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PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 10th March, 2019

No. F. 22(3)/2019-Legis.—The following Act of *Majlis-e-Shoora* (Parliament) received the assent of the President on the 9th March, 2019 is hereby published for general information:—

ACT NO. III OF 2019

AN

ACT

further to amend the tax laws

WHEREAS it is expedient further to amend certain laws relating to taxes and duties and for the matters connected therewith and ancillary thereto;

It is hereby enacted as follows:—

(37)

Price : Rs. 40.00

[398(2019)/Ex. Gaz.]

1. **Short title and commencement.**—(1) This Act shall be called the Finance Supplementary (Second Amendment) Act, 2019.

(2) It shall come into force at once unless otherwise provided in any of the provisions of this Act.

2. **Amendments of Customs Act, 1969 (IV of 1969).**— In the Customs Act, 1969 (IV of 1969), the following further amendments shall be made which shall come into force at once except clauses 2(1)(a) and 2(2)(i) which shall take effect from the first day of July, 2019 and clause 2(2) (iii) which shall take effect from the thirty-first day of March, 2019, namely:—

(1) In the First Schedule, in chapter 99,—

- (a) in sub-chapter-V, against PCT code 9917, in column (2), in serial (2), for the words “plant and machinery”, the words and comma “plant, machinery and firefighting equipment” shall be substituted; and
- (b) in sub-chapter-VII, in column (1), for the PCT code 9925 and the entries relating thereto in columns (2) and (3), the following shall be substituted, namely:—

“9925 (A) Artificial kidneys, hemodialysis machines, 0”; and hemodialyzers, A.V. fistula needles, hemodialysis fluids and powder, blood tubing tines for dialysis, reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheters for renal failure patients, peritoneal dialysis solution and cardiac catheters.

(B) Following items and appliances for Ostomy use:—

- 1. Baseplate/Stoma Wafer/Flange.
- 2. Ostomy (Colostomy/Ileostomy/ Urostomy) bags (All type)
- 3. Ostomy (Colostomy/Ileostomy/ Urostomy) Paste
- 4. Ostomy (Colostomy/Ileostomy/ Urostomy) Belt
- 5. Ostomy (Colostomy/Ileostomy/ Urostomy) Deodorizers

6. Ostomy (Colostomy/Ileostomy/ Urostomy) Strip Paste
7. Stoma Powder/Ostomy Powder (Colostomy/ Ileostomy/Urostomy Powder/ Ileostomy/ Urostomy Powder)
8. Ostomy (Colostomy/Ileostomy/ Urostomy Skin Barrier Spray and Wipe
9. Ostomy (Colostomy/Ileostomy/ Urostomy) Adhesive Remover Spray and Wipe.
10. Ostomy (Colostomy/Ileostomy/ Urostomy) Mouldable Ring
11. Ostomy (Colostomy/Ileostomy/ Urostomy) Elastic Tape
12. Ostomy (Colostomy/Ileostomy/ Urostomy) Barrier Cream
13. Ostomy (Colostomy/Ileostomy/ Urostomy) Protective Sheets
14. Ostomy (Colostomy/Ileostomy/ Urostomy) Cap
15. Ostomy (Colostomy/Ileostomy/ Urostomy) Protective Seal
16. Plastic Clips for closing the Ostomy bags.
17. Liquid washers and wipes for cleaning and washing peristomal skin.
18. Night Drainage Bag
19. Cystoscope
20. Lithotripter
21. Colonoscope
22. Sigmoidoscope
23. Laparoscope
24. Suprapubic Cystostomy Set
25. Ryles Tube (Nasogastric Tube)
26. Foley's Catheter
27. Endoscope (Video Endoscopes)
28. Linear Cutter/Stapler
29. Circular Stapler
30. Right Angle Cutter/Stapler

31. Laparoscopic Hand Instruments:

- (a) Dissector;
- (b) Grasper;
- (c) Scissors;
- (d) Clipper;
- (e) Hook;
- (f) Retractors;
- (g) Needles Holders;
- (h) Knot Pusher; and
- (i) Telescope (0°, 30°).

