

Finance Act 2017

Tax Hand Book



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DISCLAIMER

This handbook elaborates the important changes brought down through Finance Act, 2017 relating to Income Tax, Sales Tax, Federal Excise Duty and Custom Duty. For considering the precise effect of a particular change, reference should be made to the specific wordings in the relevant statute, therefore, not generally be acted upon without obtaining appropriate advice.

The handbook can also be accessed on our web site www.zahidjamilco.com

Dated: July 08, 2017



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Income Tax

Amendments in Income Tax Ordinance, 2001

Sr. #	Heading / Section	Before Amendment	After Amendment
1.	<p>Liaison Office defined</p> <p>Section 2(30C)</p>	<p>The definition of the term “permanent establishment” as provided in the Income Tax Ordinance 2001 (the Ordinance) excludes a “liaison office”. However, the term “liaison office” was not defined in the Ordinance</p>	<p>The Finance Act provides the definition of “liaison office” as follow:</p> <p>“liaison office” means a place of business acting for the principal, head office or any entity of which it is a part, and</p> <p>(a) its activities do not result in deriving income in Pakistan; and</p> <p>(b) Maintains itself out of any amount remitted from outside Pakistan received through normal banking channels.</p> <p>Explanation: It is clarified that-</p> <p>(i) a place of business shall not be treated as liaison office if it engages in -</p> <p>(a) commercial activities;</p> <p>(b) trading or industrial activities; or</p> <p>(c) the negotiation and conclusion of contracts;</p> <p>(ii) the activities shall be treated to be commercial activities, if these include -</p> <p>(a) providing after sales services for goods or services; or</p> <p>(b) marketing or promoting pharmaceutical and medical products or services;</p> <p>(iii) Subject to clause (i), a place of business shall be treated as a liaison office, if it undertakes activities of</p> <p>(a) an exploratory or preparatory nature, to investigate</p>

			<p>the possibilities of trading with, or in, Pakistan;</p> <p>(b) exploring the possibility of joint collaboration and export promotion;</p> <p>(c) promoting products where such products are yet to be supplied to, or sold in, Pakistan;</p> <p>(d) promoting technical and financial collaborations between its principal and taxpayers in Pakistan; or</p> <p>(e) Provision of technical advice and assistance.</p>
2.	<p>Online Marketplace</p> <p>Section 2(38B), 113, Division IX of Part I of First Schedule</p>		<p>Finance Act introduces a new concept of “online marketplace” which is defined as an information technology platform run by e-commerce entity over an electronic network that acts as a facilitator in transactions that occur between a buyer and a seller.</p> <p>A business falling within the definition of “online marketplace” will be entitled to following concessions:</p> <p>The rate of minimum tax under section 113 shall be 0.5% instead of 1.25% of the turnover for the year. This would be applicable for income of such entity other than “commission” subject to collection of tax at source under section 233.</p> <p>The rate of collection of tax at source on commission shall be 5% instead of 12% which shall be final tax.</p>

3.	<p>Tax on return on investments in sukuk</p> <p>Section 5AA, 150A</p>	<p>Through Tax Laws (Amendment) Ordinance, 2016, final tax was imposed on return on investment in sukuk issued by a special purpose vehicle at the following rates:</p> <table border="1" data-bbox="629 359 1240 1031"> <thead> <tr> <th>Sukuk holder</th> <th>Return on Investment in sukuk</th> <th>Rate of tax</th> </tr> </thead> <tbody> <tr> <td>Company</td> <td>Any amount</td> <td>25% of gross amount of return</td> </tr> <tr> <td>Individual or AOP</td> <td>More than one million</td> <td>12.5% of gross amount of return</td> </tr> <tr> <td>Individual or AOP</td> <td>Less than one million</td> <td>10% of gross amount of return</td> </tr> </tbody> </table>	Sukuk holder	Return on Investment in sukuk	Rate of tax	Company	Any amount	25% of gross amount of return	Individual or AOP	More than one million	12.5% of gross amount of return	Individual or AOP	Less than one million	10% of gross amount of return	<p>Finance Act has now included the sukuk issued by a company within the ambit of this section.</p> <p>Further, it is provided that the special purpose vehicle and company shall deduct tax at prescribed rates at the time of making payment of return on investment in sukuk to a sukuk holder.</p>
Sukuk holder	Return on Investment in sukuk	Rate of tax													
Company	Any amount	25% of gross amount of return													
Individual or AOP	More than one million	12.5% of gross amount of return													
Individual or AOP	Less than one million	10% of gross amount of return													

4.	<p>Tax credit for investment in shares and insurance</p> <p>Section 62</p>	<p>Tax credit is allowed to a resident person other than a company on</p> <ul style="list-style-type: none"> □ acquisition of shares offered to the public by a public company listed on a stock exchange in Pakistan, provided that the resident person is the original allottee of the shares or the shares are acquired from the Privatization Commission of Pakistan; or □ in respect of any life insurance premium paid on a policy to a life insurance company registered by SECP under the Insurance Ordinance, 2000, provided that the resident person is deriving income chargeable to tax under the head salary or income from business. 	<p>Finance Act now provides that the above tax credit will also be provided in respect of cost of acquiring in the tax year, sukuku offered to the public by a public company listed and traded on stock exchange in Pakistan, provided the resident person is the original allottee of the sukuku.</p> <p>Further, Finance Act has provided that where a tax credit has been allowed in respect of life insurance premium and subsequently the insurance policy is surrendered within two years of its acquisition, the tax credit allowed shall be deemed to have been wrongly allowed and the Commissioner shall re-compute the tax payable by the taxpayer for the relevant tax years and the provisions of the Ordinance, shall, so far as may, apply accordingly.</p>
Sr.	Heading / Section	Before Amendment	After Amendment
5.	<p>Start-ups</p> <p>Section 2 (62A), Clause 144 of Part I, Clauses (11A) and (43F) of the Part IV of Second Schedule</p>	<p>Finance Bill proposed to introduce a new concept of 'Start-up' in respect of technology driven businesses for which various exemptions were proposed.</p> <p>The 'Start-up' was proposed to be defined as a business of a resident individual, AOP or a company incorporated or registered in Pakistan on or after 01 July 2012 and the person:</p> <ul style="list-style-type: none"> • is engaged in or intends to offer technology driven products or services; • is registered with and duly certified 	<p>Finance Act has amended the above definition whereby the individual, AOP or company should have "commenced on or after 1 July 2012" instead of "incorporation or registration in Pakistan on or after 1 July 2012". Further, Finance Act has included the following in the definition of start-ups:</p> <p>Any business of a person or class of persons, subject to the conditions as the Federal Government may, by notification in the official Gazette, specify.</p>

		<p>by the Pakistan Software Export Board [PESB]; and</p> <ul style="list-style-type: none"> Has a turnover of less than Rs. 100 million in each of the last five tax years. 	
6.	<p>Scope of tax on undistributed profits Revised</p> <p>Section 5A</p>	<p>This section provided for levy of tax at 10% on undistributed reserves of a public company other than scheduled bank and modaraba, on specified conditions. This tax was not applicable if public company distributes 40% of its after tax profit or 50% of its paid up capital, whichever is less.</p> <p>The Finance Bill proposed to substitute this section whereby provision with respect to distribution equivalent to or more than 50% of paid up capital would no longer apply.</p>	<p>Finance Act has now reduced the rate of tax on undistributed profit to 7.5% instead of 10% and has clarified that it would be applied on accounting profit before tax.</p>
7.	<p>Taxation of NPO's etc.</p> <p>Section 100C</p>	<p>Currently NPOs, Trust or Welfare Institution are entitled to tax credit equal to 100% of tax payable including minimum tax and final tax, subject to the following conditions:</p> <ul style="list-style-type: none"> Return has been filed, Withholding tax obligations including filing of statements are met. <p>Finance Bill proposed to add another condition for entitlement of tax credit that administrative and management expenditure of such NPO and trust etc. should not exceed 15% of total receipts.</p>	<p>Finance Act now provides that the proposed condition would not be applicable if charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; and total receipts of the non-profit organization during the tax year are less than Rs. 100 million</p> <p>Further, the definition of surplus funds proposed through Finance Bill is also rectified as follow:</p> <p>“Surplus funds mean funds or monies:</p> <ul style="list-style-type: none"> not spent on charitable and welfare activities during the tax year; received during the tax year as donations, voluntary contributions, subscriptions and other incomes; which are more than 25% of the total receipts of the non-profit organization received during the tax year; and are not part of restricted funds i.e. the un-spent funds treated as

			revenue during the year due to obligation placed by the donor.
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Withholding tax - Significant changes proposed in withholding tax provisions

a) Tax collected on import of plastic raw material by an industrial undertaking is minimum tax [Section 148(8)]

Finance Act provides reduced rate of tax collection on import of plastic raw material under PCT heading 39.01 to 39.12 as follow which will be treated as minimum tax:

- 1.75% of the import value as increased by customs duty, sales tax and federal excise duty, in case of import by industrial undertaking, being a filer.
- 4.5 % of the import value as increased by customs duty, sales tax and federal excise duty, in case of import by a commercial importer, being a filer

b) Tax on commission to an advertising agent

Finance Act provides that Federal Government, a Provincial Government, a Local Government, a company, an AOP Constituted by, or under any law, making payment on account of commission to an advertising agent, directly or through electronic or print media, is required to deduct tax at the rate of 10% for filer and 12% for non-filer on the amount equal to Amount paid or to be paid to electronic or print media for x 15 advertising services (excluding 85 commission) on which tax is deductible u/s 153(1)(b)

Further, the tax deducted as above shall be final tax on the income of the advertising agent.

a) Collection of tax on sale of “batteries” to introduced

Under section 236G and 236H, tax is required to be collected from sales to distributor, dealers, wholesalers and retailers of various sectors.

