

NOTES ON CLAUSES

FINANCE BILL, 2014

CUSTOMS ACT, 1969 (IV OF 1969)

- Clause 2(1)(a) Seeks to amend section 2 by merging clauses (k) and (m) to define customs-station declared under section 9.
- Clause 2(1)(b) Seeks to omit clause (m) to section 2 as the same has been merged within clause (k).
- Clause 2(2) Seeks to amend section 7, sub-section (2) to substitute the words “Central” with the word “Federal”.
- Clause 2(3) Seeks to insert a new sub-section; namely (1A) in section 18 and (fifth Schedule) to Customs Act 1969 to levy specified rates of customs duty on goods or class of goods.
- Clause 2(4) Seeks to amend section 18A, to substitute the words “Central Excise and Salt Act, 1944” with the words “Federal Excise Act, 2005”.
- Clause 2(5)(a) Seeks to amend section 25 by omitting clause (d) of sub-section (5) for rational applicability of valuation data.
- Clause 2(5)(b)(i) Seeks to amend sub-section (6) of section 25 by substituting the word “and” with “comma”.

- Clause 2(5)(b)(ii) Seeks to amend sub-section (6) of section 25 for rational applicability of valuation data.
- Clause 2(6) Seeks to amend section 32 by inserting the word “taxes” in sub-section (2), (3) and (3A) to recover non levied or short levied taxes.
- Clause 2(7) Seeks to insert the words “taxes and other charges levied thereon” in sub-section (3) to include taxes and other charges in re-assessment of goods.
- Clause 2(8)(a) Seeks to amend sub-section (1) of section 81 by inserting the words “taxes and other charges” to include taxes and other charges in final determination of liability.
- Clause 2(8)(b) Seeks to amend 81 to substitute “taxes and other charges” for the word “tax” to include taxes and other charges.
- Clause 2(9) Seek to amend section 185B by substituting clause (a) for trial of narcotics and narcotic substances cases in the Special Courts constituted under the Control of Narcotic Substances Act, 1997.
- Clause 2(10)(a) Seek to amend section 194, sub-section (3) to substitute the words “Pakistan Customs Service” for the words “Customs and Excise Group”.

- Clause 2(10)(b) Seek to amend section 194, sub-section (3) by substituting the word “three” for word “five” to bring experience of a senior Collector for appointment as technical member of Appellate Tribunal, at par with section 130 of Income Tax Ordinance, 2001.
- Clause 2(11) Seeks to amend First Schedule (Pakistan Customs Tariff) to the Customs Act, 1969.
- Clause 2(12) Seeks to add Fifth Schedule to the Customs Act, 1969.

SALES TAX ACT, 1990

Clause 3(1)	Seeks to add proviso in clause (27) of section 2
Clause 3(2)(i)(a)	Seeks to omit the word “and” in the proviso, in clause (a) of sub-section (2) of section 3.
Clause 3(2)(i)(b)	Seeks to insert a new clause (aa) after clause (a) of sub-section (2) of section 3.
Clause 3(2)(ii)	Seeks to insert sub-section (3B) after sub-section (3A).
Clause 3(2)(iii)	Seeks to substitute sub-section (8) of section 3.
Clause 3(2)(iv)	Seeks to add a new sub-section (9), after sub-section (8) of section 3.
Clause 3(3)	Seeks to substitute sub-section (2) of section 3B.
Clause 3(4)	Seeks to substitute the words “goods supplied at reduced rate of sales tax” for the words “zero-rated goods” in clause (d) of section 4.
Clause 3(5)(i)(a)	Seeks to substitute the words and figures “sections 8 and” for the word “section” appearing for the first time in sub-section (1) of section 7.

Clause 3(5)(i)(b)	Seeks to insert the commas, words, brackets and figures “excluding the amount of further tax under sub-section (1A) of section 3” after the words “output tax” appearing for the first time in sub-section (1) of section 7.
Clause 3(5)(ii)	Seeks to insert a new clause “(iiia)” after clause (iii) in sub-section (2) of section 7.
Clause 3(6)(i)	Seeks to omit the word “and” in sub-section (1) of section 8.
Clause 3(6)(ii)	Seeks to add a new clause after clause (e) in sub-section (1) of section 8.
Clause 3(7)	Seeks to add an explanation in section 40B.
Clause 3(8)	Seeks to add a new section 50B after section 50A.
Clause 3(9)	Seeks to add new serial numbers and entries relating thereto after serial No. 8 and entries relating thereto in column (2) in the Fifth Schedule.
Clause 3(10)(i)(a)	Seeks to insert the figures and comma “1511.1000” after the figure and comma “1510.0000” in column (3) against serial number 24 in column (1) in Table-1 in the Sixth Schedule.
Clause 3(10)(i)(b)	Seeks to insert the comma and words “, cochlear implants system” after the word “solution” in column (2) against S. No.

