

“Alone we can do so little; together we can do so much.” ~ Helen Keller



Message from the desk of
President

I am pleased to present the Monthly Technical Updates for the months of April and May, highlighting news from economy, Corporate Sector, Taxation; updates from the stock market and foreign exchange; and a glimpse of TSPD activities held during these months.

Worthy members are requested to share their valuable suggestions at tspd@icmap.com.pk for further improvement in the document and identify topics of technical interest. I appreciate and look forward to receive your inputs and comments for the uplift of practicing profession. Together we can take our Institute to greater heights.

Shehzad Ahmed Malik, FCMA
President ICMA

Feature News

Federal Budget Proposals 2023-24

Each year ICMA prepares Fiscal Budget Proposals in consultation with the Worthy members of the Institute. This year as well, ICMA has submitted the Pre-Budget proposals to the Federal Board of Revenue (FBR), Ministry of Finance, and other Government organizations for consideration in the forthcoming Federal Budget 2023-24. These Budget Proposals are aimed to cover Tax-related proposals including Income tax, sales tax, customs duty, and federal excise.

The primary intention of these proposals is to create an attractive environment for the taxpayer by removing anomalies in the relevant laws and to create more opportunities for the private sector and businesses to promote industrial productivity, investment, and economic growth in the country.

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MONTHLY TECHNICAL UPDATES ON ACCOUNTING, TAXATION & LAWS

Committee Activities

President's meetings with different dignitaries

President Mr. Shehzad Ahmed Malik signed an MoU with the Rotary Pakistan



MONTHLY TECHNICAL UPDATES ON ACCOUNTING, TAXATION & LAWS

TSPD Pre-Budget Webinar

Technical Support and Practice Development (TSPD) Committee organized a Pre-Budget Webinar, on April 08, 2023 through ZOOM. Mr. Shehzad Ahmed Malik, President ICMA was the Guest of Honour. Mr. Awais Yasin, FCMA Honorary Treasurer ICMA welcomed the guests with his welcome note.

Eminent speakers Dr. Abdul Qayum Suleri, Mr. Azeem Hussain, FCMA and Mr. Muhammad Jaid Arif, FCMA shared several key budget proposals. The speakers also shed light on where we are and we are heading towards. The participants also had an interactive Questions and Answers session at the end. Ms. Khola Taj moderated the event.



Meetings on finalization of Budget Proposals

TSPD Committee, under the directions of Mr. Shehzad Ahmed Malik, President ICMA and Chairman TSPD Committee organized a series of meetings on the Federal Budget Proposals wherein worthy Practicing Members and TSPD Committee members deliberated and finalized the budget proposals.

The detailed proposals were sent to the Federal Board of Revenue, Ministry of Finance and other government offices for consideration.

