

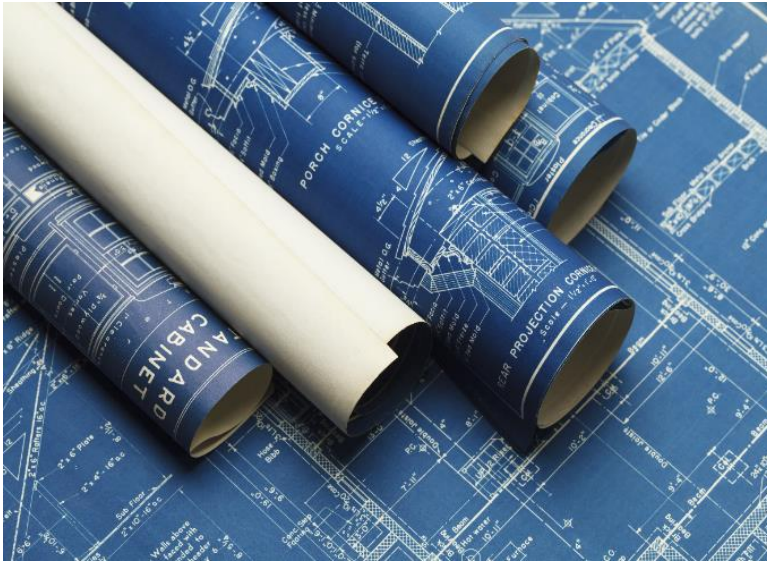


◆ YOUSUF ADIL

**Comments on
Finance
(Supplementary)
Bill, 2021**

Tax

Foreword



This memorandum contains a synopsis of “Finance (Supplementary) Bill, 2021” entailing the amendments made in the tax laws that includes withdrawals of various sales tax exemptions. The amendments are largely intended to meet the conditions of International Monetary Fund’s program requiring documentation of economy and to improve the tax collection.

The amendments made through the Bill will be applicable on the next day of the assent given by the President of Pakistan except amendment in respect of deletion of serial number 50 of the Third Schedule to the Sales Tax Act, 1990 which will be applicable retrospectively effective from December 1, 2021.

The memorandum is prepared and aimed at providing general guidance with the objective of keeping our clients and staff abreast of the changes introduced. Yousuf Adil, Chartered Accountants accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication. The users are therefore advised to seek professional advice before exercising any judgment, interpretation of any legal provision and acting thereupon.

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Income Tax Ordinance, 2001

1. Digital Mode of Payment [Sections 22(I)]

Through the Tax Laws (Third Amendment) Ordinance, 2021, a new sub section (1a) was introduced under section 21 whereby corporate taxpayers are required to make payment for expenses incurred above Rs. 25,000 through digital means of payment from their declared business bank accounts in order to claim such payments as deductible expense. Such condition is not applicable to specified payments on account of utilities, freight, travel fare, postage and payment of taxes and duties.

Initially the requirement to make payment above Rs. 25,000 through digital means was made applicable from November 1, 2021 which was subsequently extended till November 30, 2021 and thereafter till December 31, 2021.

Now the Bill seeks to insert a proviso empowering the Federal Board of Revenue (the Board) to notify the effective date for the payments to be made through digital means

The Bill further seeks to define the term 'digital means' to mean electronic or digital payment as defined by the State Bank of Pakistan (SBP).

SBP vide its circular No.5 dated 2021 has listed following modes of electronic or digital payments:

- a. Online portals/platforms for digital payments/receipts
- b. Online Interbank Fund Transfer services
- c. Online bill/invoice presentment and payments services
- d. Over the Counter (OTC) digital payments services/facilities
- e. Card payments using Point of Sale (POS) terminals, QR codes, mobile

devices, ATMs, Kiosk and/or any other digital payments enabled devices

- f. Any other digital/online payment modes

Through the aforesaid circular, SBP has asked Banks and other regulated entities to mandatorily provide digital payments and facilitation of financial services to the institutional clients (Corporation/Companies/Partnerships).

Digitalizing the economy is the need of the day. In fact, the digital economy is the key to securing our economic future. This will enable more small-businesses to digitally transition to operating in a digital economy, which will directly benefit business operations and lift their long-term productivity. However, the Government must appreciate that this would require investment by businesses in the infrastructure and to some changes in the business model. Businesses have already raised concerns with respect to the implementation of this measure and apparently that is why the legislature has authorized the Board to notify the effective date for the implementation of this measure after consultation with the stakeholders.

2. Furnishing of information by banks [Sections 165A]

As per existing provision of section 165A, every banking company is required to make necessary arrangement to provide following details / information to the Board in the manner and form prescribed:

- (a) a list of persons containing particulars of cash withdrawals exceeding fifty thousand Rupees in a day and tax deductions thereon, aggregating to Rupees one million or more during each preceding calendar month;
- (b) a list containing particulars of deposits aggregating rupees ten million or more

made during the preceding calendar month;

- (c) a list of payments made by any person against bills raised in respect of a credit card issued to that person, aggregating to rupees two hundred thousand or more during the preceding calendar month;
- (d) a list of persons receiving profit on debt and tax deductions thereon during preceding financial year."

The Bill now proposes to require a banking company to make arrangement for the provision of a list of persons containing particulars of their business accounts opened or re-designated during each preceding calendar month.

Collection of data is the right step towards documentation of economy but only if technology is utilized for processing such data and also corroborating with other information available with the authorities.

3. Payments for goods, services and contracts, Commission and Brokerage, Use of machinery and equipment [Sections 153, 233 and 236Q]

As per sections 153, 233 and 236Q of the Ordinance, a person making specified payments is required to withhold tax at source at applicable rates. Such withholding of tax is treated as a minimum tax liability of the recipient in respect of such income.

The Bill proposes to add an explanation under sections 153, 233 and 236Q, whereby income as referred under these sections means the amount on which tax is deductible under these sections, thus clarifying that the amount of tax withheld under these sections is only adjustable against the tax liability on such receipts that are liable to tax withholding under these sections.

These amendments apparently seek to address such situations whereby the taxpayer may take a position that the tax withheld under these sections is to be treated as minimum tax in respect of its income not limited to what is liable to tax deduction under these sections but from other sources as well.

4. Disclosure of information by a public servant [Section 216]

As per Section 216(1), a public servant shall not disclose the confidential information as stipulated under sub-section 1 to any person. Such confidential information can be shared to the list of persons which are provided under sub-section 3 of the aforesaid section.

The Bill proposes to insert a new clause (t) in sub-section (3) whereby particulars in respect of high-level public officials and public servants in BPS-17 and above, their spouses, children or benamidars, or any person in relation to whom the aforementioned persons are beneficial owner can also be disclosed. However, provisions of proposed clause shall not apply in case of the persons who have been excepted from definition of "holder of public officer" by virtue of the clause (iv) of sub-section (m) of section 5 of the National Accountability Bureau Ordinance, 1999 (Ordinance No. XVIII of 1999).

The Bill also proposes to insert an explanation whereby the term "High-level public officials" has been defined as 'politically exposed persons as defined by a rule, regulation, executive order or instrument; or under any law for the time being in force'.

5. Advance tax on TV plays and advertisements [Section 236CA]

The Bill proposes to insert new section 236CA whereby advance tax is to be

collected by any licensing authority certifying any foreign TV drama serial or a play dubbed in Urdu or any other language, for screening and viewing on any landing rights channel.

Further, licensing authority shall also be responsible to collect advance on any commercial for advertisement starring foreign actor, for screening and viewing on any landing rights channel. Tax collected is proposed to be treated as minimum tax of that person who obtained such certification from the licensing authority.

