

## **INCOME TAX ORDINANCE, 2001**

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In the Income Tax Ordinance, 2001, the following further amendments have been made and except for the amendment in Division XXI of Part IV of the First Schedule regarding rate of advance tax on banking transactions otherwise than through cash, from non-filers shall be deemed to have been made on the first day of July, 2018.

### **Furnishing of information by banks**

### **Section 165A(1)(d) & (e)**

Clause (d) of sub-section (1) of this section has been substituted whereby every banking company shall make arrangement to provide to the FBR a list of persons receiving profit on debt exceeding one million rupee for filers and five hundred thousand rupees for non-filers and tax deductions thereon during preceding financial year.

Section 165A was inserted by Finance Act, 2013 and according to clause 'e' of sub-section (1) of this section, every banking company was obliged to make arrangements to provide to the FBR a copy of each currency transaction report and suspicious transaction report submitted by it to the Financial Monitoring Unit under the Anti Money Landing Act, 2010. Now, by omitting this clause the banking companies are no more required to provide copies of such reports to FBR under this section.

### **Offences and penalties**

### **Section 182**

Penalty of 5 percent of the value of the motor vehicle shall be imposed in case any manufacturer of a motor vehicle accepts or processes any application for booking or purchase of a locally manufactured motor vehicle unless the person is a filer.

Penalty of 3 percent of the value of motor vehicle shall be levied in case any registering authority of Excise and Taxation Department accepts, processes or registers any application for registration of a locally manufactured motor vehicle or for the first registration of an imported vehicle unless the person is a filer.

Similarly, penalty of 3 percent of the value of immovable property shall be imposed where any authority responsible for registering, recording or attesting the transfer of immovable property, exceeding five million rupees, accepts or processes the registration or attestation of such property unless the person is a filer.

### **Closure of audit**

### **Section 214E**

By virtue of insertion of this section, audit of income tax affairs of a taxpayer due to late filing of return of income shall be deemed to have been concluded if:

- taxpayer has been automatically selected for audit;
- notice under section 122 regarding amendment of assessment has not been issued;
- the taxpayer has revised return voluntarily, by thirty first day of December, 2018, along with payment of 25% higher tax than the tax paid with return on the basis of taxable income and where no tax is payable 2% of the turnover and where no turnover is declared penalty applicable due to furnishing of return of income after the due date has been paid voluntarily.

It is provided that the condition of revision, 25% higher tax or 2% of the turnover shall not apply, if the taxable income of the taxpayer includes only salary income or income subject to final taxation under sub-section (1) of section 169 or subject to taxation under section 5, 5AA, 6, 7, 7A or 7B.

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For the removal of doubt, it is clarified that only audit initiated as a result of automatic selection shall stand abated under this section and audit initiated or to be initiated on the basis of definite information or otherwise as per provisions of section 177 or 214C shall be conducted independently.

### **Disclosure of information by a public servant**

### **Section 216(6A)**

By inserting sub-section (6A) in this section, the FBR has been allowed to provide data to any person approved by the Federal Government to process and analyze such data for broadening of tax base or for checking evasion.

It is provided that such data shall be anonymized before transmission to the person and identifying particulars of the taxpayers shall be kept confidential.

### **Restriction on purchase of certain assets**

### **Section 227C**

Restrictions imposed on a non-filer for booking, registration or purchase of a new locally manufactured motor vehicle or on first registration of an imported vehicle shall not apply in respect of:

- motorcycle having engine capacity of less than 200 cc, motorcycle-rickshaw, agricultural tractor or any other motor vehicle having engine capacity of less than 200 cc; or
- a person holding a Pakistan origin card or a national identity card for overseas Pakistani who produces a certificate from a scheduled bank of receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of booking, registration or purchase of motor vehicle.

Similarly, restriction imposed on non-filer for registering, recording or attesting transfer of immovable property exceeding five million rupees shall not apply to:

- a legal heir acquiring property in inheritance; or
- a person holding a Pakistan origin card or a national identity card for overseas Pakistani who produces a certificate from a scheduled bank for receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of registering, recording or attesting transfer.

**INCOME TAX ORDINANCE, 2001 – THE FIRST SCHEDULE**

**THE FIRST SCHEDULE**

**Part I – RATE OF TAX**

**Division I – Rate of Tax for Individuals**

The rates of tax imposed on the taxable income of every individual, not being salaried individual shall be as under:

Sr. No.	Taxable income	Rate of tax
1.	Where the taxable income does not exceed Rs. 400,000	0%
2.	Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 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. 3,000,000	60,000 + 15% of the amount exceeding Rs. 2,400,000
6.	Where the taxable income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	150,000 + 20% of the amount exceeding Rs. 3,000,000
7.	Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 5,000,000	350,000 + 25% of the amount exceeding Rs. 4,000,000
8.	Where the taxable income exceeds Rs. 5,000,000	600,000 + 29% of the amount exceeding Rs. 5,000,000

It is provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees.

