

Government of Pakistan
Revenue Division
Federal Board of Revenue

Notification
(Income Tax)

Islamabad, the 22nd August, 2022.

S.R.O. 1570(I)/2022.- 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. 588(I)/2022, dated the 10th May, 2022, as required by sub-section (3) of the said section 237, namely:-

In the aforesaid Rules,-

- (1) in rule 13N, in sub-rule (23), for clause (dd), the following shall be substituted, namely:-

“(dd) where securities of unlisted company are converted into listed form, the cost of acquisition of such securities shall be the face value and the date of acquisition shall be the date of acquisition as available with CDC:

Provided that the cost of acquisition of securities in case of securities acquired during book building process and initial public offer (IPO) period shall be the applicable IPO price; and”;

- (2) in rule 13P, in clause (zb),-

(a) in sub-clause (ii), for the word “Capital”, occurring for the first time, the words “The capital” shall be substituted;

(b) for sub-clause (iii), the following shall be substituted, namely:–

“(iii) Example.-

(a) A, being a client of a broker, has 1,000 shares of company ABC in his account. He acquired 1,000 shares on the 1st January, 2013 at Rs. 10 per share when the Company was private/public unlisted company having face value of share of Rs. 10 and transfers the same in electronic form with CDC on 1st February, 2013. ABC company initiated the listing process at stock exchange on the 1st April, 2015 and offered shares to investors during initial public offer ("IPO") period at IPO price of Rs 15. Mr. A acquired 500 shares of ABC Company during IPO period. ABC company listed on stock exchange on the 1st July, 2015 at a listing price of Rs. 20. Mr. A acquired 500 shares of ABC company from stock market on the 1st day of September, 2015 at Rs. 22 per share. He disposed of 500 shares on the 1st January, 2022 at Rs. 25 per share, 1,000 shares on the 8th February, 2022 at Rs. 30 per share and 500 shares on the 1st March, 2022 at Rs. 35 per share.


(b) NCCPL shall compute capital gain and tax thereon, if any, in the following manner:-

(c) Date of acquisition will be based on CDC data while face value will be entered as cost of acquisition for shares acquired before IPO period, whereas cost of acquisition for shares acquired during IPO period shall be the IPO price.

Purchases/ Acquisitions				Disposal		
Date	No. of Shares	Price	Cost	1 st Jan, 2022	8 th Feb, 2022	1 st March, 2022
1 st Jan 2013	1000	10	10,000	500	1,000	500
1 st April 2015	500	15	7,500			
1 st Sep 2015	500	22	11,000			
Selling Price per Share				25	30	35

Sale Proceed	12,500	30,000	17,500
Less: Cost	5,000	12,500	11,000
Difference	7,500	17,500	6,500
Less: 0.5% of Sales Proceed as Expense	62.5	150	87.5
Capital Gain	7,435.5	17,350	6,412.5
Tax Rate Applicable	12.5%	12.5%	12.5%
Tax to be Collected	929.68	2,168.7	801.5”.

[F.No. 4(90)ITP/2007-Pt-I]


(Muhammad Masood Ahmed Gors)
 Secretary (Rules & SROs)