	2,622,500	(257,500)	(8.94)

As applicable to assesses other than a salaried individual

Taxable income per annum	Tax incidence		increase / (decrease) in tax incidence	
	Before amendment	After amendment	increase / (decrease) in tax incidence	
			Rupees	% age
400,000	30,000	-	(30,000)	(100.00)
450,000	33,750	5,000	(28,750)	(85.19)
500,000	37,500	10,000	(27,500)	(73.33)
600,000	60,000	20,000	(40,000)	(66.67)
700,000	70,000	30,000	(40,000)	(57.14)
800,000	120,000	42,500	(77,500)	(64.58)
1,000,000	150,000	72,500	(77,500)	(51.67)
1,250,000	250,000	110,000	(140,000)	(56.00)
1,500,000	300,000	147,500	(152,500)	(50.83)
2,000,000	500,000	247,500	(252,500)	(50.50)
2,500,000	625,000	347,500	(277,500)	(44.40)
3,000,000	750,000	472,500	(277,500)	(37.00)
3,500,000	875,000	597,500	(277,500)	(31.71)
5,000,000	1,250,000	972,500	(277,500)	(22.20)

As applicable to Association of Persons

Taxable income per annum	tax incidence		increase / (decrease) in tax incidence	
	Before amendment	After amendment	increase / (decrease) in tax incidence	
			Rupees	% age
400,000	100,000	-	(100,000)	(100.00)
450,000	112,500	5,000	(107,500)	(95.56)
500,000	125,000	10,000	(115,000)	(92.00)
600,000	150,000	20,000	(130,000)	(86.67)
700,000	175,000	30,000	(145,000)	(82.86)
800,000	200,000	42,500	(157,500)	(78.75)
1,000,000	250,000	72,500	(177,500)	(71.00)
1,250,000	312,500	110,000	(202,500)	(64.80)
1,500,000	375,000	147,500	(227,500)	(60.67)
2,000,000	500,000	247,500	(252,500)	(50.50)
2,500,000	625,000	347,500	(277,500)	(44.40)
3,000,000	750,000	472,500	(277,500)	(37.00)
3,500,000	875,000	597,500	(277,500)	(31.71)
5,000,000	1,250,000	972,500	(277,500)	(22.20)

45. Rate of tax on retailers

The rate of tax applicable for the tax year 2013 on a retailer is proposed to be reduced from the present 1% to 0.50% of the turnover, in case his declared turnover is Rs.5 million or less.

46. Rates of tax for companies

- For public, private and banking companies, the rate of tax remains unchanged at 35% for tax year 2013.
- A co-operative and finance society is taxed at the income tax rate applicable to a company.
- The rate of tax for a "small company" remains at 25% for the tax year 2013.

47. Rate of tax on dividend income

The rate of tax on dividend received by all taxpayers continues at 10% and the rate of tax on the dividend received by a banking company from its asset management company, continues at 20%.

48. Rates of tax on capital gains on securities

The rates of tax on capital gains arising on sale of securities as referred to in Section 37A of the Ordinance are as under:

	Holding period of a security	
	Less than six months (%)	More than six months but less than 12 months (%)
2011	10	7.5
2012	10	8
2013	10	8
2014	10	8
2015	17.5	9.5
2016	*	10

If the holding period of a security is twelve months or more, the rate applicable shall be 0%.

* Normal tax rate shall apply.

49. Rate of tax on capital gain on immovable property

The rate of capital gain on immovable property shall be as under:

Holding period of immovable property	Rate %
Upto 1 year	10
More than one year but not more than two years	5

50. Collection of tax from distributors, dealers and wholesalers

The rate of tax to be collected from distributors, dealers and wholesalers are being proposed at 1% of the gross amount of sales for the tax year 2013.

51. Income from property

The rates of tax to be paid in respect of income from property for the tax year 2013 (corresponding to the income year ending at any time between 01 July 2012 to 30 June 2013) have remained unchanged and are as under:

i) Individuals and Association of Persons

Gross amount of rent	Rate of tax
Upto Rs.150,000	Nil
Rs.150,001 - Rs.400,000	5% of the amount exceeding Rs.150,000
Rs.400,001 - Rs.1,000,000	Rs.12,500 + 7.5% of the amount exceeding Rs.400,000
Over Rs.1,000,000	Rs.57,500 + 10% of the amount exceeding Rs.1,000,000

ii) Company

Gross amount of rent	Rate of tax
Upto Rs.400,000	5%
Rs.400,001 - Rs.1,000,000	Rs.20,000 + 7.5% of the amount exceeding Rs.400,000
Over Rs.1,000,000	Rs.65,000 + 10% of the amount exceeding Rs.1,000,000

52. Advance income tax on private motor vehicles

Advance income tax payable at the time of paying annual motor vehicle tax, in the case of private motor vehicles, continues as under:

Engine capacity	Amount of tax
Upto 1000 cc	Rs.750
1001 cc - 1199 cc	Rs.1,250
1200 cc - 1299 cc	Rs.1,750
1300 cc - 1599 cc	Rs.3,000
1600 cc - 1999 cc	Rs.4,000
Over 1999 cc	Rs.8,000

53. Advance tax on registration of private motor vehicles

The collection of advance tax by manufacturers or authorized dealers of motor vehicles continues and the applicable rates are as follows:

Engine capacity	Amount of tax
Upto 850 cc	Rs. 7,500
851 cc - 1000 cc	Rs.10,500
1001 cc - 1300 cc	Rs.16,875
1301 cc - 1600 cc	Rs.16,875
1601 cc - 1800 cc	Rs.22,500
1801 cc - 2000 cc	Rs.25,000
Over 2000 cc	Rs.50,000

54. Advance tax on goods transport vehicles

The slab rate card of collection of advance tax at one rupee per kilo gram of the laden weight is being enhanced to five rupee for tax year 2013.

For goods transport vehicle with laden weight of 8,120 kilo gram or more, advance tax after a period of 10 years from the date of first registration in Pakistan would continue to be collected at Rs. 1,200/- per annum.

www.imranghazi.com

55. Advance tax on passenger transport vehicles

The collection of advance tax from passenger transport vehicles plying for hire is as under:

Seating capacity	Amount of tax (per seat per annum)
Four or more persons but less than ten persons	Rs.25
Ten or more persons but less than twenty persons	Rs.60
Twenty persons or more	*Rs.100

* Proposed to be increased to Rs.500

56. Advance tax on electricity consumption

The rate of collection of advance tax on electricity consumption continues at 5% for industrial consumers and at 10% for commercial consumers on electricity bill exceeding Rs.20,000/-.

57. Advance tax on purchase of air tickets

The rate of collection of tax at the rate of 5% of the gross amount of domestic air ticket continues to be leviable.

58. Advance tax at the time of sale by auction or auction by a tender

The rate of collection of tax by a person making sale by public auction of any property or goods to which Section 236A applies continues to be 5% of the gross sale price of such property or goods.

59. Withholding tax rates

Type of payment	Rate %		Whether under final tax regime
	Existing	Proposed	
Collection of tax at imports			
Value of goods inclusive of customs duty and sales tax	5	No change	Yes, subject to certain exclusions
Profit on debt			Other than a company
a) Yield on a National Savings Deposit Certificate including a Defence Savings Certificate under the National Savings Scheme	10	No change	Yes
b) Profit on a debt, being an account or deposit maintained with a banking company or a financial institution	10	No change	Yes
c) Profit on any bond, certificate, debenture, security or instrument of any kind (excluding loan agreement between a borrower and a banking company or a development finance institution) issued by a banking company, a financial institution, company as defined in the Companies Ordinance, 1984 and a body corporate formed by or under any law for the time being in force, to any person other than a financial institution	10	No change	Yes
d) Profit on any security issued by the Federal Government, a Provincial government or a local authority to any person other than a financial institution	10	No change	Yes

Type of payment	Rate %		Whether under final tax regime
	Existing	Proposed	
Goods and services			
a) Sale of rice, cotton seed or edible oils	1.5	No change	Yes*
b) Sale of cigarettes and pharmaceutical products by distributors of such goods	1	No change	Yes*
c) Sale of any other goods	3.5	No change	Yes*
d) For passenger transport services	2	No change	Mínimum
e) For other services	6	No change	Mínimum
f) Execution of a contract	6	No change	Yes**
g) For news print media services	0	No change	No
CNG Station - Refer to Section 234A	4	No change	Yes
Exports			
Export proceeds			
Proceeds from sale of goods to an exporter under an inland back-to-back letter of credit or any other arrangement	of export proceeds	No change	Yes
Export of goods by an industrial undertaking located in an Export Processing Zone			Yes
Collection by collector of customs at the time of clearing of goods exported	1	No change	Yes
Indenting commission	5	No change	Yes

Except for a company engaged in manufacturing and a public company listed on a registered stock exchange (s) in Pakistan engaged in supply of such goods.

*Except for a public company listed on a registered stock exchange (s) in Pakistan.

