



BUDGET DIGEST 2015-16

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PREAMBLE

This digest summarises important changes proposed in the Finance Bill 2015 (herein after referred as “Finance Bill”) relating to Income Tax, Sales Tax, Federal Excise Duty and Customs Duty and has been prepared for the guidance and information of our clients and staff only.

Subject to approval of the National Assembly, all changes through the Finance Bill is effective from July 1, 2015, unless otherwise specifically stated.

It is recommended that while considering the application of the proposed amendments discussed here-in-after, reference should be made to the specific wordings of the relevant statute.

The digest can be accessed & downloaded from www.jasb-associates.com

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VOTE OF THANKS

We would like to sincerely thank the team JASB for putting in round the clock efforts to make this Budget Digest 2015-16 possible in such a short time. We hope and believe that this document would assist our clients and team members in better understanding and evaluation of the Budget proposals. As part of our strategy for continuous improvement, we would appreciate feedback on the document.

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1. BUDGET AT A GLANCE

Federal Government presented its budget for the financial year 2015-16 on June 5, 2015. Following Table summarizes Budgeted Receipts and Expenditures:

	2015-16	Revised 2014-15	Change %
	Rupees in Billion		
SOURCES OF FUNDS			
Net Revenue Receipts	2,463.35	2,377.76	3.5
Net Capital Receipts	606.30	602.95	0.5
Provincial Surplus	297.17	141.56	110
External Receipts	801.51	710.46	13
Bank Borrowings	282.94	402.37	(30)
Total	4451.25	4,235.10	5

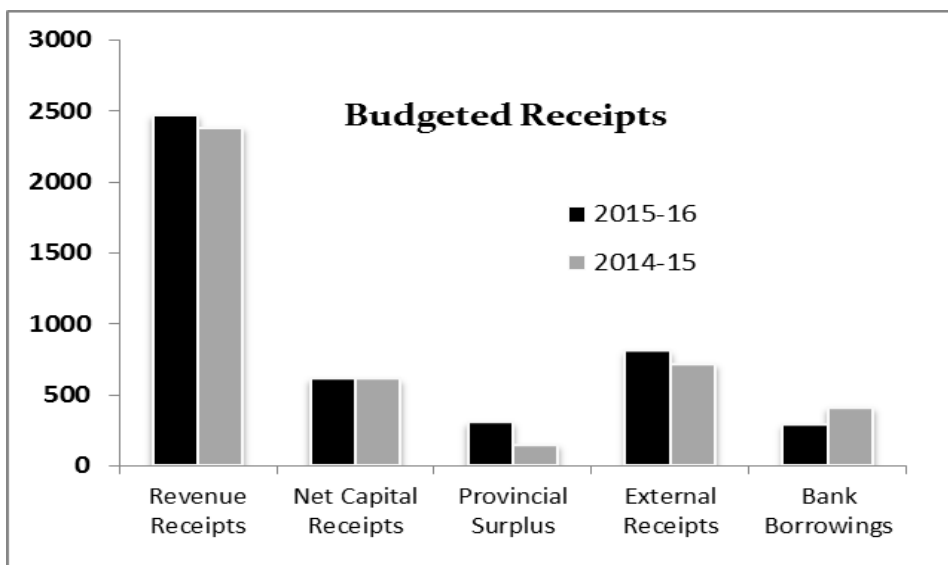
APPLICATION OF FUNDS

Repayment of Long Term Foreign Debt	316.37	295.59	7
Interest Payment	1,279.89	1270.04	1
Pension	231	219.58	5
Grants	409.87	418.66	(2)
Subsidies	137.60	243.25	(43)
Running of Civil Government	326.33	313.29	4
Provision for Pay and Pension Reforms	0	0	-
Defense Affairs and Services	781.16	720.02	8
Development Expenditure	969.03	754.32	28
Total	4451.25	4,235.10	5

Total Federal Expenditure is estimated to be Rs. 4,451 Billion against Net Revenue Receipts of Rs. 2,463 Billion creating a fiscal deficit of Rs. 1,988 Billion.

Fiscal Deficit is planned to be financed by Net Capital receipts of Rs. 606 billion, Net External Receipts of Rs. 802 billion, Provincial Surplus of Rs. 297 billion and Bank Borrowings of Rs. 283 billion.

SOURCES OF FUNDS



- ***Net Revenue Receipts***

Although Gross Revenue Receipts (FBR Taxes + Other Taxes + Non-Tax Revenue) are estimated to be increased by 9.1%, however Provincial Share in Gross Revenue also to be increased by about 17% resulting in a net increase of 3.5% in Net Revenue Receipts (Gross Revenue Receipts – Provincial Share) from Revised Estimates of 2014-15.

- ***Net Capital Receipts***

Net Capital Receipts are made up of Recoveries of Loans and Advance from Provinces and Others, Public Debt Net and Public Account.

Net Capital Receipts are budgeted to be increased by only 0.55% from Revised Estimates of 2014-15 to Rs. 606 Billion during 2015-16.

- *Provincial Surplus*

Provincial Surplus is projected to be increased by 1.1 times from Revised Estimates of 2014-15 to Rs 297.17 Billion during 2015-16.

- *External Receipts*

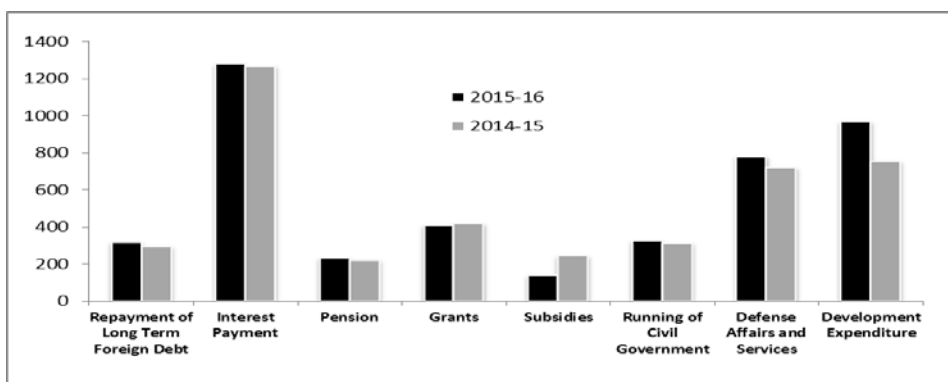
External Receipts are the Loans and Grants obtained by the Government to bridge the gap between receipts and expenditure plus Privatization Receipts. External receipts are made up of Project Loans, Program Loans, Other Aid, External Grants and Privatization Receipts.

External Receipts are estimated to be Rs. 801.51 Billion with an increase of about 13% over the Revised Estimates of 2014-15.

- *Bank Borrowings*

Bank Borrowings are estimated to decrease by 30% to Rs. 282.94 Billion from Revised Estimates of 2014-15.

APPLICATION OF FUNDS



Development Expenditure (PSDP) is budgeted to be increased by a hefty 28% over the Revised Estimate of 2014-15 to Rs. 969 Billion.

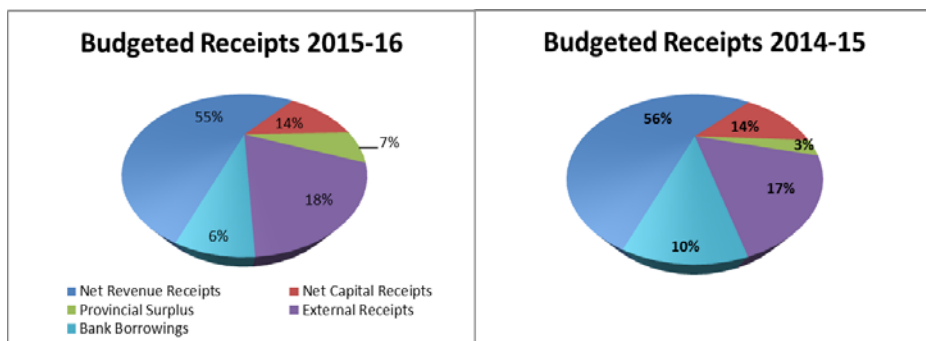
Other major estimated increases are in Defense Affairs and Services of 8% and Repayment of Long Term Foreign Debt of 7%.

There is a major estimated decrease of 43% in Subsidies from Revised Estimate of 2014-15.

COMPOSITION OF REVENUE AND EXPENDITURE

- *Revenue*

Composition of Total Net Receipts after the share of provinces from Gross Revenue is transferred shows that Net Revenue Receipts make up 55%(down by 1% from revised budget of 2014-15) of the Total Net Receipts, External Receipts make up 18% (up by 1% from revised budget of 2014-15) and Capital Receipts make up 14% (no change from revised budget of 2014-15).



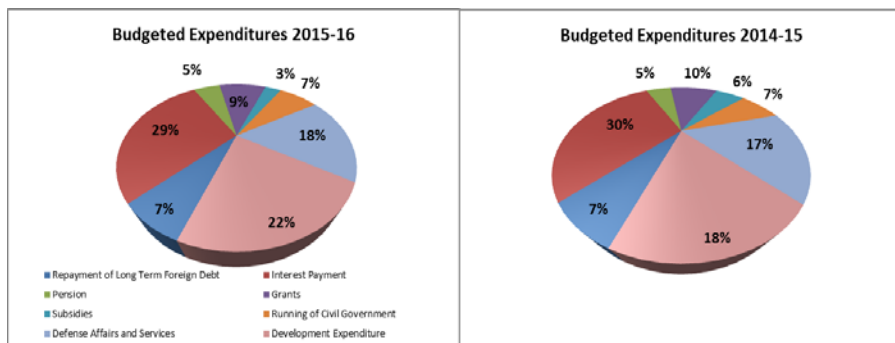
Estimated Indirect taxes in the form of Sales Tax, Customs Duty and Federal Excise Duty amounting to Rs. 1,755 billion constitute 41% of the Gross Revenue Receipts (i.e. before transferring the share of provinces)

amounting to Rs. 4,313 billion whereas Direct Taxes on income amounting to Rs. 1,348 billion make up 31%.

- *Expenditure*

Interest payments on Local and Foreign loans amounting to Rs. 1,280 billion make up 29% (down by 1% from revised budget of 2014-15) of the total expenditure.

Other major components of total expenditure include Development Expenditure (PSDP) 22% (up by 4% from revised budget of 2014-15), Defense Affairs and Services 18% (down by 1% from revised budget of 2014-15), Grants 9% (down by 1% from revised budget of 2014-15), Repayment of Foreign Loans 7% (no change from revised budget of 2014-15) and Running of Civil Government 7% (No change from revised budget of 2014-15).



2. SALIENT FEATURES

INCOME TAX

- 32% corporate tax rate has been proposed for Tax Year 2016 by reducing 1% in existing corporate tax rates.
- Tax credit of 15% has been enhanced to 20% for companies opt for enlistment in any registered stock exchange in Pakistan.
- Paid up Capital limit of Rs.25 million for qualifying as a Small Company has been proposed to be enhanced to Rs. 50 million.
- Tax on salaried taxpayers earning taxable income from Rs. 400,000 to Rs. 500,000 has been proposed to be reduced to 2% from 5%.
- Tax on non-salaried taxpayers and association of persons (AOP) earning taxable income from Rs. 400,000 to Rs. 500,000 has been proposed to be reduced to 7% from 10%.
- Rate of tax on capital gain has been proposed as 15%, 12.5% and 7.5% if holding period of securities is less than 12 months, 12 month or more but less than 24 month and more than 24 month but less than 4 years respectively.
- For non-filer, an adjustable advance income tax @ 0.6% on all banking transaction has been proposed to be collected if transaction amount in a day exceed Rs 50,000.
- 35% tax on income deriving from all sources by banking companies has been proposed
- Tax on dividend income has been proposed as 12.5% for filer and 17.5% for non-filer.
- Computerized National Identity Card (CNIC) shall be treated as National Tax Number (NTN) for the Tax Year 2015 and onward.
- A one-time super tax for the year 2015 has been proposed @ 4% on income of banking companies and 3% on all other taxpayers having income of Rs. 500 million or above

- The due date of payment of tax demand is proposed to be enhanced from 15 days to 30 days.
- For the purpose of tax credit, the limit of investment in listed companies and premium on life insurance has been proposed to be enhanced from Rs. 1 million to Rs.1.5 million.
- Threshold of deduction of withholding tax on domestic electricity consumption is proposed to be reduced from Rs.100,000 to Rs.75,000.
- Tax @ 10% has been proposed to be levied on every public company except scheduled bank and modaraba on undistributed reserve in excess of 100% of its paid up capital.
- The gross amount of profit on debt shall be taxed at progressive slab rates of 10%, 12.5% and 15%.
- It has been proposed that on cash withdrawals by exchange companies may be subject to withholding tax at a reduced rate of 0.15%
- It has been proposed that exemption from withholding tax on payments to electronic and print media in respect of the advertising services may be withdrawn.
- Withholding tax rate on commission of advertising agencies has been proposed to be increased from 7.5% to 10%.

SALES TAX

- A concept of “active taxpayer” has been proposed to be introduced.
- The scope of definition of “supply” has been proposed to be enhanced by including transfer or delivery of goods manufactured by the toll manufacturers to the owner.
- Exemption of sales tax on aviation sector has been proposed.
- Rationalization of sales tax on steel sector melters, re-rollers and ship breakers.
- The rate of further tax for supplies to unregistered persons is being enhanced to 2%.

- Rate of sales tax on mobile phones has been proposed to be doubled.
- Restricting zero-rating on dairy products to milk only baby formula.
- Exemption of sales tax on local supply of raw hides and skins to be granted as under the existing provisions of law.
- Sales Tax Rules regarding temporary registration are being introduced to facilitate the importers-cum-manufacturers.
- The electronic monitoring system is proposed to be introduced to monitor the production of specified sectors i.e. cigarettes, beverages, cement, fertilizer and sugar; and also to monitor the sales of restaurants etc.
- The limit of annual utility bills for cottage industry is being enhanced from 700,000 to 800,000 rupees for the promotion of cottage industry.
- Sales tax exemption on appliances for colostomy, colostomy / urosotomy bags and tubular daylight devices is being granted.
- Input tax paid on pre-fabricated buildings has been proposed to be adjusted.
- The provisions of temporary registration being inserted in the Sales Tax Rules, 2006, whereby a manufacturer shall be able to import machinery etc. without having to wait for completion of procedural formalities.
- The refund on monthly basis to be allowed to persons making reduced rate supplies under SRO 1125(I)/2011 dated 31.12.2011.

FEDERAL EXCISE DUTY

- Rate of FED on aerated waters has been increased from 9% to 12%.
- Rate of FED on locally manufactured cigarettes enhanced.
- Rate of FED on filter rods of cigarettes at the rate of Rs. 0.75 per filter rod.
- Powers of the Board granting exemption from the levy of FED are proposed to be withdrawn.

- Federal Government is now only empowered to exempt goods or services from the levy of FED subject to the approval of Economic Coordination Committee.

CUSTOMS

- Maximum general tariff rate of customs duty is proposed to be reduced from 25% to 20%.
- It is proposed to increase customs duty to 2% from 1% under various tariff headings of the First Schedule.
- Customs duty on agricultural machinery has been proposed to be reduced to 2%.

3. INCOME TAX

Consumer Goods & Fast Moving Consumer Goods

[Section 2(13AA), 2(22A) & Division IX (Part 1, First Schedule)]

Definitions of "consumer goods" and "fast moving consumer goods" have been proposed to be added. Consumer goods have been proposed to mean "goods that are consumed by the end consumer rather than used in the production of another good" while Fast moving consumer goods have been proposed to mean "consumer goods which are supplied in retail marketing as per daily demand of a consumer".

The Bill further proposes to charge Consumer Goods at the normal rate of 1% of turnover instead of currently charged 0.2%.

The purpose of these proposals appears to create distinction between consumer goods and fast moving consumer goods. While the distributors of consumer goods are proposed to be subject to minimum tax at the normal rate of 1%, the distributors of fast moving consumer goods would remain subject to minimum tax at the lower rate of 0.2% of the turnover, as the margins in the distribution of fast moving consumer market sector are perceived to be lower.

Real Estate Investment Trust

[Section 2(47A), 2(47B), 2(47C), Division III (Part I, First Schedule), Division VII (Part I, First Schedule) & Clause 99A (Part I, Second Schedule)]

The Bill proposes to bring the definitions of "Real Estate Investment Trust (REIT) Scheme", "Real Estate Investment Trust Management Company (RMC)" in line with the Real Estate Investment Trust Regulations, 2015.

The Bill also proposes to add the definitions of "Development REIT Scheme" and "Rental REIT Scheme" as defined in the Real Estate Investment Trust Regulations, 2015.

Profits and gains accruing to a person on the sale of immovable property to a REIT Scheme were previously exempt from tax up to 30th June, 2015. Now the Bill proposes to provide exemption from tax to profits and gains on the sale of immovable property to a "Development REIT Scheme" with the object of development and construction of residential buildings up to 30th June 2020.

The Bill proposes that the dividend received by a company from a REIT Scheme shall be taxed at the rate of 25%. Further, it is proposed that the dividend received by a person from a Development REIT Scheme with the object of development and construction of residential building shall be reduced by fifty percent for three years from 30th June, 2015 if the Development REIT Scheme is established by 30th June 2018.

In addition the Bill proposes that in line with Mutual Funds and Collective Investment Schemes, REIT Schemes should also collect Capital Gains Tax at the proposed rates.

The purpose of these proposals appears to accelerate the development and construction of residential buildings in order to solve the shortage of housing units in country on the one hand and to provide support to construction and building material related industries. However, we are of the view that a lot needs to be done for resolving the shortage of housing units and the acceptance & prevalence of the concept of investment in REITs instead of direct investment in the real estate by the general public.

Pakistan Mercantile Exchange Limited (PMEX)

[Section 2(42A), Section 236T & Division XXII (Part IV, First Schedule)]

The Bill proposes to tax the sale and purchase of future commodity contracts executed on the Pakistan Mercantile Exchange Limited (PMEX). It is proposed that the PMEX would deduct withholding tax at the rate of 0.1% from its members on the sale and purchase of future commodity contracts and another

0.1% from its members in lieu of commission on the sale and purchase of future commodity contracts. The tax so deducted would be minimum tax for the members.

