

# TAX HANDBOOK - FINANCE ACT, 2023 (COMPARATIVE STUDY)

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## TABLE OF CONTENTS

AMMENMENTS IN INCOME TAX ORDINANCE, 2001	Page No. 2
AMMENMENTS IN SALES TAX ACT, 1990	Page No. 31
AMENDMENTS IN FEDERAL EXCISE DUTY (FED) ACT, 2005.	Page No. 39

## AMMENMENTS IN INCOME TAX ORDINANCE, 2001

SECTION / CLAUSE	BEFORE AMENDMENT	AFTER AMENDMENT
<p><b>SECTION 2</b> <b>CLAUSE (41)</b> <b>PERMANENT ESTABLISHMENT (PE)</b></p>	<p>“Permanent establishment” in relation to a person, means a 5 [fixed] place of business through which the business of the person is wholly or partly carried on-</p> <p>(d) the furnishing of services, including consultancy services, by any person through employees or other personnel engaged by the person for such purpose 6 [ ];</p>	<p>Following amendments to certain clauses of this definition:</p> <ul style="list-style-type: none"> <li>i) The term ‘fixed’ is omitted from the main definition of PE which refers to place of business. It appears that the legislative intent behind such proposal is to capture those places of business which may not be fixed owing to technological advancements.</li> <li>ii) New clause inserted, “(bb) virtual business presence in Pakistan including any business where transactions are conducted through internet or any other electronic medium, with or without having any physical presence;”</li> <li>iii) Currently, a PE is also considered to exist where a non-resident provides services in Pakistan including consultancy services through its personnel or employee. By way of this amendment, services provided through an ‘entity’ will also give rise to a PE.</li> </ul> <p>The above amendments that are in conflict with the double tax treaties will not have an impact for non-residents covered by such treaties.</p>
<p><b>21-LIMIT OF DISALLOWANCE OF SALARY EXPENSE PAID IN CASH ENHANCED</b></p>	<p>Rs. 25,000 per month to an individual on account of any salary paid or payable other than by a crossed cheque or direct transfer of funds to the employee’s bank account or through digital means.</p>	<p>The Act enhanced limit from Rs. 25,000 per month to Rs. 32,000 per month to an individual on account of any salary paid or payable other than by a crossed cheque or direct transfer of funds to the employee’s bank account or through digital means.</p>

<p><b>37A- CAPITAL GAIN ON DISPOSAL OF SECURITIES</b></p>	<p>Capital gain on disposal of securities is chargeable to tax at the rates specified under first schedule to the Ordinance.</p>	<p>“Provided further that this section shall not apply to the disposal of shares (i) of a listed company made otherwise than through registered stock exchange and which are not settled through NCCPL; (ii) through initial public offer during listing process except where the detail of such disposal is furnished to NCCPL for computation of capital gains and tax thereon under this section, and the provisions of section 37 shall apply on such disposal of shares of a listed company or disposal of shares through initial public offer, accordingly.”;</p>
<p><b>39- INCOME FROM OTHER SOURCES</b></p>	<p>The following new clause shall be added, namely: – “(lb) income arising to the shareholder of a company, from the issuance of bonus shares;”;</p>	
<p><b>44A. EXEMPTION UNDER FOREIGN INVESTMENT (PROMOTION AND PROTECTION)</b>  <b>(NEW SECTION)</b></p>	<p>The following new section shall be inserted,</p> <ol style="list-style-type: none"> <li>(1) Taxes on income (including capital gains), advance tax, withholding taxes, minimum and final taxes under this Ordinance shall, for the period and to the extent provided in the Second and Third Schedules to the Foreign Investment (Promotion and Protection) Act, 2022 (XXXV of 2022) in respect of qualified investment as specified at Sr. No.1 of the First Schedule to the said Act or investors, be exempt or subject to tax at the rate and in the manner specified under the said Act.</li> <li>(2) All investors and shareholders of the qualified investment, their associates and companies specified in the Second and Third Schedules to the said Act including third party lenders on account of any loan shall also be exempt from taxes and other provisions of this Ordinance or subject to tax at the rate and in the manner specified under the said Act for the period and to the extent provided in the Second and Third Schedules to the said Act.</li> <li>(3) Provisions of this Ordinance relating to Anti-Avoidance, for the period and to the extent specified in the said Act including sections 106, 106A, 108, 109 and 109A, shall not apply to the persons and amounts mentioned in sub-sections (1) and (2).</li> <li>(4) Rates of depreciation, initial allowance and pre-commencement expenditure under sections 22, 23 and 25 as on the 20th day of March, 2022 shall continue to be applicable for thirty years as provided in the Third Schedule to the said Act in respect of persons mentioned in sub-sections (1) and (2). (5) For the purpose of this section, the terms defined under the Second and Third Schedules to the said Act shall apply mutatis mutandis to this Ordinance.”;</li> </ol>	

SECTION / CLAUSE	BEFORE AMENDMENT	AFTER AMENDMENT
85-ASSOCIATES	<p>(1) Subject to sub-section (2), two persons shall be associates where the relationship between the two is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person.</p> <p>(5) In this section, “relative” in relation to an individual, means —</p> <p>(a) an ancestor, a descendant of any of the grandparents, or an adopted child, of the individual, or of a spouse of the individual; or</p> <p>(b) a spouse of the individual or of any person specified in clause (a).</p>	<p>For sub-section (1), the following shall be substituted, namely: —</p> <p>“(1) Subject to sub-section (2), two persons shall be associates where —</p> <p>(i) the relationship between the two is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person;</p> <p>(ii) one person sufficiently influences, either alone or together with an associate or associates, the other person; Explanation. - For the purpose of this section, two persons shall be treated as sufficiently influencing each other, where one or both persons, directly or indirectly, are economically and financially dependent on each other and, decisions are made in accordance with the directions, instructions or wishes of each other for common economic goal; or</p> <p>(iii) one person enters into a transaction, directly or indirectly, with the other who is a resident of jurisdiction with zero taxation regime.”; and</p> <p>for sub-section (5), the following shall be substituted, namely: — “(5) In this section, —</p> <p>(i) “relative” in relation to an individual, means —</p> <p>a) an ancestor, a descendant of any of the grandparents, or an adopted child, of the individual, or of a spouse of the individual; or</p> <p>(b) a spouse of the individual or of any person specified in clause (a);</p> <p>(ii) jurisdiction with zero taxation regime means jurisdiction as may be prescribed.”;</p>

<p><b>99D-ADDITIONAL TAX ON CERTAIN INCOME, PROFITS AND GAINS</b></p> <p><b>(NEW SECTION)</b></p>	<p><b>“99D. Additional tax on certain income, profits and gains. –</b></p> <p>(1) Notwithstanding anything contained in this Ordinance or any other law for the time being in force, for any of the last three tax years preceding the tax year 2023 and onwards, in addition to any tax charged or chargeable, paid or payable under any of the provisions of this Ordinance, an additional tax shall be imposed on every person being a company who has any income, profit or gains that have arisen due to any economic factor or factors that resulted in windfall income, profits or gains.</p> <p>(2) The Federal Government may, by notification in the official Gazette, –</p> <ul style="list-style-type: none"> <li>(a) specify sector or sectors, for which this section applies;</li> <li>(b) determine windfall income, profits or gains and economic factor or factors including but not limited to international price fluctuation having bearing on any commodity price in Pakistan or any sector of the economy or difference in income, profit or gains on account of foreign currency fluctuation;</li> <li>(c) provide the rate not exceeding fifty percent of such income, profits or gains;</li> <li>(d) provide for the scope, time and payment of tax payable under this section in such manner and with such conditions as may be specified in the notification; and</li> <li>(e) exempt any person or classes of persons, any income or classes of income from the application of this section, subject to any conditions as may be specified in the notification.</li> </ul> <p>(3) The Federal Government shall place before the National Assembly the notification issued under this section within ninety days of the issuance of such notification or by the 30th day of June of the financial year, whichever is earlier.”;</p>	
<p><b>“134A. ALTERNATIVE DISPUTE RESOLUTION.</b></p>	<p><b>Before Amendment</b></p> <p><b>134A. Alternative Dispute Resolution. –</b></p> <p>(1) Notwithstanding any other provision of the Ordinance, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—</p> <ul style="list-style-type: none"> <li>(a) the liability of tax of one hundred million and above against the aggrieved person or admissibility of refund, as the case may be;</li> <li>(b) the extent of waiver of default surcharge and penalty; or</li> <li>(c) any other specific relief required to resolve the dispute; may apply to the Board for the appointment of</li> </ul>	<p><b>After Amendment</b></p> <p><b>The following shall be substituted, namely: –</b></p> <p><b>“134A. Alternative Dispute Resolution. –</b></p> <p>(1) Notwithstanding any other provision of this Ordinance, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to –</p> <ul style="list-style-type: none"> <li>(a) the liability of tax of one hundred million rupees or above against the aggrieved person or admissibility of refund, as the case may be;</li> <li>(b) the extent of waiver of default surcharge and penalty; or</li> <li>(c) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the</li> </ul>

