

A

BILL

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2013, and to amend and enact certain laws

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2013, and to amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title, extent and commencement.** – (1) This Act may be called the Finance Act, 2013.

(2) It extends to the whole of Pakistan.

(3) It shall, unless otherwise provided, come into force on the first day of July, 2013.

2. **Amendments of Act IV of 1969.**— In the Customs Act, 1969 (IV of 1969), the following further amendments shall be made, namely:-

(1) in section 2, in clause (1a), after the figure “104” the comma and figure “, 121” shall be inserted;

(2) after section 3DD, the following new section shall be inserted, namely:-

“3DDD. Directorate General of Input Output Co-efficient Organization.- The Director General of Input Output Co-Efficient Organization (IOCO) shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and

such other officers as the Board may, by notification in the official Gazette, appoint.”;

(3) for section 14A, the following shall be substituted; namely:-

“14A. Provision of security and accommodation at Customs-ports, etc.- (1) Any agency or person including port authorities managing or owning a customs-port, a customs-airport or a land customs station or a container freight station shall provide at its or his own cost adequate security and accommodation to customs staff for residential purposes, offices, examination of goods, detention and storage of goods and for other departmental requirements to be determined by the Collector of Customs and shall pay utility bills, rent and taxes in respect of such accommodation.

(2) Any agency or person including but not limited to port authorities managing or owning a customs port, a customs airport or a land customs station or a container freight station shall entertain delay and detention certificate issued by an officer not below the rank of Assistant Collector of Customs and also refund demurrage charges which the agency or person has received on account of delay because of no fault of importers or exporters.”;

(4) in section 32, in sub-section (4), after the brackets and figure “(3)”, the words, figure and brackets “or sub-section (3A)” shall be inserted;

(5) in section 81,

- (a) in sub-sections (1), (2), (3), (4) and (5), the words “or a post-dated cheque”, wherever occurring, shall be omitted;
- (b) in the Explanation, for the words “post-dated cheque” the words “pay order” shall be substituted;
- (6) in section 83, in sub-section (2), the comma and figure “,80A” shall be omitted;
- (7) in section 179, in sub-section (1), after clause (vi), the following proviso shall be added, namely:-

“Provided that in cases of goods to be exported, the above officers of Customs shall have their jurisdiction and powers in terms of FOB value and twice their respective monetary limit.”;
- (8) in section 196, in sub-section (1), after the word “Investigation” a comma and the words “, or Director of Valuation” shall be inserted;
- (9) in section 202B, for the words “Pakistan Customs Service”, wherever occurring, the words “Customs Service of Pakistan, as defined under the Occupational Groups and Services (Probation, Training and Seniority) Rules, 1990,” shall be substituted; and
- (10) the amendments set out in the Schedule to this Act shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969).

3. **Amendments of the Sales Tax Act, 1990.** — In the Sales Tax Act, 1990, the following further amendments shall be made, namely:-

- (1) in section 2,—

- (i) after clause (5AB), the following new clause shall be inserted, namely:-

“(5AC) “CREST” means the computerized program for analyzing and cross-matching of sales tax returns, also referred to as Computerized Risk-based Evaluation of Sales Tax;”;

- (ii) for clause (22A), the following shall be substituted namely:-

“(22A) “Provincial Sales Tax” means tax levied under provincial laws or laws relating to Islamabad Capital Territory, which are declared by the Federal Government through notification in the official Gazette, to be provincial sales tax for the purpose of input tax;”;

- (iii) after clause (33), the following new clause shall be inserted, namely:-

“(33A) “supply chain” means the series of transactions between buyers and sellers from the stage of first purchase or import to the stage of final supply;”;

- (iv) in clause (44),-

(a) in sub-clause (a), after the words "recipient of the supply", the words "or the time when any payment is received by the supplier in respect of that supply, whichever is earlier" shall be inserted; and

(b) in sub-clause (c), for the “semicolon” a “colon” shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that in respect of sub-clause (a), (b) or (c), where any part payment is received,—

- (i) for the supply in a tax period, it shall be accounted for in the return for that tax period; and
- (ii) in respect of exempt supply, it shall be accounted for in the return for the tax period during which the exemption is withdrawn from such supply;”;

(2) in section 3,—

(a) for the word “sixteen”, wherever occurring, the word “seventeen” shall be substituted;

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

“(1A) Subject to the provision of sub-section (6) of section 8 or any notification issued thereunder, where taxable supplies are made to a person who has not obtained registration number, there shall be charged, levied and paid a further tax at the rate of two per cent of the value in addition to the rate specified in sub-sections (1), (1B), (2), (5) and (6) of this section:

Provided that the Federal Government may, by notification in the official Gazette, specify the taxable supplies in respect of which the further tax shall not be charged, levied and paid.

(1B) The Board may, by notification in the official Gazette, in lieu of levying and collecting tax under sub-section (1) on taxable supplies, levy and collect tax---

(a) on the production capacity of plants, machinery, undertaking, establishments or installations producing or manufacturing such goods; or

(b) on fixed basis, as it may deem fit, from any person who is in a position to collect such tax due to the nature of the business.”; and

(c) in sub-section (5), for the words “such extra amount of tax” the words “tax at such extra rate or amount” shall be substituted”;

(3) in section 8, in sub-section (1), after clause (ca), the following new clause shall be inserted, namely:-

“(caa) purchases, in respect of which a discrepancy is indicated by CREST or input tax of which is not verifiable in the supply chain;”;

(4) in section 21,-

(a) in sub-section (3), the words and figure “unless the registered buyer has fulfilled his responsibilities under section 73” shall be omitted;

(b) after sub-section (3), the following new sub-section shall be added, namely:-

“(4) Notwithstanding anything contained in this Act, where the Board, the Commissioner or any officer authorized by the Board in this behalf has reasons to believe that a registered

person is engaged in issuing fake or flying invoices, claiming fraudulent input tax or refunds, does not physically exist or conduct actual business, or is committing any other fraudulent activity, the Board, Commissioner or such officer may after recording reasons in writing, block the refunds or input tax adjustments of such person and direct the concerned Commissioner having jurisdiction for further investigation and appropriate legal action.”;

- (5) in section 22, in sub-section (1),—
- (a) in clause (e), the word “and”, at the end, shall be omitted; and
- (b) after clause (e), amended as aforesaid, the following new clause shall be inserted, namely:—
- “(ea) record relating to gate passes, inward or outward, and transport receipts.”;
- (6) in section 25, after sub-section (5), the following explanation shall be added, namely:—
- “**Explanation.-** For the purpose of sections 25, 38, 38A, 38B and 45A and for removal of doubt, it is declared that the powers of the Board, Commissioner or officer of Inland Revenue under these sections are independent of the powers of the Board under section 72B and nothing contained in section 72B restricts the powers of the Board, Commissioner or officer of Inland Revenue to have access to premises, stocks, accounts,

records, etc. under these sections or to conduct audit under these sections.”;

- (7) in section 40B, after the word “Board” the words “or Chief Commissioner” shall be inserted.
- (8) after section 40B, the following new section shall be inserted, namely:—

“40C. Monitoring or tracking by electronic or other means.—

(1) Subject to such conditions, restrictions and procedures, as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any good or class of goods in respect of which monitoring or tracking of production, sales, clearances, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.