The proposed amendment seeks to bring into tax net the income derived through screening or viewing of any foreign TV drama serials or plays including any commercial for advertisement that stars any foreign actor by requiring the licensing authority to collect advance tax at the following fixed rates through insertion of Division XA under Part-IV of the First Schedule to the Ordinance, irrespective of the quantum of income derived through screening or viewing:

S.No.	Description	Rate
(a)	Foreign-produced TV drama serial or play	Rs.1,000,000 per episode
(b)	Foreign-produced TV play (single episode)	Rs.3,000,000
(c)	Advertisement starring foreign actor	Rs. 500,000 per second

6. Real Estate Investment Trust (REIT) Scheme and Special Purpose Vehicle (SPV) as defined under the REIT Regulations, 2015

The Bill proposes certain income tax reliefs for Real Estate Investment Trust (REIT) Scheme and Special Purpose Vehicle (SPV)

as defined under the REIT Regulations, 2015.

Under the REIT Regulations, 2015, SPV means a limited liability company that a Non-PPP REIT Scheme may invest in or set up in accordance with and subject to the limitations set forth in these Regulations. The incentives introduced through the Bill are summarized below:

i. Dividend Income

The rate of tax chargeable on dividend received from an SPV as defined under the REIT Regulations, 2015 is proposed to be at 0% in a case where the REIT scheme receives a dividend from the SPV and 35% in case of any other recipient, not being a REIT.

Corresponding amendments have also been proposed in Division I of Part III of the First Schedule to the Ordinance providing for deduction of advance tax on dividends received by a REIT at 0% and for other shareholders of SPV, not being a REIT, at 35%.

ii. Exemptions from the Total income

The Bill proposes to insert the reference of SPV under clause (99) of Part I of the Second Schedule to the Ordinance, thereby exempting the income of the SPV subject to distribution of 90% of its accounting income, as reduced by capital gains whether realized or unrealized, to the shareholders.

The Bill proposes to amend clause (99A) of Part I of the Second Schedule to the Ordinance whereby the sale of shares of the SPV by any person to a REIT Scheme shall be exempt from tax in the hands of such person.

iii. Exclusion from Withholding Tax provisions

The Bill proposes an amendment in Clause (47B) of Part IV of the Second Schedule to the Ordinance, whereby the provisions of sections 150 –

Dividend Income, 151 – Profit on Debt, 233 – Commission Income and Division VII of Part I of the First Schedule to the Ordinance - Capital Gains on Disposal of Securities, would not be applicable for an SPV, as a recipient of these payments.

Thus as a consequence of proposed amendment, the payments on account of dividend, profit on debt, commission and capital gains on disposal of securities in respect of an SPV would no more be liable to tax withholding.

7. Advance tax Telephone and internet users [Section 236]

The Bill propose to increase the rate of collection of advance tax on Telephone & Internet user. Following tax rates are proposed in the Bill.

Section	Description	Rate of Advance Tax	
		Existing	Proposed
236	In the case of subscriber of internet, mobile telephone and pre-paid internet or telephone card	10% for Tax year 2022	15%
		8% for Tax Year 2023 and onwards	15%

The proposed increase in tax rates suggests that the Government has failed to find new tax payers and has gone back to the simplest of solutions and that is to increase the rate of advance withholding taxes thus putting more burden on the masses especially in the case of advance tax on Telephone and Internet users. Government needs to understand that internet usage is no more a luxury rather a very important media of communication for personal, educational and business purpose.

8. Advance tax on private motor vehicles [Section 231B]

The Bill propose to increase the rate of collection of advance tax on the registration of Motor vehicle which is locally manufactured and has been sold prior to registration by the person who originally purchased it from the local manufacturer. Existing and proposed rates are as under:

S.no	Description	Rate of Advance Tax	
		Existing	Proposed
1.	Engine Capacity - Up to 1000cc	50,000	100,000
2.	Engine Capacity - 1001cc to 2000cc	100,000	200,000
3.	Engine Capacity - 2001cc and above	200,000	400,000

9. Profits and gains from electric power generation project [Clause (132), Part I, Second Schedule]

Profits and gains derived from electric power generation project set up in Pakistan was exempt from tax. However, said exemption was withdrawn vide the Finance Act, 2021 and restricted to only those persons who have entered into an agreement with the Federal or Provincial Government or to whom letter of intent was issued by the Federal or Provincial Government for setting electric power generation project in Pakistan up to 30 June 2021.

The Bill proposes to replace the reference of "letter of support" with "letter of intent". This amendment is proposed to be applicable retrospectively.

Sales Tax Act, 1990

1. Cottage Industry [Section 2(5AB)(d)]

Supplies made by persons meeting the criteria of Cottage Industry, are exempt from Sales tax. At present, one of the conditions to be fulfilled to qualify as a cottage industry is that the annual turnover from all supplies, does not exceed Rs.10 million.

The Bill proposes to reduce the annual turnover threshold to Rs.8 million.

2. Tier-1 retailer [Section 2(43A)(g)]

The Bill proposes to extend the scope of Tier-1 retailer by adding the following new entry in the list of persons falling in scope of Tier-1 retailers:

“a retailer whose deductible withholding tax under sections 236G or 236H of the Income Tax Ordinance, 2001(XLIX of 2001) during the immediately preceding twelve consecutive months has exceeded the threshold as may be specified by the Board through notification in the official Gazette.”

3. Scope of tax [Section 3(2)(a)]

At present, the authority to include and exclude any supply or import into/from the Third Schedule (i.e. sales tax on minimum retail price) and Eighth schedule (i.e. sales tax at reduced rate) to the Sales Tax Act, lies with the Federal Government.

The Bill proposes to empower Federal Board of Revenue to exercise such powers of amending the aforesaid schedules.

4. Tax Invoices [Section 23(1)(b)]

Currently, Section 23, inter alia, requires mentioning of NIC/NTN of the unregistered

recipient of taxable supply on the sales tax invoice except in case of supplies made by retailers to ordinary consumers where the transaction amount excluding sales tax does not exceed Rs. 100,000.

The Bill proposes to exclude the requirement of mentioning NIC of the unregistered person where the payment is made through debit/credit card or digital mode.

Further, presently a legal cover has been provided to the seller from application of sales tax liability and penalty in the case if the CNIC of the purchaser is found to be incorrect but it is proved that the sale was made in good faith. The Bill proposes to remove such immunity provided to the seller under the Act as a result of which the seller may now be liable to consequential sales tax and penalty if the CNIC of the purchaser is found to be incorrect even if it is proved that the sales were made in good faith.

5. Directorate General of Digital Invoicing and Analysis [Section 30CA]

In order to regulate digitalization of sales tax invoicing, the Bill proposes to introduce office of the Directorate General of Digital Invoicing and Analysis, through insertion of Section 30CA, which 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.

It is anticipated that the powers and functions of such office shall be notified by the Board separately through issuance of a notification under section 30E of the Act.

6. Offences and penalties [Section 33]

Scope of penalty applicable in case of cigarettes enhanced:

The scope of existing penalty as per serial no. 23 of section 33 on manufacture, possession, storage, transportation and selling of cigarettes with or without counterfeited tax stamps, banderoles, stickers, labels or barcodes has been proposed to be enhanced to include any items as specified being sold with or without counterfeited tax stamps, banderoles, stickers, labels or barcodes.

Sealing of business premises on avoidance of transaction through tracking system

In serial no. 24, the Bill has proposed to seal the business premises of the person who is integrated for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system but conducts such transactions in a manner to avoid such monitoring, tracking, reporting or recording.

Sealing of business premises on failure to integrate business

In serial no. 25A, penalty regarding sealing of business premises upon failure to integrate business in the prescribed manner has been revised as under:

Existing	Revised
If such person fails to integrate his business within fifteen days of imposition of penalty for fourth default, his business premises shall be sealed till such time he	The business premises of such person shall be liable to be sealed by an officer of Inland Revenue in the manner prescribed.

