

NOTES ON CLAUSES

Amendment of Pakistan Penal Code, 1860 & Code of Criminal Procedure, 1898

Section 489G Seek to convert amendments promulgated through an Ordinance into an Act as the former has expired after 120 days.

Petroleum Products (Development Surcharge) Ordinance, 1961

- Section 2(4C) Seeks to bring the persons engaged in the licensed activities concerning Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG) within the ambit of this Ordinance.
- Section 2(5) Seeks to include CNG and LPG in the definition of petroleum products
- Section 3(1A) Seeks to levy development surcharge on the licensees of CNG and LPG businesses.

Provincial Employees' Social Security Ordinance, 1965

- Section 2 At present the persons employed on wages exceeding five thousand rupees per mensem are exempted from purview of the Law. With the enhancement of Minimum Wages all workers will be out from the scheme. By this amendment employees appointed on monthly wages upto Rs. 10,000 will be included in the scheme and such employees as well as their dependents will be provided medical care and other benefits provided by the Ordinance.
- Section 20(1) Since by increase of minimum wages to the tune of Rs. 6000, the wage limit for coverage under the social security scheme is increased from Rs. 5000 to Rs. 10,000, to give relief to the employers and reduce their cost of compliance, the contribution has been reduced from 7% to 6% of the wages.
- Section 20A (1) To rationalize the amount of contribution with respect to the enhancement of wage limit for computation and reduction in percentage for 7% to 6%.

PROVINCIAL EMPLOYEES' SOCIAL SECURITY ORDINANCE, 1965 (W.P. ORDINANCE NO.X OF 1965)

Clause 6(1). This clause seeks to include all workers drawing wages upto Rs.10,000/- per month under the Social Security Ordinance.

Clause 6(2). This clause seeks to reduce rate of contribution from 7% to 6% under the Social Security Ordinance, 1965.

WEST PAKISTAN INDUSTRIAL AND COMMERCIAL EMPLOYMENT (STANDING ORDERS) ORDINANCE, 1968 (W.P. ORDINANCE NO.VI OF 1968)

Clause 7. This clause seeks to pay subsistence allowance equal to the wages of the workers.

Customs Act, 1969(IV of 1969)

- Clause 8(1) Seeks to add section 3DD so as to constitute a Directorate General of Post Clearance Audit (PCA) in order to conduct post clearance audit.
- Clause 8(2) Seeks to omit clause (ab) in section 21 of the Customs Act, 1969.
- Clause 8(3) Seeks to add a proviso to section 155F of the Customs Act, 1969 (IV of 1969) enabling the Collector of Customs in exceptional circumstances to suspend the use of unique user identifier of any person on receipt of any complaint or information about violation of the provisions of the Customs Act, 1969 in relation to the Customs Computerized System.
- Clause 8(4) Seeks to insert words “or any other person having custody of the goods” in section 156, sub-section (1) serial 43 of the Table, in order to safeguard government revenue in cases of illegal removal of goods from ports/dryports.
- Clause 8(5) Seeks to substitute in section 179, in sub-section (3), the word “ninety” by “one hundred and twenty” so that the adjudicating officers may adjudicate the cases on merits after affording ample opportunity to the owners of goods to defend their cases.
- Clause 8(6) Seeks to substitute in section 194-C, sub-section (4), the word “five” by “ten” so as to enhance power of Single Bench of the Appellate Tribunal from rupees five million to ten million.
- Clause 8(7) Seeks to add new sub-section (4-A) to section 195-C of the Customs Act, 1969 so that the Chairman may, on the application of an aggrieved person for reasons to be recorded in writing and on being satisfied that there is an error in the order or decision, may pass such order as he deems just and equitable.

Clause 8(8)

Seeks to amend The First Schedule to the Customs Act, 1969 (IV of 1969).

Securities and Exchange Ordinance, 1969

- Section 2(1)(cd) Seeks to extend the scope of the definition of Commodity Futures Contracts to include transactions of contracts that are cash settled at the outset.
- Section 15A Seeks to extend the scope of definition of insider trading.
- Section 15B Seeks to broaden the definition of insider information.
- Section 15C Seeks to clarify and provide a broader view as to the persons that may be involved in the offense of insider trading.
- Section 15D Seeks to define the responsibilities of listed companies with respect to the offense of insider trading.
- Section 15E Seeks to increase the amount of penalty which the Commission may impose and debar such person from auditing listed company up to three years for contravening the provisions of the Ordinance.
- Section 15F Seeks to empower the Commission to make regulations to regulate persons who produce or disseminate research concerning listed securities.
- Section 21 Seeks to extend the scope of the Commission's power in conducting enquiry especially those of insider trading.
- Section 32E Seeks to remove the difficulties faced in demutualization of the stock exchanges through rules made under the Ordinance.

MINIMUM WAGES FOR UNSKILLED WORKERS ORDINANCE 1969
(W.P.ORDINANCE NO.XX OF 1969)

Clause 10 This clause seeks to enhance the minimum wages of the downtrodden workers from Rs.4600/- per month of Rs.6000/- per month.

