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BILL

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2016, 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, 2016, 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, 2016.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on the first day of July, 2016.

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 19, in sub-section (1),-

(a) after the word “areas”, for the word “and”, the comma “,” shall be substituted; and

(b) after the word “agreements”, the words and comma “and to any International Financial Institution or foreign government owned Financial Institution operating under a memorandum of understanding, an agreement or any other arrangement with the Government of Pakistan” shall be inserted;

(2) in section 155H, after clause “(c)”, at the end, the word “or” shall be added and thereafter the following new clauses shall be added; namely:-

“(d) sharing of data to the extent of agreed data contents under a memorandum of understanding, bilateral, regional, multilateral agreements or conventions; or

(e) public disclosure of valuation data through any medium containing description of items, origin, currency, declared and assessed unit value without disclosing name and address of the importer or exporter or their suppliers;”;

(3) the amendments set out in the First Schedule to this Act shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969); and

(4) the Fifth Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner specified 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,-

(i) in clause (5AB), for the word “five”, the word “ten” shall be substituted;

(ii) in clause (9),-

(a) the expression “and section 26AA” shall be omitted; and

(b) after the semi-colon at the end, the following shall be substituted, namely:-

“and different dates may be specified for furnishing of different parts or annexures of the return;” and

(iii) in clause (14),-

(a) in sub-clause (c) the word “and” at the end shall be added;
and

(b) clause (d) shall be omitted;

(2) in section 6, in sub-section (2), for the words “at the time of filing the return in respect of that tax period under Chapter-V”, the words “by the date as prescribed in this respect” shall be substituted;

(3) in section 7, in sub-section (2), in clause (i), for the semi-colon at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that from the date to be notified by the Board in this respect, in addition to above, if the supplier has not declared such supply in his return or he has not paid amount of tax due as indicated in his return;”;

(4) in section 8, in sub-section (1), in clause (l), after the word “return”, occurring at the end, the following shall be added, namely:-

“or he has not paid amount of tax due as indicated in his return.”;

(5) in section 11, after sub-section (4), the following new sub-section shall be inserted, namely:-

“(4A) Where any person, required to withhold sales tax under the provisions of this Act or the rules made thereunder, fails

to withhold the tax or withholds the same but fails to deposit the same in the prescribed manner, an officer of Inland Revenue shall after a notice to such person to show cause, determine the amount in default.”;

- (6) in section 13, in sub-section (2), in clause (a),—
 - (i) for the word “and”, occurring for the first time, a comma shall be substituted; and
 - (ii) after the word “agreements”, the words “and matters relating to international financial institutions or foreign government-owned financial institutions” shall be inserted;
- (7) in section 26, sub-section (2) shall be omitted;
- (8) after section 30DD, the following new section shall be inserted, namely:—

“30DDD. Directorate General of Input Output Co-efficient Organization.- The Directorate General of Input Output Coefficient Organization (IOCO)-Inland Revenue 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.”;
- (9) in section 33, in the Table, in the entry in column (1), against serial number 19, after the word “Act”, the words “or the rules made thereunder” shall be inserted;
- (10) in section 49, for sub-section (2), the following shall be substituted, namely:—

“(2) In the case of sale or transfer of ownership of a taxable activity or part thereof to another registered person as an ongoing concern, the taxable goods or part thereof shall be transferred to the new owner through a zero-rated invoice and the sales tax chargeable thereon shall be accounted for and paid by the registered person to whom such taxable activity or part thereof is transferred.”;

(11) for section 56B, the following shall be substituted, namely:–

“56B. Disclosure of information by a public servant.— (1)

Any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

(2) Notwithstanding anything contained in sub-section (1) and the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied in pursuance of bilateral or multilateral agreements with government of foreign countries for exchange of information under section 56A shall be confidential.”;

(12) in the Third Schedule, in column (1), after serial number 36 and entries relating thereto in columns (2) and (3), the following new entry and corresponding entries relating thereto shall be inserted, namely:–

“37.	Mineral/bottled water	Respective headings”;
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(13) in the Fifth Schedule, in column (1), against serial number 12, in column (2), clauses (i) to (ix) and (xviii) shall be omitted;

(14) in the Sixth Schedule,—

(a) in TABLE-1, in column (1), after serial number 100 and entries relating thereto in columns (2) and (3), the following new serial numbers and corresponding entries thereto shall be inserted and thereafter Annex-I shall be added; namely:—

"100A.	Materials and equipments for construction and operation of Gawadar Port and development of Free Zone for Gawadar Port as imported by or supplied to 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 Marin Services Limited and (iv) Gwadar Free Zone Company Limited, their contractors and sub-contractors; and Ship Bunker Oils bought and sold to the ships calling on/visiting Gawadar Port, having Concession Agreement with the Gwadar Port Authority, for a period of forty year, subject to the following conditions and procedure, namely,— (A). Conditions and procedure for imports.—	Respective Headings
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	<p>(i) This exemption shall be admissible only to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies, their contractors and sub-contractors which hold the Concession Agreement;</p> <p>(ii) Ministry of Ports and Shipping shall certify in the prescribed manner and format as per Annex-I that the imported materials and equipments are bonafide requirement for construction and operation of Gawadar Port and development of Free Zone for Gawadar Port. The authorized officer of that Ministry shall furnish all relevant information online to Pakistan Customs against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In already computerized Collectorate or Customs station, where the computerized system is not operational, the Project Director or any other person authorized by the Collector in this behalf shall enter the requisite information in the Customs Computerized System on daily basis,</p>	
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	<p>whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis, provided that this condition shall not apply to ship bunker oils; and</p> <p>(iii) The goods so imported shall not be sold or disposed of without prior approval of the FBR and payment of sales tax leviable at the time of import, provided that this condition shall not apply to ship bunker oils.</p> <p>(B). Conditions and procedure for local supply.–</p> <p>(i) This exemption shall be admissible only to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies, their contractors and sub-contractors which hold Concession Agreement;</p> <p>(ii) for claiming exemption on goods which are otherwise taxable in Pakistan, the operating companies will purchase the materials and equipments for the construction of Gawadar Port and</p>	
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	<p>development of Free Zone for Gawadar Port from the sales tax registered persons only;</p> <p>(iii) invoice of the exempt supply, containing the particulars required under section 23 of the aforesaid Act, shall for each supply be issued by the registered person to the operating company mentioning thereon that the said invoice is being issued under this notification;</p> <p>(iv) a monthly statement summarizing all the particulars of the supplies made in the month against invoices issued to the operating companies shall be prepared in triplicate by the registered persons making the exempt supplies and shall be signed by the authorized person of the registered person. All three copies of the said signed monthly statement shall be got verified by the registered person from the person authorized to receive the supplies in the office of operating company, confirming that supplies mentioned in the monthly</p>	
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	<p>statement have been duly received;</p> <p>(v) after verification from the operating company, original copy of the monthly statement will be retained by the registered person, duplicate by the operating company and the triplicate provided by the registered person to the Collector of Sales Tax having jurisdiction, by twentieth day of the month following the month in which exempt supplies to the operating companies were made; and</p> <p>(vi) the registered person making the exempt supplies shall keep the aforesaid record for presentation to the sales tax department as and when required to do so.</p>	
100B	Supplies made by the businesses to be established in the Gwadar Free Zone for a period of twenty-three years within the Gwadar Free Zone, subject to the condition that the sales and supplies outside the Gwadar Free Zone and into the territory of Pakistan shall be subjected to sales tax.	Respective Headings

Annex-I

Header Information

NTN/FTN of Importer							Approval No.				
(1)							(2)				
Details of materials and equipments (to be filled in by the authorized officer of the Ministry of Ports and Shipping)							Goods imported (Collectorate of import)				
HS code	Description	Specifications	Customs duty rate (applicable)	Rate of sales tax	WHT	Quantity	UOM	Quantity imported	Collectorate	CRN / Mach No.	Date of CRN/ Mach No.
(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

NOTE 1.– Before certifying, the authorized officer of the Ministry of Ports and Shipping shall ensure that the goods are genuine and bona fide requirement for construction and operation of Gwadar Port and development of Free Zone for Gwadar Port.