32. Urological Endoscopic Instruments:—

- (a) Resectoscope (Rotating and Fix);
- (b) Optical Urethrotome;
- (c) Telescope (0°, 30°, 75°); and
- (d) Turp Resecting Loops.

(2) In the Fifth Schedule,—

- (i) in Part-I, in column (1), after Sr. 33, the following new serial number and the entries relating thereto in columns (2), (3), (4) and (5) shall be added, namely:—

“33	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period.	Chapters 84 and 85	0%	This exemption shall be available subject to fulfillment of following conditions, namely:— (a) the importer is registered under the Sales Tax Act on or after the first day of July, 2019; (b) the industry is not established by splitting up or reconstruction or reconstitution of an undertaking already in
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				existence or by transfer of machinery or plant from another industrial undertaking in Pakistan. (c) exemption certificate issued by the Commissioner Inland Revenue having jurisdiction; and (d) the goods shall not be sold or otherwise disposed of without prior approval of the FBR and the payment of customs duties and taxes leviable at the time of import.”;
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(ii) in Part-VII, in Table-B, in column (1),—

- (a) against serial numbers 15 and 16, in column (4), for the figure “5”, the figure “3”, shall be substituted; and
- (b) against serial number 18, in column (4), for the figure “5”, the figure “0”, shall be substituted; and

(iii) after Part-VII, amended as aforesaid, the following new “Part-VIII”, shall be added, namely:—

“Part-VIII
Import of industrial inputs/raw materials

TABLE

S. No.	Description	PCT Code	Customs Duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
1	Magnesium oxide	2519.9010	0%	Nil
2	Other	2836.9990	0%	Nil
3	Cyclopentane	2902.1910	0%	Nil
4	o-Xylene	2902.4100	0%	Nil
5	Tetrafluoroethane	2903.3930	0%	Nil
6	Octanol (octyl alcohol) and isomers thereof	2905.1600	0%	Nil
7	Formic acid	2915.1100	16%	Nil
8	Sodium formate	2915.1210	0%	Nil
9	Other	3204.9000	16%	Nil
10	Vitrifiable enamels and glazes, engobes (slips) and similar preparations	3207.2000	3%	Nil
11	Of a kind used in the leather or like industries	3403.1110	16%	Nil
12	Of a kind used in the leather or like industries including fat liquors	3403.9110	16%	Nil
13	Of a kind used in the paper or like industries	3809.9200	11%	Nil
14	Of a kind used in the leather or like industries	3809.9300	11%	Nil
15	Acrylonitrile butadiene styrene (ABS) copolymers	3903.3000	0%	Nil
16	Other poly-ethers	3907.2000	0%	Nil
17	Polyurethanes	3909.5000	0%	Nil
18	Insulation tape double sided	3919.1010	0%	Nil
19	Shoe lasts	3926.9060	16%	Nil
20	Latex	4002.1100	0%	Nil
21	Other	4002.1900	0%	Nil
22	Other	4016.1090	5%	Nil
23	Containing by weight more than 50 % of graphite or other carbon or of a mixture of these products	6903.1000	3%	Nil
24	Other	6903.2090	3%	Nil
25	Adhesive tape	7607.1910	0%	Nil
26	Used with HCFC and non-CFC gases	8414.3010	0%	Nil
27	Of machines of heading 8414.1000 and 8414.3010	8414.9010	0%	Nil
28	Evaporators (roll bond / fin / tube on plate types)	8418.9910	0%	Nil

