

A
BILL

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2012, and to amend 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, 2012, 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, 2012.

(2) It extends to the whole of Pakistan.

(3) It shall, unless otherwise provided, come into force on the first day of July, 2012.

2. **Amendment of Ordinance XXV of 1961.**— In the Petroleum Products (Petroleum Levy) Ordinance, 1961 (XXV of 1961), for the Fifth Schedule, the following shall be substituted, namely:-

“THE FIFTH SCHEDULE

[See Section 3(1) and 7]

S. No.	Petroleum Products	Unit	Maximum Petroleum Levy Rate (Rupees per unit)
(1)	(2)	(3)	(4)
1.	High Speed Diesel Oil (HSDO)	Litre	8

2.	Motor Gasoline 87 ROM	Litre	10
3.	SKO	Litre	6
4.	Light Diesel Oil (LDO)	Litre	3
5.	HOBC	Litre	14
6.	E – 10 Gasoline	Litre	9
7.	Liquefied Petroleum Gas (produced/ extracted in Pakistan)	Metric Ton	11,486”

3. **Amendment of Ordinance I of 1967.**— In the Natural Gas (Development Surcharge) Ordinance, 1967 (I of 1967), (1) in section 3, —

(a) in sub section (1), after the word “shall” the words “collect and” shall be inserted; and

(b) in sub section (3), in the proviso,—

(i) for the words “one-time” the word “two-time” shall be substituted; and

(ii) for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided further that exemption given to any company under the foregoing proviso shall always be supported by reasons justifying such exemption issued with the approval of the Secretary and Minister for Petroleum and Natural Resources Division.”.

4. **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 (s), after the word “force” the comma and words “, or *en route* pilferage of transit goods” shall be inserted;
- (2) after section 3A, the following new section shall be inserted, namely:-
“3AA. Directorate General of Transit Trade.- The Directorate General of Transit Trade 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) after section 3B, the following new sections shall be inserted, namely:-
“3BB. Directorate General of Reform and Automation.- The Directorate General of Reform and Automation 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.
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3BBB. Directorate General of Risk Management.- The Directorate General of Risk Management shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.”;
- (4) after section 3C, the following new section shall be inserted, namely:-
“3CC. Directorate General of Intellectual Property Rights Enforcement.- The Directorate General of Intellectual Property Rights Enforcement 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.”;

(5) after section 18D, the following new section shall be inserted, namely:-

“18E. Pakistan Customs Tariff.- The Board may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, make such changes in the Pakistan Customs Tariff, specified in the First Schedule to this Act, required only for the purposes of statistical suffix of the Pakistan Customs Tariff (PCT) Code.”;

(6) in section 81, in sub-section (1), in second proviso, after the word “guarantee”, the words “or pay order” shall be inserted;

(7) in section 156, in sub-section (1) in the TABLE,-

(a) against serial No.8(i), in column (2),-

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- (i) the commas and words “, and, if the Special Judge in his discretion so orders, also to whipping” shall be omitted; and
- (ii) in the proviso, the words “and the person convicted shall also be awarded sentence of whipping” shall be omitted;

(b) against serial No.45, for column (3), the following shall be substituted, namely:-

“79 and 131”;

(c) against serial No. 64, for column (2), the following shall be substituted, namely:-

“such person including the custodian and inland carrier shall be liable to a penalty up to twice the value of the goods and upon

conviction by a Special Judge be further liable to imprisonment for a term not exceeding five years, and the goods in respect of which such offence has been committed shall also be liable to confiscation.”;

- (d) against serial No.89 (i), in column (2), the words “and if the Special Judge in his decision so orders also to whipping” shall be omitted;
 - (e) against serial No.92, in column (2), the commas and words “and, if the Special Judge in his discretion so orders, to whipping” shall be omitted; and
 - (f) against serial No.101, in column (1) after the word “of” the words “or attempt to make unauthorized access to or improper use of” shall be inserted;
 - (g) against serial No.102, in column (1), after the word “interferes”, the words “or attempts to interfere” shall be inserted; and
 - (h) against serial No.103, in column (1), after the word “of”, the words “or attempt to make unauthorized use of”, shall be inserted;
- (8) in section 179,
- (a) for sub-section (1), the following shall be substituted, namely:-
 - “(1) Subject to sub-section (2), in cases involving confiscation of goods or recovery of duty and other taxes not levied, short levied or erroneously refunded, imposition of penalty or any other contravention under this Act or the rules made thereunder, the jurisdiction and powers of the Officers of Customs in terms of

amount of duties and other taxes involved, excluding the conveyance, shall be as follows:-

- (i) Collector without limit
- (ii) Additional Collector not exceeding three million rupees
- (iii) Deputy Collector not exceeding one million rupees.
- (iv) Assistant Collector not exceeding five hundred thousand rupees.
- (v) Superintendent not exceeding fifty thousand rupees.
- (vi) Principal Appraiser not exceeding fifty thousand rupees.”; and

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

- (i) for the word “Collector” the word “Officer” shall be substituted; and
- (ii) after the word “transfer”, the commas and words “, by an order,” shall be inserted;

(9) in section 193, for sub-section (1), the following shall be substituted, namely:-

“(1) Any person including an officer of customs aggrieved by any decision or order passed under sections 33, 79, 80 and 179 of this Act by an officer

of Customs below the rank of an Additional Collector may prefer appeal to the Collector (Appeals) within thirty days of the date of communication to him of such decision or order:

Provided that an appeal preferred after the expiry of thirty days may be admitted by the Collector (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within that period.”;

(10) in section 194-A, in sub-section (1), before clause (ab), the following clause (a) shall be inserted; namely:-

“(a) a decision or order passed by an Officer of Customs not below the rank of Additional Collector under section 179;”;

(11) in section 201, after sub-section (1), the following new sub-section shall be inserted, namely:-

“(1A) The goods may be sold under sub-section (1) through electronic means, as prescribed by the Board under the rules.”;

(12) after section 202A, the following new section shall be inserted, namely:-

“202B.- Reward to Customs Officers and Officials. (1) In cases involving evasion of customs duty and other taxes, and confiscation of goods, cash reward shall be sanctioned to the officers of Pakistan Customs Service and officials for their meritorious conduct in such cases, and to the informer providing credible information leading to such confiscation or detection, as prescribed by rules by the Board, only after realization of part or whole of the duty and 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 personnel of Pakistan Customs Service.”;

(13) in section 211, for sub-section (1), the following shall be substituted, namely:-

“(1) All importers, exporters and claimants of duty drawback, refunds or any notified concessions, terminal operators, owners of the warehouses, customs agents and the licensed customs bonded carriers, transport operators and tracking companies, carrying out business under this Act or rules made thereunder or under any other law, directly or indirectly, relating to international trade, shall be required to maintain and keep records and correspondence concerning import, export and transit trade transactions.”; and www.imranghazi.com

(14) in section 224, for the words “extend the time limit laid down in any section”, the words “condone the delay and extend the time limit laid down in the Act or the rules made thereunder” shall be substituted;

(15) the First Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner provided in the Schedule to this Act.