MONTHLY TECHNICAL UPDATES

ON ACCOUNTING, TAXATION & LAWS

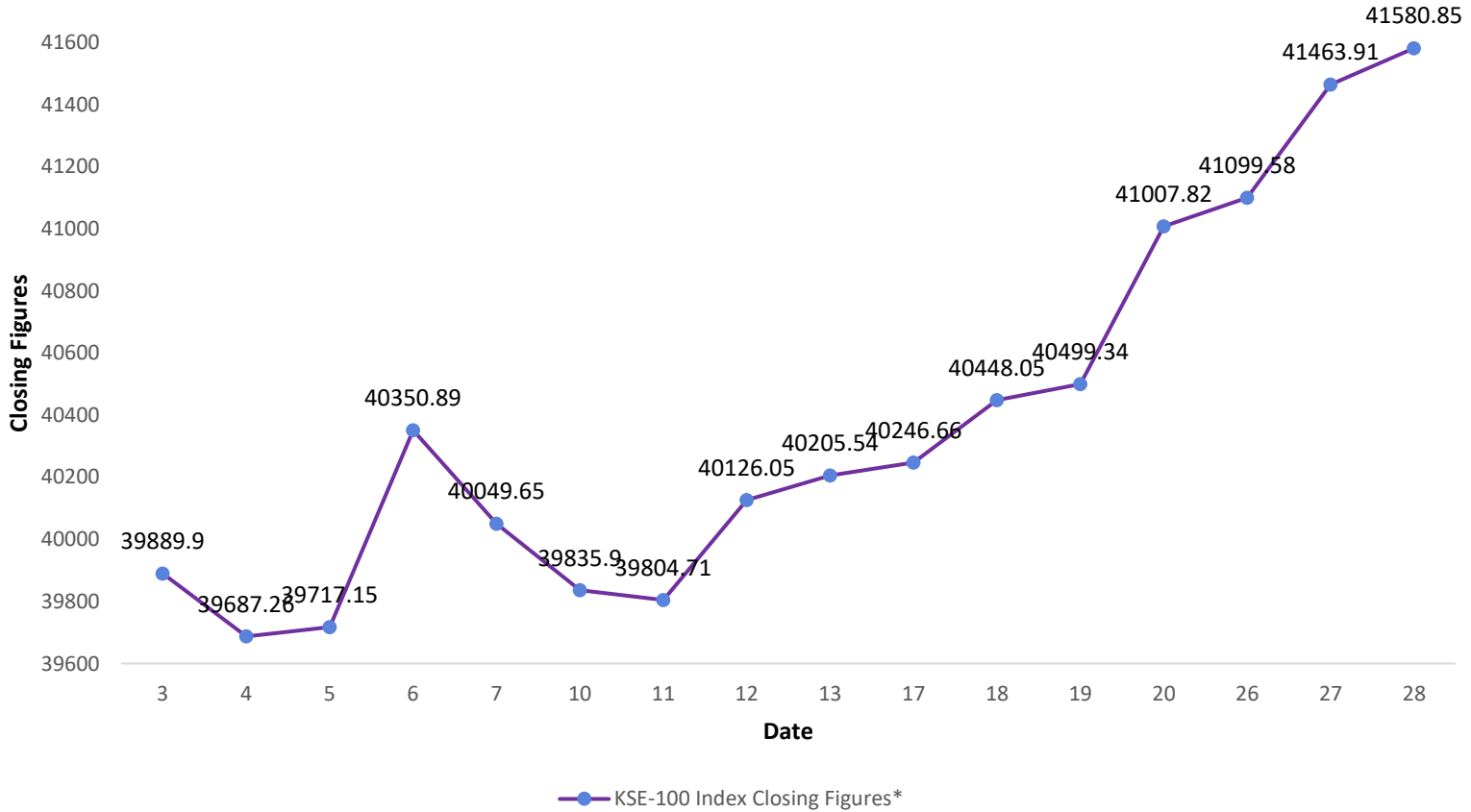
Pakistan Stock Market

Pakistan Stock Market - KSE-100 Index Fluctuations during April 2023

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
3	39889.90	11	39804.71	20	41007.82
4	39687.26	12	40126.05	26	41099.58
5	39717.15	13	40205.54	27	41463.91
6	40350.89	17	40246.66	28	41580.85
7	40049.65	18	40448.05		
10	39835.90	19	40499.34		