WORKERS WELFARE FUND ORDINANCE 1971 (ORDINANCE NO.XXXVI OF 1971)

Clause 11(1). This clause seeks to include workers of commercial and services sector in the schemes under the Workers Welfare Fund.

Clause 11(2). This clause seeks to eradicate the conflict between section 2(1) and section 4(1) of the law.

EMPLOYEES' OLD-AGE-BENEFITS ACT, 1976 (XIV OF 1976)

- Clause 12(1). This clause seeks to include the employees of all such establishments, which have five or more employees in the pension scheme.
- Clause 12(2) This clause seeks to reduce rate of contribution payable by the employer from 6% to 5% under the Employees' Old-age Benefits Act, 1976.
- Clause 12(3). This clause seeks to include employees of Banks and Banking Companies in the pension scheme under the Act.
- Clause 12(4) This clause seeks to increase minimum pension from Rs.1500/- per month to Rs.2000/- per month.
- Clause 12(5) This clause seeks to give 15% increase to all existing pensioners.

Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980

Section 18A Seeks to empower the registrar to issue direction in the public interest, etc.

Section 41A Seeks to empower the Commission to make regulations for the purposes of this Ordinance.

Section 41B Seeks to empower the Commission to issue directives, circulars, codes, guidelines, etc for the purposes of this Ordinance.

Companies Ordinance, 1984

- Section 158 (1) Seeks to increase the time of holding the Annual General Meeting from three months to four months.
- Section 187 Seeks to extend the ineligibility criteria for becoming a director of a listed company to the sponsors, directors or officer of a corporate brokerage houses and clarifies that clause (j) shall not apply where the company is a stock exchange.
- Section 206(2) Seeks to extend the exception of the section to the NBFC's licensed to undertake asset management services in relation to an investment company registered with the Commission

and venture capital company in relation to a fund registered with the Commission.
- Section 208 (2A) The amendment will empower the Commission to make regulations with respect to investments by companies in their associated companies.
- Section 233 (1) Seeks to increase the time of filing annual accounts and balance sheets from three months to four months.
- Section 233(4) Seeks to empower the Commission to specify the form and manner in which the company should send its annual accounts and balance-sheet to the members.
- Section 251 Seeks to empower the Commission to specify time for the payment of dividend.
- Section 282G Seeks to make consequential amendments as a result of amendments made to section 282B in finance bill in the year 2007.

- Section 282J Seeks to make consequential amendments as a result of amendments made to section 282B in finance bill in the year 2007.
- Section 282K Seeks to make consequential amendments as a result of amendments made to section 282B in finance bill in the year 2007.
- Section 282M Seeks to allow the Commission to specify requirements through regulations.

AMENDMENTS IN SECTION 7 OF THE FINANCE ACT, 1989

- Clause-15(1)
- (i) Seeks to defer levy of CVT on power of attorney in the case of a bank till the said property is transferred to the bank.
 - (ii) Seeks to amend the existing definition of “urban area” for the purpose of CVT.

SALES TAX ACT 1990

- | | |
|--------------------|--|
| Clause 16(1)(i) | Seeks to define the term “arrears” in clause (2A) of section 2. |
| Clause 16(1)(ii) | Seeks to define the term “associates (associated persons)” in clause (3) of section 2. |
| Clause 16(1)(iii) | Seeks to define the term “association of persons” in clause (3A) of section 2. |
| Clause 16(1)(iv) | Seeks to define the term “Board” in clause (4) of section 2. |
| Clause 16(1)(v) | Seeks to define the term “company” in clause (5AA) of section 2. |
| Clause 16(1)(vi) | Seeks to define the term “default surcharge” in clause (6B) of section 2. |
| Clause 16(1)(vii) | Seeks to substitute the words “Federal Government” with the word “Board” in clause (9) of section 2. |
| Clause 16(1)(viii) | Seeks to define the term “firm” in clause (11A) of section 2. |
| Clause 16(1)(ix) | Seeks to omit the word “lawfully” in clause (13) of section 2. |
| Clause 16(1)(x) | Seeks to define the term “input tax” in clause (14) of section 2. |
| Clause 16(1)(xi) | Seeks to define the term “output tax” in clause (20) of section 2. |
| Clause 16(1)(xii) | Seeks to define the term “person” in clause (21) of section 2. |
| Clause 16(1)(xiii) | Seeks to define the term “Provincial sales tax” in clause (22A) of section 2. |
| Clause 16(1)(xiv) | Seeks to omit clause (28A) of section 2. |
| Clause 16(1)(xv) | Seeks to define the term “sales tax” in clause (29A) of section 2. |

