

A

BILL

*to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2017, and to amend certain laws*

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2017, and to amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title, extent and commencement.** — (1) This Act may be called the Finance Act, 2017.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on the first day of July, 2017 except clauses 2(6), 3(7), 4(10) and 5(3) which shall have effect on the next day of assent given to this Act by the President of Islamic Republic of Pakistan.

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

(1) in section 2,-

(a) in clause (1a),-

(i) for the word “or”, a comma shall be substituted; and

(ii) after the figure “144”, the word and figure “or 147”, shall be inserted;

(b) in clause (x), the word “and” shall be omitted; and

(c) in clause (y), for full stop at the end a semicolon and the word “and” shall be substituted and thereafter the following new clause shall be added, namely:-

“(z) **“controlled delivery”** means supervised and coordinated operational activities that allow suspected consignments of prohibited and restricted goods, including items mentioned in clause (s), to pass out of, through or into the territory of Pakistan, with a view to identifying persons involved in the commission of an offence cognizable under this Act.”;

(2) in section 3A, in the marginal note, for the words “Federal Board of Revenue”, the word “Customs” shall be substituted;

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

**“3AAA. Directorate General of China Pakistan Economic Corridor.-** The Directorate General of China Pakistan Economic Corridor shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.”;

(4) in section 7,-

(a) for the words “Federal Excise”, the words “Inland Revenue” shall be substituted; and

(b) after the word and comma “Police,”, the words “including officers of National Highways and Pakistan Motorway Police”, shall be inserted;

(5) after section 8, the following new section shall be inserted, namely:-

**“8A. Uniform.-** The Board may, by notification in the official Gazette, prescribe rules for wearing of uniform by officers and staff of Customs Service of Pakistan.”;

(6) in section 19,-

(a) in sub-section (1), for the words "Federal Government", the words and comma "Board, with prior approval of Minister-in-charge, and" shall be substituted; and

(b) in sub-section (5), for full stop a colon shall be substituted and thereafter the following provisos shall be added, namely:-

“Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from first day of July, 2016 and shall continue to be in force till thirtieth day of June, 2018, if not earlier rescinded:

Provided further that all notifications issued on or after first day of July, 2016 shall continue to be in force till thirtieth day of June, 2018, if not earlier rescinded.”;

(7) in section 25A, in sub-section (2), for full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that where the value declared in a goods declaration, filed under section 79 or section 131 or mentioned in the invoice retrieved from the consignment, as the case may be, is higher than the value

determined under sub-section (1), such higher value shall be the customs value.”;

- (8) in section 26, after sub-section (1), the following new sub-section shall be inserted, namely:-

“(1A) Subject to rules, the Board or any officer authorized in this behalf may require any person to provide such information as is held by that person which is required for the purposes of End Use Verification of goods.”;

- (9) in section 33,-

(a) in sub-section (1), for colon, a full stop shall be substituted and thereafter the proviso shall be omitted; and

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

“(4) No refund shall be allowed under this section, if the sanctioning authority is satisfied that the incidence of customs duty and other levies has been passed on to the buyer or consumer.”;

- (10) in section 98,-

(a) in sub-section (1), in the proviso, the following new clause (b) shall be inserted and thereafter the existing clause (b) shall be re-numbered as clause (c) , namely:-

“(b) by the Chief Collector of Customs, for a period not exceeding one month in case of notified perishable goods

and a period not exceeding three months in case of non-perishable goods; and”;

(b) in sub-section (3), for the word “limit”, the word “regulate” shall be substituted;

(11) in section 155F, the brackets and figure “(1)” shall be omitted and after the second proviso, the following third proviso shall be inserted, namely:-

“Provided also that a person aggrieved by an order of the Collector, cancelling or confirming the suspension of his unique user identifier, may, within thirty days of communication of such order, prefer an appeal to the Chief Collector who may pass an order annulling, modifying or confirming the order passed by the Collector.”;

(12) in section 156,-

(a) in the TABLE, after clause 7, in the first column and entries relating thereto in the second and third columns, the following new clause and entries relating thereto shall be inserted, namely:-

“7A If any agency or person including port authorities managing or owning a customs port, customs airport or a land customs station or a container freight station, fails to	Such agency or person or port authority shall be liable to a penalty not exceeding five hundred thousand
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entertain a delay and Rupees.  
detention certificate  
issued by the officer  
of Customs,

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

“(4) Notwithstanding anything contained in this Act, the Board may, by notification in the official Gazette, regulate the imposition, including the time and manner, of any penalty specified in sub-section (1).”;

- (13) in section 193, in sub-section (1), for the word “and”, a comma shall be substituted and after the figure “179”, the expression “and 195”, shall be inserted;

- (14) in section 194A, in sub-section (1), for clause (d), the following shall be substituted, namely:-

“(d) an order passed under section 195 by the Board or an officer of Customs not below the rank of an Additional Collector;”;

- (15) in section 195, in sub-section (1),-

(a) after the word “Customs”, the expression “or the Collector of Customs (Adjudication)” shall be inserted;

(b) the words “and may pass such order as it or he may think fit”, shall be omitted;

(c) for the colon, a full stop shall be substituted and thereafter the following new sub-section (1A) shall be inserted, namely:-

“(1A) Where it is deemed necessary to pass fresh orders, in respect of proceedings referred to in sub-section (1), the Board or Collector of Customs or Collector of Customs (Adjudication) may pass the order itself or himself, as the case may be, or assign the case to an officer of equal or higher rank, who may have passed the earlier order, for passing such order as he may think fit.”;

(16) after section 219, the following new section shall be inserted, namely:-

**“219A. Power to enter into mutual legal assistance agreements on customs matters:-** (1) The Board may, of its own motion or upon request from an international organization, a foreign customs administration, or any other foreign competent authority, enter into memorandum of understanding pertaining to mutual legal assistance in customs matters, or in pursuance of any bilateral or a multilateral agreement, undertake activities, which, *inter alia*, include:

(a) coordinated border management;

(b) information and data sharing;

(c) bilateral and multilateral international special operations, including, by the method of controlled delivery;

(d) capacity building and technical assistance initiatives;

and

(e) any other matter to which both or all parties agree.

(2) Notwithstanding anything contained in any other law, for the time being in force, the Board may, on behalf of the Federal Government, request an international organization, a foreign customs administration, or any other foreign competent authority for legal assistance on any matter or offence under this Act, or upon request received therefrom; and

(3) The Board may, by notification in the official Gazette, prescribe the rules for any of the matters enumerated in this section.”;

(17) after section 221, following new section shall be inserted, namely:-

**“221-A. Validation.-** All notifications and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2017, shall be deemed to have been validly issued and notified in exercise of those powers, notwithstanding anything contained in any judgment of the High Court or Supreme Court.”;

(18) the First Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner provided in the First Schedule to this Act; and

(19) the Fifth Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner provided in the Second Schedule to this Act.

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

(1) in section 2, after clause (43), a new clause shall be inserted, namely:-

“(43A) Tier-1 retailers means,—

- (a) a retailer operating as a unit of a national or international chain of stores;
  - (b) a retailer operating in an air-conditioned shopping mall, plaza or centre, excluding kiosks;
  - (c) a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds rupees six hundred thousand; and
  - (d) a wholesaler-cum-retailer, engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers;”;
- (2) in section 3,—
- (i) in sub-section (1), in clause (b), after the word “Pakistan”, a comma shall be inserted and thereafter the words “irrespective of their final destination in territories of Pakistan as specified in clause (2) of Article 1 of the Constitution of Islamic Republic of Pakistan” shall be inserted;
  - (ii) in sub-section (1A), for the expression “and (6)”, the expression “, (6) and section 4” shall be substituted;
  - (iii) in sub-section (2), in clause (b), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;

- (iv) in sub-section (3A), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;
- (v) in sub-section (5), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted; and
- (vi) after sub-section (9), a new sub-section (9A) shall be inserted, namely:—

“(9A) Notwithstanding anything contained in this Act, Tier-1 retailers shall pay sales tax at the rate specified in sub-section (1) and shall observe all the applicable provisions of the Act and rules made thereunder, including the requirement to file monthly sales tax returns in the manner prescribed in Chapter II of the Sales Tax Rules, 2006:

Provided that the retailers making supplies of finished goods of the five sectors specified in Notification No. S.R.O. 1125(I)/2011, dated the 31<sup>st</sup> December, 2011 shall pay sales tax in respect of such supplies at the rates prescribed in the said Notification:

