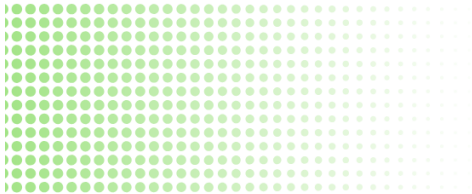




PETER & CO.
CHARTERED ACCOUNTANTS

FINANCE BILL 2025 **KEY INSIGHTS**



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Table of Contents

INCOME TAX	3
1. Digitally Delivered Services [new]	3
3. Proposed change in the Non-Profit Organization's definition.....	3
4. Relief to Salaried individual in Surcharge u/s 4AB.....	3
5. Tax on payments for digital transactions in e-commerce platforms introduced.	3
6. Minimum Fair market rent for commercial properties proposed.....	4
7. "Deductions not allowed" u/s 21 updated.....	4
8. Depreciation allowance restricted.....	4
9. Intangibles amortization period redefined.....	4
10. Loans, deposits and gifts received in banking channel are excluded from income.....	4
11. Set Off losses restricted.....	4
12. Group relief restricted	5
13. Tax credit for interest paid on Low-cost Housing Loan introduced	5
14. Minimum tax carry forward restricted to two years from three years	5
15. Restriction on economic transactions by certain persons introduced as new section.....	5
16. Time limit of 180 days of amendment assessment proposed to remove.....	7
17. Assessment giving effect to an order.....	7
18. Pecuniary jurisdiction in appeals proposed to be omitted;.....	7
19. Appellate Tribunal – member eligibility amended.....	7
20. Appeal to the appellate tribunal	7
21. Recovery of tax out of property - enhanced.....	7
22. Tax deduction from pension	8
23. Gain arising on disposal of certain debt securities	8
24. Payment to non-residents.....	9
25. Payments for goods, services and contracts.....	9
26. Furnishing of information by online marketplace, payment intermediary and courier service.....	10
27. Exchange of banking and tax information related to high- risk persons.....	10
28. Posting of Officer of Inland Revenue	11
29. Section 181: Taxpayer registration	11
30. Income Tax authorities	11
31. Condonation of time limit.....	11
32. Disclosure of information	11
33. Appointment of expert.....	12
34. Advance tax on cash withdrawals by non-active taxpayers.....	12
35. Second Schedule, –	12
SALES TAX ACT, 1990.	13
1. Abettor.....	13
2. Cargo Tracking System	13
3. Courier.....	13
4. e-bilty	13
5. e-commerce.....	13
6. online marketplace.....	14
7. Payment intermediary	14
8. Retail Price.....	14
9. Tax fraud	14
10. Scope of tax expanded to online marketplace.....	15
11. Adjustable input tax.....	15
12. Best judgement assessment.....	15
13. Assessment of tax and recovery of tax.....	16
14. Limitation of assessment.....	16
15. Registration – explained for online marketplace.....	16
16. New Section 14AC. Bar on operations of bank accounts.	16

17.	<i>New Section 14AD. Bar on transfer of Immoveable Property.....</i>	17
18.	<i>New Section 14AE. Other coercive actions for non-registration.....</i>	17
19.	<i>Deregistration, blacklisting and suspension</i>	18
20.	<i>Tax invoices.....</i>	18
21.	<i>Return</i>	18
22.	<i>Appointment of authorities.....</i>	18
23.	<i>New Section 32B. Appointment of experts and auditors.</i>	19
24.	<i>Power to summon.....</i>	19
25.	<i>Substituted Section 37A: Power to arrest and prosecute</i>	19
26.	<i>New section 37AA “37AA. Power to arrest.....</i>	20
27.	<i>Substituted Section 37B: Procedure to be followed on arrest of a person</i>	21
28.	<i>New section “37BB. Compounding of offences.....</i>	22
29.	<i>Obligation to produce documents.....</i>	22
30.	<i>Pecuniary Jurisdiction in Appeal are proposed to be omitted;</i>	23
31.	<i>Appeals</i>	23
32.	<i>Appeal to appellate tribunal.....</i>	23
33.	<i>Reference to the high court</i>	23
34.	<i>New section 58C. Inspection of audit firm:</i>	23
35.	<i>Condonation of time limit.....</i>	23
36.	<i>Third Schedule.....</i>	24
37.	<i>Eighth Schedule.....</i>	24
	PROVISIONAL TAX CARD: TAX YEAR 2026.....	25

Income Tax

1. Digitally Delivered Services [new]

“digitally delivered services” means any service delivered over the internet or electronic networks, where the delivery is automated and require minimal or no human intervention including music, audio and video streaming services, cloud services, online software applications services, services delivered through online inter-personal interaction i.e., tele medicines, e-learning etc., online banking services, architectural design services, research and consultancy reports, accounting services in the form of digital files or any other online facility.

2. E-Commerce [New]

“e-commerce” means sale or purchase of goods and services conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders either through websites, mobile applications or online marketplace having digital ordering features by using either mobile phone, iPad, Tablet or automated computer-to-computer ordering system.

Accordingly, the definition of online marketplace has been amended by adding *online interfaces that facilitate, for a fee, the direct interaction between multiple buyers and multiple sellers via digital orders for supply of goods and services, with or without the platform taking economic ownership of the goods or providing or rendering the services that are being sold*

3. Proposed change in the Non-Profit Organization’s definition

Recreational clubs formed with membership fee exceeding one million for any class of new members are proposed to exclude from the definition of Non-Profit Organization.

4. Relief to Salaried individual in Surcharge u/s 4AB

In case of an individual deriving income chargeable under the head “Salary”, the surcharge shall be payable at the rate of nine percent of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees ten million in a tax year.

5. Tax on payments for digital transactions in e-commerce platforms introduced.

Payment for digital transactions – E-Commerce platform [Section 153, Sec 6A]	
Where the amount paid does not exceed rupees Rs. 10,000	1% of the gross amount paid
Amount paid exceeds rupees Rs.10,000 but does not exceed Rs.20,000	2% of the gross amount paid
Amount paid exceeds Rs. 20,000	0.25% of the gross amount paid

Cash on Delivery by Courier Service: on supply of electronic & electrical goods	0.25% of the gross amount paid
Cash on Delivery by Courier Service: on supply of clothing, apparels, and garments etc.	2% of the gross amount paid
Cash on Delivery by Courier Service: on supply of other than electronics and garments	1% of the gross amount paid

Tax under this section is proposed to be under final tax regime.

6. Minimum Fair market rent for commercial properties proposed

The minimum value of fair market rent for the property in case of commercial properties shall be four percent of fair market value per annum as per provision of section 68 of the Ordinance. However, *if an evidence proving otherwise is provided by the taxpayer to the satisfaction of the Commissioner the minimum fair market rent will not apply.*

7. “Deductions not allowed” u/s 21 updated

Purchases from Non-NTN holders: ten percent of the claimed expenditure made attributable to purchases made from persons who are not National Tax Number holders are disallowed: Provided that this shall not apply on agricultural produce directly purchased from the growers.

Receipt other than banking channel: Fifty percent of the expenditure claimed in respect of sale shall be disallowed where the taxpayer received payment exceeding more than two hundred thousand rupees otherwise than through a banking channel or digital means against a single invoice containing one or more than one transactions of supply of goods or provisions of services.

8. Depreciation allowance restricted

The depreciation expense shall not be allowed for the amount paid for addition of capital assets to a seller in all relevant tax years if the tax deductible under sections 152 or 153 of the Ordinance in respect of those payments has not been deducted and deposited in the treasury, by not adding such amount paid for addition in capital assets in the assets for computation of tax depreciation.

9. Intangibles amortization period redefined

The “twenty-five years” previously defined useful life of intangibles has been reduced to “fifteen years”.

10. Loans, deposits and gifts received in banking channel are excluded from income

11. Set Off losses restricted

The adjustment of business loss shall not be allowed against income from property for the tax year.

12. Group relief restricted

A company or companies within the group whose income from business is chargeable to tax under any provisions of this Ordinance other than Division II of Part I of the First Schedule to the Ordinance shall not be entitled to avail group relief.

13. Tax credit for interest paid on Low-cost Housing Loan introduced

(1) An individual shall be entitled to a tax credit for a tax year in respect of any profit on debt or share in rent or share in appreciation for value of house paid by the person in the year on a loan by a scheduled bank or any other financial institution regulated by the Securities and Exchange Commission of Pakistan or advanced by Government or the Local Government or a statutory body or a public company listed on a registered stock exchange in Pakistan where the person utilizes the loan for the construction (including land) or acquisition of one personal house having land area up to two thousand five hundred square feet or flat having total area up to two thousand square feet.