Small Company

[Section 2(59A)]

Small companies registered after 1st July 2005 and fulfilling various conditions are currently taxed at a lower rate of 25%. One of the conditions, that the paid up capital plus undistributed reserves should not be exceeding twenty five million rupees, has been relaxed to fifty million rupees.

Reward for Whistleblower

[Section 2(75) & Section 227B]

Although the law provided for reward to officers of Inland Revenue, a new concept is proposed whereby whistleblowers may be given rewards by the Board for providing credible information leading to detection of tax in cases of concealment or evasion of income tax, fraud, corruption or misconduct.

Although the procedure is proposed to be prescribed by the Board, the proposal defines the whistleblower as a person who reports concealment or evasion of income tax leading to detection or collection of taxes, fraud, corruption or misconduct, to the competent authority having power to take action against the person or an income tax authority committing fraud, corruption, misconduct or involved in concealment or evasion of taxes.

It has also been proposed that the claim for reward would be rejected if the information provided is of no value, or is already possessed by the Board, is available in public records, or collection of tax is not made from the information provided.

We are of the view that although this is a step in the right direction, the Government would have to demonstrate its commitment and resolve to make this initiative successful.

Super Tax for Rehabilitation of Temporarily Displaced Persons

[Section 2(28a), Section 4b, Rule 6d (Fourth Schedule), Rule 4aa (Part I, Fifth Schedule), Rule 2a (Part II, Fifth Schedule), Rule 7c (Seventh Schedule), Sub-Rule 8 (Rule 1, Eighth Schedule)]

A one-time super tax for tax year 2015 has been proposed @4% on Banking Companies and @3% on all other taxpayers having income of equal or more than five hundred million rupees.

Super tax is proposed to be levied for the rehabilitation of temporary displaced persons.

The income on which the super tax is proposed to be levied include taxable income excluding exempt income, profit on debt, dividend, capital gains, brokerage, commission, imputed income, income of insurance companies, income of E&P companies of Petroleum and minerals and banking companies.

The definition of imputable income is proposed to be inserted as income in relation to an amount subject to final tax means the income which would have resulted in the same tax, had this amount not been subject to final tax.

It is envisaged that the proposed super tax in its current form would create certain complications like double counting of income from profit on debt, dividends and commission (once as these are mentioned specifically and again as imputed income) and retrospective application for companies having special tax years where financial statements already been finalized.

Tax on Undistributed Reserves*[Section 5A]*

The Bill has proposed that undistributed reserves of public companies (other than modaraba, a schedule bank or a company in which not less than fifty percent shares are held by the Government) shall be taxed @10% with effect from tax year 2015, if the company earns profits but does not distribute cash dividend or if it distributes cash dividend but the undistributed reserves are more than hundred percent of paid up capital.

The tax would be charged on the undistributed reserves that are in excess of 100% of paid up capital.

Reserve includes amounts set-aside out of revenue or other surpluses excluding capital reserves, share premium reserves and reserves required to be created under law, rules or regulations.

The proposal, if approved, would result in double taxation as the undistributed reserves accumulate from profits after tax. In addition, there could be practical difficulties to pay cash dividends due to cash flow constraints and expansions.

Taxation of Resident Shipping Company*[Section 7A, Clause 21 (Part II, Second Schedule)]*

Although effectively there is no change in the taxation of a resident shipping company, the provision has been transferred from Part II of Second Schedule (Exemptions & Tax Concessions - Reduction in Tax Liability) to Chapter II - Charge of Tax.

Tax on Profit on Debt

[Section 7B, Section 151(3), Division IIIA (Part I, First Schedule), Division IA (Part III, First Schedule)]

The Bill proposes a new section for charging of tax on profit on debt and the tax rate is progressively increased. Currently the profit on debt is taxed at 10% while the Bill proposes it to be taxed on the following slab rates.

Profit on Debt	Rate of tax
Up to Rs 25,000,000	10%
Rs 25,000,001 to Rs 50,000,000	2,500,000 + 12.5% of the amount exceeding Rs 25,000,000.
Rs 50,000,001 and above	Rs 5,625,000 + 15% of the amount exceeding Rs 50,000,000.

The withholding tax on profit on debt for filers has remained the same i.e. 10% while for non-filers the rate has been increased from 15% to 17.5%.

It appears that inadvertently these changes if approved in the present form, would result in companies (other than banking companies) being charged tax on profit on debt at a lower rate from the previous normal rates.

Income from Property

[Section-15A]

Currently expenditure incurred on collecting rent is allowed as a deduction from income from property. The Bill proposes allowing of any expenditure incurred wholly and exclusively for the purpose of deriving rent including administration and collection charges submit to the limit of 6% of the rent chargeable to tax.

Restrictions on Powers of Federal Government to Issue SROs for Tax Exemptions and Concessions

[Section 53 (2)& (4), 148(2), 159 (3), (4) & (5)]

The Bill proposes that the discretionary powers of the Federal Government and FBR for granting concessions and exemptions will be eliminated.

Now, concession and exemption can only be undertaken in special cases by a decision of the Economic Coordination Committee of the Federal Cabinet.

It has also been proposed that such concessions would be given for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situation arising out of abnormal fluctuation in international commodity process, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreement.

The Bill further proposes that any notification issued after promulgation of Finance Act, 2015 shall stand rescinded on expiry of the financial year in which it is issued except where it has been rescinded earlier.

The proposal is a step in the right direction and was desired since many years to eliminate the so called SRO culture. However, the Government's restraint is to be seen in using the special cases where ECC can provide concessions and exemptions.

Tax Credit for Investment in Shares and Insurance

[Section 62 (2c)]

The Bill proposes to increase the limit of investment in shares and insurance for the purposes of tax credit from Rs. 1 million to Rs. 1.5 million.

Deductible Allowance for Profit on Debt*[Section 64, Section 64A]*

Currently a tax credit is allowed to individuals in respect of profit on debt paid on a loan by a scheduled bank or NBFIs for the purpose of construction of a new house or acquisition of a house.

The Bill proposes to substitute the tax credit with a deductible allowance to the individual taxpayers. The monetary limit of Rs. 750,000 has been increased to Rs. 1,000,000 while the other limit of fifty percent of taxable income has been kept the same.

It is also proposed that the allowance or part thereof that is not deductible for the year shall not be carried forward to a subsequent tax year.

Due to the nature of deductible allowance as compared to tax credit, individual taxpayers will benefit through applicability of lower tax slab rates.

The proposed section has been inadvertently placed in Part X - Tax Credits instead of Part IX - Deductible Allowances of Chapter III of the Ordinance.

Tax Credit for Employment Generation by Manufacturer*[Section 64B]*

The Bill proposes a new tax credit for a period of ten years to a company setting up a new manufacturing unit between 1 July 2015 to 30 June 2018 and generating employment.

The tax credit will be available at the rate of 1% for every 50 employees registered with EOBI and Employee Social Security Institution of the provincial government during a tax year. The tax credit is subject to the following conditions:

- A new company is incorporated in Pakistan and manufacturing unit is setup between 1 July 2015 and 30 June 2018;
- The company employs more than 50 employees in a tax year and gets them registered with EOBI and Employee Social Security Institution of the provincial government;
- The manufacturing unit is not established by the splitting up or reconstruction of an undertaking already in existence or by transfer of machinery or plant from an existing undertaking;

Miscellaneous Tax Credits

[Section 65]

The Bill proposes to provide clarity regarding applicability of the following tax credits:

- Tax Credit for Investment (Section 65B)
- Tax Credit for newly established industrial undertaking (Section 65D)
- Tax Credit for industrial undertakings established before 1 July 2011 (Section 65 E)

The Bill clarifies that the restriction of non-allowance of tax credit under section 169 that treats the tax withheld under various provisions of the Ordinance as a final tax will not be applicable.

The Bill clarifies that the condition for charge of minimum tax due to applicability of tax credits [under Section 113(1)(d)] shall not apply, in case of tax credits for industrial investment availed under the above referred sections.

Accordingly, such taxpayer will not be liable to pay minimum tax under section 113 of the Ordinance.

Tax Credit for Enlistment*[Section 65C]*

Currently, a company is allowed a tax credit equal to 15% of the tax payable for the tax year in which the company is enlisted on a registered stock exchange in Pakistan. It is proposed to increase the tax credit from 15% to 20% of the tax payable.

Tax for Industrial Undertakings*[Section 65E(5)]*

Currently, tax credit is allowed to industrial undertakings established before 1 July, 2011 fulfilling certain conditions, against the tax payable of the tax year in which the plant or machinery is installed and for the subsequent 4 years. The Bill proposes to allow the tax credit for a period of 5 years beginning from the date of setting up or commencement of commercial production from the new plant or expansion project whichever is later.

Tax on Dividend*[Section 94 (2), Division III (Part I, First Schedule)]*

The Bill proposes increase in the rate of tax on dividend from the existing 10% to 12.5% for all taxpayers. It is further proposed to increase the rate of tax on dividend from a stock fund from the existing 12.5% to 15%.

The Bill also proposes to partially rationalize the conflict between Section 5 - Tax on Dividend and Section 94 - Principles of taxation of companies.

Collection and Exchange of Information*[Section 107, 165B, 176 (1)(a)]*

In recent years, there has been a global initiative towards information sharing and exchange for the purposes of combating tax evasion and avoidance.

This trend started with the Foreign Account Tax Compliance Act (FATCA) by the United States of America. FATCA required disclosure of information by foreign financial institutions (FFIs) and other financial intermediaries for preventing tax evasion by US citizens and residents through offshore accounts.

In line with the international trend, the Bill proposes to allow the Federal Government to enter into agreements for the exchange of information including automatic exchange of information.

The Bill further proposes to empower the Board to obtain and collect information when solicited by another country under such agreements. The Bill also proposes powers to the Board whereby every financial institution would be required to provide information to the Board in respect of non-resident persons.

The information received under both the proposed amendments may be used only for tax and related purposes and is required to be kept confidential.

The Bill further proposes powers to the Commissioner to require any person to furnish any information required by any foreign government under any agreement.

It is hoped that all such agreements are entered into on a reciprocal basis and that such information is also obtainable for Pakistani citizens and residents having assets outside Pakistan.

Minimum Tax on Builders (deferred until 2018)

[Section 113A]

Currently, builders were required to pay minimum tax on income from business of construction, sale of residential, commercial or other buildings at the rates to be notified by the Federal Government, which were not yet notified.

The Bill now proposes to defer application of this section till 30 June 2018.

Minimum Tax on Land Developers

[Section 113B]

Currently, land developers were required to pay minimum tax on income from business of development and sale of residential, commercial or other plots, at the rates to be notified by the Federal Government, which were not yet notified.

The Bill now proposes to charge tax at the rate of two percent of the value of land notified by any authority for the purpose of stamp duty.

Revision of Return of Income

[Section 114 (6)]

A taxpayer is allowed to revise the return of income on discovery of any omission or wrong statement subject to certain conditions. The Finance Act, 2013 introduced a new condition that a return can only be revised if it is accompanied by approval of the Commissioner in writing.

This created hardship to the taxpayers as getting approval from the Commissioner required considerable time and effort.

The Bill now proposes the Commissioner's approval shall not be required if the revised return is filed within sixty days of the filing of the return.

Extension of Stay by Commissioner (Appeals)

[Section 128 (1AA)]

The Bill proposes to authorize the Commissioner (Appeals) to grant stay form of recoveries for a further period of thirty days subject to the condition that the appeal is decided within the extended period.

Now in aggregate Commissioner Appeals can grant stay of sixty days.

Due Date for Payment of Tax

[Section 137]

The Bill proposes increase in the due date for payments of tax under assessment order/amended assessment order from fifteen to thirty days.

The Bill further proposes to rationalize the days in case of provisional assessment order from sixty to forty-five days to bring it in line with section 122C.

Advance Tax

[Section 147 4(A)]

The Bill proposes that a company or an AOP which is currently required to estimate tax payable in the fourth quarter should not estimate the tax payable at any time before the second installment is due.

This amendment, if approved, is likely to cause hardship for the taxpayer as due to inherent uncertainty in the country, it would be quite difficult to estimate income and tax even before completion of half year. Incorrect estimates might attract default surcharge.

Tax on Local Purchases of Cooking Oil or Vegetable Ghee

[148A, 169(1)(a)]

The Bill proposes to insert a new section whereby the manufacturers of cooking oil or vegetable ghee shall be chargeable to tax at the rate of 2% on purchase of locally produced edible oil. This tax would be final tax in respect of income accruing from locally produced edible oil.

Permanent Establishment of Non-Residents Allowed to Request Exemption/Reduction in Withholding Tax***[Section 152(4A)]***

The Bill proposes to rationalize an anomaly created through Finance Act, 2012 whereby the provision related to withholding tax from Permanent Establishment (PE) of a non-resident was moved to section 152(2A) wherein it was not entitled to seek exemption or reduction from withholding tax on its own.

The Bill now proposes to allow PE of a non-resident to seek exemption / reduction in withholding tax rate by making an application to the Commissioner.

Withholding Tax on Services Rendered By Companies***[Section 153(3)(b), Clause 79 (Part IV, Second Schedule)]***

The Bill proposes to clarify the confusion whether the withholding tax on services rendered by companies was minimum tax or adjustable. The Bill proposes to amend section 153(3)(c) to clarify the withholding tax on services is adjustable for companies and minimum for person other than company and accordingly Clause 79 of Part IV of the Second Schedule has been proposed to be deleted.

Irrevocable Option to Opt Out of Final Taxation for Exports***[Section 154(5)]***

Currently the tax deductible on proceeds of an exporter or an indenting commission agent and payments by a direct exporter to an indirect exporter is considered final tax on such transactions. The Bill proposes to provide an irrevocable option to opt out of final taxation. It is also proposed that the tax deducted shall be treated as minimum tax.

Interest Rate on Unpaid Tax or Delayed Refund

[Sections 161(1B), 171(1) & Section 205]

In view of the reduction in interest rates in the country the Bill proposes reduction of interest rate on unpaid or late paid taxes from 18% to 12%.

The Bill proposes this reduction in both Section 161 - Failure to pay tax collected or deducted and Section 205 - Default Surcharge.

Similarly the bill proposes change in the rate of additional payment for delayed refund from the current rate of 15% to KIBOR + 0.5%.

Special Audit Panel

[Section 177(11)(12);Section 121(1)(d);Section 207(1)]

It is proposed to introduce a new body under the name & style of “**Special Audit Panel (SAP)**” in the hierarchy of the income tax authorities to further improve the administration and collection of taxes. The proposed body shall be directly subordinate to the Additional Commissioner Inland Revenue.

Amendment is proposed to provide for appointment, constitution and working of Special Audit Panel.

The Board may appoint as many special audit panels as may be necessary. The panel shall comprise of two or more members from the following;

- an officer or officers of Inland Revenue;
- a firm of Chartered Accountant;
- a firm of Cost & Management Accountants
- any other person as directed by the Board

SAP shall conduct audit including forensic audit of income tax affairs of any person or classes of registered person or persons, and the scope of such audit shall be determined by the Board or Commissioner on case to case basis.

An officer of Inland Revenue shall be the Chairman of the SAP. If any one member other than the chairman of SAP is absent from conducting the audit, the proceeding of audit may continue and the audit so conducted shall not be invalid or be called in question merely on the ground of such absence.

Officer or Officer of Inland Revenue being members of SAP shall have powers under Section 175 & 176. The functions performed by Officer or Officer of Inland Revenue as part of SAP shall be treated to have been performed by SAP.

If any person fails to produce required information as sought by Commissioner or SAP, the Commissioner is empowered to pass the best judgment assessment under section 121. The necessary amendments in Section 121 have also been proposed.

Computerized National Identity Card / National Tax Number

[Section 181(4)]

It is proposed that from tax year 2015 onward CNIC number of the individual shall be his or her NTN.

The Federal Government had earlier shown its intention to replace the National Tax Number (NTN) with Computerized National Identity Card (CNIC) number. The Bill proposes that in the case of an individual, CNIC number shall be taken to be the NTN from tax year 2015.

This is a step in the right direction, however there are various legal and practical matters that need resolution. Firstly, all NTN holders are required to file a return of income; hence there is a need to modify this requirement as all citizens are not liable to tax.

Secondly, existing NTN would need to be replaced with CNIC numbers and all NTN certificates issued to individuals would need to be revised. Thirdly, the

process of obtaining NTN specified in the law becomes redundant and needs to be deleted.

Offence and Penalties

[Section 182(1), Clause 16 (Part III, Second Schedule)]

The Bill proposes to rationalize the penalty for non-filing of statements under sections 115, 165 & 165A. Accordingly, the reduced penalty has been proposed to be modified in Section 182 - Offences and penalties and Clause 16 of Part III of Second Schedule is proposed to be deleted as no longer required.

The penalty of not filing of wealth statement or wealth reconciliation has been proposed to be changed from Rs. 100 for each day of default to 0.1% of the taxable income per week or Rs. 20,000 whichever is higher.

Retailers - Automatic Selection for Audit

[Section 214D]

The Bill proposes to introduce automatic selection of audit of retailers falling under Sales Tax Special procedures Rules, 2007. Audit of the income tax affairs of such persons shall be conducted as per the procedures given in section 177.

Retailers who fulfill the following criteria shall not be subject to selection of their cases for audit either under section 177 or section 214C:

- appearing in the sales tax active payers list;
- filling of return of total income within the due date;
- payment of tax payable based on the return of total income;
- payment of 2 percent turnover tax by such registered person who files the return below taxable limit and in the preceding tax year has either not filed the return or had declared income below taxable limit; and
- payment of 25 percent higher tax than the previous tax year by such registered person and had declared taxable income in the return for immediately preceding tax year.

It is proposed that applicability of this section would be from the date appointed by the Board through notification in official gazette.

Advance Tax on Transactions in Bank & Advance Tax on Banking Transactions of Non-Filer

[Section 231AA, Section 236P & Division VI, VIA, XXI of Part IV of First Schedule]

It is proposed to omit proviso of sub-section 1 of Section 231AA to make technical correction.