Provided further that Tier-1 retailers, in lieu of net tax payable at the applicable rate shall, shall have an option to pay sales tax under the turnover regime at the rate of two percent of their total turnover, including turnover relating to

exempt supplies, without adjustment of any input tax whatsoever:

Provided also that retailers opting to pay sales tax on the basis of total turnover shall file an option to the Chief Commissioner of Regional Tax Office or Large Taxpayers Unit having jurisdiction by fifteenth day of July opting to pay sales tax on the basis of turnover and such an option shall remain in force for the whole financial year.”;

- (3) in section 4,—
  - (i) in the preamble, after the figure “3” appearing for the first time, the expression “except those of sub-section (1A)” shall be inserted; and
  - (ii) in clause (c), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;
- (4) in section 7,—
  - (i) in sub-section (3), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted; and
  - (ii) in sub-section (4), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;
- (5) in section 7A,—

- (i) in sub-section (1), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted; and
  - (ii) in sub-section (2), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;
- (6) in section 8, in sub-section (1), in clause (b), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;
- (7) in section 13,—
- (i) in sub-section (2), in clause (a), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted; and
  - (ii) in sub-section (6), for the words “Federal Government”, the word “Board” shall be substituted; and
  - (iii) in sub-section (7), for the full stop at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely:—
    - “Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from 1<sup>st</sup> July, 2016 and shall continue to be in force till 30<sup>th</sup> June, 2018, if not earlier rescinded:

Provided further that all notifications issued on or after 1<sup>st</sup> July, 2016 shall continue to be in force till 30<sup>th</sup> June, 2018, if not earlier rescinded.”;

(8) in section 30,—

(a) in sub-section (1),—

(i) after clause (e), a new clause (ea) shall be inserted, namely:—

“(ea) District Taxation Officer”; and

(ii) after clause (f), a new clause (fa) shall be inserted, namely:—

“(fa) Assistant Director Audit”;

(b) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(2A) The Chief Commissioners Inland Revenue shall perform their functions in respect of such persons or classes of persons of such areas as the Board may direct.

(2B) The Commissioners Inland Revenue shall perform their functions in respect of such persons or classes of persons of such areas as the Chief Commissioner to whom they are sub-ordinate may direct.”;

(c) in sub-section (3),—

(i) after the words “Deputy Commissioner Inland Revenue”, the comma and words “, District Taxation Officer” shall be inserted; and

- (ii) after the words “Assistant Commissioner Inland Revenue”, the comma and words “, Assistant Director Audit” shall be inserted; and
- (d) in sub-section (4),—
- (i) after the words “Deputy Commissioner Inland Revenue”, the comma and words “, District Taxation Officer” shall be inserted; and
- (ii) after the words “Assistant Commissioner Inland Revenue”, the comma and words “, Assistant Director Audit” shall be inserted;
- (9) in section 33, in the Table, after serial number 22 and entries relating thereto, a new serial number 23 and entries relating thereto in columns (1), (2) and (3) shall be added, namely:-

“23.	Any person who manufactures, possesses, transports, distributes, stores or sells cigarette packs without, or with counterfeited, tax stamps, banderoles, stickers, labels or barcodes.	(i) Such cigarette stock shall be liable to outright confiscation and destruction. Any person committing the offence shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax involved, whichever is	40C(2)
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		<p>higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with additional fine which may extend to an amount equal to the loss of tax involved, or with both.</p> <p>(ii) In case of transport of cigarettes without, or with counterfeited, tax stamps, banderoles, stickers, labels or barcodes, permanent seizure of the vehicle used for transportation of non-conforming or counterfeit cigarette packs; and</p> <p>(iii) In case of repeat sale of cigarettes without</p>	
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		or with counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the premises used for such sale be sealed for a period not exceeding 15 days.”	;
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- (10) in section 48, in sub-section (1), in clause (f), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the Commissioner shall not issue notice under this section or the rules made thereunder for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 45B in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that twenty-five per cent of the amount of tax due has been paid by the taxpayer.”;

- (11) in section 56,—

(a) in sub-section (1), in clause (b), the word “or” shall be omitted and in clause (c), for the full stop, a semi colon and word “; or” shall be substituted and thereafter, the following shall be added, namely:—

“(d) sent electronically through email or to the e-folder maintained for the purpose of e-filing of Sales Tax-cum-

Federal Excise returns by the Limited Companies, both public and private.”; and

(b) In sub-section (2), in clause (b), the word “or” shall be omitted and in clause (c), for the full stop, a semi colon and word “; or” shall be substituted and thereafter, the following shall be added, namely:–

“(d) sent electronically through email or to the e-folder maintained for the purpose of e-filing of Sales Tax-cum-Federal Excise returns by the Limited Companies, both public and private.”;

(12) in section 60, for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;

(13) in section 65, for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;

(14) in section 71, in sub-section (1), for the words “Federal Government”, the words “Board with the approval of the Minister Incharge of the Federal Government” shall be substituted;

(15) after section 74, a new section 74A shall be inserted, namely:–

“74A. **Validation.**– All notifications and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2017, shall be deemed to have been validly issued and notified in exercise of those

powers, notwithstanding anything contained in any judgment of the High Court or Supreme Court.”;

- (16) in the Third Schedule, in the Table,—
- (i) against serial number 2, in column (3), for the figure “21.05”, the figure “2105.0000” shall be substituted; and
  - (ii) serial number 32 and entries relating thereto in columns (2) and (3) shall be omitted;
- (17) in the Fifth Schedule, in serial number 12, in sub-serial number (xvii), for the words “preparations for infant use put up for retail sale”, the words “Preparations suitable for infants or young children, put up for retail sale” shall be substituted;
- (18) in the Sixth Schedule,—
- (A) in Table 1,—
    - (i) against serial number 1,—
      - (a) for the figure “0101.3100” the figure “0101.3000” shall be substituted;
      - (b) the figure “0102.1010” shall be omitted;
      - (c) the figure “0105.1900” shall be omitted;
    - (ii) against serial number 15,—
      - (a) the figure “0803.0000” shall be omitted;
      - (b) for the figure “0805.2010”, the figure “0805.2910” shall be substituted; and

- (c) for the figure “0805.2090”, the figures “0805.2100, 0805.2200 and 0805.2990” shall be substituted;
- (iii) against serial number 17, for the figure “0910.1000”, the figure “09.10” shall be substituted;
- (iv) in serial number 19, the figure “1102.3000” shall be omitted;
- (v) in serial number 20, the figure “1209.1010” shall be omitted;
- (vi) against serial number 23, for the figure “1212.9990”, the figure “1212.9300” shall be substituted;
- (vii) in serial number 26, the figure “2009.8000” shall be omitted;
- (viii) in serial number 31, the figures “8523.5100 and 8523.5200” shall be omitted;
- (ix) against serial number 33, for the figure “4907.0000”, the figure “49.07” shall be substituted;
- (x) against serial number 38, for the figure “7108.2000”, the figure “7108.1390” shall be substituted;
- (xi) against serial number 81, for the figure “1207.2000”, the figure “1207.1000” shall be substituted;
- (xii) in serial number 83, the figure “1604.3000” shall be omitted;
- (xiii) in serial number 84, in column (2), for the words “preparations for infant use put up for retail sale”, the words “Preparations suitable for infants or young children, put up for retail sale” shall be substituted;

- (xiv) against serial number 91, in column (3), for the figure “8539.3910”, the figure “8539.3110” shall be substituted;
- (xv) in serial number 97, in column (2), for the words “pens and ball pens”, the words “pens, ball pens, markers and porous tipped pens” shall be substituted;
- (xvi) in serial number 100A, the following amendments shall be made, namely:–
  - (a) after the words “materials and equipment”, a bracket shall be inserted and therein the words and commas “plant, machinery, equipment, appliances and accessories” shall be inserted; and
  - (b) for the word “Gawadar” wherever appearing the word “Gwadar” shall be substituted;
- (xvii) after serial number 100B, a new serial number 100C shall be inserted, namely:–

“100C. Vehicles imported by China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited (ii) Gwadar International Terminal Limited, (iii) Gwadar Marine Services Limited and (iv) Gwadar Free Zone Company Limited, for a period of twenty three years for construction, development and operations of Gwadar Port and Free Zone Area subject to

limitations, conditions prescribed under PCT heading 9917 (3);

(xviii) in serial number 106, in column (3), the figure “0206.2000” shall be omitted;

