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**MONTHLY
TECHNICAL UPDATES**

ON ACCOUNTING, TAXATION & LAWS

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Finance (Supplementary) Act, 2022

"In order to have a winner, the team must have a feeling of unity; every player must put the team first — ahead of personal glory."

Paul Bryant

Message from the Chairman:

It gives me immense pleasure to present the first edition of Monthly Technical Updates by TSPD Committee for the year 2022. This issue provides a glimpse of committee activities for the month of January, Stock Market, Corporate Sector and Taxation. I believe that members will find it informative and helpful in discharging their professional assignments/ responsibilities.

Moreover, Worthy Members are requested to frequently visit the website of the Institute to keep themselves abreast with the latest developments in the AML/ CFT regime. I also want to request all members to share their valuable suggestions for further improvement in the Monthly Technical Update and identify topics of technical interest, which the Committee may consider for arranging seminars, workshops and training programs beneficial for the practicing members in terms of their capacity building and value addition.



Shehzad Ahmed Malik, FCMA

Vice President & Chairman
TSPD Committee ICMA Pakistan

Committee Activities

Seminar on “Basics of International Taxation”

In order to improve the understanding and knowledge of the participants, Technical Support and Practice Development (TSPD) Committee in collaboration with the Islamabad Branch Council organized a seminar on “Basics of International Taxation” on Thursday, January 20, 2022, specifically designed to meet the needs of professionals from various backgrounds who wish to develop their competence in the field of International Taxation, and benefit from the credibility that this expert knowledge will afford them.

Mr. Shahid Masood Manzar, Chairperson Appellate Tribunal Inland Revenue of Pakistan was the Chief Guest at the occasion. Mr. Shehzad Ahmed Malik, FCMA, Vice President ICMA Pakistan and Mr. Ather Saleem Ch., FCMA, Honorary Treasurer ICMA Pakistan were the Guests of Honor. Mr. Adil Ameen, Chairman Islamabad Branch Council ICMA Pakistan welcomed the guests and gave introductory remarks about the event. Among the distinguished guest speakers were; Mr. Javed Arif, FCMA, CEO, Javid & Co. and Mr. Muhammad Raza, Partner Tax Services at A.F.Ferguson & Co. The speakers presented a comprehensive glimpse of the International Taxation, different tax laws and systems pertaining to the various markets. Mr. Shehzad Ahmed Malik, FCMA, Vice President ICMA Pakistan in his valedictory note stressed upon the importance of exploring latest techniques in the field of international taxation and planning.



Seminar on “Finance (Supplementary) Act, 2022”

Soon after the approval of Finance (Supplementary) Bill in 2021, the TSPD Committee in collaboration with Islamabad Branch Council (IBC), organized a Seminar on “Finance (Supplementary) Act, 2022” on Tuesday, January 25, 2021 in order to have thread-bare discussions on the significant amendments brought in through this act and to highlight the potential impact of these critical amendments on the Industry, Business and Trade. The main thrust of these amendments are the withdrawal of tax exemptions mainly from the Sales Tax Regime in order to generate the projected revenues.

Mr. Muhammad Anwar Shaikh, Additional Finance Secretary/ Chief Cost Accounts Officer, Finance Division honoured the event as Chief Guest. Mr. Mukhtiar Ahmed Shar, Additional Secretary, FBR was the Guests of Honor at the occasion. Among the distinguished guest speakers were; Mr. Shehzad Ahmed Malik, FCMA, Vice President ICMA Pakistan and Mr. Naeem Ud Din, FCMA, Managing Partner, Naeem & Co. The eminent speakers highlighted the significant amendments in the tax laws through the supplementary act and briefed the participants regarding the impact of these amendments in the overall economy and the industry. A large number of dignitaries, members, students and personnel from different sectors participated in the event. Mr. Shehzad Ahmed Malik, FCMA, Vice President ICMA Pakistan in his valedictory note stressed upon the importance of exploring latest techniques in the field of international taxation and planning.