5. **Amendment of Act IX of 1975** – In the President’s Pension Act 1974 (Act IX of 1975), in the schedule, after paragraph (v), the following shall be inserted, namely:-

“(va) Suitable security, making the required arrangements including services of personnel, vehicle or vehicles and allied matters, which the Federal Government shall, by notification in the official Gazette, specify.”.

6. **Amendment of Act LIX of 1975** — In the Prime Minister’s Salary, Allowances and Privileges Act 1975 (Act LIX of 1975), after section 16-A, the following new section shall be added, namely:-

“17. **Security.**- Every person who has held the office of the Prime Minister for not less than two years, shall be entitled for life to the suitable security, which the Federal Government shall, by notification in official Gazette, specify and make the required arrangements including services of personnel, vehicle or vehicles and allied matters.”.

7. **Amendments of Act V of 1989** — In the Finance Act, 1989 (V of 1989), the following amendments shall be made, namely:-

(1) in section 7,-

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

(i) after the word “thereon”, the words, brackets, commas and figures “, and shares of a public company, listed on a registered stock exchange in Pakistan by a person defined in section 80 of the Income Tax Ordinance, 2001 (XLIX of 2001),” shall be inserted;

(ii) in the explanation, in clause (e), sub-clauses (ii) and (iii), shall be omitted;

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

(i) for the table, the following new paragraph shall be added, namely:-

“(A) (a) Residential immovable property, (other than flats), situated in urban area, measuring at least 500 square yards or one kanal (which ever is less) and more,--

(i) Where the value of immovable property is recorded

2% of the recorded value	Which ever is higher
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(ii) Where the value of immovable property is not recorded

Rs. 100 per square yard of the landed area	
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(iii) Where the value of immovable property is a constructed property

Rs. 10 per square feet of the constructed area in addition to the value worked out above”.	
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(b) residential flats of any size situated in urban area—

(i) Where the value of immovable property is recorded

2% of the recorded value

Which-ever is

(ii) Where the value of the immovable property is not recorded.

One hundred rupees per square feet of the covered areas of the

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immovable property;

c) commercial immovable property of any size situated in an urban areas –

(i) Where the value of immovable property is recorded

2% of the recorded value of the landed area

Which-

(ii) Where the value of the

One hundred rupees per

ever is higher

immoveable square feet of
property is the landed
not area
recorded.

(iii) Where the Ten rupees
immoveable per square
property is a feet of the
constructed constructed
property area in
addition to the
value worked
out above.;

(ii) www.imranghazi.com
after clause (E), the following shall be added, namely:-

“(F) purchase of shares of 0.01% of the
a public company listed on a purchase
registered stock exchange in value”; and
Pakistan

(d) in sub-section (4), in the last proviso, for the
words “modaraba certificates or any instrument of
redeemable capital or shares of a public company
from the resident persons”, the words “shares of a
public company” shall be substituted.

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

(1) for section 11, the following shall be substituted, namely:—

“11. Assessment of Tax and recovery of tax not levied or short-levied or erroneously refunded.— (1) Where a person who is required to file a tax return fails to file the return for a tax period by the due date or pays an amount which, for some miscalculation is less than the amount of tax actually payable, an Officer of Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax, including imposition of penalty and default surcharge in accordance with section 33 and 34:

Provided that where a person required to file a tax return files the return after the due date and pays the amount of tax payable in accordance with the tax return along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.

(2) Where a person has not paid the tax due on supplies made by him or has made short payment or has claimed input tax credit or refund which is not admissible under this Act for reasons other than those specified in sub-section (1), an Officer of Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax actually payable by that person or determine the amount of tax credit or tax refund which he has

unlawfully claimed and shall impose a penalty and charge default surcharge in accordance with section 33 and 34.

(3) Where by reason of some collusion or a deliberate act any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay any amount of tax or charge or the amount of refund erroneously made shall be served with a notice requiring him to show cause for payment of the amount specified in the notice.

(4) Where, by reason of any inadvertence, error or misconception, any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay the amount of tax or charge or the amount of refund erroneously made shall be served with a notice requiring him to show cause for payment of the amount specified in the notice:

Provided that, where a tax or charge has not been levied under this sub-section, the amount of tax shall be recovered as tax fraction of the value of supply.

(5) No order under this section shall be made by an Officer of Inland Revenue unless a notice to show cause is given within five years, of the relevant date, to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation

made by such person and provide him with an opportunity of being heard:

Provided that order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, fix provided that such extended period shall in no case exceed ninety days:

Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding sixty days shall be excluded www.imranghazi.com from the computation of the period specified in the first proviso.

(6) Notwithstanding anything in sub-section (1), where a registered person fails to file a return, an officer of Inland Revenue not below the rank of Assistant Commissioner shall subject to such conditions as specified by the Federal Board of Revenue, determine the minimum tax liability of the registered person.

(7) For the purpose of this section, the expression "relevant date" means--

(a) the time of payment of tax or charge as provided under section 6; and

- (b) in a case where tax or charge has been erroneously refunded, the date of its refund.”;
- (2) section 36 shall be omitted;
- (3) in the Fifth Schedule, in column (1), serial number 4 and the entry relating thereto in column (2) shall be omitted;
- (4) in the Sixth Schedule,
- (a) in Table-I,-
- (i) against serial number 1 in column (1), in column (3),-
- (a) for PCT heading “0101.1000”, the PCT headings “0101.2100 and 0101.3100” shall be substituted;
- (b) for PCT heading “0102.1020”, the PCT heading “0102.2110 ” shall be substituted;
- (c) for PCT heading “0102.1030”, the PCT heading “0102.2120 ” shall be substituted;
- (d) for PCT heading “0102.1040”, the PCT heading “0102.2130 ” shall be substituted;
- (e) for PCT heading “0102.1090”, the PCT heading “0102.2190 ” shall be substituted;
- (f) for PCT heading “0102.9010”, the PCT heading “0102.3900 shall be substituted;
- (g) for PCT heading “0102.9020”, the PCT heading “0102.2910 ” shall be substituted;

- (h) for PCT heading “0102.9030”, the PCT heading “0102.2920 ” shall be substituted;
 - (i) for PCT heading “0102.9040”, the PCT heading “0102.2930 ” shall be substituted; and
 - (j) for PCT heading “0102.9090”, the PCT headings “0102.2990, 0102.9000” shall be substituted;
- (ii) against serial number 11 in column (1), in column (3),-
- (a) for PCT heading “0407.0010”, the PCT headings “0407.1100, 0407.1900” shall be substituted; and
 - (b) for PCT heading “0407.0090”, the PCT headings “0407.2100, 0407.2900” shall be substituted;
- (iii) against serial number 15 in column (1), in column (3), for PCT heading “0808.2000”, the PCT headings “0808.3000, 0808.4000” shall be substituted;
- (iv) against serial number 16 in column (1), in column (3),-
- (a) for PCT heading “0904.2010”, the PCT heading “0904.2110” shall be substituted; and
 - (b) for PCT heading “0904.2020”, the PCT heading “0904.2210” shall be substituted; and
- (v) against serial number 31 in column (1), in column (3),-
- (a) for PCT heading “8523.4010”, the PCT heading “8523.4910” shall be substituted;

(b) for PCT heading “8523.4030”, the PCT heading “8523.4920” shall be substituted; and

(c) for PCT heading “8523.4090”, the PCT heading “8523.4190” shall be substituted;

(b) in Table-II,

(i) against serial number 2 in column (1), in column (2), after the word “seed”, the words “other than cotton seed” shall be inserted;

(ii) after serial number 11 and the entries relating thereto in columns (2) and (3), the following new serial number and the entries relating thereto shall be added, namely:–

“12. Supplies against Respective headings”.

