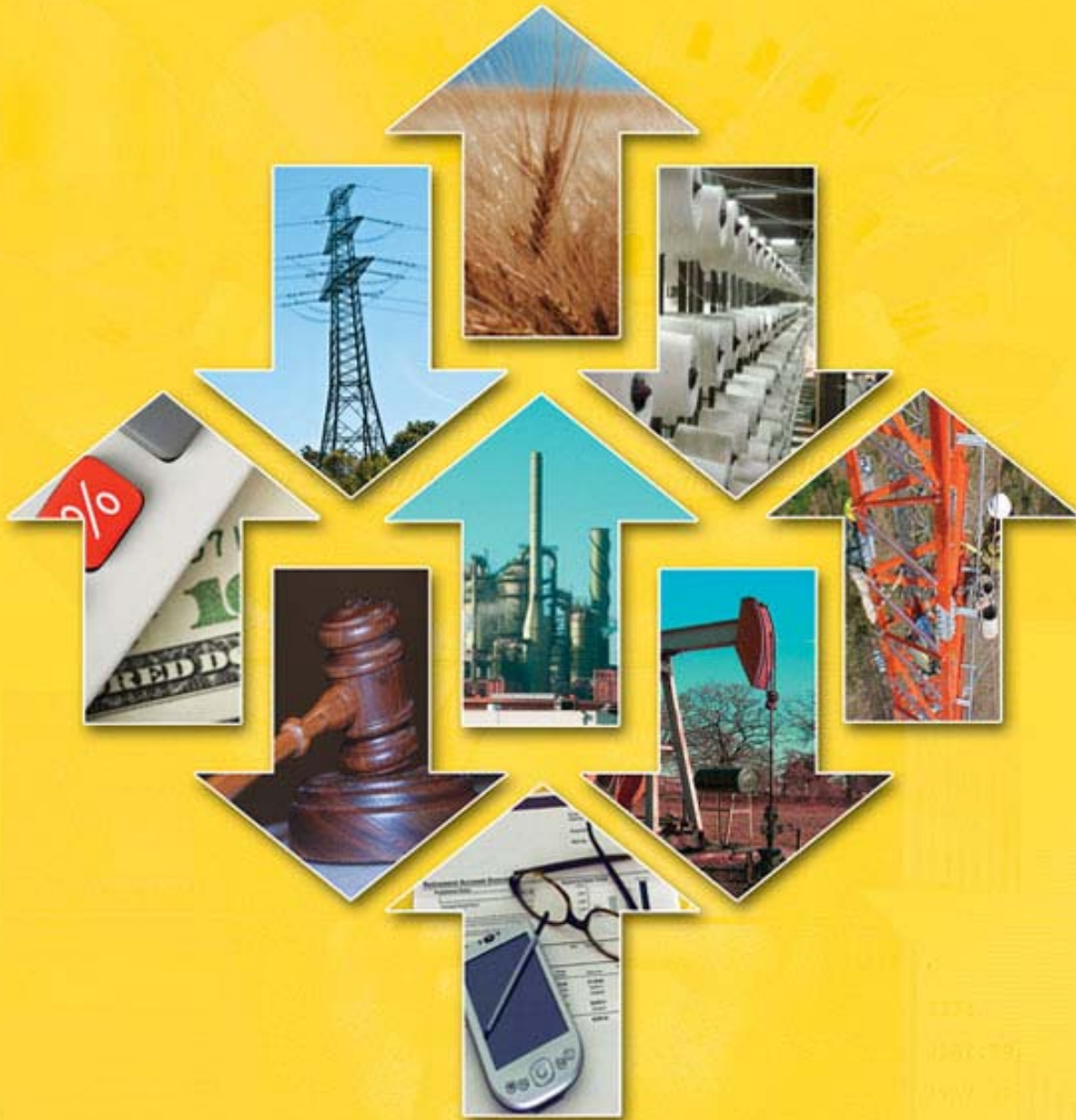


Tax Memorandum 2012

Comments on Budget & Fiscal Laws



Anjum Asim Shahid Rahman
Chartered Accountants

Member Firm of  **Grant Thornton**

Pak Law Publication
An Institute for growth™
Office # 05, Ground Floor, Arshad Mansion, Near Chowk A.G Office,
Nabha Road Lahore. Ph. 042-37350473 Cell # 0300-8848226

Finance Bill 2012

This Memorandum summarizes an overview of economy for the year 2011-2012 and the important changes proposed through the Finance Bill 2012. It contains comments on the budget and on the Finance Bill 2012, including highlights, of the changes brought through the Income Tax Ordinance, 2001, the Sales Tax Act, 1990, the Federal Excise Act, 2005, the Custom Act, 1969, the Finance Act, 1989, the Securities and Exchange Commission of Pakistan Act, 1997, Oil and Gas Regulatory Authority Ordinance, 2002, Petroleum Products (Petroleum Levy) Ordinance 1961 and the Provisional Collection of Taxes Act, 1931. The amendments proposed through the Income Tax Ordinance, 2001 and through other laws are intended to be effective once the parliament has accorded it's assent and thereafter, would be effective from July 01, 2012 i.e. tax year 2013 unless otherwise indicated. Whereas certain provisions relating to custom duty, excise duty and sales tax have been made applicable from June 02, 2012.

This Memorandum is intended to provide general guidance to the readers on the important changes brought through the bill and should not be considered as a substitute for specific advice relating to a particular enactment. For considering the precise effect of a proposed change, reference should be made to the appropriate wordings in the relevant statute and the notifications issued where relevant.

The Memorandum has been prepared exclusively for the use of our clients and staff, based on information available with us till the time of giving it for printing. Printing of this Memorandum, in any manner, is strictly prohibited without seeking a written permission from the firm.

Anjum Asim Shahid Rahman
Chartered Accountants

June 2, 2012

Table of Contents

Budget at a glance	1
Overview of the Economy 2011-2012	2
The Finance Bill 2012 – Highlights	9
Summary of changes in:	
The Income Tax Ordinance, 2001	14
The Sales Tax Act, 1990	37
The Federal Excise Act, 2005	45
The Customs Act, 1969	48
Other Laws	53

Budget at a Glance

	2012-13	2011-12	2012-13	2011-12
	Rupees in billion		%	%
RECEIPTS				
Revenue				
Tax	2,504	2,074	78%	75%
Non tax	730	658	23%	24%
Gross	3,234	2,732	101%	99%
Less: Provincial share	1,459	1,203	46%	43%
Net revenue receipts	1,775	1,529	55%	55%
Other				
Net capital receipts	478	396	15%	14%
External receipts	386	414	12%	15%
Estimated provincial surplus	80	125	2%	5%
Bank borrowings	484	304	15%	11%
	1,428	1,239	45%	45%
TOTAL RECEIPTS	3,203	2,768	100%	100%
EXPENDITURE				
Current				
General public service	1,877	1,593	59%	58%
Defence	545	495	17%	18%
Others	190	228	6%	8%
Total current expenditure	2,612	2,316	82%	84%
Development				
Federal government	360	300	11%	11%
Provincial governments	77	55	2%	2%
Other development expenditure	154	97	5%	4%
Total development expenditure	591	452	18%	16%
TOTAL EXPENDITURE	3,203	2,768	100%	100%

Overview of the Economy 2011-2012

Overview of the Economy 2011-12

Economic Review

The economy of Pakistan, faced with numerous problems and challenges from the onset, has continued to post a macro-economic stability in FY 2011-12. Some of the highlights of economy in the past year entail a stable but lower than expected GDP growth rate of 3.7%, stable exports of US\$ 20 billion in spite of global recession, euro zone crisis and power crisis in the country with a constant rising cost of doing business. However export numbers show a healthy position on account of devaluation of the rupee to an extent of 8.8% over the year.

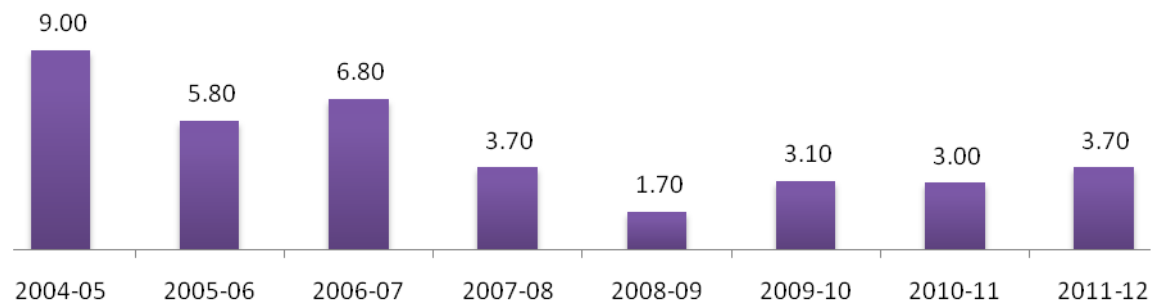
There has been a growth of 16% in the amount of workers' remittances which totaled US\$ 10.8 billion with a forecast of reaching US\$ 13 billion by the end of FY 2011-12. However a lot of that increase is also owed to the stringent exercise undertaken by the Government to channelize a lot of these funds through formal (official) Government channels, instead of informal media being used for transmitting foreign currency to and from Pakistan which does not get reported in the official figures for remittances and foreign currency reserves.

In addition to the above some of the economic indicators will show a better result this year on account of the fact that the Government has not yet shifted its accounts to the base year 2005-06 from the existing 1999-2000, but gave its figures on the new base year 2007-08.

The economic performance of the government cannot be viewed in isolation of the economic disparity the country had to face in the past year as well in the form of floods and internally displaced persons which deprived the economy with Rs. 324.5 billion in terms of Agriculture (crop loss), Energy, Transport & Communication, Health, and Environment including Forestry, Water Supply and Sanitation. This amount impacted the PSDP for the year which could have alternatively resulted in more development projects and investment by the Government in development projects.

This growth of 3.7 %in the GDP is supported by contribution of the key sectors of Pakistan's economic drivers namely Agriculture (21.1%), Manufacturing (18.6%), Commodity Producing Sector (6.7%) and Services Sector (53.5%).

Figure 1: Real GDP Growth

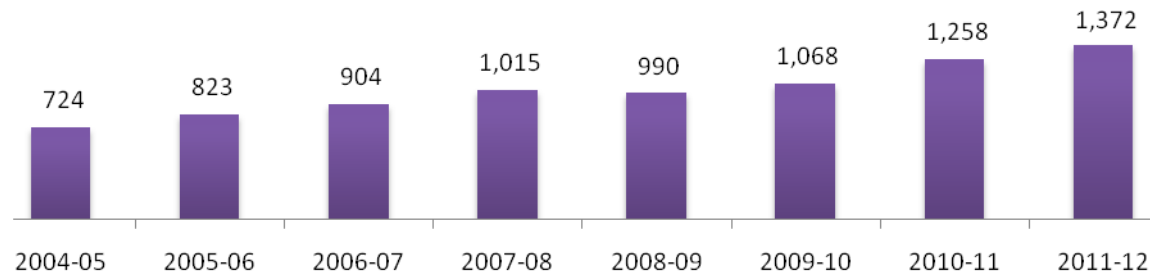


The growth in GDP resulted in the per capita income of Pakistan to increase marginally. The Per Capita Income grew from US\$ 1,258 (in FY 2010-11) to US\$ 1,372 reflecting a growth of 9.1% in contrast to 17.8% growth achieved in FY 2010-11. Since FY 2004-05, the per capital income of the country has

Overview of the Economy 2011-2012

almost doubled. The major contributors toward the growth in the per capita income include a growing real GDP and growing inflows of workers' remittances.

Figure 2: Per Capita Income (in US\$)



Performance of Sub Sectors

Pakistan's economy broadly comprises of three sectors namely (i) Agriculture, (ii) Manufacturing and (iii) Services. These three sectors make up the GDP of the economy of Pakistan. In the FY 2011-12 the service sector outperformed the other two sectors in contribution to GDP. The performance of all the three sectors has been provided in the ensuing paragraphs.

Agriculture Sector

The agriculture sector, which contributes around 45% of the country's labor force, reflected a marginal growth from FY 2010-11 where the contribution to the GDP was 21.1% as against 20.9% of previous year. The composition of the agriculture sector comprises crops, livestock, fishing and forestry. The crops are further sub-divided into category of major crops and minor crops. Cotton, an important cash crop, contributes significantly to the national economy as a raw material provider to local textile industry and for exports. In the FY 2011-12, a marginal increase in area under cultivation for cotton (5.4%) resulted in production growth of 18.6%. For other major crops which include sugarcane and rice, the growth in production recorded was 4.9% and 27.7% respectively. Wheat was the only major crop which recorded negative growth in production (6.7%) which is mainly attributed to late receding rain water which had a direct bearing on both the acreage as well as the yields.

In FY 2011-12, the contribution of minor crops in the agriculture sector was 10.11%. Growth in livestock was marginal at 4.04% against the growth of 3.97% last year. The production of milk, poultry products and other livestock items increased at the rate of 3.3%, 7.1% and 2.24% respectively.

Manufacturing Sector

The manufacturing sector was challenged by perpetual energy crisis across the country, especially in production centric regions such as Faisalabad, Gujranwala, Lahore and also to quite an extent in the industrial zones in Karachi. Moreover, with rising cost of fuel and transportation as well as floods which have depressed the supply chain and affected market demand, there has been an upward trend in cost of doing business which has resulted in marginalizing the profits of the entire sector. The sector showed marginal growth of 3.6% with small scale manufacturing showing a growth of 7.51% whereas slaughtering growth is estimated at 4.46%. Large scale manufacturing witnessed slight improvement in performance (growth from 1.15% in the last year to 1.78% in FY 2011-12).

