

2024 The Finance Bill Tax Commentary





Tax Commentary 2024

An Information Guide

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Preface

This tax commentary unpacks the recent budget and its implications to navigate the changes that the Finance Bill has brought about. We'll delve into the key amendments made to the Income Tax Ordinance, Sales Tax Act, and Federal Excise and Customs Act, explaining their impact where necessary. The applicable amendments in the laws after enactment are effective from July 1, 2024, unless otherwise specified.

The commentary should be read in conjunction with the applicable Sections of respective Ordinances, Acts, and Rules along with the text of the Finance Bill, 2024. This tax commentary aims to provide a general guideline and thus should not be considered as a conclusive and enforceable document. Professional advice should be sought before acting on any newly introduced amendment in the Finance Bill or on our comments.

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Although the best efforts have been made to ensure the accuracy of the information in this tax commentary, any inadvertent errors and omissions are regretted.

Lahore

June 12, 2024

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Salient Features of the Budget 2024-2025

The salient features of the budget 2024-2025 are as follows:

- Total gross revenue receipts of budget 2024-25 are Rs. 17,815 billion. This size is 46.46 percent higher than the size of budget estimates 2023-24.
- The net federal revenue receipts for 2024-25 have been estimated at Rs. 10,377 billion indicating an increase of 50.67 percent over the budget estimates of 2023-24.
- The provincial share in federal taxes is estimated at Rs. 7,438 billion during 2024-25, which is 40.97 percent higher than the budget estimates for 2023-24.
- The external resources (net external receipts) for 2024-25 have been estimated at Rs. 666 billion against the budget estimates of Rs. 2,527 billion in 2023-24 reflecting a decrease of 73.64 percent.
- The overall expenditures during 2024-25 have been estimated at Rs. 18,877 billion, which is 30.54 percent higher than the budget estimates for 2023-24.
- The subsidies expenditures during 2024-25 have been estimated at Rs. 1,363 billion, which is 26.90 percent higher than the estimates for 2023-24.
- The defence affairs and services expenditures during 2024-25 have been estimated at Rs. 2,122 billion which is 17.62 percent higher than the budget estimates for 2023-24.
- The development expenditures during 2024-25 have been estimated at Rs. 1,674 billion which is 46.84 percent higher than the budget estimates for 2023-24.

Budget, 2024-2025

Comparative Budgetary Position 2024-2025 & 2023-2024

Receipts

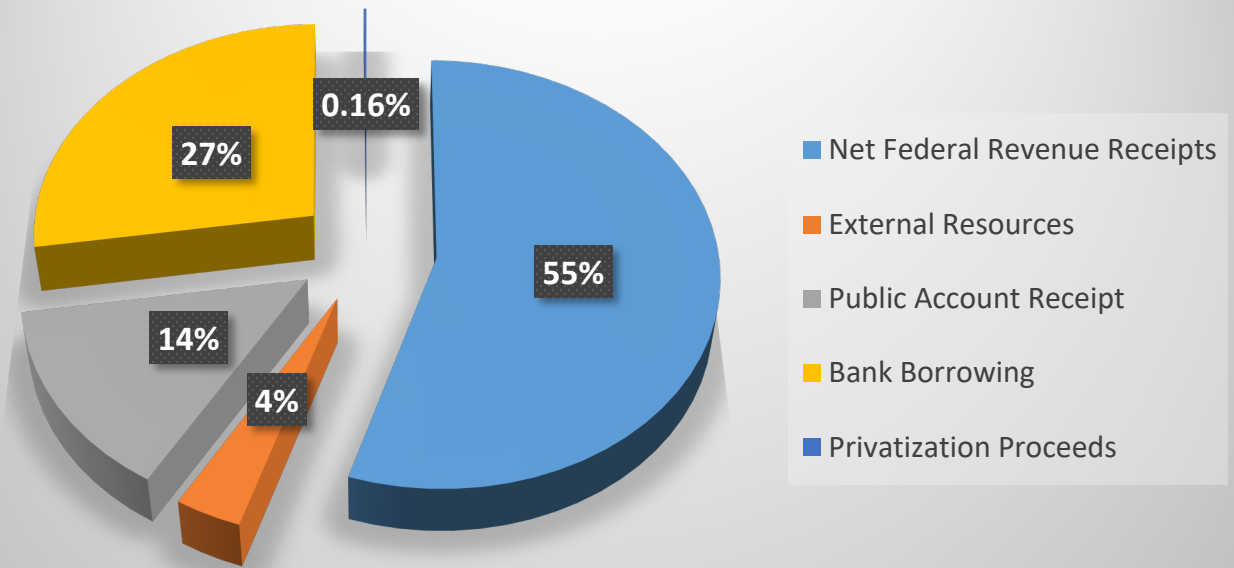
	2024-2025	2023-2024
	(Rs. in Billion)	(Rs. in Billion)
Tax Revenue	12,970.00	9,200.00
Non Tax Revenue	4,845.00	2,963.00
Gross Revenue Receipts	17,815.00	12,163.00
Less: Provincial Share in Taxes	(7,438.00)	(5,276.00)
Net Federal Revenue Receipts (A)	10,377.00	6,887.00
Capital Receipts (B)	-	-
External Resources (C)	666.00	2,527.00
Public Accounts Receipts (D)	2,662.00	1,907.00
Bank Borrowings (E)	5,142.00	3,124.00
Privatization Proceeds (F)	30.00	15.00
Total Resources (A+B+C+D+E+F)	18,877.00	14,460.00

Budget, 2024-2025

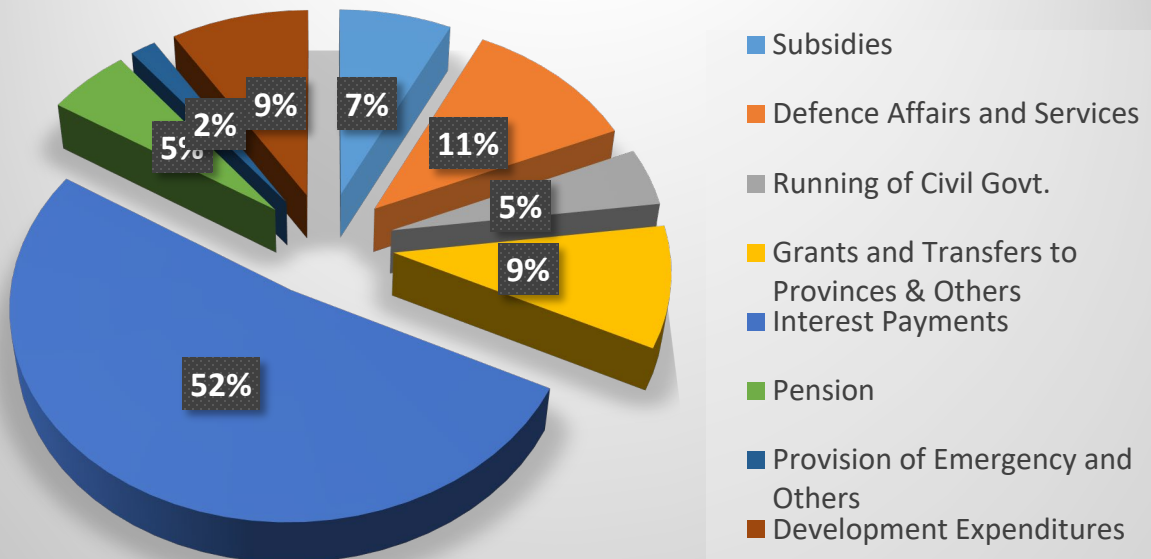
Expenditures

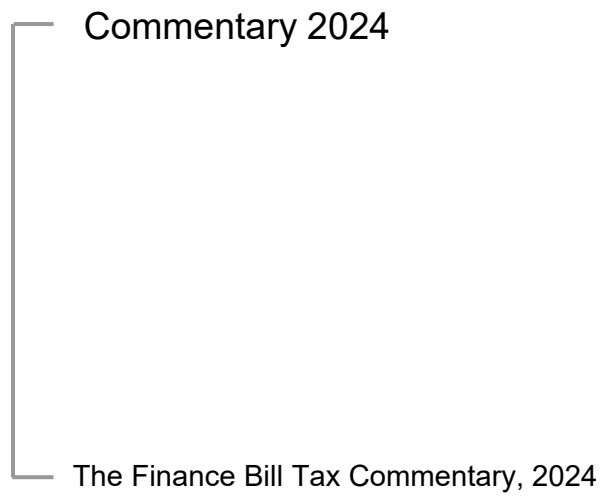
	2024-2025	2023-2024
	<i>(Rs. in Billion)</i>	<i>(Rs. in Billion)</i>
Subsidies / General Public Services	1,363.00	1,074.00
Defence Affairs and Services	2,122.00	1,804.00
Running of Civil Govt. / Public Order and Safety Affairs	839.00	714.00
Grants and Transfers to Provinces & Others / Economic Affairs	1,777.00	1,464.00
Interest Payments	9,775.00	7,303.00
Pension	1,014.00	761.00
Provision of Emergency and Others	313.00	200.00
Current Expenditures (A)	17,203.00	13,320.00
Current Expenditure on Revenue Account & Capital Account	17,203.00	13,320.00
Development Expenditures (B)	1,674.00	1,140.00
Total Expenditures (A+B)	18,877.00	14,460.00

Breakup of Receipts



Breakup of Expenditures





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The Finance Bill, 2024 Highlights