29	Machines for reeling, unreeling, folding, cutting or pinking textile fabrics	8451.5000	0%	Nil
30	Other	8452.2900	0%	Nil
31	Machinery for preparing, tanning or working hides, skins or leather	8453.1000	0%	Nil
32	Machinery for making or repairing footwear	8453.2000	0%	Nil
33	Parts	8453.9000	0%	Nil
34	Other	8465.9190	0%	Nil
35	Other	8477.3090	0%	Nil
36	Parts	8477.9000	0%	Nil
37	Injection or compression types	8480.7100	0%	Nil
38	Motors of an output not exceeding 37.5 W	8501.1000	0%	Nil
39	Other	8501.4090	16%	Nil
40	Burglar or fire alarms and similar apparatus	8531.1000	0%	Nil
41	Other	9030.8900	0%	Nil
42	Of a kind used in refrigerators, deep freezers and air conditioners	9032.1010	0%	Nil
43	Other	9032.1090	16%	Nil
44	(a) Other	3506.9190	5%	If imported by manufacturers of diapers/sanitary napkins registered under the Sales Tax Act, 1990, subject to annual quota determination and verification by the Input Output Co-efficient Organization (IOCO) and certification by the Engineering Development Board.
	(b) Other	3906.9090	5%	
	(c) Of polymers of ethylene	3920.1000	16%	
	(d) Of other plastics	3921.1900	16%	
	(e) Of polymers of ethylene	3923.2100	5%	
	(f) Weighing not more than 25 g/m ²	5603.1100	11%	
	(g) Weighing more than 25 g/m ² but not more than 70 g/m ²	5603.9200	16%	
	(h) Weighing more than 70 g/m ² but not more than 150 g/m ²	5603.9300	11%	
45	Other	1901.9090	5%	Imports by manufacturers of infant formula milk, registered under the Sales Tax Act, 1990, subject to annual quota determination and verification by the Input Output

				Co-efficient Organization (IOCO).".
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3. **Amendments of the Sales Tax Act, 1990.**—In the Sales Tax Act, 1990, the following further amendments shall be made, namely:—

- (1) in section 2, the existing clause (11A) shall be re-numbered as clause (11B) and after clause (11), the following new clause shall be inserted, namely:—

“(11A) “FBR Refund Settlement Company (Private) Limited” means the company with this name as incorporated under the Companies Ordinance, 1984 (XLVII of 1984), for the purpose of settlement of sales tax and income tax refund claims including payment by way of issuing refund bonds under section 67A;”;

- (2) after section 67, the following new section shall be inserted, namely:—

“67A. Payment of refund through sales tax refund bonds.—(1) Notwithstanding anything contained in section 67, the sales tax refunds payable under this Act may also be paid through sales tax refund bonds to be issued by FBR Refund Settlement Company (Private) Limited, in book-entry form through an establishment licensed by the Securities and Exchange Commission of Pakistan as a central depository under the Securities Act, 2015 (III of 2015), in lieu of payment to be made through issuance of cheques or bank debit advice.

(2) The Board shall issue a promissory note to FBR Refund Settlement Company (Private) Limited, hereinafter referred to as the company, incorporating the details of refund claimants and the amount of refund determined as payable to each for issuance of sales tax refund bonds, hereinafter referred to as the bonds, of the same amount.

(3) The bonds shall be issued in values in multiples of one hundred thousand Rupees.

(4) The bonds so issued shall have a maturity period of three years and shall bear annual simple profit at ten per cent.

(5) The bonds shall be traded freely in the country's secondary markets.

(6) The bonds shall be approved security for calculating the statutory liquidity reserve.

(7) The bonds shall be accepted by the banks as collateral.

(8) There shall be no compulsory deduction of *Zakat* against the bonds and *Sahib-e-Nisab* may pay *Zakat* voluntarily according to *Shariah*.

(9) After period of maturity, the company shall return the promissory note to the Board and the Board shall make the payment of amount due under the bonds, along with profit due, to the bond holders.

(10) The bonds shall be redeemable in the manner as in the preceding sub-section before maturity only at the option of the Board along with simple profit payable at the time of redemption in the light of general or specific policy to be formulated by the Board.

(11) The refund under sub-section (1) shall be paid in the aforesaid manner to the claimants who opt for payment in such manner.