Type of payment	Rate %		Whether under final tax regime
	Existing	Proposed	
Income from property Annual rent of immovable property including rent of furniture and fixtures and amounts for services relating to such property	At varying slab rates of 5 to 10 for individual, AOPs and company	No change	Yes
Prizes and winnings			
a) Amount of prize bond or cross-word puzzle	10	No change	Yes
b) Amount of raffle/lottery winning or prize on winning a quiz, prize offered by companies for promotion of sales	20	No change	Yes
Telephone users			
Telephone subscriber (other than mobile phone)	10 of amount exceeding Rs.1,000	No change	No
Amount of bill of mobile telephone, sale price of prepaid telephone card or sale of units through any electric medium (for CD) or whatever form	10	No change	No
Banking Transactions			
A threshold of the amount exceeding Rs.50,000 proposed from the present Rs.25,000	0.2 of the amount withdrawn	No change	No
Commission or discount allowed on sale of petroleum products by a petrol pump operator			
Amount of commission or discount	10	No change	Yes

Type of payment	Rate %		Whether under final tax regime
	Existing	Proposed	
Commission income of advertising agents			
Amount of payment	5	No change	Yes
Commission income of others			
Amount of payment	10	No change	Yes
Collection of tax by a stock exchange			
Purchase of shares	0.01 of purchase value	No change	No
Sale of shares	0.01 of sale value	No change	No
Trading of shares	0.01 of traded value	No change	No
Financing of COT	10 of the COT charge	No change	No

60. Rates of tax for non-resident taxpayers

The Bill proposes rate of tax to be deducted under (2A) (a), (2A) (b) and (2A) (c) of Section 152, however, amendment proposed in Section 152 (2A) seems to have left out (a), (b) and (c). It, however, seems that there is no change in the rate of tax and the proposed amendment is a consequence of consolidating provisions relating to the non-resident.

The applicable withholding tax for tax year 2013 on certain payments to non-residents is as under:

Type of payment	Rate (%)	
	Existing	Proposed
Dividends from:		
- a company engaged in power generation project	7.5	No change
- others	10	No change
Branch profit remittance tax (other than branch offices of E&P companies)	10	No change
Technical services fee	15	No change
Insurance premium / re-insurance premium	5	No change
Advertisement services to a media person relaying from outside Pakistan	10	No change
Royalty	15	No change
Shipping income	8	No change
Air transport income	3	No change
Profit on debt	20	No change
Profit on debt where non-resident does not have a PE in Pakistan	10	*
Others (excluding those specifically mentioned herein)	20	No change
Execution of a contract		
- contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory	6	No change

Type of payment	Rate (%)	
	Existing	Proposed
activities in relation to such project		
- contract for construction or services rendered relating thereto	6	No change
- a contract for advertisement services rendered by TV satellite channels	6	No change

The taxes withheld in all of the above cases except "Others" and profit on debt would generally constitute full and final settlement of the non-resident's tax liability in Pakistan in respect of such income.

* Tax deducted at 10 percent from profit on debt from debt instruments, government securities including treasury bills and Pakistan Investment Bonds where the investments are exclusively made through a special Rupee Convertible Bank Account maintained with a bank in Pakistan by a non-resident having no PE in Pakistan shall be a final tax.

A non-resident contractor earning income from "execution of contract" can opt to be taxed under the final tax regime, which means that the taxes withheld would be construed as its full and final settlement of tax liability. The option must be exercised within three months of the commencement of the tax year and shall remain irrevocable for three years. In case the option has not been exercised by the non-resident person, the taxable income shall be assessed on the basis of his net business profits and the taxes withheld would be treated as advance tax adjustable against his eventual tax liability.

THE SECOND SCHEDULE

PART-I

61. Income payment plan out of accumulated balance of pension account
Clause (23B)

A new clause is proposed to be inserted which seeks to exempt the receipt of monthly installments from an income payment plan invested for a period of ten years out of the accumulated balance of an individual pension account with a:

- pension fund manager; or
- an approved accounting plan; or
- another pension account of eligible persons; or
- the survivors pensions account maintained with any other pension fund manager;

as specified in the Voluntary Pension System Rules, 2005.

The exemption is conditioned upon fulfillment of all the conditions mentioned above and any contraventions coming to light subsequently would result in withdrawal of the exemptions already allowed. The Commissioner in such cases has been empowered to re-compute the tax payable of the relevant years, notwithstanding anything contained in the Ordinance, where the exemption was originally allowed.

62. Withdrawal of accumulated balance from approved pension fund
Clause (23C)

By the insertion of a new clause the Bill proposes that any withdrawal of accumulated balance from approved pension fund that represents the transfer of balance of approved provident fund to the said approved pension fund under the Voluntary Pension System Rules, 2005 would be exempt from tax.

63. Exemption of donations paid to approved institutes, foundations, societies, boards trusts and funds
Clause (61)

The above clause contains specified names of approved donees, to whom donation made is exempt from tax. The name of "The Citizens Foundation" has been proposed for addition to the said list.

64. Exemptions to The Citizens Foundation
Clause (66)

The Bill proposes to grant exemption to the income of "The Citizens Foundation" by insertion of its name in

the list of institutions and entities whose income is exempt from tax.

65. Venture Capital Company and Venture Capital Fund
Clause (101)

Profits and gains derived by a venture capital company and venture capital fund presently enjoy exemption from tax upto 30 June 2014. The Bill proposes to extend the exemption to profits and gains derived by such company and fund upto 30 June 2024.

PART-II

66. Reduced rate of collection of tax on imports
Clause (9A)

Under the above clause imports made by an industrial undertaking is subject to tax at a reduced rate of 3 percent as opposed to the general rate of 5 percent. A proviso is proposed to be added which makes application of such reduced rate conditioned upon issuance of a certificate from the concerned Commissioner of the status of the tax payer as industrial undertaking.

PART-IV

67. Withholding of tax from inter-corporate dividend
Clause (11B)

It would be recalled that the exemption from tax to inter-corporate dividend paid within the group companies entitled to group taxation under Section 59AA and group relief under Section 59B is provided under Clause (103B) of Part I to the Second Schedule by virtue of Finance Act, 2010.

However, the corresponding exemption from withholding tax provisions was not available resulting in withholding of tax on inter-corporate dividend causing hardship to the taxpayers. In order to address the above, a new clause is proposed to be inserted which seeks to grant an exemption from deduction of tax from the payment of inter-corporate dividend within the group companies entitled to group taxation under Section 59AA or Section 59B of the Ordinance.

68. Withholding of tax from inter-corporate profit on debt
Clause (11C)

Through the insertion of a new clause, the Bill seeks to grant exemption from withholding of tax from payment of inter-corporate profit on debt within the group companies entitled to group taxation under

Section 59AA or group relief under Section 59B of the Ordinance.

However, the exemption relating to inter-corporate profit on debt is not provided. This seems to be an omission as the intention of the legislature is to grant exemption from charge of tax to inter-corporate profit on debt on the same lines as available to inter-corporate dividend.

69. Option to opt out of final tax regime (FTR)

The concept of FTR which was introduced in 1990 as a stop-gap arrangement, continues unabated since its introduction despite being considered by all concerned quarters to be a major hurdle in increasing documentation of the economy and achieving sustainable tax to GDP ratio. It seems that an attempt, although half-hearted, is being made to gradually do away with FTR. Accordingly, the Bill proposes the following three clauses as a step towards taxation of income under normal tax regime.

Clause (41A)

Sub-section (7) of Section 148 read with clause (a) of sub-section (1) of Section 169 provides that the tax collected at import stage, in certain cases, shall be the final tax.

The new clause seeks to provide an option to a person to opt out of the FTR provided the minimum tax liability under normal tax regime is not less than 60% of tax already collected at import stage.

Clause (41AA)

Sub-section (4) of Section 154 read with clause (b) of sub-section (1) of Section 169 provides that tax collected at the time of realization of foreign exchange proceeds on account of export of goods by an exporter shall be the final tax.

The new clause seeks to provide an option to a person to opt out of the FTR provided the minimum tax liability under normal tax regime is not less than 50% of the tax already deducted.

Clause (41AAA)

Clause (a) of sub-section (1) of Section 153 read with clause (b) of sub-section (1) of Section 169 provides that tax deducted from payments in respect of sale of goods, in certain cases, shall be the final tax.

The new clause seeks to provide an option to a person to opt out of the FTR provided the minimum tax liability under normal tax regime is not less than 70% of the tax already deducted.

The taxpayers may not opt for exercising the above options since they would be inclined not to follow the hassle of assessment under NTR which otherwise may also result in enhancing their ultimate tax liabilities.

70. Exemption from withholding of tax to certain institutions

Clause (47B)

The existing clause provides exemption from the application of Section 150, 151 and 233 of the Ordinance in respect of payments received by National Investment Unit Trust, collective investment scheme, modaraba, approved pension fund and other such like institutions and funds. The exemption is being extended to capital gain tax now leviable under the Ordinance.

71. Tax at import stage on goods temporarily imported

Clause (56) (iii)

Under the existing clause no tax is to be collected at import stage on goods temporarily imported for subsequent re-exportation and which are exempt from customs duty and sales tax under Notification No.SRO 1065 (I)/2005 dated 20 October 2005. The said Customs SRO was rescinded vide SRO No.492 (I) /2009 dated 13 June 2009 while its reference in the clause remained unchanged. To rectify the anomalous situation, the Bill seeks to substitute the mention of SRO 1065 (I)/2005 dated 20 October 2005 with SRO 492 (I)/2009 of 13 June 2009.

THE THIRD SCHEDULE

72. The rate of initial allowance under Section 23 of the Ordinance is 50 percent.

The Bill proposes that such initial allowance shall continue to be 50 percent for plant and machinery only, while for buildings it is proposed to be reduced to 25%.