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9. **Amendment of Act XVII of 1996.**— In the Pakistan Telecommunication (Re-organization) Act, 1996 (XVII of 1966), the following further amendments shall be made, namely:-

a) after section 23, the following new section shall be inserted, namely:-

“23A. Fines and penalties to be credited to the Federal Consolidated Fund.- All fines and penalties recovered by the Authority shall be credited to the Federal Consolidated Fund. ”.

10. **Amendment of Act of XL of 1997.**— In the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the following further amendments shall be made, namely:-

a) in section 13, after sub-section (1), the following new sub-section shall be added, namely:-

“(2) Any surplus of receipts over the actual expenditure in a year after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

b) in section 29, the existing section shall be re-numbered as sub-section (1) of that section and after sub-section (1) , re-numbered as aforesaid, the following new sub-section shall be added, namely:-

“(2) All penalties and fines recovered by the Authority shall be credited to the Federal Consolidated Fund.”.

11. **Amendment of Act XLII of 1997.**— In the Securities and Exchange Commission Act, 1997 (XLII of 1997), the following amendments shall be made, namely:-

a) in section 24, after sub section (3), the following new sub-section shall be inserted, namely:-

“(3A) Any surplus of receipts over the actual expenditure in a year, after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government”; and

b) after section 40A, the following new section shall be inserted, namely:-

“40AA. Fines and penalties to be credited to the Federal Consolidated Fund.- All fines and penalties recovered by the Commission shall be credited to the Federal Consolidated Fund.”.

12. **Amendment of Ordinance of III of 2001.**— In the Pakistan Nuclear Regulatory Authority Ordinance, 2001 (III of 2001), the following further amendments shall be made, namely:-

a) in section 42, the existing section shall be re-numbered as sub-section (1) of that section and after sub-section (1), re-numbered as aforesaid, the following new sub-section shall be inserted, namely:-

“(2) Any surplus of receipts over the actual expenditure in a year, after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and.

b) in section 44, after sub-section (4), the following new sub-section shall be added, namely:-

“(5) All penalties and fines recovered by the Authority shall be credited to the Federal Consolidated Fund.”.

13. **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 2, —

(a) after clause (35A), the following new clause shall be inserted, namely:-

“(35AA) “NCCPL” means National Clearing Company of Pakistan Limited, which is a company incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and licensed as

“Clearing House” by the Securities and Exchange Commission of Pakistan; and

(2) in section 9, after the word “income”, occurring for the second time, the expression “under clause (a) of section 10” shall be inserted;

(3) in section 10, for the words “person’s income under each of the heads of income for the year” a hyphen shall be substituted and thereafter the following clauses shall be added, namely:-

“(a) Person’s income under all heads of income for the year; and

(b) person’s income exempt from tax under any of the provisions of this Ordinance.”;

(4) in section 13,-

(a) in sub-section (7), in the proviso, for full stop at the end a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided further that the above sub-section shall not apply to loans not exceeding five hundred thousand rupees.”; and

(b) in sub-section (14), in clause (a), in sub-clause (ii), for the words and commas “such rate, if any, as the Federal Government may, by notification, specify” the words “ten per cent per annum” shall be substituted;

(5) in section 37,-

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

“(1A) Notwithstanding anything contained in sub-sections (1) and (3), gain arising on the disposal of immovable property, held for a period up to two years, by a person in a tax year, shall be chargeable to tax in that year under the head Capital Gains at the rates specified in Division VIII of Part I of the First Schedule.”; and

(b) in sub-section (5),-

(i) in clause (b), after semicolon “;” the word “or” shall be added; and

(ii) clause (c) shall be omitted;

(6) in section 37A,-

(a) in sub-section (1), after the word “year”, occurring for the first time, the comma and words “, other than a gain that is exempt from tax under this Ordinance” shall be inserted; and

(b) after sub-section (1), the following new sub-section shall be added namely.-

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

$$A - B$$

Where –

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

B is the cost of acquisition of the security.”;

(7) in section 39, in sub-section (1), after clause (c), the following new clause shall be inserted, namely:-

“(cc) additional payment on delayed refund under any tax law;”;

(8) in section 53, sub-section (1A) shall be omitted;

(9) in section 59A,-

(a) sub-sections (1) and (2) shall be omitted;

(b) in sub-section (3), for the words, figures, commas and brackets “, to which sub-section (3) of section 92 does not apply, any loss for such association” the words “any loss” shall be substituted; and

(c) in sub-section (4), the words, figures, comma and brackets “to which sub-section (3) of section 92 does not apply,” shall be omitted;

(10) in section 62,-

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

(i) in clause (b), for the word “fifteen”, the word “twenty” shall be substituted; and

(ii) in clause (c), for the words “five hundred thousand rupees” the words “one million rupees” shall be substituted; and

(b) in sub-section (3), in clause (b), for the word “thirty six” the word “twenty-four” shall be substituted;

(11) in section 65B,-

(a) in sub-section (1), after the word “payable”, the commas and the words “, including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance,” shall be inserted; and

(b) for sub-sections (4) and (5), the following shall be substituted, namely:-

“(4) The provisions of this section shall apply mutatis mutandis to a company setup in Pakistan before the first day of July, 2011, which makes investment during first day of July, 2011 and 30th day of June, 2016, for the purposes of balancing, modernization and replacement of the plant and machinery already installed in an industrial undertaking owned by the company. However, credit equal to twenty per cent of the amount so invested shall be allowed against the tax payable, including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance. The credit shall be allowed in the year in which the plant and machinery in the purchase of which the investment as aforesaid is made, is installed therein.”