Overview of the Economy 2011-2012

Services Sector

Service sector during this year has also been slow in terms of positive growth in this year, as compared with that of the previous few years where substantial growth within the sectors emanated from the services sector. Services in the previous year grew by a small rate of 4%, primarily dominated by finance, insurance, social and community services, wholesale and retail trade. Previously this sector has been predominantly driven by growth in the banking sector and mobile telephony and associated business which has slowed down in the past year owing to rising inflation and cost of living in the country. A growing segment within the services sector is Electronic Media Industry where there has been an accumulated investment of \$ 2.5 billion. This industry has helped in creating approximately 7 million direct and indirect opportunities of employment.

Figure 3: Performance of Sub Sectors



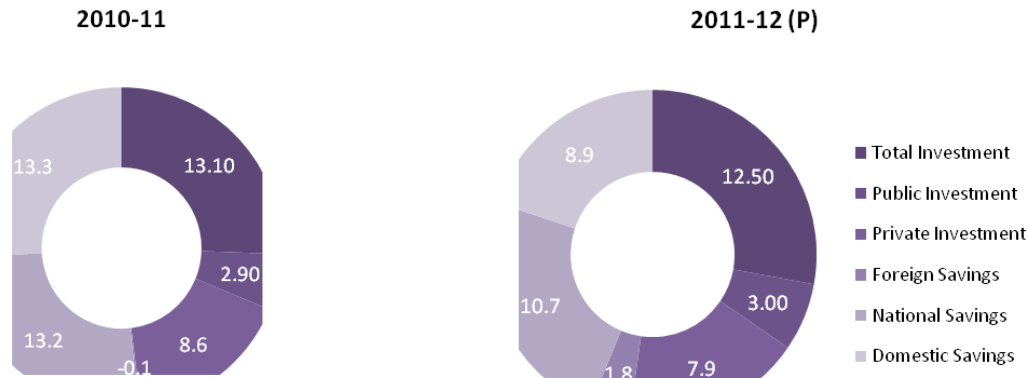
Investments and Savings

The total investment as percentage of GDP witnesses a decline from 13.1% in FY 2010-2011 to 12.5%. The investment from the private sector as a percentage of GDP fell by 8.1% in comparison to the preceding year as a direct consequence of volatile law and order situation. The role of public sector investment to the economic development is critical due to the spillover effect for private sector investment through increase in development spending with emphasis on infrastructure. The public sector investment showed a marginal growth of 3.4% (as percentage of GDP) in the FY 2011-2012 whereas the gross fixed investment (sum of public and private sector investment) showed a decline from 11.5% in FY 2010-11 to 10.9% FY 2011-12.

The contribution of national savings to the domestic investment is indirectly the mirror image of foreign savings required to meet investment demand. The requirement for foreign savings needed to finance the saving investment gap simply reflects the current account deficit in the balance of payments. National savings 10.7% of GDP in FY 2011-12 (P) is lowest ever since FY 1999-2000 while domestic savings has declined substantially from 13.3% in FY 2010-11 to 8.9% in FY 2011-12 (P).

Overview of the Economy 2011-2012

Figure 4: Structure of Investment and Savings as Percentage of GDP



Public Debt

Public debt is the outcome of the developments taking place on the fiscal and current account deficits; thus larger gap in these two deficits cause the public debt to grow at an accelerated rate. Low fiscal and current account deficits, along with the stability in the exchange rate, are critical in maintaining public debt at a sustainable level. For the period ended March 2012, Pakistan's public debt increased by 12.3% amounting to Rs. 12,024 billion (domestic Rs. 7,206 billion and foreign currency Rs. 4,818 billion). By end-March 2012, the public debt stood at 58.2% of the GDP compared to 55.5% of GDP during the same period last year. The increase is inclined towards the domestic debt due to non availability of sufficient external financing and reliance of the government to borrow from domestic market. As a result of substantial increase in the public debt, the Government is burdened to divert its limited financial resources towards debt servicing obligations by foregoing investment and expenditure towards other sectors.

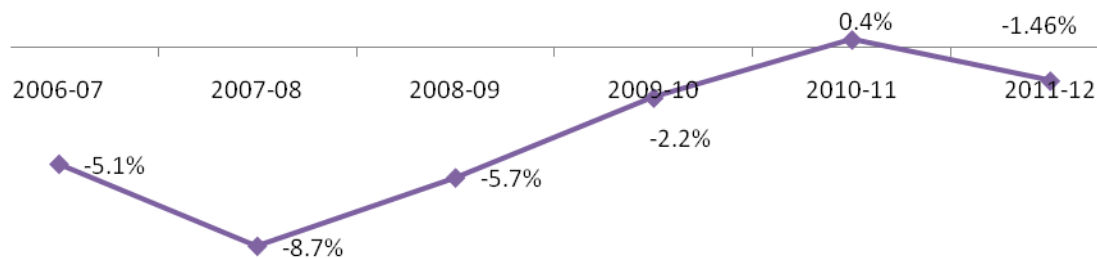
In addition to the above public debt, a contingent liability for FY 2011-12 amounting to Rs. 146.6 billion was added to the Government's stock of guarantees. This primarily represents the explicit and implicit guarantees issued to public sector enterprises for unfunded losses of state owned entities. Accumulatively, the outstanding stock of government guarantees as of March 2012 sums to approximately Rs. 487 billion.

Current Account

The current account balance has long suffered a current account deficit which was overturned in the preceding FY 2010-11 where a surplus of US\$ 99 million was recorded. However, even with continued support from current transfers in the form of workers' remittances, the impact of high oil prices and import of fertilizers could not help to maintain a current account surplus. Therefore, the preceding year's surplus has again turned negative and by end March 2012 the deficit stood at \$ 3.4 billion.

Overview of the Economy 2011-2012

Figure 5: Current Account Balance as Percentage of GDP



Trade and Payments

The preceding FY has experienced deficit in the balance of trade by almost US\$ 5 billion. The deficit is attributable to an increase in the imports of about 21.5% countered by nominal increase in export by 11.8% in the fiscal year. The significant contributor in export has been the textile sector and food group. The increase in exports remained concentrated in few items namely, cotton, rice and leather. However, the 'other manufacturer group' has shown an increase in export especially in Jewelry, pharmaceutical & chemicals and engineering goods. This reinforces the need for diversification if the economy is to avoid setbacks from natural disasters such as the recent floods, which disrupted manufacturing operations along with the severe damage to the raw material.

On the contrary, the import bill also witnessed an increase of about US\$ 7.1 billion in the FY 2011-12 which primarily was driven by the 'Price Effect' rather than the 'Quantity Effect'. In the preceding fiscal year the trade deficit deteriorated mainly due to increase in imports by 14.5%.

Figure 6: Trade (Import and Export Trend) - All Values in USD Billion



Foreign Direct Investment (FDI)

FDI in the past financial year amounted to \$ 666.7 million whereas in the comparable period last year the FDI was recorded at \$ 1,292.9 million (a decline of 48.4%). This is largely attributed to low investment level within the telecommunication, financial and power sectors however main attraction for foreign investors was within the Oil and Gas Exploration sector which contributed 69.8% of the total Foreign Direct Investment.

To attract further FDI, the government is taking measures including but not limited to overcoming the law and order situation, energy crisis, investor facilitation through the Board of Investment (BOI), providing

Overview of the Economy 2011-2012

incentives for overseas Pakistanis to invest in Pakistan stock market and enacted stock exchanges (corporatization, demutualization and integration) Act 2012.

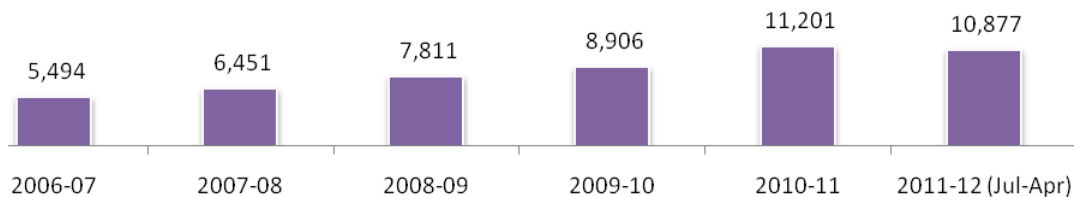
Figure 7: Foreign Direct Investment – Value in USD Billion



Workers' Remittances

During July–April, 2012, overseas workers remitted an amount equivalent to \$ 10.87 billion as against \$ 9.04 billion in the comparable period of last year thereby an increase of 20.2% has been witnessed. Keeping this trend in view, remittances for the full-year are estimated to reach up to \$ 13 billion. This growth may be attributed to the government's efforts for redirecting these flows from informal to formal channels. Similarly, other initiatives such as Xpress money and Interbank Fund Transfer (IBFT) facility have also played a positive role in improving the remittance flow to Pakistan.

Figure 8: Workers' Remittances – Values in USD Million

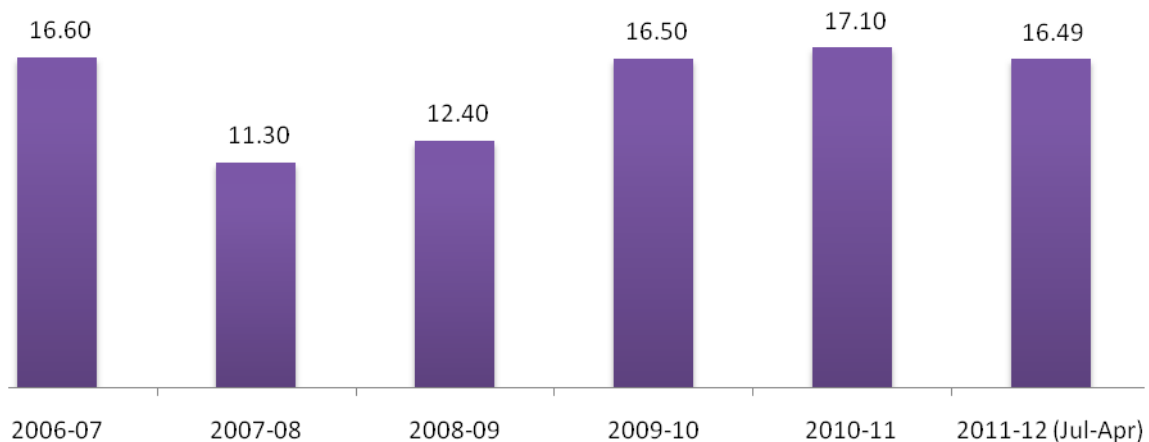


Foreign Exchange Reserves

The current foreign exchange reserves of the country stand at USD 16.49 billion which is approximately USD 560 million lower in comparison to FY 2009-2010 (Jul-Apr). The contributors to this position of the foreign exchange reserves apart from the current account balance surplus are the funds from international donor / lending organizations.

Overview of the Economy 2011-2012

Figure 9: Foreign Exchange Reserves - Values in USD Billion



Inflation (CPI)

Inflation remains a key challenge to the democratic government. The Consumer Price Index (CPI), at an average for FY 2011-12 was recorded at 10.8 percent (Jul-Apr) whereas in the comparable period last year it was 13.8%. The food component of the CPI has witnessed a sharp decline from 18.8% in the preceding year to 11.1% in the FY 2011-12. Non – Food inflation has marginally declined from 10.8% to 10.7%.

Inflation has been curtailed during current fiscal year as compared to last year due to tight monetary policy, better supply management and regular monitoring of prices and supply chain by the Government.

Figure 10: Inflation

The overall economic outlook does not look healthy as the indicators identified above reflect a relatively stagnant economic position. A constant increase in public debt has placed extra burden on the limited resources available with the Government for debt servicing while the growing current account deficit and with the requirements to fund the same, the Government faces a challenge in meeting fiscal deficits in light of the diminishing net foreign assets of the banking system in Pakistan. As a consequence, the economy faces pressure on domestic interest rate and the balance of payment and foreign exchange reserve of the country are adversely impacted with lower foreign direct investment, energy shortfall and a volatile security situation.

The Government remains committed for its public sector responsibility for which various initiatives are being taken including carrying out of the social safety net programs. Transport, communication, energy and revitalization of public sector entities remain to be the areas of focus. Allocation of a minimum 4.5% of GDP to social and poverty related programs including mid-term expenditure framework. Other programmes of the Government include People Works Program, Benazir Income Support Program (BISP) and its programs including Graduation Initiatives, Waseela-e-Haq, Waseela-e-Rozgar, Waseela-e-Sehat and Waseela-e-Taleem.