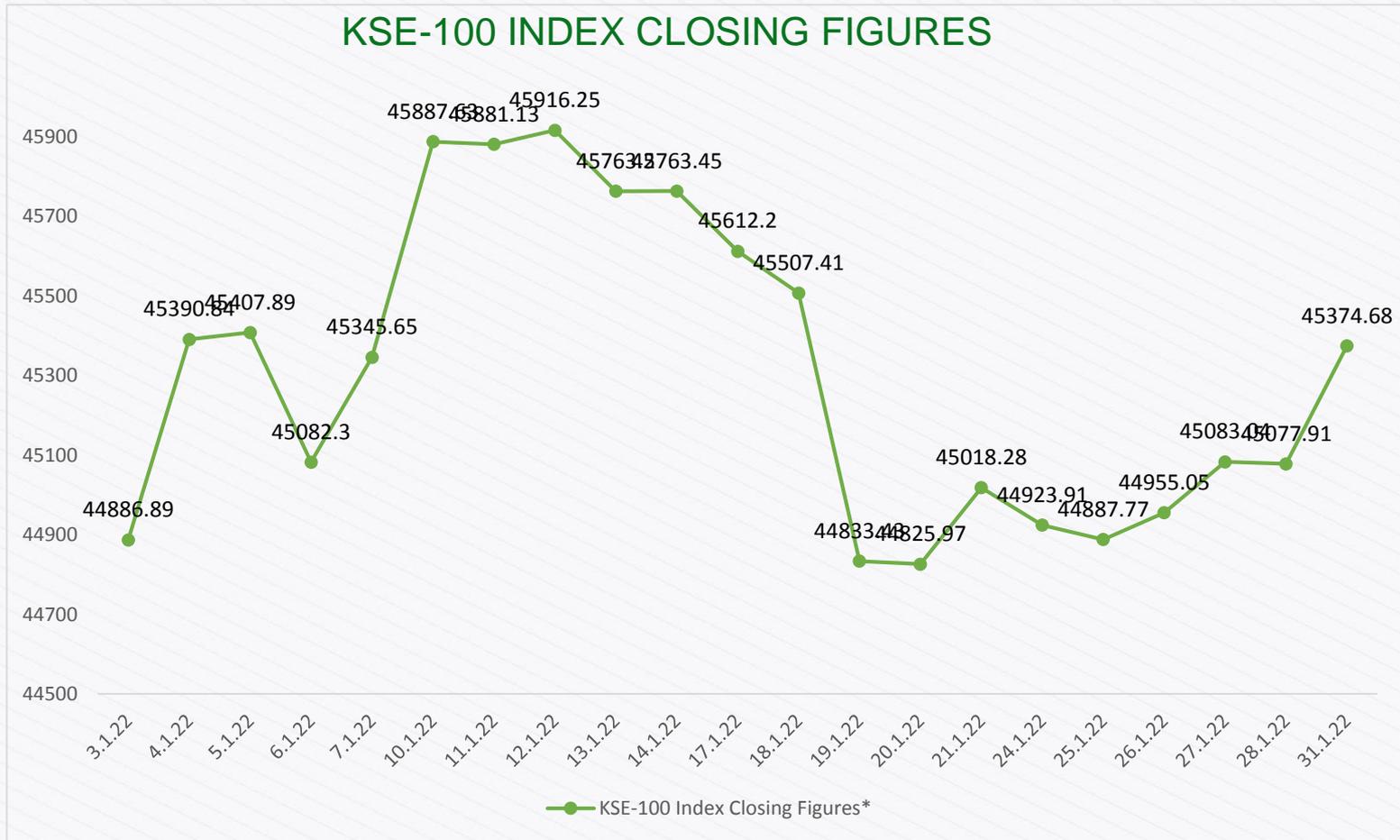
Pakistan Stock Market

Pakistan Stock Market – KSE-100 Index Fluctuations during January, 2022

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
3.1.22	44886.89	12.1.22	45916.25	21.1.22	45018.28
4.1.22	45390.84	13.1.22	45763.20	24.1.22	44923.91
5.1.22	45407.89	14.1.22	45763.45	25.1.22	44887.77
6.1.22	45082.30	17.1.22	45612.20	26.1.22	44955.05
7.1.22	45345.65	18.1.22	45507.41	27.1.22	45083.04
10.1.22	45887.63	19.1.22	44833.43	28.1.22	45077.91
11.1.22	45881.13	20.1.22	44825.97	31.1.22	45374.68