(12) The Federal Government may notify procedure to regulate the issuance, redemption and other matters relating to the bonds, as may be required.”; and

(3) in the Sixth Schedule,—

(a) in Table-1, in column (1),—

- (i) against serial number 110, in column (2), after the word “Islamabad”, the expression “for the period ending on the 30th June, 2023” shall be inserted;
- (ii) for serial number 117 and entries relating thereto in columns (2) and (3), the following shall be substituted, namely:—

“117	Appliances and items required for ostomy procedures as specified in the Chapter 99 of the First Schedule to the Customs Act, 1969, subject to same conditions as specified therein	99.25”;
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- (iii) serial number 118 and entries relating thereto in columns (2) and (3), shall be omitted; and
- (iv) after serial number 149 and the entries relating thereto in columns (2) and (3), the following new serial number and the entries shall be added respectively, namely:—

“150.	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction:— Conditions: (a) the importer is registered under the Act on or after the first day of July, 2019; and (b) the industry is not established by splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from another industrial undertaking in Pakistan	Chapters 84 and 85”;
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- (b) in Table-3, in the Annexure, in column (1),—
- (i) against serial number 7, in column (2), in the entry 1, for the expression “etc”, the expression. “This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023” shall be substituted; and
- (ii) against serial number 14A, in column (2), for the expression “etc.”, the expression “as imported on or before the 30th June, 2023” shall be substituted; and
- (4) in the Ninth Schedule, in the Table, in column (1), for serial number 2 and entries relating thereto in columns (2), (3), (4) and (5), the following shall be substituted, namely:—

“2.	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:-- A. Not exceeding US\$ 30 B. Exceeding US\$ 30 but not exceeding US\$ 100 C. Exceeding US\$ 100 but not exceeding US\$ 200 D. Exceeding US\$ 200 but not exceeding US\$ 350 E. Exceeding US\$ 350 but not exceeding US\$ 500 F. Exceeding US\$ 500	Rs. 150 Rs. 1,470 Rs. 1,870 Rs. 1,930 Rs. 6,000 Rs. 10,300	Rs. 150 Rs. 1,470 Rs. 1,870 Rs. 1,930 Rs. 6,000 Rs. 10,300	— ”;
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4. Amendment of Income Tax Ordinance, 2001 (XLIX of 2001).—

In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made which shall come into force at once except clauses (13)(A)(b) and (13)(B)(f) which shall take effect from the first day of July, 2019, namely:—

- (1) in section 4B, for the expression “to 2020”, the words “and onwards” shall be substituted;
- (2) in section 5A, in sub-section (1), for the expression “year 2017 and onwards”, the expression “years 2017 to 2019” shall be substituted;
- (3) in section 37A, in sub-section (5), for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that so much of the loss sustained on disposal of securities in tax year 2019 and onwards that has not been set off against the gain of the person from disposal of securities chargeable to tax under this section shall be carried forward to the following tax year and set off only against the gain of the person from disposal of securities chargeable to tax under this section, but no

such loss shall be carried forward to more than three tax years immediately succeeding the tax year for which the loss was first computed.”;

- (4) in section 49, after sub-section (4), in the proviso, after the words “licenses”, the words “and renewal thereof” shall be inserted;
- (5) after section 99A, the following new section shall be inserted, namely:—

“99B. Special procedure for small traders and shopkeepers.—Notwithstanding anything contained in this Ordinance, the Federal Government may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, filing of return and assessment in respect of such small traders and shopkeepers, in such cities or territories, as may be specified therein.”;

- (6) in section 123, after sub-section (1), the following new sub-section shall be inserted, namely:—

“(1A) Where an offshore asset of any person, not declared earlier, is discovered by the Commissioner or any department or agency of the Federal Government or a Provincial Government, the Commissioner may at any time before issuing any assessment order under section 121 or amended assessment order under section 122, issue to the person a provisional assessment order or provisional amended assessment order, as the case may be, for the last completed tax year of the person taking into account the offshore asset discovered.”;

- (7) in section 148, in sub-section (8), clause (a) shall be omitted;
- (8) in section 165,—

(A) in sub-section (1),—

- (a) for the word “monthly”, wherever occurring, the word “biannual” shall be substituted;
- (b) for the word “month”, wherever occurring, the word “half-year” shall be substituted; and

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

“(2) Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax under Division III of this Part of Chapter XII shall furnish statements under sub-section (1) as per the following schedule, namely:—