Finance Bill 2012 - Highlights

Income Tax Ordinance 2001

- Basic income tax threshold for taxable income is proposed to be increased from an existing limit of Rs. 350,000 to Rs. 400,000 in case of individuals and AOPs both for salary and business income. Substantial relief is proposed to be provided to salaried class taxpayers, individuals and AOPs by way of rearranging various income slabs.
- The minimum threshold for withholding tax @ 0.2% on cash withdrawal from a bank in a day is proposed to be increased from Rs.25,000 to Rs.50,000.
- Employees availing small loans from their employer's upto Rs. 500,000 are proposed to be exempt from tax as part of perquisites. Lending rates on loans exceeding the above threshold to attract benchmark capping @ 10% per annum.
- Gain arising on disposal of immovable property is proposed to be treated as capital gain, if the holding period is less than two years. The proposed rate of tax would be @10% where holding period is up to one year and @ 5% where the period is more than one year but less than two years.
- Commissioner (Appeal) to grant stay of recovery proceedings for a period not exceeding 30 days in aggregate. Similarly, Appellate Tribunal Inland Revenue can also grant stay of recovery proceedings for a period not exceeding 180 days in aggregate.
- The rate of default surcharge on failure to make payment of tax is proposed @ 18% per annum and the rate of compensation for delayed refunds is proposed to be fixed at 15% per annum.
- The bill seeks to embed the amnesty provided through Finance Act, 2012 for investments made in listed companies traded on stock exchanges.
- Petroleum exploration and production companies may opt to pay tax @ 40% in the tax year 2012 of the profits/gains, net of royalty, subject to withdrawal of pending appeals, references and petitions pending before any Appellate Authorities, provided the outstanding tax liability is paid on or before June 30, 2012 relating to previous tax years.
- For an individual 'Tax Payer Honour Card' is proposed to be launched. Minimum criteria for its eligibility and the benefits contained thereto to the holder shall be announced later by FBR.
- The tax on dividend received by "group Companies" entitled to "Group Taxation" is proposed to be withdrawn. Similarly tax on "profit on debt" shall not be payable in respect of inter-corporate "profit on debt" within the group.
- Tax payers as importers whose income is treated as final tax liability in the previous tax years, may opt out of the presumptive tax regime and file their returns of income under Normal Tax Regime (NTR) provided their tax liability under NTR is at least 60% of the tax paid under FTR in the previous tax year.
- Exporters of goods may opt out of the final tax regime subject to the condition that minimum tax liability under normal tax regime is not less than 50% of the tax withheld at the time of export.
- Suppliers of goods may opt out of the Final Tax Regime provided their minimum tax liability under normal tax regime is 70% of the tax withheld under the relevant withholding tax provisions.
- The rate of initial allowance on "building" is proposed to be reduced to 25% from 50%.
- Every manufacturer while making sales to distributors, dealers and wholesalers is proposed to withhold adjustable tax @ 1% of gross turnover.

Finance Bill 2012 - Highlights

- Additional payment received on “delayed refund” is proposed to be taxed as “Income from Other Sources”.
- CVT @ 2% is proposed to be levied on transaction of immovable property in urban areas on minimum size of 500 sq.yd and on any sizes of commercial property and residential flats.
- The value of a vehicle for the purposes of depreciation allowance is proposed to be increased to Rs. 2.5 million from 1.5 million.
- The level of the tax credit is proposed to be increased for making investment into listed shares and insurance policies as an incentive.
- Tax credit equal to 20% of the amount invested is proposed for companies which are set-up on or before July 01, 2011 for balancing, modernization and replacement of plant and machinery.
- Tax credits proposed as an incentive to invest in industrial undertaking including corporate dairy farming.
- NCCPL interested to collect withholding taxes on behalf of the exchange in respect of margin financing and capital gain.
- Rate of tax on Capital Gain on disposal of public listed securities is proposed to be rearranged.
- The rate of tax on transport services rendered by a PE of a non resident person is proposed to be subject to tax @ 2% of such payment.
- It is proposed that the dividend received by a bank from Money Market Funds and Income Funds are to be taxed progressively over a period of two years.
- Profit and gain derived by a Venture Capital Company and Venture Capital Fund, under the Fund Management Rules, shall be exempt from tax up to the Tax Year 2024.

The Sales Tax Act, 1990

- Unified standard rate of 16 % introduced by removing aberration in rates through S.R.O 594 (I)/2012 dated 1 June 2012.
- Sections 11 and 36 relating to assessment of tax and recovery of tax not levied or short levied or erroneously refunded are now combined in section 11.
- Uniform time period of five years for issuing show cause notice is proposed.
- Supplies against international tenders are exempted instead of zero rated.
- Exemption on locally produced oil obtained from cotton seed withdrawn.
- Increase in the rate of sales tax on steel sector.
- Alignment of PCT Headings in various schedules to the Sales Tax Act, 1990, with the HS-2012 version of Pakistan Customs Tariff.
- Reduction in sales tax rate of soyabean seed, sunflower seed and canola seed on import by solvent extraction industries.
- Specific conditions prescribed for transfer of sales tax registration from one person to another.
- Enhancement in value fixed for levy of sales tax on billets and Ignots.

Finance Bill 2012 - Highlights

- Enhancement in duty drawback on export of steel products.
- Importer even not claiming excess input tax can now be subject to audit without permission of Board.
- New rules prescribed for payment of sales tax by steel melters, re-rollers and ship breakers.

The Federal Excise Duty, Act 2005

- Duty enhanced on locally produced cigarettes.
- Duty on cement reduced.
- Duty abolished on lubricating oils, cosmetics and filter rods.
- Duty rates revised on international travelling from Pakistan.
- Services in respect of livestock insurance exempted.
- Services rendered by Asset Management Companies exempted from FED will retrospective effect from July 1, 2007.

Finance Bill 2012 - Highlights

Customs Act, 1969

Relief Measures:

- Maximum general tariff slab reduced to 30% from 35% resulting in reduction 14 number of duty slabs to 7 from 8.
- Customs duty reduced on raw materials and components for printing and stationery sector.
- Duty on 88 pharmaceutical raw materials and other input goods reduced to 5% from 10%.
- Duty on self-copy papers and self-adhesive papers reduced to 10% from 20% to 25%.

Incentives for Local Industry:

- Major notifications namely SRO 565, 567 and 575 providing exemptions and concessions on import of plant and machinery and raw materials for domestic industries are cleansed of anomalies and made simplified.
- Certain industrial raw materials are included in the concessionary regime to promote indigenous industry,
- Duty on scrap of rubber / shredded tyres reduced to 10% from 20% to encourage its use as substitute fuel by cement industry.

Tariff Measures:

- Pakistan Customs Tariff classification structure aligned with the WCO nomenclature i.e. HS-2012
- 12 Digit sub-headings introduced in the Customs Tariff for full automation of import processing through the Customs computerized System (WeBOC) and for statistical purposes.
- Creation of new headings on recommendation of the Ministry of Textile Industry for facilitation of textile industry and to update national tariff in accordance with international best practices.
- Rate of duty and taxes on import of hybrid electric vehicles (HEVs) and their batteries reduced by 25% to encourage such imports at affordable prices.
- Composite duty on cinematographic film changed to a simple rate of Rs. 5 per meter.

Other Measures

- Minimum value addition of 15% is prescribed through SRO 601(I)/2012 dated June 1, 2012 for DTRE benefit
- Time limit of 24 months for manufacture and export of goods under DTRE now reduced to 12 months from the date of approval of DTRE application.
- Additional conditions imposed for benefit of zero per cent rate of duty on import of ambulances through SRO 574(I)/2012 dated June 1, 2012.
- Inclusion of new items in list of Pharmaceutical raw materials, entitled to zero per cent rate of duty .
- Reduction in duty rate of specified ink and paper on import by printing industry.

Finance Bill 2012 - Highlights

Legislative Measures:

- Quasi judicial and administrative functions separated at the Collectrates' level.
- Insertion of enabling provision for e-auction.
- Incorporation of an explicit provision for condoning delays in time-limits.
- Provision of appeal in cases where the application for refund has been declared.
- Definition of smuggling made more comprehensive by including pilferage of transit goods.
- Application of record keeping provisions on transport operators (for transit goods) and on tracking companies.
- Declaring attempts to make un-authorized access/ use or interfere with the Customs computerized system an offence.
- Introduction of punishment of imprisonment for a term upto five years, where rules or conditions of transit are contravened.
- Removal of the punishment of whipping, in cases of smuggling, possession or acquiring of smuggled goods and armed intimidation of persons engaged in the discharge of duty under the Customs Act.

Summary of changes in the Income Tax Ordinance, 2001

Section	Definition of NCCPL
2(35AA), 100B, 233AA, Eight Schedule	<p>The bill seeks to define National Clearing Company of Pakistan Limited (NCCPL) by way of proposed insertion of sub-section (35AA) of section 2 to mean a company incorporated under the Companies Ordinance, 1984 and licensed as 'Clearing House' by the Securities and Exchange Commission of Pakistan. NCCPL has been assigned a larger role for collection of advance taxes from the members of Stock Exchange registered in Pakistan in respect of margin financing in share business as well as a withholding tax agent in connection with computation and deposit of tax at source on capital gain in the proposed Eighth Schedule.</p> <p>This measure will strengthen collection of capital gain tax which presently is being paid by respective tax payers voluntarily on their own. The proposed change will help to improve tax collection as historically in Pakistan tax collection had been increased by deduction of taxes at source through withholding tax agents.</p> <p>Definition of taxable income and total income</p>
9, 10(a), (b) & 53(1A)	<p>The bill seeks to insert the followings two clauses (a) and (b) in section 10 as follows:</p> <p><i>(a) Person's income under all heads of income for the year; and</i></p> <p><i>(b) Persons income exempt from tax under any of the provisions of this Ordinance</i></p> <p>The proposed change is clarificatory in nature as it elaborates the definition of total income comprising "taxable income" as well as "exempt income". A consequential amendment is also proposed by way of deletion of section 53 (1A) which although included exempt income in the definition of total income but tax was not payable on such income.</p> <p>A proposed amendment is made in section 9 to clarify that the taxable income shall not include income which is exempt from tax under any of the provision of the Income Tax Ordinance, 2001.</p> <p>The terms total income and taxable income are frequently being used elsewhere in the Ordinance for the purposes of calculation of any rebate, liability or relief.</p> <p>Mark-up limit on concessional loan to employees</p>
13(7) & (14)	<p>The proposed insertion seeks to exclude from ambit of section 13(7) concessional loans to employees availing small amounts of loans upto the limit of Rs. 500,000. The contents of section 13(7) provides for notional addition in the total income of the employees for the difference between the benchmark rate and concessional rate of profit charged by the employer on the loans extended to the employees.</p>

Summary of changes in the Income Tax Ordinance, 2001

Section The bill also proposes to provide relief to those employees availing higher amount of loans by capping the benchmark rate at 10% per annum which was previously based on progression of 1% each year since the year 2002 and currently had reached the level of 13%.per annum.

These are positive changes as they will provide desired relief to the employees who are already affected by the higher inflationary trend in the economy.

Taxability of capital gain on immovable property

**37(1A), (5) and
Division VIII of
Part I of
the First
Schedule**

A new sub-section (1A) is proposed to be inserted in the Statute Book whereby gain on sale of immovable property is to be taxed as capital gain where the sale of such property is made within a period of two years in following manner:

- | | |
|--|-----------------|
| i) where holding period of immovable property is up to one year | 10% of the gain |
| ii) where holding period of immovable property is more than one year but not more than two years | 5% of the gain |

Consequential amendment is also proposed in clause (c) of sub-section (5) of section 37 whereby immovable property is to be excluded from the definition of capital assets. By virtue of this amendment, gain on sale of immovable property becomes taxable under the head capital gain. This change does not seem to be appropriate as tax is only proposed to be levied on immovable property sold within a period of two years. Immovable properties which are sold beyond holding period of two years still would bear the character of capital assets but are not taxable for which no measure is stipulated in the law.

The intention behind the proposed changes is to levy tax on trading gains on short-term sale of such properties. It is our view that gains on sale of immovable property was always taxable as business profits in the hands of those engaged in buying and selling of immovable properties. The actions of the tax authorities to tax such dealings as an adventure in the nature of trade had been upheld at the appellate levels as well. However, where the persons were able to demonstrate to the appellate authorities that transactions were not undertaken as an adventure in the nature of trade, such gains were held as not taxable.

It is apprehended that difficulties will be faced by persons when inherited property either by single owner or several joint owners will be sold within a period of two years of the registration / transfer in the name of the legal heirs. Inherited properties in joint and several name are normally sold to distribute proceeds to the joint owners.

Also disputes and differences will arise as to what would constitute the cost of inherited property to arrive at the taxable gain.

Summary of changes in the Income Tax Ordinance, 2001

Section

Furthermore, the proposed changes may also involve controversy in view of Entry No. 50 of the Fourth Schedule to the Constitution of the Islamic Republic of Pakistan which reads as under:

50. Taxes on capital value of assets, not including taxes on immovable property

The aforementioned matters need to be addressed by the legislature so that no undue hardship for lack of clarity is caused to the taxpayers.

Computation of capital gain on securities

37A, & 37A(1A) The bill seeks to insert new sub-section (1A) whereby mechanism is provided to compute capital gain on sale of securities other than such gains which are exempt from tax under the Ordinance. The taxable gain shall be computed by way of deduction of the cost of acquisition of securities from the consideration received by the person on disposal of securities.

The basis prescribed for working out the cost of securities in SRO112(1)/2011 dated February 11, 2011 which has not been rescinded is FIFO. The Federal Board of Revenue has also retained the power under proposed insertion of sections 76 and 77 to prescribed rules to determine basis of costs of any assets and consideration received of any asset.

Additional payment on delayed refund

39(1)(cc) The proposed amendment seeks to tax additional payments on delayed refunds under the head 'Income from other sources'.

The proposed amendment is in contradiction with various judgments reported as 2005 PTR 151 (Trib), 2006 PTD (trb) 1800, (1993) 199 ITR 313 and others wherein it is held that compensation or additional payments on delayed refunds are considered as 'capital receipts'. As a general rule, all the revenue receipts are taxable unless specifically exempted and capital receipts are exempt unless specifically brought into tax net.

By taxing receipts under consideration, hardship to the taxpayers is also being created as the same would result in significant reduction in effective rate of compensation as the same will be reduced to the extent of applicable tax rate of the taxpayer. It is to be appreciated that the tax law also does not allow 'default surcharge' as an admissible expenditure to the taxpayer stating it to have a character of penalty. Accordingly, taxing compensation receipts becomes contradictory in nature.

Summary of changes in the Income Tax Ordinance, 2001

Section Adjustment of losses in the case of AOP

59A(1), (2), (3) & (4) The bill proposes to delete redundant sub-sections (1) and (2) from section 59A as section 92(3) relating to adjustment of loss suffered by an AOP, against income of the members was deleted from the Statute Book through the Finance Act, 2007. Also relevant portions of sub-sections (3) and (4) are amended as a consequence to harmonize with the existing provisions of the law.

