

Finance Bill

2005

A
BILL

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2005, and to enact and amend certain laws:

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2005, and to enact and amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title, extent and commencement.— (1) This Act may be called the Finance Act, 2005.

(2) It extends to the whole of Pakistan.

(3) It shall, unless otherwise hereinafter provided, come into force on the first day of July, 2005.

Substitution of Act of 1944.— The provisions of the Central Excises Act, 1944 (I of 1944), are hereby substituted in manner specified in the First Schedule to this Act.

3. Amendments of Act IV of 1969.— The following further amendments shall be

made in the Customs Act, 1969 (IV of 1969), namely:—

(1) in section 2,—

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

“(fa) “Collector” means Collector of Customs appointed under section 3 and includes any other officer equivalent in rank with any other designation appointed under this Act to perform specified functions in his own jurisdiction;

(b) in clause (la)

(i) for the commas, figure and letter “79A,” the word “or” shall be substituted; and

(ii) the word, figure and letter “or 131A” shall be omitted;

(c) after clause (p), the following new clause shall be inserted, namely:—

“(pa) “person” includes a company, an association, a body of individuals whether incorporated or not”;

- (2) after section 3, the following new sections shall be inserted, namely
:-

“3A. The Directorate General (Intelligence and Investigation), Customs and Central Excise.– The Directorate General (Intelligence and Investigation) Customs and Central Excise, shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

3B. Directorate General of Inspection and Internal Audit.– The Directorate General of Inspection and Internal Audit shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

3C. Directorate General of Training and Research.– The Directorate General of Training and Research shall consist

of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

3D. Directorate General, Valuation and Post- Clearance

Audit.— The Directorate General Valuation and Post-Clearance Audit 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.

3E. Powers and functioning of the Directorates, etc.—

The Board may specify the functions, jurisdiction and powers of the Directorates specified in the preceding sections and their officers by notification in the official Gazette.”;

- (3) section 5 shall be renumbered as sub-section (1) of that section and after sub-section (1), renumbered as aforesaid, the following new sub-section shall be added, namely:—

“(2) Unless the Board in any case otherwise directs, the

Director General, Director, and Collector may authorize any officer to exercise within any specified area any of the powers of the Director General, Director, Collector or any other officer of Customs under this Act.”;

(4) for section 17, the following shall be substituted, namely:–

“17. Detention, seizure and confiscation of goods imported in violation of section 15 or section 16.– Where any goods are imported into, or attempted to be exported out of, Pakistan in violation of the provisions of section 15 or of a notification under section 16, such goods shall, without prejudice to any other penalty to which the offender may be liable under this Act or the rules made thereunder or any other law, be liable to detention, for seizure or confiscation subject to approval of an officer not below the rank of an Assistant Collector of Customs, and seizure for confiscation through adjudication, if required.”;

(5) for section 18, the following shall be substituted, namely:–

“18. Goods dutiable.– (1) Except as hereinafter provided, customs duties

shall be levied at such rates as are prescribed in the First Schedule or under any other law for the time being in force on,—

- (a) goods imported into Pakistan;
 - (b) goods brought from any foreign country to any customs station, and without payment of duty there, transshipped or transported for, or thence carried to, and imported at any other customs station; and
 - (c) goods brought in bond from one customs station to another.
- (2) No export duty shall be levied on the goods exported from Pakistan.
- (3) The Federal Government may, by notification in the official Gazette, levy, subject to such conditions, limitations or restrictions as it may deem fit to impose, a regulatory duty on all or any of the goods to be imported or exported, as specified in the First Schedule at a rate not exceeding one hundred per cent of the value of such goods as determined under section 25.

- (4) The regulatory duty levied under sub-section (3) shall,—
- (a) be in addition to any duty imposed under sub-section (1) or under any other law for the time being in force; and
- (b) be leviable on and from the day specified in the notification issued under that sub-section, notwithstanding the fact that the issue of the official Gazette in which such notification appears is published at any time after that day.”;
- (6) before section 19, the following new section shall be inserted, namely:—

“18C. Rates of duty and taxes and determination of origin under trade agreements.— (1) Where under a trade agreement between the Government of Pakistan and the Government of a foreign country or territory, duty at a rate lower than that specified in the First Schedule is to be charged on articles which are the produce or manufacture of

such foreign country or territory, the Federal Government may, by notification in the official Gazette, make rules for determining if any article is the produce or manufacture of such foreign country or territory and for requiring the owner to make a claim at the time of importation, supported by such evidence as may be prescribed in the said rules, for assessment at the appropriate lower rate under such agreement.

- (2) Where in respect of any article, a preferential rate of duty is specified in the First Schedule, or is admissible by virtue of a notification under sub-section (1), the duty to be levied and collected shall be at the standard rate unless the owner of the article claims at the time of importation that it is chargeable with a preferential rate of duty, being the produce or manufacture of such preferential or free trade area, as is notified under sub-section (3) and the article is determined, in accordance with the rules made under sub-section (1) to be such produce or manufacture.
- (3) For the purposes of this section and the First Schedule, “preferential area or free trade area” means any country or

territory which the Federal Government may, by notification in the Official Gazette, declare to be such area.

- (4) Notwithstanding anything contained in sub-sections (1) and (2), where the Federal Government is satisfied that, in the interests of trade including promotion of exports, it is necessary to take immediate action for discontinuing the preferential rate or increasing the preferential rate to a rate not exceeding the standard rate, or decreasing the preferential rate, in respect of an article specified in the First Schedule, the Federal Government may, by notification in the official Gazette, direct discontinuation of, or increase or decrease, as the case may be, the preferential rate.”;

- (7) in section 19, after the word “thereon” at the end, the commas and words “and may remit fine, penalty, charge or any other amount recoverable under this Act” shall be added;

- (49) in section 215, after the words “post”, the words “or the courier service or by any other mode of transmission subject to acknowledgement receipt” shall be inserted.

(50) for the words, comma, figure and brackets “Central Excises & Salt Act, 1944 (I of 1944)”, wherever occurring, the words, comma and figure “Federal Excise Act, 2005” shall be substituted;

(51) the Second Schedule is hereby repealed; and

(52) the amendments set out in the Schedule shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969).

4. Amendment of Schedule, W.P. Ordinance XX of 1969.— In the Minimum Wages for Unskilled Workers Ordinance, 1969 (W.P. Ordinance XX of 1969), in the Schedule, in column (2), for the figure “2500”, occurring thrice, the figure “3000” shall be substituted and shall be deemed to have been so substituted on the first day of January, 2005.

5. Amendment of Act XIV of 1976.— The following further amendments shall be made in the Employees’ Old Age Benefits Act, 1976 (XIV of 1976), namely:—

In the aforesaid Act,—

(1) in section 2, —

(a) clause (oa) shall be omitted;

(b) for clause (p) the following shall be substituted, namely:—

“(p) “wages” means the rates of wages as declared under the Minimum Wages for Unskilled Worker Ordinance, 1969 (W.P.Ordinance XX of 1969)”

(2) in section 7, in sub-section (2),—

(a) in clause (b), —

(i) for the word “four” the word “two” shall be substituted; and

(ii) the words and comma “Commerce, Industries” shall be omitted; and

(b) in clause (f), for the word “two” the word “one” shall be substituted;

(3) in section 9, —

(a) in sub-section (1), —

(i) for the word “five” the word “six” shall be substituted;

(ii) the first proviso shall be omitted;

(iii) in the second proviso the word “further” shall be omitted and for the colon at the end and the full stop shall be substituted;

(iv) the third proviso shall be omitted; and

(b) sub-section 4 shall be omitted;

(4) in section 9B for the words "twenty rupees" the words "one percent of the wages" shall be substituted;

(5) in section 12,—

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

"(2) The official referred to in sub-section (1) shall not demand production of account book and other documents referred to in clause (b) of sub-section (1) for a period of two years from the date of registration of the establishment or the 1st day of July, 2005, whichever is later, if the employer does not reduce the number of insured persons in respect of whom contribution are paid under section 9:

Provided that on expiry of two years' period, if the employer enhances the number of insured persons by at least ten percent, it shall be accepted without any question otherwise checking of record shall be done as provided in sub-section (1), by an officer not below

(8) after section 19, the following new sections shall be

inserted, namely:—

“19A. Presumption that incidence of duty has been passed on to the buyer.— Every person who has paid the customs duty and other levies on any goods under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such customs duty and other levies to the buyer as a part of the price of such goods.

19B. Rounding off of duty, etc.— The amount of duty, interest, penalty, fine or any other sum payable, and the amount of refund, drawback or any other sum due, under the provisions of this Act shall be rounded off to the nearest one hundred rupees and, for this purpose, where such amount is fifty rupees or more, it shall be increased to one hundred rupees and if such part is less than fifty rupees, it shall be ignored.”;

- (9) in section 20, after the word “thereon”, at the end, the words and commas “and may remit fine, penalty, charge or any other amount recoverable under this Act “ shall be added;

(10) in section 21 –,

(a) after clause (a), the following new clause shall be inserted, namely:–

(ab) the payment of any amount to the importer or local buyer of any goods in order to compensate any commitment given to that person for levy of zero or any lower rate of customs duty on the import or local procurement of any goods;

(b) in clause (c), for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:–

“Provided that no repayment may be granted in a case in which the amount involved is less than one hundred rupees;”

(c) in clause (c), for the full stop, at the end, the semicolon and word “; and” shall be substituted; and

(d) after clause (c), amended as aforesaid, the following new clause shall be added, namely:–

“(d) without prejudice to the provisions of clause (c), the Federal Government may, by notification in the Official Gazette, direct that drawback or repayment shall not be allowed in respect of any goods of specified description or may be allowed subject to such restrictions and conditions as may be specified in the notification.”;

(11) in section 25, sub-section (14) shall be omitted;

(12) in section 27, after sub-section (2), the following new sub-section shall be added, namely:—

“(3) In the case of short-landing or short-shipment of goods, the appropriate officer may, if satisfied with regard to the bonafide of short-landing or short-shipment of goods, allow reduction in duty proportionate to the goods short-landed or short-shipped on first examination.”;

(13) after section 27, the following new section shall be inserted, namely:—

“27A. Allowing denaturing or mutilation of goods.– At the request of the owner, the denaturing or mutilation or scrapping of imported goods, which are ordinarily used for more than one purpose, may be allowed, as prescribed by rules so as to render them unfit for one or more such purposes and where any goods are so denatured or mutilated or scrapped they shall be chargeable to duty at such rate as may be applicable if the goods had been imported in the denatured or mutilated form or as scrap.”;

(14) in section 30A, –

- a. in clause (b) the semi-colon and the word “and” at the end shall be substituted with the full-stop; and
- b. clause (c) shall be omitted;

(15) in section 32,–

- (a) in sub-section (3), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:–

“Provided that if the recoverable amount in a case is less than one hundred rupees, the Customs authorities shall not initiate the aforesaid action”; and

- (b) in sub-section (3A), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that if the recoverable amount in a case is less than one hundred rupees, the customs authorities shall not initiate the aforesaid action.”;

- (16) after section 32A, the following new section shall be inserted, namely:—

“32B. Compounding of offence.— Notwithstanding anything contained in section 32 and 32A or any other provision of this Act, where any person has committed a duty or tax fraud, the Collector may, with the prior approval of the Board, either before or after the institution of any proceedings for recovery of duty or tax, compound the offence if such person pays the amount of duty or tax due along with penalty as is

determined under the provisions of this Act.”;

(17) in section 33,—

(a) in the marginal note, for the words “four months” the words “one year” shall be substituted; and

(b) in sub-sections (1) and (2), for the words “six months”, occurring twice, the words “one year” shall be substituted;

(18) in section 35, in the Explanation, the word, figure and letter “or 131A” shall be omitted;

(19) in section 42,—

(a) in sub-section (2), in clause (c), in the proviso, for the full stop, at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided further that the person in charge of a conveyance, that is *en route* to Pakistan from a point

outside Pakistan shall, unless otherwise approved by the Collector, —

(a) give to the Customs, in such form and manner (for example, in an electronic form and manner) as may be approved in writing by the Collector (either generally or for a particular case or class of cases), such advance notice as may be prescribed for any or all of the following matters, namely:—

- (i) the impending arrival of the conveyance;
- (ii) its voyage;
- (iii) its crew;
- (iv) its passengers;
- (v) its cargo for discharge within Pakistan whether commercial or non-commercial;
- (vi) its commercial cargo not intended for discharge within Pakistan, if any;
- (vii) the Customs station at which the

conveyance will arrive; and

(b) on arriving within Pakistan, proceed directly to that Customs station unless directed elsewhere by an appropriate Customs officer.”;

(c) after sub-section (2), the following new sub-section shall be added, namely:—

“(3) The owner or operator of the conveyance, referred to in sub-section (1), or an agent of the owner, may provide the information referred to in paragraph (a) of that sub-section to the Customs on behalf of the person in charge of the conveyance:

Provided that the provisions of sub-section (1) and (2) shall apply to,—

(a) a conveyance that has arrived in Pakistan from a point outside Pakistan;

- (b) a conveyance departing from Pakistan for a point outside Pakistan;
- (c) a conveyance that is within Pakistan and that is carrying international cargo or international crew or any international passenger, whether or not the conveyance is also carrying domestic cargo;
- (d) any other conveyance that is within Pakistan and that a Customs officer has reasonable cause to suspect has been, or is about to be, involved in the commission of an offence under this Act or the importation or exportation of any dutiable, prohibited, restricted, notified or confiscated goods.