(2) The amount of a person's tax credit allowed under sub- section (1) for a tax year shall be computed according to the following formula, namely: — $(A/B) \times C$ where —
A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;

B is the person's taxable income for the tax year; and

C is the lesser of —

- (a) the total profit on debt referred to in sub-section (1) paid by the person in the year;
- (b) thirty per cent of the person's taxable income for the year; or

(3) The person shall not be entitled to tax credit under this section for any profit deductible under section 15A.

(4) Where an individual has claimed tax credit under this section, he shall not be entitled to claim tax credit for another house or flat under this section during the subsequent fifteen tax years.

14. Minimum tax carry forward restricted to two years from three years

15. Restriction on economic transactions by certain persons introduced as new section.

(1) Notwithstanding anything contained in any law for the time being in force, — (a) any application, by any ineligible person, for booking, purchase or registration of a motor vehicle, shall not be accepted or processed by any manufacturer of a motor vehicle or vehicle registering authority of Excise and Taxation Department, as the case may be; any application or request by any ineligible person, to any authority responsible for registering, recording or attesting transfer of any immovable property, more than such value in aggregate in a tax year as may be notified by the Federal Government from time to time, shall not be accepted or processed by such authority:

Provided that this clause shall not come into effect or no person shall be considered ineligible for the purpose of this clause unless a value is notified by the Federal

Government; any person, authorized to sell securities including debt securities or units of mutual funds including a person authorized to open and maintain an account or clear such transactions, shall not sell, open an account or clear sale of securities, mutual funds, to an ineligible person being an individual or an association of persons; and a banking company shall —

- (i) not open or maintain an already opened current or a saving bank or investor portfolio securities account, except Asaan account and Pensioner Account, in the name of such persons as may be notified by the Board; and
- (ii) (ii) not allow cash withdrawal from any of the bank accounts of any person, exceeding the amount as may be notified by the Board from time to time;

The provisions of sub-section (1) excluding those in the clause (d) shall not apply to (a) purchase of all rikshaws, motorcycle and tractors

(b) purchase of a pick-up vehicle having engine capacity up to 800 CC;

(c) purchase of such motor vehicles other than those mentioned in clauses (a) and (b), trucks and buses subject to restrictions and limitations as may be notified by the Board from time to time;

(d) investment in securities up to such limit as may be notified by the Board from time to time; and

(e) transactions made by a non-resident person or a public company except that mentioned in sub-clause (ii) of clause (d) of sub-section (1).

(3) The sources of investment and expenditure statement filed by the person and sufficient resources mentioned in sub-section (5), shall not be construed as nature and source of income for the purposes of section 111.

(4) All or any of the restrictions imposed under sub-section (1) shall come into force as the Board may by notification in the official Gazette appoint with the approval of the Federal Government.

For the purposes of this section,—

(a) **“eligible person”** shall means a person who has filed –

(i) a return of income for the tax year immediately preceding the year of transaction mentioned in sub-section (1) and has sufficient resources in the wealth statement in case of an individual, or financial statement in case of a company or an association of persons, as the case may be, for such transaction; or

(ii) sources of investment and expenditure statement declaring sufficient resources and furnishing explanation thereof for a particular purchase or investment transaction covered in clauses (a), (b) and (c) of sub-section (1): Provided that in case of an individual, the eligible person shall include his immediate family members;

(b) **“immediate family members”** in respect of an individual, shall include his parents, spouse and dependent children;

(c) **“ineligible person”** shall mean a person who is not an eligible person as defined in clause (a) of this sub-section;

(d) **“sources of investment and expenditure statement”** shall mean a declaration by a person

(e) filed on the Board’s web portal, specifying the sources of funds for making such transaction; and

“sufficient resources” shall mean one hundred and thirty percent of the cash and equivalent assets comprising cash denominated in local or foreign currency, fair market value of gold, net realizable value of stocks, bonds, receivables or any other cash equivalent asset as may be prescribed, declared by a person either in his sources of investment and expenditure statement, or wealth statement filed for the latest tax year and in the case of a company or association of persons, cash and equivalent assets, declared in the financial statements attached with the income tax return for the latest tax year:

Provided that where an asset mentioned in sub-section (1), other than its clause (d), has been purchased by way of exchange of capital assets already declared in the wealth statement, or financial statement, or sources of investment and expenditure statement, the disposal of such capital assets shall be treated to be part of cash equivalent assets to the extent of the value mentioned in the agreement.

16. Time limit of 180 days of amendment assessment proposed to remove.

17. Assessment giving effect to an order

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 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 Commissioner 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.

18. Pecuniary jurisdiction in appeals proposed to be omitted;

19. Appellate Tribunal – member eligibility amended

20. Appeal to the appellate tribunal

Where the taxpayer, or the Commissioner objects to an order passed by the Commissioner (Appeals), the taxpayer or Commissioner may appeal to the Appellate Tribunal against such order within thirty days of the receipt of such order: Provided that the taxpayer may directly appeal against the order of the Officer Inland Revenue or the Commissioner as the case may be to the Appellate Tribunal by exercising the option as provided in sub- section (1) of section 127.

21. Recovery of tax out of property - enhanced

(3A) Notwithstanding anything contained in this Ordinance or any other law or any rule, any decision or judgment of any court, forum or authority, the tax payable under any provision of this Ordinance or any assessment order shall become immediately payable or within the time

specified in the notice issued by the income tax authority under this sub-section, irrespective of the time provided under any other provision or the said decision or judgment, in case the issue giving rise to the tax payable is decided by a High Court or Supreme Court of Pakistan:

Provided that where the High Court decides the appeal filed by the Commissioner in favor of the department under section 133, recovery shall be made after seven days from the date of the order of the High Court.

Section 140 (6A) Notwithstanding anything contained in this Ordinance or any other law or any rule, any decision or judgment of any court, forum or authority, the tax payable under any assessment order shall become immediately recoverable or within the time specified in the notice issued by the income tax authority under this subsection irrespective of the time provided under any other provision or the said decision or judgment, in case the issue giving rise to the tax payable is decided by a High Court or Supreme Court of Pakistan: Provided that where the High Court decides the appeal filed by the Commissioner in favor of the department under section 133, recovery shall be made after seven days from the date of the order of the High Court.

22. Tax deduction from pension

“(1A) Notwithstanding the provisions of sub-section (1), any person responsible for paying pension or annuity, or any supplement to a pension or annuity or commutation of pension to a former employee who is below the age of seventy years and deriving pension income during a tax year in which the payment exceeds rupees ten million, shall at the time of payment, deduct tax from the amount which is over and above rupees ten million at the rate provided in Division I of Part I of the First Schedule of the Ordinance, along with tax deducted under section 4AB after making adjustment of tax withheld from former employee under other heads and tax credit admissible under sections 61 and 63 of the Ordinance during the tax year after obtaining documentary evidence, as may be necessary, for –

- (i) tax withheld from the former employee under this Ordinance during the tax year; or
- (ii) (ii) any excess deduction or deficiency arising out of any previous deduction; or
- (iii) (iii) failure to make deduction during the year.”;

23. Gain arising on disposal of certain debt securities

(1) Every custodian of debt securities including a banking company responsible to maintain Investor Portfolio Securities (IPS) Account on behalf of holder of a debt security shall at the time of disposal of debt securities including government securities deduct tax at the rate at the rate specified in Division IIIAA of Part III of the First Schedule [15%] on the gross amount of capital gain arising to such holder and deposit the same in government treasury:

Provided that this section shall not apply on disposal of debt securities made through registered stock exchange and which are settled through NCCPL.

(2) The capital gain arising to the holder on disposal of debt security mentioned in sub-section (1) shall be computed in accordance with the formula provided in sub-section (1A) of section 37A of the Ordinance.

24. Payment to non-residents

in sub-section (1C), a new proviso shall be added namely:—“Provided that the banking company and financial institution shall not deduct the tax under this sub-section where the recipient is also liable to Digital Presence Proceeds Levy and same has been collected.”; and

(b) in sub-section (1D) new proviso shall be added, namely: – “Provided that in case of holding period of debt instruments and Government securities including treasury bills and Pakistan investment bonds is less than twelve months, the capital gain arising on the disposal of such securities to the non-resident person shall be taxed at the rates provided in paragraph (2) of Division II of Part III of the First Schedule of the Ordinance.

25. Payments for goods, services and contracts

New sub-section (2A) shall be inserted, namely: – “(2A) Notwithstanding the provision of sub-section (1), –

(i) every payment intermediary at the time of processing payment through digital means, on behalf of a seller of digitally ordered goods or services through locally operated e-commerce platforms (including websites); and

(ii) every courier business providing courier services collecting cash from a buyer under Cash on Delivery (CoD) payment terms on behalf of a seller for the supply of digitally ordered goods and services through e-commerce platforms (including websites); shall collect tax from the gross amount payable (including sales tax, if any) to the seller at the rate specified in Division IVA of Part I of the First Schedule to the Ordinance and deposit to government treasury.