The Bill proposed to introduce collection of tax on sales of ‘batteries’ by a manufacturer or commercial importer to distributor, dealers, wholesaler, at 0.1% in the case of filer and 0.2% in the case of non-filer. Further, the Bill proposed collection of tax on sale of batteries to a retailer or to another wholesaler, by manufacturer, distributor, dealer, wholesaler, or commercial importer, at 0.5% of gross amount of sales. The tax so collected was adjustable.

Finance Act has withdrawn the above proposal.

b) Advance tax on tobacco

Tax collection has been proposed on purchase value of tobacco from every person purchasing tobacco including manufacturer of cigarettes. The proposed tax shall be collected by Pakistan Tobacco Board at the rate of 5 percent of the purchase value of tobacco, which shall be adjustable [Section 236X]

Finance Act now provides that the above tax shall be collected by the Pakistan Tobacco Board as well as its contractors.

First Schedule**Tax Rate Card**

Tax rates for individuals (other than salaried) and association of persons - Existing progressive tax rates applicable to individuals (other than salaried) and association of persons shall continue to apply in Tax Year 2018, as given below:

S.No	Taxable Income	Rate of Tax
1	Where the taxable income does not exceed Rs. 400,000	0%
2	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000	7% of the amount exceeding Rs.400,000
3	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	Rs. 7,000 + 10% of the amount exceeding Rs.500,000
4	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000	Rs.32,000 + 15% of the amount exceeding Rs.750,000
5	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000	Rs.144,500 + 20% of the amount exceeding Rs.1,500,000

6	Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs.4,000,000	Rs.344,500 + 25% of the amount exceeding Rs.2,500,000
7	Where the taxable income exceeds Rs.4,000,000 but does not exceed Rs.6,000,000	Rs.719,500 + 30% of the amount exceeding Rs.4,000,000
8	Where the taxable income exceeds Rs.6,000,000	Rs.1,319,500 + 35% of the amount exceeding Rs.6,000,000

In the case of professional firm, prohibited from incorporation, the maximum rate will be 32% (instead of 35%) for tax year 2016 and onward

Tax rates for salaried taxpayers - Existing progressive tax rates applicable to salaried individuals, where salary income exceeds 50% of taxable income, shall continue to apply in Tax Year 2018, as given below:

S. No	Taxable Income	Rate of Tax
1	Where the taxable income does not exceed Rs. 400,000	0%
2	Where the taxable income exceeds Rs. 400,000 but does not exceed Rs.500,000	2% of the amount exceeding Rs. 400,000
3	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	2000+5% of the amount exceeding Rs.500,000
4	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,400,000	Rs.14,500 + 10% of the amount exceeding Rs.750,000
5	Where the taxable income exceeds Rs.1,400,000 but does not exceed Rs.1,500,000	Rs.79500 + 12.5% of the amount exceeding Rs.1,400,000
6	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.1,800,000	Rs. 92,000 + 15% of the amount exceeding

		Rs.1,500,000
7	Where the taxable income exceeds Rs.1,800,000 but does not exceed Rs.2,500,000	Rs137,000 + 17.5% of the amount exceeding Rs.1,800,000
8	Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs.3,000,000	Rs. 259,500 + 20% of the amount exceeding Rs. 2,500,000
9	Where the taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 3,500,000	Rs. 359,500 + 22.5% of the amount exceeding Rs. 3,000,000
10	Where the taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 4,000,000	Rs. 472,000 + 25% of the amount exceeding Rs. 3,500,000
11	Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 7,000,000	Rs. 597,000 + 27.5% Of the amount exceeding Rs. 4,000,000
12	Where the taxable income exceeds Rs.7,000,000	Rs. 1,422,000 + 30% Of the amount exceeding Rs. 7,000,000

Tax rate for companies

S. No	Tax Year	Rate of Tax
1	2007 to 2013	35%
2	2014	34%
3	2015	33%
4	2016	32%
5	2017	31%
6	2018 to onward	30%

Small company shall continue to be taxed at the rate of 25%.

Super Tax - Tax Year 2016

S. No	Person	Rate of Tax
1	Banking Company	4% of the Income
2	Person, other than a banking company, having income equal to or exceeding Rs. 500 million	3% of the Income

Rates of Dividend Tax

S. No	Category	Rate of Tax
1	Dividend distributed by purchaser of power project, or power generation company	7.5%
2	Dividend received from a mutual fund - If the dividend exceed Rs. 2.5 million	12.5%
	- if the dividend is below or equal to Rs. 2.million	10%
3	Dividend received from a stock fund (if fund's dividend receipts are less than capital gains	12.5%
4	Dividend received by a company from a collective investment scheme, REIT Scheme, or a mutual fund, other than a stock fund	25%
5	Other cases	15%
6	Dividend from a Developmental REIT Scheme set up by 30 June	50% of the applicable rate%

	2018	
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Rates for Profit on Debt (other than a company) - Existing, and revised tax rates applicable on profit on debt derived by an individual or association of persons are as follows:

S. No	Tax Year	Rate of Tax
1	Where profit on debt does not exceed Rs. 25,000,000	10%
2	Where profit on debt does not exceed Rs. 5,000,000	10%
3	Where Profit on debt exceeds 25,000,000 but does not exceeds Rs. 50,000,000	Rs. 2,500,000 + 12.5% of the amount exceeding Rs.25,000,000
4	Where Profit on debt exceeds 5,000,000 but does not exceeds Rs. 25,000,000	12.5%
5	Where profit on debt exceeds Rs. 50,000,000	Rs. 5,625,000 + 15% on the amount exceeding Rs. 50,000,000
6	Where profit on debt exceeds Rs. 25,000,000	15%

Tax rates on return on investment in sukus - Tax rates on return on investment in sukus received by a person from a special purpose vehicle are as follows:

S. No	Person	Rate of Tax
1	Company	25%
2	Individual or AOP if return on investment is more than RS. one million	12.5%

	Individual or AOP if return on investment is less than RS. one million	10%
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Tax rates for individuals and association of persons in respect of income from property - Existing tax rates applicable on income from property derived by an individual or association of persons are as follows:

S.No	Category	Rate
	Where gross amount of rent is upto RS. 200,000	Nil
	Where gross amount of rent is upto RS. 200,001 to 600,000	5% of the amount exceeding Rs. 200,000
	Where gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 1000,000	Rs. 20,000 + 10% of the amount exceeding Rs. 600,000
	Where gross amount of rent exceeds Rs. 1000,000 but does not exceed Rs.2000,000	Rs. 60,000 + 15% of the amount Rs. 1000,000
	Where gross amount of rent exceeds Rs. 2000,000	Rs. 210,000 + 20% of the amount exceeding Rs. 2000,000

Capital gains on disposal of securities - The current tax rates applicable for Tax Year 2017 and revised for Tax Year 2018 on capital gain on securities are tabulated below:

I. For Security

Holding Months	Tax Year 2017	Tax Year 2018	
		Securities acquired before 1 July, 2016	Securities acquired after 1 July, 2016

	Filer	Non Filer	Filer	Non Filer	Filer	Non Filer
Upto 12	15%	18%	15%	18%	15%	20%
12 to 24	12.5%	16%	12.5%	16%		
24 to 48 but security was acquired on or after July 01, 2013	7.5%	11%	7.5%	11%		
Where security was acquired before July 01, 2013	0%	0%	0%	0%	0%	0%

Further, tax rate of cash settled derivatives traded on the stock exchange shall be 5% for tax year 2018 to 2020.

II. For future commodity contract by members of PMEX

Tax at the rate of 5% shall be applicable on gain on future commodity contract.

Capital Gain on disposal of immovable property - The revised tax rates as amended by the Income Tax (Fourth Amendment) Act, 2016 are as follows:

S. No	Person	Rate of Tax
Upto 1	10%	10%
1 to 2	10%	7.5%
2 to 3	10%	5%
More than 3	10%	0%
More than 5	0%	0%

Further, gain arising on disposal of immovable property to a Rental REIT Scheme shall be taxed at the rate of 5% up to 30 June 2019 irrespective of holding period.