	<p>a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an Appellate Authority, except where criminal proceedings have been initiated.</p> <p>(2) The application for dispute resolution shall be accompanied by an initial proposition for resolution of the dispute, including an offer of tax payment, from which, the applicant would not be entitled to retract.</p> <p>(3) The Board may, after examination of the application of an aggrieved person, appoint a committee, within forty-five days of receipt of such application in the Board, comprising, –</p> <ul style="list-style-type: none"> <li>(i) Chief Commissioner Inland Revenue having jurisdiction over the case;</li> <li>(ii) person to be nominated by the taxpayer from a panel notified by the Board comprising – <ul style="list-style-type: none"> <li>(a) chartered accountants, cost and management accountants and advocates having a minimum of ten years’ experience in the field of taxation;</li> <li>(b) officers of the Inland Revenue Service who have retired in BS 21 or above; or</li> <li>(c) reputable businessmen as nominated by Chambers of Commerce and Industry: Provided that the taxpayer shall not nominate a Chartered Accountant or an advocate if the said Chartered Accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and</li> <li>(d) person to be nominated through consensus by the members appointed under (i) and (ii) above, from the panel as notified by the Board in clause (ii) above:</li> </ul> </li> </ul>	<p>resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an appellate authority, except where criminal proceedings have been initiated.</p> <p>(2) The application for dispute resolution under sub-section (1) shall be accompanied by an initial proposition for resolution of the dispute, including an offer of tax payment.</p> <p>(3) The Board may, after examination of the application of an aggrieved person, appoint a committee, within fifteen days of receipt of such application in the Board, comprising, –</p> <ul style="list-style-type: none"> <li>(i) a retired judge not below the rank of a judge of a High Court, who shall also be the Chairperson of the Committee, to be nominated by the Board from a panel notified by the Law and Justice Division for such purpose;</li> <li>(ii) the Chief Commissioner Inland Revenue having jurisdiction over the case; and</li> <li>(iii) a person to be nominated by the taxpayer from a panel notified by the Board comprising – <ul style="list-style-type: none"> <li>(a) chartered accountants, cost and management accountants and advocates having a minimum of ten years’ experience in the field of taxation;</li> <li>(b) officers of the Inland Revenue Service who stood retired in BS 21 or above; or</li> <li>(c) reputable businessmen as nominated by the Chambers of Commerce and Industry: Provided that the taxpayer shall not nominate a chartered accountant or an advocate if the said chartered accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer.</li> </ul> </li> </ul>
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	<p>Provided that where the member under this clause cannot be appointed through consensus, the Board may nominate a member proposed by the taxpayer eligible to be nominated as per clause (ii).</p> <p>(4) The aggrieved person, or the Commissioner, or both, as the case may be, shall withdraw the appeal pending before any court of law or an Appellate Authority, after constitution of the committee by the Board under sub-section (3), in respect of dispute as mentioned in sub-section (1).</p> <p>(5) The committee shall not commence the proceedings under subsection (6) unless the order of withdrawal by the court of law or the Appellate Authority is communicated to the Board: Provided that if the order of withdrawal is not communicated within seventy-five days of the appointment of the committee, the said committee shall be dissolved and provisions of this section shall not apply.</p> <p>(6) The Committee appointed under sub-section (3) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:</p> <p>Provided that in computing the aforesaid period of one hundred and twenty days, the period, if any, for</p>	<p>(4) The Board shall communicate the order of appointment of Committee to the aggrieved person, court of law or the appellate authority where the dispute is pending and to the concerned Commissioner.</p> <p>(5) The Committee appointed under sub-section (3) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute by majority, within forty-five days of its appointment extendable by another fifteen days for the reasons to be recorded in writing.</p> <p>(6) The decision by the Committee under sub-section (5) shall not be cited or taken as a precedent in any other case or in the same case for a different tax year.</p> <p>(7) The recovery of tax payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (3) shall be deemed to have been stayed on the constitution of Committee till the final decision or dissolution of the Committee, whichever is earlier. (8) The decision of the Committee under sub-section (5) shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in respect of dispute as mentioned in sub-section (1) and has communicated the order of withdrawal to the Commissioner: Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the Committee upon the aggrieved person, the decision of the Committee shall not be binding on the Commissioner.</p> <p>(9) Subject to sub-section (10), the Commissioner shall also withdraw the appeal, if any, pending before any court of law or an appellate authority in respect of dispute as mentioned in sub-section (1) within</p>
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<p>communicating the order of withdrawal under subsection (5) shall be excluded.</p> <p>(7) The decision by the Committee under sub-section (6) shall not be cited or taken as a precedent in any other case or in the same case for a different tax year.</p> <p>(8) The recovery of tax payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (3) shall be deemed to have been stayed on withdrawal of appeal up to the date of decision by the Committee or the dissolution of the Committee whichever is earlier.</p> <p>(9) The decision of the committee under sub-section (6) shall be binding on the Commissioner and the aggrieved person.</p> <p>(10) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (6), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the Appellate Authority which issued the order of withdrawal under sub-section (5) and the appeal shall be treated to be pending before such court of law or the Appellate Authority as if the appeal had never been withdrawn.</p> <p>(11) The Board shall communicate the order of dissolution to the court of law or the Appellate Authority and the Commissioner.</p> <p>(12) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the Appellate Authority, which shall decide the appeal within six months of the communication of said order.</p> <p>(13) The aggrieved person may make the payment of income tax and other taxes as decided by the committee under sub-</p>	<p>thirty days of the communication of the order of withdrawal by the aggrieved person to the Commissioner.</p> <p>(10) The aggrieved person shall make the payment of income tax and other taxes and within such time as decided by the Committee under sub-section (5) and all decisions and orders made or passed shall stand modified to that extent.</p> <p>(11) If the Committee fails to decide within the period of sixty days under sub-section (5), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending under litigation.</p> <p>(12) The Board shall communicate the order of dissolution to the aggrieved person, court of law or the appellate authority and to the Commissioner.</p> <p>(13) On receipt of the order of dissolution, the court of law or the appellate authority shall decide the appeal within six months of the communication of the said order.</p> <p>(14) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (ii) of sub-section (3).</p> <p>(15) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.”;</p>
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	<p>section (6) and all decisions, orders and judgments made or passed shall stand modified to that extent.</p> <p>(14) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (3).</p> <p>(15) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.]</p>	
<p><b>“146D. RECOVERY OF LIABILITY OUTSTANDING UNDER OTHER LAWS.</b></p> <p><b>(NEW SECTION)</b></p>	<p><b>The following new section shall be inserted, namely:</b></p> <p><b>“146D. Recovery of liability outstanding under other laws.</b> (1) Where any outstanding liability in or under any other statute or law for the time being in force enacted through an Act of Parliament, in respect of any defaulter is – (a) treated as Income Tax arrears in that law; (b) required to be recovered or collected by Commissioner (Inland Revenue); or (c) is referred to Commissioner (Inland Revenue) for the recovery– the Commissioner (Inland Revenue) shall recover the said liability and deposit</p>	
<p><b>147-ADVANCE TAX</b></p>	<p><b>Before Amendment</b></p> <p><b>(4) Explanation</b> - For removal of doubt it is clarified that tax assessed includes tax under sections 113 and 113C.”</p> <p><b>(4AA)</b> Tax liability under 8 [sections 113 and 113C] shall also be taken into account while working out payment of advance tax liability under this section.]</p>	<p><b>After Amendment</b></p> <p>in section 147, –</p> <ul style="list-style-type: none"> <li><b>(i) in sub-section (4), in the explanation,</b> For removal of doubt, it is clarified that tax assessed includes tax under sections <b>4C</b>, 113 and 113C.”</li> <li><b>(ii) in sub-section (4AA),</b> Tax liability under 8 [sections <b>4C</b>, 113 and 113C] shall also be taken into account while working out payment of advance tax liability under this section.]</li> <li><b>(iii) in sub-section (4B), after the full stop occurring at the end, the following new explanation shall be added, namely: –</b> “Explanation. – For removal of doubt, it is clarified that tax assessed includes tax liability under section 4C.”;</li> </ul>

		<p><b>(iv) After sub-section (5B), the following new sub-section shall be inserted, namely: –</b></p> <p>“(5C) Notwithstanding anything contained in this section, every person deriving income from the business of –</p> <ul style="list-style-type: none"> <li>(i) construction and disposal of residential, commercial or other buildings; or</li> <li>(ii) development and sale of residential, commercial or other plots for itself or otherwise, shall be liable to pay adjustable advance tax on Project-by-Project basis, as may be prescribed, for the tax year as per the rates specified in Part IIB of the First Schedule in four equal installments:</li> </ul> <p>Provided that such advance tax shall be payable to the Commissioner in accordance with sub-sections (5) and (5A):</p> <p>Provided further that the provisions of sub-sections (7)</p>
<p><b>152-PAYMENTS TO NON-RESIDENTS.</b></p> <p><b>(NEW SUB SECTION)</b></p>	<p>In section 152, in sub-section (5A), for the full stop at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely: –</p> <p>“Provided that the Commissioner shall be deemed to have issued the exemption certificate upon the expiry of thirty days and the certificate shall be automatically processed and issued by Iris subject to the condition that in computing the said period of thirty days, there shall be excluded days taken for adjournment by the applicant:</p> <p>Provided further that the Commissioner may modify or cancel the certificate issued automatically by Iris on the basis of reasons to be recorded in writing after providing an opportunity of being heard.”;</p>	
<p><b>154-EXPORT</b></p>	<p><b>Before Amendment</b></p> <p>(3B) Every direct exporter and an export house registered under the Duty and Tax Remission for Exports Rules, 2001 provided in Sub-Chapter 7 of Chapter XII of the <b>Customs Rules, 2001</b> shall, at the time of making payment for a firm contract to an indirect</p>	<p><b>After Amendment</b></p> <p>(3B) Every direct exporter and an export house registered under the Duty and Tax Remission for Exports Rules, 2001 provided in Sub-Chapter 7 of Chapter XII of the <b>Export Facilitation Scheme, 2021</b> shall, at the time of making payment for a firm contract to an indirect</p>

	exporter defined under the said rules, deduct tax at the rates specified in Division IV of Part III of the First Schedule.	exporter defined under the said rules, deduct tax at the rates specified in Division IV of Part III of the First Schedule.
<b>154A-EXPORT OF SERVICES</b>  <b>(NEW SUB SECTION)</b>	In section 154A, in sub-section (2), in clause (c), for the semicolon at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely: – “Provided that this condition shall not apply in case of an exporter mentioned in clause (a) of sub-section (1) of this section.”;	
<b>164A- PAYMENT OF TAX COLLECTED OR DEDUCTED BY SWAPS AGENTS</b>	In section 164A, in the marginal note, for the words “Payment of tax collected or deducted by SWAPS agents”, the words “ <b>Settlement of transactions liable to Withholding Tax by SWAPS agents</b> ” shall be substituted;	
<b>230J- INTERNATIONAL CENTRE OF TAX EXCELLENCE.</b>  <b>(NEW SECTION)</b>	<p><b>The following new section shall be inserted, namely: -</b>  <b>“230J. International Centre of Tax Excellence. –</b>                      (1) There shall be established an Institute to be known as International Centre of Tax Excellence.                      (2) The functions of the Institute shall be to help contribute to the development of tax policy, prepare model national tax policy, deliver interdisciplinary research in tax administration and policy, international tax cooperation, revenue forecasting, conduct international seminars, workshops and conferences on the current issues faced by tax authorities in the field of international taxation, capacity building of Inland Revenue Officers, tax analysis, improve the design and delivery of tax administration for maximising revenue within existing provisions to close the tax gap or any other function as directed by the Board or the Federal Government.                      (3) There shall be a Nominating Committee comprising the Minister-in-Charge, Secretary Revenue Division and Secretary Finance which shall be responsible for recommending a panel to the Federal Government for the appointment of an Executive Director and independent members of the Executive Committee.                      (4) There shall an Executive Committee comprising Chairman, Federal Board of Revenue, Member (IR-Policy), Member (IR-Operations) and two independent members to be appointed by the Federal Government. Executive Director shall act as Secretary of the Executive Committee.</p>	