THE FOURTH SCHEDULE

Rule (6B)

73. The Bill proposes to substitute the rate card for taxing gain on disposal of shares of listed companies, vouchers of Pakistan Telecommunication Corporation, modaraba certificates or instruments of redeemable and derivative products, as under:

Tax year	Holding period of security	
	Less than six month %	More than six month but less than 12 months %
2011	10	8
2012	10	8
2013	12.5	8.5
2014	15.0	9.0
2015	17.5	9.0

THE FIFTH SCHEDULE

74. **Rate for payment to Government for E&P Companies**
Sub-Rule (4A), Rule 4 of Part I

The petroleum exploration and production (E&P) companies carry on their business in Pakistan under the Petroleum Concession Agreements (PCAs) signed with the Federal Government. Due to change in interpretation by the FBR officials on the PCAs *inter alia* the rate at which the E&P companies are required to make payment to the Federal Government, tax disputes have arisen between E&P companies and the FBR.

The PCAs provide a minimum rate of payment to Federal government of 50% and a maximum rate of 52½% to 55%. Royalty (calculated @12.5% of the well head value of production) is not allowed as an expense but is treated as part of payment to the Federal Government. The FBR officials however, applied the maximum rate of 52½% and 55% depending on the respective PCA and created tax demands.

In order to amicably resolve the disputed issues, Pakistan Petroleum Production and Exploration Companies Association (PPEPCA) entered into a Memorandum of Understanding (MoU) with the FBR in March 2010. However, the MoU could not be implemented as the FBR through its letter dated 25 May 2010 rescinded the MoU. The E&P companies challenged the FBR's decision of not implementing the MoU in Writ Petitions before the Hon'ble Islamabad High Court which are pending to date.

In the mean time the Appellate Tribunal Inland Revenue which constituted a larger bench to decide the impugned issues including the rate issue, vide its order dated 13 June 2011 decided the impugned issues while agreeing with the interpretation placed by the FBR officials. The FBR recently initiated recovery proceedings and managed to recover a substantial amount of outstanding tax demands from the E&P companies.

The Bill now seeks to offer an option to the E&P companies to pay tax @40% of the profits and gains after taking into account Royalty as a deductible expense. However, this option is subject to the condition that the E&P companies will withdraw their pending appeals, pending references and pending petitions before the appellate fora, and payment of the entire outstanding tax demands created upto the tax year 2011 by 30 June 2012.

THE SEVENTH SCHEDULE

75. Amendments in taxation of banking companies

Rule 6

Through an amendment introduced in Rule 6 of the Seventh Schedule vide the Finance Act, 2011 dividends received by a bank from its asset management company are subjected to tax at 20% instead of the general rate of 10%.

The Bill now seeks to propose that dividends received by banks from money market funds and income funds shall be taxed at the rate of 25% for the tax year 2013 (income year ending 31 December 2012). For the tax year 2014 and onwards, the rate is proposed to be equated with the current tax rate applicable to general banking income which is 35%.

Sub-Rule (1A) of Rule 1

Banks are obliged to pay advance tax in terms of rule 5(1) of the Seventh Schedule in 12 equal monthly installments from January to December of the relevant tax year and the payment is required to be made by 15th of each month. For the purpose of payment of advance tax, the provisions of section 147 of the Ordinance are applicable mutatis mutandis.

The Federal Board of Revenue (FBR) through SRO 561(1)/2012 dated 24 May 2012 has amended Rule 5 of the Seventh Schedule which after amendment now requires a banking company to make payment of advance tax on the basis of its estimate of the tax payable for the relevant tax year before the installment payable on 15 June becomes due.

In case the tax payable is likely to be more than the amount the bank is required to pay under sub-rule (1), an estimate has to be submitted to the Commissioner Inland Revenue of the amount of tax payable and thereafter pay on 15 June the difference, if any, of fifty percent of such estimate and advance tax so far paid upto 15 June during the tax year. The remaining fifty percent of the estimate is then required to be paid in six equal installments payable by 15th of each succeeding month of the relevant tax year.

It follows that the banks are now required to furnish to the Commissioner their estimate of tax payable for the tax year 2013 by 15 June 2012 and make payment of 50% of the estimate amount (less the payments already made) by 15 June 2012. The balance 50% of the liability would be paid in the months of July to December 2012 on 15th of each month.

www.imranghazi.com

This page left blank.

SALES TAX

	Section	Page
1. Assessment of tax and recovery of tax not levied or short-levied or erroneously refunded	11	29
2. Supplies against International Tender	<i>Fifth & Sixth Schedules</i>	29
3. Higher sales tax rates abolished	SRO 644(1)/2007	29
4. Amendments in Sales Tax Rules, 2006	SRO 589(1)/2012	29
5. Amendments made in Sales Tax Special Procedures Rules, 2007	SRO 592(1)/2012	30
6. Sales tax on fertilizers	<i>SRO 103(1)/2005 and 15(1)/2006</i>	31
7. Input tax claim of wholesalers restricted	SRO 564(1)/2012	31
8. Sales tax SROs amended - effective 02 June 2012		31
9. Rescinding Notifications	SRO 594(1)/2012	32

www.imranghazi.com

This page left blank.

www.imranghazi.com

1. Assessment of tax and recovery of tax not levied or short-levied or erroneously refunded
Section 11

Under the Sales Tax Act, 1990 (the Act) separate sections are provided for "Assessment of Tax" and "Recovery of tax not levied or short-levied or erroneously refunded" under sections 11 and 36 respectively. It is now proposed to consolidate the provisions of these sections under revised section 11 titled "Assessment of Tax and recovery of tax not levied or short-levied or erroneously refunded". Section 36 is proposed to be deleted.

There are no major changes in the revised consolidated section 11 except for the following:

- The time limit prescribed for recovery of tax on account of inadvertence, error or misconstruction was within 3 years of the relevant date, this will now be enhanced to five years.
- An order is required to be passed within 120 days of the issuance of the show-cause notice which can be extended by the Commissioner for further 60 days. The Commissioner will now have powers to grant extension for passing an order for a period of upto 90 days.

In this connection SRO 555 (I)/1996 dated 01 July 1996 specified various grades of Officers who could carry out assessment or effect recovery under sections 11 and 36. This SRO has now been rescinded and therefore it implies that any Officer of Inland Revenue can carry out an assessment and conduct recovery proceedings.

2. Supplies against International Tender
Fifth & Sixth Schedules

The Fifth Schedule lists goods that are zero rated and includes therein "Supplies against international tenders". It is proposed to delete this item from the Fifth Schedule and include the same in Table II of the Sixth Schedule. As a result supplies against international tender will now be an exempt supply instead of being zero rated. The impact of the above is that whilst sales tax will not be imposed on supplies against international tender as before, however, input tax on such supplies will no longer be available.

In addition to the above, SRO 551 (I)/2008 dated 11 June 2008 provided for exemption from sales tax on raw materials, sub-components and components if imported for manufacturing of goods to be supplied against international tender. This exemption has now

been withdrawn and such goods will now be taxable at the import stage effective 02 June 2012.

In this connection, Rules 50A, 50B and 50C of Chapter VIIA to Sales Tax Rules, 2006 laid down procedures and conditions for making zero rated supplies against international tenders. These Rules have been revised to take cognizance of the change from zero-rating to exempt status of supplies against international tender.

3. Higher sales tax rates abolished
SRO 644 (I)/2007 dated 27 June 2007

Under the above SRO, higher sales tax rate were provided for in respect of goods listed therein. These were as follows:

- 22% for certain types of chemicals, papers and paperboard, glass, plastics and polymers pig iron, ferro-alloys and refined lead, aluminum, asbestos, etc.
- 19.5% for flat rolled products of iron or non-alloy steel, stainless steel and other alloy steel, etc.

This SRO has been rescinded and therefore standard rate of 16% would be applicable on the above mentioned goods which were previously subjected to the higher rate of sales tax. This change is effective from 02 June 2012.

In this connection, it is relevant to take into account the impact of section 8B of the Act which restricts the claim of input tax during a tax period to 90% of the output tax. However, certain persons are excluded from this restriction and included therein are manufacturers consuming raw materials chargeable to sales tax at the higher rates through SRO 647 (I)/2007 dated 27 June 2007. Since the higher rates of sales tax are no longer applicable, it follows that the waiver of the restriction on claim of input tax is no longer available. Hence such manufacturers would now have to restrict the claim of input tax during a tax period to 90% of output tax.

4. Amendments in Sales Tax Rules, 2006
SRO 589 (I)/2012

Amendments have been made in the Sales Tax Rules, 2006 with effect from 02 June 2012. Amendments in Rules not covered elsewhere are as follows:

Rule 5 - Application for registration

As per the proviso to clause (c) of Rule 5 of the Sales Tax Rules, 2006, corporate persons were granted the option to apply for transfer of registration to the

Collectorate having jurisdiction where the place of business is located.

Through the amendment introduced, the Board is now empowered to also transfer the registration of any registered person or any business of a registered person to an area of jurisdiction where the place of business or registered office or manufacturing units are located. Effectively the Board now has the power to determine the jurisdiction of the registered person.

Rule 7 - Change in the particulars of registration

Rule 7 of the Sales Tax Rules, 2006 outlined the specific procedures for change in the particulars of registration on the basis of name, address, business category (i.e. manufacturer, importer etc.) or other particulars.