(2B) No tax under sub-section (1) of this section shall be deducted by the payer where the tax has been collected under sub-section (2A) of this section by the payment intermediary or a courier service.”;

(b) in sub-section (7), –

in clause (i), – in sub-clauses (j) and (k), the word “or” appearing at the end shall be omitted; and

New sub- clauses shall be added, namely: –

“(m) for the purpose of sub-section (2A), a payment intermediary; or

(n) for the purpose of sub-section (2A), a courier service.”

New clause shall be inserted, namely: – “(iia) “courier service” means any specialized entity that provides fast, secure and often tracked transportation of documents, packages and small freight, typically offering door-to-door delivery solutions of goods within specific timeframes and in case of digitally ordered goods in e-commerce delivery and collection of cash (CoD) on behalf of the seller and such delivery service provider includes but not limited to –

- (a) Logistics services;
- (b) ride-hailing services;
- (c) food delivery platforms; and
- (d) e-commerce services;

“payment intermediary” means any third part entity including a banking company, financial institution, a licensed foreign exchange company or payments gateways that facilitate the transfer of funds or payment instructions between two or more parties to enable, process, route or settle payments in a financial transaction, without being the ultimate source or recipient of the payment.

26. Furnishing of information by online marketplace, payment intermediary and courier service.

(1) Notwithstanding the provisions of section 165 of the Ordinance, every payment intermediary and courier service responsible for deducting tax under sub-section (2A) of section 153 of the Ordinance shall file a quarterly withholding statement to the Commissioner for tax deduction regarding sale of digitally ordered goods and services for each quarter of a tax year in the prescribed form setting out –

- (a) name, identification number (NTN/CNIC) and address of the
- (b) seller;
- (c) transaction date, unique identifier (invoice number) and total transaction value; the total amount of tax deducted at the time of payments to the seller; and
- (d) any other particular may be prescribed.

(2) Every online marketplace in Pakistan shall submit a monthly statement containing name, address, Sales Tax and Income Tax registration number of every vendors registered on its platform supplying digitally ordered goods and services in e-commerce, transactional and aggregated quantum of seller’s monthly turnover and the amount deposited into the vendor’s bank account against such sale transactions.

(3) All the provisions of the section 165 excluding sub-sections (1), (1A) and (6) shall *mutatis mutandis* apply with respect to the due date of the filling of the withholding statements, revision of the statements, power to call for statement by the Commissioner, extension of time to furnish the statement after due date, power of the Board, filing of annual withholding statement and reconciliation of the withholding statement with the annual income tax return.”;

27. Exchange of banking and tax information related to high- risk persons.

(1) Notwithstanding anything contained in any law for the time being in force, including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), section 216 of this Ordinance and any regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), —

- (a) the Board may share information of turnover, income including taxable income, for one or more tax years, identification data including bank account numbers declared in the income tax return, wealth statement, financial statement or in any other document to the Board, in respect of persons or classes of persons, along with data-based algorithms, as may be prescribed, with scheduled banks in Pakistan; and
- (b) the Scheduled banks shall provide to the Board particulars, such as name, account numbers of such persons where the banking information is at variance with the data algorithms provided under clause (a) of this sub-section.

(2) All information received under this section shall be used only for tax and related purposes and kept confidential.

28. Posting of Officer of Inland Revenue.

Subject to such conditions and restrictions, as deemed fit to be imposed, the Board or the Chief Commissioner, may post an Officer of Inland Revenue or such other officials with any designation working under the control of the Board or the Chief Commissioner, to the premises of any person or class of such persons, to monitor production, supply of goods or rendering of or providing of services and the stock of goods not sold at any time for determining tax payable under this Ordinance.

29. Section 181: Taxpayer registration

in sub-section (1), after the word “taxpayer”, the expression “including a person selling digitally ordered goods or services from within Pakistan using online marketplace or a courier service, as the case may be,” shall be inserted; and

new sub-section shall be inserted, namely: – (1A) Every online marketplace or courier service, involved in e- commerce by supplying or delivering digitally ordered goods or services from within Pakistan, shall not allow any vendor to use its platform services to carry out e-commerce transactions unless such vendors have been registered under the Sales Tax Act, 1990 (VII of 1990) and this Ordinance.

30. Income Tax authorities

The bill proposes auditor appointed under section 222 to have same powers as tax authority.

31. Condonation of time limit

New provisos shall be added, namely: – “Provided further that regardless of anything stipulated in this section, or any provision of this Ordinance, or any other applicable law currently in force, and notwithstanding any decision, order or judgement issued by any forum, authority or court, the maximum period of extension under this section by the Board or the Commissioner, as the case may be, shall not exceed two years in aggregate:

Provided also that where there are reasons to believe that significant loss to exchequer has been caused by an act of omission or commission by the person or by the Commissioner, a committee of members as notified by the Board may further condone the limitation specified for a period as it may deem fit, after providing a reasonable opportunity of being heard to the person concerned.

32. Disclosure of information

in sub-section (3), new clause shall “(ba) to an auditor appointed on contractual basis or engaged through a third party including a payroll firm in the Federal Board of Revenue, after a non-disclosure agreement is made with such auditor as may be prescribed, to assist any authority mentioned in clauses (b) to (g) of sub-section (1) of section 207.”; and “(kd) to the Tax Policy Office for the purpose of processing and analyzing data for research and policy analysis; (ke) to the recognized universities and international donor agencies subject to the conditions that before sharing, the taxpayer’s data shall be anonymized.

33. Appointment of expert

new sub-section shall be added, namely: — “(2) The Board may also appoint as many auditors on contractual basis or through a third-party arrangement, as the case may be, as it deems fit for carrying out the purposes of this Ordinance: Provided that the total number of auditors appointed under this section shall not be more than two thousand.

34. Advance tax on cash withdrawals by non-active taxpayers

0.8% advance tax has been proposed.

35. Second Schedule, –

Part I,

clauses (8), (9) and (12) (23A) and (23C) related to pension exemption has been withdrawn.

clause (13), the words “or commutation of pension” shall be omitted;

clause (66), the following shall be substituted, namely:–“(66) Subject to the provisions of section 100C, any income derived by the select institution, foundations, societies, boards, trusts and funds.

Part II,

clauses (9AC) and (24CA) related to raw sugar import has been withdrawn.

Part III,

Teacher and full time researcher rebate reinstated as: –“(3A) The tax payable by a full-time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary: Provided that this clause shall not apply to teacher of medical profession who derive income from private medical practice or who receive share of consideration received from patients: Provided further that the provision of this clause shall be deemed to have been in force with effect from the first day of July, 2022 and shall cease to have effect after tax year 2025.

Part IV,

clauses (12F), (12G) and (12J) related to 148 implication on wheat and sugar import has been withdrawn.

clause (56), after sub-clause (xix), the following new sub-clause shall be added, namely: - “(xx) Import of Cystagon, Cysta drops and Trientine capsules”;

clause (105A), for the words “shall not apply to a person whose income tax affairs have been audited in any of the preceding four tax years”, the words “for selection of a person for audit shall not apply whose income tax affairs have been selected for audit in any of the preceding threetax years” shall be substituted; and

Sales Tax Act, 1990.

1. Abettor

“abettor” means a person who abets or connives in tax fraud as defined in clause (37) of section 2 or in the commission of any offence warranting prosecution under this Act. and includes a person who,

(a) misuses other registered person’s unique user identifier and password for filing returns or annexures or any other document or unauthorizedly makes change in tax e-profile of any registered person;

(b) prepares, or cause to be prepared with or without authorization of the registered person, invoices for false claim of input tax adjustment;

(c) allows use of bank account held or operated by him for abetting tax fraud or other offence warranting prosecution under this Act or unauthorizedly or illegally maintains or operates business bank account in other registered person’s name; or

(d) has obtained or cause to obtain sales tax registration number for the purpose of paper transactions, including issuance of invoices without involving any taxable activity.

2. Cargo Tracking System

“Cargo Tracking System” means a digital system notified by the Board for electronic monitoring and tracking of goods transported within or across the territory of Pakistan, for the purpose of tax enforcement, compliance and prevention of tax evasion.

3. Courier

New clause (5AC) “courier” means any entity engaged in the delivery of goods and collection of cash on behalf of a seller including logistic services, ride-hailing services, food delivery platforms and ecommerce delivery services.