Existing	Revised
integrates his business in the manner as stipulated under sub-section (9A) of section 3	

The Third Schedule – Items subject to sales tax on Retail Price

Following entry was brought into the list of items specified in Third Schedule through Finance Act, 2021. The Bill proposes to omit such entry with effect from December 01, 2021:

Serial No. As per Table	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
50	Sugar except where it is supplied as an industrial raw material to pharmaceutical, beverage and confectionery industries.	Respective heading

The Fifth Schedule – Items subject to Zero Rating

i. Omissions

Zero rating of sales tax on the following items has been proposed to be withdrawn:

Serial No. As per Table	Description
3	Supplies to duty free shops, provided that in case of clearance from duty free shops against various baggage rules issued under the Customs Act, 1969, (IV of 1969), the supplies from duty free shops shall be treated as import for the purpose of levy of sales tax.
6A	<p>Supplies of locally manufactured plant and machinery of the following specifications, to manufacturers in the Export Processing Zone, subject to the conditions, restrictions and procedure given below, namely:-</p> <ul style="list-style-type: none"> (i) Plant and machinery, operated by power of any description, as is used for the manufacture or production of goods by that manufacturer; (ii) Apparatus, appliances and equipments specifically meant or adapted for use in conjunction with the machinery specified in clause (i); (iii) (iv) Mechanical and electrical control and transmission

Serial No. As per Table	Description
	<p>gear, meant or adapted for use in conjunction with machinery specified in clause (i); and (iv) Parts of machinery as specified in clauses (i), (ii) and (iii), identifiable for use in or with such machinery.</p> <p>Conditions, restrictions and procedures:</p> <ul style="list-style-type: none"> (a) the supplier of the machinery is registered under the Act; (b) proper bill of export is filed showing registration number; (c) the purchaser of the machinery is an established manufacturer located in the Export Processing Zone and holds a certificate from the Export Processing Zone Authority to that effect; (d) the purchaser submits an indemnity bond in proper form to the satisfaction of the concerned Commissioner Inland Revenue that the machinery shall, without prior permission from the said Commissioner, not be sold, transferred or otherwise moved out of the Export Processing Zone before a period of

Serial No. As per Table	Description
	<p>five years from the date of entry into the Zone;</p> <p>(e) if the machinery is brought to tariff area of Pakistan, sales tax shall be charged on the value assessed on the bill of entry; and</p> <p>(f) breach of any of the conditions specified herein shall attract legal action under the relevant provisions of the Act, besides recovery of the amount of sales tax along with default surcharge and penalties involved.]</p>
9	Goods exempted under section 13, if exported by a manufacturer.
12	<p>The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as prescribed by the Board:</p> <ul style="list-style-type: none"> - Preparations suitable for infants, put up for retail sale - Bicycles.
15	Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.”;

Serial No. As per Table	Description
18	<p>(i) Supply, repair or maintenance of any ship which is neither;</p> <p>(a) a ship of gross tonnage of less than 15 LDT; nor</p> <p>(b) a ship designed or adapted for use for recreation or pleasure.</p> <p>(ii) Supply of spare parts and equipment for ships falling under (i) above.</p> <p>(iii) Supply of equipment and machinery for salvage or towage services.</p> <p>(iv) Supply of equipment and machinery for other services provided for the handling of ships in a port.]</p>

ii. New insertions

Following new entries are proposed to be included in the Fifth Schedule to the Sales Tax Act:

Serial No.	Description
19	Drugs registered under the Drugs Act, 1976 (XXXI of 1976), or medicaments as classified under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except PCT heading 3005.0000
20	Petroleum Crude Oil (PCT heading 2709.0000).”.

The Sixth Schedule

TABLE 1 - Imports and Local supplies

Entries Omitted

Following entries in the Table 1 of the Sixth Schedule are proposed to be omitted:

Serial No. (as per Table1)	Description
1	Live animals and live poultry.
2	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen or otherwise, preserved [or packed]. 02.01, 02.02 and 02.04.
3	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved or packed.
11	Eggs including eggs for hatching
12	Live plants including bulbs, roots and the like.
16	Red chilies excluding those sold in retail packing bearing brand names and trademarks.
20	Seeds, fruit and spores of a kind used for sowing.
21	Cinchona bark.
23	Sugar cane.
46	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under Customs Act, 1969 (IV of 1969), and the conditions laid therein]
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.
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).
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).

Serial No. (as per Table1)	Description
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).
52A	Goods [excluding electricity and natural gas] supplied to hospitals run by the Federal or Provincial Governments or charitable operating hospitals of fifty beds or more or the teaching hospitals of statutory universities of two hundred or more beds.
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).
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).
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
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).
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.
60	Contraceptives and accessories thereof.
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.
63	Personal wearing apparel and bona fide baggage imported by overseas Pakistanis and tourists, if imported under various baggage rules and is exempt from Customs duties.

Serial No. (as per Table1)	Description
71	Goods and services purchased by non-resident entrepreneurs and in trade fairs and exhibitions subject to reciprocity and such conditions and restrictions as may be specified by the Board.
72	Uncooked poultry Meat [whether or not fresh, frozen or otherwise, preserved or packed]
81	Cotton seed
84	[Preparations suitable for infants, put up for retail sale]
92	Sewing machines of the household type
99	Compost (non-commercial fertilizer) produced and supplied locally
102	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply.
104	Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except the following, even if medicated or medicinal in nature, namely: - (a) filled infusion solution bags imported with or without infusion given sets; (b) scrubs, detergents and washing preparations; (c) soft soap or no soap; (d) adhesive plaster; (e) surgical tapes; (f) liquid paraffin; (g) disinfectants, and (h) cosmetics and toilet preparations.
105	Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding [eleven] per cent ad valorem, either under the First Schedule 850[or Fifth Schedule] to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.
107	Import and supply of iodized salt bearing brand names and trademarks whether or not sold in retail packing.

Serial No. (as per Table1)	Description
109	Goods imported temporarily with a view to subsequent, exportation as concurred by the Board, including passenger service item, provision and stores of Pakistani Airlines.
110	<p>The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad [for the period ending on the 30th June, 2023]: -</p> <ul style="list-style-type: none"> (a) Solar PV panels; (b) LVD induction lamps; (c) SMD, LEDs, with or without ballast, with fittings and fixtures; (d) Wind turbines including alternators and mast; (e) Solar Torches; (f) Lanterns and related instruments; (g) PV modules along with related components including invertors, charge controllers and batteries. (h) 853[Tubular day lighting device. (i) Energy saver lamps and tube lights of varying voltages (operating on AC or DC). (j) Invertors (off-grid/on grid/ hybrid) with provision for direct connection/input from renewable energy source and with Maximum Power Point Tracking (MPPT).
113	<p>High Efficiency Irrigation Equipment (If used for agriculture sector)</p> <ul style="list-style-type: none"> (1) Submersible pumps (up to 75 lbs. and head 150 meters) (2) Sprinklers including high and low pressure (centre pivotal) system, conventional sprinkler equipment, water reel travelling sprinkler, drip or trickle irrigation equipment, mint irrigation sprinkler system (3) Air release valves, pressures gauges, water meters, back flow preventers, and automatic controllers.
114	<p>Green House Framing and Other Green House Equipment (If used for Agriculture Sector)</p> <ul style="list-style-type: none"> (1) Tunnel farming equipment 865[consisting of plastic covering and mulch film, anti-insect net and shade net] (2) Greenhouses (prefabricated)
116	Plant, machinery and equipment imported for setting up industries in FATA up to 30th June 2019 subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969 (IV of 1969)