Tax on Builders

Areas	Commercial	Residential Sq. Ft		
		Upto 750	751 to 1500	1501 & more
Rate Rs. / Sq. Ft				
A	210	20	40	70
B	210	15	35	55
C	210	10	25	35

Where:

- A. Karachi, Lahore and Islamabad
- B. Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar Mardan, Abbottabad and Quetta
- C. Urban Areas not specified in A and B

Tax on Developers

Areas	Commercial	Residential Sq. Ft		
		Upto 120	121 to 200	201 & more
		Rate Rs. / Sq. Ft		
A	210	20	40	70
B	210	15	35	55
C	210	10	25	35

Minimum Tax - Existing and revised minimum tax rates are as follows:

Person	Existing	Revised
(a) Oil marketing companies, Oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.) (b) Pakistani Airlines; and (c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production. (d) Dealers or distributors of fertilizer; and (e) A person running an online market place	0.5%	0.5%
a) Distributors of pharmaceutical products, fast moving consumer b) goods and cigarettes; c) Petroleum agents and distributors who are registered under the Sales d) Tax Act, 1990; e) Rice mills and dealers; and f) Flour mills	0.2%	0.2%

Motorcycle dealers registered under the Sales Tax Act, 1990	0.25%	0.25%
In all other case	1%	1.25%

Tax rate on dividend enhanced (Sections 5 and 150, Division III of Part I and Division I of Part III of First Schedule)

The Finance Bill proposes to enhance the general rate of tax on dividends from 12.5% to 15%, and in the case of dividends received from a mutual fund from 0% to 12.5%.

Finance Act now provides that in case of dividend received from a mutual fund, the rate of tax would be 12.5% if the amount of dividend is above Rs. 2.5 million and 10% if the amount of dividend is less than or equal to 2.5 million.

Corresponding amendment has also been made in withholding tax rates in respect of dividends from money market fund. But, no such amendment is made in withholding tax rates in respect of dividend from stock fund, income fund, REIT scheme or any other fund (if dividend does not exceed Rs. 2.5million) to align it with final discharge of tax liability at 10%.

Tax on capital gains enhanced (Section 37A, Division VII of Part I of First Schedule)

Currently, capital gains on share of a public company, voucher of Pakistan Telecommunication Corporation, Modaraba Certificate, instrument of redeemable capital, and debt securities are subject to tax depending on holding period of such securities, at rates ranging from 7.5% to 15% in the case of filer, and 11% to 18% in the case of non-filer. Whereas, gain on securities acquired before 01 July 2012 are subject to tax at 0%. The Finance Bill now proposes flat rate of 15% in the case of filer and 20% in the case of non-filer, where the security was acquired on or after 01 July 2013. Gain on securities acquired before 01 July 2013 shall be subject to tax at 0%. Further, derivative products i.e. future commodity contracts are presently subject to tax at 5% in the case of filer and non-filer which will remain intact.

Finance Act now provides flat rate of 15% in the case of filer and 20% in the case of non-filer, where the security was acquired after 01 July 2016. Whereas for securities acquired before 01 July 2016, the rate of tax would be the same as applicable for tax year 2017.

A comparison of tax rate for tax year 2017 and tax year 2018 is as follow:

Holding Months	Tax Year 2017		Tax Year 2018			
			Securities acquired before 1 July, 2016		Securities acquired after 1 July, 2016	
	Filer	Non	Filer	Non Filer	Filer	Non Filer

		Filer				
Upto 12	15%	18%	15%	18%	15%	20%
12 to 24	12.5%	16%	12.5%	16%		
24 to 48	7.5%	11%	7.5%	11%		
More than 48	0%	0%	0%	0%	0%	0%

Derivative products i.e. future commodity contracts are presently subject to tax at 5% in the case of filer and non-filer which will remain intact.

Further, it is provided that tax rate for cash settled derivatives traded on stock exchange shall be 5% for the tax years 2018 to 2020.

Second Schedule Part I

Exemption of income to specific entities Clause (66)

- Pakistan Sweet Homes Angels and Fairies Place
- National Rural Support Programme

Income of political parties Clause (143) - Any income derived by a political party registered under the Political Parties Order, 2002 with the Election Commission of Pakistan.

Finance Bill has withdrawn this proposal.

Part IV

Clause (9A) - Finance Act 2014 had provided exemption from application of withholding tax under section 153 on purchase of scrap by steel melters, steel re-rollers and composite steel units. This exemption is subject to collection of tax under section 235B of the Ordinance.

Finance Act has now withdrawn the above exemption for steel re-rollers.

Clause 72B - Finance Act 2013 had provided exemption from the application of withholding tax on imports under section 148 for industrial undertaking if the tax liability for the current year, on the basis of determined tax liability for any of the preceding two tax years, whichever is higher, has been paid and a certificate to this effect is issued by the Commissioner.

Finance Act has now provided that above exemption would not be available to an industrial undertaking importing raw material specified in section 148(8) of

the Ordinance i.e. plastic raw material imported by an industrial undertaking, edible oil and packing material.

Eighth Schedule

Statement filing date extended for NCCPL - Rule 1(6) of Eighth Schedule - NCCPL is required to furnish to the Board a statement of capital gains and tax computed thereon within 30 days of the end of each quarter in the prescribed manner and format. The Bill proposes to extend the time for filing of the statement to 45 days.

Extended date for payment of tax collected by NCCPL - Rule 4 of Eighth Schedule - The NCCPL is liable to collect capital gain tax on behalf of the Board, which is required to be deposited in the separate bank account with National Bank of Pakistan along with the interest accrued thereon, on yearly basis by 31 July, next following the financial year in which the amount was collected. The Bill now proposes to extend the time for deposit of such amount to 15 August, next following the financial year in which the amount was collected.

The Finance Act has withdrawn this proposal.

Holding Months	Tax Year 2017		Tax Year 2018			
			Securities acquired before 1 July, 2016		Securities acquired after 1 July, 2016	
	Filer	Non Filer	Filer	Non Filer	Filer	Non Filer
Upto 12	15%	18%	15%	18%	15%	20%
12 to 24	12.5%	16%	12.5%	16%		
24 to 48	7.5%	11%	7.5%	11%		
More than 48	0%	0%	0%	0%	0%	0%

Withholding tax rates table - existing and revised

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		1	2				
		Filer	Non-Filer				
148	Import of remittable steel and directly reduced iron for its own use by an industrial undertaking	1% of the value	1.5% of the value	Nil	Tax required to be collected at import stage shall be final tax on the income of importer arising from import. It will be adjustable in case of import of: <ul style="list-style-type: none"> a) Raw material, plant, machinery, equipment and parts by an industrial undertaking for its own use; b) Fertilizer by manufacturer of fertilizer; c) Cars in CBU condition by manufacturer of cars; and d) Large import house; Tax required to be collected on the import of edible oil and packing material shall be minimum tax.	Collector of Customs	Clearance of goods
	Import of potassic fertilizers by any person	1% of the value	1.5% of the value	Nil			
	Import of urea by any person	1% of the value	1.5% of the value	Nil			
	Manufacturers of goods specified in SRO 1125(I)/2011 dated 31-12-2011 relating to five sectors (i.e., Textile-including jute, leather, carpets, sports & surgical	1% of the value	1.5% of the value	Nil			
	Persons importing Gold	1% of the value	1.5% of the value	Nil			
	Persons importing Cotton	1% of the value	1.5% of the value	Nil			
	Designated buyer of LNG on behalf of Government of Pakistan, to import LNG	1% of the value	1.5% of the value	Nil			
	Import of pulses by any person	2% of the value	3% of the value	Nil			
	Commercial importers of goods specified in SRO 1125(I)/2011 dated 31-12-2011 relating to five sectors (i.e., Textile-including jute, leather, carpets, .sports & surgical)	3% of the value	4.5% of the value	Nil			
	Ship breakers on import of ships	4.5% of value	4.5% of the value	Nil			

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3	4	5	6	7	
	General rate for imports by the following persons, if not covered under above:						
	Industrial undertakings	1.75% of value	1.75% of the value	Nil			
	Companies	5.5% of value	8% of the value	Nil			
	All other persons	6% of the value	9% of the value	Nil			
148A	Purchase of locally produced edible oil	2% of purchase value		Nil	Final discharge	Manufacturer of oil and ghee	Purchase of edible oil
149	Salary	Average rate of tax		Rs.400,000	Adjustable	Person responsible for paying salary	Payment
	Directorship fee or fee for attending board meeting, etc	20% of gross amount payable		Nil	Adjustable	Person responsible for payment	Payment
150	Dividends: General rate of tax	15% of gross dividend	20% of gross dividend	Nil	Final discharge	Person paying dividend	Payment
	Dividends declared by purchaser of a power project privatized by WAPDA.	7.5% of gross dividend		Nil	Final discharge	Person paying dividend	Payment
	Dividends on shares of a company set up for power generation	7.5% of gross dividend		Nil	Final discharge	Person paying dividend	Payment
	Dividends on shares of a company supplying coal exclusively to power generation projects.	7.5% of gross dividend		Nil	Final discharge	Person paying dividend	Payment
	Tax to be deducted by a collective investment scheme, REIT Scheme or a mutual fund:			See Note for 50% reduction of tax rate for dividend from			