Clause 16(1)(xvi)	Seeks to substitute the word “resemble” with the word “resembles” in clause (31) of section 2.
Clause 16(1)(xvii)	Seeks to define the term “supply” in clause (33) of section 2.
Clause 16(1)(xviii)	Seeks to define the term “tax” in clause (34) of section 2.
Clause 16(1)(xix)	Seeks to define the term “taxable activity” in clause (35) of section 2.
Clause 16(1)(xx)	Seeks to add a comma for a semi colon in clause (43) of section 2.
Clause 16 (1)(xxi)	Seeks to define the term “time of supply” in clause (44) of section 2 and to add two new clauses (44A) and 44(AA) of section 2 to define the terms “trust” and “unit trust” respectively.
Clause 16 (1)(xxii)	Seeks to omit the comma and words, “and a person who in addition to making retail supplies is engaged in wholesale business” in clause (47) of section 2.
Clause 16 (2)(a)	Seeks to substitute the word “fifteen” with the word “sixteen” in section 3 to increase the rate of sales tax to 16%.
Clause 16 (2)(b)	Seeks to omit sub-section (4) of section 3
Clause 16 (3)	Seeks to omit section (3AA).
Clause 16 (4)	Seeks to substitute the proviso in sub-section (1) of section 7.
Clause 16 (5)	Seeks to add the word “or services” in sub-section (1) of section 8.
Clause 16 (6)	Seeks to omit the words “after the start of production of a new unit” in sub-section (1) of section 8B.
Clause 16 (7)	Seeks to substitute proviso in sub-section (1) of section 10.
Clause 16 (8)(a)	Seeks to insert the word “given” with the words “within five years” in

	sub-section (4) of section 11.
Clause 16 (8)(b)	Seeks to substitute the word “ninety” with the words “one hundred and twenty” in the proviso of sub-section (4) of section 11.
Clause 16 (9)	Seeks to insert the words “import or supply of” after the word “or” in clause (a), in sub-section (2) of section 13.
Clause 16 (10)	Seeks to insert a new proviso in sub-section (2) in section 25.
Clause 16 (11)	Seeks to substitute for the word “ninety” with the words “one hundred and twenty” in sub-section (3) of section 26.
Clause 16 (12)	Seeks to omit section 26AA.
Clause 16 (13)	Seeks to insert a new clause after clause (f) in section 30.
Clause 16 (14)	Seeks to omit section 32AA.
Clause 16 (15)(a)	Seeks to omit the brackets and figure “(1)” in section 33.
Clause 16 (15)(b)	Seeks to omit serial number 20 and the entries relating thereto in the Table in section 33.
Clause 16 (16)(a)(i)	Seeks to omit the words and comma “for the first six months of default” in clause (a) in sub-section (1) of section 34.
Clause 16 (16)(a)(ii)	Seeks to insert the words “and half” after the word “one” in clause (a) in sub-section (1) of section 34.
Clause 16 (16)(a)(iii)	Seeks to add the word “and” after semi colon at the end in clause (a) in sub-section (1) of section 34.
Clause 16 (16)(a)(iv)	Seeks to omit clause (b) in sub-section (1) of section 34.
Clause 16 (17)	Seeks to substitute the word “ninety” with the words “one hundred and twenty” in sub-section (3) of section 36.

Clause 16 (18)	Seeks to substitute the words, comma, brackets and figure “sub-section” with the words “this section” in sub-section (2) of section 45A.
Clause 16 (19)	Seeks to substitute the word “ninety”, occurring twice, with the words “one hundred and twenty” in sub-section (2) of section 45B.
Clause 16 (20)(a)	Seeks to substitute sub-section (1) in section 46.
Clause 16 (20)(b)	Seeks to substitute for the word “six” the word “eight” in sub-section (7) of section 46.
Clause 16 (20)(c)(i)	Seeks to substitute for the words “fifteen hundred thousand” with the words “ten million” in clause (a) of sub-section (9) of section 46.
Clause 16 (20)(c)(ii)	Seeks to substitute for the words “fifteen hundred thousand” with the words “ten million” in clause (b) of sub-section (9) of section 46.
Clause 16 (21)	Seeks to insert a new sub-section (4A) after sub-section (4) of section 47A.
Clause 16 (22)	Seeks to add a new sub-section (2) in section 50.
Clause 16 (23)	Seeks to insert a new section 58A and 58B regarding “representatives” and “liability and obligations of representatives” respectively after section 58.
Clause 16 (24)	Seeks to add a new section 61A regarding repayment of tax to persons registered in Azad Jammu and Kashmir after section 61.
Clause 16 (25)	Seeks to substitute for the words and comma “as aforesaid, of filing of refund claim” with the words “in this behalf” in section 67.
Clause 16 (26)	Seeks to substitute a new section 69.