(5) Where no tax is payable by the taxpayer in respect of the tax year in which such plant or machinery is installed, or where the tax payable is less than the amount of credit as

aforesaid, the amount of the credit or so much of it as is in excess thereof, as the case may be, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year and so on, but no such amount shall be carried forward for more than two tax years in the case of investment referred to in sub-section (1) and for more than five tax years in respect of investment referred to in sub-section (4), however, the deduction made under this section shall not exceed in aggregate the limit specified in sub-section (1) or sub-section (4), as the case may be.”;

- (6) Where any credit is allowed under this section and subsequently it is discovered by the Commissioner Inland Revenue that any one or more of the conditions specified in www.imranghazi.com this section was, or were, not fulfilled, as the case may be, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner, notwithstanding anything contained in this Ordinance, shall re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.”;

(12) in section 65D,-

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

- (a) for the words “for manufacturing in Pakistan” the words “including corporate dairy farming” shall be substituted;
 - (b) after the words “a new industrial undertaking”, occurring for the second time, the words “including a corporate dairy farm” shall be inserted; and
 - (c) after the word “payable” the commas and the words “, including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance,” shall be inserted;
- (ii) in sub-section (2),-
- (a) in clause (d), for the words and full stop “owned by the company.” the words and semicolon “raised through www.imranghazi.com issuance of new shares for cash consideration;” shall be substituted; and
 - (b) after clause (d), amended as aforesaid, the following proviso, shall be added, namely:-

“Provided that short term loans and finances obtained from banking companies or non-banking financial institutions for the purposes of meeting working capital requirements shall not disqualify the taxpayer from claiming tax credit under this section.”;
- (iii) sub-section (3) shall be omitted;
- (iv) in sub-section (4),-

- (a) for the word “condition” the word “conditions” shall be substituted;
- (b) for the word “was” the word “were” shall be substituted; and
- (c) after sub-section (4), the following new sub-section shall be added, namely:-

“(5) For the purposes of this section and sections 65B and 65E an industrial undertaking shall be treated to have been setup on the date on which the industrial undertaking is ready to go into production, whether trial production or commercial production.”;

(13) in section 65E,-

- (a) for sub-section (1), the following shall be substituted, namely:-

“(1) www.imranghazi.com
Where a taxpayer being a company, setup in Pakistan before the first day of July, 2011, invests any amount, with hundred per cent new equity raised through issuance of new shares, in the purchase and installation of plant and machinery for an industrial undertaking, including corporate dairy farming, for the purposes of-

- (i) expansion of the plant and machinery already installed therein; or
- (ii) undertaking a new project,

a tax credit shall be allowed against the tax payable in the manner provided in sub-section (2) and sub-section (3), as the case may

be, for a period of five years beginning from the date of setting up or commencement of commercial production from the new plant or expansion project, whichever is later.”;

(b) for sub-sections (2), (3) and (4) the following shall be substituted, namely:-

“(2) Where a taxpayer maintains separate accounts of an expansion project or a new project, as the case may be, the taxpayer shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, attributable to such expansion project or new project.

(3) In all other cases, the credit under this section shall be such www.imranghazi.com proportion of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, as is the proportion between the new equity and the total equity including new equity.

(4) The provisions of sub-section (1) shall apply if the plant and machinery is installed at any time between the first day of July, 2011 and the 30th day of June, 2016.

(5) The amount of credit admissible under this section shall be deducted from the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, by the taxpayer in respect of the tax year in

which the plant or machinery referred to in sub-section (1) is installed and for the subsequent four years.”; and

- (c) the existing sub-section (5), shall be re-numbered as sub-section (6) of that section and after sub-section (6), re-numbered as aforesaid, the following new sub-section shall be added, namely:-

“(7) For the purposes of this section, ‘new equity’ means equity raised through fresh issue of shares against cash by the company and shall not include loans obtained from shareholders or directors:

Provided that short term loans and finances obtained from banking companies or non-banking financial institutions for the purposes of meeting working capital requirements shall not disqualify the taxpayer from claiming tax credit under this section.”;

- (14) in section 76, after sub-section (10), the following new sub-section shall be added, namely:-

“(11) Notwithstanding anything contained in this section, the Board may prescribe rules for determination of cost for any asset.”;

- (15) in section 77, after sub-section (5), the following new sub-section shall be added, namely:-

“(6) Notwithstanding anything contained in this section, the Board may prescribe rules for determination of consideration received for any asset.”;

(16) after section 100A, the following new section, shall be inserted, namely:-

“100B Special provision relating to capital gain tax.- (1) Capital gains on disposal of listed securities and tax thereon, subject to section 37A, shall be computed, determined, collected and deposited in accordance with the rules laid down in the Eighth Schedule.

(2) The provisions of sub-section (1) shall not apply to the following persons or class of persons, namely:-

- (a) a mutual fund;
- (b) a banking company, a non-banking finance company, and an insurance company subject to tax under the Fourth Schedule;
- (c) www.imranghazi.com a modaraba;
- (d) a “foreign institutional investor” being a person registered with NCCPL as a foreign institutional investor; and
- (e) any other person or class of persons notified by the Board.”;

(17) in section 101, in sub-section (6), for the words and full stop “paid by a resident company.” a hyphen shall be substituted and thereafter the following clauses shall be added, namely:-

- (a) paid by a resident company; or

- (b) dividend as per provisions of sub-clause (f) of clause (19) of section 2.”;
- (18) in section 113, after sub-section (1), the following shall be added, namely:-
“*Explanation.*- For the purpose of this sub-section, 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 or under any other provision of this Ordinance.”;
- (19) in section 114, in sub-section (6),-
- (a) in clause (a), the word “and” shall be omitted;
- (b) in clause (b), for the full stop a semicolon and the word “and” shall be substituted and thereafter the following new clause shall be added, namely:-
- “(c) taxable income declared is not less than and loss declared is not more than income or loss, as the case may be, determined by an order issued under sections 121, 122, 122A, 122C, 129, 132, 133 or 221:
- Provided that if any of the above conditions is not fulfilled, the return furnished shall be treated as an invalid return as if it had not been furnished.”;
- (20) in section 120, in sub-section (6), for the words “end of the financial year in which return was furnished” the word “expiry of one hundred and eighty days from the end of the financial year in which return was furnished” shall be substituted;

- (21) in section 121, in sub-section (1), after the words “tax due thereon” the words and commas “and the assessment, if any, treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect” shall be inserted.
- (22) in section 122,-
- (a) in sub-section (1),-
- (i) after the figure “121” the comma and words “, or issued under section 122C” shall be inserted; and
- (ii) the words, commas and the figures “issued under section 59, 59A, 62, 63 or 65 of the repealed Ordinance” shall be omitted; and
- (b) in sub-section (5A), after the word “may” a comma shall be inserted and thereafter the words and commas “after making, or causing to be made, such enquiries as he deems necessary,” shall be inserted.
- (23) in section 122C, in sub-section (2), in the proviso,-
- (i) after the words “the person” the words “being an individual or an association of persons” shall be inserted; and.
- (ii) after the existing proviso, amended as aforesaid, the following new proviso shall be added, namely:-
- “Provided further that the provisions of sub-section (2) shall not apply to a company if return of income tax alongwith audited accounts or final accounts, as the case may be, for the relevant tax

year are filed by the company electronically during the said period of sixty days.”;

