

# **TAX MEMORANDUM-2009**

# **WAPDA**

PRESENTED BY:-

**OFFICE OF  
DIRECTOR (TAXES), WAPDA  
320, WAPDA HOUSE LAHORE.  
PH. NO. 042-99200707, 99202211/2371  
FAX NO. 042-99200707**

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# PAKISTAN WATER & POWER DEVELOPMENT AUTHORITY

## **TAX MEMORANDUM-2009**

The existing laws are always subject to the modifications introduced by the Government of Pakistan to cope with the day-to-day changing environment. The amendments effective from 1<sup>st</sup> July, 2009 are hereunder summarized. It is not out of place to mention that only those amendments have been picked up which are presumed to affect the employees and the offices of WAPDA.

### **INCOME TAX**

#### **DEFINITION OF SALARY(Under Section-12).**

Salary means any amount received by an employee from any employment, whether of a revenue or capital nature, including:

- a) Any pay, wages or other remuneration provided to an employee, overtime payment, bonus, commission, fees, gratuity or work condition supplements (such as for unpleasant work, dangerous working conditions)

“provided that any bonus paid or payable to corporate employees receiving salary income of one million or more (excluding bonus) in tax year 2010 shall be chargeable to tax at the rate provided in paragraph (2) of Division-I of Part-I of First Schedule.

- b) Any perquisite whether convertible to money or not.
- c) Allowances provided by an employer including cost of living, subsistence, rent, utilities, education, entertainment or travel allowance, other than allowances solely expended in the performance of the duties of employment.
- d) Expenditure incurred by an employee that is paid or reimbursed by the employer other than expenditure incurred on behalf of the employer in the performance of the duties of employment.’

- e) Amount of any profit in lieu of or in addition to salary or wages including following amounts received:-

➤	As consideration for a person's agreement to enter into an employment relationship
➤	As consideration for employee's agreement to any conditions of employment or any changes to the employee's condition of employment.
➤	On termination of employment paid under an agreement or voluntarily including compensation for redundancy, loss of employment and golden handshake payments.
➤	From a provident fund or any other fund to the extent to which the amount is not a repayment of contribution made by the employee to the fund in respect of which the employee not entitled to a deduction.
➤	As consideration for "an employee's agreement to a restrictive covenant in respect of any past, present or prospective employment".

- f) Pension or annuity or any supplement to a pension or annuity and,

- g) Any amount chargeable to tax as "Salary" under Section-14.

### **SALARY RECEIVED IN ARREARS Under Section-12 (7 & 8)**

- (7) Where:

- a) any amount chargeable under the head "Salary" is paid to an employee in arrears; and
- b) as a result the employee is chargeable at higher rates of tax than would have been applicable if the amount had been paid to the employee in the tax year in which the services were rendered,

the employee may, by notice in writing to the Commissioner, elect for the amount to be taxed at the rates of tax that would have been applicable if the salary had been paid to the employee in the tax year in which the services were rendered.

- (8) An election under sub-section (6) or (7) shall be made by the due date for furnishing the employee's return of income or employer certificate, as the case may be, for the tax year in which the amount was received or by such later date as the Commissioner may allow

### **TAXATION OF FREE ELECTRICITY SUPPLY UNITS Under Section 13(6)**

As per provisions contained in Section-13(6) of Income Tax Ordinance 2001, where in a tax year utilities are provided by an employer to an employee, the amount chargeable to tax to the employee under the head "SALARY" for the year shall include the fair market value of the utilities provided, as reduced by any payment made by the employee for the utilities. (effective from 1<sup>st</sup> July, 2006)

It is crystal clear that the pay masters are responsible for deduction of tax from the salary of the employees including the annual value of free electricity supply admissible to various categories of the employees. The employee having consumed the electricity units less than his free entitlement is responsible to intimate accordingly to his pay master with documentary proof but not later than 10th of June every year.

The Clause-38 of Part-I of Second Schedule giving prescribed limit of exemption has since been deleted from 1<sup>st</sup> July 2006. The same is reproduced here under:

“Any sum paid for purpose of meeting the charges for gas, water and electricity or value of gas, water and electricity provided free of charge to an employee upto ten percent (10%) of minimum of time scale.”

### **TAX YEAR (Under Section-74)**

The concepts of “income year” and “assessment year” have been done away with under this section. There will now be a single “tax year” of a period of 12 months ending June 30, (referred to as normal tax year). This will be denoted by the calendar year in which the closing date of the normal tax year falls. For example year ending June 30, 2010 will be “Tax Year 2010”.

Where an income year under the repealed Income Tax Ordinance 1979 is different from the normal tax year or where a person is allowed to use a twelve month period different from the normal tax year, such year shall be treated as tax year and will be referred to as a special tax year. This like the normal tax year will be denoted by the calendar year in which the closing date of the special tax year falls.

### **RESIDENT INDIVIDUAL (Under Section-82)**

An individual shall be a resident individual for a tax year if the individual:

- a) is present in Pakistan for a period of, or periods amounting in aggregate to one hundred and eighty three (183) days or more in the tax year.
- b) is an employee or official of the Federal Government or Provincial Government posted abroad in the tax year.

### **PRINCIPLES OF TAXATION OF ASSOCIATIONS OF PERSONS (Under Section- 92).**

An association of persons shall be liable to tax separately from the members of the association and where the association of persons has paid tax the amount received by a member of the association in the capacity as member out of the income of the association shall be exempt from tax.

## **FILING OF INCOME TAX RETURN (Under Section -114)**

### **PERSONS REQUIRED TO FURNISH RETURN OF INCOME**

- (1) Subject to this Ordinance, the following persons are required to furnish a return of income for a tax year, namely:
- a) Every company.
  - (ab) Every person (other than a company) whose taxable income for the year exceeds the maximum amount that is not chargeable to tax under this Ordinance for the year;
  - (ac) Any non-profit organization as defined in Clause (36) of Section 2; and
  - (ad) Any welfare institution approved under clause (58) of Part-I of the Second Schedule.
  - (b) Any person not covered by clause (a), (ab), (ac) or (ad) who:
    - i. has been charged to tax in respect of any of the two preceding tax years;
    - ii. claims a loss carried forward under this Ordinance for a tax year;
    - iii. owns immovable property, with a land area of two hundred and fifty square yards or more, or owns any flat located in areas falling within the Municipal limits existing immediately before the commencement of local government laws in the provinces or area in a Cantonment or the Islamabad Capital Territory.
    - iv. Owns immovable property with a land area of five hundred square yards or more located in a rating area;
    - v. Owns a flat having covered area of two thousand square feet or more located in a rating area;
    - vi. Owns a motor vehicle having engine capacity above 1000CC; and
    - vii. has obtained National Tax Number.”; and
- (2) A return of income;
- a) shall be in the prescribed form and shall be accompanied by such annexure, statements or documents as may be prescribed;
  - b) shall fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; and
  - c) shall be signed by the person, being an individual, or the person’s representative where section 172 applies.

- (2A) A return of income filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1); and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitize the data of such returns and transmit the same electronically to the Income Tax Department under their digital signatures and other matters relating to electronic filing of returns statements or documents etc.
- (6) Any person who, having furnished a return, discovers any omission or wrong statement therein, without prejudice to any other liability, which he may incur under this Ordinance, may furnish a revised return for that Tax Year at any time, within five years from the end of the financial year in which original return was filed, subject to the following, namely:--
- a) it is accompanied by the revised accounts or revised audited accounts, as the case may be;
  - b) the reason of revision of return, in writing, duly signed, is filed therewith; and
  - c) it is filed before the issuance of the notice for amendment of assessment.”;

**PERSONS NOT REQUIRED TO FURNISH RETURN OF INCOME - Under Section-115 (1,3 & 4A & 4B).**

Provided that where salary income, for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116.”

- 3) The following persons shall not be required to furnish return of income for tax year solely by reason of sub-clauses (iii) of clause (b) of sub-section (1) of section 114:-
- a) A Widow.
  - b) An orphan below the age of twenty five years.
  - c) A disable person; or
  - d) In the case of ownership of immovable property, a non-resident person.
- (4A) Any person who, having furnished a statement, discovers any omission or wrong statement therein, he may, without prejudice to any other liability which he may incur under this Ordinance, furnish a revised statement for that tax year, at any time within five years from the end of the financial year in which the original statement was furnished.
- (4B) Every person (other than a company) filing statement under sub-section (4), falling under final tax regime (FTR) and has paid tax amounting to twenty thousand rupees or more for the tax year, shall file a wealth statement alongwith reconciliation of wealth statement.”;

**FILING OF WEALTH STATEMENT**  
**Under Section – 116(1)(2) & (3)**

- (1) Subject to sub-section (2), the Commissioner may, by notice in writing, require any person to furnish, on the date specified in the notice, a statement (hereinafter referred to as the “wealth statement”) in the prescribed form and verified in the prescribed manner giving particulars of –
- (a) the person’s total assets and liabilities as on the date or dates specified in such notice;
  - (b) the total assets and liabilities of the person’s spouse, minor children, and other dependents as on the date or dates specified in such notice;
  - (c) any assets transferred by the person to any other person during the period or periods specified in such notice and the consideration for the transfer; and
  - (d) the total expenditures incurred by the person, and the person’s spouse, minor children, and other dependents during the period or periods specified in the notice and the details of such expenditures.
  - (e) Reconciliation statement of wealth.
- (2) Every resident taxpayer filing a return of income for any tax year whose last declared or assessed income, or declared income for the year is five hundred thousand rupees or more shall furnish a wealth statement and Wealth Reconciliation Statement for that year along with such return.
- (3) Where a person, who has furnished a wealth statement, discovers any omission or wrong statement therein, he may, without prejudice to any liability incurred by him under any provision of this Ordinance, furnish a revised wealth statement at any time before an assessment, for the tax year to which it relates, is made under sub-section (1) or sub-section (4) of section-122.