Tax credit for investment in shares and insurance policies

62(2) & (3) In order to promote investment in listed securities and insurance policies, the bill seeks to provide following tax incentives to persons other than companies

	Relief	
	Existing	Proposed
Enhancing limit of total income for tax credit on investment in shares and insurance policies [section 62(2)(a) & (b)]	15%	20%
Upper limit for tax credit under section 62(2)	Rs. 500,000	Rs. 1,000,000
Minimum holding period of shares under section 62(3)	36 months	24 months

The proposed amendments would provide incentives to the taxpayers to make further investments into such avenues.

Tax credit for investment in plant and machinery

65B(1), (4), (5) & (6) The proposed amendments seeks to clarify that tax credit can also be claimed in respect of minimum tax as well final taxes payable under any other provisions of the Income Tax Ordinance, 2001:

- provide tax credit on investment covered under sub-sections (1) and (2) @ 10% of the amount of investment in the tax year in which plant is installed which period of investment falls between the 1st day of July, 2010 and the 30th day of June, 2011;
- provide that in case where no tax is payable or tax payable is less than the amount of tax credit in the year of investment, the amount of credit or balance of tax credit shall be carried forward and deducted from the tax liability of subsequent tax years provided that the amount should not be carried forward for more than two tax years;

Summary of changes in the Income Tax Ordinance, 2001

Section

- provide tax credit on investment covered under sub-section (4) at the rate of twenty percent of the amount of investment in the tax year in which plant is installed on which period of investment falls between 1st day of July, 2011 and the 30th day of June, 2016;
- provide that in case where no tax is payable or tax payable is less than the amount of tax credit in the year of investment, the amount of credit or balance of tax credit shall be carried forward and deducted from the tax liability of subsequent tax years provided that the amount should not be carried forward for more than five tax years; and
- The Commissioner is empowered to revoke the tax credit obtained, if subsequently it is discovered that any one or more of the conditions specified in this section were not fulfilled.

Tax Credit for newly established industrial undertakings

65D, (1), (3) & (5)

The proposed amendments seek to:

- enhance the scope of industrial undertaking to include the corporate dairy farming into its ambit;
- clarify that the tax credit can also be claimed of minimum tax as well final taxes payable under any other provisions of the Income Tax Ordinance, 2001;
- clarify that the assets be financed through hundred percent equity raised through issuance of new shares for cash consideration;.
- explain that the finance obtained to meet the “working capital needs” from the banks or non-banking financial institutions shall not disqualify the taxpayer for claiming the tax credit; and
- clarify the setting up of industrial undertaking on the date on which it is ready to go either into trial production or commercial production. This also encompasses section 65B and 65E for the purpose of setting up of industrial undertaking.

The proposed changes intend to encourage fresh investment through equity instruments as well as to promote the dairy farming sector under the ambit of industrial undertaking considering the potential of this sector in the future growth of economy. The Government as well as private sector is making investments to develop corporate dairy farming and substantial investment is flowing into this sector.

Summary of changes in the Income Tax Ordinance, 2001

Section **Tax credit for industrial undertakings established before the first day of July, 2011**

65E The proposed amendments extend the following entitlements to a company to claim tax credit:

- inducting hundred per cent new equity raised through issuance of new shares for cash consideration;
- corporate dairy farming also covered in addition to any industrial undertaking; and
- new projects are also included.

The tax credit can be availed in the year of investment and subsequently four years as follows:

- in case of an expansion project or a new project, the taxpayer shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax as well as final tax payable under any of the provision of the Ordinance;
- in all other cases the credit shall be the proportion of tax payable between the new equity and the total equity including new equity. The credit to cover minimum tax as well as final tax payable under any of the provisions of this Ordinance; and
- the taxpayer shall not be disqualified for claiming tax incentive in case finances are obtained to meet the working capital needs from the banks or non-banking financial institutions. The finance should not be availed to finance project assets.

However, the Commissioner has the powers to revoke credit allowed, if subsequently found that conditions stipulated for claiming the credit were not fulfilled.

Determination of cost of an asset and consideration received

76(11) & 77(6) The bill seeks to insert a new sub-section (11) in section 76 and sub-section (6) in section 77. The proposed amendments will give the Federal Board of Revenue powers to prescribe rules for determination of cost of an asset and consideration received of an asset.

The proposed amendments are discretionary in nature and may create hardship for the taxpayers as the Ordinance clearly provides criterion in section 76 for determination of cost of an asset and in section 77 for consideration received.

Summary of changes in the Income Tax Ordinance, 2001

Section	Special provision relation to capital gain tax on listed securities
100B	<p>To promote the capital market, the Finance (Amendment) Ordinance, 2012 provided immunity to the investment made in shares of the listed companies traded on the Stock Exchanges in Pakistan. The bill seeks to incorporate the changes made through the aforementioned Ordinance by inserting a new section in addition to the Eighth Schedule, which prescribes the rules for computation/determination of capital gain, collection and deposit of tax thereon. This section does not apply to the following persons or class of persons:</p> <ul style="list-style-type: none">(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) 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.
	<p>Remittances by branch of a foreign company</p>
101(6)	<p>The bill seeks to insert clauses (a) and (b) in sub-section (6) of section 101. The proposed insertion intends to bring into the ambit of Pakistan source income the remittance of branch profits as a Pakistan source dividend.</p> <p>This is a consequential change in section 101(6) as the remittance of profits by branch to its head office was sought to be taxed as dividend through the Finance Act 2009.</p>
	<p>Minimum tax on the income of certain persons</p>
113	<p>The concept of minimum tax was re-introduced by the Finance Act, 2009. The term ‘turnover’ was defined to specifically exclude any amount taken as deemed income and is assessed as final discharge of tax liability with a view to apply the provisions on receipts assessable under normal tax regime. However, sub-section (1) was not amended, therefore, the objective could not be achieved as the taxpayers while applying the provisions contained in sub-section (1) compared the tax payable on net income with the total tax payable or paid including the amount of tax covered under section 169, which in most cases resulted in non-application of the provision of the section. To cover the lacuna, the bill is proposing to add an explanation to define “tax payable or paid” to be exclusive of tax payable or paid in respect of deemed income assessed as final discharge of tax liability under section 169 or any other provision of the Ordinance. The insertion being made by way of an explanation is an attempt to make out a case for retrospective application of the provision, which has not been viewed favorably by the Courts.</p>

Summary of changes in the Income Tax Ordinance, 2001

Section Return of income

- 114** Under the provisions contained in the Ordinance, a taxpayer had a right to file a revised return of income if he discovers any omission or wrong statement contained in the return filed. Such revised return was treated as amended assessment order in terms of the provisions contained in section 122, which had an overriding effect on any order passed under section 121, 122, 122A, 122C or income determined as a consequence of appeal effect under section 129 or 132; or an order of the High Court under section 133; or a rectification under section 221. The bills seeks to insert clause (c) along with a proviso to restrict the right of filing a revised return by placing the conditions that the declared taxable income shall not be less than; or loss being declared shall not be more than the income or loss determined under any of the above mentioned provisions. Non-fulfillment of the conditions prescribed, while filing a revised return shall be deemed as not having furnished the revised return.

This is a harsh amendment which is also not based on logic. If an inadvertent error has occurred while filing the return of income, the same should lawfully be allowed to be corrected by way of filing revised income. There should not be conditions attached as regards financial impact of revision of return of income. Therefore withdrawal of the conditions proposed should be considered before the Bill is converted into the Act.

Assessments

- 120** The Commissioner after examining the return filed by a taxpayer points out to the taxpayer the discrepancies observed in the return filed and request him to provide required information or particulars etc to remove such discrepancies by the end of the financial year in which the return was filed. The Bill seeks to extend the period for issuance of such notices by hundred and eighty days after the end of the financial year in which the return is filed.

Best judgment assessment.

- 121** Under the existing provisions, filing of a return or a revised return even after passing of an order under this section by the Commissioner had an overriding effect since the return or the revised return as the case may be was treated as an amended deemed order. The Bill seeks to impose a restriction that after passing of best judgment assessment, if the taxpayer files his return or files revised return it shall have no legal effects. Thus, if an appeal is not filed within the time prescribed against the best judgment assessment order of the Commissioner, the taxpayer will not be in a position to avail any appellate relief. This is a harsh amendment which should be re-considered before the Bill is approved into the Act.

Amendment of assessments

- 122** The Bill seeks to enlarge the scope of the section by bringing within its ambit the right to amend provisional assessment order passed under section 122C. It further

Summary of changes in the Income Tax Ordinance, 2001

Section seeks to authorize the Commissioner to make such inquiries as he deems necessary for amending an order considered to be erroneous in so far as it is prejudicial to the interest of revenue. The right to amend orders issued under the Repealed Ordinance having become redundant are proposed to be omitted.

Provisional assessment

122C Under the existing provision of law, provisional assessment does not become final order until a period of sixty days expires. The proposed amendment seeks to allow taxpayer to file return of income alongwith wealth statement and relevant information, their provisional assessment become redundant and the taxpayer's returned version becomes deemed assessment order. In case of a company, the ambiguity with regard to requirements of filing of return within sixty day of an order under this section has been cleared. If a company files a return electronically along with the audited/final accounts within the prescribed period in such a case the provisional assessment shall not be treated as a final assessment and the return filed would constitute deemed assessment order under section 120.

Appeal to the Commissioner (Appeals)

127 The lacuna existing in the current provision has been removed by omitting the word "provisional" since an assessment under section 122C after expiry of sixty days became the final order and therefore could not be termed as a provisional assessment order. The long standing demand of the business community to make the order under section 122C appealable by amending the section has not been accepted.

Procedure in appeal

128 New sub-section is proposed to be inserted to empower the Commissioner to grant stay against recovery proceedings up to a period of thirty days in aggregate after affording an opportunity on being heard to the Commissioner against whose order an appeal has been preferred by the taxpayer. Earlier, on the basis of the superior court judgments having such power were considered as inherently available with the Commissioner Appeals. Therefore these powers were discreetly being exercised by the Commissioner without any limitation.

The proposed period of thirty days is extremely low as normally an appeal filed is not decided within a period of thirty days. Upon the expiry of thirty days the taxpayer would face the same hardship and would be at the mercy of the tax department as regards the recovery of tax. If at all power to allow shorter period for stay to remain in the law, then it should also be made compulsory on the part of the Commissioner Appeals to finally decide the appeal before the expiry of thirty days where stay has been granted so that the taxpayer is not placed in an adverse situation.

Summary of changes in the Income Tax Ordinance, 2001

Section	Decision in appeal
129 (5), (6) & (7)	Under the existing provisions, the Commissioner had to decide an appeal after the expiration of four months from the end of the month in which the appeal was filed. Failure on his part to pass an order resulted in acceptance and grant of the relief sought by the appellant, subject to the condition that he has been served with a notice by the appellant thirty days before the expiry of the four months period. The Bill proposes to omit these clauses. In terms of the proviso of sub-section (4) which is retained in the Statute Book, the Commissioner is directed to pass an order within hundred and twenty day of the filing of an appeal which may be extended for another sixty days for reasons to be recorded by him. The Courts have held that a provision is considered to be directory in nature unless consequential affect has been provided in law which makes it a mandatory provision. Omission of the sub-sections (5), (6) and (7) may result in increasing the pendency of appeals filed with the Commissioners.

Appointment of the Appellate Tribunal

130	Presently the Commissioner of Inland Revenue with having five years experience was eligible for appointment as the member of the Appellate Tribunal. This period is proposed to be reduced to three years. Interestingly clause (a) has not been amended which still prescribes that an officer of the rank of a Regional Commissioner is eligible for appointment as an accountant member, though no such authority is provided in the Ordinance. The eligibility criterion for appointment of Chairperson is proposed to be modified to allow appointment of accountant member to the position.
------------	---

Appeal to the Appellate Tribunal

131	The existing provision conferring the right of the Tribunal to grant stay against the recovery proceedings has been concisely re-worded. The Tribunal can grant such stay for a period of hundred and eighty day in aggregate. While computing such period, stay, if any, granted by the High Court shall be excluded.
------------	--

Due date for payment of tax

137	The insertion proposes to allow the taxpayer to voluntarily deposit the amount of tax assessed as a consequence of an order under section 122C before the expiry of sixty days period from the service of the notice.
------------	---

Imports

148	Under the existing sub-sections tax collected at the time of clearance of the imported goods by the Collector of Custom was final tax or minimum tax. The Department in case of short collection by the Custom Authority was earlier not authorized to recover the tax short collected. The proposed amendment seeks to now authorize the Department to recover such short collection from the taxpayer
------------	---

