



Parker Russell-A. J. S.

CHARTERED ACCOUNTANTS

BUDGET 2022-23

HIGHLIGHTS & COMMENTS



PRESENTED BY

PARKER RUSSELL AJS

CHARTERED ACCOUNTANTS



Foreword



We hope that this document finds you in good health.

With this document, we intend to explain main features of Finance Bill 2022-23, best to our understanding. Our hope is to make our readers understand the amendments that came into force with Finance Bill 2022-23, in best and easiest way possible.

This overview consists of brief explanations of the considerable changes in the Income Tax, Sales Tax, Federal Excise, Islamabad Capital Territory (Tax on Services) and Customs Duty laws presented in the Finance Bill, 2022-23. It also puts light over the economic review and the overall highlights of the fiscal proposals.

The purpose of this overview is to generally guide and provide some guidance with the objective of keeping our clients and staff in line with the changes in purposed laws. We are not responsible for any loss occurring to any person acting or refraining from action as a result of our publications. The users are always advised to solicit professional counsel before exercising any action or interpreting any legal provisions and acting upon. The purposed amendments in the Finance Bill, 2022 shall take effect from July, 01, 2022 unless, otherwise, is stated in its approval by the Parliament.

We thank you all on behalf of our team for taking your time.

Your feedback is always welcomed.

TEAM AT PARKER RUSSELL AJS CHARTERED ACCOUNTANTS

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Budget At A Glance

Description	Govt. Budget	Revised Govt. Budget
	2022-23	2021-22
	Rupees in Billion	Rupees in Billion
Revenue Receipts		
FBR Tax Revenue	7,004	6,000
Non Tax Revenue	2,000	1,315
Gross Revenue Receipts	9,004	7,315
Less: Transfer to Provinces	(4,100)	(3,512)
Net Revenue Receipts	4,904	3,803
Expenditures		
Foreign Debt	511	373
Domestic Debt	3,439	2,771
Defence Affairs & Services	1,523	1,480
Subsidies	699	1,515
Pension	530	525
Grants & transfers to provinces	1,242	1,090
Provision for contingencies	100	232
Running civil Govt	550	530
Pay	100	-
Current Expenditure	8,694	8,516
Federal PSDP	727	550
Other Development & Net Lending	81	82
Development Expenditure	808	632
Total Expenditure	9,502	9,148
Federal Budget Deficit	(4,598)	(5,345)
Primary Budget Deficit	(648)	(2,201)
Projected Nominal GDP	78,197	66,950
FED Fiscal Deficits as % of GDP	(5.9)	(8)
Primary Deficits as % of GDP	(0.80)	(3.3)

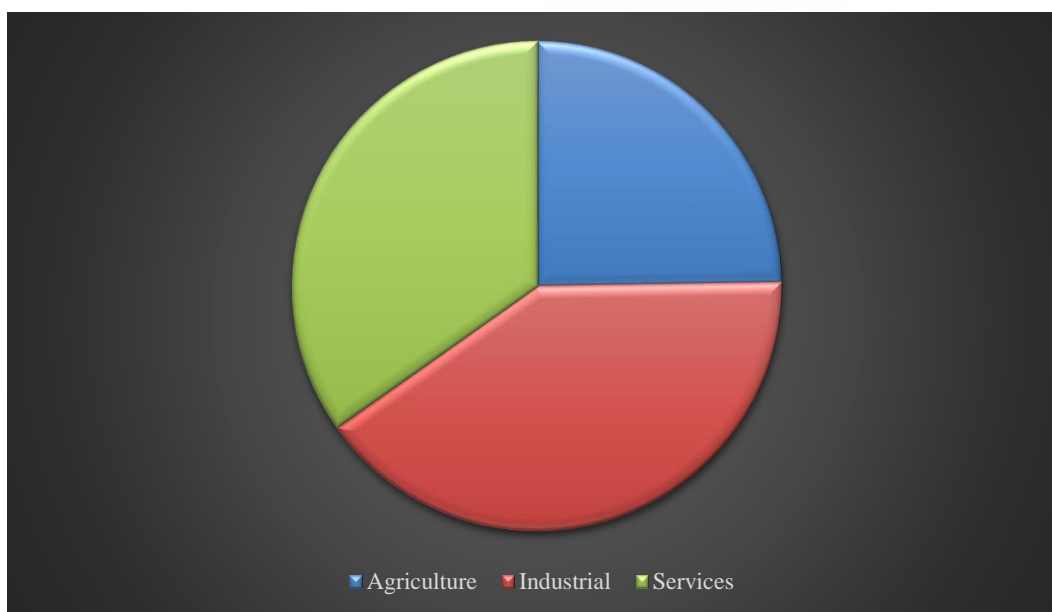
Economic Review

Pakistan Economy 2022-23

GDP Growth Rate

Year	Percentage
2018	6.10%
2019	3.12%
2020	-1%
2021	5.57%
2022	3.96%

GDP's Component Sectors



Key Highlights

- Tax Liability on salaried people earning Rs.600,000 to Rs.1200,000 decreased to Rs.100 only.
- For Individual Businesses and AOPs tax threshold proposed to be increased to Rs.600,000.
- The tax rate for small companies will be 20%, banking companies 42% and 29% for other companies.
- The initial depreciation increased from 50% to 100%.
- Persons non-resident in other countries will be considered resident (for tax purposes) in Pakistan.
- For the small retailers, a full and final tax scheme has been introduced ranging from Rs. 3,000 to Rs. 10,000 which will be collected through the Electricity Bills.
- Capital Gain Tax on scope increased from 4 years to 6 years.
- Poverty Alleviation tax on persons earning more than Rs. 300 Million.
- Advance tax deduction increased from 1% to 2% and for non filers 5% under section 236K and 236C.
- Withdrawal of advance tax under section 236I and 236Q.
- Introduction of deemed rental income on the second property having and FMC of more than 25 million at 5% of FMV with 20% tax on the deemed income.
- Increase in advance tax under section 231B on cars of more than 1600cc.
- Re-introduction of 236Y, 1% (2% on non filers) advance tax on amounts remitted abroad through credit/debit cards.
- 2% advance tax on electric vehicles.
- Elimination of 1% and 2% advance tax on imports under section 148.
- Advance Tax Imports for own use to be adjustable.
- For film makers a 5 year tax holiday. Exemption of advance tax on film producers and distributors.

Key Highlights

- Production, transmission & distribution of electricity is proposed to be added to the definition to supply of goods under Sales Tax Act, 1990.
- Sales tax on electricity charged to retailers other than Tier-I retailers is proposed to be increased.
- Further tax of 3% shall be charged on persons who are not active taxpayers is proposed under Sales Tax Act, 1990.
- Fee & service charges imposed and collected under section 76 is proposed to be excluded from the sales tax definition.
- Federal Government, Provincial Government and Public Sector Organization are proposed to be allowed to discharge liability with respect to sales tax on installment basis.
- CNIC or NTN are proposed to not be required on supplies made to unregistered persons. Furthermore, restriction on claiming & deducting input tax is also removed.
- It is proposed that 90% restriction of input tax shall also be imposed on Public listed companies.
- All kinds of detergents are proposed to be taxable at retail price under sales tax.
- Agricultural tractors, locally produced coal, import of electric vehicle in CBU conditions are proposed to be removed from eighth schedule of Sales Tax Act, 1990.
- Rates on Natural Gas, Phosphoric Acid, Fertilizers & Potassium Chlorate are proposed to be increased under Eighth Schedule of Sales tax Act, 1990.
- Fee and service charges imposed and collected under section 49 – Fee & Service Charges are proposed to be excluded from the definition of duty under Federal Excise Act, 2005
- Rates on excisable goods under Table-I are proposed to be increased under Federal Excise Act, 2005.

Key Highlights

- Rates on excisable services under Table-I are proposed to be increased under Federal Excise Act, 2005.
- Sales tax on services are proposed to be reduced to 15% from 16% to 17% in Islamabad Capital Territory.
- 5% sales tax on IT services and IT enabled services is proposed to be withdrawn in Islamabad Capital Territory.
- Exemption from custom duties is proposed on various items such as Aluminum paste and powder, stamping foils, Guts, bladders and stomachs of animals etc.
- Reduction from custom duties is proposed on various items such as Glycerol crude, Flavoring Powders, IV leaves extract powders.
- Active notice issued after July 01, 2016 which is not placed in National Assembly is proposed to be enforced till 2023.
- Power of an officer to stop and search any conveyance carrying essential commodities is proposed to be applicable within bordering and coastal areas.
- Protection of action taken under Act is proposed to be available to Provincial Government.
- Penalties are proposed to be introduced on unauthorized access and use of Pakistan Single Window System.



