

Proposed Draft Amendments in the Income Tax Ordinance, 2001 for simplification and harmonization through Finance Bill, 2024

() In section 2,

(i) after clause (6), a new clause shall be inserted, namely

“(6A) “banking” means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise;”;

(ii) in clause (7), the words “and includes any body corporate which transacts the business of banking in Pakistan” shall be omitted;

(iii) in clause (10), the semi-colon at the end shall be substituted by a colon and thereafter the following proviso shall be added, namely, -

“Provided that for characterizing a transaction as an adventure or concern in the nature of trade, commerce, manufacture, profession or vocation the nature of the transaction shall be determined on a consideration of the collective facts and circumstances including but not limited to the frequency and number of similar transactions, magnitude of the transaction of purchases, the business which is normally carried on by the person, the nature of the commodity or property, subsequent events including any process for rendering the commodity or property fit for sale, sub-division, alteration, repair and the manner of disposal.

(iv) after clause (17), a new clause (17A) shall be inserted, namely, -

(17A) "Deputy Commissioner" means a person appointed to be Deputy Commissioner Inland Revenue under section 208 and includes an Assistant Commissioner Inland Revenue and an Inland Revenue Officer;”

(v) After clause (27A) a new clause (27B) shall be inserted, namely

“(27B) "goods" means every kind of movable property and includes electricity, water, gas, growing crops, grass and things attached to or forming part of the land

which are agreed to be severed before sale or under the contract of sale but does not include actionable claims, money, stock and shares;”

(vi) in clause (41), in sub- clause (e), -

(i) the words and comma (,), “other than an agent of independent status acting in the ordinary course of business as such,” shall be omitted; and

(ii) the Explanation shall be omitted;

(vii) in clause (44A) in sub-clause (b) for the word “Commissioner” the words “Deputy Commissioner” shall be substituted;

() in section 4B, the word “Commissioner” appearing in sub-sections (4) and (5) shall be substituted by the words “Deputy Commissioner”;

() in section 4C, the word “Commissioner” appearing in sub-sections (4) and (5) shall be substituted by the words “Deputy Commissioner”;

() in section 12, the word “Commissioner” appearing in sub-sections (6), (7) and (8) shall be substituted by the words “Deputy Commissioner”;

() in section 39, the word “Commissioner” appearing in sub-sections (4A) and (4B) shall be substituted by the words “Deputy Commissioner”;

() in section 57A, in sub-section (3) the words “Commissioner or the taxation officer” shall be substituted by the words “Deputy Commissioner”;

() in section 64B, in sub-section (4) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

() in section 65B, in sub-section (6) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

() in section 65E, in sub-section (6) the words “Commissioner Inland Revenue” occurring twice shall be substituted by the words “Deputy Commissioner”;

() in section 68, in sub-section (3) the word “Commissioner” shall be substituted by the words “Deputy Commissioner with the approval of Additional commissioner”;

() in section 85, in sub-section (3), -

(a) clause (d) shall be substituted by the following, namely, -

“(d) a trust and trustee, trustor or any person who benefits or may benefit under the trust other than a member of general public who is the beneficiary of a public trust;”

(b) after clause (d) substituted as above, the following new clauses shall be inserted, namely

“(da) trustee and beneficiary other than a member of general public who is the beneficiary of a public trust, or trustee and the person appointing the trustee;

(db) Two trustees with common trustor;”

(c) in clauses (e) and (f) the word “fifty” wherever occurring shall be substituted by the words “twenty-six”;

() section 100C shall be substituted by the following new sections, namely,-

“100C. Tax credit for charitable organizations .— (1) subject to the provisions of sections 100CA, 100CB and 100CC there shall be allowed a tax credit equal to one hundred percent of tax payable under any of the provisions of this Ordinance including minimum and final taxes to the following persons, namely:-

(a) persons specified in Table - II of clause (66) of Part I of the Second Schedule;

(b) a trust administered under a scheme approved by the Federal Government and established in Pakistan exclusively for the purposes of carrying out such activities as are for the welfare of ex-employees and serving personnel of the Federal Government or a Provincial Government or armed forces including civilian employees of armed forces and their dependents where the said trust is administered by a committee nominated by the Federal Government or a Provincial Government;

- (c) a trust registered under the provincial or Islamabad Capital Territory (ICT) laws related to registration of Trusts;
- (d) a welfare institution registered with Provincial or Islamabad Capital Territory (ICT) social welfare department;
- (e) a not for profit company registered with the Securities and Exchange Commission of Pakistan under section 42 of the Companies Act, 2017;
- (f) a welfare society registered under the provincial or Islamabad Capital Territory (ICT) laws related to registration of co-operative societies;
- (g) a waqf registered under Mussalman Waqf Validating Act, 1913 (VI of 1913) or any other law for the time being in force or in the instrument relating to the trust or the institution;
- (h) a university or education institutions being run by nonprofit organization existing solely for educational purposes and not for the purposes of profit;
- (i) a religious or charitable institution for the benefit of public registered under any law for the time being in force; and
- (j) international non-governmental organizations (INGOs) approved by the Federal Government.

100CA. Incomes eligible for tax credit.— (1) The following categories of income derived by the persons specified in section 100C are eligible for tax credit, namely:—

- (a) income from donations, voluntary contributions and subscriptions;
- (b) income from house property;
- (c) income from investments in the securities of the Federal Government;
- (d) profit on debt from scheduled banks and microfinance banks;
- (e) grant received from Federal, Provincial, Local or foreign Government;

(f) any income of the persons mentioned in clauses (a), (b) and (h) of section 100C;
and

(g) so much of the income chargeable under the head “income from business” as is expended in Pakistan for the purposes of carrying out welfare activities:

Provided that in the case of income under the head “income from business”, only so much of such income shall be eligible for tax credit under this section that bears the same proportion as the said amount of business income bears to the aggregate of income from all sources.

Provided further that “income from business” shall be eligible for tax credit under this clause only if the nature of business carried out by the person is in line with the charitable purposes of such person.

100CB. Conditions for availing Tax Credit. — Tax credit under section 100C shall be allowable subject to the following conditions, namely:—

- (a) return has been filed;
- (b) tax required to be deducted or collected has been deducted or collected and paid;
- (c) withholding tax statements for the relevant tax year have been filed;
- (d) the administrative and management expenditure does not exceed 15% of the total receipts:

Provided that clause (d) shall not apply to a nonprofit organization, if—

- (i) charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; or
- (ii) total receipts of the non-profit organization during the tax year are less than one hundred million Rupees;

(e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2:

(f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person:

Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor; and

(g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.

100CC. Surplus Funds. - (1) Notwithstanding anything contained in section 100C, surplus funds of organizations to which that section applies shall be taxed at a rate of -- percent.

(2) For the purpose of sub-section (1), surplus funds mean funds or monies—

(a) not spent on charitable and welfare activities during the tax year;

(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;

(c) which are more than twenty-five percent of the total receipts of the non-profit organization received during the tax year; and

(d) are not part of restricted funds.

Explanation. - For the purpose of this clause, “restricted funds” mean any fund received by the organization but that could not be spent and treated as revenue during the year due to any obligation placed by the donor or funds received in kind.”

() in section 101, after sub-section (3), the following new sub-sections (3A) and (3B) shall be added, namely, -

“(3A) For the purposes of clause (d) of sub-section (3), business connection in Pakistan shall include “significant economic presence in Pakistan” of a non-resident.