The rate of tax under section 231A & 231AA on cash withdrawals and cash backed other transactions with banks respectively by non-filers has been proposed to increase to 0.6% whereas rate of tax on filers shall remain 0.3% as previously applicable.

A new section 236P is proposed to be inserted to collect advance adjustable tax at the rate of 0.6% on all transaction exceeding Rs 50,000 per day from a non-filer at the time of sale of any instrument including DD, PO, SDR, CDR, STDR, Call Deposit Receipt, RTC, or any other instrument of such nature from Banking Company.

Further it is also proposed that banking company shall also collect advance adjustable tax at the rate of 0.6% on all transactions exceeding Rs 50,000 per day from non-filers on;

- transfer of any sum through cheques or clearing;
- interbank or intra-bank transfer through cheques, online transfer, telegraphic transfers, mail transfer, direct debit, payment through internet, payment through mobile phones, account to account fund transfer, third party account to account fund transfer, real time account to account funds transfer, real time third party account to account fund transfer, ATM Transfers or any mode of electronic or paper based funds transfer.

Advance Tax on Private Motor Vehicles*[Section 231B & Division VII of Part IV of First Schedule]*

It is proposed to replace the words “car or jeep” with the word “vehicle” to make technical correction and inline it with the proposed definition of Vehicle which is proposed to include car, jeep, van, sports utility vehicle, pick-up trucks for private use, caravan automobile, limousine, wagon and any other automobile used for private purpose. It is further proposed to define “Date of First Registration” which means as follows;

S. No	Vehicle Acquired from	Date of First Registration
1	Armed Forces	Date of issuance of Broad Arrow Number
2	Foreign Diplomat or Diplomatic Mission in Pakistan	Date of registration by Ministry of Foreign Affairs
3	Federal Government or Provincial Government (unregistered vehicles)	Last day of the year of manufacture
4	All other cases	Date of first registration by the Excise & Taxation Department

In case of change in registration or ownership, a new tax slab is proposed to be introduced which is as follows;

S. No.	Engine Capacity	Amount of Tax (Rs.)	
		Filers	Non-Filers
1	Up to 850 cc	-	5,000
2	851 cc to 1000 cc	5,000	15,000
3	1001 cc to 1300 cc	7,500	25,000
4	1301 cc to 1600 cc	12,500	65,000
5	1601 cc to 1800 cc	18,750	100,000
6	1801 cc to 2000 cc	25,000	135,000
7	2001 cc to 2500 cc	37,500	200,000
8	2501 cc to 3000 cc	50,000	270,000
9	Above 3000 cc	62,500	300,000

The above tax rate shall be reduced by 10% each year from the date of first registration.

The tax slab previously applicable shall continue to remain applicable as it is on all cases other than change in registration or ownership as discussed above.

Tax on Motor Vehicles

[Section 234, Division III of Part IV of the First Schedule]

Tax rate on following has been proposed to change. New rates are as follows;

- Goods Transport Vehicles;

	Filer	Non-Filer
Tax Per kg of laden weight	Rs 2.5	Rs 4

- Passengers transport vehicles plying for hire;

S. No.	Capacity	Filer	Non-Filer
		Rs. Per seat pa	
(i)	Four or more persons but less than ten persons	50	100
(ii)	Ten or more persons but less than twenty persons	100	200
(iii)	Twenty persons or more	300	500

- Other private motor vehicles

S. No.	Engine capacity	Filer	Non-Filer
		Rupees	
1	Up to 1000 cc	800	1,200
2	1001 cc to 1199 cc	1,500	4,000
3	1200 cc to 1299 cc	1,750	5,000
4	1300 cc to 1499 cc	2,500	7,500
5	1500 cc to 1599 cc	3,750	12,000
6	1600 cc to 1999 cc	4,500	15,000
7	2000 cc & above	10,000	30,000

Domestic Electricity Consumption

[Section 235A, Division XIX of Part IV of the First Schedule]

The amount of bill has been decreased from Rs 100,000 to Rs 75,000 to collect advance tax.

Telephone & Internet Users

[Section 236, Division V of Part IV of First Schedule]

It is proposed to collect advance tax on “Internet Bill of a Subscriber” and “Prepaid cards for Internet” at the rate of 14% of the amount of bill or sales price of internet pre-paid card or sale of units through any electronic medium or whatever form.

Advance Tax on Purchase of Air Tickets

[Section 236B]

The routes of Baluchistan coastal belt, AJ&K, FATA, Gilgit-Baltistan and Chitral are exempt from the collection of advance tax on the purchase of air tickets. No change has been proposed in the applicable tax rates.

Advance Tax on Purchase of International Air Ticket

[Section 236L, Division XX of Part IV of First Schedule]

The amount of advance tax is proposed to be fixed in monetary terms through substitution. The revised tax would be as follows;

S. No.	Type of Ticket	Tax Amount (Rs.)
1	First/Executive Class	Rs.16,000 per person
2	Others excluding Economy	Rs.12,000 per person
3	Economy	Nil

Advance Tax on Sales to Distributors, Dealers and Wholesalers

[Section 236G, Division XIV of Part IV of the First Schedule]

No change has been proposed in the section. However, rate of tax applicable on Fertilizer has been proposed to increase from 0.2% to 0.7% in case of filer and from 0.4% to 1.4% in case of non-filers.

Advance Tax on Sales to Retailers

[Section 236H, Division XV of Part IV of the First Schedule]

It is proposed to extend the applicability of this section to “wholesalers” also. Further, it is proposed to exclude “Fertilizer” from the scope of advance tax under this section. No change in the rate of tax has been proposed.

Collection of Advance Tax by Educational Institutions

[Section 236I, Division XVI of Part-IV of the First Schedule]

It is proposed to exempt non-residents from the deduction of advance tax by educational institutions provided following conditions are met.

1. Furnishes copy of his passport as proof that his stay in Pakistan during the previous tax year was for less than 183 days;
2. Produces a certificate as proof that he has no Pakistan-source income, and
3. Fee is directly remitted from abroad through normal banking channels into the bank account of the relevant educational institution.

No change in tax rate has been proposed.

Payment to Residents for the Use of Machinery and Equipment

[236Q, Division XXIII of Part IV of the First Schedule]

A new section is proposed to be inserted to tax payment for use or right to use industrial, commercial and scientific equipment at the rate of 10%. The tax shall be deducted by the person making payment who is also eligible to deduct tax. The tax so deducted shall be full & final tax on such income.

Advance Tax on Education related Expenses Remitted Abroad

[Section 236R, Division XXIV of Part-IV of the First Schedule]

A new section is proposed to be inserted to tax the education related expenses including tuition fee, boarding & lodging expenses, any payment for distant learning to any institution or university in a foreign country and any other expense related or attributable to foreign education.

The tax shall be collected by the person responsible for remitting (banks, financial institution, foreign exchange companies or any other person) the foreign currency from the payer at the rate of 5% of the amount remitted.

The tax so deducted shall be adjustable against the income of payer.

Tax on Dividend in Specie

[Section 236S, Division I of Part III of the First Schedule]

Dividend in Specie is proposed to be taxed at such rate as are applicable to Dividends. The rate of tax on dividend to non-filers has been proposed to increase from 15% to 17.5%.

In case of stock fund if dividend receipts of the fund are less than capital gains, the rate of tax has been increased from 12.5% to 15%.

Rates of Tax for Individuals and Association of Persons

[Division I (Part I, Second Schedule)]

The Bill proposes a minor reduction of rate of tax for individual (both salaried and non-salaried) and association of persons resulting in reduction of tax by Rs. 3,000/year only on all slabs.

Rates of Tax for Companies*[Division II (Part I, Second Schedule)]*

The rate of tax for a company, other than the banking company, is proposed to be reduced by 1% to 32% for the tax year 2016.

Rates of Tax on Capital Gains on Disposal of Securities*[Division VII (Part I, Second Schedule)]*

The rates of tax on capital gains on disposal of securities have been increased for the tax year 2016 and the currently exempt holding period for more than 24 months up to 48 months has been taxed. Below table shows comparison of the tax rates for tax year 2015 with proposed rates for tax year 2016.

Holding Period	Tax Year 2015	Tax Year 2016
Less than twelve months	12.5 ⁰ %	15 ⁰ %
Twelve months or more but less than twenty four months	10%	12.5 ⁰ %
Twenty four months or more but less than four years	0%	7.5 ⁰ %

Capital gains tax on redemption of securities is required to be deducted by mutual fund collective investment schemes and REIT as follows:

Category	Filer	Non-Filer
Individual and association of persons	10% for stock funds; 10% for others	17.5 ⁰ %
Company	10% for stock funds; 25% for others	25%

However, in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction is proposed to be 12.5%.

Minimum Tax on Dealers or Distributors of Fertilizers

[Division IX (Part I, First Schedule)]

The Bill proposes increase in the minimum tax on dealers or distributors of fertilizers from the current 0.2% to 0.5%.

Advance Tax on Imports

[Part II of First Schedule]

The Bill proposes separate tax rates for filer and non-filer and also proposes to enhance the scope of the table.

Taxpayer	Tax Rate %	
	Filer	Non-Filer
Industrial undertaking importing remelttable steel (PCT Heading 72.04) and directly reduced iron for its own use	1	1.5
Persons importing plastic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision No. ECC-155/12/2004 dated 9 December 2004		
Persons importing urea		
Manufacturers covered under Notification No. S.R.O. 1125(I)/2011 dated 31 December 2011		
Persons importing Gold		
Persons importing Cotton	2	3
Persons importing pulses		
Commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated 31 December 2011	3	4.5
Ship breakers on import of ships	4.5	6.5
Industrial undertakings not covered above	5.5	8
Companies not covered above	5.5	8
Persons not covered above	6	9

Advance Tax on Payment to Non-Residents for Goods and Services*[Division II (Part III, First Schedule)]*

The Bill proposes to separate the rates of withholding taxes between corporate and others and differentiate between filer and non-filer on account of making payment to a PE of a non-resident and brings the rate of withholding in line with the rates applicable to a resident person as under:

Payment on account of	Corporate		Non-Corporate	
	Filer	Non-filer	Filer	Non-filer
Supply of goods	4	6	4.5	6.5
Services other than transport services	8	12	10	15
Execution of contract	7	10	7.5	10

Advance Tax on Payments to Resident for Goods or Services*[Division III (Part III, First Schedule)]*

The Bill proposes to separate the rates of withholding taxes between filer and non-filer on account of making payment to resident person for goods or services as under:

Payment on account of	Corporate		Non-Corporate	
	Filer	Non-filer	Filer	Non-filer
Supply of goods	4	6	4.5	6.5
Services other than transport services	8	12	10	15
Execution of contract	7	10	7.5	10

Advance Tax on Petroleum Products

[Division VIA (Part III, First Schedule)]

The Bill proposes to separate the rates of withholding taxes between filer and non-filer by proposing the rate of non-filer as 15% of the gross amount of every person selling petroleum products to a petrol pump operator.

Advance Tax on Brokerage and Commission

[Division II (Part IV, First Schedule)]

The Bill proposes to increase the rate of advance tax for advertising agents that are filers from the current 7.5% to 10% of the amount of payment while retaining the rate of 12% for all other cases.

The Bill further introduces the concept of non-filer here also with the enhanced rate of advance tax at the rate of 15% of the amount of payment.

SECOND SCHEDULE**Exemptions Withdrawn**

Following exemptions or concessions are proposed to be withdrawn.

Clause	Part	Description
20	I	Pakistan Postal Annuity Certificate Scheme
113	I	Capital gains on sale of shares of public company setup in Special Industrial Zone
126F	I	Profits and gains derived by a taxpayer located in the most affected and moderately affected areas of KPK, FATA and PATA.
14	II	Goods transport vehicles the rate of tax shall be reduced to Rs.2 per kilogram of the laden weight.
14A	II	Passenger transport vehicles, the rate of tax shall be reduced to 250 rupees per seat per annum.
14B	II	Goods transport vehicles; the rate of tax shall be reduced to two Rupees per kilogram of the laden weight.
11A(iv)	IV	The provisions of section 113, regarding minimum tax, shall not apply to KAPCO.
16A	IV	The provisions of section 153(i)(b) shall not be applicable to the persons making payments to electronic and print media in respect of the advertising services.
56H	IV	Provision of Section 148 shall not apply to import of potatoes between 5th May 2014 to 15th November 2014
59(ii)	IV	The provisions of section 151, regarding withholding tax on profit on debt, shall not apply to profit payment by PHDCL
61A	IV	The provisions of section 231A shall not apply in respect of any cash withdrawal by exchange companies duly licensed and authorized by SBP.
72A	IV	The provisions of clause (I) and section 21, sections 113 and 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations.
83	IV	The provision of 116 (4) shall not apply for the tax year 2013 to a person other than a company or a member of AOP falling under FTR.
89	IV	The Provisions of section 236I shall not apply to certain persons
90	IV	The provisions of section 236D shall not apply to certain persons.

EXEMPTIONS GRANTED***Indus Hospital***

[Clause 61 (xlv) & Clause 66 (xxxiii), Part I, Second Schedule]

Income derived by Indus Hospital is exempt from Tax. Further donations made to Indus Hospital are also eligible for tax credit.

Inter-Corporate Dividend

[Clause 103A, Part I, Second Schedule]

It is proposed to file return of income to avail tax benefit under this Clause.

China Overseas Ports Holding Company Limited

[Clause 126A, Part I, Second Schedule]

It is proposed to increase the tenure of exemption from 20 years to 23 years.

Profit & Gains of Industrial Undertaking-Renewable Energy

[Clause 126I, Part I, Second Schedule]

It is proposed to grant exemption to all profits & gains derived by Industrial undertaking setup by Dec 31, 2016 and engaged in the manufacture of Plant & Equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar, wind for a period of five year beginning from July 01, 2015.

Profit & Gains of Industrial Undertaking-Cold Storage

[Clause 126J, Part I, Second Schedule]

It is proposed to grant exemption to all profits & gains derived by industrial undertaking setup between July 01, 2015 to June 30, 2016 and engaged in operating warehousing or cold chain facilities for storage of agriculture

produce for a period of three years beginning with the month in which the industrial undertaking is setup or commercial operation are commenced whichever is later.

Profit & Gains of Industrial Undertaking-Halal Meat Production

[Clause 126K, Part I, Second Schedule]

It is proposed to grant exemption to all profits & gains derived by industrial undertaking setup between July 01, 2015 to December 31, 2016 and engaged in operating halal meat production and has obtained halal certification for a period of four years beginning with the month in which the industrial undertaking is setup or commercial operation are commenced whichever is later.

Profit & Gains of Industrial Undertaking-KPK Province

[Clause 126L, Part I, Second Schedule]

It is proposed to grant exemption to all profits & gains derived by industrial undertaking setup between July 01, 2015 to June 30, 2018 and for a period of four years beginning with the month in which the industrial undertaking is setup or commercial operation are commenced whichever is later.

This exemption is not available to manufacturing unit established by splitting up or re-construction of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1st July 2015.

Profit & Gains of Transmission Line Project

[Clause 126M, Part I, Second Schedule]

It is proposed to grant exemption to all profits & gains derived by a taxpayer from a transmission line project setup in Pakistan on or after 1st July 2015 till June 29, 2018 provided that project is;

- Owned & managed by a Company incorporated with SECP and have registered office in Pakistan;
- Not formed by splitting up or the reconstruction or reconstitution of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was carried on in Pakistan at any time before the commencement of the new business; and
- Owned by a company fifty percent of whose share are not held by Federal/Provincial/Local Government or which is not the controlled by the Federal/Provincial/Local Government.

Profit & Gains of LNG Terminal

[Clause 141, Part I, Second Schedule]

It is proposed to grant exemption to all profits & gains derived by LNG Terminal for period of five years from the date of commercial operations.

REDUCTION IN TAX RATES

Cash Withdrawal by Exchange Company

[Clause 28B, Part II, Second Schedule]

It is proposed to grant reduction in tax rate on cash withdrawal by an exchange company licensed by SBP exclusively dedicated for its authorized business related transactions subject to conditions that a certificate from Commissioner for a financial year mentioning details & particulars of its bank account being used entirely for business transaction is provided.

EXEMPTION FROM SPECIFIC PROVISIONS

[Clause 11A, Part IV of Second Schedule]

It is proposed to grant exemption from the provisions of section 113 to the following;

- Companies qualifying exemption under Clause 132 B of Part I of Second Schedule in respect of receipts from a coal mining project in Sindh, supplying coal exclusively to power generation projects;
- LNG Terminal operators & owners;
- Taxpayers located in the most affected and moderately affected areas of KPK, FATA, PATA for tax year 2010, 2011 and 2012 excluding manufacturers and suppliers of cement, sugar, beverages and cigarettes;
- Rice Mills for the tax year 2015;
- Taxpayer qualifying for exemption under Clause 126I, 126J, 126K, 126L of Part I Second Schedule.

[Clause 11D, Part IV of Second Schedule]

It is proposed to exempt LNG operator and owner from the provisions of section 113C.

[Clause 56, Part IV of Second Schedule]

The provision of Section 148 shall not apply to import of petroleum oils and oils obtained from bituminous mineral crude, furnace oil, high speed diesel, motor sprit, JP-1, base oil for lubricating oil by PSO, Shell, APL, Byco, Admore, Chevron, Total-Parco, Hascol and oil refineries.

[Clause 57, Part IV of Second Schedule]

It is proposed to add an explanation to clarify that in-house preparation and processing of food and allied items for sale to customers shall not disqualify a company from being treated as a Trading House provided that all the conditions are full filled and sale of such items does not exceed two per cent o of the total sales.