59 and in column (3), after the figure “99.25”, the comma and figure “, 99.37”.

- Clause 3(10)(i)(c) Seeks to add new serial numbers and entries relating thereto after serial No. 71 and entries relating thereto in columns (2) and (3) in column (1) in Table-1 in the Sixth Schedule.
- Clause 3(10)(ii)(a) Seeks to substitute the words “supplies made by the cottage industry.” for the entry in column (2), against serial number 3 in column (1) in Table-2 in the Sixth Schedule.
- Clause 3(10)(ii)(b) Seeks to add new serial numbers and entries relating thereto after the already omitted serial number 12 in column (1) in Table-2 in the Sixth Schedule.
- Clause 3(10)(iii) Seeks to add a new Table-3 after Table-2 in the Sixth Schedule.
- Clause 3(11) Seeks to add a new Ninth Schedule after the Eighth Schedule.

AMENDMENT OF ACT XVII OF 1996

Clause 4 Seeks to amend section 33A of Pakistan Telecommunication (Re-organization) Act, 1996 to provide for credit of the revenue derived from radio spectrum to the Federal Consolidated Fund.

AMENDMENT OF ORDINANCE (XXIV OF 2001)

Clause 5 Seeks to amend clause (b) of section 5 of the Controller
General of Accounts (Appointment, Functions and Powers)
Ordinance, 2001 to bring it in uniformity with Section 5(a).

AMENDMENT OF INCOME TAX ORDINANCE, XLIX OF 2001

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| Clause 6(1)(a) | Seeks to make a technical correction in section 2. |
| Clause 6(1)(b) | Seeks to define “filer” in section 2. |
| Clause 6(1)(c) | Seeks to include bonus shares in the definition of income in section 2. |
| Clause 6(1)(d) | Seeks to define “non-filer” in section 2. |
| Clause 6(1)(e) | Seeks to add definition of “Special Judge” in section 2. |
| Clause 6(1)(f) | Seeks to add definition of “Stock Fund” in section 2. |
| Clause 6(2) | Seeks to make a technical amendment by deleting section 4A. |
| Clause 6(3) | Seeks to make a grammatical correction in section 8. |
| Clause 6(4) | Seeks to make a grammatical correction in section 13. |
| Clause 6(5) | Seeks to make a grammatical correction in section 18. |
| Clause 6(6) | Seeks to make a grammatical correction in section 21. |
| Clause 6(7) | Seeks to make a technical correction in section 31. |
| Clause 6(8) | Seeks to make a technical amendment in section 37. |

Clause 6(9)	Seeks to provide for taxation of debt securities under section 37A.
Clause 6(10)	Seeks to include bonus shares in income from other sources in section 39.
Clause 6(11)	Seeks to amend section 49 for clarification regarding income received by Federal Government from spectrum licences.
Clause 6(12)	Seeks to make a grammatical correction in section 56A.
Clause 6(13)	Seeks to make a technical correction in section 59AA.
Clause 6(14)	Seeks to make a technical amendment by deleting section 88A.
Clause 6(15)	Seeks to specify the manner of taxation of a Joint Venture by adding a proviso to section 92.
Clause 6(16)	Seeks to amend section 100B to exempt capital gains of companies from taxation under Eighth Schedule.
Clause 6(17)	Seeks to add section 100C to provide tax credit to non-profit entities etc.
Clause 6(18)	Seeks to make a technical amendment to section 113.

- Clause 6(19) Seeks add a new section 113C to introduce Alternative Corporate Tax on companies.
- Clause 6(20) Seeks to amend section 114 to exempt non-resident members of professional bodies from filing return.
- Clause 6(21) Seeks to make a technical correction in section 122B.
- Clause 6(22) Seeks to make a technical correction in section 127.
- Clause 6(23) Seeks to amend section 130 to change eligibility criteria for appointment as member of Appellate Tribunal.
- Clause 6(24) Seeks to amend section 148 to provide for final taxation of ship-breaker.
- Clause 6(25) Seeks to amend section 149 to stipulate rates of taxation of Director's fee.
- Clause 6(26) Seeks to make a technical amendment to section 150.
- Clause 6(27) Seeks to amend section 151 to stipulate deduction of tax on profit on debt from non-filers at higher rate.
- Clause 6(28) Seeks to amend section 153 to stipulate manner of taxation of sportsperson.