Summary of changes in the Income Tax Ordinance, 2001

Section	Payments to non-residents
152 & 153(1)	<p>The bill proposes to consolidate by excluding Permanent Establishment in Pakistan of a non-resident person from the section 153, omitting section 153A and inserting such provision within the ambit of section 152. Apparently the withholding tax provisions applicable to payments to Permanent Establishment in Pakistan of a non resident person on account of sale of goods, rendering of or providing of services relating to transport and other services and execution of contracts has not been mentioned in sub-section 2(A) proposed to be inserted though the rates of withholding have been provided in the First Schedule in Part III, Division II. Sub section 2(A) also specifies that withholding tax rates specified in Division II of Part III of the First Schedule relating to payment on account of insurance premium or reinsurance premium to a non resident person shall not apply if made to a Permanent Establishment in Pakistan of the non-resident person with the written approval of the Commissioner.</p>
	Payments to dealers, distributors and wholesalers
153A Part IIA of First Schedule	<p>The bill proposes to enlarge the scope of adjustable withholding tax provisions to distributors, dealers and wholesalers. Every manufacturer at the time of sale of its products to such agents will be required to collect tax at the rate of 1 percent (Part IIA of the First Schedule) of gross amount of sales. The intent behind the proposed insertion appears to enlarge the tax net. Such distribution and wholesaler so far by and large remain outside the tax net. Pursuant to the proposed change returns of withholding tax filed by the manufacturers will bring to tax net such dealers, distributors and whole-sellers and would help in further documentation of economy, The distributors and whole-sellers shall be entitled to claim credit of taxes withheld by the manufacturers.</p>
	Deducted to deductible
Various withholding tax sections & section 169	<p>The bill proposes to replace the word 'deducted' to 'deductible' in the various withholding tax provisions of the Ordinance.</p> <p>The propose amendment seek to clarify that the transaction specified in section 169 of the Ordinance, 2001 remain under the ambit of final tax regime even the withholding tax agent fails to deduct the tax . The consequential changes have been brought in section 169 as well and the phrase 'has been deducted' is proposed to be replaced with 'was deductible'.</p> <p>Presently from the word 'deducted' or phrase used 'has been deducted' it may implies that where withholding agent actually deducted the tax on the payments made, than it will be treated as discharge of final tax, otherwise it would not constitute to fall under final tax regime and receipts in the hands of recipients to be taxed under normal tax regime. The propose amendment seeks to eliminate this ambiguity by replacing the word 'deducted' with the word 'deductible' in various withholding tax provisions of the Ordinance and reference thereof are in section 169 for the purposes of final tax regime i.e. section 151(3), section 152(1B) (1BB), section 153(3), section 154(4), section 156(3) and section 156A(2).</p>

Summary of changes in the Income Tax Ordinance, 2001

Section Additional payment for delayed refunds

171 & 205 Compensation for delayed refund was payable at the rate of KIBOR per annum while default surcharge was chargeable at the rate of KIBOR plus three percent per quarter. The bill proposes to delink compensation and default surcharge from KIBOR and fix it @ 15% and 18% per annum respectively.

It also proposes to provide incentive to the taxpayer who voluntarily pays the tax due as a consequence of the appellate order passed by the Commissioner Appeals under section 129 on or before the due date prescribed in the notice issued under section 137 and does not file an appeal under section 131 with the Appellate Tribunal. In such a situation the taxpayer shall not be liable to pay default surcharge from the due date of payment as a consequence of the order appealed against to the date prescribed in the notice under section 137(2) issued with the appeal affect order.

Tax Payer Card

181B To encourage honest and compliant taxpayers, the Board is proposed to be empowered to make a scheme entitling such taxpayer to be eligible to the benefits provided in the scheme. The proposed measure is to promote developing tax culture in the country and provide incentive and prestige to the taxpayers for their contribution to the exchequer.

Directorate General (Intelligence and Investigation), Inland Revenue

230 Section 230 is proposed to be inserted to specify intelligence and investigation authorities, whose functions FBR is to specify later. However it would be prudent if with the specification of authorities their functions are duly notified for clarity as these authorities are functioning without notified functions up-till now.

Collection of tax by a stock exchange registered in Pakistan

233A The bill proposes to omit clauses (c) and (d) since the responsibility has been given to withhold tax on such transactions to NCCPL.

Summary of changes in the Income Tax Ordinance, 2001

First Schedule

Clause Revised slabs for AOP

Part I, Division-I Clause (I) & (1A)

The proposed amendment seeks to include Association of Persons (AOPs) into this Division at the same rate as applicable to individuals in varying slabs. Previously, through the amendment made in the Finance Act, 2010, AOPs were taxed at the flat rate of 25% as provided in Division IB which is now proposed to be omitted.

Minimum taxable threshold and tax benefit

The bill proposes to increase the minimum threshold for the purposes of levy of tax on the taxable income from Rs. 350,000 to Rs. 400,000 for all individuals. The minimum threshold of Rs. 400,000 is also applicable to AOPs now.

Tax rates for non-salaried individual persons and AOPs

The following are the proposed slabs and tax rates:

S.No.	Taxable Income	Rate of tax
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	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	147,500+20% of the amount exceeding Rs.1,500,000
5.	Where the taxable income exceeds Rs.2,500,000	347,500+25% of the amount exceeding Rs.2,500,000

Summary of changes in the Income Tax Ordinance, 2001

FINANCIAL IMPACT ON INDIVIDUALS TAX PAYERS

S No.	Taxable Income Rupees	Existing Slab Rate %	Tax Amount Rupees	Proposed Slab Rate	Tax Amount Rupees	Tax Saving Rupees	Tax Saving %
1	400,000	7.5	30,000	0.00%	-	30,000	100
2	500,000	7.5	37,500	10% of the exceeding amount Rs.400,000	10,000	27,500	73
	750,000	10	75,000		35,000	40,000	53
3	1,000,000	15	150,000	Rs.35,000 + 15% exceeding Rs.750,000	72,500	77,500	52
	1,500,000	20	300,000		147,500	152,500	51
4	2,000,000	25	500,000	Rs.147,500+20% exceeding Rs.1,500,000	247,500	252,500	51
5	3,000,000	25	750,000	Rs.347,500+25% exceeding Rs.2,500,000	472,500	277,500	37

FINANCIAL IMPACT ON AOPs TAX PAYERS

S No.	Taxable Income Rupees	Existing Slab Rate %	Tax Amount Rupees	Proposed Slab Rate	Tax Amount Rupees	Tax Saving Rupees	Tax Saving %
1	400,000	25	100,000	0.00%	-	100,000	100
2	500,000	25	125,000	10% of the exceeding amount Rs.400,000	10,000	115,000	92
	750,000	25	187,500		35,000	152,500	81
3	1,000,000	25	250,000	Rs.35,000 + 15% exceeding Rs.750,000	72,500	177,500	71
	1,500,000	25	375,000		147,500	227,500	61
4	2,000,000	25	500,000	Rs.147,500+20% exceeding Rs.1,500,000	247,500	252,500	51
5	3,000,000	25	750,000	Rs.347,500+25% exceeding Rs.2,500,000	472,500	277,500	37

Summary of changes in the Income Tax Ordinance, 2001

Salaried class taxpayers

The existing tax slabs are proposed to be reduced from 17 to 5 reducing the effective tax rates and providing relief to entire salaried class as under:

S. No.	Taxable Income	Rate of tax
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.750,000 but does not exceed Rs.1,500,000	17,500+10% 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	92,500+15% of the amount exceeding Rs.1,500,000
5.	Where the taxable income exceeds Rs.2,500,000	242,500+20% of the amount exceeding Rs.2,500,000

FINANCIAL IMPACT ON SALARIED CLASS TAX PAYERS

S No.	Taxable Income	Existing Slab rate	Tax Amount	Proposed Slab Rate	Tax Amount	Tax Saving	
	Rupees	%	Rupees		Rupees	Rupees	%
1	400,000	1.5	6,000	0.00%	-	6,000	100
2	450,000	2.5	11,250	5% of the exceeding amount Rs.400,000	2,500	8,750	78
	550,000	3.5	19,250		7,500	11,750	61
	650,000	4.5	29,250		12,500	16,750	57
	750,000	6	45,000		17,500	27,500	61
3	900,000	7.5	67,500	Rs.17,500 + 10% of the amount exceeding Rs.750,000	32,500	35,000	52
	1,050,000	9	94,500		47,500	47,000	50
	1,200,000	10	120,000		62,500	57,500	48
	1,450,000	11	159,500		87,500	72,000	45
	1,500,000	12.5	179,500		92,500	87,000	48

Summary of changes in the Income Tax Ordinance, 2001

S No.	Taxable Income	Existing Slab rate	Tax Amount	Proposed Slab Rate	Tax Amount	Tax Saving	
	Rupees	%	Rupees		Rupees	Rupees	%
4	1,700,000	12.5	212,500	Rs.92,500+15% of the amount exceeding Rs.1,500,000	122,500	90,000	42
	1,950,000	14	273,000		160,000	113,000	41
	2,250,000	15	337,500		205,000	132,500	39
	2,500,000	16	400,000		242,500	157,500	39
5	2,850,000	16	456,000	Rs.242,500+20% of the amount exceeding Rs.2,500,000	312,500	143,500	31
	3,550,000	17.5	621,250		452,500	168,750	27
	4,550,000	18.5	841,750		652,500	189,250	22
	6,000,000	20	1,200,000		942,500	257,500	21

Minimum tax covered under section 113A

**Part I,
Division-IA**

The rate of minimum tax is proposed to be reduced from one percent to one-half percent of turnover for a retailer being an individual or an association of persons (AOP) having turnover upto Rs.5 million.

Capital gains on disposal of securities under section 37A

**Part I,
Division-VII**

The bill proposes to reduce the rate of capital gain tax on holding period of listed securities 'less than six months' and 'more than six months but less than twelve months' by substituting following table. Also the proposed amendment seeks to correct the description of the holding period of securities.

S. No.	Period	Tax year	Existing rate of tax	Proposed rate of tax
1.	Where holding period of a security is less than six months.	2013	12.5%	10%
		2014	15%	10%
		2015	17.5%	17.5%
2.	Where holding period of a security is more than six months but less than twelve months.	2013	8.5%	8%
		2014	9%	8%
		2015	9.5%	9.5%
		2016	10%	10%
3.	Where holding period of a security is twelve months or more	-	0%	0%

Summary of changes in the Income Tax Ordinance, 2001

Collection of tax from distributors, dealers and wholesalers under section 153A

Part IIA

The proposed insertion seeks to enhance documentation of the economy by making the manufacturer as withholding agent to collect 1% tax against the sales made to distributors, dealers and wholesalers.

Payment to non-resident media persons

Part III, Division- II, Clause (3)

The bill proposes to correct reference for withholding of tax on payments made to non-resident media persons from section 153A to section 152. Accordingly a new sub-section (1AAA) is inserted in section 152.

Part III, Division-II, Clauses (4), (5) and (6)

Payment to non-residents under section 152

The bill proposes to prescribe the rate of tax to be deducted:

	<u>Under section</u>	<u>Rate of tax</u>
(a)	152 (2A) Clause (a)	3.5% of gross amount
(b)	(i) in the case of transport services	2% of the gross amount
	(ii) in any other case	6% of the gross amount
(c)	on the execution of a contract, other than a contract for sale of goods or rendering of or providing of services	6%

Part IV, Division-III, Clause (1)

Tax on motor vehicles under section 234

The bill proposes to increase the existing rate Re.1 to Rs.5 per kilogram laden weight of goods transport vehicles.

Clause (2) Serial No.(c)

The bill proposes to increase the existing rate Rs.100 to Rs.500 per seat per annum of passenger transport vehicles.

Part IV, Division-VII

Rate of advance tax on private motor vehicles under section 231B

It is proposed to enhance the rate of advance tax collected at the time of registration of new locally manufactured motor vehicle.

Engine Capacity	Existing Amount of Tax	Proposed Amount of Tax
1301 cc to 1600 cc	Rupees 16,875	Rupees 25,000

Summary of changes in the Income Tax Ordinance, 2001

Second Schedule – Part I Exemption from total income

Clause

Return on investment in a pension fund

- (23B) The bill proposes to provide exemption to the amount received as monthly installment from an investment made out of the accumulated balances of a pension account with a pension fund manager maintained under Voluntary Pension Systems Rules, 2005 provided the amount is invested for a minimum period of ten years.

Transfer of balance from approved provident fund to an approved pension fund

- (23C) The bill proposes to add a new clause to provide exemption from tax on withdrawal of accumulated balance of a Provident Fund and transferred to an approved Pension Fund maintained under the Voluntary Pension Systems Rules, 2005.

Donation to Citizen Foundation

- (61) The bill proposes to allow exemption for the payments made to 'The Citizen Foundation' on account of donation in terms of clause (61) of Part-I of Second Schedule.

Income of Citizen Foundation

- (13) The bill proposes to allow exemption to any income derived by 'The Citizen Foundation'.

Income of venture capital fund or company

- (101) The bill proposes to extend the exemption on gains derived by a venture capital company and venture capital fund registered under respective rules, from June 30, 2014 to June 30, 2024.

Second Schedule – Part II Reduction in tax rates

Specific requirement for reduce rate certification for industrial undertaking

- (9A) The bill proposes to add a proviso, prescribing the condition to obtain a reduced rate certificate at the rate of 3% in lieu of general rate of 5% under section 148 on import of raw material by an industrial undertaking for its own use.

Summary of changes in the Income Tax Ordinance, 2001

Second Schedule – Part IV Exemption from specific provisions

Clause Inter-corporate dividend

(11B) The bill proposes to exempt withholding of tax on inter corporate dividend, if both payee and the recipient companies are part of a group entitled for group taxation under section 59AA or 59B of the Ordinance.

Inter corporate profit on debts

(11C) The bill proposes to exempt withholding of tax on profit on debt, if both payee and recipient companies are part of a group entitled for group taxation under section 59AA or 59B.

Non-applicability of withholding provision on print and electric media

(16A) The bill proposes to extend non applicability of the provisions of withholding tax regime to electronic and print media in respect of advertising services as against news print media services. In this way, the scope of the non-applicability of the aforesaid provisions has been broadened.

Option to commercial importer to opt out of FTR

(41A) The bill seeks to give option of normal taxation to commercial importers instead of it being assessed under Final Tax Regime(FTR) provided the minimum tax offered for tax under the normal tax regime is not less than 60% of tax already collected under sub section (7) of section 148.