Serial No. (as per Table1)	Description
117	Appliances and items required for ostomy procedures as specified in the Chapter 99 of the First Schedule to the Customs Act, 1969, subject to same conditions as specified therein]
126	Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division.
127	Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division.
129	Import of plant, machinery and production line equipment used for the manufacturing of mobile phones by the local manufacturers of mobile phones duly certified by the Pakistan Telecommunication Authority.
130	[Sodium Iron (Na Fe EDTA), and other premixes of vitamins, minerals and micro-nutrients (food grade) and subject to conditions imposed for importation under the Customs Act, 1969]
131	Laptop computers, notebooks whether or not incorporating multimedia kit
132	Personal computers
134	Goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization subject to recommendations of the Cabinet Division and concurrence by the Federal Board of Revenue.
135	Sunflower and canola hybrid seeds meant for sowing
136	Combined harvesters up to five years old
138	Fish Feed
139	Fans for dairy farms
140	Bovine semen
141	Preparations for making animal feed
142	Promotional and advertising material including technical literature, pamphlets, brochures and other giveaways of no commercial value, distributed free of cost by the exhibitors
146	Equipment imported by M/s China Railway Corporation to be furnished and installed in Lahore Orange Line Metro Train Project subject to the following conditions: (a) that the equipment imported under this serial number shall only be used in the aforesaid Project; (b) that the importer shall furnish an indemnity bond, in the prescribed manner and format as set out in Annex-C to this serial number, at the time of import to the extent of sales tax exempted under this serial number on consignment to consignment basis; (c) that the Punjab Mass Transit Authority, established under the Punjab Mass Transit Authority Act, 2015 (ACT XXXIII of 2015), hereinafter referred as the Regulatory Authority, shall certify in the prescribed manner and format as set out in Annex-D to this

Serial No. (as per Table1)	Description
	<p>serial number that the imported equipment is bona fide requirement of the Project under the Contract No. PMACR-NORINCO-OL, dated 20.04.2015, hereafter referred as the contract, signed between the Regulatory Authority and CR-NORINCO; (d) in the event a dispute arises whether any item is entitled to exemption under this serial number, the item shall be immediately released by the Customs Department against a corporate guarantee, valid for a period of six months, submitted by the importer. A certificate from the Regulatory Authority duly verified by the Transport and Communication Section of the Ministry of Planning, Development and Reform, that the item is covered under this serial number shall be given due consideration by the Customs Department towards finally resolving the dispute; (e) for the clearance of imported equipment through Pakistan Customs Computerized System the authorized officer of the Regulatory Authority shall furnish all relevant information, as set out in Annex-D to this serial number, online against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Director Reforms and Automation or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis; (f) that the equipment, imported under this serial number, shall not be re- exported, sold or otherwise disposed of without prior approval of the Federal Board of Revenue (FBR). In case goods are sold or otherwise disposed of with prior approval of FBR the same shall be subject to payment of sales tax as may be prescribed by the FBR; (g) in case the equipment, imported under this serial number, is sold or otherwise disposed of without prior approval of the FBR in terms of condition (f), the same shall be subject to payment of statutory rates of sales tax as were applicable at the time of import; (h) notwithstanding the condition (f) and (g), equipment imported under this serial number may be surrendered at any time to the Collector of Customs having jurisdiction, without payment of any sales tax, for further disposal as may be prescribed by the FBR; (i) the indemnity bond submitted in terms of condition (b) above shall stand discharged on submission of a certificate from the Regulatory Authority to the effect that the equipment has been installed or consumed in the said Project. In case the equipment is not consumed or installed in the project the indemnity bond shall be discharged on fulfillment of conditions stipulated at (f) or (g) or (h), as the case may be; and (j) that violation of any of the above conditions shall render the goods liable to payment of statutory rate of sales tax leviable on the date of clearance of goods in addition to any other penal action under relevant provisions of the law. Explanation. For the purpose of this provision, "equipment" shall mean machinery, apparatus, materials and all things to be provided under the contract for incorporation in the works relating to Lahore Orange Line Metro Train Project.</p>
149	Micro feeder equipment
150	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their

Serial No. (as per Table1)	Description
	construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction: – Conditions: (a) the importer is registered under the Act on or after the first day of July, 2019; and (b) the industry is not established by splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from another industrial undertaking in Pakistan
155	Oil cake and other solid residues, whether or not ground or in the form of pellets
158	Goods temporarily imported into Pakistan by International Athletes which shall be subsequently taken by them within 120 days of temporary import

ii) Description of existing proposed to be revised:

Existing description of the following entries in Table 1 of the Sixth Schedule are proposed to be revised as under:

Serial No as per Table 1	Existing Description	Proposed Description
13	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.	Edible vegetables "imported from Afghanistan" including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.
15	Edible fruits excluding imported fruits whether fresh, frozen or otherwise preserved but excluding those bottled or canned .	Fruit imported from Afghanistan excluding apples PCT 0808.1000.
19	Cereals and products of milling industry	Rice, wheat, wheat and meslin flour
32	Newsprint, newspapers, journals, periodicals, books but excluding directories.	Newsprint and educational text books but excluding brochures, leaflets and directories

TABLE 2 - Local Supplies:

i) Following exemption entries in Table 2 of the Sixth Schedule are proposed to be omitted:

Serial No.	Description
1	Supply of cottonseed exclusively meant for sowing purposes, subject to such conditions as the Board may specify.
2	Supply of locally produced crude vegetable oil obtained from the locally produced seeds other than cotton seed, except cooking oil, without having undergone any process except the process of washing.
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.
9	Foodstuff and other eatables prepared in the flight kitchens and supplied for consumption on-board in local flights
15	a. Sprinkler Equipment b. Drip Equipment c. Spray Pumps and nozzles
16	Raw cotton
22	Single cylinder agriculture diesel engines (compression-ignition internal combustion piston engines) of 3 to 36 HP.
23	Match boxes
33	Whey, excluding that sold in retail packing under a brand name
38	Sausages and similar products of poultry meat or meat offal excluding sold in retail packing under a brand name or trademark

ii) Description Revised

Description of the following exemption entry are proposed to be substituted as under:

Serial No as per Table 2	Existing Description	Substitution
7	Breads prepared in tandoors and bakeries, vermicillies, nans, chapattis, sheer mal, bun, rusk.	"Bread, Nan, Chapatti, Sheer mal prepared in tandoors excluding those prepared in bakeries, restaurants, food chains and sweet shops.

iii) New insertions / transformation of entries omitted from Table 1

Existing exemption on following items on imports and local supplies are proposed to be restricted to the extent of local supplies only by transformation of the exemption on following items from Table 1 in to Table 2:

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
40	Live Animals and live poultry	Respective headings
41	Meat of bovine animals, sheep, goat and uncooked poultry meat excluding those sold in retail packing under a brand name	Respective headings
42	Fish and crustaceans excluding those sold in retail packaging under a brand name	Respective headings
43	Live plants including bulbs, roots and the like	0601.1010, 0601.1090, 0601.2000, 0602.1000, 0602.2000, 0602.3000, 0602.4000, 0602.9010 and 0602.9090
44	Cereals other than rice, wheat, wheat and meslin flour	Respective headings
45	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.	0701.1000, 0702.0000, 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, 0709.5910, 0709.5990, 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
46	Edible fruits	Respective headings

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
47	Sugar cane	1212.9300
48	Eggs including eggs for hatching	0407.1100, 0407.1900 0407.2100 and 0407.2900
49	Compost (non-commercial fertilizer)	Respective headings
50	Locally manufactured laptops, computers, notebooks whether or not incorporating multimedia kit and personal computers	8471.3010 and 8471.3020
51	Newspaper	Respective headings" and

TABLE 3 - Conditional Exemptions:

The Bill proposes to withdraw conditional exemptions provided on imports of below listed plant, machinery and equipment currently specified in Table 3:

Serial No. As per Table 3	Description
1	Machinery and equipment for initial installation, balancing, modernization, replacement or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting.
2	<p>Following machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and fittings imported by hospitals and medical or diagnostic institutes: -</p> <p>A. Medical Equipment.</p> <ul style="list-style-type: none"> (1) Dentist chairs (2) Medical surgical dental or veterinary furniture (3) Operating Table (4) Emergency Operating Lights (5) Hospital Beds with mechanical fittings (6) Gymnasium equipment. (7) Cooling Cabinet. (8) Refrigerated Liquid Bath. (9) Contrast Media Injections (for use in Angiography & MRI etc.). <p>B. Cardiology / Cardiac Surgery Equipment</p> <ul style="list-style-type: none"> (1) Cannulas. (2) Manifolds. (3) Intravenous cannula i.v. catheter.

