



FINANCE (SUPPLEMENTARY) ACT, 2021

TAX MEMORANDUM

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Overview

This memorandum gives a brief overview of amendments made at Income Tax Ordinance, 2001, Sales Tax Act, 1990 & Federal Excise Duty Act 2005 through proposed Finance (Supplementary) Act, 2021.

The tax memorandum contains the comments, which represent our interpretation of the legislation. We, therefore, recommend that while considering their application to any particular case, reference be made to the specific wordings of the relevant statute(s). The tax memorandum is also available online and can also be accessed at our website www.mooreshekhamufti.com

4 January 2022

INCOME TAX ORDINANCE 2001

MINIMUM TAX DEDUCTIONS CANNOT BE CLAIMED AGAINST THE WHOLE TAX LIABILITY

Sections 153, 233 & 236Q

Computation of Income Tax liability has remained a contentious issue after the income tax deductions under Sections 153, 233 & 236Q were subjected to minimum taxation. The problem arose in cases where the total receipts consisted of receipts both with tax deductions and without tax deductions.

Chronology of the Issue

The issue was first surfaced when service receipt was made subject to minimum taxation through the Finance Bill, 2009 and a controversial Circular No. 1(10) /WHT/2006/Pt.III dated 01.11.2010 was issued by the FBR, which stated that income subjected to minimum taxation would be considered as separate block of income and would not be clubbed with other incomes for calculation of one income tax liability of the taxpayer.

Aggrieved and offended with the above clarification, representations were filed from taxpayers' fraternities as a result of which, the above controversial circular was not only rescinded by the FBR but a renewed clarificatory Circular No 09/2012 dated November 08, 2012 was issued. It was clarified that both the service receipts, whether with income tax deductions or without, would be clubbed together and one single income tax liability would be calculated on total income of the taxpayer. It was also clarified that if the tax liability on the total income is less than minimum tax deductions on services, the later would be construed as the tax liability and no refunds would be claimed. Alternatively, where tax liability on the total income comes to more than the minimum tax deduction on services, the taxpayer would be liable to pay differential (shortfall) to pay off his higher liability.

The problem resurfaced in the Tax Year 2019 when the same misconception on tax calculation crept in the IRIS, which ignited the frustration amongst the taxpayers at the time of filing the return of income therein.

The IRIS system automatically calculated the income tax liability against the very spirit of the above-mentioned Circular No 09 of 2012 of the FBR, by treating the receipt with tax deductions as a separate block of income, distinct and discrete from the receipts without tax deductions of the same tax payer. This resulted in an abnormal hike in tax liabilities and payments.

Lately the issue became contentious, when a taxpayer agitated by the self-made calculation by IRIS filed a Writ petition in the Lahore High Court on the ground that under the self-assessment scheme of the Income Tax Ordinance 2001, a taxpayer is entitled to compute his income tax liability, which the IRIS cannot reject. The High Court accepted the petition and instructed the FBR officials to implement the spirit of its law by making appropriate amendment in the IRIS.

It is in backdrop of above referred decision of the Lahore High Court, FBR issued Directions, which is so far available as an Annexure of a letter dated 13 October 2021, in which it has not only endorsed the clarification previously issued by it through Circular No 09 of 2012 but has also instructed its IT wing to make appropriate amendments in the IRIS system allowing the taxpayer to calculate his own income tax liability.

RECENT AMENDMENT AND IMPLICATION

Taking a complete U-turn from the above position, an explanation under Sections 153, 233 & 236Q of the Ordinance has been proposed to restrict the claim of tax deductible under the said sections to the attributable income on which such tax is deductible i.e., treating the receipt with tax deductions as a separate block of income from the receipts without tax deductions thereby increasing the overall tax liability of the person once again.

Though the amendment has been introduced as an explanation which generally intends to operate retrospectively, the above explanation; however, is meant to imply increasing tax liability of the taxpayers who have filed their previous years return based on the strength of Circular No 9 of 2012. We understand that the said amendment though through an “explanation” could, at best, have a prospective application and any deviation from the above could be challenged before the court of law.