Through the amendment, specific procedures have now also been outlined in case of change in nature of business (i.e. from individual to AOP or corporate person). This is summarized as follows:

Nature of change	Procedure
Transfer of individual business from any person to his spouses or children	Change to be made by Local Registration Office (LRO) on receipt of verification of documents from the Regional Tax Office (RTO).
From individual to AOP	Change to be made by Local Registration Office (LRO) on receipt of verification of documents from the Regional Tax Office (RTO).
From AOP to corporate entity	Change to be made upon receipt of verification from RTO or Large Taxpayers Unit (LTU), however, change shall only be allowed in cases where the same persons who are member of the AOP are nominated as directors in the corporate entity.
Transfer of business or change in nature on any other account	A new sales tax registration number (STRN) shall be issued to the entity.

Rule 12 - Blacklisting and suspension of registration

Previously rule 12 of the Sales Tax Rules, 2006 highlighted the procedure of blacklisting and suspension of registration where the tax authority had reasons to believe that a registered person had committed tax fraud or evaded tax or had failed to

deposit the tax due on its supplies despite having recovered it from the respective buyers / recipients of such supplies. Moreover, during such period suspension / blacklisting of registration, the invoices issued by such registered persons were not available for input tax credit or refund.

Through the amendment, the entire procedure as laid down in rule 12 has now been substituted. Resultantly, it is now stipulated that where the Commissioner or Board have reasons to believe that the registered person is to be suspended or blacklisted, the procedure as prescribed by the Board shall be followed. In this regard, no procedures have yet been prescribed by the Board, although it is quite likely that the same may be prescribed in the near future.

5. Amendments made in Sales Tax Special Procedures Rules, 2007

SRO 592(1)/2012

The following amendments have been made in the Sales Tax Special Procedures Rules, 2007 with effect from 02 June 2012.

Rule 58E - Special procedures for payment of sales tax by importers - Filing of return and audit

Previously, commercial importers who did not claim any refund of excess input tax were excluded from audit except with the permission of the Board.

This exclusion has now been withdrawn, thereby commercial importers whether or not claiming any refund of excess input tax can now be subject to audit.

Rule 58F to Rule 58MB - Special procedure for payment of sales tax by steel melters, re-rollers and ship breakers

Chapter XI of the Sales Tax Special Procedure Rules, 2007 outlined specific procedures for payment of sales tax by steel melters, re-rollers and ship breakers. Such special procedures have been amended through various notifications from time to time. In order to streamline the special procedures, Rules 58F to 58MB of the Sales Tax Special Procedure Rules, 2007 have now been substituted. By and large there are no significant changes except for an upward revision of rates of sales tax along with certain conditions.

The following chart provides details for payment of sales tax:

Description	Payment of Sales Tax	
	Through Amendment Rs.	Previously Rs.
Steel-melter, Steel re-roller and composite unit of steel melting and re-rolling (having a single electricity meter)	8 / unit of electricity consumed for the production of steel billets, ingots and mild steel products	6 / unit of electricity consumed for the production of steel billets, ingots and mild steel products
Ship-breakers	6,700 per metric ton of re-rollable scrap	4,848 per metric ton of re-rolling scrap
Pakistan Steel Mills, Heavy Mechanical Complex, People Steel Mill	16% of sales tax on supplies	16% of sales tax on supplies
Steel-melters operating on self-generation basis	Sales tax payable = HM^3 (or hundred cubic meter) x Rs. 1,900 less sales tax paid on gas bill	Sales tax payable = HM^3 (or hundred cubic meter) x Rs. 1,392 less sales tax paid on gas bill
Re-rollers operating on self-generation basis	Sales tax payable = mill size (in inches) x Rs. 51,822	Sales tax payable = mill size (in inches) x Rs. 38,964

The sales tax amount to be charged at the time of issuance of sales tax invoices by steel-melters, re-rollers, importers, etc. to various categories of customers has been prescribed through the new amendment.

A new rule 58MC is further added to Chapter XI of the Sales Tax Special Procedure Rules, 2007. Under this the composite units of steel melters and re-rollers who also supply stainless steel products or products other than billets, ingots and re-rolled mild steel products are required to follow standard sales tax procedure i.e. charge sales tax at the rate of 16% instead of fixed tax.

6. Sales tax on fertilizers SRO 103(I)/2005 and 15(I)/2006

Under the above SROs, sales tax on Potassic fertilizers was fixed at Rs.4,610 per metric ton at import and local supply stages and supply of locally produce Nitrogenous fertilizer, Calcium Ammonium Nitro was fixed at Rs.3,765 per metric ton. Both the above SROs have now been rescinded which would imply that sales tax on the above mentioned fertilizers would be taxable at the standard rate of 16%.

7. Input tax claim of wholesalers restricted SRO 564(I)/2012

Section 8B of the Act restricts the input tax claim during a tax period to 90% of the output tax. However, through SRO 647 (I)/2007 certain persons are exempted from this requirement of restricting their input tax claim. Such persons included distributors and wholesalers, however, wholesalers have now been removed by SRO 564 (I)/2012. This would mean that the input tax claim by wholesalers would be restricted to 90% of the output tax during the tax period. Distributors are however not affected by this change.

8. Sales tax SROs amended - effective 02 June 2012

New SRO of 2012	SRO Amended	Impact
590	1020 (I)/2006 dated 02 October 2006	Withdrawal of commercial importers from the categories of persons on whom the minimum value addition sales tax on supply of computer hardware and parts is prescribed.
591	811 (I)/2009 dated 19 September 2009	Withdrawal of zero-rating on import and supply of polyethylene and polypropylene for manufacturing of mono filament yarn and net cloth subject to certain conditions. The same would now be exempt from sales tax, resulting in non-adjustment of input tax.
593	1125 (I)/2011 dated 31 December 2011	Scope of zero-rating is restricted on textiles and articles thereof excluding monofilament of more than 67 decitex.

New SRO of 2012	SRO Amended	Impact
595	551 (I)/2008 dated 11 June 2008 granting sales tax exemptions	<p>Withdrawal of sales tax exemption on raw materials, sub-components and components if imported for the manufacturing of goods to be supplied against international tenders.</p> <p>Sales tax exemption has been granted to waste paper.</p> <p>Moreover remelttable scrap, sprinkler and drip equipment, spray pumps and nozzles have also been granted exemption in lieu of withdrawal of zero rating of the same. This would mean that input tax adjustment would no longer be available against supply of these goods.</p>
596	308 (I)/2008 dated 24 March 2008	Rates for repayment of sales tax on steel products exported from Pakistan have been increased.
597	345 (I)/2010 dated 24 May 2010	Rates fixed for minimum value of locally produced billets and ingots supplied by registered persons opting to pay sales tax on ad valorem basis have been increased.
602	549 (I)/2008 dated 11 June 2008 granting sales tax zero rating	<p>Withdrawal of zero-rating on remelttable scrap (PCT heading 72.04), sprinkler and drip equipment, spray pumps and nozzles.</p> <p>Zero-rating has been granted on cotton seed oil if supplied to registered manufacturers of vegetable ghee and cooking oil.</p>

New SRO of 2012	SRO Amended	Impact
604	313 (I)/2006 dated 31 March 2006	Rate of sales tax has been reduced from 7% to 6% on the value of import of soyabean seed by solvent extraction industries.
605	69 (I)/2006 dated 28 January 2006	Rate of sales tax has been reduced from 15% to 14% on the value of import of rapeseed, sunflower seed and canola seed by solvent extraction industries.

9. Rescinding Notifications

SRO 594(I)/2012

Following notifications have been rescinded effective from 02 June 2012:

Rescinded SROs	Description
555 (I)/1996	Adjudication powers of Sales Tax Officers.
849 (I)/1997	Exemption from sales tax to imported industrial raw material and other goods, if imported directly by the manufacturers who are liable to pay turnover tax or are engaged in manufacture of the goods other than taxable goods.
103 (I)/2005	Fixation of value of Potassic Fertilizers for sales tax at Rs.4,610/- per metric ton.
15 (I)/2006	Fixation of value of locally produced nitrogenous fertilizer, Calcium Ammonium Nitrate (CAN) for sales tax at Rs.3,765/- per metric ton.
644 (I)/2007	Levy of sales tax at higher rate 22% and 19.5% of value of goods on import and supply of certain goods.

CUSTOMS

		<i>Section</i>	<i>Page</i>
1	Definition	2(5)	35
2	Introduction of New Directorates General	3AA, 3BB, 3BBB & 3CC	35
3	Pakistan Customs Tariff	18E	35
4	Punishment for offences	156	35
5	Power of adjudication	179	36
6	Appeals to Collector (Appeals)	193	36
7	Appeals to the Appellate Tribunal	194-A	37
8	Procedure for sale of goods and application of sale proceeds	201	37
9	Reward to Customs Officers and Officials	202B	37
10	Maintenance of records	211	37
11	Substitution of the First Schedule		37
12	Customs Notifications		38

www.imranghazi.com

This page left blank.
www.imranghazi.com

1. Definition

Section 2, sub-section (5)

Section 2 of the Customs Act, 1969, provides definitions of various terms used in the law. Its sub-section (s) defines the term ‘smuggle’ as bringing into or taking out of Pakistan goods, in breach of any prohibition or restriction for the time being in force, or evading payment of customs-duties or taxes leviable thereon.

The bill seeks to widen the scope of the definition of ‘smuggle’ by including the phrase “*en route* Pilferage of transit goods” in it. The change has been proposed in order to restrict pilferage of transit goods.