It is proposed that provision of Section 148 shall not apply to import of:

S.No.	Description	Respective PCT Heading
1	Tillage and seed bed preparation equipment.	8432.8010, 8432.2910, 8432.8090, 8432.3090, 8432.8090, 8432.1010, 8432.1090, 8432.2990, 8432.2100, 8432.2990, 8432.1090, 8430.6900, 8430.6990, 8432.8090, 8432.1090, 8432.8090, 8432.8090, 8701.9020, 8430.6900,
2	Seeding or Planting Equipment	8432.3010, 8432.3090, 8432.3090, 8432.4000, 8432.3090, 8432.3010, 8432.3090
3	Irrigation, Drainage and Agro-Chemical Application Equipment	8421.2100, 8424.2010, 8424.2010, 8424.2010, 8424.2010, 8424.2010, 8424.9990
4	Harvesting, Threshing and Storage Equipment.	8433.5200,8433.5900, 8433.5300, 8433.4000, 8201.3000, 8433.5100,8433.5900,8433.5900,8433.5900,8433 .5900,8433.5900,8433.5900,8433.5900,8433.590 o,8433.5900,8433.5900
5	Post-harvest Handling and Processing and Miscellaneous Machinery.	8433.4000, 8434.1000,

[Clause 92, Part IV of Second Schedule]

It is proposed that provision of Section 148 shall not apply to import of aircraft (wet or dry lease), maintenance kits for use in trainer aircrafts, spare parts for use in aircrafts, trainer aircrafts or simulators, machinery equipment and tools for setting up maintenance, repair and overhaul (MRO) company recognized

by Aviation Division, Operational tool, machinery equipment and furniture and fixtures on one time basis for setting up greenfield airport by a Company authorized by Aviation Division and aviation simulators imported by airline company recognized by Aviation Division.

[Clause 93, Part IV of Second Schedule]

It is proposed that provision of Section 154 (1) shall not apply to taxpayers operating halal meat production and qualifying for exemption under 126K of Part I of Second Schedule.

FOURTH SCHEDULE

Exemption of Capital Gains from the sale of shares

[Rule 6A, Fourth Schedule]

It is proposed to withdraw exemption through omission.

[Rule 6B, Fourth Schedule]

It is proposed to revise the rate of income tax on capital gain. The new rates of tax are as follows;

Sr. No	Period	Tax year 2015	Tax year 2016
1	Where holding period of a security is less than twelve months	12.5%	15%
2	Where holding period of a security is twelve months or more but less than twenty four months	10%	12.5%
3	Where holding period of a security is twenty four months or more but less than four years	0%	7.5%

Banking Companies

[Rule 6, 6A, 6B, 7B Seventh Schedule]

Currently, different streams of income of a banking company are subject to different rates of taxation.

The Bill proposes the corporate tax rate of 35% for banking companies for not only business income but also dividend income and capital gain.

4. SALES TAX

Active Taxpayer

[Section 2(1)]

A new clause is proposed to be inserted to define “active taxpayer”. All registered person are proposed to be treated as active taxpayers other than the following:

- who is blacklisted or whose registration is suspended or is blocked in terms of section 21;
- who fails to file the return under section 26 by the due date for two consecutive tax periods;
- who fails to file an Income Tax return under section 114 or statement under section 115, of the Income Tax Ordinance, 2001(XLIX of 2001), by the due date; and
- who fails to file two consecutive monthly or an annual withholding tax statement under section 165 of the Income Tax Ordinance, 2001

The insertion is apparently aimed at further strengthening the Government’s efforts towards documentation of economy.

Cottage Industry

[Section 2(5AB)]

The proposed change seeks to modify definition of cottage industry and now those will be included in the definition whose utility bills during last 12 months exceed Rs. 800,000 instead of previous limit of Rs.700,000.

Retailer

[Section 2(28)]

The proposed change seeks to modify definition of retailers by omitting the words “and his total turnover per annum shall be taken into account for the purposes of registration under section 14” in clause 28 of section 2 of the Sales Tax Act, 1990..

Supply

[Section 2(33)]

A new sub-clause (d) is proposed to be added after sub-clause (c) of clause 33 as

“in case of manufacture of goods belonging to another person, the transfer or delivery of such goods to the owner or to a person nominated by him”

The above proposed insertion defines and includes **Toll Manufacturing** in the definition of supply hence confirming that it is subject to Federal Sales Tax and Provincial authorities are incorrectly considering it as a service subject to Provincial sales tax though this is likely to remain a bone of contention among authorities.

Scope of Tax

[Section 3(1A), Section 3(2)(b)]

To achieve documentation of economy, rate of sales tax on supplies to unregistered persons is proposed to be increased from 1% to 2%.

Clause (b) is proposed to be substituted apparently with the intention to clarify the powers of Federal Government.

The new clause is proposed to be read as follows:

“The Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any taxable goods, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.”

Time & Manner of Payment

[Section 6]

Proposed insertion of word recovery is apparently intended to further expand/clarify scope of Government authority under the said section.

Determination of Tax Liability

[Section 7]

The proposed insertion of words “section 81” in section 7(2)(ii) is apparently intended to allow input tax adjustment on imports based on provisional bill of entry or goods declaration under section 81 of the Customs Act, 1969.

Tax Credit Not Allowed

[Section 8]

The following changes are proposed relating to admissibility of input tax:

- Modify clause “h” to allow input tax on pre-fabricated buildings
- Insert clause “j” to disallow input tax on services for which input tax adjustment is barred under respective provincial sales tax laws for determining the Federal sales tax liability. The proposed change does appear justified.
- Insert clause “k” to disallow Input tax on import or purchase of agricultural machinery or equipment which is subject to sales tax at 7% under Eighth Schedule.

- Insert clause “1” to disallow input tax of goods not reported by supplier in his return. This clause appears to be unconstitutional particularly in the light of High Court decision in respect of clause ca of sub-section 1 to section 8.

Joint & Severe Liability

[Section 8A]

Section 8A is proposed to be modified to insert the expression “of which the burden to improve shall be on the department” after the word “Unpaid” i.e. the onus to prove collusion among members of supply chain lies with the tax department.

Exemption

[Section 13]

Section 13 is proposed to be modified and powers of Federal Government to issue exemption notifications are now subjected to approval of Economic Coordination Committee of Cabinet and subsequent mandatory approval by Parliament.

Registration

[Section 13]

Section 14 currently refers to sales tax rules for registration requirements. Now it is proposed that section 14 be modified and elaborated further to explain the registration requirements. The proposed new section is self-explanatory therefore reproduced hereunder:

Quote

1. Every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the

2. following categories, if not already registered, is required to be registered under this Act, namely:-
 - a manufacturer who is not running a cottage industry;
 - a retailer who is liable to pay sales tax under the Act or rules made thereunder, excluding such retailer required to pay sales tax through his electricity bill under sub-section (9) of section 3;
 - an importer;
 - an exporter who intends to obtain sales tax refund against his zero-rated supplies;
 - a wholesaler, dealer or distributor; and
 - a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act;
3. Persons not engaged in making of taxable supplies in Pakistan, if required to be registered for making imports or exports, or under any provisions of the Act, or any other Federal law, may apply for registration.
4. The registration under this Act shall be regulated in such manner as the Board may, by notification in the official Gazette, prescribe.

Unquote

Active Taxpayers' List

[Section 21A]

This new section is proposed to be inserted for maintenance of Active Taxpayers' List as part of Government's efforts for documentation of economy.

Special Audit Panels

[Section 32A]

Like Income Tax, the concept of Special Audit Penal (SPA) is also proposed to be introduced in Sales Tax instead of audits by Chartered Accountants & Cost & Management Accountants.

The SPA is proposed to comprise of tax officers, cost & management accountants, chartered accountants and other persons appointed by the Board.

The composition of SPA appears to be a good idea as it would enhance learning and skills when people from both side of the table sit together to share ideas for a common goal.

Agreement of Exchange of Information/Prize Scheme/ Reward to Whistleblowers

[Section 56A, Section 56C, Section 72D]

The above referred three sections are proposed to be inserted in continuance of Governments' effort towards documentation of economy and increase the tax net.

Proposed section 56A would enable the Government to enter into agreements for exchange of information with provinces and other countries.

Proposed section 56C provides for empowering FBR to introduce prize scheme for general public on purchases from registered person. Proposed section 72D provides for rewards for whistle blowers.

FIFTH SCHEDULE

The Fifth Schedule lists goods that are zero rated. Following amendments are proposed in this Schedule:

- Supply of specified locally manufactured plant and machinery to Export Processing Zones (EPZ) which is included under serial No. 6 of the Fifth Schedule is proposed to be shifted to a newly inserted serial No. 6A and the zero rating of such plant and machinery would be subject to certain conditions, restrictions and procedure mentioned therein.
- It is further proposed to amend Serial 9 which deals with exempted goods that are exported by a manufacturer involved in local supplies of both taxable and exempted goods.
- It is also proposed that any manufacturer who exports exempted goods can avail the benefit of zero rate of sales tax regardless of the fact that the manufacturer is involved in local supplies of both taxable and exempted goods.
- It is proposed to omit following items from zero rating and place these in Sixth Schedule

Clause No.	Description	Respective PCT Heading
(ix)	Flavored milk	0402.9900
(x)	Yogurt	0403.1000
(xi)	Cheese	0406.1010
(xii)	Butter	0405.1000
(xiii)	Cream	04.01 and 04.02
(xiv)	Desi ghee	0405.9000
(xv)	Whey	04.04
xvi)	Milk and cream, concentrated and added sugar or other sweetening matter	0402.1000

If the aforesaid goods are sold in retail packing under a brand name, the same be subjected to a reduced rate of sales tax at the rate of 10% under the Eighth Schedule.

SIXTH SCHEDULE

- It is proposed to withdraw following exemptions. These goods have now been proposed to be separately subject to a reduced rate of sales tax under the Eighth Schedule.

Table 1 (On Import & Local Supply)		
S.No.	Description	Respective PCT Heading
28	Poultry feed and cattle feed including their all ingredients except soya bean meal of PCT heading 2304.0000 and Oil-cake of cottonseed falling under PCT heading 2306.1000.	2301.2090, 2305.0000, 2306.2000, 2306.3000, 2306.4100, 2306.5000, 2309.9090, 2936.2100, 2936.2200, 2936.2300, 2936.2400, 2936.2500, 2936.2600, 2936.2700, 2936.2800
39	Incinerators of disposal of waste management, motorized sweepers and snow ploughs.	8417.8000, 8430.2000 and 8479.8990
56	Re-importation of foreign origin goods which were temporarily exported out of Pakistan subject to similar conditions as are envisaged for the purposes of applying zero-rate of Customs Act, 1969	99.18
Table 2 (on local supply only)		
13	Reclaimed lead, if supplied to recognized manufacturers of lead batteries	Respective headings
14	Waste paper	Respective headings

Table 3		
S.No.	Description	Respective PCT Heading
10	Machinery, equipment, raw materials, components and other capital goods for use in buildings, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.	Respective headings
16	Plant, machinery, equipment and specific items used in production of bio-diesel.	Respective headings

- It is proposed to include the following goods in the Sixth Schedule:

Table 1 (on import and local supply)		
S.No.	Description	Respective PCT Heading
117	Appliances for colostomy	3006.9100
118	Colostomy and urostomy bags	3926.9050
119	Tubular day lighting devices (TDDs)	8539.3930
120	Various diagnostic kits or equipment.	3822.0000
121	Blood Bag CPDA-1 with blood transfusion set pack in aluminum	Respective
122	Urine drainage bags	Respective headings
123	Aircraft, whether imported or acquired on wet or dry lease	8802.2000, 8802.3000, 8802.4000
124	Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000	Respective headings
125	Spare parts for use in aircrafts, trainer aircrafts or simulators	Respective headings

Table 1 (on import and local supply)

S.No.	Description	Respective PCT Heading
126	Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division	Respective headings
127	Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division	Respective headings
128	Aviation simulators imported by airline company recognized by Aviation Division	Respective headings

Table 2 (on local supply only)

17	Raw and pickled hides and skins, wet blue hides and skins	41.01, 41.02, 41.03, 4104.1000, 4105.1000, 4106.2100, 4106.3000, 4106.9000
18	Supplies made by manufacturers of marble and granite having annual turnover less than five million rupees even if their annual utility bill is more than eight hundred thousand rupees	Respective headings
19	Bricks (up to 30th June, 2018)	6901.1000
20	Crushed stone (up to 30th June, 2018)	2517.1000

- The exempt goods mentioned in the sixth schedule as prescribed in the following schedule below shall be substituted:

Sr. No.	Description	Proposed through Finance Bill 2015	Tariff Heading
73	Milk and cream	Milk	04.01
73A	-	Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name	04.01 and 04.02
74	Flavored milk	Flavored milk, excluding that sold in retail packing under a brand name	0402.9900
75	Yogurt	Yogurt, excluding that sold in retail packing under a brand name	0403.1000
76	Whey	Whey, excluding that sold in retail packing under a brand name	04.04
77	Butter	Butter, excluding that sold in retail packing under a brand name	0405.1000
78	Desi ghee	Desi ghee, excluding that sold in retail packing under a brand name	0405.9000
79	Cheese	Cheese, excluding that sold in retail packing under a brand name	0406.1010
80	Processed cheese not grated or powdered	Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name	0406.3000

EIGHTH SCHEDULE

The Eighth Schedule deals with items that are liable to sales tax at reduced rates.

- It is proposed to enhance in the rates of sales tax for the following goods listed in Table I to the Eighth Schedule

S.No.	Description	New	Existing
		Sales Tax Rate	
1	Soyabean meal	10%	5%
4	Oilseeds meant for sowing	10%	5%
6	Plant and machinery not manufactured locally and having no compatible local substitutes.	10%	5%

- Addition of the following goods in Eighth Schedule is proposed;

S.No.	Description	Tariff Heading	Rate	Condition
7	Flavoured milk	0402.9900	10%	Sold in retail packing under a brand name
8	Yogurt	0403.1000	10%	Sold in retail packing under a brand name
9	Cheese	0406.1010	10%	Sold in retail packing under a brand name
10	Butter	0405.1000	10%	Sold in retail packing under a brand name
11	Cream	04.01 and 04.02	10%	Sold in retail packing under a brand name
12	Desi ghee	0405.9000	10%	Sold in retail packing under a brand name
13	Whey	04.04	10%	Sold in retail packing under a brand name
14	Milk and cream, concentrated and added sugar or other sweetening matter	0402.1000	10%	Sold in retail packing under a brand name

S.No.	Description	Tariff Heading	Rate	Condition
15	Poultry feed, cattle feed, and their ingredients except soya bean meal of PCT heading 2304.0000 and oilcake of cottonseed falling under PCT heading 2306.1000	Various Tariff Headings	5%	Nil
16	Incinerators of disposal of waste management, motorized sweepers and snow ploughs	8417.8000, 8430.2000 and 8479.8990	5%	Nil
17	Re-importation of foreign origin goods which were temporarily exported out of Pakistan	99.18	5%	Similar conditions as are envisaged for the purposes of customs duty under the Customs Act, 1969.
18	Reclaimed lead	Respective headings	5%	If supplied to Recognized manufacturers of lead and lead batteries
19	Waste paper	47.07	5%	Nil
20	Plant, machinery, equipment and specific items used in production of biodiesel	Respective headings	5%	The (AEDB), shall certify in the prescribed manner and format as per Annex-B, as given in the Sixth Schedule.
21	Rapeseed, sunflower seed and canola seed	1205.0000, 1206.0000	16%	On import by solvent extraction industries

S.No.	Description	Tariff Heading	Rate	Condition
22	Soya bean seed	1201.1000	6%	On import by solvent extraction industries, subject to the condition that no refund of input tax shall be admissible.
23	Secondhand and worn clothing or footwear	6309.0000	5%	Nil
25	Agricultural tractors	8701.9020	10%	Nil
26	Tillage and seed bed preparation equipment.	Various Tariff Headings.	7%	Nil
27	Seeding or planting equipment.	Various Tariff Headings.	7%	Nil
28	Irrigation, drainage and agro-chemical application equipment.	Various Tariff Headings.	7%	Nil
29	(i) Harvesting, threshing and storage equipment.	Various Tariff Headings.	7%	Nil
30	Post-harvest handling and processing & miscellaneous machinery: (i) Vegetables and fruits cleaning and sorting or grading equipment (ii) Fodder and feed cube maker equipment	8437.1000 8433.4000	7%	Nil

- It is proposed to enhance in the rate of sales tax for the following goods listed in Annexure of Table-2 to the Eighth Schedule;

S.No.	Description	New	Old
		Sales Tax Rate	
1	Machinery and equipment for development of grain handling and storage facilities.	10%	5%
5	Complete plants for relocated industries.	10%	5%
6	Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining, petrochemical and petrochemical downstream products.	10%	5%

- It is proposed to omit following items from Table -1 and 2 of the Eighth Schedule and become taxable at standard rate of sales tax instead of reduced rate of 5%.

S.No.	Description	Tariff Heading
Table -1		
3	Directly reduced iron.	72.03
Table- 2		
3	Items imported by Call Centers, Business Processing Outsourcing facilities duly approved by the PTA	Various Headings
7	Proprietary Formwork System for building / structures of a height of 100ft and above and its various items and components	Various Headings

NINTH SCHEDULE

- It is proposed to enhance in the rates of sales tax for following items

Description	Import		Registration of IMEI	
	New	Old	New	Old
	Rate of Sales Tax (Rs.)			
Low priced Cellular Mobile Phones or Satellite Phones	300	150	300	150
Medium priced Cellular Mobile Phones or Satellite Phones	500	250	500	250
Smart Cellular Mobile Phones or Satellite Phones	1000	500	1000	500

OTHERS

Following changes has been announced but are not covered in the proposed finance bill and may be enacted through issuance of SRO.

- Rationalization of sales tax on steel melters, re- rollers and ship breakers.
- To facilitate the importers- cum- manufacturers Sales Tax Rules regarding temporary registration are to introduce.
- The electronic monitoring system is proposed to be introduced to monitor the production of various specified sector i.e. fertilizer, sugar, cigarettes, beverages, cement, restaurants etc.
- The provisions of temporary registration so that a manufacturer shall be able to import machinery etc. without waiting for completion of formalities.

5. FEDERAL EXCISE DUTY

Definition

[Section 2 (24A)]

The definition of “Whistleblower” is proposed to be inserted.

Exemptions

[Section 16]

It is proposed to restrict the powers of Federal Government to grant exemption from duties subject to approval of Economic Coordination Committee of the Cabinet.