(2) From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, banderole, stickers, labels, etc. in any such form, style and manner as may be prescribed by the Board in this behalf.”;

- (9) in section 45B, in sub-section (1), the following new sub-section shall be inserted, namely:—

“(1A) Where in a particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Act, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner or officer of Inland Revenue against whose

order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.”;

(10) for section 57 the following shall be substituted, namely:–

“57. Rectification of mistake.— (1) The Commissioner, the Commissioner (Appeals) or the Appellate Tribunal may, by an order in writing, amend any order passed by him to rectify any mistake apparent from the record on his or its own motion or any mistake brought to his or its notice by a taxpayer or, in the case of the Commissioner (Appeals) or the Appellate Tribunal, the Commissioner.

(2) No order under sub-section (1) which has the effect of increasing an assessment, reducing a refund or otherwise applying adversely to the taxpayer shall be made unless the taxpayer has been given a reasonable opportunity of being heard.

(3) Where a mistake apparent on the record is brought to the notice of the Commissioner or Commissioner (Appeals), as the case may be, and no order has been made under sub-section (1), before the expiration of the financial year next following the date on which the mistake was brought to their notice, the mistake shall be treated as rectified and all the provisions of this Act shall have effect accordingly.

(4) No order under sub-section (1) shall be made after five years from the date of the order sought to be rectified.”;

(11) after section 72B, the following new section shall be inserted, namely:-

“72C.- Reward to Inland Revenue officers and officials.- (1) In cases involving concealment or evasion of sales tax and other taxes, cash reward shall be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases and to the informer providing credible information leading to such detection, as may be prescribed by the Board, only after realization of part or whole of the taxes involved in such cases.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and specify the apportionment of reward sanctioned under this section for individual performance or to collective welfare of the officers and officials of Inland Revenue.”;

(12) in section 73, in the explanation, after the words “is registered” the words, letters and figure “through Form STR 1 or change of particulars in registration database” shall be inserted;

(13) in the Third Schedule, in column (1), after serial number 21 and the entries relating thereto in columns (2) and (3), the following new serial numbers and the entries relating thereto shall be added, namely:—

“22. Finished or made-up articles of textile and leather, including garments, footwear, and headings. bed ware, sold in retail packing

23. Household electrical goods, including air conditioners, refrigerators, deep freezers, headings.

- televisions, recorders and players, electric bulbs, tube-lights, fans, electric irons, washing machines and telephone sets
24. Household gas appliances, including cooking range, ovens, geysers and gas heaters Respective headings.
25. Foam or spring mattresses, and other foam products for household use Respective headings.
26. Auto parts and accessories sold in retail packing Respective headings.
27. Lubricating oils, brake fluid, transmission fluid, and other vehicular fluids and maintenance products in retail packing Respective headings.
28. Tyres and tubes Respective headings.
29. Storage batteries Respective headings.
30. Arms and ammunition Respective headings.
31. Paints, distempers, enamels, pigments, colours, varnishes, gums, resins, dyes, glazes, thinners, blacks, cellulose lacquers and polishes sold in retail packing Respective headings.

32.	Fertilizers	Respective headings.
33.	Cement sold in retail packing	Respective headings.
34.	Tiles sold in retail packing	Respective headings.
35.	Biscuits, confectionary, chocolates, toffees and candies	Respective headings.
36.	Other goods and products sold in retail packing	Respective headings.”; and

(14) in the Sixth Schedule,—

- (a) in Table-1, serial number 25 in column (1) and the entries relating thereto in columns (2) and (3) shall be omitted; and
- (b) in Table-2, serial number 12 in column (1) and the entries relating thereto in columns (2) and (3) shall be omitted.

4. **Amendment of Ordinance XLIX of 2001.**— In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

- (1) in section 8, in clause (e), in sub-clause (ii), for the colon a full stop shall be substituted and thereafter the proviso shall be omitted;
- (2) in section 56, in sub-section (1), after the word “income”, occurring for the third time, the words and figure “except income under the head salary” shall be inserted;

- (3) in section 59AA, in sub-section (5), after the word “requirements”, the words “ and group designation rules or regulations” shall be inserted;
- (4) in section 59B, in sub-section (2), in clause (g), after the word “requirements”, the words “and group designation rules or regulations” shall be inserted;
- (5) in section 80, in sub-section (2), in clause (b),-
 - (a) for sub-clause (v), the following shall be substituted, namely,-

“(v) a co-operative society, a finance society or any other society;”;
 - (b) after sub-clause (v), substituted as aforesaid, the following new sub-clauses shall be inserted, namely:-

“(va) a non-profit organization;

“(vb) a trust, an entity or a body of persons established or constituted by or under any law for the time being in force;”;
- (6) in section 111, in sub-section (1), for full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that where a taxpayer explains the nature and source of the amount credited or the investment made, money or valuable article owned or funds from which the expenditure was made, by way of agricultural income, such explanation shall be accepted to the extent of agricultural income worked back on the basis of agricultural income tax paid under the relevant provincial law.”;
- (7) in section 113,-

- (a) in sub-section (1), in clause (e), for the word “one-half” the word “one” shall be substituted; and
- (b) in sub-section (2),-
 - (i) in clause (b), for the word “one-half” the word “one” shall be substituted; and
 - (ii) in clause (c), after the comma, occurring for the first time, the words, figures and brackets “clause (1) of Division I, or” shall be inserted;
- (8) for section 113A, the following shall be substituted, namely:-

“113A. Minimum tax on builders.- (1) Subject to this Ordinance, where a person derives income from the business of construction and sale of residential, commercial or other buildings, he shall pay minimum tax at the rate of rupees twenty five per square foot as per the construction or site plan approved by the relevant regulatory authority.

(2) The minimum tax to be paid under this section shall be computed on the basis of total number of square feet sold or booked for sale during the year.

(3) The tax paid under this section shall be minimum tax on the income of the builder from the sale of such residential, commercial or other building.”;

- (9) for section 113B the following shall be substituted, namely,-

“113B. Minimum tax on land developers.- (1) Subject to this Ordinance, where a person derives income from the business of

development and sale of residential, commercial or other plots, he shall pay minimum tax at the rate of rupees fifty per square yard as per the layout or site plan approved by the relevant regulatory authority.

(2) The tax computed under sub-section (1) shall be paid on the basis of total number of square yards sold or booked for sale during the year.