(4) The person in charge of, the owner of goods, any member of the crew of, and any passenger on, a conveyance to which this sub-section applies, shall, —

(a) answer any question asked by a Customs officer under this Act relating to the conveyance and its voyage and any persons or goods that are or have been carried by the conveyance; and

(b) produce forthwith, at the request of any Customs officer, any documents within that person's possession or control relating to any of those matters.”;

(20) after section 72, the following new section shall be inserted, namely:—

“72A. Responsibilities of person in charge or master of a conveyance, agent and owner of the conveyance.— The person in charge of the conveyance, master, agent for conveyance and owner of

the conveyance shall jointly and individually be responsible to submit the following information to the Collector of Customs, namely:–

- (a) loading or unloading of any container or package, etc., which is believed to contain any other goods or has different weight or quantity or freight than declared in the bill of lading or any other document in the knowledge of such person;
- (b) the name and full address with telephone number of the person who stuffed the goods in the container if he is other than the actual owner of the goods;
- (c) the name and full address with telephone number of the person who issued a consignment note or the house bill of lading in case of a person other than licenced by the customs as Customs agent; and
- (d) full details and photo copies of corrigendum or instructions issued by the owner of the goods or by other persons for change in the name of consignee or consignor or destination or regarding weight, value, description and quantity of the goods loaded on the

conveyance arriving or leaving Pakistan.”;

(21) for section 79, the following shall be substituted, namely:—

“79. Declaration and assessment for home consumption or warehousing.— (1)The owner of any imported goods shall make entry of such goods for home consumption or warehousing or for any other approved purpose by filing to the Customs a goods declaration containing correct and complete particulars of the goods and after having assessed, and, in case of the Customs Computerized System, paying his liability of duty, taxes and other charges thereon in such form and manner, as the Board may prescribe:

Provided that if, before filing a goods declaration to Customs, the owner makes a written request to the Collector of Customs or an officer designated that he is unable, for want of full information, to make a correct and complete declaration of any goods, then the Collector or the officer so designated, subject to such conditions as he may deem fit, may permit the owner to examine the goods and thereafter make entry of such goods by filing a goods declaration after

having assessed and paid his liabilities of duties, taxes and other charges:

Provided further that no goods declaration shall be filed prior to ten days of the expected time of arrival of the vessel.

(2) If an officer, not below the rank of Additional Collector of Customs, is satisfied that the rate of customs duty is not adversely affected and that there was no intention to defraud, he may, in exceptional circumstances and for reasons to be recorded in writing, permit substitution of a goods declaration for home consumption for a goods declaration for warehousing or *vice versa*.

(3) An officer of Customs, not below the rank of Assistant Collector of Customs, may in case of goods requiring immediate release allow release thereof prior to presentation of a goods declaration subject to such conditions and restrictions as may be prescribed by the Board.”;

(22) section 79A shall be omitted;

(23) for section 80, the following shall be substituted, namely:–

“80. Checking of goods declaration by the Customs.– (1) On the receipt of goods declaration under section 79, an officer of Customs shall satisfy himself regarding the correctness of the particulars of import, including declaration, assessment, and in case of the Customs Computerized System, payment of duty, taxes and other charges thereon.

(2) An officer of Customs may examine any goods that he may deem necessary at any time after the import of the goods into the country and may requisition relevant documents, as and when and in the manner deemed appropriate, during or after release of the goods by Customs;

(3) If during the checking of goods declaration, it is found that any statement in such declaration or document or any information so furnished is not correct in respect of any matter relating to the assessment, the goods shall, without prejudice to any other action which may be taken under this Act, be reassessed to duty.

(4) In case of the Customs Computerized System, goods may be examined only on the basis of computerized selectivity criteria.

(5) The Collector may, however, either condone the examination or defer the examination of imported goods or class of goods and cause it to be performed at a designated place as he deems fit and proper either on the request of the importer or otherwise.”;

(24) section 80A shall be omitted;

(25) for section 81, the following shall be substituted, namely:—

“81. Provisional determination of liability.— (1) Where it is not possible for an officer of Customs during the checking of the goods declaration to satisfy himself of the correctness of the assessment of the goods made under section 79, for reasons that the goods require chemical or other test or a further inquiry, an officer, not below the rank of Assistant Collector of Customs, may order that the duty, taxes and other charges payable on such goods, be determined provisionally:

Provided that the importer, save in the case of goods entered for warehousing, pays such additional amount on the basis of provisional assessment or furnishes bank guarantee or a post-dated cheque of a scheduled bank along with an indemnity bond for the payment

thereof as the said officer deems sufficient to meet the likely differential between the final determination of duty over the amount determined provisionally:

Provided further that there shall be no provisional assessment under this section if no differential amount of duty and tax is paid or secured against bank guarantee or post-dated cheque.

(2) Where any goods are allowed to be cleared or delivered on the basis of such provisional determination, the amount of duty, taxes and charges correctly payable on those goods shall be determined within one year of the date of provisional determination:

Provided that the Collector of Customs may, in circumstances of exceptional nature and after recording such circumstances, extend the period for final determination by not more than ninety days.

(3) On completion of final determination, the amount already paid or guaranteed shall be adjusted against the amount payable on the basis of final determination, and the difference between the two amounts shall be paid forthwith to or by the importer, as the case may be.

(4) If the final determination is not made within the period specified in sub-section (2), the provisional determination shall, in the absence of any new evidence, be deemed to be the final determination.

Explanation.— Provisional assessment means the amount of duties and taxes paid or secured against bank guarantee or post-dated cheque.”;

(26) section 81A shall be omitted;

(27) for section 82 the following shall be substituted, namely:—

“82. Procedure in case of goods not cleared or warehoused or transshipped or exported or removed from the port within one month after unloading or filing of declaration.— If any goods are not cleared for home consumption or warehoused or transshipped or are not loaded on the conveyance for export or removed from the port area within one month of their arrival at a customs station or within such extended period not exceeding fifteen days, an officer not below the rank of Assistant Collector may allow and such goods may, after the due notice given to the owner if his address could be

ascertained, or after due notice to the carrier, shipping or customs agent, custodian of the goods, as the case may be, if his address could not be ascertained, may be sold in auction or taken into custody by Customs and removed from the port to a Customs warehouse for auction under the orders of the Assistant Collector notwithstanding the fact that adjudication of the case under section 179, or an appeal under section 193, or 196, or a proceeding in any court is pending:

Provided that,—

(a) animals and perishable and hazardous goods may, with the permission of the appropriate officer, be sold or destroyed at any time;

(b) arms and ammunition or military stores may be sold or otherwise disposed of at such time and place and in such manner as the Board may, with the approval of the Federal Government, direct;

(c) in cases where goods are sold pending any adjudication, appeal or decision of the court, the proceeds of sale shall be kept in deposit and if on such adjudication, or as

the case may be, in such appeal or the decision of the court, the goods sold are found not to have been liable to confiscation, the entire sale proceeds, after necessary deduction of duties, taxes transportation and other charges or dues as provided in section 201, shall be handed over to the owner:

Provided further that where Customs removes such goods from the premises of the custodian for disposal, the charges due to the custodian shall be paid subsequently from the sale proceeds of the goods in the manner as provided under section 201:

Provided also that nothing in this section shall authorize removal for home consumption of any dutiable goods without payment of customs duties thereon;”

(28) section 82A shall be omitted;

(29) in section 83, in sub-section (1), the figures, letters and commas “79A, 80A” shall be omitted;

(30) in section 84, the figures, letters and commas “79A, 80A”

shall be omitted;

(31) for section 86 the following shall be substituted, namely:–

“86. Submission of post-dated cheque and indemnity bond.– (1)

When any such application has been made in respect of any goods, the owner of the goods to which it relates shall furnish an indemnity bond and post-dated cheque equivalent to the duty assessed under section 80 or section 81 or reassessed under section 109 on such goods,—

- (a) to observe all the provisions of this Act and the rules in respect of such goods;
- (b) to pay on or before a date specified in a notice of demand all duties, taxes, rent and charges payable in respect of such goods together with surcharge on the same from the date so specified at the rate of one per cent per month or such other rate as is for the time being fixed by the Board; and

(c) to discharge all penalties incurred for violation of the provisions of this Act and the rules in respect of such goods.

(2) Every such post-dated cheque shall be equivalent to the duties and taxes leviable on the goods or portion of the goods of one conveyance only.”;

(32) in section 98, in sub-section (1),—

(a) for the words “one year” the words “six months” shall be substituted; and

(b) in the proviso, in clause (a),—

(i) for the word “six” the words “three” shall be substituted;

(ii) for the words “three months” the words “one month” shall be substituted;

(33) in section 109, the figures, letters and commas “79A, 80A” shall be omitted;

(34) for section 112 the following shall be substituted, namely:—

“112. Encashment of post-dated cheque.– (1) Where the owner fails to clear bonded goods for the purposes specified in this Chapter within the warehousing period, the post-dated cheque submitted under section 86 by the owner of goods may be got encashed after the expiry of warehousing period.

(2) In case the post-dated cheque is not encashed for any reason, the Collector of customs or any officer designated by him may detain the owner's goods whether lying in any warehouse or freshly imported for public auction and adjustment of sale proceeds against the amount of duties, taxes, surcharges, rents and penalties, etc., which may have become payable on goods warehoused but not cleared within the specified period and the surplus amount, if any, shall be disposed of in the manner provided in section 201.

(35) for section 131 the following shall be substituted, namely:–

“131. Clearance for exportation.– (1) No goods shall be loaded for exportation until,–

- (a) the owner of any goods to be exported has made a declaration in such form and manner as prescribed by the Board, by filing a goods declaration to Customs containing correct and complete particulars of his goods, and assessed and paid his liability of duty, taxes and other charges, if any;
 - (b) the claim of duty drawback, if any, has been calculated and reflected in the declaration filed for export through Customs Computerized System;
 - (c) Customs has, on the receipt of goods declaration under clause (a), satisfied itself regarding the correctness of the particulars of export, including declaration, assessment, and payment of duty, taxes and other charges and verified the admissibility of the duty drawback claimed as specified in clause (b); and
 - (d) the appropriate officer has permitted passenger's baggage or mail bags, to be exported notwithstanding clauses (a), (b) and (c).
- (2) If any goods or class of goods imported and lying within the port area, are intended to be exported by its owner, the

Collector may allow the export subject to the conditions as the Board may, from time to time, notify:

Provided that the Board may in the case of any customs station or wharf, by notification in the official Gazette and subject to such restrictions and conditions, if any, as it thinks fit, exempt any specified goods or class of goods or any specified person or class of persons, from all or any of the provisions of this section:

Provided further that the Collector, where Customs Computerized System has not been introduced for reasons to be recorded in writing, may cause the examination of goods or any class of goods or goods belonging to a particular exporter or class of exporters at a designated place as he deems fit and proper.”;

(36) section 131A, shall be omitted;

(37) in section 138, for the words "the Collector of Customs " the words "an officer of Customs not below the rank of Additional Collector of Customs" shall be substituted;

(38) in section 156, in sub-section (1), in the Table,—

(a) in serial No. 8, in column 2, in the proviso, the words “essential to the life of the community” shall be omitted; and

(b) serial No. 8 shall be renumbered as sub-paragraph of that serial number and after (i) sub-paragraph (i) re-numbered as aforesaid, the following new sub-paragraph and the entries relating thereto in columns 1 and 2 shall be added, namely:—

“(ii) If the smuggled goods are such goods narcotics or psychotropic substances or controlled substances, — shall be liable to confiscation and any person concerned in the offence shall be liable to —

(a) and the quantity seized is upto 100 grams; imprisonment which may extend to two years, or with fine, or with both;

(b) exceeds one hundred grams, but does not exceed one kilogram; imprisonment which may extend to seven years and fine;

- (c) exceeds the limit of one kilogram; and death or imprisonment for a term which may extend to fourteen years and shall also be liable to fine which may be up to one million rupees;
- (d) exceeds the limit of ten kilograms, punishment shall not be less than imprisonment for life.”;

- (c) in serial No. 12, for the entry in column (2), the following shall be substituted, namely:–

“such person shall be liable to a penalty not exceeding one hundred thousand rupees and on conviction by a Special Judge shall be liable to imprisonment for a term not exceeding two years, fine, or with both.”;

- (d) after serial No. 39 and entries relating thereto in columns (1), (2) and (3), the following new serial number and entries relating thereto shall be inserted, namely:–

“39A, The person such person, 72A”
incharge of a master, agent or
conveyance or owner shall be

master or agent or owner of the conveyance who fails to supply information or documents *suo moto* liable to penalty not exceeding two hundred thousand rupees and on conviction by a Special Judge, he shall further be liable to imprisonment for a term which may extend to three years or with fine, or with both.”;

- (e) in serial No. 43, in column (3), the figures, letters, comma and word “79A, and 80A” shall be omitted;
- (f) in serial No. 44, in column (3), the figures, letters, comma and word “79A, and 131A” shall be omitted;
- (g) in serial No. 47, in column (3), the word, figure and letter “and 79A” shall be omitted;
- (h) in serial No. 50, in column (2), after the word “confiscation”, at the end the words “and any person guilty of such offence, aiding or abetting shall be liable to a penalty not exceeding five hundred thousand rupees” shall be added;
- (i) in serial No. 62,—
 - (i) in column (1), after the word “duty”, the words “or replaces with other goods” shall be inserted.; and

- (ii) in column (2), for the words “twenty-five thousand”, the words “five hundred thousand” shall be substituted;
- (j) in serial No. 63, in column (2), for the words “twenty-five thousand”, the words “five hundred thousand” shall be substituted;
- (k) in serial No. 66, in columns (1) and (3), the word, figure and letter “and 131A” shall be omitted;
- (l) serial No. 89 shall be renumbered as sub-paragraph (i) thereof and after sub-paragraph (i), re-numbered as aforesaid, the following new sub-paragraph and the entries relating thereto in columns (1) and (2) shall be added, namely:–