(24) in section 127, in sub-section (1), for the words “a provisional” the word “an” shall be substituted;

(25) in section 128, 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 Ordinance, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner against whose order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.”;

(26) in section 129, sub-sections (5), (6) and (7) shall be omitted;

(27) in section 130,-

(a) in sub-section (4),-

(i) in clause (a), after the words “Inland Revenue” the word “Service” shall be inserted; and

(ii) in clause (b), for the word “five” the word “three” shall be substituted; and

(b) in sub-section (5), for the words and commas “and, except in special circumstances, the person appointed should be a judicial member” shall be omitted;

(28) in section 131, in sub-section (5), for the first, second and third provisos the following shall be substituted, namely:-

“Provided that if on filing of application in a particular case, the Appellate Tribunal is of the opinion that the recovery of tax levied under this Ordinance and upheld by the Commissioner (Appeals), shall cause undue hardship to the taxpayer, the Tribunal, after affording opportunity of being heard to the Commissioner, may stay the recovery of such tax for a period not exceeding one hundred and eighty days in aggregate:

Provided further that in computing the aforesaid period of one hundred and eighty days, the period, if any, for which the recovery of tax was stayed by a High Court, shall be excluded.”;

(29) in section 137, in sub-section (2), in the proviso, for full stop at the end a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided further that the taxpayer may pay the tax payable prior to expiry of the period of sixty days specified in the first proviso.” ;

(30) in section 148,-

(a) in sub-section (7), after the word “tax”, occurring for the first time, the words “required to be” shall be inserted; and

(b) in sub-section (8), after the word “tax”, occurring for the first time, the words “required to be” shall be inserted;

(31) in section 151, in sub-section (3), for the word “deducted”, the word “deductible” shall be substituted;

(32) in section 152,-

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

“(1AAA)Every person making a payment for advertisement services to a non-resident media person relaying from outside Pakistan shall deduct tax from the gross amount paid at the rate specified in Division IIIA of Part III of the First Schedule.”;

(b) in sub-section (2), after the brackets, figure and letters “(1AA)” the comma, brackets, letter, words and figure “ , (1AAA) or (2A)” shall be inserted;

(c) after sub-section (2), amended as aforesaid, the following new sub-section shall be inserted, namely:-

“(2A) Sub-section (1AA) shall not apply to an amount, with the written approval of the Commissioner, that is taxable to a permanent establishment in Pakistan of the non-resident person”.

(d) in sub-section (1B), for the word “deducted” the word “deductible” shall be substituted;

(e) in sub-section (1BB), for the word “deducted” the word “deductible” shall be substituted; and

(f) in sub-section (3), in clause (a), the figure and comma “153,” shall be omitted;

- (33) in section 153,-
- (a) in sub-section (1), the words “permanent establishment in Pakistan of a non-resident person” shall be omitted;
 - (b) in sub-section (3),-
 - (i) for the word “deducted” the word “deductible” shall be substituted; and
 - (ii) the words “permanent establishment in Pakistan of a non-resident person” shall be omitted;
 - (iii) in the proviso, in clause (b), for the word “deducted” the word “deductible” shall be substituted;
- (34) for section 153A, the following shall be substituted, namely:-
- “153A. **Payment to Traders and Distributors.**- (1) Every manufacturer, www.imranghazi.com at the time of sale to distributors, dealers and wholesalers, shall collect tax at the rate specified in Part IIA of the First Schedule, from the aforesaid persons, to whom such sales have been made.
- (2) Tax credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the person on the taxable income for the tax year in which the tax was collected.” ;
- (35) in section 154, in sub-section (4), for the word “deducted” the word “deductible” shall be substituted;
- (36) in section 156, in sub-section (3), for the word “deducted” the word “deductible” shall be substituted;

- (37) in section 156A, in sub-section (2), for the word “deducted” the word “deductible” shall be substituted;
- (38) in section 169,-
- (A) in sub-section (1),-
- (i) in clause (a) for the words “collection of advance tax” the words “advance tax required to be collected” shall be substituted; and
- (ii) in clause (b),-
- (a) for the word and figure “ section 153A” the words and figures “sub-section (1AAA) of section 152” shall be substituted;
- (b) for the words “deduction of tax” the words “tax www.imranghazi.com required to be deducted” shall be substituted; and
- (c) for the words “has been deducted” the words “was deductible” shall be substituted; and
- (d) in sub-section (2),-
- (i) in clause (d), the word “and” shall be omitted;
- (ii) in clause (e), for the full stop a semi colon and the word “; and” shall be substituted and thereafter the following new clause shall be added, namely .-
- “(f) tax deductible has not been deducted, or short deducted, the said non-

deduction or short deduction may be recovered under section 162, and all the provisions of this Ordinance shall apply accordingly.”;

- (39) in section 171, in sub-section (1), for the letters “KIBOR” the word “fifteen” shall be substituted;
- (40) in section 176, in sub-section (1), in clause (c), the words “selected for audit” shall be omitted;
- (41) after section 181A, the following new section shall be inserted, namely:-
“181B. Tax Payer Card.- Subject to this Ordinance, the Board may make a scheme for introduction of a tax payer honour card for individual taxpayers, who fulfill a minimum criteria to be eligible for the benefits as contained in the scheme.”;
- (42) in section 182, in sub-section (2), for the full stop at the end a colon shall be substituted, and thereafter the following proviso shall be added namely:-
“Provided that where the taxpayer admits his default he may voluntarily pay the amount of penalty due under this section.”;
- (43) in section 202, for the words “Director General” the words “Chief Commissioner” shall be substituted;
- (44) in section 205,-
(a) in sub-section (1),-

- (i) for the letters and words “KIBOR plus three per cent per quarter” the figure and words “18 per cent per annum” shall be substituted; and
- (ii) for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added namely:-

“Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order, and does not file an appeal under section 131, he shall not be liable to pay default surcharge for the period beginning from the due date of payment in consequence of an order appealed against to the date of payment in consequence of notice under sub-section (2) of section 137.”;

- (b) in sub-section (1A), for the letters and words “KIBOR plus three per cent per quarter” the figure and words “18 per cent per annum” shall be substituted;
- (c) in sub-section (1B), for the letters and words “KIBOR plus three per cent per quarter” the figure and words “18 per cent per annum” shall be substituted; and
- (d) in sub-section (3),-
 - (i) for the letters and words “KIBOR plus three per cent per quarter” the figure and words “18 per cent per annum” shall be substituted; and
 - (ii) for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added namely:-

“Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order and does not file an appeal under section 131, he shall not be liable to pay default surcharge for the period beginning from the date of order under section 161 to the date of payment.”;

(45) in section 207,-

(a) for sub-section (3), the following shall be substituted, namely:-

“(3) income tax authorities specified in sub-section (1) except in clause (a) shall be subordinate to the Board”; and