- Clause 6(29) Seeks to make a grammatical correction in section 156.
- Clause 6(30) Seeks to make a grammatical correction in section 159.
- Clause 6(31) Seeks to make a grammatical correction in section 169.
- Clause 6(32) Seeks to add section 181AA to make NTN mandatory for electricity and gas connection.
- Clause 6(33) Seeks to provide for appointment of Special Judge.
- Clause 6(34) Seeks to amend section 231B to stipulate withholding tax purchase or transfer of private motor vehicles and reduce and amend the scope of withholding tax on registration.
- Clause 6(35) Seeks to add new sections to introduce withholding tax on domestic electricity consumption and steel melters.
- Clause 6(36) Seeks to make air lines withholding agents instead of travel agents.
- Clause 6(37) Seeks to add new section 236k to introduce withholding tax on purchase of immovable property, international tickets and bonus shares.
- Clause 6(38) Seeks to make a grammatical correction to section 239.

Clause 6(39)(I)(A)(i)-(ii)	Seeks to reduce the rate of tax payable by a disabled person by 50% on income up to Rs.1 Million and make a technical amendment.
Clause 6(39)(I)(B)	Seeks to amend rate of tax on dividend.
Clause 6(39)(I)(C)	Seeks to amend rate of tax on capital gains.
Clause 6(39)(I)(D)	Seeks to make a technical amendment.
Clause 6(39)(I)(E)	Seeks to make a technical amendment consolidation the rate of tax u/s 113 in one place.
Clause 6(39)(II)	Seeks to stipulate and consolidate the rate of tax collected under section 148.
Clause 6(39)(III)	Seeks to make a technical correction by deleting Division IIA of Part II of First Schedule.
Clause 6(39)(IV)(a)	Seeks to stipulate rate of withholding tax on profit on debt from non-filers above Rs.500,000 and dividend.
Clause 6(39)(IV)(b)	Seeks to revise rates of withholding tax under section 153 on contracts, services, supplies.
Clause 6(39)(IV)(c)	Seeks to revise rates of withholding tax under section 153 on certain services.

Clause 6(39)(IV)(d)	Seeks to revise rates of withholding tax on commission on petroleum products.
Clause 6(39)(V)(a)	Seeks to revise rates of withholding tax on commission.
Clause 6(39)(V)(b)	Seeks to revise rates of withholding tax collected with Motor Vehicle Tax.
Clause 6(39)(V)(c)	Seeks to reduce rate of WHT on mobile phones charges.
Clause 6(39)(V)(d)	Seeks to provide rates of deduction of advance tax on cash withdrawal for non-filers in First Schedule.
Clause 6(39)(V)(e)	Seeks to stipulate and revise rates for withholding tax on purchase, registration and transfer of private motor vehicles.
Clause 6(39)(V)(f)	Seeks to provide rates of deduction of advance tax on sale of immovable property for non-filers in First Schedule.
Clause 6(39)(V)(g)	Seeks to reduce rate of withholding tax on functions and gatherings.
Clause 6(39)(V)(h)	Seeks to provide rates of withholding tax on purchase of immovable property, domestic electricity consumption and certain international air tickets.
Clause 6(40)(I)(a)	Seeks to make a technical amendment deleting clause (4) of Pt I of 2nd Schedule.

Clause 6(40)(l)(b)	Seeks to make a technical amendment deleting clause (35) of Pt I of 2nd Schedule.
Clause 6(40)(l)(c)	Seeks to grant exemption to Sind Pension Fund.
Clause 6(40)(l)(d)&(e)(i)&(ii)	Seeks to delete and amend certain clauses for technical reasons and to revamp taxation of non-profit Organizations.
Clause 6(40)(l)(e)(iii)	Seeks to grant exemption to Greenstar Social Marketing (Guarantee) Limited.
Clause 6(40)(l)(f)	Seeks to make a technical amendment by omitting clauses (81A), (88A), (92A) and (93A) of Part I of 2 nd Schedule.
Clause 6(40)(l)(g)	Seeks to make a consequential amendment to exemption to income of Mutual Funds in Second Schedule.
Clause 6(40)(l)(h)	Seeks to delete clause 126 of Part-I of Second Schedule for technical reasons.
Clause 6(40)(l)(i)	Seeks to grant exemption to China Overseas Ports Holding Company Limited.
Clause 6(40)(l)(j)	Seeks to grant exemption to food processing & preservation units established at Makran Division, Malakand Division, Gilgit Baltistan and FATA.

Clause 6(40)(I)(k)	Seeks to grant exemption to coal mining projects supplying coal to power generation projects.
Clause 6(40)(I)(l)	Seeks to make technical amendment by omitting clauses (135) of Part I of 2 nd Schedule.
Clause 6(40)(II)(a)	Seeks to stipulate lower rate for certain contracts if foreign exchange is brought into Pakistan.
Clause 6(40)(II)(b)	Seeks to make technical amendment by omitting clauses (3A), (9B), (9C), (13E), (13HH), (13HHH) and (17) of Part II of 2 nd Schedule.
Clause 6(40)(II)(c)	Seeks to grant concession to industrial undertakings set up through FDI.
Clause 6(40)(II)(d)	Seeks to make technical amendment by omitting clauses (19), (20), (23), (24), (24B), (29) and (30) of Part II of 2 nd Schedule.
Clause 6(40)(III)(a)	Seeks to amend taxation of flying allowance.
Clause 6(40)(III)(b)	Seeks to omit clause (1A) for technical reasons.
Clause 6(40)(III)(c)	Seeks to reduce tax on flying allowance.
Clause 6(40)(III)(d)	Seeks to make technical amendment by omitting clauses (5), (7), (8), (9), (10), (11), (12), (13), (14) and (15) of Part III of 2 nd Schedule.