AMENDMENTS IN INCOME TAX ORDINANCE, 2001

2(7A) - Beneficial Owner

The proposed that ever Company and AOP to submit electronically the detail of beneficial owners and any change therein particulars. A penalty of Rs. 1 million is also proposed for each default. A new clause defining the expression of Beneficial Owner is proposed to introduce as follows;

(7A) “beneficial owner” means a natural person who –

(a) ultimately owns or controls a Company or association of persons, whether directly or indirectly, through at least ten percent shares or voting rights; or

(b) exercise ultimate effective control, through direct or indirect means, over the company or association of persons including control over the finances or decisions or other affairs of the company or association of persons;”;

2(18A) Distributor

Definition of Distributor added:

“(18A) “distributor” means a person appointed by a manufacturer, importer or any other person for a specified area to purchase goods from him for further supply;”;

2(62B) SWAPS

A new concept of withholding through SWAPS agents is proposed to be introduced for which definition of SWAPS has been introduced as unders;

“Synchronized Withholding Administration and Payment System agent” or “SWAPS agent” means any person or class of persons notified by Board to collect or deduct withholding taxes through Synchronized Withholding Administration and Payment System;”;

4C Tax on Taxable Income

New section is inserted to impose tax on high earning persons. The Income includes profit on debt, dividend, capital gains, brokerage, commission, taxable income, imputable income & income computed other than Loses.

AMENDMENTS IN INCOME TAX ORDINANCE, 2001

The rate of tax under section 4C shall be:-

INCOME UNDER SECTION 4C	RATE OF TAX
Where income does not exceed Rs. 300 million	0% of the income
Where income exceeds Rs. 300 million	2% of the income

The taxpayer shall be required to pay this tax along with return of income due for tax year 2022. In case of failure, the tax authorities are empowered to recover the same through recovery provisions.

Section 6(1) - Tax on Certain Payments to Non-Residents

It is proposed that the non-resident person not having permanent establishment in Pakistan deriving income from “Technical fee for money transfer operations, card network services, payment gateway services, interbank financial telecommunication services” are to be taxed at the rate of 10%.

Section 7E - Tax on Deemed Income

It is proposed that if tax shall be imposed at a rate of 20% of deemed rental income of a resident person. The resident person shall be treated to have received rent equal to 5% of fair market value (as determined by FBR under section 68) of an immovable property situated in Pakistan whether such property has been rented out or not, for any consideration or not.

The above provision shall not apply to;

- (a) one self-owned immovable property;
- (b) self-owned business premises from which business is carried out;
- (c) self-owned agriculture land where agriculture activity is carried out by person but does not include farmhouse and land annexed thereto;
- (d) where the fair market value of the property or properties, in aggregate, excluding properties mentioned in clauses (a), (b) and (c) does not exceed twenty-five million Rupees;
- (e) a Provincial Government, a Local Government, a local authority or a development authority;
- (f) land development and construction projects of builders and developers registered with Directorate General of Designated Non-Financial Businesses and Professions of Board;
- (g) a property which is subject to tax under section 15 of the Ordinance and the tax chargeable is more than tax chargeable under this section.

AMENDMENTS IN INCOME TAX ORDINANCE, 2001

Provided that if tax chargeable under section 15 is less than the tax chargeable under this section so much of the amount of tax which is in excess of tax chargeable under section 15 shall be paid under this section.

This means that resident person will be subject to tax at the rate of 1% of fair market value of immovable properties valuing more than 25 million.

Section 21 - Inadmissible Deductions

A new clause is proposed to be inserted as under;

“(ea) an amount in excess of fifty percent of contribution made by a person to an approved gratuity fund, an approved pension fund or an approved superannuation fund is proposed to be inadmissible expense in computing the income from business.”;

(la) previously the payments made by companies for a transaction under single account head exceeding Rs.250,000 other than through digital means was inadmissible. Due to practical difficulties, the implementation of said provisions was deferred indefinitely till it is notified by FBR.

Now the provisions are made a part of Finance Bill 2022-23. Further it is proposed to enhance the limit of Rs.250,000 to Rs.1,000,000.

(r) A new clause is proposed to disallow any expenditure attributable to sales claimed by any person who is required to integrate but fails to integrate his business with the Board through approved fiscal electronic device and software. Provided that disallowance of expenditure under this clause shall not exceed ten percent of the allowable deduction.

Section 22 - Depreciation

Previously depreciable assets used for first time in Pakistan after July 1,2020 the normal tax depreciation allowance was limited to 50% in the year of acquisition as well as 50% in the year of disposal. Both these limits are now proposed to be withdrawn. Resultantly, full year depreciation would be charged in the year of acquisition and no depreciation would be charged in the year of disposal.

Moreover, the depreciation on passenger transport vehicle not plying for hire, the limit of cost at Rs. 2.5 million is proposed to be enhanced to Rs. 5 million. Where such vehicle is obtained on lease, the restriction on rentals related to principal amounts are also proposed to be enhanced from Rs. 2.5 million to 5 million.

Amendments in Income Tax Ordinance, 2001

Section 23 Initial Allowance

It is proposed that the initial allowance under section 23 whereby the building being immovable property including structural improvements (even if classifiable as part of plant & machinery) will no more be eligible for initial allowance of depreciation. Previously, the initial allowance on building was removed from third schedule. Now a corresponding amendment has been made in section 23.

Section 37 Capital Gain

Capital gains relating to disposal of immovable properties situated in Pakistan shall be taxed at

S.No	Holding Period	Rate of Tax		
		Open Plots	Constructed Property	Flats
(1)	(2)	(3)	(4)	(5)
1.	Where the holding period does not exceed one year	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	0
4.	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	-
5.	Where the holding period exceeds four years but does not exceed five years	5%	0	-
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-
7.	Where the holding period exceeds six years	0%	-	-

Amendments in Income Tax Ordinance, 2001

As a result of the above, capital gains relating to disposal of immovable properties situated outside Pakistan will be taxed at the applicable rates irrespective of holding period.

The bill proposed to remove the conflict between section 37(4) and 79(3) by omitting the following provision of section 37(4).

Capital assets acquired under certain tax transactions such as by way of gift, succession, inheritance, devolution, distribution of assets on dissolution of AOP or on liquidation of company are deemed to have a cost equal to the FMV of such assets at the time of acquisition. It is further provided that in case capital asset acquired through gift is disposed off within two years of acquisition as part of tax avoidance scheme, the cost acquisition in the hands of acquirer is deemed to be the cost in the hands of transferor.

Section 59C - Carry Forward of Losses of Business Losses of Sick Industrial Unit

This section is proposed to be omitted and the tax amnesty provided in this section is proposed to be withdrawn with effect from March 2, 2022.

Section 60,62, 62A & 63 - Tax Credits/Deductible Allowances

Previously, eligible individuals were allowed tax credits/deductible allowances in respect of the following;

- a. Profit on debt incurred on house financing – section 60C;
- b. Investment in new shares of listed companies, mutual funds or life insurance policies, Sukuk, etc.
- c. Purchase of Health insurance policies – Section 62A; and
- d. Investment in Approved Voluntary Pension Schemes (VPS) – 63.

Now it is proposed to withdraw the above tax credits/deductible allowances.

Section 65F - Tax Credit For Certain Persons

Previously 100% tax credit was allowed on income from exports of computer software or IT services in the case 80% of export proceed were brought through proper banking channel. But now this clause is proposed to be omitted.

Amendments in Income Tax Ordinance, 2001

37A Capital Gain On Securities

The following tax rates have been proposed to be amended.

Sr No.	Holding Period	Proposed for TY 2022-23
1.	2.	3.
1.	Where the holding period does not exceed one year	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%
4.	Where the holding period exceeds three years but does not exceed four years	7.5%
5.	Where the holding period exceeds four years but does not exceed five years	5%
6.	Where the holding period exceeds five years but does not exceed six years	2.5%
7.	Where the holding period exceeds six years	0%
8.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5%”;

60C Deductible allowance for the profit on debt

Deductible allowance for the profit on debt is Omitted.

62 Tax Credit for Investment in shares and Insurance

Tax Credit for Investment in shares and Insurance is Omitted.

65F(1)(c) Tax Credit For Certain Persons

One Hundred percent tax credit was allowed on income from exports of computer software or IT services in the case 80% of export proceed were brought through proper banking channel. But now this clause is omitted.

Amendments in Income Tax Ordinance, 2001

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Amendments in Income Tax Ordinance, 2001

Section 65H – Tax Credit on Foreign Investment For Industrial Promotion

It is proposed to be withdrawn with effect from March 2, 2022 the amnesty on foreign investment for industrial promotion by;

- a. A non-resident Pakistani citizen having continued non-resident status for more than five years; or
- b. A resident individual having foreign assets declared in terms of section 116 or 116A by the 31st December, 2021.

Section 82 – Resident

The definition of Resident is proposed to also include the Pakistani citizens who are not tax residents of any other country.

Section 92 – Taxation of AOP

It is proposed to clarify that the Income of AOP is exempt, the share from such income shall remain exempt in hands of the partner. The following explanation is proposed to be included after the first proviso;

“Explanation.– For removal of doubt it is clarified that if the income of association of persons is exempt and no tax is payable under the Ordinance due to this exemption, the share received in the capacity as member out of the income of the association shall remain exempt.”;

99A. Payment of Tax through Electricity Consumptions

The following tax rates are inserted wherein it shall apply to all retailers, except Tier-I retailers, and specified service providers who shall be charged taxes on their commercial electricity connections.

