

NOTES ON CLAUSES

FINANCE BILL, 2013

CUSTOMS ACT, 1969 (IV OF 1969)

- Clause 2(1) Seeks to amend section 2(la) by inserting section 121 of the Customs Act, 1969 in the said definition. The transshipment rules issued for WeBOC provide for filing of TP-GD. Amendment is required to provide legal cover to the same.
- Clause 2(2) Seeks to add a new section, namely; 3DDD to establish the Directorate General of Input Output Co-efficient Organization (IOCO) to provide legal cover for the establishment of the said organization.
- Clause 2(3) Seeks to substitute section 14A of the Customs Act, 1969 so as to bind the custodian of goods and terminals handlers to provide adequate security, residential accommodation to Customs authorities and to entertain the delay and detention certificates issued by Customs.
- Clause 2(4) Seeks to insert the words and figure “or sub-section (3A), in sub-section (4) of section 32 which was erroneously omitted. This amendment seeks to rectify the same.

- Clause 2(5) Seeks to omit the words “post-dated cheque” from section 81 provisional assessments as Collectorates face enforcement issues in the encashment of PDCs which compromise the government’s legitimate revenue.
- Clause 2(6) Seeks to omit figure and letter “80-A” appearing in sub-section 2 of Section 83 as it is meaningless since section 80A has been omitted.
- Clause 2(7) Seeks to amend section 179(1) by insertion of a proviso to fix the jurisdiction and powers of officers for the purposes of adjudication of customs in terms of FOB value in case of goods meant for export.
- Clause 2(8) Seeks to amend section 196 to authorize Director of Customs Valuation to file special Customs reference application before the honorable High Court.
- Clause 2(9) Seeks to amend section 202B to correct the nomenclature that is Customs Service of Pakistan instead of Pakistan Customs Service in the line with nomenclature for Police Service of Pakistan and Foreign Service of Pakistan.
- Clause 2(10) Seeks to amend the First Schedule to the Customs Act, 1969 (IV of 1969).

SALES TAX ACT, 1990

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| Clause 3(1)(i) | Seeks to define CREST by inserting clause (5A) in section 2. |
| Clause 3(1)(ii) | Seeks to amend definition of Provincial Sales Tax in clause (22A) of section 2. |
| Clause 3(1)(iii) | Seeks to define supply chain by inserting clause (33A) in section 2. |
| Clause 3(1)(iv)(a) | Seeks to amend definition of time of supply by amending sub-clause (a) of clause (44) of section 2. |
| Clause 3(1)(iv)(b) | Seeks to amend definition of time of supply by adding a proviso in sub-clause (c) of clause (44) of section 2. |
| Clause 3(2)(a) | Seeks to amend section 3 to enhance standard rate of sales tax from 16% to 17%. |
| Clause 3(2)(b) | Seeks to insert provision for chargeability of further tax, taxation on capacity basis and fixed basis by inserting two new sub-section (1A) and (1B) in section 3. |
| Clause 3(2)(c) | Seeks to amend sub-section (5) of section 3 to allow chargeability of tax at extra rate not exceeding 16%. |

- Clause 3(3) Seeks to insert a new clause in sub-section (1) of section 8 to disallow adjustments on the basis of discrepancies indicated by CREST or where input tax is not verifiable in the supply chain.
- Clause 3(4)(a) Seeks to amend sub-section (3) of section 21 to omit reference of section 73.
- Clause 3(4)(b) Seeks to insert a new sub-section (21) to block input tax adjustment/refund in fraudulent cases.
- Clause (3(5)(a) Seeks to amend clause (e) of sub-section (1) to allow for insertion of new clause of section 22.
- Clause 3(5)(b) Seeks to insert new clause (ea) in sub-section (1) of section 23 to prescribe inward and outward gate passes and transport receipts as legal document.
- Clause 3(6) Seeks to insert explanation in section 25, 38, 38A, 38B and 45A and for removal of doubt regarding powers of Board, Commissioner and officer of Inland Revenue under these sections as compared to section 72B.
- Clause 3(7) Seeks to amend section 40B to equate powers of Board and Chief Commissioner regarding posting of officers or officials of Inland Revenue to business premises for monitoring.

