

NOTES ON CLAUSES

CUSTOMS ACT, 1969 (IV OF 1969)

- Clause 3(1) Seeks to amend section 2 (s) to enable Pakistan Customs to conduct anti-smuggling operations within municipal limits.
- Clause 3(2) Seeks to amend section 3C of the Customs Act, 1969 to replace the name of Pakistan Customs Academy (PCA) with Customs Academy of Pakistan (CAP) to avoid duplication in nomenclature.
- Clause 3(3) Seeks to amend section 7 of the Customs Act, 1969 to include Provincial Levies and Khasadar Force in the list of departments which are bound to provide assistance to Customs whenever requested.
- Clause 3(4)(a) Seeks to amend section 19(1) to help implement agreements of Government of Pakistan with an entity.
- Clause 3(4)(b) Seeks to amend 19(5) to give continuity to the notifications issued under section 19 during the financial year.
- Clause 3(5) Seeks to amend section 25A to consult and not incorporate straightaway internationally acclaimed publications, periodicals, bulletins etc. to determine truth, and accuracy of the declared values. With the proposed amendment, the proviso to Section 25-A of the Customs Act, 1969 shall be harmonious with Section 25, 25-A and the WTO Valuation Agreement.
- Clause 3(6) Seeks to amend section 79 to legally bind the owner of goods to file GDs within three days after arrival of goods at border Custom stations to ease out congestion.

- Clause 3(7) Seeks to amend section 98 to enhance the warehousing period for perishable items to facilitate the trade.
- Clause 3(8) Seeks to amend sub-section (1) of section 139 to facilitate the passengers travelling as a group who cannot file their own declarations, by allowing the representative to file baggage declaration on behalf of the group members.
- Clause 3(9)(a) Seeks to amend S.No.1 of the Table of section 156(1) to rationalize the pitch of penalty for the offense of (a)invoice and packing list not found inside the container, and (b) invoice and packing list not uploaded electronically with the GD, with a view to redress the grievances of the trade. The National Assembly Standing Committee on Finance also observed that the current penalties are very harsh for the trade.
- Clause 3(9)(b) Seeks to amend S.No.8 of the Table of section 156(1) to make penal provisions more stringent in relation to smuggling of essential commodities.
- Clause 3(9)(c) Seeks to amend S.No.9 of the Table of section 156(1) to make penal provisions more stringent in relation to the goods imported or exported in contravention of the restrictions imposed thereon.
- Clause 3(9)(d) Seeks to amend S.No.89 of the Table of section 156(1) to make penal provisions more stringent in relation to smuggling of goods as defined in section 2(s).
- Clause 3(9)(e) Seeks to amend S.No.90 of the Table of section 156(1) to make penal provisions more stringent in relation to evasion of duty / taxes and breach of prohibitions or restrictions.
- Clause 3(10) Seeks to add proviso to section 179(2) to provide option to the respondent to go for adjudication through Customs

Computerized System with a view to reduce the clearance time and eliminate human interaction.

- Clause 3(11) Seeks to amend section 182 to enable Pakistan Customs to utilize the confiscated conveyance and any other useful equipment for anti-smuggling operations.
- Clause 3(12) Seeks to amend section 185D to ensure merit in the investigation of criminal cases.
- Clause 3(13) Seeks to insert a new clause in section 194A (1) to align it with Chapter 10 of the revised Kyoto Convention of WCO.
- Clause 3(14) Seeks to insert a proviso in section 208 to allow self-filing of GD to the compliant tax payers.
- Clause 3(15) Seeks to omit clause (iii) of sub section (2) of section 212B as interpretation of any statute concerning leviability in respect of ongoing transactions which otherwise lies in the domain of FBR, falls outside the purview of Advance Ruling.
- Clause 3(16) Seeks to amend First Schedule to the Customs Act, 1969 with the First Schedule to this Act.
- Clause 3(17)(A)(i) Seeks to amend in serial 21 of Part-I of Fifth Schedule to exempt customs duties on import of machinery, equipment and inputs for manufacturing of solar panels, inverters and batteries.
- Clause 3(17)(A)(ii) Seeks to amend serial 26 of Part-I of Fifth Schedule to extend the date of duty free imports of plant, machinery and equipment for setting up of industries in erstwhile FATA Areas till 30th June, 2024.