*As published in Daily Dawn

KSE-100 INDEX CLOSING FIGURES

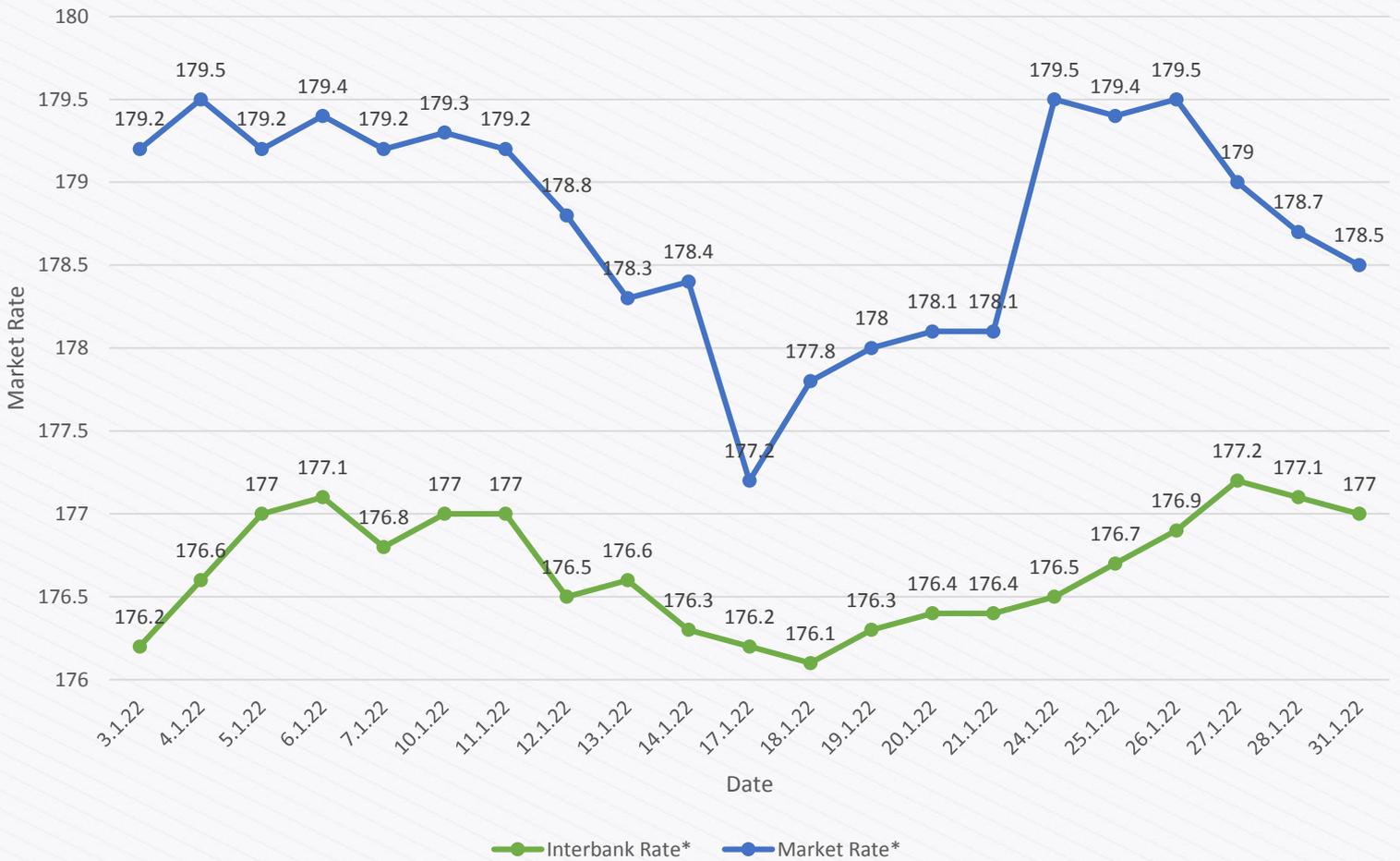


Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
3.1.22	176.2	179.2	12.1.22	176.5	178.8	21.1.22	176.4	178.1
4.1.22	176.6	179.5	13.1.22	176.6	178.3	24.1.22	176.5	179.5
5.1.22	177.0	179.2	14.1.22	176.3	178.4	25.1.22	176.7	179.4
6.1.22	177.1	179.4	17.1.22	176.2	177.2	26.1.22	176.9	179.5
7.1.22	176.8	179.2	18.1.22	176.1	177.8	27.1.22	177.2	179.0
10.1.22	177.0	179.3	19.1.22	176.3	178.0	28.1.22	177.1	178.7
11.1.22	177.0	179.2	20.1.22	176.4	178.1	31.1.22	177.0	178.5

*forex.pk

RUPEE-DOLLAR PARITY DURING JANUARY, 2022



Corporate Updates

1. LICENSING AND REGULATORY FRAMEWORK FOR DIGITAL BANKS

State Bank of Pakistan (SBP) vide their Circular No. 01 of 2022 dated January 3, 2022 notified to develop a licensing and regulatory framework for setting up digital banks in Pakistan.