It is proposed to insert new sub-section (5) in Section 16 to place all notification issued under this section before National Assembly by the Federal Government in a financial year, in which these will be issued.

A new sub-section (6) is also proposed to insert that all notifications issued after 1st July 2015 shall, if not rescinded, stand rescinded on the expiry of the financial year in which it was issued.

Reward to whistleblowers

[Section 42D]

It is proposed to insert a new section to empower Board for rewards to whistleblowers in cases of concealment or evasion of duty, corruption or misconduct providing credible information leading to such detection of evasion of duty. The claim for reward shall be rejected if;

- The information provided is of no value;
- The Board already had the information;
- The information was available in public records; or

- No collection of duty is made from the information provided from which the Board can pay the reward.

Monitoring or Tracking by Electronic or Other Means

[Section 45A]

It is proposed to insert a new sub-section (3) to prescribe purchase of tax stamps, banderoles, sticker, labels, barcodes etc. by the registered person from a licensee of the Board at price approved by the Board. The price shall include the cost of equipment installed by such licensee in the premises of the said registered person.

Audit

[Section 46]

It is proposed to insert new sub-section to empower Board to appoint as many special audit panels as may be necessary. The panel shall comprise of two or more members from the following;

- an officer or officers of Inland Revenue;
- a firm of Chartered Accountant;
- a firm of Cost & Management Accountants
- any other person as directed by the Board

The panel shall conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by the Board or Commissioner Inland Revenue on case to case basis. The Commissioner may get such audit conducted jointly by provincial administration of sales tax on services.

An officer of In Land Revenue shall be the Chairman of the Special Audit Panel. If any one member other than chairman of the special audit panel is absent from the conducting the audit, the proceeding of audit may continue

and the audit so conducted shall not be invalid or be called in question merely on the ground of such absence. Each member of Special Audit Panel shall have powers of Officer of In land Revenue under section 23, 24 and 46.

Agreement for the Exchange of Information

[Section 47A]

It is proposed to insert a new section to empower Federal Government to enter bilateral or multilateral agreements with provincial agreements or with governments of foreign countries for exchange of information including electronic exchange of information.

Disclosure of Information by a Public Servant

[Section 47B]

It is proposed to insert a new section to restrict the disclosure of information by the public servant except as allowed under section 216 of the Income Tax Ordinance, 2001.

Aerated waters

[S. No.04, 5,6 Table I, First Schedule]

Description	Heading	Rate	
Aerated waters	2201.1020	12%	9%
Aerated waters, containing added sugar or other sweetening matter or flavored	2202.1010	12%	9%
Aerated waters if manufactured wholly from juices or pulp of vegetables, food grains or fruits and which do not contain any other ingredient, indigenous or imported, other than sugar, coloring materials, preservatives or additives in quantities prescribed under the West Pakistan Pure Food Rules, 1965.	Respective headings	12%	9%

Locally Produced Cigarettes*[S. No.09 & 10, Table I, First Schedule]*

It is to substitute following to redefine locally produce cigarettes as well as to increase the rate of federal excise duty.

DESCRIPTION OF GOODS	HEADING/SUB- HEADING NUMBER	RATE OF DUTY
Locally produced cigarettes if their on-pack printed retail price exceeds Rs 3,350 per 1000 cigarettes	24.02	Rs. 3,030 per 1,000 cigarettes
Locally produced cigarettes if their on-pack printed retail price does not exceeds Rs 3,350 per 1000 cigarettes	24.02	Rs.1,320 per 1,000 cigarettes

Filter Rod for Cigarettes*[S. No.55, Table I, First Schedule]*

It is proposed to levy FED at the rate of Re. 0.75 per filter rod.

Travel by Air on Socio Economic Routes*[S. No.03, Table II, First Schedule]*

It is proposed to exempt excise duty of Rs 500 per passenger on travel by air on socio economic routes.

Socio economic routes are proposed to be redefined as the shortest part of journeys starting from or ending at an airport located in Makran coastal region, FATA, Azad Jammu and Kashmir, Gilgit-Baltistan or Chitral.

Exemptions Available under Notification Consolidated in 3rd Schedule

The exemptions earlier available in respect of following goods/ services under various notifications are proposed to be incorporated in Third Schedule to Federal Excise Act

- Services of air travel for Hajj passengers,
- diplomats and Supernumerary crew;
- White cement;
- Motor cars and other motor vehicles principally designed for the transport of persons including station wagons and racing cars of cylinder capacity exceeding 850cc;
- Services provided or rendered by banking companies and non-banking financial companies in respect of Hajj and Umrah, cheque book, insurance, Musharika and Modaraba financing and utility bill collection; and
- Advertisement in newspapers and periodicals.

6. CUSTOMS

General power to exempt from customs-duties

[Section 19]

Sub-section (1) is proposed to substitute to restrict the powers of Federal Government to grant exemption from Custom Duties subject to approval of Economic Coordination Committee of the Cabinet.

It is proposed to insert new sub-section (4) in Section 19 to place all notification issued under this section before National Assembly by the Federal Government in a financial year, in which these will be issued.

A new sub-section (5) is also proposed to insert that all notifications issued after promulgation of Finance Act 2015 shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.

Board's Power to Grant Exemption from Duty in Exceptional Circumstances

[Section 20]

It is proposed to delete this section.

False Statement, Error etc.

[Section 32(3)]

It is proposed to raise lower limit of making contravention case from Rs. 100 to Rs. 20,000.

Declaration & Assessment for Home Consumption or Warehousing
[Section 79]

It is proposed to amend this section to get full declaration of goods under transshipment at the port of departure. It is further proposed to add an explanation that in case of transshipment, assessment and payment of duties and other charges shall be at the port of destination.

Transshipment of Goods without Payment of Duty
[Section 121]

A new proviso is proposed to provide legal cover to authorization of transshipment Permit (TP) by Customs Computerized System.

Entry, etc., of Transshipped Goods
[Section 123]

An explanation is proposed to give legal cover to the transshipment of goods to up-country stations from Off-Dock terminals.

Punishment for Offences
[Section 156]

It is proposed to add requirement of placement of invoice and packing list inside the import container and penalty in case of failure. It is further proposed to amend above section to cover offences of mis-declaration, illegal removal and concealment in case of transit goods.

FIRST SCHEDULE

The Federal Government proposes, for a number of PCT Codes, to increase Customs Duty from 1% to 2% and also to reduce Customs Duty from 25% to 20%.

The following table includes PCT Headings/Sub-Headings, Statistical Suffix and Description of products where the Federal Government proposes to amend Customs Duty Percentage.

PCT Heading	Description and Statistical Suffix	CD%
01.02	Live Bovine Animals	2
01.03	Live Swine	20
01.04	Live Sheep & Goats	2
02.01	Meat of bovine animals, fresh or chilled.	2
02.02	Meat of bovine animals, frozen.	2
02.03	Meat of swine, fresh, chilled or frozen.	20
02.04	Meat of sheep or goats, fresh, chilled or frozen.	2
02.06	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen. - Of swine, fresh or chilled - Frozen Livers - Frozen Others	20
02.07	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen.	20
02.09	Of pigs	20
02.10	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal.	20
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter.	20
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter.	20
04.03	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruit, nuts or cocoa.	20
04.04	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included.	20
04.05	Butter and other fats and oils derived from milk; dairy spread.	20
04.06	Cheese and curd	20
04.09	Natural honey	20
05.02	Pigs', hogs' or boars' bristles and hair; badger hair and other brush making hair; waste of such bristles or hair	20
05.11	Animal products not elsewhere specified or included; dead animals of Chapter 1 or 3, unfit for human consumption. Bovine semen & Fish eggs	2
06.01	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; chicory plants and roots other than roots of heading 12.12.	2
06.02	Other live plants (including their roots), cuttings and slips; mushroom spawn.	2
07.01	Potatoes, fresh or chilled.	2
07.02	Tomatoes, fresh or chilled.	2
07.03	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled. - Except for 9000	2
07.04	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled. - Cauliflowers and headed broccoli	2
07.13	Dried leguminous vegetables, shelled, whether or not skinned or split.	2
08.01	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled. - Seed	2
08.03	Plantains	20
08.04	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried.	20

BUDGET DIGEST

2015-16

PCT Heading	Description and Statistical Suffix	CD%
08.05	Citrus fruit, fresh or dried.	20
08.06	Grapes, fresh or dried.	20
08.07	Melons (including watermelons) and papaws (papayas), fresh.	20
08.08	Apples, pears and quinces, fresh.	20
08.09	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.	20
08.10	Other fruit, fresh.	20
08.11	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter.	20
08.12	Fruit and nuts, provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption.	20
08.13	Fruit, dried, other than that of headings 08.01 to 08.06; mixtures of nuts or dried fruits of this Chapter. - Except for Tamarind	20
08.14	Peel of citrus fruit or melons (Including watermelons) fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions.	20
09.04	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta. - Pepper seeds for sowing - Red chillies seeds for sowing	2
09.09	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries.	2
10.05	Maize (corn). - Seed	2
10.06	Rice. - Seed for sowing	2
10.07	Grain sorghum.	2
10.08	Buckwheat, millet and canary seeds; other cereals. - Canary Seeds	2
11.01	Wheat or meslin flour. - Of Wheat	2
11.05	Flour, meal, powder, flakes, granules and pellets of potatoes.	20
12.01	Soya beans, whether or not broken.	2
12.04	Linseed, whether or not broken.	2
12.05	Rape or colza seeds, whether or not broken	2
12.06	Sunflower seeds, whether or not broken.	2
12.07	Other oil seeds and oleaginous fruits, whether or not broken. - Except for 9100	2
12.09	Seeds, fruit and spores, of a kind used for sowing.	2
12.12	Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh, chilled, frozen or dried, whether or not ground; fruit stones and kernels and other vegetable products (including unroasted chicory roots of the variety Cichorium intybus sativum) of a kind used primarily for human consumption, not elsewhere specified or included. - Locust beans (carob)	2
13.01	Lac; natural gums, resins, gum- resins and oleoresins (for example, balsams). - Cannabis resins and balsams	20
13.02	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar- agar and other mucilages and thickeners, whether or not modified, derived from vegetable products. - Opium - Guwar gum	20

BUDGET DIGEST

2015-16

PCT Heading	Description and Statistical Suffix	CD%
14.04	Vegetable products not elsewhere specified or included. - Tendu leaves (biri leaves) - Other	20
15.01	Pig fat (including lard) and poultry fat, other than that of heading 02.09 or 15.03. - Except for 9000	20
15.03	Lard stearin, lard oil, oleostearin, oleo- oil and tallow oil, not emulsified or mixed or otherwise prepared. - Lard stearin, lard oil	20
16.01	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products.	20
16.02	Other prepared or preserved meat, meat offal or blood.	20
17.01	Cane or beet sugar and chemically pure sucrose, in solid form. - Except for 9100, 9930, 9990	20
17.04	Sugar confectionery (including white chocolate), not containing cocoa. - Chewing gum, whether or not sugar- coated - White chocolate - Other	20
18.06	Chocolate and other food preparations containing cocoa. - Except for 2020	20
19.01	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04. 01 to 04.04, not containing cocoa or containing less than 5 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included. except for 2000	20
19.02	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared.	20
19.04	Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes). cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour, groats and meal), pre- cooked or otherwise prepared, not elsewhere specified or included.	20
19.05	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.	20
20.01	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid.	20
20.02	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid.	20
20.03	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid.	20
20.04	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen,	20
20.05	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen,	20
20.06	Vegetables, fruit, nuts, fruit- peel and other parts of plants, preserved by sugar (drained, glacé or crystallised).	20
20.07	Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter.	20
20.08	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included. - Cranberries (Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vitis-idaea) - Mixtures - Other	20

PCT Heading	Description and Statistical Suffix	CD%
20.09	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.	20
21.03	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard.	20
21.04	Soups and broths and preparations therefor; homogenised composite food preparations.	20
21.05	Ice cream and other edible ice, whether or not containing cocoa	20
21.06	Food preparations not elsewhere specified or included.	20
22.01	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.	20
22.02	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non- alcoholic beverages, not including fruit or vegetable juices of heading 20.09.	20
22.09	Vinegar and substitutes for vinegar obtained from acetic acid.	20
23.09	Preparations of a kind used in animal feeding. Dog or cat food, put up for retail sale	20
24.02	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.	20
24.03	Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences.	20
25.07	Kaolin and other kaolinic clays, whether or not calcined.	2
25.10	Natural calcium phosphates, natural aluminium calcium phosphates and phosphatic chalk.	2
25.23	Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers. Cement clinkers	2
26.02	Manganese ores and concentrates, Including ferruginous manganese ores and concentrates with a manganese content of 20 % or more, calculated on the dry weight.	2
26.10	Chromium ores and concentrates.	2
26.15	Niobium, tantalum, vanadium or zirconium ores and concentrates. - Zirconium ores and concentrates	2
27.01	Coal; briquettes, ovoids and similar solid fuels manufactured from coal. - Bituminous coal & Other coal	5
27.04	Coke and semi- coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon. Coke of coal	2
27.09	Petroleum oils and oils obtained from bituminous minerals, crude	2
27.10	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils. - Motor spirit - Aviation spirit - Spirit type jet fuel - Spin finish oil	2
	Other	20
	Furnace Oil	5
27.11	Petroleum gases and other gaseous hydrocarbons. - Except for 1990 and 2900	2
27.13	Petroleum coke, petroleum bitumen and other residues of petroleum oils or of oils obtained from bituminous minerals.	2
	Residual carbon Oil	20
27.14	Bitumen and asphalt, natural; bituminous or oil shale and tar sands; asphaltites and asphaltic rocks.	2
27.15	Bituminous mixtures based on natural asphalt, on natural bitumen, on petroleum bitumen, on mineral tar or on mineral tar pitch (for example, bituminous mastics, cut- backs).	2

PCT Heading	Description and Statistical Suffix	CD%
27.16	Electrical energy. (optional heading)	2
28.03	Carbon (carbon blacks and other forms of carbon not elsewhere specified or included). - Except for 0030	15
28.03	Other	20
28.18	Artificial corundum, whether or not chemically defined; aluminium oxide; aluminium hydroxide. - Aluminium hydroxide	2
28.29	Chlorates and perchlorates; bromates and perbromates; iodates and periodates. - Other	2
28.35	Phosphinates(hypophosphites), phosphonates (phosphites) and phosphates; polyphosphates, whether or not chemically defined. - Sodium triphosphate (sodium tripolyphosphate)	2
29.01	Acyclic hydrocarbons.	2
29.05	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives. - Ethylene glycol (ethanediol) (MEG)	2
29.09	Ethers, ether- alcohols, ether- phenols, ether- alcohol- phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives. - Methyl tertiary butyle ether (MTBE)	2
29.15	Saturated acyclic monocarboxylic acids and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives. - Formic acid - Acetic acid - Ethyl acetate - n-Butyl acetate	20
29.16	Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives. - Esters of methacrylic acid - Maleic acid, AZDN (2-AZOBIS) Isobutyronitrile 99% Min)	2
29.18	Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives. - Aspirin	20
29.24	Carboxamide- function compounds; amide- function compounds of carbonic acid. - Acrylamido methyl propane sulphonic acid (AMPS)	2
	Paracetamol	20
29.26	Nitrile- function compounds. - Acrylonitrile	2
29.34	Nucleic acids and their salts, whether or not chemically defined; other heterocyclic compounds. - Furazolidone	20
29.35	Sulphonamides. - Sulphamethoxazole - Sulpha-thiazole diazine - Sulphanilamide	20
29.39	Vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters and other derivatives. - Ephedrine and its salts - Pseudoephedrine (INN) and its salts	20

PCT Heading	Description and Statistical Suffix	CD%
29.41	Antibiotics. Penicillins and derivatives with a penicillanic acid structure; salts etc	20
30.04	Medicaments (excluding goods of heading 30. 02, 30. 05 or 30. 06) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems) or in forms or packings for retail sale. Ampicillin, Amoxcillin and Cloxacillin capsules/ syrup	20
30.05	Wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put up in forms or packings for retail sale for medical, surgical, dental or veterinary purposes. Other	20
31.02	Mineral or chemical fertilisers, nitrogenous.	2
31.03	Mineral or chemical fertilisers, phosphatic.	2
31.04	Mineral or chemical fertilisers, potassic.	2
31.05	Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen, phosphorus and potassium; other fertilisers; goods of this Chapter in tablets or similar forms or in packages of a gross weight not exceeding 10 kg.	2
32.01	Tanning extracts of vegetable origin; tannins and their salts, ethers, esters and other derivatives. Wattle extract	2
32.04	Synthetic organic colouring matter, whether or not chemically defined; preparations as specified in Note 3 to this Chapter based on synthetic organic colouring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined. Basic dyes and preparations & Indigo blue	2
32.06	Other colouring matter; preparations as specified in Note 3 to this Chapter, other than those of heading 32.03, 32.04 or 32.05; inorganic products of a kind used as luminophores, whether or not chemically defined. Master batches (coloured)	20
	- Other	15
32.07	Prepared pigments, prepared opacifiers and prepared colours, vitrifiable enamels and glazes, engobes (slips), liquid lustres and similar preparations, of a kind used in the ceramic, enamelling or glass industry; glass frit and other glass, in the form of powder, granules or flakes. Glass Frit & Other	2
32.09	- Other	20
33.03	Perfumes and toilet waters.	20
33.04	Beauty or make- up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.	20
33.05	Preparations for use on the hair.	20
33.06	Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages.	20
33.07	Pre- shave, shaving or after- shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified prepared room deodorisers, whether or not perfumed or having disinfectant properties.	20
34.01	Soap; organic surface- active products and preparations for use as soap, in the form of bars, cakes, moulded pieces or shapes, whether or not containing soap; organic surface- active products and preparations for washing the skin, in the form of liquid or cream and put up for retail sale, whether or not containing soap; paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent.	20
34.02	Organic surface- active agents (other than soap); surface- active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 34.01. Preparations put up for retail sale & Other	20
	- Non-ionic	15