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
	In case of stock fund if dividend receipts of the fund are less than capital gain	12.5%		REIT Scheme	Final discharge	Person paying dividend	Payment
	Stock Fund:	Individual 12.5%					
		Company 12.5					
		AOP 12.5%					
	Money Market Fund, Income Fund, REIT Scheme or any Other Fund	Individual 12.5%	Individual 15%				
		Company 25%	Company 25%				
		AOP 12.5%	AOP 15%				
151	Profit of debt Yield on an account, deposit or certificate under the National Savings Scheme or Post Office Savings Account.	10% of gross amount of Yield or Profit	17.5% of gross amount of Yield or Profit	See Notes	Final discharge (Except received by a company or taxable u/s 7B) (See Notes)	Payer	Payment or credit of profit to the account.
	Profit on Security (excluding those mentioned under S. No. 1 above) paid by Govt.		For a non-filer, if yield or profit paid is up to Rs. 500,000, the rate shall be 10%				

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		1	2				
		Filer	Non-Filer				
	Profit on account or deposit with banking company or financial institution.					Banking company or Financial institution	
	Profit on bonds, certificate, debenture, security or instrument of any kind paid to any person other than a financial institution					Payer	
152	Payments to Non-Residents:						
(1)	Royalty & fee for technical services	15% of the gross amount		Nil	Final discharge	Prescribed person	Payment
(1A)	Payment for construction, services or advertisement contract by TV-Satellite Channels	7%	13%	Nil	Final discharge	Prescribed person	Payment
(1AA)	Payment of insurance premium or re-insurance premium	5% of gross amount		Nil	Final discharge	Prescribed person	Payment
1AAA)	Payment for advertisement services relaying from outside Pakistan	10% of the gross amount		Nil	Final discharge	Prescribed person	Payment
(2)	All other payment to non-resident	20% of the gross amount paid		Nil	Adjustable	Prescribed person	Payment
(2A)	Payment to PE:						
	For sale of goods						

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		3	4				
1	2	Filer	Non-Filer	4	5	6	7
	In case of a company	4% of gross amount payable	7% of gross amount payable	Nil	Adjustable	Prescribed person	Payment
	In any other case	4.5% of gross amount payable	7.75% of gross amount payable				
	For transport services	2% of gross amount		Nil	Adjustable	Prescribed person	Payment
	ii) For services other than transport:						
	In case of a company	8% of gross amount	14% of gross amount				
	In any other case	10% of gross amount	17.5% of gross amount				
	iii) For execution of contracts						
	In case of sportspersons	10% of gross amount					
	In case of a company	7% of gross amount	13% of gross amount				
	In any other case	7% of gross amount	13% of gross amount				
153	Sale of Goods						
	Rice, cotton seed or edible oil.	1.5% of sale value		Nil	See Notes	Prescribed person	Payment
(1)(a)	Sales of fast moving consumer goods by the distributors, in the case of;	2%					
	- Company						
	- Other tax payers (Filer / Non filer)	2.5%					
	Edible oil purchased locally by manufacturers of cooking	2% of purchase price					

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
	oil/vegetable ghee [Cl. (13C), Pt-II of 2 nd Sch]						
	Sale of goods by:			Rs.25,000 p.a.			
	In case of a company	4%	7%				
	In any other case	4.5%	7.75%				
	Supplies by distributors of cigarettes pharmaceutical products and for large distribution houses	1% of gross amount					
(1)(b)	Rendering of services			Rs.10,000 p.a			
	Transport services	2% of gross amount					
	All other services:						
	In case of a company	8%	14.5%				
	In any other case	10%	17.5%				
	Payments to electronic and print media for advertising services	1.5%	Company: 12% Others: 15%				
(1)(c)	Execution of contracts						
	In case of sportspersons	10%					
	In case of a company	7%	12%				
	In any other case	7.5%	12.5%				
(2)	Payment by exporter or an export house to a resident or PE	1%				Exporter or an export house	Payment

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
	of a non-resident for services of stitching, dying, printing, embroidery, washing, sizing and weaving.						
154	Exports:						
(1)	Export proceeds realization	1% of the proceeds of export		Nil	Final discharge	Authorized dealer in foreign exchange	Export proceeds realization or at the time of export of goods if made by an undertaking in EPZ
(2)	On realization of proceeds on account of commission to 1. Non-export indenting agent 2. Export indenting agent / export buying house	5% of the commission due		Nil	Final discharge	Banking company	
(3)	Realization of a sale of goods to an exporter under an inland back-to-back L/C	1% of the proceeds of export		Nil	Final discharge	Banking company	
(3A)	Export of goods by industrial undertaking in EPZ	1% of the proceeds of export		Nil	Final discharge	Export Processing Zone Authority	
(3B)	Making payment for a firm contract to an indirect export	1% of the proceeds of export		Nil	Final discharge	Direct exporter and export house registered under DTRE Rules, 2001.	
(3C)	Clearing of goods exported.	1% of the proceeds of export		Nil	Final discharge	Collector of Customs	
	Commission to an indenting	5% of the commission due.		Nil	Final discharge	Authorized dealer in	

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		3	4				
1	2	Filer	Non-Filer	4	5	6	7
	commission agent					foreign exchange	
155	Rent (including rent of furniture & fixture) & services relating to property	As per rates given in chapter 'Income from Property'		Nil	Adjustable	See Notes	Payment
	In case of a company	15%	17.5%				
156	Prizes on prize bonds or cross-word puzzle,	15% of gross amount	25% of gross amount	Nil	Final discharge	Person making the payment	Payment
	Winning from a raffle, lottery, quiz, prize offered by Companies for sale promotion	20% of gross amount		Nil	Final discharge	Person making the payment	Payment
156A	Sale of petroleum products to petrol pump operators	12% of the amount of commission or discount allowed	17.5% of the amount of commission or discount allowed	Nil	Final discharge	Person selling the petroleum products	Payment
156B	Withdrawal of balance under pension fund	average manager rate of tax for the last 3 preceding years or rate applicable for the year whichever is lower		See notes	Adjustable	Pension Fund Manager	Making payment from individual pension account
231A	Cash withdrawal from bank exceeding Rs. 50,000/- day	0.3% of cash withdrawn	0.6% of cash withdrawn	Rs 50,000 per day	Adjustable	Banking company	Withdrawal of cash
	Cash withdrawal by exchange company licensed by SBP (see note)	0.15% of cash withdrawn					
231AA	Banking Transactions: i) Sale against cash of any instrument, including DD, PO, CDR, STDR, SDR, or any other bearer instrument, or on receipt of cash on cancellation of these	0.3% of the transaction amount	0.6% of the transaction amount		Adjustable	Banking company, non-banking financial institution, exchange company, any authorized dealer of foreign exchange.	Sale or cancellation of instrument or transfer of sum.

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		1	2				
	instruments. ii) Transfer of any sum against cash through online transfer, TT, mail transfer or any other electronic mode.	Filer	Non-Filer				
231B	Private Motor Vehicles:						
(1)	Registration of motor vehicle: Upto 850 cc 851 cc – 1000 cc 1001 cc – 1300 cc 1301 cc – 1600 cc 1601 cc – 1800 cc 1801 cc – 2000 cc 2001 cc – 2500 cc 2501 cc – 3000 cc above 3000 cc	Rs. 7,500 Rs. 15,000 Rs. 25,000 Rs. 50,000 Rs. 75,000 Rs. 100,000 Rs. 150,000 Rs. 200,000 Rs. 250,000	Rs. 10,000 Rs. 25,000 Rs. 40,000 Rs. 100,000 Rs. 150,000 Rs. 200,000 Rs. 300,000 Rs. 400,000 Rs. 450,000	Government Federal, Provincial Local), foreign diplomat or diplomatic mission in Pakistan	Adjustable	Motor vehicle registering authority	Registration
(3)	Sale of vehicles by manufacturer	Same as above	Same as above	- do -	Adjustable	Manufacturer	Sale
	Leasing company or a Schedule bank or an investment bank or a DFI or a Modaraba shall at the time of leasing of motor vehicle to non-filer collect advance tax		4%	-			
(2)	Transfer of registration or ownership Upto 850 cc 851 cc – 1000 cc 1001 cc – 1300 cc 1301 cc – 1600 cc 1601 cc – 1800 cc	- Rs. 5,000 Rs. 7,500 Rs. 12,500 Rs. 18,750	Rs. 5,000 Rs. 15,000 Rs. 25,000 Rs. 65,000 Rs. 100,000	- do -	Adjustable		