	<p>(5) The Nominating Committee shall apply the prescribed criteria for making recommendations of the panel for Executive Director and independent members of the Executive Committee.</p> <p>(6) Executive Director and independent members of the Executive Committee shall be appointed by the Federal Government.</p> <p>(7) Executive Director shall also be the Chief Executive of the Institute and shall work to ensure efficient functioning and day to day administrative functions of the Institute and shall be independent in the discharge of its functions specified under sub-section (8).</p> <p>(8) Executive Committee, for every fiscal year, shall assign the requirements of the Board to be undertaken by the Institute, during the year.</p> <p>(9) The Executive Committee shall prescribe rules for recruitment of the employees of the Institute and Executive Director shall act in accordance with the rules. At least fifty per cent of the employees shall be serving Inland Revenue officers having at least 5 years of experience of tax policy or tax administration.</p> <p>(10) The remuneration and term of employment of the employees of the Institute shall be as prescribed by the Federal Government.</p> <p>(11) The Board may establish a committee to monitor the establishment of the Institute including appointment of the Project Director for the purpose.</p> <p>(12) The Board may, provide such data to the Institute as is necessary for processing and analysis and for discharging its obligations under sub-section (8): Provided that such data shall be anonymized before transmission to the Institute and identifying particulars of the taxpayers shall be kept confidential and provisions of sub-section (7) of section 216 shall apply accordingly.</p> <p>(13) The Executive Committee may by notification in the official gazette make rules for carrying out the purposes of this section.”;</p>
<p><b>231AB- ADVANCE TAX ON CASH WITHDRAWAL</b>  <b>(NEW SECTION)</b></p>	<p>The following new section shall be inserted, namely: – <b>“231AB. Advance tax on cash withdrawal. —</b> (1) Every banking company shall deduct advance adjustable tax at the rate of 0.6% of the cash withdrawal from a person whose name is not appearing in the active taxpayers’ list on the sum total of the payments for cash withdrawal in a day, exceeding fifty thousand rupees. Explanation. – For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate cash withdrawals in a single day.”;</p>

<p><b>231C- ADVANCE TAX ON FOREIGN DOMESTIC WORKERS.</b></p> <p><b>(NEW SECTION)</b></p>	<p>The following new section shall be inserted, namely:  <b>“231C. Advance tax on foreign domestic workers. –</b>                  (1) Any authority issuing or renewing domestic aide visa to any foreign national as a domestic worker at the time of issuing or renewing such visa shall collect from the agency, sponsor or the person as the case may be, employing the services of such foreign national a tax of two hundred thousand rupees.                  (2) The tax collected or collectible under this section shall be adjustable advance tax for the tax year to which it relates on the income of such agency, sponsor or a person, as the case may be, employing the services of such foreign national.”;</p>	
<p><b>236C- ADVANCE TAX ON SALE OR TRANSFER OF IMMOVABLE PROPERTY.</b></p>	<p><b>Before Amendment</b></p> <p><b>236C. Advance Tax on sale or transfer of immovable Property.</b></p> <p>(1) Any person responsible for registering 5 [,recording] or attesting transfer of any immovable property shall at the time of registering 6 [,recording] or attesting the transfer shall collect from the seller or transferor advance tax at the rate specified in Division X of Part IV of the First Schedule 7 [:]</p>	<p><b>After Amendment</b></p> <p>in section 236C, –</p> <p>(1) <b>"Subject to sub-section (2A),</b> any person responsible for registering, recording or attesting transfer of any immovable property shall at the time of registering 6 [,recording] or attesting the transfer shall collect from the seller or transferor advance tax at the rate specified in Division X of Part IV of the First Schedule 7 [:]</p> <p>After sub-section (2), the following new sub-section (2A) shall be inserted, namely: –  <b>“(2A) Notwithstanding anything contained in any other law, for the time being in force, any person responsible for registering, recording or attesting transfer of any immovable property shall not register, record or attest transfer unless the seller or transferor has discharged its tax liability under section 7E and evidence to this effect has been furnished to the said person in the prescribed mode, form and manner.”;</b></p>

**236Z. BONUS  
SHARES ISSUED  
BY COMPANIES.**

**(NEW SECTION)**

**The following new section shall be inserted, namely:**

**“236Z. Bonus shares issued by companies. –**

- (1) Notwithstanding anything contained in any law for the time being in force, every company, issuing bonus shares to the shareholders of the company, shall withhold ten percent of the bonus shares to be issued.
- (2) Bonus shares withheld under sub-section (1) shall only be issued to a shareholder, if the company collects from the shareholder, tax equal to ten percent of the value of the bonus shares issued to the shareholder including bonus share withheld, determined on the basis of day-end price on the first day of closure of books in the case of listed company and the value as prescribed in case of other companies.
- (3) Tax under sub-section (2), shall be deposited by the company, within fifteen days of closure of books, whether or not tax has been collected by the company under subsection (2).
- (4) A company liable to deposit tax under this section shall be entitled to collect and recover the tax deposited from the shareholder, on whose behalf the tax has been deposited, before the issuance of bonus shares.
- (5) If a shareholder neither makes payment of tax to the company nor collects its bonus shares, within fifteen days of the date of issuance of bonus shares, the company may proceed to dispose of its bonus shares to the extent it has paid tax on its behalf under this section.
- (6) Issuance of bonus shares shall be deemed to be the income of the shareholder and the tax collected by a company under this section or proceeds of the bonus shares disposed of and paid under this section shall be treated to have been paid on behalf of the shareholder.
- (7) Tax paid under this section shall be final tax on the income of the shareholder of the company arising from issuing of bonus shares.”;

**FIRST SCHEDULE**

**TAX SLAB RATES FOR BUSINESS INDIVIDUALS**

S#	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.600,000/-	0%
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 800,000	5% of the amount exceeding Rs. 600,000
3.	Where taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000	Rs. 10,000 + 12.5% of the amount exceeding Rs.800,000
4.	Where taxable income exceeds Rs.1,200,000 but does not exceed Rs. 2,400,000	Rs.60,000 + 17.5% of the amount exceeding Rs.1,200,000
5.	Where taxable income exceeds Rs.2,400,000 but does not exceed Rs. 3,000,000	Rs. 270,000 + 22.5% of the amount exceeding Rs.2,400,000
6.	Where taxable income exceeds Rs.3,000,000 but does not exceed Rs. 4,000,000	Rs.405,000 + 27.5% of the amount exceeding Rs.3,000,000
7.	Where taxable income exceeds Rs.4,000,000 but does not exceed Rs. 6,000,000	Rs. 680,000 + 32.5% of the amount exceeding Rs.4,000,000
8.	Where taxable income exceeds Rs.6,000,000	Rs. 1,330,000 + 35% of the amount exceeding Rs.6,000,000.

**In the First Schedule, –**

(A) in Part I, – (1) in Division I, – (a) in clause (1), for the Table, the following shall be substituted, namely: -

S#	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 600,000/-	0%
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 800,000	7.5% of the amount exceeding Rs. 600,000
3	Where taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000	Rs. 15,000 + 15% of the amount exceeding Rs. 800,000
4.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 75,000 + 20% of the amount exceeding Rs. 1,200,000
5.	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000	Rs. 315,000 + 25% of the amount exceeding Rs. 2,400,000
6.	Where taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	Rs. 465,000 + 30% of the amount exceeding Rs. 3,000,000
7.	Where taxable income exceeds Rs. 4,000,000	Rs. 765,000 + 35% of the amount exceeding Rs. 4,000,000.

**TAX SLAB RATES FOR SALARIED INDIVIDUALS**

S#	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 600,000	Rs. 0
2.	Where taxable income exceeds Rs.600,000 but does not exceed Rs.1,200,000	2.5% of the amount exceeding Rs. 600,000
3.	Where taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000	Rs. 15,000 + 12.5% of the amount exceeding Rs.1,200,000
4.	Where taxable income exceeds Rs.2,400,000 but does not exceed Rs.3,600,000	Rs. 165,000 + 20% of the amount exceeding Rs.2,400,000
5.	Where taxable income exceeds Rs.3,600,000 but does not exceed Rs.6,000,000	Rs. 405,000 + 25% of the amount exceeding Rs.3,600,000
6.	Where taxable income exceeds Rs.6,000,000 but does not exceed Rs.12,000,000	Rs. 1,005,000 + 32.5% of the amount exceeding Rs.6,000,000
7.	Where taxable income exceeds Rs.12,000,000	Rs. 2,955,000 + 35% of the amount exceeding Rs. 12,000,000

(b) in clause (2), for the Table, the following shall be substituted, namely: -

S#	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 600,000/-	0%
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	2.5% of the amount exceeding Rs. 600,000
3	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 15,000 + 12.5% of the amount exceeding Rs. 1,200,000
4.	Where taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 3,600,000	Rs. 165,000 + 22.5% of the amount exceeding Rs. 2,400,000
5.	Where taxable income exceeds Rs. 3,600,000 but does not exceed Rs. 6,000,000	Rs. 435,000 + 27.5% of the amount exceeding Rs. 3,600,000
6.	Where taxable income exceeds Rs. 6,000,000	Rs. 1,095,000 + 35% of the amount exceeding Rs. 6,000,000.