**NOTE:**

*If WAPDA tax deducting office has submitted Annual Tax Deduction Statement then employee concerned is not obliged to file return of his income. However, if the declared income of the concerned WAPDA employee for the tax year is Rs. 500,000/- or more, he will file Wealth Statement on prescribed form.*

**DATE OF FILING OF RETURNS.**  
**Section 118 Sub Clause 2(a) & (b).**

**DUE DATES FOR FILING RETURNS**  
**CERTIFICATES AND STATEMENTS ETC.**

	PARTICULARS		DUE DATE
(a)	In the case of Company with a Tax year ending any time between 1 <sup>st</sup> January and 30th June	=	On or before 31 December next following the end of the relevant tax year
(b)	In any other case	=	On or before 30th September next following the end of the relevant tax year

**REFERENCE TO HIGH COURT (Under Section -133)**

- (1) Within ninety days of the communication of the order of the Appellate Tribunal under sub-section (7) of section 132, the aggrieved person or the Commissioner may prefer an application, in the prescribed form along-with a statement of the case, to the High Court, stating any question of law arising out of such order.
- (2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law which arises out of its order.
- (3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order referred to in sub-section (1), it may proceed to hear the case.
- (4) A reference to the High Court under this section shall be heard by a Bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908), shall apply, so far as may be, notwithstanding anything contained in any other law for the time being in force.
- (5) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Tribunal's order shall stand modified accordingly. The Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

**ALTERNATIVE DISPUTE RESOLUTION**  
**(Under Section-134A)**

- (1) Notwithstanding any other provision of Income Tax Ordinance 2001 or the rules made there-under an aggrieved person, in connection with any matter pending before an Appellate Authority, may apply to Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, “except where prosecution proceedings have been initiated or where interpretation of question of law having effect on identical other cases”.
- (2) The Board after examination of application of the aggrieved person, shall “within sixty days of receipt of such application in the Board” appoint a committee comprising of three members, one officer from Income Tax Department and other two from chartered or cost Accountants, Advocates, income tax practitioners for the resolution of the hardship or dispute.
- (3) The Committee constituted under sub-section (2) shall examine the issue and may if it deem fit necessary conduct inquiry seek expert opinion, direct any officer of the Income Tax or any other person to conduct an audit and shall make recommendations within ninety days of its constitution in respect of the resolution of the dispute. If the committee fails to make recommendations within the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision.”;
- (4) The Board may on recommendation of the committee pass such order, as it may deem appropriate “within forty five days of the receipt of recommendation of the committee.”

**DEDUCTION OF INCOME TAX AT IMPORT STAGE**  
**(Under Section-148) & PART-II OF FIRST SCHEDULE.**

- (1) The Collector of Customs shall collect advance tax from every importer of goods on the value of goods @ 4 % (effective from 1<sup>st</sup> July 2009).
- (2) The tax collected under this section shall be a final tax on the income of the importer.

**EXEMPTION FROM LEVY OF INCOME TAX ON IMPORTED GOODS**  
**UNDER SECTION-148 & CLAUSE-47A, PART-IV OF SECOND**  
**SCHEDULE.**

The provisions of Section 153 shall not apply in respect of payments received by a resident person for supply of such goods as were imported by the same person on which tax has been paid under Section-148.

**DEDUCTION OF TAX AT SOURCE FROM SALARY**  
**UNDER SECTION-149**

Every employer paying salary to an employee shall at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division-I of the First Schedule on the estimated income of the employee chargeable under head "SALARY" for the tax year in which the payment is made after making (**adjustment of tax withheld from employee under other heads and tax credit admissible under Section 61,62,63 & 64 during the tax year after obtaining documentary evidence**) as may be necessary for:

- i. tax withheld from the employee under this ordinance during the tax year or
- ii. any excess deduction or deficiency arising out of any previous deduction or
- iii. failure to make deduction during the year.

## **TAX RATES FOR SALARIED PERSONS**

### **Part-I, Division-I, Clause-1A of First Schedule to the Income Tax Ordinance-2001**

Where the income of an individual chargeable under the head "SALARY" exceeds fifty per cent (50%) of his taxable income, the rates of tax applied shall be as set out in the following table (effective from 1<sup>st</sup> July 2009).

#	Taxable Income	Rate of Tax
1.	Where the taxable income does not exceed Rs. 200,000	0%
2.	Where the taxable income exceeds Rs. 200,000 but does not exceed Rs. 250,000	0.50%
3.	Where the taxable income exceeds Rs. 250,000 but does not exceed Rs. 350,000	0.75%
4.	Where the taxable income exceeds Rs. 350,000 but does not exceed Rs. 400,000	1.50%
5.	Where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 450,000	2.50%
6.	Where the taxable income exceeds Rs. 450,000 but does not exceed Rs. 550,000	3.50%
7.	Where the taxable income exceeds Rs. 550,000 but does not exceed Rs. 650,000	4.50%
8.	Where the taxable income exceeds Rs. 650,000 but does not exceed Rs. 750,000	6.00%
9.	Where the taxable income exceeds Rs. 750,000 but does not exceed Rs. 900,000	7.50%
10.	Where the taxable income exceeds Rs. 900,000 but does not exceed Rs. 1,050,000	9.00%
11.	Where the taxable income exceeds Rs. 1,050,000 but does not exceed Rs. 1,200,000	10.00%
12.	Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,450,000	11.00%
13.	Where the taxable income exceeds Rs. 1,450,000 but does not exceed Rs. 1,700,000	12.50%
14.	Where the taxable income exceeds Rs. 1,700,000 but does not exceed Rs. 1,950,000	14.00%
15.	Where the taxable income exceeds Rs. 1,950,000 but does not exceed Rs. 2,250,000	15.00%
16.	Where the taxable income exceeds Rs. 2,250,000 but does not exceed Rs. 2,850,000	16.00%
17.	Where the taxable income exceeds Rs. 2,850,000 but does not exceed Rs. 3,550,000	17.50%
18.	Where the taxable income exceeds Rs. 3,550,000 but does Not exceed Rs. 4,550,000	18.50%
19.	Where the taxable income exceeds Rs. 4,550,000 but does Not exceed Rs. 8,650,000	19.00%
20.	Where the taxable income exceeds Rs. 8,650,000	20.00%

Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the table, the income tax payable shall be the tax payable on the maximum of that slab plus an amount equal to:

- i. 20% of the amount by which the total income exceeds the said limit where the total income does not exceed Rs.550,000.
- ii. 30% of the amount by which the total income exceeds in each slab but total income does not exceed Rs. 1,050,000.
- iii. 40% of the amount by which the total income exceeds in each slab but total income does not exceed Rs. 2,250,000.
- iv. 50% of the amount by which the total income exceeds in each slab but total income does not exceed Rs. 4,550,000.
- v. 60% of the amount by which the total income exceeds in each slab but total income exceeds Rs. 4,550,000”.

**NOTE: SPECIAL RELIEF FOR SALARIED WOMAN:**

*Where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 260,000/-.*

**DEDUCTION OF TAX ON FLYING ALLOWANCE  
(PART-III, CLAUSE-1(a)&(b) OF SECOND SCHEDULE.**

Any amount received as flying allowance by: (effective from 1<sup>st</sup> July 2008)

(a) Pilots, flight engineers and navigators of Pakistan Armed Forces, Pakistan Air Lines or Civil Aviation Authority Junior Commissioned Officers or other ranks of Pakistan Armed Forces and;

(b) Submarine allowance received by the officers of Pakistan Navy shall be taxed @ 2.5% as a separate block of income

**1. SENIOR CITIZENS PART-III, CLAUSE(1A) OF SECOND SCHEDULE.**

Where the taxable income, in a tax year, of a taxpayer aged (60) years or more on the first day of that tax year does not exceed Rs. 750,000/-(Seven hundred fifty thousand rupees), his tax liability on such income shall be reduced by 50% (effective from 1<sup>st</sup> July 2009).

**2. REDUCTION FOR FULL TIME TEACHER OR RESEARCHER  
PART-III, CLAUSE-1(2) OF SECOND SCHEDULE.**

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 training and research institution, shall be reduced by an amount equal to 75% of tax payable on his income from salary.

