

[AS PASSED BY THE NATIONAL ASSEMBLY]

AN

ACT

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2018, and to amend certain laws

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2018, and to amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title, extent and commencement.** — (1) This Act may be called the Finance Act, 2018.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on the first day of July, 2018 except clauses 3(2), 3(3), 3(18), 3(19), 3(21) and 9(11)(A) which shall have effect on the next day of assent given to this Act by the President of Islamic Republic of Pakistan.

2. **Amendment of Petroleum Products (Petroleum Levy) Ordinance, 1961 (XXV of 1961).**— In the Petroleum Products (Petroleum Levy) Ordinance, 1961 (XXV of 1961), for the Fifth Schedule, the following shall be substituted, namely:—

“The Fifth Schedule

[See sections 3(1) and 7]

S.No.	Petroleum Products	Unit	Maximum Petroleum Levy Rate (Rupees per Unit)
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(1)	(2)	(3)	(4)
1.	High Speed Diesel Oil (HSDO)	Litre	30
2.	Motor Gasoline	Litre	30
3.	Superior Kerosene Oil (SKO)	Litre	30
4.	Light Diesel Oil (LDO)	Litre	30
5.	High Octane Blending Component (HOBC)	Litre	30
6.	E-10 Gasoline	Litre	30
7.	Liquefied Petroleum Gas (produced/extracted in Pakistan)	Metric Ton	20,000”.

3. Amendments of Customs Act, 1969 (IV of 1969). — In the Customs Act, 1969 (IV of 1969), the following further amendments shall be made, namely:-

(1) in section 2,-

(a) in clause (p), for the word “twelve”, the words “twenty-four” shall be substituted; and

(b) in clause (pa), after the word “includes”, the words and comma “a local manufacturer,” shall be inserted;

(2) in section 18,-

(a) in sub-section (3), for the expression “Board, with approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted; and

- (b) in sub-section (5), in the proviso, the expression “, (3)” shall be omitted;
- (3) in section 19,-
- (a) in sub-section (1), for the expression “Board, with approval of the Federal Minister-in-charge pursuant to the approval of the Economic Coordination Committee of Cabinet”, the words “Federal Government” shall be substituted; and
- (b) in sub-section (5), in the second proviso, for the figure “2018”, the figure “2019” shall be substituted;
- (4) after section 25A, the following new section shall be inserted, namely:-
- “25AA. Power to use data exchange information for determination of customs value.-** Any information or data, available under clause (b) of sub-section (1) of section 219A, may be utilized for the purpose of assessment including valuation.”;
- (5) in section 32, in sub-section (3), in the proviso, for full stop at the end a colon shall be substituted and thereafter the following second proviso shall be added, namely:-
- “Provided further that the aforesaid action shall also not be initiated in case full amount of short paid duty, taxes or other charges are paid voluntarily prior to initiation of audit inquiry or investigation.”;
- (6) in section 33, after sub-section (3), the following new sub-section shall be inserted, namely:-

“(3A) The claim filed under this section shall be disposed of within a period not exceeding one hundred and twenty days from the date of filing of such claim:

Provided that the said period may, for reasons to be recorded in writing, be extended by the Collector of Customs for a period not exceeding ninety days.”;

- (7) in section 42, in sub-section (2), in the second proviso, in clause (a),-
- (a) for the word “give”, the word “deliver” and for the word “notice”, the word “information” shall be substituted;
 - (b) in sub-clause (iii), for the word “crew”, the words “passengers and crew manifest” shall be substituted; and
 - (c) in sub-clause (iv), after the word “passengers”, the words “and crew name record information” shall be inserted;
- (8) in section 55, in sub-section (1), in clause (e), after the words “delivery”, the words “or other dues in connection with discharge and delivery of goods” shall be inserted;
- (9) after section 83, the following new section shall be inserted, namely:-

“83B. Provisional release of imported goods.- Where any offence is detected in respect of imported goods which are not liable to confiscation or needed for evidence at a later stage, the Collector of Customs may, on written request of owner of the goods, allow release of the same on payment of duty, taxes or other charges and furnishing bank

guarantee or pay order against the amount of any penalty or fine which may be imposed on such goods.”;

(10) in section 138, in sub-section (1), after the word and comma “consignee,”, the words “or where consignee has dishonored his commitments” shall be inserted;

(11) in section 156, in the TABLE,-

(a) in clause 12A, in columns (1) and (3), after the figure and letter “26A”, the expression “and 155M” shall be inserted; and

(b) for clause 63 and entries relating thereto in columns (1), (2) and (3), the following new clause and entries related thereto shall be substituted, namely:-

“63 (i) If any goods which are loaded for transshipment, are pilfered, replaced <i>en-route</i> or failed to reach the port of destination, or any person transships goods not allowed to be	such goods and the conveyance illegally carrying these goods shall be liable to confiscation and any person including the custodian involved in the offence and the bonded carrier shall be liable to a penalty not exceeding ten times the value of the goods and he shall	121
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transshipped: further be liable, upon conviction by a Special Judge, to imprisonment for a term not exceeding seven years; and

(ii) If any person contravenes any rule relating to transshipment other than mentioned in clause (i), such person including the custodian and the inland carrier shall be liable to penalty not exceeding five hundred thousand rupees or three times the amount of duties and taxes involved. 121”;

(12) in section 182, for the words “officer who orders confiscation”, the words “officer or person authorized by the Collector or Director” shall be substituted;

(13) in section 193A, after sub-section (2), the following new sub-section shall be inserted, namely:-

“(2A) The Collector (Appeals) may, for a period not exceeding thirty days, stay recovery of duty and taxes on filing of appeal and after affording opportunity of being heard to the officer of the concerned Collectorate or Directorate.”;

- (14) in section 194B, in sub-section (3), for the word and comma “Controller,”, the word “Director” shall be substituted;
- (15) in section 207, after the word “agent”, the words “or a shipping agent”, shall be inserted;
- (16) after section 212, the following new section shall be inserted; namely:-

“212A.- Authorized economic operator programme.- (1) The Federal Government may, by notification in the official Gazette, devise authorized economic operator programme to provide facilitations relating to secure supply chains of imported and exported goods through simplified procedures with regard to regulatory controls applicable thereon.

(2) The Board may, with approval of the Federal Government, prescribe rules on matters pertaining to authorized economic operator programme.”;

- (17) in section 219, after sub-section (3), the following new sub-section shall be inserted, namely:-

“(3A) Rules made under this section shall be subject to the condition of previous publication.”;

- (18) section 221A shall be re-numbered as sub-section (1) of that section and thereafter, the following new sub-section shall be added, namely:-

“(2) Notwithstanding any order or judgment of any court, a High Court and the Supreme Court, the regulatory duty already levied, collected and realized in exercise of any powers under this Act, before the commencement of the Finance Act, 2018 and after the commencement of

the Finance Act, 2017, shall be deemed to have been validly levied, collected and realized under this Act, in exercise of the powers conferred on the commencement of the Finance Act, 2018, and where any such regulatory duty has not been levied, collected or realized, the same shall be recoverable in accordance with the provisions of this Act.”;

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

(20) in the Third Schedule to the Customs Act, 1969 (IV OF 1969), after item 22B, the following new item shall be inserted, namely:-

“22C. Matters pertaining to Authorized Economic Operator (AEO) programme, including criteria for granting status of AEO to an applicant, suspension and revocation of the AEO status; and the extent of benefits under AEO programme.”; and

(21) the Fifth Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner provided for in the Second Schedule to this Act.

4. **Amendments of Members of Parliament (Salaries and Allowances)**

Act, 1974 (XXVII of 1974).— In the Members of Parliament (Salaries and Allowances)

Act, 1974 (XXVII of 1974), the following further amendments shall be made, namely:—

(1) in section 10,-

(a) in sub-section (1), for the words, “Pakistan International Airlines” the words, “any Pakistani airline” shall be substituted; and

(b) in sub-section (2A), for the words, “twenty” the words, “twenty five” shall be substituted;

- (2) in section 12,-
- (a) in sub-section (1), the words, “including medical facilities” shall be omitted;
 - (b) in sub-section (2), the words, “and also medical facilities as is admissible to a sitting member under sub-section (1)” shall be omitted; and
 - (c) after sub-section (2), the following new sub-section (3) and (4), shall be added, namely:-
 - “(3) A member and ex-member shall be entitled to the same medical facilities as are admissible to an officer of BPS-22 of the Federal Government.
 - (4) An ex-member and his spouse shall be entitled to the gratis official (blue) passport.” ; and
- (3) in section 13A, in sub-section (1), in paragraph (a) for the words, “twelve thousand and seven hundred”, the words “twenty five thousand” shall be substituted.

5. Amendment of Chairman and Speaker (Salaries, Allowances and Privileges) Act, 1975 (LXXXII of 1975).— In the Chairman and Speaker (Salaries, Allowances and Privileges) Act, 1975 (Act LXXXII of 1975), in section 18, after the word “Speaker”, the words “including a person who has held such office after election thereto” shall be inserted.

6. Amendment of Sales Tax Act, 1990.— In the Sales Tax Act, 1990, the following further amendments shall be made, namely:-

- (1) in section 3,—
 - (a) in sub-section (1A), for the word “two”, the word “three” shall be substituted;
 - (b) in sub-section (2), in clause (b), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;
 - (c) in sub-section (3A), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted; and
 - (d) in sub-section (5), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;
- (2) in section 4, in clause (c), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;
- (3) in section 7,—
 - (a) in sub-section (3), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted; and
 - (b) in sub-section (4), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;
- (4) in section 7A,—

- (a) in sub-section (1), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted; and
 - (b) in sub-section (2), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;
- (5) in section 8, in sub-section (1),—
- (a) in clause (b), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted; and
 - (b) after clause (l), the following new clause (m) shall be added, namely:—
 - “(m) import of scrap of compressors falling under PCT heading 7204.4940.”;
- (6) after section 11A, the following new section 11B shall be inserted, namely:—
- “11B. **Assessment giving effect to an order.**— (1) Except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Chapter-VIII by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court an order of assessment of tax is to be issued to any registered person, the Commissioner or an officer of Inland Revenue empowered in this behalf shall issue the order within one year from the end of the

financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner or officer of Inland Revenue.

(2) Where, by an order made under Chapter-VIII by the Appellate Tribunal, High Court or Supreme Court, an order of assessment is remanded wholly or partly and the Commissioner or Commissioner (Appeals) or officer of Inland Revenue, as the case may be, is directed to pass a new order of assessment, the Commissioner or Commissioner (Appeals) or officer of Inland Revenue, as the case may be, shall pass the new order within one year from the end of the financial year in which the Commissioner or Commissioner (Appeals) or officer of Inland Revenue, as the case may be, is served with the order:

Provided that limitation under this sub-section shall not apply, if an appeal or reference has been preferred against the order passed by Appellate Tribunal or a High Court.

- (7) in section 13, in sub-section (2), in clause (a), the expression "Board with the approval of the Federal Minister-in-charge may pursuant to the approval of the Economic Coordination Committee of the Cabinet", the expression "Federal Government may" shall be substituted;
- (8) in section 25, in sub-section (2), in the second proviso, for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided also that audit under this section shall be conducted only once in every three years.”;

(9) for section 30A, the following shall be substituted, namely:–

“30A. Directorate General (Intelligence and Investigation), Inland Revenue.– (1) The Directorate General (Intelligence and Investigation) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, post.

(2) The Board may, by notification in the official Gazette,–

(a) specify the functions and jurisdiction of the Directorate General and its officers; and

(b) confer the powers of authorities specified in section 30 upon the Directorate General and its officers.”;

(10) in section 34, in sub-section (1), in clause (a), for the expression “KIBOR plus three”, the word “twelve” shall be substituted;

(11) in section 40B,–

(a) the words “or Chief Commissioner” shall be omitted; and

(b) for the colon at the end, a full stop shall be substituted and thereafter the proviso and the explanation shall be omitted;

(12) for section 47A, the following shall be substituted, namely:–

“47A. Alternative Dispute Resolution.— (1) Notwithstanding any other provision of this Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—

- (a) the liability of tax against the aggrieved person, or admissibility of refunds, as the case may be;
- (b) the extent of waiver of default surcharge and penalty; or
- (c) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a Committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any Court of Law or an Appellate Authority, except where criminal proceedings have been initiated or where interpretation of question of law is involved having effect on other cases.

(2) The Board may, after examination of the application of an aggrieved person, appoint a Committee, within sixty days of receipt of such application in the Board, comprising,—

- (i) an officer of Inland Revenue not below the rank of a Commissioner;
- (ii) a person to be nominated by the taxpayer from a panel notified by the Board comprising,-
 - (a) senior chartered accountants and senior advocates having experience in the field of taxation; and

(b) reputable businessmen as nominated by Chambers of Commerce and Industry:

Provided that the taxpayer shall not nominate a Chartered Accountant or an advocate if the said Chartered Accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and

(iii) a retired Judge not below the rank of District and Sessions Judge, to be nominated through consensus by the members appointed under clauses (i) and (ii).

(3) The aggrieved person, or the Commissioner, or both, as the case may be, shall withdraw the appeal pending before any Court of Law or an Appellate Authority, after constitution of the Committee by the Board under sub-section (2).

(4) The Committee shall not commence the proceedings under sub-section (5) unless the order of withdrawal by the Court of Law or an Appellate Authority is communicated to the Board:

Provided that if the order of withdrawal is not communicated within seventy five days of the appointment of the Committee, the said Committee shall be dissolved and provisions of this section shall not apply.

(5) The Committee appointed under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to

conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:

Provided that in computing the aforesaid period of one hundred and twenty days, the period, if any, for communicating the order of withdrawal under sub-section (4) shall be excluded.

(6) The recovery of tax payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (2) shall be deemed to have been stayed on withdrawal of appeal upto the date of decision by the Committee.

(7) The decision of the committee under sub-section (5) shall be binding on the Commissioner and the aggrieved person.

(8) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (5), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the Court of Law or the Appellate Authority which issued the order of withdrawal under sub-section (4) and the appeal shall be treated to be pending before such a Court of Law or the Appellate Authority as if the appeal had never been withdrawn.

(9) The Board shall communicate the order of dissolution to the Court of Law or the Appellate Authority and the Commissioner.

(10) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the Court of Law or the Appellate Authority which shall decide the appeal within six months of the communication of said order.

(11) The aggrieved person may make the payment of sales tax and other taxes as decided by the Committee under sub-section (5) and all decisions, orders and judgments made or passed shall stand modified to that extent.

(12) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (2).