Option to exporter to opt out of FTR

(41AA) The bill proposes to allow option of normal taxation to exporter as opposed to taxation under the Final Tax Regime (FTR) provided the minimum tax liability under normal tax regime is not less than 50% of tax already collected under clause (4) of section 154

Option to supplier to opt out of FTR

(41AAA) The bill proposes to allow option of normal taxation to suppliers as opposed to taxation under the FTR provided the minimum tax liability under normal tax regime is not less than 70% of tax already collected under clause (a) sub section (1) of section 153.

Withholding exemption on capital gain under section 37A

(47B) The bill seeks to exclude capital gains arising under section 37A from the ambit of withholding tax as provided in Division (VII) Part (I) of the First Schedule on payment made to National Investment Unit Trust or a Collective Investment Scheme or a Modaraba or Approved Pension Fund or an Approved Income Payment Plan or a REIT Scheme or a Private Equity and Venture Capital Fund or a recognized provident fund or

Summary of changes in the Income Tax Ordinance, 2001

Clause an approved superannuation fund or an approved gratuity fund. This is in addition to exemption already available to these institutions on account of profit on debt, dividend income and income representing brokerage and commission.

Temporary importation and exportation

(56) The bill proposes to update the reference of relevant SRO containing conditions for temporary importation and exportation of goods on which applicability of withholding tax provisions under section 148 of the ordinance are not applicable.

Withdrawal of exemption on PV panels etc.

(76) The bill seeks to omit clause (76) which provides exemption for collection of tax under section 148 at import stage on solar PV panels / panels / modules, along with related components including invertors, charge controllers and batteries, LVD induction lamps, SMD LEDs with or without ballast with fittings and fixtures, fully assembled wind turbines including alternator and mast, solar torches, lanterns and related instruments.

Relaxation of withholding tax on renewable energy equipment

(77) The bill proposes exclusion from withholding tax regime at import or supply stage on certain items with dedicated use of renewable sources of energy equipments even if these are imported without the related components i.e. invertors, charge controllers and batteries.

Third Schedule – Part II

Initial allowance and first year allowance on building

(1) The bill proposes to reduce the initial allowance from currently 50% to 25% on cost of new building acquired during the tax year.

Fourth Schedule

Rules for the computation of the profits and gains of insurance business

(6B) Capital gains on disposal of shares of listed companies, vouchers of Pakistan Telecommunication Corporation, modaraba certificate or instruments of redeemable capital and derivative products shall be taxed at the following rates:

S NO	TAX YEAR	WHERE HOLDING PERIOD OF SECURITIES LESS THAN SIX MONTHS		WHERE HOLDING PERIOD OF SECURITIES IS MORE THAN SIX MONTHS BUT LESS THAN TWELVE MONTHS	
		EXISTING	PROPOSED	EXISTING	PROPOSED
1	2011	10.0%	10.0%	8.0%	8.0%
2	2012	12.5%	10.0%	8.5%	8.0%
3	2013	15.0%	12.5%	9.0%	8.5%
4	2014	17.5%	15.0%	9.5%	9.0%
5	2015	17.5%	17.5%	10.0%	9.0%

Provided that this Rule shall not apply to the securities held for a period of more than twelve months.

Summary of changes in the Income Tax Ordinance, 2001

Fifth Schedule – Part I

Rules for the computation of the profits and gains from the exploration and production of petroleum

- Clause** The bill proposes to allow an option to the companies engaged in the business of exploration and production of petroleum, to pay tax at the rate of forty percent of the profits and gains, net of royalty, subject to withdrawal of pending appeals, references and petitions pending before any appellate fora and payment of whole outstanding liability created up to tax year 2011, on or before June 30, 2012. This option would be available to the tax payer for the Tax year 2012 only.
- (4A)**

Seventh Schedule

Computation of the profits and gains of A banking company and tax payable thereon

Enhancement of tax rates on certain dividends

- Rule 6** A new proviso is proposed to be inserted in Rule 6 whereby dividend received by the banks 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 the tax year 2014 and onwards.

The proposed amendment intends to discourage investment by the banks in money market and income funds and to focus on their core business of lending to customers. The proposed change may have negative impact on liquidity of money market and income funds and the banks gradually build up significant percentage of their investment portfolios in money market and income funds over the period.

Summary of changes in the Income Tax Ordinance, 2001

Eight Schedule Rules for the computation of capital gains on listed securities

The bill proposes to insert Eight Schedule to the Income Tax Ordinance, 2001(the Ordinance) in view of proposed insertion of section 100B to the Ordinance provide rules for the computation of Capital Gain on Listed Securities which is taxed under section 37A of the Ordinance.

Rule 1 Manner and basis of computation of capital gain

- considering the provision of section 37A and 100B of the Ordinance compute and determine the capital gain on disposal of securities by National Clearing Company of Pakistan Limited (NCCPL) thereafter collect and deposited the tax;
- for the purpose of above task NCCPL develop an automatic system;
- Central Depository Company of Pakistan Limited shall furnish information to NCCPL;
- NCCPL shall issue annual withholding tax certificate to the taxpayer.
- every taxpayer shall file such certificate along with the annual return of income;
- NCCPL furnish to the Board quarterly statement of capital gain tax on the prescribed format.

Rule 2 Sources of Investment

- On the investments made by the person in the listed securities prior to the introduction of this schedule, no inquiries shall be made on the nature and the source of amount invested. However, a statement of investment is required to be filed alongwith the return of income and wealth statement with the Commissioner for the tax year 2012 within the due date. Further, the amount shall remain invested for a period of forty five days upto 30th June 2012 in the manner as may be prescribed.
- It has also been provided that for the investment made in the Listed shares at a registered stock exchange in Pakistan from the enforcement date of this Schedule till June 30, 2014 no inquiry with respect to nature and source of amount invested shall be made on fulfilling the following cumulative conditions.
 - a) amount remained invested for one hundred and twenty days in the manner as may be prescribed;
 - b) tax liability on capital gain has duly been discharged;
 - c) a statement of investment is filed alongwith the return of income and wealth statement with the Commissioner for the relevant tax year within the due date.
- Amount of investment shall be calculated in the prescribed manner excluding market value of net open sale position in futures and derivatives.

Summary of changes in the Income Tax Ordinance, 2001

Rule 3 **Certain provisions of Ordinance not to apply**

- the provision of the Ordinance in the Parts IV and V of chapter X for collection, recovery, advance tax and deduction of tax at source shall not apply but these provision shall apply in the manner as laid down in the rules except recovery of tax by the NCCPL to the Board as per rule 6(3) of this schedule.

Rule 4 **Payment of tax collection by NCCPL**

- The amount of tax collected by the NCCPL shall be deposited in a separate bank account with the National Bank of Pakistan. The said amount with accrued interest on yearly basis by July 31st next following the financial year in which the amount was collected paid to the Board.

Rule 5 **Persons to whom this Schedule shall not apply**

- An option has been provided whereby a person may opt that the determination and payment of tax may not be made under this Schedule and for this purpose is required to file an irrevocable option to NCCPL after obtaining prior approval of the Commissioner.
- In such case provision of rule 2 shall not apply meaning by that nature and source of investment has to be disclosed.

Rule 6 **Responsibility and obligation of NCCPL**

- Pakistan Revenue Automation Limited (PRAL) or any other company or firm approve by the Board or any authority appointed under section 209 of this Ordinance not below the rank of additional commissioner shall conduct regular audit of NCCPL on quarterly basis to verify the implementation and compliance of this schedule and rule made under this Ordinance.
- NCCPL shall give recommendation on audit report approved by the Commissioner,
- NCCPL is required to make adjustments of any short or excess deduction under the said rule,
- Commissioner shall conduct audit under sub rule(1) , however, will not impose any penalty on NCCPL , in case of any error , omission or mistake occurred due to application system prescribed under said rule no penal action shall be taken.
- NCCPL is empowered to refer the case of unrecovered amount of tax to the Board,

Rule 7 **Transitional Provisions**

- For the tax year 2012, for the period commencing from enforcement of this schedule till June 30, 2012, the certificate issued by NCCPL under rule 1(4) shall be the basis of capital gain and tax thereon.

Summary of changes in the Sales Tax Act, 1990

Section

Assessment and recovery of tax

11 & 36

The bill proposes to merge provisions of existing section 11 and 36 of the Sales Tax Act, 1990 by substituting section 11 and omitting section 36. Accordingly, there will be one section dealing with both assessment of tax and recovery of tax where it is not levied or short levied or erroneously refunded due to some collusion or a deliberate act or inadvertence, error or misconstruction.

The proposed amendment also seeks to provide uniform period of five years for issuance of show cause notice for recovery of tax or charge where not levied or short levied or erroneously refunded. Presently under two different sub-sections of section 36, different time periods for issuance of show cause notice are prescribed based on the intention of person involved. Accordingly, in cases where such acts are on account of inadvertence, error or misconstruction, prescribed time period is three years and in case of deliberate act or collusion prescribed period for issue of show cause notice is five years.

The combination of time periods for recovery of tax is apparently to overcome the mistake of field officers in specifying sub-section in show cause notice for recovery of tax and difficulty in establishing intention of person involved; causing loss of government revenue at the appellate stages based on the decisions of apex court. Further, the enhanced time period will also provide larger period for recovery of tax even in the cases of un-intentional acts.

The proposed amendment however will not impact the cases which are already past and closed transaction on the date of amendment in law.

Supplies against international tenders

Fifth & Sixth Schedule

The bill seeks to amend both the Fifth and the Sixth Schedule to the Sales Tax Act, 1990 to make the supplies against international tenders exempt from tax instead of current zero rating. Hence, accordingly to the proposal no refund of tax to be allowed against input tax incurred on production or acquisition of goods supplied against international tenders. Further, rules 50 A, 50B and 50C of Sales Tax Rules, 2006 are also substituted through SRO 589(I) / 2012 dated 1 June 2012 to give effect to the proposed amendment.

Additionally, by virtue of the Collection of Taxes Act, 1931 the proposal for this amendment is to take effect from June 2, 2012. However, supplies already made against international tenders will not be affected by this proposal being past and closed transaction on the date of amendment in law but there shall be litigation in cases where contracts are already signed but not executed till the date of amendment in law.

Summary of changes in the Sales Tax Act, 1990

Exemption on supply of locally produced oil

**Sixth Schedule -
Table 2**

It is also proposed to withdraw exemption available to locally produced oil from cotton seed and by virtue of the Collection of Taxes Act, 1931 the proposal for this amendment is to take effect from June 2, 2012.

Amendments brought through notifications

SRO 604(1)/2012

**Amending SRO
313(I)/2006 dated
March 31, 2006**

By amending SRO 313(I)/2006; this notification further reduced rate of sales tax from 7% to 6% on import of soyabean seed by solvent extraction industries.

SRO 605(1)/2012

**Amending SRO
69(I)/2006 dated
January 28, 2006**

By amending SRO 69(I)/2006 ; this notification reduced the rate of sales tax from 15% to 14% on import of sunflower seed and canola seed by solvent extraction industries.

SRO 602(1)/2012 & SRO 595(I)/2012

**Amending SRO
549(I)/2008 dated
June 11, 2008**

Notification SRO 602(1)/2012 brought following changes in SRO 549(I)/2008 which is prescribing zero rate of sales tax:

S.No.	Description	PCT Heading	Remarks
4(xxii)	Remeltable scrap	72.04	Removed from zero rate facility at import and supply stage. Instead, now the import and supply of remeltable scrap is exempt from sales tax vide SRO 551(I)/2008 dated June 11, 2008 as amended by SRO 595(I)/2012 dated June 1, 2012
9	(i) Sprinkler equipment (ii) Drip equipment (iii) Spray pumps and nozzles	8713.1000	Earlier supplies of these items were zero rated but now removed from this notification and made exempt from sales tax vide SRO 551(I)/2008 dated June 11, 2008 as amended by SRO 595(I)/2012 dated June 1, 2012

Summary of changes in the Sales Tax Act, 1990

11. Cotton seed oil
- To be subject to zero rate, if supplied to registered manufacturers of vegetable ghee and cooking oil. Earlier Cotton seed oil was exempt from tax by virtue of Serial No.4 in Table I to Sixth Schedule to the Sales Tax Act, 1990.

SRO 597 (1)/2012

Amending SRO 345(I)/2010 dated May 24, 2010

This notification enhanced the value fixed by the Federal Government for levy of sales tax on locally produced Billets and Ingots as was prescribed in SRO 345(I)/2010

S.No	Goods	Value fixed by Federal Government	
		Previous (Rs.)	New (Rs.)
1.	Billets	55,000 per M.T	65,000 per M.T
2.	Ingots	55,000 per M.T	65,000 per M.T

SRO 596 (1)/2012

Amending SRO 308(I)/2008 dated March 24, 2008

This notification prescribes the following enhanced repayment/ drawback of sales tax paid on steel products under Chapter XI of Sales tax rules on export of steel products from Pakistan where exports are made against invoices issued from June 2, 2012

S.NO	Description	Repayment-cum-Drawback rate
(1)	(2)	(3)
1.	Ingots or billets other than imported or of Pakistan Steel Mills	Rs. 7,349 per M.T
2.	Mild steel re-rolled products manufactured from ingots and billets other than imported or Pakistan Steel Mills or of People Steel Mills	Rs. 8,387 per M.T
3.	Mild steel re-rolled products manufactured from imported billets or billets of Pakistan Steel Mills or of People Steel Mills	Rs. 9,651 per M.T

SRO 595 (1)/2012

Amending SRO 551(I)/2008 dated June 11, 2008

SRO 595 (1)/2012 made the following amendment in SRO 551(I)/2008 which prescribes various goods to be exempt from sales tax:

Summary of changes in the Sales Tax Act, 1990

S.NO	Description	Remarks
1	Raw material and components imported for manufacturing of goods to be supplied against international tenders	This entry is now removed and therefore exemption on this count is no more available.
30.	Waste paper	Supply of waste paper is now exempt from sales tax
31	Remeltable scrap	Now exempt from sales tax on import and supplies instead of earlier zero rated
32	(i) Sprinkler equipment (ii) Drip equipment (iii) Spray pumps and nozzles	Now exempt from sales tax at supply stage instead of earlier zero rated

SRO 594 (1)/2012

Rescinding various notifications

This notification rescinded following notifications:

- SRO 555(I)/1996 dated July 1, 1996 prescribing powers of adjudication
- SRO 849(I)/1996 dated Sep 25, 1997 providing exemption on supply of imported raw material, components etc
- SRO 103(I)/2005 dated Feb 3, 2005, fixing value of Potassic Fertilizers for purpose of levy of sales tax
- SRO 151 (I)/2006 dated Jan 6, 2006
- SRO 644(I)/2007 dated June 27, 2007 providing higher rate of sales tax @ 22% and 19.5% on specified goods. Now uniform tax rate of 16% is applicable on all goods.