(3) The tax paid under this section shall be minimum tax on the income of the developer from the sale of such residential, commercial or other plots sold or booked.”;

(10) in section 114,-

(A) in sub-section (1), in clause (b),-

(i) in sub-clause (viii),-

(a) for the words “one million” the words “five hundred thousand ” shall be substituted; and

(b) for the full stop, occurring at the end, a semicolon shall be substituted; and

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

“(ix) is registered with any Chamber of Commerce and Industry or any trade or business association or any market committee or any professional body including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered

Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan.”;

- (B) in sub-section (1A), for the words “three hundred and fifty thousand” the words “four hundred thousand” shall be substituted;
- (C) in sub-section (4), after the word “longer” the words “or shorter” shall be inserted; and
- (D) in sub-section (6), in clause (b), the word “and” shall be omitted and thereafter a new clause shall be inserted, namely:-

“(ba) it is accompanied by approval of the Commissioner in writing for revision of return; and”;

(11) in section 115,-

- (a) sub-section (1) and the proviso thereunder shall be omitted;
- (b) for sub-section (4), the following shall be substituted, namely:-

“(4) Any person who is not obliged to furnish a return for a tax year because all the person’s income is subject to final taxation under sections 5, 6, 7, 15, 148, 151 and 152, sub-section (3) of section 153, sections 154, 156 and 156A, sub-section (3) of section 233, sub-section (5) of section 234 or sub-section (3) of section 234A shall furnish to the Commissioner a statement showing such particulars relating to the person’s income for the tax year in such form and verified in such manner as may be prescribed.”;

(12) in section 116,-

- (a) in sub-section (1), after the word “person”, occurring for the first time, the words “being an individual” shall be inserted;
 - (b) in sub-section (2),-
 - (i) the words and comma “whose last declared or assessed income or the declared income for the year, is one million rupees or more” shall be omitted; and
 - (ii) in the proviso, the words and commas “whose share from the income of such association of persons, before tax, for the year is one million rupees or more” shall be omitted;
 - (c) in sub-section (3), after the word “statement”, occurring for the third time, the words and comma “along with the revised wealth reconciliation and the reasons for filing revised wealth statement,” shall be inserted; and
 - (d) in sub-section (4),-
 - (i) after the word “company”, the words “or an association of persons” shall be inserted; and
 - (ii) the words and comma “and has paid tax amounting to thirty-five thousand rupees or more for the tax year,” shall be omitted;
- (13) in section 118,-
- (a) in sub-section (1), the words, figure and comma “an employer’s certificate under section 115,” shall be omitted;

- (b) after sub-section (2) the following new sub-section shall be inserted, namely,-

“(2A) Where salary income for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116.”;

- (c) in sub-section (3),-

(i) the words and comma “an Annual Statement of deduction of income tax from salary, filed by the employer of an individual” shall be omitted; and

- (ii) for clause (a) the following shall be substituted, namely:-

“(a) in the case of a statement required under sub-section (4) of section 115 or a return required to be filed through e-portal in the case of a salaried individual, on or before the 31st day of August next following the end of the tax year to which the statement or return relates; or”; and

- (d) in sub section (6),-

(i) the words “or employer’s certificate” shall be omitted; and

(ii) the words “or certificate”, occurring twice, shall be omitted;

- (14) in section 119,-

- (a) in sub-section (1),-

- (i) clause (b) shall be omitted; and
 - (ii) the word and comma “certificate,”, occurring for the second time, shall be omitted;
- (b) in sub-section (2), the words and comma “employer’s certificate,” shall be omitted; and
- (c) in sub-section (3),-
- (i) the words and comma “employer’s certificate,” shall be omitted; and
 - (ii) the word and comma “certificate,”, occurring for the second time, shall be omitted;
- (15) section 120A shall be omitted;
- (16) in section 122C and the provisos thereunder, for the word “sixty”, wherever occurring, the word “forty-five” shall be substituted;
- (17) in section 130, in sub-section (3),-
- (a) in clause (a), the word “or”, occurring at the end, shall be omitted;
 - (b) in clause (b), for full stop a semicolon and the word “;or” shall be substituted; and
 - (c) after clause (b), amended as aforesaid, the following new clause shall be added, namely:-
 - “(c) is an officer of Inland Revenue Service and a law graduate having at least fifteen years of service in BS-17 and above.”;
- (18) in sub-section 149, in sub-section (1),-

- (a) for the word “employer” the words “person responsible for” shall be substituted;
 - (b) after the word “adjustment” the words, figures and commas “of tax withheld from employee under other heads and tax credit admissible under sections 61, 62, 63 and 64 during the tax year after obtaining documentary evidence, as may be necessary”, shall be omitted; and
 - (c) clause (i) shall be omitted;
- (19) in section 152, after sub-section (7), the following new sub-section shall be added, namely,-
- “(8) In this section “prescribed person” means a prescribed person as defined in sub-section (7) of section 153.”;
- (20) in section 153,-
- (A) in sub-section (7),-
 - (a) in clause (i),-
 - (i) in sub-clause (h), the word “or”, occurring at the end, shall be omitted;
 - (ii) in sub-clause (i), after the semi-colon the word “or” shall be added; and
 - (iii) after sub-clause (i), amended as aforesaid, the following new sub-clause shall be added, namely:-
 - “(j) a person registered under the Sales Tax Act, 1990.”;

- (21) section 153A shall be omitted;
- (22) in section 155, in sub-section (3),-
- (a) in clause (v), after the word “organization” the words “or a charitable institution” shall be inserted;
 - (b) in clause (vi), the word “or” shall be omitted; and
 - (c) after clause (vi), amended as aforesaid, the following new clauses shall be inserted, namely:-
 - “(via) a private educational institution, a boutique, a beauty parlour, a hospital, a clinic or a maternity home;
 - (vib) individuals or association of persons paying gross rent of rupees one and a half million and above in a year; or”;
- (23) in section 164, in sub-section (2), the words and figure “and such certificate shall be treated as sufficient evidence of the collection or deduction for the purposes of section 168” shall be omitted;
- (24) in section 165,-
- (a) in sub-section (1), after the proviso, the following explanation shall be added, namely:-

“Explanation.- For the removal of doubt, it is clarified that this sub-section overrides all conflicting provisions contained in the Protection of Economic Reforms Act, 1992 (XII of 1992), the Banking Companies Ordinance, 1962 (LVII of 1962), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations

made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956) ,
if any, on the subject, in so far as divulgence of information under
section 165 is concerned.”; and

(b) in sub-section (6), for the semicolon a full stop shall be substituted
and thereafter the proviso shall be omitted;

(25) after section 165, the following new section shall be added, namely:-

“165A. Furnishing of information by banks.- (1)

Notwithstanding anything contained in any law for the time being in force
including but not limited to the Banking Companies Ordinance, 1962 (LVII
of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the
Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations
made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), if any,
on the subject, every banking company shall make arrangements to
provide to the Board in the prescribed form and manner,-

- (a) online access to its central database containing
details of its account holders and all
transactions made in their accounts;
- (b) a list containing particulars of deposits
aggregating rupees one million or more made
during the preceding calendar month;
- (c) a list of payments made by any person against
bills raised in respect of a credit card issued to
that person, aggregating to rupees one

hundred thousand or more during the preceding calendar month;

- (d) a consolidated list of loans written off exceeding rupees one million during a calendar year; and
- (e) a copy of each Currency Transactions Report and Suspicious Transactions Report generated and submitted by it to the Financial Monitoring Unit under the Anti-Money Laundering Act, 2010 (VII of 2010).

(2) Each banking company shall also make arrangements to nominate a senior officer at the head office to coordinate with the Board for provision of any information and documents in addition to those listed in sub-section (1), as may be required by the Board.

(3) The banking companies and their officers shall not be liable to any civil, criminal or disciplinary proceedings against them for furnishing information required under this Ordinance.