*As published in Daily Dawn

KSE-100 INDEX CLOSING FIGURES



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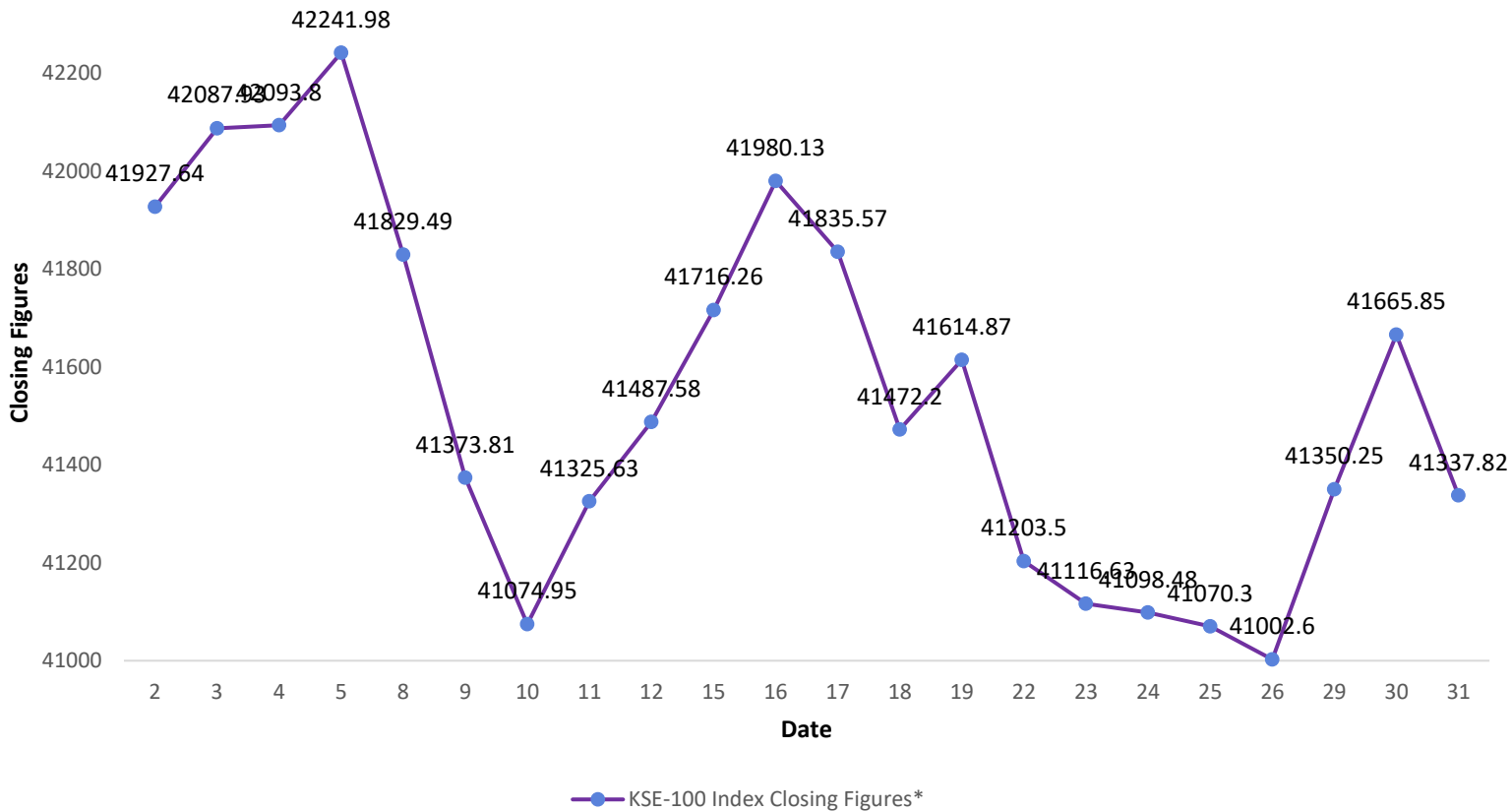
Pakistan Stock Market

Pakistan Stock Market - KSE-100 Index Fluctuations during May 2023

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
2	41927.64	11	41325.63	22	41203.50
3	42087.93	12	41487.58	23	41116.63
4	42093.80	15	41716.26	24	41098.48
5	42241.98	16	41980.13	25	41070.30
8	41829.49	17	41835.57	26	41002.60
9	41373.81	18	41472.20	29	41350.25
10	41074.95	19	41614.87	30	41665.85
				31	41337.82