(13) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.”;

(13) in section 48, in sub-section (1), in the proviso, for the words “twenty-five”, the word “ten” shall be substituted;

(14) in section 58, for the expression “Companies Ordinance, 1984 (XLVII of 1984”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted;

(15) in section 60, for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;

(16) in section 65, for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;

(17) in section 71, in sub-section (1), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;

(18) in section 74A,—

- (a) the existing provision shall be numbered as sub-section (1) of that section;
- (b) in sub-section (1), numbered as aforesaid, for the figure “2017”, the figure “2018” shall be substituted; and
- (c) after sub-section (1), numbered and amended as aforesaid, the following new sub-section (2) shall be added, namely:–

“(2) Notwithstanding any omission, irregularity or deficiency in the establishment of or conferment of powers and functions on the Directorate General (Intelligence and Investigation), Inland Revenue and authorities specified in section 30A, all orders passed, notices issued and actions taken, before commencement of the Finance Act, 2018, in exercise or purported exercise of the powers and functions of the officers of Inland Revenue under this Act by the Director General (Intelligence and Investigation), Inland Revenue or the authorities specified in section 30A shall be deemed to have been validly passed, issued and taken under this Act.”;

- (19) in the Fifth Schedule, in column (1), against serial number 12, in column (2), after clause (xix), the following new clauses shall be added, namely:–

“(xx)	Colors in sets (PCT heading 3213.1000).
(xxi)	Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090)
(xxii)	Erasers (PCT heading 4016.9210 and 4016.9290)

(xxiii)	Exercise books (PCT heading 4820.2000)
(xxiv)	Pencil sharpeners (PCT heading 8214.1000)
(xxv)	Geometry boxes (PCT heading 9017.2000)
(xxvi)	Pens, ball pens, markers and porous tipped pens (PCT heading 96.08)
(xxvii)	Pencils including color pencils (PCT heading 96.09)”;

(20) in the Sixth Schedule,–

(A) in Table-1, in column (1), after serial number 136 and the entries relating thereto in columns (2) and (3), the following new serial numbers and the entries relating thereto shall be added, namely:–

“137.	Paper weighing 60 g/m ² for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO	4802.5510
138.	Fish Feed	Respective heading
139.	Fans for dairy farms	8414.5990
140.	Bovine semen	0511.1000
141.	Preparations for making animal feed	2309.9000
142.	Promotional and advertising material including technical literature, pamphlets, brochures and other give-aways of no commercial value, distributed free of cost	9920(3)

	by the exhibitors	
143.	(i) Hearing aids (all types and kinds) (ii) Hearing assessment equipment; (a) Audiometers (b) Tympanometer (c) ABR (d) Oto Acoustic Omission	9937
144.	Liquefied Natural Gas imported by fertilizer manufacturers for use as feed stock	2711.1100
145.	Plant, machinery, equipment including dumpers and special purpose motor vehicles, if not manufactured locally, imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL) for the construction of Karachi – Peshawar Motorway (Sukkur – Multan Section) and M/s China Communication Construction Company (M/s CCCC) for the construction of Karakorum Highway (KKH) Phase-II (Thakot - Havellian Section) subject to the following	Respective heading

	<p>conditions:</p> <ul style="list-style-type: none">(i) that the exemption under this serial number shall only be available to contractors named above;(ii) that the equipment and construction machinery imported under this serial number shall only be used for the construction of the respective allocated projects;(iii) that the importer shall furnish an indemnity bond, in the prescribed manner and format as set out in Annex-A, at the time of import to the extent of sales tax exempted under this serial number on consignment to consignment basis;(iv) that the Ministry of Communications shall certify in the prescribed manner and format as set out in Annex-B that the imported equipment and	
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	<p>construction machinery are <i>bona fide</i> requirement for construction of Sukkur – Multan Section (392.0 km) of Karachi – Peshawar Motorway or for the construction of Karakorum Highway(KKH) Phase-II - Thakot to Havellian Section (118.057 km) as the case may be;</p> <p>(v) for the clearance of imported goods through Pakistan Customs Computerized System the authorized officer of the Ministry shall furnish all relevant information, as set out in Annex-B, online against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Director Reforms and Automation</p>	
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	<p>or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis;</p> <p>(vi) that the equipment and construction machinery, imported under this serial number, shall not be re-exported, sold or otherwise disposed of without prior approval of the FBR. In case goods are sold or otherwise disposed of with prior approval of FBR the same shall be subject to payment of sales tax as may be prescribed by the FBR;</p> <p>(vii) in case the equipment and construction machinery, imported</p>	
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	<p>under this serial number, is sold or otherwise disposed of without prior approval of the FBR in terms of para (vi) above, the same shall be subject to payment of statutory rates of sales tax as were applicable at the time of import;</p> <p>(viii) notwithstanding the condition at para (vi) and (vii) above, equipment and construction machinery, imported under this serial number, may be surrendered at any time to the Collector of Customs having jurisdiction, without payment of any sales tax , for further disposal as may be prescribed by the FBR;</p> <p>(ix) the indemnity bond submitted in terms of para (iii) above by the importer shall be discharged on the fulfillment of conditions stipulated at para (vi) or (vii) or (viii) above, as the case may be;</p>	
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	<p>and</p> <p>(x) that violation of any of the above mentioned conditions shall render the goods liable to payment of statutory rate of sales tax leviable on the date of clearance of goods in addition to any other penal action under relevant provisions of the law.</p>	
146.	<p>Equipment imported by M/s China Railway Corporation to be furnished and installed in Lahore Orange Line Metro Train Project subject to the following conditions:</p> <p>(a) that the equipment imported under this serial number shall only be used in the aforesaid Project;</p> <p>(b) that the importer shall furnish an indemnity bond, in the prescribed manner and format as set out in Annex-C to this serial number, at the time of import to the extent of sales tax exempted under this</p>	Respective heading

	<p>serial number on consignment to consignment basis;</p> <p>(c) that the Punjab Mass Transit Authority, established under the Punjab Mass Transit Authority Act, 2015 (ACT XXXIII of 2015), hereinafter referred as the Regulatory Authority, shall certify in the prescribed manner and format as set out in Annex-D to this serial number that the imported equipment is <i>bona fide</i> requirement of the Project under the Contract No. PMA-CR-NORINCO-OL, dated 20.04.2015, hereafter referred as the contract, signed between the Regulatory Authority and CR-NORINCO;</p> <p>(d) in the event a dispute arises whether any item is entitled to exemption under this serial number, the item shall be immediately released by the</p>	
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	<p>Customs Department against a corporate guarantee, valid for a period of six months, submitted by the importer. A certificate from the Regulatory Authority duly verified by the Transport and Communication Section of the Ministry of Planning, Development and Reform, that the item is covered under this serial number shall be given due consideration by the Customs Department towards finally resolving the dispute;</p> <p>(e) for the clearance of imported equipment through Pakistan Customs Computerized System the authorized officer of the Regulatory Authority shall furnish all relevant information, as set out in Annex-D to this serial number, online against a specific user ID and password obtained under section 155D of the Customs Act,</p>	
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	<p>1969 (IV of 1969). In Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Director Reforms and Automation or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis;</p> <p>(f) that the equipment, imported under this serial number, shall not be re-exported, sold or otherwise disposed of without prior approval of the Federal Board of Revenue (FBR). In case goods are sold or otherwise disposed of with prior approval of FBR the same shall be</p>	
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	<p>subject to payment of sales tax as may be prescribed by the FBR;</p> <p>(g) in case the equipment, imported under this serial number, is sold or otherwise disposed of without prior approval of the FBR in terms of condition (f), the same shall be subject to payment of statutory rates of sales tax as were applicable at the time of import;</p> <p>(h) notwithstanding the condition (f) and (g), equipment imported under this serial number may be surrendered at any time to the Collector of Customs having jurisdiction, without payment of any sales tax, for further disposal as may be prescribed by the FBR;</p> <p>(i) the indemnity bond submitted in terms of condition (b) above shall stand discharged on submission of a certificate from the Regulatory Authority to the effect that the</p>	
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	<p>equipment has been installed or consumed in the said Project. In case the equipment is not consumed or installed in the project the indemnity bond shall be discharged on fulfillment of conditions stipulated at (f) or (g) or (h), as the case may be; and</p> <p>(j) that violation of any of the above conditions shall render the goods liable to payment of statutory rate of sales tax leviable on the date of clearance of goods in addition to any other penal action under relevant provisions of the law.</p> <p>Explanation. For the purpose of this provision, “equipment” shall mean machinery, apparatus, materials and all things to be provided under the contract for incorporation in the works relating to Lahore Orange Line Metro Train Project.</p>	
147.	Goods supplied to German Development Agency (<i>Deutsche Gesellschaft für</i>	Respective heading

	<i>Internationale Zusammenarbeit) GIZ</i>	
148.	<p>Imported construction materials and goods imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL), whether or not locally manufactured, for construction of Karachi-Peshawar Motorway (Sukkur-Multan Section) subject to fulfilment of same conditions, limitations and restrictions as are specified under S. No. 145 of this table, provided that total incidence of exemptions of all duties and taxes in respect of construction materials and goods imported for the project shall not exceed ten thousand eight hundred ninety-eight million rupees including the benefit of exemption from duties and taxes availed before 30th June, 2018 under the provisions of the Sales Tax Act, 1990, the Customs Act, 1969, the Federal Excise Act, 2005 and the Income Tax Ordinance, 2001 and Notifications issued thereunder;</p>	Respective heading

149.	Micro feeder equipment	8437.8000”;
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(B) after Table-1, amended as aforesaid, the following shall be added, namely:—

“Annex-A

[See condition 145(iii)]

INDEMNITY BOND

(On appropriately stamped non-judicial paper)

THIS DEED OF INDEMNITY is made on the _____ date of _____ BETWEEN Messrs _____ having registered office at _____ (hereinafter called "the importers" which means and includes their successors, administrators, executors and assignees) of the one part, AND the President of Pakistan through the Collector of Customs _____ (hereinafter called the "Collector of Customs"), of the other part.

WHEREAS the Federal Government, by its decision contained in serial number 145 or serial number 148 of this table, as the case may be, and subject to the conditions given in the said serial number 145 or serial number 148 of this table, as the case may be, has been pleased to direct that such equipment and construction machinery, as are not manufactured locally, shall be exempt from the whole of sales tax leviable thereon, in accordance with the said serial number 145 or serial number 148 of this table, as the case may be, if imported for :-

- (i) construction of Sukkur – Multan Section (392.0 km) of Karachi – Peshawar Motorway or
- (ii) for the construction of Karakorum Highway (KKH) Phase-II - Thakot to Havellian Section (118.057 km).

AND WHEREAS M/S. _____ having registered office at _____ (hereinafter called the importers) have imported the equipment and/or construction machinery mentioned in the said serial number 145 or serial number 148 for purposes of construction of above mentioned project(s) in accordance with the conditions given in the said serial number 145 or serial number 148 of this table, as the case may be;

NOW, THEREFORE, in consideration of the release of the equipment and/or construction machinery without recovery of leviable sales tax, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs. _____ being the sales tax and charges leviable on the machinery, if the importers fail to fulfill the condition (vi) or (vii) or (viii) of the said serial number 145 or serial number 148 of this table, as the case may be.

The importers further agree and bind themselves that the amount covered by this Bond shall be recovered as arrears of sales tax under section 202 of the Customs Act, 1969. This Bond shall become void when the Collector of Customs is satisfied that the importers have fulfilled all the conditions of the said serial number 145 or serial number 148 of this table, as the case may be.

Signed by importers on this _____ day of
_____201_.

Managing Director

(Name and permanent address)

Collector of Customs

(On behalf of President)

Witness _____

(signature, name, designation and full address)

Witness _____

(signature, name, designation and full address)

Note: The bond shall be written on appropriate non-judicial stamp paper and shall be witnessed by a Government servant in BPS 17 or above, an Oath Commissioner, a Notary Public or an officer of a Schedule Bank.

Annex-B

[See condition 145 (iv) and (v)]

NTN or FTN of Importer		Approval No.		
(I)		(II)		
Details of input goods (to be filled by the authorized officer of the Regulatory Authority) to be imported				
Description and specifications.	Quantity/UOM	L/C No. or bank contract No. and B/L.	IGM No. Date & Index No.	Remarks, if any.
(1)	(2)	(3)	(4)	(5)

CERTIFICATE BY THE AUTHORIZED OFFICER OF REGULATORY AUTHORITY:

It is hereby certified that the description, quantity and other details mentioned above are true and correct. Goods imported are in commensuration with the project requirement and are *bona fide* requirement of the project. It is further certified that the above items shall not be used for any other purpose except for the project.

Signature: _____

Name & Designation: _____

Official Stamp: _____

Date: _____

Note: - For the purposes of this serial number 145, the expression "not manufactured locally" shall mean the goods which are not listed in the locally manufactured items in the Customs General Order issued by the Federal Board of Revenue from time to time.

Annex-C

[See condition 146(b)]

INDEMNITY BOND

(On appropriately stamp non-judicial paper attested by a Government servant in BPS 17 or above, an Oath Commissioner, a Notary Public or an officer of a Scheduled Bank)

THIS DEED OF INDEMNITY is made on the _____ date of _____ BETWEEN Messrs _____ having registered office at

_____ (hereinafter called "the importers" which means and includes their successors, administrators, executors and assignees) of the one part, AND the President of the Islamic Republic of Pakistan through the Collector of Customs _____ (hereinafter called the "Collector of Customs"), of the other part.

WHEREAS the Federal Government, by its decision contained in serial number 146 and subject to the conditions given in the said serial number 146, has been pleased to direct that such equipment shall be exempt from the whole of sales tax leviable thereon, in accordance with the said serial number 146, if imported for Lahore Orange Line Metro Train Project.

AND WHEREAS M/S. _____, the importers have imported the equipment mentioned in the said serial number 146 for the above mentioned project in accordance with the conditions given in the said serial number 146;

NOW, THEREFORE, in consideration of the release of the equipment without recovery of leviable sales tax, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs. _____ being the sales tax and charges leviable on the equipment, if the importers fail to fulfill the condition (f) or (g) or (h) of the said serial number 146, as the case may be.

The importers further agree and bind themselves that the amount covered by this Indemnity Bond shall be recovered as arrears of sales tax under section 202 of the Customs Act, 1969. This Bond shall stand revoked

automatically when the Collector of Customs is satisfied that the importers have fulfilled all the conditions of the said serial number 146.

Signed by importers on this _____ day of _____ 201_.

Managing Director or person next in hierarchy duly authorized by MD

(Name and permanent address)

Collector of Customs

(On behalf of President)

Witness (1) _____

(signature, name, designation and full address)

Witness (2) _____

(signature, name, designation and full address)

Annex-D

[See conditions 146 (c) and (e)]

NTN or FTN of Importer		Approval No.		
Details of equipment (to be filled by the authorized officer of the Regulatory Authority) to be imported				
Description and specifications.	Quantity/UOM	L/C No. or bank contract No. and B/L.	IGM No. Date & Index No.	Remarks, if any.
(1)	(2)	(3)	(4)	(5)

CERTIFICATE BY THE AUTHORIZED OFFICER OF REGULATORY

AUTHORITY:

It is hereby certified that the description, quantity and other details mentioned above are true and correct. Goods imported are in commensuration with the project requirements and are *bona fide* requirement of the Project under the Contract. It is further certified that the above items shall not be used for any other purpose except for the Project.

Signature: _____

Name and Designation: _____

Official Stamp: _____

Date: _____”;

- (C) in Table 2, after serial number 22, a new serial number and entries relating thereto in column numbers (2) and (3) shall be added, namely:–

“23.	Match boxes	Respective headings.”;
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- (D) in Table-3, after the omitted serial number 16 and omitted entries relating thereto, the following new serial numbers and entries relating thereto in columns (2), (3) and (4) shall be added, namely:–

“17.	Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by	Respective heading	Nil
------	--	--------------------	-----

	Karachi Shipyard and Engineering Works Limited.		
18.	The following parts for assembling and manufacturing of personal computers and laptops:		If imported by manufacturers and assemblers of computers and laptops, registered with and certified by Engineering Development Board in accordance with quota determined by IOCO
	(i) Bare PCBs	8534.0000	
	(ii) Power Amplifier	8542.3300	
	(iii) Microprocessor/ Controllers	85.42	
	(iv) Equipment for SMT Manufacturing	8486.2000	
	(v) Laptop batteries	8506.5000	
	(vi) Adapters	8504.4020	
	(vii) Cooling fans	8414.5190	
	(viii) Heat sink	7616.9920	
	(ix) Hard Disk SSD	8471.7020	
	(x) RAM/ROMS	8471.7060 and 8471.7090	
	(xi) System on Chip/FPGA-IC	85.42	

	(xii) LCD / LED Screen	8528.7211	
	(xiii) Motherboards	8534.0000	
	(xiv) power supply	84.73	
	(xv) Optical Drives	8471.7040	
	(xvi) External Ports	8536.2090	
	(xvii) Network cards	8517.6990	
	(xviii) Graphic cards	8471.5000	
	(xix) wireless cards	8517.6970	
	(xx) micro phone	8518.3000	
	(xxi) Trackpad	8471.6020	
19.	Plant and machinery, except the items listed under Chapter 87 of the Pakistan Customs Tariff, imported for setting up of a Special Economic Zone (SEZ) by zone developers and for installation in that zone by zone enterprises, on one time basis as prescribed in the SEZ Act, 2012 and rules thereunder subject to such condition,	9917(2)	Nil"; and

	limitations and restriction as a Federal Board of Revenue may impose from time to time.		
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(21) in the Eight Schedule,

(A) in Table-1, in column (1),–

- (a) against serial number 25, in column (3), for the figure “8701.9020”, the figures “8701.9220 and 8701.9320” shall be substituted;
- (b) against serial number 26, in column (4), for the figure “7”, the figure “5” shall be substituted;
- (c) against serial number 27, in column (4), for the figure “7”, the figure “5” shall be substituted;
- (d) against serial number 28, in column (4), for the figure “7”, the figure “5” shall be substituted;
- (e) against serial number 29, in column (4), for the figure “7”, the figure “5” shall be substituted;
- (f) against serial number 30, in column (4), for the figure “7”, the figure “5” shall be substituted;
- (g) serial numbers 33, 35, 36, 37, 38, 39, 40, 41, 42, 48 and 49 and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted;

- (h) against serial number 43, in column (4), for the figure “10”, the figure “5” shall be substituted;
- (i) after serial number 49, and entries relating thereto in columns (2), (3), (4) and (5) omitted as aforesaid, the following new serial numbers and entries relating thereto in columns (2), (3), (4) and (5) shall be added, namely:

“50.	LNG/RLNG	2711.1100	12%	Import thereof
51.	RLNG	2711.2100	12%	Supply thereof
52.	Fertilizers (all types)	Respective heading	2%	Nil
53.	The following cinematographic equipment imported during the period commencing on the 1 st day of July, 2018 and ending on the 30 th day of June, 2023.		5%	Subject to same limitations and conditions as are specified in Part-1 of Fifth Schedule to the Customs Act, 1969 for availing 3% concessory rate of customs duty on the import of these

				equipment.”;
	(i) Projector	9007.2000		
	(ii) Parts and accessories for projector	9007.9200		
	(iii) Other instruments and apparatus for cinema	9032.8990		
	(iv) Screen	9010.6000		
	(v) Cinematographic parts and accessories	9010.9000		
	(vi) 3D Glasses	9004.9000		
	(vii) Digital Loud Speakers	8518.2200		
	(viii) Digital Processor	8519.8190		
	(ix) Sub-woofer and Surround Speakers	8518.2990		
	(x) Amplifiers	8518.5000		

	(xi) Audio rack and termination board	7326.9090 8537.1090		
	(xii) Music Distribution System	8519.8990		
	(xiii) Seats	9401.7100		
	(xiv) Recliners	9401.7900		
	(xv) Wall Panels and metal profiles	7308.9090		
	(xvi) Step Lights	9405.4090		
	(xvii) Illuminated Signs	9405.6000		
	(xviii) Dry Walls	6809.1100		
	(xix) Ready Gips	3214.9090		
54.	lithium iron phosphate battery (Li-Fe- PO4)	8506.5000	12%	Nil
55	Fish babies / seedlings	Respective headings	5%	Nil
56	Potassium	Respective	17%	Import and

	Chlorate (KClO ₃)	headings	along with rupees 40 per kilogram	supply thereof. Provided that rate of rupees 40 per kilogram shall not apply on imports made by and supplies made to organizations under the control of Ministry of Defence Production.
57	Rock phosphate	Respective headings	10%	If imported by fertilizer manufacturers for use in the manufacturing of fertilizers.”; and

(B) in Table-2, in column (1), after serial number 8 and entries relating thereto in columns (2), (3) and (4), the following new serial number

9 and entries relating thereto in columns (2), (3) and (4) shall be added, namely:–

"9	Capital goods otherwise not exempted, for Transmission Line Projects.	Respective heading	The concession will be available in respect of those Transmission Line Projects which are being executed under Standard Implementation Agreement under Policy Framework for Private Sector Transmission Line Projects, 2015 and Projects Specific Transmission Services Agreement. Provided that sales tax charged under this provision shall be non-adjustable and non-refundable.”.
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7. Amendment of Protection of Economic Reforms Act, 1992 (XII of 1992).— In the Protection of Economic Reforms Act, 1992 (XII of 1992), the following further amendments shall be made, namely:-

(1) for section 3, the following shall be substituted, namely:—

“3. Act to override other laws.— This Act shall have effect notwithstanding anything contained in the Foreign Currency Accounts (Protection) Ordinance, 2001 (L of 2001).”;

(2) in section 4,-

(a) in sub-section (1), the words “and shall not be required to make a foreign currency declaration at any stage nor shall any one be questioned in regard to the same” shall be omitted; and

(b) in sub-section (2),-

(i) in clause (f),-

(a) after the word “dealer” the expression “, money changer or exchange company” shall be inserted; and

(b) for the full-stop at the end a semicolon shall be substituted; and

(ii) after clause (f), the following new clause shall be inserted, namely:-

“(g) cross border or inland movement of foreign currencies in cash exceeding US\$ 10,000 or equivalent subject to such annual ceiling as may be prescribed by the State Bank of Pakistan.” ; and

(3) in section 5,-

(a) in sub-section (3), after the word “accounts” the words “except as otherwise required under the Foreign Exchange Regulation Act, 1947 (VII of 1947) or the Income Tax Ordinance, 2001 (XLIX of 2001)” shall be inserted; and

(b) in sub-section (4), for the full stop at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely:-

“Provided that no cash shall be deposited in an account of a citizen of Pakistan, resident in Pakistan, unless the account holder is a filer as defined in the Income Tax Ordinance, 2001 (XLIX of 2001):

Provided further that the Federal Government may make rules governing deposits in and withdrawals from the foreign currency accounts.”.

8. **Amendment of Ordinance, XLIX of 2001.**— In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

(1) in section 2,—

(A) after clause (22A), the following new clause shall be inserted, namely:-

“(22B) “fee for offshore digital services” means any consideration for providing or rendering services by a non-

resident person for online advertising including digital advertising space, designing, creating, hosting or maintenance of websites, digital or cyber space for websites, advertising, e-mails, online computing, blogs, online content and online data, providing any facility or service for uploading, storing or distribution of digital content including digital text, digital audio or digital video, online collection or processing of data related to users in Pakistan, any facility for online sale of goods or services or any other online facility.”;

- (B) in clause (23A), after the word “Board”, the expression “or Azad Jammu and Kashmir Council Board of Revenue or Gilgit-Baltistan Council Board of Revenue” shall be inserted;
- (C) in clause (29), for the expression ", 236M and 236N," the word "and" shall be substituted;
- (D) in clause (41),—
 - (a) in sub-clause (e),—
 - (i) for paragraph (i), the following shall be substituted, namely:-
 - “(i) has and habitually exercises an authority to conclude contracts on behalf of the other person or habitually concludes contracts or habitually plays the principal role leading to the

conclusion of contracts that are routinely concluded without material modification by the person and these contracts are —

- (a) in the name of the person; or
- (b) for the transfer of the ownership of or for the granting of the right to use property owned by that enterprise or that the enterprise has the right to use; or
- (c) for the provision of services by that person; or”;

(ii) after paragraph (ii), the following explanation shall be added, namely:—

“*Explanation.*— For removal of doubt, it is clarified that an agent of independent status acting in the ordinary course of business does not include a person acting exclusively or almost exclusively on behalf of the person to which it is an associate; or”;

(b) after sub-clause (f), the following new sub-clause shall be added, namely:-

“(g) a fixed place of business that is used or maintained by a person if the person or an associate of a person carries on business at that place or at another place in Pakistan and—

- (i) that place or other place constitutes a permanent establishment of the person or an associate of the person under this sub-clause; or
- (ii) business carried on by the person or an associate of the person at the same place or at more than one place constitute complementary functions that are part of a cohesive business operation.

Explanation.- For the removal of doubt, it is clarified that —

- (A) the term “cohesive business operation” includes an overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the person or the associates of the person; and
 - (B) supply of goods include the goods imported in the name of the associate or any other person, whether or not the title to the goods passes outside Pakistan.”;
- (2) in section 4B, in sub-section (1), for the figure “2017” the figure “2020” shall be substituted;
 - (3) in section 5A, in sub-section (1),—
 - (a) for the words “seven and a half”, the word “five” shall be substituted;
 - (b) for the word “forty”, the word “twenty” shall be substituted; and

- (c) the words “or bonus shares” shall be omitted;
- (4) in section 6,—
 - (a) in sub-section (1), after the word “royalty”, a comma and the words “, fee for offshore digital services” shall be inserted;
 - (b) in sub-section (3), in clause (b), after the word “services”, occurring for the first time, the words “or fee for offshore digital services” shall be inserted; and
 - (c) in sub-section (4), after the word “royalty”, a comma and the words “, fee for offshore digital services” shall be inserted;
- (5) in section 8, in sub-section (1), the expression "5A," shall be omitted;
- (6) in section 18, in sub-section (1), after clause (e), the following explanation shall be added, namely:—

“Explanation.— For the removal of doubt it is clarified that income subject to taxation under sections 5A, 5AA, 6, 7 and 7A shall not be chargeable to tax under this section.”;
- (7) in section 37, in sub-section (4A), in clause (a), after the word "gift", the expression “from a relative as defined in sub-section (5) of section 85” shall be inserted;
- (8) in section 39, in sub-section (1),—
 - (a) in clause (k), for full stop at the end, a semi colon and the word "and" shall be substituted;
 - (b) in clause (l), for the semi colon and the word "and" a full stop shall be substituted; and

- (c) clause (m) shall be omitted;
- (9) in section 53, in sub-section (2), for the expression “Board with the approval of Federal Minister-in-charge may, from time to time pursuant to the approval of the Economic Coordination Committee of Cabinet”, the words “Federal Government **may**” shall be substituted;
- (10) in section 57,—
- (a) in sub-section (1), after the word “which”, the expression “sub-section (4) or“ shall be inserted; and
- (b) for sub-section (4), the following shall be substituted, namely:—
- "(4) The loss attributable to deductions allowed under sections 22, 23, 23A, 23B and 24 that has not been set off against income, the loss not set off shall be set off against fifty percent of the person's balance income chargeable under the head "income from business" after setting off loss under sub-section (1), in the following tax year and so on until completely set off:
- Provided that such loss shall be set off against hundred percent of the said balance income if the taxable income for the year is less than ten million Rupees.";
- (11) in section 59A, for sub-section (5), the following shall be substituted, namely:-
- "(5) Subject to sub-section (4) of section 57, sub-section (12) of section 22 and sub-section (6), where in computing the taxable income for any tax year, full effect cannot be given to the

loss relating to deductions under section 22, 23, 24 or 25 owing to there being no profits or gains chargeable for that year or such profits or gains as mentioned in sub-section (4) of section 57, being less than the said loss, the loss or part of the loss, as the case may be, shall be set off against fifty percent of the person's income chargeable under the head "income from business" for the following year or if there is no "income from business" for that year, be set off against fifty percent of the person's income chargeable under the head "income from business" for the next following year and so on for succeeding years.”;

- (12) in section 62, in sub-section (2), in component C of the formula, in clause (c), for the words "one and a half", the word "two" shall be substituted;
- (13) in section 65B, in sub-section (2), for the figure "2019" the figure "2021" shall be substituted;
- (14) in section 65D, in sub-section (2), in clause (a), for the figure "2019" the figure "2021" shall be substituted;
- (15) in section 65E, in sub-section (4), for the figure "2019" the figure "2021" shall be substituted;
- (16) in section 79, in sub-section (1), in clause (c), after the word "asset" the expression "to a relative, as defined in sub-section (5) of section 85," shall be inserted;
- (17) in section 100A, after sub-section (2), the following new sub-section shall be added, namely:-

“(3) Notwithstanding anything contained in sub-section (1), income, profits and gains and tax payable thereon shall be computed subject to the limitations and provisions contained in Chapters VII and VIII.”;

(18) in section 100C, in sub-section (2), in clause (e), after the word "banks", the words "and microfinance banks" shall be inserted;

(19) in section 101,—

(a) in sub-section (3), in clause (d), for full stop at the end a semi colon and the word “or” shall be substituted and thereafter the following new clause shall be added, namely:-

“(e) import of goods, whether or not the title to the goods passes outside Pakistan, if the import is part of an overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the associates of the person supplying the goods or its permanent establishment, whether or not the goods are imported in the name of the person, associate of the person or any other person.

Explanation.— For the removal of doubt, it is clarified that where the income is subject to taxation under sections 5A, 5AA, 6, 7 and 7A, the income shall not be chargeable to tax under the head income from business.”; and

(b) after sub-section (12), the following new sub-section shall be inserted, namely:-

“(12A) A fee for offshore digital services shall be Pakistan-source income, if it is –

(a) paid by a resident person, except where the fee is payable in respect of services utilised in a business carried on by the resident outside Pakistan through a permanent establishment; or

(b) borne by a permanent establishment in Pakistan of a non-resident person.”;

(20) after section 101, amended as aforesaid, the following new section shall be inserted, namely:-

“101A. **Gain on disposal of assets outside Pakistan.**— (1) Any gain from the disposal or alienation outside Pakistan of an asset located in Pakistan of a non-resident company shall be Pakistan-source.

(2) The gain under sub-section (1) shall be chargeable to tax at the rate and in the manner as specified in sub-section (10).

(3) Where the asset is any share or interest in a non-resident company, the asset shall be treated to be located in Pakistan, if –

(a) the share or interest derives, directly or indirectly, its value wholly or principally from the assets located in Pakistan; and

(b) shares or interest representing ten per cent or more of the share capital of the non-resident company are disposed or alienated.

(4) The share or interest, as mentioned in sub-section (3), shall be treated to derive its value principally from the assets located in Pakistan, if on the last day of the tax year preceding the date of transfer of a share or an interest, the value of such assets exceeds one hundred million Rupees and represents at least fifty per cent of the value of all the assets owned by the non-resident company.

(5) Notwithstanding the provisions of section 68, the value as mentioned in sub-section (4) shall be the fair market value, as may be prescribed, for the purpose of this section without reduction of liabilities.

(6) Where the entire assets by the non-resident company are not located in Pakistan, the income of the non-resident company, from disposal or alienation outside Pakistan of a share of, or interest in, such non-resident company shall be treated to be located in Pakistan, to the extent it is reasonably attributable to assets located in Pakistan and determined as may be prescribed.

(7) Where the asset of a non-resident company derives, directly or indirectly, its value wholly or principally from the assets located in Pakistan and the non-resident company holds, directly or indirectly, such assets through a resident company, such resident company shall, for the purposes of determination of gain and tax thereon under sub-section (8)

or, as the case may be, sub-section (9), shall furnish to the Commissioner within sixty days of the transaction of disposal or alienation of the asset by the non-resident company, the prescribed information or documents, in a statement as may be prescribed:

Provided that the Commissioner may, by notice in writing, require the resident company, to furnish information, documents and statement within a period of less than sixty days as specified in the notice.

(8) The person acquiring the asset from the non-resident person shall deduct tax from the gross amount paid as consideration for the asset at the rate of **ten percent of the fair market value of the asset** and shall be paid to the Commissioner by way of credit to the Federal Government through remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within fifteen days of the payment to the non-resident.

(9) The resident company as referred to in sub-section (7) shall collect advance tax as computed in sub-section (10) from the non-resident company within thirty days of the transaction of disposal or alienation of the asset by such non-resident company:

Provided that where the tax has been deducted and paid by the person acquiring the asset from the non-resident person under sub-section (8), the said tax shall be treated as tax collected and paid under this sub-section and shall be allowed a tax credit for that tax in computing the tax under sub-section (10).

(10) The tax to be collected under sub-section (9) shall be the higher of —

(a) 20% of A, where A = fair market value less cost of acquisition of the asset; or

(b) 10% of the fair market value of the asset.

(11) Where tax has been paid under sub-section (8) or (9), no tax shall be payable by the non-resident company in respect of gain under sub-section (8) of section 22 or capital gains under section 37 or 37A.

(12) Where any gain is taxable under this section and also under any other provision of this Ordinance, the said gain shall be taxable under other provision of the Ordinance.”;

(21) in section 107, in sub-section (2), for the word "Where" the words "Subject to section 109, where" shall be substituted;

(22) in section 108,-

(a) in sub-section (3), in clause (b), for the words “and maintain” the expression “, maintain and furnish to the Board” shall be substituted; and

(b) in sub-section (4), after the word “under”, occurring for the first time, the expression “clause (a), (c) or (d) of” shall be inserted;

(23) in section 109,—

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

"(d) **from tax year 2018 and onwards**, disregard an entity or a corporate structure that does not have an economic or commercial substance or was created as part of the tax avoidance scheme."; and

(b) after sub-section (2), the following new sub-section shall be added, namely:—

"(3) Reduction in a person's liability to tax as referred to in sub-section (2) means a reduction, avoidance or deferral of tax or increase in a refund of tax and includes a reduction, avoidance or deferral of tax that would have been payable under this Ordinance, but are not payable due to a tax treaty for the avoidance of double taxation as referred to in section 107.";

(24) after section 109, substituted as aforesaid, the following new section shall be inserted, namely:-

"109A. Controlled foreign company.— (1) There shall be included in the taxable income of a resident person for a tax year an income attributable to controlled foreign company as defined in sub-section (2).

(2) For the purpose of this section, controlled foreign company means a non-resident company, if —

(a) more than fifty percent of the capital or voting rights of the non-resident company are held, directly or

indirectly, by one or more persons resident in Pakistan or more than forty percent of the capital or voting rights of the non-resident company are held, directly or indirectly, by a single resident person in Pakistan;

- (b) tax paid, after taking into account any foreign tax credits available to the non-resident company, on the income derived or accrued, during a foreign tax year, by the non-resident company to any tax authority outside Pakistan is less than sixty percent of the tax payable on the said income under this Ordinance;
- (c) the non-resident company does not derive active business income as defined under sub-section (3);
and
- (d) the shares of the company are not traded on any stock exchange recognized by law of the country or jurisdiction of which the non-resident company is resident for tax purposes.