Signature_____

Designation _____

NOTE 2.– In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished online against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969 (IV of 1969) ”;

(ii) serial number 111 and entries relating thereto in columns (2) and (3) shall be omitted; and

(iii) after serial number 129 and entries relating thereto in columns (2) and (3), the following new serial numbers and corresponding entries thereto shall be inserted, namely:–

“130.	Premixes for growth stunting	Respective Headings, and subject to conditions imposed for importation under the Customs Act, 1969;
131.	Laptop computers, notebooks whether or not incorporating multimedia kit	8471.3010
132.	Personal computers	8471.3020
133.	Pesticides and their active ingredients registered by the Department of Plant Protection under the Agricultural Pesticides Ordinance, 1971(II of 1971), stabilizers, emulsifiers and solvents, namely:–	38.03
	Xylol (xylenes)	2707.3000
	- Beta Pinene / Agrotin 527 / Terpenic	2902.1990

derivative	
Toluene	2902.3000
Mixed xylene isomers	2902.4400
Naphthalene	2902.9010
Solvesso-100, 150, 200	2902.9090
Ingredients for pesticides	2903.3040
Cadusafos Technical Material	2903.6900
Methanol (methyl alcohol)	2905.1100
Propylene glycol (propane-1, 2-diol)	2905.3200
- Adhesives Polyvinyl Acetate - Polyvinyl Alcohol	2905.4900
Ingredients for pesticides	2906.2910
Other Ingredients for pesticides	2906.2990
- Solvenon MP / 1-Methoxy 2-Propanol - Methyglycol Acetate	2909.4910
Methanal (formaldehyde)	2912.1100
Cyclo-hexanone and methyl- cyclo- hexanones	2914.2200
- Cyclohexanon - Cyclohexanone Mixed petroleum Xylene (1,2 & 1,3 & 1,4 dimethyl benzene and ethyle benzene)	2914.2990
Acetic anhydride	2915.2400

Ingredients for pesticides	2916.3920
Dioctyl orthophthalates	2917.3200
Ingredients for pesticides	2918.9010
Ingredients for pesticides	2919.0010
Other Ingredients for pesticides	2919.0090
Endosulfan Technical Material	2920.9020
Other Ingredients for pesticides	2920.9090
Diethylamine and its salts	2921.1200
Ingredients for pesticides	2921.4310
Other Ingredients for pesticides	2921.4390
Ingredients for pesticides	2921.5110
Triethanolamine and its salts	2922.1300
Dimethyl Formamide (DMF)	2924.1990
Ingredients for pesticides	2924.2930
Other Ingredients for pesticides	2924.2990
Alpha cyano, 3-phenoxybenzyl (-) cis, trans 3-(2,2-dicloro vinyl) 2,2 dimethyl cyclopropane carboxylate	2926.9010
(S) Alpha cyano, 3-phenoxybenzyl (S)-2- (4, chloro phenyl)-3 mehtyl butyrate	2926.9020
Cyano, 3-phenony benzyl 2,2,3,3 tetra methyl cyclopropane carboxalate	2926.9030
- Cypermethrin, Alpha Cypermethrin, Beta-	2926.9050

Cypermethrin, Zeta-Cypermethrin, Lambda Cylalothrin, Deltamethrin, Fenprothrin, Esfenvalerate, Bifenthrin Technical Material- Acetamiprid, Imidacloprid Technical Material- Monomehyppo, Chlorothalonil Technical Material- Bromoxynil Technical Material	
Other nitrite compounds- Cyfluthrin, Beta Cyfluthrin Technical Material	2926.9090
2-N, N-Dimethyl amino-I sodium thiosulphate, 3-thiosulfourropane	2930.2010
Ingredients for pesticides	2930.2020
2- N,N-dimethy-amino 1,3 disodium thiosulphate propane	2930.9010
O,S-dimethyl phosphoramidothioate	2930.9020
S-S (2 dimethyl amino (trimethylene) bis (thio carbamate)	2930.9030
Diafethiuran technical (itertbutyl) 3-2-6 disopropyl (4-phenoxyphenyl) thiourene	2930.9040
O-O diethyl O-(3,5,6 trichloro pyridinyl) phosphorothioate	2930.9050

O-(4-bromo, 2-chloro phenyl) o-ethyl s-propyl (phosphorothioate)	2930.9060
O,O duethyl O-(3,5,6-trichloro 2-pyridyl) phosphorothioate	2930.9070
Ingredients for pesticides	2930.9080
Other organosulphur compounds - Ethion, Methamidophos Technical Material - Dimethylsulfoxid	2930.9090
Ingredients for pesticides	2931.0010
Other Ingredients for pesticides	2931.0090
Ingredients for pesticides	2932.2920
2,3 Dihydro 2,2 dimethyl-7 benzo furanyl methyl-carbamate	2932.9910
Other ingredients for pesticides - Carbosulfan Technical Material	2932.9990
Fipronil	2933.1900
Ingredients for pesticides	2933.3930
Other Ingredients for pesticides	2933.3990
- Chlorpyrifos, Triazophos, Diazinon Technical Material	2933.5950
Other Ingredients for pesticides	2933.5990
Pyrimethanine	2933.6910

Ingredients for pesticides	2933.6940
- Atrazine Technical Material	2933.6990
Isatin (lactam of istic acid)	2933.7910
1-Vinyl-2-pyrrol-idone	2933.7920
- Triazophos Technical Material	2933.9910
Ingredients for pesticides	2934.1010
Ingredients for pesticides	2934.9920
-Methyl benzimidazol – 2 – ylcarbamate. -Dicopper chloride trihydroxide	2938.9010
Ingredients for pesticides	2939.9910
- Abamectin, Emamectin Technical Material	2941.9050
Other Ingredients for pesticides	2941.9090
Sulphonic acid (Soft)	3402.1110
Other surface active agents	3402.1190
Catonic	3402.1290
Non ionic surface active agents	3402.1300
Other organic surface active agents	3402.1990 3402.9000
Chemical preparations	3824.9099
Solvent C-9	2707.5000";

and

(b) in Table-3, in the Annexure, in column (1), against serial number 4, in column (2), after the word “pick-ups”, the words “and dump trucks” shall be inserted;

(16) in the Eight Schedule,—

(I) in Table-1, in column (1),—

(A) against serial number 15,—

(a) in column (3),—

(i) for the figure “2301.2090”, the figure “2301.1000 (Meat and Bone Meal)” shall be substituted;

(ii) for the figure “2301.2010”, the figure “2301.2090” shall be substituted;

(iii) for the figure “2833.2600”, the figure “2833.2940” shall be substituted; and

(iv) for the figure “2923.9000 (Betafin)”, the figure “2923.9010 (Betaine)” shall be substituted; and

(b) in column (4), for the figure “5”, the figure “10” shall be substituted;

(B) against serial number 20, in column (2), for the words “equipment and specific items”, the words “and equipment” shall be substituted; and

(C) serial number 31 and entries relating thereto in columns (2), (3) and (4) shall be omitted and thereafter the following new

serial numbers and corresponding entries relating thereto shall be inserted, namely:—

“32.	White Crystalline Sugar	1701.9910 and 1701.9920	8%	and
33.	Urea, whether or not in aqueous solution	3102.1000	5%”;	

(II) in Table-2, in the Annexure, in column (1), against serial number 1, in column (2), after the word “facilities”, the words “including silos” shall be inserted; and

(17) in the Ninth Schedule, in the Table, in column (1), against S. No. 2, in column (2),—

- (a) against category B, in columns (3) and (4), for the figure “500” the figure “1000” shall be substituted; and
- (b) against category C, in column (3) and (4), for the figure “1000” the figure “1500” shall be substituted.