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		3	3				
1	2	Filer	Non-Filer	4	5	6	7
	1801 cc – 2000 cc 2001 cc – 2500 cc 2501 cc – 3000 cc above 3000 cc	Rs. 25,000 Rs. 37,500 Rs. 50,000 Rs. 62,500	Rs. 135,000 Rs. 200,000 Rs. 270,000 Rs. 300,000				
233	Brokerage & Commission:						
	In case of advertising agents	10% of amount of payment	15% of amount of payment	Nil	Final discharge	Federal Govt., Provincial Govt., Local Government, Company, AOP.	Payment
	Life Insurance Agents where Commission received is less than Rs. 0.5Million per annum	8%	16%				
	In all other cases	12% of amount of payment	15% of amount of payment				
233A	Incomes of Members of stock exchange from: Commission on purchase of shares a) Commission on sale of shares	0.02% of purchase value 0.02% of sale value		Nil	Adjustable	Stock Exchange registered in Pakistan	
233AA	Margin financing in share business or providing of any margin financing, margin trading or securities lending	10% of profit or mark-up or interest earned by the member, margin financier or security lender		Nil	Adjustable	NCCPL	
234	Motor Vehicles:						
	Goods transport vehicles	Rs. 2.50 per Kg. of the laden weight	Rs. 4 per Kg. of the laden weight	Nil	Adjustable		
	Vehicle with laden weight of 8120 KGs. Or more, tax after ten (10) years from first registration in Pakistan.	Rs. 1,200			Adjustable	Person responsible for collection of motor vehicle tax	Collection of motor vehicle tax
	<i>Passenger transport vehicles with registered seating capacity</i>	Rupees (per seat per annum)					

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		3	4				
1	2	Filer	Non-Filer	4	5	6	7
	<i>of:</i>						
	i) 4 to 9 persons ii) 10 to 19 persons iii) 20 and above	50 100 300	100 200 500		Adjustable		
	<i>Private motor vehicles: Annual collection of tax:</i> 1. up to 1000 cc 2. 1001cc to 1199cc 3. 1200cc to 1299cc 4. 1300cc to 1499cc 5. 1500cc to 1599cc 6. 1600cc to 1999cc 7. 2000cc and above	(Rs. p.a.) 800 1,500 1,750 2,500 3,750 4,500 10,000	(Rs. p.a.) 1,200 4,000 5,000 7,500 12,000 15,000 30,000		Adjustable		
	<i>Lump sum collection of tax:</i> 1. up to 1000 cc 2. 1000cc to 1199cc 3. 1200cc to 1299cc 4. 1300cc to 1499cc 5. 1500cc to 1599cc 6. 1600cc to 1999cc 7. 2000cc and above	(Rs.) 10,000 18,000 20,000 30,000 45,000 60,000 120,000	(Rs.) 10,000 36,000 40,000 60,000 90,000 120,000 240,000		Adjustable		
234A	Sale of gas to CNG stations	4% of the gas consumption charges	6% of the gas consumption charges	Nil	Final discharge	Person preparing gas consumption bill	Charging for gas

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
235	Electricity commercial and industrial consumer with amount of bill: a) Upto Rs. 400 b) Rs. 401 to Rs. 600 c) Rs. 601 to Rs. 800 d) Rs. 801 to Rs. 1000 e) Rs. 1001 to Rs. 1500 f) Rs. 1501 to Rs. 3000 g) Rs. 3001 to Rs. 4500 h) Rs. 4501 to Rs. 6000 i) Rs. 6001 to Rs. 10000 Rs.10001 to Rs.15000 j) Rs.15001 to Rs. 20000 Exceeding Rs.20000.	(Rs.) 0 80 100 160 300 350 450 500 650 1000 1500		If exemption certificate from CIR is produced.	<ul style="list-style-type: none"> Adjustable only in case of companies. For all other persons it shall be minimum tax on income of the person, if the bill amount is upto Rs. 30,000 per month. 	Person preparing electricity consumption bill	Payment of electricity bill.
235A	Domestic electricity consumption	Monthly bill exceeds Rs. 75,000 or more = 7.5% of bill amount			Adjustable	Person preparing electricity bill	Charging for electricity
235B	Steel melters, steel re-rollers, composite steel units, registered under Sales Tax Special Procedure Rules, 2007 for production of steel billets, ingots and mild steel (excluding stainless steel)	Rs. 1 per unit of electricity consumed for production			<ul style="list-style-type: none"> Tax shall be deemed as tax deducted u/s 153(1) on payment for local purchase of scrap. Tax shall be non-adjustable and credit of the same shall not be allowed to any person.	Person preparing electricity bill	Charging for electricity
236	Telephone and internet, where the monthly bill exceeds Rs. 1,000	10% of the exceeding amount of bill		Govt., Foreign diplomats, Diplomatic mission in Pakistan, person having exemption certificate	Adjustable	Person preparing the telephone bill and person issuing or selling the prepaid cards or units.	Collection of telephone bill or sale of prepaid cards
	Subscriber of internet, mobile phones & prepaid internet or telephone card.	12.5% of amount of bill or price of internet prepaid card or prepaid telephone card or sale of units through any electronic medium or whatever form					

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
	Internet bill of a subscriber; and Prepaid cars for internet.						
236A	Sale by public auction of any property or goods including confiscated or attached Awarding of any lease, including a lease of right to collect tolls, fees or other levies	10% of the gross sale price.	15% of the gross sale price.	Nil	Final Discharge	Person making sale	Making sale
236B	Purchase of domestic air ticket	5% of the gross amount of air ticket		Routes of Baluchistan coast belt, AJ&K, FATA, Gilgit-Baltistan and Chitral	Adjustable	Airline issuing the air ticket	Mode and manner of collection shall be prescribed
236C	Registering or attesting the transfer of immovable property	1% of the gross amount of consideration received.	2% of the gross amount of consideration received.	Nil	Adjustable	Person responsible for transfer, etc.	Registering the transfer.
236D	Functions and gatherings in marriage hall, marquee, hotel, restaurant, commercial lawn, club, community place or other place used	5% of total amount of bill (<i>including for food, services or other facility</i>)		Nil	Adjustable	Prescribed person	Collection of bill
236E	Foreign-produced TV plays and serials for screening and viewing on any landing rights channel	TV Drama serial: Rs.100,000 per episode TV play (single episode) Rs.100,000		Nil	Adjustable	Licensing authority	Licensing

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES			EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		3		4				
1	2	Filer	Non-Filer		4	5	6	7
236F	Tax on cable operators and other electronic media: Issuance of license for distribution services or renewal of license to a license.	<u>Category</u> H H-I H-II R B B-1	<u>License</u> 7,500 10,000 25,000 5,000 5,000 30,000	<u>Renewal</u> 10,000 15,000 30,000 40,000 35,000 40,000	Nil	Adjustable	PEMRA	Issue of licence
236G	Sales to distributors, dealers and wholesalers (of electronics, sugar, cement iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint, or foam sector):						Manufacturer or commercial importer	
	Fertilizers Other than fertilizers	0.7% 0.1%	1.4% 0.2%	Nil Nil	Adjustable			Sale
236H	Sales to retailers by manufacturer, distributor, dealer, wholesaler or commercial of Electronics	1% of the gross amount of sales.			Nil	Adjustable	Manufacturer, distributor, dealer, wholesaler or commercial importer	Sale

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		1	2				
		Filer	Non-Filer				
	Others products / items	0.5% of the gross amount of sales	1% of the gross amount of sales	Nil	Adjustable	Manufacturer, distributor, dealer, wholesaler or commercial importer	
236I	Fee paid to educational institutions (‘Fee’ includes all charges received excluding refundable amounts)	5% of the amount of fee.			Adjustable against tax liability of either parents or guardian making payment of fee	Educational institution	Collection of fee
236J	Tax on dealers, commission agents and <i>arhatis</i> , etc.	<u>Group or Class Tax on Renewal</u> A 10,000 B 7,500 C 5,000 Any other 5,000			Adjustable	Market committee	Issuance or renewal of licence
236K	Purchase or transfer of immovable property [other than by Govt. (Federal, Provincial, Local), foreign diplomatic mission in Pakistan]: Value of property up to Rs. 4 million	0%		Scheme by Govt. for expatriate Pakistanis		Person responsible for registering or attesting transfer	Time of registering or attesting the transfer
	Value exceeding Rs. 4 million	2%	4% (see note)		Adjustable		
236L	Purchase of international air ticket from Pakistan (one-way or return) for journey originating from Pakistan	First / Executive Class Others excluding Economy Economy	Rs. 16,000 per person Rs. 12,000 per person Rs. 0		Adjustable	Airline issuing the ticket	While collecting air ticket charges
236M	Bonus shares issued by listed companies	5% of the value of bonus shares issued (See notes)		Nil	Final discharge	Company issuing bonus shares	Within 15 days of the first day of closure of books