**4. PRESENTLY FOLLOWING TAX ADJUSTMENTS AND TAX CREDITS ARE AVAILABLE TO THE SALARIED PERSONS.**

**(a) Adjustment of tax collected/deducted on**

- i. Motor vehicle tax collected under Section 234 in respect of motor vehicle registered in employees' own name. (FBR's Circular No.5 dated 5<sup>th</sup> July, 2008)
- ii. Tax collected through Electricity bills under Section 235 (FBR's Circular No. 5 dated 5<sup>th</sup> July, 2008).
- iii. Tax collected through Telephone bill (under section 236) (FBR's Circular No. 5 dated 5<sup>th</sup> July, 2008)
- iv. Tax collected on Cash withdrawals from banks (under section 231- A) (FBR's Circular No.1 dated 2<sup>nd</sup> July, 2007)
- v. Tax collected by Vehicle Registration Authority at the time registration of new Car/Jeep (U/S-23 1-B) (FBR's Circular No.1 dated 2<sup>nd</sup> July, 2007)

**(b) Tax Credits on:**

- i. Donations to approved NPOS(Section-61)
- ii. Investment in shares (Section-62)
- iii. Contribution to approved pension funds (Section-63)
- iv. Profit on debt paid in respect of house loans etc (Section-64)

The employer shall however be responsible to obtain documentary evidence for correct application of relevant provisions of law.

## **VALUATION OF ALLOWANCES AND PERQUISITES UNDER INCOME TAX RULES-2002.**

### **1) VALUATION OF PERQUISITES, ALLOWANCE & BENEFITS (RULE-3)**

For the purpose of computing the income chargeable under the head “SALARY” the value of all perquisites, allowances and benefits provided by the employer to the employee shall be included in the said income in accordance with Rules 4 to 7 of Income Tax Rules 2002.

### **2) VALUATION OF ACCOMMODATION (PROVIDED BY EMPLOYER)(RULE-4).**

The value of accommodation provided by an employer to the employee shall be taken equal to the amount that would have paid to the employee in case of such accommodation was not provided to him.

Provided that value taken for this purpose shall in any case not be less than thirty per cent (30%) of the minimum of the time scale of the basic salary or the basic salary where there is no time scale (effective from 1<sup>st</sup> July 2008)

### **3) VALUATION OF CONVEYANCE (PROVIDED BY THE EMPLOYER (RULE-5)**

The addition on account of Motor Vehicle provided by the employer to the employee shall be calculated in the following manner:

#### **i. Where motor vehicle is used partly for personal and partly for official.**

In case the motor vehicle provided by the employer is used partly for personal and partly for official, the amount to be included in the salary on this account shall be 5%, of:

- (a) The cost to the employer for acquiring the motor vehicle OR
- (b) The fair market value of the motor vehicle at the commencement of the lease if the motor vehicle is taken on lease by the employer.

#### **ii. Where motor vehicle is provided exclusively for personal or private use.**

In case motor vehicle provided by the employer is used exclusively for personal or private use, addition in income will be made as under:-

(a)	Where motor vehicle is owned by the employer	10% of cost to the employer for acquiring the motor vehicle
		<b>OR</b>
(b)	Where the motor vehicle is taken on lease by the employer	10% of fair market value of the motor vehicle at the commencement of the lease

## **TAX COMPUTATION EXAMPLES.**

The following examples will illustrate the Tax computation of salaried taxpayers for the Tax Year-2010 and tax shall accordingly be deducted under section 149 (1) of the Income Tax Ordinance, 2001 by the employers w.e.f. 1<sup>st</sup> July 2009.

### **EXAMPLE-1**

#### **Minimum Time Scale BPS-16 (6060-470-20160)**

<b>S. No.</b>	<b>Particulars</b>	<b>Taxable Income</b>
1.	Pay	154,970
2.	Personal Pay	-
3.	Qualification Pay	4,800
4.	D.E.A. Allowance @ 15%	15,216
5.	Special Additional Allowance 25% or 20%	5,496
6.	ADH Relief & SP-R-Allowance: 15% + 15%	24,312
7.	Adhoc Relief-2009 @ 20%	30,336
8.	H.R. Allowance 45%	32,724
9.	Value of Electricity	15,852
10.	Conveyance Allowance	29,760
11.	Wapda Allowance	2,400
	<b>Total</b>	<b>315,866</b>

#### **TAX:**

Amount (Rs.)

On Rs. 315,866/- @ 0.75% = 2,369.00

#### **NOTE:-**

*Tax calculation according to Marginal Tax Relief Formula is not beneficial.  
Hence tax calculated according to normal slab.*

## **EXAMPLE-2**

### **Minimum Time Scale BPS-17 (9850-740-24650)**

<b>#</b>	<b>Particulars</b>	<b>Taxable Income</b>
1.	Pay	295800
2.	Personal Pay	31820
3.	Special Pay	-
4.	Qualification Pay	-
5.	Special Addl. Allowance 25% or 0%	12204
6.	Special Relies allowance 15%	27084
7.	Adhoc Relief 15%	27084
8.	Dearness Allowance 15%	33072
9.	Adhoc Relief-2009 @ 15%	48366
10.	Conveyance Allowance	29760
11.	H.R.A/House Acquisition 45%	53190
12.	Cost of Free Electy.	30306
13.	Job Allowance	4800
	<b>Total</b>	<b>593486</b>

#### **TAX:**

Amount (Rs)

On Rs. 593486 @ 4.50% = 26,707

#### **NOTE:-**

*Tax calculation according to Marginal Tax Relief Formula is not beneficial.  
Hence tax calculated according to normal slab.*

### **EXAMPLE-3**

#### **Minimum Time Scale BPS-18 (12910-930-31510)**

#	Particulars	Taxable Income
1.	Pay	351450
2.	Special Addl. Allowance 25% or 20%	12204
3.	Special Relies allowance 15%	27276
4.	Adhoc Relief 15%	27276
5.	Dearness Allowance 15%	35064
6.	Conveyance Allowance	29760
7.	H.R.A/House Acquisition 45%	69714
8.	Cost of Free Electricity.	44760
9.	Qualification Pay	4800
10.	Adhoc Relief Allowance-2009 @ 15%	51804
	<b>Total</b>	<b>654108</b>

#### **TAX:**

#### **Amount (Rs)**

On Rs. 650,000 @ 4.50%	=	29,250
On remaining Rs. 4,108 @ 30%	=	1,232
Gross Tax	=	30,482

#### **NOTE:-**

*Tax calculation according to Marginal Tax Relief Formula is beneficial.*

## **EXAMPLE-4**

### **Minimum Time Scale BPS-19 (19680-970-39060)**

<b>#</b>	<b>Particulars</b>	<b>Taxable Income</b>
1.	Pay	373150
2.	Special Pay	3000
3.	Special Addl. Allowance 25% or 20%	12204
4.	Special Relies allowance 15%	30072
5.	Adhoc Relief 15%	30072
6.	Dearness Allowance 15%	37092
7.	Conveyance Allowance	29760
8.	H.R.A/House Acquisition 45%	106272
9.	Cost of Free Electy.	75996
11.	Entertainment Allowance	6000
12.	Adhoc Relief-2009 @ 15%	54954
	<b>Total</b>	<b>758572</b>

#### **TAX:**

Amount (Rs)

On Rs. 750,000 @ 6% = 45,000

On remaining Rs. 8572 @ 30% = 2,572

Gross Tax = 47,572

#### **NOTE:-**

*Tax calculation according to Marginal Tax Relief Formula is beneficial.*

## **EXAMPLE-5**

### **Minimum Time Scale BPS-20 (23345-1510-44485)**

#	Particulars	Taxable Income
1.	Pay	453790
2.	Qualification Pay	13200
3.	Special Addl. Allowance 25% or 20%	18600
4.	Special Relies allowance 15%	34500
5.	Adhoc Relief 15%	34500
6.	Dearness Allowance 15%	44244
7.	Adhoc Relief-2009 @ 15%	68068
8.	H.R.A/House Acquisition 45%	126063
9.	Cost of Free Electricity.	102396
10.	Job Allowance	37332
11.	Orderly Allowance	36000
12.	Entertainment Allowance	7200
	<b>Total</b>	<b>975893</b>

#### **TAX:**

Amount (Rs)

On Rs. 975,893 @ 9% = **87,830**

#### **NOTE:-**

*Tax calculation according to Marginal Tax Relief Formula is not beneficial.*

#### **Assumed the taxpayer has:**

- (a) Donated to charitable Institution (Section-61) = 75,000
- (b) Made investment in shares (Section-62) = 40,000
- (c) Contributed to an Approved Pension Fund (Section-63) = 150,000
- (d) Paid profit on debt (Section-64) = 6,000

**Tax Credit will be computed as under:-**

**1) Charitable Donation (Under Section-61)**

Formula (A/B) × C

Where:-

(A)	is the amount of tax assessed to the person for the year before allowance of any tax credit.	Rs. 87,830
(B)	is the person's taxable income for the tax year and	Rs.975,893
(C)	is the lesser of:-	
	i) the total value of donation to charitable institution	Rs. 75,000
	ii) thirty percent (30%) of the taxable income of the person are association for the tax year.	Rs.292,768
	iii) twenty percent (20%) of taxable income of the company for the tax year.	Rs.195,179

$$\text{Tax Credit: } \frac{87830}{975893} \times 75000 = 6750$$

**2) Investment in shares (Under Section-62) 40,000**

Formula (A/B) × C

Where:-

(A)	is the amount of tax assessed to the person for the year before allowance of any tax credit.	Rs. 87,830
(B)	is the person's taxable income for the tax year and	Rs.975,893
(C)	is the lesser of:-	
	(i) the total cost of acquiring the share in the year; or	Rs. 40,000
	(ii) 10% of the person's taxable income for the relevant tax year; or	Rs. 97,589
	(iii) Rs. 300,000.	Rs.300,000

$$\text{Tax Credit} = \frac{87,830}{975,893} \times 40,000 = \text{Rs. 3600.}$$

### 3) Contribution to an approved Pension Fund (Under Section-63)

Formula (A/B) × C

Where:-

(A)	is the amount of tax assessed to the person for the year before allowance of any tax credit.	Rs. 87,830
(B)	is the person's taxable income for the tax year and	Rs.975,893
(C)	is the lesser of:-	
(i)	the total contribution or premium paid by the person in the year; or	Rs.150,000
(ii)	20% of the person's taxable income for the relevant tax year; or	Rs.195,179
(iii)	Rs. 500,000.	Rs.500,000

$$\text{Tax Credit} = \frac{87,830}{975,893} \times 150,000 = \text{Rs. 13,500.}$$