- “(ii) If the smuggled goods are such goods narcotics or psychotropic substances or controlled substances,– shall be liable to confiscation and any person concerned in the offence shall be liable to –
 - (a) and the quantity seized is upto 100 grams; imprisonment which may extend to two years, or with fine, or with both;
 - (b) exceeds one hundred grams, but does not exceed one kilogram; imprisonment which may extend to seven years and fine;

- (c) exceeds the limit of one kilogram; and death or imprisonment for a term which may extend to fourteen years and shall also be liable to fine which may be up to one million rupees;
- (d) exceeds the limit of ten kilograms, punishment shall not be less than imprisonment for life.;

(39) in section 169, in sub-section (4) for the word, figure and letter “section 194A”, the words, figures and letter “section 193 or section 194A shall be substituted;

(40) in section 179, in sub-section (1),–

- (a) the serial number (i) and the entries relating thereto shall be omitted; and
- (b) against serial number (ii) first column, in third column, for the words, “not exceeding one million rupees” the words “without limit” shall be substituted;

(41) in section 185F, after the word “Government”, the words

and comma "the Central Board of Revenue, the Collector Customs or any other officer authorized in this behalf by the Board" shall be inserted;

(42) in section 193, in sub-section (1),—

- (a) for the word “including”, the words “other than”; shall be substituted; and
- (b) the words “lower in rank than an Additional Collector of Customs” shall be omitted;

(43) in section 194-A, in sub-section (1), clause (a) shall be omitted;

(44) in section 195C,—

- (a) in sub-section (2), after the word “Advocates”, the words “Tax Consultants”, shall be inserted;
- (b) in sub-section (5) after the word “determined” the words “if any” shall be inserted; and
- (c) sub-section (6) shall be omitted;

(45) for section 196 the following shall be substituted, namely:—

“196. Reference to High Court. – (1) Within ninety days of the communication of order of the Appellate Tribunal under sub-section (3) of section 194B, the aggrieved person or the Collector may prefer an application, in the prescribed form along with a statement of the case, to the High Court, stating any question of law arising out of such order.

(2) The statement to the High Court, referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law, which arises out of such order.

(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order, referred to in sub-section (1), it may proceed to hear the case.

(4) A reference to the High Court under this section shall be heard by a Bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908), shall apply so far as may be, notwithstanding anything contained in any other law for the time being in force.

(5) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Tribunal's order shall stand modified accordingly. The Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

(6) Notwithstanding that a reference has been made to the High court, the duty shall be payable in accordance with the order of the Appellate Tribunal:

Provided that, if the amount of duty is reduced as a result of the judgment in the reference by the High Court, and any amount of duty is found refundable, the High Court may, on application submitted by the Collector, within thirty days of the receipt of the judgement of the High Court, that he wants to prefer petition for leave to appeal to the Supreme Court, make an order authorizing the Collector to postpone the refund until the disposal of the appeal by the Supreme Court.

(7) Where recovery of duty has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on

which it is made unless the appeal is decided, or such order is withdrawn by the High Court earlier.

(8) Section 5 of the Limitation Act, 1908 (IX of 1908), shall apply to an application made to the High Court under sub-section (1).

(9) An application under sub-section(1) by a person other than the Collector shall be accompanied by a fee of one hundred rupees.

(46) in section 198, for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

"Provided that the Collector may, for reasons to be recorded in writing, defer the examination of goods or class of goods belonging to a particular importer or class of importers, exporters or class of exporters and cause it to be performed at a designated place he deems fit and proper.";

(47) in section 207, after the words "business" the words " or issuance of bill of lading" shall be inserted;

in section 211, for the words “five years” the words “three years”, shall be substituted. the rank of Assistant Director, duly authorized in this behalf and no question shall be asked about the previous two years.”; and

(b) in sub-section (3) after the word “purpose”, the words “ in the prescribed manner” shall be added;

(6) section 12A shall be omitted; and

(7) in the Schedule, in paragraph (2), in the proviso,—

(a) for the words “seven hundred” the words “one thousand” shall be substituted; and

(b) for the words, comma and figure “first day of November, 2001” the words, comma and figure “first day of January,2005” shall be substituted.

(6) **Amendment of Finance Act, 1989 (V of 1989).**— The following further amendment shall be made in the Finance Act, 1989 (V of 1989), namely:-

(i) In the aforesaid Act, in section 7, in sub-section (10), in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the

following further proviso shall be added, namely:—

“Provided further that with a view to facilitate the process of privatization, the sale of assets of Kot Addu Power Station shall be exempt from payment of capital value tax and shall be deemed to have always been so exempt with effect from 27th June, 1996.”

7. Amendment in Sales Tax Act, 1990.— The following further amendments shall be made in the Sales Tax Act, 1990, namely:—

In the aforesaid Act,—

(1) in section 2,—

(a) in clause (2A), for the words “additional tax” the words “default surcharge” shall be substituted;

(b) after clause (6A), the following new clause shall be inserted, namely:—

“(6B) “**Default Surcharge**” means the surcharge payable by a defaulter at the rate specified in section 34 of this Act;”;

(c) in clause (27), the words “or the importer” shall be omitted;

(d) in clause (34),–

(i) the words “or enlistment tax” shall be omitted; and

(ii) for the words “additional tax” the words “default surcharge” shall be substituted; and

(e) in clause (37), in sub-clause (ii), for the comma at the end, a semicolon and the word “; or” shall be substituted and thereafter the following new sub-clause shall be added, namely:–

“(iii) falsifying the sales tax invoices”;

(2) in section 3AA,–

(a) in sub-section (1), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:–

“Provided that the Federal Government may, subject to such

conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any goods or class of goods imported into or produced or any taxable supplies made by a registered retailer or class of registered retailers, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.”; and

(b) sub-section (4) shall be omitted.

(3) in section 5, in clause (b),—

(a) in sub-clause (i), for the words “bill of entry” the words “goods declaration” shall be substituted; and

(b) in sub-clause (ii), for the words “bill of entry”, occurring thrice, the words “goods declaration” shall be substituted;

(4) in section 7, in sub-section (1), in the proviso, for the word “three” the word “twelve” shall be substituted;

(5) in section 10,—

- (a) in the heading, the words “carried forward or” shall be omitted;
- (b) in sub-section (1) ,–
 - (i) for the words “carried forward by the registered manufacturer, importer, wholesaler or retailer to the next tax period and shall be treated as input tax for that tax period” the words “refunded to the registered person” shall be substituted;
 - (ii) for the first proviso, the following shall be substituted, namely:–

“Provided that any excess amount of tax shall be refunded to the registered person subject to such conditions, restrictions and limitations as the Board may, by notification in the official Gazette, specify”; and
 - (iii) the second proviso shall be omitted; and
- (c) in sub-section (3), for the words “additional tax”, occurring twice, the words “default surcharge” shall be substituted;

(6) in section 11,—

- (a) in sub-section (1), for the words “additional tax”, occurring twice, the words “default surcharge” shall be substituted; and
- (b) in sub-section (2), for the words “additional tax”, the words “default surcharge” shall be substituted;

(7) in section 11A,—

- (a) the words “or enrolled” shall be omitted; and
- (b) for the words “additional tax” the words “default surcharge” shall be substituted;

(8) in section 21, in sub-section (2),—

- (a) the comma and the words “, evaded tax” shall be omitted; and
- (b) after the word “has” the word “otherwise” shall be inserted;

(9) in section 22, in sub-section (1),—

- (a) after the word “purchased” the comma and word “, imported” shall be inserted;
 - (b) the existing clause (c) shall be relettered as clause (d) and for clause (c) relettered as aforesaid, the following new clause shall be inserted, namely:–
 - “(c) records of goods imported shall show the description, quantity and value of goods and the amount of tax paid on imports;”;
 - (c) the existing clauses (d) and (e) shall be relettered as clauses (e) and (f), respectively; and
 - (d) in the proviso, the words “turnover tax or” shall be omitted;
- (10) in section 23, after sub-section (2), following new sub-section shall be added, namely:–
- “(3) A registered person making a taxable supply may, subject to such conditions, restrictions and limitations as the Board may, by

notification in the official Gazette, specify, issue invoices to another registered person electronically and to the Board as well as to the Collector, as may be specified.”;

(11) in section 24,—

(a) in the heading, for the word “five” the word “three” shall be substituted; and

(b) for the word “five” the word “three” shall be substituted;

(12) in section 25, in sub-section (5), for the words “additional tax”, wherever occurring, the words “default surcharge” shall be substituted;

(13) in section 26, in sub-section (4), for the words “additional tax”, occurring thrice, the words “default surcharge” shall be substituted;

(14) in section 26AA, in sub-section (4), for the words “additional tax”, occurring thrice, the words “default surcharge” shall be substituted;

(15) in section 30, in clause (b), for the word “Adjudication” the word “Appeals” shall be substituted;

(16) after section 30, the following new sections shall be inserted, namely:—

“30A. Directorate General, (Intelligence and Investigation)

Customs and Excise.— The Directorate General (Intelligence and Investigation) Customs and Excise shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

30B. Directorate General of Inspection and Internal Audit.—

The Directorate General of Inspection and Internal Audit shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

30C. Directorate General of Training and Research.—

The Directorate General of Training and Research shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

30D. Directorate General of Valuation and Post Clearance

Audit.— The Directorate General of Valuation and Post Clearance Audit shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

30E. Powers and Functions of Directorate, etc.— The Board

may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorates General as specified in the preceding sections and their officers by notification in the official Gazette.”;

(17) for section 33, the following shall be substituted, namely:—

“33. Offences and penalties.— (1) Whoever commits any offence described in column (1) of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty mentioned against that offence in column (2) thereof:—

TABLE

Offences.	Penalties.	Section of the Act to which offence has reference.
(1)	(2)	(3)

1.	Where any person fails to furnish a return within the due date.	such person shall pay a penalty of five thousand rupees: Provided that in case a person files a return within fifteen days of the due date, he shall pay a penalty of one hundred rupees for each day of default.	26
2.	Any person who fails to issue an invoice when required under this Act.	such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of the tax involved, whichever is higher.	23
3.	Any person who unauthorizedly issues an invoice in which an amount of tax is specified.	such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of the tax involved, whichever is higher.	3, 7 and 23
4.	Any person who fails to notify the changes of material nature in the particulars of registration of taxable activity.	such person shall pay a penalty of five thousand rupees.	14
5.	Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made thereunder.	such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of the tax involved, whichever is higher: Provided that, if the amount of tax or any part thereof is paid within fifteen days from the due date, the defaulter shall pay a penalty of five hundred rupees for each day of default: Provided further that no penalty shall be imposed when any miscalculation is made for the first time during a year:	3, 6, 7 and 48

Provided further that if the amount of tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payments by an officer of Sales Tax, not below the rank of Assistant Collector of Sales Tax, the defaulter shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both.

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| 6. | Any person who repeats erroneous calculation in the return during a year whereby amount of tax less than the actual tax due is paid. | such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of the tax involved, whichever is higher. | 7 and 26 |
| 7. | Any person who is required to apply for registration under this Act fails to make an application for registration before making taxable supplies. | such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of tax involved, whichever is higher:

Provided that such person who is required to get himself registered under this Act, fails to get registered within sixty days of the commencement of taxable activity, he shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which | 14 |

	may extend to an amount equal to the amount of tax involved, or with both.		
8.	Any person who fails to maintain records required under this Act or the rules made thereunder.	such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of tax involved, whichever is higher.	22 and 24
9.	Where a registered person who, without any reasonable cause, in non compliance with the provisions of section 25,—		25
	(a) fails to produce the record on receipt of first notice;	such person shall pay a penalty of five thousand rupees;	
	(b) fails to produce the record on receipt of second notice; and	such person shall pay a penalty of ten thousand rupees; and such person shall pay a penalty of fifty thousand rupees.	
	(c) fails to produce the record on receipt of third notice.		
10.	Any person who fails to furnish the information required by the Board through a notification issued under sub-section (5) of section 26.	such person shall pay a penalty of ten thousand rupees.	26
11.	Any person who,—		
	(a) submits a false or forged document	such person shall pay a penalty of twenty five thousand rupees or one hundred <i>per cent</i> of the amount of tax involved,	2(37) and general.

- to any officer of sales tax; or
- (b) destroys, alters, mutilates or falsifies the records including a sales tax invoice; or
- (c) knowingly or fraudulently makes false statement, false declaration, false representation, false personification, gives any false information or issues or uses a document which is forged or false.
12. Any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to the stocks, accounts or records or fails to present the same when required under section 25, 38 or 38A. such person shall pay a penalty of twenty five thousand rupees or one hundred *per cent* of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax involved, or with both. 25, 38 and 38A
13. Any person who commits, causes to commit or attempts to commit the tax fraud, or abets or connives in commissioning of tax such person shall pay a penalty of twenty five thousand rupees or one hundred *per cent* of the amount of tax involved, whichever is higher. He shall, 2(37)

fraud.	further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with fine which may extend to an amount equal to the loss of tax involved, or with both.	
14. Where any person violates any embargo placed on removal of goods in connection with recovery of tax.	such person shall pay a penalty of twenty five thousand rupees or ten <i>per cent</i> of the amount of the tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to amount equal to the amount of tax involved, or with both.	48
15. Any person who obstructs the authorized officer in the performance of his official duties.	such person shall pay a penalty of twenty five thousand rupees or one hundred <i>per cent</i> of the amount of tax involved, whichever is higher.	31 and general.
16. Any person who fails to make payment in the manner prescribed under section 73 of this Act.	such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of tax involved, whichever is higher.	73
17. Any person who fails to fulfill any of the conditions, limitations or restrictions prescribed in a Notification issued under any of the provisions of this Act.	such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of tax involved, whichever is higher.	71 and general.