DIGITAL PAYMENTS DEFINED

COMPLIANCE OF PROVISIONS RELATED TO DIGITAL MODE OF PAYMENTS DEFERRED

Sections 2(17B) & 21(La)

The Tax Laws (Third Amendment) Ordinance, 2021 coined the concept of Digital Payments whereby companies were to be restricted to incur expenses above Rs. 25,000 only through digital means from their business bank accounts to claim such tax expense. Further, the law was made applicable immediately with effect from the date of promulgation of the said Ordinance in September 2021.

Since then, through various circulars, the FBR has repeatedly extended the deadline for making compliance with the above law, the last of which through Circular No 10 of 2021-22 wherein the deadline was extended till 31 December 2021. The extension was provided due to the uncertainty surrounding the implementation of the said provisions.

Through this Bill, the FBR has retained its power to effectuate the same from any date in the future through notification. We, therefore, understand this implies that application of the above provisions will remain in abeyance till the aforesaid notification is issued.

Further, the much-needed definition of digital means has been provided, which primarily defines digital means as electronic or digital payments defined by State Bank of Pakistan (SBP). The SBP through its Circular PSP&OD Circular Letter No 05 of 2021 has defined digital means to include:

- a) Online portals / platforms for digital payments / receipts
- b) Online Interbank Fund Transfer services
- c) Online bill / invoice presentment and payments services
- d) Over the Counter (OTC) digital payments services / facilities
- e) Card payments using Point of Sale (POS) terminals, QR codes, mobile devices, ATMs, Kiosk and / or any other digital payments enabled devices
- f) Any other digital/online payment modes

BENEFICIAL AMENDMENT FOR REAL ESTATE INVESTMENT TRUST [REIT] AND SPECIAL PURPOSE VEHICLES [SPV]

DEFINITION OF SPV

The Bill has defined SPV by referring Real Estate Investment Trust Regulation, 2015 under which it has been defined. The SPV is defined under REIT regulation as “a limited liability company that a Non-PPP REIT Scheme may invest in or set up in accordance with and subject to the limitations set forth in these Regulations”.

DIVIDEND FROM SPV

Section 5 & 150

The rate of taxation on dividend received by a person from SPV is 15%. Now the Bill has completely exempted the taxation of dividend income of REIT, received from its SPV. However, the Bill has enhanced the rate of taxation on dividend received, by any other person, from SPV from 15% to 35%.

Similarly, the rate of income tax withholding on dividend income has also been aligned in accordance with the above position of taxation.

SPV TO BE EXEMPT FROM TAX

Clause 99, Part I of the Second Schedule

The income derived by the Collective Investment Scheme and REIT Scheme are exempt from income tax. Now, the same exemption has been extended to SPV with the condition to distribute at least ninety percent (90%) of its income to its shareholders.

GAIN ON SALE OF SHARES OF SPV TO REIT TO BE EXEMPT FROM TAX

Clause 99A, Part I of the Second Schedule

The exemption from income tax is available to any person on gain on sale of immovable property to REIT scheme up to June 2023. The Bill has widened the scope of clause 99A by exempting the gain on sale of shares of SPV to REIT scheme.

NO TAX WITHHOLDING UNDER SECTION 150, 151 & 233 ON PAYMENT MADE TO SPV

Clause 47B, Part IV of the Second Schedule

The Bill has exempted income tax withholding under Sections 150, 151 & 233 of the Ordinance on payments made to SPVs on account of dividend, profit on debt and brokerage and commission, respectively.

WITHHOLDING TAX ON MOBILE PHONE AND INTERNET

Section 236

The rate of withholding tax on mobile phones and internet was 10% for Tax Year 2022 and 8% for subsequent tax years. In the middle of Tax Year 2022, the Bill has increased the rate of withholding tax to 15%. We understand that the increase should be applied prospectively i.e. from the date of approval of the Bill instead of applying for the whole of Tax Year 2022.

WITHHOLDING TAX ON PURCHASE OF MOTOR VEHICLES DOUBLED

Section 231B

Sub-section (2A) of Section 231B requires every motor vehicle registration authority to collect income tax at the time of registration, if the locally manufactured motor vehicle is sold prior to registration by the original purchaser of such vehicle.