4. e-bilty

“e-bilty” means a digital transport document generated through the Cargo Tracking System as prescribed by the Board, to accompany goods during their movement.

5. e-commerce

Nw clause “(9AC) “e-commerce” means sale or purchase of goods and services conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders either through websites, mobile applications or online marketplace having digital ordering features by using mobile phones, automated computer-to-computer ordering system or any similar device.

6. online marketplace

clause (18A) shall be substituted, namely:– “(18A) “online marketplace” means online interfaces that facilitate, for a fee, the direct interaction between multiple buyers and multiple sellers via digital orders for supply of goods and services, with or without the platform taking economic ownership of the goods or services that are being sold.

7. Payment intermediary

“payment intermediary” means a banking company, any financial institution including a licensed foreign exchange company or payment gateway that facilitate the transfer of funds or payment instructions between two or more parties to enable, process, route, or settle payments in a financial transaction, without being the ultimate source or recipient of the payment.

8. Retail Price

New provisos is proposed to be added, namely: - “Provided further that the reduction in price on account of chilling charges or any other similar charges in case of aerated water, beverages, mineral water, or fruit juices shall not be more than five percent of the price inclusive of sales tax and federal excise duty on which such goods are actually sold to the general body of consumers.

Provided also that, where the Board deems it necessary it may, by notification in the official gazette, fix the retail price of goods specified in the third schedule.

Provided further also that, in case of imported goods specified in the Third Schedule, the retail price shall not be less than one hundred thirty percent of the value determined under section 25 of the Customs Act, 1969 (IV of 1969), including the amount of customs duties and federal excise duty levied thereon.

9. Tax fraud

“tax fraud” means knowingly, intentionally or dishonestly doing any act or causing to do any act or omitting to take any action or causing the omission to take any action, to cause loss of tax or attempting to cause loss of tax under this Act, including using or preparing false, forged and fictitious documents including return, statements annexure and invoices;

- a. suppression of supplies that are chargeable to tax under this Act;
- b. false claim of input tax credit including based on fictitious transactions;
- c. making taxable supplies of goods without issuing any tax invoice;
- d. issuance of any tax invoice without supply of goods;
- e. suppression and nonpayment of withholding tax in the prescribed manner beyond a period of three months from due date of payment of tax;
- f. tampering with or destroying of any material evidence or documents required to be maintained under this Act or the rules made thereunder;
- g. acquisition, possession, transportation, 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 under this Act or the rules made thereunder;
- h. making of taxable supplies without getting registration under this Act;

- i. generating fake input through manipulation of return filing system of the Board and making fake entries in the sales tax returns or in the annexures; and
- j. making fictitious compliance of section 73, including routing of payments back to the registered person, or for the benefit of the registered person, through a bank account held by a supplier or a purported supplier.

Explanation.—Any act of commission mentioned in this clause 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 a tax fraud.

10. Scope of tax expanded to online marketplace.

in sub-section (3), new clause shall be added, namely:— in the case of supply of digitally ordered goods by online market place, website and software application from within Pakistan during the course of e-commerce, the liability to collect and pay tax shall be of payment intermediary including a banking company, a financial institution, licensed exchange company or payment gateway in case the payment is made digitally and of the courier delivering the goods where those are supplied on Cash on Delivery (CoD) basis at the rates provided in the Eleventh Schedule.”;

in sub-section (7), proviso shall be omitted;

new sub-section “(7A) Notwithstanding anything contained in this Act, the tax collected by the payment intermediary and courier in respect of the supplies related to digitally ordered goods from within Pakistan in the course of e-commerce shall be deemed as the final discharge of tax liability under this Act for online market place, vendors at online market place, websites, software application making those supplies to the extent of those supplies and no input adjustment shall be allowed in respect of these supplies.”; and

in sub-section (9A), for the existing proviso, the following shall be substituted, namely:- “Provided that sales to the extent falling within the ambit of sub-section (7A) shall be excluded from the chargeability under this sub-section.”

11. Adjustable input tax

in sub-section (4), “In order to limit input tax allowance, the Board may also use data based automated risk management system to defer certain input tax or fix higher or lower limits of input tax adjustment: Provided that the registered person may contest the action taken under this sub-section by filing application and documents with the Commissioner concerned, who shall decide the case within thirty days of such application.

12. Best judgement assessment

new sub-section “(5) Notwithstanding anything contained in this section, in case of person who is liable to be registered under clause (25) of section 2 based on tax withheld under section 236G of Income Tax Ordinance, 2001 (XLIX of 2001) and does not furnish a return upon notice, an officer of inland revenue may assess sales tax liability on the value addition on any reasonable basis including information obtained from the purchase data under section 236G of Income Tax Ordinance, 2001 (XLIX of 2001).

13. Assessment of tax and recovery of tax

sub-section (1 shall be substituted; namely: (1) Where due to any reason, any tax or charge has not been levied or short levied or where the officer of Inland Revenue not below the rank of Assistant Commissioner suspects on the basis of audit or otherwise that due to any reason a person has-

- (a) not paid or short paid due sales tax;
- (b) claimed input tax credit or refund which is not admissible; or
- (c) has obtained an amount of refund not due,

the officer of Inland Revenue after issuing a show cause notice to the person shall pass an order to determine and recover the amount of tax unpaid or short paid, inadmissible input tax or refund, or unlawful refund obtained and shall also impose penalty and default surcharge in accordance with sections 33 and 34.

Provided that this section shall not be applicable to the extent of proceedings initiated under section 37A of the Act.

14. Limitation of assessment

Time frame extended from “twenty days”, to “eighty days.

15. Registration – explained for online marketplace

New sub-sections (1A) and (1B) shall be added, namely: (1A) Every person including a non-resident person selling digitally ordered goods from within Pakistan through online marketplace, website or software application as the case may be, shall apply in the prescribed form and in the prescribed manner for registration.

(1B) Every online marketplace or a courier, involved in e- commerce by supplying digitally ordered goods from within Pakistan shall not allow any person to use their services to carry out e-commerce transactions unless it is registered under sales tax and income tax.

New sub-section “(2A) If a person, who is required to be registered under the Act, does not apply for registration and the Commissioner Inland Revenue or any other officer, as may be authorized by the Board, after such inquiry as deemed appropriate, having reason to believe that a person is liable to register, he shall compulsorily register such person.

16. New Section14AC. Bar on operations of bank accounts.

(1) Notwithstanding anything contained in this Act or any other law for the time being in force, the Commissioner shall have the powers to direct banking companies, scheduled banks and other financial institutions, through an order in writing, to bar operation of the bank account of any person who fails to get registered for the purposes of this Act.

(2) Notwithstanding anything contained in sub-section (1) upon registration of such person, the Commissioner shall issue and convey order for removal of bar on operation of his bank accounts immediately.

(3) Any person, aggrieved by any decision or order passed under sub-section (1), may within thirty days of the date of receipt of such decision or order prefer an appeal before the Chief Commissioner Inland Revenue.

(4) The provisions of this section shall come into force on such date as the Board may by notification in the official Gazette appoint.

17. New Section 14AD. Bar on transfer of Immoveable Property

(1) Notwithstanding anything contained in this Act or any other law for the time being in force, the Commissioner shall have the powers to direct the property registering authority, through an order in writing, to bar transfer of immoveable property of any person who fails to get registered for the purposes of this Act.

(2) Notwithstanding anything contained in sub-section (1), upon registration of such person, the Commissioner shall issue and convey order for removal of bar on transfer of immovable property immediately.

(3) Any person, aggrieved by any decision or order passed under sub-section (1) may, within thirty days of the date of receipt of such decision or order prefer an appeal before the Chief Commissioner Inland Revenue.

(4) The provisions of this section shall come into force on such date as notified by the Board.

18. New Section 14AE. Other coercive actions for non-registration

(1) Notwithstanding anything contained in this Act or any other law for the time being in force, any person who fails to get himself registered for the purposes of this Act, the Chief Commissioner shall have the powers to:

- (a) seal the business premises;
- (b) seize moveable property; or
- (c) appoint a receiver for the management of the taxable activity of a person.

(2) unless — Action under sub-section (1) shall not be carried out,
(a) a public notice is issued specifying the date from which the premises shall be sealed, or movable property is attached, or a receiver is appointed for the management of the taxable activity;

(b) a committee comprising the Chief Commissioner, the Commissioner concerned, and a representative from the Chambers of Commerce or Trade Bodies, provides an opportunity of being heard to the person through an open court; and

(c) such decision is made public by placement on the Board's website and newspaper as well.

(3) Notwithstanding anything contained in sub-section (1) upon registration, of such person the Chief Commissioner shall issue and convey order for removal of receiver appointed under sub-section (1) not later than two working days.