**4C-SUPER TAX ON HIGH EARNINGS PERSONS**

**[Division IIB  
Super Tax on high earning persons**

The rate of tax under section 4C shall be–

S.No	Income under section 4C	Rate of Tax
(1)	(2)	(3)
1.	Where income does not exceed Rs.150 million	0% of the income
2.	Where income exceeds Rs. 150 million but does not exceed Rs. 200 million	1% of the income
3.	Where income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income
4.	Where income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income
5.	Where income exceeds Rs. 300 million	4% of the income:

Provided that for tax year 2022 for persons engaged, whether partly or wholly, in the business of airlines, automobiles, beverages, cement, chemicals, cigarette and tobacco, fertilizer, iron and steel, LNG terminal, oil marketing, oil refining, petroleum and gas exploration and production, pharmaceuticals, sugar and textiles the rate of tax shall be 10% where the income exceeds Rs. 300 million:

Provided further that in case of banking companies for tax year 2023, the rate of tax shall be 10% where the income exceeds Rs. 300 million.]

(1A) in Division IIB, for the Table, the following shall be substituted, namely: –

“Table

S. No	Income under section 4C	Rate of tax	
		For tax year 2022	For tax year 2023 and onwards
(1)	(2)	(3)	(4)
1.	Where income does not exceed Rs. 150 million	0% of the income	0% of the income
2.	Where income exceeds Rs. 150 million but does not exceed Rs. 200 million	1% of the income	1% of the income
3.	Where income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income	2% of the income
4.	Where income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income	3% of the income
5.	Where income exceeds Rs. 300 million but does not exceed Rs. 350 million	4% of the income	4% of the income
6.	Where income exceeds Rs. 350 million but does not exceed Rs. 400 million		6% of the income
7.	Where income exceeds Rs. 400 million but does not exceed Rs. 500 million		8% of the income
8.	Where income exceeds Rs. 500 million		10% of the income:”;

	<p>(ii) the rate of 12.5% tax shall be charged on capital gain arising on disposal where the securities are acquired on or before the 30th day of June, 2022 irrespective of holding period of such securities:</p>		<p>(1B) in Division VII, in the first proviso, for paragraph (ii), the following shall be substituted, namely: –</p> <p>“(ii) the rate of 12.5% tax shall be charged on capital gain arising on disposal where the securities are acquired on or after the first day of July, 2013 but on or before the 30th day of June, 2022; and</p> <p>(iii) the rate of 0% tax shall be charged on capital gain arising on disposal where the securities are acquired before the first day of July, 2013.”;</p>	
<p><b>148-IMPORT</b></p>	<p>3.</p>	<p>Persons importing goods classified in Part III of the Twelfth Schedule</p>	<p>5.5% of the import value as increased by customs-duty, sales tax and federal excise duty;]</p>	<p>in Part II, in the Table, in column (1), against S. No. 3, in column (3), after the words “federal excise duty”, the expression “and 6% of the import value as increased by customs duty, sales tax and federal excise duty in case of a commercial importer:” shall be added;</p>

**147(5C)-  
ADVANCE TAX ON  
BUILDERS**

After omitted Part IIA, the following new Part IIB shall be inserted, namely: –  
“Part IIB - Rates of Advance Tax [see sub-section (5C) of section 147]

**TABLE**

(1)	Rate in respect of		
	(2)	(3)	(4)
Area in	Karachi, Lahore and Islamabad	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Sialkot, Bahawalpur, Peshawar, Mardan, Abbottabad, Quetta	Urban Areas not specified in columns (2) and (3)
TAX ON PERSONS FALLING UNDER SECTION 147(5C)(i) FOR COMMERCIAL BUILDINGS			
Sq. Ft.	-	-	-
Any size	Rs.250 per Sq. ft.	Rs. 230 per Sq. ft.	Rs. 210 per Sq. ft.
TAX ON PERSONS FALLING UNDER SECTION 147(5C)(i) FOR RESIDENTIAL BUILDINGS			
Sq. Ft.	-	-	-
upto 3000	Rs.80 per Sq. ft.	Rs. 65 per Sq. ft.	Rs. 50 per Sq. ft.
3000 and above	Rs. 125 per Sq. ft.	Rs. 110 per Sq. ft.	Rs. 100 per Sq. ft.
TAX ON PERSONS FALLING UNDER SECTION 147(5C)(ii)			
Sq. Yds.	-	-	-
Any size	Rs. 150 per Sq. yd	Rs. 130 per Sq. yd	Rs. 100 per Sq. yd
TAX ON PERSONS FALLING UNDER SECTION 147(5C)(ii) FOR DEVELOPMENT OF INDUSTRIAL AREA			
Sq. Yds.	-	-	-
Any size	Rs. 20 per Sq. yd	Rs. 20 per Sq. yd	Rs. 10 per Sq. yd:

Provided that in case of mixed-use buildings having both commercial and residential areas, respective rates mentioned above shall apply: Provided further that in case of development of plots and constructing buildings on the same plots as one project, both rates shall apply.”;

152- PAYMENTS TO NON-RESIDENTS	Before Amendment	After Amendment
	<p><b>Part II</b> <b>Division II</b> <b>Payments to non-residents</b></p> <p>(1) The rate of tax to be deducted from a payment referred to in sub-section (1A) of section 152 shall be 1 [7% of the gross amount payable 2 [ ] s].</p> <p>(1A) The rate of tax to be deducted from payments referred to in subsection (1AA) of section 152, shall be 5% of the gross amount paid.]</p> <p>(2) The rate of tax to be deducted under sub-section (2) of section 152 shall be 4 [20]% of the gross amount paid.]</p> <p>(3) The rate of tax to be deducted under sub-section (1AAA) of section 152, shall be 10% of the gross amount paid.]</p> <p>(3A) The rate of tax to be deducted under 7 [sub-sections (1D) and (1DA)] of section 152 shall be 10% of the amount of capital gain.]</p> <p>(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be—</p> <p style="padding-left: 40px;">(i) in case of a company, <b>4%</b> of the gross amount payable ; and</p> <p style="padding-left: 40px;">(ii) in any other case, <b>4.5%</b> of the gross amount payable</p> <p>(5) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (2A) of section 152 shall be—</p> <p style="padding-left: 40px;">(i) <b>3%</b> of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in 1 [section 2], tracking services,</p>	<p><b>Part II</b> <b>Division II</b> <b>Payments to non-residents</b></p> <p>(1) The rate of tax to be deducted from a payment referred to in sub-section (1A) of section 152 shall be 1 [7% of the gross amount payable 2 [ ] s].</p> <p>(1A) The rate of tax to be deducted from payments referred to in subsection (1AA) of section 152, shall be 5% of the gross amount paid.]</p> <p>(2) The rate of tax to be deducted under sub-section (2) of section 152 shall be 4 [20]% of the gross amount paid.]</p> <p>(3) The rate of tax to be deducted under sub-section (1AAA) of section 152, shall be 10% of the gross amount paid.]</p> <p>(3A) The rate of tax to be deducted under 7 [sub-sections (1D) and (1DA)] of section 152 shall be 10% of the amount of capital gain.]</p> <p>(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be—</p> <p style="padding-left: 40px;">(i) in case of a company, <b>5%</b> of the gross amount payable ; and</p> <p style="padding-left: 40px;">(ii) in any other case, <b>5.5%</b> of the gross amount payable</p> <p>(5) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (2A) of section 152 shall be—</p> <p style="padding-left: 40px;">(i) <b>4%</b> of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in 1 [section 2], tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services</p>

	<p>advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services 2 [, oilfield services];]</p> <p>(ii) in cases other than 4 [sub-paragraph (i)],—</p> <p>(a) in case of a company, <b>8%</b> of the gross amount payable 5 [ ]; and</p> <p>(b) in any other case, <b>10%</b> of the gross amount payable, 6 [ ];]</p> <p>(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be,—</p> <p>(i) 10% of the gross amount payable in case of sportspersons;</p> <p>(ii) <b>7%</b> of the gross amount payable.</p>	<p>rendered of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services 2 [, oilfield services];]</p> <p>(ii) in cases other than 4 [sub-paragraph (i)],—</p> <p>(a) in case of a company, <b>9%</b> of the gross amount payable 5 [ ]; and</p> <p>(b) in any other case, <b>11%</b> of the gross amount payable, 6 [ ];]</p> <p>(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be,—</p> <p>(i) 10% of the gross amount payable in case of sportspersons;</p> <p>(ii) <b>8%</b> of the gross amount payable.</p>
<p><b>153- PAYMENTS FOR GOODS OR SERVICES</b></p>	<p><b>Before Amendment</b></p> <p><b>Division III</b> <b>Payments for Goods or Services</b></p> <p>(1) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be –</p> <p>(a) in the case of the sale of rice, 1 [ ], cotton seed or edible oils, 2 [1.5]% of the gross amount payable; or 3 [:] Explanation. — For removal of doubt, it is clarified that “cotton seed and edible oils” means cotton seed oil and edible oils;</p> <p>(b) in the case of sale of goods 8 [including toll manufacturing],—</p>	<p><b>After Amendment</b></p> <p><b>Division III</b> <b>Payments for Goods or Services</b></p> <p>(1) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be –</p> <p>(a) in the case of the sale of rice, 1 [ ], cotton seed or edible oils, 2 [1.5]% of the gross amount payable; or 3 [:] Explanation. — For removal of doubt, it is clarified that “cotton seed and edible oils” means cotton seed oil and edible oils;</p> <p>(b) in the case of sale of goods 8 [including toll manufacturing],—</p> <p>(i) in case of a company, <b>5%</b> of the gross amount payable, 10 [ ]; and</p> <p>(ii) in any other case, <b>5.5%</b> of the gross amount payable, 11[ ]]</p>