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| 18. | Where any officer of Sales Tax authorized to act under this Act, acts or omits or attempts to act or omit in a manner causing loss to the sales tax revenue or otherwise abets or connives in any such act. | such officer of Sales Tax shall be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both. | General. |
| 19. | Any person who contravenes any of the provisions of this Act for which no penalty has, specifically, been provided in this section. | such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of tax involved, whichever is higher. | General.”; |
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(18) for section 34 the following shall be substituted, namely:–

“34. Default surcharge.– (1) Notwithstanding the provisions of section 11, if a registered person does not pay the tax due or any part thereof, whether wilfully or otherwise, in time or in the manner specified under this Act, rules or notifications issued thereunder or claims a tax credit, refund or makes an adjustment which is not admissible to him, or incorrectly applies the rate of zero *per cent* to supplies made by him, he shall, in addition to the tax due, pay default surcharge at the rate mentioned below:–

- (a) for the first six months of default, the person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of one *per cent* per month, of the amount of tax due or the amount of refund erroneously made;
- (b) from the seventh month onwards, the person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of one and a half *per cent* per month, of the amount of tax due or the amount of refund erroneously made, till such time the entire liability including the amount of default discharge is paid; and
- (c) in case, the default is on account of tax fraud, the person who has committed tax fraud shall pay default surcharge at the rate of two *per cent* per month, of the amount of tax evaded or the amount of refund fraudulently claimed, till such time the entire liability including the amount of default discharge is paid.

(2) For the purpose of calculation of default surcharge,—

- (a) in the case of inadmissible input tax credit or refund, the period of

default shall be reckoned from the date of adjustment of such credit or, as the case may be, refund is received; and

- (b) in the case of non-payment of tax or part thereof, the period of default shall be reckoned from the 16th day of a month (following the due date of the tax period to which the default relates) to the day preceding the date on which the tax due is actually paid.”;

(19) in section 34A,—

- (a) in the heading, for the words “additional tax” the words “default surcharge” shall be substituted; and
- (b) in the text, for the words “additional tax” the words “default surcharge” shall be substituted;

(20) in section 36, in sub-section (3),—

- (a) in the first proviso, the words, commas and brackets “or, as the case may be, Collector (Adjudication)” shall be omitted; and
- (b) the second proviso shall be omitted;

(21) in section 37A,—

(a) sub-section (3) shall be omitted; and

(b) in sub-sections (4) and (5), for the words “additional tax” the words “default surcharge” shall be substituted;

(22) section 37C shall be omitted;

(23) in section 40A, in sub-section (1), after the word “made”, occurring for the second time, the words and comma “in his presence,” shall be inserted;

(24) in section 45,—

(a) in the preamble, for the words “additional tax” the words “default surcharge” shall be substituted;

(b) for serial numbers (i), (ii), (iii) in the first column and the entries relating thereto in second and third column, the following shall be substituted, namely:—

- “(i) Additional Collector. Cases falling under sub-section (2) of section 11 and section 36 without any restriction as to the amount of tax involved or amount erroneously refunded.
- (ii) Deputy Collector. (a) Cases falling under sub-section (1) of section 11.
- (b) Cases falling under sub-section (2) of section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded exceeds one million rupees, but does not exceed two and a half million rupees.
- (iii) Assistant Collector. Cases falling under sub-section (2) of section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded exceeds ten thousand rupees, but does not exceed one million rupees.
- (iv) Superintendent. Cases falling under sub-section (2) of section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded does not exceed ten thousand rupees.”;

- (c) the existing serial No. (iv) shall be renumbered as (v); and
- (d) in the Explanation, for the words “additional tax”, occurring thrice, the words “default surcharge” shall be substituted;

(25) in section 45A,—

- (a) in the heading, for the comma, words and brackets “Collector and Collector (Adjudication)” the words “and Collector” shall be substituted; and
- (b) for sub-section (4), the following shall be substituted, namely:—

“(4) The Collector may, *suo moto*, call for and examine the record of any proceeding under this Act or the rules made thereunder for the purpose of satisfying himself as to the legality or propriety of any decision or order passed by an officer of Sales Tax subordinate to him, and pass such order as he may deem fit.”;

(26) in section 45B,—

- (a) in sub-section (1),—

- (i) for the word “including” the words “other than” shall be substituted; and
 - (ii) the words “below in rank to Additional Collector” shall be omitted;
- (b) in sub-section (2), for the full stop, at the end, a colon shall be substituted and thereafter the following new provisos shall be added, namely:–

“Provided that such order shall be passed not later than ninety days from the date of filing of appeal or within such extended period as the Collector (Appeals) may, for reasons to be recorded in writing fix:

Provided further that such extended period shall, in no case, exceed ninety days.”; and

- (c) in sub-section (4), the colon occurring after the word “order” shall be omitted and thereafter the words, commas and colon “and subject to such deposit, recovery of the remaining amount of tax

due shall be stayed for a period not exceeding six months following the day on which the fifteen *per cent* amount of principal tax was deposited, unless the case is finally decided:" shall be inserted;

(27) in section 46,—

(a) in sub-section (1), clause (a) shall be omitted and the existing clauses (b) and (c) shall be relettered as (a) and (b), respectively; and

(b) in clause (a) relettered as aforesaid, after the word "by", the words, figures, letter and brackets "the Collector under sub-section (4) of section 45A or" shall be inserted;

(28) for section 47, the following shall be substituted, namely:—

"47. Reference to High Court.— (1) Within ninety days of the communication of the order of the Appellate Tribunal under sub-section (5) of section 46, the aggrieved person or any officer of Sales Tax not below the rank of a Deputy Collector may prefer an application in the prescribed form along with a statement of the case to the High Court, stating any question of law arising out of such order.

(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law, which arises out of its order.

(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order referred to in sub-section (1), may proceed to hear the case.

(4) A reference to the High Court under this section shall be heard by a bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908) shall apply, so far as may be, notwithstanding anything contained in any other law for the time being in force.

(5) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and deliver judgment thereon specifying the grounds on which such judgment is based and the order of the Tribunal shall stand modified accordingly. The Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

(6) The cost of any reference to the High Court shall be in the discretion of the Court.

(7) Notwithstanding that a reference has been made to the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal:

Provided that, if the amount of tax is reduced as a result of the judgment in the reference by the High Court, and amount of tax found refundable by the High Court, the High Court may on application by the Collector within thirty days of the receipt of the judgment of the High Court that he intends to seek leave to appeal to the Supreme Court, make an order authorizing the Collector to postpone the refund until the disposal of the appeal by the Supreme Court.

(8) Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it is made unless the appeal is decided, or such order is withdrawn, by the High Court earlier.

(9) Section 5 of the Limitation Act, 1908 (IX of 1908) shall apply to an

application made to the High Court under sub-section (1).

(10) An application under sub-section (1) by a person other than the Collector shall be accompanied by a fee of one hundred rupees.”;

(29) in section 47A,—

(a) in sub-section (1), in clause (b), for the words “additional tax” the words “default surcharge” shall be substituted; and

(b) sub-section (6) shall be omitted;

(30) in section 66, in the second proviso, for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided further that the application or claim filed under this section shall be disposed of within a period not exceeding ninety days from the date of filing of such application or claim.”;

(31) in section 73, in sub-section (1), for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added,

namely:–

“Provided that online transfer of payment from the business account of buyer to the business account of supplier as well as payments through credit card shall be treated as transactions through the banking channel, subject to the condition that such transactions are verifiable from the bank statements of the respective buyer and the supplier.”;

(32) in the Third Schedule,–

(a) against serial No. 6 in column (1), for the entries in columns (2) and (3), the following shall be substituted namely:–

“Toilet and laundry soap	3401.1100; 3401.1900; and 3401.2000.”; and
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(b) after serial No. 6 in column (1) and the entries relating thereto in columns (2) and (3), the following new serial numbers and the entries relating thereto shall be added, namely:–

“7.	Detergents	3402.2000
8.	Shampoo	3305.1000

9.	Toothpaste	3306.1010
10.	Shaving cream	3307.1000
11.	Perfumery and cosmetics	Respective sub-headings of 33.03 and 33.04.
12.	Biscuits	1905.3100 and 1905.3200
13.	Confectionary	Respective sub-headings of 17.04
14.	Tea	Respective sub-headings of 09.02
15.	Powder drinks	21.06
16.	Milky drinks	2106.9090
17.	Footwear	Respective sub-headings of 64.01, 64.02, 64.03, 64.04 and 64.05.”; and

(33) for the Sixth Schedule the following shall be substituted, namely:—

“THE SIXTH SCHEDULE

[See section 13(1)]

Table-1 (Imports or Supplies)

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
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(1)	(2)	(3)
1.	Live Animals.	0101.1000, 0101.9000, 0102.1010, 0102.1020, 0102.1030, 0102.1040, 0102.1090, 0102.9010, 0102.9020, 0102.9030, 0102.9040, 0102.9090, 0104.1000, 0104.2000, 0105.1100, 0105.1200, 0105.1900, 0105.9200, 0105.9300, 0105.9900, 0106.1100, 0106.1200, 0106.1900, 0106.2000, 0106.3110, 0106.3190, 0106.3200, 0106.3900 and 0106.9000
2.	Meat of bovine animals, sheep, goat and poultry, excluding offal, whether or not fresh, frozen or otherwise, preserved.	0201.1000, 0201.2000, 0201.3000, 0202.1000, 0202.2000, 0202.3000, 0204.1000, 0204.2100, 0204.2200, 0204.2300, 0204.3000, 0204.4100, 0204.4200, 0204.4300, 0204.5000, 0207.1100, 0207.1200, 0207.1300, 0207.1400, 0207.2400, 0207.2500, 0207.2600, 0207.2700, 2007.3200, 0207.3300, 0207.3500 and 0207.3600
3.	Fish and crustaceans, whether or not fresh, frozen or otherwise preserved.	0302.1100, 0302.1200, 0302.1900, 0302.2100, 0302.2200, 0302.2300, 0302.2900, 0302.3100, 0302.3200, 0302.3300, 0302.3400, 0302.3500, 0302.3600, 0302.3900, 0302.4000, 0302.5000, 0302.6100, 0302.6200, 0302.6300, 0302.6400, 0302.6500, 0302.6600,

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|----|--|---|
| | | 0302.6900, 0303.1100,
0303.1900, 0303.2100,
0303.2200, 0303.2900,
0303.3100, 0303.3200,
0303.3300, 0303.3900,
0303.4100, 0303.4200,
0303.4300, 0303.4400,
0303.4500, 0303.4600,
0303.4900, 0303.5000,
0303.6000, 0303.7100,
0303.7200, 0303.7300,
0303.7400, 0303.7500,
0303.7600, 0303.7700,
0303.7800, 0303.7900,
0304.1000, 0304.2000,
0304.9000, 0305.3000,
0305.4100, 0305.4200,
0305.4900, 0305.5100,
0305.5900, 0305.6100,
0305.6200, 0305.6300,
0305.6900, 0306.1100,
0306.1200, 0306.1300,
0306.1400, 0306.1900,
0306.2100, 0306.2200,
0306.2300, 0306.2400
and 0306.2900 |
| 4. | Fresh, liquid and dried milk without addition of sugar or any other sweetening matter whether packed or not. | 0401.1000, 0401.2000,
0401.3000, 0402.1000,
0402.2100 and 0402.9100. |
| 5. | Cream excluding those packaged and sold under brand name or trademark. | 0401.1000, 0401.2000,
0401.3000, 0402.1000,
0402.2100, 0402.2900,
0402.9100 and 0402.9900 |
| 6. | Plain yogurt excluding packaged or sold under trademark or brand name. | 0403.1000 |
| 7. | Whey excluding packaged or sold under brand names or trademarks. | 0404.1010 and 0404.1090 |

8.	Butter not sold under brand names or trademarks.	0405.1000
9.	Desi ghee derived from milk.	0405.9000
10.	Cheese excluding packaged or sold under brand names or trademarks.	0406.1010, 0406.2000, 0406.3000, 0406.4000 and 0406.9000
11.	Eggs including eggs for hatching.	0407.0010 and 0407.0090
12.	Live plants including bulbs and tubers, etc.	0601.1010, 0601.1090, 0601.2000, 0602.1000, 0602.2000, 0602.3000, 0602.4000, 0602.9010 and 0602.9090
13.	Edible vegetables including roots and tubers, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled, canned or packaged.	0701.1000, 0701.9000, 0702.0000, 0703.1000, 0703.2000, 0703.9000, 0704.1000, 0704.2000, 0704.9000, '0705.1100, 0705.1900, 0705.2100, 0705.2900, 0706.1000, 0706.9000, 0707.0000, 0708.1000, 0708.2000, 0708.9000, 0709.1000, 0709.2000, 0709.3000, 0709.4000, 0709.5100, 0709.5200, 0709.5900, 0709.6000, 0709.7000, 0709.9000, 0710.1000, 0710.2100, 0710.2200, 0710.2900, 0710.3000, 0710.4000, 0710.8000, 0710.9000, 0712.2000, 0712.3100, 0712.3200, 0712.3300, 0712.3900 and 0712.9000.
14.	Pulses.	0713.1000, 0713.2000, 0713.3100, 0713.3200, 0713.3300, 0713.3910, 0713.3920, 0713.3990,