Rate of tax for salaried individuals where the income of an individual chargeable under the head "salary" exceeds fifty per cent of his taxable income, shall be as under:

Sr. No.	Taxable income	Rate of tax
1.	Where the taxable income does not exceed Rs. 400,000	0%
2.	Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 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. 2,500,000	5% of the amount exceeding Rs. 1,200,000
5.	Where the taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 4,000,000	65,000 + 15% of the amount exceeding Rs. 2,500,000
6.	Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 8,000,000	290,000 + 20% of the amount exceeding Rs. 4,000,000
7.	Where the taxable income exceeds Rs. 8,000,000.	1,090,000 + 25% of the amount exceeding Rs. 8,000,000

## **INCOME TAX ORDINANCE, 2001 – THE FIRST AND SECOND SCHEDULE**

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It is provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees.

### **PART IV – DEDUCTION OR COLLECTION OF ADVANCE TAX**

#### **DIVISION XXI – ADVANCE TAX ON BANKING TRANSACTION OTHERWISE THAN THROUGH CASH**

The rate of tax to be collected under section 236P shall be 0.6% of the transaction for non-filers.

### **THE SECOND SCHEDULE**

#### **EXEMPTIONS AND TAX CONCESSIONS**

##### **Part I – EXEMPTION FROM TOTAL INCOME**

##### **Perquisite and allowances to Provincial Governors Clause (51) & (52)**

No more exemption from tax is available to the "Provincial Governors" in respect of perquisite to occupy free of rent as a place of residence, free conveyance and sumptuary (entertainment) allowance provided by the Government.

##### **Perquisite and allowances to ministers of the Federal Government Clause (53)**

The following perquisite and allowances provided or granted to the Ministers of the Federal Government have been withdrawn by omitting this clause.

- Rent-free accommodation in so far as the value thereof exceeds ten percent of the basic salary.
- House-rent allowance in lieu of rent-free accommodation in so far as it exceeds five hundred and fifty rupees per month.
- Free conveyance, and
- Sumptuary allowance

##### **Donation Clause (61)(I)(iv)**

Any amount paid as donation to Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund shall be exempt from tax provided that the amount so donated shall not exceed:

- 30% of the taxable income for the year in case of individual as association of persons, and
- In case of a company 20% of the taxable income for the year.

##### **Exempt income Clause (66)(I)(xii)**

Any income derived by Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund shall be exempt from tax.

##### **Part IV – EXEMPTION FROM SPECIFIC PROVISIONS**

Following new clauses have been inserted in this part of the Second Schedule to provide exemption from specific provisions to Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.

**INCOME TAX ORDINANCE, 2001 – THE FIRST AND SECOND SCHEDULE**

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**Clause (107)**

- The provisions of section 111 relating to unexplained income or assets shall not apply in respect of any contribution paid to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.

**Clause (108)**

- The provisions of sections 113, 151, 231A, 231AA and 236P regarding minimum tax, withholding tax on profit on debt, cash withdrawal and collection of advance tax on transactions in bank, shall not apply to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.

**Clause (109)**

- The provisions of section 236P relating to advance tax on banking transaction otherwise than through cash shall not apply at the time of transfer of any sum to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.

**SALES TAX ACT, 1990 – THE SIXTH SCHEDULE**

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**THE SIXTH SCHEDULE**

**Table – 1 (Imports or Supplies)**

**ANGIOPLASTY PRODUCTS**

**Entry "A"**

Following items have been inserted in serial number 112 to allow exemption from sales tax on supply or import thereof:

Optical Coherence Technology (OCT), System, OCT Catheters, Intravascular Ultrasound (IVUS), Fractional Flow Reserve (FFR/IFR) System, IVUS / FFR / IFR Catheters and wires, Support Micro Catheters (Straight and Angled), Drug Coated Angioplasty Balloon, Coronary and Peripheral Micro Coils, Thrombectomy Device, Thrombus Aspiration Catheters, Covered Stents (Coronary/Peripheral), Vessel Closure Devices, Embolic Protection Devices, Renal Stents, Vena-cava Filters, Coronary and Peripheral Snares, Athrectomy Devices, IABP Consoles & Catheters, Intracardiac Echocardiography Machine & Catheters.

**ANGIOGRAPHY PRODUCTS**

**Entry "B"**

Wrist Bands for Radial Vessel Closure.