(3) A company shall be treated to have derived active income

if—

- (a) more than eighty percent of income of the company does not include income from dividend, interest, property, capital gains, royalty, annuity payment,

supply of goods or services to an associate, sale or licensing of intangibles and management, holding or investment in securities and financial assets; and

(b) principally derives income under the head “income from business” in the country or jurisdiction of which it is a resident.

(4) Income of a controlled foreign company is an amount equal to the taxable income of that company determined in accordance with the provisions of this Ordinance as if that controlled foreign company is a resident taxpayer **and shall be taxed at the rate specified in Division III of Part I of the First Schedule.**

(5) The amount of attributable income under sub-section (1) for a tax year shall be computed according to the following formula, namely:—

A x (B/100)

Where -

A is the amount of income of a controlled foreign company under sub-section (2); and

B is the percentage of capital or voting rights, whichever is higher, held by the person, directly or indirectly, in the controlled foreign company.

(6) The amount of attributable income shall be treated as zero, if the capital or voting rights of the resident person is less than ten percent.

(7) Income of a controlled foreign company shall be treated as zero, if it is less than ten million Rupees.

(8) The income of a controlled foreign company in respect of a foreign tax year, as defined in sub-section (9), shall be determined in the currency of that controlled foreign company and shall, for purposes of determining the amount to be included in the income of any resident person during any tax year under the provisions of this section, be converted into Rupees at the State Bank of Pakistan rate applying between that foreign currency and the Rupee on the last day of the tax year.

(9) Foreign tax year, in relation to a non-resident company, means any year or period of reporting for income tax purposes by that non-resident company in the country or jurisdiction of residence or, if that company is not subject to income tax, any annual period of financial reporting by that company.

(10) The income attributable to controlled foreign company under sub-section (1) and taxed in Pakistan under this section shall not be taxed again when the same income is received in Pakistan by the resident taxpayer.

(11) Where tax has been paid by the resident person on the income attributable to controlled foreign company and in a subsequent tax year the resident person receives dividend distributed by the controlled foreign company, after deduction of tax on dividend, the resident person shall be allowed a tax credit equal to the lesser of, —

- (i) foreign tax paid, as defined in sub-section (8) of section 103, on dividends; and
- (ii) Pakistan tax payable, as defined in section 103, for the tax year in which the dividend is received by the resident taxpayer.”;

(25) in section 111,—

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

“(2) The amount referred to in sub-section (1) shall be included in the person’s income chargeable to tax:

- (i) in the tax year to which such amount relates if the amount representing investment, money, valuable article or expenditure is situated or incurred in Pakistan or concealed income is Pakistan-source; and
- (ii) in the tax year immediately preceding the tax year in which the investment, money, valuable article or expenditure is discovered by the Commissioner and is

situated or incurred outside Pakistan and concealed income is foreign-source.

Explanation.— For the removal of doubt, it is clarified that where the investment, money, valuable article or expenditure is acquired or incurred outside Pakistan in a prior tax year and is liable to be included in the income of tax year 2018 and onwards on the basis of discovery made by the Commissioner during tax year 2019 and onwards and the person explains the acquisition of such asset or expenditure from sources relating to tax year in which such asset was acquired or expenditure was incurred, such explanation shall not be rejected on the basis that the source does not relate to the tax year in which the amount chargeable to tax is to be included.”; and

(b) in sub-section (4), in clause (a), after the word “channels”, the words “not exceeding ten million Rupees in a tax year” shall be inserted.

(26) in section 114,—

(a) in sub-section (1), in clause (b),-

(i) in sub-clause (viii), the word “or” at the end shall be omitted;

and

(ii) in sub-clause (ix), for full stop at the end, a semicolon and the word “; or” shall be substituted and thereafter the following new sub-clause shall be added, namely:-

“(x) every resident person being an individual required to file foreign income and assets statement under section 116A.”;
and

(b) in sub-section (2),-

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

(ii) in clause (e), for full stop at the end a semicolon and the word “; and” shall be substituted and thereafter the following new clause shall be added, namely:-

“(f) shall be accompanied with a foreign income and assets statement as required under section 116A.”;

(27) after section 116, the following new section 116A shall be inserted, namely:-

“116A. Foreign income and assets statement.– (1) Every resident taxpayer being an individual having foreign income of not less than ten thousand United States dollars or having foreign assets with a value of not less than one hundred thousand United States dollars shall furnish a statement, hereinafter referred to as the foreign income and assets statement, in the prescribed form and verified in the prescribed manner giving particulars of —

- (a) the person's total foreign assets and liabilities as on the last day of the tax year;
- (b) any foreign assets transferred by the person to any other person during the tax year and the consideration for the said transfer; and
- (c) complete particulars of foreign income, the expenditure derived during the tax year and the expenditure wholly and necessarily for the purposes of deriving the said income.

(2) The Commissioner may by a notice in writing require any person being an individual who, in the opinion of the Commissioner on the basis of reasons to be recorded in writing, was required to furnish a foreign income and assets statement under sub-section (1) but who has failed to do so to furnish the foreign income and assets statement on the date specified in the notice.”;

(28) in section 118,-

- (a) in sub-section (1),-
 - (i) for the word “or” a comma shall be substituted; and
 - (ii) after the figure “116” the expression “or a foreign income and assets statement under 116A, if applicable” shall be inserted; and
- (b) in sub-section (2A), after the figure “116”, the expression “or a foreign income and assets statement under 116A, if applicable” shall be added;

(29) in section 121, in sub-section (3), for full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that where notice for furnishing a return of income under sub-section (4) of section 114 is issued in respect of one or more of the last ten completed tax years in pursuance of proviso to sub-section (5) of section 114 an assessment order under this section shall only be issued within two years from the end of tax year in which such notice is issued.”;

(30) in section 131, in sub-section (5), in the first proviso, for the expression “:—” at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely:—

“Provided further that where recovery of tax has been stayed under this section, such stay order shall cease to have effect on expiration of the said period of one hundred and eighty days following the date on which the stay order was made and the Commissioner shall proceed to recover the said tax.”;

(31) for section 134A, the following shall be substituted, namely:-

“134A. Alternative Dispute Resolution.- (1) Notwithstanding any other provision of this Ordinance, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—

(a) the liability of tax against the aggrieved person, or
admissibility of refunds, as the case may be;

- (b) the extent of waiver of default surcharge and penalty;
or
- (c) any other specific relief required to resolve the dispute,

may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an Appellate Authority, except where criminal proceedings have been initiated or where interpretation of question of law is involved having effect on other cases.

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

- (i) an officer of Inland Revenue not below the rank of a Commissioner;
- (ii) person to be nominated by the taxpayer from a panel notified by the Board comprising,-
 - (a) senior chartered accountants and senior advocates having experience in the field of taxation; and
 - (b) reputable businessmen as nominated by Chambers of Commerce and Industry:

Provided that the taxpayer shall not nominate a Chartered Accountant or an advocate if the said Chartered Accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and

(iii) a retired Judge not below the rank of District and Sessions Judge, to be nominated through consensus by the members appointed under clauses (i) and (ii).

(3) The aggrieved person, or the Commissioner, or both, as the case may be, shall withdraw the appeal pending before any court of law or an Appellate Authority, after constitution of the committee by the Board under sub-section (2).

(4) The committee shall not commence the proceedings under sub-section (5) unless the order of withdrawal by the court of law or the Appellate Authority is communicated to the Board:

Provided that if the order of withdrawal is not communicated within seventy five days of the appointment of the committee, the said committee shall be dissolved and provisions of this section shall not apply.

(5) The Committee appointed under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any

other person to conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:

Provided that in computing the aforesaid period of one hundred and twenty days, the period, if any, for communicating the order of withdrawal under sub-section (4) shall be excluded.

(6) The recovery of tax payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (2) shall be deemed to have been stayed on withdrawal of appeal up to the date of decision by the Committee.

(7) The decision of the committee under sub-section (5) shall be binding on the Commissioner and the aggrieved person.

(8) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (5), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the Appellate Authority which issued the order of withdrawal under sub-section (4) and the appeal shall be treated to be pending before such court of law or the Appellate Authority as if the appeal had never been withdrawn.

(9) The Board shall communicate the order of dissolution to the court of law or the Appellate Authority and the Commissioner.

(10) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the Appellate Authority,

which shall decide the appeal within six months of the communication of said order.

(11) The aggrieved person may make the payment of income tax and other taxes as decided by the committee under sub-section (5) and all decisions, orders and judgments made or passed shall stand modified to that extent.

(12) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (2).

(13) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.”;

(32) in section 137, in sub-section (2), for full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided that the due date for payment of tax payable under sub-section (7) of section 147 shall be the date specified in sub-section (5) or sub-section (5A) or first proviso to sub-section (5B) of section 147.”;

(33) in section 140, in sub-section (1), in the proviso, for the expression “twenty-five” the word “ten” shall be substituted;

(34) in section 147,—

a. in sub-section (4), in component A, for semi-colon, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that where the taxpayer fails to provide turnover or the turnover for the quarter is not known, it shall be taken to be one-fourth of one hundred and ten percent of the turnover of the latest tax year for which a return has been filed;”;

- b. in sub-section (4A), after the word "taxpayer", wherever occurring, the words "including a banking company" shall be inserted; and
- c. in sub-section (6), for full stop at the end a colon shall be substituted and thereafter the following provisos shall be added, namely:—

“Provided that an estimate of the amount of tax payable shall contain turnover for the completed quarters of the relevant tax year, estimated turnover of the remaining quarters along with reasons for any decline in estimated turnover, documentary evidence of estimated expenses or deductions which may result in lower payment of advance tax and the computation of the estimated taxable income of the relevant tax year:

Provided further that where **the Commissioner is not satisfied with the documentary evidence provided or where** an estimate of the amount of tax payable is not accompanied by details mentioned in the first proviso, the Commissioner may reject the estimate after providing an opportunity of being heard to the taxpayer and the taxpayer shall pay

advance tax according to the formula contained in sub-section (4).";

(35) in section 148,—

(i) in sub-section (2A), after the word “unless”, the words “amended or” shall be inserted; and

(ii) for sub-section (8), the following shall be substituted, namely:-

“(8) The tax required to be collected from a person under this section shall be minimum tax for a tax year on the import of—

(a) goods where goods are sold in the same condition as they were when imported:

Provided that the minimum tax payable under this clause shall be five percent of the import value as increased by customs duty, sales tax and federal excise duty;”;

(b) edible oil;

(c) packing material; and

(d) plastic raw material imported by an industrial undertaking falling under PCT headings 39.01 to 39.12.”;

(36) in section 152,—

(a) after sub-section (1BB), the following new sub-section shall be inserted, namely:-

“(1C) Every banking company or a financial institution remitting outside Pakistan an amount of fee for offshore digital services, chargeable to tax under section 6, to a non-resident person on behalf of any resident or a permanent establishment of a non-resident in Pakistan shall deduct tax from the gross amount paid at the rate specified in Division IV of Part I of the First Schedule.”;

- (b) after sub-section (2AA), the following new sub-section shall be inserted, namely:—

"(2B) The tax deductible under clause (b) of sub-section (2A) shall be a minimum tax and the provisions of sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (3) and sub-section (4A) of section 153 shall *mutatis mutandis* apply."; and

- (c) in sub-section (7), for clause (a), the following shall be substituted, namely:-

“(a) an import of goods where title to the goods passes outside Pakistan and is supported by import documents, except where —

- (i) the supply is made in connection with the overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the associates of the person supplying the goods or its permanent

- establishment, whether or not the title passes outside Pakistan and whether or not the goods are imported in the name of the associate or any other person; or
- (ii) the supply is made by a resident person or a Pakistan permanent establishment of a non-resident person in connection with the overall arrangement as referred to in sub-clause (i); or”;

(37) in section 153,—

a. in sub-section (1),—

- (i) in clause (a), after the word “goods”, the expression “,except where payment is less than seventy-five thousand Rupees in aggregate, during a financial year” shall be inserted; and
- (ii) in clause (b), after the word “services”, the expression “except where payment is less than thirty thousand Rupees in aggregate, during a financial year” shall be inserted; and

b. in sub-section (7), in clause (i),—

- (i) in sub-clause (h), for the expression "tax year 2007 or in any subsequent tax year", the expression "any of the preceding tax years" shall be substituted;
- (ii) in sub-clause (i),—
 - (a) for the expression "the tax year 2009 or in any subsequent year", the expression "any of the preceding tax years" shall be substituted; and

- (b) the word "or", at the end, shall be omitted;
- (iii) in sub-clause (j), after the semicolon, the word "or" shall be inserted; and
- (iv) after sub-clause (j), amended as aforesaid, the following new sub-clause shall be added, namely:—

"(k) a person deriving income from the business of construction and sale of residential, commercial or other buildings(builder); or

(l) a person deriving income from the business of development and sale of residential, commercial or other plots (developer).";

(38) in section 165A,—

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

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

b. in clause (b), for the word "one" the word "ten" shall be substituted; and

c. in clause (c), for the word "one" the word "two" shall be substituted;

(39) in section 168,—

a. in sub-section (2), after the word "sub-sections" the expression "(2A), (2B)," shall be inserted; and

- b. after sub-section (2), amended as aforesaid, the following new sub-sections shall be inserted, namely:-

“(2A) Where a company is a member of an association of persons which is taxed in accordance with section 92 and an amount of tax has been collected from an association of persons under Division II of this Part or Chapter XII or deducted from a payment made to the said association under Division III of this Part or Chapter XII, the company shall be allowed a tax credit, in respect of tax collected or deducted from the association of persons, according to the following formula, namely: —

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

Where —

- A** is the amount of share of profits before tax received by the company as a member from the association of persons;
- B** is the taxable income of the association of persons;
- and
- C** is the amount of tax withheld in the name of the association of persons.

(2B) No tax credit shall be allowed for any tax collected or deducted from an association of persons in respect of an amount for which credit has been allowed under sub-section (2A) to a company being a member of the association.”;

- (40) in section 177, in sub-section (11),—
- a. in clause (d), after the word “person”, occurring for the first time, the words “including a foreign expert or specialist” shall be inserted;
 - b. after clause (d), amended as aforesaid, the following new clause shall be added, namely:-

“(e) a tax audit expert deployed under an audit assistance programme of an international tax organization or a tax authority outside Pakistan:

Provided that in case the member is not an officer of Inland Revenue, the person shall only be included as a member in the special audit panel if an agreement of confidentiality has been entered into between the Board and the person, international tax organization or a tax authority, as the case may be.”;

- (41) in section 182, in the Table, in column (1),—
- a. against S. No. (1A), for the entry in column (3), the expression “Such person shall pay a penalty of Rs. 5000 if the person had already paid the tax collected or withheld by him within the due date for payment and the statement is filed within ninety days from the due date for filing the statement and, in all other cases, a penalty of Rs. 2500 for each day of default from the due date subject to a minimum penalty of Rs. 10,000.” shall be substituted;” and
 - b. after S. No. 1AA and entries relating thereto in columns (2),(3) and (4), the following new S. No and entries relating thereto shall be inserted, namely:-

"1AAA	Where any person fails to furnish a foreign assets and income statement within the due date.	Such persons shall pay a penalty of 2 percent of the foreign income or value of the foreign assets for each year of default.	116A";
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(42) after section 182, amended as aforesaid, the following new section shall be inserted, namely:-

"182A. Return not filed within due date.—(1) Notwithstanding anything contained in this Ordinance, where a person fails to file a return of income under section 114 by the due date as specified in section 118 or by the date as extended by the Board under section 214A or extended by the Commissioner under section 119, as the case may be, such person shall—

(a) not be included in the active taxpayers' list for the year for which return was not filed within the due date; and

"Explanation.— For the removal of doubt it is clarified that the provisions of this section shall apply from tax year 2018 and onwards for which the first Active Taxpayers List is to be issued on first day of March, 2019 under Income Tax Rules, 2002.; and

(b) not be allowed, for that tax year, to carry forward any loss under Part VIII of Chapter IV.";

(43) section 214D shall be omitted;

(44) in section 216,—

- a. in sub-section (3), after clause (ka), the following new clause shall be inserted, namely:-

“(kb) to National Database and Registration Authority for the purpose of broadening of the tax base;”; and

- b. in sub-section (5), for the expression “Minister-in-charge” the word “Government” shall be substituted;

(45) in section 218,—

- a. in sub-section (1), in clause (c), for the full stop at the end a semi colon and the word “or” shall be substituted and thereafter, the following new clause shall be added, namely:-

“(d) served on the individual electronically in the prescribed manner.”;

- b. in sub-section (2), in clause (c), for the full stop at the end a semi colon and the word “or” shall be substituted and thereafter, the following new clause shall be added, namely:-

“(d) served on the individual electronically in the prescribed manner.”;

(46) in section 227, in sub-section (1),—

- (a) after the word “made” occurring for the first time, the words “or any notice issued” shall be inserted;
- (b) after the word, “made”, occurring for the third time, the words “or notices issued” shall be inserted; and

(c) after sub-section (1), amended as aforesaid, the following explanation shall be added, namely:—

“*Explanation.*— For the removal of doubt, it is clarified that Civil Court includes any court exercising power of the civil court.”;

(47) after section 227B, the following new section shall be inserted, namely:—

“**227C. Restriction on purchase of certain assets.**— Notwithstanding anything contained in any law, for the time being in force,—

(a) any application for booking, registration or purchase of a new locally manufactured motor vehicle or for **first** registration of an imported vehicle shall not be accepted or processed by any vehicle registering authority of Excise and Taxation Department or a manufacturer of a motor vehicle respectively, unless the person is a filer.; and

(b) any application or request by a person **to** any authority responsible for registering, recording or attesting transfer of any immovable property , **exceeding five million rupees**, for registering or attesting the transfer shall not be accepted or processed by such authority, unless the person is a filer.”;

(48) after section 230E, the following new section shall be inserted, namely:—

“**230F. Directorate General of Immovable Property.**—(1) The Directorate-General of Immovable Property, (hereinafter referred to as Directorate-General in this section, shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant

Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions and jurisdiction of the Directorate-General and its officers.