- Clause 3(17)(B)(i)(a)&(b) Seeks to amend Table-A, Part-II of Fifth Schedule to delete 01 Active Pharmaceutical Ingredients (APIs) and included 01 another API in the existing list of exemption regime.
- Clause 3(17)(B)(ii) Seeks to amend Table-C, Part-II of Fifth Schedule to include 03 medicines in the existing list of exemption regime.
- Clause 3(17)(B)(iii) Seeks to amend Table-D, Part-II of Fifth Schedule to include 01 raw materials for Pharma packing in existing list of concessionary regime.
- Clause 3(17)(C)(i) Seeks to insert new serial number 9A, to exempt customs duties on import of seeds for sowing
- Clause 3(17)(C)(ii) Seeks to delete serial numbers 44, 56, 63 and 88 in Part-III, of Fifth Schedule to remove duplication and streamline the concession / exemption on raw material / inputs for diaper / sanitary napkins.
- Clause 3(17)(C)(iii) Seeks to amend serial number 107 of Part-III of Fifth Schedule to include specific papers for printing of Holy Quran.
- Clause 3(17)(C)(iv) Seeks to amend serial No. 111 of Part-III, of Fifth Schedule to streamline the concession / exemption on raw material / inputs for diaper / sanitary napkins.
- Clause 3(17)(C)(v) Seeks to amend serial No. 113 of Part-III, of Fifth Schedule to rectify the exemption on raw materials / inputs for hemodialyzers fluid/powder.
- Clause 3(17)(C)(vi) Seeks to amend serial No. 119 of Part-III, of Fifth Schedule to exempt customs duties on import of Organic composite solvents and thinners for manufacturers of Butyl Acetate and Dibutyl Orthophthalates.

- Clause 3(17)(C)(vii) Seeks to amend serial No. 122 of Part-III, of Fifth Schedule to include one more input “roasted peanuts” in the existing list of inputs used in the production Ready to Use Supplementary Foods (RUSF).
- Clause 3(17)(C)(viii) Seeks to amend serial No. 134 of Part-III, of Fifth Schedule to allow import of PET Scrap on reduced rate for the manufactures of Polyester Filament Yarn.
- Clause 3(17)(C)(ix) Seeks to amend serial No. 151 of Part-III, of Fifth Schedule to extend concession of customs duty on import of Flavouring powders for food preparation.
- Clause 3(17)(C)(x) Seeks to add new serial No.153 to 159 in Part-III, of Fifth Schedule to exempt customs duties on import of raw materials / inputs for manufacturers of Adhesive Tap, Capacitors, Moulds and Dies, Mining machinery, Machine Tools and Rice mill machinery and imports by the exporters of IT and IT enabled services.
- Clause 3(17)(D) Seeks to delete the Part-V of Fifth Schedule to align the Auto Industry Development and Export Policy (AIDEP) 2021-26
- Clause 3(17)(E)(i)(ii)&(iii) Seeks to amend Table-II of Part-V(A) to rectify the PCT codes of electric motors.
- Clause 3(17)(F) Seeks to substitute the Part-V(B) of Fifth Schedule to align the Auto Industry Development and Export Policy (AIDEP) 2021-26
- Clause 3(17)(G) Seeks to amend serial No. 2 of Table-A, of Part-VII, to include live baby shrimp/prawns/juvenile in the existing exemption regime for production and breeding. Scope of exemption also extended for hatcheries