Gross amount of monthly bill	Tax
Where the amount does not exceed Rs. 30,000	Rs. 3000
Where the amount exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5000
Where the amount exceeds Rs. 50,000 but doesnot exceed Rs. 100,000	Rs. 10,000
Specified retailers and service providers through Income Tax General Order	Rs.50,000”;

Such tax collection on electricity bills is proposed to be considered as the final payment of their tax liability. It is also proposed that the Board may issue an Income Tax General Order for implementation and specification of retailers eligible for this regime.

Amendments in Income Tax Ordinance, 2001

100C. Tax Credit for Charitable Organizations

The bill proposes to extend the date from 01-July-2022 to 01-July-2024, for the condition that the persons obtain approval from Commissioner for Non-Profit Organization and become eligible for 100% tax credit under section 100C. Further, it also proposes that the all entities mentioned in Second Schedule to be the eligible donees for purpose of tax credit u/s 61.

100F. Investments in New Industries/Existing Industries

The Bill proposes to withdraw the incentive where all persons can declare assets by paying general tax rate of 5% through investment in new industries.

Section 111 Unexplained Income

It is clarified that the remittance through money service bureaus, exchange companies or money transfer operators shall be deemed to constitute foreign exchange remitted from outside Pakistan through normal banking channels. Previously foreign remittance remitted only through normal banking channels were considered as foreign remittance for purpose of section 111. Now this explanation clarified the remittance through money transfer operations.

Where section 122 has been issued, the requirement of separate notice under section 111 has been eliminated.

Section 113 Minimum Tax

It is proposed to impose the restriction on carry forward of minimum tax on turnover in subsequent years. Previously, if the minimum tax paid was more than the normal tax then this minimum tax could be carried forward for the immediate succeeding five tax years.

Section 114B Powers to Impose Filing of Returns

New section is proposed to be inserted through Finance Act 2022-23.

The board shall have powers to issue income tax general order with respect of such persons who are not appearing on active taxpayer's list but are liable to file the return after giving opportunity of being heard under section 114. The consequences for the persons mention in general order includes:

Amendments in Income Tax Ordinance, 2001

- a. Disabling of Mobile Phones or Mobile Phone Sims;
- b. Discontinuance of electricity connection; or
- c. Discontinuance of gas connections.

This general order maybe withdrawn where the board or commissioner having jurisdiction over the person is satisfied that:

- a. The return has been filed; or
- b. The person was not liable to file return.

Section 121 Best Judgment Assessment

It is proposed to enhance time limitation for best judgement from five years to six years.

Section 122 Amendment of Assessment

It is proposed to enhance the time period for order under this section from 120 days to 180 days from date of issuance of show cause notice.

Section 134A Alternative Dispute Resolution

The section 134A is proposed to be substituted by a new section. Now the aggrieved person having tax liability of 100 million or above admissibility of refund, waiver of default surcharge and penalty, or any other specific relief required to resolve the dispute may apply to the Board for appointment of committee for resolution of any hardship or dispute which is under litigation in any court of law or an appellate authority except criminal proceedings have been initiated. Previously, there was no limit to apply for ADRC. The

Section 148 Imports

It is proposed that the tax collected under section 148 shall be final tax. However, tax collected on imports of all materials for industrial undertakings for its own use shall be adjustable tax. Previously it was minimum tax. However, the tax required to be collected at import stage shall be minimum tax on the income arising from the import of following goods:

- 1. Edible Oil;
- 2. Packing Material;
- 3. Paper and Paper Board; or
- 4. Plastics.

Amendments in Income Tax Ordinance, 2001

Section 149 - Salary Income

The deductible allowance for profit on debt and tax credit for investment in shares, health insurance and pension funds are proposed to be omitted for the purpose of calculation of taxable salary.

Section 152 –Payments to Non-Residents

It proposes a rate of 10% for every exchange company which is licensed by State Bank of Pakistan on the time of making payment of commission/fee or service charges to the international money transfer operators. In case, where service charges, commission or fee is retained by such person from the amount payable, then the exchange company shall be deemed to have paid such charges and so shall collect it accordingly. Further, it proposes a equivalent rate of 10% for every banking company in case of payments made to card network company, or payment gateway etc, of any transaction, service and licensing fee or any interbank financial telecommunication services. The above said tax is proposed to be the final tax liability.

Section 154A - Export of Services

It is proposed to withdraw the tax credit under section 65F on export of computer software or IT enabled services and to impose tax at a rate 0.25% of proceeds if the person is registered with Pakistan Software Export Board otherwise 1% of proceeds would be collected by authorized dealer in foreign exchange at the time of realization of foreign exchange proceeds.

Section 164A - Payment of Tax Collected by SWAPS Agents

The new section has been proposed to be inserted. The board may notify any person or class of persons require to collect or deduct tax under the ordinance to integrate with Synchronized Withholding Administration and Payment System (SWAPS) and to act as SWAPS agent. The SWAPS Agent is required to integrate with board and shall deposit and credit the tax payment to Commissioner through digital mode and the copy of SWAPS Payment Receipt (SPR) shall replace CPR.

Section 174 Records

It is proposed that the time limitation of six years for maintenance of records and documents shall not apply to record pertaining to income, assets, expenses or transactions discovered by Commissioner and are situated or incurred outside Pakistan or concealed income in the foreign source.

Amendments in Income Tax Ordinance, 2001

Section 175B National Database and Registration Authority (NADRA)

This new section is proposed to be inserted through Finance Act 2022-23. Nadra, on its own motion or upon application by the Board share its records or any information available by it, with the Board for broadening of tax base

The Nadra may;

- i. Submit proposals and information to Board with the view to broadening the tax base;
- ii. Identify in relation to any person, income, receipts, assets, properties, liabilities, expenditures or transactions that have escaped assessment or are under assessed or have been assessed at a low rate or have been subject to excessive relief or fund or have been mis-declared or misclassified under a particular head of income;
- iii. Enter into memorandum of understanding with board for a secure exchange of persons and information;
- iv. Compute indicative income and tax liability of anyone mentioned in above by use of artificial intelligence, mathematical or statistical modelling or any other modern device or calculation method.

The indicative income and tax liability computed by Nadra shall be notified by the board to the person in respect of whom such indictive income and tax liability has been determined, who shall have the option to pay the determined amount on such terms, conditions, installments, discounts, reprieves pertaining to penalty, default surcharge and time limits.

Section 177 - Audit

The requirement of issue of audit report by the Commissioner containing observation and findings after completion of audit is proposed to be withdrawn.

Section 181E – Record of Beneficial Owners

A new section is proposed to be inserted by Finance Act 2022 namely “Record of beneficial owners” as under;

- (1) Every company and association of persons shall electronically furnish particulars of its beneficial owners in such form and manner as may be prescribed.
- (2) Every company and association of persons shall update the particulars of its beneficial owners as and when there is a change in the particulars of the beneficial owners.”;

Section 182 Offences and Penalties

In section 182, in sub-section 1, in the Table, following new serials are proposed to be substituted in the table in the column 1;

Amendments in Income Tax Ordinance, 2001

30.	Any company or Association of Persons who contravenes the provisions of Section 181E.	Such company or Association of Persons shall pay a penalty of Rs. 1,000,000/- for each default.	181E
31.	Any person who fails to integrate or perform roles and functions as specified, after being duly notified by the Board as SWAPS Agent.	Such person shall pay a penalty of: (i) Rs.50,000 for first default of 07 days (ii) Rs. 100,000 for second default of next 07 days (iii) Rs. 50,000 for each week after the second consecutive week of default: Provided that no penalty shall be imposed for the period for which extension from integration is granted by the Commissioner subject to the condition that, if the SWAPS Agent fails to integrate within such extended time, penalties shall be imposed as if no extension was granted.”	164A

Amendments in Income Tax Ordinance, 2001

32	Any person, who is integrated for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or QR code or bears duplicate invoice number or counterfeit QR code, or defaces the prescribed invoice number or QR code, or any person who abets commissioning of such offence.	Such person shall pay a penalty of five hundred thousand rupees or two hundred per cent of the amount of tax involved, whichever is higher.	237A
33	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under law.	Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of two months after imposition of penalty as aforesaid, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under subsection (3) of section 237A, as the case may be.	237A

Amendments in Income Tax Ordinance, 2001

34.	A person required to integrate his business as stipulated under subsection (3) of section 237A, who fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.	Such person shall be liable to pay i) penalty of five hundred thousand rupees for first default; ii) penalty of one million rupees for second default after fifteen days of order for first default; iii) penalty of two million rupees for third default after fifteen days of order for second default; iv) penalty of three million rupees for fourth default after fifteen days of order for third default: Provided that if such person fails to integrate his business within fifteen days of imposition of penalty for fourth default, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under subsection (3) of section 237A: Provided further that if the person integrates his business with the Board's computerized system before imposition of penalty for second default, penalty for first default shall be waived by the Commissioner.”;	237A
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Amendments in Income Tax Ordinance, 2001

Section 191 Prosecution for Non-Compliance

The Finance Bill 2022 proposes to insert two more actions in case of failure by the taxpayer for any breach/failure of non-compliance for certain statutory obligations as under;

- (i) integrate his business with Board's computerized system; or
- (h) generate tax invoice verifiable by the Board's system;

Section 209A Uniform

It is proposed to insert a new section namely Uniform as under; "The Board may by notification in the official gazette, prescribe rules for wearing of uniform by officers and staff of Inland Revenue Service of Pakistan.";

Section 214A Condonation of time

The board was previously empowered to condone any time limit specified under the Income Tax Ordinance. The bill now proposes to provide a clarification that the Board may exercise such powers at any time before or after the expiry of the time limit prescribed.