(xix) in serial number 108, against sub-serial (h), in column (3), for the figure “3824.9099”, the figure “3824.8400” shall be substituted;

(xx) against serial number 110, in sub serial (c), in column (3), for the figure “8543.7090”, the figures and word “8539.5010 and 8539.5020” shall be substituted;

(xxi) against serial number 113, in sub-serial (2), in column (3), for the figure “8424.8100”, the figure “8424.4100” shall be substituted;

(xxii) against serial number 114, in sub-serial (2), in column (3), for the figure “9406.0010”, the figures and word “9406.1010 and 9406.9010” shall be substituted;

(xxiii) in serial number 130, in column (3), the following shall be substituted; namely:–

“Sodium Iron (Na Fe EDTA), and other premixes of Vitamins, Minerals and Micro-nutrients (food grade) and subject to conditions imposed for importation under the Customs Act, 1969”;

(xxiv) against serial number 133,–

- (I) in column (2),—
- (a) the words “ingredients for pesticides” shall be omitted;
  - (b) the words “Cadusafos Technical Material” shall be omitted;
  - (c) the words “ingredients for pesticides” shall be omitted;
  - (d) the words “ingredients for pesticides” shall be omitted;
  - (e) the words “other ingredients for pesticides” shall be omitted;
  - (f) the words “Tiethanolamine and its salts” shall be omitted;
  - (g) the words “ingredients for pesticides” shall be omitted; and
- (II) in column (3),—
- (a) the figure “2903.3040” shall be omitted;
  - (b) the figure “2903.6900” shall be omitted;
  - (c) the figure “2918.9010” shall be omitted;
  - (d) the figure “2919.0010” shall be omitted;
  - (e) the figure “2919.0090” shall be omitted;
  - (f) the figure “2922.1300” shall be omitted;
  - (g) the figure “2924.2930” shall be omitted;

- (h) in column (3), for the figure “2939.9910”, the figure “2939.8010” shall be substituted;
- (i) in column (3), for the figure “2939.9910”, the figure “2939.8010” shall be substituted;
- (j) in column (3), for the figure “3824.9099”, the figure “3824.9999” shall be substituted;

(xxv) after serial number 133 and entries relating thereto in columns (1), (2) and (3), the following new serial numbers and entries relating thereto shall be inserted, namely:—

“134.	Goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization subject to recommendations of the Cabinet Division and concurrence by the Federal Board of Revenue.	9908
135.	Sunflower and canola hybrid seeds meant for sowing	Respective heading
136.	Combined harvesters upto five years old	8433.5100
137.	Single cylinder agriculture diesel engines (compression-ignition internal combustion piston engines) of 3 to 36 HP, and CKD kits thereof	8408.9000.”; and

(B) in Table-3,–

(a) in the preamble, in sub-paragraph (ii), after the figure “14”, the figure and word “14A and 15” shall be inserted; and

(b) in the Annexure,–

(i) In serial number 2, in column (3), for the figure “3824.9099”, the figure “3824.9999” shall be substituted; and

(ii) for existing serial numbers 14 and 15 and entries relating thereto, the following new serial numbers 14, 14A, 15 and 15A and entries relating thereto shall be substituted; namely:–

“14.	<b>Following items for use with solar energy:-</b> Solar Power Systems.	8501.3110 8501.3210	
	(1) Off-grid/On-grid solar power system (with or without provision for USB/charging port) comprising of : (i) PV Module. (ii) Charge controller. (iii) Batteries for specific utilization with the system (not	8541.4000 9032.8990 8507.2090	

	<p>exceeding 50 Ah in case of portable system).</p> <p>(iv) Essential connecting wires (with or without switches). 8507.3000</p> <p>(v) Inverters (off-grid/ on-grid/ hybrid with provision for direct connection/ input renewable energy source and with Maximum Power Point Tracking (MPPT). 8507.6000</p> <p>(vi) Bulb holder 8544.4990</p> <p>(2) Water purification plants operating on solar energy. 8504.4090</p> <p>8536.6100</p> <p>8421.2100</p>		
14A.	<p><b>Following systems and items for dedicated use with renewable source of energy like solar, wind, geothermal etc.</b></p> <p><b>1. (a) Solar Parabolic Trough Power Plants.</b> 8502.3900</p> <p><b>(b) Parts for Solar Parabolic Power Plants.</b></p> <p>(i) Parabolic Trough collectors 8503.0010</p>		

	modules.		
	(ii) Absorbers/Receivers tubes.	8503.0090	
	(iii) Steam turbine of an output exceeding 40MW.	8406.8100	
	(iv) Steam turbine of an output not exceeding 40MW.	8406.8200	
	(v) Sun tracking control system.	8543.7090	
	(vi) Control panel with other accessories.	8537.1090	
	<b>2. (a) Solar Dish Stirling Engine.</b>	8412.8090	
	<b>(b) Parts for Solar Dish Stirling Engine.</b>		
	(i). Solar concentrating dish.	8543.7000	
	(ii). Sterling engine.	8543.7000	
	(iii). Sun tracking control system.	8543.7090	
	(iv). Control panel with accessories.	8406.8200	
	(v). Stirling Engine Generator	8501.6100	
	<b>3. (a) Solar Air Conditioning Plant</b>	8415.1090	
	<b>(b) Parts for Solar Air Conditioning Plant</b>		

	(i). Absorption chillers.	8418.6990	
	(ii). Cooling towers.	8419.8910	
	(iii). Pumps.	8413.3090	
	(iv). Air handling units.	8415.8200	
	(v). Fan coils units.	8415.9099	
	(vi). Charging & testing equipment.	9031.8000	
	<b>4. (a) Solar Desalination System</b>	8421.2100	
	<b>(b) Parts for Solar Desalination System</b>		
	(i). Solar photo voltaic panels.	8541.4000	
	(ii). Solar water pumps.	8413.3090	
	(iii). Deep Cycle Solar Storage batteries.	8507.2090	
	(iv). Charge controllers.	9032.8990	
	(v). Inverters (off grid/on grid/hybrid) with provision for direct connection/input from renewable energy source and with Maximum Power Point Tracking (MPPT)	8504.4090	
	<b>5. Solar Thermal Power Plants</b>	8502.3900	

	<b>with accessories.</b>		
	<b>6. (a) Solar Water Heaters with accessories.</b> <b>(b) Parts for Solar Water Heaters</b> (i). Insulated tank (ii). Vacuum tubes (Glass) (iii). Mounting stand (iv). Copper and Aluminum tubes <b>(c) Accessories:</b> (i) Electronic controller (ii) Assistant/ feeding tank (iii) Circulation Pump (iv) Electric heater/ immersion rod (one piece with one solar water heater) (v) Solenoid valve (one piece with one solar water heater) (vi) Selective coating for absorber plates	8419.1900  7309.0000 7310.0000 7020.0090 Respective headings Respective heading	
	<b>7. (a) PV Modules.</b> <b>(b) Parts for PV Modules</b>	8541.4000	

	(i). Solar cells.	8541.4000	
	(ii). Tempered Glass.	7007.2900	
	(iii). Aluminum frames.	7610.9000	
	(iv). O-Ring.	4016.9990	
	(v). Flux.	3810.1000	
	(vi). Adhesive labels.	3919.9090	
	(vii). Junction box & cover.	8538.9090	
	(viii). Sheet mixture of paper and plastic	3920.9900	
	(ix). Ribbon for PV Modules (made of silver & Lead).	Respective headings	
	(x). Bypass diodes.	8541.1000	
	(xi). EVA (Ethyl Vinyl Acetate) Sheet (Chemical).	3920.9900	
	<b>8. Solar Cell Manufacturing Equipment.</b>		
	(i). Crystal (Grower) Puller (if machine).	8479.8990	
	(ii). Diffusion furnace.	8514.3000	
	(iii). Oven.	8514.3000	
	(iv). Wafering machine.	8486.1000	
	(v). Cutting and shaping machines for silicon ingot.	8461.9000	

	(vi). Solar grade polysilicon material.	3824.9999	
	(vii). Phosphene Gas.	2853.9000	
	(viii). Aluminum and silver paste.	Respective headings	
	<b>9. Pyranometers and accessories for solar data collection.</b>	9030.8900	
	<b>10. Solar chargers for charging electronic devices.</b>	8504.4020	
	<b>11. Remote control for solar charge controller.</b>	8543.7010	
	<b>12. Wind Turbines.</b>		
	(a) Wind Turbines for grid connected solution above 200 KW (complete system).	8412.8090	
	(b) Wind Turbines upto 200 KW for off-grid solutions comprising of:	8412.8090	
	(i). Turbine with Generator/ Alternator.	Respective headings	
	(ii). Nacelle with rotor with or without tail.		