SALES TAX ACT, 1990

Clause 4(1)(a)	Seeks to omit the expression “production, transmission and distribution of electricity,” after the word “include” in clause (12) of section 2
Clause 4(1)(b)	Seeks to omit sub-clause (e) of clause 33 of section 2
Clause 4(1)(c)	Seeks to omit sub-clauses (e) and (ga) of clause (43A) of section 2
Clause 4(2)	Seeks to substitute section 30CA
Clause 4(3)	Seeks to substitute the words “goods or class of goods as specified by the Board under sub-section (1) of section 40C” for the words “cigarette packs” in column (1) of clause (23) of section 33
Clause 4(4)(a)	Seeks to insert new serial number 8A after serial number 8 in the Fifth Schedule
Clause 4(4)(b)	Seeks to substitute clause (xxv) of serial number 12 of the Fifth Schedule
Clause 4(4)(c)	Seeks to insert the expression “commodities,” after the words “supplies of” of serial number 21 of the Fifth Schedule
Clause 4(5)(l)(a),(b)&(c)	Seeks to substitute the word “under” for the words “in retail packing bearing” of serial numbers, 16, 17 and 18 of Table-1 of the Sixth Schedule
Clause 4(5)(l)(d)	Seeks to add Explanation in serial number 121 of Table-1 of the Sixth Schedule
Clause 4(5)(l)(e)&(f)	Seeks to substitute the expression “30 th June, 2024” for the expression “30 th June, 2023” in Table-I of the Sixth Schedule

Clause 4(5)(l)(g)	Seeks to omit serial numbers 159 and 160 of Table-1 of the Sixth Schedule
Clause 4(5)(l)(h)	Seeks to add new serial numbers 175, 176, 177, 178, 179, 180 and 181 after serial number 174 of Table-1 of the Sixth Schedule
Clause 4(5)(ll)(a),(b), (c),(d),(e),(f),(g)&(h)	Seeks to omit the words “in retail packing” after the word “sold” in serial numbers 32, 34, 35, 36, 37, 39, 41 and 42 of Table-2 of the Sixth Schedule
Clause 4(6)(a)	Seeks to substitute the expression “15%” for the expression “12%” in serial number 66 of Table-1 of the Eighth Schedule
Clause 4(6)(b)	Seeks to substitute serial numbers 81 and 82 of Table-1 of the Eighth Schedule

ICT (TAX ON SERVICES) ORDINANCE, 2001

Clause 5(1)(i)	Seeking to insert new clause (a) of sub-section (2A) of section 3
Clause 5(1)(ii)	Seeks to insert the expression “and serial number 8A” after the expression “serial number 2” in clause (b) of sub-section (2A) of section 3
Clause 5(2)(i)	Seeks to substitute serial number 1 of Table-1 of the Schedule
Clause 5(2)(ii)	Seeks to substitute the word “Fifteen” for the word “Sixteen” in serial number 11 of the Schedule
Clause 5(2)(iii)	Seeks to add new serial number 60 after serial number 59 of Table-1 of the Schedule
Clause 5(3)	Seeks to substitute serial number 11 of Table-2 of the Schedule

INCOME TAX ORDINANCE, XLIX OF 2001

Clause 6(1)	Seeks to amend section 2 (definitions)
Clause 6(1)(a)	Seeks to amend definition of income to include any amount subject to collection or deduction of tax under section 236Z
Clause 6(1)(b)(i)&(ii)	Seeks to enhance the scope of definition of permanent establishment by amendment in clause (41)
Clause 6(1)(c)	Seeks to broaden the definition of SME by including IT & IT enabled services and increasing the business turnover limit to 800 million
Clause 6(2)	Seeks to insert new sub-section (5A) in section 4C
Clause 6(3)(i)&(ii)	Seeks to add a new clause (1b) in section 39 to add income from bonus shares issuance as “income from other sources”
Clause 6(4)	Seeks to insert a new section 44A to operationalize the exemptions and incentives provided under Foreign Investment (Promotion and Production) Act, 2022
Clause 6(5)	Seeks to insert a new section 65I to provide tax credit for construction of a new house by an individual
Clause 6(6)(a)	Seeks to substitute sub-section (1) of section 85 to elaborate the concept of associates and to include resident of jurisdiction with zero taxation regime in the ambit of associate
Clause 6(6)(b)	Seeks to add definition of jurisdiction with zero taxation regime in sub-section (5) of section 85
Clause 6(7)	Seeks to add a new charging section 99D to impose an additional tax up to the rate of fifty percent on any income, profits on gains for the tax year 2023 and onwards arising due to economic factors as determined and notified by the Federal Government.