4. Amendment of Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001).— In the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001), the following further amendments shall be made, namely:—

(1) in section 3, after sub-section (2), the following new sub-sections shall be inserted, namely:—

“(2A) The following provisions of the Sales Tax Act, 1990, shall apply, *mutandis mutandis*, to the services rendered or provided under this Ordinance, namely:—

- a) clause (b) of sub-section (2) and sub-sections (6) and (7) of section 3;

- b) serial number 2, in column (1), and the entries relating thereto of the Fifth Schedule read with section 4;
- c) sub-sections (2), (3), (6) and (7) of section 13; and
- d) serial number 48, in column (1), and entries relating thereto of Table 1 of Sixth Schedule read with section 13.”.

(2B) the tax levied under sub-section (1) shall not be applicable to regulatory and licensing services rendered or provided by an organization established by or under a Federal statute.”.

5. **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 4B,—
 - (a) in sub-section (1), for the word and figure “year 2015” the expression “years 2015 and 2016” shall be substituted; and
 - (b) in sub-section (2), after the word “income”, occurring for the first time, the expression “(other than depreciation and business losses)” shall be inserted;

(2) after section 7B, the following new sections shall be inserted, namely:-

“7C. Tax on builders.— (1) Subject to this Ordinance, a tax shall be imposed on the profits and gains of a person deriving income from the business of construction and sale of residential, commercial or other buildings at the rates specified in Division VIIIA of Part I of the First Schedule.

(2) The tax imposed under sub-section (1) shall be computed by applying the relevant rate of tax to the area of the residential, commercial or other building being constructed for sale.

- (3) The Board may prescribe:
- (a) the mode and manner for payment and collection of tax under this section;
 - (b) the authorities granting approval for computation and payment plan of tax; and
 - (c) responsibilities of the authorities approving, suspending and cancelling no objection certificate to sell and the matters connected and ancillary thereto.
- (4) This section shall apply to business or projects undertaken for construction and sale of residential, commercial or other buildings initiated and approved after the 1st July, 2016.”

7D. Tax on developers.— (1) Subject to this Ordinance, a tax shall be imposed on the profits and gains of a person deriving income from the business of development and sale of residential, commercial or other plots at the rates specified in Division VIII B of Part I of the First Schedule.

(2) The tax imposed under sub-section (1) shall be computed by applying the relevant rate of tax to the area of the residential, commercial or other plots for sale.

- (3) The Board may prescribe:
- (a) the mode and manner for payment and collection of tax under this section;
 - (b) the authorities granting approval for computation and payment plan of tax; and
 - (c) responsibilities of the authorities approving, suspending and cancelling no objection certificate to sell and the matters connected and ancillary thereto.

- (4) This section shall apply to projects undertaken for development and sale of residential, commercial or other plots initiated and approved after the 1st July, 2016.”
- (3) in section 8, in sub-section (1),-
- (a) for the expression “and 7B” the expression “, 7B, 7C and 7D” shall be substituted; and
- (b) in clause (d), for the word “or” a comma shall be substituted and after the figure “7B” the expression “, 7C and 7D” shall be inserted;
- (4) in section 15, after sub-section (5), the following new sub-sections shall be added, namely:-
- “(6) Income under this section shall be liable to tax at the rate specified in Division VIA of Part I of the First Schedule.
- (7) The provisions of sub-section (1), shall not apply in respect of an individual or association of persons who derive income chargeable to tax under this section not exceeding two hundred thousand rupees in a tax year and does not derive taxable income under any other head.”;
- (5) in section 15A, in sub-section (1), for the word “person”, wherever occurring, the word “company” shall be substituted;
- (6) in section 21,-
- (a) for clause (c), the following shall be substituted, namely:-
- “(c) any expenditure from which the person is required to deduct or collect tax under Part V of Chapter X or Chapter XII, unless the person has paid or deducted and paid the tax as required by Division IV of Part V of Chapter X:

Provided that disallowance under this clause shall not exceed twenty per cent of purchases of raw materials and finished goods:

Provided further that recovery of any amount of tax under sections 161 or 162 shall be considered as tax paid.”;

(b) in clause (m), the word “and” at the end shall be omitted;

(c) in clause (n), 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:-

“(o) any expenditure in respect of sales promotion, advertisement and publicity in excess of five per cent of turnover incurred by pharmaceutical manufacturers.”;

(7) in section 22, after sub-section (5), the following explanation shall be added, namely:-

“*Explanation*,- For the removal of doubt, it is clarified that where any building, furniture, plant or machinery is used for the purposes of business during any tax year for which the income from such business is exempt, depreciation admissible under sub-section (1) shall be treated to have been allowed in respect of the said tax year and after expiration of the exemption period, written down value of such assets shall be determined after reducing total depreciation deductions (including any initial allowance under section 23) in accordance with clauses (a) and (b) of this sub-section.”;

(8) in section 37A, in sub-section (3A), after clause (b), the following explanation thereto shall be added, namely:-

“*Explanation*: For removal of doubt it is clarified that derivative products include future commodity contracts entered into by the members

of Pakistan Mercantile Exchange whether or not settled by physical delivery.”;

(9) in section 53, in sub-section (2),—

- (a) for the word "and", occurring for the first time, a comma shall be substituted;
- (b) after the word "agreements" the words and comma "or granting an exemption from any tax imposed under this Ordinance including a reduction in the rate of tax imposed under this Ordinance or a reduction in tax liability under this Ordinance or an exemption from the operation of any provision of this Ordinance to any international financial institution or foreign Government owned financial institution operating under an agreement, memorandum of understanding or any other arrangement with the Government of Pakistan" shall be inserted;

(10) in section 59B, —

- (a) in sub-section (1), after the word “loss”, occurring for the first time, the expression “as computed in sub-section (1A)” shall be inserted; and
- (b) after sub-section (1), amended as aforesaid, the following new sub-section shall be inserted, namely:-

“(1A) The loss to be surrendered under sub-section (1) shall be allowed as per following formula, namely:-

$$(A/100) \times B$$

where—

- A** is the percentage share capital held by the holding company of its subsidiary company; and
- B** is the assessed loss of the subsidiary company.”;

(11) after section 62, the following new section shall be inserted, namely:—

“62A. Tax credit for investment in health insurance. — (1) A resident person other than a company shall be entitled to a tax credit for a tax year in respect of any health insurance premium or contribution paid to any insurance company registered by the Securities and Exchange Commission of Pakistan under the Insurance Ordinance, 2000 (XXXIX of 2000), provided the resident person is deriving income chargeable to tax under the head “salary” or “income from business”.