2. Introduction of New Directorates General

Section 3AA, 3BB, 3BBB & 3CC

The bill seeks to add four new Sections 3AA, 3BB, 3BBB and 3CC, to establish the following Directorates General:

Sections	Directorates General	Role
3AA	Transit Trade	Exclusive clearances and monitoring of the transit cargo
3BB	Reform and Automation	Automation and reforms of Pakistan Customs
3BBB	Risk Management	Management of the risks appropriately
3CC	Intellectual Property Rights Enforcement	Enforcement of intellectual property rights at the borders and ports of the country

Establishment of above formations has been justified to achieve better enforcement of laws and regulations; though creation of Directorate General of Intellectual Property Rights Enforcement seems to be a step to appease the international community, especially the MNCs, which have been requiring Pakistan to put in place effective measures to restrain breach of intellectual property rights.

3. Pakistan Customs Tariff

Section 18E

The bill seeks to add a new Section, 18E, to empower the Board to make necessary changes in Pakistan Customs Tariff for statistical clarity. Previously, if the need arose, the Schedule was amended through the Finance Act. Henceforth, this power has been

proposed to be delegated to the FBR to the extent of trivial statistical changes as per requirements.

4. Punishment for offences

Section 156

Section 156 narrates the punishment for various offences under the Act. Its table under sub-section (1) provides for the punishment of whipping, besides imprisonment and fine etc., in respect of the following offences:

- Smuggling of any goods into or out of Pakistan.
- Violations of Sections 128 & 129 in respect of transport of goods from one part of Pakistan to another through any foreign territory and goods entered for transit across Pakistan to a destination outside Pakistan
- Carrying, removing, depositing, harbouring, keeping or concealing, or in any manner dealing with smuggled goods
- Intimidation of a person on duty by a person through disguise or by being armed with a weapon
- The bill seeks to remove the punishment of whipping for the above mentioned offences. It seems to have been proposed to avoid criticism of international community and human rights activists who often object to physical punishments.

The bill further seeks to amend the Section to enhance the scope of its provisions regarding punishments for computer related offences by adding the following offences or attempts to commit such offences:

- unauthorized access to the Customs Computerized System
- improper use of the Customs Computerized System
- interference with the Customs Computerized System
- unauthorized use of unique user identifier
- The amendment has been proposed in view of the significance of the System containing valuable data.

5. Power of adjudication
Section 179

Section 179 provides for the power of adjudication entrusted upon various Customs officers under the Act.

The bill seeks to substitute its sub-section (1) by including in the existing matters to be adjudicated upon by the Customs officer, some additional matters such as “recovery of duty and other taxes not levied, short levied or erroneously refunded,” and “any other contravention”.

It further proposes to substitute the powers of various officers as detailed below:

No.	Officer	Existing powers	Proposed powers
1	Collector	---	without limit
2	Additional Collector	without limit	not exceeding three million rupees
3	Deputy Collector	not exceeding eight hundred thousand rupees	not exceeding one million rupees.
4	Assistant Collector	not exceeding three hundred thousand rupees	not exceeding five hundred thousand rupees.
5	Superintendent	---	not exceeding fifty thousand rupees.
6	Principal Appraiser	---	not exceeding fifty thousand rupees.

Furthermore, on one hand, the proposed amendments seeks to require the Board to assign or transfer a case more specifically, for which the phrase ‘by an order’ has been added; while, on the other hand, it expands the scope of existing power to assign or transfer a case to any ‘collector’ by suggesting the change of word ‘collector’ to ‘officer’.

According to the previous history, the officers at serial No. (1), (5) & (6) of the above table were empowered and disempowered many times by Finance Acts of various years. Apparently, it was done in view of the quantity of cases under adjudication. The currently proposed rearrangement of jurisdiction and powers may enhance efficiency of disposal of cases thereby reducing the quantum of pending cases.

6. Appeals to Collector (Appeals)
Section 193

Section 193 deals with the appeals to the Collector (Appeals). The existing provision allows any aggrieved person to file an appeal before the Collector (Appeals) against an order passed by an officer not below the rank of Assistant Collector in respect of declaration and assessment for home consumption or warehousing, checking of goods declaration by the Customs, confiscation of goods or imposition of penalty; but debars an officer of Customs from filing of such appeal.

The proposed amendment through substitution of the sub-section (1) seeks to allow any person including the officers of Customs to file an appeal before the Collector (Appeals) against an order passed by an officer below the rank of Additional Collector in respect of declaration and assessment for home consumption or warehousing, checking of goods declaration by the Customs, confiscation of goods or imposition of penalty as well as regarding refund to be claimed within one year, recovery of duty and other taxes not levied, short levied or erroneously refunded or any other contravention.

The proposed amendment seeks to extend the scope of the applicability of this Section by including the cases of refund to be claimed within one year under Section 33. It also impliedly covers the cases proposed to be added in Section 179 regarding recovery of duty and other taxes not levied, short levied or erroneously refunded or any other contravention.

Further, an important feature of the proposed amendment is the intention to allow the Customs officer to file appeals before the Collector (Appeals). It is proposed to curtail loss of revenue likely to be caused by the apprehended erroneous decisions of the junior level officers. In our view, instead of giving the right of appeal to the Customs officers, grant of revisional powers to the senior Customs officers would have been a better solution to the apprehended problem, as the time limit of 30 days would practically be too short for a senior officer who would have to review all the cases decided by the junior officer to determine their contestability before the Collector (Appeals). On the other hand, direct appeal to Collector (Appeals), without passing through the revisional stage within the executive organ of the department, is bound to increase the workload of Collector (Appeals) unwarrantedly; and, since, such appeals would be regarding the matters involving very low amounts of revenue, the resultant work load on the Collector (Appeals) would adversely affect the

quantity and quality of adjudication of cases of greater importance.

7. Appeals to the Appellate Tribunal Section 194-A

Section 194-A provides for appeals to the Appellate Tribunal against the orders passed under various Sections of the Act. Its sub-section (a) had been omitted in 2005, whereby an order passed by any officer of Customs as an adjudicating authority had been appealable before the Tribunal.

The bill seeks to insert this sub-section again with a slight change. It provides for appeal against the orders of adjudication passed under Section 179 by the officers not below the rank of Additional Collector before the Appellate Tribunal in cases concerning confiscation of goods, recovery of duty and other taxes not levied, short levied or erroneously refunded or imposition of penalty or any other contravention under the Act.

The proposed amendment seeks to extend the scope of the applicability of this Section by providing appeal against the orders under Section 179 passed by the Additional Collector or Collector.

8. Procedure for sale of goods and application of sale proceeds Section 201

Section 201 provides the procedure for sale of any goods, other than confiscated goods, which are to be sold under any provision of the Act; and application of sale proceeds thereof.

The bill seeks to insert a new sub-section, (1A), in section 201 to provide for sale of goods through electronic means (e-auction).

The proposal has been made to facilitate the auction procedure and economize the process of sale through e-auction.

9. Reward to customs officers and officials Section 202B

The bill seeks to add this new Section 202B, to sanction rewards to Customs officers and officials for their meritorious conduct in cases of evasion of Customs duty and other taxes, and confiscation of goods, as prescribed by the rules, only after realization of part or whole of the duty and taxes involved in such cases.

Such initiatives have been a part of various incentives to drive the officers to enforce law and perform duties with more dedication, commitment and integrity, but their exact impact has never been measured.

10. Maintenance of records Section 211

Section 211 (1) pertains to the requirement of maintenance of records by various persons involved directly or indirectly in the business of international trade.

The proposed amendment, requiring substitution of the existing sub-section (1) of Section 211, seeks to include the transport operators and tracking companies among the persons involved directly or indirectly in the business of international trade for the purpose of requiring them to keep record of their transactions. Furthermore, it also seeks to require maintenance of record of transit trade transactions, in addition to the current requirement of keeping record of imports and exports.

The amendment seems to have been proposed to bring the transport operators and tracking companies in the Customs net to ensure more effective monitoring and enforcement. This purpose is also directly connected with being adequately vigilant over the transit trade transactions undertaken through Pakistani area. The proposed amendment also seeks to get such transactions suitably recorded.

11. Substitution of the First Schedule

The First Schedule to the Customs Act, 1969, has been proposed to be substituted, suggesting the following significant amendments:

- The maximum general tariff slab to be reduced from 35% to 30%. This will reduce the number of duty slabs from 8 to 7
- Pakistan Customs Tariff classification structure is being aligned with the World Customs Organization nomenclature for commodity classification HS-2012 version
- Introduction of 12 Digit Subheadings in Customs Tariff to fulfill the requirement of full automation of import processing through the Customs computerized system (Web-Based One Customs - WeBOC) and statistical purposes
- New tariff headings for facilitation of the textile industry and to update national tariff in

accordance with international best practices are to be created in the Tariff

- The Bill proposes to remove deficiencies in the classification and description of certain tariff items in order to make it more comprehensible.

12. Customs Notifications

Certain amendments have been made in the existing notifications issued in previous years and amended from time to time, a summary of which is as under:

SRO 573 (I)/2012

This SRO has amended the SRO 565 (I)/2006 dated 05 June 2006 (SRO 565) and it is effective from 02 June 2012.

SRO 565 provides exemption from customs duty, to the extent provided therein, on import of raw materials, sub-components, components, sub-assemblies and assemblies, for manufacture of specified survey based goods. In some cases, exemption is available, subject to the conditions stated therein.