Section 216

It is proposed that the following shall be substituted in the sub-section (2) in the section as under;

"(2) Notwithstanding anything contained in the Qanune-Shahadat, 1984 (P.O. No. 10 of 1984), the National Accountability Ordinance, 1999 (XVIII of 1999), the Federal 60 Investigation Agency Act, 1974 (VIII of 1975) and the Right of Access to Information Act, 2017 (XXXIV of 2017), or any other law for the time being in force, no court or other authority shall, save as provided in the Ordinance, require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under the Ordinance, or declarations made under the Voluntary Declaration of Domestic Assets Act, 2018, the Foreign Assets (Declaration and Repatriation) Act, 2018 or the Assets Declaration Act, 2019 or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof."; Further it is proposed to remove the clause (kb) in sub-section (3) making National Database and Registration Authority an exclusion from anything contained in the section.

Amendments in Income Tax Ordinance, 2001

Section 216A Proceedings against authority and persons

The Finance Bill proposes to withdraw the Board's powers to prescribe any rules for initiating criminal proceedings against authorities and any officer of the Directorate General who willfully omits or commits to cause any undue benefit for the any official of the department.

Section 216A **Proceedings against authority and persons**" is proposed to be omitted.

Section 229 Directorate General of Training and Research

The bill proposes to rename the “ **Directorate General of Training and Research**” to “**Inland Revenue Services Academy**”

Section 231B Advance Tax on Motor Vehicles

The bill proposes the following advance tax rates on private motor vehicles:

S.No	Engine Capacity	Tax
1.	Upto 850 cc	Rs.10,000
2.	851cc to 1000cc	Rs.20,000
3.	1001cc to 1300cc	Rs.25,000
4.	1301cc to 1600cc	Rs.50,000
5.	1601cc to 1800cc	Rs.150,000
6.	1801cc to 2000cc	Rs.200,000
7.	2001cc to 2500cc	Rs.300,000
8.	2501cc to 3000cc	Rs.400,000
9.	Above 3000cc	Rs.500,000
10.	Provided that Where engine capacity is not applicable and value of vehicle is Rs. 5,000,000/- or more	3% of the import value as increased by the customs duty, sales tax and FED or invoice value in case of locally manufactured vehicle.

Amendments in Income Tax Ordinance, 2001

In case, where the engine capacity is not applicable and the value of vehicle is Rs. 5,000,000 or more, the rate of tax shall be Rs. 20,000. The said rate will be reduced by 10% each year from the date of first registration in Pakistan. Further, the advance tax rates for non-filers shall be increased by 200%.

Section 236C & 236K - Advance Tax on Sale/Purchase of Immoveable Property

In sub-section (3), the time period for collection of advance tax on sale of immoveable property exceeds from “four” years to “ten” years. Further, rate of advance tax under section 236C and 236K increased to 2% (5% for non-filers).

Section 236I & 236Q WHT Tax Omissions

The Finance Bill proposes to omit the deduction of advance tax on Education Fee under Section 236I and deduction of tax on payments made for use of equipment and machinery under section 236Q.

Section 236Y - Advance Tax on persons remitting amounts abroad through credit or debit or prepaid cards.

The deduction of advance tax on any amounts remitted outside Pakistan under section 236Y was omitted by Finance Act, 2021. Now the Finance Bill proposes to re-instate the provisions of section 236Y according to which advance tax shall be deducted at the rate of 1% on the amounts remitting abroad through credit or debit and tax so deducted shall be adjustable.

237A-Electronic Record

A new sub-section (3) has been inserted in Finance Act, 2022 in the section 237A which describes that no sale shall be made or service shall be rendered without generating fiscal invoices as prescribed in case of integrated enterprises.

237B. Prize scheme to promote tax culture

The Finance Bill proposed to introduce new section to encourage the general public to make purchases or avail services from integrated enterprises which issue tax invoices in return for a prize.

Amendments in Income Tax Ordinance, 2001

Advance Tax on Plays and Advertisements

The advance tax on commercial for advertisement starring foreign actors has been reduced from Rs. 500,000 per second to Rs. 100,000 per second.

Banking Companies

The bill proposes a rate increase on banking companies to 42%. Further, it withdraws benefit of tax at reduced final rate of 15% on Profit on debt from Investment in Government Securities. Moreover, the bill levy of super tax on banking companies restricts till tax year 2022 only.



Amendments in Income Tax Ordinance, 2001

Rates of Tax for Companies

The rate of tax imposed on the taxable income of a company shall be as set out in the following table, namely;

Type of Company	Rate of Tax
Small Company	20%
Banking Company	42%
Any Other Company	29%

Rate of Super Tax

In Division IIA, The expression “Tax Year 2021 and onwards”, shall be substituted with expression “Tax Year 2021 and 2022”.

Tax on high earning persons for poverty alleviation

After Division IIA, a new Division IIB has been inserted by Finance Act, 2022 which is as follow:

The tax rate under section 4C shall be;

Income under section 4C	Rate of Tax
Where income does not exceed Rs. 300 million	0% of the income
Where income exceeds Rs. 300 million	2% of the income

Rates of Tax on Certain Payments

The heading Division IV (**Rates of Tax on Certain Payments to Non-residents**) has been substituted with Division IV (**Rates of Tax on Certain Payments**)

The rate of tax imposed under section 6 on payments shall be 15% of the gross amount of the royalty or fee for technical services and 10% in any other case.

Capital Gain on Disposal of Securities

The rates of tax on capital gain on disposal of securities have been changed and the following shall be substituted in Division VII, Part I, First Schedule.

Amendments in Income Tax Ordinance, 2001

Sr No.	Holding Period	Proposed for TY 2022-23
1.	2.	3.
1.	Where the holding period does not exceed one year	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%
4.	Where the holding period exceeds three years but does not exceed four years	7.5%
5.	Where the holding period exceeds four years but does not exceed five years	5%
6.	Where the holding period exceeds five years but does not exceed six years	2.5%
7.	Where the holding period exceeds six years	0%
8.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5%”;

Capital Gain on Disposal of Immoveable Property

The rates of tax on capital gain on disposal of Immoveable Property under sub-section (1A) of section 37 has been changed and the following table has been inserted by the Finance Act, 2022

<u>Sr No.</u>	<u>Holding Period</u>	<u>Rate of Tax</u>		
		<u>Open Plots</u>	<u>Constructed Property</u>	<u>Flats</u>
<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>
1.	Where the holding period does not exceed one year	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%
3.	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	0
4.	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	-
5.	Where the holding period exceeds four years but does not exceed five years	5%	0	-
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-
7.	Where the holding period exceeds six years	0	-	-

Amendments in Income Tax Ordinance, 2001

Capital Gain on Disposal of Immoveable Property

A new Division has been inserted by the Finance Act, 2022 namely **Division VIII** Tax rate on deemed rental income. The rate of tax under section 7E shall be 20%

Rates of advance tax

In Part II, of the First Schedule, under the head “ Rate of advance tax” in the table, in column (1), against S. No. 2, in column (3), after the expression “federal excise duty”, the expression “and 3.5% of the import value as increased by customs duty, sales tax and federal excise duty in case of commercial importer” shall be added; and

Change in Proviso

In the second proviso, in the table, in column (1), S.No.5 and 6 and entries relating thereto in columns (2), (3) and (4) shall be substituted as under:-

5	Exceeding 350 and up to 500	5000	3000
6	Exceeding 500	11,500	5,200

Payment for Goods or Services

In Division III, in clause (2), in sub-paragraph (i), for the full stop at the end a comma shall be substituted and thereafter the expression “REIT management services, services rendered by National Clearing Company of Pakistan Limited.” has been inserted by the Finance Act, 2022.

Exports of Services

In Division IVA, the following shall be substituted by the Finance Act, 2022 instead of one percent tax under section 154A on the proceeds of exports:

S.No.	Types of Receipts	Rate of Tax
(1)	(2)	(3)
1.	Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25% of proceeds
2.	Any other case	1% of proceeds

Amendments in Income Tax Ordinance, 2001

Tax on Motor Vehicles

In Division III, in clause (2), for the TABLE, the following shall be substituted by the Finance Act, 2022;

S.No	Capacity	Rs. per seat per annum	
		Non Air Conditioned	Air Conditioned
(1)	(2)	(3)	(4)
1.	4 or more persons but less than 10 persons	500	1000
2.	10 or more persons but less than 20 persons	1500	2000
3.	20 persons or more	2500	4000

Electricity Consumption

The rate of tax leviable under section (99A), and collectable under sub section (1A) of Section 235 shall be as under:-

Gross amount of monthly bill	Tax
Where the amount does not exceed Rs. 30,000	Rs. 3000
Where the amount exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5000
Where the amount exceeds Rs. 50,000 but doesnot exceed Rs. 100,000	Rs. 10,000
Specified retailers and service providers through Income Tax General Order	Rs.50,000”;

Advance Tax on Purchase, Registration and Transfer of Motor Vehicles

Rate of tax collection at the time of registration of private motor vehicles shall be as follows’

Amendments in Income Tax Ordinance, 2001

S.No	Engine Capacity	Tax
(1)	(2)	(3)
1.	Upto 850 cc	Rs.10,000
2.	851cc to 1000cc	Rs.20,000
3.	1001cc to 1300cc	Rs.25,000
4.	1301cc to 1600cc	Rs.50,000
5.	1601cc to 1800cc	Rs.150,000
6.	1801cc to 2000cc	Rs.200,000
7.	2001cc to 2500cc	Rs.300,000
8.	2501cc to 3000cc	Rs.400,000
9.	Above 3000cc	Rs.500,000
10.	Provided that Where engine capacity is not applicable and value of vehicle is Rs. 5,000,000/- or more	3% of the import value as increased by the customs duty, sales tax and FED or invoice value in case of locally manufactured vehicle.