The Bill has doubled the rate of income tax to be collected at the time of registration from such persons. A comparison between the existing and revised tax rates is being tabulated hereunder for quick reference and ease of understanding:

S. No.	Engine Capacity	Existing Tax	New Tax
1	Upto 1000cc	Rs 50,000	Rs 100,000
2	1001cc to 2000cc	Rs 100,000	Rs 200,000
3	2001cc and above	Rs 200,000	Rs 400,000

RATE OF TAXATION ON FOREIGN TV PLAYS AND FOREIGN ADVERTISEMENTS

Section 236CA

The Bill has added Section 236CA whereby licensing authority has been required to collect advance tax on screening and viewing of any foreign TV drama serial or play or any commercial for advertisement starring foreign actor on any landing rights channel. The advance tax collected will be minimum tax on the income of the person.

The rate of advance tax to be collected is as follows:

S. No.	Description	Tax
1	Foreign-produced TV drama serial or play	Rs. 1,000,000 per episode
2	Foreign-produced TV play (single episode)	Rs. 3,000,000
3	Advertisement starring foreign Billor	Rs. 500,000 per second

SALES TAX ACT 1990

COTTAGE INDUSTRY

[Section 2\(5AB\)](#)

To incentivize home based small manufacturing concerns termed as “Cottage industry”, sales tax exemption was granted.

The term “Cottage Industry” has been defined by prescribing various parameters for qualification of such benefit of exemption. One of such parameters is annual turnover threshold, which has been proposed to be reduced from Rupees 10 million to Rupees 8 million.

Lowering such threshold limit in the wake of recent high inflation, effectively takes away facility of exemption from majority of beneficiaries.

TIER-1 RETAILERS

[Section 2\(43A\)](#)

New parameter for classifying a retailer as “Tier-1 retailer” based on income tax collection under Section 236G or 236H of the Income Tax Ordinance, 2001 has been introduced. FBR has been empowered to specify the respective threshold for such classification.

By virtue of this amendment, we understand FBR has been delegated the substantive role of legislation which is against the constitutional provisions as well as dictum laid in various pronounced by superior judiciary in its various judgments.

It is also appropriate to highlight that Section 236G & 236H of the Income Tax Ordinance, 2001 require manufacturer / importer / distributor of specified sectors to collect tax based on value while making sales to sectors such as pharmaceutical, poultry and animal feed, edible oil and ghee, auto parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarette, glass, textile, beverages, paint or foam.

TAX AT RETAIL PRICE

[Section 3\(2\)\(a\) & Third Schedule](#)

By virtue of proposed amendment FBR is empowered to include or exclude any goods from the “Third Schedule”. Previously such power was vested in Federal Government.

We understand this is also another delegation of substantive legislation function to an executive authority which suffers from legal infirmity.

Further, retail price regime for supply of sugar has been finally proposed to be done away with. It pertinent to point out that supply of sugar was included in retail price regime through Finance Act, 2021. However, due to strong resistance from the industry and allied practical difficulties, its enforcement was kept in abeyance till date.

CNIC OF UNREGISTERED BUYER

Section 23

Condition of providing CNIC of unregistered buyer on sales tax invoice has been relaxed for transactions through debit credit card.

A proviso whereby suppliers were protected from any adverse action, in case of bonafide incorrect declaration of CNIC on invoice, has now been omitted. Meaning thereby that, the onus to proof veracity of CNIC of buyer is now on the supplier, and in case of default penal provisions may be invoked against him.

PENALTIES

Section 33 - Serial No. 23

The manufacturer or importer dealing in specified goods i.e., tobacco products, beverages, sugar, fertilizer, cement and petroleum products are required to affix tax stamp, banderole, stickers, labels, barcodes on every package, including tin, container or bottle of specified goods as prescribed under Section 40C of the Sales Tax Act 1990 [ST Act] read with Rule 150ZH of the Sales Tax Rules, 2006 [ST Rules].

The bills seek to impose penalty as prescribed under Serial No. 23 of the Section 33 of the ST Act on a person who manufactures, possesses, transports, distributes, stores or sells said specified goods with counterfeited tax stamps, banderoles, stickers, labels or barcodes or without tax stamps, banderoles, stickers, labels or barcode. Earlier to this proposed amendment, said penalty was only applicable on cigarette packs.