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
236N	Bonus shares issued by non-listed companies	5% of the value of bonus shares issued (See notes)		Nil	Final discharge	Company issuing bonus shares	Within 15 days of the first day of closure of books
236P	I. Every Banking Company shall collect Advance tax from non-filers on sale of instruments, including demand draft, pay order special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt & rupee traveler's cheque. II. Every Banking Company shall collect advance tax from non filers on transfer of any sum through cheque or clearing inter bank or interbank transfers through cheque, online / telegraphic / mail transfer	0.4%		Transaction upto Rs. 50,000	Adjustable	Banking company executing the transaction	Sale of instrument or transfer of funds
236Q (1)	Payment to resident for use or right to use industrial, commercial and scientific equipment	10% of the amount of payment		Nil	Final discharge	Prescribed person [as u/s 153(7)]	Payment

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
(2)	Payment to resident on account of rent of machinery						
236R	Education related expenses remitted abroad	5% of the amount of total 'education related expenses'		Nil	Adjustable for person remitted payments	Person remitting the payments	Remittance of payment
236S	Dividend in specie						
	Dividend distributed by purchaser of a power project privatized by WAPDA and company set up for power generation.			7.5 %			
	Dividend payment by other companies (Filer / non-filer)	15%			20%		
	Remittance of after tax profit by a branch other than branch of a E&P companies (subject to treaty provisions, if applicable) (Filer / non-filer)	15%			20%		
	Dividend payment by Collective Investment Scheme, REIT Scheme or mutual fund - Stock fund			12.5%			
	Money market fund, income fund or REIT scheme any other fund - Individual & AOP (Filer / non-filer) (*10% rate apply where	12.5% or 10% where dividend does not exceeds Rs. 2.5 million			15%		

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		Filer	Non-Filer				
1	2	3		4	5	6	7
	dividend does not exceed Rs. 2.5 million.)						
	- Company	25%					
236T	Purchase of futures commodity contracts	0.05%		Nil	Adjustable	PMEX	
	Sale of futures commodity contracts	0.05%		Nil	Adjustable	PMEX	
236U	Tax to be collected by every Insurance Company at the time of collection of General Insurance Premium and life Insurance Premium.	General Insurance Premium 4%					
		Life Insurance Premium if exceeding Rs.0.3 million in aggregate per annum 1%					
		Others 0%					
236V	Tax to be collected at the value of Minerals extracted product, dispatched and carried away from licensed or leased areas of mines	0%	5%				
236W	Tax to be collected on the amount computed under section 111(4)(c)	3%					

SEC	NATURE OF PAYMENT/ TRANSACTION	TAX RATES		EXEMPTION LIMIT	STATUS OF PAYMENT OR DEDUCTION	WH TAX AGENT	TIME OF DEDUCTION/ COLLECTION
		1	2				
		Filer	Non-Filer				
236X	Advance tax on tobacco	5%		Nil	Adjustable	Pakistan Tobacco Board/ Its Contractor	at the time of collecting cess on tobacco

Sales Tax

Amendment in Sales Tax Act, 1990

Sr.	Heading / Section	Before Amendment	After Amendment
1.	Tier-1 Retailers' regime to govern through Sales Tax Act Section 2(43A) & Section 3(9A)	<p>Retailers' sales tax regime is presently mainly governed through the Sales Tax Special Procedure Rules, 2007 as amended vide notification SRO.608 (I)/2014, dated 02 July 2014, whereby, the tier-1 retailers, as specified under Rule-4 thereof, are required to pay sales tax at standard rate or alternatively at the rate of 2% of their total turnover in view of the provisions of Rule 5(1) of the Special Procedure Rules.</p> <p>The vires of fore going retailers' sales tax regime were challenged before the Hon'ble Lahore High Court in Writ Petition No.26772 of 2016. The Hon'ble High Court vide its Order dated 11 May 2016, struck down the provisions of Special Procedure Rules, as substituted vide amendment notification SRO.608 (I)/2014.</p>	<p>Now, the Finance Bill proposes to provide legal backing to the sales tax regime of 'Tier-1 Retailers' by inserting sub-section (9A) to Section 3 of the Sales Tax Act, 1990 (the Act), which is pari-materi to the regime as already governed through Special Procedure Rules.</p> <p>Consequently, the Bill also proposes to insert the definition of term 'Tier-1 Retailer' under Section 2(43A), which provides threshold limit and qualification criteria for tier-1 retailers, which is same as already described under Rule 4 of the Special Procedure Rules.</p>
Sr.	Heading / Section	Before Amendment	After Amendment
2.	Further tax @ 2% applicable on zero-rated supplies Section 3(1A) & Section 4	<p>Levy of further tax was reinforced vide Finance Act, 2013 under Section 3(1A) of the Act for taxable supplies made to a person who has not obtained registration number. The rate of further tax was enhanced from 1% to 2% vide Finance Act, 2015.</p>	<p>The Bill proposes to extend the applicability of further tax on zero-rated supplies through Section 3(1A) and Section 4 of the Act viz-a-viz:</p> <ol style="list-style-type: none"> Good exported or Goods specified under Fifth Schedule to the Act; Supply of stores and provisions for consumption aboard a conveyance proceeding to a destination outside Pakistan as specified in Section 24 of the Customs Act, 1969; Goods subject to zero-rating under the notifications issued by the Federal Government;

			<p>d) Such other goods as may be specified by FBR through a general order.</p> <p>Although, the Bill does not clarify whether levy of further tax on zero-rated supplies will apply on export of goods from Pakistan, yet it may be construed by plain reading of Section 3(1A) that further tax should not apply on supplies exported to non-residents, as they are not liable to sales tax registration.</p>
3.	<p>Imports destined for non-tariff areas of Pakistan - Section 3(1) (b)</p> <p>The Bill proposes to effect a clarificatory amendment in Clause (b) of Section 3(1) regarding application of sales tax on imports destined for non-tariff areas. After proposed amendment, Clause (b) should read as follows:</p> <p><i>(b) goods imported into Pakistan, irrespective of their final destination of Pakistan as specified in clause (2) of Articles 1 of the Constitution of Islamic Republic of Pakistan.</i></p> <p>According to the provisions of Clause (2) of Article-1 of the Constitution, the territories of Pakistan inter-alia include all four Provinces, Federal Capital, Federally Administered Tribal Areas, and such States and territories as are or may be included in Pakistan, whether by accession or otherwise.</p> <p>By means of the proposed additions to Clause (b) of Section 3, it is clarified that the goods imported into Pakistan shall be subject to levy of sales tax irrespective of their consumption within the tariff or non-tariff areas of Pakistan.</p>		
4.	<p>Legal backing to the existing sales tax notifications till 30 June 2018 - Sections 13(6) & 13(7)</p> <p>The Bills seeks to insert two provisos to Section 13(7) to provide legal cover till 30 June 2018 to all such sales tax notifications issued earlier, but not yet rescinded viz-a-viz i.e.</p> <ol style="list-style-type: none"> a) Notifications issued prior to 01 July 2016 b) Notifications issued on or after 01 July 2016 <p>Further, the Bill proposes to empower the Board instead of Federal Government to place before the National Assembly all exemption notifications Issued under Section 13 during a financial year.</p>		

5.	<p>Appointment and jurisdiction of Inland Revenue authorities - Sections 30(1), 30(2), 30(2A), 30(2B), 30(3), & 30(4)</p> <p>The Bill proposes to appoint the following as Inland Revenue authorities</p> <ol style="list-style-type: none"> a) District Taxation Officer b) Assistant Director Audit <p>Further, the Bill proposes to insert provisions to empower the Chief Commissioners Inland Revenue to assign jurisdiction to their subordinate Commissioners Inland Revenue to perform their functions as directed. Presently, the Federal Board of Revenue assigns the jurisdiction of sales tax and Federal excise cases directly to the Commissioners Inland Revenue.</p>
6.	<p>Penalty on counterfeited cigarette - Sr.No.23 to the Table under Section 33</p> <p>The Bill proposes to impose strict penalties in case any person who manufactures, possesses, transports, distributes, stores or sells cigarette packs without or with counterfeited, tax stamps, banderoles, stickers, labels or barcodes, as follows:</p> <ol style="list-style-type: none"> a) Confiscation and destruction of cigarettes stock; b) Rs.25,000 or 100% of the amount of tax involved, whichever is higher; c) Conviction by a Special Judge for a term upto 5 years and/or additional fine which may extend to an amount equal to the loss of tax involved. <p>The vehicles used for transportation of non- conforming or counterfeited cigarettes packs may also proposed to be permanently seized. Further, the premises used for sale of counterfeited cigarettes can also be sealed under the proposed insertion.</p>
7	<p>Stay of recovery until decision of appeal by Commission (Appeals) subject to payment of 25% of tax demand - Section 48(1) (f)</p> <p>The Bill seeks to insert a proviso to Section 48(1) (f) to provide relief against recovery proceedings to Such taxpayers whose appeal is pending for decision before the Commissioner (Appeals) subject to the condition that taxpayer deposit 25% of the amount of tax due. The proposed insertion harmonizes the provisions of Sales Tax Act with Income Tax laws, however the limit of 25% seems quite high considering the quantum of tax demands in sales tax cases. Further, this contradicts with numerous judgments of the superior courts that tax demands should not be recovered until the matter goes through at least one judicial scrutiny.</p>