By virtue of this notification, following significant amendments/ insertions have been made:

Changes in conditions

The authority to process and approve concessional import duties has been passed to Collector (Customs) from Collector Sales Tax and Federal Excise. The amendment has been made because the Sales Tax and Federal Excise have become part of Inland Revenue, while Customs is working separately.

Further, the reference of PACCS has been changed with Customs Computerized System, as PACCS is no more used as a tool for customs clearance.

Substitutions of custom headings

In Sr. No. 46, 53, 54, 60, 72, 113, 114, 118, 129 and 130, certain Custom Headings have been substituted to make certain corrections only.

Addition of new items in the Table

In Sr. No. 88- Welded steel pipes (Raw material, components and sub components), the description "HRC (Prime Quality) of thickness exceeding 10 mm" having HS Code 7208.3690 is added to avail the benefits of SRO 565.

Deletions in the Table

The components and sub components of the following items have been omitted from the purview of SRO 565, thereby withdrawing the benefit of reduced customs duty provided therein.

-Sr. No. 6 -Car Air Conditioners

Sr. No.	Sub components/ components	Heading/sub-heading Nos
29	Filter Drier	8421.3910
33	Motor	8501.1000
34	Resistor	8533.2100
35	Thermister	8533.3100
37	Relay	8536.4100

-Sr. No. 83 (a)-Microwave oven

Sr. No.	Sub components/ components	Heading/sub-heading Nos
3	Main mounted circuit board.	8516.9000
4	Cover top.	8516.9000
5	Door assembly.	8516.9000
6	Display with mounted circuit board.	8516.9000
7	High voltage block assembly.	8516.9000
8	Accessories.	8516.9000
9	Main chassis and frame with motor.	8516.9000
11	Magnetron.	8540.7100
12	Mechanical Timer	9106.9000

-Sr. No. 83 (b)- Car Cassette/ CD Player

-Sr. No. 83 (c)- Hi Fi System

-Sr. No. 83 (e)- Radio Cassette Player

-Sr. No. 83 (i)- Car Audio System

Sr. No.	Sub components/ components	Heading/sub-heading Nos
4	Remote control	8529.9010

-Sr. No. 83 (d)- Stereo Cassette/Stereo Car Cassette Player

Sr. No.	Sub components/ components	Heading/sub-heading Nos
4	Accessories.	8522.9000
5	Braket.	8522.9000
6	Rear cover assy.	8522.9000
7	Remote control.	8522.9000

Sr. No.	Sub components/ components	Heading/sub-heading Nos
8	Main frame or chassis with top cover.	8522.9000
9	Nobs and buttons.	8522.9000
10	Front panel assy with mounted circuit board.	8522.9000
11	Mechanism assy with motor and head.	8522.9000

-Sr. No. 83 (f)- Pocket Size Cassette Player

Sr. No.	Sub components/ components	Heading/sub-heading Nos
4	Accessories.	8522.9000
5	Braket.	8522.9000
6	Rear cover assy.	8522.9000
7	Main frame or chassis with top cover.	8522.9000
8	Nobs and buttons.	8522.9000
9	Front panel assy with mounted circuit board.	8522.9000
10	Mechanism assy with motor and head.	8522.9000

-Sr. No. 83 (g)- DVD/ VCD Player

Sr. No.	Sub components/ components	Heading/sub-heading Nos
3	MPEG card.	8522.9000
4	Metal case.	8522.9000
5	Loader.	8522.9000
6	Panel with PCB & Card.	8522.9000
7	Power board.	8522.9000
8	Remote control.	8522.9000

-Sr. No. 84 (B)- CKD Kits for assembly of Payphones, WLL phones, CDMA phones & GSM phones

-Sr. No. 84 (C)- Kits for CDMA Fixed Wireless Terminals (FWT)

Sr. No.	Sub components/ components	Heading/sub-heading Nos
5	Sealed lead acid batteries.	8507.2010

-Sr. No. 85- Viscose Staple Fiber (Raw material)

Sr. No.	Sub components/ components	Heading/sub-heading Nos
7	Wood pulp	4782.0000

-Sr. No. 98- Fans

Sr. No.	Sub components/ components	Heading/sub-heading Nos
4	Non Grain Oriented Electrical Steel Sheet	7225.1900

Further, in entry No. (1) for Insulation Varnish the Customs Heading appearing as 3208.1020 is substituted with 3208.1010 and Customs Heading 3208.9010 is deleted.

-Sr. No. 133- Fortified Rosin (Raw material)

Sr. No.	Sub components/ components	Heading/sub-heading Nos
2	Maleic Anhydride	2917.1400

Increase in Concession

- a. The following raw materials of articles of stationery at Sr. No. 13 will now avail complete exemption from customs duty as compared to the previous concessional rate of 5%:

Potato starch	1108.1300
Acid dyes whether or not premetal lised, and preparations based thereon; mordant dyes and preparations based thereon (acid dyes / dyestuff)), non-textile grade	3204.1200
Pigments and preparations based thereon (pigments)), non-textile grade	3204.1700
Stamping foil	3212.1000
Inks for ball points pens, fine liners and fibre tips	3215.9010
Edenol	3824.9099
Hardners	3824.9099
Acrylic polymer (fast drying)	3906.9090
Alkyd resins (fast drying)	3907.5000
Amino-resins (fast drying)	3909.3000
Cellulose nitrate	3912.2010
Carboxyl-methyl cellulose and its salts (carboxy methyl cellulose)	3912.3100
Porous fibre rods for making marker nibs	3916.9000
Heat transfer film	4908.9000
Electro galvanized wire	7217.2000
Spring wire	7217.9000
Brass alloy wire	7408.2100
Wood sandwich blocks with lead encased	9609.9000

- b. The following parts and components of articles of stationery at Sr. No. 13 will now avail exemption from customs duty in excess of 5% instead of 10%:

Carbon for lead	2803.0090
Steel balls not exceeding 1mm diameter (steel balls)	7326.9020
Sharpener blades	8214.1000
Synthetic fiber reservoirs of the kind used in writing instruments (ink reservoirs)	9608.6000
Nibs made of special metal for use in manufacture of writing instruments (fountain pen nibs)	9608.9100
Nibs points (for fiber tip pens and markers)	9608.9100
Tips for fineliners	9608.9100
Raw cores used for making black lead	9609.2010
Color lead	9609.9000

SRO 574(I)/2012

This SRO is effective from 02 June 2012 and has amended the SRO 567(I)/2006 dated 05 June 2006 which provides exemption from customs duty, to the extent provided therein, on import of raw materials, sub-components, components, sub-assemblies and assemblies, for manufacture of specified non survey based goods. In some cases exemption is available subject to the conditions stated therein. By virtue of this notification, the following significant amendments/ insertions have been made:

Changes in conditions

The Authority in respect of this SRO has been changed from Ministry of Health to Drug Regulatory Agency of Pakistan.

The earlier data management system, PACCS, is now replaced with the Customs Computerized System.

Substitutions of custom headings

In Sr. No. 2A, 4A and 39 of Table I, certain Custom Headings have been substituted to make necessary corrections.

New entries in Table I

- a. By inserting new Sr. No. 23A, import of shredded tyre scrap by the cement

manufacturers is now subject to concessionary rate of 10% customs duty.

- b. The following items introduced through insertion of new Sr. No. 44A, if imported by printing industry, are subject to 5% and 10% of customs duty.

HS Code	Description	Rate of duty
3215.1190	Black Ink	10%
3215.1990	Colour Ink	10%
3701.3020	CTP Plates	5%
4802.5700	Fully sensitized cheque paper weighing 40 g/m ² or more but not more than 150 g/m ²	10%
9612.1010	Red bleed through ribbons for dot matrix printers	10%
3215.1990	Anti-forgery security printing ink	10%

Substitutions of items or conditions in Table I

- a. In Sr. No. 34 the words “registered in Pakistan” have been inserted after the words “If imported by commercial airlines”, which connotes that the zero rating of customs duty on import of aircraft engines, aeroplanes and other aircrafts is now restricted to commercial airlines registered in Pakistan only.

- b. Concessionary rate of customs duty @ 30% was available on import of ambulance. Now, this concession will be available to those ambulances only which will have the prescribed features and specifications.

New entries in Table III - Active Pharmaceutical Ingredients

Concessionary rate of customs duty of 5% is extended to certain other pharmaceutical ingredients under new Sr. No. 48.

SRO 576(I)/2012

This SRO is effective from 02 June 2012 and has made amendments in SRO 693(I)/2006 dated 01 July 2006 which levied additional customs duty on the import of certain goods.

It has made the following changes:

- a. Additional 15% customs duty has been levied on Capacitor for ignition discharge, for vehicles of heading 87.11, falling under HS Code 8511.8040
- b. Casted Road Wheels have been excluded from the purview of the SRO 693 (I)/2006
- c. Certain PCT Headings have been corrected.

SRO 577 (I)/2012

This SRO is effective from 02 June 2012 and has made amendments in SRO 482 (I)/2009 dated 13 June 2009 which levies regulatory duty on import of certain items. The following amendments have been made in the aforesaid notification:

- a. The description of Betel nuts provide in Sr. No. 1 has been substituted with "Areca nuts (Betel nuts)".
- b. In Sr. No. 6 the PCT Code 2403.1000 has been substituted with 2403.1100 due to change of description of goods as under:

Before amendment	After amendment
Smoking tobacco, whether or not containing tobacco substitutes in any proportion	Water pipe tobacco specified in Subheading Note 1 of Chapter 24 of the First Schedule to the Customs Act, 1990

- c. A new Sr. No. 6A is inserted to levy regulatory duty on "other" types of tobacco falling under PCT Code 2403.1900.