PCT Heading	Description and Statistical Suffix	CD%
34.03	Lubricating preparations (including cutting- oil preparations, bolt or nut release preparations, anti- rust or anti- corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment of textile materials, leather, furskins or other materials, but excluding preparations containing, as basic constituents, 70 % or more by weight of petroleum oils or of oils obtained from bituminous minerals. Spin Finish Oil	2
34.04	Artificial waxes and prepared waxes. - Wax for wax jet engraver - Wax for fungicides	2
34.05	Polishes and creams, for footwear, furniture, floors, coachwork, glass or metal, scouring pastes and powders and similar preparations (whether or not in the form of paper, wadding, felt, nonwovens, cellular plastics or cellular rubber, impregnated, coated or covered with such preparations), excluding waxes of heading 34.04. - For footwear - Polishes and similar preparations for coachwork, other than metal polishes - Other	20
34.06	Candles, tapers and the like.	20
35.05	Dextrins and other modified starches (for example, pre- gelatinised or esterified starches); glues based on starches, or on dextrins or other modified starches. - Printing gum (pre-gelatinized modified 0% starch for textile printing)	2
36.04	Fireworks, signalling flares, rain rockets, fog signals and other pyrotechnic articles.	20
36.05	Matches, other than pyrotechnic articles of heading 36.04.	20
37.01	Photographic plates and film in the flat, sensitised, unexposed, of any material other than paper, paperboard or textiles; instant print film in the flat, sensitised, unexposed, whether or not in packs. For X-ray	2
38.03	Tall oil, whether or not refined.	2
38.08	Insecticides, rodenticides, fungicides, herbicides, anti- sprouting products and plant- growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles (for example, sulphur- treated bands, wicks and candles, and fly papers). Sex pheromone PB rope L& LTT; Products registered under the Agricultural Pesticides Ordinance 1971 For leather industry; Other	2
	Other; Mosquito coils, mats, aerosol sprays and the like Napthalene balls Para dichlorobenzene blocks	20
38.09	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included. - Printing gum (preparation of modified starches with other gums having specific application in textile printing)	2
38.11	Anti- knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anti- corrosive preparations and other prepared additives for mineral oils (including gasoline) or for other liquids used for the same purposes as mineral oils. Other	20
38.17	Mixed alkylbenzenes and mixed alkylnapthalenes, other than those of heading 27. 07 or 29. 02.	2
38.24	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included. - Prepared binders for foundry moulds or cores	2

BUDGET DIGEST

2015-16

PCT Heading	Description and Statistical Suffix	CD%
39.03	Polymers of styrene, in primary forms. - Other	5
39.06	Acrylic polymers in primary forms. - Pigment thickener - Dispersing agent and acrylic thickeners	2
39.07	Polycetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms. - Yarn and Film grades	5
39.09	Amino- resins, phenolic resins and polyurethanes, in primary forms. - Urea formaldehyde moulding compound	20
39.15	Waste, parings and scrap, of plastics.	20
39.18	Floor coverings of plastics, whether or not self- adhesive, in rolls or in the form of tiles; wall or ceiling coverings of plastics, as defined in Note 9 to this Chapter.	20
39.19	Self- adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls. - Insulation tape double sided - PVC electric insulation tapes - Stationery tape	2 20
39.22	Baths, shower- baths, sinks, wash- basins, bidets, lavatory pans, seats and covers, flushing cisterns and similar sanitary ware, of plastics.	20
39.23	Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics. Except 39.23.9010	20
39.24	Tableware, kitchenware, other household articles and hygienic or toilet articles, of plastics.	20
39.25	Builders' ware of plastics, not elsewhere specified or included.	20
39.26	Other articles of plastics and articles of other materials of headings 39.01 to 39.14. - Colostomy bags and urine bags	2
40.01	Natural rubber, balata, gutta- percha, guayule, chicle and similar natural gums, in primary forms or in plates, sheets or strip.	2
40.02	Synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip; mixtures of any product of heading 40.01 with any product of this heading, in primary forms or in plates, sheets or strip.	2
40.08	Plates, sheets, strip, rods and profile shapes, of vulcanised rubber other than hard rubber. Except 40.08.1190, 40.08.1990, 40.08.2190 and 40.08.2990	35
40.09	Tubes, pipes and hoses, of vulcanised rubber other than hard rubber, with or without their fittings (for example, joints, elbows, flanges). Except 1190, 1200, 2190, 2200, 3190, 3200, 4190 and 4200	35
40.11	New pneumatic tyres, of rubber. - Of a kind used on motor cars (including station wagons and racing cars) - Of a kind used in light trucks - Of a kind used on motorcycles - Of a kind used on bicycles	15 20
40.12	Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber. Except for 40.12.1300 - Flaps for use with tyres / tubes for vehicles of sub -heading 8701.2020, 8701.2040, 8701.2090, and 8704.2219	20 35
40.13	Inner tubes, of rubber. Except for 40.13.1010	20
40.16	Other articles of vulcanised rubber other than hard rubber. - Floor coverings and mats - Gaskets of rubber	20
	Added 40.16.9950	35

BUDGET DIGEST

2015-16

PCT Heading	Description and Statistical Suffix	CD%
41.01	Raw hides and skins of bovine (including buffalo) or equine animals (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment- dressed or further prepared), whether or not dehaired or split.	2
41.02	Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment- dressed or further prepared), whether or not with wool on or split, other than those excluded by Note 1 (c) to this Chapter.	2
41.03	Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment- dressed or further prepared), whether or not dehaired or split, other than those excluded by Note 1 (b) or 1 (c) to this Chapter.	2
	- Of swine	20
41.04	Tanned or crust hides and skins of bovine (including buffalo) or equine animals, without hair on, whether or not split, but not further prepared.	2
41.05	Tanned or crust skins of sheep or lambs, without wool on, whether or not split, but not further prepared.	2
41.06	Tanned or crust hides and skins of other animals, without wool or hair on, whether or not split, but not further prepared.	2
	- In the wet state (including wet- blue)	20
	- In the dry state (crust)	20
41.07	Leather further prepared after tanning or crusting, including parchment- dressed leather, of bovine (including buffalo) or equine animals, without hair on, whether or not split, other than leather of heading 41.14.	2
41.12	Leather further prepared after tanning or crusting, including parchment- dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 41.14.	2
41.13	Leather further prepared after tanning or crusting, including parchment- dressed leather, of other animals, without wool or hair on, whether or not split, other than leather of heading 41.14.	2
	- Of swine	20
42.02	Trunks, suit- cases, vanity- cases, executive- cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling- bags, insulated food or beverages bags, toilet bags, rucksacks, handbags, shopping- bags, wallets, purses, map- cases, cigarette- cases, tobacco- pouches, tool bags, sports bags, bottle- cases, jewellery boxes, powder- boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanised fibre or of paperboard, or wholly or mainly covered with such materials or with paper.	20
42.03	Articles of apparel and clothing accessories, of leather or of composition leather.	20
43.02	Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading 43.03.	2
	- Leather shearling-finished leather with wool	
43.03	Articles of apparel, clothing accessories and other articles of furskin.	20
	- Articles of apparel and clothing accessories	
	- Other	2
43.04	Artificial fur and articles thereof.	2
44.01	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.	2
44.02	Wood charcoal (including shell or nut charcoal), whether or not agglomerated.	2

PCT Heading	Description and Statistical Suffix	CD%
44.03	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.	2
44.04	Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking- sticks, umbrellas, tool handles or the like; chipwood and the like.	2
44.05	Wood wool; wood flour.	2
44.06	Railway or tramway sleepers (cross- ties) of wood.	2
44.07	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planned, sanded or end- jointed, of a thickness exceeding 6 mm.	2
44.13	Densified wood, in blocks, plates, strips or profile shapes.	2
47.01	Mechanical wood pulp.	2
47.02	Chemical wood pulp, dissolving grades.	2
47.03	Chemical wood pulp, soda or sulphate, other than dissolving grades.	2
47.04	Chemical wood pulp, sulphite, other than dissolving grades.	2
47.05	Wood pulp obtained by a combination of mechanical and chemical pulping processes.	2
47.06	Pulps of fibres derived from recovered (waste and scrap) paper or paperboard or of other fibrous cellulosic material.	2
47.07	Recovered (waste and scrap) paper or paperboard. - In pressed bundles	2
48.08	Paper and paperboard, corrugated (with or without glued flat surface sheets), creped, crinkled, embossed or perforated, in rolls or sheets, other than paper of the kind described in heading 48.03.	20
48.10	Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface- coloured, surface- decorated or printed, in rolls or rectangular (including square) sheets, of any size.	20
48.11	Paper, paperboard, cellulose wadding and webs of cellulose fibres, coated, impregnated, covered, surface- coloured, surface- decorated or printed, in rolls or rectangular (including square) sheets, of any size, other than goods of the kind described in heading 48.03, 48.09 or 48.10. Except for 1000, 4100, 5910, 5920	20
48.13	Cigarette paper, whether or not cut to size or in the form of booklets or tubes.	20
48.14	Wallpaper and similar wall coverings; window transparencies of paper.	20
48.17	Envelopes, letter cards, plain postcards and correspondence cards, of paper or paperboard; boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing an assortment of paper stationery.	20
48.18	Toilet paper and similar paper, cellulose wadding or webs of cellulose fibres, of a kind used for household or sanitary purposes, in rolls of a width not exceeding 36 cm, or cut to size or shape; handkerchiefs, cleansing tissues, towels, tablecloths, serviettes, bed sheets and similar household, sanitary or hospital articles, articles of apparel and clothing accessories, of paper pulp, paper, cellulose wadding or webs of cellulose fibres. - Except for 9000	20
48.19	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like.	20
48.20	Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles, exercise books, blotting- pads, binders (loose- leaf or other), folders, file covers, manifold business forms, interleaved carbon sets and other articles of stationery, of paper or paperboard; albums for samples or for collections and book covers, of paper or paperboard.	20
48.21	Paper or paperboard labels of all kinds, whether or not printed.	20
	Printed labels of paper	2

PCT Heading	Description and Statistical Suffix	CD%
48.22	Bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened).	20
48.23	Other paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other articles of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibres. - Except for 4000	20
49.01	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets. - Except for 1000	2
49.02	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material.	2
49.03	Children's picture, drawing or colouring books.	2
49.09	Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, whether or not illustrated, with or without envelopes or trimmings.	20
49.10	Calendars of any kind, printed, including calendar blocks.	20
50.04	Silk yarn (other than yarn spun from silk waste) not put up for retail sale.	2
50.05	Yarn spun from silk waste, not put up for retail sale.	2
51.01	Wool, not carded or combed.	2
51.05	Wool and fine or coarse animal hair, carded or combed (including combed wool in fragments). - 1000 - 2100 - 2900	2
52.01	Cotton, not carded or combed.	2
52.04	Cotton sewing thread, whether or not put up for retail sale.	20
52.08	Woven fabrics of cotton, containing 85 % or more by weight of cotton, weighing not more than 200 g/m2.	20
52.09	Woven fabrics of cotton, containing 85 % or more by weight of cotton, weighing more than 200 g/m2.	20
52.12	Other woven fabrics of cotton.	20
53.01	Flax, raw or processed but not spun; flax tow and waste (including yarn waste and garnetted stock).	2
53.02	True hemp (Cannabis sativa L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock).	2
53.03	Jute and other textile bast fibres (excluding flax, true hemp and ramie), raw or processed but not spun; tow and wastes of these fibres (including yarn waste and garnetted stock).	2
53.05	Coconut, abaca (Manila hemp or Musa textilis Nee), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garnetted stock).	2
53.09	Woven fabrics of flax.	20
53.10	Woven fabrics of jute or of other textile bast fibres of heading 53.03.	20
54.02	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex. - Elastomeric yarn mainly composed of polyurethane (like spandex and lycra excluding other poly-urethane yarn).	2
56.01	Wadding of textile materials and articles thereof; textile fibres, not exceeding 5 mm in length (flock), textile dust and mill neps. - Except for 3000	20
56.07	Twine, cordage, rope and cables, whether or not plaited or braided and whether or not impregnated, coated, covered or sheathed with rubber or plastics.	20

PCT Heading	Description and Statistical Suffix	CD%
56.08	Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials.	2
56.09	Articles of yarn, strip or the like of heading 54.04 or 54.05, twine, cordage, rope or cables, not elsewhere specified or included.	20
57.01	Carpets and other textile floor coverings, knotted, whether or not made up.	20
57.02	Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up, including "Kelem", "Schumacks", "Karamanie" and similar hand- woven rugs. - Except for 3210 and 4210	20
57.03	Carpets and other textile floor coverings, tufted, whether or not made up. - Of wool or fine animal hair - Of other textile materials	20
57.04	Carpets and other textile floor coverings, of felt, not tufted or flocked, whether or not made up. Other	20
57.05	Other carpets and other textile floor coverings, whether or not made up.	20
58.01	Woven pile fabrics and chenille fabrics, other than fabrics of heading 58.02 or 58.06.	20
58.02	Terry towelling and similar woven terry fabrics, other than narrow fabrics of heading 58.06; tufted textile fabrics, other than products of heading 57.03.	20
58.03	Gauze, other than narrow fabrics of heading 58.06.	20
58.04	Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of headings 60.02 to 60.06.	20
58.05	Hand- woven tapestries of the types Gobelins, Flanders, Aubusson, Beauvais and the like, and needle- worked tapestries (for example, petit point, cross stitch) whether or not made up.	20
58.06	Narrow woven fabrics, other than goods of heading 58.07; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs). Fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	20 2
58.07	Labels, badges and similar articles of textile materials, in the piece, in strips or cut to shape or size, not embroidered.	20
58.08	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles.	20
58.09	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56.05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included.	20
58.10	Embroidery in the piece, in strips or in motifs.	20
58.11	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 58.10.	20
59.01	Textile fabrics coated with gum or amylaceous substances, of a kind used for the outer covers of books or the like; tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations.	20
59.03	Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 59.02.	20
59.04	Linoleum, whether or not cut to shape; floor coverings consisting of a coating or covering applied on a textile backing, whether or not cut to shape.	20
59.05	Textile wall coverings.	20
59.06	Rubberised textile fabrics, other than those of heading 59.02.	20
59.07	Textile fabrics otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back- cloths or the like.	20
59.08	Textile wicks, woven, plaited or knitted, for lamps, stoves, lighters, candles or the like; incandescent gas mantles and tubular knitted gas mantle fabric therefor, whether or not impregnated.	20

PCT Heading	Description and Statistical Suffix	CD%
59.10	Transmission or conveyor belts or belting, of textile material, whether or not impregnated, coated, covered or laminated with plastics, or reinforced with metal or other material.	20
60.01	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted.	20
60.02	Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5 % or more of elastomeric yarn or rubber thread, other than those of heading 60.01.	20
60.03	Knitted or crocheted fabrics of a width not exceeding 30 cm, other than those of heading 60.01 or 60.02.	20
60.04	Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5 % or more of elastomeric yarn or rubber thread, other than those of heading 60.01.	20
60.05	Warp knit fabrics (including those made on galloon knitting machines), other than those of headings 60.01 to 60.04.	20
60.06	Other knitted or crocheted fabrics.	20
61.01	Men's or boys' overcoats, car- coats, capes, cloaks, anoraks (including ski- jackets), wind- cheaters, wind- jackets and similar articles, knitted or crocheted, other than those of heading 61.03.	20
61.02	Women's or girls' overcoats, car- coats, capes, cloaks, anoraks (including ski- jackets), wind- cheaters, wind- jackets and similar articles, knitted or crocheted, other than those of heading 61.04.	20
61.03	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.	20
61.04	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.	20
61.05	Men's or boys' shirts, knitted or crocheted.	20
61.06	Women's or girls' blouses, shirts and shirt- blouses, knitted or crocheted.	20
61.07	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted.	20
61.08	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, negligés, bathrobes, dressing gowns and similar articles, knitted or crocheted.	20
61.09	T- shirts, singlets and other vests, knitted or crocheted.	20
61.10	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted.	20
61.11	Babies' garments and clothing accessories, knitted or crocheted.	20
61.12	Track suits, ski suits and swimwear, knitted or crocheted.	20
61.13	Garments, made up of knitted or crocheted fabrics of heading 59.03, 59.06 or 59.07.	20
61.14	Other garments, knitted or crocheted.	20
61.15	Panty hose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted.	20
61.16	Gloves, mittens and mitts, knitted or crocheted.	20
61.17	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories.	20
62.01	Men's or boys' overcoats, car- coats, capes, cloaks, anoraks (including ski- jackets), wind- cheaters, wind- jackets and similar articles, other than those of heading 62.03.	20
62.02	Women's or girls' overcoats, car- coats, capes, cloaks, anoraks (including ski- jackets), wind- cheaters, wind- jackets and similar articles, other than those of heading 62.04.	20
62.03	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear).	20
62.04	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear).	20
62.05	Men's or boys' shirts.	20
62.06	Women's or girls' blouses, shirts and shirt- blouses.	20