(2) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —

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

where—

A is the amount of tax assessed to the person for the tax year before allowance of tax credit under this section;

B is the person’s taxable income for the tax year; and

C is the lesser of —

(a) the total contribution or premium paid by the person referred to in sub-section (1) in the year;

(b) five per cent of the person’s taxable income for the year; and

(c) one hundred thousand rupees.”;

(12) in section 63, in sub-section (2), in component C, in clause (ii), in the second proviso, for full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided also that the additional contribution of two percent per annum for each year of age exceeding forty years shall be allowed upto

the 30th June, 2019 subject to the condition that the total contribution allowed to such person shall not exceed thirty percent of the total taxable income of the preceding year.”;

(13) in section 64A, in sub-section (2), for the word “one” the word “two” shall be substituted;

(14) after section 64A, the following new section shall be inserted, namely:-

“64AB. Deductible allowance for education expenses.— (1) Every individual shall be entitled to a deductible allowance in respect of tuition fee paid by the individual in a tax year provided that the taxable income of the individual is less than one million rupees.

(2) The amount of an individual’s deductible allowance allowed under sub-section (1) for a tax year shall not exceed the lesser of —

(a) five per cent of the total tuition fee paid by the individual referred to in sub-section (1) in the year;

(b) twenty-five per cent of the person’s taxable income for the year; and

(c) an amount computed by multiplying sixty thousand with number of children of the individual.

(3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted for the year shall not be carried forward to a subsequent tax year.

(4) Allowance under this section shall be allowed against the tax liability of either of the parents making payment of the fee on furnishing national tax number (NTN) or name of the educational institution.

(5) Allowance under this section shall not be taken into account for computation of tax deduction under section 149.”;

- (15) in section 64B,—
- (a) in sub-section (1), for the figure “2018” the figure “2019” shall be substituted; and
- (b) in sub-section (2), for the word “one” the word “two” shall be substituted;
- (16) in section 65A, in sub-section (1), for the words “two and a half” the word “three” shall be substituted;
- (17) in section 65B, in sub-section (2), for the figure “2016” the figure “2019” shall be substituted;
- (18) in section 65C, after the word “enlisted” the expression “and for the following tax year” shall be added;
- (19) in section 65D,—
- (a) in sub-section (1), for the words “hundred per cent” the words “an amount as computed in sub-section (1A)” shall be substituted;
- (b) after sub-section (1), the following new sub-section shall be inserted, namely:-
- “(1A) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —
- $(A/100) \times B$**
- where—
- A is the amount of tax assessed to the person for the tax year before allowance of any tax credit for the tax year; and
- B is the equity raised through issuance of new shares for cash consideration.”;
- (c) in sub-section (2),—

- (i) in clause (a), for the figure “2016” the figure “2019” shall be substituted; and
 - (ii) in clause (d), for the words “hundred per cent” the words “at least seventy per cent” shall be substituted; and
 - (d) in sub-section (4), after the word “that” the words “the business has been discontinued in the subsequent five years after the credit has been allowed or” shall be inserted;
- (20) in section 65E,—
- (a) in sub-section (1), for the words “hundred per cent” the words “at least seventy per cent” shall be substituted;
 - (b) in sub-section (2), for the words “hundred per cent” the expression “an amount as computed in sub-section (3A)” shall be substituted;
 - (c) in sub-section (3), for the words “this section” the words “sub-section (3A)” shall be substituted;
 - (d) after sub-section (3), the following new sub-section shall be inserted, namely:-

“(3A) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —

$$(A/100) \times B$$

where—

- A** is the amount of tax assessed to the person for the tax year before allowance of any tax credit for the tax year; and
- B** is the equity raised through issuance of new shares for cash consideration.”;

- (e) in sub-section (4), for the figure “2016” the figure “2019” shall be substituted; and
 - (f) in sub-section (6), after the word “that” the words “the business has been discontinued in the subsequent five years after the credit has been allowed or” shall be inserted;
- (21) in section 67,-
- (a) in sub-section (1), after the word “expenditure”, wherever occurring, the expression “expenditures, deductions and allowances” shall be substituted; and
 - (b) in sub-section (2), after the word “deductions” the expression “expenditures and allowances” shall be inserted;
- (22) in section 68, in sub-section (2), after the word “regard” the expression “to the value fixed or notified by any provincial authority for the purpose of stamp duty or for any other purpose or “ shall be inserted;
- (23) in section 80, in sub-section (2), in clause (vb), for semicolon a full stop shall be substituted and thereafter the following explanation shall be added, namely:-
- “Explanation.- For removal of doubt it is clarified that a trust under this clause includes a foreign trust.”;*
- (24) in section 107,—
- (a) for sub-section (1), the following shall be substituted, namely:-
 - “(1) The Federal Government may enter into a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement or similar agreement or mechanism for the avoidance of double taxation or for the exchange of information for the prevention of fiscal evasion or avoidance of taxes including automatic exchange of information

with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country and may, by notification in the official Gazette, make such provisions as may be necessary for implementing the said instruments.”;

- (b) in sub-section (1B), the expression “subject to sub-section (3) of section 216” shall be omitted;
 - (c) in sub-section (2), after the word “for”, occurring at the end, the expression “at least one of the following:” shall be inserted; and
 - (d) in sub-section (3), after the word "anything", the word "contained" shall be inserted;
- (25) in section 108, after sub-section (2), the following new sub-sections shall be added, namely:-
- “(3) Every taxpayer who has entered into a transaction with its associate shall:
 - (a) maintain a master file and a local file containing documents and information as may be prescribed;
 - (b) keep and maintain prescribed country-by-country report, where applicable;
 - (c) keep and maintain any other information and document in respect of transaction with its associate as may be prescribed; and
 - (d) keep the files, documents, information and reports specified in clauses (a) to (c) for the period as may be prescribed.
 - (4) A taxpayer who has entered into a transaction with its associate shall furnish, within thirty days the documents and information to be kept and

maintained under sub-section (3) if required by the Commissioner in the course of any proceedings under this Ordinance.;

(5) The Commissioner may, by an order in writing, grant the taxpayer an extension of time for furnishing the documents and information under sub-section (4), if the taxpayer applies in writing to the Commissioner for an extension of time to furnish the said documents or information:

Provided that the Commissioner shall not grant an extension of more than forty-five days, when such information or documents were required to be furnished under sub-section (4), unless there are exceptional circumstances justifying a longer extension of time.”

(26) in section 113, in sub-section (1),—

- (a) for the word “fifty”, wherever occurring, the word “ten” shall be substituted;
- (b) for the figure “2009” the figure “2017” shall be substituted;
- (c) for the figure “2007” the figure “2017” shall be substituted;
- (d) the proviso shall be omitted;
- (e) for the explanation, at the end, the following shall be substituted, namely:-

“Explanation.- For the purpose of this sub-section, the expression “tax payable or paid” does not include-

(a) tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under section 169 or under any other provision of this Ordinance; and

(b) tax payable or paid under section 4B.”;

(27) sections 113A and 113B shall be omitted;

(28) in section 114, in sub-section (6), for the third proviso, the following shall be substituted, namely:-

“Provided also that condition specified in clause (ba) shall not apply and the approval required thereunder shall be deemed to have been granted by the Commissioner, if-

- (a) the Commissioner has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought;
or
- (b) taxable income declared is more than or the loss declared is less than the income or loss, as the case may be, determined under section 120.”;

(29) in section 122C, in sub-section (2), for the first and second provisos, the following shall be substituted, namely:-

“Provided that the provisions of this sub-section shall not apply, if—

- (a) return of income along with wealth statement, wealth reconciliation statement and other documents required under sub-section (2A) of section 116 are filed by the person being an individual or an association of persons for the relevant tax year during the said period of forty-five days; and
- (b) the individual or an association of persons present accounts and documents for conducting audit of income tax affairs for that tax year:

Provided further that the provisions of sub-section (2) shall not apply—

- (a) to a company, if return of income tax alongwith audited accounts or final accounts, as the case may be, for the relevant tax year are filed by the company electronically during the said period of forty-five days; and
 - (b) if the company presents accounts and documents for conducting audit of its income tax affairs for that tax year.”;
- (30) in section 147,—
 - (a) in sub-section (4), in component B, for semicolon a full stop shall be substituted and thereafter, the following explanation shall be added, namely:-

“Explanation.- For removal of doubt it is clarified that tax assessed includes tax under sections 113 and 113C.”;
 - (b) in sub-section (4AA), for the expression “section 113” the expression “sections 113 and 113C” shall be substituted; and
 - (c) in sub-section (6A), in clause (a), for the expression “section 113” the expression “sections 113 and 113C” shall be substituted;
- (31) after section 152, the following new section shall be inserted, namely:-

“152A. Payment for foreign produced commercials.— (1) Every person responsible for making payment directly or through an agent or intermediary to a non resident person for foreign produced commercial for advertisement on any television channel or any other media shall deduct tax at the rate of twenty percent from the gross amount paid.