(b) after sub-section (3), substituted as aforesaid, the following shall be inserted, namely:-

“(3A) Commissioners Inland Revenue, Additional Commissioners Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit Officer, Superintendents Inland Revenue, Auditors Inland Revenue and Inspectors Inland Revenue, shall be subordinate to the Chief Commissioners Inland Revenue.”;

(46) in section 210 in sub-section (1B) , the word “selected” shall be omitted;

(47) in section 211, after sub-section (2), the following new sub-section shall be added, namely:-

“(3) the Board or with the approval of the Board an authority appointed under this Ordinance, shall be competent to exercise all powers conferred upon any authority subordinate to it.”;

(48) in section 214A,-

(a) for the colon a full stop shall be substituted and thereafter the following explanation shall be added, namely:-

“*Explanation,-* For the purpose of this section, the expression “any act or thing is to be done” includes any act or thing to be done by the taxpayer or by the authorities specified in section 207.”;

(b) in the proviso, for the word “Director General” the words “Chief Commissioner”.shall be substituted;

(49) after section 229, the following new section shall be added, namely:-

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“**230. Directorate General (Intelligence and Investigation), Inland**

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

(2) The Board may, by notification in the official Gazette,-

(a) specify the functions and jurisdiction of the Directorate General and its officers; and

(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.”;

- (50) in section 231A, in sub-section (1), for the word “twenty-five” the word “fifty” shall be substituted;
- (51) In section 233, in sub-section (3), after the word “is” the words “required to be” shall be inserted and for the words “the tax so collected” the words “such tax” shall be substituted.
- (52) in section 233A,-
- (i) in subsection (1),-
 - (a) in clause (a) after the semicolon the word “and” shall be added;
 - (b) In clause (b) for the semicolon and the words “; and” a full stop shall be substituted; and
 - (c) clauses (c) and (d) shall be omitted;
 - (ii) in sub-section (2), for the brackets and letter “(c)” the brackets and letters “(b)” shall be substituted;
- (53) after section 233A, amended as aforesaid, the following new section shall be inserted, namely:-
- “233AA. **Collection of tax by NCCPL.**- NCCPL shall collect advance tax from the members of Stock Exchange registered in Pakistan, in respect of margin financing in share business at the rate specified in Division IIA of Part IV of First Schedule.”;
- (54) in the FIRST SCHEDULE,-
- (I) in Part I,-
 - (a) in Division I,-

- (i) in the heading, after the word “individuals” the words “and Association of Persons” shall be added;
- (ii) in clause (1), after the word “individual” the words “and Association of Persons” shall be inserted;
- (iii) for the TABLE, the following shall be substituted, namely:-

“TABLE

S.No.	Taxable Income.	Rate of tax.
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.400,000	0%
2.	Where 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	Rs.147,500+20% of the amount

does not exceed exceeding
Rs.2,500,000 Rs.1,500,000.

5. Where the taxable income exceeds Rs.2,500,000 Rs.347,500+25% of the amount exceeding Rs.2,500,000”;
and

(iv) 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 Rs.400,000 but does not exceed Rs.750,000	5% of the amount exceeding Rs. 400,000
3.	Where the taxable income exceeds	Rs. 17,500+10% of

	Rs.750,000 but	the amount
	does not exceed	exceeding
	Rs.1,500,000	Rs.750,000
4.	Where the taxable	Rs.92,500+15%
	income exceeds	of the amount
	Rs.1,500,000 but	exceeding
	does not exceed	Rs.1,500,000
	Rs.2,500,000	
5.	Where the taxable	Rs.
	income exceeds	242,500+20% of
	Rs.2,500,000.	the amount
		exceeding
		Rs.2,500,000”;
		and

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- (b) in Division IA, for the words “one per cent” the figure and sign “0.50%” shall be substituted;
- (c) Division IB shall be omitted;
- (d) in Division VII, in the TABLE, in column (1) ,-
 - (i) against S.No 1, for the entries in column (4) the following shall be substituted, namely:-

“10%

10%

10%

10%

17.5%”;

(ii) against S.No. 2,

(a) in column (2), for the words “six months or more” the words “more than six months” shall be substituted; and

(b) in column (4), for the existing entries the following shall be substituted, namely:-

“7.5%

8%

8%

8%

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9.5%

10%”;

(iii) against S.No. 3, in column (2), for the words “one year or more” the words “twelve months or more” shall be substituted; and

(e) after Division VII, the following new Division shall be added, namely:-

“Division VIII

Capital Gains on disposal of Immovable Property

The rate of tax to be paid under sub-section (1A) of section 37 shall be as follows:—

S.No	Period	Rate of Tax
(1)	(2)	(3)
1.	Where holding period of Immovable property is up to one year.	10%
2.	Where holding period of Immovable property is more than one year but not more than two years.";	5%

(II) after Part II, the following new Part shall be inserted, namely:-

“PART IIA

**COLLECTION OF TAX FROM DISTRIBUTORS, DEALERS
AND WHOLESALERS**

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(See section 153A)

The rate of tax to be collected under section 153A, shall be 1% of the gross amount of sales.”;

(III) in Part III, in Division-II

(a) after clause (2) the following clauses shall be added, namely:

“(3) The rate of tax to be deducted under sub-section (1AAA) of section 152, shall be 10% of the gross amount paid.

(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be 3.5% of the gross amount payable.

(5) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (2A) of section 152 shall be—

(i) in the case of transport services, two per cent of the gross amount payable; or

(ii) in any other case, six percent of the gross amount payable.

(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be six percent of the gross amount payable.”; and

(b) Division IIIA shall be omitted;

(IV) in part IV,-

(a) in Division III,-

(i) in clause (i), for the words “one rupee” the words “five rupees” shall be substituted;

(ii) in clause (2), in the TABLE, in the first column, against serial number (c), in third column, for the figure “100” the figure “500” shall be substituted;

(b) in Division VII, for the figure “16,875”, occurring for the second time, the figure “25,000” shall be substituted;

(55) in the SECOND SCHEDULE,-

(I) in Part I,-

(a) after clause (23A), the following new clauses shall be inserted, namely:-

“(23B) The amounts received as monthly installment from an income payment plan invested out of the accumulated balance of an individual pension accounts with a pension fund manager or an approved annuity plan or another individual pension account of eligible person or the survivors pension account maintained with any other pension fund manager as specified in the Voluntary Pension System Rules 2005 shall be exempt from tax provided accumulated www.imranghazi.com balance is invested for a period of ten years:

Provided that where any amount is exempted under this clause and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner that any of the conditions specified in this clause were not fulfilled, the exemption originally allowed shall be deemed to have been wrongly allowed and the Commissioner may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant years and the provisions of this Ordinance shall, so far as may be, apply accordingly.