- Clause 6(8) Seeks to enhance the limit in sub-section (4) of section 111 to rupee equivalent of one hundred thousand United States dollars
- Clause 6(9) Seeks to add explanation in clause (c) of sub-section (2) of section 113
- Clause 6(10) Seeks to add a new section 146D for recovery of liability outstanding under other laws.
- Clause 6(11)(i),(ii)and (iii) Seeks to amend section 147 to clarify and to provide that tax assessed includes tax payable under section 4C for the purposes of calculating advance tax payable
- Clause 6(12) Seeks to amend sub-section (5A) of section 152 to provide for automatic issuance of exemption certificate upon expiry of thirty days of receipt of notice by the Commissioner
- Clause 6(13) Seeks to amend sub-section (3B) of section 154
- Clause 6(14) Seeks to relax the condition of filing of sales tax returns for exporters of IT & IT enabled services
- Clause 6(15) Seeks to amend the marginal note of section 164A
- Clause 6(16) Seeks to amend sub-section (3) of section 168 consequent to new insertion of sub-section (7) of section 236Z
- Clause 6(17) Seeks to amend clause (b) of sub-section (1) of section 169 consequent to new insertion of sub-section (7) of section 236Z
- Clause 6(18) Seeks to amend clause (b) of sub-section (2) of section 218
- Clause 6(19) Seeks to insert a new section 231AB for deduction of tax on cash withdrawals from persons not appearing in the ATL

Clause 6(20)	Seeks to insert a new section 231C for collection of tax from the agency, sponsor or an employer hiring the services of a foreign domestic worker
Clause 6(21)(a)&(b)	Seeks to exempt a non-resident individuals holding POC, NICOP and CNIC acquiring property through SBP notified FCVA and NRVA account from collection of tax under section 236K on purchase of said property
Clause 6(22)	Seeks to insert a new section 236Z for collection of tax on bonus shares issued by a company
Clause 6(23)	Seeks to amend the First Schedule to the Income Tax Ordinance, 2001
Clause 6(23)(A)(1)	Seeks to substitute Table in Division IIB of Part-I to provide income slabs and tax rates for section 4C
Clause 6(23)(A)(2)	Seeks to substitute S. No. 4 in the Table in Division IX of Part I with new Serial Nos. 4 and 5 to provide for minimum tax rate for listed companies under section 113 at 1%
Clause 6(23)(B)	Seeks to amend S. No. 3 in the Table in Part II to provide rate of collection of advance tax under section 148 for commercial importers
Clause 6(23)(C)(1)(i), (ii) and (iii)	Seeks to amend paragraphs (4), (5) and (6) of Division II of Part III to provide for increase of 1% in rates of withholding tax by PE of a non-resident on payments against sale of goods, rendering of services and contracts under section 152(2A)
Clause 6(23)(C)(2)(i), (ii) and (iii)	Seeks to amend sub-paragraph (b) of paragraph (1), sub-paragraphs (i) & (ii) of paragraph (2) and sub-paragraph (ii) & (iii) of paragraph (3) of Division III of Part III to provide for increase of 1% in rates of withholding tax by prescribed persons on payments