In case, where the engine capacity is not applicable and the value of vehicle is Rs. 5,000,000 or more, the rate of tax shall be Rs. 20,000. The said rate will be reduced by 10% each year from the date of first registration in Pakistan.

Advance Tax on Transfer of Immoveable Property

The advance tax on buyer and seller on Transfer of Immoveable Property is proposed to be increased from 1% to 2%.

Advance Tax on TV plays and advertisement

The advance tax on commercial for advertisement starring foreign actors has been reduced from Rs. 500,000 per second to Rs. 100,000 per second.

Division XXIII- Payment to a resident person for right to use machinery and equipment

Division XXIII namely “Payment to a resident person for right to use machinery and equipment” has been be omitted.

Advance tax on amount remitted abroad thorough debit or credit card

The rate of tax shall be 1% of the gross amount of amount remitted abroad.

Amendments in Income Tax Ordinance, 2001

AMENDMENTS IN SECOND SCHEDULE

Withdrawal of Accumulated Balance from VPS

The restriction of 50% is proposed to be done away with and such exemption has been available on withdrawal of the entire accumulated balance, at any point of time.

Tax Exemptions - Withdrawal

Through the Finance Bill, exemption from tax presently available in respect of following incomes is proposed to be done away:

- i. Receipt of monthly installment from income payment plan invested out of accumulated balance of specified individual pension accounts or approved annuity plan; and
- ii. Income representing subsidy allowed by Federal Government.

Tax Exemption - Certain Charitable Organizations

In Finance Act 2022, income of following organizations shall be exempted from income tax by way of inclusion in Table I of Clause 66:

- a. The Pakistan Global Sukuk Programme Company Limited;
- b. Karandaaz Pakistan from tax year 2015 onwards;
- c. Public Private Partnership Authority for tax year 2022 and subsequent four tax years; and
- d. Hamdard Laboratories (Waqf) Pakistan.
- e. Pakistan Mortgage Refinance Company Limited;
- f. Pakistan Sweet Homes Angels and Fairies Place; and
- g. Dawat-e-Islami Trust.

Presently, the last three organizations i.e (e), (f) and (g) were entitled to tax exemption subject to fulfillment of conditions specified in section 100C of the Ordinance, are now shall be extended unconditional tax exemption..

Withdrawal of Tax Exemption on Subsidy Granted By the Federal Govt.

The tax exemption on subsidy granted by the Federal Government under clause 102A for the purposes of implementation of any orders of the Federal Govt. has been withdrawn under the Finance Bill 2022.

Amendments in Income Tax Ordinance, 2001

Tax Exemption to Profits and Gains Derived by the Electric Power Generation Project

A new explanation has been added after the sixth proviso that exemption under this clause shall remain continue for those persons who availed this exemption under this clause on or before 30th day of June 2021 and the said exemption will be available maximum up to 25 years from the date of commencement of commercial production.

Clause 126EA – Exemptions And Tax Concessions for Special Economic Zones

It is proposed that following shall be substituted in the clause 126EA;

“(126EA) Profits and gains derived by –

- (a) zone developer as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement;
- (b) zone Enterprises as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and
- (c) Special Technology Zones Authority established under the Special Technology Zones Authority Act, 2021 (XVII of 2021).”;

Tax Exemption – Under New Clause (150)

Tax exemption has been awarded to “**Siyahkalem Engineering Construction Industry Trade Company Limited**” on income arising from contract dated May 23, 2017 entered into with Earthquake Reconstruction and Rehabilitation Authority with effect from tax year 2017.

Tax Exemption – Under New Clause (151) On Income From Cinema Operations

Income from cinema operations shall be exempt from tax in cases where such operations are carried out in a tehsil where there is no cinema and further, construction of cinema is commenced on or before December 31, 2023.

Amendments in Income Tax Ordinance, 2001

WITHDRAWAL OF TAX CONCESSIONS

Through Finance Bill, the tax concessions on the following allowances has been withdrawn as Clause (1) & (1AA) has been omitted;

<u>Persons</u>	<u>Allowance</u>
<ul style="list-style-type: none"> • Flight Engineers • Navigators of Pakistan Armed Forces Air Lines or Civil Aviation Authority 	Flying Allowance
<ul style="list-style-type: none"> • Officers of the Pakistan Navy 	Submarine Allowance
<ul style="list-style-type: none"> • Pilots of any Pakistani airlines 	Total Allowance
<ul style="list-style-type: none"> • Ex-servicemen and serving personal of Armed Forces or ex-employees or serving personnel of Federal and Provincial Governments, as original allottee 	Capital Gain on first Sales of Immoveable Property
<ul style="list-style-type: none"> • Person other than a banking or insurance company 	Profit on debt from investment in Federal Government securities

EXEMPTION FOR COLLECTIVE INVESTMENT SCHEMES OR REIT SCHEMES

The Collective Investment Schemes or REIT Scheme are entitled to income tax exemption subject to distribution of 90% of accounting income, excluding capital gains, amongst the unit/ certificate holders. The Finance Bill proposed the adjustment of 'accumulated loss' against 'accounting income' is also allowed for the purposes of meeting the specified criteria.

REDUCED RATE OF MINIMUM TAX AND WITHHOLDING TAX IN CASE OF CERTAIN PERSONS

The reduced tax rate 0.25% for Minimum Tax under section and for withholding tax on the supply of goods for distributors, dealers, sub-dealers, wholesalers and retailers of 'cement' and 'steel' is now proposed to be ratified by the proposed Finance Bill 2022.

Amendments in Income Tax Ordinance, 2001

Clause 6 - Tax Concession On Profit On Certain Investments

The prevailing reduced rate of taxation at 10% for Profit on investment in Bahbood Savings Certificate or Pensioners Benefit Account and Shuhada Family Welfare Account is now proposed to be further reduced to 5%.

Clause 11A - Exemption From Minimum Tax To Local Mobile Phone Manufacturers

Exemption from levy of minimum tax under section 113 of the Ordinance was earlier introduced in the case of local mobile phone manufacturers. Now, it is proposed to be officially ratified through the Finance Bill 2022-23.

Exemption From Applicability Of Tax On Imports

It is proposed that the provisions of section 148 shall not apply on the following;

(i) Thirty million adult 3Ply Knit face masks received as humanitarian assistance from M/s Hanes Brands Inc. North Carolina, USA, for distribution within the population of Lahore Division, Govt of Punjab;

(ii) Drones donated by Ministry of Agriculture and Rural Affairs, Government of China to Pakistan through Sea Route;

(iii) Cinematographic equipment as notified by the Federal Government.

Clause 66 - Exemption From Withholding Provisions In Case Of Certain Exempt Entities

It is proposed that the entities/persons qualifying for exemption under Table I of Clause 66 of Part I of Second Schedule, exemption from collection/ deduction of taxes other than the advance tax under section 147/147A, to be extended in the capacity of recipients of any amount.

Clause 105A – Immunity From Audit

It is proposed to include clause 105A stating that the provisions of section 177 and 214 shall not apply on the persons whose income tax affairs have been audited in the previous four years. However, The Commissioner may select the case of the taxpayer for audit under section 177 with the approval of the Board.

Amendments in Sales Tax Act, 1990

Section 2 – Definitions

Clause 12 - Goods

It is proposed to amend the clause to add the terms “Production, transmission and distribution of electricity” in the classification of goods.

Clause 29A – Sales Tax

An amendment is proposed in the definition of sales tax by amending sub-clause (b) of clause 29A to exclude fee and service charges imposed and collected under section 76 (Fee and service charges).

Clause 33 - Supply

A new clause “e” is proposed to be added in the definition of supply.

“(e) production, transmission and distribution of electricity.”

Through this proposed amendment, production transmission and distribution of electricity will be considered as supply.

Clause 43A – Tier-I Retailers

The scope of the Tier-I retailer is proposed to be increased by inserting a new sub-clause “ga”. *A person engaged in the supply of articles and jewelry and parts of precious metal and metal clad with precious metal are now proposed to be added in the scope of Tier-I Retailer. The clause proposed is as follows;*

“(ga) a person engaged in supply of articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal;”

Amendments in Sales Tax Act, 1990

Section 3 – Scope of Tax

Sub-Section 1A

An amendment is proposed in sub-section 1A that a further tax at 3% shall be charged on supplies made to a person who has not obtained a registration number **or is not an active taxpayer**. Previously it only discussed registration number.