- (a) in respect of the half-year ending on the 30th June, on or before the 31st day of July; and
- (b) in respect of the half-year ending on the 31st December, on or before the 31st day of January”; and
- (C) after sub-section (2A), the following new sub-section shall be inserted, namely:—

“(2B) Notwithstanding anything contained in this section, the Commissioner as he deems fit may by notice in writing require any person, collecting or deducting tax under this Ordinance, to furnish a statement for any period specified in the notice within such period of time as may be specified in the notice.”;

- (9) in section 227C, in clause (b),—

(A) in the first proviso,—

- (i) for clause (i), the following shall be substituted, namely:—

“(i) locally manufactured motor vehicle; or”; and

- (ii) in clause (ii), after the word “Pakistanis”, the words “or a non-resident Pakistani citizen holding international passport” shall be inserted; and

(B) in the second proviso, in clause (ii), after the word “Pakistanis”, the words “or a non-resident Pakistani citizen holding international passport” shall be inserted;

- (10) for section 230E, the following shall be substituted, namely:—

“230E Directorate General of International Tax Operations,— (1) The Directorate General of International Tax Operations shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and

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

- (2) The Board may, by notification in the official Gazette,—
 - (a) specify the functions and jurisdiction of the Directorate General and its officers; and
 - (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.

(3) The functions and powers of the Directorate General of International Tax Operations shall include but not limited to—

- (a) receive and send information from other jurisdictions under spontaneous, automatic and on demand exchange of information under exchange of information agreements;
- (b) levy and recover tax by passing an assessment order under section 123(1A) in case of undeclared off-shore assets and incomes;
- (c) receive, transmit and exchange country by country reports to the jurisdictions that are parties to international agreements with Pakistan; and
- (d) conduct transfer pricing audit in cases selected for such audit by the Director General of International Tax Operations.

(4) The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit.

Explanation.—For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177 and 214C which is audit of the income tax affairs of the taxpayer.”;

- (11) in section 233A, after sub-section (2), the following new sub-section shall be added, namely:—

“(3) This section shall not apply from the first day of March, 2019.”;

(12) in the First Schedule,—

(A) in Part I, in Division IIA, in the Table, in column (1),—

(a) against S. No. 1.,—

(i) in column (3), for the figure “0”, the figure “4” shall be substituted; and

(ii) in columns (5) and (6), for the corresponding figures “3” and “2”, the figure “4” shall be substituted; and

(b) against S. No. 2., in column (5), for the figure “1”, the figure “0” shall be substituted;

(B) in Part II, after the Table, in the proviso, in clause (b), for the full stop at the end, a colon shall be substituted and thereafter the following second proviso shall be added, namely:—

“Provided further that the rate of tax on value of import of mobile phone by any person shall be as set out in the following Table, namely:—

Table

S.No.	C & F Value of mobile phone (in US Dollar)	Tax (in Rs.)
(1)	(2)	(3)
1	Up to 30	70
2	Exceeding 30 and up to 100	730
3	Exceeding 100 and up to 200	930
4	Exceeding 200 and up to 350	970
5	Exceeding 350 and up to 500	3,000
6	Exceeding 500	5,200”;

(C) in Part IV,—

(a) in Division VI, the expression “0.3% of the cash amount withdrawn for filers and” shall be omitted;

- (b) in Division VIA, for the expression “0.3% of the transaction for filers and 0.6%”, the expression “0.6% of the transactions” shall be substituted;
- (c) in Division VII, in clause (1), in the Table, against S. No. 1 to 9, for the entries in column (4), the following shall respectively be substituted, namely:—

“Rs. 15,000
Rs. 37,500
Rs. 60,000
Rs. 150,000
Rs. 225,000
Rs. 300,000
Rs. 450,000
Rs. 600,000
Rs. 675,000”;

- (d) in Division XI, after the Table, the following new proviso shall be added, namely:—

“Provided further that the rate for the function of marriage in a marriage hall, marquee or a community place with the total function area less than 500 square yards or, in case of a multi storied premises, with the largest total function area on one floor less than 500 square yards, shall be 5% of the bill ad valorem or Rs. 5,000 per function whichever is higher.”;

(13) in the Second Schedule,—

(A) in Part I,—

- (a) In clause (66), after sub-clause (lxii), the following sub-clauses shall be added, namely:—

“(lxiii) National Disaster Risk Management Fund.