The Finance Bill Highlights

Income Tax Highlights

- Maximum tax slab for non-salaried individuals and Association of Persons enhanced to 45%
- 15% flat tax on the gain of the sale of securities introduced for filers and a progressive tax, ranging from 15% to 45%, introduced for non-filers
- Members' share in AOPs with turnover exceeding 300 million rupees will be exempt from tax only if audited financial statements are filed with the income tax return
- Persons not appearing on the active taxpayer list are subjected to double tax rates
- It is proposed that if a person is paying royalty to any associate and claiming advertisement expense, 25% of advertising cost will be allocated to the associate
- Foreign travel restriction has been proposed for persons not appearing on the active taxpayer list
- A mandatory requirement has been proposed for disclosing foreign assets in the wealth statement
- The Commissioner is authorized to perform Best Judgment Assessments for discontinued businesses
- Appeals to the Commissioner (Appeals) are limited to cases where the tax assessment or refund value does not exceed twenty million rupees
- For advance tax calculation, if turnover is not provided or known, it will be considered as one-fourth of 120% rather than the current 110% of the turnover from the latest tax year
- Taxpayers are required to submit specified documents with advance tax estimates; failure may result in estimate rejection
- The Board is empowered to set the minimum value of goods for advance tax collection
- Tax exemption on payments to non-residents has been withdrawn
- Final Tax Regime for exporters has been replaced with Normal Tax Regime
- The rate of default surcharge has been rationalized to KIBOR plus 3% instead of the existing rate of 12%
- Progressive tax rates have been introduced for advance tax on the sale and purchase of immovable property
- The threshold for tax on the registration of vehicles changed from engine capacity to the value of the vehicle
- Super tax leviable for banking companies from the tax year 2023 and onwards
- 25% tax credit available to full time teachers and researchers withdrawn
- The tax rate on dividends from mutual funds earning more than 50% income from profit on debt has been enhanced from 15% to 25%

Sales Tax Highlights

- The definition of tax fraud strengthened and streamlined
- The concept of issuing orders, best judgment assessment, penalty on failure of withholding of sales tax, and limitation of assessment proposed to be inserted
- Certain sales tax exemptions and zero-rating facilities proposed to be withdrawn
- Mobile phones to be taxed at the standard rate (other than mobile phones exceeding in value US\$ 500 which will remain chargeable to the existing rate of 25%)
- Reduced tax rate on supplies made by the POS retailers dealing in leather and textile products proposed to be withdrawn
- The Board empowered to fix minimum prices of goods under the Third Schedule
- Zero-rating of petroleum products proposed to be converted into tax exemption

Federal Excise Duty Highlights

- Rate of default surcharge on non-payment of duties rationalized to KIBOR plus 3%
- High value plant and machinery installed/ dismantled without prior approval of the Commissioner will be subject to penalties
- FED @ 5% has been proposed on allotment or transfer of commercial property and first allotment or transfer of residential property
- Any retail outlet selling cigarettes packs without affixing, or affixing counterfeited, tax stamps, banderols, stickers, labels or barcodes can be sealed
- FED @ 44,000 per KG has been proposed on a raw material used in the production of cigarette filters

Customs Act Highlights

- Department of Intelligence Bureau (IB) has been included in the list of Government Agencies mandated to assist Customs officers
- Concession in custom duties on import of electric vehicles having value above USD 50,000 is proposed to be abolished
- Zero rated duty has been introduced as an incentive for local manufacturing of solar panels and allied equipment
- Appeals to appellate Tribunal and Alternate Dispute Resolution mechanism has been rationalized
- Scope of exemptions widened on import of machinery and equipment for farming and processing of Fish / Shrimp and Seafood

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Income Tax Ordinance, 2001

Income Tax Ordinance, 2001

Time Frame Prescribed for Tax Deduction on Acquisition of Shares (Section 37(6))

Presently, any person acquiring shares shall deduct advance adjustable tax from the gross amount @ 10% of the fair market value of shares of other than listed company. The Finance Bill, 2024 has proposed the time frame for the deduction of such tax at the earlier of the following:

- Payment for shares
- Registration of shares by SECP
- Registration of shares by SBP

Tax Credit on Income from Coal Mining Projects in Sindh (Section 65F(1))

Section 65F of the Income Tax Ordinance, 2001 provides a 100% tax credit for persons engaged in coal mining projects. The Finance Bill 2024 seeks to clarify that the 100% tax credit shall be restricted only to income generated from coal mining operations.

Tax Exemption for Members of AOP having Turnover Exceeding Rupees 300 Million (Section 92(1))

Section 92 of the Income Tax Ordinance, 2001 prescribes that if an AOP has already paid tax, any amount received by a member from the AOP is exempt from tax. The Finance Bill, 2024 proposes that if an AOP has a turnover of three hundred million rupees or more during the tax year or any of the preceding tax years, a member's share will be exempt from tax only if the AOP has filed audited financial statements along with its income tax return.

Belated Filers Excluded from Standard Rate of Tax (Section 100BA(1))

Currently, persons not appearing on the active taxpayers' list are subject to double the rate of tax required to be deducted or collected. The Finance Bill, 2024 proposes the applicability of the provisions of the Tenth Schedule to those individuals as well who failed to file their income tax return within the due date.

Disallowance of Advertisement Expense for the Person Paying Royalty (Section 108(6))

The Finance Bill, 2024 proposes that where a person is paying royalty for the use of brand names, logos, patents, inventions, designs, secret formulas, copyrights, trademarks, scientific or technical knowledge, franchises, licenses, intellectual properties, or contractual rights to its associate and also claiming advertisement expense, twenty-five percent of the total expenditure on sales promotion, advertisement, and publicity for the tax year shall be allocated to the said associate.

Restriction on Foreign Travel for Persons Not Appearing on the Active Taxpayers’ List **(Section 114B (2))**

The Finance Bill, 2024 proposes a restriction on foreign travel from Pakistan for individuals who fail to file their tax returns. However, exceptions apply to certain individuals like minors, students, overseas Pakistanis holding NICOP, and any other classes of persons specified by the Board.

Disclosure of Foreign Assets in Wealth Statements **(Section 116 (1))**

The Finance Bill, 2024 proposes to clarify the definition of assets meaning thereby that assets include foreign assets and mandatory declaration of foreign assets in the wealth statement.

Best Judgment Assessment for Discontinued Businesses **(Section 121(1)(ac))**

The Finance Bill, 2024 seeks to widen the scope of best judgment assessment even for discontinued businesses. By virtue of the insertion of the proposed clause, the Commissioner is empowered to proceed with best judgment in case a person fails to furnish a return of income in response to notice for filing of return as required under sub-Section (3) of Section 117 for discontinued businesses.

Appeal Filing Threshold of First Appeal Prescribed **(Section 126A), 127(1))**

The Finance Bill, 2024 clarifies that “value of assessment of tax” refers to the net increase in tax liability as a result of order sought to be assailed and the value of refund means net reduction in refund as a result of order sought to be assailed. The cases pending before the Commissioner (Appeals) having the value of assessment of tax or, refund of tax exceeding twenty million rupees shall on and from the 16th day of June 2024 stand transferred to the Appellate Tribunal Inland Revenue. The Finance Bill, 2024 proposes a further amendment in this date as follows:

As per Tax Laws Amendment Act, 2024	Proposed as per the Finance Bill, 2024
June 16, 2024	September 16, 2024

The Finance Bill, 2024, seeks to clarify that the time limitation for filing appeals, i.e., 60 days for appeals to be filed in the Appellate Tribunal and 90 days for references to be filed in the High Court, shall continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.

For Advance Tax Calculation Threshold of Turnover Enhanced **(Section 147(4))**

By virtue of the Finance Bill, 2024, it has been proposed that if the taxpayer fails to provide turnover or if the turnover is not known, it will be considered as one-fourth of 120% instead of current 110% of the turnover from the latest tax year.

Furthermore, the taxpayers will be required to file certain documents with estimates for advance tax. Non-filing of required documents may lead to rejection of the estimate and the taxpayer will be required to pay advance tax as per the prescribed formula.

Income Tax Ordinance, 2001

Minimum Value Criteria for Imports for Income Tax Collection Defined (Section 148)

The Finance Bill, 2024 proposes that the Board is empowered to set the minimum value of goods for advance tax collection at import stage.

Withholding Tax Exemption Withdrawn (Section 152, 153, 159)

Currently, a non-resident having a permanent establishment in Pakistan can avail exemption certificate from the Commissioner for payment without deduction of tax. However, the Finance Bill, 2024 seeks to withdraw this exemption and instead only the reduced rate certificate can be availed by such non-resident person.

Further to the above, the Finance Bill, 2024 seeks to withdraw the exemption available for payment without deduction of taxes required to be deducted under Section 150, 151 and 153. By virtue of the proposed amendment, the commissioner is empowered to issue the reduced rate certificate to any person for making payment after deduction of tax at a reduced rate.

Final Tax Regime for Exporters Abolished (Section 154, 168, 169)

Payments made to exporters against export proceeds are subject to deduction of tax @ 1%, which is considered the final discharge of liability. By virtue of the Finance Bill, 2024 it is proposed that the income from export proceeds is subject to normal tax rates, with a 1% advance tax chargeable on export proceeds which would be treated as minimum tax.

New Penalties Imposed (Section 182)

By virtue of the Finance Bill, 2024 the following new penalties are proposed to be imposed on account of following offences:

Sr. No.	Offence	Penalty
1B	Where any person fails to furnish a return of income as required under sub-Section (3) of Section 117 within the time specified in the notice	Such person shall pay a penalty equal to higher of: (a) 0.1% of the tax payable in respect of that tax year for each day of default; or (b) Rs. 1,000 per day of default: Provided that minimum penalty shall be Rs.10,000 in case of an individual and Rs.50,000 in all other cases.