### 4) Profit on debt (Under Section-64)

Formula (A/B) × C

Where:-

(A)	is the amount of tax assessed to the person for the year before allowance of any tax credit.	Rs. 87,830
(B)	is the person's taxable income for the tax year and	Rs.975,893
(C)	is the lesser of:-	
(i)	the total profit paid by the person in the year; or	Rs. 6,000
(ii)	50% of the person's taxable income for the relevant tax year; or	Rs.487,946
(iii)	Rs. 750,000.	Rs.750,000

$$\text{Tax Credit} = \frac{87,830}{975,893} \times 40,000 = \text{Rs. 3600.}$$

#### Total Tax Credit:-

i.	Under Section-61	6,750	
ii.	Under Section-62	3,600	
iii.	Under Section-63	13,500	
iv.	Under Section-64	<u>540</u>	<u>24,390</u>

$$\text{Balance Tax Payable (Rs. 87830-24390)} = \underline{63,440}$$

**STATEMENTS (Under Section -165)**  
**(REGARDING TAX DEDUCTED UNDER SECTION 149 & 153)**

- 1) Every person collecting tax under Section 149 & 153 (Tax deducted from salaries, suppliers and contractors) shall within two months after the end of the financial year or within such further time as the Commissioner may allow by order in writing furnish to the Commissioner a statement in the prescribed form setting out:-
  - a) the name and address of each person from whom tax has been collected.
  - b) the total amount of payment made to a person from which tax has been deducted.
  - c) the total amount of tax collected from a person to whom payment has been made.
- 2) In addition to the annual statement required to be furnished a person collecting or deducting tax may be required to furnish statement on a prescribed form on monthly, quarterly or six monthly basis as may be prescribed.

**TAXPAYERS REGISTRATION (NTN) Under Section -181**

- (1) Every tax-payer shall apply in the prescribed form and in the prescribed manner for registration.
- (2) The Commissioner having jurisdiction over a case where necessitated by the facts of the case, may also register a taxpayer in the prescribed manner.
- (3) Taxpayer registration scheme shall be regulated through the rules to be notified by the Board.

**RATE OF TAX ON INCOME FROM PROPERTY**  
**SECTION-15, PART-I, DIVISION-VI, OF FIRST SCHEDULE**

(a) The rate of tax to be deducted on rent of land or building in case of individual and association of persons shall be as under :-

S.No.	Gross amount of rent	Rate of Tax
1	Where the gross amount of rent does not exceed Rs. 150,000	Nil
2	Where the gross amount of rent exceeds Rs. 150,000 but does not exceed Rs. 400,000	5 per cent of the gross amount exceeding Rs.150,000
3	Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs. 1,000,000	Rs.12,500 plus 7.5 per cent of the gross amount exceeding Rs.400,000
4	Where the gross amount of rent exceeds Rs. 1,000,000	Rs.57,500 plus 10 per cent of the gross amount exceeding Rs. 1,000,000

(b) The rate of tax to be deducted from company shall be as under.

S.No.	Gross amount of rent	Rate of Tax
1	Where the gross amount of rent does not exceed Rs. 400,000	5 per cent of the gross amount of rent
2	Where the gross amount of rent exceeds Rs. 400,000 but does not exceed Rs. 1,000,000	Rs.20,000 plus 7.5 per cent of the gross amount of rent exceeding Rs.400,000
3	Where the gross amount of rent exceeds Rs. 1,000,000	Rs.65,000 plus 10 per cent of the gross amount of rent exceeding Rs. 1,000,000

## **RATES OF WITHHOLDING TAX**

### **PROFIT ON DEBT UNDER SECTION-151, PART-III, DIVISION-I OF FIRST SCHEDULE**

The rate of tax to be deducted under this section shall be ten percent (10%) of the yield or profit paid on account of:-

- (a) Deposit or a certificate under the National Savings Scheme or post office saving account.
- (b) a banking company or financial institution
- (c) the Federal Government a Provincial Government, a Local Government pays to any person profit on any security other than that referred in clause (a) above.
- (d) a banking company, a financial institution or finance societies pays any profit on any bond, certificate debenture, security or instrument of any kind (other than loan given by banking or a development financial institution).

The profit will be reduced by the amount of Zakat if any paid by the recipient under the Zakat and Ushr Ordinance 1980. The tax deducted under this section will be a final tax on the profit on debt arising to a taxpayer other than company (effective from 1<sup>st</sup> July 2006).

### **DEDUCTION OF TAX FROM NON-RESIDENT CONTRACTORS UNDER SECTION-152(1).**

As per Part-I, Division IV of First Schedule the rate of tax to be deducted on payments to non-residents shall be 15% of the gross amount of the royalty or fee for Technical Services.

### **I-A) TAX DEDUCTION ON EXECUTION OF CONTRACT PART-III, DIVISION-II OF FIRST SCHEDULE.**

Every person making a payment in full or part (including a payment by way of advance) to a non-resident person shall deduct @ 6% of the gross amount on the execution of:

- (a) a contract or sub contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project or
- (b) any other contract for construction or services rendered relating thereto, or
- (c) a contract for advertisement services rendered by T.V. Satellite Channels.

**IAA) TAX DEDUCTION ON INSURANCE PREMIUM  
OF PART-III, DIVISION-II OF FIRST SCHEDULE.**

Every person making a payment of insurance premium or re-insurance premium to a non resident person shall deduct tax @ 5% of the gross amount paid.

**IB&IBB) TAX DEDUCTION ON INCOME OF A NON-RESIDENT  
PERSON ARISING FROM A CONTRACT U/S IA&IAA.**

The tax deducted under sub-section-1-A & 1AA shall be final tax on the income of the Non-resident person arising out of such payment.

**AGREEMENT FOR AVOIDANCE OF DOUBLE TAXATION  
AND PREVENTION OF FISCAL EVASION UNDER SECTION-  
107(1)(2)(a).**

(1) The Federal Government may enter into an agreement with the government of a foreign country for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income imposed under this Ordinance and under the corresponding laws in force in that country, and may, by notification in the official Gazette make such provisions as may be necessary for implementing the agreement.

(2) Where any agreement is made in accordance with sub-section(1), the agreement and the provisions made by notification for implementing the agreement shall, notwithstanding anything contained in any law for the time being in force, have effect in so far as they provide for-

(a) relief from the tax payable under this Ordinance:

**RATES OF WITHHOLDING TAX ON PAYMENTS FOR GOODS &  
SERVICES ETC. (UNDER SECTION -153).**

1) The rate of tax to be deducted from a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident will be as under with effect from 1<sup>st</sup> July 1995.

<p><b>a) i</b></p>	<p><b><u>SUPPLY/SALE OF GOODS</u></b> As per Clause (1) (b) Division-III of Part III of First Schedule at the time of sale of Goods Other than Sale of Rice or Cotton, Cotton Seeds or Edible Oil of the gross amount payable (inclusive sales tax).</p>	<p align="center"><b><u>RATE</u></b> 3.5%</p>
<p><b>ii</b></p>	<p><b><u>SUPPLY OF PHARMACEUTICAL PRODUCTS.</u></b> As per Clause 24-A Part-II of Second Schedule income tax will be deducted of the gross amount of the products.(effective from 1<sup>st</sup> July 2009)</p>	<p align="center">1%</p>
<p><b>b)</b></p>	<p><b><u>FOR RENDERING SERVICES.</u></b> As per Clause (2)(i) of Division-III of Part III of First Schedule: i For Transport Services (w.e.f. 1<sup>st</sup> July 2007) ii. For rendering of (or providing of)) services of the gross amount payable.(effective from 1<sup>st</sup> July 2006.)</p>	<p align="center">2% 6%</p>
<p><b>c)</b></p>	<p><b><u>EXECUTION OF CONTRACT</u></b> The rate of tax to be deducted under section 153(C) read with clause-3 of Division-III Part-III of First Schedule on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing of service of the gross amount payable (effective from 1<sup>st</sup> July 2005).</p>	<p align="center">6%</p>
<p><b>d)</b></p>	<p><b><u>NEWS PRINT MEDIA</u></b> As per Section 153(1) (b), read with Clause 16-A, Part-IV of Second Schedule, income tax from the income of print media services derived from advertising services.(effective from 1<sup>st</sup> July 2009)</p>	<p align="center">0%</p>

**RATE OF WITHHOLDING TAX FROM PAYMENTS TO NON RESIDENT MEDIA PERSONS (U/S 153-A) READ WITH PART-III, DIV IIIA OF FIRST SCHEDULE.**

Every person making payment for advertisement services to a non-resident media person relaying from outside Pakistan shall deduct tax @ 10% of the gross amount paid (effective from 1<sup>st</sup> July 2008).