The primary aims of this framework inter alia include enhancement of financial inclusion, provision of affordable/cost effective digital financial services especially to unserved and underserved segments of the society and fostering a new set of customer experience. This framework facilitates, incumbents as well as new financial institutions, international banking players, non-banking financial institutions and Digital Financial Service (DFS) providers, to establish a digital bank in Pakistan for providing a full suite of banking services through digital and electronic channels.

The framework, divided into two parts and supplemented with six appendices, provides complete guidance to the applicants regarding licensing requirements, eligibility criteria for sponsors of digital banks, regulatory capital requirements, guiding regulations for digital banks, business operations allowed during different phases and list of documents required with the licensing application.

SBP has decided to limit initially the number of digital banks' license up to five (05) and applications in this regard will be accepted until March 31, 2022. The applicants intending to apply for digital bank's license under this framework may submit their requests along with all the requisite documents at digitalbanksapplications@sbp.org.pk. Moreover, if required, interested applicants may approach SBP for any clarification at digitalbanksqueries@sbp.org.pk.

For further details, please visit the following link:-

<https://www.sbp.org.pk/press/2022/Pr-03-Jan-2022.pdf>

Taxation Updates

1. EXTENSION IN DEADLINE STIPULATED UNDER SECTION 21(A) OF THE INCOME TAX ORDINANCE, 2001

Federal Board of Revenue (FBR) vide their Circular No. 11 of 2021-22 dated January 3, 2022 extended deadline stipulated under Section 21(a), (expenditures not exceeding twenty-five thousand rupees), of the Income Tax Ordinance, 2001 up to January 31, 2022.

For further details, please visit the following link:-

<https://download1.fbr.gov.pk/Docs/20221315155201002022-01-03.pdf>

2. CHANGES IN RATES OF SALES TAX RATES ON PETROLEUM PRODUCTS

Federal Board of Revenue (FBR) vide their S.R.O. 01(I)/2022 dated January 3, 2022 changes Sales Tax Rates on Motor Spirit excluding HOBC and other petroleum products. FBR made further amendment in its Notification No. S.R.O. 57(I)/2016 dated January 29, 2016, revising the sales tax rates on petroleum products as under:-

S#	Description	PCT heading	Previous Rates	Revised Rates
(1)	(2)	(3)	(4)	(5)
1	Motor spirit excluding HOBC	2710.1210	1.63% ad valorem	4.77% ad valorem
2	High speed diesel oil	2710.1931	7.37% ad valorem	9.08% ad valorem
3	Kerosene	2710.1911	8.19% ad valorem	8.30% ad valorem
4	Light diesel oil	2710.1921	0.46% ad valorem	2.70% ad valorem

For further details, please visit the following link:-

<https://download1.fbr.gov.pk/SROs/2022131514947244SRONO.01OF2022DATED03.01.2022--CHANGEINRATEOFSALESTAXONPETROLEUMPRODUCTS.pdf>

3. EXTENSION IN DATE OF SUBMISSION OF ANNEX-C, PAYMENT AND FILING OF SALES TAX AND FEDERAL EXCISE RETURN FOR THE TAX PERIOD OF DECEMBER, 2021

Federal Board of Revenue (FBR) vide their notification dated January 17, 2021 extended the date of submission of Annex-C, payment and filing of Sales Tax and Federal Excise Return for the tax period of December, 2021 as per following schedule:-

- The date of submission of Annex-C of Sales Tax & FED, which was due on 10.01.2022, is hereby extended upto 19.01.2022;
- The payment of Sales Tax & FED, which was due on 15.01.2022, is hereby extended upto 21.01.2022;
- The date of submission of Sales Tax & Federal Excise Return, which is due on 18.01.2022, is hereby extended upto 24.01.2022.

For further details, please visit the following link:-

<https://download1.fbr.gov.pk/Docs/2022117161305773Extension-in-Date-of-STR.pdf>

4. AMENDMENT TO THE FEDERAL BOARD OF REVENUE ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM REGULATIONS FOR DNFBS, 2020

Federal Board of Revenue (FBR) vide their S. R. O. 128(I)/2022 dated January 25, 2022 inserted sub-regulations (4) and (5) in regulation 3 of the Federal Board of Revenue Anti-Money Laundering and Countering Financing of Terrorism Regulations for DNFBS, 2020 under which the Board decided to ban people convicted for criminal offenses from holding ownership or positions in Designated Non-Financial Business and Professions (DNFBPs).