(4) Subject to section 216, all information received under this section shall be used only for tax purposes and kept confidential.”;

- (26) in section 169, in sub-section (3), the words “other than dividend received by a company” shall be omitted.;

- (27) in section 171, in sub-section (2), after clause (c), the following explanation shall be added, namely:-

“Explanation.- For the removal of doubt, it is clarified that where a refund order is made on an application under sub-section (1) of section 170, for the purpose of compensation, the refund becomes due from the date refund order is made and not from the date the assessment of income treated to have been made by the Commissioner under section 120.”;

- (28) in section 172, in sub-section (3), in clause (b), for the semicolon, a colon shall be substituted and thereafter the following explanation shall be added, namely:-

“Explanation.- In this clause the expression “business connection” includes transfer of an asset or business in Pakistan by a non-resident.”;

- (29) in section 177, after sub-section (10), the following explanation shall be added, namely:-

“Explanation.- For the removal of doubt, it is declared that the powers of the Commissioner under this section are independent of the powers of the Board under section 214C and nothing contained in section 214C restricts the powers of the Commissioner to call for the record or documents including books of accounts of a taxpayer for audit and to conduct audit under this section.”;

- (30) in section 178, the words and commas “Federal Excise, Sales Tax,” shall be omitted;

- (31) in section 181, in sub-section (3), for the full stop at the end a colon shall be substituted and thereafter a proviso shall be added, namely:-

“Provided that the Board may in case of individuals allow, in place of National Tax Number use of Computerized National Identity Card issued by the National Database and Registration Authority,.”;

- (32) after section 181B, the following new section shall be added, namely:-

“181C. **Displaying of National Tax Number.**- Every person deriving income from business chargeable to tax, who has been issued a National Tax Number, shall display his National Tax Number at a conspicuous place at every place of his business.”;

- (33) in section 182, in sub-section (1), in the Table, in column (1),-

(a) against S.No.1,-

(i) in column (2), for the words and figures “Where any person fails to furnish a return of income or a statement as required under section 115 or wealth statement or wealth reconciliation statement or statement under section 165 within the due date” the words and figure “Where any person fails to furnish a return of income as required under section 114 within the due date” shall be substituted;

(ii) in column (3), for the words and figures “Such person shall pay a penalty equal to 0.1% of the tax payable for each day of default subject to a minimum penalty of five thousand rupees and a maximum penalty of 25% of the tax payable in respect of that tax year” the words and figures “Such person

shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than twenty thousand rupees or no tax is payable for that tax year such person shall pay a penalty of twenty thousand rupees” shall be substituted;

(iii) in column (4), for the commas, figures and words “,115,116 and 165” the word and figures “and 118” shall be substituted;

(b) after S.No.1, amended as aforesaid, the following new serial numbers and the entries relating thereto in columns (2), (3) and (4) shall be inserted, namely:-

“1A.	Where any person fails to furnish a statement as required under section 115, 165 or 165A within the due date.	Such person shall pay a penalty of Rs.2500 for each day of default subject to a minimum penalty of fifty thousand rupees:	115, 165 and 165A
------	---	---	-------------------

1AA. Where any person fails to furnish wealth statement or wealth reconciliation statement. Such person shall pay a penalty of Rs.100 for each day of default. 114, 115 and 116”;

(c) against S.No.8,-

- (i) in paragraph (a), in column (3), for the word “five” the word “twenty-five” shall be substituted;
- (ii) in paragraph (b), in column (3), for the word “ten” the word “fifty” shall be substituted; and
- (iii) in paragraph (c), in column (3), for the word “fifty” the words “one hundred” shall be substituted;

(d) against S.No.9, in column (3),-

- (i) for the word “five” the word “twenty-five” shall be substituted;
- (ii) for the word “ten” the word “fifty” shall be substituted; and

(e) after S.No.15, the following new serial number and the entries relating thereto in columns (2), (3) and (4) shall be added, namely:-

“16. Any person who fails to display NTN Certificate at the place of business as required under this Ordinance or the rules made thereunder. Such person shall pay a penalty of five thousand rupees. 181C”;

(34) in section 210, in sub-section (1), for the words and comma, “Officer of Inland Revenue, subordinate to the Commissioner” the words and commas “Additional Commissioner, Deputy Commissioner, Assistant Commissioner or Inland Revenue Officer” shall be substituted;

(35) in section 214C,-

(a) after sub-section (1), the following new sub-section shall be added, namely:-

“(1A) Notwithstanding anything contained in this Ordinance or any other law, for the time being in force, the Board shall keep the parameters confidential”; and

(b) after sub-section (3), the following explanation shall be added, namely:-

“**Explanation.-** For the removal of doubt, it is declared that the powers of the Commissioner under section 177 are independent of the powers of the Board under this section and

nothing contained in this section restricts the powers of the Commissioner to call for the record or documents including books of accounts of a taxpayer for audit and to conduct audit under section 177.”;

(36) after section 227, the following new section shall be inserted, namely:-

“227A.- Reward to Inland Revenue officers and officials. (1) In cases involving concealment or evasion of income tax and other taxes, cash reward shall be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases and to the informer providing credible information leading to such detection, as may be prescribed by the Board, only after realization of part or whole of the taxes involved in such cases.

(2) The Board may, by a notification in the official Gazette, prescribe the procedure in this behalf and specify the apportionment of reward sanctioned under this section for individual performance or to collective welfare of the officers and officials of Inland Revenue.”;

(37) in Chapter XI,-

(a) in Part II, for the heading “DIRECTORATE-GENERAL OF INTERNAL AUDIT” the heading “DIRECTORATES-GENERAL” shall be substituted; and

(b) in Part III, for the heading “DIRECTORATE-GENERAL OF WITHHOLDING TAXES” the heading “DIRECTORATES-GENERAL” shall be substituted;

(38) after section 230A, the following new sections shall be inserted, namely:-

“230B. Directorate-General of Law. — (1) The Directorate-General of Law shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors, Law Officers and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate- General of Law.

230C. Directorate-General of Research and Development.-(1) The Directorate-General of Research and Development shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Research and Development.”;

(39) in section 233AA,-

(a) after the word “Pakistan”, the words and commas “ ,margin financiers, trading financiers and lenders” shall be inserted;

(b) after the word “business”, the words, figure, brackets and commas “or providing of any margin financing, margin trading or securities

lending under Securities (Leveraged Markets and Pledging) Rules, 2011 in share business” shall be inserted; and

(c) for the letters “IIA” the letters “IIB” shall be substituted;

(40) in section 234,-

(a) in sub-section (1), after the word “in” the words and letters “ Division III of” shall be inserted;

(b) in sub-section (2),-

(i) for the comma, occurring first, the words “or lump sum” shall be substituted; and

(ii) after the word “installment”, occurring for the second time, the words “or lump sum” shall be inserted;

(c) for sub-section (5) the following shall be substituted, namely:-

“ (5) Advance tax collected under this section shall be adjustable.”;

(41) after section 236C, the following new section shall be inserted, namely:-

“236D. Advance tax on functions and gatherings.- (1) Every prescribed person shall collect advance tax at the rate specified in Division XI of Part IV of the First Schedule on the total amount of the bill from a person arranging or holding a function in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.