(3) The Directorate-General may, subject to the provisions and conditions as may be prescribed, initiate proceedings for the acquisition of property for the reasons and purposes specified in sub-section (4).

(4) The proceedings under sub-section (3) shall be initiated, where the Directorate-General, on the basis of valuation made by it, has reason to believe that any immovable property of a fair market value has been transferred by a person, hereinafter referred to as the transferor, to another person, hereinafter referred to as the transferee, for a consideration which is less than the fair market value of the immovable property and that the consideration for such transfer as agreed to between the transferor and transferee has been understated in the instrument of transfer for the purposes of —

- (a) the avoidance or reduction of withholding tax obligations under this Ordinance;
- (b) concealment of unexplained amount referred to in sub-section (1) of section 111 representing investment in immovable property; or
- (c) avoidance or reduction of capital gains tax under section 37.

(5) The Directorate-General may appoint any valuer or expert as it considers necessary for the purposes of determination of valuation including fair market value of immovable property.

(6) The mode and manner of appointment of a valuer or expert shall be as may be prescribed.

(7) The valuation made under sub-section (4) and reasons that consideration is less than the fair market value shall be recorded in writing.

(8) No proceedings shall be initiated in respect of any immovable property after expiration of a period of six months from the end of the month in which the instrument of transfer in respect of such property is registered, recorded or attested.

(9) The mode and manner of initiation of proceedings and acquisition of immovable property under this section shall be as may be prescribed:

Provided that the proceedings shall not be initiated unless the transferee is provided with an opportunity of being heard and where the objection by the transferee, if any, is rejected by the Directorate-General, it shall record in writing the reasons for rejection through an order.

(10) If the Directorate-General is satisfied with the objections or reasons furnished by the transferee or the transferor, it shall, by order in writing, declare that the property shall not be acquired under this section.

(11) If after hearing the objections, if any, and after taking into account all the relevant material on record, the Directorate-General is satisfied that the fair market value of such property exceeds the consideration by more than fifty per cent of such consideration and that transfer as agreed to between the transferor and the transferee has not been truly stated in the instrument of transfer it may, after obtaining approval of the Board, make an order for acquisition of the immovable property under this section.

(12) The transferee may prefer express appeal to the Appellate Tribunal of Immovable Property against the order of acquisition of any immovable property under sub-section (11) within sixty days of service of a copy of such order.

(13) There shall be established an Appellate Tribunal of Immovable Property to exercise the powers conferred on the Tribunal under this section.

(14) The appointment of members of the Tribunal, powers, functions, constitution of the Tribunal and mode and manner of disposal of appeals shall be as may be prescribed.

(15) The Appellate Tribunal may, after giving the appellant and the Directorate-General an opportunity of being heard, pass such order as it thinks fit.

(16) The transferee or the Directorate-General aggrieved by any order of the Tribunal may, within sixty days of the date on which the order under

sub-section (15) is served, prefer an appeal against such order to the High Court.

(17) As soon as may be after the order for acquisition of immovable property made under sub-section (11) becomes final, the Directorate-General may, by notice in writing, order the transferee or any other person who may be in possession of the immovable property to surrender or deliver possession thereof to the Directorate-General within thirty days of the date of the service of the notice.

(18) The order referred to in sub-section (11) becomes final if either no appeal has been there against filed or on appeal filed before the Tribunal, the order is confirmed and no appeal is filed before the High Court or on appeal filed before the High Court the order is confirmed.

(19) Notwithstanding anything contained in any law or any agreement for the time being in force, where order referred to in sub-section (11) becomes final, the immovable property and all rights including ownership rights thereof shall be vested in the Federal Government and shall be treated to be in the same position in relation to such rights as the person in whom such rights would have continued to vest if such order had not become final.

(20) Where any immovable property is acquired under this section, the Board shall make the payment of consideration for acquisition to the person or persons entitled thereto, as soon as may be, after the property becomes vested in the Federal Government.

(21) Notwithstanding the provisions of section 68, for the purpose of this section,—

(a) “consideration for acquisition” means a sum equal to the aggregate of the amount of the consideration for the transfer of immovable property and hundred per cent of such consideration;

(b) “fair market value” in relation to an immovable property means the price that the immovable property would ordinarily fetch on sale in the open market on the date of execution of the instrument of transfer of such property;

(c) "immovable property" means any land with or without a superstructure or any building or part of a building or any rights therein and includes, where any land or any building or part of a building is transferred along with any machinery, plant, equipment, furniture and fittings; and

(d) "transfer" in relation to any immovable property means transfer of such property by way of sale or exchange or lease for a term of not less than ten years.

(22) The provisions of this section shall come into force on such date as the Federal Government may, by notification in official Gazette, appoint.

(23) From the date of appointment as mentioned in sub-section (22), rates mentioned in column (3) of the Table in Division XVIII shall be 1% and provisions of clause (c) of sub-section (4) of section 111, section

236C, section 236W and Division X of Part IV of the First Schedule shall not apply.”;

(49) in section 233A, in sub-section (2), for the words “final tax”, the word “adjustable” shall be substituted;

(50) after section 236H, the following new section shall be inserted, namely:—

“236HA. Tax on sale of certain petroleum products.— (1)

Every person selling petroleum products to a petrol pump operator or distributor, where such operator or distributor is not allowed a commission or discount, shall collect advance tax on ex-depot sale price of such products at the rate specified in Division XVA of Part IV of the First schedule.

(2) The tax deductible under sub-section (1) shall be a final tax on the income arising from the sale of petroleum products to which sub-section (1) applies.”;

(51) in section 236I, in sub-section (3), after the word “person” the words “on an amount which is paid by way of scholarship or” shall be inserted;”;

(52) in section 236K, —

(a) after sub-section (2), the following new sub-section shall be inserted, namely:-

“(3) Any person responsible for collecting payments in installments for purchase or allotment of any immovable property where the transfer is to be effected after making payment of all installments, shall at the time of collecting

installments collect from the allottee or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule.”;

(53) section 236M shall be omitted;

(54) section 236N shall be omitted;

(55) after section 236X, the following new section shall be inserted, namely:—

“236Y. Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards.—(1) Every banking company shall collect advance tax, at the time of transfer of any sum remitted outside Pakistan, on behalf of any person who has completed a credit card transaction, a debit card transaction, or a prepaid card transaction with a person outside Pakistan at the rate specified in Division XXVII of Part IV of the First Schedule.

(2) The advance tax collected under this section shall be adjustable.”;

(56) section 241 shall be re-numbered as sub-section (1) of that section and thereafter the following new sub-section shall be added, namely:—

“(2) Notwithstanding any omission, irregularity or deficiency in the establishment, or conferment of powers and functions, of the Directorate-General (Intelligence and Investigation), Inland Revenue and authorities specified in section 230, all orders passed, notices issued and actions taken in exercise or purported exercise of the powers and functions of the Commissioner under this

Ordinance by the Directorate-General (Intelligence and Investigation), Inland Revenue or the authorities specified in section 230 shall be deemed to have been validly passed, issued and taken under this Ordinance.”;

(57) in the First Schedule,—

(A) in Part I,—

(i) for Division I, the following shall be substituted, namely:—

“Division I

Rates of Tax for Individuals

(1) The rates of tax imposed on the taxable income of every individual shall be as set out in the following table, namely:—

TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
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. 800,000	Rs.1,000

3	Where the taxable income exceeds Rs.800,000 but does not exceed Rs. 1,200,000	Rs.2,000
4	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000	5% of the amount exceeding Rs.1,200,000
5	Where the taxable income exceeds Rs.2,400,000 but does not exceed Rs.4,800,000	Rs. 60,000 + 10% of the amount exceeding Rs.2,400,000
6	Where the taxable income exceeds Rs.4,800,000	Rs. 300,000 + 15% of the amount exceeding Rs.4,800,000

Provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees.";

Rates of Tax for Association of Persons

(2) The rates of tax imposed on the taxable income of every Association of Persons shall be as set out in the following table, namely:—

TABLE

S. No.	Taxable Income	Rate of Tax
(1)	(2)	(3)
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.1,200,000	5% of the amount exceeding Rs.400,000
3	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000	Rs.40,000 + 10% of the amount exceeding Rs.1,200,000
4	Where the taxable income exceeds Rs. 2,400,000 but does not exceed Rs.3,600,000	Rs.160,000 + 15% of the amount exceeding Rs.2,400,000
5	Where the taxable income	Rs.340,000 + 20% of

	exceeds Rs. 3,600,000 but does not exceed Rs.4,800,000	the amount exceeding Rs.3,600,000
6	Where the taxable income exceeds Rs. 4,800,000 but does not exceed Rs.6,000,000	Rs.580,000 + 25% of the amount exceeding Rs.4,800,000
7	Where the taxable income exceeds Rs.6,000,000	Rs.880,000 + 30% of the amount exceeding Rs.6,000,000;

(ii) in Division II,—

(a) In paragraph (i), in the third proviso, for the word “onwards” the following shall be substituted, namely:—

“thereafter as set out in the following Table, namely:—

TABLE

Tax Year	Rate of Tax
2019	29%
2020	28%
2021	27%

2022	26%
2023 and onwards	25%"

(b) in paragraph (iii), a proviso shall be added, namely:-

“Provided that for tax year 2019 and onwards tax rates shall be as set out in the following Table, namely:—

Tax Year	Rate of Tax
2019	24%
2020	23%
2021	22%
2022	21%
2023 and onwards	20%";

(iii) for Division IIA, the following shall be substituted, namely:—

“Division IIA

Table

S. No.	Person	Rate of super tax			
		Rate(percentage of income)			
		Tax Year	Tax	Tax Year	Tax Year

		2018	Year 2019	2020	2021
(1)	(2)	(3)	(4)	(5)	(6)
1.	Banking company	0%	4%	3%	2%
2.	Person other than a banking company, having income equal to or exceeding Rs. 500 million	3%	2%	1%	0%

Provided that in case of a banking company, super tax for tax year 2019 shall be payable, on estimate basis, by thirtieth day of June, 2018.”;

(iv) in Division III,—

(a) in the second proviso, for the figure “25” the figure “15” shall be substituted; and

(b) in the third proviso, for the figure “2018” occurring for the first time, the figure “2020” shall be substituted and for the expression “thirtieth day of June, 2018” occurring for the

second time the words “the date of setting up of the said Scheme” shall be substituted;

- (v) in Division IV, after the word “services”, the expression “and 5% of the gross amount of the fee for offshore digital services” shall be inserted;
- (vi) in Division VII, for the expression “Tax Year 2018”, the expression “Tax Years 2018 and 2019” shall be substituted; and
- (vii) in Division VIII, in the Table, in the third row, for the expression “sub-section (4)”, the expression “the proviso to sub-section (1)” shall be substituted;

(B) in Part II, in the Table,—

- (i) against S. No. 1, in column 2, for entry no. (vii), the following shall be substituted, namely:—

“Persons importing LNG”; and

- (ii) in column (1), after S. No. 3 and entries relating thereto in columns (2), (3) and (4), the following new serial number and entries relating thereto shall be inserted, namely:—

“3A	Persons importing coal	4%	6%”
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(C) in Part III,—

- (i) in Division I,—

- (a) in the Table, in column (1), against the entry “company”, in column (3), for the figure “25” the figure “15” shall be substituted;
- (b) in the third proviso, for the figure “2018” occurring for the first time, the figure “2020” shall be substituted and for the expression “thirtieth day of June, 2018” occurring for the second time the words “the date of setting up of the said Scheme” shall be substituted; and
- (c) in the fourth proviso, for full stop at the end a colon shall be inserted and thereafter the following new proviso shall be added, namely,—

“Provided also that the rate of tax on dividend received by an individual, from a Rental REIT Scheme shall be 7.5%.”;

(ii) in Division III,—

(a) in paragraph (1), in sub-paragraph (b),—

(I) in clause (i), for the figure “7”, the figure “8” shall be substituted; and

(II) in clause (ii), for the figure “7.75” the figure “9” shall be substituted;

(b) in paragraph (3),—

- (I) in sub-paragraph (ii), for the figure “12” the figure “14” shall be substituted; and
- (II) in sub-paragraph (iii), for the figure “12.5” the figure “15” shall be substituted;

(D) in Part IV,—

- (i) in Division XI, for full stop at the end a colon shall be substituted and thereafter the following proviso and the Table shall be added, namely:-

“Provided that the rate for the function of marriage in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose shall be as set out in the Table below:—

Table

S. No.	Rate of tax	
(1)	(2)	(3)
1.	5% of the bill ad valorem or Rs. 20,000 per function, whichever	For Islamabad, Lahore, Multan, Faisalabad, Rawalpindi, Gujranwala, Bahawalpur, Sargodha, Sahiwal, Shekhurpura, Dera Ghazi Khan, Karachi, Hyderabad, Sukkur, Thatta,

	is higher	Larkana, Mirpur Khas, Nawabshah, Peshawar, Mardan, Abbottabad, Kohat, Dera Ismail Khan, Quetta, Sibi, Loralai, Khuzdar, Dera Murad Jamali and Turbat.
2.	5% of the bill ad valorem or Rs. 10,000 per function, whichever is higher	For cities other than those mentioned above”;

(ii) after Division XV, the following new Division shall be inserted, namely:—

“Division XVA

Advance tax on sale of certain petroleum products

The rate of collection of tax under section 236HA shall be 0.5% of ex-depot sale price for filers and 1% for non-filers.”;

(iii) in Division XXI,—

- (a) for the figure “0.6”, the figure “0.4” shall be substituted.; and
- (b) both the provisos shall be omitted; and
- (iv) after Division XXVI, the following new Division shall be inserted, namely:—

"Division XXVII

**Advance tax on amount remitted abroad through credit, debit
or prepaid cards**

The rate of tax to be deducted under section 236Y shall be 1% of the gross amount remitted abroad for filers and 3% for non-filers.";

(58) in the Second Schedule,—

(A) in Part I,—

- (i) after clause (39), the following new clause shall be inserted, namely:—

“(39A) Any amount paid as kit allowance, ration allowance, special messing allowance, SSG allowance, Northern Areas compensatory allowance, special pay for Northern Areas and height allowance to the Armed Forces personnel.”;

- (ii) in clause (57), in sub-clause (3), after paragraph (xiv), the following new sub-clauses shall be added, namely:-

“(xv) Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund.

(xvi) Khyber Pakhtunkhwa General Provident Investment Fund.

(xvii) Khyber Pakhtunkhwa Pension Fund." ;

(iii) in clause (61), after sub-clause (xiv), the following new sub-clauses shall be added, namely:—

“(xvi) Pakistan Sweet Homes Angels and Fairies Place.

(xlvii) Al-Shifa Trust Eye Hospital.