- Clause 16 (27) Seeks to omit serial numbers 12, 13, 19 and 20 in column (1) of the Table in the Third Schedule.
- Clause 16 (28)(a)(i) Seeks to substitute for the comma, occurring for third time, the word “or” in column (2) against serial number 13 in Table-I of the Sixth Schedule.
- Clause 16 (28)(a)(ii) Seeks to omit the words “or packaged” in column (2) against serial number 13 in Table-I of the Sixth Schedule.
- Clause 16 (28)(b)(i) Seeks to substitute the word “or” for the comma, occurring for third time in column (2) against serial number 15 in Table-I of the Sixth Schedule
- Clause 16 (28)(b)(ii) Seeks to omit the words “or packaged” in column (2) against serial number 15 in Table-I of the Sixth Schedule.
- Clause 16 (28)(c) Seeks to insert the comma and figure “1517.1000” after the figure “1516.2020” in column (3) against serial number 24 in Table-I of the Sixth Schedule.
- Clause 16 (28)(d) Seeks to omit the comma, word and full stop “, etc,” in column (2) against serial number 32 in Table-I of the Sixth Schedule.
- Clause 16 (28)(e) Seeks to add the words “including ready mix concrete blocks” after the word “cement” in column (2) against serial number 35 in Table-I of the Sixth Schedule.
- Clause 16 (28)(f) Seeks to insert a new serial number 41A regarding energy saving lamps after serial number 41 in Table-I of the Sixth Schedule.
- Clause 16 (28)(g) Seeks to insert a new serial number 52-A after serial number 52 in Table-I of the Sixth Schedule.

- Clause 16 (28)(h) Seeks to substitute the comma, words and figures “,99.25 and 99.38”, for the words and figures “and 99.25” in column (3) against serial number 59 in Table-I of the Sixth Schedule.
- Clause 16 (28)(i) Seeks to insert comma and figures “, 8701.9090”, after the figures “8701.9020” in column (3) after serial number 69 in Table-I of the Sixth Schedule.
- Clause 16 (28)(j) Seeks to insert a new serial number 71 after serial number 70.
- Clause 16 (29) Seeks to substitute for the word “fifteen” the word “sixteen” in the Islamabad Capital Territory (Tax on Services) Ordinance, 2001.

Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997

- Section 31 The development surcharge of 10 paisas per unit for Neelum-Jhelum power project has been challenged in the High Courts on the ground that taxation is prerogative of the Parliament. Hence, the need to amend the law to provide for imposition of surcharge. Furthermore, fuel adjustment for distribution companies need to be legally covered on monthly basis. Thus NEPRA is being empowered to carry out such adjustment on frequent basis.

Securities and Exchange Commission of Pakistan Act, 1997

- Section 7
- (a) Seeks to clarify that the term of the Commissioner is three years from the date of appointment.
 - (b) Seeks to standardize of age limit of Chairman and Commissioners for various regulatory authorities/ agencies and commissions in Pakistan as directed by Cabinet Division.
- Section 12
- (a) Seeks to bring the number of members of the Policy Board to the position as it was prior to Finance Act, 2007.
 - (b) Consequential amendment as stated above. Moreover, to ensure independence of the Commission Clause (ia) inserted through Finance Act 2007 is being omitted.
 - (c) Consequential amendment as stated above.
- Section 20(4)
- (a) Seeks to empower the Commission to provide remedies to the investor for any loss inflicted by the persons involved in the brokerage business for violations of securities laws, rules, regulations, directives, codes, etc.
 - (b) Seeks to clarify that the Commission's powers.
 - (c) The creation of Panel and its periodic revision will promote more professional work and expand the number of auditors available for specialized audit work.
 - (d) Consequential amendment for insertion of new sub-clause (w).
 - (e) Consequential amendment for insertion of new sub-clause (w).

(f) Seeks to give the Commission the mandate for regulating pension business include Occupation Saving Schemes

Section 32 Clarifies the scope of the powers of the Commission.

Section 32A Seeks to give powers to the Commission for the effective execution of its orders. The Commission, at the moment, is facing serious problems while executing any of its orders.

Section 33(1)(c) Seeks to clarify that Commission under various laws being administered by it, orders the proceeding in various matters that are not necessarily be initiated before the courts of laws. Therefore, restriction on the right of appeal as in the court of law should apply in this case too.

Repeal of Khushhali Bank Ordinance, 2000

Clause 21 Seeks to repeal the Khushhali Bank Ordinance 2000 to ensure that all Microfinance Banks including Khushhali Bank, are licensed and operate under the same legal and regulatory framework..

Insurance Ordinance, 2000

- Section 11(3)(a) Seeks to increase the supervision fee.
- Section 66(4) Seeks to empower the Commission to make rules for the purposes of this section.
- Section 94 Seeks to ensure that only companies which wish to engage in insurance broking of direct insurance business are required to obtain licence under 2000 Ordinance.
- Section 102 Same as above.

Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Ordinance, 2002

- Section 2(1)(i) Seeks to empower the Commission to make regulations under the Ordinance.
- Section 2(1)(j) Consequential amendments as a result of amendment in section 3.
- Section 3 (a) Seeks to clarify that the exemption from the Takeovers Ordinance does not extend to allotment of voting shares under section 86(7) of the Companies Ordinance, to transfer of voting shares between relatives without consideration, acquisition of voting shares by CFS Financiers acting as financiers, transfer of voting shares from sponsors of a holding company to the holding company and acquisition of voting shares by a strategic investor in a demutualised stock exchange.
- (b) Seeks to clarify when disclosures will be required under the Ordinance.
- Section 12 Seeks to empower the Commission to decide for what quantity of voting shares will the public offer be made by an acquirer, including a strategic investor in a demutualized stock exchange.
- Section 13(5) Seeks to clarify that whether the acquirer is a local or foreign company the directors will be responsible to make the disclosures as required under the section.
- Section 15 Seeks to clarify the ambiguity in the section and defines the obligations of the manager to the offer both before and after the public announcement.
- Section 26(3) Seeks to increase the amount of penalty for violation of the Ordinance or failing to furnish documents or refusing to comply with the directions of the Commission.

Section 29A Seeks to empower the Commission to make regulations for the proposes of the Ordinance.

Section 29B Seeks to ensure that the Commission has the power to issue directives, codes, guidelines, circulars, notifications under the Ordinance.

INCOME TAX ORDINANCE, 2001

- Clause24 (1)
- (a) Seeks to substitute the existing definition of Assets Management Company.
 - (b) Seeks to enlarge the definition of term dividend and treat after tax profits of a branch of foreign company operating in Pakistan as dividend.
 - (i)(ii)(iii)
 - (c) Seeks to make eligible National Identity Card for overseas Pakistan, holder for Voluntary Pension Scheme.
 - (d) Seeks to introduce various terms as used in electronic transaction Ordinance, 2002 and define various terms of electronic record keeping, electronic devices/ resources and telecommunication system.
 - (e) Seeks to substitute the definition of Investment Company
 - (f) Seeks to substitute the definition of Leasing Company.
 - (g) Seeks to substitute the definition of non-banking finance company.
 - (h) Seeks to omit the definition of private equity and venture capital fund and Management Company of such funds.

- (i) Seeks to substitute the definition of Real Estate Investment Trust Scheme.
 - (j) Seeks to substitute the definition of Real Estate Investment Trust Management Company.
- Clause24(2) Seeks to enhance the limit for payment of salary through banking channel from Rs. 10,000 to Rs. 15,000.
- Clause24 (3) Seeks to insert a new section for the purpose of First Year Allowance.
- Clause24 (4) Seeks to omit proviso to Section 54.
- Clause24 (5) Seeks to allow set off/carried forward of losses of amalgamating NBFC, modarba or insurance company for six years.
- Clause24 (6) Seeks to reduce the limit of donation for the purpose of tax credit, from 30% to 10% for individual and AOP and reduce the limit of taxable income from 15% to 10%, to allow tax credit for a company.
- Clause24 (7) Seeks to insert a new section to tax premium payments made on account of insurance or reinsurance to non-resident person.
- Clause24 (8) Seeks to provide application of Thin Capitalization rule to a Pakistan branch of a foreign company.
- Clause24 (9) Seeks to omit section 113 regarding minimum tax.

- Clause24 (10) Seeks to tax developers of residential and commercial units and provide that tax paid by them as a minimum tax..
- Clause24 (11) (a) Seeks to treat annual statement of deductions of tax filed by the employers as return of the taxpayer and filing of wealth statement mandatory where required.
- Clause24 (12) Seeks to add a new section for introducing a scheme of investment tax payable on undisclosed /unexplained assets.
- Clause24 (13) Seeks to provide limitation on Commissioner (Appeals), for making a fresh order.
- Clause24 (14) Seeks to increase the period of decision by Commissioner (Appeals) from three months to four months.
- Clause24 (15) Seeks to insert a new sub section empowering the Chairman to entertain and decide an application for correcting any error in order or decision of the Board in Alternates Dispute Resolution cases.
- Clause24 (16) (a) Seeks to exclude the payment of minimum tax under section 113.
- (b) Seeks to reduce the period of payment of tax from thirty days to fifteen days.
- Clause24 (17) Seeks to insert new section for a waiver of additional tax

and penalty for settlement of arrears and to empower the Board to make rules for the implementation of scheme.

Clause24 (18) Seeks to omit charge of minimum tax on turnover for the purpose of advance tax and to omit payment of turnover tax for the purpose of advance tax.

Clause24 (19) Seeks to withdraw provision regarding issuance of reduced rate certificate for imports being redundant provision.

Clause24 (20) (a) Seeks to insert new sub section providing deduction of tax for making payment to non-resident person on account of insurance/re-insurance premium.

(b) Seeks to insert new sub section making above deduction as final tax.

(c) Seeks to exclude payments liable to withholding tax under relevant agreement for avoidance of double taxation for obtaining permission of Commissioner

(d)(i) Seeks to insert provision requiring submission import documents for remittance of foreign currency for imports.