(3B) “significant economic presence in Pakistan” shall mean-

(a) transaction in respect of any goods, services or property carried out by a non-resident with any person in Pakistan including provision of download of data or software in Pakistan, if the aggregate of payments arising from such transaction or transactions during the tax year exceeds such amount as may be prescribed;

(b) systematic and continuous soliciting of business activities or engaging in interaction through digital means with such number of users in Pakistan as may be prescribed,

irrespective of whether or not—

(i) the agreement for such transactions or activities is entered in Pakistan;

(ii) the non-resident has a residence or place of business in Pakistan; or

(iii) the non-resident renders services in Pakistan:

Provided that only so much of income as is attributable to the transactions or activities referred to in clause (a) or clause (b) shall be deemed to accrue or arise from a business connection in Pakistan.”

() in section 101A, the word “Commissioner” wherever occurring shall be replaced by the words “Deputy Commissioner”;

() in section 108, the word “Commissioner” wherever occurring shall be replaced by the words “Deputy Commissioner”;

() in section 109, in sub-section (1) the word “Commissioner” shall be replaced by the words “Deputy Commissioner”;

() in section 110, the word “Commissioner” shall be replaced by the words “Deputy Commissioner”;

() in section 111,

(a) the word “Commissioner” wherever occurring shall be replaced by the words “Deputy Commissioner”;

(b) after sub-section (4A) a new sub-section (4AA) shall be inserted, namely, -

“(4AA) The Deputy Commissioner shall not include an amount in the income of any taxpayer without obtaining prior approval of the Additional Commissioner in writing.”

() in section 113C, in sub-section (11) the word “Commissioner” shall be replaced by the words “Deputy Commissioner”;

() in section 114,-

(i) in sub-section (3) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (4) the word “Commissioner” occurring thrice shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (5) in the second proviso the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iv) in sub-section (6A) in the first proviso the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 116, in sub-section (1) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 116A, in sub-section (2) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

() in section 117 the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 119,-

(i) in sub-section (1) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (3) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (4), in the proviso the word “Commissioner” appearing for the first time shall be substituted by the words “Deputy Commissioner”;

() in section 120,-

(i) in sub-section (1) the word “Commissioner” wherever occurring shall be substituted by the word “Deputy Commissioner”;

(ii) in sub-section (1A), after the word “may” the word “direct” shall be inserted;

() in section 121 the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 122,-

(i) in sub-section (1) the word “Commissioner” appearing twice shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (2) the word “Commissioner” appearing twice shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (3) the word “Commissioner” appearing twice shall be substituted by the words “Deputy Commissioner”;

(iv) in sub-section (4) the word “Commissioner” appearing thrice shall be substituted by the words “Deputy Commissioner”;

(v) in sub-section (5) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(vi) sub-sections (5A) and (5AA) shall be omitted;

(vi) in sub-section (6),-

(a) the comma (,) occurring after the expression “sub-section (1)” shall be substituted by the word “or”;

(b) the expression “or sub-section (5A) shall be omitted’ and

(c) the word “Commissioner” shall be substituted with the words “Deputy Commissioner”;

(vii) in sub-section (9), in the first proviso the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 122D,-

(i) in sub-section (1) for the word “Commissioner” the words “Deputy Commissioner or Additional Commissioner” shall be substituted;

(ii) in sub-section (3), in clause (b) for the word “Commissioner” the words “Deputy Commissioner or Additional Commissioner” shall be substituted;

(iii) in sub-section (4) the word “Commissioner” shall be substituted by the words “Deputy Commissioner or Additional Commissioner”;

() in section 123,-

(i) the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

(ii) sub-section (1A) shall be omitted;

() after section 122D, a new sub-section 122E shall be inserted, namely,-

“122E. Amendment by the Additional Commissioner.— (1) Where the Additional Commissioner considers that any order issued or treated to have been issued by the Deputy Commissioner is erroneous in so far as it is prejudicial to the interests of revenue, he may after making, or causing to be made, such enquiry as he deems necessary, pass such order thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment, or cancelling the assessment and directing a fresh assessment to be made.

(2) The Additional commissioner shall issue an order under sub-section (1) after giving the taxpayer an opportunity of being heard.

(3). No order under sub-section (1) shall be made after the expiry of five years from the end of the financial year in which the order sought to be revised was issued or treated to have been issued.

(4). The provisions of sub-section (1) shall, in like manner, apply, -

(a) where an appeal has been filed under sections 127, 130 and 133; or

(b) where an appeal referred to in clause (a) has been decided, in respect of any point or issue which was not the subject matter of such appeal.”

() in section 124, -

(i) for the nominal heading and sub-section (1) the following shall be substituted, namely, -

“124. Limitation for issuing orders in certain cases. - (1) Notwithstanding any period of limitation for making an assessment, an amended assessment or passing any other order under this Ordinance and except where sub-section (2) applies, where, in consequence of, or to give effect to, any finding or direction in any order made under Part III of this Chapter by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court-

(a) an assessment order;

(b) an amended assessment order; or

(c) any other order-

is to be issued to any person, the Deputy Commissioner, the additional Commissioner or the Commissioner, as the case may be, shall issue the order within two years from the end of the financial year in which the order of the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Deputy Commissioner, the Additional Commissioner or the Commissioner, as the case may be.”

(ii) for sub-section (2) the following shall be substituted, namely, -

“(2) Where, by an order made under Part III of this Chapter by the Appellate Tribunal, High Court, or Supreme Court-

(a) an assessment order;

(b) an amended assessment order; or

(c) any other order,

is set aside wholly or partly, and the Commissioner (Appeals), the Deputy Commissioner or the Additional Commissioner as the case may be, is directed to pass a new order the Commissioner (Appeals), the Deputy Commissioner or the Additional Commissioner, as the case may be, shall pass the new order within one year from the end of the financial year in which the order made by the Appellate Tribunal, High Court, or Supreme Court is received:

Provided that limitation under this sub-section shall not apply, if an appeal or reference or an application for review has been preferred, against the order, passed by Appellate Tribunal or a High Court or the Supreme Court.”

(v) after sub-section (4) the following new sub-sections (4A) and (4B) shall be inserted, namely, -

“(4A) Where the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court has confirmed the tax payable as determined in the order appealed against no appeal effect order will be required to be issued and the Deputy Commissioner shall proceed to effect recovery.

(4B) Subject to the provisions of sub-section (2) where the Appellate Tribunal, High Court or Supreme Court has partly set aside the order and confirmed or modified the order on some other issues that were subject matter of the appeal, the Deputy Commissioner or the Additional Commissioner, as the case maybe, shall issue an appeal effect order on the prescribed form determining the tax payable as a result of the confirmation or modification by the Appellate Tribunal, High Court or Supreme Court and excluding the tax payable on the matters that have been set

aside or remanded and the tax payable on the basis of the issues that have been confirmed or modified shall be paid or recovered under the provisions of the Ordinance.”

() in section 124A the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner or Additional Commissioner”;

() in section 127, -

(a) in sub-section (1) for the words “Commissioner or an officer of Inland Revenue” the words “Deputy Commissioner or the Additional Commissioner” shall be substituted; and

(b) after the digits and comma “122,” the expression “122E,” shall be inserted.

() in section 128,

(i) in sub-section (1) the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(ii) in sub-section (1A) the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(iii) in sub-section (1AA) the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(iv) in sub-section (4) the word “Commissioner” occurring for the third time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(v) in sub-section (5) the word “Commissioner” occurring for the second and fourth time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

() in section 129,

(i) in sub-section (3) the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(ii) in sub-section (4) the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

() in section 131,

(i) in sub-section (1) the word “Commissioner” occurring for the first and third time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(ii) in sub-section (2), in clause (c) the word “Commissioner” shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(iii) in sub-section (2) in clause (d) the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(iv) in sub-section (5) in the first proviso the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner”;

(iv) in sub-section (5) in the second proviso the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 132, -

(i) in sub-section (1) the word “Commissioner” shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(ii) in sub-section (3), in clause (c) the word “Commissioner” occurring for the first time shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(iii) in sub-section (5), -

(a) the word “Commissioner” shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”; and

(b) after the digits “122” the expression “or in sub-section (3) of section 122E” shall be inserted.