		0713.4010, 0713.4020, 0713.5000, 0713.9010, 0713.9020 and 0713.9090.
15.	Edible fruits excluding imported fruits (except fruits imported from Afghanistan) whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	0803.0000, 0804.1010, 0804.1020, 0804.2000, 0804.3000, 0804.4000, 0804.5010, 0804.5020, 0804.5030, 0805.1000, 0805.2010, 0805.2090, 0805.4000, 0805.5000, 0805.9000, 0806.1000, 0806.2000, 0807.1100, 0807.1900, 0807.2000, 0808.1000, 0808.2000, 0809.1000, 0809.2000, 0809.3000, 0809.4000, 0810.1000, 0810.2000, 0810.3000, 0810.4000, 0810.5000, 0810.6000, 0810.9010, 0810.9090, 0811.1000, 0811.2000, 0811.9000, 0813.1000, 0813.2000, 0813.3000, 0813.4010, 0813.4020 and 0813.4090.
16.	Red chillies excluding those sold in retail packing bearing brand names and trademarks.	0904.2010 and 0904.2020
17.	Ginger excluding those sold in retail packing bearing brand names and trademarks.	0910.1000
18.	Turmeric excluding those sold in retail packing bearing brand names and trademarks.	0910.3000
19.	Cereals whether or not milled, hulled, polished, packed for retail sale.	1001.1000, 1001.9000, 1002.0000, 1003.0000, 1004.0000, 1005.1000, 1005.9000, 1006.1000,

		1006.2000, 1006.3010, 1006.3090, 1006.4000, 1007.0000, 1008.1000, 1008.2000, 1008.3000, 1008.9000, 1101.0010, 1101.0020, 1102.1000, 1102.2000, 1102.3000, 1102.9000, 1103.1100, 1103.1300, 1103.1900 and respective headings of 11.04
20.	Seeds, fruit and spores of a kind used for sowing.	1209.1000, 1209.2100, 1209.2200, 1209.2300, 1209.2400, 1209.2500, 1209.2600, 1209.2900, 1209.3000, 1209.9110, 1209.9120, 1209. 9130, 1209.9190 and 1209.9900
21.	Cinchona bark.	1211.9000
22.	Sugar beet.	1212.9100
23.	Sugar cane.	1212.9900
24.	Edible oils and vegetable ghee, including cooking oil, on which Federal Excise Duty is charged, levied and collected as if it were a tax payable under section 3 of the Act.	1507.9000, 1508.9000, 1509.1000, 1509.9000, 1510.0000, 1511.9010, 1511.9020, 1511.9030, 1512.1900, 1513.1900, 1513.2900, 1514.1900, 1514.9900, 1515.2900, 1515.5000, 1516.2010, 1516.2020, 1517.1000, 1517.9000 and 1518.0000
25.	Milk preparations obtained by replacing one or more of the constituents of milk by another substance, whether or not packed for retail sale.	19.01
26.	Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	2009.1100, 2009.1200, 2009.1900, 2009.2100, 2009.2900, 2009.3100, 2009.3900, 2009.4100, 2009.4900, 2009.5000, 2009.6100, 2009.6900, 2009.7100, 2009.7900,

		2009.8000 and 2009.9000
27.	Ice and waters excluding those for sale under brand names or trademarks.	2201.1010
28.	Poultry feed and its ingredients excluding soyabean meal.	2301.2090, 2306.4100, 2309.9000 and respective headings of 29.36
29.	Table salt including iodized salt excluding salt sold in retail packing bearing brand names and trademarks.	2501.0010
30.	Adult diapers used for incontinence.	4818.9000
31.	Holy Quran, complete or in parts, with or without translation; Quranic Verses recorded on any analogue or digital media; other Holy books.	4901.9910 and respective headings of 85.24
32.	Newspapers, journals, periodicals, books, etc. but excluding directories.	4901.9100, 4901.9990, 4902.1010, 4902.1090, 4902.9010, 4902.9090 and 4903.0000
33.	Currency notes, bank notes, shares, stocks and bonds.	4907.0000
34.	Bricks.	6901.0000
35.	Cement Blocks.	6810.1100
36.	Silver, in unworked condition.	7106.1000 and 7106.9100
37.	Gold, in unworked condition.	7108.1100 and 7108.1200
38.	Monetary gold.	7108.2000
39.	Incinerators of disposal of waste management, motorized sweepers and snow ploughs.	8417.8000, 8430.2000 and 8479.8990

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| 40. | Computer hardware including laptops, notebooks, PCs mainframe and other peripheral units and parts thereof. | 8471.1000, 8471.3010, 8471.3020, 8471.3090, 8471.4110, 8471.4190, 8471.4910, 8471.4990, 8471.5000, 8471.6010, 8471.6020, 8471.6030, 8471.6040, 8471.6050, 8471.6061, 8471.6069, 8471.6071, 8471.6079, 8471.6080, 8471.6090, 8471.7010, 8471.7020, 8471.7030, 8471.7040, 8471.7050, 8471.7090, 8471.8010, 8471.8020, 8471.8030, 8471.8040, 8471.8050, 8471.8060, 8471.8090, 8471.9010, 8471.9020, 8471.9090, 8473.3010, 8473.3020, 8473.3030 and 8473.3090 |
| 41. | Computer software. | 8524.3100, 8524.3900, 8524.4000, 8524.9100, 8524.9910 and 8524.9990 |
| 42. | Ambulances, firefighting vehicles, waste disposal trucks, brake down lorries, special purposes vehicles for the maintenance of streetlights and overhead cables. | 87.02, 87.03, 8704.2200, 8704.2300, 8705.3000 and 8705.9000 |
| 43. | Aircraft of unladen weight exceeding 8000 kgs. excluding those for recreational or pleasure purpose. | 8802.3000 and 8802.4000 |
| 44. | Ships, of gross tonnage exceeding 15 LDTs, excluding those for recreational or pleasure purpose. | Respective headings |
| 45. | Dextrose and saline infusion giving sets imported along with empty non-toxic bags for infusion solution, Dextrose and saline infusion giving sets, Artificial parts | 9018.3910, 9018.3920, 9021.3100, 9201.3900 and 9027.8000 |

of the body, Intra-Ocular lenses and glucose testing equipment.

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| 46. | Goods imported by diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, orders, rules, regulations made thereunder and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 (IV of 1969), and the conditions laid down for customs purposes are observed. | 99.01, 99.02, 99.03
and 99.06 |
| 47. | Import of articles of household and personal effects including vehicles and also the goods for donation to projects established in Pakistan imported by any of the rulers of Gulf Shaikhdoms who is in possession of residential accommodation in Pakistan and goods including vehicles by the United Arab Emirates dignitaries as are listed in column (2) against heading No. 99.05 in column (1) of the First Schedule to the Customs Act, 1969 (IV of 1969), for their personal use and for donation to welfare projects established in Pakistan subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty on such goods under the said Act. | 99.05 |
| 48. | Goods imported or supplied under grants-in-aid for which a specific consent has been obtained from the Central Board of Revenue; supplies and imports under agreements signed by the Government of Pakistan before the 30th June, 1996, provided the agreements contained the provision for exemption of tax at the time of signing of agreement. | 99.03 |

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| 49. | Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments, including goods imported for the President's Fund for Afghan Refugees, relief goods donated for Afghan Refugees, gifts for President's Fund for Assistance of Palestine and gifts received by Pakistani organizations from Church World Services or the Catholic Relief Services subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Custom Act, 1969 (IV of 1969). | 99.07, 99.08 and 99.11 |
| 50. | Articles imported through post as unsolicited gifts, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969). | 99.09 |
| 51. | Imported samples, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969). | 99.10 |
| 52. | Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969). | 99.13, 99.14 and 99.15 |

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| 53. | Import of all such gifts as are received, and such equipment for fighting tuberculosis, leprosy, AIDS and cancer and such equipment and apparatus for the rehabilitation of the deaf, the blind, crippled or mentally retarded as are purchased or otherwise secured by a charitable non-profit making institution solely for the purpose of advancing declared objectives of such institution, subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969). | 99.12, 99.13 and 99.14 |
| 54. | Educational, scientific and cultural material imported from a country signatory to UNESCO Agreement or a country signatory to bilateral commodity exchange agreement with Pakistan, subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969 (IV of 1969). | 99.15 |
| 55. | Import of replacement goods supplied free of cost in lieu of defective goods imported, subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969). | 99.16 |
| 56. | Re-importation of foreign origin goods which were temporarily exported out of Pakistan subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969). | 99.18 |

57. Goods (including dry fruits imported from Afghanistan) temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969). 99.19, 99.20 and 99.21
58. Import of ship stores, subject to the procedures, conditions and restrictions as may be specified by the Collector of Customs in this behalf including those consignments of such stores that have been released without charging sales tax since the 1st July, 1998, but excluding such consignments of ship stores as have been cleared on payment of sales tax. 99.22
59. Artificial kidneys, eye cornea, hemodialysis machines, hemodialyzers, A.V. fistula needles, hemodialysis fluids and powder, blood tubing tines for dialysis and reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheter for renal failure patient and peritoneal dialysis solution and angioplasty equipment (balloons, catheters, wires and stents), subject to the similar conditions and procedures as are envisaged for the purposes of applying zero-rate of customs duty on these goods under the Customs Act, 1969 (IV of 1969). 99.24 and 99.25
60. Contraceptives and accessories thereof Respective headings.

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| 61. Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with. | Respective headings. |
| 62. Defence stores, whether manufactured locally or imported by the Federal Government against foreign exchange allocation for defence, including trucks, trailers and vehicles falling under PCT heading 87.04 of the First Schedule to the Customs Act, 1969 (IV of 1969), specially modified for mounting defence equipments, their parts and accessories for supply to Armed Forces. | Respective headings. |
| 63. Personal wearing apparel and bonafide baggage imported by overseas Pakistanis and tourists, if imported under various baggage rules and is exempt from customs-duties. | Respective headings. |
| 64. Spare parts and equipment for aircraft and ships covered by serial number 43 and 44 above. | Respective headings. |
| 65. Equipment and Machinery for pilotage, salvage or towage for use in ports or airports. | Respective headings. |
| 66. Equipment and Machinery for air navigation. | Respective headings. |
| 67. Equipment and machinery used for services provided for handling of ships or aircrafts in a customs-port or customs-airport. | Respective headings. |

68. Such plant and machinery as is notified by the Federal Government in the official Gazette but if imported, these shall be entitled to exemption from sales tax on importation if these are not manufactured in Pakistan. Respective headings.
69. Tractors, bulldozers and combined harvesters; and CKD kits thereof imported by recognized local manufacturers as per their approved deletion programme subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969 (IV of 1969). Respective headings.
70. Import and supply of CNG Euro-2 buses, whether in CBU or CKD condition. Respective headings.

Table 2 (Local Supplies only)

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
(1)	(2)	(3)
1.	Supply of cottonseed exclusively meant for sowing purposes, subject to such conditions as the Board may specify.	1207.2000.
2.	Supply of locally produced crude vegetable oil obtained from the locally produced seeds other than cottonseed, except cooking oil, without having undergone any process except the process of washing.	Respective headings.

3. Supplies made by (a) manufacturers whose annual turnover from taxable supplies made in any tax period during the last twelve months ending any tax period does not exceed rupees five million; and (b) retailers whose annual turnover from supplies, whether taxable or otherwise, made in any tax period during the last twelve months ending any tax period does not exceed rupees five million. Respective headings.
4. Raw material and intermediary goods manufactured or produced, and services provided or rendered, by a registered person, consumed in-house for the manufacture of goods subject to sales tax. Respective headings.
5. Supply of other such agricultural implements as may be specified in a notification to be issued by the Federal Government in the official Gazette. Respective headings.
6. Supply of fixed assets against which input tax adjustment is not available under a notification issued in terms of clause (b) of sub-section (1) of section 8 of the Sales Tax Act, 1990. Respective headings.
7. Breads prepared in *tandoors* and bakeries, vermicillies, *nans*, *chapattis*, *sheer mal*, bun, rusk. Respective headings.
8. Foodstuff cooked or prepared in-house and served in messes run on the basis of mutuality and industrial canteens for workers. Respective headings.
9. Foodstuff and other eatables prepared in the flight kitchens and supplied for consumption on-board in local flights. Respective headings.

10 Agricultural produce of Pakistan, not subjected to any further process of manufacture. Respective headings”.

NOTES: 1. For the purposes of this Schedule, for entries against which classification of headings or sub-headings has been specified, exemption shall be admissible on the basis of description of goods as mentioned in column (2) of this Schedule. PCT classification of headings is provided for ease of reference and commodity classification purposes only.

2. For the purposes of determining classification of any goods, the general rules for interpretation of the First Schedule to the Customs Act, 1969 (IV of 1969), and Explanatory Notes to the Harmonized Commodity Description and Coding System (relevant version) as amended from time to time shall be considered authentic source of interpretation.

3. For the purposes of exemption of sales tax under serial numbers 46, 47, 49, 50, 51, 52, 53, 56, 57, 59, 60 and 62 of this Schedule, the definitions, restrictions, limitations, conditions and procedures and all the provisions of Chapter 99 of the First Schedule to the Customs Act, 1969 (IV of 1969), for the purposes of applying zero-rate of customs duty shall, *mutatis mutandis*, apply and shall be deemed and construed to be part of this Schedule.