Income Tax Ordinance, 2001

Sr. No.	Offence	Penalty
3A	Where any person being a trader or a shopkeeper who is required to apply for registration under this Ordinance but fails to register or fails to pay advance tax as specified in a scheme of special procedure prescribed under Section 99B.	The shop of such person shall be sealed for 7 days for first default and for 21 days for each subsequent default
10A	Any person who fails to comply with income tax general order issued by the Board within 90 days of issue of such order	Such person shall pay penalty of 100 million rupees for first default and 200 million for each subsequent default
12A	Where any person fails to pay tax at the time of making payment as consideration of shares or at the time of registration of shares by the Securities and Exchange Commission of Pakistan or the State Bank of Pakistan, whichever is earlier	Such person shall pay a penalty equal to 50% of the amount of tax involved
35	Any company and an association of persons who – (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; (b) furnishes any annexure, statement or document specified in the return of income as blank or with incomplete or irrelevant particulars; or (c) attaches blank or incomplete annexures, statements or documents where such annexures, statements or records were required to be filed.	Such company, including a banking company and an association of persons shall pay a penalty of Rs.500,000 or 10% of the tax chargeable on the taxable income, whichever is higher

Scope of Prosecution Widened
(Section 191, 191A, 191B)

Sr. No.	Offence	Penalty
1.	Non furnishing of return after notice for discontinued businesses	Such person shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding 1 year, or both
2.	Any company including a banking company and an association of persons who – (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; (b) furnishes blank or incomplete particulars or information as specified in the return of income; or (c) attaches blank or incomplete annexures, statements or documents where such annexures, statements or records were required to be filed	Such person shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding 1 year or both.

Income Tax Ordinance, 2001

Sr. No.	Offences	Penalties
3.	Any person specified in Section 99B who is required to apply for registration but fails to do so	Such person shall commit an offence punishable on conviction with imprisonment for a term not exceeding six months or fine or both

Rate of Default Surcharge Rationalized

(Section 205)

Currently, the default surcharge at a fixed rate of 12% per annum is charged on non-payment of the tax amount due. By virtue of the Finance Bill, 2024 it has been proposed that the default surcharge on non-payment of income tax be increased to KIBOR plus 3%, aligning it with the policy rates of the State Bank of Pakistan.

Advance Tax on Sale of Immovable Property Enhanced

(Section 236C, Division X, Part IV of First Schedule)

By virtue of the Finance Bill, 2024 it has been proposed to enhance the rate of advance tax on sale of immovable properties as per the following table:

Sr. No.	Amount	Current Rates		Proposed Rates		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	6%	3%	10%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	6%	3.5%		7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	6%	4%		8%

Income Tax Ordinance, 2001

Scope of Advance Tax on Sales to Distributors, Dealers, Wholesalers, and Retailers Widened
(Section 236G, 236H)

Currently, advance tax is collected at the prescribed rates on the sale of goods to pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector related to certain prescribed Sections.

By virtue of the proposed amendment, every distributor, dealer, wholesaler and retailer irrespective of sector shall be required to collect advance tax at the time of sale. Furthermore, rate of advance tax to be collected under these provisions is proposed to be enhanced for inactive taxpayers as per the following table:

Section	Description	Current Rate		Proposed Rate	
		Active Taxpayer	Inactive Taxpayer	Active Taxpayer	Inactive Taxpayer
236G	Fertilizer	0.25%	0.7%	0.25%	0.7%
236G	Other than fertilizers	0.1%	0.2%	0.1%	2%
236H	On gross amount of sale to retailers	0.5%	1%	0.5%	2.5%

Advance Tax on Purchase of Immovable Property
(Section 236K, Division XVIII, Part IV of First Schedule)

By virtue of the Finance Bill, 2024 it has been proposed to enhance the rate of advance tax on purchase of immovable properties as per the following table:

Sr. No.	Amount	Current Rates		Proposed Rates		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	10.5%	3%	12%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	10.5%	3.5%	16%	7%

Income Tax Ordinance, 2001

Sr. No.	Amount	Current Rates		Proposed Rates		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	10.5%	4%	20%	8%

Time Limitation of Appeal

(Section 239, 131, 133)

The Finance Bill, 2024, seeks to clarify that the time limitation for filing of appeals, i.e., 60 days for appeals to be filed in the Appellate Tribunal and 90 days for references to be filed in the High Court, shall continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.

The First Schedule

Rate of Tax for Salaried Individuals

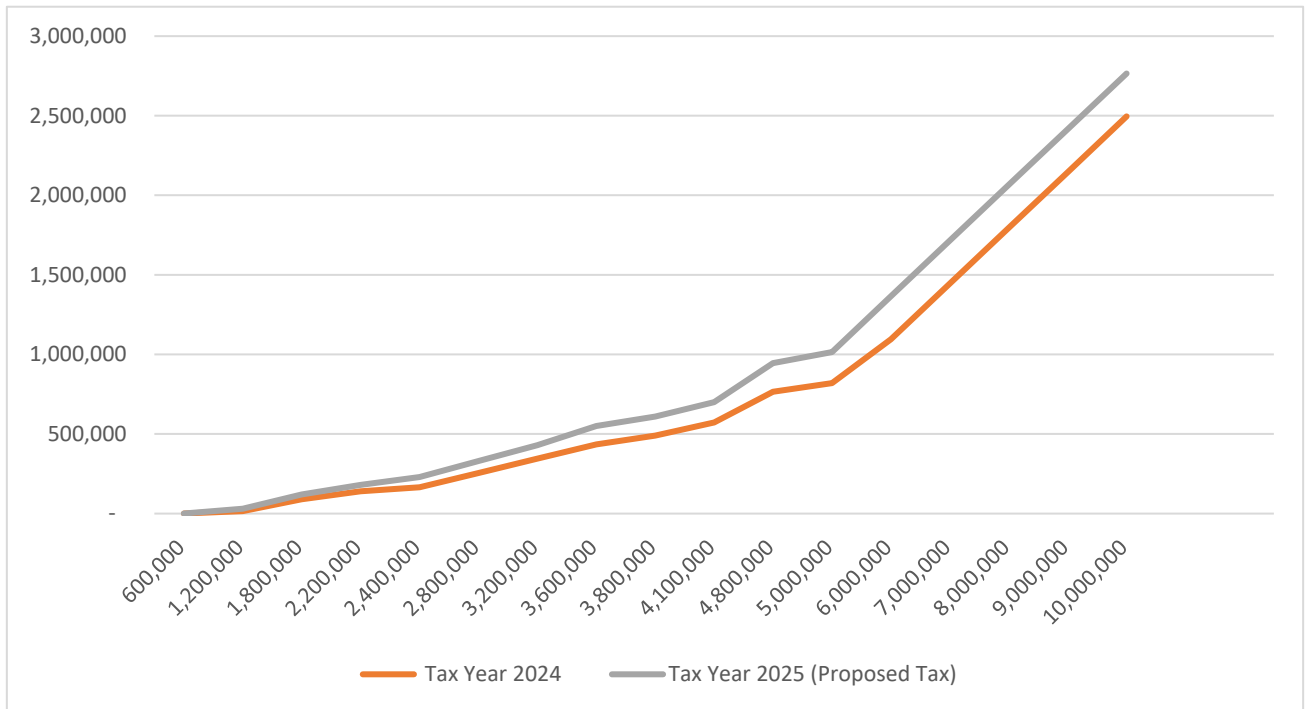
(Division I, Part I of the First Schedule)

The Finance Bill, 2024 has enhanced the tax rates for salaried individuals as per table given below:

Income Brackets	Rates
Taxable income not exceeding Rs. 600,000	0%
Taxable income exceeding Rs. 600,000 but not exceeding Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
Taxable income exceeding Rs. 1,200,000 but not exceeding Rs. 2,200,000	Rs. 30,000 + 15% of the amount exceeding Rs. 1,200,000
Taxable income exceeding Rs. 2,200,000 but not exceeding Rs. 3,200,000	Rs. 180,000 + 25% of the amount exceeding Rs. 2,200,000
Taxable income exceeding Rs. 3,200,000 but not exceeding Rs. 4,100,000	Rs. 430,000 + 30% of the amount exceeding Rs. 3,200,000
Taxable income exceeding Rs. 4,100,000	Rs. 700,000 + 35% of the amount exceeding Rs. 4,100,000

Existing Tax Liability vis-à-vis Proposed Tax Liability on Salary Income

Annual Salary (Rs.)	Tax Amount (Rs.) Tax Year 2024	Tax Amount (Rs.) Tax Year 2025 (Proposed)	Difference (Rs.)
600,000	-	-	-
1,200,000	15,000	30,000	15,000
1,800,000	90,000	120,000	30,000
2,200,000	140,000	180,000	40,000
2,400,000	165,000	230,000	65,000
2,800,000	255,000	330,000	75,000
3,200,000	345,000	430,000	85,000
3,600,000	435,000	550,000	115,000
3,800,000	490,000	610,000	120,000
4,100,000	572,500	700,000	127,500
4,800,000	765,000	945,000	180,000
5,000,000	820,000	1,015,000	195,000
6,000,000	1,095,000	1,365,000	270,000
7,000,000	1,445,000	1,715,000	270,000
8,000,000	1,795,000	2,065,000	270,000
9,000,000	2,145,000	2,415,000	270,000
10,000,000	2,495,000	2,765,000	270,000

Graphical Representation

Rate of Tax for Business Individuals and AOP (Division I, Part I of the First Schedule)

The Finance Bill, 2024 proposes to enhance the applicable tax rate up to a whopping rate of 45% of the taxable income in case of Business Individuals and AOP. The proposed rate of tax are set out in the following table:

Income Brackets	Rates
Taxable income not exceeding Rs. 600,000	0%
Taxable income exceeding Rs. 600,000 but not exceeding Rs. 1,200,000	15% of the amount exceeding Rs. 600,000
Taxable income exceeding Rs. 1,200,000 but not exceeding Rs. 1,600,000	Rs. 90,000 + 20% of the amount exceeding Rs. 1,200,000
Taxable income exceeding Rs. 1,600,000 but not exceeding Rs. 3,200,000	Rs. 170,000 + 30% of the amount exceeding Rs. 1,600,000
Taxable income exceeding Rs. 3,200,000 but not exceeding Rs. 5,600,000	Rs. 650,000 + 40% of the amount exceeding Rs. 3,200,000
Taxable income exceeding Rs. 5,600,000	Rs. 1,610,000 + 45% of the amount exceeding Rs. 5,600,000

Tax Rate on Dividend Enhanced (Division III, Clause (b) of First Schedule)

Currently, dividend income from mutual funds is subject to tax @ 15%. However, by virtue of the Finance Bill, 2024, the tax rate on dividends is proposed to be enhanced from 15% to 25% on dividends derived from mutual funds that earn 50% or more of their income from profit on debt.