(iv) in sub-section (7) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 134A,-

(i) in sub-section (4) the word “Commissioner” shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

(ii) in sub-section (9) the word “Commissioner” shall be substituted by the words “Deputy Commissioner or the Additional Commissioner”;

() For section 137, the following sections shall be substituted, namely, -

“137. Due date for payment of tax. — (1) The taxpayer shall pay the tax payable on the taxable income of the taxpayer for a tax year including, -

(i) the tax payable under section 113 or 113A;

(ii) any tax imposed under section 99D or Chapter II of this Ordinance;

(iii) any tax on any amount deemed to be income under the provisions of this Ordinance, and

(iv) any tax deemed to be tax on income for a tax year,

on or by the due date for furnishing the taxpayer’s return of income for that year unless provided otherwise in the Ordinance.

(2) The Board may through a notification extend the date of payment of taxes referred in sub-section (1), as deemed necessary.

(3) In case the taxpayer fails to pay the tax as specified in sub-sections (1) or (2), as the case may be, the Commissioner shall proceed to recover such tax as if it was a tax payable under section 137A and all the provisions of this Ordinance shall apply accordingly.

Provided that in cases falling in this sub-section the period of thirty days specified in sub-section (1) of section 137A shall stand reduced to seven days.

137A. Payment of tax as a result of an order. - (1) Where any tax is payable as a result of an order issued under this Ordinance, a notice shall be served upon the taxpayer in the prescribed form specifying the amount payable and the sum so specified shall be paid within thirty days from the date of service of the notice.

(2) Where good cause is shown, the Commissioner may upon written application by a taxpayer, grant the taxpayer an extension of time for payment of tax due under sub-section (1) or allow the taxpayer to pay such tax in installments of equal or varying amounts as the Commissioner may determine having regard to the circumstances of the case.

(3) Where a taxpayer is permitted to pay tax by installments and the taxpayer defaults in payment of any installments, the whole balance of the tax outstanding shall become immediately payable.

(4) The grant of an extension of time to pay tax due or the grant of permission to pay tax due by installments shall not preclude the liability for default surcharge arising under section 205 from the due date for payment of the tax under sub-section (1) or (2).”

() in section 138, -

(i) in sub-section (1) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (2), the word “Commissioner” appearing twice shall be substituted by the words “Deputy Commissioner”;

() in section 138A, in sub-section (1) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 140,-

(i) in sub-section (1) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (1), in the proviso the word “Commissioner” occurring for the first time shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (6) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 141,-

(i) in sub-section (1) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (2), the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (3) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”

(iv)) in sub-section (4) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(v)) in sub-section (6) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 143, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 144, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 145, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 146 in sub-section (1) the word “Commissioner” occurring for the second and third times shall be substituted by the words “Deputy Commissioner”;

() in section 146A, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 146D, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 147,

(i) the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (7) for the full stop (.) a colon (:) shall be substituted and the following proviso shall be added, namely, -

“Provided that for the purpose of this sub-section the period of thirty days specified in sub-section (1) of section 137A shall stand reduced to seven days.”

() in section 148, -

(i) in sub-section (1), for the expression “Part II of the First Schedule” the expression “sub-section (7B)” shall be substituted;

(ii) after sub-section (7A) a new sub-section (7B) shall be inserted, namely, -

“(7) The rate of advance tax to be collected by the Collector of Customs under this section shall be-

S. No	Persons	Rate
(1)	(2)	(3)
1.	Persons importing goods classified in Part I of the Twelfth Schedule	--% of the import value as increased by customs-duty, sales tax and federal excise duty
2.	Persons importing goods classified in Part II of the Twelfth Schedule	--% of the import value as increased by customs-duty, sales tax and federal excise duty and 3.5% of the import value as increased by customs duty, sales tax and federal excise duty in case

		of commercial importer.
3.	Persons importing goods classified in Part III of the Twelfth Schedule	--% of the import value as increased by customs-duty, sales tax and federal excise duty;

(a) in the case of manufacturers covered under rescinded Notification No. S.R.O 1125(I)/2011 dated the 31st December, 2011 as it stood on the 28th June, 2019 on import of items covered under the aforementioned S.R.O shall be --%;

(b) in case of persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the Drug Regulatory Authority of Pakistan shall be --% :

(c) in case of importers of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below shall be -- percent:

(d) In case of import of mobile phone by any person the rate of tax on value of import of such mobile phone shall be as set out in the following table, namely:-

Table

S.No.	C & F Value of mobile phone (in US Dollar)	Tax in (Rs.)	
		In CBU Condition	In CKD/SKP Condition
		Under PCT Heading 8517.1219	Under PCT Heading 8517.1211
(1)	(2)	(3)	(4)
1	Up to 30 except smart phones		
2	Exceeding 30 and up to 100and		

	smart phones up to 100		
3	Exceeding 100 and up to 200		
4	Exceeding 200 and up to 350		
5	Exceeding 350 and up to 500		
6	Exceeding 500		

() in section 150,-

(i) in sub-section (1) for the expression “rate specified in Division I of Part III of the First Schedule” the expression “rates specified in sub-section (2)” shall be substituted;

(ii) after sub-section (1) amended as above, the following new sub-section (2) shall be added, namely,-

“(2) The rate of tax to be deducted under this section shall be-

(a) --% in case of dividend paid by Independent Power Producers where such dividend is a pass through item under an Implementation Agreement or Power Purchase Agreement or Energy Purchase Agreement and is required to be reimbursed by Central Power Purchasing Agency (CPPA-G) or its predecessor or successor entity;

(b) --% in mutual funds, Real Estate Investment Trusts and cases other than those mentioned in clauses (a) (c) and (d);

(c) --% in case of dividend received by a REIT scheme from Special Purpose Vehicle and --% in case of dividend received by others from Special Purpose Vehicle as defined under the Real Estate Investment Trust Regulations, 2015; and

(d) --% in case of a person receiving dividend from a company where no tax is payable by such company, due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III.”;

() in section 151,-

(i) in sub-section (1) for the expression “specified in Division IA of Part III of the First Schedule” the words “of -- percent” shall be substituted;

(ii) in sub-section (1A), for the expression “at the rate specified in Division IB of Part III of the First Schedule” the following expression shall be substituted, namely

“at the following rates.-

(a) --% in case the sukuk-holder is a company;

(b) in case the sukuk-holder is an individual, firm or an association of person, _

(i) --% if the return on investment is upto one million;

(ii) --% if the return on investment is more than one million.”;

() for section 152 the following new sections shall be substituted, namely,-

“152. Payments to non-residents.— (1) Every person making a payment specified in column No. (2) of Table below, in full or part (including a payment by way of advance) to a non-resident person shall deduct or collect tax from the gross amount paid at the rate specified in column no. (3) and the deductible tax shall be treated as final tax, or minimum tax on the income arising from such amount as indicated in column no (4).