(9) **Amendment of the Income Tax Ordinance (XLIX of 2001).**— The following further amendments shall be made in the Income Tax Ordinance, 2001 (XLIX of 2001), namely:—

In the aforesaid Ordinance,—

(1) in section 2, —

- (a) in sub-section (1), for the word “includes” the word “include” shall be substituted; and

- (b) in sub-section (1A),—
 - (i) after the word and comma “companies,”, occurring for the second time,—

the words “or companies owning and managing industrial undertakings” shall be inserted;
 - (ii) after the word “case”, the words “at least one of them” shall be inserted;
 - (iii) in clause (a), after the semicolon, at the end, the word “and” shall be added;
 - (iv) in clause (b), for the semicolon and word “; and” a full stop shall be substituted; and
 - (v) clause (c) shall be omitted;

- (c) after sub-section (3), the following new sub-sections shall be inserted, namely:—

“(3A) “**Approved Annuity Plan**” means an Annuity Plan approved by Securities and Exchange Commission of Pakistan (SECP) under Voluntary Pension System Rules, 2005 and offered by a Life Insurance Company registered with the SECP under Insurance Ordinance, 2000 (XXXIX of 2000).

(3B) “**Approved Income Payment Plan**” means an Income Payment Plan approved by Securities and Exchange Commission of Pakistan (SECP) under Voluntary Pension System Rules, 2005 and offered by a Pension Fund Manager registered with the SECP under Voluntary Pension System Rules, 2005;

(3C) “**Approved Pension Fund**” means Pension Fund approved by Securities and Exchange Commission of Pakistan (SECP) under Voluntary Pension System Rules, 2005, and managed by a Pension Fund Manager registered with the SECP under Voluntary Pension System Rules, 2005.”;

- (d) after sub-section (13A), the following sub-section shall be inserted, namely:—

“(13B) **“Contribution to an Approved Pension Fund”** means contribution as defined in rule 2(j) of the Voluntary Pension System Rules, 2005, but not exceeding five hundred thousand rupees in a tax year.”;

- (e) after sub-section (19), the following sub-section shall be inserted, namely:—

“(19A) **“Eligible Person”**, for the purpose of Voluntary Pension System Rules, 2005, means an individual Pakistani who has obtained a valid National Tax Number but does not include an individual who is entitled to benefit under any other approved employment pension or annuity scheme.”;

- (f) in sub-section (24), for the word “notified” the words “as defined” shall be substituted;

- (g) in sub-section (29), for the word and figure “and 156” figures, commas, brackets, letters and word “150, 152(1), 156, 156A, 233 and 233A” shall be substituted;

- (h) after sub-section (29A), the following sub-section shall be inserted,

namely:–

“(29B) **“Individual Pension Account”** means an account maintained by an eligible person with a Pension Fund Manager approved under the Voluntary Pension System Rules, 2005.”;

- (i) after sub-section (29B), a new sub-section shall be inserted, namely:–

“(29C) **“Industrial undertaking”** means –

- (a) an undertaking which is set up in Pakistan and which employs, (i) ten or more persons in Pakistan and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal energy; or (ii) twenty or more persons in Pakistan and does not involve the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal energy and which is engaged in,–

- (a) the manufacture of goods or materials or the subjection of goods or materials to any process which substantially changes their original condition;
- (b) ship-building;
- (c) generation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power; or
- (d) the working of any mine, oil-well or any other source of mineral deposits; and

(b) any other industrial undertaking which the Central Board of Revenue may by notification in the official Gazette, specify.”;

- (j) after sub-section (40), the following sub-section shall be inserted, namely:—

“(40A) **“Pension Fund Manager”** means an asset management company registered under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, or a life insurance company registered under Insurance Ordinance, 2000 (XXXIX of 2000), duly authorized by the Securities and Exchange Commission of Pakistan and

approved under the Voluntary Pension System Rules, 2005,
to manage the Approved Pension Fund.”;

- (k) in sub-section (47), in clause (ab),—
 - (i) after the word “which”, the words “not less than fifty per cent of the shares” shall be inserted; and
 - (ii) at the end, for full stop a semicolon shall be substituted.

- (l) in sub-section (54), in clause (f), after semicolon “;” the word “and” shall be added;

- (m) after sub-section (59), the following new sub-section shall be inserted, namely:—

“(59A)“Small Company” means a company registered on or after the first day of July, 2005, under the Companies Ordinance, 1984 (XLVII) of 1984, which,—

 - (i) has paid up capital plus undistributed reserves not exceeding twenty-five million rupees;

- (ii) has annual turnover not exceeding two hundred million rupees; and
 - (iii) is not formed by the splitting up or the reconstitution of business already in existence.”;
- (n) in sub-section (74), for the word “Company” the word “Companies” shall be substituted;
- (2) in section 4, in sub-section (6), for the semicolon, at the end, a full stop shall be substituted.
- (3) in section 19,—
 - (a) in sub-section (2) for the word “stock” the word “stocks” shall be substituted; and
 - (b) in sub-section (2), in clause (c), for the word “arbitrate” the word “arbitrage” shall be substituted.
- (4) in section 21, in clause (e), after the word “fund”, occurring for the second time, the words “approved pension fund” shall be inserted;
- (5) in section 22,—

- (a) in sub-section (2), for the word “sub-sections” the word “sub-section” shall be substituted;
 - (b) sub-section (10) shall be omitted; and
 - (c) in sub-section (13), clause (a) shall be omitted;
- (6) in section 34, in sub-section (5A), after the word “under” the word “the” shall be inserted;
- (7) in section 57A,—
- (a) in sub-section (1),-
 - (i) after the word “company”, occurring for the second time, the words and comma “and *vice versa*,” shall be inserted; and
 - (ii) before the word “amalgamating”, occurring for the second time, the words “amalgamated company or” shall be inserted;

(b) in sub-section (2),-

- (i) after word “company”, occurring for the first time, the words “and *vice versa*” shall be inserted; and
- (ii) for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the losses referred to in sub-section (1) and unabsorbed depreciation referred to in sub-section (2) shall be allowed set off subject to the condition that the amalgamated company continues the business of the amalgamating company for a minimum period of five years from the date of amalgamation.”;

(c) in sub-section (3),—

- (i) after the word “Pakistan”, occurring for the second time, the words “or any court” shall be inserted;

- (ii) after the words “amalgamated company”, occurring for the first time, the words “or the amalgamating company or companies” shall be inserted; and
 - (iii) after the words “amalgamated company”, occurring for the second time, the words and commas “or the amalgamating company or companies, as the case may be,” shall be inserted;
- (8) in section 59B, in sub-section (I), after the word “undertaking” the words “or an undertaking engaged in providing services” shall be inserted;
- (9) in section 60A, at the end, a full stop shall be added;
- (10) in section 62, in sub-section (2), after the word “hundred “ the words “and fifty” shall be inserted;
- (11) for section 63, the following shall be substituted, namely:–

“63. **Contribution to an Approved Pension Fund.** – (1) An eligible person as defined in sub-section (19A) of section 2 deriving income chargeable to tax under the head “Salary” or the head “Income from Business” shall be entitled to a tax credit for a tax year in respect of any contribution or premium paid in the year by the person in approved pension fund under the Voluntary Pension System Rules, 2005.

(2) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: –

$$(A/B) \times C$$

Where.–

A is the amount of tax assessed to the person for the tax year, before allowance of any tax credit under this Part;

B is the person’s taxable income for the tax year; and

C is the lesser of –

(i) the total contribution or premium referred to in sub-section (1) paid by the person in the year; or

(ii) twenty per cent of the person's taxable income for the relevant tax year; Provided that a person joining the pension fund at the age of forty-one years or above, during the first ten years of the notification of the Voluntary Pension System Rules, 2005, shall be allowed additional contribution of 2% per annum for each year of age exceeding forty years. Provided further that the total contribution allowed to such person shall not exceed 50% of the total taxable income of the preceding year; or

(iii) five hundred thousand rupees.”;

(12) in section 80, in sub-section (2),—

(i) in clause (vii), the word “or” shall be omitted,

(ii) in clause (viii), after the semi colon the word “or” shall be added;
and

(iii) after clause (viii) amended as aforesaid, the following new clause shall be added, namely:—

“(ix) a Small Company as defined in section 2”;

(13) in section 82, in clause (a), after the semicolon the word “or” shall be added;

(14) in section 88A, in sub-section (2), for the brackets, figure and letters “(A/B)XC”, the brackets, figures and letters “(A/B) x C” shall be substituted;

(15) In section 113, in sub-section (3), in clause (a), the word “central” shall be substituted by the word “Federal”;

(16) after section 113A, the following new section shall be inserted, namely:–

“113B. **Tax on income of certain retailers.**– Subject to this Ordinance, where a retailer of textile fabrics and articles of apparel including ready-made garments or fashion wear, articles of leather including foot-wear, carpets, surgical goods and sports goods, being an individual or an AOP, has turnover exceeding five million rupees for any tax year, such person

shall pay final tax at the rate of 1% of turnover. This tax shall form part of the single stage sales tax at the rate 3% of the declared turnover.

(17) in section 114,—

(a) in sub-section (1), for clause (b) the following shall be substituted, namely:—

“(b) any person not covered by clause (a) or (ab) who,—

- (i) has been charged to tax in respect of any of the two preceding tax years;
- (ii) claims a loss carried forward under this Ordinance for a tax year;
- (iii) owns immovable property with a land area of two hundred and fifty square yards or more or owns any flat located in areas falling within the municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory.”;

(b) in sub-section (2), in clause (b), after the semicolon, the word “and” shall be added;

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

“(2A) A return of income filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1); and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitize the data of such returns and transmit the same electronically to the Income Tax Department under their digital signatures.”;

(d) in sub-section (5), after the word “more” the words “of the” shall be inserted;

(18) in section 115, —

- (a) in sub-section (1), in clause (a), for the semicolon and word “; and” a colon shall be substituted and thereafter the following proviso shall be added, namely:–

“Provided that a taxpayer shall not be required to furnish a certificate, if his employer has furnished for the same tax year, Annual Statement of Deduction of Income Tax From Salary as prescribed under the Income Tax Rules, 2002.”;

- (b) in sub-section (4), after the figure and letter “113A”, the figure and letter “113B” shall be inserted;

- (19) in section 120, after sub-section (1), the following new sub-section shall be inserted, namely:–

“(1A) Notwithstanding the provisions of sub-section (1), the Commissioner may select a person for an audit of his income tax affairs under section 177 and all the provisions of that section shall apply accordingly.”;

- (20) in section 122A, in sub-section (1), for the word “*suo moto*” the commas and word “, *suo moto*” shall be substituted;

(21) in section 124, after sub-section (2), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that limitation under this sub-section shall not apply, if an appeal or reference has been preferred, against the order setting aside the assessment, passed by a Commissioner (Appeals), Appellate Tribunal or a High Court.”;

(22) in section 129, in sub-section (1), for clause (a) the following shall be substituted, namely:—

“(a) make an order to confirm, modify or annul the assessment order, after examining such evidence as required by him respecting the matters arising in appeal or causing such further enquiries to be made as he deems fit;”;

(23) for section 133 the following shall be substituted, namely:-

“133 Reference to High Court.– (1) Within ninety days of the communication of the order of the Appellate Tribunal under sub-section (7) of section 132, the aggrieved person or the Commissioner may prefer an application, in the prescribed form along with a statement of the case, to the High Court, stating any question of law arising out of such order.

(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law which arises out of its order.

(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order referred to in sub-section (1), it may proceed to hear the case.

(4) A reference to the High Court under this section shall be heard by a Bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908), shall apply, so far as may be, notwithstanding anything contained in any other law for the time being in force.

(5) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment

thereon specifying the grounds on which such judgment is based and the Tribunal's order shall stand modified accordingly. The Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

- (6) Notwithstanding that a reference has been made to the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal:

Provided that, if the amount of tax is reduced as a result of the judgment in the reference by the High Court and the amount of tax found refundable by the High Court may, on application by the Commissioner within thirty days of the receipt of the judgment of the High Court that he wants to prefer petition for leave to appeal to the Supreme Court, make an order authorizing the Commissioner to postpone the refund until the disposal of the appeal by the Supreme Court.

- (7) Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it was made unless the appeal is decided or such order is withdrawn by the High Court earlier.

(8) Section 5 of the Limitation Act, 1908 (IX of 1908), shall apply to an application made to the High Court under sub-section (I).

(9) An application under sub-section (1) by a person other than the Commissioner shall be accompanied by a fee of one hundred rupees.

