GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
*****

Islamabad, the 31st October, 2016.

NOTIFICATION
(Income Tax)

1022

S.R.O. (I)/2016.- The following draft of certain further amendments in the Income Tax Rules, 2002, which the Federal Board of Revenue proposes to make in the exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), is hereby published for the information of all persons likely to be affected thereby, as required by sub-section (3) of said section and notice is hereby given that the draft shall be taken into consideration by the Federal Board of Revenue after seven days of its publication in the official Gazette.

Any objection or suggestion, which may be received from any person, in respect of the said draft, before the expiry of the aforesaid period, shall be considered by the Federal Board of Revenue.

DRAFT AMENDMENTS

In the aforesaid Rules, in Chapter XIX, after Rule 231F, the following new rule shall be added, namely:-

"231G. Determination of value of bonus shares issued by a company not quoted on the stock exchange, to the shareholders of the company under sub-section (6) of section 236N of the Income Tax Ordinance, 2001.

(1) The value of bonus shares issued by a company, not quoted on the stock exchange, to its shareholders in terms of sub-section (6) of Section 236N shall be the face value, or the breakup value, as determined below, whichever is higher.

(2) The breakup value of the bonus share shall be determined in the following manner :-

(a) The total equity of the company divided by the total number of ordinary shares (after the issuance of bonus shares) , as of the last day of the period for which financial statements are prepared and approved by the Board of Directors for the purpose of issuance of bonus shares. The total equity of the company shall be determined by adding paid up capital of the ordinary shares and the reserves.

(b) For the purpose of sub-clause (a) above , the term "reserve" shall have the same meaning as defined under sub-section (3) of section 5A of the Ordinance."

[F.No.4(139)IT-Budget/2016]

(Reema Masud)
Secretary (IT-Budget)