	<p>(i) in case of a company, <b>4%</b> of the gross amount payable, 10[ ]; and                  (ii) in any other case, <b>4.5%</b> of the gross amount payable, 11[ ] ]</p> <p>(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be —</p> <p>(i) <b>3%</b> of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section 2, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services, oilfield services, telecommunication services, collateral management services, travel and tour services 1 [, REIT management services, services rendered by National Clearing Company of Pakistan Limited.]</p>	<p>(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be —</p> <p>(i) <b>4%</b> of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section 2, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services, oilfield services, telecommunication services, collateral management services, travel and tour services 1 [, REIT management services, services rendered by National Clearing Company of Pakistan Limited.]</p>
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	<p>Explanation:—The tax rate under this subparagraph shall be applicable only to a service provider whose services are subjected to withholding tax on gross receipts and the service provider has not agitated taxation of gross receipts before any court of law;]</p> <p>(ii) in case of rendering of or providing of services other than sub-clause (i),-</p> <p>(a) in case of a company, <b>8%</b> of the gross amount payable;</p> <p>(b) in any other case, <b>10%</b> of the gross amount payable; and</p> <p>(c) in respect of persons making payments to electronic and print media for advertising services, 1.5% of the gross amount payable.]</p> <p>(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be 2 [ ]</p> <p>(i) 10% of the gross amount payable in case of sportspersons;</p> <p>(ii) in case of a company, <b>[6.5%]</b> of the gross amount payable;</p> <p>(iii) in any other case, <b>[7%]</b> of the gross amount payable</p>	<p>Explanation:—The tax rate under this subparagraph shall be applicable only to a service provider whose services are subjected to withholding tax on gross receipts and the service provider has not agitated taxation of gross receipts before any court of law;]</p> <p>(ii) in case of rendering of or providing of services other than sub-clause (i),-</p> <p>(a) in case of a company, <b>9%</b> of the gross amount payable;</p> <p>(b) in any other case, <b>11%</b> of the gross amount payable; and</p> <p>(c) in respect of persons making payments to electronic and print media for advertising services, 1.5% of the gross amount payable.]</p> <p>(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be 2 [ ]</p> <p>(i) 10% of the gross amount payable in case of sportspersons;</p> <p>(ii) in case of a company, <b>[7.5%]</b> of the gross amount payable;</p> <p>(iii) in any other case, <b>[8%]</b> of the gross amount payable</p>									
<p><b>154A- EXPORT OF SERVICES</b></p>	<p><b>DIVISION IVA</b> <b>Export of Services</b></p> <p>The rate of tax to be deducted under section 154A shall be:-</p> <table border="1" data-bbox="383 1177 1200 1321"> <thead> <tr> <th>S. No. (1)</th> <th>Types of Receipts (2)</th> <th>Rate of Tax (3)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board</td> <td>0.25% of proceeds</td> </tr> <tr> <td>2.</td> <td>Any other case</td> <td>1% of proceeds]</td> </tr> </tbody> </table>	S. No. (1)	Types of Receipts (2)	Rate of Tax (3)	1.	Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25% of proceeds	2.	Any other case	1% of proceeds]	<p><b>DIVISION IVA</b> <b>Export of Services</b></p> <p>The rate of tax to be deducted under section 154A shall be:-</p> <p>in column (1), in S. No.1, in column (3), after the word “proceeds”, the expression “for tax years 2024 up to tax year 2026” shall be added;</p>
S. No. (1)	Types of Receipts (2)	Rate of Tax (3)									
1.	Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25% of proceeds									
2.	Any other case	1% of proceeds]									

**231B(1) & (3)-  
ADVANCE TAX ON  
PURCHASE,  
REGISTRATION  
AND TRANSFER  
OF MOTOR  
VEHICLES**

**Before Amendment**  
  
**DIVISION VII**  
**Advance Tax on Purchase, Registration and Transfer of Motor Vehicles**

(1) The rate of tax under sub-sections (1) and (3) of section 231B shall be as set out in the following Table:—

S.No	Engine Capacity	Tax
(1)	(2)	(3)
1.	Upto 850 cc	Rs.10,000
2.	851cc to 1000cc	Rs.20,000
3.	1001cc to 1300cc	Rs.25,000
4.	1301cc to 1600cc	Rs.50,000
5.	1601cc to 1800cc	Rs.150,000
6.	1801cc to 2000cc	Rs.200,000
7.	2001cc to 2500cc	Rs.300,000
8.	2501cc to 3000cc	Rs.400,000
9.	Above 3000cc	Rs.500,000

Provided that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be 3% of the import value as increased by customs duty, sales tax and federal excise duty in case of imported vehicles or invoice value in case of locally manufactured or assembled vehicles.]

(3) The rate of tax under sub-section (2A) of section 231B shall be as follows:—

**TABLE**

S. No.	Engine capacity	Tax
(1)	(2)	(3)
1.	Up to 1000cc	Rs. 100,000
2.	1001cc to 2000cc	Rs.200,000
3.	2001cc and above	Rs.400,000]

**After Amendment**  
  
**In Division VII, for clause (1), the following shall be substituted, namely: –**

“(1) The rate of tax under sub-sections (1) and (3) of section 231B shall be as set out in the following Table: –

**Table**

S. No.	Engine capacity	Tax
(1)	(2)	(3)
1.	Upto 850 cc	Rs.10,000
2.	851cc to 1000cc	Rs.20,000
3.	1001cc to 1300cc	Rs.25,000
4.	1301cc to 1600cc	Rs.50,000
5.	1601cc to 1800cc	Rs.150,000
6.	1801cc to 2000cc	Rs.200,000
		<b>Rate of Tax</b>
7.	2001cc to 2500cc	6% of the value
8.	2501cc to 3000cc	8% of the value
9.	Above 3000cc	10% of the value:

Provided that the value for the purpose of S. Nos. 7 to 9 of the above Table shall be in case of motor vehicle –

- (i) imported in Pakistan, the import value assessed by the Customs authorities as increased by customs duty, federal excise duty and sales tax payable at import stage;
- (ii) manufactured or assembled locally in Pakistan, the invoice value inclusive of all duties and taxes; or

		<p>(iii) auctioned, the auction value inclusive of all duties and taxes: Provided further that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be 3% of the import value as increased by customs duty, sales tax and federal excise duty in case of imported vehicles or invoice value in case of locally manufactured or assembled vehicles.”;</p>
<p><b>236A- ADVANCE TAX AT THE TIME OF SALE BY AUCTION</b></p>	<p><b>Before Amendment</b></p> <p><b>Division VIII</b> <b>Advance tax at the time of sale by auction</b></p> <p>The rate of collection of tax under section 236A shall be 2 [10]% of the gross sale price of any property or goods sold by auction.</p> <p>Provided that in case of immovable property sold by auction, the rate of collection of tax under this section shall be 5% of the gross sale price.]</p>	<p><b>After Amendment</b></p> <p><b>Division VIII</b> <b>Advance tax at the time of sale by auction</b></p> <p>The rate of collection of tax under section 236A shall be 2 [10]% of the gross sale price of any property or goods sold by auction <b>and sale by auction of train management services by Pakistan Railways.</b></p> <p>Provided that in case of immovable property sold by auction and <b>sale by auction of train management services by Pakistan Railways</b>, the rate of collection of tax under this section shall be 5% of the gross sale price.</p>
<p><b>236C- ADVANCE TAX ON SALE OR TRANSFER OF IMMOVABLE PROPERTY</b></p>	<p><b>Division X</b> <b>Advance tax on sale or transfer of Immovable property</b></p> <p>The rate of tax to be collected under section 236C shall be [2%] of the gross amount of the consideration received.</p>	<p><b>Division X</b> <b>Advance tax on sale or transfer of Immovable property</b></p> <p>The rate of tax to be collected under section 236C shall be [3%] of the gross amount of the consideration received.</p>
<p><b>236K- ADVANCE TAX ON PURCHASE OF IMMOVABLE PROPERTY</b></p>	<p><b>Division XVIII</b> <b>Advance tax on purchase of immovable property</b></p> <p>The rate of tax to be collected under section 236K shall be [2%] of the fair market value.</p>	<p><b>Division XVIII</b> <b>Advance tax on purchase of immovable property</b></p> <p>The rate of tax to be collected under section 236K shall be [3%] of the fair market value.</p>