SRO 590(1)/2012

Amending SRO 1020(I)/2006 dated October 2, 2006

This notification amended earlier notification namely SRO 1020(I)/2006 whereby now there is no minimum value addition for commercial importers in respect of computer hardware and its parts. Prior to this amendment, minimum value addition of 10% was prescribed for commercial importers for payment of sales tax on supply of computer hardware

SRO 592(1)/2012

Rule 58E(2)

SRO 592(1)/2012 removed Rule 58E(2) of the Sales Tax Special Procedure Rules, 2007 whereby it was prescribed that importers who do not claim refund of excess input tax will only be subject to audit on permission of the Board. Now this permission is no more required.

Summary of changes in the Sales Tax Act, 1990

Amendments in Sales Tax Rules, 2006

The following amendments are brought in the Sales Tax Rules, 2006 through SRO 589(I)/ 2012 dated June 1, 2012

Empowering board to transfer jurisdiction

- Rule 5** Through notification SRO 589(I)/ 2012 FBR is now empowered to transfer jurisdiction of registered person or any business of registered person where place of business or registered officer or manufacturing unit of such person is located

Transfer of registration

- Rule 7** Through the SRO 589(I)/ 2012 following conditions are now prescribed for transfer of sales tax registration from one person to another person, by inserting Rule 7(4) to the Sales Tax Rules, 2006

Nature of transfer	Condition
<ul style="list-style-type: none"> Transfer of individual's business to his spouses or children 	On receipt of verification of documents from respective RTO
<ul style="list-style-type: none"> Transfer of business from individual to Association of Person (AOP) 	- do -
<ul style="list-style-type: none"> Transfer of business from Association of Person (AOP) to Corporation 	On receipt of verification of documents from respective RTO or LTU and only where members of AOP are directors in corporate entity
<ul style="list-style-type: none"> Transfer of business or change in nature of business on any other count 	New Sales Tax Registration Number shall be issued

Blacklisting and suspension of registration

- Rule 12** Through the SRO 589(I)/2012 rules and procedures relating to blacklisting and suspension are now removed and now the procedure as prescribed by the Board for this purpose will required to be followed.

Supplies against international tender

- Rule 50A to 50B & 50C** Through the SRO 589(I)/2012 rules and procedures for supply against international tenders are substituted to give effect to the provisions of various notification as well as proposed amendment in the Fifth and the Sixth Schedule to the Sales Tax Act, 1990 whereby such supplies are no more zero rated, rather are now exempt from the sales tax. All provisions are principally same except that it is now

Summary of changes in the Sales Tax Act, 1990

specifically provided that exemption will only available to goods which become part of the project to be completed or goods to be supplied against such tender and no exemption will be available to consumables, POL used in vehicles, office furniture etc.

Amendments in Sales Tax Special Procedure Rules, 2007

SRO 592(I)/2012

Special procedure for payment of sales tax by Steel Melters, Re-Rollers and Ship Breakers Rules 58F, 58G, 58H, 58Ha, 58I, 58J, 58K, 58L, 58M, 58MA & 58MB

Through the SRO 592(I)/2012 existing rules and procedures for payment of sales tax by Steel melters, Re-Rollers and Ship Breakers are now replaced with new rules. Apart from procedural changes, following significant changes are brought in the law for these persons:

Tax payment

Rule 58H

By Steel-melter, Steel re-roller and Composite unit

- Such units having single electricity meter shall pay sales tax @ Rs. 8 per unit of electricity consumed instead of previous rate of Rs. 6 per unit.
- Unlike previous position; it is specifically provided that the sales tax payment based on units of electricity consumed will not be final discharge of sales tax liability in respect of stainless steel

By Ship breakers

- Tax to be paid by ship breakers is also enhanced from Rs. 4,540 per metric ton to Rs. 6,700 of re-rollable scrap supplied by them.
- Ship breakers are required to submit post dated cheques equivalent to the amount of sales tax calculated on the basis of weight of ships to the concerned RTO or LTU in following manner:

Weight of ship

- Ships weighing upto 10,000 LDT Four post dated cheques of amount equal to one-fourth of total sales tax payable
- Ships weighing over 10,000 LDT Eight post dated cheques of amount equal to one-eighth of total sales tax payable

Summary of changes in the Sales Tax Act, 1990

The Customs Collectorate shall clear the goods declaration of ship for breaking only on the basis of certificate from RTO or LTU that post dated cheques are received in the aforesaid manner.

Input adjustment

- Steel-melter and steel re-roller except Pakistan Steel Mills, heavy mechanical Complex and People Steel Mills; paying sales tax on fixed rates through electricity bills will not be entitled to any input tax adjustment. Previously, such persons were entitled to input tax adjustment on local purchase of plant, machinery and equipment.

Units operating on self-generation basis

Rule 58Ha

- Payment of sales tax on the basis of gas bill is now made subject to permission by the Chief Commissioner and on having requisite permission for producing electricity from gas generators from gas distribution companies or Oil and Gas Regulatory Authority or other government authority authorized in this behalf
- The rate of sales tax for steel melters enhanced from Rs. 1,392 to Rs. 1,900 per hundred cubic meter.
- The rate of sales tax for re-rolling mills also enhanced from Rs. 38,964 to Rs. 51,822 per inch of mill size; subject to adjustment for closure of mill for more than 7 days and observance of procedure thereto.

Invoices and returns

Rule 58I

The rates of sales tax to be reflected on invoices are also enhanced in following manner:

	Rate of tax per metric ton	
	Previous	Current
• Invoice issued by steel melters to re-rollers	Rs. 5,526	Rs. 7,349
• Invoice issued to registered person by steel re-rollers:		
• using ingots or billets of steel melters	Rs. 6,306	Rs. 8,387
• using billets of Pakistan Steel Mills, Heavy mechanical Complex or Peoples Steel Mills	Rs. 7,308	Rs. 9,651
• using ship-plates and re-rollable scrap	Rs. 5,628	Rs. 7,740
• Invoice issued by steel melters to unregistered person	Rs. 780	Rs. 1,040

Summary of changes in the Sales Tax Act, 1990

	Rate of tax per metric ton	
	Previous	Current
• Persons supplying imported MS products		
• to registered person	Rs. 7,308	Rs. 9,651
• to unregistered person	Rs. 780	Rs. 1,040

Value of steel products for imposition of sales tax

Rule 58K Values prescribed for the imposition of sales tax are also enhanced in following manner:

S.NO	Description	Value per metric ton	
		Previous	Current
1	Billets supplied by Pakistan Steel Mills, Heavy Mechanical complex and Peoples Steel Mills	Rs. 40,8000	Rs. 54,264
2	Imported billets	-	US \$ 585
3	Re-rollable scrap supplied by ship breakers	Rs. 30,300	Rs. 42,188

Option to pay sales tax on ad valorem basis

Rule 58MA Important changes introduced through this Rule are as follow:

- Mandatory condition for the option to remain in force till the end of the financial year is now removed under new rules.
- The sales tax on electric units consumption basis will also be levied and paid by such persons subject to condition that they will be entitled to adjust such tax as input tax against their liability determined on ad valorem basis
- Previously, specific provisions were provided for input tax adjustment of goods meant for taxable supplies as consumed by such person. However, no such provision now exists.
- Unlike previous rules; current rules specifically provides that such person shall be subjected to periodical audits.

Treatment of units engaged in exports

Rule 58MB This rule provides provisions for option to exclude sales tax computed on the basis of electric units consumed in respect of steel units exporting more than 50% of their production; subject to permission from Commissioner concerned.

Summary of changes in the Federal Excise Act, 2005

First Schedule- Table I Excisable Goods

Rationalization of duty on cigarettes

**Entry No. 9, 10 &
11**

The bill seeks to rationalized duty on locally produced cigarettes in following manner:

S. No	Existing provisions		Proposed provisions	
	Description	Rate	Description	Rate
9	If retail price exceeds Rs. 21 per ten cigarettes	65% of retail price	If retail price exceeds Rs. 22.86 per ten cigarettes	65% of retail price
10	If retail price exceeds Rs. 11.5 per ten cigarettes but not exceeding Rs. 21	Rs. 6.04 per 10 cigarettes plus 70% on incremental rupee or part	If retail price exceeds Rs. 13.36 per ten cigarettes but not exceeding Rs. 22.86	Rs. 7.02 per 10 cigarettes plus 70% on incremental rupee or part
11	If retail price does not exceeds Rs. 11.5 per ten cigarettes	Rs. 6.04 per 10 cigarettes	If retail price does not exceeds Rs. 13.36 per ten cigarettes	Rs. 7.02 per 10 cigarettes

This amendment is to be effective immediately from June 2, 2012. The bill also proposes amendment at the end of the First Schedule to prevent steps for avoidance of duty on cigarettes based on proposed amendment.

Reduction in duty on Cement

Entry No. 13

It is also proposed that the rate of excise duty on cement to be reduced from Rs. 500 per metric ton to Rs. 400 per M.T.

Exemption from excise duty

**Entry No. 22, 23,
24, 25, 27, 42, 43,
44, 45 & 50**

The bill also seeks to immediately provide exemption from excise duty to following items:

S.No	Description	Heading/ sub-heading Nos.
22	Lubricating oil upto 10 litres pack	2710.1951
23	Lubricating oil exceeding 10 litres pack	2710.1952
24	Lubricating oil in bulk.....	2710.1953

Summary of changes in the Federal Excise Act, 2005

S.No	Description	Heading/ sub-heading Nos.
25	Lubricating oil manufactured from reclaimed oil or sludge.....	Respective headings
27	Base lube Oil	2710.1993
42	Perfumes and toilet waters	3303.0000
43	Beauty or make-up preparations.....	33.04
44	Preparations for use on hair.....	33.05
45	Pre-shave, shavings or after shave.....	33.07
50	Filter rods for cigarettes	5502.0090

First Schedule- Table II Excisable Services

Enhancement of duty on traveling inside Pakistan

Entry No. 3(a) The bill proposes to enhance fixed portion of excise duty on inland travel by air from Rs. 20 to Rs. 60 per ticket

Rationalisation of duty on international journey

Entry No. 3(b) The bill proposes to withdraw provisions relating to levy of FED in respect of travel by air on passengers embarking to Pakistan from outside. It is proposed that FED should be levied only on passengers embarking on international journey from Pakistan. Further, it is also proposed that classification based on destination should also be removed and new rates based on the travel facilities are now proposed as under:

- Economy and economy plus class Rs. 3,840 per ticket
- Club, business and first class Rs. 6,840 per ticket

Third Schedule- Table II Services

Exemption from duty on live stock insurance

Entry No. 7 The bill proposes for exemption from duty for services provided in respect of live stock insurance.

Exemption from duty to Assets Management Companies

Entry No. 8 The bill seeks to withdraw levy of FED on services provided by the Assets Management Companies, retrospectively from July 1, 2007. This is a positive amendment as AMCs have not levied or collected FED on their services and now by virtue of difference in interpretation of law, AMCs are subjected to levy of FED and its recovery.

Moreover, the structure of services of AMCs is such that if such burden of FED for past years is transferred to mutual funds under their management; it will cause reduction in Net Assets Value (NAV) of respective funds causing loss for the current unit holders even for past burden of FED relating to past unit holders who are no more unit holders now.

Summary of changes in the Federal Excise Act, 2005

Amendments brought through notifications

SRO 603(1)/2012 This notification rescinded the following notifications:

- SRO 807 (I)/2005 dated August 12, 2005 prescribing rebate of FED on base oil used in manufacture of specified goods.
- SRO 671 (I)/2006 dated June 29, 2006 fixing minimum price of lubricating oil for the purpose of assessment of excise duty at import stage. Now these items will be subject to duty at their actual values.
- SRO 777 (I)/2006 dated August 1, 2006 prescribing rate of duty for various classes of tickets for traveling on international journey from Pakistan to specified locations.
- SRO 949 (I)/2006 dated September 6, 2006 providing exemption at import and supply stage to solvent oil for manufacture of shoe adhesives and conditions associated thereto.
- SRO 1229 (I)/2007 dated Dec 18, 2007 prescribing exemption from special excise duty (SED) on tractor parts supplied to manufacturers of agricultural tractors and conditions attached thereto. Accordingly, now these parts will also be subject to SED as levied through SRO 655(I)/2007
- SRO 47 (I)/2012 dated January 20, 2012 prescribing excise duty in respect of air travel inland and outside Pakistan. The contents of the notification are now made part of Act through amendments proposed in Finance Bill, 2012

SRO 599 (1)/2012 By amending SRO 474(I)/2009 dated June 13, 2009 this notification withdraws exemption of FED available in respect of Viscose staple fiber

SRO 598(1)/2012 By amending the provisions of SRO 649 (I)/2005 dated July 1, 2005 this notification removes certain items from the list of items prescribed to be subject to levy and collection of FED as are produced in non-tariff areas and brought to tariff areas for sale or consumption as these items are already proposed in the Finance Bill, 2012 to be exempted from FED. These items are:

S.No.	Description	Heading/ sub-headings number
3	Perfumes and toilet waters	3303.0000
4	Beauty or make-up preparations.....	33.04
5	Preparations for use on hair.....	33.05
6	Pre-shave, shavings or after shave.....	33.07

Amending Rule 41A - Collection of FED by aircraft operators

SRO 600 (1)/2012 In line with the amendments proposed in Finance Bill, 2012 for exclusion of FED on services provided by airlines to passengers embarking for Pakistan from world; these rules are amended by the aforesaid notification. Further, the Rules are also amended by this notification to provide that where airline uplifts passenger of another airline from Pakistan; the liability of FED shall on airline uplifting passengers.