(2) The tax deductible under sub-section (1), shall be final tax on the income of non-resident person arising out of such payment.”;
- (32) in section 153,
 - (a) in sub-section (3),-

- (i) in clauses (b) and (c), the word “and” at the end shall be omitted;
- (ii) in clause (d) 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:-
 - “(e) tax deducted under clause (b) of sub-section (1) by person making payments to electronic and print media for advertising services shall be final tax with effect from the 1st July, 2016.”; and
- (b) in sub-section (5), clause (e) shall be omitted;
- (33) in section 169, after sub-section (3), the following new sub-section shall be added, namely:-
 - “(4) Where the tax collected or deducted is final tax under any provision of the Ordinance and separate rates for filer and non-filer have been prescribed for the said tax, the final tax shall be the tax rate for filer and the excess tax deducted or collected on account of higher rate of non-filer shall be adjustable.”;
- (34) in section 165B, in sub-section (2), for the expression “Subject to section 216, all” the word “All” shall be substituted;
- (35) in section 170, in sub-section (2), in clause (c), for the word “two” the word “three” shall be substituted;
- (36) in section 182, in the table, in column (1), against S.No.1A, -
 - (a) in the second column for the comma, word and figure “or 165A” the word and figures “, 165A or 165B” shall be inserted;
 - (b) in the fourth column, after the word and figure “and 165A” the comma, word and figure “, 165A and 165B” shall be added;

(37) in section 198, after the word “of” occurring for the first time the expression “sub-section 1B of section 107 or” shall be inserted;

(38) in section 231A, after sub-section (1), the following explanation shall be added, namely:-

“*Explanation.*- For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate withdrawals from all the bank accounts in a single day.”;

(39) in section 231B,—

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

“Provided that no collection of advance tax under this sub-section shall be made after five years from the date of first registration as specified in clauses (a), (b) and (c) of sub-section (6).”; and

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

“(1A) Every leasing company or a scheduled bank or an investment bank or a development finance institution or a modaraba shall, at the time of leasing of a motor vehicle to a non-filer, collect advance tax at the rate of three per cent of the value of the motor vehicle.”;

(40) in section 236A, in sub-section (2), after full stop at the end, the following new sub-section shall be added, namely:-

“(3) Notwithstanding the provisions of sub-section (2), tax collected on a lease of the right to collect tolls shall be final tax.”;

(41) in section 236C, after sub-section (2), the following new sub-section shall be added, namely:-

“(3) Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding five years.”;

(42) in section 236E, in sub-section(1),-

(a) for the expression “dubbed in Urdu or any other regional language” the words “in any language other than English” shall be substituted; and

(b) the words “landing rights“ shall be omitted;

(43) in section 236O, for the words “in the case of withdrawals made by” the words “or deducted from” shall be substituted;

(44) in section 236P, after sub-section (3), the following explanation shall be added, namely:-

“*Explanation.*- For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate withdrawals from all the bank accounts in a single day.”;

(45) section 236T shall be omitted and thereafter the following new sections shall be inserted, namely:-

“**236U. Advance tax on insurance premium.**- (1) Every insurance company shall collect advance tax at the time of collection of insurance premium from non-filers in respect of general insurance premium and life insurance premium, at the rates specified in Division XXV of Part IV of the First Schedule.

(2) Insurance premium collected through agents of the insurance company shall be treated to have been collected by the insurance company.

(3) Advance tax collected under this section shall be adjustable.

236V. Advance tax on extraction of minerals.- (1) There shall be collected advance tax at the rate specified in Division XXVI of Part-IV of the First Schedule on the value of minerals extracted, produced, despatched and carried away from the licensed or leased areas of the mines.

(2) Advance tax under sub-section (1) shall be collected by the provincial authority collecting royalty per metric ton from the lease-holder of mines or any person extracting minerals.

(3) Advance tax collected under this section shall be adjustable.

(4) The value of the minerals for the purpose of this section shall be as specified by the Board.

236W. Advance tax from provincial sales tax registered person.- (1) Every provincial revenue authority shall collect advance adjustable tax at the rate of three per cent of the turnover from a non-filer who is a provincial sales tax registered person.

(2) The advance tax under sub-section (1) shall be collected along with the sales tax return filed with the provincial revenue authority.

(3) The provincial revenue authority shall not accept return for sales tax unless the tax required to be collected under this section has been collected or deposited.”;

(46) in the First Schedule,-

(A) in Part I,-

(i) after Division V, the following new Division shall be inserted, namely:-

“Division VIA

INCOME FROM PROPERTY

The rate of tax to be paid under section 15, in the case of individual and association of persons, shall be as follows:-

S.No.	Gross amount of rent	Rate of tax
(1)	(2)	(3)
1.	Where the gross amount of rent does not exceed Rs.200,000.	Nil
2.	Where the gross amount of rent exceeds Rs.200,000 but does not exceed Rs.600,000.	5 per cent of the gross amount exceeding Rs.200,000.
3.	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.1,000,000.	Rs.20,000 plus 10 per cent of the gross amount exceeding Rs.600,000.
4.	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.	Rs.60,000 plus 15 per cent of the gross amount exceeding Rs.1,000,000.
5.	Where the gross amount of rent exceeds Rs.2,000,000.	Rs.210,000 plus 20 per cent of the gross amount exceeding Rs.2,000,000”;

(ii) 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:—

S.No.	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	
				Filer	Non-Filer
(1)	(2)	(3)	(4)	(5)	(6)
1.	Where holding period of a security is less than twelve months	12.5%	15%	15%	18%
2.	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5%	12.5%	16%
3.	Where holding period of a security is twenty-four months or more but the security was acquired on or after 1 st July, 2012	0%	7.5%	7.5%	11%
4.	Where the security was acquired	0%	0%	0%	0%'

	before 1 st July, 2012				
5.	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%;

(iii) in Division VIII, for the Table, the following shall be substituted, namely:-

"S.No (1)	Period (2)	Rate of tax (3)
1.	Where holding period of Immovable property is up to five years.	10%
2.	Where holding period of immovable property is more than five years.	0%"; and

(iv) after Division-VIII, the following new Divisions shall be inserted, namely:-

"Division VIIIA

TAX ON BUILDERS

The rate of tax under section 7C shall be as follows:

(A) Karachi, Lahore and Islamabad		(B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta		(C) Urban Areas not specified in A and B	
For commercial buildings					
Rs. 210/ Sq Ft		Rs. 210/ Sq Ft		Rs. 210/ Sq Ft	
For residential buildings					
Area in Sq. ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft
Up to 750	Rs. 20	Up to 750	Rs. 15	Up to 750	Rs. 10
751 to 1500	Rs. 40	751 to 1500	Rs. 35	751 to 1500	Rs. 25
1501 & more	Rs. 70	1501 and more	Rs. 55	1501 and more	Rs. 35