	(iii). Blades. (iv). Pole/ Tower. (v). Inverter for use with Wind Turbine. (vi). Deep Cycle Cell/ Battery (for use with wind turbine).	8507.2090	
	<b>13. Wind water pump</b>	8413.8100	
	<b>14. Geothermal energy equipment.</b> (i). Geothermal heat pumps. (ii). Geothermal Reversible Chillers. (iii). Air handlers for indoor quality control equipment. (iv). Hydronic heat pumps. (v). Slim Jim heat exchangers. (vi). HDPE fusion tools. (vii). Geothermal energy installation tools and equipment. (viii). Dehumidification equipment. (ix). Thermostats and intellizone.	8418.6100 8418.6990 8415.8300 8418.6100 8419.5000 8515.8000 8419.8990 8479.6000	
		9032.1090	

	<b>15. Any other item approved by the Alternative Energy Development Board (AEDB) and concurred to by the FBR.</b>	Respective headings	
15.	<b>Following items for promotion of renewable energy technologies or for conservation of energy:-</b>		
	(i) SMD/LED/LVD lights with or without ballast, fittings and fixtures.	9405.1090 8539.3290 8543.7090	
	(ii) SMD/LED/LVD street lights, with or without ballast, PV module, fitting and fixtures	9405.4090 8539.3290 8543.7090	
	(iii) Tubular day lighting device.	9405.5010	
	(iv) Wind turbines including alternators and mast.	8502.3100	
	(v) Solar torches.	8513.1040	
	(vi) Lanterns and related instruments.	8513.1090	
	(vii) LVD induction lamps.	8539.3290	
	(viii) LED bulb/tube lights.	8543.7090	
	(ix) PV module, with or without,	8541.4000	

	the related components	8504.4090	
	including invertors (off-	9032.8990	
	grid/on grid/ hybrid) with	8507.0000	
	provision for direct		
	connection/input from		
	renewable energy source		
	and with Maximum Power		
	Point Tracking (MPPT),		
	charge controllers and solar		
	batteries.		
	(x) Light emitting diodes (light		
	emitting in different colors).		
	(xi) Water pumps operating on		
	solar energy along with solar	8541.5000	
	pump controllers		
	(xii) Energy saver lamps of		
	varying voltages		
	(xiii) Energy Saving Tube Lights.	8413.7010	
	(xiv) Sun Tracking Control	8413.7090	
	System	8504.4090	
	(xv) Invertors (off-grid/on		
	grid/hybrid) with provision for	8539.3110	
	direct connection/input from	8539.3210	

	renewable energy source and with Maximum Power Point Tracking (MPPT). (xvi) Charge controller/ current controller. Provided that exemption under this serial shall be available with effect from 01.07.2016.	8539.3120 8539.3220 8543. 7090 8504.4090 9032.8990	
15A	<b>Parts and components for  manufacturing LED lights:</b> (i) Aluminum housing/ shell for LED (LED light fixture) (ii) Metal clad printed circuit boards (MCPCB) for LED (iii) Constant current power supply for of LED lights (1-300W) (iv) Lenses for LED lights	9405.1090 8543.0000 8504.4090 9001.9000	If imported by LED light manufacturers registered under the Sales Tax Act, 1990 subject to annual quota determination by the Input Output Co- efficient Organization

			(IOCO)";
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(19) in the Eight Schedule, in Table-1,–

- (i) in serial number 26, in sub-serial (iv), in column (3), for the figure “8432.3090”, the figure “8432.3900” shall be substituted;
- (ii) in serial number 27, in column (3),–
  - (a) in sub-serial (iv), for the figure “8432.4000”, the figure “8432.4100” shall be substituted;
  - (b) in sub-serial (vi), for the figure “8432.3010”, the figure “8432.3100” shall be substituted; and
  - (c) in sub-serial (vii), for the figure “8432.3090”, the figure “8432.3900” shall be substituted;
- (iii) in serial number 34, in column (5), for the figure “2017”, the figure ‘2018” shall be substituted; and
- (iv) after serial number 34 and the entries relating thereto, the following new serial numbers and entries relating thereto in columns (2), (3), (4) and (5) shall be inserted, namely:–

“35.	DAP	Respective heading	Rs. 100 per 50 kg bag	Nil
36.	NP (22-20)	Respective heading	Rs. 168 per 50 kg bag	If manufactured from gas other than imported LNG

37.	NP (18-18)	Respective heading	Rs. 165 per 50 kg bag	If manufactured from gas other than imported LNG
38.	NPK-I	Respective heading	Rs. 251 per 50 kg bag	If manufactured from gas other than imported LNG
39.	NPK-II	Respective heading	Rs. 222 per 50 kg bag	If manufactured from gas other than imported LNG
40.	NPK-III	Respective heading	Rs. 341 per 50 kg bag	If manufactured from gas other than imported LNG
41.	SSP	Respective heading	Rs. 31 per 50 kg bag	If manufactured from gas other than imported LNG
42.	CAN	Respective heading	Rs. 98 per 50 kg bag	If manufactured from gas other than imported

				LNG
43.	Natural gas	Respective heading	10%	If supplied to fertilizer plants for manufacturing of urea
44.	Phosphoric acid	2809.2010	5%	If imported by fertilizer company for manufacturing of DAP
45.	Following machinery for poultry sector :			Import and supply
	(i) Machinery for preparing feeding stuff	8436.1000	7%	
	(ii) Poultry incubators and brooders	8436.2100 and 8436.2900	7%	
	(iii) Insulated sandwich panels	9406.0090	7%	
	(iv) Poultry	9406.0020	7%	

	sheds			
	(v) Evaporative air cooling system	8479.6000	7%	
	(vi) Evaporative cooling pad	8479.9010	7%	
46.	Multimedia projectors	8528.6210	10%	If imported by educational institution
47.	Locally produced coal	27.01	Rs. 425 per metric tonne or 17% ad valorem, whichever is higher	Nil"; and

(20) in the Ninth Schedule, in the Table, against serial number 2,—

(a) in column (3),—

(i) for the figure “300”, the figure “650” shall be substituted; and

(ii) for the figure “1000”, the figure “650” shall be substituted;

and

(b) in column (4),—

(i) for the figure “300”, the figure “650” shall be substituted; and

(ii) for the figure “1000”, the figure “650” shall be substituted.

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

(1) in section 2,—

(a) in clause (22A), after the word “consumer”, occurring for the third time, the words “excluding durable goods” shall be inserted;

(b) in clause (38A), after the word “officer”, occurring for the third time, the comma and the words “, District Taxation Officer, Assistant Director Audit,” shall be inserted;

(c) after clause (62), the following new clause shall be inserted, namely:—

“(62A) “startup” means a business of resident individual, AOP or a company incorporated or registered in Pakistan on or after first day of July, 2012 and the person is engaged in or intends to offer technology driven products or services to any sector of the economy provided that the person is registered with and duly certified by the Pakistan Software Export Board (PESB) and having turnover of less than one hundred million in each of the last five tax years.”;

(2) in section 4B, in sub-section (1), for the expression “and 2016” the expression “to 2017” shall be substituted;

(3) for section 5A, the following section shall be substituted, namely:-

**“5A. Tax on undistributed profits.-** (1) Subject to this Ordinance, for tax year 2017 and onwards, a tax shall be imposed at the rate of ten percent, on every public company other than a scheduled bank or a *modaraba*, that derives profit for a tax year but does not distribute at least forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares:

Provided that for tax year 2017, bonus shares or cash dividends may be distributed before the due date mentioned in sub-section (2) of section 118, for filing of a return.

(2) The provisions of sub-section (1) shall not apply to-

- (a) a company qualifying for exemption under clause (132) of Part I of the Second Schedule; and
- (b) a company in which not less than fifty percent shares are held by the Government."