Serial No. As per Table 3	Description
	<p>C. Disposable Medical Devices (1) Self-disabling safety sterile syringes (2) Insulin syringes.</p> <p>D. Other Related Equipments (1) Fire extinguisher. (2) Fixtures & fittings for hospitals</p>
2A	<p>The following raw materials imported by registered manufacturer of auto disabled syringes:</p> <p>(1) Printing paper (2) Polypropylene (3) Propylene copolymers (4) Plasticized (5) Epoxide Resins (6) Bioaxially Oriented Polypropylene (BOPP film, laminated)</p>
3	<p>1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non-luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mine construction phase or extraction phase.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for mine construction or extraction phase.</p>
4	<p>Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups 916[and dump trucks], imported for Thar Coal Field.</p>
5	<p>1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through oil, gas, coal, wind and wave energy including under construction projects, which entered into an implementation agreement with the Government of Pakistan.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p>
6	<p>1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through gas, coal, hydel, and oil including under construction projects.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p>
7	<p>1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel bioenergy, ocean, waste-to energy and hydrogen cell. This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as</p>

Serial No. As per Table 3	Description
	required for the construction of project. Explanation.- The expression "projects for power generation" means any project for generation of electricity whether small, medium or large and whether for supply to the national grid or to any other user or for in house consumption.
8	<p>1. Machinery and equipment meant for power transmission and grid stations including under construction projects. Explanation. - For the purpose of this serial number, "machinery and equipment" shall mean, --</p> <p>(a) machinery and equipment operated by power of any description, such as is used in the generation of power;</p> <p>(b) apparatus, appliances, metering and testing apparatus, mechanical and electrical control, transmission gear and transmission tower, power transmission and distribution cables and conductors, insulators, damper spacer and hardware and parts thereof adapted to be used in conjunction with the machinery and equipment as specified in clause (a) above; and</p> <p>(c) component parts of machinery and equipment, as specified in clause (a) and (b) above, identifiable for use in or with machinery imported for the project and equipment including spares for purposes of the project.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p>
9	<p>Following machinery, equipment and other education and research related items imported by technical, training institutes, research institutes, schools, colleges and universities: -</p> <ol style="list-style-type: none"> (1) Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of semiconductor wafers. (2) Other dryers (3) Filtering or purifying machinery and apparatus for water (4) Other filtering or purifying machinery and apparatus for liquids (5) Personal weighing machines, including baby scales; household scales (6) Scales for continuous weighing of goods on conveyors (7) Constant weight scales and scales for discharging a predetermined weight of material into a bag or container, including hopper scales (8) Other weighing machinery having a maximum weighing capacity not exceeding 30 kg (9) Other weighing machinery having a maximum weighing capacity exceeding 30 kg but not exceeding 5,000kg (10) Other weighing machinery (11) Weighing machine weights of all kinds; parts of weighing machinery of machines of heading 8423.2000 & 8423.3000

Serial No. As per Table 3	Description
	<p>(12) Other weighing machine weights of all kinds; parts of weighing machinery of machines of heading 8423.2000 & 8423.3000</p> <p>(13) Networking equipments like routers, LAN bridges, hubs excluding switches and repeaters.</p> <p>(14) Other furnaces and ovens</p> <p>(15) Electronic balances of a sensitivity of 5 cg or better, with or without weights.</p> <p>(16) Other balances of a sensitivity of 5 cg or better, with or without weights</p> <p>(17) Thermostats of a kind used in refrigerators and airconditioners</p> <p>(18) Other thermostats</p> <p>(19) Manostats</p> <p>(20) Other instruments and apparatus Hydraulic or pneumatic</p> <p>(21) Other instruments and apparatus</p> <p>(22) Parts and accessories of automatic regulating or controlling instruments and apparatus</p> <p>(23) Spares, accessories, and reagents for scientific equipments.</p>
11	<p>Following machinery and equipment for marble, granite and gem stone extraction and processing industries:</p> <p>(1) Polishing cream or material</p> <p>(2) Fiber glass mesh</p> <p>(3) Chain saw/diamond wire saw in all sizes and dimensions and spares thereof, diamond wire joints all types and dimensions, chain for chain saw and diamond wires for wire saw and spare widia.</p> <p>(4) Gin saw blades.</p> <p>(5) Gang saw blades/diamond saw blades/multiple blades of all types and dimensions.</p> <p>(6) Air compressor (27 cft and above)</p> <p>(7) Machine and tool for stone work; sand blasting machines; tungsten carbide tools; diamond tools & segments (all type & dimensions), hydraulic jacking machines, hydraulic manual press machines, air/hydro pillows, compressed air rubber pipes, hydraulic drilling machines, manual and power drilling machines, steel drill rods and spring (all sizes and dimensions), whole finding system with accessories, manual portable rock drills, cross cutter and bridge cutters.</p> <p>(8) Integral drilling steel for horizontal and vertical drilling, extension thread rods for pneumatic super long drills, tools and accessories for rock drills.</p>
13	Effluent treatment plants

Serial No. As per Table 3	Description
14	<p>Following items for use with solar energy: -</p> <p>Solar Power Systems.</p> <p>(1) Off-grid/On-grid solar power system (with or without provision for USB/charging port) comprising of:</p> <ul style="list-style-type: none"> i) PV Module. ii) Charge controller. iii) Batteries for specific utilization with the system (not exceeding 50 Ah in case of portable system). iv) Essential connecting wires (with or without switches). v) Inverters (off-grid/ on-grid/ hybrid with provision for direct connection/ input renewable energy source and with Maximum Power Point Tracking (MPPT). vi) Bulb holder <p>(2) Water purification plants operating on solar energy</p>
14A	<p>Following systems and items for dedicated use with renewable source of energy like solar, wind, geothermal. [as imported on or before the 30th June, 2023.]</p> <p>1. (a) Solar Parabolic Trough Power Plants.</p> <p>(b) Parts for Solar Parabolic Power Plants.</p> <ul style="list-style-type: none"> (i) Parabolic Trough collectors modules (ii) Absorbers/Receiver s tubes. (iii) Steam turbine of an output exceeding 40MW. (iv) Steam turbine of an output not exceeding 40MW. (v) Sun tracking control system (vi) Control panel with other accessories. <p>2. (a) Solar Dish Stirling Engine.</p> <p>(b) Parts for Solar Dish Stirling Engine.</p> <ul style="list-style-type: none"> (i) Solar concentrating dish. (i) Solar concentrating dish. (iii) Sun tracking control system (iii) Sun tracking control system (v) Stirling Engine Generator <p>3. (a) Solar Air Conditioning Plant</p> <p>(b) Parts for Solar Air Conditioning Plant</p> <ul style="list-style-type: none"> (i) Absorption chillers (ii) Cooling towers (iii) Pumps