*As published in Daily Dawn

KSE-100 INDEX CLOSING FIGURES



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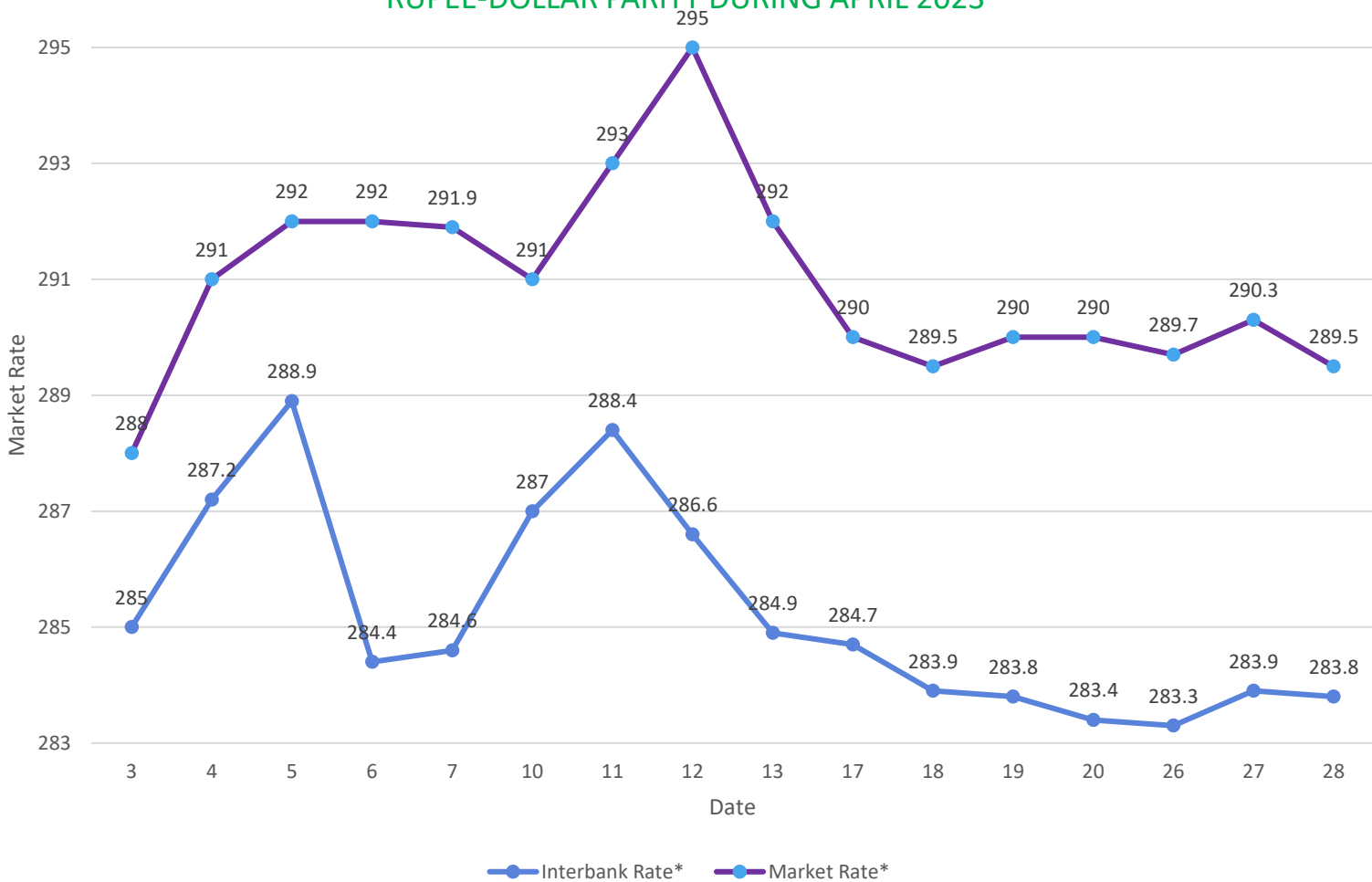
ON ACCOUNTING, TAXATION & LAWS

Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
3	285.0	288.0	11	288.4	293.0	20	283.4	290.0
4	287.2	291.0	12	286.6	295.0	26	283.3	289.7
5	288.9	292.0	13	284.9	292.0	27	283.9	290.3
6	284.4	292.0	17	284.7	290.0	28	283.8	289.5
7	284.6	291.9	18	283.9	289.5			
10	287.0	291.0	19	283.8	290.0			