(4) in section 7C, for sub-section (4), the following shall be substituted, namely:-

“(4) This section shall apply to projects undertaken for development and sale of residential, commercial or other plots initiated and approved. —

- (a) during tax year 2017 only;
- (b) for which payment under rule 13S of the Income Tax Rules, 2002 has been made by the developer during tax year 2017; and

- (c) the Chief Commissioner has issued online schedule of advance tax installments to be paid by the developer in accordance with rule 13ZB of the Income Tax Rules, 2002.”;
- (5) in section 7D, for sub-section (4), the following shall be substituted, namely:-
  - “(4) This section shall apply to projects undertaken for development and sale of residential, commercial or other plots initiated and approved. —
  - (a) during tax year 2017 only;
    - (b) for which payment under rule 13S of the Income Tax Rules, 2002 has been made by the developer during tax year 2017; and
    - (c) the Chief Commissioner has issued online schedule of advance tax installments to be paid by the developer in accordance with rule 13U of the Income Tax Rules, 2002.”;
- (6) in section 8, in sub-section (1),-
  - (a) for the expression “, 7B, 7C and 7D” the expression “and 7B” shall be substituted; and
  - (b) in clause (d), for the expression, 7B, 7C and 7D” the expression “and 7B” shall be substituted;

- (7) in section 13, in sub-section (7), in the second proviso, for the words “five hundred thousand” the words “one million” shall be substituted;
- (8) in section 21, in clause (o), for the word “five” the word “ten” shall be substituted;
- (9) in section 22, in sub-section (15), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that where a depreciable asset is jointly owned by a taxpayer and an Islamic financial institution licensed by the State Bank of Pakistan or Securities and Exchange Commission of Pakistan, as the case may be, pursuant to an arrangement of *Musharika* financing or diminishing *Musharika* financing, the depreciable asset shall be treated to be wholly owned by the taxpayer.”;

- (10) in section 53,—
  - (i) in sub-section (2) after the word "The", occurring for the first time, the expression "Board with the approval of Minister Incharge of the" shall be inserted;
  - (ii) in sub-section (4), for the full stop, a colon shall be substituted and thereafter the following provisos shall be added, namely:-

"Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from

the first day of July, 2016 and shall continue to be in force till the thirtieth day of June, 2018, if not earlier rescinded:

Provided further that all notifications issued on the first day of July, 2016 shall continue to be in force till the thirtieth day of June, 2018, if not earlier rescinded.";

- (11) sections 64A and 64AB shall be re-numbered as 60C and 60D respectively;
- (12) in section 60D, re-numbered as aforesaid, in sub-section (1), after the word "one" the words "and a half" shall be inserted;
- (13) in section 62A, in sub-section (2), in component **C** of the formula, in clause (c), after the word "hundred" the words "and fifty" shall be inserted;
- (14) section 65A shall be omitted;
- (15) in section 65C, in sub-section (1), for the words and full stop "tax year." the words and colon "three tax years:" shall be substituted and thereafter the following proviso shall be added, namely:—

"Provided that the tax credit for the last two years shall be ten *per cent* of the tax payable.";
- (16) in section 94, sub-section (3) shall be omitted.
- (17) in section 100, in sub-section (2) for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added namely:—

"Provided that the for tax year 2017 and onward the provisions of this sub-section shall not apply on profit and gains derived from sui gas field.";

(18) in section 100C, —

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

“(d) the administrative and management expenditure does not exceed 15% of the total receipts.”; and

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

“(1A) Notwithstanding anything contained in sub-section (1), surplus funds of non-profit organization shall be taxed at a rate of ten percent.

(1B) For the purpose of sub-section (1A), surplus funds mean funds or monies:

(i) not spent on charitable and welfare activities during the tax year;

(ii) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;

(iii) or more than twenty five percent of the total receipts of the non-profit organization received during the tax year;

(iv) are not part of restricted funds:

*Explanation:* For the purpose of this sub-section, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor.”

- (19) in section 113, in sub-section (1), in clause (e), for the words "one per cent" the expression "the percentage as specified in column (3) of the table in Division IX of Part-I of the First Schedule" shall be inserted;
- (20) in section 114, in sub-section (6), in clause (c), the expression “122C,” shall be omitted;
- (21) in section 115, in sub-section (3), after the figures “(iii)” the expression “, (iv), (v) and (vi)” shall be inserted;
- (22) in section 116, —
  - (a) sub-section (2A) shall be omitted; and
  - (b) in sub-section (3), for the expression “an assessment, for the tax year to which it relates, is made under sub-section (1) or sub-section (4) of section 122” the expression “the receipt of notice under sub-section (9) of section 122, for the tax year to which it relates” shall be substituted;
- (23) in section 119, in sub-section (4), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that where the Commissioner has not granted extension for furnishing return under sub-section (3) or sub-section (4), the Chief Commissioner may on an application made by the taxpayer for extension or further extension, as the case may be, grant extension or further extension for a period not exceeding fifteen days unless there are exceptional circumstances justifying a longer extension of time.”;

- (24) in section 121, in sub-section (1), after clause (aa), the following new clause shall be inserted, namely:—

“(ab) furnish return of income in response to notice under sub-section (3) or sub-section (4) of section 114; or”;

- (25) in section 122, in sub-section (1), the expression “or issued under section 122C,” shall be omitted;

- (26) section 122C shall be omitted;

- (27) in section 127, in sub-section (1), the expression “except an assessment order under section 122C,” shall be omitted;

- (28) in section 130, in sub-section (3), —

(a) in clause (a), after the semicolon, the word "or" shall be inserted;

(b) in clause (b), for the expression "; or" a full stop shall be substituted; and

(c) clause (c) shall be omitted;

- (29) in section 137, in sub-section (2), for the colon, occurring first, a full stop shall be substituted and thereafter both the provisos shall be omitted;

- (30) in section 146,—
- (a) in the marginal note, after the word “Kashmir”, the words “and Gilgit-Baltistan” shall be inserted; and
  - (b) in sub-section (1), after the word “Kashmir”, wherever occurring, the words “or Gilgit-Baltistan” shall be inserted;
- (31) in section 147, in sub-sections (2) and (4B), for the words “five hundred thousand”, the words “one million” shall be substituted;
- (32) in section 148, in sub-section (7), —
- (a) clause (b) shall be omitted;
  - (b) in clause (c), for the full stop at the end, a semicolon shall be substituted;
- (33) in section 152,—
- (a) in sub-section (1AAA), for the expression “Division IIIA”, the expression “Division II” shall be substituted;
  - (b) in sub-section (1B), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the provisions of this sub-section shall not apply in respect of a non-resident person unless he opts for the final tax regime.”;
  - (c) in sub-section (2A), clauses (i), (ii) and (iii) shall be re-numbered as (a), (b) and (c) respectively; and
  - (d) for sub-section (4A), the following shall be substituted, namely:-

"(4A) The Commissioner may, on application made by the recipient of payment referred to in sub-section (1A) having permanent establishment in Pakistan, or by a recipient of payment referred to in sub-section (2A), as the case may be, and after making such inquiry as the Commissioner thinks fit, allow by order in writing, in cases where the tax deductible under sub-section (1) or sub-section (2A) is adjustable, any person to make the payment without deduction of tax or deduction of tax at a reduced rate.";

- (34) in section 153, in sub-section (1), in clause (c), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that where the recipient of the payment under clause (b) receives the payment through an agent or any other third person and the agent or, as the case may be, the third person retains service charges or fee, by whatever name called, from the payment remitted to the recipient, the agent or the third person shall be treated to have been paid the service charges or fee by the recipient and the recipient shall collect tax along with the payment received.”;

- (35) in section 165, after sub-section (2), the following new sub-section shall be inserted, namely:—

“(2A) Any person who, having furnished statement under sub-section (1) or sub-section (2), discovers any omission or wrong

statement therein, may file a revised statement within sixty days of filing of statement under sub-section (1) or sub-section (2), as the case may be.”;

(36) in section 165B,—

(a) in sub-section (1), after the word "non-resident" the words "or any other reportable" shall be inserted;

(b) after sub-section (2), the following new sub-section shall be added, namely:—

"(3) for the purpose of this section, the terms "reportable person" and "financial institution" shall have the meaning as provided in Chapter XIIA of the Income Tax Rules, 2002

(37) in section 176, in sub-section (1), in clause (c), after the word “accountants”, the words “, or a firm of cost and management accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966)” shall be inserted;

(38) in section 182, in the table,—

(a) in column (1) against serial number (7) in column (4), after the figures "174" a comma and figure ", 108" shall be added;

(b) in column (1) against serial number (9) in column (2) after the figure "176" the word and figure "or 108" shall be added; and

(c) after serial number (16) the following new serial number and entries relating thereto in columns (2), (3) and (4) shall be added, namely:—

17.	Any reporting financial institution or reporting entity who fails to furnish information or country-by-country report to the Board as required under section 107, 108 or 165B within the due date.	Such reporting financial institution or reporting entity shall pay a penalty of two thousand rupees for each day of default subject to a minimum penalty of twenty five thousand rupees.	107, 108 and 165B
18.	Any person who fails to keep and maintain document and information required under section 108 or Income Tax Rules, 2002	1% of the value of transactions, the record of which is required to be maintained under section 108 and Income Tax Rules, 2002	108.