According to the notification, every DNFBP shall ensure that it has measures in place to prevent any person who has been convicted of a criminal offence or any associate of such a person from holding any ownership or controlling interest in the DNFBP, being the beneficial owner of the DNFBP and holding any senior management or board position in the DNFBP. Moreover, every DNFBP shall notify the FBR when there is a change in any ownership or controlling interest in the DNFBP, any beneficial owner of the DNFBP and any senior management or board position in the DNFBP.

For further details, please visit the following link:-

[https://download1.fbr.gov.pk/SROs/20221251215928377SRO128\(I\)of2022dated25.1.2022.pdf](https://download1.fbr.gov.pk/SROs/20221251215928377SRO128(I)of2022dated25.1.2022.pdf)

Monetary Updates

5. DEADLINE FOR EXCHANGE OF OLD DESIGN BANKNOTES EXTENDED UP TILL 31ST DECEMBER, 2022

State Bank of Pakistan (SBP) extended the last date for exchanging old banknotes of Rs. 10, 50, 100 & 1000 by one year to December 31, 2022. Previously, the last date for exchange of old notes was December 31, 2021. As per the Federal Government's Gazette Notification dated December 23, 2021, upon expiry of the period, the old design banknotes will stand cancelled, and will not be exchangeable. SBP also emphasized that this is the final extension in the date of exchange of these banknotes granted by the Federal Government and public is advised to avail this opportunity and exchange their old design banknotes through SBP BSC Offices till December 31, 2022.

International Updates

1. IAASB RELEASES CONFORMING AND CONSEQUENTIAL AMENDMENTS ALIGNING EXISTING IAASB STANDARDS TO NEW, REVISED QUALITY MANAGEMENT STANDARDS

The International Auditing and Assurance Standards Board (IAASB) released further conforming and consequential amendments to the IAASB's standards resulting from the new and revised quality management standards, which were released in December 2020.

The conforming amendments remove actual or perceived inconsistencies between the IAASB's suite of standards and the quality management standards. This allows the IAASB's full suite of standards operate in conjunction with each other and without confusion, which is especially crucial given the importance of firm-level quality management to the consistent performance of quality engagements.

The standards do not include the International Standards on Auditing (ISAs). The conforming amendments to the IAASB's International Standards become effective as of December 15, 2022.

For further details and to download the amendments, please visit the following link:-

https://www.iaasb.org/publications/conforming-and-consequential-amendments-iaasb-s-other-standards-result-new-and-revised-quality?utm_source=Main+List+New&utm_campaign=06e6b61679-IAASB-news-alert-conforming-amendments&utm_medium=email&utm_term=0_c325307f2b-06e6b61679-80674400

2. IPSASB ISSUES IMPROVEMENTS TO IPSAS, 2021

The International Public Sector Accounting Standards Board (IPSASB) has issued Improvements to IPSAS, 2021.

These improvements to IPSAS, 2021 include general improvements and International Financial Reporting Standards (IFRS) alignment improvements to IPSAS. General improvements consist of proposals for minor amendments to IPSAS identified by stakeholders. IFRS alignment improvements consist of proposals for minor amendments to IPSAS sourced from recent IFRS improvements and narrow scope amendment projects.

For further details and to download the amendments, please visit the following link:-

<https://www.ipsasb.org/news-events/2022-01/ipsasb-issues-improvements-ipsas-2021>

Amendments in the Finance (Supplementary) Act, 2022

Shehzad Ahmed Malik, FCMA

Government tabled a Bill titled the “Finance (Supplementary) Act 2021” in the Parliament on 30th December 2021, through which they proposed amendments in the tax laws of Pakistan. The Bill was approved by the National Assembly of Pakistan and after perusal, we offer our views on these amendments.

These amendments has made at a time when Pakistan is already going through double-digit inflation, Economic & Political challenges.

AMENDMENTS MADE IN THE INCOME TAX ORDINANCE 2001

Several amendments have made in the Income Tax Ordinance 2001, which bears an impact on our Economy.

Overview of the amendments is as under:

Definition of “digital means”

A new definition of “digital means” through inserting **Section 2(17B)** in the ITO.

“Digital means” Electronic or digital payments as defined by the State Bank of Pakistan.