Sr. No	Nature of payment	Rate of deduction of tax	Final/Minimum
(1)	(2)	(3)	(4)
1	Payment of royalty or fees for technical services that is chargeable to tax under section.		Final

2	<p>Any amount remitted outside Pakistan on account of fee for offshore digital services, chargeable to tax under section 6 by any banking company or a financial institution, on behalf of any resident or a permanent establishment of a non-resident in Pakistan</p>		Final
3	<p>Payment of service charges or commission or fee, by whatever name called, to the global money transfer operators, international money transfer operators or such other persons engaged in international money transfers or cross-border remittances for facilitating outward remittances by every exchange company licensed by the State Bank of Pakistan.</p> <p>Provided that where such person retains service charges or commission or fee, by whatever name called from the amount payable to the</p>		Final

	<p>exchange company on any account, the exchange company shall be deemed to have paid the service charges or commission or fee, by whatever name called and the exchange company shall collect the tax accordingly.</p>		
4	<p>Payment to card network company or payment gateway or any other person, of any transaction fee or licensing fee or service charges or commission or fee by whatever name called or interbank financial telecommunication services, by every banking company.</p> <p>Provided that where card network company or payment gateway or any other person retains money in relation to aforementioned services from the amount payable to the banking company on any account, the banking company shall be deemed to have paid the amount and</p>		Final

	the banking company shall collect the tax accordingly		
5	<p>Payment for execution of –</p> <p>(a) a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project;</p> <p>(b) any other contract for construction or services rendered relating thereto; or</p> <p>(c) a contract for advertisement services rendered by T.V. Satellite Channels.</p>		Minimum tax
6	<p>Every prescribed person making a payment in full or part including a payment by way of advance to a permanent establishment in Pakistan of a non-resident person—</p> <p>(a) for the sale of goods except where the sale is made by the importer of the goods and tax under section 148 in respect of such goods has been paid and the goods</p>	<p>(i) in case of a company, --% of the gross amount payable; and</p> <p>(ii) in any other case, --% of the gross amount payable</p>	Minimum tax except that the deducted tax shall be adjustable where payments are received by a company for sale of goods

	<p>are sold in the same condition as they were when imported;</p> <p>(b) for the rendering of or providing services; and</p>	<p>(i) --% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section, tracking services, advertising services (other than by print or electronic media), share</p>	<p>manufactured by it.</p> <p>Minimum</p>
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	<p>(c) on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable.</p>	<p>registrar services, engineering services, car rental services, building maintenance services, services rendered of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services , oilfield services;</p> <p>(ii) in cases other than sub-paragraph (i),—</p> <p>(a) in case of a company, --% of the gross amount payable; and</p>	<p>Minimum</p>
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		<p>(b) in any other case, --% of the gross amount payable.</p> <p>(i) --% of the gross amount payable in case of sportspersons;</p> <p>(ii) in case of any contract other than at (i), --% of the gross amount payable</p>	
7	<p>Payment of any insurance premium or re-insurance premium unless the amount is taxable to a permanent establishment in Pakistan of the non-resident person and the written approval of the Commissioner has been obtained</p>	--%	Minimum tax
8	<p>payment for advertisement services to a non-resident media person relaying from outside Pakistan</p>	--%	Minimum tax
9	<p>Payment either directly or through an agent or intermediary to a non-</p>	--%	Final tax

	resident person for a foreign produced commercial for advertisement on any television channel or any other media		
10	Payment of capital gain arising on the disposal of debt instruments and Government securities including treasury bills and Pakistan investment bonds invested through special convertible rupee account (SCRA) by every banking company or a financial institution maintaining SCRA of a non-resident company having no permanent establishment in Pakistan.	--%	Final tax
11	Payment of capital gain arising on the disposal of debt instruments and government securities and certificates (including Shariah compliant variant) by every banking company maintaining a Foreign Currency Value Account (FCVA) or a non-resident	--%	Final tax

	<p>Pakistani Rupee Value Account (NRVA) of a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) if the amount invested in such debt instruments, securities and certificates is invested through the aforesaid accounts</p>		
12	<p>Payment of a return of investment in sukuku to a non-resident sukuku holder by every special purpose vehicle or a company</p>	<p>(a) --% in case the sukuku-holder is a company;</p> <p>(b) --% in case the sukuku-holder is an individual, firm or an association of person and the return on investment is more than one million; and</p> <p>(c) --% in case the sukuku-holder is an individual, firm or an</p>	<p>Final tax</p>

		association of person and the return on investment is less than one million.	
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(2) Subject to sub-section (3), every person paying an amount to a non-resident person (other than an amount to which sub-section (1) applies) shall deduct tax from the gross amount paid at the rate of --%.

(3) Sub-section (2) does not apply to an amount —

(a) that is subject to deduction of tax under section 149, 150, 156 or 233;

(b) with the written approval of the Commissioner, that is taxable to a permanent establishment in Pakistan of the non-resident person;

(c) that is payable by a person who is liable to pay tax on the amount as representative of the non-resident person under sub-section (3) of section 138 {172} and the person who claims to be a representative of a non-resident person has filed a declaration to that effect with the Commissioner prior to making any payment to the non-resident person.; or

(d) subject to the provisions of section 152A, where the non-resident person is not chargeable to tax in respect of the amount.

(4) For the purposes of this section ‘prescribed person’ shall have the same meanings as provided in sub-section (7) of section 153.

152A. Payments to non-resident without deduction of tax or at a reduced rate. - (1)

Where a person intends to make a payment to a non-resident person without deduction of tax under section 152, other than payments liable to reduced rate under relevant agreement for avoidance of double taxation, the person shall, before making the payment, furnish to the Commissioner a notice in writing setting out —

- (a) the name and address of the non-resident person;
 - (b) the nature and amount of the payment; and
 - (c) such other particulars as may be prescribed.
- (2) The Commissioner on receipt of notice shall, within thirty days, pass an order accepting the contention or making an order under sub-section (3).
- (3) Where a person has notified the Commissioner of a payment under sub-section (1) and the Commissioner has reasonable grounds to believe that the non-resident person is chargeable to tax under this Ordinance in respect of the payment, the Commissioner may, by order in writing, direct the person making the payment to deduct tax from the payment at the rate provided in sub-section (2) of section 152.
- (4) Where the Commissioner has not passed an order under sub sections (2) or (3) within 30 days, the Commissioner shall be deemed to have accepted the contention of the person as per sub section (2) after lapse of 45 days from receipt of the notice under sub-section (1).
- (5) The provisions of sub-section (4) shall not apply unless the person has notified the Commissioner on the 31st day of the receipt of the notice under sub-section (1) that no order has been passed and in case of such notification the Commissioner may pass an order under sub-sections (2) or (3) as the case may be, within the period of 45 days as specified in sub-section (4).
- (6) The requirement of furnishing to the Commissioner a notice in writing as provided in sub-section (1) shall not apply to a payment on account of –
- (a) an import of goods where title to the goods passes outside Pakistan and is supported by import documents, except where —
 - (i) the supply is made in connection with the overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the associates of the person supplying the goods or its permanent establishment, whether or not the title passes outside

Pakistan and whether or not the goods are imported in the name of the associate or any other person; or

(ii) the supply is made by a resident person or a Pakistan permanent establishment of a non-resident person in connection with the overall arrangement as referred to in sub-clause (i); or

(b) educational and medical expenses remitted in accordance with the regulations of the State Bank of Pakistan.

(7) A non-resident having a permanent establishment in Pakistan being the recipient of payment referred to in column no. 2 against serial nos. 5 and 6 in the Table in sub-section (1) of section 152 may apply to the Commissioner in the prescribed form and the Commissioner may after making such inquiry as the Commissioner thinks fit, allow by order in writing, in cases where the tax deductible on the aforesaid payments is not minimum tax, any person to make the payment without deduction of tax or deduction of tax at a reduced rate.