- Clause 3(8) Seeks to insert section 40C to allow legal powers for monitoring or tracking by electronic or other means.
- Clause 3(9) Seeks to insert new sub-section (1A) in section 45B to allow Commissioner (Appeals) to grant stay of maximum 30 days in hardship basis.
- Clause 3(10) Seeks to amend section 57 to harmonize concept of rectification of mistake on lines of Income Tax Ordinance, 2001.
- Clause 3(11) Seeks to add section 72C to allow provision of reward to officers and officials of Inland Revenue in case of detection of concealment and evasion of sales tax.
- Clause 3(12) Seeks to amend explanation section 73 to prescribe change in bank account through sales tax registration form or through change in particulars in registration database.
- Clause 3(13) Seeks to add items in Third Schedule of the Act to charge sales tax on retail price basis on these items.
- Clause 3(14)(a) Seeks to omit S. No. 25 of Table-I of the Sixth Schedule of the Act to withdraw exemption of sales tax on milk preparations obtained by replacing one or more constituents of milk by another substance.

Clause 3(14)(b) Seeks to omit S. No. 12 of Table-II of the Sixth Schedule to withdraw exemption of sales tax on supplies against international tender.

AMENDMENT OF INCOME TAX ORDINANCE, XLIX OF 2001

- Clause 4(1) Seeks to amend section 8 to make tax on dividend received by banking companies final tax.
- Clause 4(2) Seeks to amend section 56 to restrict adjustment of losses against salary.
- Clause 4(3) Seeks to amend section 59AA for technical correction.
- Clause 4(4) Seeks to amend section 59B for technical correction.
- Clause 4(5) Seeks to amend definition of company in section 80.
- Clause 4(6) Seeks to amend section 111 to restrict credit of agricultural income to cases where provincial agricultural income tax has been paid.
- Clause 4(7) Seeks to increase rate of turnover tax in section 113.
- Clause 4(8) Seeks to substitute section 113A to introduce minimum tax on builders.
- Clause 4(9) Seeks to substitute section 113B to introduce minimum tax on developers.
- Clause 4(10)(A)(i) Seeks to amend section 114 regarding filing of returns by certain commercial and industrial electricity consumers.

Clause 4(10) (A)(ii)	Seeks to mandate return filing for members of professional bodies.
Clause 4(10)(B)	Seeks to make technical correction.
Clause 4(10)(C)	Seeks to amend section 114 to change time allowed to file return.
Clause 4(10)(D)	Seeks to amend procedure for filing revised return.
Clause 4(11)	Seeks to make technical correction in section 115.
Clause 4(12)(a)	Seeks to make technical correction in section 116.
Clause 4(12)(b)	Seeks to amend section 116 to make filing of wealth statement mandatory for all return filers.
Clause 4(12)(c)	Seeks to make it mandatory to file revised reconciliation of wealth with revised wealth statement.
Clause 4(12)(d)	Seeks to make technical correction in section 116.
Clause 4(13)	Seeks to amend section 118 to make return filing mandatory for salaried taxpayers.
Clause 4(14)	Seeks to amend section 119 to make technical changes regarding return filing.

- Clause 4(15) Seeks to delete section 120A which empowers FBR to make investment tax schemes.
- Clause 4(16) Seeks to make procedural amendment to section 122C regarding provisional assessment.
- Clause 4(17) Seeks to amend section 130 to change eligibility criteria for appointment as member of Appellate Tribunal.
- Clause 4(18) Seeks to make procedural change in deduction of tax from salary in section 149.
- Clause 4(19) Seeks to amend section 152 to prescribe withholding agents.
- Clause 4(20) Seeks to amend section 153 to make Sales Tax registered person withholding agents for income tax.
- Clause 4(21) Seeks to omit section 153A.
- Clause 4(22) Seeks to amend section 155 to prescribe withholding agents to withhold tax from rent.
- Clause 4(23) Seeks to amend section 164 to require salaried taxpayers to file return.