Clause 6(40)(IV)(a)	Seeks to grant exemption to steel melters and ship-breakers.
Clause 6(40)(IV)(b)	Seeks to make technical amendment by omitting clauses (10) and (10A) of Part IV of 2 nd Schedule.
Clause 6(40)(IV)(c)	Seeks to make a technical amendment in clause (v) of Part-IV of Second Schedule.
Clause 6(40)(IV)(d)	Seeks to make a technical amendment by omitting certain clauses of Part-II of Second Schedule.
Clause 6(40)(IV)(e)	Seeks to make technical amendment to clause (38C) of Part III of 2 nd Schedule.
Clause 6(40)(IV)(f)	Seeks to omit clauses (41A), (41AA) and (41AAA) of Part IV of 2 nd Schedule withdrawing options to file return under certain circumstances.
Clause 6(40)(IV)(g)	Seeks to add new clauses to Part IV of 2 nd Schedule exemption from final tax regime to certain person earning income from imports, supplies, contracts, certain services and commission on petroleum products or otherwise subject to certain conditions including minimum tax.

Clause 6(40)(IV)(h)	Seeks to clarify WHT deduction by large trading houses.
Clause 6(40)(IV)(i)	Seeks to technical amendment by omitting clauses (80), (84), (85), (87) and (88) of Part IV of 2 nd Schedule.
Clause 6(41)	Seeks to reduce rate of initial depreciation on buildings.
Clause 6(42)	Seeks to amend Seventh Schedule to stipulate allocation of expenses to different classes of income by banks.

FEDERAL EXCISE ACT, 2005

- Clause 7(1) Seeks to add a new proviso, after the proviso to sub-section (4) of section 13.
- Clause 7(2)(a)(i) Seeks to substitute S. No. 9 and 10 of Table-I of the First Schedule.
- Clause 7(2)(a)(ii) Seeks to substitute the words “five per cent of the retail price” for the words “four hundred rupees per metric ton” in column (4) in S. No. 13 in Table-I in the First Schedule.
- Clause 7(2)(a)(iii) Seeks to add the words “imported motor” for the word “motor” in column (2) in S. No. 55 in Table-I in the First Schedule.
- Clause 7(2)(a)(iv) Seeks to substitute the figures and hyphen “2012-13” for the words “of the current financial year” in the sub-heading of the heading “Restrictions” in Table-1 of the First Schedule.
- Clause 7(2)(b)(i)(a) Seeks to substitute the words “five thousand” for the words “three thousand eight hundred and forty rupees” in column (4) in S. No. 3(b) in Table-II in the First Schedule.
- Clause 7(2)(b)(i)(b) Seeks to substitute the words “ten thousand” for the words “six thousand eight hundred and forty rupees” in column (4) in S. No. 3(b) in Table-II in the First Schedule.

- Clause 7(2)(b)(ii)(a) Seeks to add the comma and words “, 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” after the word “services” in column (2) against S. No. 6 in column (1) of Table-II in the First Schedule.
- Clause 7(2)(b)(ii)(b) Seeks to substitute the word “Eighteen” for the word “nineteen” in column (4) against S. No. 6 in column (1) of Table-II in the First Schedule.
- Clause 7(2)(b)(iii) Seeks to add S. No. 15 and entries relating thereto in columns (2), (3) and (4) after S. No. 14 in Table-II in the First Schedule.

AMENDMENT OF ACT XXI OF 2011

Clause 8(1) Seeks to amend section 3 of the Gas Infrastructure Development Cess Act, 2011.

A new proviso is being inserted to provide flexibility to federal government to reduce the GIDC rate on any category on consumers on socio economic considerations.

Clause 8(2) Seeks to amend Schedule 1 of the Gas Infrastructure Development Cess Act, 2011.

The name of Oil and Gas Development Company is being included to levy GIDC on gas being sold by it to power sector. Any other company which may enter into direct sale to any category of consumers will also be included in this Schedule.

Clause 8(3) Seeks to amend Schedule 2 of the Gas Infrastructure Development Cess Act, 2011.

The GIDC rates are being proposed to be rationalized and to generate additional funding.

INCOME SUPPORT LEVY

Clause 9

Seeks to repeal Income Support Levy Act of 2013.