Sub-Section 7

An amendment is proposed which was earlier added via Tax Laws (third Amendment) Ordinance, 2001. This proposed amendment is stated as follows;

“Provided that in case of the online market place facilitating the sale of third party goods, the liability to withhold tax on taxable supplies of such party at the rates specified in column (4) against S. No. 8 of the Eleventh Schedule to the Sales Tax Act, 1990 shall be on the operator of such market place.”;

Sub-Section 9

This bill proposes to charge a fixed tax on retailers other than Tier-I retailer in their monthly electricity bill. Following is the detailed table of tax chargeability before and after the proposed amendment.

Before Amendment		After Amendment	
Description	Rate	Description	Rate
Upto 20,000	5%	Upto 30,000	Rs. 3,000/-
More than 20,000	7.5%	From 30,000 to 50,000	Rs. 5,000/-
		More than 50,000	Rs. 10,000/-

Amendments in Sales Tax Act, 1990

A new provision is proposed through this Finance Act to empower Board to prescribe any person or class of persons who shall pay Rs. 50,000/- per month through their electricity bill. Proposed provision is as follows;

“Provided that the Board may through a general order prescribe any persons or class of person who shall pay rupees fifty thousand per month through their monthly electricity bill”

After that a word “further” shall be inserted after the word provided in first provision and the word “also” is added in second provision after the word further.

Sub-Section 11

A new sub-section is proposed to be inserted which empowers the Board to require any person and class of person to integrate their invoice issuing machines with the Board’s Computerized System for real time reporting of sales in such mode and manner and from such date as may be prescribed.

Section 6 – Time and Manner of Payment

A new sub-section (5) is proposed in which Federal Government allows Federal or Provincial Governments or any Public Sector Organization to pay sales tax on installment basis on import or supply of any goods or class of goods. The condition is that such payment may be allowed from any previous date as specified in the notification by the Federal Government.

Section 8 – Tax Credit not Allowed

Clause (m) is proposed to be omitted through this Finance Act.

“the input goods or services attributable to supplies made to un-registered person, on pro-rata basis, for which sale invoices do not bear the NIC number or NTN as the case may be, of the recipient as stipulated in section 23.”

Through this proposed amendment, a registered person shall now be able to reclaim or deduct input tax by on supplies stated in clause (m) made to un-registered person not having CNIC or NTN.

Amendments in Sales Tax Act, 1990

Section 8B – Adjustable Input Tax

An amendment is proposed to remove the words “Other than public limited companies listed on Pakistan Stock Exchange” in sub-section 1. Through this proposed amendment public limited companies listed on Pakistan Stock Exchange shall also be subject to adjust 90% of input tax against output tax for the period. The remaining 10% shall be not adjustable as before.

Section 14AB – Discontinuance of Gas and Electricity Connections

A new section 14AB is proposed to be inserted through this Finance Act through which the Board shall have the power to direct the gas and electricity distribution companies to discontinue the gas and electricity connections of any person who falls in the following categories, namely;

1. Persons fails to register for sales tax including Tier I retailers.
2. Notified registered Tier I retailer but not integrated with the board computerized system.

Upon registration and integration, the Board shall notify the restoration of their gas or electricity connection through Sales Tax General Order.

Section 23 – Tax Invoices

Through this proposed amendment the condition of a registered person requiring a CNIC or NTN of an unregistered person to whom the goods were supplied, except for retailers supplying goods where the transaction value (including sales tax) does not exceed Rs. 100,000/- has been removed for issuing a tax invoice with due serial number at the time of supply of goods.

Section 30C – Directorate General of Trading and Research

Through this proposed amendment, the title and word wherever stated in the section is changed from “*Directorate General of Training and Research*” to “*Inland Revenue Services Academy*”.

Section 33 – Offences and Penalties

An amendment has been proposed in serial no. 24 of aforementioned section in which a sales tax invoice not having a bar code and QR code or bearing a counterfeit QR code shall now be an offence under sub-section (9A) of section 3 and section 40C.

Amendments in Sales Tax Act, 1990

Section 77 – Uniform

A new section is proposed to be inserted through this amendment in which the Board prescribes the rules for wearing of uniform by officers and staff of Inland Revenue Services. The rules may be prescribed by issuing rules in the Official Gazette through notification.

Third Schedule – Retail Goods

Sr.#	Description	Before Amendment	After Amendment
7	Detergents	3402.2000	Respective headings.

Sixth Schedule – Exempt Supplies

Following amendments are proposed to be made in Table I of Sixth Schedule (import and supplies) of Sales Tax Act, 1990.

Through this proposed amendment following import items shall be exempt from levy of sales tax;

Sr.#	Description	Headings
32	Newsprint and books but excluding brochures, leaflets and directories	Respective headings.
137	Paper weighing 60 g/m ² 852, art paper and printing paper “art card” for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO	4802.5510 ,4810.1990, 4810.1910 and 4802.6990
163	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government: Provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 (IV of 1969), and the conditions laid therein. Provided further that exemption under this serial shall be available with effect from the 15th day of January, 2022.	99.01, 99.02, 99.03 and 99.06
164	Photovoltaic cells whether or not assembled in modules or made up into panels	8541.4200 and 8541.4300
165	Goods imported by or donated to hospitals run by the non-profit making institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969).	99.13 and 99.14,
166	Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more.	Respective headings

Amendments in Sales Tax Act, 1990

167	Goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).	99.19, 99.20 and 99.21
168	Silver, in unworked condition	7106.1000, 7106.9110 and 7106.9190
169	Gold, in unworked condition	7108.1100, 7108.1210 and 7108.1290
170	Tractor	8701.9220 and 8701.9320
171	Seeds for sowing	Respective heading
172	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply.	Respective headings.

Following serial number in Table II of Sixth Schedule (local supplies) of Sales Tax Act, 1990 shall be substituted as follows;

Sr.#	Before Amendment	After Amendment
45	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned	Edible vegetables including roots and tubers whether fresh, frozen or otherwise reserved (e.g. in cold storage) but excluding those bottled or canned.

Following items are proposed to be added in Table II of Sixth Schedule (local supplies) of Sales Tax Act, 1990 resulting in exemption from levy of sales tax.

Sr.#	Description	Headings
52	Supply of articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal on which tax has been paid at the import stage @ 4%.	71.13
53	Prepared food or foodstuff supplied by Restaurants and caterers	Respective heading

Amendments in Sales Tax Act, 1990

Following new serial numbers are proposed to be added in Table III (Plant & Machinery and Capital Goods) of Sixth Schedule of Sales Tax Act, 1990.

Sr. #	Description	Heading	Conditions
22	<p>1.Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through hydel, oil, gas, coal, nuclear and renewable energy sources including under construction projects entered into an implementation agreement with the Government of Pakistan prior to 15th day of January, 2022.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p>	Respective Headings	<p>(i) This concession shall also be available to primary contractors of the project upon fulfilment of the following conditions, namely:</p> <p>a) the contractor shall submit a copy of the contract or agreement under which he intends to import the goods for the project;</p> <p>a)the Chief Executive or head of the contracting company shall certify in the prescribed manner and format as per Annex-A that the imported goods are the projects bona fide requirement; and</p> <p>b)the goods shall not be sold or otherwise disposed of without prior approval of the FBR on payment of sales tax leviable at the time of import;</p> <p>(ii)temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of sales tax and the amount payable along with an undertaking to pay the sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.</p>

Amendments in Sales Tax Act, 1990

After this table, an Annexure A is proposed to be inserted to provide an information of details of imports.

Eight Schedule – Reduced Rate Goods

Serial numbers 25, 47 and 75 and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted through this proposed amendment.

Sr.#	Description	Heading	Conditions
25	Agricultural tractors	8701.9220 and 8701.9320	5%
47	Locally produced coal	27.01	Rs. 425 per metric tonne or 17% ad valorem, whichever is higher
75	Import of electric vehicle in CBU conditions	8703.8090	12.5%

Following proposed amendments shall be made in the Eighth schedule.

Sr.#	Description	Rate of Sales Tax		Amendment in Conditions
		Before Amendment	After Amendment	
43	Natural gas	5%	10%	If supplied to fertilizer plants for use as feed stock in manufacturing of fertilizer
44	Phosphoric acid	5%	10%	If imported by fertilizer company for manufacturing of DAP
52	Fertilizers (all types)	2%	10%	Nil
56	Potassium Chlorate (KCLO3)			Import and supply thereof. Provided that rate of rupees 60 per kilogram (previous Rs 90 per Kilogram) shall not apply on imports made by and supplies made to organizations under the control of Ministry of Defense Production

Amendments in Sales Tax Act, 1990

Following new serial numbers are proposed to be added.

78	Supply of articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal.	71.13	3%	No input tax shall be adjusted
79	Import of articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.	71.13	4%	No input tax shall be adjusted
80	Import of articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal.	Respective heading	1%	Subject to the conditions that: (i) Supplies are made to registered manufacturers of lead and Lead batteries; and (ii) No refund of input tax shall be admissible.