Serial No. As per Table 3	Description
	<p>(iv) Air handling units (v) Fan coils units. (vi) Charging & testing equipment.</p> <p>3. (a) Solar Desalination System (b) Parts for Solar Desalination System</p> <p>(i) Solar photo voltaic panels (ii) Solar water pumps (iii) Deep Cycle Solar Storage batteries. (iv) Charge controllers. (v) Inverters (off grid/on grid/ hybrid) with provision for direct connection/input from renewable energy source and with Maximum Power Point Tracking (MPPT)</p> <p>5. Solar Thermal Power Plants with accessories.</p> <p>6. (a) Solar Water Heaters with accessories. (b) Parts for Solar Water Heaters</p> <p>(i) Insulated tank (ii) Vacuum tubes (Glass) (iii) Mounting stand (iv) Copper and Aluminum tubes</p> <p>(c) Accessories:</p> <p>(i) Electronic controller (ii) Assistant/ Feeding tank (iii) Circulation Pump (iv) Electric Heater/ Immersion Rod (one piece with one solar water heater) (v) Solenoid valve (one piece with one solar water heater) (vi) Selective coating for absorber plates</p> <p>7. (a) PV Modules. (b) Parts for PV Modules</p> <p>(i) Solar cells. (ii) Tempered Glass. (iii) Aluminum frames. (iv) O-Ring. (v) Flux. (vi) Adhesive labels. (vii) Junction box & Cover. (viii) Sheet mixture of Paper and plastic (ix) Ribbon for PV Modules (made of silver & Lead).</p>

Serial No. As per Table 3	Description
	<p>(x) Bypass diodes.</p> <p>(xi) EVA (Ethyl Vinyl Acetate) Sheet (Chemical)</p> <p>8. Solar Cell Manufacturing Equipment.</p> <p>(i) Crystal (Grower) Puller (if machine).</p> <p>(ii) Diffusion furnace.</p> <p>(iii) Oven.</p> <p>(iv) Wafering machine.</p> <p>(v) Cutting and shaping machines for silicon ingot.</p> <p>(vi) Solar grade polysilicon material.</p> <p>(vii) Phosphene Gas.</p> <p>(viii) Aluminum and silver paste.</p> <p>9. Pyranometers and accessories for solar data collection.</p> <p>10. Solar chargers for charging electronic devices</p> <p>11. Remote control for solar charge controller</p> <p>12. Wind Turbines.</p> <p>(a) Wind Turbines for grid connected solution above 200 KW (complete system).</p> <p>(b) Wind Turbines up to 200 KW for off-grid solutions comprising of:</p> <p>(i) Turbine with Generator/ Alternator.</p> <p>(ii) Nacelle with rotor with or without tail.</p> <p>(iii) Blades.</p> <p>(iv) Pole/ Tower.</p> <p>(v) Inverter for use with Wind Turbine.</p> <p>(vi) Deep Cycle Cell/ Battery (for use with wind turbine).</p> <p>13. Wind water pump</p> <p>14. Geothermal energy equipments.</p> <p>(i) Geothermal Heat Pumps.</p> <p>(ii) Geothermal Reversible Chillers</p> <p>(iii) Air handlers for indoor quality control equipments.</p> <p>(iv) Hydronic heat pumps.</p> <p>(v) Slim Jim heat exchangers.</p> <p>(vi) HDPE fusion tools.</p> <p>(vii) Geothermal energy Installation tools and Equipment.</p> <p>(viii) Dehumidification equipment.</p> <p>(ix) Thermostats and IntelliZone.</p>

Serial No. As per Table 3	Description
	15. Any other item approved by the Alternative Energy Development Board (AEDB) and concurred to by the FBR
15	<p>Following items for promotion of renewable energy technologies or for conservation of energy: -</p> <ul style="list-style-type: none"> (i) SMD/LED/LVD lights with or without ballast, fittings and fixtures. (ii) SMD/LED/LVD lights, with or without ballast, PV module, fitting and fixtures (iii) Tubular Day lighting Device. (iv) Wind turbines including alternators and mast. (v) Solar torches. (vi) Lanterns and related instruments. (vii) LVD induction lamps. (viii) LED Bulb/Tube lights. (ix) PV module, with or without, the related components including invertors (off-grid/on grid/ hybrid) with provision for direct connection/input from renewable energy source and with Maximum Power Point Tracking (MPPT), charge controllers and solar batteries. (x) Light emitting diodes (light emitting in different colors). (xi) Water pumps operating on solar energy along with solar pump controllers (xii) Energy saver lamps of varying voltages (xiii). Energy Saving Tube Lights. (xiv) Sun Tracking Control System (xv) Invertors (off-grid/on grid/hybrid) with provision for direct connection/input from renewable energy source and with Maximum Power Point Tracking (MPPT). (xvi) Charge controller/ Current controller. Provided that exemption under this serial shall be available with effect from 01.07.2016
15A	<p>Parts and Components for manufacturing LED lights: -</p> <ul style="list-style-type: none"> (i) Housing /shell. Shell cover and base cap for all kinds of LED lights and bulbs (ii) Bare and stuffed Metal Clad Printed Circuit Boards (MCPCB) for LED (iii) Constant Current Power Supply for of LED Lights and Bulbs (1-300W) (iv) Lenses for LED lights and bulbs
15B	CKD kits for single cylinder agriculture diesel engines (compression-ignition internal combustion piston engines) of 3 to 36 HP.
17	Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.
21	Import of POS machines

The Eighth Schedule (Reduced Rating):

Table 1

I. Entries Omitted/Reduced Rating Withdrawn

- a. Following entries are proposed to be omitted thus resulting that items mentioned therein will now be subjected to standard sales tax rate of 17%:

S. No. (as per Table)	Description	Rate of Sales Tax	Condition
4	Oilseeds meant for sowing.	5%	Import thereof subject to the condition that concerned department of the Division dealing with the subject matter of oil seeds certifies that the imported seeds are fungicide and insecticides treated and are meant for sowing.
6	Plant and machinery not manufactured locally and having no compatible local substitutes	10%	(i) On import of such plant and machinery by registered manufacturers, post-dated cheque(s) equal to the differential amount of sales tax payable at import stage, shall be submitted to the customs authorities, which shall be returned on furnishing proof of filing of first sales tax return after import of such machinery, showing the import of such machinery; (ii) On import by commercial importers, good-for-payment cheque, bank guarantee, pay order or treasury challan showing deposit, equal to the differential amount of sales tax payable at import stage, shall be submitted to the customs authorities, which shall be returned back, or as the case may be, refunded, after evidence of subsequent supply to registered manufacturers or industrial users is furnished to the customs authorities;

S. No. (as per Table)	Description	Rate of Sales Tax	Condition
			<p>(iii) Supply of such imported plant and machinery by commercial importers to unregistered persons or persons other than manufacturers shall be liable to standard rate of tax, and evidence to that effect shall be produced to the customs authorities for release of the above mentioned instruments or refund of the amount paid at import stage;</p> <p>(iv) Subsequent supply of plant and machinery imported or acquired by registered manufacturers to unregistered persons or persons other than manufacturers shall be liable to tax at standard rate; and</p> <p>(v) the validity period of instruments furnished under this provision shall not be less than one hundred and twenty days.</p> <p><i>Explanation.</i> -- For the purpose of this provision, plant and machinery means such plant and machinery as is used in the manufacture or production of goods.</p>
7	Flavoured milk	10%	Sold in retail packing under a brand name.
8	Yogurt	10%	Sold in retail packing under a brand name
9.	Cheese	10%	Sold in retail packing under a brand name
10.	Butter	10%	Sold in retail packing under a brand name