Division VIII B

TAX ON DEVELOPERS

The rate of tax under section 7D shall be as follows:

(A) Karachi, Lahore and Islamabad		(B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar,		(C) Urban Areas not specified in A and B	
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		Mardan, Abbottabad, Quetta			
For commercial Plots					
Rs. 210/ Sq Yd		Rs. 210/ Sq Yd		Rs. 210/ Sq Yd	
For residential Plots					
Area in Sq. Yd	Rate/ Sq. Yd	Area in sq. Yd	Rate/ Sq. Yd	Area in Sq. Yd	Rate/ Sq. Yd
Up to 120	Rs. 20	Up to 120	Rs. 15	Up to 120	Rs. 10
121 to 200	Rs. 40	121 to 200	Rs. 35	121 to 200	Rs. 25
201 and more	Rs. 70	201 and more	Rs. 55	201 and more	Rs. 35”

(B) in Part III,

(i) in Division I, in clause (c),-

(I) for the figure “17.5” the figure “20” shall be substituted; and

(II) in the first proviso, for the Table the following shall be substituted, namely:-

“Person	Stock Fund	Money market fund, income fund or REIT scheme or any other fund	
		Filer	Non-Filer
(1)	(2)	(3)	(4)
Individual	10%	10%	15%

Company	10%	25%	25%
AOP	10%	10%	15%”;

(ii) in Division III,-

(a) in clause (1), after sub-clause (a), the following shall be inserted, namely:-

“(ab) in the case of the supplies made by the distributors of fast moving consumer goods, 3% of the gross amount payable, if the supplier is a company and 3.5% if the supplier is other than a company.”;

(b) in clause (2), in sub-clause (ii), in paragraph (c), in subparagraph (i), for the figure “1%” the figure “1.5%” shall be substituted;

(iii) in Division V, in clause (a), for the Table, the following shall be substituted, namely:-

“S.No.	Gross amount of rent	Rate of tax
(1)	(2)	(3)
1.	Where the gross amount of rent does not exceed Rs.200,000.	Nil
2.	Where the gross amount of rent exceeds Rs.200,000 but does not exceed	5 per cent of the gross amount exceeding Rs.200,000.

Rs.600,000.

3. Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.600,000. Rs.20,000 plus 10 per cent of the gross amount exceeding Rs.600,000.

Rs.1,000,000.

4. Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.1,000,000. Rs.60,000 plus 15 per cent of the gross amount exceeding Rs.1,000,000.

Rs.2,000,000.

5. Where the gross amount of rent exceeds Rs.2,000,000. Rs.210,000 plus 20 per cent of the gross amount exceeding Rs.2,000,000"; and

(iv) in Division VI, in paragraph (1), after the word "paid" the expression "for filers and 20% of the gross amount paid for non-filers" shall be inserted;

(C) in Part IV,-

(i) for Division II, the following shall be substituted, namely:-

"Division II

BROKERAGE AND COMMISSION

S.No.	Person	Rate applicable on the amount of payment.	
		Filer	Non-filer

(1)	(2)	(3)	(4)
1.	Advertising Agents	10%	15%
2.	Life Insurance Agents where commission received is less than Rs.0.5 million per annum	8%	16%
3.	Persons not covered in 1 and 2 above	12%	15%”;

(ii) for Division IIA, the following shall be substituted, namely:-

“Division IIA

RATES FOR COLLECTION OF TAX BY A STOCK EXCHANGE

REGISTERED IN PAKISTAN

S.No.	Description	Rate
(1)	(2)	(3)
1.	in case of purchase of shares as per clause (a) of sub-section (1) of section 233A.	0.02% of purchase value
2.	in case of sale of shares as per clause (b) of sub-section (1) of section 233A.	0.02% of sale value”;

(iii) in Division IV, in the Table, in the first column, against serial number (I), in column (3), for the figure “10” the figure “12” shall be substituted;

- (iv) in Division X,-
 - (a) for the figure “0.5” the figure “1” shall be substituted; and
 - (b) for the figure “1” the figure “2” shall be substituted;
- (v) in Division XVIII, in the Table, in column (1), against S.No.2, in column (3),—
 - (a) for the figure “1” the figure “2” shall be substituted; and
 - (b) for the figure “2” the figure “4” shall be substituted;
- (vi) in Division XIX, in clause (ii), for the figure “100,000”, the figure “75,000” shall be substituted;
- (vii) in Division XXI, in the proviso, after the word “Division” the words “for the period it deems appropriate” shall be inserted;
- (viii) Division XXII shall be omitted; and
- (ix) after Division XXIV, the following new Divisions shall be added, namely:-

“Division XXV

ADVANCE TAX ON INSURANCE PREMIUM

The rate of tax to be collected from non-filers under section 236U shall be as under:-

S.No.	Type of Premium	Rate
(1)	(2)	(3)
1.	General insurance premium	4%
2.	Life insurance premium if exceeding Rs 0.2 million per annum	1%

3.	Others	0%”;
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Division XXVI

ADVANCE TAX ON EXTRACTION OF MINERALS

The rate of tax to be collected under section 236V shall be 5% of the value of the minerals for non-filers and 0% for filers.”;

(47) in the Second Schedule,-

(A) in Part I,-

- (i) in clause (66), sub-clause (xviii) shall be omitted;
- (ii) in clause (98), after the word “established” the words “by Government” shall be inserted;
- (iii) in clause (103A), the expression “or section 59B” shall be omitted;
- (iv) for clause (126A), the following shall be substituted, namely:-

“(126A) Income derived by China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations for a period of twenty-three years, with effect from the sixth day of February, 2007.

(126AA) Profit and gains derived by a taxpayer from businesses set up in the Gawadar Free Zone Area for a period of twenty three years with effect from the first day of July, 2016.

(126AB) Profit on debt derived by-

- (a) any foreign lender; or

(b) any local bank having more than 75 per cent shareholding of the Government or the State Bank of Pakistan,

under a Financing Agreement with the China Overseas Ports Holding Company Limited;

(126AC) Income derived by contractors and sub-contractors of China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations for a period of twenty years, with effect from the first day of July, 2016.”; and

(126AD) (1) Any income derived by China Overseas Ports Holding Company Limited being dividend received from China Overseas Ports Holding Company Pakistan (Private) Limited , Gwadar International Terminal Limited Gwadar Marine Services Limited and Gwadar Free Zone Company Limited.

(2) Any income derived by China Overseas Ports Holding Company Pakistan (Private) Limited being dividend received from, Gwadar International Terminal Limited Gwadar Marine Services Limited and Gwadar Free Zone Company Limited.

(v) in clause (133),—

(a) for the figure "2016" the figure "2019" shall be substituted;
and

(b) after the figure "2019", substituted as aforesaid, for full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.";

(B) in Part II,-

(i) for clause (3), the following shall be substituted, namely:-

"(3) (a) The tax in respect of income from services rendered outside Pakistan and construction contracts executed outside Pakistan shall be charged at the rates as specified in sub-clause (b), provided that receipts from services and income from contracts are brought into Pakistan in foreign exchange through normal banking channel.