- (23C) Any withdrawal of accumulated balance from approved pension fund that represent the transfer of balance of approved provident fund to the said approved pension fund under the Voluntary Pension System Rules , 2005”;
- (b) in clause (61), after sub-clause (i), the following new sub-clause shall be inserted, namely:-
- “(ia) The Citizens Foundation.”;
- (c) in clause (66), after sub-clause (xxvii), the following new sub-clause shall be added, namely:-
- “(xxviii) The Citizens Foundation.”; and
- (d) in clause (101), for the figure “2014”, the figure “2024” shall be substituted;
- (II) in Part-II, in clause (9A), for the full stop a colon shall be substituted and thereafter the following proviso shall be added, namely:-
- “Provided that the rate of 3% shall be applicable on production of an exemption certificate issued by the Commissioner.”;
- (III) in Part IV,-
- (a) after clause (11A), the following new clauses shall be inserted, namely:-
- “(11B) The provisions of section 150 shall not apply in respect of inter-corporate dividend within the group

companies entitled to group taxation under section 59AA or section 59B.”;

(11C) The provisions of section 151 shall not apply in respect of inter-corporate profit on debt within the group companies entitled to group taxation under section 59AA or section 59B.”;

(b) in clause (16A), for the words “news print media services” the words “ persons making payments to electronic and print media” shall be substituted;

(c) after clause (41), the following new clauses shall be inserted, namely:-

“(41A) The provisions of sub-section (7) of section 148 and www.imranghazi.com clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 60% of tax already collected under sub-section (7) of section 148”.

(41AA) The provisions of sub-section (4) of section 154 and clause (b) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 50% of tax already deducted under sub-section (4) of section 154.”.

(41AAA) The provisions of clause (a) of sub-section (1) of section 153 and clause (b) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 70% of tax already deducted under clause (a) of sub-section (1) of section 153.”;

(d) in clause (47B), for the word “and”, occurring first, a comma shall be substituted and after the figure “233” the words “and Part I, Division VII of the First Schedule” shall be inserted;

(e) in clause (56), in sub-clause (iii), for the words, figures, brackets, commas and symbol “No. S.R.O. 1065(I)/2005, www.imranghazi.com dated the 20th October, 2005” the words, figures, brackets, commas and symbols “No.492(I)/2009, dated the 13th June, 2009” shall be substituted;

(f) clause (76) shall be omitted; and

(g) in clause (77), for the word “alongwith” the words “with or without” shall be substituted;

(56) in the THIRD SCHEDULE, in PART II, after the figure “50%” the words and figure “for plant and machinery and 25% for buildings” shall be added;

(57) In the FOURTH SCHEDULE,-

(I) in rule (6B), for the table the following shall be substituted, namely:-

“S.No.	Tax Year	Where holding period of	Where holding period of
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		securities is less than six months	securities is more than six months but less than twelve months
(1)	(2)	(3)	(4)
1	2011	10.0%	8.0%
2	2012	10.0%	8.0%
3	2013	12.5%	8.5%
4	2014	15.0%	9.0%
5	2015	17.5%	9.0%”;

(58) in FIFTH SCHEDULE,-

- (l) in Part I, rule 4, after sub-rule (4), the following new sub-rule shall be inserted, namely:-

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“(4A) Notwithstanding anything contained in this schedule, a person, for tax year 2012 and onward, may opt to pay tax at the rate of forty per cent of the profits and gains, net of royalty, derived by a petroleum exploration and production undertaking:

Provided that this option shall be available subject to withdrawal of pending appeals, references and petitions before appellate fora by the person and payment of whole of the outstanding tax liability created under this Ordinance upto tax year 2011, by the 30th June, 2012:

Provided further that this option is available only for one time and shall be irrevocable.”;

- (59) in the SEVENTH SCHEDULE, in rule 6, in the second proviso, for full stop a colon shall be substituted and thereafter the following new proviso shall be added, namely.-

“Provided also that the dividend received from Money Market Funds and Income Funds shall be taxed at the rate of 25% for tax year 2013 and at the rate of 35% for tax years 2014 and onwards.”;

- (60) after SEVENTH SCHEDULE, the following new Schedule shall be added, namely”:-

“EIGHTH SCHEDULE

[section 100B]

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RULES FOR THE COMPUTATION OF CAPITAL GAINS ON

LISTED SECURITIES

1. Manner and basis of computation of capital gains and tax thereon.- (1) Capital gains on disposal of listed securities, subject to tax under section 37A, and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited on behalf of taxpayers by NCCPL in the manner prescribed.

(2) For the purpose of sub-rule (1), NCCPL shall develop an automated system.

(3) Central Depository Company of Pakistan Limited shall furnish information as required by NCCPL for discharging obligations under this Schedule.

(4) NCCPL shall issue an annual certificate to the taxpayer on the prescribed form in respect of capital gains subject to tax under this Schedule for a financial year:

Provided that on the request of a taxpayer or if required by the Commissioner, NCCPL shall issue a certificate for a shorter period within a financial year.

(5) Every taxpayer shall file the certificate referred to in sub-rule (4) along with the return of income and such certificate shall be conclusive evidence in respect of the income under this Schedule.

(6) NCCPL shall furnish to the Board within thirty days of the end of each quarter, a statement of capital gains and tax computed thereon in that quarter in the prescribed manner and format.

(7) Capital gains computed under this Schedule shall be chargeable to tax at the rate applicable in Division VII of Part I of the First Schedule.

2. Sources of Investment.- (1) Where a person has made any investment in the listed securities, enquiries as to the nature and source of the amount invested shall not be made for any investment made prior to the introduction of this Schedule, provided that –

(a) a statement of investments is filed with the Commissioner along with the return of income and wealth statement for tax

year 2012 within the due date as provided in section 118 of this Ordinance and in the manners prescribed; and

(b) that the amount remains invested for a period of forty- five days upto 30th of June 2012, in the manner as may be prescribed.

(2) Where a person has made any investment in the shares of a public company traded at a registered stock exchange in Pakistan from the date of coming into force of this Schedule till June 30, 2014, enquiries as to the nature and sources of amount invested shall not be made provided that –

(a) the amount remains invested for a period of one hundred and twenty days in the manner as may be prescribed ;

(b) www.imranghazi.com tax on capital gains, if any, has duly been discharged in the manner laid down in this Schedule; and

(c) a statement of investments is filed with the Commissioner along with the return of income and wealth statement for the relevant tax year within the due date as provided in section 118 of this Ordinance and in the manner prescribed.

(3) For the purpose of this rule, amount of investment shall be calculated in the prescribed manner, excluding market value of net open sale position in futures and derivatives, if such sale is in a security that constitutes the said investment.