**COLLECTION OF ADVANCE TAX ON OTHER PAYMENTS**

1. **RATE OF TAX ON RENT OF IMMOVABLE PROPERTY AND ON FURNITURE & FIXTURE (U/S-155 OF PART-III), DIVISION-V**

The tax will be deducted from rent of immovable property including rent of furniture & fixture from individuals and company at below mentioned rates (effective from 1<sup>st</sup> July 2008).

a) **INDIVIDUAL**

S.No.	Gross amount of rent	Rate of Tax
1.	Where the gross amount of rent does not exceed Rs. 150,000	Nil
2.	Where the gross amount of rent exceeds Rs. 150,000 but does not exceed Rs. 400,000	5 per cent of the gross amount exceeding Rs. 150,000
3.	Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs. 1,000,000	Rs. 12,500 plus 7.5 per cent of the gross amount exceeding Rs.400,000
4.	Where the gross amount of rent exceeds Rs. 1,000,000	Rs.57,500 plus 10 per cent of the gross amount exceeding Rs. 1,000,000

b) **COMPANY**

S.No.	Gross amount of rent	Rate of Tax
1.	Where the gross amount of rent does not exceed Rs. 400,000	5 per cent of the gross amount of rent
2.	Where the gross amount of rent exceeds Rs. 400,000 but does not exceed Rs. 1,000,000	Rs.20,000 plus 7.5 per cent of the gross amount of rent exceeding Rs.400,000
3.	Where the gross amount of rent exceeds Rs. 1,000,000	Rs.65,000 plus 10 per cent of the gross amount or rent exceeding Rs.1,000,000

**2. WITHHOLDING TAX ON PRIZES/WINNING (U/S 156 OF PART-III,DIV -VI OF THE FIRST SCHEDULE.**

Tax at the rate of 10% of the gross amount is required to be deducted by every payer while making payment of any prize on prize bonds.

**3. PETROLEUM PRODUCTS (Under Section 156-A), PART-III, DIVISION-VI-A, OF FIRST SCHEDULE**

Every person selling petroleum products to petrol pump operators is now required to collect tax from the commission or discount allowed to the operator @ 10% of such commission or discount (effective from 1<sup>st</sup> July 2004).

**4. ADDITIONAL PAYMENT FOR DELAYED REFUNDS (SECTION -171).**

The rate of compensation on delayed payment of refunds to tax payers if six percent (6%) per annum of the amount of the refund computed for the period commencing at the end of the three months period and ending on the date which it was paid (effective from the 1<sup>st</sup> July 2004).

**5. CASH WITHDRAWAL FROM BANK.(Under Section 231-A, PART-IV, DIVISION-VI, OF FIRST SCHEDULE)**

1. Every banking company shall deduct tax @ 0.3% if the payment for cash withdrawal or the sum total of payment for cash withdrawal in a day exceeds twenty five thousand rupees (effective from 1<sup>st</sup> July 2008).

2. Advance Tax under this section shall not be collected in the case of withdrawal made by:

- a) the Federal or a Provincial Government.
- b) a foreign diplomat or a diplomatic mission in Pakistan.
- c) a person who produces a certificate from the Commissioner of Income Tax that his income during the tax year is exempt form tax.

**NOTE:**

**The tax withheld is adjustable against the persons' income tax liability for the tax year.**

- i) (Circular No. 1 dated 5/7/2005).
- ii) (Circular No. 1(6)WHT/2006 dated 27-6-2006)

6. **ADVANCE TAX ON PRIVATE MOTOR VEHICLES (Under Section 231-B) PART-IV, DIVISION VII OF FIRST SCHEDULE.**

Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a new locally manufactured motor vehicle at below mentioned rates:-

<b>Engine Capacity</b>	<b>Amount of Tax</b>
Upto 850CC	Rs. 7,500
851 CC to 1000 CC	Rs. 10,500
1001 CC to 1300 CC	Rs. 16,875
1301 CC to 1600 CC	Rs. 16,875
1601 CC to 1800CC	Rs. 22,500
1801 CC to 2000 CC	Rs. 16,875
Above 2000 CC	Rs. 50,000

- (2) Provided that the provisions of this section shall not be applicable in case of
- i. the Federal Govt.
  - ii. the Provincial Govt.
  - iii. a foreign diplomat or
  - iv. a diplomatic mission in Pakistan

7) **BROKERAGE AND COMMISSION(Under Section-233, PART-IV, DIVISION-II OF FIRST SCHEDULE)**

- i) Where any payment on account of brokerage or commission is made by Federal Government, a Provincial Government, a local authority, a company or an association of persons, constituted by, or under any law (hereinafter called the principal) to a person (hereinafter called the agent) the principal shall deduct tax 10% (ten percent) from such payment.
- ii) If the agent retain commission on brokerage from any amount remitted by him to the principal, he shall be deemed to have been paid the commission or brokerage by the principal and the principal shall collect advance tax from the agent.
- iii) Where any tax is collected from a person (under sub section (i), the tax so collected shall be the final tax on the income of such person.

8) **CNG STATION (Under Section 234-A, PART-III, DIVISION-VI-B OF FIRST SCHEDULE).**

Advance tax shall be collected @ four per cent (4%) of the gas bill of a compressed Natural Gas Station (effective from 1<sup>st</sup> July 2007)

**WITHHOLDING TAX RATES FROM INDUSTRIAL  
AND COMMERCIAL CONSUMERS OF ELECTRICITY:  
UNDER SECTION 235 PART IV DIVISION IV OF  
FIRST SCHEDULE**

1) The rates of withholding tax have been prescribed as under w.e.f. 1<sup>st</sup> July, 2003.

SR.NO.	L I M I T	R A T E S
1.	If the electricity bill does not exceed Rs.400/-	Rs.60
2.	If the electricity bill exceeds Rs.400/- but does not exceed Rs.600/-	Rs. 80
3.	If the electricity bill exceeds Rs.600/- but does not exceed Rs.800/-	Rs.100
4.	If the electricity bill exceeds Rs.800/- but does not exceed Rs.1000/-	Rs.160
5.	If the electricity bill exceeds Rs.1000/- but does not exceed Rs. 1500/-	Rs.300
6.	If the electricity bill exceeds Rs.1500/- but does not exceed Rs.3000/-	Rs.350
7.	If the electricity bill exceeds Rs3000/- but does not exceed Rs.4500/-	Rs.450
8.	If the electricity bill exceeds Rs.4500/- but does not exceed Rs.6000/-.	Rs.500
9.	If the electricity bill exceeds Rs.6000/- but does not exceed Rs.10,000/-	Rs.650
10.	If the electricity bill exceeds Rs.10,000/- but does not exceed Rs. 15,000/-.	Rs. 1000
11.	If the electricity bill exceeds Rs.15,000/- but does not exceed Rs.20,000/-	Rs. 1500
12.	If the electricity bill exceeds Rs.20,000/-	10% effective from 1 <sup>st</sup> July 2008)

2) The person preparing electricity consumption bill shall charge advance tax under sub-section (1) in the manner electricity consumption charges are charged.

3) Advance tax shall not be charged from a person who produces a certificate from the commissioner that his income during the tax year is exempt from tax.

**4(a)**

- (a) in the case of a taxpayer other than a company, tax collected upto bill amount of thirty thousand rupees per month shall be treated as minimum tax on the income of such persons and no refund shall be allowed:
- (b) in the case of a taxpayer other than a company, tax collected on monthly bill over and above thirty thousand rupees per month shall be adjustable; and
- (c) in the case of a company, tax collected shall be adjustable against tax liability”;

**RATES OF COLLECTION OF TAX THROUGH TELEPHONE BILLS Under Section -236 ( PART-IV, DIVISION -V OF FIRST SCHEDULE)**

The rate of withholding tax Under Section 236, of Income Tax Ordinance, 2001 in case telephone subscriber (other than mobile telephone subscriber) will be as under:

<b><u>LIMIT</u></b>	<b><u>RATE OF TAX</u></b>
a) Where amount of monthly bill exceeds Rs. 1000/-	10% of the exceeding amount of bill (effective from 1 <sup>st</sup> July, 2008)
b) In case of Mobile telephone and prepaid telephone card.	10% of the amount of bill or sale price of prepaid telephone card (effective form 1 <sup>st</sup> July, 2002) or Sale of units through CD or whatever form (effective from 1 <sup>st</sup> July, 2009)

**ADVANCE TAX AT THE TIME OF SALE BY AUCTION (UNDER SECTION 236-A, PART-IV, DIVISION-VIII OF FIRST SCHEDULE)**

- (1) Any person making sale by public auction, of any property or goods confiscated or attached either belonging to or not belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub-clause(vi) of clause (b)of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of Income Tax or any other authority, shall collect advance tax @ 5% of the gross sale price of any property from the person to whom such property or goods are being sold.
- (2) The credit for the tax collected under sub-section (1) in that tax year shall, subject to the provisions of section 147, be given in computing the tax payable by the person purchasing such property in the relevant tax year or in the case of a taxpayer to whom section 98B or section 145 applies, the tax year, in which the “said date” as referred to in that section, falls or whichever is later.”:

*Explanation-* For the purposes of this section, sale of any property includes the awarding of any lease to any person, including a lease of the right to collect tolls, fees or other levies, by whatever name called.