Definition of “digital means”

a) The SBP, through its Circular **PSP&OD Circular Letter No. 05 of 2021**, dated 15th October 2021, defined digital payments as including the following:

- a) Online portals/platforms for digital payments/receipts
- b) Online Interbank Fund Transfer Services
- c) Online bill/invoice payment presentment and payment services

Definition of “digital means

- a) Over the Counter digital payments and facilities
- b) Card payments using Point of sale terminals, QR Codes, mobile devices, ATMs, Kiosk and/or any other digital payments enabled services
- c) Any other digital/online payment modes.

Definition of “digital means

The said amendment is a corresponding amendment to Section 21(la) of the ITO, which disallows any expense for a transaction, whether paid or payable under a single account head, that exceeds an aggregate of Rs. 250,000/-, made through means other than digital means from the notified business account of the taxpayer.

Payment through digital means - Section 21(la)

The above Section has recently introduced a requirement to adopt digital means of payment in the situation stated therein. Moreover, the compliance date of this Section was also extended to 31st December 2021 through Circular No. 10 of 2021-22.

Payment through digital means - Section 21(la)

After this Section there was uncertainty as to how it would be implemented.

A reason for this uncertainty might be that the compliance of the Section was required to be immediate initially. We believe a gradual and inclusive approach should be adopted to include the taxpayers in this digital payment mode in steps.

Payment through digital means - Section 21(la)

Now, the effective date of Section 21(la) of this amendment shall be notified by the Board.

This may indicate that the Govt. may consult the stakeholders and devise an action-plan to include the taxpayers in this digital payment mechanism in a proper and consultative way.

Minimum Tax - Sections 153, 233 and 236Q

This amendment is also added in the captioned Sections of the ITO Section 153, that prescribed persons and exporters or exporter houses to deduct tax on the gross amount of payment made by them to resident persons in certain situations.

Minimum Tax - Sections 153, 233 and 236Q

Explanation has been given which clarifies that the minimum tax under Section 153(3) of the ITO cannot be offset by a (Mfg Co. & public co.) This explanation is added to treat the gross amount, on which tax is deducted, as deemed income to avoid litigation in courts. Furthermore, it is also in line with similar provisions such as Section 113(2) of the ITO, that treats turnover as income. (Property & c/f)

Minimum Tax - Sections 153, 233 and 236Q

Section 233 deals with payments of brokerage and/or commissions in certain situations. Taxpayer is required to deduct advanced tax as prescribed in the said Section. The Bill added a similar explanation in this Section as stated in Section 233(3) which will have the same affect.

Minimum Tax - Sections 153, 233 and 236Q

Section 236Q relates to prescribed persons making payments for the use or right to use industrial, commercial and scientific equipment, and deducting tax on the gross amount on specified rates. The Bill has made a similar amendment in Section 236Q(3) of the ITO as stated above and will have a similar affect.

Additional Documentation Submission Requirement for the Banks - Section 165A

The Bill has added a new clause (f) through which banks shall have to make arrangements to provide a **“list of persons containing particulars of their business accounts opened or re-designated during each preceding calendar month”**.

Additional Documentation Submission Requirement for the Banks - Section 165A

The primary objective of the amendment is the verification of the details of the taxpayers, in comparison with what details the taxpayer has furnished in his profile.

Every banking company shall make arrangements to provide to the Board in the prescribed form and manner:

Additional Documentation Submission Requirement for the Banks - Section 165A

- a) A list of persons containing particulars of cash withdrawals exceeding fifty thousand Rupees in a day and tax deductions thereon, aggregating to Rupees one million or more during each preceding calendar month.

Additional Documentation Submission Requirement for the Banks - Section 165A

- a) A list containing particulars of deposits aggregating rupees [ten] million or more made during the preceding calendar month;
- b) A list of payments made by any person against bills raised in respect of a credit card issued to that person, aggregating to rupees [two] hundred thousand or more during the preceding calendar month;

Additional Documentation Submission Requirement for the Banks - Section 165A

- a) A list of persons receiving profit on debt and tax deductions thereon during preceding financial year.

Politically exposed persons - Section 216

Under the provisions of Section 216 of the Ordinance, a public servant shall not disclose the prescribed confidential information to any person except for the specified instances / list of persons where such information can be disclosed.

Politically exposed persons - Section 216

A new clause in sub-section (3) is added whereby particulars in respect of high-level public officials (defined as politically exposed persons as defined by a rule, regulation, executive order or instrument; or under any law for the time being in force) and public servants in BPS-17,

Politically exposed persons - Section 216

and above, their spouses, children or benamidar, or any person in relation to whom the aforementioned persons are beneficial owner can also be disclosed.