- Clause 4(24) Seeks to amend section 165 to explain the scope of submission of withholding statement by banks.
- Clause 4(25) Seeks to add section 165A requiring banks to furnish information.
- Clause 4(26) Seeks to amend section 169 to make tax deducted from dividend as final tax for companies.
- Clause 4(27) Seeks to amend section 171 to clarify when the refund becomes due for the purpose of compensation.
- Clause 4(28) Seeks to amend section 172 clarify who shall be representative of a non-resident.
- Clause 4(29) Seeks to amend section 177 to explain the procedure for audit.
- Clause 4(30) Seeks to make a technical correction in section 178.
- Clause 4(31) Seeks to amend section 181 regarding use of CNIC as NTN.
- Clause 4(32) Seeks to add section 181C to display of NTN at business premises mandatory.
- Clause 4(33) Seeks to amend section 182 penalties for non-compliance.

- Clause 4(34) Seeks to amend section 210 to restrict the delegation of power.
- Clause 4(35) Seeks to amend section 214C regarding selection for audit.
- Clause 4(36) Seeks to add section 277A regarding reward for informers and employees of FBR.
- Clause 4(37) Seeks to make technical correction to heading of Part II & Part III.
- Clause 4(38) Seeks to add sections 230B & 230C to create new Directorates-General.
- Clause 4(39) Seeks to amend section 233AA to extend scope of withholding tax on margin financing etc.
- Clause 4(40) Seeks to amend 234 to introduce new rates for persons making lump sum payments of motor vehicle tax and to treat the tax withheld from goods transport vehicle as adjustable.
- Clause 4(41) Seeks to add new sections.
- 236D for introducing withholding tax on functions and gathering.
 - 236E for introducing withholding tax on foreign produced films and plays etc.

- 236F for introducing withholding tax on cable operators and other electronic media distributors.
- 236G for introducing withholding tax on sale to distributors, dealers and wholesalers.
- 236H for introducing withholding tax on sales to retailers.
- 236I for introducing withholding tax on fee paid to educational institutions.
- 236J for introducing withholding tax on dealers/commission agents in market committees.

Clause 4(42) Seeks to amend section 239B to make a technical correction.

Clause 4(43)(I)(A)(i) Seeks to amend rates of tax for business individuals and AOPs.

Clause 4(43)(I)(A)(ii) Seeks to amend rates of tax for salaried taxpayers.

Clause 4(43)(I)(B) Makes a technical correction.

Clause 4(43)(I)(C) Seeks to reduce rate of tax for non-banking companies.

Clause 4(43)(I)(D)(i)&(ii) Seeks to amend slabs of tax on property income for corporate and other taxpayers.

- Clause 4(43)(II) Seeks to provide revised withholding tax rates on commercial import of goods by non-corporate taxpayers.
- Clause 4(43)(III)(a)(i) Seeks to provide revised withholding tax rates on supply of goods by non-corporate taxpayers.
- Clause 4(43)(III)(a)(ii) Seeks to provide revised withholding tax rates on services rendered by non-corporate taxpayers.
- Clause 4(43)(III)(a)(iii) Seeks to provide revised withholding tax rates on contracts by non-corporate taxpayers.
- Clause 4(43)(III)(b) Seeks to revise rates of withholding tax and final tax on rental income of companies and other taxpayers.
- Clause 4(43)(III)(c) Seeks to revise rates of withholding tax on prize bonds.
- Clause 4(43)(IV)(a)&(b) Seeks to provide rate of withholding tax on profit or mark up earned by margin financiers etc.
- Clause 4(43)(IV)(c) Seeks to provide rate of withholding tax on motor vehicles on lump sum basis.
- Clause 4(43)(IV)(d) Seeks to revise rate of withholding tax on cash withdrawals.
- Clause 4(43)(IV)(e) Seeks to revise rate of withholding tax on registration of new motor cars and jeeps.