(39) in section 191, in sub-section (1),—

- (a) in clause (a), after the expression “(3)”, the expression “and sub-section (4)” shall be inserted; and
- (b) in clause (c), after the word “Chapter”, the expression “or Chapter XII” shall be inserted;

(40) in section 205, in sub-section (1B), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that in the case of person having a special tax year, the default surcharge shall be calculated on and from the first day of the fourth quarter of the special tax year till the date on which assessment is made or the last day of special tax year, whichever is earlier.”;

(41) in section 206A, in sub-section (3), for the colon at the end, a full stop shall be substituted and the proviso thereafter shall be omitted;

(42) in section 207,—

(a) in sub-section (1), after clause (i), the following new clauses shall be inserted, namely:—

“(ia) District Taxation Officer;

(ib) Assistant Director Audit;”;

(b) in sub-section (3A), for the word “Officer” the word “Officers” shall be substituted and thereafter the expression “, District Taxation Officer, Assistant Director Audit” shall be inserted;

(c) in sub-sections (4) and (4A), after the word “Officers”, occurring for the second time, the expression “, District Taxation Officer, Assistant Director Audit” shall be inserted;

- (43) in section 208, in sub-section (1), after the word “Officers”, occurring for the second time, the expression “, District Taxation Officer, Assistant Director Audit” shall be inserted;
- (44) in section 216:—
- (a) in sub-section (3), after clause (k), the following new clause shall be inserted, namely:—
- “(ka) Employees Old Age Benefit Institution in respect of information regarding salaries in statements furnished under section 165;”;
- and
- (b) in sub-section (5), after the word "of", the words "Minister Incharge of" shall be inserted;
- (45) in section 227A, in sub-section (1),
- (a) after the word “cases”, occurring for first time, the figure "(i)" shall be inserted; and
- (b) after the word "cases", occurring for the second time, the expression "and (ii) for other meritorious services" shall be inserted;
- (46) in section 227B, in sub-section (3), after clause (a), the following new clause shall be inserted, namely:—
- “(aa) the information is not supported by any evidence;”;
- (47) after section 230C, the following new sections shall be inserted, namely:—
- “230D. Directorate-General of Broadening of Tax Base.—**
- (1) The Directorate-General of Broadening of Tax Base shall consist of a Director-General and as many Directors, Additional

Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

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

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

(2) The function of the Directorate General of Transfer Pricing shall be to conduct transfer pricing audit:

*Explanation:* For the removal of doubt , it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177, 214C or 214D which is audit of the income tax affairs of the taxpayer.

(3) The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit and may further specify functions, jurisdiction and powers of the Directorate-General of Transfer Pricing.”;

(48) in section 231B, for sub-section (1A), the following shall be substituted, namely:—

“(1A) Every leasing company or a scheduled bank or a non-banking financial institution or an investment bank or a *modaraba* or a development finance institution, whether *shariah* compliant or under conventional mode, at the time of leasing of a motor vehicle to a non-filer, either through *ijara* or otherwise, shall collect advance tax at the rate of three per cent of the value of the motor vehicle.”;

(49) in section 233A, for sub section (2), the following shall be substituted, namely:—

“(2) The tax collected under sub-section (1) shall be final tax.”;

(50) in section 234A,—

(a) in sub-section (3), after the word “section”, occurring for the first time, the expression “and under section 235” shall be inserted;

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

“*Explanation.*— For removal of doubt, it is clarified that for the purposes of this section tax on income arising from consumption of gas referred to in sub-section (3) means the tax collected under sub-section (1) which is inclusive of sales tax and all incidental charges.”; and

(c) sub-section (4) shall be omitted;

(51) in section 235,—

- (a) after sub-section (2), the following new explanation shall be added, namely:—

*“Explanation.—* For removal of doubt, it is clarified that for the purposes of this section electricity consumption bill referred to in sub-section (2) means electricity bill inclusive of sales tax and all incidental charges.”;

- (b) in sub-section (4),—

- (i) in clause (a), for the expression “thirty thousand rupees per month”, the expression “three hundred and sixty thousand rupees per annum” shall be substituted; and
- (ii) clause (d) shall be re-numbered as clause (c).

- (52) in section 235A, after sub-section (1), the following new explanation shall be added, namely:—

*“Explanation.—* For removal of doubt, it is clarified that for the purposes of this section electricity consumption bill referred to in sub-section (2) means electricity bill inclusive of sales tax and all incidental charges.”;

- (53) in section 236C,—

- (a) in sub-section (1), after the word “registering”, wherever occurring, the comma and word “, recording” shall be inserted;
- (b) after sub-section (1), amended as aforesaid, the following Explanation shall be added, namely:-

*“Explanation,—*For the removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society and registrar of properties.”; and

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

"Provided further that immovable property referred to in sub-section (1) is acquired and disposed of within the same tax year, the tax collected under this section shall be minimum tax.";

- (54) in sections 236G and 236H, in sub-section (1), after the word “paint”, the comma and word “, batteries ” shall be inserted;

- (55) in section 236K, —

- (a) in sub-section (1), after the word “registering”, wherever occurring, the comma and word “, recording” shall be inserted; and
- (b) after sub-section (1), amended as aforesaid, the following Explanation shall be added, namely:-

*“Explanation,—*For the removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing

authority, housing society, co-operative society and registrar of properties.”;

(56) in section 236W,—

(c) in sub-section (1), after the word “registering”, wherever occurring, the comma and word “, recording” shall be inserted; and

(d) after sub-section (1), amended as aforesaid, the following Explanation shall be added, namely:-

“*Explanation*,—For the removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society and registrar of properties.”;

(57) after section 236W, amended as aforesaid, the following new section shall be added, namely, —

“**236X. Advance tax on tobacco.**— (1) Pakistan Tobacco Board, at the time of collecting cess on tobacco, directly or indirectly, shall collect advance tax at the rate of five percent of the purchase value of tobacco from every person purchasing tobacco including manufacturers of cigarettes.

(2) Tax collected under this section shall be adjustable.”;

(58) after section 240, the following new section shall be added, namely: —

“**241. — Validation.** — All notifications and orders issued and notified, in exercise of the powers conferred upon the Federal

Government, before the first day of July, 2017 shall be deemed to have been validly issued and notified in exercise of those powers, notwithstanding anything contained in any judgment of a High Court or the Supreme Court.";

(59) in the First Schedule,—

(A) in Part I,—

(i) in Division III,—

(a) in clause (b), for the figure "12.5", the figure "15" shall be substituted; and

(b) in clause (c), for the figure "10", the figure "12.5" shall be substituted;

(ii) in Division IIIA, for the TABLE, the following shall be substituted, namely:—

"TABLE

S.NO	Profit on Debt	Rate of tax
(1)	(2)	(3)
1.	Where profit on debt does not exceed Rs.5,000,000	10%
2.	Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000	12.5%
3.	Where profit on debt exceeds Rs.25,000,000	15%

";

(iii) for Division VII, the following shall be substituted, namely:—

**“Division VII**

**CAPITAL GAINS ON DISPOSAL OF SECURITIES**

**The rate of tax to be paid under section 37A shall be as follows.—**

**TABLE**

S.NO.	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017		Tax Year 2018 and onwards	
				Filer	Non- Filer	Filer	Non - Filer
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Where holding period of a security is less than twelve months	12.5%	15%	15%	18%	15%	20%
2.	Where holding period of a security is twelve months	10%	12.5%	12.5%	16%		

	or more but less than twenty-four months						
3.	Where holding period of a security is twenty-four months or more but the security was acquired on or after 1 <sup>st</sup> July, 2013	0%	7.5%	7.5%	11%		
4.	Where the security was acquired before 1 <sup>st</sup> July, 2013	0%	0%	0%	0%	0%	0%
5.	Future commodity contracts entered into by members of	0%	0%	5%	5%	5%	5%

”;

	Pakistan Mercantile Exchange.						
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(iv) In Division IX, in column (1), against serial number 4, in column (3), for the figure “1”, the figure “1.25” shall be substituted;