(d)(ii) Seeks to explain that remittance of foreign exchange through banks or exchange company in the payment made to non residents.

- Clause24 (21) (a) Seeks to make small company liable to withhold tax.
- (b)(i) Seeks to exclude company engaged in manufacturing from PTR.
- (ii) Seeks to omit redundant provision.
- (c) Seeks to omit sub-section (6B) as a consequence of amendment in sub section (6A).
- (d)(i) Seeks to include small company in the list of prescribed persons.
- (d)(ii)(iii)(iv) Seeks to include AOP and individual in the list of prescribed persons.
- (d)(v) Seeks to add the definition of the term “manufacturer” .
- Clause24 (22) Seeks to insert a new sub section to tax payments to non resident media persons.
- Clause24 (23) Seeks to omit provision for allowing credit of tax deducted under section 155 on property income.
- Clause24 (24) Seeks to empower the Board to allow exemption from withholding tax and amend the rates.

- Clause24 (25) (a) & (b) Seeks to include tax deducted on payment to non-resident person in Presumptive Tax Regime.
- Clause24 (26) Seeks to empower the Commissioner to require installation of electronic tax register by any person.
- Clause24 (27) Seeks to introduce new scheme for taxpayer's registration.
- Clause24 (28) Seeks to insert a new sub-section providing consequent relief in the amount of penalty on reduction of concealed income in appeal.
- Clause24 (29) Seeks to prescribe the limit of fine for failure to maintain prescribed records.
- Clause24 (30) Seeks to make provision for new establishment of Director General of Withholding Taxes
- Clause24 (31) Seeks to provide withholding tax collection on purchase of new motor Car/ Jeeps on first registration.
- Clause24 (32) Seeks to omit the word "Badla" being duplication for carryover trade.
- Clause24 (33) Seeks to amend the caption of the section.
- Clause24 (34) Seeks to allow adjustment of withholding tax collected on electric bills exceeding Rs.20,000/-.
- Clause24 (35) Seeks to empower Board to require any person to design processes for substituting paper based record to electronic

records.

Clause24 (36)

Seeks to substitute the term “Local Government” for the term “local authority” in the ordinance.

**First
Schedule
Clause24 (37)**

- (a)(i) Seeks to increase the limit of basic exemption for salaried tax payer to Rs. 180,000 and for woman taxpayer to Rs. 240,000 and allowing marginal tax relief.
- (a)(ii) Seeks to provide rates of minimum tax on Builders and Developers
- (a)(iii)(a) Seeks to tax co-operative society at par with a Company.
- (a)(iii)(b) Seeks to provide rates income relating to for small company where turnover exceeds the prescribed limit.
- (iv) Seeks to provide new tax rates rental income corporate and non-corporate taxpayers.
- (b) Seeks to reduce withholding tax rate on imports from 5% to 2%.
- (c)(i) Seeks to provide rate of withholding tax on payments of

insurance and re-insurance premium paid to non-resident person.

- (c)(ii) Seeks to prescribe rate of deduction of tax on payments to non-resident media persons.

- (c)(iii) Seeks to provide new rates of withholding tax on rental income for the individual, AOP and Company.

- (d)(i)(a) Seeks to amend the title from “transport business” to tax on Motor Vehicles and Jeeps”.

- (d)(i)(b) Seeks to prescribe rate for collection of tax on renewal of registration of private cars.

- (d)(ii)(iii) Seeks to provide withholding tax @ 10% on monthly telephone bills exceeding Rs. 1000.

- (d)(iv) Seeks to increase rate of withholding tax on cash withdrawal from bank from 0.2% to 0.3%.

- (d)(v) Seeks to revise rate for collection of tax on first registration of locally manufactured Cars and Jeeps.

SECOND SCHEDULE - PART-I

- Clause (38)(i) Seeks to withdraw Exemption provided to salary received by a non-resident employed in Shaukat Khanum Memorial Hospital and Research Center, Lahore;
- Clause (38)(i) Seeks to withdraw exemption on salary income received by a non-resident person employed with British Council;
- Clause (38)(i) Seeks to withdraw exemption on income received by a person from an annuity or annuities issued by the State Life Insurance Corporation of Pakistan;
- Clause (38)(iii) Seeks to delete redundant clause;
- Clause (38)(iv) Seeks to reduce the limit to specified institutions;
- Clause (38)(v) Seeks to withdraw Exemption provided to donation made to Liaqat National Hospital Association Karachi, to donation made to President Relief Fund for Earthquake Victims 2005, and to 2nd session of the World Islamic Economic Forum 2006;
- Clause (38)(v) Seeks to exempt Pension of a former President of Pakistan and his widow under Pension Fund Act 1974 and exemption
- Clause (38)(vi) Seeks to exempt income of State Bank of Pakistan and State Bank of Pakistan Services Corporation;
- Clause (38)(vii) Seeks withdrawal of exemption to profit on debt of a foreign loan;
- Clause (38)(viii) Seeks to withdraw exemption of profit on Islamic mode of financing on investment by non-resident, to profit on special US Dollar Bonds; and profit on debt on Pak rupee account or certificates;
- Clause (38)(ix) Seeks to withdraw exemption to income of Pakistan Cricket Board;
- Clause (38)(x) Seeks to provide exemption to income derived by a for Collective