Summary of changes in the Customs Act, 1969

Section	Definition of 'smuggling'
2(s)	The bill proposes to enlarge the scope of definition of 'smuggling' by including in it pilferage of specified goods during the course of transit.
	Establishment of Directorate General of Transit Trade
3AA	The bill seeks to establish separate Directorate for exclusive clearances and monitoring of transit cargo, comprising of the Director General, Directors, Additional Directors, Deputy Directors, Assistant Directors and other officers to be appointed by the Board through notification in official Gazette.
	Establishment of Directorate General of Reform and Automation and Directorate General of Risk management
3BB & 3BBB	It is also proposed in the bill to establish separate Directorates for management of automation and reforms in Pakistan Customs and to regulate self-clearance system. It is also suggested that these Directorates will comprise of the Director General, Directors, Additional Directors, Deputy Directors, Assistant Directors and other officers to be appointed by the Board through notification in official Gazette.
	Establishment of Directorate General of Intellectual Property Rights enforcement
3CC	The bill also contains proposal for establishment of separate Directorate for enforcement of intellectual property rights at the borders and ports of the country and suggests that Directorate staff should comprise of the Director General, Directors, Additional Directors, Deputy Directors, Assistant Directors and other officers to be appointed by the Board through notification in official Gazette.
	Changes in Pakistan Customs Tariff
18E	The bill seeks to empower the Board to make changes in Pakistan Customs Tariff i.e. the First Schedule of the Customs Act, 1969 only for the purpose of statistical clarity
	Provisional determination of liability
81(1)	The bill also proposes amendment in second proviso to section 81(1) of the Act to facilitate importer by permitting provisional assessment of duty on goods where differential amount is paid or secured against pay order also. Previously, such assessment was only permitted on security and payment through bank guarantee or post dated cheques. This facility was already available under the first proviso of section 81(1) of the Act.

Summary of changes in the Customs Act, 1969

Section Punishment for offence

156(1)

The bill proposes to remove the punishment of whipping for offences of smuggling of goods, dealing in smuggled goods and intimidation of officer of Customs. Currently, Special Judge is authorized to award such punishment

The bill proposes to enhance the punishment for violation of provisions of 'Transit Trade' to include punishment of imprisonment upto maximum five years on conviction by a Special Judge. Presently punishment for aforesaid violation only includes penalty upto twice the value of goods and confiscation of goods. It is also suggested to make custodians and inland carriers of such goods to be subjected to similar punishment for violation of provisions of the Transit trade.

The bill also seeks to enlarge the scope of punishment for unauthorized access, attempt for improper use or interference with the Custom Computerized System or unauthorized use of unique user identifier, by including even attempt from these offences to be subjected to similar punishment.

Power of adjudication

179

The bill proposes to change the powers of adjudication of various officers of the Customs in following manner for efficient disposal of cases:

Officers	Existing monetary limit	Proposed monetary limit
Collector	-	Without limit
Additional Collector	Without limit	Upto Rs. 3 million
Deputy Collector	Upto Rs. 800,000	Upto Rs. 1 million
Assistant Collector	Upto Rs. 300,000	Upto Rs. 500,000
Superintendent	-	Upto Rs. 50,000
Principal appraiser	-	Upto Rs. 50,000

It is also suggested to allow the Board to transfer adjudication cases from one officer to other.

Appeal to the Collector (Appeals)

193

The bill seeks to make following changes in respect of appeal before the Collector (Appeals)

- to also permit authorized officer of the Customs to file appeal before Collector (Appeals)
- to make the order for rejection of the refund an appealable order
- to empower the Collector (Appeal) to hear appeals in respect of order passed by an officer below the level of the Additional Collector

Summary of changes in the Customs Act, 1969

Section	Appeal to the Appellate Tribunal
194-A	It is also proposed that the adjudication orders of the Customs officer upto the level of Additional Collector to be directly appealable before the Appellate Tribunal.
	Procedure for sale of goods and application of sale proceeds
201	The bill also proposes permission for disposal of goods through electronic means as prescribed by the Board in addition to current permissible modes of disposal through public auction, tender or private offer.
	Reward to Customs Officers and Officials
202B	The bill proposes for sanction of rewards for the Customs officers as well as informer for conduct in detection of evasion of custom duty and taxes or confiscation of goods, but only after realization of part or whole of the duty or taxes involved. It is proposed that the Board will prescribe procedure for apportionment of sanctioned reward.
	Maintenance of records
211(1)	The bill seeks to replace existing section 211(1) to also make transport operators and tracking companies responsible for maintenance of records and correspondence relating to international trade. It is also suggested that such record keeping requirements should also include records relating to transit trade transactions.
	Substitution of First Schedule to the Customs Act, 1969
211(1)	The bill also proposes immediate substitution of First Schedule to the Customs Act, 1969 to bring the HS nomenclature for commodity classification in line with HS-2012 issued by World Customs Organization.

Amendments brought through notifications

SRO 601(1)/2012 - Customs Rules, 2001

Scope of DTRE facility

Rule 297	The notification amended Customs Rules, 2001 dealing with DTRE facility by prescribing minimum value addition of 15% for a person to be entitled to this facility. Previously, only prevalent value-addition of the relevant industry was required for entitlement under DTRE but now only persons having at least 15% value addition will qualify for this benefit.
-----------------	--

Summary of changes in the Customs Act, 1969

Time limit for utilization of input goods under DTRE

Rule 305

The notification also amended Rule 305 of the Customs Rules, 2001 in respect of DTRE whereby the claimant of benefit of DTRE facility is required to manufacture and export goods within twelve months from the date of approval of DTRE application. Previously this time limit was twenty four months

SRO 574 (1)/2012 – Exemption from custom duty on import

Amendments to SRO 567(I)/2006

The notification amended SRO 567(I)/2006 dated June 5, 2006 whereby exemption from customs duty is prescribed for various goods along with conditions associated therewith for exemption. Significant amendments brought by fresh notification are:

Reduction in duty

Notification inserted additional entry namely '23A' whereby duty on shredded tyre scrap is now reduced to 10% where same are imported by cement manufacturers.

Restricting exemption or imposing additional conditions

This notification also added following additional conditions for various exemptions already available under SRO 567(I)/2006 dated June 5, 2006

Description	Duty rate	Remarks
--- Import of Aircraft engines, aero planes and other aircrafts	0%	Previously exemption was available on import by commercial airlines, whereas now exemption is only available where such airlines are registered in Pakistan.
--- Ambulances	0%	Previously no condition was prescribed, whereas now 13 conditions are prescribed for availing benefit of zero rate of duty

Exemption to new items

This notification also added following new items for exemption from custom duty under SRO 567(I)/2006 dated June 5, 2006

Description	Reduced Duty rate	Condition
--- Ink, specified cheque paper, anti forgery security printing ink	10%	If imported by Printing Industry
--- Specified Active Pharmaceutical Ingredients	5%	If approved by Drug Regulatory Agency of Pakistan

Summary of changes in the Customs Act, 1969

Description	Reduced Duty rate	Condition
--- Paper core for Surgical Tape (Pharmaceutical Grade)	5%	Only for in house use in manufacture of specified pharma substances

SRO 578 (1)/2012 – Regulatory duty on export of specified goods

Amendments to SRO 594(I)/2009

This notification amended SRO 594(I)/2009 dated June 25, 2009 whereby regulatory duty of 25% ad valorem was imposed on export of waste and scrap of lead, lead bars, rods and wires etc. Earlier a concession was available that no regulatory duty to be levied on export of goods made from material imported under DTRE facility. This concession is now withdrawn through SRO 578(I)/ 2012 dated June 1, 2012.

SRO 576 (1)/2012 – Additional Customs duty on import of goods

Amendments to SRO 693(I)/2006

This notification amended SRO 693(I)/2006 dated July 1, 2006 whereby additional custom duty is prescribed for motor cars and vehicles.

SRO 573 (1)/2012 – Exemption of duty on raw materials etc.

Amendments to SRO 565(I)/2006

This notification made following amendments to SRO 565 (I)/2006 dated July 5, 2006 whereby exemption from custom duty was provided to raw materials, sub-components, components and assemblies are provided:

- References of Collector of Sales tax are replaced with Collector of Customs for fulfillment of general conditions associated with exemption
- Certain components of car air-conditioners, car cassette and disk player and Hi Fi system are excluded from benefit of exemption/ lower rate of tax
- Further reduction of custom duty from 10% to 5% in respect of parts and components of articles of stationary
- Certain components of Microwave Oven, DVD/VCD player and lead acid batteries excluded from benefit of lower duty.

Summary of changes in other laws

Finance Act, 1989 (V of 1989)

Section Shares of a Public Company Listed on Registered Stock Exchange

- 7(2)** The Finance Act, 2012 seeks to insert new sub clause (f) to introduced collection of Capital Value Tax at the rate of 0.01% on the purchase value of shares of a public company listed on a registered Stock Exchange in Pakistan.

Levy of tax on Immovable Properties

- 7(2)** The Finance Act, 2012 seeks to insert new paragraph seeks to introduce Capital Value Tax at the rate of 2% of the recorded values on sale of residential immovable property measuring at least 500 square yards or one kanal and commercial immovable property & residential flats of any size situated in urban areas. However if the value of property is not recorded than CVT is proposed to be levied at the rate of Rs100 per square yard of land area and additional Rs 10 per square feet for constructed area.

The Securities and Exchange Commission of Pakistan Act, 1997

Expenditure to be charged on the Fund

- 24 (3A)** A proposed new sub-section seeks to insert which requires that 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.

Fines and penalties to be credited

- 40AA** A proposed new section seeks to insert which requires that all fines and penalties recovered by the Commission shall be credited to the Federal Consolidated Fund.

Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002)

Expenditure to be charged on the Fund

- 17(4)** A new sub-section (4) of section 17 is seeks to insert which requires that 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.

Fines and penalties to be credited

- 28(2)** A proposed new sub-section (2) of Section 28 seeks to insert which requires that all penalties and fines recovered by the Authority shall be credited to the Federal Consolidated Fund.

Summary of changes in other laws

Petroleum Products (Petroleum Levy) Ordinance, 1961 (XXV of 1961)

Section 3(1) and 7 The Finance Act, 2012 seeks to amendments in Fifth schedule to introduce Petroleum levy on the following products.

Petroleum Products	Unit	Maximum Petroleum Levy rate (Rupees per unit)
Motor Gasoline 87 ROM	Litre	10
E-10 Gasoline	Litre	9
Liquefied Petroleum Gas (Produced / extracted in Pakistan)	Metric Ton	11,486''

Provisional Collection of Taxes Act, 1931 (XVI of 1931)

Following is the summary of the amendments / insertions of the provisions of respective laws which have become effective from 2nd June, 2012 under the Provisional Collection of Taxes Act, 1931 (XVI of 1931) whereas rest of the amendments are proposed to be effective from 1st July, 2012 subject to the approval by the Parliament.

The Customs Act, 1969

First Schedule

Sales Tax Act, 1990

Fifth Schedule, Column (1)
Serial No. 4 and corresponding entry in Column (2)
Sixth Schedule, Table-I, Column (1)
Serial No. 1, 11, 15, 16, 31 and corresponding entries in Column (3)

Sixth Schedule, Table-II, Column (1)
Serial No. 2, 11 and corresponding entries in Columns (2) and (3)

Federal Excise Act, 2005

First Schedule, Table-I, Column (1)
Serial No. 9, 10 & 11 and corresponding entries in Columns (2),(3) & (4)
Serial No. 22, 23, 24, 25, 27, 42, 43, 44, 45 and 50 corresponding entries in Columns (2),(3) & (4)

In the Restriction for 2011-2012 Serial No 9, 10, 12 and Corresponding entries in Column 4

Karachi

Tax and Business Assurance Services

1st & 3rd Floors, Modern Motors House
Beaumont Road, Karachi-75530.

Tel: +92 21 35672951-56

Fax: +92 21 35688834

Specialist Advisory Services

F.67-I/II, Ibn-e-Qasim Park Road
Block-4, Clifton, Karachi

Tel: +92 21 35876901-3, 35822641-2

Fax: +92 21 35876904

Islamabad

1st Floor, 2 Ali Plaza,
Jinnah Avenue

Blue Area, Islamabad,

Tel: +92 51 2271906, 2273883

+92 51 2274665

Fax: +92 51 2273874

Lahore

1- Inter Floor, Eden Centre
43- Jail Road, Lahore.

Tel: +92 42 37590214-6

Fax: +92 42 37599023



Grant Thornton

An instinct for growth

Pak Law Publication

Office # 05, Ground Floor, Arshad Mansion, Near Chowk A.G Office,
Nabha Road Lahore. Ph. 042-37350473 Cell # 0300-8848226

www.gtpak.com