(4) Any person, aggrieved by any decision or order passed under sub-section (1), may within thirty days of the date of receipt of such decision or order prefer representation before the Board.

(5) All or any of the provisions of this section shall come into force on such date as the Board may by notification in the official Gazette appoint.

19. Deregistration, blacklisting and suspension

New sub section namely: (2A) The Commissioner shall, within fifteen days of issuance of order of suspension, issue a show cause notice to the registered person. Upon receipt of the reply to the notice and after giving an opportunity of hearing to the registered person, if the Commissioner is satisfied, he may order for revoking of suspension of the registered person or issue an appealable speaking order for blacklisting of the registered person within thirty days of receipt of the reply to the notice.

sub-section (5) shall be omitted;

20. Tax invoices

in sub-section (1), in clause (g), after the second proviso, the following new proviso shall be inserted, namely: Provided also that where any goods are transported or supplied, the registered person shall ensure the generation and linkage of the tax invoice with the e-Bilty generated under section 40C of this Act and section 83C of the Customs Act, 1969.

new sub-sections “(5) Notwithstanding anything contained in this Act, the Board through notification in the official Gazette, may require any person or class of persons to integrate their electronic invoicing system with the Board’s Computerized System for real time reporting of sales in such mode and manner and from such date as may be specified therein.

(6) Licensed integrator shall integrate electronic invoicing system of registered persons referred to in sub-section (5) in such mode and manner as may be prescribed: Provided that from such date, and in such mode and manner, as prescribed by the Board, all Tier-1 retailers shall integrate their retail outlets with Board’s computerized system for real-time reporting of sales.

21. Return

in sub-section (1), in third proviso, new provisos shall be added, namely: Provided further also that every online marketplace shall furnish not later than the due date a true, complete and correct monthly statement in the prescribed form, indicating the supplier- wise amount paid and tax due and such other information of the taxable supplies of digitally ordered goods irrespective of the economic ownership of the supplies from within Pakistan: Provided further also that every payment intermediary and courier shall furnish not later than the due date a true, complete and correct monthly statement in the prescribed form, indicating the supplier-wise amount paid and tax due and such other information for taxable supplies of digitally ordered goods from within Pakistan through an online market place, website and software application and delivering goods using its payment platform or courier service as the case may be.

in sub-section (3), the proviso shall be omitted;

22. Appointment of authorities

in sub-section (1), clause (j), shall be substituted, namely: (j). an officer with any other designation including officers of Directorates General.

Explanation. - For the removal of doubt, it is clarified that officers of Directorates General have always been authorities under this section.

23. New Section 32B. Appointment of experts and auditors.

(1) The Board or the Commissioner may appoint as many experts as it or the Commissioner considers necessary for the purposes of this Act, including for the purposes of assistance in audit, investigation, litigation or valuation.

(2) The Board may appoint as many auditors as it may deem fit but not more than two thousand auditors through direct engagement or through a third party including a pay roll firm for the purposes of this Act, and confer such powers as may be deemed necessary to assist the authorities mentioned in clauses (a) to (f) of sub-section (1) of section 30 of this Act and clauses (a) to (f) of sub-section (1) of section 29 of the Federal Excise Act, 2005, as per the terms, conditions, limitations and restrictions as may be prescribed.

24. Power to summon

new sub-section (4) namely: (4) For the purpose of an inquiry under this Act, the officer of Inland Revenue shall have the powers of a civil court trying a suit under the Code of Civil Procedure, 1908 (Act No. V of 1908), in respect of the following matters, namely:

- (a) summoning and enforcing the attendance of any person and examining him on oath; and
- (b) requiring the discovery and production of documents and receiving evidence on affidavits.

25. Substituted Section 37A: Power to arrest and prosecute

“37A. Power to inquire and investigate offences warranting prosecution under this Act.— (1) Notwithstanding anything contained in section 11E of this Act, an officer of Inland Revenue, not below the rank of Assistant Commissioner or any other officer authorized by the Board in this behalf on the basis of material evidence pointing to the commission of tax fraud or an offence warranting prosecution under this Act may initiate an inquiry upon approval by the Commissioner.

(2) The inquiry officer shall complete the inquiry while exercising the powers under the provisions of section 37, 38, 38A, 38B, 40 or any other section the Act, wherever required.

(3) On completion of the inquiry, the inquiry officer may give an opportunity of being heard to the person whose actions may have caused or attempted to cause tax fraud or any other offence warranting prosecution under this Act, confronting the person the details of tax fraud committed or caused to be committed or attempted to be committed by such person.

(4) The inquiry officer, either on non-compliance by the person accused of tax fraud under sub-section (3) or unsatisfactory submission by the accused under said sub-section, and having reason to believe on the basis of evidence acquired during inquiry under this Act that actions of the person may have caused or attempted to cause tax fraud or any other offence warranting

prosecution under this Act, shall submit facts and findings of the inquiry including the loss of tax caused or attempted to cause, calculated as a result of such inquiry to the Commissioner to obtain prior approval for investigation.

(5) The Commissioner, on the basis of facts and findings under sub-section (4) and after recording reasons in writing, shall-

- (a) approve initiation of investigation, or
- (b) require the officer of Inland Revenue to submit such further information or
- (c) documents as he may direct for his decision; or
- (d) reject the request of the officer.

(6) Upon approval of investigation under sub-section (5), the inquiry officer shall enter the substance of the offence in writing in the form as may be prescribed by the Board.

(7) While holding investigation, an officer of Inland Revenue not below the rank of Assistant Commissioner shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such officer shall exercise such powers subject to the provisions of this Act.”;

26. New section 37AA “37AA. Power to arrest

(1) The officer of Inland Revenue, during the investigation, having reason to believe on the basis of evidence that actions of any person may have caused or attempted to cause tax fraud or any other offence warranting prosecution under this Act, may cause arrest of such person with prior approval of the Commissioner.

(2) Where an officer of Inland Revenue is of the opinion that delay in arrest may enable the accused to evade the process of law or circumstances exist in which obtaining prior approval of the Commissioner under sub-section (1) is not practicable, he may arrest accused without prior approval of the Commissioner and immediately report the arrest of the accused to the Commissioner. Such report shall contain a summary of all material facts liable to be entered in the register of arrests and detentions and shall be accompanied with a copy of the grounds of arrest of such person.

(3) The Commissioner may, if he believes that there was no sufficient evidence or reasonable ground for arrest of a person without approval in terms of sub-section (2) or the arrest was made with mala fide intent, direct the officer of Inland Revenue to release forthwith the accused so arrested.

(4) The Commissioner shall then refer the matter to the Chief Commissioner for fact finding inquiry if he believes that the arrest made under sub-section (2) was without sufficient evidence or reasonable ground or made with mala fide intention.

(5) Where the person suspected of tax fraud or any offence warranting prosecution under this Act is a company, every director, chief executive officer or the chief financial officer or by whatever name he may be called, of that company whom the officer of Inland Revenue has reason to believe is personally responsible for actions of the company committing the tax fraud or any offence warranting prosecution under this Act shall be liable to arrest: Provided that any arrest under this sub-section shall not absolve the company from the liabilities of tax sought to be evaded, default surcharge and penalty under this Act.

(6) All arrests made under this Act shall be carried out, unless inconsistent with the provisions of this Act, in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (Act V of 1898).

(7) Notwithstanding anything contained in sub-section (1) to (5) of section 37A of the Act, an officer of Inland Revenue, not below the rank of Assistant Commissioner or any other officer authorized by the Board in this behalf, who on the basis of material evidence has reason to believe that any person is an abettor of tax fraud or any offence warranting prosecution under the Act, may cause arrest of such person on approval regarding investigation and arrest by the Commissioner.”;

27. Substituted Section 37B: Procedure to be followed on arrest of a person

“37B.Procedure to be followed on arrest of a person.- (1) Any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.

(2) When any person is produced under sub-section (1) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit: Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation is necessary, but before passing such order he shall afford such person an opportunity of being heard

(3) When such person is produced under sub-section (1) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.

(4) Nothing in sub-section (2) or sub-section (3) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of an officer of Inland Revenue carrying out investigation against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate may, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of investigation it is necessary to make such order. Upon expiry of a period of remand further remand, as aforesaid may be granted on good cause being shown: Provided that in no case the aggregate period of such custody shall exceed fourteen days.

(5) If an officer of Inland Revenue, after holding an investigation as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he may release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to the Commissioner.

(6) The Special Judge to whom a report has been made under sub-section (5) may, after perusal of the record, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(7) An officer of Inland Revenue empowered to carry out investigation under this Act shall maintain a register of arrests and detentions in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the investigation has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such officer is so directed by him.