	Investment Scheme or a REIT Scheme;
Clause (38)(xi)	Seeks substitute the “REIT Scheme” for “real estate investment trust” for allowing exemption;
Clause (38)(xii)	Seeks to substitute nomenclature of persons as per change in SECP Law for exemption;
Clause (38)(xiii)	Seeks to exempt inter corporate dividend group companies;
Clause (38)(xiv)	Seeks to extend exemption on capital gains upto 30.06.2010.
Clause (38)(xv)	Seeks to withdraw exemption on payment for supply of plant equipment etc to M/s Hubco, income from transfer of membership rights or shares of stock exchange, and the income under Facilitation Agreement between President of Pakistan and taxpayer purchasing Kot Addu Power Station;

SECOND SCHEDULE - PART-II

Clause (38)(b)(i)	Seeks to withdraw exemption
	(i) to income from Special US Dollar Bonds being redundant;
	(ii) of withholding tax @ 2.5% on sale of motor vehicles being replaced;
	(iii) reduced tax rate on business income of Fauji Foundation and Army Welfare Trust;
	(iv) of reduced tax rate of 1% on import of capital goods being covered by general rate of 2%;
	(v) of reduced tax rate of 1% on import of phosphatic fertilizers;

(vi) of reduced tax rate of 2% on import of various classified items;

- Clause (38)(b)(ii) Seeks to enhance the reduced rate of tax from 1% to 2% on purchase of locally produced edible oil by the manufacturers of cooking oil or vegetable ghee;
- Clause (38)(b)(iii) Seeks to withdraw exemption of reduced rate of tax of 1% on import of Capital goods, Coal, sugar and condemned ships;
- Clause (38)(b)(iv) Seeks to withdraw exemption of reduced rate of tax of 2% on import of raw materials for steel industry, poultry feed, stationery, energy saver lamps, edible oils, bitumen, fixed wireless terminal, pesticides and weedicides;
- Clause (38)(b)(v) Seeks to provide a reduced rate of 1% of withholding tax on supply of rice by Rice Exporters Association of Pakistan (REAP) to Utility Store Corporation;
- Clause (38)(vi) Seeks to withdraw application of reduced rate of tax @ 0.75% on export of rice and fish. Also withdraw reduced rate of tax on dividend from a company engaged in mining operations.

SECOND SCHEDULE - PART-III

- Clause (38)(c)(i) Seeks withdraw exemption of 80% tax relief available to cigarette manufacturers;
- Clause (38)(c)(ii) Seeks to limit the tax liability at 10% on yield from Bahbood Saving Certificate or Pensioners Benefit Account;

SECOND SCHEDULE - PART-IV

- Clause (38)(c)(i) Seeks to withdraw exemption on waiver of profit on debt or the debt; and minimum tax u/s 113 on turnover of various entities listed in clause (5) of Part-IV of Second Schedule;
- Clause (38)(c)(iii) Seeks to withdraw exemption of minimum tax u/s 113 and

withholding tax on profit on debt to non-residents on receipts from Pak rupees denominated Government and corporate securities and redeemable capital;

- Clause (38)(c)(iv) Seeks to withdraw exemption of
- (i) withholding taxes on profit on debt and Brokerage and commission, of a person making payments to National Investment (Unit) Trust, mutual fund, REIT scheme or Asset Management Company;
 - (ii) withholding tax on profit on debt accruing on Special US Dollar Bonds;
 - (iii) facility of tax-adjustability by a manufacturer who declares / opts for presumptive tax regime;
 - (iv) withholding tax on payment made for supply of relief goods for earthquake victims against funds from the President Relief fund shall be final tax liability;
- Clause (38)(c)(v) Seeks to make editorial amendments.
- Clause (38)(c)(vi) Seeks to provide exemption from withholding tax on payment made for sale /supply of petroleum products by Permanent Establishment of non-resident E & P Companies;
- Clause (38)(c)(vii) Seeks editorial amendment;
- Clause (38)(c)(viii) Seeks to substitute for a duplicate exemption clause;
- Clause (38)(c)(ix) Seeks to provide exemption of withholding tax at import stage for goods classified under chapters 27, 52, 86 and 98 of Pakistan Customs Tariff;
- Clause (38)(c)(x) Seeks to withdraw redundant exemption of minimum tax on Companies Operating Trading Houses;
- Clause (38)(c)(xi) Seeks to withdraw redundant exemption of additional tax under

section 205, available to telecom companies.