SRO 578 (I)/2012

This SRO is effective from 01 June 2012 and has made amendments in SRO 594 (I)/2009 dated 25 June 2009 which levies regulatory duty on export of certain goods specified therein at the rate of 25% ad valorem. However, through proviso in the preamble of the aforesaid notification, protection was provided to export of goods made from the material imported under the facility of DTRE as provided under sub-chapter 7 of Chapter XII of the Customs Rules, 2001 or the scheme of manufacturing bonds as licensed under Chapter XV of the said Rules.

Now through this amending SRO, the said proviso is omitted which will result in levy of regulatory duty on export of goods made from the material imported under DTRE or the scheme of manufacturing bonds as provided in the Customs Rules, 2001.

SRO 579 (I)/2012

This SRO has amended SRO 209 (I)/2009 dated 05 March 2009 which allows duty drawback on export of textile and allied products. Through this amending SRO a number of H.S. codes of raw materials and finished goods have been substituted for proper administration of SRO 209 (I)/2009.

SRO 580 (I)/2012

This SRO has amended SRO 210 (I)/2009 dated 05 March 2009 which allows duty drawback on export of leather and allied products and sports goods. Through this amending certain H.S. code of raw materials and finished goods have been substituted/ omitted for proper administration of SRO 210 (I)/2009.

SRO 581 (I)/2012

This SRO has amended SRO 212 (I)/2009 dated 05 March 2009 which allows duty drawback on export of miscellaneous products like packing materials, edible products, plastic products, etc. Through this SRO 581 (I)/2012, numerous H.S. codes of raw materials and finished goods have been substituted/ omitted for proper administration of SRO 212 (I)/2009.

SRO 582 (I)/2012

This SRO is effective from 02 June 2012 and has amended SRO 659 (I)/2007 dated 30 June 2006, whereby the Federal Government has provided exemption to certain imports into Pakistan from China. Through the amendments, Tables I and II of SRO 659 (I)/2007 have been updated/ substituted for proper administration.

SRO 583 (I)/2012

This SRO is effective from 02 June 2012 and has amended SRO 1261 (I)/2007 dated 31 December 2007, whereby the Federal Government has provided exemption to certain imports into Pakistan from Malaysia. Through the amendments, the Tables I and II of SRO 1261 (I)/2007 have been updated/ substituted for proper administration.

SRO 584(I)/2012

This SRO is effective from 02 June 2012 and has amended SRO 1296(I)/2005 dated 31 December 2005, whereby the Federal Government has provided exemption to certain imports into Pakistan from China under the bilateral Early Harvest Programme (EHP). Through the amendments, the Tables I and II of SRO 1296(I)/2005 have been updated/ substituted for proper administration.

SRO 585(I)/2012

This SRO is effective from 02 June 2012 and has amended SRO 558(I)/2004 dated 01 July 2004, whereby the Federal Government has provided exemption to imports into Pakistan from ECO and SAARC countries. Through the amendments, the Tables I and II of SRO 558(I)/2004 have been updated/ substituted for proper administration.

SRO 586(I)/2012

This SRO is effective from 02 June 2012 and has amended SRO 570(I)/2005 dated 06 June 2005, whereby the Federal Government has provided exemption to imports into Pakistan from Sri Lanka. Through the amendments, the Tables I, III and IV of SRO 570(I)/2005 have been updated/ substituted for proper administration.

SRO 587(I)/2012

This SRO is effective from 02 June 2012 and has amended SRO 894(I)/2006 dated 31 August 2006 whereby the Federal Government has provided exemption to imports into Pakistan from Iran under Preferential Trade Agreement. Through the amendments certain HS Code have been substituted for proper administration.

SRO 588(I)/2012

This SRO is effective from 02 June 2012 and has amended SRO 1274(I)/2006 dated 29 December 2006, whereby the Federal Government has provided exemption to imports into Pakistan from SAARC countries under SAFTA agreement. Through the amendments the Table of SRO 1274(I)/2006 has been updated/ substituted for proper administration.

SRO 601(I)/2012

This SRO seeks to amend the Customs Rules, 2001. Through the amendment, the word "PACCS"

FEDERAL EXCISE

	<i>Section</i>	<i>Page</i>	
1	Rates of duty on cigarettes changed	<i>First Schedule, Table I</i>	45
2	Rate of duty on cement decreased	<i>First Schedule, Table I</i>	45
3	Excise duty on travel by air	<i>First Schedule, Table II</i>	45
4	Exemption from excise duty	<i>Third Schedule</i>	46
5	Services provided by Asset Management Companies	<i>Third Schedule</i>	46
6	Withdrawal of Federal Excise Duty	<i>First Schedule</i>	46
7	Federal Excise Notifications		47
8	Excise duty on services		48

www.imranghazi.com

www.imranghazi.com
This page left blank.

1. Rates of duty on cigarettes changed

First Schedule, Table I

The rates of duty on cigarettes have been proposed to be changed by substituting serial No. 9 to 11 of Table I of First Schedule to the Federal Excise Act, 2005 (the Act) alongwith the description of goods. Proposed entries are as follows:

S.No	Description	Rate of duty
9	Locally produced cigarettes if their retail price exceeds twenty two rupees and eighty six paise per ten cigarettes	65% of the retail price
10	Locally produced cigarettes if their retail price exceeds thirteen rupees and thirty six paise per ten cigarettes but does not exceed twenty two rupees and eighty six paise per ten cigarettes	Seven rupees and two paise per ten cigarettes plus 70% per incremental rupee or part thereof
11	Locally produced cigarettes if their retail price does not exceed thirteen rupees and thirty six paise per ten cigarettes	Seven rupees and two paise per ten cigarettes

However, duty levied on filter rods for cigarettes through serial No. 50 of Table I of the First Schedule has been withdrawn.

The interpretation clause of Table I of the First Schedule to the Act provides restriction on manufacturers of cigarettes that they shall not reduce price from the level adopted on the day of announcement of Budget in serial No. 9 to 11 above for the purpose of levy and collection of duty at the prescribed rates. The Bill now seeks to substitute this restriction clause as under:

- For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial number 9, 10 and 11 of Table I of the First Schedule, no cigarette manufacturer shall reduce price from the level adopted on the day of announcement of the latest Budget.
- Variants at different price points

No manufacturer or importer of cigarette can introduce or sell a new cigarette brand variant of the same existing brand family at a price lower than the lowest actual price of the existing

variant of the same brand family. For the purposes of this restriction, current minimum price variant of existing brand means the lowest price of a brand variant on the day of announcement of Budget 2012-13.

c. Minimum Price of New Brands

Any new brand introduced in the market shall not be priced and sold lower than 5% below the price of the Most Popular price Category (MPPC). MPPC is the price point at which the highest number of excise tax paid cigarettes are sold in the previous fiscal year.

2. Rate of duty on cement decreased

First Schedule, Table I

The rate of duty on cement has been proposed to be decreased by amending serial No. 13 of Table I of the First Schedule to the Act:

Nature of goods / services	Existing rate of duty	Proposed rate of duty
Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers	Five hundred rupees per metric ton	Four hundred rupees per metric ton

3. Excise duty on travel by air

First Schedule, Table II

With effect from 01 July 2007, FED is leviable on tickets issued for International travel to and from Pakistan irrespective whether the ticket has been issued from Pakistan or elsewhere. As a result the Inland Revenue recently raised huge demands against various airlines operating in Pakistan. The levy has been challenged on various grounds including the rationale of charging FED on arriving passengers and imposing a levy beyond the jurisdiction of Pakistan. It appears that the Board taking cognizance of the views of the airlines has proposed to resolve the dispute by proposing to amend the charging Schedule of the Act.

Accordingly, the scope and the rate of duty in this respect has been proposed to be changed by substituting Clause (b) of serial No.3 of Table II of the First Schedule as under:

Services	Proposed rate of duty
Services provided or rendered in respect of travel by air of the passengers embarking on international journey from Pakistan.	
(i) Economy and economy plus	Three thousand eight hundred and forty rupees
(ii) Club, business and first class	Six thousand eight hundred and forty rupees

Pursuant to the aforesaid proposed amendment, SRO 600(1)/2012 dated 02 June 2012 has been issued whereby consequential amendments in Rule 41A of the FE Rules, 2005 relating to collection of excise duty on issuance of ticket for international travel are made so as to withdraw the levy of FED on passengers embarking to Pakistan or journeys terminating in Pakistan. These amendments are effective from 01 July 2012.

Whilst the controversy on chargeability of FED will be resolved from 1 July 2012 onwards, in absence of a retrospective amendment, the existing dispute covering the period from 01 July 2007 to 30 June 2012 remains unresolved.

In the case of domestic travel, the Bill proposes to increase the rate of FED from 16% of the charges plus Rs.20 to 16% of the charges plus Rs.60.

Further, SRO 47(I)/2012 dated 20 January 2012 providing enhanced rates of FED on domestic and international travel has been rescinded through SRO 603(I)/2012 dated 01 June 2012. This SRO is effective from 02 June 2012. This creates an anomaly as it leads to the conclusion that the rates prior to the increase in rates on domestic and international air travel would be applicable for period from 02 June 2012 to 30 June 2012.