(xlviii) Aziz Tabba Foundation.

(xlix) Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT.

(l) Sharif Trust.

(li) The Kidney Centre Post Graduate Institute.

(lii) Pakistan Disabled Foundation.;

(liii) Sardar Trust Eye Hospital, Lahore."

(iv) in clause (66),—

(a) after sub-clause (xxxiv), the following sub-clause shall be added, namely:—

“(xxxv)Third Pakistan International Sukuk Company Limited.”; and

(b) after sub-clause (xli), the following new sub-clauses shall be added, namely:—

“(xlii) SAARC Energy Centre.

(xliii) Pakistan Bar Council.

- (xlv) Pakistan Centre for Philanthropy.
 - (xlv) Pakistan Mortgage Refinance Company Limited.
 - (xlvi) Aziz Tabba Foundation.
 - (l) Al-Shifa Trust Eye Hospital.
 - (li) Saylani Welfare International Trust.
 - (lii) Shaukat Khanum Memorial Trust.
 - (liii) Layton Rahmatullah Benevolent Trust (LRBT).
 - (liv) The Kidney Centre Post Graduate Training Institute.
 - (lv) Pakistan Disabled Foundation.
 - (lvi) Forman Christian College.;
 - (lvii) Habib University Foundation.
 - (lviii) Begum Akhtar Rukhsana Memorial Trust Hospital.
 - (lix) Al-Khidmat Foundation.
 - (lx) Dawat-e-Islami Trust
 - (lxi) Sardar Trust Eye Hospital, Lahore.”;
- (v) in clause (72A), after the word “Limited”, the words “and the Third Pakistan International Sukuk Company Limited” shall be inserted;
- (vi) after clause (90), the following new clause shall be inserted, namely:—

“(90A) Any profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, for a period of five years with effect from the 1st day of July, 2018.”;

(vii) in clause (100), after the word “from” the words “manufacturing or” shall be inserted;

(viii) after clause (110B), the following new clause shall be inserted, namely:—

“(110C) Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, during the period from the 1st day of July, 2018 till the 30th day of June, 2023.”;

(ix) after clause (126B), the following new clause shall be inserted, namely:—

“(126BA) Profits and gains derived by a refinery set up between the 1st day of July, 2018 and the 30th day of June, 2023 with minimum 100,000 barrels per day production capacity for a period of twenty years beginning in the month in which the refinery is set up or commercial production is commenced, whichever

is later. Exemption under this clause shall also be available to existing refineries, if—

(a) existing production capacity is enhanced by at least 100,000 barrels per day;

(b) the refinery maintains separate accounts for income arising from aforesaid additional production capacity; and

(c) the refinery is a deep conversion refinery.”; and

(x) in clause (133), for the figure "2019" the figure "2025" shall be substituted.”;

(B) in Part-II, after clause (24A), the following new clause shall be added, namely:—

“(24AA) The rate of tax, under section 152 in the case of M/S CR-NORINCO JV (Chinese Contractor) as recipient, on payments arising out of commercial contract agreement signed with the Government of Punjab for installation of electrical and mechanical (E&M) equipment for construction of the Lahore Orange Line Metro Train Project, shall be 6% of the gross amount of payment.”;

(C) in Part III,—

(a) in clause (6), after the word “Account” the words “and *Shuhada* Family Welfare Account” shall be inserted; and

(b) after clause (6), amended as aforesaid, the following new clauses shall be added, namely:—

“(7) The amount of tax payable by foreign film-makers from making films in Pakistan shall be reduced by fifty percent on income from film-making in Pakistan.

(8) The amount of tax payable by resident companies deriving income from film-making shall be reduced by **seventy** percent on income from film-making.

(9) The tax payable on profits and gains derived by a person from low cost housing projects shall be reduced by fifty percent. The reduction in tax liability under this clause shall apply to such project which is—

(a) owned and managed by a company formed for operating the said project and registered under the Companies Act, 2017 (XIX of 2017) and having its registered office in Pakistan; and

(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a

business which was being carried on in Pakistan at any time before the commencement of the new business; and

(c) a low cost housing project under which the maximum sale price of a single housing unit is two and a half million rupees.”

(D) in Part IV,—

(a) in clause (1A), after the word “Limited” the words “and the Third Pakistan International Sukuk Company Limited” shall be added;

(b) in clause (11A),—

(i) after sub-clause (xxvii), the following new sub-clause shall be inserted, namely:-

“(xxviii)Third Pakistan International Sukuk Company Limited.”; and

(ii) after sub-clause (xxix), the following new sub-clause shall be added, namely:—

“(xxx) taxpayers qualifying for exemption under clause (126) of Part-I of this Schedule with effect from the tax year 2014.”;

(c) after clause (11D), the following new clause shall be inserted, namely:—

“(11E) The provisions of clause (b) of sub-section (1) of section 153 shall not apply to payments received by Sui Southern Gas Company Limited and Pakistan LNG Terminal Limited from Sui Northern Gas Pipelines Limited on account of re-gasification charges.”;

(d) after clause (12), the following new clause shall be inserted, namely:—

“(12A) The provisions of section 150 shall not apply to dividend paid to Transmission Line Projects under Transmission Line Policy 2015.”;

(e) in clause (36A), after the word “Account” the words “and *Shuhada* Family Welfare Account” shall be inserted.;

(f) in clause (56), in sub-clause (ia), for the expression "Bakri Trading Company Pakistan (Pvt) Ltd, Overseas Oil Trading Company (Pvt) Ltd " the expression "Bakri Energy (Private) Limited" shall be substituted.";

(g) clause (56B) shall be omitted;

(h) in clause (57), in the second proviso, for the figure “2019” the figure “2021” shall be substituted;

(i) after clause (60), the following new clauses shall be inserted, namely:-

“(60A) The provisions of section 148 shall not apply for import of plant, machinery and equipment including dumpers and special purposes motor vehicles imported by the following for construction of Sukkur-Multan section of Karachi-Peshawar Motorway project and Karakorum Highway (KKH) Phase-II (Thakot to Havellian Section) of CPEC project respectively, namely:-

- (a) M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and
- (b) M/s China Communication Construction Company (M/s CCCC).

(60AA) The provisions of section 148 of the Income Tax Ordinance, 2001 (XLIX of 2001), shall not apply for import of construction materials or goods up to a maximum of 10,898.000 million rupees imported by China State Construction Engineering Corporation (M/s CSCEC) for construction of Sukkur-Multan section of Karachi-Peshawar Motorway project of National Highway Authority under CPEC.”;

(60B) The provisions of section 148 shall not apply on import of thirty-five armoured and security vehicles imported by or for Ministry of Foreign Affairs, Government of Pakistan meant for security of visiting foreign dignitaries, subject to the following conditions, namely: -

- (a) that the vehicles imported under this clause shall only be used for the security purpose of foreign dignitaries and will be parked in Central Pool of Cars (CPC) in the Cabinet Division for further use as and when needed; and
- (b) that the importing Ministry at the time of import shall furnish an undertaking to the concerned Collector of Customs to the extent of customs-dues exempted under this clause on consignment to consignment basis binding themselves that the vehicles imported under this clause shall not be re-exported, sold or otherwise disposed of without prior approval of the Board and in the manner prescribed therefor.

(60C) The provision of section 148 shall not apply on import of equipment to be furnished or installed for Rail Based Mass Transit Projects in Lahore, Karachi, Peshawar and Quetta under CPEC.”;

(j) in clause (63), after the word "Karachi" the expression "and Lahore University of Management Sciences, Lahore" shall be inserted;

(k) for clause (86), the following shall be substituted, namely:-

“(86) (a) The provisions of section 111 shall not apply to-

(i) investment made by an individual in a greenfield industrial undertaking directly or as an original allottee in the purchase of shares of a company establishing an industrial undertaking or capital contribution in an association of persons establishing an industrial undertaking;

(ii) investment made by an association of persons in an industrial undertaking; and

- (iii) investment made by a company
in an industrial undertaking—

if the said investment is made on or after the 1st day of January, 2014 and commercial production commences on or before the 30th day of June, 2019;

- (b) The concessions given in this clause shall also apply to investment made in -

- (i) construction industry in corporate sector;

- (ii) low cost housing construction in the corporate sector;

- (iii) livestock development projects in the corporate sector;

- (iv) new captive power plants; and

- (v) mining and quarrying in Thar coal, Balochistan and Khyber Pakhtunkhawa;

- (c) The concessions given in sub-clause (a) shall not apply to investment made in-

- (i) arms and ammunitions;

- (ii) explosives;

- (iii) fertilizers;

- (iv) sugar;
 - (v) cigarettes;
 - (vi) aerated beverages;
 - (vii) cement;
 - (viii) textile spinning units;
 - (ix) flour mills;
 - (x) vegetable ghee; and
 - (xi) cooking oil manufacturing;
- (d) The term green field industrial undertaking shall include expansion projects for the purposes of this clause; and
- (e) Immunity under this clause shall not be available to proceeds of crime relating to offences under the following laws, namely:-
- (i) Control of Narcotics Substances Act, 1997;
 - (ii) Anti Terrorism Act, 1997; and
 - (iii) Anti-Money Laundering Act, 2010.

(l) in clause (94),—

- (a) after the words “Mercantile Exchange Limited”, the words “inspection, certification, testing and training services” shall be inserted;
- (b) for the figure “2018”, the figure “2019” shall be substituted;
- (c) in the first proviso, for the figure “2018”, the figure “2019” shall be substituted; and
- (d) in the second proviso,—
 - (i) for the figure “2018” the figure “2019” shall be substituted; and
- (e) for the figure “2017”, the figure “2018” shall be substituted;
- (m) for clauses (95) and (96), the following shall be substituted , namely:-
 - “(95) the provisions of sections 147, 150A, 151, 152, 231A, 231AA, 236A and 236K shall not apply to “The second Pakistan international Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited, as a payer.
 - (96) the provisions of sections 147, 150A, 151, 155 and 236K shall not apply to “The second Pakistan international Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited, as a recipient.”;

(n) after clause (99), the following new clause shall be inserted, namely:—

“(100) The provisions of section 236U shall not apply to an insurance company collecting premium under-

(a) Crop Loan Insurance Scheme (CLIS); and

(b) Livestock Insurance Scheme (LIS).”;

(o) after clause (102), the following new clauses shall be added, namely:—

“(103) The provisions of section 7B shall not apply to yield or profit on investment in Bahbood Savings Certificate or Pensioner’s Benefit Account, provided that tax on the said yield or profit on debt is paid at the rates specified in Division I of Part I of the First Schedule subject to clause (6) of Part III.

(104) The provisions of section 5A shall not apply to a company where a restriction has been imposed on distribution of dividend on account of an agreement with the Government of Pakistan.

(105) The provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding three tax years:

Provided that the Commissioner may select a person under section 177 for audit, with approval of the Board.”; and

(59) in the Seventh Schedule,—

(a) in rule 1, for the word “Income”, occurring for the first time, the expression “Subject to the provisions of Chapter VII and VIII, income” shall be substituted;

(b) in rule (5), in sub-rule (1),-

(i) the word “equal” shall be omitted;

(ii) the expression “except sub-sections (4A) and (6)” shall be omitted.”; and

(c) in rule (7C), for the expression “year 2015, 2016 and 2017” the expression “years 2015 to 2020” shall be substituted;

9. Amendment of Federal Excise Act, 2005.— In the Federal Excise Act, 2005, the following further amendments shall be made, namely:-

(1) in section 3, —

(a) in sub-section (1), in clause (c), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted; and

(b) in sub-section (4), for the words “Board with the approval of the Federal Minister-in-charge”, the words “Federal Government” shall be substituted;

(2) In section 8, for the words “KIBOR plus three”, the word “twelve” shall be substituted;

(3) after section 14A, the following new section shall be inserted, namely:–

“14B. **Assessment giving effect to an order.**–. (1) Except where subsection (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Chapter-V by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court, the Commissioner or an officer of Inland Revenue empowered in this behalf, shall issue the order within one year from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Commissioner or Officer of Inland Revenue.

(2) Where, by an order made under Chapter V by the Appellate Tribunal, High Court, or Supreme Court, an order of assessment is remanded wholly or partly, and the Commissioner or Commissioner (Appeals) or the Officer of Inland Revenue, as the case may be, is directed to pass a new order of assessment, the Commissioner or Commissioner (Appeals) or Officer of Inland Revenue, as the case may be, shall pass the new order within one year from the end of the financial year in which the Commissioner or Commissioner (Appeals) or Officer of Inland Revenue, as the case may be, is served with the order:

Provided that limitation under this sub-section shall not apply if an appeal or reference has been preferred against the order passed by Appellate Tribunal or a High Court.”;

- (4) in section 16, in sub-section (2), for the expression "Board with the approval of the Federal Minister-in-charge may, pursuant to the approval to the Economic Coordination Committee of the Cabinet", the expression "Federal Government may" shall be substituted;
- (5) in section 29, in sub-section (2), after clause (a), the following new clause shall be inserted, namely:—
- “(aa) The Board may, by notification in the official Gazette,—
- (i) specify the functions and jurisdiction of the Directorate General and its officers; and
 - (ii) confer the powers of authorities specified in section 30 upon the Directorate General and its officers;”;
- (6) in section 37, in sub-section (3), in the second proviso, for the words “twenty-five”, the word “ten” shall be substituted;
- (7) for section 38, the following shall be substituted, namely:—
- “38. **Alternative Dispute Resolution.**— (1) Notwithstanding any other provision of this Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—

- (a) the liability of duty against the aggrieved person, or admissibility of refunds, as the case may be;
- (b) the extent of waiver of default surcharge and penalty; or
- (c) any other specific relief required to resolve the dispute,

may apply to the Board for the appointment of a Committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any Court of Law or an Appellate Authority, except where criminal proceedings have been initiated or where interpretation of question of law is involved having effect on other cases.

(2) The Board may, after examination of the application of an aggrieved person, appoint a Committee, within sixty days of receipt of such application in the Board, comprising,—

- (i) an officer of Inland Revenue not below the rank of a Commissioner;
- (ii) a person to be nominated by the taxpayer from a panel notified by the Board comprising,-
 - (a) senior chartered accountants and senior advocates having experience in the field of taxation; and
 - (b) reputable businessmen as nominated by Chambers of Commerce and Industry:

Provided that the taxpayer shall not nominate a Chartered Accountant or an advocate if the said Chartered Accountant or the advocate is or has been an auditor or an authorized representative of the taxpayer; and

(iii) a retired Judge not below the rank of District and Sessions Judge, to be nominated through consensus by the members appointed under clauses (i) and (ii).

(3) The aggrieved person, or the Commissioner, or both, as the case may be, shall withdraw the appeal pending before any Court of Law or an Appellate Authority, after constitution of the Committee by the Board under sub-section (2).

(4) The Committee shall not commence the proceedings under sub-section (5) unless the order of withdrawal by the Court of Law or an Appellate Authority is communicated to the Board:

Provided that if the order of withdrawal is not communicated within seventy five days of the appointment of the Committee, the said Committee shall be dissolved and provisions of this section shall not apply.

(5) The Committee appointed under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to

conduct an audit and shall decide the dispute by majority, within one hundred and twenty days of its appointment:

Provided that in computing the aforesaid period of one hundred and twenty days, the period, if any, for communicating the order of withdrawal under sub-section (4) shall be excluded.

(6) The recovery of duty payable by a taxpayer in connection with any dispute for which a Committee has been appointed under sub-section (2) shall be deemed to have been stayed on withdrawal of appeal upto the date of decision by the Committee.

(7) The decision of the committee under sub-section (5) shall be binding on the Commissioner and the aggrieved person.

(8) If the Committee fails to decide within the period of one hundred and twenty days under sub-section (5), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the Court of Law or the Appellate Authority which issued the order of withdrawal under sub-section (4) and the appeal shall be treated to be pending before such a Court of Law or the Appellate Authority as if the appeal had never been withdrawn.

(9) The Board shall communicate the order of dissolution to the Court of Law or the Appellate Authority and the Commissioner.

(10) The aggrieved person, on receipt of the order of dissolution, shall communicate it to the Court of Law or the Appellate Authority which shall decide the appeal within six months of the communication of said order.

(11) The aggrieved person may make the payment of federal excise duty and other taxes as decided by the Committee under sub-section (5) and all decisions, orders and judgments made or passed shall stand modified to that extent.

(12) The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (2).

(13) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section;

(8) in section 45, in sub-section (2),—

(i) the words “or Chief Commissioner” shall be omitted;

(ii) for the colon of the end, a full stop shall be substituted; and

(iii) the proviso shall be omitted.

