

GOVERNMENT OF PAKISTAN
Revenue Division
(Federal Board of Revenue)

Islamabad, the 10th January, 2017.

NOTIFICATION

S.R.O. 12 (I)/2017.- In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published *vide* Notification No. S.R.O.1173(I)/2016, dated the 27th December, 2016 as required by sub-section (3) of the said section, namely:-


In the aforesaid Rules, after Rule 231G, the following new rule shall be added, namely:-

“231H. Reduced rate of tax for *Shari’ah* compliant companies in terms of Sub-Clause (a) of clause (18B) of Part-II of the Second Schedule to the Ordinance.— In order to avail reduced rate of tax in terms of sub-clause (a) of clause (18B) of Part-II of the Second Schedule to the Ordinance, the *Shari’ah* compliant criteria for a company, whose shares are traded on a stock exchange, shall be as follows:-

- (i) The business of the company shall be *Halal* i.e. it shall not include processing or manufacturing of pork, liquor, non-*Halal* products, pornographic material or any other activity not permitted by *Shari’ah*.
- (ii) There should be *Riba* free financing on the balance sheet of the company, however the company may be leveraged through Islamic modes of financing obtained from licensed Islamic financial institutions.

- (iii) All the investments made by the company should be one hundred percent *Shari'ah* compliant, therefore, it would not be permissible for the company to acquire non-*Shari'ah* compliant instruments or securities which yield interest or income that is not *Halal*.
- (iv) The company shall be obliged to maintain free float of the company at thirty percent of the outstanding shares.”.

[F.No.1(118)Secy(ITP)/2016]


(Syed Hassan Sardar)
Secretary (Rules & SROs)