(8) After completing the investigation, an officer of Inland Revenue shall, as early as possible, submit to Special Judge a report through the Commissioner in the same form and manner in which the officer-in-charge of a police station submits a report, before a court, including the total amount of loss of tax caused or attempted to be caused by the accused.

(9) Magistrate of the first class may record any statement or confession during investigation under this Act, in accordance with the provisions of section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898)

(10) Without prejudice to the foregoing provisions of this section, the Board, with the approval of the Federal Minister-in-charge, may, by notification in the official Gazette, authorize any other officer working under the Board to exercise the powers and perform the functions of an officer of Inland Revenue under this section, subject to such conditions, if any, that it may deem fit to impose.

28. New section “37BB. Compounding of offences

(1) Notwithstanding anything contained in this Act, where any person accused of tax fraud or any other offence warranting prosecution under this Act, except the offence under clause (13A) of section 33, wishes to deposit the amount of tax calculated as a result of inquiry or investigation along-with penalty and default surcharge under sections 33 and 34, the Commissioner may compound such offence.

(2) The compounding of offence under sub-section (1) shall not abate the investigation and prosecution proceedings in the case of registered persons, individuals and entities who abet or connive in tax fraud or any other offence warranting prosecution under this Act.

(3) The compounding of an offence under sub-section (1) shall have an effect of an acquittal of the accused with whom the offense has been compounded. Provided that where the accused has been convicted and appeal is pending before the High Court under section 37I, no compounding shall be allowed without the leave of the High Court.

29. Obligation to produce documents

New sub-section “(5) Notwithstanding anything contained in any other law for the time being in force, the Commissioner may, by notice in writing, require only Internet Service Providers, Telecommunication Companies and Pakistan Telecommunication Authority, to furnish subscriber's information pertaining to the Internet Protocols in connection with any inquiry or investigation in cases of tax fraud, as may be specified in such notice.

30. Pecuniary Jurisdiction in Appeal are proposed to be omitted;

31. Appeals

for sub-section (1) substituted: (1) Any person, other than a State Owned Enterprises (SOE), aggrieved by any decision or order passed under sections 10,11A,11D, 11E, 11F ,21,33, 34 and 66 of this Act, by an officer of Inland Revenue may, within thirty days of the date of receipt of such decision or order prefer appeal to the Commissioner Inland Revenue (Appeals): Provided that an appeal preferred after the expiry of thirty days may be admitted by the Commissioner Inland Revenue (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within the specified period.

Provided that registered person shall have an option to directly file an appeal before Appellate Tribunal Inland Revenue without availing right of Appeal under this section.

32. Appeal to appellate tribunal

Sub-section (1), substituted, (1) Any person including an officer of inland revenue not below the rank of Additional Commissioner aggrieved by an order of the Commissioner (Appeals) under this Act or the rules made thereunder; or any person other than SOE aggrieved by an order passed by officer of inland revenue when second proviso to section 45B applies, may within thirty days of the receipt of such order, prefer an appeal to the Appellate Tribunal: Provided that where sub-section (11) of section 134A of Income Tax Ordinance, 2001 (XLIX of 2001) shall apply, an SOE may prefer an appeal under this sub-section.

33. Reference to the high court

sub-section (1) substituted, “(1) Within sixty days of the order of the Appellate Tribunal, the aggrieved person or the Commissioner may submit a reference in the prescribed form along with a statement of the case and complete record of the Appellate Tribunal to the High Court, stating any question of law arising out of such order.

34. New section 58C. Inspection of audit firm:

Where in case of a registered person, whose accounts are subject to audit under the Companies Act, 2017 (XIX of 2017), Chief Commissioner Inland Revenue has reason to believe that the audited accounts do not reflect the true and fair view of sales and purchases and related sales tax liability, he or she may with the approval of the Board, refer the audit firm, who has issued audit certificate to that registered person, for inspection to Audit Oversight Board.

35. Condonation of time limit

new proviso shall be added, “Provided further that regardless of anything stipulated in this section, or any provision of this Act, or any other applicable law currently in force, and notwithstanding any decision, order or judgement issued by any forum, authority or court, the maximum period of extension under this section by the Board or the Commissioner, as the case may be, shall not exceed two years in aggregate: Provided also that where there are reasons to believe that significant loss to exchequer has been caused by an act of omission or commission by the registered person or by any authority mentioned in section 30, a committee of members as notified by the Board may further condone the limitation specified for a period as it may deem fit, after providing a reasonable opportunity of being heard to the registered person concerned.

36. Third Schedule

new serial number shall be added, namely

- 52. Import of pet food including of dogs and cats sold in retail packing
- 53. Import of coffee sold in retail packing
- 54. Import of chocolates sold in retail packing
- 55. Import of cereal bars sold in retail packing

37. Eighth Schedule

New goods, including electric vehicles, have been added to the schedule, now subject to a reduced sales tax rate of 5%. Additionally, various consumer products saw revisions in their tax rates, with some increasing from 10% to 15%, while others were decreased from 17% to 12%.

Certain electronics and appliances, previously exempt from sales tax, are now liable for a 17% tax. Existing entries have also been adjusted for clarity, particularly with specific food items and packaging materials maintaining a 10% tax rate.

New categories for digital services, such as streaming platforms, have been introduced, attracting a tax rate of 15%. Compliance requirements have been heightened for all businesses under the Eighth Schedule, focusing on improved.

The tax on raw materials, particularly inputs for manufacturing like textiles, has been reduced to 5%. Meanwhile, sectors such as agriculture and healthcare have been granted exemptions from sales tax.

Changes in tax collection mechanisms emphasize electronic transactions.

JUNE 12, 2025



PROVISIONAL TAX RATES 2025-26
UPDATED FINANCE BILL 2025

Individuals having more than 75% of income from salary excluding annuity and pension

Income	Tax Rates
Up to Rs. 600,000	0%
Rs. 600,001 to Rs. 1,200,000	1% exceeding Rs. 600,000
Rs. 1,200,001 to Rs. 2,200,000	Rs. 6,000 + 11% exceeding Rs. 1,200,000
Rs. 2,200,001 to Rs. 3,200,000	Rs. 116,000 + 23% exceeding Rs. 2,200,000
Rs. 3,200,001 to Rs. 4,100,000	Rs. 346,000 + 30% exceeding Rs. 3,200,000
Above Rs. 4,100,000	Rs. 616,000 + 35% exceeding Rs. 4,100,000

Individuals having only annuity and pension income

Income	Tax Rates
Pension received up to Rs. 10,000,000	0%
Pension received exceeding Rs. 10,000,000	5% of the amount exceeding Rs. 10,000,000

AOP and Non-Salaried Individuals

Income	Tax Rates
Up to Rs. 600,000	0%
Rs. 600,001 to Rs. 1,200,000	15% exceeding Rs. 600,000
Rs. 1,200,001 to Rs. 1,600,000	Rs. 90,000 + 20% exceeding Rs. 1,200,000
Rs. 1,600,001 to Rs. 3,200,000	Rs. 170,000 + 30% exceeding Rs. 1,600,000
Rs. 3,200,001 to Rs. 5,600,000	Rs. 650,000 + 40% exceeding Rs. 3,200,000
Above Rs. 5,600,000	Rs. 1,610,000 + 45% exceeding Rs. 5,600,000

Provided that in the case of an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating their profession, the 45% rate of tax mentioned against serial number 6 of the Table shall be 40%

Surcharge on Tax Payable [Sec 4AB]

A surcharge shall be payable by every individual and association of persons at the rate of **ten percent** of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees **ten million**. The rate reduces to **nine percent** for salaried individuals.

Companies Other Than Banks - Income Tax Rate	
Small Companies	20%
Banking Company	39%
Other Companies	29%
Alternate Corporate Tax – [Sec 113C]	17%

Small and Medium Enterprise [Option to Final Tax Regime][14 th Sch.]	
Annual Turnover up to Rs.100 million	0.25%
Annual Turnover from Rs 100 million but less than Rs 250 million	0.5%

Small and Medium Enterprise [Option to Normal Tax Regime] [14 th Sch.]	
Annual Turnover up to Rs.100 million	7.5%
Annual Turnover from Rs 100 million but less than Rs 250 million	15%

Export of Services [Sec 154A] and Goods [Sec 154]	
Export proceeds of IT & IT enabled services PSEB registered	0.25%
All other Cases	1%
Export of Goods [NTR] [Sec 154]	1%

Minimum Tax u/s 113	
	%age of Turnover
SNGPL and SSGCL, PIA, Poultry Industry,	0.75%
Distributors (Pharma), FMCG, Cigarettes, Rice mills and dealers, Flour mills	0.25%
Petroleum agents and distributors (ST Registered.), Trading used vehicles	0.25%
E commerce & online market place, Teir1- Retailers of FMCG (Integrated)	0.25%
Oil Refineries, Motorcycles Dealers [ST Registered], Oil Marketing Co.	0.5%
All Others [General Rate]	1.25%

Tax on Builders and Developers [Sec 7F]	
	%age of Gross receipts
Construction and sale of residential, commercial and other building	10%
Development and sale of residential commercial or other plots	15%
Both Construction and Development Activities	12%
In case the tax payers declare profit more than the above value and is taxed at normal rate, such income can be entitled to use in explanation of income from source.	