S. No. (as per Table)	Description	Rate of Sales Tax	Condition
11.	Cream	10%	Sold in retail packing under a brand name
12.	Desi ghee	10%	Sold in retail packing under a brand name
13.	Whey	10%	Sold in retail packing under a brand name
14.	Milk and cream, concentrated or containing added sugar or other sweetening matter	10%	Sold in retail packing under a brand name
15.	Ingredients of poultry feed, cattle feed, except soya bean meal of PCT heading 2304.0000 and oil-cake of cotton-seed falling under PCT heading 2306.1000	10%	
16.	Incinerators of disposal of waste management, motorized sweepers and snow ploughs	5%	
17.	Re-importation of foreign origin goods which were temporarily exported out of Pakistan	5%	Subject to similar conditions as are envisaged for the purposes of customs duty under the Customs Act, 1969, and taxable value shall be the value determined under PCT heading 99.18 of the said Act increased by customs duty payable
20.	Plant, machinery, and equipment used in production of bio-diesel	5%	The Alternative Energy Development Board (AEDB), Islamabad shall certify in the prescribed manner and format as per Annex-B, as given in the Sixth Schedule, that the imported goods are <i>bona fide</i> project requirement. The goods shall not be sold or otherwise disposed of within a period of five years of their import except with the prior approval of the FBR and payment of customs duties and taxes leviable at the time of import

S. No. (as per Table)	Description	Rate of Sales Tax	Condition
26.	Tillage and seed bed preparation equipment (i) Rotavator (ii) Cultivator (iii) Ridger (iv) Sub soiler (v) Rotary slasher (vi) Chisel plow (vii) Ditcher (viii) Border disc (ix) Disc harrow (x) Bar harrow (xi) Mould board plow (xii) Tractor rear or front blade (xiii) Land leveller or land planer (xiv) Rotary tiller (xv) Disc plow (xvi) Soil-scrapper (xvii) K.R.Karundi (xviii) Tractor mounted trancher (xix) Land leveller (xx) Laser land leveler comprising of laser transmitter, laser receiver, control box, rigid mast pack, with or without scrapper	5%	
27.	Seeding or planting equipment: (i) Seed-cum-fertilizer drill (wheat, rice barley, etc.) (ii) Cotton or maize planter with fertilizer attachment (iii) Potato planter (iv) Fertilizer or manure spreader or broadcaster (v) Rice transplanter (vi) Canola or sunflower drill	5%	

S. No. (as per Table)	Description	Rate of Sales Tax	Condition
	(vii) Sugarcane planter		
28.	Irrigation, drainage and agro-chemical application equipment: (i) Tubewells filters or strainers (ii) Knapsack sprayers (iii) Granular applicator (iv) Boom or field sprayers (v) Self propelled sprayers (vi) Orchard sprayer	5%	
29.	(i) Harvesting, threshing and storage equipment: (ii) Wheat thresher (7) Maize or groundnut thresher or sheller (8) Groundnut digger (9) Potato digger or harvester (10) Sunflower thresher (11) Post hole digger (12) Straw balers (13) Fodder rake (14) Wheat or rice reaper (15) Chaff or fodder cutter (16) Cotton picker (17) Onion or garlic harvester (18) Sugar harvester (19) Tractor trolley or forage wagon (20) Reaping machines (21) Combined harvesters (22) Pruner/shears	5%	
30.	Post-harvest handling and processing & miscellaneous machinery: (i) Vegetables and fruits cleaning and sorting or grading equipment	5%	

S. No. (as per Table)	Description	Rate of Sales Tax	Condition
	(ii) Fodder and feed cube maker equipment		
34.	1. Set top boxes for gaining access to internet 2. TV broadcast transmitter 3. Reception apparatus for receiving satellite signals of a kind used with TV (satellite dish receivers) 4. Other set top boxes	5%	*Subject to type approval by PEMRA. This concession shall be available up to 30th June, 2018 *already became redundant on June 30, 2018
45.	Following machinery for poultry sector : (i) Machinery for preparing feeding stuff (ii) Incubators, brooders and other poultry equipment (iii) Insulated sandwich panels (iv) Poultry sheds (v) Evaporative air cooling system (vi) Evaporative cooling pad	7%	Import and supply
46.	Multimedia projectors	10%	Nil
54.	lithium iron phosphate battery (Li-Fe-PO4)	12%	Nil
55.	Fish babies / seedlings	5%	Nil
59	Products of milling industry except wheat and meslin flour	10%	If sold in retail packing under a brand name or trademark
61.	Silver, in unworked condition	1%	
62.	Gold, in unworked condition	1%	

S. No. (as per Table)	Description	Rate of Sales Tax	Condition
63.	Articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal.	1.5% of value of gold, plus 2% of value of diamond, used therein, plus 3% of making charges	No input tax adjustment to be allowed except of the tax paid on gold
64.	Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops	7.5%	Supplies only, subject to condition that no input tax shall be adjusted
66A	Supplies excluding those specified in S. No. 66, as made from retail outlets integrated with Board's Computerized System for real time reporting of sales	16%	If payment is made through digital mode.
66B	Import of remeltable scrap	14%	If imported by steel melters.
68.	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal	8%	"If sold in retail packing under a brand name or trademark"
69.	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal	8%	"If sold in retail packing under a brand name or trademark"
75.	Import of electric vehicle in CBU conditions	5%	
76	Business to business transactions specified by the Board through a notification in official Gazette subject to such conditions and restrictions as specified therein.	16.9%	If payment is made through digital mode.

II. Rates Enhanced

a. Sales made by Retail outlets

Existing sales tax rate on supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales is proposed to be enhanced from 10% to 12%.

b. Import and supply of Hybrid Vehicles upto 1800 cc

Existing sales tax rate on import and supplies Hybrid Vehicles with engine capacity upto 1800 cc is proposed to be enhanced from 8.5% to 12.5%.

c. Hybrid Vehicles exceeding 1800 cc

Existing reduced rating of 12.5% on import and local supply of Hybrid Cars with engine capacity from 1801 cc to 2500 cc, has been proposed to be withdrawn.

III. Reduced rating curtailed

The availability of existing reduced rating on supply of locally manufactured motor cars of up to 1000 cc is proposed to be restricted to 850 cc as under:

S. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Existing Condition	Proposed Condition
(1)	(2)	(3)	(4)	(5)	
72.	Motorcars	87.03	12.5%	Locally manufactured or assembled motorcars of cylinder capacity upto 1000cc	Locally manufactured or assembled motorcars of cylinder capacity upto 850cc

IV. New Insertion

Currently, imports of laptops and personal computers are exempt from sales tax being covered under Sixth Schedule Table 1. The Bill proposes to withdraw such exemption by omission of respective entry from the Sixth Schedule and insertion of following entry in Eighth Schedule Table 1:

S. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Condition
(1)	(2)	(3)	(4)	(5)
77.	Personal computers and Laptop computers, notebooks whether or not incorporating multimedia kit	8471.3020 and 8471.3010	5%	If imported in CBU condition"; and

V. Omission of Table 2

All imports of plant, machinery, equipment and apparatus, including capital goods, as listed in the table below which are currently chargeable to sales tax at the rate of five percent and ten percent, are proposed to be omitted:

S. No.	Description	Rate of Sales Tax
1.	Machinery and equipment for development of grain handling and storage facilities including silos.	10%
2.	Cool chain machinery and equipment.	5%
4.	1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) <i>i.e.</i> single or double cabin pickups, accessories, spares, chemicals and consumables meant for mineral exploration phase. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the exploration phase.	5%
5.	Complete plants for relocated industries.	10%
6.	Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining (mineral oil, hydro- cracking and other value added petroleum products), petrochemical and petrochemical downstream products including fibers and heavy chemical industry, cryogenic facility for ethylene storage and handling.	10%
8.	1. Milk chillers. 2. Tubular heat exchanger (for pasteurization). 3. Milk processing plant, milk spray drying plant, Milk UHT plant. 4. Milk filters 5. Any other machinery and equipment for manufacturing of dairy products.	5%