## **EXEMPTION FROM TOTAL INCOME:**

The below mentioned allowances are deductible allowances to arrive at taxable income:

**(1) ZAKAT (Under Section 60(1)&(3) of Income Tax Ordinance, 2001.**

- (1) Zakat paid under the Zakat and Ushr Ordinance 1980 is to be treated as a deductible allowance from the total income to arrive at taxable income.
- (3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted under section 9(Taxable Income) for the year shall not be refunded, carried forward to a subsequent tax year, or carried back to a preceding tax year.

**2. MEDICAL ALLOWANCE PART-I CLAUSE-139(B) OF SECOND SCHEDULE.**

Medical allowance received by an employee who is not entitled to free medical treatment or hospitalization or reimbursement of medical or hospitalization charges under the terms of employment, such employee is entitled for exemption not exceeding 10 % of the basic salary for the year(effective from 1<sup>st</sup> July, 2003).

**3. PENSIONS PART-I, CLAUSE-8, OF SECOND SCHEDULE.**

In case more than one pension, the exemption applies to higher of the pensions received.

**4. PENSION OF GOVT. & ARMED FORCES EMPLOYEES PART-I CLAUSE-IX OF SECOND SCHEDULE.**

Any Pension: (effective from 1<sup>st</sup> July 2006):

- i. Received in respect of services rendered by a member of the Armed Forces of Pakistan or Federal Government or a Provincial Government.
- ii. Granted under the relevant rules to the families and dependents of public servants or members of Armed Forces of Pakistan who die during service.

## **EXEMPTIONS AVAILABLE TO WAPDA FROM PAYMENT OF CERTAIN TAXES IN THE LIGHT OF INCOME TAX ORD. 2001.**

### **1) WAPDA NATIONAL TAX NUMBER (NTN).**

National Tax Number Cell of Income Tax Department has allotted to WAPDA NTN: **9014201-2** (Tax Free Entity).

### **2) INCOME OF WAPDA**

Any income of Water and Power Development Authority (WAPDA) established under the Pakistan Water & Power Development Authority Act 1958, is exempt from payment of Income Tax under Clause-66(xvi), Part-I of Second Schedule to the Income Tax Ordinance 2001.

### **3) PAYMENT OF TAX AT IMPORT STAGE UNDER SECTION 148, PART-II DIVISION VI OF FIRST SCHEDULE.**

Income of WAPDA is exempt from levy of tax under Clause 66 (xvi) of Part-I of Second Schedule to the Income Tax Ordinance 2001 and as such no income tax is to be paid to Collector of Custom on import of goods.

### **4) PAYMENT OF TAX ON IMPORT OF CAPITAL GOODS UNDER SECTION-148 CLAUSE-13(G) PART-II FIRST SCHEDULE.**

Income of WAPDA is exempt from levy of tax under Clause 66(xvi) of Part-I of Second Schedule to the Income Tax Ordinance 2001 and as such no tax is to be paid to Collector of Custom on import of Capital Goods.

### **5) INTEREST RECEIVED BY WAPDA ON INVESTMENTS UNDER SECTION -151.**

Income of WAPDA is exempt from levy of tax under Clause 66(xvi) of Part-I of Second Schedule to the Income Tax Ordinance 2001 and as such no deduction Under Section 151 of the Income Tax Ordinance 2001 is to be made against the payment of any profit (interest).

### **6) PAYMENT OF INCOME TAX ON INCOME OF RENTED PROPERTY (SECTION-155).**

Income of WAPDA is exempt from levy of tax under Clause 66(xvi) of Part-I of Second Schedule to the Income Tax Ordinance 2001 and as such no deduction Under Section 155 of the Income Tax Ordinance 2001 is to be made against the rent of property received.

**7) CASH WITHDRAWAL FROM BANKS (SECTION 231-A).**

Income of WAPDA is exempt from payment of tax under Clause 66(xvi) of Part-I, Second Schedule to the Income Tax Ordinance 2001 and as such no deduction Under Section 231-A, of Income Tax Ordinance 2001 is to be made for cash withdrawal in a day exceeds twenty five thousand rupees.

**8) PURCHASE OF MOTOR CARS AND JEEPS (SECTION 231-B)**

Income of WAPDA is exempt from levy of income tax under clause-66(xvi) of Part-I of Second Schedule to the Income tax Ordinance 2001 and as such no advance tax under Section-231B is to be paid at the time of registration of new motor car or a jeep.

**9) TAX ON MOTOR VEHICLES (SECTION-234)**

Income of WAPDA is exempt from levy of income tax under Section-66(xvi) of part-I of Second Schedule to the Income Tax Ordinance, 2001 and as such no advance tax is to be paid at the time of collection of motor vehicle tax.

**10) PAYMENT OF INCOME TAX COLLECTED THROUGH ELECTRICITY BILLS (SECTION-235)**

Income of WAPDA is exempt from levy of tax under Clause 66 (xvi) of Part-I of Second Schedule to the Income Tax Ordinance 2001 and as such no deduction Under Section 235 of the Income Tax Ordinance 2001 is to be made through electricity bills.

**11) PAYMENT OF TAX COLLECTED THROUGH TELEPHONE BILLS (SECTION- 236)**

Income of WAPDA is exempt from levy of tax under Clause 66 (xvi) of Part-I of Second Schedule to the Income Tax Ordinance 2001 and as such no deduction Under Section 236 of the Income Tax Ordinance 2001 is to be made through telephone bills.

**12) DETERMINATION OF MINIMUM TAX LIABILITY OF WAPDA CORPORATIZED ENTITES ( PART III CLAUSE-VI OF SECOND SCHEDULE).**

“Where the corporatized entities of Pakistan Water and power Development Authority (DISCOs) and National Transmission and Dispatch Company (NTDC), are required to pay minimum tax under section-113, the purchase price of electricity shall be excluded from the turnover liable to minimum tax up to the Tax Year 2013”.

## DEPRECIATION

### UNDER SECTION-22, PART-I OF THIRD SCHEDULE TO THE INCOME TAX ORDINANCE - 2001.

A person shall be allowed a deduction for the depreciation of person's depreciable assets used in the person's business in the tax year.

The depreciation rates of written down value of the assets at the beginning of the year are as under (effective from 1<sup>st</sup> July 2005):

	<b>Nature Of Assets</b>	<b>Rate(P.A)</b>
1.	Building (all types)	10%
2.	Furniture (including fittings) and machinery and plant (not otherwise specified), Motor vehicles (all types), ships, technical or professional books.	15%
3.	Computer hardware including printer, monitor and allied items, aircrafts and aero engines.	30%
4.	In case of mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part-I of the Fifth Schedule a) Below ground installations. b) Offshore platform and production installations.	100% 20%
5.	Machinery and Equipment used in manufacture of I.T. products (effective from 1 <sup>st</sup> July 2006).	30%

## **PROFESSIONAL TAX**

### **SECTION-3 OF THE PUNJAB FINANCE ACT-1977.**

The Professional Tax has been levied at the rate of Rs. 200/- per annum on the persons who are engaged in a profession, trade, calling or employment either wholly or partly within the **Province of Punjab** who were assessed to pay income tax during the preceding financial year.

The tax will be deducted in two equal installments from salaries for the months of October and April as may be convenient, and shall transmit the same to District Excise & Taxation Officer.

The tax will be deposited into the:

**Account Head = 0-170 Professional Trade Calling or Employment**

## **SALES TAX ACT – 1990**

### **1) GST NUMBER OF WAPDA**

WAPDA has been registered by the Collectorate of Sales Tax, Lahore on overall basis, as Manufacturer, Distributors, Wholesaler and Retailer under Sales Tax Act 1990 with Registration Number. **03--09--2716--001--73.**

This number is to be quoted wherever required, and must be shown on all the invoices issued/received for the taxable supplies.

### **2) INPUT TAX - SEC.2(14)**

Input tax in relation to a registered person means:

- (a) a tax levied under this Act on supply of goods to the persons;
- (b) tax levied under this Act on the import of goods by the persons;
- (c) tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services;
- (d) provincial sales tax levied on services rendered or provided to the person; and
- (e) levied under the Sales Tax Act, 1990 as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by the persons.

### **3) OUTPUT TAX – SECTION 2 (20)**

Output tax in relation to a registered person means:-

- (a) tax levied under this Act on a supply of goods, made by the persons;
- (b) tax levied under Federal Excise Act, 2005 in Sales Tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services, by the person.
- (c) Provincial Sales Tax levied on services rendered or provided by the person.

### **4) SUPPLY SECTION 2 (33)**

“Supply” means a sale or other transfer of the right to dispose of goods as owner, including such sale or transfer under a hire purchase agreement, and also includes :-

- (a) putting to private, business or non-business use of goods produced or manufactured in the course of taxable activity for purposes other than those of making a taxable supply;
- (b) Auction or disposal of goods to satisfy a debt owed by a person; and
- (c) possession of taxable goods held immediately before a person ceases to be a registered person;

Provided that the Federal Government, may by notification in the official Gazette, specify such other transactions which shall or shall not constitute supply.