- Clause 4(43)(IV)(f) Seeks to revise rate of withholding tax on sale by auction.
- Clause 4(43)(IV)(g) Seeks to provide rates of withholding tax on functions and gathering; foreign produced films and plays etc; cable operators and other electronic media distributors; sale to distributors, dealers and wholesalers; sales to retailers; fee paid to educational institutions; and dealers/commission agents in market committees.
- Clause 4(44)(a)(i) to (iv) Seeks to omit certain clauses from Second Schedule to withdraw certain exemptions.
- Clause 4(44)(a)(v) Seeks to introduce a new clause in Second Schedule to grant tax holiday for developers and business enterprises in Special Economic Zones.
- Clause 4(44)(b) Seeks to introduce a new clause for reduced rate of tax on import of hybrid cars.
- Clause 4(44)(c)(i) Seeks to withdraw reduced rate on certain allowances.
- Clause 4(44)(c)(ii) Seeks to provides reduced rate of tax of turnover tax on distributors and manufacturers.
- Clause 4(44)(d)(i) Seeks to make withholding tax on imports adjustable for certain taxpayers.

- Clause 4(44)(d)(ii) Seeks to revise deduction of tax on national saving schemes.
- Clause 4(44)(d)(iii) Seeks to exempt Hajj group operators from certain withholding provisions subject to payment of tax at specified rate and seeks to provide exemption from tax on import of raw material by industrial undertakings.
- Clause 4(45) Seeks to reduce rate of initial depreciation.
- Clause 4(46) Seeks to reduce rate of tax on dividends from money market for banking companies for Tax Year 2014 onwards.

FEDERAL EXCISE ACT, 2005

- Clause 5(1) Seeks to add new sub-section (3A) in section 3 to allow chargeability of further duty on excisable goods and services.
- Clause 5(2) Seeks to add clause (da) in sub-section (1) of section 17 to prescribe inward and outward gate passes and transport receipts as legal document.
- Clause 5(3) Seeks to insert new sub-section (1A) in section 33 to allow Commissioner (Appeals) to grant stay of recovery to maximum of 30 days in hardship basis.
- Clause 5(4) Seeks to insert explanation in section 35, 45 and 46 and for removal of doubt regarding powers of Board, Commissioner and officer of Inland Revenue under these sections as compared to section 42B.
- Clause 5(5) Seeks to amend section 42C to allow for provision of reward to officers and officials of Inland Revenue on detection of cases of concealment and evasion of duty.
- Clause 5(6) Seeks to amend section 45 to equate powers of Board and Chief Commissioner regarding posting of officers or officials of Inland Revenue to business premises for monitoring.

- Clause 5(7) Seeks to insert section 45A to allow legal powers for monitoring or tracking by electronic or other means.
- Clause 5(8)(a)(i) Seeks to amend S. No. 4, 5 and 6 of Table-I of the First Schedule to increase rate of FED from 6% to 9% on aerated beverages.
- Clause 5(8)(a)(ii) Seeks to substitute S. No. 9 and 10 of Table-I of the First Schedule to replace three tier structure with two tier specific structure for chargeability of FED on cigarettes.
- Clause 5(8)(a)(iii) Seeks to omit S. No. 11 of Table-I of the First Schedule as a corrective measure to allow two tier specific structure for chargeability of FED on cigarettes.
- Clause 5(8)(a)(iv) Seeks to insert two new S. Nos. 54 and 55 in Table-I of the First Schedule to charge FED on oilseeds and motor vehicles
- Clause 5(8)(b)(i) Seeks to omit S. No. 7 of Table-II of the First Schedule as all financial services have been clubbed for chargeability of FED.
- Clause 5(8)(b)(ii) Seeks to amend S. No. 8 of Table-II of the First Schedule to charge FED on all types of financial services as specified in PCT heading 98.13.

Clause 5(9)(a) Seeks to omit S. No. 5, 7 and 8 from Table-I of Third Schedule to withdraw exemption of FED on hydraulic cement, lubricating oil and transformer oil.

Clause 5(9)(b) Seeks to omit S. No. 8 from Table-II of Third Schedule to withdraw exemption of FED on services rendered or provided by Asset Management Companies.

INCOME SUPPORT LEVY

Clause 6 Seeks to enact a law to impose levy on net moveable wealth.