*forex.pk

RUPEE-DOLLAR PARITY DURING APRIL 2023



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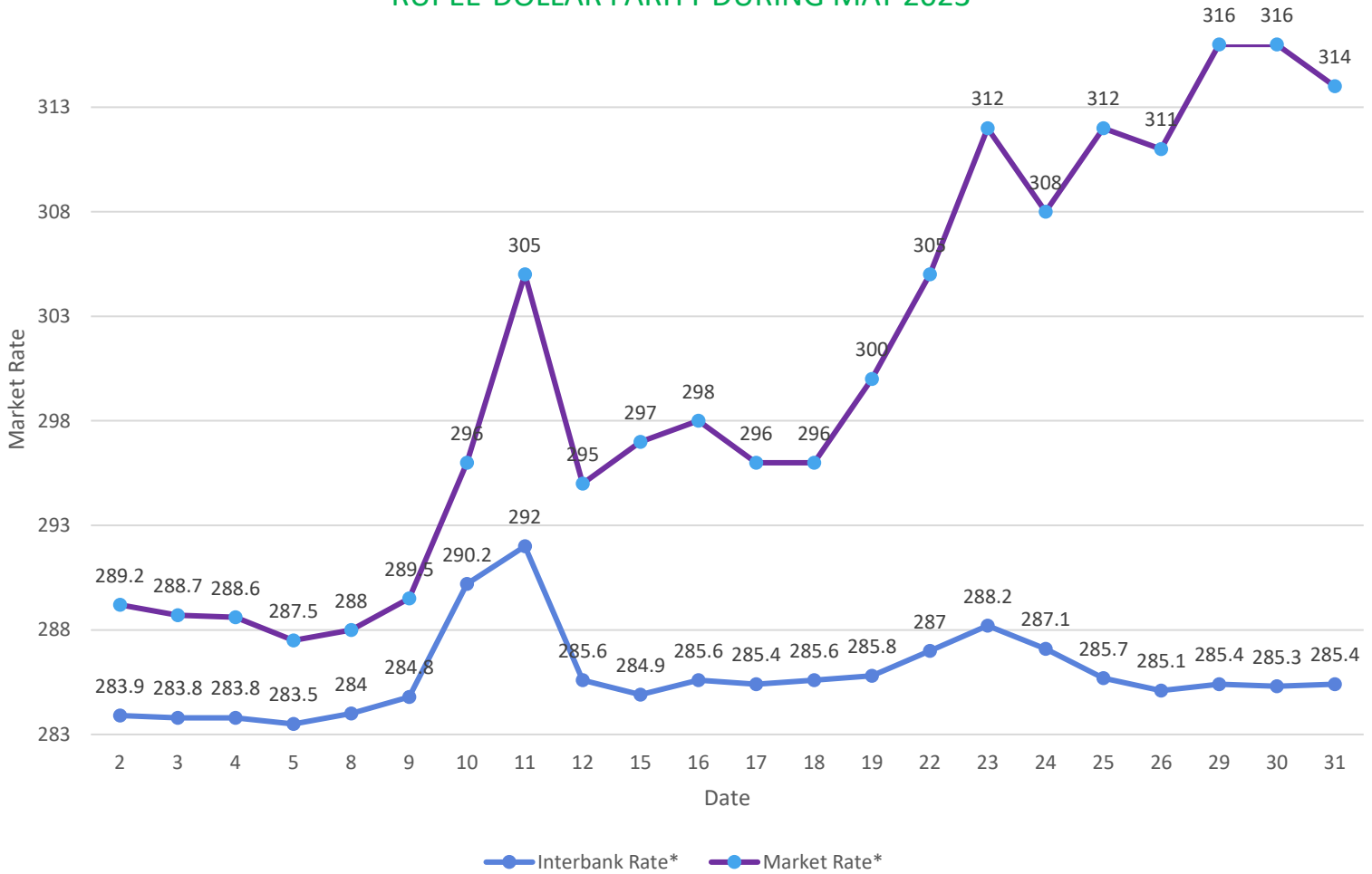
ON ACCOUNTING, TAXATION & LAWS

Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
2	283.9	289.2	11	292.0	305.0	22	287.0	305.0
3	283.8	288.7	12	285.6	295.0	23	288.2	312.0
4	283.8	288.6	15	284.9	297.0	24	287.1	308.0
5	283.5	287.5	16	285.6	298.0	25	285.7	312.0
8	284.0	288.0	17	285.4	296.0	26	285.1	311.0
9	284.8	289.5	18	285.6	296.0	29	285.4	316.0
10	290.2	296.0	19	285.8	300.0	30	285.3	316.0
						31	285.4	314.0

*forex.pk

RUPEE-DOLLAR PARITY DURING MAY 2023



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Corporate Updates

1. AMENDMENTS TO THE FOREIGN COMPANIES REGULATIONS, 2018 AND THE COMPANIES (INCORPORATION) REGULATIONS, 2017

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 532(I)/2023 and S.R.O. 530(I)/2023 made amendments to the Foreign Companies Regulations, 2018 and the Companies (Incorporation) Regulations, 2017. Both amendments were previously published for public comments by the SECP.