(8) The Commissioner may, in case of payment that constitutes part of an overall arrangement of a cohesive business operation, on application made by the person making payment and after making such inquiry, as the Commissioner thinks fit, allow by order in writing, the person to make payment after deduction of tax equal to twenty percent of the tax chargeable on such payment specified in column no. 2 against serial no. 5 in the Table in sub-section (1) of section 152:

Provided that the credit of the tax so deducted shall be available to the permanent establishment of the non-resident accounting for overall profits arising on the overall cohesive business operation.

(9) For the purpose of this section the term “cohesive business operation” includes an overall arrangement for the supply of goods, installation, construction, assembly, commission, guarantees or supervisory activities and all or principal activities are undertaken or performed either by the person or the associates of the person and the term “supply of goods” includes the goods imported in the name of the associate or any other person, whether or not the title to the goods passes outside Pakistan.”

() in section 153,

(i) in sub-section (1)

(a) in clause (a),-

(i) the words “including toll manufacturing” shall be omitted;

(ii) after the words “financial year” the following expression and Table shall be added, namely

“shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rates as set out in the table below:

S. No	Description	Tax rate on the gross amount payable
(1)	(2)	(3)
1.	sale of rice, cotton seed oil or edible oils	--%
2.	Sale of goods other than at s.no 1, by a company	--%
3.	In any case other than at s. no 1 and 2	--%

(b) in clause (b) after the words “financial year” the following expression and Table shall be added, namely

“shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rates as set out in the table below:

S. No	Description	Tax rate for a company	Tax rate for other than a company
(1)	(2)	(3)	(4)

1.	transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services, oilfield services, telecommunication services, collateral management services, travel and tour services, REIT management services, services rendered by National Clearing Company of Pakistan Limited.	--%	--%
2.	in case of rendering of or providing of services other than sub-clause (i)	--%	--%
3.	in respect of persons making payments to electronic and print media for advertising services	--%	--%

Explanation: - For the purposes of services in column (2) against serial number 1. the tax rate given in columns (3) and (4) shall be applicable only to a service provider whose services are subjected to withholding tax on gross receipts and the service provider has not agitated taxation of gross receipts before any court of law

Provided that where the recipient of the payment under this subsection receives the payment through an agent or any other third person and the agent or, as the case may be, the third person retains service charges or fee, by whatever name called, from the payment remitted to the recipient, the agent or the third person shall be treated to have been paid the service charges or fee by the recipient and the recipient shall collect tax along with the payment received.”

(c) in clause (c) after the words “providing of services” the following expression and Table shall be added, namely

“shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rates as set out in the table below:

S. No	Description	Tax rate on the gross amount payable
(1)	(2)	(3)
1.	Sportspersons	--%
2.	Companies	--%
3.	In any case other than at s.no 1 and 2	--%

(d) after clause (c) the comma “,” shall be substituted by a semi-colon “;” and the word “or” shall be added, and thereafter a new clause (d) shall be added, namely, -

“(d) for toll manufacturing except where payment is less than thirty thousand Rupees in aggregate, during a financial year, at the rates set out in the table below:

S. No	Description	Tax rate on the gross amount payable
(1)	(2)	(3)
1.	In case the toll manufacturer is a company	--%
2.	In all other cases	--%

(e) the expression “shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule” shall be omitted;

(ii) after sub-section (1) amended as above, a new sub-section (1A) shall be inserted, namely, -

“(1A) The toll manufacturer as specified in clause (d) of sub-section (1) shall make all possible efforts to ensure that the principal has discharged his obligation as a withholding agent in respect of the raw materials and semi-finished products provided for toll manufacturing.”

(iii) in sub-section (2), the expression “specified in Division IV of Part III of the First Schedule” shall be substituted by the expression “of -- percent”;

(iv) in sub-section (3) in the proviso, in clause (a) for the expression “clause (a)” the expression “clauses (a) and (d)” shall be substituted;

(v) in sub-section (7), -

(a) in clause (i)

(i) in sub-clause (k) the word “or” occurring for the second time shall be omitted;

(ii) in sub-clause (l) the full stop “.” at the end shall be substituted by a semi colon “;” and the word “or”;

(iii) after the sub-clause (l) amended as above a new sub-clause (m) shall be added, namely, -

“(m) ‘principal’ as defined in clause (iva) of this sub-section.

(b) after clause (iv) a new clause (iva) shall be inserted, namely, -

(iva) “toll manufacturing” means a process in which raw material or semi-finished goods are supplied by a person designated as the ‘Principal’, to another person designated as the ‘toll manufacturer’ for converting these into the required product that are to be returned to the Principal;”

() in section 154, -

(i) in sub-section (1) the expression “specified in Division IV of Part III of the First Schedule” shall be substituted by the words “of -- percent”

(ii) in sub-section (2) the expression “specified in Division IV of Part III of the First Schedule” shall be substituted by the words “of -- percent”;

() in section 154A, in sub-section (1) the expression “specified in Division IVA of Part III of the First Schedule” shall be substituted by the words and Table “set out in the Table below:

S. No.	Types of Receipts	Rate of Tax
(1)	(2)	(3)
1.	Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	--% of proceeds
2.	Any other case	--% of proceeds

() in section 155, in sub-section (1) the expression “Division IV of Part III of the First Schedule” shall be substituted by the words “in the Table below:

S. No.	Gross amount of rent	Rate of tax
(1)	(2)	(3)
1.	Where the gross amount of rent does not exceed Rs.300,000	
2.	Where the gross amount of rent exceeds Rs.300,000 but does not exceed Rs.600,000.	-- per cent of the gross amount exceeding -----
3.	Where the gross amount of rent exceeds Rs.600,000 but does not exceed Rs.2,000,000.	Rs..... plus -- per cent of the gross amount exceeding -----
4.	Where the gross amount of rent exceeds Rs.2,000,000.	Rs..... plus -- per cent of the gross amount exceeding -----

() in section 156, in sub-section (1) the expression “rate specified in Division VI of Part III of the First Schedule” shall be substituted by the following expression, namely,-

“at the following rates, _

(i) --% of prize on a prize bond, on winning a quiz or cross-word puzzle; and

(ii) -- % of the winnings from raffle, lottery or prize offered for promotion of sale.”

() in section 156A, in sub-section (1) the expression “specified in Division VIA of Part III of the First Schedule” shall be substituted by the words “of -- percent”;

() in section 160, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 161,-

(i) in sub-section (1) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(ii) after sub-section (1), a new sub-section (1A) shall be inserted, namely, -

“(1A) Notwithstanding the provisions of sub-section (1), where a principal, as defined in clause (iva) of sub-section (7) of section 153,

(i) fails to collect or deduct tax from a payment as required under section 153; or

(ii) having collected or deducted tax under section 153, fails to pay the tax as provided under section 160,

the toll manufacturer shall be personally liable to pay the amount of tax and the Deputy Commissioner may pass an order to that effect and proceed to recover the same.”