## **5) SALES TAX RATE - SECTION 3(1)**

Subject to the provisions of this Act, there shall be charged levied and paid as tax (effective from 1<sup>st</sup> July 2008) known as SALES TAX at the rate of Sixteen per cent (16 %) of the value of

- (a) taxable supplies made in Pakistan by a registered person in the course of furtherance of any (taxable activity) carried out by him, and
- (b) goods imported into Pakistan.

## **6) DETERMINATION OF TAX LIABILITY.**

- (1) Subject to the provisions of section 8B, for the purpose of determining his tax liability in respect of taxable supplies made during a tax period, a registered person shall, subject to the provisions of section 73, be entitled to deduct input tax paid or payable during the tax period for the purpose of taxable supplies made, or to be made, by him from the output tax that is due from him in respect of that tax period and to make such other adjustments as are specified in Section 9:

Provided that where registered person did not deduct input tax within the relevant period, he may claim such tax in the return for any of the six succeeding tax periods.

- (2) A registered person shall not be entitled to deduct input tax from output tax unless,--
  - i. In case of a claim for input tax in respect of a taxable supply made, he holds a tax invoice in his name and bearing his registration number in respect of such supply for which a return is furnished;
  - ii. In case of goods imported into Pakistan, he holds bill of entry or goods declaration in his name and showing his sales tax registration number, duly cleared by the customs under section 79 or section 104 of the Customs Act, 1969(IV of 1969);
  - iii. In case of goods purchased in auction, he holds a treasury challans, in his name and bearing his registration number, showing payment of sales tax;

(3) Notwithstanding anything in sub-sections(1) and (2), the Federal Government may, by a special order, subject to such conditions, limitations or restrictions as may be specified therein allow a registered person to deduct input tax paid by him from the output tax determined or to be determined as due from him under this Act.

(4) Notwithstanding anything contained in this Act or rules made thereunder, the Federal Government may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as may be specified therein, allow a registered person or class of persons to deduct such amount of input tax from the output tax as may be specified in the said notification.

**7A Levy and collection of tax on specified goods on value addition.—**

i. Notwithstanding anything contained in this Act or the rules made thereunder, the Federal Government may specify, by notification in the official Gazette, that sales tax chargeable on the supply of goods of such description or class shall, with such limitations or restrictions as may be prescribed, be levied and collected on the difference between the value of supply for which the goods are acquired and the value of supply for which the goods, either in the same state or on further manufacture, are supplied.

ii. Notwithstanding anything contained in this Act or the rules made thereunder, the Federal Government may, by notification in the official Gazette, and subject to the conditions, limitations, restrictions, and procedure mentioned therein, specify the minimum value addition required to be declared by certain persons or categories of persons, for supply of goods of such description, or class as may be prescribed, and to waive the requirement of audit or scrutiny of records if such minimum value addition is declared.

**8) REGISTRATION (SECTION-14)**

Under Sales Tax Act 1990 registration will be required for such persons and be regulated in such manner and subject to rules as the Board may by notification in official gazette prescribe.

**9) DE-REGISTRATION, BLACKLISTING AND SUSPENSION OF REGISTRATION (SECTION- 21)**

i. The Board or any officer, authorized in this behalf may subject to the rules, de-register a registered person or such class of registered persons not required to be registered under this Act.

ii. Notwithstanding any thing contained in this Act, in cases where the Collector is satisfied that a registered person is found to have issued fake invoices or has otherwise committed tax fraud, he may blacklist such person or suspend his registration in accordance with such procedure as the Board may, by notification in the official Gazette prescribe.

**10) APPEALS BEFORE COLLECTOR APPEALS (SECTION 45-B)**

(1) Any person, other than the Sales Tax Department, aggrieved by any decision or order passed under sections 10,11,36,45 or 66, by an officer of Sales Tax may, within thirty days of the date of receipt of such decision or order, prefer appeal to the Collector of Sales Tax (Appeals):

Provided that an appeal preferred after the expiry of thirty days may be admitted by the Collector of Sales Tax (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within the specified period:-

Provided further that the appeal shall be accompanied by a fee of one thousand rupees ( Rs.1000/- to be paid in such manner as the Board may prescribed.

(2) The Collector of Sales Tax (Appeals) may , after giving both parties to the appeal an opportunity of being heard, pass such order as he thinks fit, confirming, varying, altering, setting aside or annulling the decision or order appealed against[:]

Provided that such order shall be passed not later than one hundred and sixty days from the date of filing of appeal or within such extended period as the Collector (Appeals) may, for reasons to be recorded in writing fix.

**11) MANDATORY PAYMENT BEFORE PREFERRING APPEAL TO COLLECTOR (SECTION-45 B (4))**

Through Finance Act 2008 the condition of 16% payment of principal tax before an appeal filed with Collector (Appeals) has been withdrawn.

**12) APPEALS TO APPELLATE TRIBUNAL (SECTION-46)**

i) Any person including an officer of Sales Tax not below the rank of an Additional Collector aggrieved by the order of the Collector of Sales Tax (Appeals) and the Board passed under section-45A and 45-B, may within sixty (60) days of the receipt of the order may prefer appeal to the Appellate Tribunal.

ii) Appeal shall be accompanied by a fee of Rs.1000/-(Rupees one thousand) paid in such manner as the Board may prescribe.

**13) APPEALS TO HIGH COURT (SECTION-47),**

i. Through Finance Act 2005 it has been prescribed that within ninety (90) days of the receipt of the order of Appellate Tribunal under sub section-5 of section 46 the aggrieved person or any officer of Sales Tax not below the rank of an Additional Collector authorized by the Collector may prefer an application on the prescribed form along with a statement of the case to the High Court stating any question of law arising out of such order.

ii. An application under section (1) by a person other than the Add: Collector authorized by the Collector shall be accompanied by a fee of one hundred rupees (Rs.100/-).

**14) REFUND TO BE CLAIMED WITHIN SIX MONTHS (Section-66):**

No refund of tax claimed to have been paid or over paid through inadvertent error or misconception or refund on account of input adjustment not claimed within the relevant period shall be allowed unless the claim is made within 6 months of the date of payment.

## **SALES TAX WITH HOLDING RULES**

### **S.R.O 660(1)12007 and subsequent amendment vide SRO 77(1)12008:**

In exercise of the powers conferred by sub-section (6) and sub-section (7) of section 3 of the Sales Tax Act, 1990, read with section 71 thereof, the Federal Government is pleased to make the following rules, namely

#### **1. Short title, application and commencement**

- i. These rules may be called the Sales Tax Special Procedure (withholding) Rules, 2007
- ii. They shall apply to all taxable goods and services as are supplied by a supplier to the Government departments, autonomous bodies and public sector organizations, hereinafter referred to as withholding agents.  
“Explanation:-- “withholding agent” includes the accounting office which is responsible for making payment against the purchases made by a government department”.
- iii. They shall come into force on the 1st day of July, 2007.

#### **2. Responsibility of a withholding agent:**

- i. The withholding agent, intending to make purchases of taxable goods, shall indicate in an advertisement or notice for this purpose that the sales tax to the extent as provided in these rules shall be deducted from the payment to be made to the supplier.
- ii. A withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him as per illustration given below services rendered by him, he shall deposit the withheld amount of sales tax in the manner as provided under Chapter II of the Sales Tax Rules, 2006, alongwith other sales tax liability. In such case the Annexure to these rules shall be submitted to the Collector having jurisdiction.
- iii. All withholding agents shall make purchases of taxable goods from a person duly registered under the Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing, if purchases are made from unregistered persons, the withholding agent shall deduct sales tax at 16% (effective from 1st July, 2008) of the value of taxable supplies made to him from the payment due to the supplier.
- iv. Where the purchases are made by a government department, the following procedure shall be observed, namely:-

(a) the Drawing and Disbursing Officer (DDO) preparing the bill for the accounting office shall indicate the amount of sales tax withheld as prescribed above. The accounting office shall adopt the procedure as indicated below:

In case of purchases made by a department under the Federal Government, the office of the Accountant General of Pakistan Revenue shall account for the amount deducted at source during a month under the Head of Account "B02341-Sales Tax" and send an intimation to the Member, Sales Tax, Federal Board of Revenue, by the 15th of the following month; in case of purchases by departments under provincial or district governments, the Accountant General of the province or the District Accounts Officer, as the case may be, shall credit the amount deducted at source during a month to the head of account "G12777-Sales Tax Deductions at Source under Sales Tax Special Procedure (withholding) Rules, 2007". Cheque for the amount will be prepared by the Accountant General or the District Accounts Officer, as the case may be, in the name of Collector having jurisdiction by debit to the aforesaid head of account and sent to the Collector by the 15th of the following month; and

where the purchases are made by the departments falling in purview of Military Accountant General, the MAG shall account for the amount deducted at source during a month under the Head of Account "B02341-Sales Tax" and send intimation to the Member Sales Tax, Federal Board of Revenue, by the 15th of the following month. The amount so deducted at source shall be reported by MAG office to AGPR through civil exchange accounts; and

(b) the concerned Drawing and Disbursement Officer shall prepare the return in the form as in the Annexure to these rules for each month and forward the same to the Collector having jurisdiction by the 15th of the following month.