(9) in section 46, after sub-section (9), a new sub-section shall be added, namely:—

“(10) The audit of a registered person under this section shall be conducted only once in every three years.”;

(10) section 47C shall be re-numbered as sub-section (1) of that section and thereafter the following new sub-section shall be added, namely:—

“(2) Notwithstanding any omission, irregularity or deficiency in the establishment of or conferment of powers and functions on the Directorate General (Intelligence and Investigation), Inland

Revenue and authorities specified in clause (a) of sub-section (2) of section 29 of this Act, all orders passed, notices issued and actions taken in exercise or purported exercise of the powers and functions of the Officers of Inland Revenue under this Act by the Director General (Intelligence and Investigation), Inland Revenue or the authorities specified in clause (a) of sub-section (2) of section 29 of this Act shall be treated to have been validly passed, issued and taken under this Act.”;

(11) in the First Schedule,—

(A) in table-I,-

(i) for serial numbers 9, 10 and 10a in column (1) and the entries relating thereto in columns (2), (3) and (4), the following serial numbers and the entries relating thereto shall be substituted, namely:—

“9.	Locally produced cigarettes if their on-pack printed retail price exceeds four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees three thousand nine hundred and seventy per thousand cigarettes
10.	Locally produced cigarettes if their on-	24.02	Rupees one thousand seven

	pack printed retail price exceeds two thousand nine hundred and twenty-five rupees per thousand cigarettes but does not exceed four thousand five hundred rupees per thousand cigarettes.		hundred and seventy six per thousand cigarettes
10a.	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty-five rupees per thousand cigarettes.	24.02	Rupees eight hundred and fifty four per thousand cigarettes”; and

- (ii) in column (1), against serial number 13, in column (4), for the words “one rupee and twenty five paisa per kilogram”, the words “one rupee and fifty paisa per kilogram” shall be substituted; and
- (B) in Table-II, in column (1) against serial number 3, in column (4), for the words “Two thousand and five hundred”, the words “Two thousand” shall be substituted;

(12) in the Third Schedule,–

(A) in Table-I, after serial number 21 in first column and the entries relating thereto in second and third columns, the following new serial numbers and the entries relating thereto shall be added, namely:–

"22.	<p>Equipment imported by M/s China Railway Corporation to be furnished and installed in Lahore Orange Line Metro Train Project subject to the following conditions:</p> <p>(a) that the equipment imported under this serial number shall only be used in the aforesaid Project;</p> <p>(b) that the importer shall furnish an indemnity bond, in the prescribed manner and format as set out in Annex-A to this serial number, at the time of import to the extent of federal excise duty exempted under this serial number on consignment to consignment basis;</p> <p>(c) that the Punjab Mass Transit Authority, established under the Punjab Mass Transit Authority Act, 2015 (ACT XXXIII of 2015), hereinafter referred as the Regulatory Authority, shall certify in the</p>	
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prescribed manner and format as set out in Annex-B to this serial number that the imported equipment is *bona fide* requirement of the Project under the Contract No. PMA-CR-NORINCO-OL, dated 20.04.2015, hereafter referred as the contract, signed between the Regulatory Authority and CR-NORINCO;

(d) in the event a dispute arises whether any item is entitled to exemption under this serial number, the item shall be immediately released by the Customs Department against a corporate guarantee, valid for a period of six months, submitted by the importer. A certificate from the Regulatory Authority duly verified by the Transport and Communication Section of the Ministry of Planning, Development and Reform, that the item is covered under this serial number shall be given due consideration by the Customs Department towards finally resolving the dispute;

(e) for the clearance of imported

equipment through Pakistan Customs Computerized System the authorized officer of the Regulatory Authority shall furnish all relevant information, as set out in Annex-B to this serial number, online against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Director Reforms and Automation or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis;

(f) that the equipment, imported under this serial number, shall not be re-exported, sold or otherwise disposed of without prior approval of the Federal Board of Revenue

(FBR). In case goods are sold or otherwise disposed of with prior approval of FBR the same shall be subject to payment of federal excise duty as may be prescribed by the FBR;

(g) in case the equipment, imported under this serial number, is sold or otherwise disposed of without prior approval of the FBR in terms of condition (f), the same shall be subject to payment of statutory rates of federal excise duty as were applicable at the time of import;

(h) notwithstanding the condition (f) and (g), equipment imported under this serial number may be surrendered at any time to the Collector of Customs having jurisdiction, without payment of any federal excise duty, for further disposal as may be prescribed by the FBR;

(i) the indemnity bond submitted in terms of condition (b) above shall stand discharged on submission of a certificate from the Regulatory Authority to the effect

	<p>that the equipment has been installed or consumed in the said Project. In case the equipment is not consumed or installed in the project the indemnity bond shall be discharged on fulfillment of conditions stipulated at (f) or (g) or (h), as the case may be; and</p> <p>(j) that violation of any of the above conditions shall render the goods liable to payment of statutory rate of federal excise duty leviable on the date of clearance of goods in addition to any other penal action under relevant provisions of the law.</p> <p>Explanation. For the purpose of this provisions, “equipment” shall mean machinery, apparatus, materials and all things to be provided under the contract for incorporation in the works relating to Lahore Orange Line Metro Train Project.</p>	
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Annex-A

[See condition (b)]

INDEMNITY BOND

(On appropriately stamp non-judicial paper attested by a Government servant in BPS 17 or above, an Oath Commissioner, a Notary Public or an officer of a Scheduled Bank)

THIS DEED OF INDEMNITY is made on the _____ date of _____ BETWEEN Messrs _____ having registered office at _____ (hereinafter called "the importers" which means and includes their successors, administrators, executors and assignees) of the one part, and the President of the Islamic Republic of Pakistan through the Collector of Customs _____ (hereinafter called the "Collector of Customs"), of the other part.

WHEREAS the Federal Government, by its decision contained in serial number 22 of this table and subject to the conditions thereof, has been pleased to direct that such equipment shall be exempt from the whole of federal excise duty leviable thereon, in accordance with the said serial number 22, if imported for Lahore Orange Line Metro Train Project.

AND WHEREAS M/S. _____, the importers have imported the equipment mentioned in the said serial number for the above mentioned project in accordance with the conditions given in the said serial number 22;

NOW, THEREFORE, in consideration of the release of the equipment without recovery of leviable federal excise duty, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs. _____ being the federal excise duty and charges leviable on the equipment, if the importers fail to fulfill the condition (f) or (g) or (h) of the said serial number 22, as the case may be.

The importers further agree and bind themselves that the amount covered by this Indemnity Bond shall be recovered as arrears of federal excise duty under section 202

of the Customs Act, 1969. This Bond shall stand revoked automatically when the Collector of Customs is satisfied that the importers have fulfilled all the conditions of the said serial number 22.

Signed by importers on this _____ day of _____ 201_.

Managing Director or person next in hierarchy duly authorized by MD

(Name and permanent address)

Collector of Customs

(On behalf of President)

Witness (1) _____

(signature, name, designation and full address)

Witness (2) _____

(signature, name, designation and full address)

Annex-B

[See conditions (c) and (e)]

NTN or FTN of Importer		Approval No.		
Details of equipment (to be filled by the authorized officer of the Regulatory Authority) to be imported				
Description and specifications.	Quantity/UOM	L/C No. or bank contract No. and B/L.	IGM No. Date & Index No.	Remarks, if any.
(1)	(2)	(3)	(4)	(5)

CERTIFICATE BY THE AUTHORIZED OFFICER OF REGULATORY AUTHORITY: It is hereby certified that the description, quantity and other details mentioned above are true and correct. Goods imported are in commensuration with the project requirements and are *bona fide* requirement of the Project under the Contract. It is further certified that the above items shall not be used for any other purpose except for the Project.

Signature: _____

Name and Designation: _____

Official Stamp: _____

Date: _____

23.	Imported construction materials and goods imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL), whether or not locally manufactured, for construction of Karachi-Peshawar Motorway (Sukkur-Multan Section) subject to fulfilment of same conditions, limitations and restrictions as are specified under S. No. 145 of Table-1 of Sixth Schedule to the Sales Tax Act, 1990, provided that	Respective heading”; and
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	total incidence of exemptions of all duties and taxes in respect of construction materials and goods imported for the project shall not exceed ten thousand eight hundred ninety-eight million rupees including the benefit of exemption from duties and taxes availed before 30 th June, 2018 under the provisions of Sales Tax Act, 1990, the Customs Act, 1969, The Federal Excise Act 2005 and the Income Tax Ordinance, 2001 and the notifications issued thereunder.	
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(13) in Table-II, after serial number 13 in column (1) and the entries relating thereto in columns (2) and (3), the following new serial number and the entries relating thereto shall be added, namely:—

“14.	Commission paid by State Bank of Pakistan and its subsidiaries to National Bank of Pakistan or any other banking company for handling banking services of Federal Or Provincial Governments as State	Respective heading”.
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	Bank of Pakistan's agents	
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10. **Mobile handset levy.**— (1) There shall be levied a Mobile handset levy, at the rates specified in column (3) of the Table below, on smart phones of different categories as specified in column (2) of the said Table, namely:-

TABLE

S.No.	Category of smart phone	Rate of levy per Set in rupees
(1)	(2)	(3)
1.	Where Import value of handset (including duties and taxes) does not exceed Rs.10,000/-	Nil
2.	Where Import value of handset (including duties and taxes) exceeds Rs.10,000 but does not exceed Rs.40,000 /-	1000
3.	Where Import value of handset (including duties and taxes) exceeds Rs.40,000 but does not exceed Rs.80,000 /-	3000
4.	Where Import value of handset (including duties and taxes) exceeds Rs.80,000	5000

(2) The Federal Board of Revenue shall collect levy on mobile handsets in the prescribed manner.

11. **Foreign Assets (Declaration and Repatriation) Act, 2018.**—There is hereby enacted Foreign Assets (Declaration and Repatriation) Act, 2018, in the manner as follows:-

AN

ACT

to provide for declaration and repatriation of assets and income held outside Pakistan

WHEREAS there is a large scale non-reporting and under-reporting of assets and income held outside Pakistan;

AND WHEREAS it is expedient to provide for declaration and repatriation of assets and income held outside Pakistan for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. **Short title and commencement.**—(1) This Act may be called the Foreign Assets (Declaration and Repatriation) Act, 2018.

(2) It shall come into force at once.

2. **Definitions.**— (1) In this Act, unless there is anything repugnant in the subject or context,-

(a) “cost of acquisition of the mortgaged asset” means the sum of mortgaged payments and other mortgaged cost of acquisition;

(b) “court of law” means an Appellate Tribunal, a High Court or Supreme Court of Pakistan;

(c) "declarant" means a person making a declaration under section 5;

- (d) “fair market value” means price of foreign asset determined and declared by a declarant himself, but in no case is less than the cost of acquisition of the foreign assets;
- (e) “foreign assets” means any movable or immovable assets held outside Pakistan and includes real estate, mortgaged assets, stock and shares, bank accounts, bullion, cash, jewels, paintings, accounts and loan receivables, beneficial ownership or beneficial interests or contribution in offshore entities and trusts;
- (f) “government security” means a bond, note or other debt instrument issued by the Federal Government with a promise of repayment upon maturity;
- (g) “liquid assets” means cash or an asset that can be readily converted into cash with a minimal impact on the assets’ value and includes bank notes, marketable securities, stocks, promissory notes, government bonds, deposit certificates and other similar instruments; and
- (h) "holder of public office" means a person who is or has been, during the preceding ten years,—
 - (i) the President of the Islamic Republic of Pakistan or the Governor of a Province;
 - (ii) the Prime Minister, Chairman Senate, Speaker of the National Assembly, Deputy Chairman Senate, Deputy Speaker National Assembly, Federal Minister, Minister of

State, Attorney-General for Pakistan and other Law Officers appointed under the Central Law Officers Ordinance, 1970 (VII of 1970), Adviser or Consultant or Special Assistant to the Prime Minister and holds or has held a post or office with the rank or status of a Federal Minister or Minister of State, Federal Parliamentary Secretary, Member of Parliament, Auditor-General of Pakistan, Political Secretary;

- (iii) the Chief Minister, Speaker Provincial Assembly, Deputy Speaker Provincial Assembly, Provincial Minister, Adviser or Consultant or Special Assistant to the Chief Minister and who holds or has held a post or office with the rank or status of a Provincial Minister, Provincial Parliamentary Secretary, Member of the Provincial Assembly, Advocate-General for a Province including Additional Advocate-General and Assistant Advocate-General, Political Secretary;
- (iv) the Chief Justice or, as the case may be, a Judge of the Supreme Court, Federal Shariat Court, a High Court or a Judicial Officer whether exercising judicial or other functions or Chairman or member of a Law Commission, Chairman or Member of the Council of Islamic Ideology;
- (v) holding an office or post in the service of Pakistan or any service in connection with the affairs of the Federation or of a Province or of a local council constituted under any

Federal or Provincial law relating to the constitution of local councils, co-operative societies or in the management of corporations, banks, financial institutions, firms, concerns, undertakings or any other institution or organization established, controlled or administered by or under the Federal Government or a Provincial Government or a civilian employee of the Armed Forces of Pakistan:

Provided that a member of the Board, not actively engaged in the business and day-to-day affairs of the said corporations, banks, financial institutions, firms, concerns, undertakings or any other institution or organization shall not be treated as holder of public office under this sub-clause;

- (vi) the Chairman or Mayor or Vice Chairman or Deputy Mayor of a *zila* council, a municipal committee, a municipal corporation or a metropolitan corporation constituted under any Federal or Provincial law relating to local councils;

Explanation.— For the purpose of this sub-clause the expressions "Chairman" and "Vice Chairman" shall include "Mayor" and "Deputy Mayor" as the case may be, and the respective councilors therein; and

- (vii) a District *Nazim* or District *NaibNazim*, Tehsil *Nazim* or Tehsil *NaibNazim* or Union *Nazim* or Union *NaibNazim*;

(2) All other words and expressions used but not defined in this Act shall have the same meaning assigned to them under the Income Tax Ordinance, 2001 (XLIX of 2001) and the rules made thereunder.

(3) **Act to override other laws.**—The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

4. Application.— (1) The provisions of this Act shall apply to—

(a) all citizens of Pakistan wherever they may be, except holders of public office, their spouses and dependent children; and

(b) all foreign assets held by the persons mentioned in clause (a) and tax paid on the value of such assets under section 8, except where proceedings are pending in any court of law in respect of the foreign assets.

(2) The provisions of this Act shall not apply to any proceeds or assets that are involved in or derived from the commission of a criminal offence.

5. Declaration and repatriation of assets held outside Pakistan.—(1) Subject to the provisions of this Act, any person may make to the Federal Board of Revenue, by the due date specified in section 6, a declaration in respect of foreign assets acquired before the tenth day of April, 2018.

(2) The value of a foreign asset shall be fair market value as defined in section 2.

(3) The declaration of value and tax paid in respect of the foreign assets shall be in the manner as set out in Form A of the Schedule to this Act.

(4) The description of the foreign assets declared under sub-section (1) and (3) shall be in the manner as set out in Form B of the Schedule to this Act.

(5) A person declaring foreign assets under sub-section (1), may by the due date as specified in section 6 also repatriate the said foreign assets in Pakistan.

(6) The declaration of foreign assets shall be made in the manner as set out in Form A of the Schedule to this Act, electronically on Federal Board of Revenue's web portal and shall be valid only if it is accompanied by the evidence of payment of tax. The declarant may be required to provide additional item-wise details of such assets while filing declaration on Federal Board of Revenue's web portal.

6. Period of applicability.—The declaration and repatriation under section 5 shall be made on or after the tenth day of April, 2018 but on or before the thirtieth day of June, 2018.

7. Charge of tax.— The foreign assets declared and repatriated into Pakistan within the due date shall be chargeable to tax at the rates specified in the Table below, namely:—

TABLE

S.No.	Foreign assets	Rate (as a percentage)
-------	----------------	------------------------

		of the value of foreign assets)
(1)	(2)	(3)
1.	Liquid assets not repatriated	5%
2.	Immovable assets outside Pakistan	3%
3.	Liquid assets repatriated and invested in Government securities upto 5 years in US dollars denominated bonds with six-monthly profit payment in equivalent Rupees (rate of return 3%) and payable on maturity in equivalent Rupees	2%
4.	Liquid assets repatriated	

8. Payment of tax.—(1) The due date for the payment of tax chargeable under section 7 shall be the date on which declaration is made under section 6.