That the said amendment is always deemed to have been added.

Politically exposed persons - Section 216

This clause shall, however, be not applicable to those who are expressly excepted under clause (iv) of subsection (m) of Section 5 of the National Accountability Bureau Ordinance, 1999.

Advanced tax levied on TV plays and advertisements - Section 236(c)(a)

Through this amendment, whereby any licensing authority certifying;

Any foreign TV drama serial or a play dubbed in Urdu; and any commercial for advertisement starring foreign actor; for screening and viewing on any landing rights channel shall be obliged to collect advance tax as per newly inserted rates in Part IV of the First Schedule of the ITO.

Advanced tax levied on TV plays and advertisements - Section 236(c)(a)

Through the newly Division XA, the following fixed taxes have been added:

- a) On Foreign produced TV drama serial or play: Rs. 1,000,000 per episode
- b) On Foreign produced TV play (single episode) Rs. 3,000,000
- c) On Advertisement starring foreign actor: Rs. 500,000 per second

Advanced tax levied on TV plays and advertisements - Section 236(c)(a)

The main purpose behind this amendment is to generate tax revenue from the licensing of the dramas and commercial Add-advert. However, Fixed Tax rates are on higher side and should be reduced.

Reit Schemes And Special Purpose Vehicles

Dividend Tax: The rate of dividend tax levied pursuant to Section 5 of the ITO has been amended, and levied at 0% in a situation where:

- The REIT scheme receives a dividend from a Special Purpose Vehicle (“SPV”), and
- 35% in case of the dividend recipient not being a REIT.

Reit Schemes And Special Purpose Vehicles

The said amendment has made by virtue of a new clause (c) in Division II of Part 1 of the First Schedule to the ITO.

Advanced Tax on Dividends:

As a corresponding amendment to the above, the Bill has made the same treatment for Advanced Tax on dividends received by a REIT (0%) and others (35%) from SPVs.

Exemption from tax, pursuant to Section 53 read with Part 1 of the Second Schedule:

The Bill included “SPVs” in the purview of the exemption from total income as provided in Clause (99) of Part 1 of the Second Schedule to the ITO, subject to the conditions prescribed therein being fulfilled.

To amend Clause (99A) of Part 1 of the Second Schedule to the ITO. Through that amendment, the sale of shares of SPVs by any person to a REIT scheme are exempt from income tax.

Sections 150, 151, 233 and Division VII of Part I of the First Schedule to the ITO are not to be applicable:

The Bill added SPVs in clause (47B) of Part IV of the Second Schedule to the ITO by “including” them in REIT schemes in the said clause.

Definition of SPVs:

There have been explanations added which state that SPVs shall have the same meaning as defined under the REIT Regulations 2015. SPV has been defined in Regulation 2(xxxiib) of these Regulations as “a limited liability company that a Non-PPP REIT Scheme may invest in or set up in accordance with and subject to the limitations set forth in these Regulations”.

Definition of SPVs withdrawal of Exemption:

Withdrawals of exemptions and zero-rating from the Sales Tax:

And providing Income Tax incentives to REIT Schemes and SPVs, and withdrawing exemptions and zero-rating from the STA on the other hand, is inconsistent treatment for taxpayers at large.

ADVANCED TAX ON THE USAGE OF MOBILE PHONES INCREASED - Division V, Part IV of the First Schedule

The Bill has increased the advanced tax applicable in case of subscriber of internet, mobile telephone and prepaid internet or telephone card. The tax has been increased to 15%.

Previously 10% for TY 2022,
and 8% TY onwards.

Letter of intent changed to letter of “support”

Clause 122 of Part 1 of the Second Schedule

The Bill has substituted the word “intent” to “support” in the sixth proviso of the captioned clause. The Bill also implies that this is a retrospective amendment as the Bill states “the words Letter of Support shall be substituted and shall always be deemed to have been so substituted”.

Withholding tax on telephone users- Section 236- First Schedule, Part IV, Division V

Rates of collection of tax under section 236 in the case of subscriber of internet, mobile telephone and pre-paid internet or telephone card, have been increased from 10% for tax year 2022 and 8% onwards to 15% from 2022 onwards.