(2) Where the food, service or any other facility is provided by any other person, the prescribed person shall also collect advance tax on

the payment for such food, service or facility at the rate specified in Division XI of Part IV of the First Schedule from the person arranging or holding the function.

(3) The advance tax collected under sub-section (1) and sub-section (2) shall be adjustable.

(4) In this section,-

(a) "function" includes any wedding related event, a seminar, a workshop, a session, an exhibition, a concert, a show, a party or any other gathering held for such purpose; and

(b) "prescribed person" includes the owner, a leaseholder, an operator or a manager of a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.

"236E. Advance tax on foreign-produced films, TV plays and serials.- (1) Any person responsible for censoring or certifying a foreign-produced film, a TV drama serial or a play, for screening and viewing, shall, at the time of censoring or certifying, collect advance tax at the rates specified in Division XII of Part IV of the First Schedule.

(2) The advance tax collected under sub-section (1) shall be adjustable.

236F. Advance tax on cable operators and other electronic media.- (1) Pakistan Electronic Media Regulatory Authority, at the time of issuance of license for distribution services or renewal of the license to a licensee, shall collect advance tax at the rates specified in Division XIII of Part IV of the First Schedule.

(2) The tax collected under sub-section (1) shall be adjustable.

(3) For the purpose of this section, "cable television operator", "DTH", "Distribution Service", "electronic media", "IPTV", "loop holder", "MMDS", "mobile TV", shall have the same meanings as defined in Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (XIII of 2002) and Pakistan Electronic Media Regulatory Authority Rules, 2009.

236G. Advance tax on sales to distributors, dealers and wholesalers.- (1) Every manufacturer or commercial importer of electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to distributors, dealers and wholesalers, shall collect advance tax at the rate specified in Division XIV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.

(2) Credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the distributor, dealer or

wholesaler on the taxable income for the tax year in which the tax was collected.

236H. Advance tax on sales to retailers.- (1) Every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers, shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.

(2) Credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the retailer on the taxable income for the tax year in which the tax was collected.

236I. Collection of advance tax by educational institutions.- (1) There shall be collected advance tax at the rate specified in Division XVI of Part-IV of the First Schedule on the amount of fee paid to an educational institution.

(2) The person preparing fee voucher or challan shall charge advance tax under sub-section (1) in the manner the fee is charged.

(3) Advance tax under this section shall not be collected from a person where annual fee does not exceed two hundred thousand rupees.

(4) The term “fee” includes, tuition fee and all charges received by the educational institution, by whatever name called, excluding the amount which is refundable.

(5) Tax collected under this section shall be adjustable against the tax liability of either of the parents or guardian making payment of the fee.

236J. Advance tax on dealers, commission agents and arhatis etc.- (1) Every market committee shall collect advance tax from dealers, commission agents or arhatis, etc. at the rates specified in Division XVII of Part-IV of the First Schedule at the time of issuance or renewal of licences.

(2) The advance tax collected under sub-section (1) shall be adjustable.

(3) In this section “market committee” includes any committee or body formed under any provincial or local law made for the purposes of establishing, regulating or organizing agricultural, livestock and other commodity markets.”; and

(42) in section 239B, after the word “thereunder”, the words “and in any other law in force at the time of promulgation of this Ordinance” shall be inserted.

(43) in the FIRST SCHEDULE,-

(I) in Part I,-

(A) in Division I,-

- (i) in clause (1), for the TABLE the following shall be substituted, namely:-

“TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs.400,000	0%
2.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.750,000	10% of the amount exceeding Rs.400,000
3.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000	Rs.35,000 + 15% of the amount exceeding Rs.750,000
4.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000	Rs.147,500 + 20% of the amount exceeding Rs.1,500,000
5.	Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs.4,000,000	Rs.347,500 + 25% of the amount exceeding

- Rs.2,500,000
6. Where the taxable income exceeds Rs.4,000,000 but does not exceed Rs.6,000,000 Rs. 722,500 + 30% of the amount exceeding Rs.4,000,000
7. Where the taxable income exceeds Rs.6,000,000 Rs. 1,322,500 + 35% of the amount exceeding Rs.6,000,000”; and

(ii) in clause (1A),-

(a) for the TABLE the following shall be substituted, namely:-

“TABLE

S.No.	Taxable income.	Rate of tax.
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs.400,000	0%
2.	Where the taxable income exceeds	5% of the amount

	Rs.400,000 but does not exceed Rs.500,000	exceeding Rs.400,000
3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.800,000	Rs.5,000 + 7.5% of the amount exceeding Rs.500,000
4.	Where the taxable income exceeds Rs.800,000 but does not exceed Rs.1,300,000	Rs.27,500 + 10% of the amount exceeding Rs.800,000
5.	Where the taxable income exceeds Rs.1,300,000 but does not exceed Rs.1,800,000	Rs.77,500 + 12.5% of the amount exceeding Rs.13,00,000
6.	Where the taxable income exceeds Rs.1,800,000 but does not exceed Rs.2,200,000	Rs.140,000 + 15% of the amount exceeding Rs.1,800,000

- | | | |
|-----|--|--|
| 7. | Where the taxable
income exceeds
Rs.2,200,000 but does
not exceed Rs.2,600,000 | Rs.200,000 +
17.5% of the
amount
exceeding
Rs.2,200,000 |
| 8. | Where the taxable
income exceeds
Rs.2,600,000 but does
not exceed
Rs.3,000,000 | Rs.270,000 +
20% of the
amount
exceeding Rs.
2,600,000 |
| 9. | Where the taxable
income exceeds
Rs.3,000,000 but does
not exceed
Rs.3,500,000 | Rs.350,000 +
22.5% of the
amount
exceeding
Rs. 3,000,000 |
| 10. | Where the taxable
income exceeds
Rs.35,00,000 but does
not exceed Rs.4,000,000 | Rs. 462,500 +
25% of the
amount
exceeding
Rs.3,500,000 |
| 11. | Where the taxable
income exceeds | Rs.587,500 +
27.5% of the |

	Rs.40,00,000 but does	amount
	not exceed Rs.7,000,000	exceeding
		Rs.4,000,000
12.	Where the taxable	Rs.1,412,500
	income exceeds	+ 30% of the
	Rs.7,000,000	amount
		exceeding
		Rs.7,000,000”;

(b) the first proviso shall be omitted;

(B) Division IA shall be omitted;

(C) in Division II, in clause (i), for full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that the rate of tax imposed on the taxable income of a company other than a banking company, shall be 34% for the tax year 2014.”;

(D) in Division VI,-

(i) in paragraph (a), in the table, in the first column,-

(a) against S.No (4), for the entry in the second column the words, letters, figures and full stops “Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.”, shall be substituted; and

(b) after S.No (4), amended as aforesaid, the following new serial numbers and entries relating thereto in the second and third columns shall be added, namely:-

“(5) Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs.3,000,000.	Rs.157, 500 plus 12.5 per cent of the gross amount of rent exceeding Rs.2, 000,000.
(6) Where the gross amount of rent exceeds Rs.3,000,000 but does not exceed Rs.4,000,000.	Rs.282, 500 plus 15 per cent of the gross amount of rent exceeding Rs.3, 000,000.
(7) Where the gross amount of rent exceeds Rs.4,000,000.	Rs.432, 500 plus 17.5 per cent of the gross amount of rent exceeding Rs.4, 000,000.”;