(iii) the existing sub-section (1A) shall be renumbered as sub-section (1AA) and in the sub-section (1AA) so renumbered for the expression “sub-section (1)” occurring twice, the expression “sub-sections (1) and (1A)” shall be substituted;

(iv) in sub-sections (1B), (2) and (3) for the expression “sub-section (1)” wherever occurring, the expression “sub-sections (1) and (1A)” shall be substituted;

- (v) in sub-section (3), the word “Commissioner” shall be substituted by the words “Additional Commissioner”;
- () in section 162, in sub-section (1) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;
- () in section 163, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;
- () in section 164A, in sub-section (2) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;
- () in section 165, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;
- () in section 166, in sub-section (2) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;
- () in section 167, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;
- () in section 169, in sub-section (3) in the Explanation the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;
- () in section 170, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;
- () in section 171,-
- (i) in sub-section (1) word “Commissioner” shall be substituted by the words “Deputy Commissioner”;
- (ii) in sub-section (2), in clause (a) the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner”;
- (iii) in sub-section (2), in clause (c), in the Explanation the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 172, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 173, in sub-section (3A) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 174, in sub-section (2) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 175,-

(i) in sub-section (1) words “Commissioner or any” shall be substituted by the words “Deputy Commissioner or any other”;

(ii) in sub-section (4), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (5), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iv) in sub-section (6), the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

() in section 176,-

(i) in sub-section (1) in clauses (a) and (b) words “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (2), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (3), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iv) in sub-section (4), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() In section 177,-

(i) For sub-sections (1) to (7) the following shall be substituted, namely.-

“(1) The Commissioner on the basis of reasons to be recorded in writing, may direct the Deputy Commissioner to conduct audit of income tax affairs of any person and issue a notice to such person intimating him regarding audit of his income-tax affairs.

Explanation. — For the removal of doubt, it is declared that the powers of the Commissioner to direct conduct of audit and issue a notice under this sub-section are independent of the powers of the Board under section 214C and nothing contained in section 214C restricts the powers of the Commissioner to direct conduct of audit and issue a notice under this sub-section.

(2) The Commissioner shall communicate the aforesaid reasons to the person whose audit is to be conducted through the notice under sub-section (1).

Explanation: For the removal of doubt it is declared that the Commissioner shall not be and was never required to provide an opportunity of hearing and to pass any order before issuance of notice under sub-section (1).

(3) The reasons referred to in sub-section (1) shall be based on scrutiny by the Commissioner or any other Inland Revenue authority, of the available records including returns of income, wealth statement, sales tax and federal excise returns, financial statements, withholding statements and third party information:

Provided that the reasons shall not include the mere verification of deductions, receipts, input tax, output tax and compliance of legal provisions without identifying risk factors that require such verification.

(4) The fact that a person has been audited in a year shall not preclude the person from being audited again in the next and following years where there are reasonable grounds for such audits:

(5) Subsequent to the issuance of notice under sub-section (1), the Deputy Commissioner, may call for any record or documents including books of accounts maintained under Ordinance, the rules made thereunder or any other law for the time being in force for

conducting audit of the income-tax affairs of the person and where such record or documents have been kept on electronic data, the person shall allow access to the Deputy Commissioner or the Income Tax Authority authorized by the Deputy Commissioner for the use of machine and software on which such data is kept and the Deputy Commissioner or the authority may obtain duly attested hard copies of such information or data.

Provided that the Deputy Commissioner shall not call for record or documents of the taxpayer after expiry of six years from the end of the tax year to which they relate.

(5A) The Deputy Commissioner may require the person being audited to attend at his office in person or through an authorized representative or to produce, or cause to be produced such accounts, documents or any evidence as the Deputy Commissioner may consider necessary.

(5B) The Deputy Commissioner may conduct or cause to be conducted such enquiry and obtain such information from any third party as he considers appropriate.

(6) The Deputy Commissioner shall conduct audit of the income tax affairs to verify the correctness or otherwise of the income declared, tax liability stated, tax paid, refund claimed, assets and liabilities declared and to ascertain compliance or otherwise with the provisions of this ordinance and the rules made thereunder on the basis of the record and evidence, obtained under sub-sections (5) to (5B) and other documents maintained or furnished under this Ordinance and the rules made thereunder or under any other law.

(6A) The Deputy Commissioner may conduct audit proceedings electronically through video links, or any other facility as may be prescribed by the Board.

(7) After completion of the audit, the Deputy Commissioner may, if considered necessary, amend the assessment under sub-section (1) or sub-section (4) of section 122, as the case may be, after providing an opportunity of being heard to the taxpayer under sub-section (9) of section 122.”;

(ii) sub-section (10) shall be omitted;

(iii) in sub-section (14),

(a) for the expressions “sub-sections (2) and (6)” the expression “sub-sections (6A) and (7)” shall be substituted;

(b) for the word “Commissioner” occurring for the first, third and fourth time the words “Deputy Commissioner” shall be substituted;

(c) after the words “Deputy Commissioner” occurring for the first time the expression “,a firm of Chartered Accountants or a firm of Cost and Management Accountants appointed by the Board or the Commissioner under sub-section (8) to conduct an audit” shall be inserted;

(d) after the words “Deputy Commissioner” occurring for the third time the expression “,a firm of Chartered Accountants or a firm of Cost and Management Accountants” shall be inserted;

(iv) after sub-section (14) amended as above, the following new sub-section shall be inserted namely, -

“(14A) For the purposes of making a best judgment assessment under sub-section (14) the Commissioner may determine taxable income on the basis of sectoral benchmark ratios prescribed by the Board.

Explanation.—The expression “sectoral benchmark ratios” means standard business sector ratios notified by the Board on the basis of comparative cases and includes financial ratios, production ratios, gross profit ratio, not profit ratio, recovery ratio, wastage ratio and such other ratios in respect of such sectors as may be prescribed.”

() in section 178, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 179, the word the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 181, in sub-section (2) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 181D, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 182,-

(i) in sub-section (2) the words “Commissioner” occurring for the first time shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (3), the word “Commissioner” occurring for the third and fourth time shall be substituted by the words “Deputy Commissioner”;

() in section 182A, the words “by the Commissioner” shall be omitted;

() in section 191, in sub-section (1), in clause (c) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 192B, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 197, the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

() in section 205, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() in section 206A, in sub-section (2) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 207, sub-section (5) shall be substituted by the following, namely,-

“(5) Inland Revenue Audit Officers, Assistant Directors Audit, Superintendents Inland Revenue, Inspectors Inland Revenue and Auditors Inland Revenue shall be subordinate to the Deputy Commissioners Inland Revenue.”

() in section 209,-

(i) sub-sections (2), (3) and (4) shall be substituted by the following, namely,-

“(2) The Additional Commissioners and the Deputy Commissioners shall perform all or such of their functions in respect of such persons or classes of persons or such areas as the Commissioners, to whom they are subordinate, may direct.

(3) The Commissioner may with the prior approval of the Chief Commissioner, by general or special order in writing direct that the powers conferred on the Deputy Commissioner and the Additional Commissioner by or under this Ordinance shall, in respect of all or any proceedings relating to specified cases or classes of cases or specified persons or classes of persons, be exercised by the Additional Commissioner and the Commissioner, respectively, and, for the purposes of any proceedings in respect of such cases or persons, references in this Ordinance or in any rules made thereunder to “Deputy Commissioner” and “Additional Commissioner” shall be deemed to be references to “Additional Commissioner” and “Commissioner”, respectively.

(4) The Board may also confer upon or assign to any Deputy Commissioner the powers and functions through Automated Case Selection System and the Board may make rules for conferment or assignment of such powers and functions through Automated Case Selection System.