Applicability of Tax on Capital Gains on Disposal of Securities Revised
(Division-VII, Part-I, First Schedule)

At present, capital gains on sale of securities is being taxed on the basis of holding period with maximum rate of 15% and no tax is payable if the holding period exceeds 6 years. By virtue of the Finance Bill, 2024 if the securities are acquired on or after 01 July, 2024, the capital gain on sale of such securities will be taxed at flat rate of 15% for filers, and for non-filers, the gain will be taxed at normal rates with minimum rate of 15% and maximum rate of 45%. The following are the proposed tax rates:

Sr. No.	Holding Period	Current Rates	Proposed Rate of Tax for Tax Year 2025 and onwards			
			For Securities acquired between 1st day of July, 2022 and 30th June, 2024 (both dates inclusive)	For securities acquired on or after 1st day of July, 2024	For securities acquired on or after 1st day of July, 2013 but before June, 2022	For securities acquired before the July 01, 2013
1.	Where the holding period does not exceed one year	15%	15%	15%	12.5%	0%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	12.5%			
3.	Where the holding period exceeds two years but does not exceed three years	10%	10%			
4.	Where the holding period exceeds three years but does not exceed four years	7.5%	7.5%			
5.	Where the holding period exceeds four years but does not exceed five years	5%	5%			
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	2.5%			
7.	Where the holding period exceeds six years	0%	0%			
8.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5%	5%	5%	5%	5%

Income Tax Ordinance, 2001

Further tax rate on capital gains from mutual funds and collective investment schemes is also enhanced from 10% to 15%. Further, it is also proposed that in the case of Stock Funds if dividend receipts of fund are less than the capital gain then the rate of tax deduction shall be 20%. Capital Gain Tax shall be deducted at the rates specifies below:

Category	Current Rate of Tax	Proposed Rate of Tax
Individual and association of persons	10% for stock funds 10% for other funds	15% for stock funds 15% for other funds
Company	10% for stock funds 25% for other funds	15% for stock funds 15% for other funds

*Tax on Capital Gain on Immovable Properties Rationalized
(Section 37, Division VIII of Part I of the First Schedule)*

By virtue of the Finance Bill, 2024 it is proposed that a flat rate of 15% would be applicable on gains from the disposal of immovable property acquired on or after 1st July, 2024 by Active Taxpayers regardless of the holding period and for non-filers, progressive tax rate shall not be less than 15%.

Sr. No.	Holding Period	Current Rate of Tax			Proposed Rate of Tax			
		Rate of Tax Year 2023 and Onwards			Properties acquired on or before June 30, 2024			
		Open Plots	Constructed Property	Flats	Open Plots	Constructed Property	Flats	
1.	Where the holding period does not exceed one year	15%	15%	15%	15%	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%	12.5%	10%	7.5%	
3.	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	0	10%	7.5%	0	
4.	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	-	7.5%	5%	-	

Income Tax Ordinance, 2001

Sr. No.	Holding Period	Current Rate of Tax			Proposed Rate of Tax			Property acquired on or after July 01, 2024
		Rate of Tax Year 2023 and Onwards			Properties acquired on or before June 30, 2024			
		Open Plots	Constructed Property	Flats	Open Plots	Constructed Property	Flats	
5.	Where the holding period exceeds four years but does not exceed five years	5%	0	-	5%	0	-	15%
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-	2.5%	-	-	
7.	Where the holding period exceeds six years	0%	-	-	0%	-	-	

The rate of tax on capital gain on immovable properties has been rationalized for non-filers. Such capital gain in the hands of non-filer is proposed to be taxed at normal rates with minimum rate of 15% and maximum rate of 45%.

Withholding Tax on Sale of Goods (Section 153, Division III, Part III of First Schedule)

By virtue of the Finance Bill, 2024, it has been proposed to increase withholding tax rates on the payments made u/s 153(1)(a) for toll manufacturing from 5% to 9% in case of companies and from 5.5% to 11% in all other cases.

Sr. No.	Description	Current Rate	Proposed Rate	
		Including toll manufacturing	Toll Manufacturing	Other than toll manufacturing
1.	In case of Company	5%	9%	5%
2.	Other than Company	5.5%	11%	5.5%

Withholding Tax on the Subscriber of Internet, Mobile Telephone, and Pre-paid Internet or Telephone card (Division V, Part IV of First Schedule)

By virtue of the Finance Bill, 2024, it has been proposed to enhance the withholding tax on subscriber of internet, mobile telephone and pre-paid internet or telephone card as per the following table:

Income Tax Ordinance, 2001

Description	Current Rates		Proposed Rates	
	Tax Rate (for Active Taxpayers)	Tax Rate (for In-Active Taxpayers)	Tax Rate (for Active Taxpayers)	Tax Rate (for persons mentioned in the Income tax general order issued u/s 114B)
On amount of bill or sale price of internet prepaid card or prepaid telephone card or sale of units to any electronic medium	15%	15%	15%	75%

Withholding Tax on Registration of Vehicles (Division VII, Part IV of First Schedule)

By virtue of the Finance Bill, 2024, it has been proposed that basis of tax collection shall be changed from fixed amount basis on engine capacity to percentage of value basis in cases of all motor vehicles due to substantial increase in prices of vehicles. The proposed rate of tax on registration of motor vehicles shall be as follows:

Sr. No.	Current Tax Applicable		Proposed Rate of Tax
	Engine Capacity	Value / Rate of Tax	Rate of Tax
1.	Upto 850cc	10,000	0.5% of the value
2.	851cc to 1000cc	20,000	1% of the value
3.	1001cc to 1300cc	25,000	1.5% of the value
4.	1301cc to 1600cc	50,000	2% of the value
5.	1601cc to 1800cc	150,000	3% of the value
6.	1801cc to 2000cc	200,000	5% of the value
7.	2001cc to 2500cc	6% of the value	7% of the value
8.	2501cc to 3000cc	8% of the value	9% of the value
9.	Above 3000cc	10% of the value	12% of the value

Advance Tax on Purchase of Immovable Property (Section 236K, Division XVIII, Part IV of First Schedule)

Currently, the advance tax to be collected on purchase of immovable property is collected at the rate of 3%. However, by virtue of the Finance Bill, 2024 it has been proposed that the rate of 3% shall be collected on properties valued up to Rs. 50 million, rate of 3.5% for properties more than Rs.50 million but not exceeding Rs. 100 million and rate of 4% shall be collected on properties valued above Rs. 100 million. The rate of tax to be collected under Section 236K (Advance tax on purchase or transfer of immovable property) shall be as follows:

Income Tax Ordinance, 2001

Sr. No.	Amount	Current Rates		Proposed Rates		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	10.5%	3%	12%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	10.5%	3.5%	16%	7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	10.5%	4%	20%	8%

Advance Tax on Sale of Immovable Property

(Section 236C, Division X, Part IV of First Schedule)

Currently, the advance tax to be collected on the sale of immovable property is to be collected at the rate of 3%. However, by virtue of the Finance Bill, 2024 it has been proposed that the rate of 3% shall be collected on properties valued up to Rs. 50 million, a rate of 3.5% for properties more than Rs. 50 million but not exceeding Rs. 100 million and a rate of 4% shall be collected on properties valued above Rs. 100 million. The rate of tax to be collected under Section 236C (Advance tax on sale or transfer of immovable property) shall be as follows:

Income Tax Ordinance, 2001

Sr. No.	Amount	Current Rates		Proposed Rates		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	6%	3%	10%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	6%	3.5%		7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	6%	4%		8%

The Second Schedule

Exemption of Income from Subsidy Withdrawn

(Clause (102A), Part-I of the Second Schedule)

By virtue of the Finance Bill, 2024, the said clause has been proposed to be omitted, meaning subsidies granted by the Federal Government shall be taxed.

Increase in Rate of Withholding Tax for Cigarette Distributors

(Clause (24A), Part-II of the Second Schedule)

Currently, the rate of tax under Clause (a) of Sub-Section (1) of Section 153 of the Income Tax Ordinance, 2001, on distributors of cigarettes and pharmaceutical products is 1% of gross amount of payments. The Finance Bill, 2024, has proposed to increase the rate of income tax withholding for cigarette distributors from 1% to 2.5% on the gross amount of payment.