(2) No tax shall be payable by the declarant under any law for the time being in force including the Income Tax Ordinance, 2001 (XLIX of 2001) where tax has been paid under sub-section (1) in respect of the foreign assets declared under section 5.

9. Currency and rate of conversion.—(1) The value of a foreign asset under sub-section (2) of section 5 shall be in Rupees.

(2) The tax payable under section 8 shall be paid in United States dollars as specified in Form A of the Schedule to this Act.

(3) The value in Rupees under sub-section (1) shall be converted into United States dollars at the State Bank of Pakistan's rate applying between the United States dollar and the Rupee on the date the declaration is made under section 6 and tax is paid under section 8.

10. Mode and manner.—The State Bank of Pakistan (SBP) shall notify the mode and manner of—

- (a) repatriation of liquid assets in Pakistan;
- (b) deposit of tax in US dollars in SBP; and
- (c) deposit of tax in Rupees in the income tax account of the Federal Consolidated Fund.

11. Incorporation in books of account.— (1) Where a declarant has paid tax under section 8 in respect of foreign assets declared under section 5, the declarant shall be entitled to incorporate in his books of account such foreign assets.

(2) For the purpose of the Income Tax Ordinance, 2001 (XLIX of 2001), the cost of acquisition of foreign assets and date of acquisition shall be deemed to be the value declared by the declarant and the date on which declaration has been made by the declarant, respectively.

12. Investment in Government securities.—Investment in Government securities under S.No. 3 of the Table in section 7 shall be made in accordance with a scheme to be introduced by the Government of Pakistan

through the State Bank of Pakistan, by notification in the official Gazette, specifying periodic rate of return, the period for the rate of return and period of maturity.

13. Confidentiality.— (1) Notwithstanding the provisions of subsection (3) of section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Right of Access to Information Act, 2017 (XXXIV of 2017) and any other law for the time being in force, particulars of any person making a declaration under this Act or any information received in any declaration made under this Act shall be confidential.

(2) A person who discloses any particulars in contravention of subsection (1) shall commit an offence punishable on conviction with a fine of not less than five hundred thousand Rupees but not exceeding one million Rupees or imprisonment for a term not exceeding one year or with both.

14. Declaration not admissible in evidence.—Notwithstanding anything contained in any other law for the time being in force, nothing contained in any declaration made under section 5 shall be admissible in evidence against the declarant for the purpose of any proceedings relating to imposition of penalty or for the purposes of prosecution under any law including Income Tax Ordinance, 2001 (XLIX of 2001).

15. Removal of difficulty.—If any difficulty arises in giving effect to the provisions of this Act, the Federal Government may make such order in writing, as is not inconsistent with the provisions of this Act, for removal of such

difficulty.

16. Misrepresentation.—Notwithstanding anything contained in this Act, where a declaration has been made by misrepresentation or suppression of facts, such declaration shall be void and shall be deemed never to have been made under this Act.

Schedule

Form A

DECLARATION UNDER SECTION 5															
FULL NAME															
CNIC*						-									
NTN (if available)															
ADDRESS															
TELEPHONE NUMBER:															
Email:															
FOREIGN ASSETS															
S.No.	Nature of assets					Amount	in	Tax	Tax	in	Pak				
						Rupees		Rate	Rupees						
1.	Liquid assets not repatriated							5%							
2.	Immovable assets outside Pakistan							3%							

3.	Liquid assets repatriated and invested in Government securities		2%	
4.	Liquid assets repatriated		2%	
Total tax in Rupees(1+2+3+4)				
Total tax in US Dollars				
Whether evidence of payment of tax attached			YES	NO

*CNIC includes NICOP or any other identification number issued by National Database and Registration Authority.

Form B

DESCRIPTION OF ASSETS	
[see section 5(4)]	
A. Liquid assets not repatriated	
1. Foreign currency	
Bank account details	Bank name and bank A/c 1
	Bank name and bank A/c 2
	Bank name and bank A/c 3
	Bank name and bank A/c 4
	Bank name and bank A/c 5
2. Other liquid assets (securities, stocks, promissory notes, Government bonds, deposit certificates and other similar instruments, etc.)	
1.	
2.	

3.
4.
5.
6.
B. IMMOVABLE PROPERTY(Jurisdiction, address and size)
1.
2.
3.
4.
5.
6.
7.

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief-

- (a) the information given in this declaration is correct and complete; and
- (b) the value of foreign assets has truly been declared.

I, further declare that I am competent to make this declaration and verify it in my own name.

Date _____

Signature_____

Name _____

12. **Voluntary Declaration of Domestic Assets Act, 2018.**—There is hereby enacted Voluntary Declaration of Domestic Assets Act, 2018, in the manner as follows:-

AN

ACT

to provide for voluntary declaration of domestic assets in Pakistan

WHEREAS there is a large scale non-reporting and under-reporting of assets held in Pakistan;

AND WHEREAS it is expedient to provide for declaration of such assets for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. Short title and commencement.—(1) This Act may be called the Voluntary Declaration of Domestic Assets Act, 2018.

(2) It shall come into force at once.

2. Definitions.— (1) In this Act, unless there is anything repugnant in the subject or context,

- (a) "declarant" means a person making a declaration under section 5;
- (b) "court of law" means an Appellate Tribunal, a High Court or Supreme Court of Pakistan;
- (c) "domestic assets" means assets of every kind other than foreign assets under Foreign Assets (Declaration and Repatriation) Act, 2018;
- (d) "holder of public office" means a person who is or has been, during the preceding ten years,—
 - (i) the President of the Islamic Republic of Pakistan or the Governor of a Province;

- (ii) the Prime Minister, Chairman Senate, Speaker of the National Assembly, Deputy Chairman Senate, Deputy Speaker National Assembly, Federal Minister, Minister of State, Attorney-General for Pakistan and other Law Officers appointed under the Central Law Officers Ordinance, 1970 (VII of 1970), Adviser or Consultant or Special Assistant to the Prime Minister and holds or has held a post or office with the rank or status of a Federal Minister or Minister of State, Federal Parliamentary Secretary, Member of Parliament, Auditor-General of Pakistan, Political Secretary;
- (iii) the Chief Minister, Speaker Provincial Assembly, Deputy Speaker Provincial Assembly, Provincial Minister, Adviser or Consultant or Special Assistant to the Chief Minister and who holds or has held a post or office with the rank or status of a Provincial Minister, Provincial Parliamentary Secretary, Member of the Provincial Assembly, Advocate-General for a Province including Additional Advocate-General and Assistant Advocate-General, Political Secretary;
- (iv) the Chief Justice or, as the case may be, a Judge of the Supreme Court, Federal Shariat Court, a High Court or a Judicial Officer whether exercising judicial or other functions or Chairman or member of a Law Commission, Chairman or Member of the Council of Islamic Ideology;

- (v) holding an office or post, in the service of Pakistan or any service in connection with the affairs of the Federation or of a Province or of a local council constituted under any Federal or Provincial law relating to the constitution of local councils, co-operative societies or in the management of corporations, banks, financial institutions, firms, concerns, undertakings or any other institution or organization established, controlled or administered by or under the Federal Government or a Provincial Government or a civilian employee of the Armed Forces of Pakistan:

Provided that a member of the Board, not actively engaged in the business and day-to-day affairs of the said corporations, banks, financial institutions, firms, concerns, undertakings or any other institution or organization shall not be treated as holder of public office under this sub-clause;

- (vi) the Chairman or Mayor or Vice Chairman or Deputy Mayor of a *zila* council, a municipal committee, a municipal corporation or a metropolitan corporation constituted under any Federal or Provincial law relating to local councils;

Explanation.— For the purpose of this sub-clause the expressions "Chairman" and "Vice Chairman" shall

include "Mayor" and "Deputy Mayor" as the case may be, and the respective councilors therein; and

(vii) a District *Nazim* or District *NaibNazim*, Tehsil *Nazim* or Tehsil *NaibNazim* or Union *Nazim* or Union *NaibNazim*.

(e) "undisclosed asset" in relation to an immovable property includes an immovable property the value of which has been under-reported or understated;

(2) All other words and expressions used but not defined in the Act shall have the same meaning assigned to them under the Income Tax Ordinance, 2001 (XLIX of 2001) and the rules made thereunder.

3. Act to override other laws.—The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

4. Application.— (1) The provisions of this Act shall apply to—

(a) every company, association of persons and all citizens of Pakistan wherever they may be, except holders of public office, their spouses and dependent children; and

(b) undisclosed income and domestic assets held by the persons mentioned in clause (a) in Pakistan, except where proceedings are pending in any court of law in respect of the undisclosed income or domestic assets.

(2) The provisions of this Act shall not apply to any proceeds or assets that are involved in or derived from the commission of a criminal offence.

5. Declaration of domestic assets in Pakistan.—(1) Subject to the provisions of this Act, any person may make, to the Federal Board of Revenue by the due date specified in section 6, a declaration in respect of undisclosed income and domestic assets acquired before the tenth day of April, 2018.

(2) The value of a domestic asset shall be as specified in section 10.

(3) The description, value and tax paid in respect of the undisclosed income and domestic assets declared in sub-section (1) shall be in the manner as set out in Form A of the Schedule to this Act.

(4) The declaration of undisclosed income and domestic assets shall be made in the manner as set out in Form A of the Schedule to this Act, electronically on Federal Board of Revenue's web portal and shall be valid only if it is accompanied by the evidence of payment of tax. The declarant may be required to provide additional item-wise details of such income and assets while filing declaration on Federal Board of Revenue's web portal.

6. Period of applicability.—The declaration under section 5 shall be made on or after the tenth day of April, 2018 but on or before the thirtieth day of June, 2018.

7. Charge of tax.— The domestic assets declared within the due date shall be chargeable to tax at the rates specified in the Table below on the value of assets as determined under section 10, namely:—

TABLE

S.No.	Assets	Rate (as a percentage)
-------	--------	------------------------

		of the value of the asset)
(1)	(2)	(3)
1.	Foreign currency held in a foreign currency account in Pakistan as on the 31 st March, 2018 and encashed in equivalent Rupees.	2%
	Foreign currency held in a foreign currency account in Pakistan as on the 31 st March, 2018 which is invested in Government securities upto 5 years in US dollars denominated bonds with six-monthly profit payment in equivalent Rupees (rate of return 3%) and payable on maturity in equivalent Rupees.	
2.	Other assets.	5%

8. Payment of tax.— (1) The due date for payment of the tax chargeable under section 7 shall be the date on which declaration is made under section 6.

(2) No tax shall be payable by the declarant under any law for the time being in force including the Income Tax Ordinance, 2001 (XLIX of 2001)

declared where tax has been paid under sub-section (1) in respect of the undisclosed income and domestic assets declared under section 5.

9. Incorporation in books of account.— (1) Where a declarant has paid tax under section 8 in respect of undisclosed income and domestic assets declared under section 5, the declarant shall be entitled to incorporate in his books of account such undisclosed income and domestic assets.

(2) For the purpose of the Income Tax Ordinance, 2001(XLIX of 2001), the cost of acquisition of domestic assets and date of acquisition shall be deemed to be the value under sub-section (2) of section 5 and the date on which declaration has been made by the declarant, respectively.

10. Valuation.— For the purpose of this Act, the valuation of assets declared shall be made in the following manner, namely: —

S.No.	Undisclosed income and domestic assets	Value for the purpose of section 5(2)
(1)	(2)	(3)
1.	Undisclosed income.	As declared.
2.	Open plots and land.	Cost of acquisition or FBR rates, whichever is higher.
3.	Super structure.	Rs 400 per square feet.
4.	Apartments and flats.	Cost of acquisition or Provincial stamp duty rates, whichever is higher.

5.	Imported motor vehicles.	<p>A-B</p> <p>A= CIF value plus the amount of all charges, customs-duty, sales tax, levies, octroi, fees and other duties and taxes leviable thereon and the costs incurred till their registration.</p> <p>B= a sum equal to 10% of the said value for each successive year upto a maximum of five years.</p>
6.	<p>Motor vehicles purchased from a manufacturer or assembler or dealer in Pakistan.</p>	<p>A-B</p> <p>A= The price paid by the purchaser, including the amount of all charges, customs duty, sales tax and other taxes, levies, octroi, fees and all other duties and taxes leviable thereon and the costs incurred till their registration.</p> <p>B= a sum equal to 10% of the said value for each successive year upto a maximum of five years.</p>
7.	Used motor vehicles purchased locally.	Value determined in the manner specified in S.N. 5 or 6, as the case may be, as reduced by an amount

		equal to 10% for every year following the year in which it was imported or purchased from a manufacturer.
8.	Securities and shares traded on stock exchange.	Day-end price of the share or security quoted on registered stock exchange as on the 9 th April, 2018 and where no day-end price of such share or security is quoted on stock exchange on the 9 th April, 2018 day-end price of the share or security quoted on a date nearest to the 9 th April, 2018.
9.	Securities and shares not traded on stock exchange.	Break-up value or face value, whichever is higher. Breakup value shall be the sum of paid-up capital, reserves and balance as per profit and loss account as reduced by the value of preference shares and divided by the amount of the paid up ordinary share capital.
10.	National saving schemes, postal	Face value.

	certificates, bonds, securities and other similar investments in capital instruments not traded or quoted on stock exchange.	
11.	Gold.	Rupees 4000 per gram.
12.	Other precious stones and metals.	Market rate as on the 9 th April, 2018 or cost of acquisition, whichever is higher.
13.	Stock-in-trade.	Market rate as on the 9 th April, 2018.
14.	Plant and machinery.	Actual cost of acquisition with no depreciation.
15.	Accounts receivable.	Actual cost of acquisition.
16.	Other assets.	
17.	Prize bonds, cash and bank accounts including foreign currency accounts.	For bank accounts balance as on 9 th April, 2018 and face value for other assets.

11. Confidentiality.— (1) Notwithstanding the provisions of sub-section (3) of section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Right of Access to Information Act, 2017 (XXXIV of 2017) and any other law for the time being in force, particulars of any person making a declaration under this Act or

any information received in any declaration made under this Act shall be confidential.

(2) A person who discloses any particulars in contravention of subsection (1) shall commit an offence punishable on conviction with a fine of not less than five hundred thousand Rupees but not exceeding one million Rupees or imprisonment for a term not exceeding one year or with both.

12. Declaration not admissible in evidence.— Notwithstanding anything contained in any other law for the time being in force, nothing contained in any declaration made under section 5 shall be admissible in evidence against the declarant for the purpose of any proceedings relating to imposition of penalty or for the purposes of prosecution under any law including Income Tax Ordinance, 2001 (XLIX of 2001).

13. Removal of difficulty.— If any difficulty arises in giving effect to the provisions of this Act, the Federal Government may make such order in writing, as is not inconsistent with the provisions of this Act, for removal of such difficulty.

14. Misrepresentation.— Notwithstanding anything contained in this Act, where a declaration has been made by misrepresentation or suppression of facts, such declaration shall be void and shall be deemed never to have been made under this Act.

Schedule

Form A

DECLARATION UNDER SECTION 5

FULL NAME														
CNIC						-								
NTN (if available)														
ADDRESS														
TELEPHONE NUMBER:														
Email:														
UNDISCLOSED INCOME AND DOMESTIC ASSETS														
S.No.	Undisclosed income and assets.								Value as per section 10.					
1.	Undisclosed income.													
2.	Open plots and land.													
3.	Super structure.													
4.	Apartments and flats.													
5.	Imported motor vehicles.													
6.	Motor vehicles purchased from a manufacturer or assembler or dealer in Pakistan.													
7.	Used motor vehicles purchased locally.													
8.	Securities and shares traded on stock exchange.													
9.	Securities and shares not traded on													

	stock exchange.	
10.	National saving schemes, postal certificates, bonds, securities and other similar investments in capital instruments not traded or quoted on stock exchange.	
11.	Gold.	
12.	Other precious stones and metals.	
13.	Stock-in-trade.	
14.	Plant and machinery.	
15.	Accounts receivable.	
16.	Other assets.	
17.	Cash, prize bonds and bank accounts	
18.	Government securities (other than those at S.No. 1 in the Table under section 7)	
Total value in Rupees		
Tax @ 5% (A)		
19.	Government securities or rupee amount from encashment of foreign currency accounts (S.No. 1 in the Table under section 7)	

Tax @ 2% (B)		
Total Tax (A+B)		
Whether evidence of payment of tax attached.	YES	NO

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief-

- (a) the information given in this declaration is correct and complete; and
- (b) the value of domestic assets have truly been declared.

I, further declare that I am competent to make this declaration and verify it in my own name.

Date _____

Signature_____