<p><b>236Y- ADVANCE TAX ON AMOUNT REMITTED ABROAD THROUGH CREDIT, DEBIT OR PREPAID CARDS</b></p>	<p><b>Before Amendment</b></p> <p><b>DIVISION XXVII</b> <b>Advance tax on amount remitted abroad through credit, debit or prepaid cards</b> The rate of tax to be deducted under section 236Y shall be <b>1%</b> of the gross amount remitted abroad.]</p>	<p><b>After Amendment</b></p> <p><b>DIVISION XXVII</b> <b>Advance tax on amount remitted abroad through credit, debit or prepaid cards</b> The rate of tax to be deducted under section 236Y shall be <b>5%</b> of the gross amount remitted abroad.]</p>																						
<p><b>THE SECOND SCHEDULE EXEMPTIONS AND TAX CONCESSIONS PART I EXEMPTIONS FROM TOTAL INCOME</b></p>	<p>In Part I, –</p> <p>(i) <b>in clause (66)</b>, in sub-clause (1), in Table 1, in column (1), after S. No (lxii), the following new S. Nos. and entries relating thereto in column (2) shall be added, namely: –</p> <table border="1" data-bbox="432 630 1267 965"> <tr> <td>“(lxiii)</td> <td>The Prime Minister’s Relief Fund for Flood, Earthquake and Other Calamities with effect on and from the 5<sup>th</sup> August, 2022.</td> </tr> <tr> <td>(lxiv)</td> <td>Film and Drama Finance Fund</td> </tr> <tr> <td>(lxv)</td> <td>Export-Import Bank of Pakistan</td> </tr> <tr> <td>(lxvi)</td> <td>Shaheed Mohtarma Benazir Bhutto Institute of Trauma, Karachi</td> </tr> <tr> <td>(lxvii)</td> <td>Shaheed Zulfikar Ali Bhutto Institute of Science and Technology</td> </tr> </table> <p><b>In clause (66)</b>, in sub-clause (2), in Table 2, in column (1), after S. No (xlv) and entry relating thereto in column (2), the following new S. Nos. and entries relating thereto in column (2) shall be added, namely: –</p> <table border="1" data-bbox="383 1126 1267 1390"> <tr> <td>“(xlvii)</td> <td>Balochistan Bar Council</td> </tr> <tr> <td>(xlviii)</td> <td>Islamabad Bar Council</td> </tr> <tr> <td>(xlix)</td> <td>Khyber Pakhtunkhwa Bar Council</td> </tr> <tr> <td>(l)</td> <td>Punjab Bar Council</td> </tr> <tr> <td>(li)</td> <td>Sindh Bar Council</td> </tr> <tr> <td>(lii)</td> <td>Shaheed Zulfikar Ali Bhutto Foundation (SZABF)</td> </tr> </table>		“(lxiii)	The Prime Minister’s Relief Fund for Flood, Earthquake and Other Calamities with effect on and from the 5 <sup>th</sup> August, 2022.	(lxiv)	Film and Drama Finance Fund	(lxv)	Export-Import Bank of Pakistan	(lxvi)	Shaheed Mohtarma Benazir Bhutto Institute of Trauma, Karachi	(lxvii)	Shaheed Zulfikar Ali Bhutto Institute of Science and Technology	“(xlvii)	Balochistan Bar Council	(xlviii)	Islamabad Bar Council	(xlix)	Khyber Pakhtunkhwa Bar Council	(l)	Punjab Bar Council	(li)	Sindh Bar Council	(lii)	Shaheed Zulfikar Ali Bhutto Foundation (SZABF)
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(li)	Sindh Bar Council																							
(lii)	Shaheed Zulfikar Ali Bhutto Foundation (SZABF)																							

	<b>Before Amendment</b>	<b>After Amendment</b>
	<p><b>(145A)</b> Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Area forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, <b>2023</b> (both days inclusive).]</p>	<p><b>[(145A)</b> Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Area forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, <b>2024</b> (both days inclusive).]</p>
	<p><b>[(150)</b> Income derived by Siyahkalem Engineering Construction Industry and Trade Company Limited from contract dated 23rd day of May 2017 with Earthquake Reconstruction and Rehabilitation Authority, financed by the Saudi Fund for Development with effect from tax year 2017.</p>	<p><b>[(150)</b> Income derived by Siyahkalem Engineering Construction Industry and Trade Company Limited <b>“and Alteraz Engineering Consultant”</b> from contract dated 23rd day of May 2017 with Earthquake Reconstruction and Rehabilitation Authority, financed by the Saudi Fund for Development with effect from tax year 2017.</p>
<b>PART IV EXEMPTION FROM SPECIFIC PROVISIONS</b>	<p>Not exist. In Part IV, – (i) in clause (11A), after sub-clause (xlv), the following new sub-clause shall be added, namely: –</p> <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>“(xlv) The Prime Minister’s Relief Fund for Flood, Earthquake and Other Calamities with effect on and from the 5<sup>th</sup> August, 2022.”;</p> </div>	
	<p><b>(100)</b> The provisions of section 236U shall not apply to an insurance collecting premium under:- (a) Crop Loan Insurance Scheme (CLIS); and (b) Livestock Insurance Scheme (LIS).</p>	<p>Clause (100) shall be omitted;</p>

	<p><b>Before Amendment</b></p>	<p><b>After Amendment</b></p>
	<p><b>(109A)</b> The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, <b>2023</b> (both days inclusive).</p>	<p><b>(109A)</b> The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, <b>2024</b> (both days inclusive).</p>
	<p><b>(110)</b> The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of person resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, <b>2023</b> (both days inclusive).</p> <p><b>After clause (120), the following new clauses shall be added, namely:</b> - "(121) The provisions of section 151 shall not apply to the Prime Minister's Relief Fund for Flood, Earthquake and other calamities with effect on and from the 5th August, 2022. (122) The provisions of section 236 shall not apply on the amount donated through SMS to the Prime Minister's Relief Fund for Flood, Earthquake and other calamities with effect on and from the 5th day of August, 2022. (123) The provisions of section 148 shall for a period of three months from the 1st day of December, 2022 not apply to goods required and imported for relief operation for flood affectees, duly certified by the National Disaster Management Authority or the Provincial Disaster Management Authority.</p>	

	(124) The provisions of section 148 shall not apply to tomato (PCT heading 0702.0000) and onion (PCT heading 0703.1000) imported till the 31st day of December, 2022.”;	
<b>THE FOURTH SCHEDULE (SEE SECTION 99) RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF INSURANCE BUSINESS</b>	<b>In the Fourth Schedule, after rule 6DA, the following new rule shall be added, namely: –</b> “(6DB) The provisions of section 99D shall apply to the taxpayers under this Schedule.”;	
<b>THE FIFTH SCHEDULE (SEE SECTION 100) PART I RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON</b>	<b>In the Fifth Schedule, in Part I, after rule 4AB, the following new rule shall be inserted, namely: –</b> “(4AC) The provisions of section 99D shall apply to the taxpayers under this Schedule.”;	
	<b>Before Amendment</b>	<b>After Amendment</b>
	<b>(7CA)</b> The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year <b>2022</b> onwards.]	<b>(7CA)</b> The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year <b>2023</b> onwards.]
	<b>After rule 7CA, amended as aforesaid, the following new rule shall be added, namely: –</b> “(7CB) The provisions of section 99D shall apply to the taxpayers under this Schedule.”	
<b>In rule 8, after sub-rule (3), the following new sub-rules shall be added, namely: –</b> “(4) Profit on debt and capital gains from Federal Government’s sovereign debt or a sovereign debt instrument shall be exempt from tax chargeable under this Ordinance, derived by any non-resident banking company approved by the Federal Government under a sovereign agreement for the purpose of this sub-rule. (5) The provisions of sub-rule (6A) of rule 6C shall not apply to a banking company for tax year 2024.”;		

<p><b>THE EIGHTH SCHEDULE [SECTION 100B] RULES FOR THE COMPUTATION OF CAPITAL GAINS ON LISTED SECURITIES</b></p>	<p><b>In the Eighth Schedule, after rule 4, the following new rule shall be inserted, namely: –</b>  <b>“4A. Computation, collection and payment of tax under section 4C. –</b> In addition to capital gains tax, NCCPL shall also compute and collect tax under section 4C at the rates specified in Division IIB of Part I of the First Schedule on the amount of capital gains computed under this Schedule in the manner specified in this Schedule and rules made thereunder.”;</p>				
<p><b>THE TENTH SCHEDULE (SEE SECTION 100BA) RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS’ LIST</b></p>	<p><b>In the Tenth Schedule, in rule 10, after omitted sub-rule (g), the following new sub-rule shall be inserted, namely: –</b>  The provisions of this Schedule shall not apply on tax collectible or deductible in case of the following sections:-  <b>“(ga) tax deducted under section 231AB;”.</b></p>				
<p><b>THE THIRTEENTH SCHEDULE (SEE SECTION 61)</b></p>	<p><b>In the Thirteenth Schedule, in the Table, in column (1), after S. No 63 and entries relating thereto in column (2), the following new S. Nos. and entries relating thereto in column (2) shall be added, namely: –</b></p> <table border="1" data-bbox="383 965 1267 1077"> <tr> <td data-bbox="383 965 472 1038">"64.</td> <td data-bbox="472 965 1267 1038">The Prime Minister's Relief Fund for Flood, Earthquake and Other Calamities with effect on and from the 5<sup>th</sup> August, 2022.</td> </tr> <tr> <td data-bbox="383 1038 472 1077">65.</td> <td data-bbox="472 1038 1267 1077">Film and Drama Finance Fund."</td> </tr> </table>	"64.	The Prime Minister's Relief Fund for Flood, Earthquake and Other Calamities with effect on and from the 5 <sup>th</sup> August, 2022.	65.	Film and Drama Finance Fund."
"64.	The Prime Minister's Relief Fund for Flood, Earthquake and Other Calamities with effect on and from the 5 <sup>th</sup> August, 2022.				
65.	Film and Drama Finance Fund."				