S. No.	Description	Rate of Sales Tax
9.	Capital goods otherwise not exempted, for Transmission Line Projects.	5%

The Ninth Schedule

Table 2 Cellular Mobile Phones in CKD / CBU form

Sales tax on import of cellular mobile phones or satellite phones to be charged on the basis of import value per set, is proposed to be changed as under:

S. No.	Import Value per Set	Sales tax on CBUs at the time of import or registration (IMEI number by CMOs)	
		Existing	Proposed
1	Exceeding US\$ 200 but not exceeding US\$ 350	Rs. 1,740	17% ad valorem
2	Exceeding US\$ 350 but not exceeding US\$ 500	Rs. 5,400	17% ad valorem
3	Exceeding US\$ 500	Rs. 9,270	17% ad valorem

Customs Act, 1969

1. Power to determine the customs value [Section 25A]

Through Finance Act, 2021, the power to determine the customs value of any goods or category of goods imported into or exported out of Pakistan as per methods laid down in section 25, was also extended to the Collector of Customs along-side Director of Customs Valuation.

The Bill proposes to withdraw such powers given to the Collector of Customs altogether.

2. Appeal against value determined as a result of Revision by DG Valuation [Section 25D & 194A (1)]

Through Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021, a person aggrieved by the order of Director General Valuation (DG Valuation) determining value of goods, could prefer appeal against such order before the Member Customs (Policy) within 30 days.

The Bill proposes to amend the existing law to the effect that such appeal can be filed before the Appellate Tribunal which shall be heard by a special bench consisting of one technical member and one judicial member.

3. Checking of goods declaration by the Customs [Section 80(3)]

Through Tax Laws (Third Amendment) Ordinance, 2021, the time limit to carry out reassessment of goods subject to duty and taxes upon identification of any discrepancy,

error or omission as to the correctness of statement made in the goods declaration at the time of clearance, was extended to a period of 3 years from clearance of goods with providing overriding effect of such power of reassessment upon any other provisions of the Act.

The Bill proposes to restore back the earlier position of law whereby such reassessment could only be made upon identification of such discrepancies during checking of goods declaration.

4. Provisional determination of liability [Section 81]

Through Tax Laws (Third Amendment) Ordinance, 2021, corporate guarantee was introduced as a mode to satisfy the provisional liability assessed by the Assistant Collector of Customs.

The Bill proposes to remove corporate guarantee to be used as a mode of payment of provisional liability.

5. Reference to High Court [Section 196]

Through Tax Laws (Third Amendment) Ordinance, 2021, amendment was introduced in Section 196 whereby an appellate order of Member Customs (Policy) passed under Section 25D (i.e. Review of the Value Determined) and 212B (i.e. Advance Ruling) may be challenged before the High Court stating any question of law arising from such order.

The Bill proposes to restore the earlier position through omission of the said amendment made in Section 196.

Federal Excise Act, 2005

The Bill proposes to revise FED rate on certain vehicles specified under the First Schedule of the Federal Excise Act, 2005. Existing and proposed rates are tabulated below:

S. No.	Description of Goods	Rate of Duty	
		(Existing)	(Proposed)
55	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), and till the 30th day of June, 2026 electric vehicles (4 wheelers) including station wagons and racing cars (a) of cylinder capacity up to 1000cc; (b) of cylinder capacity from 1001cc to 1799cc; (c) of cylinder capacity 1800cc to 3000cc; (d) of cylinder capacity exceeding 3001cc	2.5% ad val. 5% ad val. 25% ad val. 30% ad val.	2.5% ad val. 10% ad val. 30% ad val. 40% ad val.
55B	Locally manufactured or assembled motor cars, SUVs and other motor vehicles, excluding auto rickshaws principally designed for the transport of persons (other than those of headings 87.02), and till the 30th day of June, 2026 electric vehicles (4 wheelers) including station wagons and racing cars: (a) of cylinder capacity up to 1000cc; (b) of cylinder capacity from 1001cc to 2000cc; (c) of cylinder capacity 2001cc and above	0% ad val. 2.5% ad val. 5% ad val.	0% ad val. 5% ad val. 10% ad val.
55C	Imported double cabin (4x4) pick-up vehicles	25% ad val.	30% ad val.
55D	Locally manufactured double cabin (4x4) pick-up vehicles except the vehicles booked on or before the 30th June, 2020 subject to the restriction or conditions specified by the Board.	7.5% ad val.	10% ad val.

Islamabad Capital Territory (Tax on Services) Ordinance, 2001

Scope of Tax [Section 3]

Presently, a list of services taxable under the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (ICT Ordinance) with applicable sales tax rates are specified in Schedule to the Ordinance. Whereas, in case of certain services, reduced rating of sales tax is provided through SROs/notifications issued under the ICT Ordinance subject to conditions specified in such SROs/notifications.

The Bill proposes to transform the list of such reduced rated services from SRO 495(I)/2016, amended with certain other notifications to the Ordinance, by introducing Table 2 to the Schedule in the ICT Ordinance. Consequently, the Schedule will comprise of two tables viz. Table-1 - List of taxable services at standard rates and Table-2 – List of taxable services chargeable at reduced rate.

For services mentioned in Table-2 which are already covered under Table-1, the reduced rates of sales tax as per Table-2, shall apply.

1. Services Taxable at Reduced Rate - Table 2

The updated list of services taxable at reduced rate as per proposed Table-II, is given as under:

S. No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
1.	Construction services, excluding (i) Construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs.50 million per annum. (ii) The cases where sales tax is otherwise paid as property developers or promoters. (iii) Government civil works including cantonment boards.	9814.2000 and 9824.0000	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible

S. No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
	(iv) Construction of industrial zones, consular building and other organizations exempt from income tax. (v) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments.		
2	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres, including cosmetic and plastic surgery by such parlours / clinics, but excluding cases where – (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or available in the premises.	9810.0000, 9821.4000 and 9821.5000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
3.	Services provided by freight forwarding agents, and packers and movers.	9805.3000 and 9819.1400	Five percent or Rs. 1000 per bill of lading, whichever is higher subject to the condition that no input tax adjustment or refund shall be admissible.
4.	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah).	9803.9000, 9805.5000 and 9805.5100	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
5.	Services provided by specialized workshops or undertakings (auto-workshops; workshops for industrial machinery, construction and earth-moving machinery or other special purpose machinery etc.; workshops for electric or electronic equipment or appliances etc. Including computer hard ware; car washing or similar service stations and other workshops).	98.20	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
6.	Services provided by health clubs, gyms, physical fitness centres, indoor sports and	9821.1000, 9821.2000 and 9821.4000	Five per cent subject to the condition that no input

S. No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
	games centres and body or sauna massage centres.		tax adjustment or refund shall be admissible.
7.	Services provided by laundries and dry cleaners.	9811.0000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
8.	Services provided by property dealers and realtors.	Respective headings	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible.
9.	Services provided by car / automobile dealers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
10.	Services provided or rendered by marriage halls and lawns, by whatever name called, including "pandal" and "shamiana" services and caterers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
11.	IT services and IT-enabled services. Explanation -For the purpose of this entry – (a) "IT services" include software development, software maintenance, system integration, web design, web development, web hosting and network design; and (b) "IT enabled services" include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.	Respective headings	Five Percent
12.	Services provided by property developers and promoters (including allied services) relating to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority or under Government's Ehsaas programme.	9807.0000 and respective sub-headings of heading 98.14	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible.

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