Clause (38)(c)(xii) Seeks to exempt income from transfer or sale of Clean Development Mechanism Credits, and electricity bills of zero rated sales tax exporter-cum-manufacturers sectors;

THIRD SCHEDULE - PART-II

Clause (39) Seeks to provide rate of newly introduced “First Year Allowance”;

FOURTH SCHEDULE - PART-IV

Clause (40)(a)(i) Seeks to exclude unrealized gain in the case of non life insurance company from computation of taxable income;

Clause (40)(a)(ii)(iii) Seeks to disallow expenditure incurred on insurance or re-insurance premium and taken to depreciation reserve as deduction ;

Clause 40(a)(iv) Seeks to extend the time-limit of exemption of capital gains from the sale of modaraba certificates / shares by insurance companies upto 2010;

SIXTH SCHEDULE – PART-I

Clause (41)(a) Seeks to provide further limit of employer’s contribution of Rs.100,000 to qualify for exemption.

Clause (41)(b) Seeks to provide the rate of tax deduction applicable to the year of withdrawal, instead of average of three preceding years tax rate;

Seventh Schedule

Clause 42

- (a)(i) Seeks to allow provisions for classified advances/off balance sheet items as per section 29 and 29A.

- (a)(ii) Seeks to omit sub-rules (d), (e) and (f) of Rule 1 to change the method of allowing provisions and off-balance sheet items in banking companies.

- (a)(iii) Seeks to omit rule 7 as a consequence of withdrawal of levy of minimum tax on turnover.

- (a)(iv) Seeks to allow accumulated losses on merger in the Tax Year and its carry forward for succeeding six years.

FEDERAL EXCISE ACT, 2005

- Clause26(1)(a) Seeks to amend the definition of “duty due” in section 2.
- Clause26 (1) (b) Seeks to define the term “franchise” in section 2.
- Clause26 (2)(a) Seeks to amend sub-section (1) of section 3 to extend the levy of duty on services from abroad.
- Clause26 (2)(b) Seeks to amend sub-section (5) of section 3 to make the recipient of service from abroad liable to duty
- Clause26 (3)(a) Seeks to amend sub-section (4) of section 4 to increase the time period for submission of revised return.
- Clause26 (3)(b) Seeks to add new sub-section (8) in section 4 to incorporate provision of composite return.
- Clause26 (4) Seeks to add new sub-section (2) in section 7 to empower federal government to declare provisions of Sales Tax Act, 1990 which will be applicable in respect of duty leviable under Federal Excise Act, 2005.
- Clause26 (5) Seeks to amend section 8 to levy default surcharge on inadmissible refund or drawback in line with section 34 of Sales Tax Act, 1990.
- Clause26 (6) Seeks to amend sub-section (1) of section 12 to incorporate the definition of value as provided under sub-section (46) of section 2 of Sales Tax Act, 1990.
- Clause26 (7)(a) Seeks to amend sub-section (1) of section 14 to incorporate provision for show cause for deliberate acts of evasion of duty.
- Clause26 (7)(b) Seeks to explain that refund includes drawback of duty for section 14.
- Clause26 (8)(a) Seeks to amend sub-section (1) of section 19 to align the penal provisions for non or short filing of return with Sales Tax Act, 1990.

- Clause26 (8)(b) Seeks to amend sub-section (5) of section 19 to provide penal provision for inadmissible refund in respect of services.
- Clause26 (9) Seeks to amend sub-section (3) of section 31 to increase time period for passing order for adjudicating officer from ninety to one hundred and twenty days.
- Clause26 (10) Seeks to amend proviso to sub-section (2) of section 33 to increase time period for deciding the case for Collector (Appeal) from ninety to one hundred and twenty days.
- Clause26 (11) Seeks to amend sub-section (3) of section 35 to increase time period for reopening of the case by FBR/Collector.
- Clause26 (12) Seeks to amend section 36 to increase time period to rectify mistakes in orders from three to five years.
- Clause26 (13) Seeks to add new sub-section (4A) in section 38 to empower the Chairman to rectify error in the decision or order passed on the recommendations of ADRC.
- Clause26 (14) Seeks to add new section for issuance of duplicate of excise documents in line with section 69 of Sales Tax Act, 1990.
- Clause26 (15) Seeks to amend the First Schedule for changing rates of duty on various goods and services.
- Clause26 (16) Seeks to amend the Third Schedule for exemption of certain goods/services.

DECLARATION UNDER THE PROVISIONAL
COLLECTION OF TAXES ACT, 1931 (XVI OF 1931)

The provisions of sub-clause (8) of clause 8, of this Bill shall have effect, for the purpose of this declaration and of the provisions of Provisional Collection of Taxes Act, 1931 (XVI of 1931) as if they were provisions for imposition of duties of customs and it is hereby declared accordingly in terms of section 3 of the Act that it is expedient in the public interest that the provisions of the said clause have effect on 12th June, 2008 under the Act.

STATEMENT OF OBJECTS AND REASONS

The purpose of this Bill is to make financial provisions for the year beginning on the first day of July, 2008. Various provisions have been explained in the Notes on clauses.