### AMMENMENTS IN SALES TAX ACT, 1990

SECTION / CLAUSE	BEFORE AMENDMENT	AFTER AMENDMENT
SECTION-2 CLAUSE-12 AND 33 PRODUCTION, TRANSMISSION AND DISTRIBUTION OF ELECTRICITY	<p>(12) “goods” include <b>production, transmission and distribution of electricity</b>, every kind of movable property other than actionable claims, money, stocks, shares and securities</p> <p>Sub-section (33): (e) production, transmission and distribution of electricity</p>	<p>Expression <b>production, transmission and distribution of electricity</b>, have been excluded from definition of “goods”.</p> <p><b>(12) “goods” include every kind of movable property other than actionable claims, money, stocks, shares and securities.</b></p> <p>The existing sub-clause (e) of clause (33) of section 2 is proposed to be <b>omitted</b>.</p>
SECTION-2 CLAUSE (43A) TIER-1 RETAILER	<p>Sub-clauses (e) and (ga) of clause (43A) of section 2 provide:</p> <p>(e) A retailer, whose shop measures one thousand square feet in area or more or two thousand square feet in area or more in the case of retailer of furniture.</p> <p>(ga) A person engaged in supply of articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.</p>	<p>Excludes following persons from being classified as 'Tier-1 retailers.'</p> <p>(e) A retailer, whose shop measures one thousand square feet in area or more or two thousand square feet in area or more in the case of retailer of furniture.</p> <p>(ga) A person engaged in supply of articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.</p> <p>Consequently, these persons, provided they do not satisfy any other criteria for being considered Tier-1 retailers, will no longer be obliged to integrate their outlets with the computerized system of the Federal Board of Revenue for real-time reporting of sales.</p>
SECTION 3(1A) FURTHER TAX	<p>Where taxable supplies are made to a person who has not obtained registration number or he is not an active taxpayer, there shall be charged, levied and paid a further tax at the rate of Three percent of the value In addition to the rate specified in sub sections (1), (1B), (2), (5), (6).</p>	<p>Levy of ‘further tax’ chargeable on taxable supplies made to the non-registered persons or inactive taxpayer has increased from 3% to 4%. Thus, the supplies made to persons who have not obtained sales tax registration or supplies made to inactive taxpayer will be subject to sales tax at 18% plus 4%.</p>

SECTION / CLAUSE	BEFORE AMENDMENT	AFTER AMENDMENT
<b>SECTION 30CA DIRECTORATE GENERAL OF DIGITAL INITIATIVES</b>	The Directorate General of Digital Invoicing and Analysis shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.	Directorate General of Digital Initiatives.- - The Directorate General of Digital Initiatives shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.
<b>SECTION-33 SERIAL NO 23 PENALTY</b>	Any person who manufactures, possesses, transports, distributes, stores or sells cigarettes packs with counterfeited tax stamps, banderoles, stickers, labels or barcodes or without tax stamps, banderoles, stickers, labels or barcodes.	The Finance Act, 2023 imposes the penalty on all persons obligated by the FBR to correctly affix tax stamps, banderoles, stickers, labels, barcodes, or similar identifiers on specified goods. This penalty would apply if they engage in the manufacturing, possessing, transporting, distributing, or selling goods or class of goods, as specified by the Board under Section 40(C)(1), without authentic tax stamps, banderoles, stickers, labels, or barcodes, or with counterfeited ones.
<b>SECTION 47A. ALTERNATIVE DISPUTE RESOLUTION</b>	(1) Notwithstanding any other provision of the Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—  (a) the liability of tax of one hundred million and above against the aggrieved person or admissibility of refund, as the case may be; (b) the extent of waiver of default surcharge and penalty; or (c) any other specific relief required to resolve the dispute; may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which	(1) Notwithstanding any other provision of this Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to (a) the liability of sales tax of one hundred million rupees or above against the aggrieved person or admissibility of refund, as the case may be; (b) the extent of waiver of default surcharge and penalty; or (c) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an appellate authority, except where criminal proceedings have been initiated.

	<p>is under litigation in any court of law or an Appellate Authority, except where criminal proceedings have been initiated</p> <p>(2) The application for dispute resolution shall be accompanied by an initial proposition for resolution of the dispute, including an offer of tax payment, from which, the applicant would not be entitled to retract.....</p> <p>(15) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.</p>	<p>2) The application for dispute resolution shall be accompanied by an initial proposition for resolution of the dispute, including an offer of payment of sales tax.</p> <p>3) The Board may, after examination of the application of an aggrieved person, appoint a committee, within fifteen days of receipt of such application in the Board, comprising,—</p> <p>i) a retired judge not below the rank of a judge of a High Court, who shall also be the Chairperson of the Committee, to be nominated by the Board from a panel notified by the Law and Justice Division for such purpose;</p> <p>ii) Chief Commissioner Inland Revenue having jurisdiction over the case; and</p> <p>iii) person to be nominated by the registered person from a panel notified by the Board comprising –</p> <p>(a) chartered accountants, cost and management accountants and advocates having a minimum of ten years’ experience in the field of taxation;</p> <p>(b) officers of the Inland Revenue Service who stood retired in BPS 21 or above; or</p> <p>(c) reputable businessmen as nominated by Chambers of Commerce and Industry: Provided that the registered person shall not nominate a chartered accountant or an advocate if the said chartered accountant or the advocate is or has been an auditor</p> <p>(4) The Board shall communicate the order of appointment of committee to the aggrieved person, court of law or the appellate authority where the dispute is pending and the concerned Commissioner.</p>
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		<p>(5) The committee appointed under sub- section (3) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute by majority, within forty-five days of its appointment extendable by another fifteen days for the reasons to be recorded in writing.</p> <p>(6) The decision by the committee under sub- section (5) shall not be cited or taken as a precedent in any other case or in the same case for a different tax year.</p> <p>(7) The recovery of sales tax payable by a registered person in connection with any dispute for which a committee has been appointed under sub-section (3) shall be deemed to have been stayed on the constitution of committee till the final decision or dissolution of the committee, whichever is earlier.</p> <p>(8) The decision of the committee under sub- section (5) shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in respect of dispute as mentioned in sub-section (1) and has communicated the order of withdrawal to the Commissioner:                  Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.</p>
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		<p>(9) Subject to sub-section (10), the Commissioner shall also withdraw the appeal, if any, pending before any court of law or an appellate authority in respect of dispute as mentioned in sub-section (1) within thirty days of the communication of the order of withdrawal by the aggrieved person to the Commissioner.</p> <p>(10) The aggrieved person shall make the payment of sales tax and other duty and taxes and within such time as decided by the committee under sub section (5) and all decisions and orders made or passed shall stand modified to that extent.</p> <p>(11) If the committee fails to decide within the period of sixty days under sub-section (5), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending under litigation.</p> <p>(12) The Board shall communicate the order of dissolution of the committee to the aggrieved person, court of law or the appellate authority and the Commissioner.</p> <p>(13) On receipt of the order of dissolution of the committee, the court of law or the appellate authority shall decide the appeal within six months of the communication of said order.</p> <p>(14) The Board may prescribe the amount to be paid as remuneration for the services of the members of the committee, other than the member appointed under clause (ii) of sub- section (3).</p> <p>(15) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.</p>
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SECTION / CLAUSE	BEFORE AMENDMENT	AFTER AMENDMENT
<b>FIFTH SCHEDULE</b>	New Insertion.	Zero rating introduced  The Act has introduced zero rating on imports or supplies made by, for or to a qualified investment as specified at Serial No.1 of the First Schedule to the Foreign Investment (Promotion and Protection) Act, 2022 for the period as specified in the Second Schedule to the said Act.
<b>ENTRY NO 12(XVII)</b>	Preparations suitable for infants, put up for retail sale not exceeding rupees five hundred per two hundred grams (PCT Heading 1901.1000)	Preparations suitable for infants, put up for retail sale not exceeding rupees six hundred per two hundred grams] (PCT Heading 1901.1000. This change has not been proposed by the Finance Bill.
<b>ENTRY NO 12(XXV)</b>	Geometry boxes (PCT heading 9017.2000)	Other drawing, marking out or mathematical calculating instruments (geometry box) (PCT heading 9017.2000).
<b>ENTRY NO 21</b>	Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions as specified therein.	Local supplies of commodities, raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions as specified therein.
<b>SIXTH SCHEDULE TABLE-1 ENTRY NO 16</b>	Red chillies excluding those sold in retail packing bearing brand names and trademarks.	Red chillies excluding those sold under brand names and trademarks.
<b>ENTRY NO 17</b>	Ginger excluding those sold in retail packing bearing brand names and trademarks.	Ginger excluding those sold under brand names and trademarks.
<b>ENTRY NO 18</b>	Turmeric excluding those sold in retail packing bearing brand names and trademarks.	Turmeric excluding those sold brand names and trademarks.
<b>ENTRY NO 121</b>	Blood bag CPDA-1 with blood transfusion set pack in aluminum foil with set.	Blood bag CPDA-1 with blood transfusion set pack in aluminum foil with set. Explanation.– For removal of doubt, it is clarified that the blood transfusion sets not packed in aluminum foil imported with blood bags CPDA-1, in corresponding quantity in same consignment are also exempt

<b>ENTRY NO 159</b>	Import of auto disable syringes till 31st December,2021 (1) with needles (2) without needles	S. No. 159 and 160 of Table-1 of the Sixth Schedule omitted.
<b>ENTRY NO 160</b>	Import of following raw materials for the manufacturers of auto disable syringes till 31 <sup>st</sup> December, 2021 (i) Tubular metal needles (ii) Rubber Gaskets	
<b>ENTRY NO 168</b>	Fertilizers	after the word “Fertilizers”, the words “excluding DAP” added
<b>TABLE-II</b> <b>ENTRY NO 27</b>	Wheat Bran	Wheat Bran (this exemption shall apply from 01 July 2018. Back dated exemption was not proposed by the Finance Bill.
<b>ENTRY NO 32</b>	Yogurt, excluding that sold in retail packing under a brand name.	Yogurt, excluding that sold under a brand name.
<b>ENTRY NO 34</b>	Butter, excluding that sold in retail packing under a brand name.	Butter, excluding that sold under a brand name.
<b>ENTRY NO 35</b>	Desi ghee, excluding that sold in retail packing under a brand name.	Desi ghee, excluding that sold under a brand name.
<b>ENTRY NO 36</b>	Cheese, excluding that sold in retail packing under a brand name.	Cheese, excluding that sold under a brand name.
<b>ENTRY NO 37</b>	Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name.	Processed cheese not grated or powdered, excluding that sold under a brand name.
<b>ENTRY NO 39</b>	Products of meat or meat offal excluding sold in retail packing under a brand name or trademark.	Products of meat or meat offal excluding sold under a brand name or trademark.
<b>ENTRY NO 41</b>	Meat of bovine animals, sheep, goat and uncooked poultry meat excluding those sold in retail packing under a brand name.	Meat of bovine animals, sheep, goat and uncooked poultry meat excluding those sold under a brand name.
<b>ENTRY NO 42</b>	Fish and crustaceans excluding those sold in retail packing under a brand name.	Fish and crustaceans excluding those sold under a brand name.