8	<p>Service of order, decisions, etc. through electronic means- Section 56(1) (d) & 56(2) (d)</p> <p>The Bill seeks to insert new clauses under Section 56 to legalize the service of electronically transmitted notices, orders or any other requisition to be served to a public or private limited companies. This transmission may either be through department's emails or through e-folder as maintained for the purpose of e-filing of sales tax-cum-Federal excise returns.</p>
9	<p>Validation of notifications/orders issued before Finance Act, 2017 - Section 74A</p> <p>A new provision is proposed to be inserted to validate the notifications and orders issued by the Federal Government before the commencement of the Finance Act, 2017, so as to override the effect of any judgements of the honorable superior courts of Pakistan.</p>
10	<p>Board to assume broader role with approval of the Minister Incharge of the Federal Government Sections 3(2), 3(3A), 3(5), 4(c), 7(3), 7(4), 7A (1), 7A (2), 8, 13(2) (a), 60, 65, and 71(1)</p> <p>Powers to issue notifications under the relevant sections is proposed to be transferred from Federal Government to the Federal Board of Revenue with the approval of the Minister Incharge of the Federal Government in respect of the following:</p> <ol style="list-style-type: none"> a) Exclusion of applicability of further tax under section 3(1A). b) Mode and manner of chargeability, collection and payment of any taxable goods at any rate of tax. c) Levy of extra tax in addition to sub-section (1), (2) and (4) of section 3. d) Goods chargeable to tax at the rate of zero percent. e) Special Order/Notification for adjustment of input tax against output tax. f) Chargeability of sales tax on the difference between the value of supply for which the goods are acquired and the value of supply for which the goods, either in the same state or on further manufacture are supplied. g) For minimum value addition required to be declared for supply of goods and to waive the requirement of audit or scrutiny of records if such minimum value addition is declared. h) Non claim ability/deduction of input tax. i) Exemption of any taxable supplies. j) Import of goods/class of goods without payment of the whole or any part of tax payable to the registered persons for temporary import with a view to subsequent exportation and registered manufacturer-cum-exporters who import raw material and intermediary products for further manufacture of goods meant for export. k) Exemption of tax not levied or short levied as a result of general practice. l) Special procedure for scope and payment of tax, registration, bookkeeping and invoicing requirements and returns etc. <p>The proposed broadening of the role of the Board would probably override the effect of various judgements of superior courts, whereupon, the orders and/or notifications issued by the Federal Government were struck down. One of the landmark judgment of the Hon'ble Supreme Court of Pakistan reported on this matter has been passed in Civil Appeals No.1428 to 1436 of 2016, dated 18 August 2016.</p>

Third Schedule

Exclusion of fertilizers from retail price regime

Fertilizers other than urea fertilizers are subject to sales tax at standard rate on retail price basis under Section 3 read with Third Schedule to the Act. Whereas, urea fertilizers are subject to reduced rate of sales tax at 5% under Eighth Schedule of the Act. The Bill now proposes to omit Entry No.32 (fertilizers) from Third Schedule with corresponding change in Eighth Schedule, as a result certain fertilizers proposed to be chargeable to fixed sales tax regime through proposed insertion in Eighth Schedule, whereas, fertilizers which are not proposed to be mentioned in Eighth Schedule will be chargeable to sales tax at standard rate of sales tax and will be excluded from retail sales tax regime.

Fifth Schedule

Scope of zero-rating extended to preparations for young children - Fifth Schedule - Sr.No.12 (xvii)

Sales tax zero-rating is admissible on preparations for infant use put up for retail sale, subject to the limitations and conditions as laid down under Chapter XIV of Sales Tax Special Procedure Rules, 2007. According to the description provided under Pakistan Customs Tariff, it inter-alia covers food preparations of flour, groats, meal starch or malt extract.

Extra tax on lubricating oils proposed to be withdrawn - Amendment in Chapter XIII of Sales Tax Special Procedure Rules, 2007 (notification yet to be issued)

It is proposed under the Salient Features issued by FBR that levy of extra tax @ 2% will be withdrawn through an amendment notification, as applicable under Rule 58S of the Chapter XIII of Sales Tax Special Procedure Rules, 2007. However, this notification has not yet been issued. The withdrawal of extra tax would enable the industrial consumers to avail input tax adjustments on purchases of lubricating oils, which is presently restricted for input tax under Clause (c) of Section 8(1) of the Act.

Withdrawal of withholding sales tax against purchases made from the registered persons - Amendment in Sales Tax Special Procedure (Withholding) Rules, 2007 (notification yet to be issued)

The Salient Features of Federal Budget also indicate that sales tax withholding will be withdrawn on purchases of taxable goods by a registered buyer from any registered supplier with the exception of advertisement services. Under the provisions of Rules 2(2) and 2(2A) of the Sales Tax Special Procedure (Withholding) Rules, 2007, a registered buyer of the taxable goods is required to withhold and pay sales tax at the rate of one-fifth or one-tenth of the sales tax amount appearing on the sales tax invoice as issued by a registered supplier. Thus, when the notification to above effect will be issued, withholding of sales tax will not be required against the invoices issued by the registered suppliers. This seems to lessen considerably the burden of unnecessary compliance.

Enhancement of sales tax rate applicable for steel sector - Chapter XI of Sales Tax Special Procedure Rules, 2007 (notification yet to be issued)

The existing sales tax rate of Rs.9 per unit of electricity as applicable for steel sector under Rule 58H of Chapter XI of Sales Tax Special Procedure Rules, 2007 is proposed to be enhanced to Rs.10.5 per unit of electricity consumed. However, notification to this effect is not yet issued.

Proposed amendments in five export sector regime - SRO.1125 (I)/2011, dated 31 December 2011 (notification yet to be issued)

Following amendments are also proposed in five export sectors sales tax regime as applicable under SRO.1125 (I)/2011, however notification to this effect is yet awaited:

- a) Reduced rate of 5% on retail sales of finished goods of five export sectors will be enhanced to 6%.
- b) Commercial import of fabrics will be subject to sales tax at 6%, as such existing zero-rating on imports of fabrics will be withdrawn.

Reduced rates of sales tax - Specified fertilizers and certain raw materials subject to reduced sales tax rates - Table-I of Eighth Schedule

Consequent to exclusion of fertilizers from retail price regime under Third Schedule, following fixed sales tax rates are proposed, subject to the condition that such fertilizers (except DAP) are manufactured from gas other than imported LNG. Fertilizer produced from imported LNG are however subject to reduced sales tax rate of 5% as per SRO 398(I)/2015 dated 8 May 2015. Consequent to above proposed rate revision on fertilizers, it is expected that consequential amendments in afore-said SRO will also be effected. Sales tax at the rate of 10% is proposed on supply of natural gas to fertilizer plants for manufacturing of urea. Sales tax at 5% is proposed on import of phosphoric acid under PCT heading 2809.2010 by fertilizer company for manufacturing of DAP

Federal Excise Duty

Amendments in Federal Excise Act, 2005

1.

Board to assume broader role with approval of the Minister Incharge of the Federal Government - Sections 3(1) (c), 3(4) and 16(2)

Powers to issue notifications under the relevant sections are proposed to be transferred from Federal Government to the Federal Board of Revenue with the approval of the Minister Incharge of the Federal Government in respect of the following:

- a) Notified goods as are produced or manufactured in the non-tariff areas and are brought to the tariff areas for sale or consumption therein.
- b) Levy and collection of duty on any class or classes of goods or services at such high or lower rates as specified in the notification.
- c) Approval of the Economic Coordination Committee of Cabinet.

The bill proposed broadening of the role of the Board would probably override the effect of various judgements of superior courts, whereupon, the orders and/or notifications issued by the Federal Government were struck down. One of the landmark judgment of the Hon'ble Supreme Court of Pakistan reported on this matter has been passed in Civil Appeals No.1428 to 1436 of 2016, dated 18 August 2016.

2

Legal backing to the existing sales tax notifications till 30 June 2018 - Section 16(6)

Before amendment Different dates were inserted for different parts or annexure of the return. The Bills seeks to insert two provisos to Section 16(6) to provide legal cover till 30 June 2018 to all such federal excise notifications issued earlier, but not yet rescinded viz-a-viz

- a) Notifications issued prior to 01 July 2016
- b) Notifications issued on or after 01 July 2016

The Bill proposes to empower the Board instead of Federal Government to place before the National Assembly all exemption notifications issued under Section 16 during a financial year.

3

Appointment of Federal Excise officers and delegation of powers - Section 29

The Bill proposes appointment of following additional officers in order to carry out the purposes of the Federal Excise Act, 2005

- a) District Taxation Officer
- b) Assistant Director Audit

It is further proposed that the Chief Commissioner Inland Revenue shall perform the function of any person as the Board may direct. Similarly, the Commissioner Inland Revenue shall perform the function of any person as the Chief Commissioner may direct.