Sr. No.	Description	Current Rate	Proposed Rate
1.	Distributors of cigarettes	1%	2.5%

Tax Exemption to Full-Time Teachers and Researchers Withdrawn

(Clause (2), Part-III of the Second Schedule)

Currently, the tax payable by a full-time teacher or researcher employed in a non-profit educational institution (including Government research institutions) recognized by HEC is to be reduced by 25%. However, the Finance Bill, 2024, proposed to omit the said clause, thereby withdrawing the tax reduction available to full-time teachers and researchers.

The Seventh Schedule

(Rule 1(d) of Seventh Schedule)

Currently, the amount of “bad debts” classified as sub-standard or doubtful under the Prudential Regulations issued by the State Bank of Pakistan shall not be allowed as expense. However, by virtue of the Finance Bill, 2024, it has been proposed to widen the scope of bad debts by including provisions for advances, off-balance sheet items or any other financial asset classified in Stage I, II or III as Performing, Under-Performing or Non-Performing under any applicable accounting standard including IFRS 09 shall not be allowed as expense. However, only “bad debts” classified as “loss” pertaining to non-performing assets under the Prudential Regulations issued by the State Bank of Pakistan shall be allowed as an expense.

Provisions or expected credit loss for advances and off-balance sheet items or any other financial asset existing before or after the 1st day of January, 2024 under IFRS 09 shall not be allowed as an expense or deduction.

The Tenth Schedule

The following tax rates have been proposed to be applicable to a person not appearing in the ATL:

Sr. No.	Section	Description	Current Rate	Proposed Rate
1.	151	On yield of Profit and Debt	30%	35%
3.	236G	On the gross amount of sale to distributors, dealers or wholesalers other than sale of fertilizer	0.2%	2%
4.	236H	On the gross amount of sale to retailers	1%	2.5%

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Sales Tax Act, 1990

Sales Tax Act, 1990

Definition of 'Licensed Integrator' Inserted

(Section 2(15A))

The Finance Bill, 2024 proposes to insert the definition of "Licensed Integrator". The word "Licensed Integrator" means any person licensed by the Board to provide electronic invoicing system for integration of registered persons in the prescribed manner.

Definition of Tax Fraud

(Section 2(37))

The Finance Bill, 2024 proposes to streamline the term Tax Fraud in the following manner:

"Tax Fraud" means intentional evasion of legally due tax or obtaining of undue refund by submission of false returns, statements, or false documents or withholding of correct information or documents and includes:

- a. suppression of sales or receipts that are chargeable to tax;
- b. false claim of input tax credit;
- c. making taxable supplies of goods without issuing any tax invoice;
- d. issuance of any tax invoice without the supply of goods leading to an inadmissible claim of input tax credit or refund;
- e. evasion of tax by availing undue input tax credit or obtaining inadmissible refund;
- f. collection of any amount as tax but failing to deposit the same;
- g. falsification or substitution of financial records or production of fake accounts or documents or furnishing of any false information to evade tax;
- h. tampering with or destroying any material evidence or documents required to be maintained or
- i. acquisition, possession, transport, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation

Any act or omission mentioned herein shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing tax fraud.

Scope of Time of Supply Enhanced

(Section 2(44))

By virtue of the Finance Bill, 2024 definition of "time of supply" has been proposed to be restored in its original form by reinstatement of the phraseology, "or the time when any payment is received by the supplier in respect of that supply, whichever is earlier".

Time of supply would mean the earlier of the following:

- a. the time when the goods are delivered or made available to the recipient of the supply or the time when any payment is received by the supplier in respect of that supply, whichever is earlier,
- b. the time at which the agreement is entered into, and
- c. time at which services are rendered and provided.

Sales Tax Act, 1990

Powers of Assessment Streamlined Through Legislative Re-arrangement

(Section 11)

Section 11 provides for assessment of tax where taxpayer fails to file return, or pays amount which is less than amount of tax due or has made short payment or has claimed input credit or refund which is not admissible and this Section is the only provision under the Act which provides for assessment of tax through adjudication in case the self-assessed tax of the taxpayer, is unpaid or short paid for the reasons herein above. The Finance Bill, 2024 proposes to delete Section 11 of the Sales Tax Act, 1990.

▪ Limitation for Issuing Orders in Certain Cases ***(Section 11(B))***

For the purposes of issuing an assessment order or any other order in consequence of or to give effect to any order made by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court, the provisions of Section 124 of the Income Tax Ordinance, 2001 shall apply mutatis mutandis.

▪ Best Judgment Assessment Powers Prescribed ***(Section 11(D))***

A new Section “Best Judgment Assessment” is proposed to be inserted by virtue of the Finance Bill, 2024 that empowers the commissioner to do a best judgment assessment order if a person fails to file a sales tax return after notice or fails to produce required documents. An Inland Revenue Officer may impose penalties, default surcharges based on available information. The officer may also disallow or reduce input tax credits if proper documentation is not provided. Furthermore, if a return is subsequently filed and taxes, penalties, and surcharges are paid, the notice and assessment order will be nullified. Additionally, if minimum tax liability conditions are specified by the FBR for the person required to file the return but fails to file the return, the officer will determine the liability accordingly.

▪ Assessment of Tax and Recovery of Tax ***(Section 11(E))***

A new Section “Assessment of Tax and Recovery of tax not levied or short levied or erroneously refunded” is introduced by virtue of the Finance Bill, 2024 which states that if due to any reason tax or charge has not been levied or is under-levied, the Inland Revenue Officer issue a show-cause notice if an Inland Revenue Officer suspects, based on an audit or otherwise, that a person:

1. has not paid or has underpaid sales tax,
2. claimed inadmissible input tax credit or refund, or
3. obtained the amount of refund not due,

Following this, the officer will determine and recover the unpaid or short-paid tax, inadmissible input tax or refund, or unlawfully obtained refund, and impose penalties and default surcharges in accordance with Sections 33 and 34. The officer may also disallow input tax if the taxpayer fails to provide necessary documentation. Unlevied tax will be recovered as a tax fraction of the supply value.

Sales Tax Act, 1990

▪ ***Failure to Withhold Sales Tax*** ***(Section 11(F))***

A new Section "Failure to withheld Sales Tax" is introduced by virtue of the Finance Bill, 2024 which states that if a person required to withhold sales tax fails to withheld or, having withheld the tax, fails to deposit it as prescribed, an Inland Revenue Officer shall issue a show-cause notice. Following this, the officer will determine and recover the defaulted amount and impose penalties and default surcharges in accordance with Sections 33 and 34.

▪ ***Threshold for Limitation for Assessment Defined*** ***(Section 11(G))***

A new Section "Limitation for Assessment" is proposed by virtue of Finance Bill, 2024 which states that a show-cause notice under Sections 11D to 11F must be issued within five years from the end of the financial year in which the relevant date falls. An order under these Sections must be made within 120 days of issuing the notice or within an extended period, not exceeding 90 days, as specified in writing by the Commissioner. Any adjournment due to a stay order, Alternative Dispute Resolution proceedings, or a request by the registered person (not exceeding 60 days) is excluded from this timeframe. The "relevant date" refers to the time of sales tax payment under Section 6, the time of payment for withholding tax under Section 3(7), or the date of an erroneous refund.

Chief Commissioner Empowered for Modification of Registration Orders

(Section 21(5))

A new sub-Section 5 of Section 21 is proposed by virtue of the Finance Bill, 2024 which states that the Chief Commissioner may, on his own initiative or upon application by the registered person, review the record and order of blacklisting under sub-Section (2). After necessary inquiry, he may modify the order as deemed appropriate, provided that the opportunity of being heard has been provided to the registered person before any order is passed.

Sales Tax Audit Mechanism Streamlined

(Section 25)

The Finance Bill, 2024 proposes to substitute Section 25 to conduct the Sales Tax Audit to further consolidate and enhance its scope. As per the proposal, the Commissioner may direct an Inland Revenue Officer to audit a registered person's sales tax affairs and issue a notice, with the reasons communicated to the person. The Commissioner's audit direction is independent of the Board's powers under Section 72B. The audit reasons must be based on a review of available records and not just for verification purposes. The officer can request records and documents, including electronic data, for the audit, but not beyond six years from the financial year-end.

The officer may require the person to attend or produce necessary documents and conduct inquiries from third parties. The audit aims to verify tax liability, output tax, input tax, refunds, and compliance with the Act. Audits may be conducted electronically. After the audit, the officer may pass an order under Section 11E, providing an opportunity to be heard. If records are not produced, a best judgment assessment under Section 11D may be made. If tax fraud is suspected, an investigative audit may be conducted with the Commissioner's approval. Voluntary payment of short-paid or evaded tax with default surcharge before audit notice avoids penalties. Payments during or after an audit but before a show-cause notice reduced penalties, with full penalties applied after a show-cause notice, abating the notice.

***Powers of Investigative Audit Delegated to Officers of Inland Revenue
(Section 25AB)***

The Finance Bill, 2024 proposes to empower an Officer of Inland Revenue with the approval of the Commissioner, to conduct the Investigative Audit of a registered person if an Inland Revenue Officer based on audit information or otherwise, reasonably suspects a registered person of tax fraud. The audit must be completed within ninety days and conducted using evidence obtained under Sections 37, 37A, 38, 38A, 38B, and 40. Following the investigative audit, the officer may take various actions, including issuing an order under Section 11E after providing an opportunity for the registered person to be heard, issuing a best judgment assessment under Section 11D if necessary documents are not provided, blacklisting the registered person under Section 21, and imposing penalties and initiating prosecution as per Section 33. Additionally, for purposes of actions under clauses (a) and (b) of sub-Section (3), the officer may disallow input tax if the registered person fails to provide necessary documentation without reasonable cause.