PCT Heading	Description and Statistical Suffix	CD%
62.06	Women's or girls' blouses, shirts and shirt- blouses.	20
62.07	Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles.	20
62.08	Women's or girls' singlets and other vests, slips, petticoats, briefs, panties, nightdresses, pyjamas, negliges, bathrobes, dressing gowns and similar articles.	20
62.09	Babies' garments and clothing accessories.	20
62.10	Garments made up of fabrics of heading 56.02, 56.03, 59.03, 59.06 or 59.07.	20
62.11	Track suits, ski suits and swimwear; other garments.	20
62.12	Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, whether or not knitted or crocheted.	20
62.13	Handkerchiefs.	20
62.14	Shawls, scarves, mufflers, mantillas, veils and the like.	20
62.15	Ties, bow ties and cravats.	20
62.16	Gloves, mittens and mitts.	20
63.01	Blankets and travelling rugs.	20
63.02	Bed linen, table linen, toilet linen and kitchen linen.	20
63.03	Curtains (including drapes) and interior blinds; curtain or bed valances.	20
63.04	Other furnishing articles, excluding those of heading 94.04.	20
63.05	Sacks and bags, of a kind used for the packing of goods.	20
63.06	Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft, camping goods.	20
63.07	Other made up articles, including dress patterns.	20
63.08	Sets consisting of woven fabric and yarn, whether or not with accessories, for making up into rugs, tapestries, embroidered table cloths or serviettes, or similar textile articles, put up in packings for retail sale.	20
63.10	Used or new rags, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of textile materials.	20
64.01	Waterproof footwear with outer soles and uppers of rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes.	20
64.02	Other footwear with outer soles and uppers of rubber or plastics.	20
64.03	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather.	20
64.04	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials.	20
64.05	Other footwear.	20
64.06	Parts of footwear (including uppers whether or not attached to soles other than outer soles); removable in- soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof.	20
66.01	Umbrellas and sun umbrellas (including walking- stick umbrellas, garden umbrellas and similar umbrellas).	20
66.02	Walking- sticks, seat- sticks, whips, riding- crops and the like.	20
67.02	Artificial flowers, foliage and fruit and parts thereof; articles made of artificial flowers, foliage or fruit.	20
68.01	Setts, curbstones and flagstones, of natural stone (except slate).	20
68.02	Worked monumental or building stone (except slate) and articles thereof, other than goods of heading 68.01; mosaic cubes and the like, of natural stone (including slate), whether or not on a backing; artificially coloured granules, chippings and powder, of natural stone (including slate).	20

PCT Heading	Description and Statistical Suffix	CD%
68.03	Worked slate and articles of slate or of agglomerated slate.	20
68.07	Articles of asphalt or of similar material (e.g. petroleum bitumen or coal tar pitch).	20
68.08	Panels, boards, tiles, blocks and similar articles of vegetable fibre, of straw or of shavings, chips, particles, sawdust or other waste, of wood, agglomerated with cement, plaster or other mineral binders.	20
68.09	Articles of plaster or of compositions based on plaster.	20
68.10	Articles of cement, of concrete or of artificial stone, whether or not reinforced.	20
68.11	Articles of asbestos- cement, of cellulose fibre- cement or the like.	20
68.12	Fabricated asbestos fibres; mixtures with a basis of asbestos or with a basis of asbestos and magnesium carbonate; articles of such mixtures or of asbestos (for example, thread, woven fabric, clothing, headgear, footwear, gaskets), whether or not reinforced, other than goods of heading 68.11 or 68.13.	20
68.13	Friction material and articles thereof (for example, sheets, rolls, strips, segments, discs, washers, pads), not mounted, for brakes, for clutches or the like, with a basis of asbestos, of other mineral substances or of cellulose, whether or not combined with textile or other materials.	20
68.14	Worked mica and articles of mica, including agglomerated or reconstituted mica, whether or not on a support of paper, paperboard or other materials.	20
68.15	Articles of stone or of other mineral substances (including carbon fibres, articles of carbon fibres and articles of peat), not elsewhere specified or included.	20
69.01	Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals (for example, kieselguhr, tripolite or diatomite) or of similar siliceous earths.	20
69.02	Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths.	20
69.03	Other refractory ceramic goods (for example, retorts, crucibles, muffles, nozzles, plugs, supports, cupels, tubes, pipes, sheaths and rods), other than those of siliceous fossil meals or of similar siliceous earths.	20
69.04	Ceramic building bricks, flooring blocks, support or filler tiles and the like.	20
69.05	Roofing tiles, chimney- pots, cowls, chimney liners, architectural ornaments and other ceramic constructional goods.	20
69.06	Ceramic pipes, conduits, guttering and pipe fittings.	20
69.07	Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing.	20
69.08	Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing.	20
69.09	Ceramic wares for laboratory, chemical or other technical uses; ceramic troughs, tubs and similar receptacles of a kind used in agriculture; ceramic pots, jars and similar articles of a kind used for the conveyance or packing of goods.	20
69.10	Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures.	20
69.11	Tableware, kitchenware, other household articles and toilet articles, of porcelain or china.	20
69.12	Ceramic tableware, kitchen- ware, other household articles and toilet articles, other than of porcelain or china.	20
69.13	Statuettes and other ornamental ceramic articles.	20
69.14	Other ceramic articles	20
70.03	Cast glass and rolled glass, in sheets or profiles, whether or not having an absorbent, reflecting or non- reflecting layer, but not otherwise worked.	20
70.04	Drawn glass and blown glass, in sheets, whether or not having an absorbent, reflecting or non- reflecting layer, but not otherwise worked.	20
70.05	Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non- reflecting layer, but not otherwise worked.	20

PCT Heading	Description and Statistical Suffix	CD%
70.06	Glass of heading 70.03, 70.04 or 70.05, bent, edgeworked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials.	20
70.07	Safety glass, consisting of toughened (tempered) or laminated glass.	20
70.08	Multiple- walled insulating units of glass.	20
70.09	Glass mirrors, whether or not framed, including rear- view mirrors. Except 1010	20
70.10	Carboys, bottles, flasks, jars, pots, phials, ampoules and other containers, of glass, of a kind used for the conveyance or packing of goods; preserving jars of glass; stoppers, lids and other closures, of glass.	20
70.13	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 70.10 or 70.18).	20
70.14	Signalling glassware and optical elements of glass (other than those of heading 70.15),	20
70.16	Paving blocks, slabs, bricks, squares, tiles and other articles of pressed or moulded glass, whether or not wired, of a kind used for building or construction purposes; glass cubes and other glass smallwares, whether or not on a backing, for mosaics or similar decorative purposes; leaded lights and the like; multicellular or foam glass in blocks, panels, plates	20
70.18	Glass beads, imitation pearls, imitation precious or semi- precious stones and similar glass smallwares, and articles thereof other than imitation jewellery; glass eyes other than prosthetic articles; statuettes and other ornaments of lamp- worked glass, other than imitation jewellery; glass microspheres not exceeding 1 mm in diameter. Other	20
70.20	Other articles of glass. Except 0010	20
71.02	Diamonds, whether or not worked, but not mounted or set. Unsorted & Unworked or simply sawn, cleaved or bruted	2
71.03	Precious stones (other than diamonds) and semi- precious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and semi- precious stones, temporarily strung for convenience of transport. - Unworked or simply sawn or roughly shaped	2
72.01	Pig iron and, spiegeleisen in pigs, blocks or other primary form.	2
72.03	Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having a minimum purity by weight of 99.94 %, In lumps, pellets or similar forms.	2
72.04	Ferrous waste and scrap; remelting scrap ingots of iron or steel. - Waste and scrap of auto parts	2 35
72.12	Flat- rolled products of iron or non- alloy steel, of a width of less than 600 mm, clad, plated or coated. - Plated or coated with tin	20
73.11	Containers for compressed or liquefied gas, of iron or steel. For CNG & For LPG	2
73.15	Chain and parts thereof, of iron or steel. Other & Other parts	20
73.17	Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 83.05) and similar articles, of iron or steel, whether or not with heads of other material, but excluding such articles with heads of copper.	20
73.18	Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter- pins, washers (including spring washers) and similar articles, of iron or steel. - Thrust washers for vehicles of chapter 87 - Washer kick starter knuckle for vehicle of heading 87.11	20 35
73.20	Springs and leaves for springs, of iron or steel. - Helical springs & Other	35 20
73.21	Stoves, ranges, grates, cookers (including with subsidiary boilers for central heating), barbecues, braziers, gas- rings, plate warmers and similar non- electric domestic appliances, and parts thereof, of iron or steel.	20
73.22	Radiators for central heating, not electrically heated, and parts thereof, of iron or steel; air heaters and hot air distributors (including distributors which can also distribute fresh or conditioned air), not electrically heated, incorporating a motor- driven fan or blower, and parts thereof, of iron or steel.	20

PCT Heading	Description and Statistical Suffix	CD%
73.23	Table, kitchen or other household articles and parts thereof, of iron or steel; iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel.	20
73.24	Sanitary ware and parts thereof, of iron or steel.	20
73.25	Other cast articles of iron or steel.	20
73.26	Other articles of iron or steel.	2
	- Forgings of surgical & dental instruments	
	- Articles of iron or steel wire	20
74.03	Refined copper and copper alloys, unwrought.	2
	- Cathodes and sections of cathodes	
74.04	Copper waste and scrap.	2
76.01	Unwrought aluminium.	2
76.02	Aluminium waste or scrap & Other	2
76.05	Aluminium wire. & Other	15
76.06	Aluminium plates, sheets and strip, of a thickness exceeding 0.2 mm. & Other	15
78.02	Lead waste and scrap.	2
82.11	Knives with cutting blades, serrated or not (including pruning knives), other than knives of heading 82.08, and blades therefor.	20
82.12	Razors and razor blades (including razor blade blanks in strips).	20
82.13	Scissors, tailors' shears and similar shears, and blades therefor.	20
82.15	Spoons, forks, ladles, skimmers, cake- servers, fish- knives, butcher- knives, sugar tongs and similar kitchen or tableware.	20
83.01	Padlocks and locks (key, combination or electrically operated), of base metal; clasps and frames with clasps, incorporating locks, of base metal; keys for any of the foregoing articles, of base metal.	20
	- Locks of a kind used for furniture	
	- Other locks	
	- Parts	
	- Keys presented separately	
83.02	Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat- pegs, brackets and similar fixtures; castors with mountings of base metal; automatic door closers of base metal.	20
	- Other	
	- Suitable for buildings	
	- Other, suitable for furniture	
	- Other	
	- Hat- racks, hat- pegs, brackets and similar fixtures	
	- Automatic door closers	
83.03	Armoured or reinforced safes, strong- boxes and doors and safe deposit lockers for strong- rooms, cash or deed boxes and the like, of base metal.	20
83.04	Filing cabinets, card- index cabinets, paper trays, paper rests, pen trays, office- stamp stands and similar office or desk equipment, of base metal, other than office furniture of heading 94.03.	20
83.05	Fittings for loose- leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips (for example, for offices, upholstery, packaging), of base metal.	20
83.06	Bells, gongs and the like, non- electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal.	20
83.07	Flexible tubing of base metal, with or without fittings.	20

PCT Heading	Description and Statistical Suffix	CD%
83.09	Stoppers, caps and lids (including crown corks, screw caps and pouring stoppers), capsules for bottles, threaded bungs, bung covers, seals and other packing accessories, of base metal.	20
83.10	Sign- plates, name- plates, address- plates and similar plates, numbers, letters and other symbols, of base metal, excluding those of heading 94.05. Other	20
83.11	Wire, rods, tubes, plates, electrodes and similar products, of base metal or of metal carbides, coated or cored with flux material, of a kind used for soldering, brazing, welding or deposition of metal or of metal carbides; wire and rods, of agglomerated base metal powder, used for metal spraying. - Coated electrodes of base metal, for electric arc- welding	20
84.07	For vehicles of sub-headings 8703.2113, 8703.2195, 8703.2240, 8704.3130 and 8704.3190	35
84.14	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters. - Ceiling fan; Pedestal fan; Exhaust fan ;Table fan - Other	20
84.15	Air conditioning machines, comprising a motor- driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated. - Window or wall type - Self contained or split type comprising of inner and outer unit whether or not imported separately - Tropical MPS multi system unit 5 tonnes capacity and above & Other - Incorporating a refrigerating unit and a valve for reversal of the cooling/heat cycle (reversible heat pumps) - Other, incorporating a refrigerating unit & Not incorporating a refrigerating unit	20
84.18	Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading 84.15.	20
84.19	Machinery, plant or laboratory equipment, whether or not electrically heated (excluding furnaces, ovens and other equipment of heading 85.14), for the treatment of materials by a process involving a change of temperature such as heating, cooking, roasting, distilling, rectifying, sterilising, pasteurising, steaming, drying, evaporating, vaporising, condensing or cooling, other than machinery or plant of a kind used for domestic purposes; instantaneous or storage water heaters, non- electric. - Instantaneous gas water heaters Other	20
84.21	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases. - Other ; Air filters; Filter bags	20
84.43	Printing machinery used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof. - Dot matrix printers; Ink jet printers; Laser jet printers; Line printer; Letter quality daisy wheel printer; Other - Toner and ink cartridges for computer printers excluding disposable type	2
84.50	Household or laundry- type washing machines, including machines which both wash and dry.	20
84.71	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included.	2
84.73	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely or principally with machines of headings 84.69 to 84.72. - Except 1000, 2100 and 2900	2

PCT Heading	Description and Statistical Suffix	CD%
84.79	Machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter. 3D printer	15
84.82	Ball or roller bearings. Ball bearings	10
84.83	Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints). Other	20
84.84	Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal; sets or assortments of gaskets and similar joints, dissimilar in composition, put up in pouches, envelopes or similar packings; mechanical seals. Other	20
85.02	Electric generating sets and rotary converters. Of an output not exceeding 5 kVA	2
85.09	Electro- mechanical domestic appliances, with self- contained electric motor, other than vacuum cleaners of heading 85.08. Except 9000	20
85.11	Electrical ignition or starting equipment of a kind used for spark- ignition or compression- ignition internal combustion engines (for example, ignition magnetos, magneto- dynamos; ignition coils, sparking plugs and glow plugs, starter motors); generators (for example, dynamos, alternators) and cut- outs of a kind used in conjunction with such engines. Other	20
85.16	Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus and soil heating apparatus; electro- thermic hair- dressing apparatus (for example, hair dryers, hair curlers, curling tong heaters) and hand dryers; electric smoothing irons; other electro- thermic appliances of a kind used for domestic purposes; electric heating resistors, other than those of heading 85.45. Except 8010 and 9000	20
85.17	Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28. Other	20
	- Base Stations	10
	- Other (6290 and 6990)	15
	- Routers	
	- Networking equipments like LAN bridges, hubs, switches and repeaters	2
	- Multi-station access units	
85.18	Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones and earphones, whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers; audio- frequency electric amplifiers; electric sound amplifier sets. Other	20
85.23	Discs, tapes, solid- state non- volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37. - Digital Quran	2
85.27	Reception apparatus for radio- broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock. - Except 2110, 2910 and 9910	20
85.28	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio- broadcast receivers or sound or video recording or reproducing apparatus. - Except 6110 and 6190	20
	- Other	
	- Of a kind solely or principally used in an automatic data processing system of heading 84.71	2

PCT Heading	Description and Statistical Suffix	CD%
85.29	Parts suitable for use solely or principally with the apparatus of headings 85.25 to 85.28. - Other	15
85.31	Electric sound or visual signalling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading 85.12 or 85.30. - Indicator panels incorporating liquid crystal devices (LCD) or light emitting diodes (LED)	20
85.32	Electrical capacitors, fixed, variable or adjustable (pre- set). - Fixed capacitors designed for use in 50/60 Hz circuits and having a reactive power handling capacity of not less than 0.5 kvar (power capacitors) - Aluminium electrolytic - Dielectric of paper or plastics & Other	20
85.37	Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus of heading 85.35 or 85.36, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of Chapter 90, and numerical control apparatus, other than switching apparatus of heading 85.17. - Other & For a voltage exceeding 1,000 V	20
85.39	Electric filament or discharge lamps, including sealed beam lamp units and ultra- violet or infra- red lamps; arc- lamps. - Energy Saving Lamp; Energy Saving Tube; Tubular Daylight Device - Other	2 20
85.43	Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter Infrared insect killer	20
85.44	Insulated (including enamelled or anodised) wire, cable (including co- axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors. - Other; Co- axial cable and other co- axial electric conductors - Telephone cables; Other electric conductors, for a voltage exceeding 1,000 V - Optical fibre cables	20
85.46	Electrical insulators of any material.	20
85.48	Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators; electrical parts of machinery or apparatus, not specified or included elsewhere in this Chapter. - Batteries plates - Other	2 20
87.02	Motor vehicles for the transport of ten or more persons, including the driver. - Fully dedicated CNG buses (CBU) ; Fully dedicated LPG buses (CBU)	2
87.14	Parts and accessories of vehicles of headings Nos. 87.11 to 87.13. - Except for 1010, 1020, 1030, 1040 and 1090	20
89.05	Light- vessels, fire- floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks; floating or submersible drilling or production platforms. & Dredgers	2
89.08	Vessels and other floating structures for breaking up.	2
90.19	Mechano- therapy appliances; massage apparatus; psychological aptitude- testing apparatus; ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus. Oxygenator with accessories	2
90.27	Instruments and apparatus for physical or chemical analysis (for example, polarimeters, refractometers, spectrometers, gas or smoke analysis apparatus); instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like; instruments and apparatus for measuring or checking quantities of heat, sound or light (including exposure meters); microtomes.	2

PCT Heading	Description and Statistical Suffix	CD%
90.28	Gas, liquid or electricity supply or production meters, including calibrating meters therefor. - Except for 9010 and 9090	20
90.29	Revolution counters, production counters, taximeters, mileometers, pedometers and the like; speed indicators and tachometers, other than those of heading 90.14 or 90.15; stroboscopes. - Other; Stroboscopes - Parts and accessories	20
93.02	Revolvers and pistols, other than those of heading 93.03 or 93.04. - Except for 0011, 0012, 0013 and 0019	20
93.03	Other firearms and similar devices which operate by the firing of an explosive charge (for example, sporting shotguns and rifles, muzzle- loading firearms, Very pistols and other devices designed to project only signal flares, pistols and revolvers for firing blank ammunition, captive- bolt humane killers, line- throwing guns).	20
93.04	Other arms (for example, spring, air or gas guns and pistols, truncheons), excluding those of heading 93.07.	20
93.05	Parts and accessories of articles of headings 93.01 to 93.04. - Except for 9111, 9112, 9113, 9119, 9190 and 9900	20
93.06	Bombs, grenades, torpedoes, mines, missiles and similar munitions of war and parts thereof; cartridges and other ammunition and projectiles and parts thereof, including shot and cartridge wads.	20
93.07	Swords, cutlasses, bayonets, lances and similar arms and parts thereof and scabbards and sheaths therefor.	20
94.01	Seats (other than those of heading 94.02), whether or not convertible into beds, and parts thereof. - Swivel seats with variable height adjustment - Seats other than garden seats or camping equipment, convertible into beds - Of bamboo or rattan; Other - Upholstered; Other seats	20
94.02	Medical, surgical, dental or veterinary furniture (for example, operating tables, examination tables, hospital beds with mechanical fittings, dentists' chairs); barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements; parts of the foregoing articles. Hospital beds with mechanical fittings ;Other	20
94.03	Other furniture and parts thereof.	20
94.04	Mattress supports; articles of bedding and similar furnishing (for example, mattresses, quilts, eiderdowns, cushions, pouffes and pillows) fitted with springs or stuffed or internally fitted with any material or of cellular rubber or plastics, whether or not covered.	
94.05	Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated name- plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included. ; Except for 4010 and 9110	20
94.06	Prefabricated buildings.	20
95.03	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced- size ("scale") models and similar recreational models, working or not; puzzles of all kinds. - Wheeled toys designed to be ridden by children (for example, tricycles, scooters, pedal cars); dolls' carriages; Other	20
95.04	Video game consoles and machines, articles for funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment.	20