(ii) in paragraph (b), in the table, in the first column,-

- (a) against S.No. (3), for the entry in the second column (2), the words, letters, figures and full stops "Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000." shall be substituted; and
- (b) after S.No (3), amended as aforesaid, the following new serial numbers and the entries relating thereto in the second and third columns shall be added, namely:-

- | | |
|---|--|
| “(4) Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs.3, 000,000. | Rs.165,000 plus 12.5 per cent of the gross amount of rent exceeding Rs.2, 000,000. |
| (5) Where the gross amount of rent exceeds Rs.3,000,000 but does not exceed Rs.4, 000,000. | Rs.290,000 plus 15 per cent of the gross amount of rent exceeding Rs.3,000,000. |

6)	Where the gross amount of rent exceeds Rs.4,000,000.	Rs.440,000 plus 17.5 per cent of the gross amount of rent exceeding Rs.4,000,000.”;
----	--	---

(II) in Part II, for the figure, words and full stop “5% of the value of goods.” the following shall be substituted, namely:-

“-

- (a) 5% of the value of goods in the case of industrial undertakings;
- (b) 5% in all other cases of companies; and
- (c) 5.5% in case of all taxpayers other than those covered at (a) and (b) above.”;

(III) in Part III,-

(a) in Division III,-

(i) in paragraph (1), for sub-paragraph (b) the following shall be substituted, namely:-

“(b) in the case of sale of goods,-

- (i) 3.5% of the gross amount payable in the case of companies; and
- (ii) 4% of the gross amount payable in the case of other taxpayers.”;

(ii) in paragraph (2), for sub-paragraph (ii) the following shall be substituted, namely:-

“(ii) in the case of rendering of or providing of services,-

(a) 6% of the gross amount payable in the case of companies; and

(b) 7% of the gross amount payable in the case of other taxpayers.”;

(iii) in paragraph (3), for the figure, words and full stop “6% of the gross amount payable.” the following shall be substituted, namely,-

“-

(i) “6% of the gross amount payable in the case of companies; and

(ii) 6.5% of the gross amount payable in the case of other taxpayers.”;

(b) in Division V,-

(i) in paragraph (a), in the table, in first column,-

a. against S.No. (4), for the entry in second column the following shall be substituted, namely:-

“Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.”; and

- b. after S.No. (4), amended as aforesaid, the following new serial numbers and entries relating thereto in the second and third columns shall be added, namely:-

“(5)	Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs.3,000,000.	Rs.157, 500 plus 12.5 per cent of the gross amount of rent exceeding Rs.2,000,000.
(6)	Where the gross amount of rent exceeds Rs.3,000,000 but does not exceed Rs.4,000,000.	Rs.282, 500 plus 15 per cent of the gross amount of rent exceeding Rs.3,000,000.
(7)	Where the gross amount of rent exceeds Rs.4,000,000.	Rs.432, 500 plus 17.5 per cent of the gross amount of rent exceeding Rs.4,000,000.”;

- (ii) in para (b),-

- a. against S.No. (3), for the entry in second column the following shall be substituted, namely:-

“Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.”;

- b. after S.No. (3), amended as aforesaid, the following new serial numbers and entries relating thereto in the second and third columns shall be added, namely:-

“(4) Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs.3,000,000. Rs.165, 000 plus 12.5 per cent of the gross amount of rent exceeding Rs.2,000,000.

(5) Where the gross amount of rent exceeds Rs.3,000,000 but does not exceed Rs.4,000,000. Rs.290, 000 plus 15 per cent of the gross amount of rent exceeding Rs.3,000,000.

(6) Where the gross amount of rent Rs.440, 000 plus 17.5 per cent of the

exceeds gross amount of
Rs.4,000,000. rent exceeding
Rs.4,000,000.”; and

c. in Division VI, in paragraph (1), for the figure “10” the figure “15” shall be substituted;

(IV) in Part IV,-

- (a) in Division IIA, in the table, S. No. (iv) and the entries relating thereto in the second and third columns shall be omitted;
- (b) after Division IIA, amended as aforesaid, the following new Division shall be inserted namely:-

“Division IIB

Rates for collection of tax by NCCPL

The rate of deduction under section 233AA shall be 10% of profit or mark-up or interest earned by the member, margin financier or securities lender.”;

- (c) in Division III, after paragraph (3), the following new paragraph shall be added, namely:-

“(4) where the motor vehicle tax is collected in lump sum,-

(a)	Upto 1000cc	Rs. 7,500
(b)	1001cc to 1199cc	Rs. 12,500
(c)	1200cc to 1299cc	Rs. 17,500
(d)	1300cc to 1599cc	Rs. 30,000

- (e) 1600cc to 1999cc Rs. 40,000
- (f) 2000cc and above Rs. 80,000”;
- (d) in Division VI, for the figure “0.2” the figure “0.3” shall be substituted;
- (e) for Division VII the following shall be substituted, namely:-

“DIVISION VII

PURCHASE OF MOTOR CARS AND JEEPS

The rate of payment of tax under section 231B shall be as follows:—

Engine capacity	Amount of tax
upto 850cc	Rs.10,000
851cc to 1000cc	Rs.20,000
1001cc to 1300cc	Rs.30,000
1301cc to 1600cc	Rs.50,000
1601cc to 1800cc	Rs.75,000
1801cc to 2000cc	Rs.100,000
Above 2000cc	Rs.150,000”;

- (f) in Division VIII, for the figure “5” the figure “10” shall be substituted;

- (g) after Division X, the following new Divisions shall be added,
namely:-

“DIVISION XI

Advance tax on functions and gatherings

The rate of tax to be collected under each sub-sections (1) and (2) of section 236D shall be 10%.

DIVISION XII

Advance tax on foreign-produced films and TV plays

Rate of collection of tax under section 236E shall be as follows: -

- | | |
|---|-------------------------|
| (a) Foreign-produced film | Rs. 1,000,000/- |
| (b) Foreign-produced TV drama serial | Rs.100,000/-per episode |
| (c) Foreign-produced TV play (single episode) | Rs. 100,000 |

Division XIII

- (1) The rate of tax to be collected under section 236F in the case of Cable Television Operator shall be as follows:-

License Category as provided in PEMRA Rules 2009	Tax on License Fee	Tax on Renewal
H	Rs.7,500	Rs.10,000
H-1	Rs.10,000	Rs.15,000

H-II	Rs.25,000	Rs.30,000
R	Rs.5,000	Rs.30,000
B	Rs.5,000	Rs.40,000
B-1	Rs.30,000	Rs.50,000
B-2	Rs.40,000	Rs.60,000
B-3	Rs.50,000	Rs.75,000
B-4	Rs.75,000	Rs.100,000
B-5	Rs.87,500	Rs.150,000
B-6	Rs.175,000	Rs.200,000
B-7	Rs.262,500	Rs.300,000
B-8	Rs.437,500	Rs.500,000
B-9	Rs.700,000	Rs.800,000
B-10	Rs.875,500	Rs.900,000