Through these amendments, SECP has taken measures to facilitate foreign companies having business connections in Pakistan by abolishing the requirement of authentication/attestation of their foreign documents by the Pakistani Missions/Ministry of Foreign Affairs. Moreover, Regulation 15 of the Companies (Incorporation) Regulations 2017 is also amended which deals with the information that has to be provided if the subscriber of the company is a foreign company. Under these amendments, the requirements of the documents have remained the same however a concept and process of "apostillation" has been introduced. The documents required to be filed under these Regulations shall be duly:

Regulation 13 & 14 of the Foreign Companies Regulations, 2018	Regulation 15 of the Companies (Incorporation) Regulations, 2017
<p>(i) certified to be a true copy by the public officer in the country where the company is incorporated to whose custody the original is committed; or</p> <p>(ii) certified to be a true copy by a Notary public of the country where the company is incorporated; or</p> <p>(iii) certified to be a true copy by an affidavit of an authorized officer of the company duly authorized in the country where the company is incorporated; or</p> <p>(iv) apostilled by the designated competent authority of the state of origin of the foreign public document, who have acceded to the Hague Convention abolishing the requirement of Legalisation for foreign public documents (Apostille Convention) of 1961 and such state is also recognized by the Government of Pakistan for receiving of apostilled documents.";</p> <p>"Provided further that such translation shall also be accepted if the translated document is apostilled by the designated competent authority of the state of origin of the foreign public document, who have acceded to the Hague Convention abolishing the requirement of Legalisation for foreign public documents (Apostille Convention) of 1961 and such state is also recognized by the Government of Pakistan for receiving of apostilled documents."</p>	<p>(i) certified to be a true copy by the public officer in the country where the foreign company or foreign body corporate is incorporated to whose custody the original is committed; or</p> <p>(ii) certified to be a true copy by a Notary public of the country where the foreign company or foreign body corporate is incorporated; or</p> <p>(iii) certified to be a true copy by an affidavit of a responsible officer of the foreign company or foreign body corporate in the country where the company is incorporated; or</p> <p>(iv) apostilled by the designated competent authority of the state of origin of the foreign public document, who have acceded to the Hague Convention abolishing the requirement of Legalisation for foreign public documents (Apostille Convention) of 1961 and such state is also recognized by the Government of Pakistan for receiving of apostilled documents:</p> <p>Provided further that the signature and seal of the official referred to in clause (i) or the certificate of the Notary Public referred to in clause (ii) above shall be authenticated by a Pakistan diplomatic consular or consulate officer and the certificate of the officer of the foreign company or foreign body corporate referred to in clause (iii) above shall be signed before a Pakistan diplomatic consular or consulate officer."</p>

Both the documents can be accessed through the following links:

<https://www.secp.gov.pk/document/s-r-o-532-i2023-dated-3rd-may-2023-amendments-to-foreign-companies-regulations-2018/?wpdmdl=47746&refresh=645caf38c25d91683795768>

<https://www.secp.gov.pk/document/s-r-o-530-i2023-dated-3rd-may-2023-amendments-to-companies-incorporation-regulations-2017/?wpdmdl=47748&refresh=645caf38c13581683795768>

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MONTHLY TECHNICAL UPDATES

ON ACCOUNTING, TAXATION & LAWS

2. INSURANCE CLAIMS UNDER SECTION 116 OF INSURANCE ORDINANCE, 2000

Securities and Exchange Commission of Pakistan (SECP) vide their Circular No. 06 of 2023 directed all life insurance companies/family takaful operators to ensure compliance with the requirements of section 116 of the Insurance Ordinance, 2000 including filing of petitions under sub-section (3) thereof in the manner as provided therein and deposit the related amount with the concerned insurance tribunal in accordance with the requirements of sub-section (5) thereof.

Moreover, all life insurance companies / family takaful operators shall within two months of the close of every year submit with this office the number of policies along with their related amounts, which are subject to the requirements of section 116 of the Ordinance, however, amounts against which have not been submitted with the Insurance Tribunal(s).

Taxation Updates

3. PSW TRADE DATA DISSEMINATION, EXCHANGE AND UTILIZATION RULES, 2023

Federal Board of Revenue (FBR) vide their S.R.O. 406(I)/2023 notified Pakistan Single Window Trade Data Dissemination, Exchange and Utilization Rules, 2023 granting conditional permission for the exchange and use of data, statistics, and information obtained under the Pakistan Single Window Act, both domestically and internationally.

These rules shall apply to all persons, entities, government departments, and other public and private firms and organizations connected to the Pakistan Single Window (PSW) system or receiving PSW trade data for any commercial or non-commercial use.

As per the SRO, "Trade data" means all trade-related information including trader profiles and types; commodity classification, description, quantity, values, shipping, weight, mode of transport (sea, air, road, or rail), country of origin or destination; port of discharge or export, category of the transaction, supplier information, payments on Pakistan Single Window Platform, regulatory information regarding licences, permits, certificates, release orders, and other documents received through financial instruments.