(B) in Part III,—

(i) in Division I,—

(a) in clause (b), for the figure “12.5”, the figure “15” shall be substituted; and

(b) in the Table for the figure “10”, wherever occurring, the figure “12.5” shall be substituted;

(ii) in Division II,—

(a) in paragraph (1), for the figure “12”, the figure “13” shall be substituted;

(b) in paragraph (4),—

(i) in sub-paragraph (i), for the figure “6”, the figure “7” shall be substituted; and

(ii) in sub-paragraph (ii), for the figure “6.5”, the figure “7.75” shall be substituted;

(c) in paragraph (5), in sub-paragraph (ii),—

(i) in clause (a), for the figure “12” the figure “14” shall be substituted; and

- (ii) in clause (b), for the figure “15” the figure “17.5” shall be substituted; and
  - (d) in paragraph (6), in sub-paragraph (ii), for the figure “12”, the figure “13” shall be substituted;
- (iii) in Division III,—
  - (a) in paragraph (1),—
    - (i) in sub-paragraph (a), for the full stop at the end a colon shall be substituted and thereafter the following explanation shall be added, namely:-  
“*Explanation:-* For the removal of doubt, it is clarified that “cotton seed and edible oils” means cotton seed oil and edible oils.”;
    - (ii) for sub-paragraph (ab), the following shall be substituted, namely:—  
“(ab) in the case of supplies made by the distributor of fast moving consumer goods,—
      - (i) in case of a company, 2% of the gross amount payable; and
      - (ii) in any other case, 2.5% of the gross amount payable.”;
  - (iii) in paragraph (b),—

- (a) in sub-paragraph (i), for the figure “6”, the figure “7” shall be substituted; and
  - (b) in sub-paragraph (ii), for the figure “6.5” the figure “7.75” shall be substituted;
- (b) in paragraph (2), in sub- paragraph (ii),—
  - (i) in clause (a), for the figure “12” the figure “14.5” shall be substituted; and
  - (ii) in clause (b), for the figure “15” the figure “17.5” shall be substituted; and
- (c) in paragraph (3),—
  - (i) in sub-paragraph (ii), for the figure “10” the figure “12” shall be substituted; and
  - (ii) in sub-paragraph (iii), for the figure “10” the figure “12.5” shall be substituted;
- (iv) in Division V, in paragraph (b), after the word “rent” the expression “for filers and 17.5% of the gross amount of rent for non-filers” shall be added;
- (v) in Division VI, in paragraph (1), for the figure “20”, the figure “25” shall be substituted;
- (vi) in Division VIA, for the figure “15”, the figure “17.5” shall be substituted; and
- (vii) in Division VIB, after the word “charges”, the expression “for filers and six per cent for non-filers” shall be inserted; and

(C) in Part IV,—

- (i) in Division IV, after the word “the” the word “gross” shall be inserted;
- (ii) in Division V, in the Table, in the first column, against serial number (b), in column (3), for the figure “14” the figure “12.5” shall be substituted;
- (iii) in Division VII, in paragraph (1), in the Table, in column (1),—
  - (i) against serial number 1, in column (3), for the figure “10,000” the figure “7,500” shall be substituted;
  - (ii) against serial number 2, in column (3), for the figure “20,000” the figure “15,000” shall be substituted; and
  - (iii) against serial number 3, in column (3), for the figure “30,000”, the figure “25,000” shall be substituted;
- (iv) in Division VIII, after the word “auction” at the end, the expression “for filers and 15% of the gross sale price of any property or goods sold by auction for non-filers” shall be added;
- (v) for Division XV, the following shall be substituted, namely:—

**“Division XV**

**Advance tax on sale to retailers**

The rate of collection of tax under section 236H on the gross amount of sales shall be as follows:-

Category of sale	Rate of tax	
	Filer	Non-filer

(1)	(2)	(3)
Electronics	1%	1%
Others	0.5%	

”; and

- (vi) in Division XXI, in second proviso after the word "the" occurring for the first time, the word "Board with the approval of Minister Incharge of" shall be inserted;
- (vii) in Division XXV, in the Table, in column (1), against serial number 2, in column (2), for the expression “exceeding Rs.0.2 million”, expression “exceeding Rs. 0.3 million in aggregate” shall be substituted;
- (60) in the Second Schedule,—
- (A) in Part I,—
- (i) in clause (66),—
- (a) in sub-clause (xxxi), for the words “Society for Welfare of Patients of SIUT”, the words “Society for the Welfare of SIUT” shall be substituted;
- (b) after sub-clause (xxxv), the following new sub-clauses shall be added, namely:—
- “(xxxvi) Asian Infrastructure Investment Bank and persons as provided in Article 51 of Chapter IX of the Articles of Agreement signed and ratified by

Pakistan and entered into force on December 25, 2015.

(xxxvii) Gulab Devi Chest Hospital.

(xxxviii) Pakistan Poverty Alleviation Fund.

(xxxix) National Academy of Performing Arts.”;

(ii) in clauses (126A), (126AA), (126AC) and (126D), for the word “Gawadar” wherever occurring, the word “Gwadar” shall be substituted;

(iii) after clause (140), the following new clause shall be inserted, namely: —

“(140A) Any profit on debt received by Japan International Cooperation Agency (JICA), from Islamabad-Burhan Transmission Reinforcement Project (Phase-I) undertaken in pursuance to the loan agreement for Islamabad-Burhan Transmission Reinforcement Project (Phase-I).”;

(iv) after clause (142), the following new clauses shall be added, namely:—

“(143) Any income derived by a political party registered under the Political Parties Order, 2002 with the Election Commission of Pakistan.”;

(144) Profit and gains derived by a start-up as defined in clause (62A) of section 2 for the tax year in which the start-

up is certified by the Pakistan Software Export Board and the following two tax years.”; and

(B) in Part IV,—

(i) in clause (11A), after sub-clause (xxviii), the following new sub-clause shall be added, namely:—

“(xxix) start-up as defined in clause (62A) of section 2.”;

(ii) clauses (41) shall be omitted;

(iii) after clause (43E), the following new clause shall be inserted, namely:—

“(43F) The provisions of section 153 shall not apply in the case of a start-up, being recipient of payment, as defined in clause (62A) of section 2.”;

(iv) in clause (56), in clause (ia), after the expression “Gas and Oil Pakistan (Pvt) Ltd”, the expression “, Z&M Oils (Pvt) Ltd, Exceed Petroleum (Pvt) Ltd, Petrowell (Pvt.) Ltd, Quality-1 Petroleum (Pvt) Ltd, Horizon Oil Company (Pvt) Ltd, Outreach (Pvt) Ltd, Kepler Petroleum (Pvt) Ltd” shall be inserted;

(v) clause (56A) shall be omitted;

(vi) in clause (72A), for the figure “2016” the figure “2017” shall be substituted;

(vii) in clause (72B), in the second proviso, for the figure “110”, the figure “125” shall be substituted; and

- (viii) in clause (91),—
- (a) in sub-clause (i), in the Table, in column (1),—
- (i) against serial number (iv), in column (3), for the figure “8432.3090”, the figure “8432.3900” shall be substituted; and
- (ii) against serial number (xviii), in column (3), for the figure “8701.9020”, the figure “8701.9200” shall be substituted;
- (b) in sub-clause (ii), in the Table, in column (1),—
- (i) against serial number (i), in column (3), for the figure “8432.3010”, the figure “8432.3100” shall be substituted;
- (ii) against serial number (ii), in column (3), for the figure “8432.3090”, the figure “8432.3900” shall be substituted;
- (iii) against serial number (iii), in column (3), for the figure “8432.3090”, the figure “8432.3900” shall be substituted;
- (iv) against serial number (iv), in column (3), for the figure “8432.4000”, the figure “8432.4100” shall be substituted;

- (v) against serial number (v), in column (3), for the figure “8432.3090”, the figure “8432.3900” shall be substituted;
  - (vi) against serial number (vi), in column (3), for the figure “8432.3010”, the figure “8432.3100” shall be substituted; and
  - (vii) against serial number (vii), in column (3), for the figure “8432.3090”, the figure “8432.3900” shall be substituted;
- (ix) in clause (94),—
- (a) for the figure “2017”, occurring for the first time, the figure “2018” shall be substituted;
  - (b) after the words “car rental services”, the words “and services rendered by Pakistan Stock Exchange Limited” shall be inserted;
  - (c) in the first proviso, for the expression “tax year 2016 or 2017, as the case may be” the expression “any of the tax years 2016 to 2018” shall be substituted; and
  - (d) in the second proviso for the figures “2017” and “2016”, the figures “2018” and “2017” shall be respectively substituted; and
- (x) after clause (100), the following new clauses shall be added, namely:—

“(101) The provisions of section 231A shall not apply in respect of cash withdrawal made from a “Branchless Banking (BB) Agent Account” utilized to render branchless banking services to customers.