The Fifth Schedule

The Finance Bill, 2024 proposes the following omissions of Serial No. 12, 16, 17, and 21 from the list of zero-rated goods.

Sr. No.	Description
12.	<ul style="list-style-type: none"> i. 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. ii. Preparations suitable for infants, put up for retail sale not exceeding rupees six hundred per two hundred grams] (PCT Heading 1901.1000). iii. Colors in sets (PCT heading 3213.1000). iv. Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090). v. Erasers (PCT heading 4016.9210 and 4016.9290). vi. Exercise books (PCT heading 4820.2000). vii. Pencil sharpeners (PCT heading 8214.1000). viii. Other drawing, marking out or mathematical calculating instruments (geometry box) (PCT heading 9017.2000). ix. Pens, ball pens, markers and porous tipped pens (PCT heading 96.08). x. Pencils including color pencils (PCT heading 96.09)".
16.	Milk (PCT heading 04.01)
17.	Fat filled milk (PCT heading 1901.9090)
21.	Local supplies of commodities, 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 as specified therein.

The Sixth Schedule

The Finance Bill, 2024 proposes the following omissions of serial No. 13, 15, 32, 86, 87, 88, 89, 90, 97, 98, 112, 120, 151, 152, 166, 169, 170, and 174 in Table-I from the list of exempt goods:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
13.	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 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, 0709.6000, 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
15.	Fruit imported from Afghanistan excluding apples PCT 0808.1000	0804.1010, 0804.1020, 0804.2000, 0804.3000, 0804.4000, 0804.5010, 0804.5020, 0804.5030, 0805.1000, 0805.2910, 0805.2100, 0805.2200, 0805.2990, 0805.4000, 0805.5000, 0805.9000, 0806.1000, 0806.2000, 0807.1100, 0807.1900, 0807.2000, 0808.3000, 0808.4000, 0809.1000, 0809.2000, 0809.3000, 0809.4000, 0810.1000, 0810.2000, 0810.4000, 0810.5000, 0810.6000, 0810.9010, 0810.9090, 0811.1000, 0811.2000, 0811.9000, 0813.1000, 0813.2000, 0813.3000, 0813.4010, 0813.4020 and 0813.4090]
32.	Newsprint and books but excluding brochures, leaflets and directories	Respective headings
86.	Colors in sets (Poster colors)	3213.1000
87.	Writing, drawing and making inks	3215.9010 and 3215.9090
88.	Erasers	4016.9210 and 4016.9290
89.	Exercise books	4820.2000
90.	Pencil sharpeners	8214.1000
97.	Pens, ball pens, markers and porous tipped pens	96.08
98.	Pencils including color pencils	96.09

Sales Tax Act, 1990

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
112.	cardiology/cardiac surgery, neurovascular, electrophysiology, endosurgery, endoscopy, oncology, urology, gynaecology, disposables and other equipment: a) Angioplasty Products b) Angiography Products c) Contrast Media For Angiography/Angioplasty d) Temporary Pacemakers e) Permanent Pacemaker. f) Heart Failure Devices g) Implantable Cardioverters h) Cardiac Electrophysiology Products i) Lear Cardiology Products j) Cardiac Surgery Products k) Other Equipment l) Peripheral Interventions Equipment	Respective headings
120.	Diagnostic kits or equipment as prescribed in Sales Tax Act, 1990	Respective headings
151.	Supplies and imported Plants, Machinery and equipment as prescribed in Sales Tax Act, 1990	Respective headings
152.	Supplies of electricity, as made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, till 30th June, 2024, to all residential and commercial consumers in tribal areas, and to such industries in the tribal areas which were set and started their industrial production before 31st May, 2018, but excluding steel and ghee or cooking oil industries	2716.0000
166.	Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more.	Respective headings
169.	Oil cake and other solid residues	2306.1000
170.	Tractor	8701.9220 and 8701.9320
174.	Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969), subject to the conditions, limitations and restrictions specified thereunder.	Respective headings.

Besides the omissions described above, the following goods are proposed to be exempted from the chargeability of Sales Tax:

Sales Tax Act, 1990

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
175	Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any 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 the recommendations of the Minister in charge and concurrence by the Federal Board of Revenue subject to condition that the concerned Ministry shall verify the genuineness of such cases and furnish an undertaking to the effect that donated goods shall not be sold, utilized or disposed of otherwise than for the purpose for which the same have been imported.	9908(i) and 9911
176	POL products: (i) MS (Petrol) (ii) High Speed Diesel Oil (iii) Kerosene (iv) Light Diesel Oil	2710.1210, 2710.1931, 2710.1911 and 2710.1921

The Finance Bill, 2024 proposes the following omissions of Serial No. 7 and 21 of Table II from the list of exempt goods:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
7.	vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers.	Respective heading
21.	Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal	2306.3000, 2306.4900 and respective headings

Besides the omissions as prescribed above, the following goods are proposed to be exempt from the chargeability of sales tax:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
56	Milk excluding that sold under a brand name	04.01.
57	Iron and steel scarp	7204.4100, 7204.3000, 7204.4990.”.

The Eighth Schedule

The Finance Bill, 2024 proposes the omission of Serial No. 58, 66 and 73 from the list of taxable goods. Furthermore, there is an increase in tax rate from 5% to 10% on Imported personal computers Laptop computers, and notebooks whether or not incorporating multimedia kit.

Serial No. 81 is proposed to be changed and applicable only to Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976). The following goods are proposed to be charged at the prescribed rate as per the proposed Finance Bill, 2024:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Condition
84	Colors in sets	3213.1000	10%	
	i. Writing, drawing and marking inks	3215.9010 and 3215.9090		
	i. Erasers	4016.9210 and 4016.9290		
	i. Exercise books	4820.2000		
	i. Pencil sharpeners	8214.1000		
	i. other drawing, marking out or mathematical calculating instruments (geometry box)	9017.2000		
	i. Pens, ball pens, markers and porous tipped pens	96.08		
	i. Pencils including color pencils	96.09		

Sales Tax Act, 1990

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Condition
85	(a) Supplies; and (b) imports of plant, machinery, equipment for installation in tribal areas and of industrial inputs by the industries located in the tribal areas, as defined in the Constitution of Islamic Republic of Pakistan,	Respective headings	(i) 6% till 30.06.2025 (ii) 12% from 1.7.2025 till 30.06.2026	Provided that, in case of imports, the same shall be allowed clearance by the Customs authorities on presentation of pay order for the amount of tax payable under this Act and the same shall be returned to the importer after presentation within six months of a consumption or installation certificate, as the case may be, in respect of goods imported as issued by the Commissioner Inland Revenue having jurisdiction: Provided further that if plant, machinery and equipment, on which exemption is availed under this serial number, is transferred or supplied outside the tribal areas, the tax exempted shall be paid at applicable rate on residual value
86	Supplies of electricity, as made to all residential and commercial consumers in tribal areas, and to such industries in the tribal areas which were set and started their industrial production before 31st May, 2018, but excluding steel and ghee or cooking oil industries.	2716.0000	(i) 6% till 30.06.2025 (ii) 12% from 1.7.2025 till 30.06.2026	
87	Oil cake and other solid residue	2306.1000	10%	
88	Tractors	8701.9220 and 8701.9320	10%	

Sales Tax Act, 1990

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Condition
89	Local supply of vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers.	Respective headings	10%	
90	Local supply of poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal	2306.3000, 2306.4900 and respective headings	10%	Subject to the condition that refund of excess input tax, if any, shall not be admissible.
91	Newsprint and books but excluding brochures, leaflets and directories	Respective headings	10%	Subject to the condition that refund of excess input tax, if any, shall not be admissible."

The Ninth Schedule

The Finance Bill, 2024 proposes the following changes in tax rates of Serial No.1 of Table-I:

Sr. No.	Description/Specification of Goods	Sales tax on CBUs at the time of import or registration (IMEI number by CMOs)	Sales tax on import in CKD/SKD condition	Sales tax on supply of locally manufactured mobile phones in CBU condition in addition to tax under column (4)
1.	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category:- -			
	A. Not exceeding US\$ 500	18% ad valorem	18% ad valorem	18% ad valorem
	B. Exceeding US\$ 500	25% ad valorem	18% ad valorem	18% ad valorem

The Finance Bill, 2024 proposes the omission of clauses (iii), (iv), and (v).

The Eleventh Schedule

The Finance Bill, 2024 proposes the change of withholding tax rate from 75% to 80% in case of Persons supplying lead batteries. Furthermore, following new withholding provisions are proposed:

Sr. No.	Withholding agent	Supplier category	Rate and extent of deduction
9.	Registered persons manufacturing cement	Persons supplying any kind of gypsum under chapter 25 (PCT headings 2520.1010, 2520.1020,2521.0000) or limestone flux under chapter 25 (PCT headings 2520.1010,2520.1020, 2521.0000)	80% of the sales tax applicable
10	Registered persons	Persons supplying any kind of coal under chapter 27 (PCT headings 2701.1100,2701.1200, 2701.1900,2701.2000, 2704.0010,2704.0020, 2704.0090) or	80% of the sales tax applicable
11.	Registered persons	Persons supplying any kind of waste of paper and paper board (Respective headings)	80% of the sales tax applicable
12.	Registered persons	Persons supplying any kind of plastic waste (Respective headings)	80% of the sales tax applicable
13.	Registered persons	Persons supplying crush stone and silica	80% of the sales tax applicable

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Federal Excise Act, 2005

Federal Excise Act, 2005

Rate of Default Surcharge Rationalized

(Section 8)

Currently, the default surcharge at a fixed rate of 12% per annum is charged on non-payment of duties. By virtue of the Finance Bill, 2024 it has been proposed that the default surcharge on non-payment of FED be rationalized to KIBOR plus 3% to align it with the policy rates of the State Bank of Pakistan.