(lxiv) Deposit Protection Corporation established under sub-section (1) of section 3 of Deposit Protection Corporation Act, 2016 (XXXVII of 2016).

(lxv) SARMAYA-E-PAKISTAN LIMITED.”; and

- (b) after the omitted clause (103B), the following new clause shall be inserted, namely:—

“(103C) Dividend income derived by a company, if the recipient of the dividend, for the tax year has availed group relief under section 59B, computed according to the following formula—

$$A \times B / C$$

Where—

- A is the amount of dividend;
- B is the shareholding of the company receiving the dividend in the company distributing the dividend; and
- C is the total ordinary share capital of the company distributing the dividend.”;
- (c) in clause (126I), for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that this clause shall also apply to such undertaking set up between the 1st March, 2019 and the 30th June, 2023 for a period of five years beginning from the date such industrial undertaking is set up.”;

- (d) after clause (126N), the following new clause shall be inserted, namely:—

“(126O) Profits and gains of a company from a green field industrial undertaking for a period of five years incorporated on or after the first day of July, 2019 provided that the green field industrial undertaking is not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan before the commencement of the new business.”; and

(B) in Part IV,—

(a) in clause (11A), after sub-clause (xxx), the following sub-clauses shall be added, namely:—

“(xxxix) National Disaster Risk Management Fund.

(xxxii) Deposit Protection Corporation established under sub-section (1) of section 3 of the Deposit Protection Corporation Act, 2016 (XXXVII of 2016).

(xxxiii) SARMAYA-E-PAKISTAN LIMITED.

(xxxiv) Green field industrial undertaking qualifying for exemption under clause (126O) of Part I of the Second Schedule.”;

(b) after clause (36A), the following new clauses shall be inserted, namely:—

“(36B) The provisions of section 151 shall not apply to profit on debt paid on promissory notes and sales tax refund bonds issued under the provisions of the Sales Tax Act, 1990.

(36C) The provisions of section 151 shall not apply to profit on debt paid on Pakistan Banao Certificate.

(36D) The provisions of sections 150 and 151 shall not apply to SARMAYA-E-PAKISTAN LIMITED.

(36E) The provisions of section 151 shall not apply on profit on debt paid on bonds issued under the Federal Government Duty Drawback Bonds Rules, 2019.”;

(c) after clause (60C), the following new clauses shall be added, namely:—

(60D) The provisions of section 148 shall not apply on import of fire fighting equipments by industrial

undertakings set up in the special economic zones established by the Federal Government.”;

- (d) after clause (38C), the following new clause shall be inserted, namely:—

“(38D) The provisions of section 151 and 153 shall not apply to the National Disaster Risk Management Fund.”;

- (e) after clause (81), the following new clause shall be inserted, namely:—

“(81A) The provisions of clause (a) of sub-section (1) of section 165 shall not apply to banking companies for furnishing information of taxes collected and deducted under sections 231A and 151.”;

- (f) after clause (95), the following new clause shall be inserted, namely:—

“(95A) The provisions of section 236A shall not apply in respect of auction of franchise rights to participating teams in a national or international league organized by any board or other organization established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by the Government with effect from the first day of July, 2019.”;

- (g) after clause (101), the following new clause shall be inserted, namely:—

“(101A) The provisions of section 231A shall not apply to a Pak Rupee account if the deposits in the account are made solely from foreign remittances credited directly into such account.”; and

- (h) after clause (110), the following new clause shall be added, namely:—

“(111) The provisions of section 4B shall not apply to so much of the income of banking company as defined in the said section subject to reduced rate of tax

at 20% under rules 7D, 7E and 7F of the Seventh Schedule for tax years 2020 to 2023.”;

- (14) in the Seventh Schedule, after rule 7C, the following new rules shall be inserted, namely:—

“7D. Reduced rate of tax on additional advances for micro, small and medium enterprises.—(1) The taxable income interest income arising from additional advances to micro, small and medium enterprises, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule.