Amendments in Sales Tax Act, 1990

Ninth Schedule – Cellular Mobile Phones

Following amendments shall be made in Table II (Cellular mobile phones in CKD/CBU form) of ninth schedule of Sales Tax Act, 2001 through this proposed amendment.

S.#	Description / Specification of Goods	Sales tax on CBUs at the time of import or registration (IMEI number by CMOs)	Sales tax on import CKD/SKD condition	Sales tax on locally manufactured mobile phones in CBU condition in addition to tax under column (4)	
			Before Amendm ent	After Amendm ent	
1	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category:-				
	D. Exceeding US\$ 100 but not exceeding US\$ 200	Rs. 1,680/-	Rs. 10/-	10% ad valorem	Rs. 10/-
	E. Exceeding US\$ 200 but not exceeding US\$ 350	17% ad valorem	Rs. 1,740/-	10% ad valorem	Rs. 10/-
	F. Exceeding US\$ 350 but not exceeding US\$ 500	17% ad valorem	Rs. 5,400/-	10% ad valorem	Rs. 10/-
	G. Exceeding US\$ 500	17% ad valorem	Rs. 9,270/-	10% ad valorem	Rs. 10/-

Amendments in Sales Tax Act, 1990

Twelfth Schedule – Value Addition Tax on Imported Goods

Following amendments are proposed to be made in second clause of Twelfth Schedule of Sales Tax Act, 1990 in which it excludes “excluding compressor scrap (PCT heading 7204.4940), motor scrap (PCT heading 7204.4990) and copper cable cutting scrap (PCT heading 7404.0090)” from the list of items which are not subject to minimum value addition tax.

Amendments in Federal Excise Act, 2005

Section – 2

Following amendment is proposed in clause 9 of Section 2 of Federal Excise Act, 2005 which states that fee and service charges imposed and collected under section 49 – Fee & Service Charges shall be excluded from the definition of duty.

After this proposed amendment, duty shall be defined as follows;

“duty means any sum payable under the provisions of this Act or the rules made there under and includes the default surcharge and the duty chargeable at the rate of zero percent excluding fee and service charges imposed and collected under section 49”

Section 29-Appointment of Federal Excise Officers and Delegation of Powers

An amendment is proposed to change the words “Directorate General of Training and Research” to “Inland revenue Services Academy” in sub-section 2(c).

Section 50-Uniform

A new section is proposed to be inserted through which the Board may prescribe the rule for officers and staff of Inland Revenue Services for wearing of uniform.

First Schedule

Following amendments are proposed to be made in Table I (Excisable goods) of First Schedule of the Federal Excise Act, 2005.

S. #	Description	Before Amendment	After Amendment
8a	E-liquids by whatsoever name called, for electric cigarette kits	Rs. 10/- per ml	Rs. 10,000/- per kg.
9	Locally produced cigarettes if their on-pack printed retail price exceeds five thousand nine hundred and sixty rupees per thousand cigarettes.	Rs. 5,200/- per 1,000 cigarettes	Rs. 5,600/- per 1,000 cigarettes
10	Locally produced cigarettes if their on-pack printed retail price does not exceed five thousand nine hundred and sixty rupees per thousand cigarettes	Rs. 1,650/- per 1,000 cigarettes	Rs.1,850/- per 1,000 cigarettes
56	Filter rod for cigarettes	Rs. 1/- per Filter Rod	Rs. 1,500/- per kg

Amendments in Federal Excise Act, 2005

Following amendments are proposed to be made in Table II (Excisable services) of First Schedule of the Federal Excise Act, 2005.

S.#	Description of Services	Before	Now
3	Services provided or rendered in respect of travel by air of passengers embarking on international journey from Pakistan by Club, business and first class	Rs. 10,000/-	Rs. 50,000/-
6	Telecommunication services, excluding such services in the area of a Province where such Province has imposed Provincial sales tax and has started collecting the same through its own Board or Authority, as the case may be.	16% of charges	19.5% of charges

Amendments in Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII OF 2001)

In the Table – I (Services) of the schedule for Serial No. 1 states as follows;

S. #	Description	PCT Heading	Rate of Tax
1	Services provided or rendered by hotels, motels, guest houses, marriage halls and lawns (by whatever name called) including “pandal” and “shamiana” services, clubs including race clubs, and caterers.	9801.1000 9801.3000 9801.4000 9801.5000 9801.6000	16%

Above serial no. 1 is proposed to be substituted as follows;

S. #	Description	PCT Heading	Rate of Tax
1	Services provided or rendered by hotels, motels, guest houses, farmhouses, restaurants, marriage halls, lawns, clubs and caterers. Services provided or rendered by hotels motels, guest houses and farmhouses. Services provided or rendered by restaurants. Services provided or rendered by marriage halls and lawns. Services provided or rendered by clubs. Services provided or rendered by caterers, suppliers of food and drinks	98.01	15%

Amendments in Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII OF 2001)

For following serials in Table – I (Services), tax rate is proposed to be reduced to 15% from 16%.

S.#	Description
2	Advertisement on television and radio, excluding advertisements— (a) sponsored by an agency of the Federal or Provincial Government for health education; (b) sponsored by the Population Welfare Division relating to educational promotion campaign; (c) financed out of funds provided by a Government under grant-in-aid agreement; and (d) conveying public service messages, if telecast on television by the World Wide Fund for Nature (WWF) or United Nations Children’s Fund(UNICEF)
3	Services provided by persons authorized to transact business on behalf of others— (a) stevedore; (b) customs agents; and (c) ship chandlers
4	Courier services and cargo services by road provided by courier companies;
5	Construction services, excluding: (i) construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs. 50 million per annum. (ii) (ii) the cases where sales tax is otherwise paid as property developers or promoters. (iii) Government civil works including Cantonment Boards. (iv) construction of industrial zones, consular buildings and other organizations exempt from income tax. (v) construction work under international tenders against foreign grants-in-aid. (vi) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments
7	Services provided by persons engaged in contractual execution of work, excluding: (i) annual total value of the contractual works or supplies does not exceed Rs.50 million; (ii) the contract involving printing or supplies of books.

Amendments in Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII OF 2001)

8	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such parlours/clinics, but excluding: (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or available in the premises
9	Management consultancy services
10	Services provided by freight forwarding agents, and packers and movers
11	Services provided by software or IT-based system development consultants
12	Services provided by technical, scientific and engineering consultants
13	Services provided by other consultants including but not limited to human resource and personnel development services; market research services and credit rating services
14	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah)
15	Manpower recruitment agents including labour and manpower supplies.
16	Services provided by security agencies.
17	Services provided by advertising agents
18	Share transfer or depository agents including services provided through manual or electronic book-entry system used to record and maintain securities and to register the transfer of shares, securities and derivatives.
19	Business support services
20	Services provided by fashion designers, whether relating to textile, leather, jewelry or other product regimes, including allied services, marketing, packing, delivery and display, etc
21	Services provided by architects, town planners and interior decorators
22	Services provided in respect of rent a car

Amendments in Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII OF 2001)

23	Services provided by specialized workshops or undertakings (auto-workshops; workshops for industrial machinery, construction and earthmoving machinery or other special purpose machinery etc; workshops for electric or electronic equipments or appliances etc. Including computer hard ware; car washing or similar service stations and other workshops)
24	Services provided for purposes including fumigation services, maintenance and repair (including building and equipment maintenance and repair including after sale services) or cleaning services, janitorial services, dredging or de-silting services and other similar services etc.
25	Services provided by underwriter, indenters, commission agents including brokers (other than stock) and auctioneers
26	Services provided by laboratories other than services relating to pathological or diagnostic tests for patients.
27	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna massage centres
28	Services provided by laundries and dry cleaners.
29	Services provided by cable TV operators
30	Technical analysis and testing services
31	Services provided by TV or radio program producers or production houses.
32	Transportation through pipeline and conduit services.
33	Fund and asset (including investment) management services
34	Services provided by inland port operators (including airports and dry ports) and allied services provided at ports and services provided by terminal operators including services in respect of public bonded warehouses, excluding the amounts received by way of fee under any law or by-law.
35	Technical inspection and certification services and quality control (standards' certification) services

Amendments in Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII OF 2001)

36	Erection, commissioning and installation services
37	Event management services
38	Valuation services; competency and eligibility testing services excluding education testing services provided or rendered under a bilateral or multilateral agreement signed by the Government of Pakistan
39	Exhibition or convention services
40	Services provided in respect of mining of minerals, oil & gas including related and allied activities
41	Services provided by property dealers and realtors.
43	Services provided by car/ automobile dealers
44	Advertisement on hoarding boards, pole signs and signboards, and websites or internet
45	Services provided by landscape designers
46	Sponsorship services
47	Services provided or rendered by legal practitioners and consultants
48	Services provided by accountants and auditors
49	Service provided or rendered by Stockbrokers, future brokers and commodity brokers, money exchanger, surveyors, outdoor photographers, event photographers, videographers, art painters, auctioneers (excluding value of goods) and registrar to an issue
50	Services provided by race clubs: Entry/ admission and other services
51	Services provided or rendered by corporate law consultants
52	Visa processing services, including advisory or consultancy services for migration or visa application filing services
53	Debt collection services and other debt recovery services
54	Supply chain management or distribution (including delivery) services
55	Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit
56	Ready mix concrete services
57	Public relations services
58	Training or coaching services other than education services
59	Cleaning services including janitorial services, collection of waste and processing of domestic waste

Amendments in Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII OF 2001)

In Table – II (Reduced Rate Services), following serial number shall be omitted.