Super Tax on Persons Earning Above the Prescribed Amounts [Sec 4C]			
Income in Millions	For TY2022	TY2023, 2024, 2025	TY2026 Onward
Where income exceeds Rs. 150 million but does not exceed Rs. 200 million	1% of the income	1% of the income	1% of the income
Where income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income	2% of the income	1.5% of the income
Where income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income	3% of the income	2.5% of the income
Where income exceeds Rs. 300 million but does not exceed Rs. 350 million	4% of the income	4% of the income	3.5% of the income
Where income exceeds Rs. 350 million but does not exceed Rs. 400 million		6% of the income	5.5% of the income
Where income exceeds Rs. 400 million but does not exceed Rs. 500 million		8% of the income	7.5% of the income
Where income exceeds Rs. 500 million		10% of the income	10% of the income

Tax rates for rent of immovable property - Individual and AOP's [Sec 155]	
Rental Income (Rs)	Tax Rates
Up to Rs. 300,000	NIL
Rs. 300,001 to Rs. 600,000	5% exceeding Rs. 300,000
Rs. 600,001 to Rs. 2,000,000	Rs. 15,000 + 10% exceeding Rs. 600,000
Above Rs. 2,000,000	Rs. 155,000 + 25% exceeding Rs. 2,000,000
For Companies	15% of Gross Rent

Dividend Income [Sec 5, Sec 150]		
	Filer	Non-filer
Dividend from independent power producers, being a pass-through item under implementation/power/energy purchase agreement required to be re-imbursed by CPPA-G	7.5%	15%
Dividend from companies engaged in biogas and biomass-based co-generation power project qualifying for exemption under clause (132C) of Part I of 2 nd Schedule	7.5%	15%
From Co. do not pay any tax due to exemption, credit or c/fd losses	25%	50%
Dividend from SPV as defined [REIT Invest. Trust Regulations, 2015]	35%	70%
Dividend received by a REIT from a Special Purpose Vehicle: <i>Provided that the rate of tax on dividend received from mutual funds deriving fifty percent or more income from profit on debt shall be 25%</i>	15%	15%
Dividend from mutual fund, REIT and Co, other than above	15%	30%
Intercompany dividend under group taxation u/s 59AA	EXEMPT	
Dividend received by a Co. which is eligible for group relief u/s 59B		
Dividend received by a corporate agri enterprise from its agri income		
Dividend received from any venture capital fund from investments in zone enterprises as defined in Special Technology Zones Authority Act, 2021 for ten (10) years		

Payment for digital transactions – E-Commerce platform [Section 153, Sec 6A]	
	Rate
Where the amount paid does not exceed rupees Rs. 10,000	1% of the gross amount paid
Amount paid exceeds rupees Rs.10,000 but does not exceed Rs.20,000	2% of the gross amount paid
Amount paid exceeds Rs. 20,000	0.25% of the gross amount paid
Cash on Delivery by Courier Service: on supply of electronic & electrical goods	0.25% of the gross amount paid
Cash on Delivery by Courier Service: on supply of clothing, apparels, and garments etc.	2% of the gross amount paid
Cash on Delivery by Courier Service: on supply of other than electronics and garments	1% of the gross amount paid

Profit on Debt [Sec 151, Sec 7B]		
	Filer	Non-filer
Profit on debt paid by other than banking company	15%	35%
profit paid by a banking company or financial institution	20%	35%
Profit on Debt on Sukuk by SPV or a company under sub-section (1A) – Company	25%	50%
Profit on Debt on Sukuk by SPV or a company under sub-section (1A) – Individual, AoP return is above Rs. 1 million	12.5%	25%
Profit on Debt on Sukuk by SPV or a company under sub-section (1A) – Individual, AoP return is below Rs. 1 million	10%	20%

Gain on disposal of certain debt securities [Sec 151A]		
	Filer	Non-filer
Gain on disposal	15%	

Payment to Non-Resident [Sec 152]		
	Filer	Non-filer
Section 152(1) Royalty or Fee for Technical and offshore digital Services [Sec 6]	15%	15%
Section 152(1) Construction or advert by TV Satellite Channels	7%	7%
Section 152 (1AA) Insurance premium or re-Insurance premium	5%	5%
Section 152 (1AA) Advertisement relaying from outside Pakistan	10%	10%
Section 152 (1BA) Foreign produced commercial	20%	20%
Section 152 (1C) Fee for offshore digital services	10%	10%
Section 152 (1D) Capital gain on disposal of debt instruments & Gov, Sec	10%	10%
Section 152 (1DA) Capital gain on disposal of debt instr. & Gov. Sec.	10%	10%
Section 152 (1DB) a. In case the Sukuk holder is a Company [Sec 5AA]	25%	25%

Section 152 (1DB) b. In case the Sukuk holder is an individual or an association of persons, if the return on investment is more than Rs. 1 million [Sec 5AA]	12.5%	12.5%
Section 152 (1DB) c. In case the Sukuk holder is an individual or an association of persons, if the return on investment is below Rs. 1 million [Sec 5AA]	10%	10%
Section 152 (2) Other case not covered by Section 152	20%	20%
Section 152 (2A) (a) - sale of goods - In case of Company	5%	10%
Section 152 (2A) (a) - sale of goods - Other than Company	5.5%	11%
IT services and IT enabled services as defined in section 2	4%	8%
Transport services	8%	
freight forwarding services		
air cargo services		
manpower outsourcing services		
hotel services		
software development services		
tracking services		
advertising services (Other than by print or electronic media)		
engineering services		
inspection, certification, testing and training services		
security guard services		
oil field services		
car rental services		
Services rendered by Stock Exchange and Pakistan Mercantile Exchange		
Section 152 (2A) (b) - Rendering or Providing of Services – Co. cases	15%	
Section 152 (2A) (b) - Rendering or Providing of Services - Other than Co	15%	
Section 152 (2A) (c) - Sports Person	15%	
Section 152 (2A) (c) - Execution of contracts - Other than Sports Persons	8%	

Capital gain on sale of Securities [Sec 37A]

Holding period	Tax on disposal of sec acquired between 1 July, 2022 and 30 June, 2024	Tax on disposal of securities acquired on or after 1st day of July, 2024
Where the holding period does not exceed one year	15%	15% for persons appearing on the ATL on the date of acquisition and the date of disposal of securities. And at the normal slab rates for non-Active taxpayers. Provided that the rate shall not be lower than 15%.
Where the holding period exceeds 1 year but does not exceed 2 years	12.5%	
Where the holding period exceeds 2 years but does not exceed 3 years	10%	
Where the holding period exceeds 3 years but does not exceed 4 years	7.5%	
Where the holding period exceeds 4 years but does not exceed 5 years	5%	
Where the holding period exceeds 5 years but does not exceed 6 years	2.5%	
Where the holding period exceeds 6 years	0%	
Future commodity	5%	5%

Supply of goods and services [Sec 153]

Payments for goods up to Rs. 75,000 per supplier per year and for services up to Rs. 30,000 per supplier per year are exempt from tax deduction under section 153.