- (2) The rate of tax to be collected under section 236F in the case of other Distribution Services shall be as follows:-

Type of Channel as provided in PEMRA Rules 2009	Tax on Issuance of license	Tax on Renewal
IPTV	Rs.100,000	Rs.1,000,000
FM Radio	Rs.100,000	Rs.100,000
MMDS	Rs.200,000	Rs.100,000
Mobile TV	Rs.100,000	Rs.50,000
Satellite TV station		

News or Current	Rs.1,000,000	Rs.2,000,000
Sports	Rs.1,000,000	Rs.1,000,000
Regional Language	Rs.700,000	Rs.700,000
Health or Agro	Rs.300,000	Rs.300,000
Education	Rs.300,000	Rs.300,000
Entertainment	Rs.1,000,000	Rs.1,000,000
Specialized subject station	Rs.500,000	Rs.200,000

Landing Rights per channel

News/Current Affairs	Rs.1,000,000	Rs.5,000,000
Sports	Rs.500,000	Rs.2,500,000
Educational	Rs.200,000	Rs.1,000,000
Entertainment	Rs.200,000	Rs.2,000,000
Children	Rs.350,000	Rs.1,500,000;

Division XIV

Advance tax on sale to distributors, dealers or wholesalers

The rate of collection of tax under section 236G shall be 0.1% of the gross amount of sales.

Division XV

Advance tax on sale to retailers

The rate of collection of tax under section 236H shall be 0.5% of the gross amount of sales.

Division XVI

Collection of advance tax by educational institutions

The rate of collection of tax under section 236I shall be 5% of the amount of fee.

Division XVII

Advance tax on dealers, commission agents and *arhatis, etc.*

The rate of collection of tax under section 236J shall be as follows:-

Group	Amount of tax <i>(per annum)</i>
Group or Class A:	Rs. 10,000
Group or Class B:	Rs. 7,500
Group or Class C:	Rs. 5,000
Any other category:	Rs. 5,000.”;

(44) in the SECOND SCHEDULE,-

(a) in Part I,-

- (i) in clause (53A), sub-clause (i) shall be omitted;
- (ii) sub-clause (xxviii) shall be re-numbered as (xxviiiia);
- (iii) sub-clause (xxix) shall be re-numbered as (xxixia);

- (iv) clauses (92), (98A) and (103B) shall be omitted; and
- (v) for clause (126E), the following shall be substituted, namely:-
“(126E) income derived by a zone enterprise as defined in Special Economic Zones Act ,2012 (XX of 2012) for a period of ten years starting from the date the developer certifies that the zone enterprise has commenced commercial operation and for a period of ten years to a developer of zone starting from the date of signing of the development agreement in the special economic zone as announced by the Federal Government.”;

- (b) in Part II, after clause (27), the following new clause shall be inserted, namely,-
“(28) The rate of tax under section 148 on import of hybrid cars shall be reduced as below:-

Engine capacity	Rate of reduction
Up to 1200 cc	100%
1201 to 1800 cc	50%
1801 to 2500 cc	25 %”;

- (c) in Part III,-
- (i) clauses (1) and (2) shall be omitted;
- (ii) in clause (7), for the word “company” the word “taxpayer” shall be substituted;

(d) in Part IV,-

(i) after clause (56) the following new clause (56A) shall be added, namely:-

“(56A) The provisions of sub-section (7) of section 148 and clause (a) of sub-section (1) of section 169 shall not apply to a person who is liable to withholding tax under section 236E.”;

(ii) in clause (59), in sub-clause (iv), paragraph (a) shall be omitted;

(iii) after clause (72) the following new clauses shall be added, namely:-

“(72A) The provisions of clause (l) of section 21, sections 113 and 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations provided that the tax has been paid at the rate of Rs.3,500 per Hajji for the tax year 2013 and Rs.5,000 per Hajji for the tax year 2014 in respect of income from Hajj operations.

(72B) the provisions of section 148 shall not apply to an industrial undertaking if the tax liability for the current tax year, on the basis of determined tax liability for any of the preceding two tax years, whichever is the higher, has been paid and a

certificate to this effect is issued by the concerned Commissioner.”

(45) in the THIRD SCHEDULE, in PART II, in clause (1), for the figure “50” the figure “25” shall be substituted; and

(46) in the SEVENTH SCHEDULE , in rule 6, in the second proviso, for the words and figures “and at the rate of 35% for tax year 2014” shall be omitted.

5. **Amendments of the Federal Excise Act, 2005.** — In the Federal Excise Act, 2005, the following further amendments shall be made, namely:-

(1) in section 3, after sub-section (3), the following new sub-section shall be inserted, namely:

“(3A) Subject to the provision of sub-section (3) of section 6 or any notification issued thereunder, where excisable goods and services are supplied to a person who has not obtained registration number, the Federal Government may, by notification in the official Gazette, charge, levy and collect, on the excisable goods and services specified in that notification, a further duty at the rate of two per cent of the value in addition to the rate specified in sub-sections (1), (3), (4) and (5) of this section.”;

(2) in section 17, in sub-section (1), after clause (d) the following new clause shall be inserted, namely:-

“(da) record relating to gate passes, inward or outward, and transport receipts;”;

- (3) in section 33, after sub-section (1), the following new sub-section shall be inserted, namely:—

“(1A) Where in a particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Act, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner or officer of Inland Revenue against whose order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.”;

- (4) in section 35, after sub-section (3), the following explanation shall be added, namely:—

“**Explanation.**— For the purpose of sections 35, 45 and 46 and for removal of doubt, it is declared that the powers of the Board, Commissioner or officer of Inland Revenue under these sections are independent of the powers of the Board under section 42B and nothing contained in section 42B restricts the powers of the Board, Commissioner or officer of Inland Revenue under these sections or to conduct audit under these sections.”;

- (5) after section 42B the following new section shall be inserted, namely:—

“**42C. Reward to Inland Revenue officers and officials.**— (1) In cases involving concealment or evasion of excise duty and other taxes, cash reward shall be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases and to the informer providing credible information leading to such

detection, as may be prescribed by the Board, only after realization of part or whole of the taxes involved in such cases.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and specify the apportionment of reward sanctioned under this section for individual performance or to collective welfare of the officers and officials of Inland Revenue.”;

(6) In section 45, in sub-section (2), after the word “Board”, the words “or Chief Commissioner” shall be inserted;

(7) after section 45, the following new section shall be inserted, namely:—

“45A. Monitoring or tracking by electronic or other means.—

(1) Subject to such conditions, restrictions and procedures as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any goods or class of goods in respect of which monitoring or tracking of production, sales, clearances, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.