Explanation: For the purpose of this sub-section, the expression “Automated Case Selection System” means an algorithm for randomized allocation of cases by using suitable technological modes.”;

(ii) in sub-section (5), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (6) the word “Commissioner” occurring for the first time shall be substituted by the words “Deputy Commissioner” and the word “Chief” occurring twice shall be omitted;

(iv) in sub-section (7), the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”

(v) in sub-section (8), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”

() in section 210, sub-sections (1), (1A), (2) and (3) shall be omitted;

() in section 211,-

(i) sub-section (1) shall be substituted by the following, namely,-

“(1) Where, by virtue of an order under section 210, a special audit panel appointed under sub-section (11) of section 177] exercises a power or performs a function of the Deputy Commissioner, such power or function shall be treated as having been exercised or performed by the Deputy Commissioner.”;

(ii) sub-section (2) shall be omitted;

() in section 213, the word “Commissioner or any other taxation officer” shall be substituted by the words “Deputy Commissioner or any other income tax authority”;

() in section 214C, for the Explanation the following shall be substituted, namely,-

“Explanation. — For the removal of doubt, it is declared that the powers of the Commissioner to direct conduct of audit and issue a notice under section 177 are independent of the powers of the Board under this section and nothing contained in this section restricts the powers of the Commissioner to direct conduct of audit and issue a notice under section 177.”

() section 215 shall be omitted;

() in section 217, in sub-section (3),-

(i) the word “Commissioner” appearing twice shall be substituted by the words “Deputy Commissioner”;

(ii) the words “or authorised Officer of Inland Revenue” shall be substituted by the words “or any other income tax authority”;

() in section 220, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 221,-

(i) in sub-section (1), the word “Commissioner” occurring for the first and fourth time shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (1A), the word “Commissioner” occurring for the first time shall be substituted by the words “Deputy Commissioner”;

(iii) in sub-section (3), the word “Commissioner” occurring for the first time shall be substituted by the words “Deputy Commissioner”;

() in section 223,-

(i) in sub-section (1), the word “Commissioner” occurring for the first time shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-section (5), the word “Commissioner” occurring for the second time shall be substituted by the words “Deputy Commissioner”;

() in section 224, the words and comma “the Commissioner, Commissioner (Appeals)” shall be substituted by the words “any income tax authority”;

() in section 230E, in sub-section (6) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in section 231B,

(i) the nominal heading of the section shall be substituted by the following, namely,

“231B. Advance tax on purchase, registration and lease of motor vehicles”

(ii) sub-sections (1) to (4) shall be substituted by the following, namely,-

“(1) Every ,-

(a) manufacturer of a motor vehicle at the time of sale of such motor vehicle; or

(b) motor vehicle registering authority of Excise and Taxation Department at the time of registration of a motor vehicle,

shall collect advance tax at the rates specified as set out in the table below:

S. No.	Engine capacity	Tax
(1)	(2)	(3)
1.	Upto 850 cc	Rs.....
2.	851cc to 1000cc	Rs.....
3.	1001cc to 1300cc	Rs.....
4.	1301cc to 1600cc	Rs.....
5.	1601cc to 1800cc	Rs.....
6.	1801cc to 2000cc	Rs.....
		Rate of Tax
7.	2001cc to 2500cc	--% of the value
8.	2501cc to 3000cc	--% of the value
9.	Above 3000cc	--% of the value:

Provided that the value for the purpose of S. Nos. 7 to 9 of the above Table shall be in case of motor vehicle –

(i) imported in Pakistan, the import value assessed by the Customs authorities as increased by customs duty, federal excise duty and sales tax payable at import stage;

(ii) manufactured or assembled locally in Pakistan, the invoice value inclusive of all duties and taxes; or

(iii) auctioned, the auction value inclusive of all duties and taxes:

Provided further that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be --% of the import value as increased by customs duty, sales tax and federal excise duty in case of imported vehicles or invoice value in case of locally manufactured or assembled vehicles.

Provided further that no collection of advance tax under clause (a) of this sub-section shall be made after five years from the date of first registration as specified in sub-section (6).

Provided further that advance tax under clause (b) of sub-section (1) shall not be collected if a person produces evidence that tax under clause (a) sub-section (1) in case of a locally manufactured vehicle or tax under section 148 in the case of imported vehicle was collected from the same person in respect of the same vehicle.

(2) Where the locally manufactured or imported motor vehicle has been sold prior to registration by the person who originally purchased it from the local manufacturer or imported it as the case may be, every motor vehicle registration authority of Excise and Taxation Department shall, at the time of registration, collect tax at the rates as set out in the table below:

S. No.	Engine capacity	Tax
(1)	(2)	(3)
1.	Up to 1000cc	Rs.....
2.	1001cc to 2000cc	Rs.....
3	2001cc and above	Rs.....

(3) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of transfer of registration or ownership of a private motor vehicle, at the rates as set out in the table below:

S. No.	Engine capacity	Tax
(1)	(2)	(3)
1.	upto 850cc	
2.	851cc to 1000cc	
3.	1001cc to 1300cc	

4.	1301cc to 1600cc	
5.	1601cc to 1800cc	
6.	1801cc to 2000cc	
7.	2001cc to 2500cc	
8.	2501cc to 3000cc	
9.	Above 3000cc	

Provided that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be Rupees -- thousand:

Provided further that the rate of tax to be collected under this clause shall be reduced by ten percent each year from the date of first registration in Pakistan.

(4) Every leasing company or a scheduled bank or a non-banking financial institution or an investment bank or a modaraba or a development finance institution, whether shariah compliant or under conventional mode, either through ijara or otherwise, at the time of leasing of a motor vehicle to a person whose name is not appearing in the active taxpayers' list, shall collect advance tax at the rate of four per cent of the value of the motor vehicle.

() in section 233, in sub-section (1) for the expression "rate specified in Division II of Part IV of the First Schedule" the following words and Table shall be substituted, namely,-

"rates as set out in the following Table, namely;

S.No.	Person	Rate of Tax
(1)	(2)	(3)
1.	Advertising Agents	--%
2.	Life Insurance Agents where commission received is less than Rs.0.5 million per annum	--%
3.	Persons not covered in 1 and 2 above	--%

() in section 234, -

(i) in sub-section (1), for the words “advance tax at the rates specified in Division III of Part IV of the First Schedule” the following expression and Tables shall be substituted,

“:

(a) advance tax in respect of passenger transport vehicles plying for hire on the basis of registered seating capacity, as set out in the following table,-

S.No	Capacity	Rs. per seat per annum Non Air Conditioned	Rs. per seat per annum Air Conditioned
(1)	(2)	(3)	(4)
1.	Four or more persons but less than ten persons.		
2.	Ten or more persons but less than twenty persons.		
3.	Twenty persons or more.		

(b) advance tax in respect of goods transport vehicles at the rate of -- per kg of the laden weight for a period of ten years from the date of first registration;

(c) advance tax In respect of other private motor vehicles as set out in the following table, -

S.No	Engine Capacity	Tax
(1)	(2)	(3)
1.	upto 1000cc	Rs.....

2.	1001cc to 1199cc	Rs.....
3.	1200cc to 1299cc	Rs.....
4.	1300cc to 1499cc	Rs.....
5.	1500cc to 1599cc	Rs.....
6.	1600cc to 1999cc	Rs.....
7.	2000cc & above	Rs.....

Provided that in case in case of payment of motor vehicle tax in lump sum as provided in sub section (3) tax under this sub-section shall be collected at the following rates,-

S. No.	Engine capacity	Tax
(1)	(2)	(3)
1.	upto 1000cc	Rs.....
2.	1001cc to 1199cc	Rs.....
3.	1200cc to 1299cc	Rs.....
4.	1300cc to 1499cc	Rs.....
5.	1500cc to 1599cc	Rs.....
6.	1600cc to 1999cc	Rs.....
7.	2000cc & above	Rs.....