Commissioner's Approval Required for Installation/ Dismantling of High Value Plant and Machinery

(Section 19(3)(f))

The Finance Bill, 2024 proposes that any person who, without prior permission of the Commissioner, installs plant and machinery, commences production, or removes plant and machinery, where the value of that plant and machinery is rupees fifty million and above, shall be liable to a fine which may extend to fifty thousand rupees or five times the duty involved, whichever is higher, or shall be liable to punishment with imprisonment which may extend to five years, or both.

Measures Against Illegal Sale of Cigarettes

(Section 19(10A))

In the effort to counter the illegal sale of smuggled and non-taxpaid cigarettes in the market, the Finance Bill, 2024 proposes to grant power that if any retailer is found selling cigarettes packs without affixing, or affixing counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the retail outlet of such person shall be liable to be sealed in the manner as may be prescribed.

Transfer of Tax Cases to Appellate Tribunal Inland Revenue

(Section 33A(4))

By virtue of the Tax Laws Amendment Act, 2024, the cases pending before the Commissioner (Appeals) having the value of assessment of tax or, refund of tax exceeding five million rupees shall on and from the 16th day of June 2024 stand transferred to the Appellate Tribunal Inland Revenue. The Finance Bill, 2024 proposes a further amendment in this date as follows:

As Per Tax Laws Amendment Act, 2024	Proposed As Per Finance Bill, 2024
June 16, 2024	September 16, 2024

The Finance Bill, 2024, seeks to clarify that the time limitation for filing appeals, i.e., 60 days for appeals to be filed in the Appellate Tribunal and 90 days for references to be filed in the High Court, shall continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.

Proposed Amendments in the First Schedule

Following new additions and amendments have been proposed in the First Schedule to the Federal Excise Act, 2005 by virtue of the Finance Bill, 2024:

Federal Excise Act, 2005

Sr. No.	Description of Goods	Heading / Sub-heading number	Proposed Rate of Duty
7a	Acetate Tow	Respective heading	Rupees forty-four thousand per kg.
8a	E-liquids by whatsoever name called, for electric cigarette kits	Respective heading	Rupees ten thousand per kg or sixty five percent of retail price whichever is higher
8d	Nicotine Pouches	Respective heading	Rupees one thousand and two thousand per kg
9	Locally produced cigarettes if their on-pack printed retail price exceeds twelve thousand five hundred rupees per thousand cigarettes.	24.02	Rupees sixteen thousand five hundred per thousand cigarettes
10	Locally produced cigarettes if their on-pack printed retail price does not exceed twelve thousand five hundred rupees per thousand cigarettes.	24.02	Rupees five thousand and fifty per thousand cigarettes
13	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers	25.23	Three rupees per kilogram
56	Filter rod for cigarettes	Respective headings	Rupees eighty thousand per kg
63	Allotment or transfer of commercial property and first allotment or transfer of residential property in such mode and manner and subject to such conditions and restriction as may be prescribed by the Board	Respective headings	5%
64	Sugar supplied by any person to a manufacturer	Respective headings	Rupees fifteen per kg

Proposed Amendments in the Third Schedule

Following new insertions have been proposed in the First Schedule to the Federal Excise Act, 2005 by virtue of the Finance Bill, 2024:

Sr. No.	Description of Goods	Heading / Sub-heading number
23	Imports made by diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts, Orders, Rules, Regulations and Agreements passed by the Parliament or issued or agreed by the Government of Pakistan.	99.01, 99.02 and 99.05

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Customs Act, 1969

Customs Act, 1969

Insertions of New Definitions

(Section 2)

The Finance Bill, 2024 proposes to insert following new definitions:

Nuclear Material

(Clause na)

Definition of “Nuclear Material” will be adopted as defined in the Pakistan Nuclear Regulatory Authority Ordinance 2001.

Radioactive Material

(Clause qaa)

Definition of “Radioactive Material” will be adopted as defined in the Pakistan Nuclear Regulatory Authority Ordinance 2001.

Establishment of Offices of Directorate General of National Targeting Centre and Trade Money Laundering

(Section 3CCD, 3CCE)

The Finance Bill, 2024 has proposed to establish the office of Directorate General of National Targeting Centre and Trade Money Laundering. These offices shall consist of as many Directors, Additional Directors, Deputy Directors, Assistant Directors by giving notification in the official gazette.

Intelligence Bureau Empowered to Assist Customs Officers

(Section 7)

To combat smuggling and collection of due amount of duty law enforcing agencies including police and Border Military Police are required to assist the officers of customs. By virtue of the Finance Bill, 2024, Intelligence Bureau is also directed to assist the officers of customs to efficiently discharge their functions under the law.

New Penalties Imposed

(Section 156)

By virtue of the Finance Bill, 2024 the following new penalties are proposed to be introduced:

Sr. No.	Offences	Penalties
08 (V)	If the smuggled goods are identified and categorized as nuclear material: Provided that if any offence specified within this Section concerns breach of national security, the same shall be dealt with under the National Command Authority Act, 2010,(V of 2010), if	Such goods shall be liable to confiscation and any person concerned in the offence shall be liable to imprisonment which may extend to seven years, or with fine which may be up to one million rupees, or with both.

Sr. No.	Offences	Penalties
	<p>(a) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein as determined by PNRA, in case of-</p> <p>(i) unirradiated Plutonium including all plutonium except that with isotopic composition exceeding eighty percent of Plutonium-238, is less than fifteen grams, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is less than fifteen grams, or;</p> <p>(iii) unirradiated uranium enriched to ten percent U-235 but less than twenty percent of U-235, is less than 1kg</p> <p>(iv) unirradiated uranium enriched above natural, but less than ten percent U-235 is less than ten Kgs, or</p> <p>(v) unirradiated U-233, is less than fifteen grams</p>	<p>Imprisonment which may extend to seven years, or with fine which may be up to one million rupees, or with both.</p>
08 (V)	<p>(b) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein, and determined by PNRA, in case of;</p> <p>(i) unirradiated Plutonium including all plutonium except that with isotopic composition exceeding eighty percent of Plutonium-238, is fifteen grams but does not exceed 500 grams, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is fifteen grams or more but does not exceed one kilogram, or;</p> <p>(iii) unirradiated uranium enriched to ten percent U-235 but less than twenty percent of U-235, is 1kg or more but does not exceed ten kgs, or;</p> <p>(iv) unirradiated uranium enriched above natural, but less than ten percent U-235, is more than ten kgs, or;</p> <p>(v) unirradiated U-233, is fifteen grams or more but does not exceed five hundred grams</p>	<p>Imprisonment which may extend to ten years and shall also be liable to fine which may be up to five million rupees.</p>

Sr. No.	Offences	Penalties
	<p>(c) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein as determined by PNRA, in case of:</p> <p>(i) unirradiated plutonium including all plutonium except that with isotopic composition exceeding eighty percent of plutonium-238, is more than five hundred grams but does not exceed two Kgs, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is more than one Kg but does not exceed five kilograms, or;</p> <p>(iii) unirradiated uranium enriched to ten percent U-235 but less than twenty percent of U-235, is more than ten kgs, or;</p> <p>(iv) unirradiated U-233, is more than five hundred grams but does not exceed two Kgs;</p>	<p>Imprisonment for life, or Imprisonment for a term which may extend to fourteen years and shall also be liable to fine which may extend to ten million rupees.</p>
08 (V)	<p>(d) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein as determined by PNRA, in case of-</p> <p>(i) unirradiated plutonium including all plutonium except that with isotopic composition exceeding 80% of Plutonium-238, is more than two Kgs, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is more than five kilograms, or;</p> <p>(iii) unirradiated U-233, is more than two Kgs; and</p>	<p>Imprisonment for life, or Imprisonment for a term which shall not be less than fourteen years and shall also be liable to fine which may be up to five million rupees.</p>
	<p>(a) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive sources, as defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, does not exceed one (1) in numeric number.</p>	<p>Imprisonment which may extend to two years, or with fine, or with both.</p>
	<p>(b) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive sources, as defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, is more than one but does not exceed ten in numeric number.</p>	<p>Imprisonment which may extend to seven years, or with fine, or with both.</p>

Sr. No.	Offences	Penalties
08 (V)	(c) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive sources, as defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, is more than ten (10) but does not exceed thousand in numeric number; and	Imprisonment which may extend to fourteen years and shall be liable to fine upto five million.
	(d) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, exceeds the limit specified under clause (c).	Imprisonment for life, or Imprisonment for a term which shall not be less than fourteen years and shall also be liable to fine which may be up to five million rupees.
09	(i) If any goods, not being goods referred to in clause 8, are imported into or exported from Pakistan evading payment of leviable customs-duties or in violation of any prohibition or restriction on the importation or exportation of such goods imposed by or under this Act or any other law; or (ii) If any attempt be made so to import or export any such goods; or (iii) If any such goods be found in any package produced before any officer of customs as containing no such goods; or (iv) If any such goods be found either before or after landing or shipment to have been concealed in any manner on board any conveyance within the limits of any seaport, airport, railway station or other place where conveyances are ordinarily loaded or unloaded; or (v) If any such goods, the exportation of which is prohibited or restricted as aforesaid be brought within a customs area or to a wharf, with the intention of loading them on a conveyance for exportation in violation of such prohibition or restriction.	Such goods shall be liable to confiscation; and any person concerned in the offence shall also be liable to a penalty not exceeding two times the value of the goods.
83	If any police-officer, whose duty it is, under Section 170 , to send a written notice or cause goods to be conveyed to a custom-house, neglects so to do.	Such officer shall, on conviction before Special Judge, be liable to a penalty not exceeding fifty thousand rupees.