(24) section 134 shall be omitted;

(25) in section 134A,—

(a) in sub-section (2), for the words “notified panel” the words “panel comprising” shall be substituted;

(b) in sub-section (5), in the proviso,—

(i) for the words “agreement made between the aggrieved person and”, the words “order passed by” shall be substituted;

(ii) for the full stop, at the end, a colon shall be substituted and the following further proviso shall be added, namely:-

“Provided further that if the taxpayer is not satisfied with the said order, he may continue to pursue his remedy before the relevant authority, tribunal or court as if no such order had

been made by the Board.”; and

(c) sub-section (6) shall be omitted;

(26) in section 147,—

(a) in sub-section (2), for words “associations of persons” the words “association of persons” shall be substituted;

(b) in sub-section (4A), after the word “individual” the words “or an association of persons” shall be inserted; and;

(c) in sub-section (5), in clause (a), for the word “by” the word “before” shall be substituted;

(27) in section 148,—

(i) in sub-section (4A), at the end, a full stop shall be added;

(ii) in sub-section (9), the definition of “industrial undertaking” shall be omitted;

(28) in section 153,—

- (a) in sub-section (1),-
 - (i) in clause (b), after the word “of”, the words “or providing of” shall be inserted;
 - (ii) in clause (c), after the word “of”, occurring for the second time, the words “or providing of” shall be inserted;
- (b) in sub-section (3), clauses (a) and (b) shall be omitted;
- (c) in sub-section (5),-
 - (i) in clause (d) for the full stop, at the end, the semicolon and word “;or” shall be substituted; and
 - (ii) after clause (d), amended as aforesaid, the following new clause shall be added, namely:-
 - “(e) a payment made by a Small Company as defined in section 2.”;

(d) in sub-section (6), for the word “clauses” the word “clause” shall be substituted;

(e) after sub-section (6), the following new sub-section shall be inserted, namely:–

“(6A) The provisions of sub-section (6) in so far as they relate to payments on account of supply of goods from which tax is deductible under this section shall not apply in respect of any person being a manufacturer of such goods.”;

(29) after section 156A, the following new section shall be inserted, namely:–

“156B. Withdrawal of balance under Pension Fund.- (1) A pension fund manager making payment from individual pension accounts, maintained under any approved Pension Fund, shall deduct tax at the rate specified in sub-section (6) of section 12 from any amount –

(a) withdrawn before the retirement age;

(b) withdrawn, if in excess of 25% of his accumulated balance at or after the retirement age:

Provided further that the tax shall not be deducted in case, the balance in the persons' individual pension account is invested in an approved income payment plan of a pension fund manager or paid to a life insurance company for the purchase of an approved annuity plan or is transferred to another individual pension account of the taxpayer maintained with any other Pension Fund Manager under Change of Pension Fund Manager option specified in the Voluntary Pension System Rules, 2005.”;

(30) in section 169, in sub-section (1), in clause (b), after the word “sub-section”, occurring for the fourth time, the brackets, figure and word “(1) and” shall be inserted;

(31) in section 176,—

(a) in sub-section (1), in clause (a) for the word “imposed” the word “leviable” shall be substituted; and

(b) in sub-section (3), before the word “Where” the words, comma and full stop “The person from whom information is required, may at his option, furnish the same electronically in any computer readable media.” shall be inserted;

- (32) in section 177, in sub-section (5),—
- (a) for the word “after” the word “After” shall be substituted; and
 - (b) for the word “persons”, at the end, the word “person” shall be substituted;
- (33) in section 178, the word “central” shall be substituted by the word “Federal”;
- (34) in section 181, in the marginal note, for the word “Card” the word “Certificate” shall be substituted;
- (35) in section 194, for the word “card”, wherever occurring, the word “Certificate” shall be substituted;
- (36) in section 206A, in sub-section (2), for the word “blinding” the word “binding” shall be substituted;
- (37) in section 216,
- (i) in sub-section (2), for the word “Shadat” the word “Shahadat” shall be substituted;

(ii) in sub-section (3), in clause (g), the words, comma, figure and brackets “Central Excises Act, 1944 (I of 1944)” shall be substituted by the words, comma and figure “Federal Excise Act, 2005 (of 2005)”;

(38) section 228 shall be substituted by the following, namely:–

“228 The Directorate General of Inspection and Internal Audit.– (1)

The Directorate General of Inspection and Internal Audit shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors and 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, specify the functions, jurisdiction and powers of the Directorate General of Inspection and Internal Audit”;

(39) sections 229, 230 and 231 shall be omitted.

(40) after section 231, the following new section shall be inserted, namely:–

“231A. Cash withdrawal from a bank.– (1) Every banking company

shall, at the time of making a payment for cash withdrawal exceeding twenty-five thousand rupees, deduct tax from the payment at the rate specified in Division VI of Part IV of the First Schedule;

(2) Advance tax under this section shall not be collected in the case of withdrawals made by,—

- (a) the Federal Government and a Provincial Government;
- (b) a foreign diplomat or a diplomatic mission in Pakistan; or
- (c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.”;

(41) for section 233 the following shall be substituted, namely:—

“233. Brokerage and commission.— (1) Where any payment on account of brokerage or commission is made by the Federal Government, a Provincial Government, a local authority, a company or an association of persons constituted by, or under any law (hereinafter called the “principal”) to a resident person (hereinafter called the “agent”), the principal shall deduct advance tax at the rate specified in

Part IV of the First Schedule from such payment.

(2) If the agent retains commission or brokerage from any amount remitted by him to the principal, he shall be deemed to have been paid the commission or brokerage by the principal and the principal shall collect advance tax from the agent.

(3) Where any tax is collected from a person under sub-section (1), the tax so collected shall be the final tax on the income of such persons.”;

(42) in section 233A, in sub-section (1),—

(a) in clause (b), for the word “schedule” the word “Schedule” shall be substituted ;

(b) in clause (c), for the word “members” occurring for the first time, the word “Members” shall be substituted; and

(c) in clause (d), for the word “Member” the word “Members” shall be substituted.

(43) after section 233, the following new section 233B shall be inserted,

namely:–

“233B. **Purchase of new motor cars.** – (1) There shall be collected advance tax at the rates specified in Part IV of the First Schedule on purchase of new motor car from a local manufacturer.

(2) The manufacturer company shall collect advance tax under sub-section (1) at the time of delivery of the motor car.

(3) Advance tax under this section shall not be collected from,–

(a) the Federal Government and Provincial Governments;

(b) a foreign diplomat or a diplomatic mission in Pakistan; or

(c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.”

(44) in section 237, in sub-section (1), the word “of” occurring for the first time, shall be omitted;

(45) in section 239,—

(a) in sub-section (3), for the word “sub-section” the word “sub-sections” shall be substituted;

(b) in sub-section (9), for the word “provision” the word “provisions” shall be substituted;

(c) in sub-sections (12) and (13) for the word “revoked, the words and commas, “amended, modified”, shall be substituted;

(d) in sub-section (14), for the word “exceeds” the word “exceed” shall be substituted;

(46) in the First Schedule,—

(i) in Part-I,—

(a) in clause (1),—

- (i) for the word, brackets and figure “clause (2)” the words, brackets and figures “clauses (1A) and (2) shall be inserted; and
 - (ii) after the word “individual” the words “except a salaried taxpayer” shall be inserted; and
- (b) in Division-I, after clause (1), the following new clause shall be added, namely:–

“(1A) where the income of an individual chargeable under the head “salary” exceeds fifty percent of his taxable income, the rates of tax to be applied shall be as set out in the following table namely:–

“Table

S. No. (1)	Taxable income. (2)	Rate of tax. (3)
1.	Where taxable income does not exceed Rs.100,000	Nil.
2.	Where taxable income exceeds Rs.100,000 but does not exceed Rs.200,000	3.5% of the amount exceeding Rs.100,000

- | | | |
|----|--|---|
| 3. | Where taxable income exceeds Rs.200,000 but does not exceed Rs.400,000 | Rs.3,500 plus 12% of the amount exceeding Rs.200,000 |
| 4. | Where taxable income exceeds Rs.400,000 but does not exceed Rs.700,000 | Rs.27,500 plus 25% of the amount exceeding Rs.400,000 |
| 5. | Where taxable income exceeds Rs.700,000 | Rs.102,500 plus 30% of the amount exceeding Rs.700,000.”; |

(c) in Division II, after clause (ii), the following new clause shall be added, namely:—

“(iii) where the taxpayer is a small company as defined in section 2, tax shall be payable at the rate of 20%.”;

(ii) in Part-III, in Division-III,—

(a) in clause (1), in sub-clause (a), the word “cotton” shall be omitted;

(b) for clause (3) the following shall be substituted, namely:–

“(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be 6% of the gross amount payable.”;

(c) for clause (4) the following shall be substituted, namely:–

“(4) The rate of tax to be deducted from a payment referred to in sub-section (3) of section 153 shall be 6% of the gross amount payable.”;

(d) in Division IV, in clause (1), in the table, after entry at

serial

number 3, a new entry shall be added, namely:-

4	Exports listed in Part IV of the Seventh Schedule	1.50% of the proceeds of
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		export”
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(iii) in Part IV,—

(a) for Division II, the following shall be substituted, namely:—

“Division II

Brokerage and Commission

The rate of collection under sub-section (1) of section 233 shall be,—

(a) in the case of indenting 5% of the amount of
commission agents, advertising the payment.
agents and yarn dealers.

(b) in the case of others. 10%. ”;

(b) for Division V the following shall be substituted, namely:—

“Division V

Telephone Users

- (a) in the case of prepaid telephone cards. 10% of the amount of sale price of prepaid telephone card.
- (b) in the case of post-paid telephone bill - where the monthly bill exceeds Rs.1000. 10% of the amount of bill; and
- (c) after Division V, the following new Divisions shall be added, namely:–

“Division VI

Cash Withdrawal from a bank

The Rate of tax to be deducted under section 232 shall be 0.1% of the cash amount withdrawn.

Division VII

The rate of tax to be collected under section 233B shall be 6% of the amount paid as price of the motor car.”;

(47) in the Second Schedule,—

(i) in Part-I,—

(a) after clause (53), the following new clause shall be added, namely:—

“(53A) The following perquisites received by an employee by virtue of his employment, namely:—

- (i) free or concessional passage provided by transporters including airlines to its employees (including the members of their household and dependents);
- (ii) free or subsidized food provided by hotels and restaurants to its employees during duty hours;
- (iii) free or subsidized education provided by an educational institution to the children of its employees;

- (iv) free or subsidized medical treatment provided by a hospital or a clinic to its employees; and
 - (v) any other perquisite or benefit for which the employer does not have to bear any marginal cost, as notified by the Central Board of Revenue.”;
- (b) in clause (56), in sub-clause (1), in paragraph (a), for the word “form” the word “from” shall be substituted;
- (c) in clause (57), in sub-clause (3), after paragraph (vii), the following paragraphs shall be added, namely:–
- “(viii) a Pension Fund approved by the Securities and Exchange Commission of Pakistan under the Voluntary Pension System Rules, 2005;
 - “(ix) any profit or gain or benefit derived by a pension fund manager from a pension Fund approved under the Voluntary Pension System Rules, 2005, on redemption of the seed capital invested in pension

fund as specified in the Voluntary Pension System Rules, 2005.”;

(d) in clause (61),–

- (i) the words, figure and comma “subject to the provisions of section 61,” shall be omitted;
- (ii) sub-clauses (ii), (vi), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) shall be omitted;
- (iii) in sub-clause (xxxviii), for the word “are” the word “or” shall be substituted; and
- (iv) after sub-clause (xli), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:–

“Provided that the amount so donated shall not exceed-

- (a) in the case of an individual or association of

persons, thirty percent of the taxable income of the person for the year; and

- (b) in the case of a company, fifteen percent of the taxable income of the person for the year.”;
- (e) in clause (74), for the words “scheduled banks” the words “financial institutions” shall be substituted;
- (f) in clause (99), for the words, comma and figures “Investment Companies and Investment Advisers Rules, 1971” the words, brackets, commas and figure “Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003” shall be substituted;
- (g) in clause (103), for the words, commas and figures “a Mutual Fund established by the Investment Corporation of Pakistan or an

Investment Company registered under the Investment Company and Investment Advisors Rules, 1971 or a unit trust scheme constituted by an assets management company registered under the Assets Management Companies Rules, 1995” the words, brackets, comma and figure “a collective Investment Scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003” shall be substituted;

- (h) after clause (106), the following shall be inserted, namely. –

“(106A) Any income derived by the corporatized entities of Pakistan Water and Power Development Authority from the date of their creation upto the date of completion of the process of corporatization i.e. till the tariff is notified.”;

- (i) in clause (110), for the words “as defined in the First Schedule” the words, brackets and figures “as defined in sub-section (47) of section 2” shall be substituted;
- (j) in clause (126), in sub-clause (2), in paragraph (d), for the word “unite” the word “unit” shall be substituted;
- (k) after clause (133), the following new clause shall be inserted, namely:–

“(133A) Any income derived by an individual from transfer of his membership rights or shares of a stock exchange in Pakistan to a company at any time between the first day of July, 2005, and the thirtieth day of June, 2006.”;

- (l) after clause (136), the following new clause shall be added, namely:–

“(137) Income of Fugro Geodetic Limited from execution of contract with the Government of Pakistan for

survey for the establishment of the Continental Shelf of Pakistan.”;

(b) in Part-II,—

(a) clause (1), shall be omitted;

(b) in clause (3), the words “engineering contracting” shall be omitted;

(c) clause (7), shall be omitted;

(d) clause (8), shall be omitted;

(e) for clause (9) the following shall be substituted, namely:—

“(9) Tax under section 148 shall be collected at rate of the 1% on import of all fibers, yarns and fabrics excluding pure cotton or its yarn or its fabrics.”;

(f) for clause (13) the following shall be substituted, namely:—

“(13) Tax under section 148 shall be collected in the case of edible oils at the rate of 3% and in the case of condemned ships imported for the purpose of breaking at the rate of 1% of the import value as increase by customs-duty and sales tax, if any, levied thereon”.

- (g) after clause (21), the following new clause shall be added, namely:—

“(22)In respect of companies getting enlisted on any stock exchange in Pakistan during the period first July, 2005 to thirtieth June, 2006, the rate of income tax shall be reduced by 1%. ”;

- (iii) in Part III,—

(a) sub-clause (1) shall be omitted;

(b) in sub-clause (1A), for the words “three hundred thousand” the figure “400,000” shall be substituted.

- (c) in sub-clause (2),—

(i) for the figure “50”, the figure “75” shall be substituted;
and

(ii) for the words “University Grants Commission” the words “Higher Education Commission” shall be substituted;

(iv) in Part-IV,–

(a) for clause (5) the following shall be substituted , namely:–

“(5) The provisions of section 111 regarding un-explained income or assets shall not apply in respect of,–

(i) any amount of foreign exchange deposited in a private Foreign Currency account held with an authorized bank in Pakistan in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan:

Provided that the exemption clause shall not be available in respect of any incremental deposits made on or after the 16th day of December, 1999 in such accounts held by a resident person or in respect of any amount deposited in accounts opened on or after the said date by such person.

(ii) any amount invested in the acquisition of Three-Years Foreign Currency Bearer Certificates issued under the Foreign Currency Bearer certificates Rules, 1997.