4. Exemption from excise duty *Third Schedule*

The goods and services specified in the Third Schedule are exempt from FED subject to fulfillment of specified

conditions. The Bill seeks to include the following services in the Third Schedule:

Services	Entry No.
➤ Live stock insurance	(entry 7 of Table II of the Third Schedule)
➤ Services provided by Asset Management Companies w.e.f. 01 July 2007.	(entry 8 of Table II of the Third Schedule)

5. Services provided by Asset Management Companies *Third Schedule*

Currently under serial No.8 of Table II of the First Schedule to the FE Act, services provided by banking companies or non-banking financial companies are subject to FED at the rate of 16%. During 2011, the Inland Revenue issued notices to asset management companies for payment of FED on the management fee charged by them on the grounds that asset management companies are covered under non-banking financial companies as defined in the Act. Accordingly, orders were passed against asset management companies wherein huge demands were raised for the period from July 2007. The asset management companies challenged the orders passed against them on the grounds that the asset management services are not specified in PCT heading 98.13 of Chapter 98 of the Pakistan Customs Tariff, and therefore FED is not leviable on their fee.

It appears that in order to resolve this dispute, the Board has proposed insertion of an exemption in Table II of the Third Schedule to the Act from the charge of FED in respect of services provided by asset management companies with retrospective effect from 01 July 2007.

However, it should be appreciated that the fee of asset management companies continues to be taxable under the Sindh Sales Tax on Services Act, 2011. Hence asset management companies located in Sindh will continue to be subject to sales tax at the rate of 16% unless a similar exemption is granted through the Sindh Finance Act, 2012.

6. Withdrawal of Federal Excise Duty *First Schedule*

The Bill seeks to withdraw duty on a number of goods, which are in nature lubricants and cosmetics with effect from 02 June 2012, as enumerated below:

Relevant entry in Table	Description	Rate of duty as presently levied
22	Lubricating oil in packs not exceeding 10 litres	Ten percent of the retail price
23	Lubricating oil in packs exceeding 10 litres	Ten percent of the retail price
24	Lubricating oil in bulk (vessels, boozers, lorries etc.)	Seven rupees and fifteen paise per litre
25	Lubricating oil manufactured from reclaimed oils or sludge or sediment, subject to the condition if sold in retail packing or under brand names the words manufactured from reclaimed oil or sludge or sediment should be clearly printed on the pack	Two rupees per litre
27	Base lube oil	Seven rupees and fifteen paise per litre
42	Perfumes and toilet waters	Ten percent of retail price if packed in retail packing and ten percent <i>ad valorem</i> if in bulk
43	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations	Ten percent of retail price if packed in retail packing and ten percent <i>ad valorem</i> if in bulk
44	Preparations for use on the hair excluding herbal hair oil and kali mehndi	Ten percent of retail price if packed in retail packing and ten percent <i>ad valorem</i> if in bulk
45	Pre-shave, shaving of after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not	Ten percent of retail price if packed in retail packing and ten percent <i>ad valorem</i> if in bulk

Relevant entry in Table	Description	Rate of duty as presently levied
	elsewhere specified or included; prepared room deodorizers, whether or not perfumed or having disinfectant properties (excluding agarbatti and other odoriferous preparations which operate by burning)	

7. Federal Excise Notification

In exercise of the power conferred by the FE Act, the Federal Government has issued certain notifications which are enumerated below:

SRO reference	Section/Schedule/Rule reference	Description
598(I)/2012	Section 3	This notification amends the notification No.SRO 649(I)/ 2005 dated 01 July 2005, which levied duty on specified goods entering the tariff area from a non-tariff area of Pakistan. Effectively, duty leviable on cosmetics goods as listed out in serial no. 42 to 45 of Table I of the Act, has now also been withdrawn at the time of entering into tariff area from a non-tariff of Pakistan. This notification shall be effective from 02 June 2012.
599(I)/2012	Section 16	This notification amends the notification No.SRO 474(I)/ 2009 dated 13 June 2009 which exempts certain goods or services from the levy of duty. SRO 599(I)/ 2012 has effectively withdrawn the

SRO reference	Section/Schedule/Rule reference	Description
		<p>exemption available to Viscose staple fiber.</p> <p>This notification shall be effective from 02 June 2012.</p>
603(I)/2012		<p>This notification rescinds the following notification.</p> <ul style="list-style-type: none"> ➤ SRO 807 (I)/2005 dated 12 August 2005 whereby rebate on Federal Excise Duty was granted on base oil used in manufacturing of certain types of lubricating oils. ➤ SRO 671 (I)/2006 dated 29 June 2006 whereby minimum price for the purpose of assessment of excise duty at import stage was fixed in case of lubricating oil in packs (PCT headings 2710.1951 and 2710.1952). ➤ SRO 777 (I)/2006 dated 01 August 2006 whereby special rate of excise duty was fixed on the tickets issued for travel by air to certain specified destinations. ➤ SRO 949 (I)/2006 dated 06 September 2006 whereby import and supply of solvent oil (PCT heading 2710.1150) for manufacturing of shoe adhesive were exempted from excise duty. ➤ SRO 1229 (I)/2007 dated 18 December 2007 whereby special excise duty was exempted on the tractor

SRO reference	Section/Schedule/Rule reference	Description
		<p>parts supplied by registered vendors to the manufacturers of agricultural tractors (PCT heading 8701.9019)</p> <p>This notification shall be effective from 02 June 2012.</p>

8. Excise duty on services

In pursuance of the 18th Amendment to the constitution of Pakistan, it has now been settled that revenue pertaining to services falls within the Provincial domain and in this aspect, the Sindh Revenue Board has been established which administers and collects sales tax on services in the province of Sindh. Similarly, it is anticipated that the Punjab provincial government is due to establish its own authority for administering and collecting sales tax on services in the province of Punjab.

Although it was anticipated that the Federal government would withdraw excise duty from excisable / taxable services at the Federal level since the sales tax on services is a provincial levy, however, it has not withdrawn such excise duty. Given the circumstances, the anomaly that a respective service remains exposed to both provincial sales tax as well as federal excise duty at the same time remains unresolved.

The Finance Act, 1989 (the FA 89) introduced for the first time a tax on the capital value of assets referred to as the Capital Value Tax (CVT). Presently, CVT is charged on the following:

- Purchase of immovable property
- Purchase / import of motor vehicle not previously used in Pakistan
- Purchase of shares of a public company listed on a registered stock exchange

Extension of scope of CVT

The charge of CVT on shares of public company listed on a stock exchange was earlier omitted vide Finance Act, 2009. The Charge was restored vide the Finance Amendment Ordinance, 2012 promulgated on 24 April 2012. The Bill now seeks to enact this amendment. The responsibility of collecting the CVT on shares lies with the registered stock exchanges.

Restrictive applicability

Pursuant to the 18th Amendment made in the Constitution of the Islamic Republic of Pakistan, CVT on immovable property being a provincial subject now comes under the domain of the provinces. The bill proposes applicability of CVT through the FBR in respect of immovable property located in Islamabad Capital Territory and to such areas which the FBR may notify in the official Gazette.

Rationalization of rates of collection of CVT

The Bill proposes to rationalize the rates of CVT on purchase of immovable property as under:

Category of Property	Rate of CVT
➤ Residential immovable property (other than flats) situated in urban area, measuring at least one kanal or 500 square yards whichever is less.	
(i) Where the value of immovable property is recorded	2% of the recorded value or Rs.100 per square yard of the landed area whichever is higher
(ii) Where the value of immovable property is not recorded	Rs.100 per square yard of the landed area
(iii) Where the immovable property is a constructed property	Rs.10 per square feet of the constructed area in addition to the value worked out above
➤ Commercial immovable property of any size	
(i) Where the value of immovable property is recorded	2% of the recorded value or Rs.100 per square yard of the landed area whichever is higher
(ii) Where the value of immovable property is not recorded	Rs.100 per square yard of the landed area
(iii) Where the immovable property is a constructed property	Rs.10 per square feet of the constructed area in addition to the value worked out above
➤ Residential flats	
(i) Where the value of immovable of property is recorded	2% of the recorded value or Rs.100 per square feet of the covered area whichever is higher
(ii) Where the value of immovable of property is not recorded	Rs.100 per square feet of the covered area

www.imranghazi.com

Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit www.ey.com

© 2012 EYGM Limited.
All Rights Reserved.

www.imranghazi.com

KARACHI

Progressive Plaza
Beaumont Road
Karachi - 75530
Tel: (9221) 35650007-11
Fax: (9221) 35681965
Email: eyfrsh.khi@pk.ey.com
URL: www.ey.com

LAHORE

Mall View Building
4-Bank Square
Lahore-54000
Tel: (9242) 37211531-38
Fax: (9242) 37211530 & 39
Email: eyfrsh.lhr@pk.ey.com
URL: www.ey.com

ISLAMABAD

Eagle Plaza, 75-West
Fazalul-Haq Road
Blue Area, Islamabad-44000
Tel: (9251) 2870290-92
Fax: (9251) 2870293
Email: eyfrsh.isb@pk.ey.com
URL: www.ey.com

KABUL

House 10-11 Street 2,
Shirpoor Road
Kabul
Afghanistan.
Tel: +93 (0) 752055025
Email: eyfrsh.kab@gmail.com
URL: www.ey.com

For more material visit www.imranghazi.com