Customs Act, 1969

Sr. No.	Offences	Penalties
85	<p>If any person knowingly-</p> <p>(a) obstructs, hinders, falsely accuses or implicates, threatens, molests or assaults an official of Customs or any person while duly engaged or subsequently in the discharge of any duty or the exercise of any power imposed or conferred on him by or under any of the provisions of this Act or any person acting in his aid; or</p> <p>(b) does anything which impedes or is calculated to impede, the carrying out of any search for anything required in an inquiry, investigation, audit of goods liable to confiscation under this Act or the detention, seizure or removal of any such thing; or</p> <p>(c) rescues, damages or destroys anything so liable to confiscation or does anything calculated to prevent the procuring or giving of evidence as to whether or not anything is so liable to confiscation; or</p> <p>(d) prevents the detention of any person by a person duly engaged or acting as aforesaid, or rescues any person so detained; or</p> <p>(e) attempts to do any of the aforementioned acts or things, or who aids or abets, or attempts to aid or abet, the doing of any of them.</p>	<p>Such person shall, on conviction before a Special Judge be liable to a fine of not less than one hundred thousand rupees, and to imprisonment for a term not exceeding two years.</p>
89 (iii)	<p>In case any smuggled goods, liable to confiscation, seized and placed in the custody of the owner of the goods or any person holding the goods in his possession or charge are found removed illegally, exchanged, pilfered or disposed of in any manner.</p>	<p>Such person shall be liable to a penalty not exceeding ten times the value of such goods and upon conviction by a Special Judge, shall further be liable to imprisonment for a term not exceeding six years or to a fine not exceeding one million rupees or both.</p>
90 (i)	<p>If any person, without lawful excuse the proof of which shall be on such person, acquires possession of, or is in any way concerned in carrying, removing, depositing, harboring, keeping or concealing or in any manner dealing with any goods, not being goods referred to in clause 89, which have been unlawfully removed from a warehouse, or which are chargeable with a duty which has not been paid, or with respect to the importation or exportation of which there is a reasonable suspicion that any prohibition or restriction for the time being in force under or by virtue of this Act has been contravened, or if any person is in relation to any such goods in any way, without lawful excuse, the proof of which shall be on such person, concerned in any fraudulent evasion or attempt at evasion of any duty chargeable thereon, or of any such prohibition or restriction as aforesaid or of any provision of this Act applicable to those goods.</p>	<p>Such goods shall be liable to confiscation, and any person concerned shall also be liable to a penalty not exceeding ten times the value of the goods.</p>

Customs Act, 1969

Sr. No.	Offences	Penalties
90 (ii)	In case seized goods liable to confiscation not being goods referred to in clause 89, placed in the custody of the owner of the goods or any person holding the goods in his possession or charge are found removed illegally, exchanged, pilfered or disposed of in any manner.	Such goods shall be liable to confiscation and any person concerned in the offence shall be liable to a penalty not exceeding two times of the value of such goods and upon conviction by a Special Judge, shall further be liable to imprisonment for a term not exceeding six months or to a fine not exceeding fifty thousand rupees or both.

Rationalization of Provisions Relating to Appeals to Appellate Tribunal

(Section 194, 194A, 194B, 195C, 196)

Currently, the members of Appellate Tribunal are appointed by Prime Minister. However, by virtue of the Finance Bill, 2024 members of Appellate Tribunal are proposed to be appointed by the Federal Government.

Furthermore, the Finance Bill has proposed to expand the eligibility criteria for the appointment of the members of Appellate Tribunal. Proposed amendments in the eligibility criteria of the ATIR members is under Finance Bill, 2024 is as follows:

1. Is an advocate of a High Court for not less than fifteen years (previously ten years)
2. Is an officer of the Customs Services in BS-21 or above
3. Is an officer of the Customs Services in BS-20 or above having served in such grade for three years or more

It also has been proposed by virtue of the Finance Bill, 2024 that the Chairman of the Appellate Tribunal shall be appointed by the Federal Government fulfilling the eligibility criteria as stated above in point 1. Further, Finance Bill, 2024 proposes that members, including the Chairman, shall retire at the age of 62 years. (previously it was 60 years).

Appeals to Appellate Tribunal

By virtue of the Finance Bill, 2024 it has been proposed that the hearing of appeal against the order passed by Directorate General Customs Valuation shall consist of at least two members including one Judicial Member and one Technical Member to be presided by the Chairman himself.

Currently, the appeal before Appellate Tribunal shall be filed within 60 days the receipt of the order, However, the Finance Bill, 2024 has proposed to reduce the timeframe of filing an appeal to 30 days. Further, the Finance Bill, 2024 proposes following increment in the appeal fee:

Description	Current Fee	Proposed Fee
In case of company	1,000	20,000
In other cases,	1,000	5,000

The Finance Bill, 2024 also proposes that Appellate Tribunal may after affording opportunity of being heard may stay the recovery of duty and taxes for 30 days. However, order may be confirmed or varied as the tribunal deems fit but stay order shall in no case exceed 90 days.

Decision of Appeal

The Finance Bill, 2024 suggests that all appeals shall be decided within 90 days (previously 60 days) of the appeal being filed. However, such timeframe can be extended for an additional 60 days (previously as the tribunal may, for reasons to be recorded in writing, fix) with the agreement of both parties and for reasons that will be documented in writing.

It also has been proposed that no adjournment shall be granted except:

- a) Where there are compelling reasons and;
- b) on mandatory payment of such cost as the Appellate Tribunal may deem fit, which shall not be less than fifty thousand rupees.

The Finance Bill, 2024 also proposes to reduce the time period for the rectification of clerical, arithmetical errors or errors arising from accidental slip and omissions apparent from the record from period of 1 year to 15 days only.

Furthermore, the order of Appellate Tribunal shall remain pending for 30 days, if both parties prefer a reference to the High Court within this period.

Alternate Dispute Resolution

The finance Bill, 2024 has proposed reduction in the timeframe for appointment of the ADR committee from 30 days to 15 days. Further, the ADR Committee shall consist of Customs Officer not below the rank of Chief Collector having jurisdiction of the case.

Currently, the committee is required to decide the dispute within 90 days of the constitution. However, by virtue of the Finance Bill, 2024 it has been proposed to shorten this period to 45 days provided that such period can be extended upto 15 days on the basis of reasonable grounds.

It has also been proposed that the aggrieved person is satisfied with the decision of the committee, he shall withdraw the appeal pending before the court of law or any appellate authority and communicate the order of withdrawal to the Collector within 30 days of the service of the decision.

Reference to High Court

Currently, a reference to the High Court on a question of law can be filed within 90 days from the date the order is communicated. The Bill proposes to expedite this process by reducing the timeframe for filing a reference to 30 days, including questions of law or mixed questions of law and fact arising from the Appellate Tribunal's order. Additionally, the existing fee for filing a reference application is proposed to be increased from Rs. 100 to Rs. 50,000. The Bill also suggests that the Collector should not recover the duty for 15 days from the date the Appellate Tribunal's order is communicated. Furthermore, it is proposed that the applicant must submit a complete record of the Appellate Tribunal within 15 days of filing a reference application.

Proposed Amendments in the Fifth Schedule

Following changes have been proposed in the Fifth Schedule to the Customs Act, 1969:

Sr. No.	Description	PCT Code	Customs Duty (%)	Conditions
1	(K) Machinery, equipment, capital goods, and materials for setting up, modernization, replacement or expansion for hatcheries, farms, feed mills and seafood processing units of fish and shrimp sector	Respective heading	0%, 3%, 5%	1. Imports by fish/ shrimp hatcheries, farms, feed mills and seafood processing units, registered under the Sales Tax Act, 1990 and Fisheries 2. Ministry of National Food Security and Research shall certify in the prescribed manner and format as per Annex-B to the effect that the imported goods are bona fide requirement. The Authorized Officer of the Ministry shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under Section 155D of the Customs Act, 1969
21	7. (c) Raw materials for the manufacture of PV Modules		0%	If imported by the local assemblers/ manufacturers registered under the Sales Tax Act, 1990, of PV Modules subject to quota determination by the Input Output Co-efficient Organization (IOCO)
	(d) Parts of Solar Inverters		0%	
	(e) Parts of Lithium Batteries		0%	
	8. Following machinery and equipment imported by manufacturing units of Solar Cells, Solar Panels, Solar Inverters & Solar Batteries:		0%	1. Engineering Development Board (EDB) shall certify in the prescribed manner and format as per Annex-B that the imported goods are bona fide project requirement. The authorized officer of the EDB shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under Section 155D of the Customs Act, 1969. 2. The goods shall not be sold or otherwise disposed of without prior approval of the FBR and payment of customs duties and taxes leviable as prescribed by FBR.
	(a) Solar Cell Manufacturing Equipment.		0%	
	(b) Solar PV Modules Panels Manufacturing machinery and equipment.		0%	
(c) Solar Inverters manufacturing machinery and equipment.		0%		
(d) Lithium-ion batteries manufacturing machinery and equipment.		0%		

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