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the advances to micro, small and medium enterprises to determine the applicability of the reduced rate of tax.

(4) For the purposes of this rule, the term “micro, small and medium enterprises” shall have the same meaning as provided in Prudential Regulations issued by the State Bank of Pakistan.

(5) “Additional advances” means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year.

(6) The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely:—

Taxable income subject to reduced rate of tax = $A \times B/C$

Where—

- A. is taxable income of the banking company;
- B. is net mark-up income earned from such additional advances for the tax year as declared in the annual accounts; and

- C. is total of the net mark-up and non mark-up income of the banking company as per accounts.

7E. Reduced rate of tax on additional advances for low cost housing.— (1) The taxable income arising from additional advances for low cost housing, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule.

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the advances made for low cost housing to determine the applicability of the reduced rate of tax.

(4) For the purposes of this rule, the term “low cost housing” shall have the same meaning as provided in Prudential Regulations issued by the State Bank of Pakistan.

(5) “Additional advances” means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year 2019.

(6) The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely:—

Taxable income subject to reduced rate of tax = $A \times B/C$

Where—

- A. is taxable income of the banking company;
- B. is net mark-up income earned from such additional advances for the tax year as declared in the annual accounts; and

- C. is total of the net mark-up and non mark-up income of the banking company as per accounts.

7F. Reduced rate of tax on additional advances as Farm Credit.— (1) The taxable income arising from additional advances for Farm Credit in Pakistan, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule.

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the advances made for Farm Credit to determine the applicability of the reduced rate of tax.

(4) For the purposes of this rule, the term "Farm Credit" shall have the same meaning as provided in Prudential Regulations issued by the State Bank of Pakistan for agriculture financing excluding such advances made to a company as defined in section 80.

(5) "Additional advances" means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year 2019.

(6) The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely:—

Taxable income subject to reduced rate of tax = $A \times B/C$

Where—

- A. is taxable income of the banking company;

- B. is net mark-up income earned from such additional advances for the tax year as declared in the annual accounts; and
- C. is total of the net mark-up and non mark-up income of the banking company as per accounts.”.

5. Amendments of the Federal Excise Act, 2005.—In the Federal Excise Act, 2005, the following further amendments shall be made, namely:—

- (1) in section 29, in sub-section (2), in clause (aa), in sub-clause (ii), for the expression “section 30”, the expression “sub-section (1) of section 29” shall be substituted; and
- (2) in the First Schedule,—
- (a) in the TABLE I, in column (1),—
- (i) against serial number 55,—
- (A) in column (2), after the word “above”, occurring twice, the expression “, but not exceeding 3000 cc” shall be inserted; and
- (B) in column (4), after the word “twenty” the expression “-five” shall be inserted; and
- (ii) after serial number 55 and the entries relating thereto in columns (2), (3) and (4), amended as aforesaid, the following new serial numbers and entries relating thereto shall respectively be inserted, namely:—

“55A	Imported motor cars, SUVs and other motor vehicles of cylinder capacity exceeding 3000cc principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity exceeding 3000cc	87.03	Thirty per cent <i>ad val.</i>
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55B	Locally manufactured or assembled motor cars, SUVs and other motor vehicles of cylinder capacity of 1700cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1700cc or above	87.03	Ten per cent <i>ad val.</i> ”.
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6. **Amendments in Finance Act, 2018.**—In the Finance Act, 2018 (XXX of 2018), in section 10, for the “TABLE”, the following shall be substituted namely:—

“TABLE

S. No.	Mobile Phones having C&F Value (US Dollars)	Rate of levy per set in Pak Rupees
(1)	(2)	(3)
1	Up to 30	Nil
2	Above 30 and up to 100	Nil
3	Above 100 and up to 200	500
4	Above 200 and up to 350	1500
5	Above 350 and up to 500	3500
6	Above 500	7000”.

TAHIR HUSSAIN,
Secretary.