4 Stay of recovery until decision of appeal by Commissioner (Appeals) subject to payment of 25% of tax demand - Section 37

Under the first proviso of the section, a person shall not be required to seek separate stay, if at the time of filing the appeal 15% of the tax liability is paid. In this case, the stay shall continue for the period of 6 months or till the date of decision of the appeal, whichever is earlier. The said proviso is apparently being applied on both forums (i.e. Commissioner Appeals and Appellate Tribunal). The Bill proposes an automatic stay that shall be granted to the taxpayer, if 25% of the tax liability shall be paid by him while filing the appeal under section 33 of the Federal Excise Act, 2005 and such stay shall be continued till the decision of the Commissioner (Appeals). Now, the first proviso is restricted to the Appellate Tribunal. The proposed amendment creates hardship for the taxpayer as currently stay is allowed by payment of 15% of tax liability.

5 Validation of notifications/orders issued before Finance Act, 2017 - Section 43A

A new provision is proposed to be inserted to validate the notifications and orders issued by the Federal Government before the commencement of the Finance Act, 2017, so as to override the effect of any judgements of the honorable superior courts of Pakistan.

6

Service of order, decisions, etc. through electronic means - Section 47

The Bill seeks to insert new clauses under section 47 to legalize the service of electronically transmitted notices, orders or any other requisition to be served to a public or private limited companies. This transmission may either be through departmental's email or through e-folder as maintained for the purpose of e-filing of Sales Tax-cum-Federal Excise returns.

Custom Duty

Amendments in Customs Act, 1969

1	<p>Proposed concessions, exemptions</p> <ul style="list-style-type: none"> a) Exemption of 3% Customs Duty on raw skins & hides. b) Exemption of 16% Customs Duty on stamping foils. c) Exemption of 3% Customs Duty on import of ostriches. d) Exemption from Customs Duty extended on import of combined harvesters-threshers up to 5 years old while 10% and 20% regulatory duty levied on harvesters-threshers that are old by 5-10 years and those that are older by more than ten years old respectively e) Customs Duty @ 11% and 16% exempted and instead Regulatory Duty at uniform rate of 9% levied on the telecom equipmen f) Concessionary rate of 11% available on Set top boxes, TV broadcast transmitter and Reception apparatus etc. extended till 30 June 2018. g) Import of solar panels and related components were exempted from the condition of 'local manufacturing' till 30 June 2017 which is extended till 30 June, 2018. h) Surcharge in excess of 0.25% for cargo in-bonded at Karachi for upcountry Bonds exempted. i) Expansion of scope of exemption on import/donation by allowing imports and donation of Federal, Provincial, AJ&K, Gilgit-Baltistan Governments, NDMA, PDMA and Govt. emergency/ rescue services.
2	<p>Reduction in Customs Duty / Regulatory Duty</p> <ul style="list-style-type: none"> a) Reduction of duty from 11% to 3% and removal of 5% Regulator Duty on grandparent and parent stock of chicken. b) Reduction of duty on import of hatching eggs from 11% to 3%. c) Reduction of Regulatory Duty on aluminum waste or scrap from 10% to 5%. d) Reduction of Customs Duty on sheets for veneering from 16% to 11%. e) Reduction of Customs Duty on pre-fabricated modular clean rooms panels from 20% to 3%. f) Reduction of Customs Duty on fabric (non-woven) for pharmaceutical industry from 16% to 5% g) Customs Duty reduced on uncoated polyester film and aluminum wire from 20% to 11% for manufacturers of metalized yarn. h) Customs Duty reduced from 20% to 16% and from 16% to 11%, on raw materials for manufacturers of Baby Diapers

3	<p>Proposed imposition / enhancement in rate of Customs Duty & Regulatory Duties</p> <ul style="list-style-type: none"> a) Customs Duty rate on Bituminous coal and other coal equalized @ 5%. However, for the Power Projects in IPPs Mode, Customs Duty on import of both types of coal reduced to 3%. b) Separate PCT code for compressors of vehicle @ 35% Customs Duty created. c) Separate PCT code for classification of electric cigarettes created at 20% Customs Duty. d) Regulatory Duty @ 10% levied on animal protein meals. e) Regulatory Duty levied/increased on 565 non-essential items by various rates ranging from 5% to 15%. f) Customs Duty @ Rs. 250 per set converted into Regulatory Duty @ Rs. 250 per set on mobile phones. g) Regulatory Duty on betel nuts increased from 10% to 25% while Regulatory Duty @ Rs.200/kg levied on betel leaves. h) Concession in duty/taxes on Hybrid Electric Vehicles above 2500 cc withdrawn. i) Additional duty on cylinder head for motorcycles levied.
4	<p>Controlled Delivery - Section 2(z)</p> <p>The Bill proposes to insert the definition of term 'controlled delivery' for supervising the activities that allow suspected consignments of prohibited and smuggled goods from or into the territory of Pakistan.</p>
5	<p>Directorate General of China Pakistan Economic Corridor (CPEC) - Section 3AAA</p> <p>The Bill empowers the Board to appoint separate Directorate General of CPEC consisting of the following officers for facilitation.</p> <ul style="list-style-type: none"> a) Director General b) Additional Directors c) Deputy Directors d) Assistant Director

6	<p>General Power to exempt from customs duties- Section 19(1) & 19(5)</p> <p>Powers to issue notifications under the relevant sections are proposed to be transferred from Federal Government to the Federal Board of Revenue with the approval of the Minister Incharge of the Federal Government in respect of exemption from custom duties in order to provide legal coverage to certain notifications.</p> <p>The provision refers the sub section (1) where any circumstances exist to take immediate action for the purposes of national security, national disaster and etc, the Board may issue notification to exempt any taxable goods or taxable services. However, the notification shall stand rescinded after expiry of financial year starting from 1 July 2015. The Bill proposes to enhance the expiry period from 1 July 2016 to 30 June 2018, if the notification was not rescinded earlier.</p>
7	<p>Value of Customs - Section 25A</p> <p>The Bill proposes new proviso where the invoice retrieved from the consignment is higher than the value declared for assessment or warehousing under section 79 or clearance for exportation under section 131, the value of invoice retrieved from the consignment shall be taken for assessment purpose.</p>
8	<p>Obligation to produce documents and provide information - Section 26(1A)</p> <p>The Bill proposes the insertion of the sub clause wherein the Board shall empower any officer to require any person to provide such information for the purposes of End Use Verification.</p>
9	<p>Period for which goods may remain warehoused- Section 98</p> <p>The Bill empowers Chief Collector of Customs to extend the time for the goods to be placed in ware house for a period not exceeding one month in case of notified perishable goods and a period not exceeding three months in case of non-perishable goods. Presently, Collector of Customs, Federal Government or the Board is empowered to extend the time for warehousing.</p>
10	<p>Cancellation of registration of registered user - Section 155F</p> <p>The Bill proposes to amend section 155F by giving right to a person for filing of appeal before the Chief Collector against the Order issued by the Collector within thirty days on account of cancellation or confirming the suspension of his unique user identifier.</p>

11	<p>Appeal to Collector (Appeals) - Section 193</p> <p>The Bill seeks to propose the Order passed under section 195 by the Board, Collector of Customs, Collector of Customs (Adjudication) shall be Appealable. Presently, the right of appeal against the Order passed under section 195 is not allowed which creates hardship for the taxpayer.</p>
12	<p>Power to pass certain Orders- Section 195(A)</p> <p>The Bill empowers the Board, Collector or Collector of Customs (Adjudication) to pass a fresh Order on its own or assign the case to an officer of equal or higher rank, who may have passed the earlier order to pass such Order.</p>
13	<p>Power to enter into mutual legal assistance agreement on customs matters- Section 219A</p> <p>The Bill empowers the Board to enter into memorandum of understanding pertaining to mutual legal assistance in custom matters or in pursuance of any bilateral or multilateral agreement with international organization, foreign customs etc. Accordingly, the Board may, at its own motion or upon request from an international organization, foreign customs etc. shall exercise its powers being conferred under the proposed Bill. Conversely, the Board is also empowered on behalf of the Federal Government request an international organization, foreign customs etc. for legal assistance on any customs matters</p>
14	<p>Validation of notifications/orders issued before Finance Act, 2017 - Section 221A</p> <p>A new provision is proposed to be inserted to validate the notifications and orders issued by the Federal Government before the commencement of the Finance Act, 2017, so as to override the effect of any judgements of the honorable superior courts of Pakistan.</p>
15	<p>New HS Code Version-2017</p> <p>Through Budget Speech 2017, the Finance Minister has briefed that WCO has adopted new HS Version with effect from 1st January 2017. Therefore, Pakistan, being signatory of WCO, is obliged to adopt the new version from the next financial year i.e. 1st July 2017. The Amendments in HS 2017 will affect the classification of around 15% of goods traded in the world. The majority of changes in HS 2017 have been introduced to address environmental and social issues. Besides, the new version has also introduced for new product classifications to reflect changes in manufacturing processes and technological advancements.</p>

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