- v. In case of purchases, not covered by sub-rule (4) above, the sales tax deducted at source shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan under Head of Account "B02341- Sales Tax" on sales tax return-cum-payment challan in the form set out at Annexure to these rules, by 15th of the month following the month during which payment has been made to the supplier. The return-cum-payment challan shall be prepared and deposited with the bank in triplicate and the bank shall send the original to the Collectorate of Sales Tax having jurisdiction, return the duplicate to the depositor and retain the triplicate for its own record:

**Provided that a single return-cum-challan can be filed in respect of all purchases for which the payment has been made in a month.**

- vi. In case the withholding agent, is also registered under the Sales Tax Act, 1990, with respect to the taxable supplies provided or services rendered by him, he shall deposit the withheld amount of sales tax in the manner as provided under Chapter II of Rules, 2006, alongwith other sales tax liability and the Annexure these rules shall also be filed electronically in the manner as specified under aforesaid Chapter:

**Provided that in case the withholding agent is not registered for sales tax but holds a national tax number assigned under the Income Ordinance, 2001, he shall also file the return prescribed in these rules electronically and deposit the amount deducted at source in the manner as provided for persons filing returns electronically under rule 18 of the Sales Tax Rules, 2006.**

**Provided further that any other withholding agent may also opt to file the prescribed return electronically and deposit the deducted amount.**

- vii. The withholding agent shall furnish to the Collector of Sales Tax having jurisdiction all such information or data as may be requested by him for carrying out the purposes of these rules.
- viii. A certificate showing deduction of sales tax shall be issued to the supplier by the withholding agent duly specifying the name and registration number of supplier, description of goods and the amount of sales tax deducted”.

**3. Responsibility of the Registered supplier:**

- i. The registered supplier shall issue sales tax invoice as stipulated in section 23 of the Sales Tax Act, 1990, in respect of every taxable supply made to a withholding agent.
- ii. The registered supplier shall file monthly return as prescribed in the Sales Tax Rules, 2006, and shall adjust total input tax against output tax under sections 7, 8 and 8B of the Sales Tax Act, 1990, taking due credit of the sales tax deducted by the withholding agent, in the manner as prescribed in the return under Chapter II of the Sales Tax Rules, 2006.

**4. Responsibility of the Collector:**

- i. The Collector shall keep a list of all withholding agents falling in his jurisdiction and monitor payment of tax deducted by withholding agents falling in his jurisdiction and shall also ensure that the return prescribed under these rules is filed.
- ii. The Collector shall ensure that the return received from the bank is duly fed in the computerized system as referred to in clause (5AA) of section 2 of the Sales Tax Act, 1990.
- iii. The Collector shall periodically ensure that the suppliers mentioned in the return filed by the withholding agents, as fall under his jurisdiction, are filing returns under section 26 of the Sales Tax Act, 1990, read with Chapter II of the Sales Tax Rules, 2006, and are duly declaring the supplies made to withholding agents.

**5. Exclusions:**

The provisions of these rules shall not apply to the supplies of the following goods and services if made by a registered person, namely:

- i.** Electrical energy;
- ii.** Natural gas;
- iii.** Petroleum products as supplied by petroleum production and exploration companies, oil refineries and oil marketing companies;
- iv.** Mild steel products;
- v.** Products made from sheets of iron or non-steel alloy, stainless steel or other alloy steel, such as pipes, almirah, trunks etc.
- vi.** Paper, in rolls or sheets;
- vii.** Plastic products including pipes;
- viii.** Vegetable ghee and cooking oil; and
- ix.** Telecommunication services.”

**6. Application of other provisions:**

All the provisions of the rules and notifications made or issued under the Sales Tax Act, 1990, shall apply to supplies as aforesaid not inconsistent with the provisions of these rules.

## (CUSTOMS ACT-1969)

### **1. PRIME OBJECTS OF CUSTOMS ACT.**

Preamble of Customs Act, 1969 shows that this Act is to consolidate and amend the law relating to the levy and collection of customs duties and to provide for other allied matters. The prime object of this Act is to effectively check smuggling and it is also a source of revenue.

### **2. Definition of customs duty—**

The customs duty is not defined in the Customs Act, 1969 but there is no denial of the fact that the term customs is usually applied to those taxes which are payable upon the articles or commodities imported into and exported from a country.

Halsbury's Laws of England, Fourth Edition, Volume 12 at page 65 defined it as:-  
"Duties of Customs, or customs duties, in the strict sense, are pecuniary charges or tolls payable upon goods exported from or imported into the country, as contrasted with excise duties which are payable upon goods produced and consumed within the country."

### **3. Distinction between Customs duties and Excise duties.**

"Duties of Customs" or "Customs-duties" are duties or tolls payable upon goods exported from or imported into the country as opposed to "excise duties" which are payable upon articles produced and consumed at home.

### **4. POWER TO DEFER COLLECTION OF CUSTOM DUTY (SECTION 21-A)**

Subject to such conditions, limitations or restriction as it thinks fit to impose, the Federal Board of Revenue may, in such general case as may be prescribed by rules or in particular cases by special order, defer the collection of customs duties either in whole or in part.

### **5. CLEARANCE FOR HOME CONSUMPTION (UNDER SECTION 83 (1) & (2))**

- i. Where an appropriate officer makes an order for clearance of goods entered for home-consumption and assessed under sections-80a, or 81, if he is satisfied that import of such goods is not prohibited or in breach of any restrictions or conditions where customs computerized system is operational the system may clear the goods through system generated clearance documents.(effective from 1<sup>st</sup> July 2009)
- ii. Surcharge at the rate of KIBOR (Karachi Inter Bank Offered Rate) plus three percent per annum on import duty, and other charges shall be payable by the owner of such goods if he fails to pay the import duty and other charges within thirty days of assessment under sections 80,80A or 81. .(effective from 1<sup>st</sup> July 2009)

**6. PERIOD FOR WHICH GOODS MAY REMAIN IN WAREHOUSE UNDER SECTION - 98(1)**

- i. Warehoused goods, other than perishable goods notified by the Federal Board of Revenue, may remain in the warehouse, for a period of six months following the date of their admission into the warehouse and perishable goods so notified may remain in the warehouse for a period of three months following the said date;
- ii. Provided that the said period may, in case of non-perishable goods, be extended, on sufficient cause being shown by the owner of the warehoused goods and subject to the condition that he pays in advance surcharge on the duty and taxes involved at one per cent per month for the extended period:-
  - (a) by the Collector of Customs, for a period not exceeding one month in case of notified perishable goods and a period not exceeding three months in case of non-perishable goods;
  - (b) by the Federal Government or the Board (FBR), for such period as it may deem fit:-

Subject to the condition that the extension in case of perishable goods shall be granted only if the goods are fit for human consumption.

**7. POWER OF ADJUDICATION (UNDER SECTION -179)(1)&(3)**

The powers of customs officers to adjudicate were previously linked to value of offending goods. Now these have been linked with quantum of duty and taxes. This is in line with the practice in Sales Tax and Central Excise Laws. Officers have been given adjudication powers upto certain limits. Such powers have been delegated, in terms of duties and taxes as under:

i.	Additional Collector	Without limit
ii.	Deputy Collector	Not exceeding Rs.4 million
iii.	Assistant Collector	Not exceeding Rs.50,000
iv	Superintendent	Not exceeding Rs. 10,000
v	Principal Appraiser	Not exceeding Rs.10,000

Time limit for deciding the case has been changed from (45) days from issuance of show cause notice to Sixty (60) days from the receipt of contravention report.(w.e.f 1<sup>st</sup> July 2009)

## **8. APPEALS TO COLLECTOR APPEALS (SECTION 193)(1) & (3)**

1) An intermediary **Appellate Forum of Collector (Appeals)** has been reintroduced. Now the first appeal against the order of a customs officer upto the rank of the Deputy Collector of Customs can be filed within (30) Thirty days of receipt of such order.

3) An appeal under this section shall be accompanied by a fee of one thousand rupees to be paid in the manner that may be prescribed by the Board.

## **9. APPEALS TO THE APPELLATE TRIBUNAL (SECTION 194-A)**

Any person or an officer of Customs aggrieved by any of following orders may appeal to the Appellate Tribunal against such orders:

- ab) An order passed by the Collector (Appeals) under Section-193.
- c) An order passed under section 193 as it stood immediately before the appointed day.
- d) An order passed by the Board or the Collector of Customs under Section- 195.

Every appeal under this Section shall be filed within sixty (60) days from the date on which the decision or order sought to be appealed against is communicated to the Board or the Collector of Customs, or as the case may be.

## **10. ALTERNATE DISPUTE RESOLUTION (SECTION-195C).**

Notwithstanding any other provision of this Act, or the rules made thereunder, any aggrieved person in connection with any matter of Customs pertaining to liability of customs duty, admissibility of refund or rebate, waiver of fixation of penalty or fine, confiscation of goods, relaxation of any time period or procedural and technical condition may apply to the Central Board of Revenue for the appointment of a committee for the resolution of any hardship or dispute mentioned in the application.

## **11. APPEAL TO THE HIGH COURT (SECTION 196):**

The appeal can be filed against the order of the Appellate Tribunal within Ninety (90) days from the date of the service of the appellate order. The appeal fee of rupees one hundred shall be paid by the aggrieved person other than collector.

*The provision of law as currently applicable have very carefully been quoted or reproduced in this Tax Memorandum. In case any error is still found, the same is requested to be conveyed to the undersigned for rectification/clarification. In this regard the Finance Act. 2009/Income Tax Ordinance 2001 may also be consulted.*

**(Sajjad Ahmad)**  
**Director (Taxes), WAPDA**