Sale of goods – Toll Manufacturing	Filer	Non- filer
By company [toll manufacturing]	15%	30%
By Individual and AOP [toll manufacturing]	15%	30%
Other Services	Filer	Non- filer
By company	5%	10%
By Individual and AOP	5.5%	11%
Specified Services	Filer	Non- filer
IT services and IT enabled services, Telecom infrastructure (tower)	4%	8%
Advertisement Services other than electronic or print media	6%	12%
Transport, Freight forwarding, Air cargo services, Courier services		
Manpower outsourcing, Engineering services & Oilfield Services		
Hotel services, Car rental services / Travel & Tour Services		

Security guard services, Inspection services, Tracking services		
Building maintenance services, Warehousing services		
Certification services, Testing services, Training services		
Services rendered by asset management companies		
Data services provided under license issued by the PTA		
Services rendered by Pakistan Stock Exchange, Share registrar services		
Advertisement (Elec/print media), rice, cotton seeds, and edible oils	1.5%	3%
Sportsperson	15%	30%
By Company	7.5%	15%
By Individual and AOP	8%	16%

Import [Sec 148] [Advance Tax]		
	Filer	Non-Filer
Persons importing goods classified in Part I of the 12th Schedule – Material and Machinery	1%	2%
Persons importing goods classified in Part II of the 12th Schedule (Parts and Components)	2% (Non-Com) 3.5% (Com)	4% (Non-Com) 7% (Com)
Persons importing goods classified in Part III of the 12 th Schedule (Any other items) - Non-Commercial	5.5% (Non-Com) 6% (Com)	11% (Non-Com) 12% (Com)
Manufacturers covered under S.R.O. 1125(I)/2011	1%	2%
Persons importing finished pharmaceutical products that are not manufactured in Pakistan	4%	8%
Importer of CKD kits of electric vehicles – SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below	1%	2%

Capital gain on sale of immovable property [Sec 37]				
Tax on properties acquired on or before 30th day of June, 2024				Tax on properties acquired on or after 1st day of July, 2024
	Open Plot	Constructed	Flat	
Sold within 1 year of purchase	15%	15%	15%	15% for persons appearing on the ATL on date of Disposal of
Sold after 1 year but before 2 years of purchase	12.5%	10%	7.5%	

Sold after 2 years but before 3 years of purchase	10%	7.5%	0%	property and at the normal slab rates. Provided that the rate of tax for individuals and AOP not appearing on the ATL, the rate of tax shall not be less than 15% of the gain
Sold after 3 years but before 4 years of purchase	7.5%	5%	0%	
Sold after 4 years but before 5 years of purchase	5%	0%	0%	
Sold after 5 years but before 6 years of purchase	2.5%	0%	0%	
Sold after 6 years of purchase	0%	0%	0%	

Tax on Builders [Sec 7C]

(A) Karachi, Lahore and Islamabad	(B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	[C] Urban Areas not specified in A and B
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For commercial buildings

Rs. 210/ Sq Ft	Rs. 210/ Sq Ft	Rs. 210/ Sq Ft
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For residential buildings

Area in Sq. ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft	Area in Sq. Ft	Rate/ Sq. Ft
Up to 750	Rs. 20	Up to 750	Rs. 15	Up to 750	Rs. 10
751 to 1500 1501 & more	Rs. 40 Rs. 70	751 to 1500 1501 & more	Rs. 35 Rs. 55	751 to 1500 1501 & more	Rs. 25 Rs. 35

Tax on Developers [Sec 7D]

(A) Karachi, Lahore and Islamabad	(B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	(C) Urban Areas not specified in A and B
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For commercial Plots

Rs. 210/ Sq Yd	Rs. 210/ Sq Yd	Rs. 210/ Sq Yd
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For residential Plots

Area in Sq. Yd	Rate/ Sq. Yd	Area in Sq. Yd	Rate/ Sq. Yd	Area in Sq. Yd	Rate/ Sq. Yd
Up to 120	Rs. 20	Up to 750	Rs. 15	Up to 750	Rs. 10
121 to 200	Rs. 40	121 to 200	Rs. 35	121 to 200	Rs. 25
201 and more	Rs. 70	201 and more	Rs. 55	201 and more	Rs. 35

Advance tax on purchase of immovable property [Sec 236K]			
	Filer	Late-Filer	Non-Filer
Where gross consideration does not exceed Rs. 50 m	1.5%	6%	12%
Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs 100 million	2%	7%	16%
Where gross consideration received exceeds Rs. 100 m	2.5%	8%	20%

Transfer of Immovable Property [Sec 236C]			
	Filer	Late Filer	Non-Filer
Where gross consideration received does not exceed Rs.50 m	4.5%	6%	10%
Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs 100 million	5%	7.0%	
Where gross consideration received exceeds Rs. 100 million	5.5%	8%	

Payments to Non-Resident [Sec 7]	Filer	Non-filer
Section 7: Shipping Income	8%	8%
Section 7: Air Transport Income	3%	3%

Prizes and Winnings [Sec 156]		
	Filer	Non-filer
Prize bond or cross-word puzzle	15%	30%
Raffle, Lottery, quiz, prize on sale promotion by a company	20%	40%

Petroleum Products [Sec 156A]		
	Filer	Non-Filer
Petroleum products to a petrol pump operator	12%	17.5%

Cash Withdrawals [Sec 231AB]		
	Filer	Non-Filer
Cash withdrawal of more than Rs. 50,000 per day on aggregate basis	0%	0.6%

Motor Vehicles [Sec 231B]		
Engine Capacity	Filer	Non-Filer
Up to 850cc	0.5% of the value	1.5% of the value
851cc to 1,000cc	1% of the value	3% of the value
1,001cc to 1,300cc	1.5% of the value	4.5% of the value
1,301cc to 1,600cc	2% of the value	6% of the value
1,601cc to 1,800cc	3% of the value	9% of the value
1,801cc to 2,000cc	5% of the value	15% of the value
2,001cc to 2,500cc	7% of the value	21% of the value
2,501cc to 3,000cc	9% of the value	27% of the value
Above 3,000cc	12% of the value	36% of the value

Motor Vehicles [Sec 231B SUB 2A]		
Engine Capacity	Filer	Non-Filer
Up to 1,000cc	Rs. 100,000	Rs. 300,000
1,001cc to 2,000cc	Rs. 200,000	Rs. 600,000
2,001cc and above	Rs. 400,000	Rs. 1,200,000

Foreign Domestic Workers [Sec 231C]		
	Filer	Non-Filer
from the agency, sponsor or the person employing the services of such foreign national	Rs. 200,000	Rs. 400,000

Brokerage and Commission [Sec 233]		
	Filer	Non-filer

Advertising Agents	10%	20%
Life Insurance Agents receiving less than Rs. 500,000 per annum	8%	16%
Persons not covered above	12%	24%

Tax on Motor Vehicles [Sec 234]	
Goods transport vehicles	Rs. 2.5 per kg of laden weight
Vehicles above 8,120 kg of laden weight	Rs. 1,200 per annum

Electricity Consumption [Sec 235]	
Up to Rs. 500	Rs. 0
Exceeds Rs. 500 but does not exceed Rs. 20,000	10% of amount
Exceeds Rs. 20,000	Rs. 1,950 + 12% of the amount exceeding Rs. 20,000 for commercial customers. Rs. 1,950 + 5% of amount exceeding Rs. 20,000 for industrial customers

Telephone and Internet [Sec 236]		
	Filer	Non-filer
In the case of a telephone subscriber (other than mobile phone subscriber) where the amount of monthly bill exceeds Rs. 1,000	10% of the exceeding amount of bill	10% of the exceeding amount of bill
In the case of subscriber of internet, mobile telephone and pre-paid internet or telephone card	15% of the amount of bill or sales price of internet pre-paid card or prepaid telephone card or sale of units through any electronic medium or whatever form	15% of the amount of bill or sales price of internet pre-paid card or prepaid telephone card or sale of units through any electronic medium or whatever form
In the case of persons mentioned in income tax general order issued under section 114B, the rate of collection of tax shall be 75% of the amount of bill or sale price of internet pre-paid card or prepaid telephone card or sale of units to any electronic medium or whatever form.		

Sale by Public Auction [Sec 236A]		
	Filer	Non-filer
Any property or good other than immovable property	10% of Gross Sale Price	20% of Gross Sale Price
Immovable property by auction and sale by auction of train management services by Pakistan Railways	5% of Gross Sale Price	10% of Gross Sale Price

Foreign TV Serials and Advertisement [Sec 236CA]		
	Filer	Non-Filer
Foreign produced TV Drama Serial or Play	Rs. 1,000,000 per Episode	Rs. 2,000,000 per Episode
Foreign produced TV Play Single Episode	Rs. 3,000,000	Rs. 6,000,000
Advertisement Starring Foreign actor	Rs. 100,000 per second	Rs. 200,000 per second

Functions and Gatherings [Sec 236CB]		
	Filer	Non-Filer
Functions and gatherings	10%	20%

Advance Tax on Sale to distributor, dealer and wholesaler [Sec 236G]		
	Filer	Non-Filer
Fertilizers	0.7%	2%
Other than Fertilizers	0.1%	2%

Advance tax on sales to retailers [Sec 236H]		
	Filer	Non-Filer
Advance tax on sales to Retailers	0.5%	2.5%

Amount Remitted Abroad through Credit, Debit, or Prepaid Card [Sec 236Y]		
	Filer	Non-Filer
Advance tax on amount remitted via credit, debit or prepaid cards	5%	10%

Issue by Companies [Sec 236Z]		
	Filer	Non-Filer
Every company, issuing bonus shares to the shareholders of the company	10% of bonus shares issued	20% of bonus shares issued

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