**CARDIAC ELECTROPHYSIOLOGY PRODUCTS**

**Entry "H"**

Excimer Laser System with Accessories, Laser Sheath, Occlusion Balloons, Dilator, Sheaths (Rotation & Manual), Intra Cardiac Echocardiography (ICE) System and Accessories, Lead Locking Devices and Accessory Kit, Remote EP Monitoring Device and Accessories, Ablation catheters, 3-D Cardiac Mapping System, Cryoballoon System and Accessories

**CARDIAC SURGERY PRODUCTS**

**Entry "J"**

High-Flow, Low-Profile Percutaneous Heart, Pump PHP Console and Catheters, Tandem Heart / Tandem Lung and Accessories, Ventricular Assist Device System (a) Heart Mate-II (b) Heart Mate-III (c) Centri Meg LEOV, Beating Heart Surgery stabilizers & Coronary Shunts, Minimally invasive surgery equipment & Instruments, RF Ablation equipment for AF (Surgical), Heart Lung Machines

**EQUIPMENT**

**Entry "K"**

Left Ventricular Assist Device / System (LVAD) and Catheters, MitraClipTranscatheter Mitral Valve System, MitraClip Guide Catheter, Clip and Delivery System, Patent Foramen Ovale (PFO) Closure Device, Left Atrial Appendage (LAA) Occluder, Transcatheter Aortic / Heart Valve System (TAVI/TAVR), Cerebral Retrievable Stents, Aortic Stent Grafts, Embolization Coils, Delivery System, Filling Coil, Abdominal Aortic Aneurysm (EVAR) System and Accessories/ thoracic EVAR/ extension, Insertable Cardiac Monitor (ICM), Carotid Stents, Vascular Clips, MRI Compatible Cardiac Monitor, Infusion Pump, Anesthesia Machine with Accessories.

**Peripheral interventions equipment**

**Entry "L"**

Drug Eluting Peripheral Stents.

**SALES TAX ACT, 1990 – THE SIXTH AND EIGHTH SCHEDULE**

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**Table – 2 (Local Supplies Only)**

Local supply of LED or SMD lights and bulbs meant for conservation of energy under PCT classification 8539.5010, 8539.5020, 9405.1030 and 9405.4020 have been exempted from levy of sales tax.

**Table – 3 (Annexure)**

Import of parts and components for manufacturing of LED bulbs, if imported by LED lights and bulbs manufacturers registered under the Sales Tax Act, shall be exempt from levy of sales tax.

**THE EIGHTH SCHEDULE**

**Table – 1**

**LNG / RLNG**

**Serial No. 51**

LNG / RLNG under heading 2711.1100 and 2710.2100, if supplied to gas transmission and distribution companies shall be charged to tax at reduced rate of 12%.

**Potassium chlorate**

**Serial No. 56**

Rate of tax on potassium chlorate (KClO<sub>3</sub>) has been increased from Rupees 40 per kilogram to Rupees 65 per kilogram.

**LPG**

**Serial No. 58**

Imports of LPG and local supplies of such imported LPG under heading 2711.1910 shall now be charged to sales tax at reduced rate of 10%.

**FEDERAL EXCISE DUTY**

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**Un-manufactured tobacco**

**Section 2(24A)**

New definition has been inserted through renumbered clause (24A). Un-manufactured tobacco means tobacco useable for manufacture of cigarettes as manufactured by Green Leaf Threshing Units after processing and conversion of tobacco green leaf”.

**Sections 19, 26 & 27**

An amendment has been made to impose penalties, as well as seizure & confiscation of cigarettes or un-manufactured tobacco against the person who unlawfully produce or evaded duty on un-manufactured tobacco.

**FIRST SCHEDULE**

**TABLE - 1 (EXCISABLE GOODS)**

Rates of Federal Excise Duty of the following items have been substituted:

Sr. No.	Description	PCT Heading	Rate of Duty
7.	Un-manufactured tobacco	24.01	Three Hundred rupee per kilogram
9.	Locally produced cigarettes if their on-pack printed retail price exceeds four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees four thousand five hundred per thousand cigarettes
10.	Locally produced cigarettes if their on-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.	24.02	Rupees one thousand eight hundred and forty 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 one thousand two hundred and fifty per thousand cigarettes
55.	Imported motor cars, SUVs and other motor vehicles of cylinder capacity of 1800 cc or above, principally designed for the transport of persons (other than those of headings 87.02), including stations wagons and racing cars of cylinder capacity of 1800 cc or above.	87.03	Twenty per cent Ad. Val.

**THIRD SCHEDULE**

**(CONDITIONAL EXEMPTIONS)**

**TABLE - 1 (GOODS)**

The exemption on in-house use of un-manufactured tobacco for manufacturing of cigarette has been withdrawn by substituting serial No. 16 and omitting 'Explanation'. Substituted serial number 16 read as under:

16. Any goods excluding un-manufactured tobacco which are manufactured, produced in-house by a registered person and used for the manufacture and production of goods on which duty of excise is paid by such person.	Respective headings
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