(b) The rates in respect of income from services rendered outside Pakistan shall be 50% of the rates as specified in clause (2) of Division III of Part III of the First Schedule and the rates in respect of contracts executed outside Pakistan shall be 50% of the rates as specified in clause (3) of Division III of Part III of the First Schedule.";

(ii) after clause (3), substituted as aforesaid, the following new clause shall be inserted, namely:-

“(3B) The income of Pakistan Cricket Board derived from sources outside Pakistan including media rights, gate money, sponsorship fee, in-stadium rights, out-stadium rights, payments made by International Cricket Council, Asian Cricket Council or any other Cricket Board shall be taxed at a rate of four per cent of the gross receipts from such sources:

Provided that Pakistan Cricket Board may opt to pay tax at the rate of four per cent of the gross receipts from tax year 2010 and onwards:

Provided further that this option shall be available subject to withdrawal of appeals, references and petitions on the issue of tax rate pending before any appellate forum or tax authority:

Provided further that the outstanding tax liability payable under this clause up to tax year 2015 is paid by 30th June, 2016.”;

(C) in Part IV,-

(i) in clause (11A), in sub-clause (xxv), for full stop at the end a semi-colon and the word “; and” shall be substituted and thereafter the following new sub-clauses shall be added, namely:-

“(xxvi) China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company

Limited for a period of twenty three years, with effect from the sixth day of February, 2007.

(xxvii) companies, qualifying for exemption under clause (126M) of Part-I of this Schedule, in respect of profits and gains derived from a transmission line project.”;

(ii) in clauses (11B) and (11C), the words “or section 59B” shall be omitted;

(iii) after clause (38A), the following new clause shall be inserted, namely:-

“(38AA) The provisions of section 150 shall not apply to China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty-three years.”;

(iv) in clause (57),—

(a) for the expression “sections 113 and” the word “section” shall substituted; and

(b) for the second proviso the following shall be substituted, namely:-

“Provided further that minimum tax under section 113 shall be 0.5% upto the tax year 2019 and one per cent thereafter.”;

(v) in clause (59), sub-clause (i) shall be omitted;

- (vi) in clause (72A), for the expression “and 2015”, the expression “to 2016” shall be substituted;
- (vii) in clause (72B), in the proviso, for full stop at the end, a colon shall be substituted and thereafter the following new provisos shall be added, namely:-

“Provided further that the quantity of raw material to be imported which is sought to be exempted from tax under section 148 shall not exceed 110 per cent of the quantity of raw material imported and consumed during the previous tax year:

Provided also that the Commissioner shall conduct audit of taxpayer’s accounts during the financial year in which the certificate is issued in respect of consumption, production and sales of the latest tax year for which return has been filed and the taxpayer shall be treated to have been selected for audit under section 214C:

Provided also if the taxpayer fails to present accounts or documents to the Commissioner or the officer authorized by the Commissioner, the Commissioner shall, by an order in writing, cancel the certificate issued and shall proceed to recover the tax not collected under section 148 for the period prior to

such cancellation and all the provisions of the Ordinance shall apply accordingly.”;

- (viii) clause (82) shall be omitted;
- (ix) in clause (86), in paragraph (a), in sub-paragraph (iii), for the figure “2017” the figure “2019” shall be substituted;
- (x) for the following clause (91)

“(91) the provisions of sections 147, 151, 152, 231A, 231AA, 236A and 236K shall not apply to “The Second Pakistan International Sukuk Company Limited”, as a payer.”

the following shall be substituted, namely:-

“(95) the provisions of sections 147, 151, 152, 231A, 231AA, 236A and 236K shall not apply to “The Second Pakistan International Sukuk Company Limited”, as a payer.”;

- (xi) for the following clause (92)

“(92) the provisions of sections 147, 151 and 155 shall not apply to “The Second Pakistan International Sukuk Company Limited”, as a recipient.”

the following shall be substituted, namely:-

“(96) the provisions of sections 147, 151 and 155 shall not apply to “The Second Pakistan International Sukuk Company Limited”, as a recipient.”;

- (xii) for the following clause (93)

“(93) the provision of section 236C shall not apply to
“Pakistan International Sukuk Company Limited”;

the following shall be substituted, namely:-

“(97) the provision of section 236C shall not apply to
“Pakistan International Sukuk Company Limited.”;

(xiii) in clause (94),-

(a) for the figure “2016”, occurring for the first time, the figure
“2017” shall be substituted;

(b) after the words and comma “development services,” the
words “IT services and IT enabled services as defined in
clause (133) of Part I of this Schedule” shall be inserted;
and

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

“Provided further that for tax year 2017, the
company shall furnish irrevocable undertaking by
November, 2016, to present its accounts to the
Commissioner.”;

(48) in the Fourth Schedule, for rule 6B, the following shall be substituted, namely:-

“6B. In computing income under this Schedule, there shall be included
capital gains on disposal of shares and dividend of listed
companies, vouchers of Pakistan Telecommunication corporation,
modaraba certificate or instruments of redeemable capital and
derivative products and shall be taxed at the rates specified in
Division II of Part I of First Schedule.”;

- (49) in the Sixth Schedule, in Part I, in rule 3, in clause (a), for the figure “100,000” the figure “150,000” shall be substituted;
- (50) in the Seventh Schedule, in rule 7C, after the figure “2015” the word and figure “and 2016” shall be inserted; and
- (51) in the Eighth Schedule in rule 1,—
- (a) after sub-rule (1), the following new sub-rules shall be inserted, namely:-
- “(1A) Capital gains on disposal of units of open ended mutual funds and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited by NCCPL in the prescribed manner.
- (1B) Gain or loss arising to persons through trading of future commodity contracts on Pakistan Mercantile Exchange, subject to tax under section 37A and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited on behalf of taxpayers by NCCPL in the manner prescribed.”;
- (b) in sub-rule (2), after the expression “(1)” the expression “, (1A) and (1B)” shall be inserted;
- (c) in sub-rule (3), for full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-
- “Provided that if the said information is not furnished, NCCPL shall forward the details to the Commissioner who shall exercise powers under the Ordinance to enforce furnishing of the said information including all penalty provisions.”; and

- (d) after sub-rule (3), amended as aforesaid, the following new sub-rule shall be inserted, namely:-

“(3A) The Asset Management Companies, Pakistan Mercantile Exchange and any other person shall furnish information when required by NCCPL for discharging obligations under this Schedule.”

6. Amendments of the Fiscal Responsibility and Debt Limitation Act, 2005 (VI of 2005).- In the Fiscal Responsibility and Debt Limitation Act, 2005 (VI of 2005), the following further amendments shall be made, namely:-

- (1) for the long title and the preamble, the following shall be substituted, namely:-

“An Act to provide for reduction of Federal fiscal deficit and ratio of public debt to gross domestic product to a prudent level by effective public debt management

WHEREAS it is expedient to provide for reduction of Federal fiscal deficit and ratio of public debt to gross domestic product to a prudent level by effective debt management and for matters connected therewith and incidental thereto;

It is hereby enacted as follows:—”;

- (2) in section 2,—
- (a) in clause (a), after the word “Constitution” the expression “of the Islamic Republic of Pakistan” shall be inserted;
- (b) clause (b) shall be omitted;
- (c) in clause (c), after the word “means” the expression “the report on”

shall be inserted;

(d) for clause (k), the following shall be substituted, namely:—

"(k) "Federal fiscal deficit" means the difference between total net revenue receipts and total expenditure of the Federal Government;";

(e) clause (l) shall be omitted;

(f) for clause (m), the following shall be substituted, namely:—

"(m) "total expenditure" means a sum of total recurrent expenditure, development expenditure and net lending of the Federal Government;";

(g) clause (n) shall be omitted;

(h) for clause (o), the following shall be substituted, namely:—

"(o) "total public debt" means the debt of the Government serviced out of the Consolidated Fund and debts owed to the International Monetary Fund;"; and

(i) in clause (p), 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:—

"(q) "total net revenue of Federal Government" means a sum of tax revenues, non-tax revenues and surcharges of the Government minus transfer of provincial share.";