S. #	Description	PCT Heading	Rate of Tax
11	IT services and IT-enabled services.	Respective headings	5%

This constitutes that IT services & IT enabled services in Islamabad Capital Territory will be taxed at 15% instead of 5%.

Amendments in Customs Act, 1969

Clause bbc- Bordering and Coastal areas

A new definition of “Broadening and coastal areas” is proposed to be inserted in section 2 of Custom act, 1969 which is defined as;

“bordering and coastal areas” means all districts located along international borders including coastal areas of Pakistan, notified as such by Provincial Governments”

Clause kka-Documents

An amendment is proposed after the word “authenticated”, the expression “standardized information and documents lodged with a single entry point through Pakistan Single Window”.

Clause kkd-Essential Commodities

A new definition of “essential commodities” is proposed to be inserted in section 2 of Custom act, 1969 which is defined as;

“essential commodities” means those items availability of which is considered vital for domestic use or consumption, as notified by the Board, from time to time, in consultation with the ministries concerned.

Clause oa-Other Government Agencies

A new definition of “other government agencies” is proposed in section 2 of Customs Act, 1969 which is same as defined under the clause (n) of sub-section (1) of section 2 of the Pakistan Single Window Act, 2021 (III of 2021).

Clause pb-Pakistan Single Window

A new definition of “Pakistan Single Window” is proposed to be inserted in section 2 of Custom act, 1969 which is same as defined under the clause (m) of sub-section (1) of section 2 of the Pakistan Single Window Act, 2021 (III of 2021).

Amendments in Customs Act, 1969

Clause qb- Risk Management System

An amendment is proposed in definition of Risk Management System in which a word “trade” is inserted after the word controls.

Clause s- Smuggles

An amendment is proposed in the definition of smuggle by inserting a new sub-clause which is as follows;

(iv) essential commodities, as notified by the Board

Through this amendment, any essential commodities as notified by the board shall be included in smuggles.

Clause sa- Trade Control

A new definition of “Trade Control” is proposed to be inserted in section 2 of Custom act, 1969 which is same as defined under the clause (x) of sub-section (1) of section 2 of the Pakistan Single Window Act, 2021 (III of 2021).

Clause sb- Un-Authorized Access

A new definition of “Un-authorized access” is proposed to be inserted in section 2 of Custom act, 1969 which is same as defined under clause (y) of sub-section (1) of section 2 of the Pakistan Single Window Act, 2021 (III of 2021).

Section 3C- Directorate General of Training and Research

Through this amendment, the title of the section is proposed to be changed from Directorate General of Training and Research to “Pakistan Customs Academy (PCA)” and respective changed in the section.

Section 19- General Power to Exempt from Customs Duties

Through this amendment, the notifications issued under this section after the first day of July 2016 shall continue to force till thirtieth day of June 2023 from 2022.

Amendments in Customs Act, 1969

Section 21- Power to Deliver Certain Goods with-out Payment of Duty and to Repay Duty on Certain Goods

An amendment has been proposed to remove /omit the words “For supplies against international tenders”. Through this amendment, power to deliver goods without payment is removed for supplies against international tenders

Section 81-Provisional Determination of Liability

The time limit for determination of actual duty, charges and taxes paid shall be substituted from six months to ninety days when any goods are allowed to be cleared or delivered on the basis of such provisional determination.

The time limit for extension of final determination of liability is changed from 60 days to 30 days which may be allowed by the Collector of Custom or Director of valuation as the case may be.

Section 98- Period for Which Goods May Remain Warehoused

An amendment has been made in clause a in which the power for extension of period for non-perishable goods shall also be given to the Additional Collector of Custom for a period not exceeding one month.

Already existing clause a is renamed as “aa”

Section 138- Frustrated Cargo

Following amendment is proposed to be made in section 138 in which if any goods are brought into the custom station by reason of inadvertence, misdirection or intractability of the consignee, the custom officer not below the rank of Additional Collector of Custom allow change of consignee name for clearance under section 79 or export of goods without payment of any duties chargeable.

Amendments in Customs Act, 1969

Section 156-Punishment and Offences

Following serial numbers are proposed to be added in punishment & offences.

Sr. #	Offences	Penalties	Section of this Act to which offence has reference
105	Un-authorised access to information, data or personal details of registered user of Pakistan Single Window system or systems connected or ancillary thereto;	Imprisonment which may extend up to six months or with fine which may extend to one hundred thousand rupees or with both.	General
(i)			
(ii)	Un-authorised copy, transmission or cause to transmit any data, information or detail in relations to Pakistan Single Window system or systems connected or ancillary thereto;	Imprisonment which may extend upto six months or with fine which may extend to one hundred thousand rupees or with both.	
(iii)	Un-authorised interference, or attempt to interfere, damage or attempt to damage any part of whole of the Pakistan Single Window system or data or system connected to or ancillary thereto;	Imprisonment which may extend to three years or fine which may extend to five hundred thousand rupees or with both.	
(iv)	Use of any information system, device or data to make any illegal claim or title or cause any person to part with property or to enter into any express or implied contract or intent to commit fraud by any input, alteration, deletion or suppression of data, resulting in unauthentic data with the intent that such data be considered or acted upon for legal purpose, as if it were authentic in relations to Pakistan Single Window system or Systems connected or ancillary thereto;	Imprisonment which may extend to four years or fine which may extend to one million rupees or with both.	

Amendments in Customs Act, 1969

(v)	Use, make, supply, retain, obtain device, system or software for offences under section 13 of the Pakistan Single Window Act, 2021 (III of 2021);	Imprisonment which may extend to six months or with fine which may extend to one hundred thousand rupees or with both.	
(vi)	Obtain, sell, process, use or transmit another person's Unique User Identifier or make an attempt thereof without authorization;	Imprisonment which may extend to four years and fine which may extend to one million rupees or with both.	
(vii)	Tamper with or attempt to tamper with, alter, reprogramme any Pakistan Single Window system or system connected or ancillary thereto for unauthorized use;	Imprisonment which may extend to four years and fine which may extend up to one million rupees or with both and any devices or systems used in offence shall be liable to confiscation.	
(viii)	Write, offer, make available, distribute or transmit a malicious code or abet in the same, with intent to cause harm to Pakistan Single Window system or data resulting in or intending to result in corruption, destruction, alteration, suppression, theft or loss to the Pakistan Single Window system or data, or any attempt thereof.	Imprisonment for a term which may extend to four years and fine which may extend to five million rupees or with both.	

Amendments in Customs Act, 1969

Section 157-Extend of Confiscation

Through this amendment, second provision of this section is proposed to be omitted in which a conveyance found carrying smuggled goods in false cavities or being used exclusively or wholly for transportation of offending goods under clause (s) of section 2 of this Act, has been seized for the third time, no option to pay fine in lieu of the confiscation shall be given.

Section 164- Power to Stop and Search Conveyances

An amendment is proposed to limit the powers of officers by adding following proviso:

“Provided that in case of essential commodities, as notified by the Board, the powers under sub-section (1) shall only be exercised within bordering and coastal areas.”

Section 170A- Procedure in Case of Seizure of Essential Commodities

A new section is proposed to provide the procedure in case of seizure of essential commodities:

“In case of seizure of essential commodities, as notified by the Board, such seized goods shall be deposited in the nearest custom-house or the nearest place appointed by the Collector of Customs, as the case may be, for deposit of goods so seized.”

Section 179- Power of Adjudication

An amendment has been proposed to increase the limit of penalty by Additional Collector to five million from three million in clause (ii).

An amendment has been proposed to increase the limit of penalty by Deputy Collector to two million from one million in clause (iii).

Section 196-Reference to High Court

An amendment is proposed to change the expression “Collector or Director of Intelligence and investigation or Director of Valuation to “Officer of Customs”.

Amendments in Customs Act, 1969

Section 203-Wharfage or Shortage Fees and Port Charges

The section previously stated;

“The Collector of Customs may from time to time fix the period after the expiration of which goods left in any custom-house, custom area, wharf or other authorized landing place or part of the custom-house premises, shall be subject to payment of fees, and the amount of such fees.”

Amendment is proposed to substitute section with following;

- (1) The Collector of Customs may from time to time fix the period after the expiration of which goods left in any custom-house, customs area, wharf or other authorized landing place or part of the custom-house premises, shall be subject to payment of fees, and the amount of such fees, as provided under the rules prescribed by the Board.
- (2) The Collector of Customs may from time to time fix the port charges on import and export of goods for services rendered by terminal operators, as provided under the rules prescribed by the Board.
- (3) The Collector of Customs having jurisdiction may from time to time fix charges, fees for storing of seized and confiscated goods, vehicles etc. in declared State warehouse.”

Section 217-Protection of Action Taken Under the Act

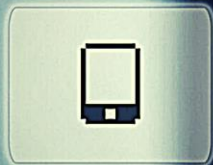
An amendment is proposed to add the “Provincial Government” to the ambit of this section.



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