- 3. Certain provisions of this Ordinance not to apply.-** The respective provisions for collection and recovery of tax, advance tax and deduction of tax at source laid down in the Parts IV and V of Chapter X shall not apply on the income from capital gains subject to tax under this Schedule and these provisions shall apply in the manner as laid down in the rules made under this Ordinance, except where the recovery of tax is referred by NCCPL to the Board in terms of rule 6(3).
- 4. Payment of tax collected by NCCPL to the Board.-** The amount collected by NCCPL on behalf of the Board as computed in the manner laid down under this Schedule shall be deposited in a separate bank account with National Bank of Pakistan and the said amount shall be paid to the Board along with interest accrued thereon on yearly basis by July 31st next following the financial year in which the amount was collected.
- 5. Persons to whom this Schedule shall not apply.-** If a person intends not to opt for determination and payment of tax as laid down in this Schedule, he shall file an irrevocable option to NCCPL after obtaining prior approval of the Commissioner in the manner prescribed. In such case the provisions of rule 2 shall not apply.
- 6. Responsibility and obligation of NCCPL.-** (1) Pakistan Revenue Automation Limited (PRAL), a company incorporated under the Companies Ordinance, 1984 (XLVII of 1984) or any other company

or firm approved by the Board and any authority appointed under section 209 of this Ordinance, not below the level of an Additional Commissioner Inland Revenue, shall conduct regular system and procedural audits of NCCPL on quarterly basis to verify the implementation of this Schedule and rules made under this Ordinance.

(2) NCCPL shall implement the recommendations, if any, of the audit report under sub-rule (1), as approved by the Commissioner, and make adjustments for short or excessive deductions. However, no penal action shall be taken against NCCPL on account of any error, omission or mistake that has occurred from application of the system as audited under sub-rule (1).

(3) NCCPL shall be empowered to refer a particular case for recovery of tax to the Board in case NCCPL is unable to recover the amount of tax.

7. Transitional Provisions.- In respect of tax year 2012, for the period commencing from coming into force of this Schedule till June 30, 2012, the certificate issued by NCCPL under rule 1(4) shall be the basis of capital gains and tax thereon for that period.”.

14. Amendment of Ordinance XIII of 2002.- In the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (XIII of 2002), the following further amendments shall be made, namely:-

a) section 15 shall be re-numbered as sub-section (1) of that section and after sub-section (1), re-numbered as aforesaid, the following new sub-section shall be inserted , namely:-

“(2) Any surplus of receipts over the actual expenditure in a year after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

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

“36A. Penalties and fines recovered. - All penalties and fines recovered by the authority shall be credited to the Federal Consolidated Fund.”.

15. **Amendment of Ordinance XVII of 2002.**- In the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002), the following further amendments shall be made, namely:- www.imranghazi.com

a. in section 17, after sub-section (3), the following new sub-section shall be added, namely:-

“(4) Any surplus of receipts over the actual expenditure in a year, after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.”; and

b. section 28 shall be re-numbered as sub-section (1) of that section and after sub-section (1), re-numbered as aforesaid, the following shall be added, namely:-

“(2) All penalties and fines recovered by the Authority shall be credited to the Federal Consolidated Fund.”.

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

(1) In section 2, clause (12A), inserted *vide* Finance Act, 2010 shall be re-numbered as clause (12);

(2) in the First Schedule,—

(a) in Table I, in column (1),—

(i) for serial numbers 9, 10 and 11 and the corresponding entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“9. Locally produced 24.02 Sixty five per cent
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cigarettes if their retail of the retail price
price exceeds twenty two
rupees and eighty six
paisas per ten cigarettes.

10. Locally produced 24.02 Seven rupees
cigarettes if their retail and two paise per
price exceeds thirteen ten cigarettes
rupees and thirty six plus seventy per
paisas per ten cigarettes cent per
but does not exceed incremental rupee
twenty two rupees and or part thereof.

eighty six paisas per ten
cigarettes.

11. Locally produced 24.02 Seven rupees
cigarettes if their retail and two paisa per
price does not exceed ten cigarettes”.;
thirteen rupees and thirty
six paisas per ten
cigarettes.

(ii) against serial number 13, in column (4), for the word “five”
the word “four” shall be substituted; and

(iii) serial numbers 22, 23, 24, 25, 27, 42, 43, 44, 45 and 50 and
the corresponding entries relating thereto in column (2), (3)
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and (4) shall be omitted;

(b) after table-I, in the interpretation clause, at the end, for the existing
'Restriction', the following shall be substituted namely:—

“Restrictions.— (1) For the purpose of levy, collection
and payment of duty at the rates specified in column (4)
against serial numbers 9, 10 and 11, no cigarette
manufacturer shall reduce price from the level adopted on
the day of announcement of the latest Budget.

(2) **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.

(3) **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.”;

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- (c) in Table-II, in column (1) against S.No.3, in column (2):-
- (i) against clause (a), in column (4), for the word “twenty”, the word “sixty” shall be substituted; and
 - (ii) for clause (b) the following shall be substituted, namely,
“(b) services provided 9803.1100
or rendered in respect of
travel by air of the
passengers embarking on
international journey from
Pakistan,—
(i) Economy and Three

economy plus.

thousand

eight

hundred

and forty

rupees

(ii) Club, business and

Six

first class.

thousand

eight

hundred

and forty

rupees

- (3) in the Third Schedule, in Table-II, after serial number 6, and the entries relating thereto in columns (2) and (3), the following new serial numbers and entries relating thereto shall be added, namely:-

“7. Live stock insurance 9813.1600

8. Services provided by Asset Respective headings.”.

Management Companies with

effect from 1st of July, 2007.

17. **Amendment of Act XXI of 2011.**— In the Gas infrastructure Development Cess Act, 2011 (XXI of 2011), for the second schedule, the following shall be substituted, namely:-

“THE SECOND SCHEDULE

[See Section 3(1)]

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S. No.	Sector	Maximum Rate of Cess (Rs/MMBTU)
(1)	(2)	(3)
1.	Fertilizer - Feed Stock (except for the fertilizer plants having fixed price contracts)	300
2.	Compressed Natural Gas (CNG)	
(a)	Region-I KPK, Baluchistan & Potohar Region (Rawalpindi, Islamabad & Gujarkhan)	300
(b)	Region-II Sindh & Punjab (Excluding Potohar Region)	200
3.	Industrial (including Captive Power)	100
4.	WADPA/KESC/GENCOs	100
5.	Independent Power Plants (IPPs)	100
6.	Commercial	-
7.	Domestic	-
8.	Cement	-
9.	Liberty Power Plant	-”

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

The provisions of sub-clause (15) of clause 4, sub-clause (3) and (4) of clause 8 and sub-clause (2)(a)(i), sub-clause (2)(a)(iii) and sub-clause (2)(b) of clause 16 of this Bill shall have effect, for the purposes of this declaration and of the provisions of Provisional Collection of Taxes Act, 1931 (XVI of 1931), as if they were provisions for imposition of duties and taxes of customs, sales tax and federal excise duty. It is hereby declared accordingly in terms of section 3 of the Act that it is expedient in public interest that the provision of above mentioned clauses shall have effect from 2nd June, 2012, under the Act.

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, 2012. Various provisions have been explained in the Notes on clauses.

(Abdul Hafeez Shaikh)

Minister for

Finance, Revenue, Economic Affairs and Statistics