(102) The provisions of section 231B(1A) shall not apply to light commercial vehicles leased under the Prime Minister’s Youth Business Loan Scheme.”;

(61) in the Seventh Schedule,—

(a) in rule 1, in sub-rule (g), for the full stop at the end a colon shall be substituted and thereafter the following explanation shall be added, namely:—

“*Explanation.*— For the removal of doubt, it is clarified that nothing in this sub-rule shall be so construed as to allow a notional loss, or charge to tax any notional gain on any investment under any regulation or instruction unless all the events that determine such gain or loss have occurred and the gain or loss can be determined with reasonable accuracy.”; and

(62) in the Eight Schedule,—

(a) in rule 1, in sub-rule (6), for the word “thirty”, the word “forty-five” shall be substituted; and

(b) in rule 4, for the expression “July 31st”, the expression “August 15th” shall be substituted.

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

- (1) in section 2, in clause (8a), for the words “Federal Government”, the word “Board” shall be substituted;
- (2) in section 3,—
  - (i) in sub-section (1), in clause (c), for the words “Federal Government”, the words “Board with the approval of the Minister-in-charge of the Federal Government” shall be substituted; and
  - (ii) in sub-section (4), for the words “Federal Government”, the words “Board with the approval of the Minister-in-charge of the Federal Government” shall be substituted;
- (3) in section 16,—
  - (i) in sub-section (2), for the words “Federal Government”, the words “Board with the approval of the Minister-in-charge of the Federal Government” shall be substituted;
  - (ii) in sub-section (5), for the words “Federal Government”, the word “Board” shall be substituted; and
  - (iii) in sub-section (6), for the full stop at the end, a colon shall be substituted and thereafter the following provisos shall be inserted, namely:—

“Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from 1<sup>st</sup> July, 2016 and shall continue to be in force till 30<sup>th</sup> June, 2018, if not earlier rescinded:

Provided further that all notifications issued on or after 1<sup>st</sup> July, 2016 shall continue to be in force till 30<sup>th</sup> June, 2018, if not earlier rescinded.”;

(4) in section 19, for the existing sub-section (10), the following shall be substituted, namely:–

“(10) Where any person is engaged in the manufacture or production of cigarettes in the manner contrary to this Act or the rules made thereunder or otherwise evades duty of excise on cigarettes or is engaged in the manufacture or production of counterfeited cigarettes or tax stamps, banderoles, stickers, labels or barcodes, or is engaged in the manufacturing or production of cigarettes packs without affixing, or affixing counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the machinery, equipments, instruments or devices used in such manufacture or production shall, after outright confiscation, be destroyed in such manner as may be approved by the Commissioner and no person shall be entitled to any claim on any ground whatsoever, or be otherwise entitled to any compensation in respect of such machinery or equipments, instruments or devices and such confiscation or destruction shall be without prejudice to any other penal action which may be taken under the law against the person or in respect of the cigarettes, tax stamps, stickers, labels, barcodes or vehicles involved in or otherwise linked or connected with the case.”;

(5) in section 29,–

(a) in sub-section (1),–

(i) after clause (e), the following new clause (ea) shall be inserted, namely:–

“(ea) District Taxation Officer”; and

(ii) after clause (f), the following new clause (fa) shall be inserted, namely:–

“(fa) Assistant Director Audit”;

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

“(1AA) The Chief Commissioners Inland Revenue shall perform their functions in respect of such persons or classes of persons of such areas as the Board may direct.

(1AB) The Commissioners Inland Revenue shall perform their functions in respect of such persons or classes of persons of such areas as the Chief Commissioner to whom they are sub-ordinate may direct.”;

- (c) in sub-section (1B),—

(i) after the words “Deputy Commissioner Inland Revenue”, the comma and words “, District Taxation Officer” shall be inserted; and

(ii) after the words “Assistant Commissioner Inland Revenue”, the comma and words “, Assistant Director Audit” shall be inserted;

- (d) in sub-section (1C),—

(i) after the words “Deputy Commissioner Inland Revenue”, the comma and words “, District Taxation Officer” shall be inserted; and

(ii) after the words “Assistant Commissioner Inland Revenue”, the comma and words “, Assistant Director Audit” shall be inserted;

- (6) in section 37, after the first proviso, the following new proviso shall be inserted, namely:—

“Provided that the Commissioner shall not issue notice under this section or recovery rules made under the Federal Excise Rules, 2005 for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 33

in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that twenty-five per cent of the said amount of tax due has been paid by the taxpayer.”;

(7) after section 43, the following new section 43A shall be inserted, namely:—

“43A. **Validation.**— All notifications and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2017, shall be deemed to have been validly issued and notified in exercise of those powers, notwithstanding anything contained in any judgment of a High Court or the Supreme Court.”;

(8) in section 47,—

(i) in sub-section (1), after clause (c), the following new clause (d) shall be inserted, namely:—

“(d) sent electronically through email or to the e-folder maintained for the purpose of e-filing of Sales Tax-cum-Federal Excise returns by the limited companies, both public and private.”; and

(ii) in sub-section (2), after clause (c), the following new clause (d) shall be inserted, namely:—

“(d) sent electronically through email or to the e-folder maintained for the purpose of e-filing of Sales Tax-cum-Federal Excise returns by the limited companies, both public and private.”;

(9) in the First Schedule,—

(A) in Table-1,—

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

"9.	Locally produced cigarettes if their on-pack printed retail price exceeds four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees three thousand seven hundred and forty per thousand cigarettes
10.	Locally produced cigarettes if their on-pack printed retail price exceeds two thousand nine hundred and twenty-five rupees per thousand cigarettes but does not exceed four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees one thousand six hundred and seventy per thousand cigarettes
10a.	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty-five rupees per thousand cigarettes.	24.02	Rupees eight hundred per thousand cigarettes";

(ii) in serial number 13, in column (4), for the words "one rupee per kilogram", the words "one Rupee and twenty- five paisa per kilogram" shall be substituted; and

(iii) for the existing Restrictions after Table-1, the following shall be substituted, namely:–

**“Restriction-1– Reduction.–**For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial number 9, no cigarette manufacturer shall reduce retail price from the level adopted on the day of the announcement of the latest budget.

**Restriction-3 – Minimum Price. –** No brand shall be priced and sold at a retail price (excluding sales tax) lower than forty-five percent of the retail price under column (2) serial number 9 of Table-I of the First Schedule to this Act.”; and

(B) in Table-2, against serial number 6, in column (4), for the words “eighteen and a half”, the word “seventeen” shall be substituted; and

(10) in the Third Schedule, in Table-1,–

(i) in serial number 19,–

(a) after the words “materials and equipment”, the brackets, words and commas “(plant, machinery, equipment, appliances and accessories)” shall be inserted; and

(b) for the word “Gawadar”, wherever appearing, the word “Gwadar” shall be substituted;

(ii) after serial number 20, the following new serial number 20A shall be inserted, namely:–

“20A. Vehicles imported by China Overseas Ports Holding Company Limited (COPHCL) and its operating companies, namely:–

(i) China Overseas Ports Holding Company Pakistan (Private) Limited;

- (ii) Gwadar International Terminal Limited;
- (iii) Gwadar Marine Services Limited; and
- (iv) Gwadar Free Zone Company Limited;

for a period of twenty-three years for construction, development and operations of Gwadar Port and Free Zone Area subject to limitations, conditions prescribed under PCT heading 9917 (3).”.

- (11) In compliance with the provisions of sub-section (5) of section 16 of the Federal Excise Act, 2005, all the notifications issued under sub-section (2) of section 16 of the Federal Excise Act, 2005 are enclosed herewith.

#### STATEMENT OF OBJECTS AND REASONS

The purpose of this bill is to make financial provisions for the year beginning on the first day of July, 2017 and shall come into force on the first day of July, 2017 except clauses 2(6), 3(7), 4(10) and 5(3) which shall have effect on the next day of assent given to this Act by the President of the Islamic Republic of Pakistan.

(SENATOR MOHAMMAD ISHAQ DAR)

Minister for Finance and Revenue