PCT Heading	Description and Statistical Suffix	CD%
95.05	Festive, carnival or other entertainment articles, including conjuring tricks and novelty jokes.	20
95.06	Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table- tennis) or outdoor games, not specified or included elsewhere in this Chapter; swimming pools and paddling pools. <ul style="list-style-type: none"> - Lawn-tennis rackets, whether or not strung - Badminton rackets - Squash rackets - Other - Cricket balls - Hockey Balls - Polo Balls - Squash Balls - Table Tennis Balls - Punching Balls - Badminton shuttle cocks 	20
96.03	Brooms, brushes (including brushes constituting parts of machines, appliances or vehicles), hand- operated mechanical floor sweepers, not motorised, mops and feather dusters; prepared knots and tufts for broom or brush making; paint pads and rollers; squeegees (other than roller squeegees).	20
96.04	Hand sieves and hand riddles.	20
96.05	Travel sets for personal toilet, sewing or shoe or clothes cleaning	20
96.06	Buttons, press- fasteners, snap- fasteners and press- studs, button moulds and other parts of these articles; button blanks. <ul style="list-style-type: none"> - Studs 	20 2
96.08	Ball point pens; felt tipped and other porous- tipped pens and markers; fountain pens, stylograph pens and other pens; duplicating stylos; propelling or sliding pencils; pen- holders, pencil- holders and similar holders; parts (including caps and clips) of the foregoing articles, other than those of heading 96.09. <ul style="list-style-type: none"> - Except for 9910 and 9920 	20
96.15	Combs, hair- slides and the like; hairpins, curling pins, curling grips, hair- curlers and the like, other than those of heading 85.16, and parts thereof.	20
96.16	Scent sprays and similar toilet sprays, and mounts and heads therefor; powder- puffs and pads for the application of cosmetics or toilet preparations.	20
96.17	Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inners.	20
96.19	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material. <ul style="list-style-type: none"> - Except 0010 	20

FIFTH SCHEDULE

It is proposed to substitute the Fifth Schedule to the Customs Act, 1969 to change the concessions in Custom Duties. Following is the summary of items on which is part of Fifth Schedule to Customs Act, 1969;

BUDGET DIGEST

2015-16

Description		PCT Headings	CD%	Condition
Agricultural Machinery				
A)	Tillage and seed bed preparation equipment.	8432.8010, 8432.2910, 8432.8090, 8432.3090, 8432.8090, 8432.1010, 8432.1090, 8432.2990, 8432.2100, 8432.2990, 8432.1090, 8430.6900, 8430.6990, 8432.8090, 8432.1090, 8432.8090, 8432.8090, 8701.9020, 8430.6900, 8432.8090	2%	If used for agriculture sector
B)	Seeding or Planting Equipment	8432.3010, 8432.3090, 8432.3090, 8432.4000, 8432.3090, 8432.3010, 8432.3090	2%	
C)	Irrigation, Drainage and Agro-Chemical Application Equipment	8413.7010, 8424.8100, 8424.2010, 8481.1000, 8481.3000, 9026.2000, 9032.8990,	0%	
		8421.2100, 8424.2010, 8424.2010, 8424.2010, 8424.2010, 8424.2010	2%	
D)	Harvesting, Threshing and Storage Equipment.	8433.5200, 8433.5900, 8433.5300, 8433.4000, 8201.3000, 8433.5100	2%	
		8716.8090	5%	
E)	Fertilizer and Plant Protection Equipment.	8413.8190, 8414.5990	5%	Certification from Ministry of National Food Security and Research
F)	Dairy, Livestock and poultry, machinery	8418.6910, 8418.6990, 8419.5000, 8419.8100, 8419.3900, 9406.0020, 8421.2900 and other Respective Headings	5%	
G)	Post-harvest Handling and Processing and Miscellaneous Machinery.	8437.1000, 8433.4000, 8434.1000, 9406.0090	2%	
		9406.0090	2%	
H)	Green House Farming and Other Green House Equipment	3921.9010, 3921.9090	5%	
		9406.0010, 3920.1000, 3926.9099, 5608.1900, 5608.9000	0%	
I)	Machinery, Equipment and Other Capital Goods for Miscellaneous Agro-Based Industries like Milk Processing, Fruit, Vegetable or Flowers Grading, Picking or Processing etc.	8419.8990, 8419.3100, 8418.6990, 8419.5000, 8421.2200, 8419.8990 and other Respective Headings	5%	If used for agriculture sector.
J)	Horticulture and Floriculture	8441.3000, 8502.1120, 8502.1130, 8418.6920, 8418.5000, 7304.3100, 7304.3900 and other Respective Headings	5%	
K)	Fish or shrimp farming and seafood processing machinery and equipment.	8502.1130, 8502.1190, 8418.3000, 8418.4000, 7019.9090, 8418.6990, 8414.6990	5%	
	Machinery and equipment for development of grain handling and storage facilities including silos.	Respective Headings	5%	
	Cool chain machinery and Equipment	Respective Headings	5%	
	Machinery and equipment for initial installation, balancing, modernization, replacement or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting.	Respective Headings	5%	

BUDGET DIGEST

2015-16

Description		PCT Headings	CD%	Condition
Machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and Fittings imported by hospitals and medical or diagnostic institutes				
	Medical Equipment.	9402.1010, 9402.9090, 9402.9010, 9405.4090, 9402.9020, 9506.9100, 8418.5000, 3824.9099, 3822.0000	5%	Approval from BOI
	Cardiology/Cardiac Surgery Equipment	9018.3940, 8481.8090	5%	
	Disposable Medical Devices	9018.3110, 9018.3110	5%	do
	Other Related Equipment's	8424.1000 Respective Headings	5%	do
Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mineral exploration phase.		Respective Headings	0%	Govt. Authorized Companies
Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the exploration phase		Respective Headings	0%	do
Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mine construction phase or extraction phase. Imports made for mine construction phase shall also be entitled to deferred payment of duty for a period of five years. However a surcharge @ 6% per annum shall be charged on the deferred amount.		Respective Headings	5%	do
Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for mine construction or extraction phase.		Respective Headings	5%	do
Coal mining machinery, equipment, spares including vehicles for site use i.e. single or double cabin pickups for site use imported for Thar Coal Field.		Respective Headings	0%	do
Machinery, equipment and spares meant for Initial installation, balancing, modernization, replacement or expansion of projects for power generation through oil, gas, coal, wind and wave energy including under construction projects, which entered into an Implementation agreement with the Government of Pakistan.		Respective Headings	5%	CEO or Head of the contracting company shall certify

BUDGET DIGEST

2015-16

Description	PCT Headings	CD%	Condition
Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.	Respective Headings	5%	do
Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through gas, coal, hydel and oil including under construction projects.	Respective Headings	5%	do
Construction machinery, Equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.	Respective Headings	5%	do
Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel bio-energy, ocean, waste-to-energy and hydrogen cell etc.	Respective Headings	5%	Do
Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.	Respective Headings	5%	Do
Machinery & equipment meant for power transmission and grid stations including under construction projects.	Respective Headings	5%	Do
Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of the project.	Respective Headings	5%	Do
Machinery equipment and other education and research related items imported by Technical institutes, training institutes, research institutes, schools, colleges and universities	7017.1010, 8419.3900, 8421.2100, 8421.2900, 8423.1000, 8423.2000, 8423.3000, 8423.8100, 8423.8200, 8423.8900, 8423.9000, 8423.9000, 8517.6970, 8514.3000, 9016.0010, 9016.0090, 9032.1010, 9032.1090, 9032.2000, 9032.8100, 9032.8990, 9032.9000	0%	NIL
Machinery, equipment, raw materials, components and other capital goods for use in buildings, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.	Respective Heading	0%	NIL

BUDGET DIGEST

2015-16

Description	PCT Headings	CD%	Condition
Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining (mineral oil, hydro-cracking and other value added petroleum products), petrochemical and petrochemical downstream products including fibers and heavy chemical industry, cryogenic facility for ethylene storage and handling.	Respective Heading	10%	NIL
Machinery and equipment imported by an industrial concern.	Respective Heading	15%	NIL
Machinery and equipment for marble, granite and gem stone extraction and processing industries.	3405.4000, 3405.9000, 7019.5190, 8202.4000, 8202.9100, 8202.9910, 8202.9990, 8414.8010, 8464.9000, 8466.9100 and respective headings	5%	Approval of CEO/ COO of PGJDC or PSDC
Machinery, equipment and other project related items including capital goods, for setting up of power generation plants, water treatment plants and other infrastructure related projects located in an area of 30 km around the zero point in Gwadar..	Respective Heading	0%	Certification from Ministry of Industries, Production & Special Initiatives
Machinery, equipment and other project related items for setting up of hotels located in an area of 30 km around the zero point in Gwadar..	Respective Heading	5%	do
Effluent treatment plants.	Respective Heading	5%	Nil
Items with dedicated use of renewable source of energy like Any other item approved by the Alternative Energy solar, wind, geothermal etc. Development Board (AEDB) and concurred to by the FBR.	8504.4090, 9032.8990, 8539.3910, 8539.3910, 8541.5000, 8413.7090, 8413.7010, 8421.2100, 8507.3000, 8507.8000, 8539.3920, 8539.3930, 8502.3900, 8503.0010, 8503.0090, 8406.8100, 8406.8200, 8543.7090, 8537.1090, 8412.8090, 8543.7000, 8543.7000, 8543.7090, 8406.8200, 8501.6100, 8415.1090, 8418.6990, 8419.8910, 8413.3090, 8415.8200, 8415.9099, 9031.8000, 4210.2100, 8541.4000, 8413.3090, 8507.2090, 9032.8990, 8504.4090, 8502.3900, 8419.1900, 7020.0090, 8541.4000, 8541.4000, 7007.2900, 7610.9000, 4016.9990, 3810.1000, 3919.9090, 8538.9090, 3920.9900, 8541.1000, 3920.9900, 8479.8990, 8514.3000, 8514.3000, 8486.1000, 8461.9000, 3824.9099, 2848.0000, 9030.8900, 8504.4020, 8543.7010, 8412.8090, 8412.9090, 8412.9090, 8501.6490, 8507.8000, 8413.8190, 8418.6100, 8418.6990, 8418.6990, 8415.8300, 8418.6100, 8419.5000, 8515.8000, 8419.8990, 8479.6000, 9032.1090 & other respective headings	0%	Nil
Items for promotion of renewable energy technologies	8539.3990, 9405.1090, 8502.3100, 8513.1040, 8513.1090, 8541.4000, 8504.4090, 9032.8990, 8507.0000	0%	Nil

BUDGET DIGEST

2015-16

Description	PCT Headings	CD%	Condition
Plant, machinery, equipment and specific items used in production of bio-diesel.	Respective Headings	0%	Certification from AEDB
Plant, machinery and equipment imported for setting up fruit processing and preservation units in Gilgit-Baltistan, Balochistan and Malakand Division.	Respective Headings	0%	The plant, machinery and equipment released under the said serial number shall not be used in any other area
Plant, machinery and equipment imported during the period commencing on the 1 st July, 2014 and ending on the 30 th June, 2019 for setting up Industries in FATA.	Respective Headings	0%	Certification from Additional Chief Secretary
Specialized vehicles imported by the Construction Companies	8704.1090, 8705.9000, 8705.9000, 8705.4000, 8705.9000, 8705.1000	20%	Construction Companies registered with Securities and Exchange Commission of Pakistan (SECP) and Pakistan Engineering Council.

7. ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES)

After 18th amendment in the Constitution, certain services were subjected to Sales Tax in the four Provinces and Islamabad Capital Territory (ICT). Since then, the services are being taxed in provinces and the list is being expanded with the each passing day. Regulatory bodies have been formed by the Sindh, Punjab and KPK to collect the taxes. In the absence of separate bodies for Islamabad and Baluchistan, FBR is empowered to regulate collection of sales tax on services rendered in Baluchistan and ICT. Through proposal in Finance Act, the following is the list of taxable services in Islamabad Capital Territory.

S. No.	Description	PCT Heading if applicable	Rate of Tax
1	Services provided or rendered by hotels, motels, guest houses, marriage halls and lawns (by whatever name called) including "pandal" and "shamiana" services, clubs including race clubs, and caterers.	9801.1000, 9801.3000, 9801.4000, 9801.5000, 9801.6000	16%
2	Advertisement on television and radio, excluding advertisements- a) sponsored by an agency of the Federal or Provincial Government for health education; b) sponsored by the Population Welfare Division relating to educational promotion campaign; c) financed out of funds provided by a Government under grant-in-aid agreement; d) and e) (d) conveying public service messages, if telecast on television by the World Wide Fund for Nature (WWF) or United Nations Children's Fund (UNICEF)	9802.1000 and 9802.2000	16%
3	Services provided by persons authorized to transact business on behalf of others- a) stevedore; customs agents; and ship chandlers.	9805.2000, 9805.4000 and 9805.8000	16%
4	Courier services and cargo services by road provided by courier companies;	9808.0000 9804.9000	16%
5	Construction services, excluding: a) construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs. 50 million per annum. b) the cases where sales tax is otherwise paid as property developers or promoters. c) Government civil works including Cantonment Boards. d) construction of industrial zones, consular buildings and other organizations exempt from income tax. e) construction work under international tenders against foreign grants-in-aid. f) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments	9824.0000 and 9814.2000	16%

BUDGET DIGEST

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S. No.	Description	PCT Heading if applicable	Rate of Tax
6	Services provided by property developers and promoters (including allied services) excluding the actual purchase value or documented cost of land.	9807.0000 and respective sub-headings of heading 98.14	Rs.100 per square yard for land development, and Rs.50 per square feet for building construction
7	Services provided by persons engaged in contractual execution of work, excluding: (i) annual total value of the contractual works or supplies does not exceed Rs.50 million; (ii) the contract involving printing or supplies of books.	9809.0000	16%
8	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such parlours/clinics, but excluding:	9810.0000, 9821.4000 and 9821.5000	16%
9	Management consultancy services	9815.4000, 9819.9300	16%
10	Services provided by freight forwarding agents, and packers and movers.	9805.3000, 9819.1400	16% or Rs. 400 per bill of lading, whichever is higher
11	Services provided by software or IT-based system development consultants.	9815.6000	16%
12	Services provided by technical, scientific and engineering consultants	9815.5000	16%
13	Services provided by other consultants including but not limited to human resource and personnel development services; market research services and credit rating services.	9815.9000 9818.3000 9818.2000	16%
14	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah)	9805.5100 9805.5000 9803.9000	16%
15	Manpower recruitment agents including labour and manpower supplies.	9805.6000	16%
16	Services provided by security agencies.	9818.1000	16%
17	Services provided by advertising agents	9805.7000	16%
18	Share transfer or depository agents including services provided through manual or electronic book-entry system used to record and maintain securities and to register the transfer of shares, securities and derivatives.	9805.9000	16%
19	Business support services.	9805.9200	16%
20	Services provided by fashion designers, whether relating to textile, leather, jewellery or other product regimes, including allied services, marketing, packing, delivery and display, etc.	9819.6000	16%

BUDGET DIGEST

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S. No.	Description	PCT Heading if applicable	Rate of Tax
21	Services provided by architects, town planners and interior decorators.	9814.1000, 9814.9000	16%
22	Services provided in respect of rent-a-car.	9819.3000	16%
23	Services provided by specialized workshops or undertakings (auto workshops; workshops for industrial machinery, construction and earth- moving machinery or other special purpose machinery etc; workshops for electric or electronic equipment's or appliances etc. including computer hardware; car washing or similar service stations and other workshops).	98.20	16%
24	Services provided for specified purposes including fumigation services, maintenance and repair (including building and equipment maintenance and repair including after sale services) or cleaning services, janitorial services, dredging or desalting services and other similar services etc.	98.22	16%
25	Services provided by underwriters, indenters, commission agents including brokers (other than stock) and auctioneers	9819.1100, 9819.1200, 9819.1300 and 9819.9100	16%
26	Services provided by laboratories other than services relating to pathological or diagnostic tests for patients.	98.17	16%
27	Services provided by health clubs, gyms, physical fitness centers, indoor sports and games centers and body or sauna massage centers	9821.1000 and 9821.2000 9821.4000	16%
28	Services provided by laundries and dry cleaners.	9811.0000	16%
29	Services provided by cable TV operators. Technical analysis and testing services	9819.9000 9819.9400	16%
30	Services provided by TV or radio program producers or production houses.	-	16%
31	Transportation through pipeline and conduit services.	-	16%
32	Fund and asset (including investment) management services.	-	16%
33	Services provided by inland port operators (including airports and dry ports) and allied services provided at ports and services provided by terminal operators including services in respect of public bonded warehouses, excluding the amounts received by way of fee under any law or by law.	-	16%
34	Technical inspection and certification services and quality control (standards' certification) services	-	16%
35	Erection, commissioning and installation services.	-	16%
36	Event management services		16%
37	Valuation services (including competency and eligibility testing services),		16%
38	Exhibition or convention services		16%
39	Services provided in respect of mining of minerals, oil & gas including related surveys and allied activities		16%
40	Services provided by property dealers and realtors.		16%
41	Call centers.		18.5%
42	Services provided by car/automobile dealers.		16%

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