<p><b>EIGHT SCHEDULE</b></p> <p><b>SERIAL NO 66</b></p>	<p>Sales tax charged @ 12% on supplies as made from retail outlets as are integrated with Boards Computerized system for real-time reporting of sales. If supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to the condition that they have maintained 4% value addition during the last six months.</p>	<p>Sales tax shall be charged @ 15% on supplies as made from retail outlets as are integrated with Boards Computerized system for real-time reporting of sales. If supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to the condition that they have maintained 4% value addition during the last six months.</p>
<p><b>SERIAL NO 81</b></p>	<p>Manufacture or import of substances registered as drugs under the Drugs Act, 1976</p>	<p>Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except the following, even if medicated or medicinal in nature, namely:-</p> <ul style="list-style-type: none"> <li>(a) filled infusion solution bags imported with or without infusion given sets;</li> <li>(b) scrubs, detergents and washing preparations;</li> <li>(c) soft soap or no soap;</li> <li>(d) adhesive plaster;</li> <li>(e) surgical tapes;</li> <li>(f) liquid paraffin;</li> <li>(g) disinfectants, and</li> <li>(h) cosmetics and toilet preparations. This substitution shall be deemed to have been made from the 1st day of July, 2022.</li> </ul>
<p><b>SERIAL NO 82</b></p>	<p>Active Pharmaceutical Ingredients, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 (XXXI of 1976) or raw materials for the basic manufacture of pharmaceutical active ingredients.</p>	<p>Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to reduce rate as specified in column (4) which are liable to customs duty not exceeding eleven per cent ad valorem, either under the First Schedule or Fifth Schedule to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.</p>

**AMENDMENTS IN FEDERAL EXCISE DUTY (FED) ACT, 2005.**

SECTION / CLAUSE	BEFORE AMENDMENTS	BEFORE AMENDMENTS
SECTION 3(1) CLAUSE(E) EXCISE DUTY ON ITEMS SPECIFIED IN FIRST SCHEDULE TO THE FE ACT	New Insertion.	The Finance Act, 2023 incorporated a new provision, known as Clause 'e', into Section 3(1) of the FE Act. This amendment appears to address the imposition of FED on items listed in the First Schedule of the FE Act that do not fit into the category of imported, manufactured goods, or services. This addition can be seen as a measure aimed at streamlining and aligning the First Schedule with the charging section, thereby offering enhanced clarity regarding the application of FED to the items specified in the First Schedule of the FE Act.
SECTION 29(2) CLAUSE(D) DIRECTORATE GENERAL OF DIGITAL INITIATIVES	New Insertion.	The Finance Act, 2023 brought in an amendment to Section 29 related to the appointment of Federal Excise Officers and delegation of powers. This amendment introduced the appointment of the Directorate General of Digital Initiatives, which will be responsible for overseeing digital and allied matters pertaining to tax administration. This amendment aligns with the provisions outlined in the ST Act. By incorporating the Directorate General of Digital Initiatives into Section 29(2), the Finance Act, 2023 aims to address and regulate digital aspects of taxation, ensuring efficient and effective administration of tax-related digital initiatives within the FBR and among taxpayers.
SECTION 38 ALTERNATIVE DISPUTE RESOLUTION (Substituted wholly.)	Notwithstanding any other provision of this Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to— (a) the liability of duty of one hundred million rupees or above against the aggrieved person or admissibility of refund, as the case may be; (b) the extent of waiver of default surcharge and penalty; or	

(c) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an appellate authority, except where criminal proceedings have been initiated.

(2) The application for dispute resolution shall be accompanied by an initial proposition for resolution of the dispute, including an offer of payment of duty.

(3) The Board may, after examination of the application of an aggrieved person, appoint a committee, within fifteen days of receipt of such application in the Board, comprising,—

(i) a retired judge not below the rank of a judge of a High Court, who shall also be the Chairperson of the Committee, to be nominated by the Board from a panel notified by the Law and Justice Division for such purpose;

(ii) Chief Commissioner Inland Revenue having jurisdiction over the case; and

(iii) person to be nominated by the registered person from a panel notified by the Board comprising –

(a) chartered accountants, cost and management accountants and advocates having a minimum of ten years’ experience in the field of taxation;

(b) officers of the Inland Revenue Service who stood retired in BPS 21 or above; or

(c) reputable businessmen as nominated by Chambers of Commerce and Industry: Provided that the registered person shall not nominate a chartered accountant or an advocate if the said chartered accountant or the advocate is or has been an auditor.

(4) The Board shall communicate the order of appointment of committee to the aggrieved person, court of law or the appellate authority where the dispute is pending and the concerned Commissioner. (5) The committee appointed under sub-section (3) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute by majority, within forty-five days of its appointment extendable by another fifteen days for the reasons to be recorded in writing.

(6) The decision by the committee under sub-section (5) shall not be cited or taken as a precedent in any other case or in the same case for a different tax year.

(7) The recovery of duty payable by a registered person in connection with any dispute for which a committee has been appointed under sub-section (3) shall be deemed to have been stayed on the constitution of committee till the final decision or dissolution of the committee, whichever is earlier.

(8) The decision of the committee under sub-section (5) shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in respect of dispute as mentioned in sub-section (1) and has communicated the order of withdrawal to the Commissioner:  
Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.

	<p>(9) Subject to sub-section (10), the Commissioner shall also withdraw the appeal, if any, pending before any court of law or an appellate authority in respect of dispute as mentioned in sub-section (1) within thirty days of the communication of the order of withdrawal by the aggrieved person to the Commissioner.</p> <p>(10) The aggrieved person shall make the payment of federal excise duty and other taxes and within such time as decided by the committee under sub section (5) and all decisions and orders made or passed shall stand modified to that extent.</p> <p>(11) If the committee fails to decide within the period of sixty days under sub-section (5), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending under litigation.</p> <p>(12) The Board shall communicate the order of dissolution of the committee to the aggrieved person, court of law or the appellate authority and the Commissioner.</p> <p>(13) On receipt of the order of dissolution of the committee, the court of law or the appellate authority shall decide the appeal within six months of the communication of said order.</p> <p>(14) The Board may prescribe the amount to be paid as remuneration for the services of the members of the committee, other than the member appointed under clause (ii) of sub-section (3).</p> <p>(15) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.]</p>	
<p><b>SECTION 40(4) POWER OF BOARD TO MAKE RULES</b></p>	<p>New Insertion</p>	<p>All rules made under sub-section (1) or any other provisions of this Act, shall be collected, arranged and published along with general orders and departmental instructions and rulings, if any, at appropriate intervals and sold to the public at reasonable price or may be placed regularly on the official website maintained by the Board</p>
<p><b>CHANGES IN FIRST SCHEDULE TO THE FED ACT ENHANCEMENT IN RATE OF FED [TABLE-I]</b></p>	<p>1. Tobacco mixture in an electrically heated tobacco product by whatever name called, intended for consumption by using a tobacco heating system without combustion existing rate Rs. 5,200 per kg</p>	<p>1. Tobacco mixture in an electrically heated tobacco product by whatever name called, intended for consumption by using a tobacco heating system without combustion New rate Rs 16,500 per kg</p>

	2. Sugary Fruit juices, syrups and squashes, waters whether or not containing added sugar or artificial sweeteners excluding mineral and aerated waters existing rate 10% of retail price.	2. Sugary Fruit juices, syrups and squashes, waters whether or not containing added sugar or artificial sweeteners excluding mineral and aerated waters existing rate 20% of retail price
<b>IMPOSITION OF FED ON ELECTRIC APPLIANCES [TABLE-I]</b>	New Insertion	<p>1. Energy inefficient fans both locally manufactured and imported which do not comply with the MEPS, notified by PSQCA charged to rate Rs. 2000 per fan with effect from 01 January 2024</p> <p>2. Incandescent bulbs both locally manufactured and imported charged to rate 20% ad valorem with effect from 01 January 2024</p>
<b>IMPOSITION OF FED ON FERTILIZERS [TABLE-I]</b>	New Insertion	The Finance Act, 2023 has classified fertilizers as excisable goods and implemented a 5% ad valorem rate of FED by including them in Table I of the First Schedule to the FE Act
<b>IMPOSITION OF FED ON ROYALTY AND FEE FOR TECHNICAL SERVICES [TABLE-II]</b>	New Insertion	<p>The Finance Act, 2023 incorporated an entry relating to "royalty and fee for technical services" into the Table II of First Schedule of the FE Act, which specifically covers excisable services. The objective of this new entry is to levy a 10% FED on these particular services.</p> <p>It is worth noting that Table II of the First Schedule of the FE Act already includes "franchise services," which are currently subject to a 10% FED. Further, the definition of "franchise services" in Section 2(12)(a) of the FE Act already encompasses "royalty and fee for technical services" within its scope.</p> <p>At first glance, the separate inclusion of "royalty and fee for technical services" in the First Schedule may appear redundant since these services are already taxed under the existing category of "franchise services." However, by explicitly incorporating "royalty and fee for technical services" into Table II of the First Schedule, it is likely that the legislature aims to eliminate any</p>

		<p>potential ambiguities or concerns surrounding the taxation of these services under the franchise category. The inclusion of this explicit mention may serve to clarify the tax treatment and provide greater clarity to taxpayers and authorities.</p>
<p><b>CHANGES IN THIRD SCHEDULE TO THE FE ACT NEW EXEMPTIONS FROM FED [TABLE- I &amp; II]; REKO DIQ PROJECT</b></p>	<p>New Insertion</p>	<p>The Finance Act, 2023 introduced an exemption provision for the Reko Diq Project, which encompasses the Reko Diq Mining Company (Private) Limited and its associated companies. This exemption applies specifically to the import or supply of excisable goods and the provision of excisable services related to the project.</p> <p>By granting an exemption from FED for the Reko Diq Project, the aim is to provide certain benefits and concessions to facilitate the project's operations. This exemption is part of the broader legislative efforts to support and encourage investment in the Reko Diq Project, which is of significant national importance. It is aligned with the exemption awarded in the ST Act, ensuring consistency in the treatment of taxes and duties for the project.</p>



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