against sale of goods, rendering of services and contracts under section 153

- Clause 6(23)(C)(3) Seeks to amend S. No. 1 in the table in Division IVA of Part III for application of reduced rate of 0.25% on export proceeds of software, IT Services and IT enabled services for tax year 2024 up to tax year 2026
- Clause 6(23)(D) Seeks to increase the rate of advance tax deduction under section 236Y from 1% to 5% of the gross amount remitted abroad through credit, debit or prepaid cards
- Clause 6(24) Seeks to amend the Second Schedule to the Income Tax Ordinance, 2001
- Clause 6(24)(A)(i) Seeks to insert new entries in Table 1 of sub-clause (1) of clause (66)
- Clause 6(24)(A)(ii) Seeks to extend the limitation of exemption from 30th day of June 2023 to 30th day of June 2024 on profit and gains on sale of immovable property or shares of Special Purpose Vehicle to any REIT scheme
- Clause 6(24)(A)(iii) Seeks to extend the limitation of exemption from 30th day of June 2023 to 30th day of June 2024 on any income of any individual domiciled or company and AOP resident in e Tribal Area forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan.
- Clause 6(24)(A)(iv) Seeks to amend clause (150) of Part I
- Clause 6(24)(A)(v) Seeks to insert new clause (154) in Part I to provide tax holiday to SME setup exclusively as agro based industry for five years up to tax year 2028
- Clause 6(24)(B) Seeks to insert new clauses (21) and (22) in Part III

Clause 6(24)(C)(i)	Seeks to add new sub-clause (xlvi) in clause (11A) of Part IV
Clause 6(24)(C)(ii)	Seeks to omit clause (100) of Part IV
Clause 6(24)(C)(iii)	Seeks to insert new clauses (121), (122), (123) and (124) in Part IV
Clause 6(25)	Seeks to insert new rule (6DB) in the Fourth Schedule
Clause 6(26)	Seeks to insert new rule (4AC) in the Fifth Schedule
Clause 6(27)(a)	Seeks to amend rule 7CA in the Seventh Schedule
Clause 6(27)(b)	Seeks to insert new rule (7CB) in the Seventh Schedule
Clause 6(27)(c)	Seeks to amend sub-rule (1) of rules 7D, 7E and 7F in the Seventh Schedule
Clause 6(27)(d)	Seeks to insert new rule 7G in the Seventh Schedule to provide reduced rate of on additional advances for IT & IT enabled services
Clause 6(28)	Seeks to insert new rule 4A in the Eighth Schedule to provide for competition, collection and payment of tax under section 4C by NCCPL on the amount of capital gains computed under the Eighth Schedule
Clause 6(29)	Seeks to insert new entries in the Table of Thirteenth Schedule
Clause 6(30)(a)	Seeks to substitute rule 2 of the Fourteenth Schedule
Clause 6(30)(b)&(c)	Seeks to insert new category at S.No.3 in the Table in rules 3 and 4 of the Fourteenth Schedule

FEDERAL EXCISE ACT, 2005

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| Clause 7(1) | Seeks to add new clause (e) after clause (d) of sub-section (1) of section 3 |
| Clause 7(2) | Seeks to add new clause (d) after clause (c) of sub-section (2) of section 29 |
| Clause 7(3) | Seeks to add new sub-section (4) after sub-section (3) of section 40 |
| Clause 7(4)(a) | Seeks to add new serial numbers 60 and 61 after serial number 59 of Table-I of the First Schedule |
| Clause 7(4)(b) | Seeks to substitute serial number 11 of Table-II of First Schedule |
| Clause 7(5)(a) | Seeks to add new serial number 26 after serial number 25 of Table-I of the Third Schedule |
| Clause 7(5)(b) | Seeks to add new serial number 15 after serial number 14 of Table-II of the Third Schedule |

The Statement of estimated Tax Expenditure of the Federal Government as required under Section 8 of Public Finance Management Act 2019 is appended at the end of this bill as Annex-A.