We understand that above amendment is to enforce the requirement of affixation of tax stamps, labels etc. on specified goods as prescribed under Section 40C read with Rule 150ZH of the ST Rules, as no penalty was prescribed on non-compliance of said provisions by a person dealing in specified goods.

Section 33 - Serial No. 24 & 25A

Since last couple of years, FBR is in a drive to tap retailers in tax economy. Section 33 of ST Act already provides number of penalties for non-integration or non-compliance by Tier-1 retailers. Further to those penalties, the bill proposes to empower the Officer Inland Revenue to seal the business premises, in case if such Tier-1 retailer involved in the conduct to avoid monitoring, tracking, reporting or recording of business transaction in Point-of-Sale software or issues an invoice number of barcode, duplicate invoice number or counterfeit barcode.

Further, the bill proposes similar empowerment of sealing the business premises where Tier-1 retailer fails to integrate their business as prescribed under Section 3(9A) read with Chapter XIV-BB of the ST Rules.

OVERHAULING OF CONCESSIONAL REGIME

GENERAL

Concessional regime has been proposed to be overhauled by withdrawing major exemptions / lower rates granted mainly to capital goods & raw material consumed in EPZs, agricultural inputs & equipment (except for pesticides), poultry & animal feed, solar energy sector and prepared food items. After such overhauling, few exemptions which will remain intact include basic foods items like wheat, rice, vegetables, and edible fruits; medical equipment, certain CPEC projects & companies, tribal areas and goods imported by exporter registered under Export Facilitation Scheme 2021.

A noteworthy measure in this respect is zero rating of pharmaceutical sector. Presently all the lifesaving drugs as well as their active ingredients are exempt, accordingly, consumption of any taxable goods including packing material becomes the cost of supplier. If the proposed amendment is carried in the Act, the supplier would be entitled for the refund of entire taxable inputs. On the other hand, active ingredients will be subject to tax at import stage, given the chronic history of refund proceeding in the country, the industry may end up with a significant enhancement in working capital requirement. Only time will tell how this move turns for the end consumers.

In a surprising move, exemption for self-consumption of intermediary / semi-finished goods for the purpose of making taxable supplies has also been withdrawn. However, we are of considered view that such self consumption would remain out of the scope of the ST Act.

Another such major step is withdrawal of exemption on supply of raw cotton and withdrawal of zero rating on export of exempt goods and local supplies to exporters which may adversely affect the exports by textile sector.

Synopsis of proposed amendments is given as under:

WITHDRAWAL OF SALES TAX EXEMPTIONS

[Section 13 read with Sixth Schedule](#)

TAXABLE @ IMPORT & LOCAL SUPPLY

Following goods will now be taxable @17% at both import as well as locally supply stage:

1.	Red chillies
2.	Seeds, fruits and spores used for sowing
3.	Cinchona bark
4.	Broachers, leaflets and books other than educational text books
5.	Educational, scientific and cultural material imported from a country signatory to UNESCO Agreement or bilateral commodity exchanges agreements with Pakistan
6.	Contraceptives and accessories thereof
7.	Uncooked poultry meat
8.	Cotton Seed
9.	Preparations suitable for infants
10.	Sewing machines
11.	Raw Materials for basic manufacture of pharmaceutical active ingredients and pharmaceutical products
12.	Iodized salt
13.	Solar Panels, Wind Turbines and other related items
14.	High Efficiency Irrigation Equipment
15.	Green House Farming and Other Green House Equipment
16.	Appliances and items required for Ostomy procedures
17.	Machinery, Equipment and tools for setting up MRO workshop recognized by Aviation Division
18.	Sodium Iron, vitamins, minerals and micro-nutrients
19.	Imported laptops, computes, personal computers and notebooks whether or not with multimedia kit
20.	Sunflower and canola hybrid seeds Combined harvesters
21.	Combined harvesters