(3) in section 3,—

(a) for sub-section (2), the following shall be substituted, namely:—

“(2) The Federal Government shall take all appropriate measures to reduce the Federal fiscal deficit excluding foreign grants and ratio of total public debt to gross domestic product and maintain it within prudent limits thereof.”;

(b) in sub-section (3), for clauses (a), (b) and (c), the following shall be substituted, namely:—

“(a) limiting the Federal fiscal deficit excluding foreign grants to four percent of gross domestic product during the three years, beginning from the financial year 2017-18 and maintaining it at a maximum of three and a half percent of the gross domestic product thereafter;

(b) ensuring that within a period of two financial years, beginning from the financial year 2016-17, the total public debt shall be reduced to sixty percent of the estimated gross domestic product;

(c) ensuring that within a period of five financial years, beginning from the financial year 2018-19 total public debt shall be reduced by 0.5 percent every year and from 2023-24 and going up to financial year 2032-33 a reduction of 0.75 percent every year to reduce the total public debt to fifty percent of the estimated gross domestic product and thereafter maintaining it to fifty percent or less of the estimated gross domestic product;

and”;

- (4) in section 4, after clause (c), for the proviso, the following shall be substituted, namely:—

“Provided that where the National Assembly is not in session, the statements may be laid in the next session even if it occurs after the end of the period specified in sub-section (2).”;

- (5) in section 6, in sub-section (2),—

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

“(b) total net revenue receipts;” and

- (b) for clause (d), the following shall be substituted, namely:—

“(d) total Federal fiscal deficit excluding foreign grants; and”;

- (6) in section 7, in sub-section (3),—

- (a) clause (c) shall be omitted;

- (b) for clause (e), the following shall be substituted, namely:—

“(e) consistent and authenticated information on public and external debt and guarantees issued by the Federal Government;”;

- (7) in section 9, for the proviso, the following shall be substituted, namely:—

“Provided that nothing in this section shall apply to the expenditure charged upon the Federal Consolidated Fund.”;

- (8) in section 10,—

- (a) in sub-section (1), for the expression “Every statement prepared under sections 5, 6 and 7 shall be accompanied by a statement of

responsibility signed by the Minister and the Secretary of Finance and comprising—”, the following shall be substituted, namely:–

“Every statement prepared under sections 5, 6 and 7 shall include—”; and

- (b) in sub-section (2), for the expression “A statement of the Minister's responsibility shall, *inter alia*, provide for—”, the following shall be substituted, namely:–

“The statement under clause (a) of sub-section (1) shall additionally provide for—”;

- (9) in section 13,–

- (a) in sub-section (2), for clause (a), the following shall be substituted, namely:–

“(a) prepare a debt reduction path to achieve the principles of sound fiscal and debt management;”; and

- (b) sub-section (3) shall be omitted; and

- (10) in section 14,–

- (a) in sub-section (1), for the word “Minister”, the expression “Federal Government” shall be substituted; and

- (b) for sub-section (2), the following shall be substituted, namely:–

“(2) The statement published under sub-section (1) shall, within fifteen days of the publication, be posted on website of the Federal Government.”.

7. **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 full stop at the end, the expression “and different dates may be specified for furnishing of different parts or annexures of the return;” shall be substituted;
- (2) in section 4,—
 - (a) in sub-section (2), for the words “at the time of filing of his return under sub-section (1)”, the words “by the date as prescribed in this respect” shall be substituted; and
 - (b) sub-section (3) shall be omitted;
- (3) in section 6, after sub-section (2), the following new sub-section shall be inserted, namely:—

“(2A) From the date to be notified by the Board, adjustment of duty of excise under sub-section (1) shall be admissible only if the supplier of input goods and services has declared such supply in his return and he has paid amount of tax due as indicated in his return.”;
- (4) in section 16, in sub-section (2),—
 - (a) for the word “and”, occurring for the first time, a comma shall be substituted; and
 - (b) after the word “agreements”, the words “and matters relating to international financial institutions or foreign government- owned financial institutions” shall be inserted;
- (5) in section (19), after sub-section (12), the following new sub-section shall be added, namely:—

“(13) Any person who contravenes any provision of this Act or rules made thereunder for which no penalty has specifically been provided in this section shall be liable to pay a penalty of five thousand rupees or three percent of the amount of duty involved, whichever is higher.”;

(6) for section 47B, the following shall be substituted, namely:–

“47B. Disclosure of information by a public servant.— (1)

Any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

(2) Notwithstanding anything contained in sub-section (1) and the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied in pursuance of bilateral or multilateral agreements with government of foreign countries for exchange of information under section 47A shall be confidential.”;

(7) in the First Schedule,–

(a) in Table I, in column (1),–

(i) against serial numbers 4, 5 and 6, in column (4), for the word “ten”, the word “eleven” shall be substituted;

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

“9a.	For the period from	24.02	Rupees	three
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	01-07-2016 to 30-11-2016, locally produced cigarettes if their on-pack printed retail price exceeds four thousand rupees per thousand cigarettes		thousand four hundred and thirty-six per thousand cigarettes
9b	For the period from 01-12-2016 onwards, locally produced cigarettes if their on-pack printed retail price exceeds four thousand four hundred rupees per thousand cigarettes	24.02	Rupees three thousand seven hundred and five per thousand cigarettes
10a.	For the period from 01-07-2016 to 30-11-2016, locally produced cigarettes	24.02	Rupees one thousand five hundred and thirty-four per

	if their on-pack printed retail price does not exceed four thousand rupees per thousand cigarettes		thousand cigarettes
10b.	For the period from 01-12-2016 onwards, locally produced cigarettes if their on-pack printed retail price does not exceed four thousand four hundred rupees per thousand cigarettes		Rupees one thousand six hundred and forty-nine per thousand cigarettes”;

(iii) against serial number 13, in column (4), for the words “five per cent of the retail price”, the words “One rupee per kilogram” shall be substituted; and

(iv) serial number 53 and entries relating thereto in columns (2), (3) and (4) shall be omitted; and

(b) after Table II, the following note shall be added, namely:–

“Note.– The duty on the services as specified against serial numbers 1, 2, 2A, 5, 8, 11 and 13 shall not be levied on services

provided in a Province where the provincial sales tax has been levied thereon.”;

- (8) in the Second Schedule, in column (1), serial number 3 and entries relating thereto in columns (2) and (3) shall be omitted; and
- (9) in the Third Schedule, in Table-1, in column (1),–
- (a) serial number 18 and the entries relating thereto in columns (2) and (3) shall be omitted; and
- (b) after the omitted serial number 18, the following new serial number and corresponding entries relating thereto shall be added, namely:-

“19	Materials and equipment for construction and operation of Gawadar Port and development of Free Zone for Gawadar Port as imported by or supplied to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited, (ii) Gwadar International Terminals Limited, (iii) Gwadar Marine Services Limited and (iv) Gwadar Free Zone Company Limited, their contractors and sub-contractors; and Ship Bunker Oils bought and sold to the ships calling on/visiting Gawadar Port, having Concession Agreement with the Gwadar Port Authority, for a period of forty years, subject to the conditions and procedure as specified under S.No. 100A of	Respective Headings
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	Table-1 of Sixth Schedule to the Sales Tax Act, 1990.	
20	Supplies made by the businesses to be established in the Gwadar Free Zone for a period of twenty-three years within the Gwadar Free Zone, subject to the condition that the sales and supplies outside the Gwadar Free Zone and into the territory of Pakistan shall be subjected to Federal Excise Duty.	Respective Headings”.

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, 2016.

(SENATOR MOHAMMAD ISHAQ DAR)
Minister for Finance and Revenue