(iii) rupees withdrawn or assets created out of such withdrawal in rupees from private foreign currency accounts, or encashment of Foreign Exchange Bearer Certificates, US Dollar Bearer Certificates and Foreign Currency Bearer Certificates.”; and

(b) clauses (7) and (8) shall be omitted;

(c) for clause (11) the following shall be substituted, namely:–

“(11) The provisions of section 113, regarding minimum tax, shall not apply to,–

(i) National Investment (Unit) Trust or a collective investment scheme authorized or registered under the Non-banking Finance Companies (Establishment and Regulation) Rule, 2003, or any other company in respect of turnover representing transactions in shares, or securities listed on a registered stock exchange.

- (ii) petroleum dealers, in so far as they relate to turnover on account of sale of petroleum and petroleum products, notwithstanding their status as a company, a registered firm or an individual, engaged in retail sale of petroleum and petroleum products through petrol pumps for the purposes of assessment of their income and determination of tax thereon:

Provided that this exemption shall not apply to the sale of petroleum and petroleum products through petrol pumps which are directly operated or managed by companies engaged in distribution of petroleum and petroleum products.

Explanation.— For the removal of doubt it is declared that the companies engaged in distribution of petroleum and petroleum products other than through petrol pumps shall not be entitled to the benefits of this exemption.

- (iii) Hub Power Company Limited so far as they relate to its receipts on account of sale of electricity.

(iv) Kot Addu Power Company Limited (KAPCO) for the period it continues to be entitled to exemption under clause (138) of Part-I of this Schedule.

(v) companies, qualifying for exemption under clause (132) of Part-I of this Schedule, in respect of receipts from sale of electricity.

(vi) Provincial Governments and local authorities, qualifying for exemption under section 49 and other Government or semi-Government bodies which are otherwise exempt from income tax:

Provided that nothing shall be construed to authorize any refund of tax already paid or the collection of any outstanding demand created under the said section.

(vii) Pakistan Red Crescent Society.

(viii) special purpose, non-profit companies engaged in

scrutinizing the receivables of Provincial Governments or the companies.

- (ix) non-profit organizations approved under clause (36) of section 2 or clause (58) or included in clause (61) of Part-I of this Schedule.
- (x) a taxpayer who qualifies for exemption under clause (133) of Part-I of this Schedule, in respect of income from export of computer soft ware or IT services or IT enabled services.
- (xi) a resident person engaged in the business of shipping who qualifies for application of reduced rate of tax on tonnage basis as final tax under clause (21) of Part II of the Second Schedule
- (xii) a venture capital company and venture capital fund which is exempt under clause (101) of Part-I of this Schedule.
- (xiii) a Modaraba registered under the Modaraba

Companies and Modaraba (Floatation and Control)
Ordinance, 1980 (XXXI of 1980).

(xiv) Corporate and Industrial Restructuring Corporation
(CIRC).

(xv) a Small Company as defined in section 2.”, and

(d) clauses (12), (13), (13A), (15), (17), (18), (20), (21) and (22), (22A),
(23), (24), (25), (26), (27), (28), (30), (31), (31A), (31B), (34), (35),
(37) shall be omitted;

(e) clause (40) shall be omitted and, notwithstanding any judgment,
order or decision of any Court, Tribunal or Authority including
Income Tax Authority, shall be deemed always to have been so
omitted and shall have effect accordingly.

(f) clause (44) shall be omitted;

(g) in clause (47B), after the word “modaraba”, the words, figures and
comma “or Approved Pension Fund or an Approved Income
Payment Plan constituted by a Pension Fund Manager registered
under Voluntary Pension System Rules, 2005” shall be added;

(h) clause (53) and (54) shall be omitted.

(i) after clause (55) the following new clause shall be added, namely:–

“(56) The provisions of section 148, regarding withholding tax on imports, shall not apply in respect of;–

(i) goods or classes of goods imported by contractors and sub-contractors engaged in the execution of power project under the agreement between the Islamic Republic of Pakistan and Hub Power Company Limited.

(ii) such specially equipped motor vehicle or support equipment imported by a disabled person, as is allowed by the Federal Government.

(iii) such goods imported into Pakistan as are exempt from customs duties and sales tax under Headings 9913, 9914 and 9915 of Sub-Chapter III of Chapter 99 of First Schedule the Customs Act, 1969 (IV of 1969).

- (iv) goods imported by direct and indirect exporters covered under -
 - (a) Sub-Chapter 4 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001;
 - (b) Sub-Chapter 6 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001; and
 - (c) Sub-Chapter 7 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001;
- (v) goods specified under Heading 9929, Sub-Chapter VIII of Chapter 99 of the First Schedule to the Customs Act, 1969 (IV of 1969).
- (vi) such mobile telephone sets as are exempt from custom duty and are charged to sales tax in the manner prescribed in the Notification No. S.R.O. 390(I)/2001 dated the 18th June, 2001.
- (vii) plant, machinery and equipment imported as are subject to 5% rate of customs-duty under Chapter 84 of the First

Schedule to the Customs Act, 1969 (IV of 1969), or are exempt from customs-duty or subject to a lower rate of customs-duty under relevant Customs notifications.

- (viii) agricultural tractors imported in CBU condition.

- (ix) an indirect exporter as defined in the Duty and Tax Remission for Export Rules, 2001 issued under Notification No. S.R.O. 85(I)/2001, dated the 21st March 2001.

- (x) wheat imported by Trading Corporation of Pakistan in pursuance of Economic Coordination Committee of the Cabinet's Decision No.ECC.67/5/2004 dated the 2nd July, 2004.

- (xi) sugar imported in pursuance of Economic Coordination Committee of the Cabinet's decision No. ECC 16/2/2005 dated 08.02.2005.

- (xii) import of the following items, namely:–
 - (a) onions;
 - (b) potatoes;

- (c) tomatoes;
- (d) garlic;
- (e) *halal* meat of–
 - (1) (i) goat; and
 - (ii) sheep; and
 - (2) beef; and
- (f) live animals (bovine animals i.e. buffalos, cows, sheep, goats and camels only).”.
- (j) The provisions of sections 148 and 153 shall not apply to companies operating Trading Houses which–
 - (i) have paid up capital of exceeding Rs.250 million;
 - (ii) own fixed assets exceeding Rs.300 million at the close of the Tax Year;
 - (iii) maintain computerized records of imports and sales of goods;

- (iv) maintain a system for issuance of 100% cash receipts on sales;
- (v) present accounts for tax audit every year; and
- (vi) is registered with Sales Tax Department:

Provided that the exemption under this clause shall not be available if any of the aforementioned conditions are not fulfilled for a tax year.

- (k) The provisions of section 205 shall not apply to telecom companies for default of not collecting withholding tax under section 236 (1)(b) on sale of prepaid cards during tax year 2004, if the amount not collected is deposited within three months:

Provided that nothing contained in this clause shall apply to the amounts collected under section 236(1)(b), but not deposited in the Treasury.

- (l) The provisions of section 151, regarding withholding tax on profit on debt, shall not apply ;
- (i) in respect of profit or interest paid on a Term Finance Certificate held by a company which has been issued on, or after, the first day of July, 1999;
 - (ii) to any payment made by way profit or interest to any person on Term Finance Certificates being the instruments of redeemable capital under the Companies Ordinance, 1984 (XLVII of 1984), issued by Prime Minister's Housing Development Company (Pvt) Limited (PHDCL);
 - (iii) to Pak rupee accounts or certificates referred to in clause (83) of Part-I of this Schedule; and
 - (iv) in the case of any resident individual, no tax shall be deducted from income or profits paid on,-
 - (a) Defence Savings Certificates, Special Savings Certificates, Savings Accounts or

Post Office Savings Accounts, or Term Finance Certificates (TFCs), where such deposit does not exceed one hundred and fifty thousand rupees; and

- (b) Investment in monthly income Savings Accounts Scheme of Directorate of National Savings, where monthly installment in an account does not exceed one thousand rupees.”;

(48) in the Third Schedule, for Part I, the following shall be substituted, namely:—

“Part I

Depreciation

(See Section 22)

Depreciation rates specified for the purposes of section 22 shall be,—

- I. Building (all types). 10%

- II. Furniture (including fittings) and machinery and plant 15%
(not otherwise specified), Motor vehicles (all types),
ships, technical or professional books.
- III. Computer hardware including printer, monitor and 30%
allied items, aircrafts and aero engines.
- IV. In case of mineral oil concerns the income of which is
liable to be computed in accordance with the rules in
Part-I of the Fifth Schedule.
- | | | |
|-----|--|------|
| (a) | Below ground installations | 100% |
| (b) | Offshore platform and production
installations.”; | 20% |

(49) in the Fourth Schedule, after clause (6), the following new clause shall be inserted, namely:–

“(6A) Exemption of capital gains from sale of shares.-In computing income under this Schedule, there shall not be included “capital gains”, being income from the sale of modaraba certificates or any

instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984), listed on any stock exchange in Pakistan or shares of a public company (as defined in sub-section (47) of section 2) and the Pakistan Telecommunications Corporation vouchers issued by the Government of Pakistan, derived up to tax year ending on the thirtieth day of June, 2007.”;

(50) in the Sixth Schedule, in the heading of Part I, for the figure “49” the figure “48” shall be substituted ;

(51) in the Seventh Schedule,-

(i) in Part I,-

(a) against serial No. 1 in column (1), in column (2), the words “leather and textile made ups” shall be omitted;

(b) against serial No. 3, in column (1), in column (2), the words, figures, brackets and comma “Goods specified under heading No.90.18 of the Fifth Schedule to the Customs Act, 1969 (IV of 1969)” shall be omitted;

(c) against serial No. 4, in column (1), in column (2), the words “Sports goods” shall be omitted;

(d) against serial No. 9, in column (1), items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x) and (xi) and the entries relating thereto in columns (2) and (3) shall be omitted.

(ii) in Part II,

(a) in the table, after entry at S. No. 1, the following entry shall be made, namely:-

S. No.	Description	Description
(1)	(2)	(3)
1A		
(1)	Leather and textile made ups	
(2)	Goods specified under heading No. 90.18 of the First Schedule to the Customs Act, 1969 (IV of 1969)	
(3)	Sports goods, toilet linen including terry towels	

(4) Goods specified under Chapters,
Heading and Sub-Heading Nos. of
the Pakistan Custom Tariff

(i)	42.05	Other articles of leather
(ii)	57.01	Hand-knitted carpets and rugs
(iii)	61.01	Men and boys overcoats, jackets knitted or crocheted
(iv)	61.02	Women and girls overcoats, jackets knitted or crocheted
(v)	61.03	Men and boys suits, jackets, trousers, shirts knitted or crocheted
(vi)	61.05	Men and boys shirts knitted or crocheted
(vii)	61.06	Women and girls blouses, shirts knitted or crocheted
(viii)	61.09	T-shirts knitted or crocheted
(ix)	61.12	Tracksuits, swimwear knitted or crocheted

(x)	63.01,2000, 3000, 4000	Blankets, wool, cotton and MMF.
(xi)	63.02	Bed linen, table linen and kitchen linen

(iii) in Part-III,

(a) in the subtitle the word “or” shall be substituted by comma, figure and words “, II or IV”.

(b) In the table,

(i) in entry at S. No. 1, after the word and figure :Part II”, the word and figure “Part IV”, shall be inserted;

(ii) the brackets, figures and word “(1) raw cotton (vi) cotton yarn” shall be omitted.

(c) after the entry at S. No. 2, the following new entry shall be made, namely:

“2A. Following types of goods not covered by other provisions of this Schedule, namely,-

(i) leather and articles thereof

(ii) textile and textile articles

(iii) carpets

(iv) surgical goods

(iv) after Part III, the following new Part shall be added, namely:-

“Part IV

[goods not covered by Part I, II and III]

S. No.	Description
(i)	raw cotton
(ii)	cotton yarn
(iii)	such other goods as may be notified by the Central Board of Revenue”

(10) **Amendment of Act I of 2003.-** In the Finance Act, 2003 (I of 2003), in section 3,-

- (a) in clause (a) the word “and”, at the end, shall be omitted;
- (b) in clause (b), for the full stop, at the end, the semicolon and word “; and” shall be substituted; and
- (c) after clause (b), amended as aforesaid, the following new clauses shall be added, namely:-

“(c) any aggrieved person in connection with any matter of tax pertaining to liability of wealth tax, admissibility of refund, waiver or fixation of penalty or fine, relaxation of any time period or procedural and technical condition may apply to the Central Board of Revenue for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application;

(d) the Central Board of Revenue, after examination of the application of an aggrieved person, shall appoint a committee consisting of an officer of income tax and two persons from a panel consisting of Chartered or Cost Accountants, Advocates, Tax Practitioners or reputable taxpayers for the resolution of the hardship or dispute;

(e) the committee constituted under clause (d) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of Income Tax or any other person to conduct an audit and make recommendations in respect of the resolution of dispute as it may deem fit;

(f) the Central Board of Revenue may, on the recommendation of the committee, pass such order, as it may deem appropriate;

(g) the aggrieved person may make the payment of wealth tax and other taxes as determined by the Central Board of Revenue in its order under clause (f) and all decisions, orders and judgments made or passed shall stand modified to that extent and all proceedings by any authority shall

abate:

Provided that, in case the matter is already sub-judice before any authority or tribunal or the court, an order passed by the Board in the light of recommendations of the committee shall be submitted before that authority, tribunal or the court for consideration and orders as deemed appropriate:

Provided further that if the taxpayer is not satisfied with the said order, he may continue to pursue his remedy before the relevant authority, tribunal or court as if no such order had been made by the Board.”; and

(h) the Board may, by notification in the official Gazette, make rules for this purpose.”.