22.	Fish feed
23.	Fans for Dairy Farms
24.	Bovine semen
25.	Preparations for making animal feed
26.	Promotional and advising material distributed free of cost by exhibitors
27.	Micro feeder equipment
28.	Oil cakes and other solid residues
29.	Locally produced crude vegetable oil
30.	Raw Material and intermediary goods consumed in-house for the manufacturer of taxable goods
31.	Eatable food stuffs prepared and supplied for consumption in local flights
32.	Sprinkler and Drips equipment, spray pumps and nozzles
33.	Row Cotton
34.	Single Cylinder agriculture diesel engines
35.	Match boxes
36.	Whey
37.	Sausages and similar products of poultry meat or meat offals
38.	Bread, Nan Chapatti, Sheer mal prepared in bakeries, restaurants, food chains and sweet shops
39.	Machinery and equipment for initial installation, balancing, modernization, replacement or expansion of desalination plant, coal firing system, gas processing plant and oil and gas field prospecting Machinery, equipment, apparatus imported by hospitals and medical or diagnostic institutions which includes medical or cardiology equipment, disposable devices or other related equipment
40.	Specified raw materials imported by registered manufacturer of auto disabled syringes
41.	Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non-luxury), accessories, spares, chemicals and consumables meant for mine construction phase or extraction phase.
42.	Coal mining machinery, equipment, spares, including vehicles for site use imported for Thar Coal Field.
43.	Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through oil, gas, hydel, coal, wind and wave energy, nuclear and renewable energy sources like solar, wind, micro-hydel bioenergy, ocean, waste-to energy and hydrogen cell.
44.	Machinery and equipment meant for power transmission and grid stations including under construction projects
45.	machinery, equipment and other education and research related items imported by technical, training institutes, research institutes, schools, colleges and universities
46.	Machinery and equipment for marble, granite and gem stone extraction and processing industries
47.	Effluent treatment plants
48.	Items use for solar energy like solar power system or water purification plants
49.	Specified systems and items for dedicated use with renewable source of energy like solar, wind, geothermal
50.	Specified items for promotion of renewable energy technologies or for conservation of energy
51.	Parts and components for manufacturing LED lights.
52.	CKD kits for single cylinder agriculture diesel engines of 3 to 36 HP
53.	Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.
54.	Import of POS system

TAXABLE @ IMPORT STAGE

Import of following goods will be subject to sales tax @ 17%; however local supply shall remain exempt:

1.	Live animals and live poultry
2.	Meat of Bovine animals excluding poultry and offal
3.	Fish and crustaceans
4.	Eggs
5.	Live plants
6.	Edible vegetables (except import from Afghanistan)
7.	Edible fruits (except fruits imported from Afghanistan other than apples)
8.	Cereals other than rice, wheat and meslin flour
9.	Sugar cane
10.	Newspapers,
11.	Goods imported by various agencies of the United Nations and diplomats
12.	Goods imported in special circumstances like natural disasters approved by Government
13.	Import of replacement goods supplied free of cost in lieu of defective goods
14.	Goods temporarily imported into Pakistan meant for subsequent exportation
15.	Import of Ship stores
16.	Re-imported of exported goods which were produced or manufactured in Pakistan
17.	Personal apparels and bona fide baggage imported by overseas Pakistanis and tourists
18.	Compost (Non-chemical Fertilizer)
19.	Machinery, equipment and materials imported for use in Export Processing Zone or for making export from thereon
20.	Goods
21.	Plant, Machinery and Equipment imported for setting up industries in FATA
22.	Plant, machinery and production line equipment used for manufacturing of mobile phones
23.	Plant and machinery imported by Green Field Industries
24.	Goods temporarily imported by International Athletes

WITHDRAWAL OF LOWER SALES TAX RATE
Table-I - Eight Schedule

The Bill purposes following amendments in Table 1, Eight Schedule:

Description	Existing	Proposed
Silver and Gold in unworked condition	1%	17%
Articles of jewelry or parts thereof	1.5%, 2%, 3%	17%
Oilseeds meant for sowing	5%	17%
Incinerators of disposal of waste management, motorized sweepers and snow ploughs	5%	17%
Re-importation of foreign origin goods temporarily exported from Pakistan	5%	17%
Plant, machinery and equipment used in production of bio diesel	5%	17%
Tillage and seed bad	5%	17%
Seeding or planting equipment	5%	17%
Irrigation, drainage and agro-chemical application equipment	5%	17%
Harvesting, threshing and storage equipment	5%	17%
Post-harvest handling and processing and miscellaneous machinery	5%	17%
Setup Boxes for gaining access to internet	5%	17%
Fish babies/seedlings	5%	17%
Import of electric vehicle in CBU conditions	5%	17%
Machinery for Poultry sector	7%	17%
Prepared Food Stuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops	10%	17%
Plant and machinery having no compatible local substitute	10%	17%
Flavored milk, yogurt, cheese, butter, cream, Desi ghee, Whey, Milk and Cream sold in retail packing under a brand name	10%	17%
Ingredients of poultry feed, cattle feed	10%	17%
Multimedia Projectors	10%	17%
Product of milling industry except wheat and meslin flour	10%	17%
Supplies as made from retail outlets as are integrated with Board's computerized system	10%	12%
Lithium iron phosphate battery	12%	17%
Supplies [other than Tier-1 Retailer] as made from retail outlets integrated with Board's Computerized System @ 16% sales tax if payment is made through digital mode	16%	17%
Business to business transactions to be specified by Board if payment is made through digital mode	16.9%	17%
Import of remeltable scrap by steel melters @ 14% sales tax	14%	17%
Sausages and similar products of poultry meat or meat offal	8%	17%
Meat and meat offal of all types including poultry and fish	8%	17%

TABLE-II - EIGHT SCHEDULE

The bill proposes to withdraw reduced rate on import of the following items specified under Table-2 of the Eight Schedule of the Sales Tax act, 1990:

Description	Existing	Proposed
Machinery and equipment for development of grain handling and storage facilities	10%	17%
Cool chain machinery and equipment	5%	17%
Machinery, equipment, materials and accessories meant for mineral exploration phase Cool chain machinery and equipment.	5%	17%
Complete plants for relocated industries.	10%	17%
Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining, petrochemical and related products and heavy chemical industry.	10%	17%
Milk Chillers and related plants and items	5%	17%
Capital goods for Transmission Line Projects	5%	17%
Meat and meat offal of all types including poultry and fish	5%	17%

Besides above changes, the bill proposes to restrict reduce rate of 12.5% to locally manufactured or assembled motorcars from 1000CC to 850CC.

Further, Imported Personal Computers and laptop computers, and notebooks whether or not with multimedia kit are Transposed from exemption to reduced Rate of 5% by inserting new entry.

WITHDRAWAL / MODIFICATION OF ZERO-RATING REGIME

Section 4 read with Fifth Schedule

The bill proposes to withdraw zero rating on certain items by omitting the following entries as:

- Supply to duty free shops subject to specified conditions
- Supplies of locally manufacture red plant & machinery to manufacturers in the Export Processing Zone
- Goods exempted under section 13, if exported by a manufacturer
- Supply of ships which is neither designed / adapted for use for recreation or having gross tonnage less than 15 LDT, and spare parts and equipment, machinery for these ships
- Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021.

Apart from those drugs and medicaments registered under Drugs Act, 1976 and Chapter 30 of Custom Act, 1969 have been transposed from Exemption to Zero Rating.

WITHDRAWAL OF FIXED TAX ON MOBILE DEVICES

Section 3(3B) read with Ninth Schedule

The bill proposes to substitute fixed rates of sales tax specified for mobile sets valuing above US\$ 200 from Rs.1740-Rs.9270 to 17% to be paid at import stage.

FEDERAL EXCISE ACT 2005

FED ON MOTOR VEHICLES

FIRST SCHEDULE - TABLE I

The bill seeks to increase the Federal Excise Duty [FED] on imported and locally manufactured vehicles as follows:

S. No.	Description	Cylinder Capacity	Existing Rate	Proposed Rate
55	Imported motor cars, SUVs and other motor vehicles	1001cc to 1799cc	5%	10%
		1800cc to 3000cc	25%	30%
		exceeding 3001cc	30%	40%
55B	Locally manufactured or assembled motor cars, SUVs and other motor vehicles	1001cc to 2000cc	2.5%	5%
		2001cc and above	5%	10%
55C	Imported double cabin (4x4) pick-up vehicles		25%	30%
55D	Locally manufactured double cabin (4x4) pick-up vehicles.		7.5%	10%

The duty paid under First Schedule to the FED Act is neither in sales tax mode nor adjustable with the output sales tax. Therefore, we understand that due to above amendments, importer/manufacturer will now pay FED at higher rates, which ultimately increase the value of taxable supply of all such vehicles.

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