The operating entity may disseminate the trade data collected by it or any of the ancillary systems linked to it including the Customs Computerized System, Port Community System, Trade Information Portal etc. or any system ancillary thereto for any of its authorized purposes including but not limited to the following namely:-

- public information and dissemination through official websites, electronic, print and digital media, research publications, news articles etc;
- compilation or publishing of cross border trade related statistics, public policy analysis and formulation etc.;
- submission before a court of law, tribunal or any other domestic or international arbitration forum or for achievement of any of the OGAs operational or enforcement requirements etc.;
- integration with international databases and single window systems of other countries or regions under any bilateral or international agreement; and
- any non-commercial or commercial use as specified in rules 7 and 8.

The operating entity shall have the power to suspend or terminate the provision of commercial data transmission services to any local or foreign non-governmental organisation (NGO) in national interest or for security.

For further details, please visit the following link:-

<https://download1.fbr.gov.pk/SROs/2023431441929569SRO-406-2023.pdf>

4. S.R.O. 640(I)/2023 REGARDING RULE 13N, RULE 19H OF INCOME TAX RULES, 2002- LISTED COMPANIES SHARES TRANSACTIONS AS RECORDED IN NCCPL SYSTEM: PROCEDURE OF CAPITAL GAIN ON DISPOSAL OF SECURITIES

Federal Board of Revenue (FBR) vide their SRO 640(I)/2023 dated May 31, 2023 proposed that the procedure of capital gain on disposal of securities will remain applicable on transactions of shares of listed companies as recorded

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in the system of the National Clearing Company of Pakistan Limited (NCCPL).

According to the draft SRO, the FBR proposes to clarify that the provisions of section 37A of the Income Tax Ordinance 2001 shall remain applicable on transactions of shares of listed companies as recorded in the system of the NCCPL and reported in accordance with Eighth Schedule of the Income Tax Ordinance, 2001.

Under the draft rules, section 37A (Capital gain on disposal of securities) shall not apply to the disposal of shares of listed companies otherwise than through registered stock exchange and which are not settled through NCCPL. For the purposes of second proviso to sub-section (1) of section 37A, "shares of a listed company" shall not include units of a mutual fund or collective investment scheme or a REIT scheme or derivative products and provisions of section 37A shall remain applicable on disposal of such units, schemes or products.

Moreover, the draft also states that the State Bank of Pakistan shall not allow transfer or registration of repatriable shares unless prescribed certificate from the Commissioner, to the effect that the tax liability under sub-sections (6) to (10) of section 37 is discharged, is provided by the person selling the shares.

For further details, please visit the following link:

<https://download1.fbr.gov.pk/SROs/20235311751112159DraftSRO640.pdf>

International Updates

5. IASB CONSULTS ON PROPOSED AMENDMENTS TO IFRS FOR SMES ACCOUNTING STANDARD RELATED TO INTERNATIONAL TAX REFORM

The International Accounting Standards Board (IASB) has today proposed amendments to the IFRS for SMEs Accounting Standard to help small and medium-sized entities (SMEs) respond to international tax reform.

IASB has first time proposed urgent amendments to the Standard outside its periodic review. The proposed amendments to the income tax section of the Standard would provide the same relief as the amendments to IAS 12 Income Taxes issued in May 2023 and come in response to the Organisation for Economic Co-operation & Development's (OECD) Pillar Two model rules.

The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. More than 135 countries and jurisdictions representing more than 90% of global GDP have agreed to the Pillar Two model rules.

The proposed amendments would:

- introduce a temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules;
- introduce targeted disclosure requirements in periods when Pillar Two legislation is in effect; and
- clarify that 'other events' in the disclosure objective for income tax include enacted or substantively enacted Pillar Two legislation.

The Exposure Draft can be accessed through the following link:-

<https://www.ifrs.org/content/dam/ifrs/project/amendments-sme-itr-pillar-two/ed-iasb-2023-3-sme-itr-pillar-two.pdf>

<https://www.ifrs.org/projects/work-plan/amendments-to-the-ifrs-for-smes-accounting-standard-international-tax-reform-pillar-two-model-rules/ed-cl-itr-pillar-two-sme/>

IASB has also prepared an online survey to make it easier for stakeholders to submit comments. The survey can be accessed through the following link:-

https://ifrs.qualtrics.com/jfe/form/SV_9mEuI2EOjIUJSxo

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