(ii) for sub-sections (2), (2A) and (3), the following shall be substituted, namely, -

“(2) No advance tax under this section shall be charged ,-

a) in respect of motor cars after ten years from the date of first registration;

b) in respect of passenger transport vehicles with a registered seating capacity of ten or more persons after a period of ten years from the date of first registration;

c) in respect of goods transport vehicles with registered laden weight of less than 8120 kilogram after a period of ten years from the date of first registration of the vehicle in Pakistan:

Provided that in case of the vehicles having laden weight of 8120 kg and more, tax shall be collected at the rate of rupees 1200 per annum after ten years of the date of first registration;

(3) If the motor vehicle tax is collected in installments or lump sum the advance tax may also be collected in installments or lump sum in like manner.”;

(iii) sub-section (4) shall be omitted;

() in section 235, sub-section (1) and the proviso shall be substituted by the following, -

“(1) There shall be collected advance tax on the gross amount of electricity bill inclusive of sales tax and all incidental charges at the following rates;-

(a) in case of commercial and industrial consumers as set out in the following Table, namely: —

TABLE

S. No	Gross amount of Bill	Tax
(1)	(2)	(3)
1	upto Rs. 500	
2	exceeds Rs. 500 but does not exceed Rs.20,000	--% of the amount
3	exceeds Rs.20,000	Rs..... plus --% of the amount exceeding Rs..... for commercial consumers Rs. plus --% of the amount exceeding Rs..... for industrial consumers

(b) in case of domestic electricity consumers whose names do not appear on the Active Taxpayers' List-

S. No	Gross amount of Bill	Rate of Tax
(1)	(2)	(3)
1	is less than Rs.25,000	Rs.....
2	is Rs. 25,000 or more	--% of the amount

() in section 236, in sub-section (1), for the expression “Division V Part IV of the First Schedule” the words “the Table below” shall be substituted and after clause (e) the following Table shall be inserted, namely,-

Table

S. No	Description	Tax
(1)	(2)	(3)
1.	in the case of a telephone subscriber (other than mobile phone subscriber) where the amount of monthly bill exceeds Rs.1000.	--% of the amount exceeding Rs.....
2.	in the case of subscriber of internet, mobile telephone, pre-paid internet or telephone card or sale of units	--% of the amount of bill or sale price of internet pre-paid card or prepaid telephone card or sale of units through any electronic medium or in any other manner.

() in section 236A, in sub-section (1) for the expression “computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold.” The following expression shall be substituted, namely,-

“advance tax, -

(a) at the rate of -- % of the gross sale price of any moveable property or goods sold by auction; and

(b) at the rate of --% of gross sale price of any immovable property sold by auction.

Provided that in case of immovable property sold by auction and sale by auction of train management services by Pakistan Railways, the rate of collection of tax under this section shall be --% of the gross sale price.”

() in section 236C, in sub-section (1), for the expression “specified in Division X of Part IV of the First Schedule” the words “of -- percent of the fair market value of the immovable property” shall be substituted;

() in section 236CA, in sub-section (1) for the expression “specified in Division XA of Part IV of the First Schedule.” The following expression and Table shall be substituted, namely,-

“set out in the Table below:

Table

S.No	Description	Rate of Tax
(1)	(2)	(3)
1.	Foreign-produced TV drama serial or play	Rs..... per episode
2.	Foreign-produced TV play (single episode)	Rs.....
3.	Advertisement starring foreign actor	Rs..... per second.

() in section 236G, the sub-section (1) shall be substituted by the following new sub-sections, namely,-

“(1) Every manufacturer or commercial importer of pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam at the time of sale to distributors, dealers and wholesalers, shall collect advance tax at the rate of -- percent of the gross amount of sale, from the aforesaid person to whom such sales have been made.

(1A) Every manufacturer or commercial importer of fertilizer, at the time of sale to a distributor, dealers and wholesaler of fertilizer shall collect advance tax, -

(a) at the rate of -- percent of the gross amount of sale if such a distributor, dealer or wholesaler is already appearing on both the Active Taxpayers' Lists issued for the purposes of Income Tax and Sales Tax; and

(b) at the rate of -- percent of the gross amount of sale if such distributor, dealer and wholesaler is not appearing on both the Active Taxpayers' Lists issued for the purposes of Income Tax and Sales Tax.”

() in section 236H, in sub-section (1) for the expression “specified in Division XV of Part IV of the First Schedule” the words “of -- percent of gross amount of sales” shall be substituted;

() in section 236K, in sub-section (1) for the expression “specified in Division XVIII of Part IV of the First Schedule” the words “of --% of the fair market value.”

() in section 236Y, in sub-section (1) for the expression “specified in Division XXVII of Part IV of the First Schedule” the expression “of --%” shall be substituted;

() in section 239B, the following new sub-sections shall be added, namely,-

“(2) Any Deputy commissioner who after coming into force of the Finance Act, 2023 is competent to exercise the powers including issuance of notice, assessment, imposition of penalty and default surcharge, registration, collection and recovery, refund, audit, rectification, filing of appeal or prosecution under the ordinance, shall exercise powers of issuance of notices, assessment, imposition of penalty and default surcharge, registration, collection and recovery, refund, audit, revision, appeal or prosecution as were available to the Commissioner till 30th day of June, 2023.

(3) Any order issued or treated to have been issued by the Commissioner till 30th day of June, 2023 shall be deemed to be an order issued or treated to have been issued by the Deputy Commissioner for the purposes of assessment, recovery, filing and disposal of appeal, reference, rectification or revision by or before any Inland Revenue authority, Appellate Tribunal or any court.

(4) Any proceedings initiated or treated to have been initiated by the Commissioner for assessment, imposition of penalty and default surcharge, registration, collection and recovery, refund, audit, rectification, filing of appeal or prosecution under the ordinance and pending on the 30th day of June 2023 shall be taken up, continued and concluded by the Deputy Commissioner.”

() in the First Schedule, Part II, Part IIA, Part III and Part IV shall be omitted;

() in the Fourth Schedule,-

(i) in rule (3) the word “Commissioner” appearing for three times shall be substituted by the words “Deputy Commissioner”;

(ii) in rule (6E) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in the Fifth Schedule, -

(i) in rule (3), in sub-rule (3), the word “Commissioner” appearing for three times shall be substituted by the words “Deputy Commissioner”;

(ii) in rule (6), in sub-rule (1), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in the Sixth Schedule,-

(i) in Part I, -

(a) in rule (5) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(b) in rule 7, in sub-rule (4) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(c) in rule 10, the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(ii) in Part II, in rule 8, the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(iii) in Part II, in rule 7, the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

() in the Seventh Schedule,-

(i) in rule 1, in sub-rule (h) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(ii) in rule (6E) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iii) in rule 6C, in sub-rule (3) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iv) in rule 7D, in sub-rule (3) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(v) in rule 7E, in sub-rule (3) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(vi) in rule 7F, in sub-rule (3) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in the Eighth Schedule, in rule 1,-

(i) in sub-rule (3), in the proviso, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(ii) in sub-rule (4), in the proviso the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in the Ninth Schedule,-

(i) in rule 8, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(ii) in rule 11, in sub-rule (a), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iii) in rule 14, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

() in the tenth Schedule,-

(i) in rule 3, the word “Commissioner” wherever occurring shall be substituted by the words “Deputy Commissioner”;

(ii) in rule 4, in sub-rule (5), the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iii) in rule 7, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(iv) in rule 7, the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;

(v) in rule 8,-

(a) in sub-rule (1) the word “Commissioner” occurring twice shall be substituted by the words “Deputy Commissioner”;

(b) in sub-rule (1) the word “Commissioner” shall be substituted by the words “Additional Commissioner”;

() in the Eleventh Schedule, in rule 3, in sub-rule (2) the word “Commissioner” shall be substituted by the words “Deputy Commissioner”;