Withholding tax on purchase, registration and transfer of motor vehicles - Section 231B- First Schedule, Part IV, Division V

The rates under Section 231B has been changed as follows:

S.No.	Engine Capacity	Existing Tax Rate	Proposed Rates
1	Upto 850cc	Rs 7,500	Rs 100,000
2	851cc to 1000cc	Rs. 15,000	
3	1001cc to 1300cc	Rs. 25,000	Rs 200,000
4	1301cc to 1600cc	Rs. 50,000	
5	1601cc to 1800cc	Rs. 75,000	
6	1801cc to 2000cc	Rs. 100,000	
7	2001cc to 2500cc	Rs. 150,000	Rs 400,000
8	2501cc to 3000cc	Rs 200,000	
9	Above 3000cc	Rs. 250,000	

AMENDMENTS PROPOSED IN THE ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES), ORDINANCE, 2001, (XLII OF 2001)

Scope of Tax - Section 3 and Table-2

As per Section 3 of the ICT Ordinance, there shall be charged, levied and paid a tax known as sales tax at the rates specified in the Schedule to the Ordinance of the value of the taxable services rendered or provided in the Islamabad Capital Territory.

AMENDMENTS PROPOSED IN THE ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES), ORDINANCE, 2001, (XLII OF 2001)

Scope of Tax - Section 3 and Table-2

Now, this Schedule named as Table 1 and a new Table-2 is included with specified rates, as follows. It may be noted that if one item is both in Table-1 and Table-2, Table-2 rates will prevail. It may also be noted that all the reduced rates now in Table-2 are already there in SRO 495(I)/2016 dated 4th July 2016, so effectively there is no change in the rates:

Table-2

S.No.	Description	PCT Hea ding	New Rates of Tax in Table-2	Existing rates in Schedule(Now Tabl e-1)
(1)	(2)	(3)	(4)	
1.	<p>Construction services, excluding</p> <p>(i) Construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs.50 million per annum.</p> <p>(i) The cases where sales tax is otherwise paid as property developers or promoters.</p> <p>(i) Government civil works including</p>		<p><u>Zero per cent</u> subject to the condition that no input tax adjustment or refund shall be admissible [Already available in SRO 495(I)/2016]</p>	Sixteen Percent 16 %
	<p>cantonment boards.</p> <p>(iv)Construction of industrial zones, consular building and other organizations exempt from income tax.</p> <p>(iv) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments.</p>			
2	<p>Services provided for personal care by beauty parlors, clinics and slimming clinics, body massage centres, pedicure centres, including cosmetic and plastic surgery by such parlors / clinics, but excluding cases where -</p> <p>(i) annual turnover does not exceed Rs.3.6 million; or</p> <p>(ii) the facility of air- conditioning is not installed or</p>		<p><u>Five per cent</u> subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]</p>	Sixteen Percent 16%

	available in the premises.		
3.	Services provided by freight forwarding agents, and packers and movers.	Five percent or Rs. 1000 per bill of lading, whichever is higher subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen per cent or Rs. 400 per bill of lading, whichever is higher
4.	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah).	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen percent 16%
5.	Services provided by specialized workshops or undertakings (auto- workshops; workshops for industrial machinery, construction and earth-moving machinery or other special purpose machinery etc; workshops for electric or electronic equipment or appliances	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen percent 16%

	etc. Including computer hard ware; car washing or similar service stations and other workshops).		
6.	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna massage centres.	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen percent 16%
7.	Services provided by laundries and dry cleaners.	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen percent 16%
8.	Services provided by property dealers and realtors.	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen percent 16%

9.	Services provided by car / automobile dealers.	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen percent 16%
10.	Services provided or rendered by marriage halls and lawns, by whatever name called, including "pandal" and "shamiana" services and caterers.	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. [Already available in SRO 495(I)/2016]	Sixteen percent 16%
11.	<p>IT services and IT-enabled services. Explanation.- For the purpose of this entry –</p> <p>(a) "IT services" include software development, software maintenance, system integration, web design, web development, web hosting and network design; and</p> <p>(a) "IT enabled services" include inbound or outbound call centres, medical transcription, remote monitoring, graphics</p>	Five Percent [Already available in SRO 495(I)/2016]	Sixteen percent 16%

	design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.		
12.	Services provided by property developers and promoters (including allied services) relating to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority or under Government's Ehsaas programme.	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible.; [Already available in SRO 495(I)/2016]	Rs.100 per square yard for land development, and Rs.50 per square feet for building construction

TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE

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Chairman

Mr. Azeem Hussain, ACMA
Member

Sayyid Mansoob Hasan, FCMA
Member

Mr. Zahid Farooq, FCMA
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Director TSPD