(2) From such date, as may be prescribed by the Board, no excisable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, banderole, stickers, labels, etc. in any such form, style and manner as may be prescribed by the Board in this behalf.”;

(8) in the First Schedule,—

- (a) in Table I, in column (1),—
- (i) against serial numbers 4, 5 and 6, in column (4), for the word “six”, the word “nine” shall be substituted;
- (ii) for serial numbers 9 and 10 and the entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“9.	Locally produced	24.02	Rupees two
	cigarettes if their on-		thousand three
	pack printed retail		hundred and
	price exceeds rupees		twenty five per
	two thousand two		thousand
	hundred and eighty six		cigarettes
	per thousand		
	cigarettes		
10.	Locally produced	24.02	Rupees eight
	cigarettes if their on-		hundred and
	pack printed retail		eighty per
	price does not exceed		thousand
	rupees two thousand		cigarettes”;
	two hundred and		
	eighty six per		
	thousand cigarettes		

- (iii) serial number 11 and the entries relating thereto in columns (2), (3) and (4) shall be omitted; and
- (iv) after serial number 53 and the entries relating thereto in columns (2), (3) and (4), the following new serial numbers and the entries relating thereto shall be added, namely:—

“54.	Oilseeds	Respective	Forty
		headings	paisa per
			kg
55.	Motor cars, SUVs and other motor vehicles of cylinder capacity of 1800 cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800 cc or above.	87.03	Ten per cent ad.val.”; and

- (b) in Table II, in column (1),—
- (i) serial number 7 and the entries relating thereto in columns (2), (3) and (4) shall be omitted; and

(ii) for serial number 8 and the entries relating thereto in columns (2), (3) and (4) the following shall be substituted, namely:—

“8. Services provided or rendered 98.13 Sixteen
by banking companies, per cent
insurance companies, of the
cooperative financing societies, charges.”;
modarabas, musharikas, leasing
companies, foreign exchange
dealers, non-banking financial
institutions, Assets Management
Companies and other persons
dealing in any such services.

(9) in the Third Schedule,—

(a) in Table I, in column (1), serial numbers 5, 7 and 8 and the entries relating thereto in columns (2) and (3) shall be omitted; and

(b) in Table-II, in column (1), serial number 8 and the entries relating thereto in columns (2) and (3) shall be omitted.

6. **Income Support Levy Act 2013.**— There is hereby imposed an Income Support Levy for the purposes herein after appearing;

AN

ACT

to provide for charge and collection of Income Support Levy

WHEREAS it is desirable to provide financial assistance and other social protection and safety net measures to economically distressed persons and families;

AND WHEREAS under the principles of policy as given in the Constitution of the Islamic Republic of Pakistan, the State is obliged to promote social and economic well-being of the people and to provide basic necessities of life;

AND WHEREAS it is expedient to provide for financial resources for running an income support fund for the economically distressed persons and their families through a Levy to be called Income Support Levy;

It is hereby enacted as follows:-

1. **Short title, extent and commencement.**- (1) This Act may be called the Income Support Levy Act, 2013.
 - (2) It extends to the whole of Pakistan.
 - (3) It shall come into force at once.
2. **Definitions.**- (1) In this Act, unless the context otherwise requires –
 - (a) “Levy” means the Income Support Levy leviable or payable under this Act;
 - (b) “net moveable wealth” means the amount by which the aggregate value of the moveable assets belonging to a person as declared in the wealth statement for the relevant tax year, is in excess of the aggregate value of all the liabilities owed by that person on the closing date of the tax year.

Explanation.- For the purpose of this clause,-

- (i) where liability claimed relates wholly and exclusively to an immovable asset, it shall not be claimed and allowed while computing the net moveable wealth. However, where the liability claimed relates wholly and exclusively to a moveable asset, it shall be claimed and allowed as a straight deduction while computing net moveable wealth; and
- (ii) where the gross wealth of a person, declared in the wealth statement includes both moveable and immovable assets and the nature of assets to which the liability relates is not determinable, the liability to be allowed while determining the net moveable wealth shall be calculated by the following formula:-

$$(A / B) \times C$$

Where –

- A** is the gross value of moveable assets;
- B** is the gross value of both moveable and immovable assts; and
- C** is the gross value of debts owed;
- (c) “Officer of Inland Revenue” means the Officer of Inland Revenue as defined under clause (38A) of section 2 of the Ordinance;
- (d) “Ordinance” means the Income Tax Ordinance, 2001 (XLIX of 2001);
- (e) “person” means an individual;

- (f) “prescribed” means prescribed by the rules made under this Act;
 - (g) “tax year” means the tax year as defined in clause (68) of section 2 of the Ordinance; and
 - (h) “wealth statement” means a wealth statement required to be filed under section 116 of the Income Tax Ordinance, 2001.
- (2) All other words and impressions used, but not defined herein, shall have the same meaning as is assigned to them under the Ordinance.
3. **Charge of Levy.-** Subject to the provisions contained in this Act, there shall be charged for every tax year commencing on and from tax year 2013 a Levy, in respect of value of net moveable assets held by a person on the last date of the tax year at the rate specified in section 9 and in the manner specified hereunder.
4. **Time and manner of payment of Levy.-** A person who is liable to pay the Levy under this Act shall pay the Levy along with wealth statement.
5. **Assessment of Levy.-** The Officer of Inland Revenue shall, by an order in writing, determine the Levy payable, and shall serve upon the person a notice of demand specifying the sum payable and the time within which it shall be paid and thereupon such sum shall be paid to such account and in such manner as may be prescribed, within the time specified in the notice.
6. **Default surcharge.-** Without prejudice to any liability under any other law for the time being in force, where a person fails to pay Levy as

provided under section 4 or the levy so paid is less than the amount payable, he shall be liable to pay default surcharge at the rate of sixteen per cent per annum on the amount not paid or the amount by which the Levy paid falls short of the amount payable, calculated from the date it was payable to the date it is paid or the date of an order under section 5, whichever is earlier.

7. **Recovery of Levy.**-The provisions of the Ordinance shall, so far as may be practicable, apply to the collection of Levy under this Act as they apply to the collection of tax under the Ordinance.
8. **Appeals, revisions and rectifications.**- The provisions of the Ordinance shall, so far as may be practicable, apply to an appeal against, or revision or rectification of, an order under this Act as they apply to an appeal, revision or rectification under the Ordinance.
9. **Rate of Levy.**- The rate of levy payable under this Act shall be 0.5% of the net moveable wealth exceeding one million rupees.
10. **Power to make rules.**- The Federal Board of Revenue may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

DECLARATION UNDER THE PROVISIONAL COLLECTION OF TAXES**ACT, 1931 (XVI OF 1931)**

The provisions of sub-clause (10) of clause 2, sub-clause (2), sub-clause (3), sub-clause (7), sub-clause (13) and sub-clause (14) of clause 3 and sub-clause (6), sub-clause (8)(a)(ii), sub-clause (8)(a)(iii), sub-clause (8)(a)(iv), sub-clause (8)(b) and sub-clause (9) of clause 5 of this Bill shall have effect, for the purpose of this declaration and for the purposes of the provisions of the Provisional Collection of Taxes Act, 1931 (XVI of 1931), as if they were provisions for imposition of sales tax or duties of federal excise or duties of customs. It is hereby declared accordingly in terms of section 3 of the said Act that it is expedient in the public interest that the aforesaid provisions shall have effect on the 13th June, 2013.

STATEMENT OF OBJECTS AND REASONS

The purpose of this Bill is to make financial provisions for the year beginning on the first day of July, 2013. Various provisions have been explained in the Notes on Clauses.

(MUHAMMAD ISHAQ DAR)
Minister for Finance and Revenue