



# TAX DIGEST 2014-15

*A reference guide to changes in tax laws enacted through  
Finance Act 2014*

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### PREAMBLE

This digest summarises the important changes in Income Tax, Sales Tax, Federal Excise Duty and Customs etc. approved through Finance Act, 2014 and has been prepared for the guidance and information of our clients and staff only.

These changes were proposed through Finance Bill, 2014 on June 3, 2014 in National Assembly. During debate sessions of National Assembly and Senate various other changes were also proposed by the Finance Minister. On 21st June 2014, the Finance Act 2014 was passed by the National Assembly and the same was assented by the President of Pakistan on 25th June 2014.

The Act, as assented by the President of Pakistan, represents the amended position of the respective laws as is applicable from July 1, 2014 except for amendments in First & Second Schedules to the Customs Act, 1969 and amendments in Fifth, Sixth, Eighth and Ninth Schedules to the Sales Tax Act, 1990, which have been made applicable from June 26, 2014.

This document also summarizes provision with respect to the taxation of salary taxation including average rate of tax on salary and provisions of withholding tax.

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

The digest can also be accessed & downloaded from [www.jasb-associates.com](http://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 2014-15 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**

The Government has presented its budget for the financial year 2014-15. Total Net Revenue Receipts are estimated to be Rs. 2,225 billion and Total Federal Expenditure excluding Repayment of Long Term Foreign Debt is estimated to be Rs. 3,969 billion creating a fiscal deficit of Rs. 1,743 billion.

Fiscal Deficit is planned to be financed by Net Capital receipts of Rs. 690 billion, Net External Loans of Rs. 535 billion, Provincial Surplus of Rs. 289 billion and Bank Borrowings of Rs. 228 billion.

**SOURCES OF FUNDS**

Net Revenue Receipts

Net Capital Receipts

Provincial Surplus

External Receipts

Bank Borrowings

**Total**

<b>2014-15</b>	<b>Revised 2013-14</b>	<b>Change %</b>
Rupees in Billion		
2,225.32	2,183.81	1.90
690.62	600.06	15.08
289.29	183.04	58.08
868.61	714.11	21.64
227.91	376.27	(39.43)
<b>4,301.75</b>	<b>4,057.29</b>	<b>6.03</b>

**APPLICATION OF FUNDS**

Repayment of Long Term Foreign Debt

Interest Payment

Pension

Grants

Subsidies

Running of Civil Government

Provision for Pay and Pension Reforms

Defense Affairs and Services

Development Expenditure

**Total**

333.18	263.58	26.41
1,325.23	1,187.27	11.62
215.00	187.68	14.56
370.78	335.93	10.37
203.25	323.02	(37.08)
290.66	271.35	7.12
25.00	-	
700.15	629.75	11.18
838.50	858.71	(2.35)
<b>4,301.75</b>	<b>4,057.29</b>	<b>6.03</b>

### Comparison with revised Budget 2013-14

#### Revenue

Net Revenue Receipts are expected to increase by 1.9%, Capital Receipts by 15%, Provincial Surplus by 58% and External receipts by 22%. However, Bank Borrowings are expected to decrease by 39% from revised budget of 2013-14.

#### Expenditure

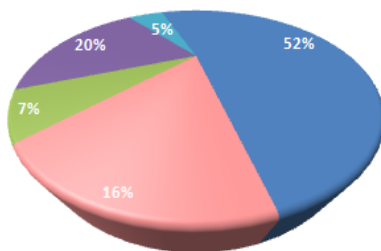
Development Expenditure (PSDP) remains almost the same with a decrease of 2.35%. Subsidies have also been reduced by 37%. Repayment of Foreign Debt is increased by 26%, Interest Payments by 12%, Pension by 15%, Grants by 10%, Defense Affairs and Services by 11% and Running of Civil Government by 7%.

### Composition of Revenue and Expenditure

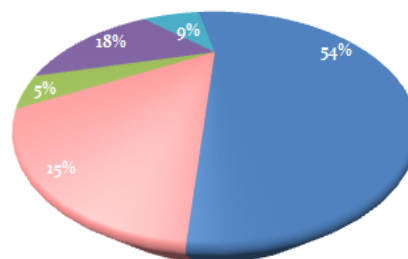
#### Revenue

Composition of Total Net Receipts after the share of provinces from Gross Revenue is transferred shows that Net Revenue Receipts make up 52%(down by 2% from revised budget of 2013-14) of the Total Net Receipts, External Receipts make up 20% (up by 2% from revised budget of 2013-14)and Capital Receipts make up 16% (up by 1%from revised budget of 2013-14).

Budgeted Receipts 2013-14



Budgeted Receipts 2012-13



■ Net Revenue Receipts ■ Net Capital Receipts ■ Provincial Surplus  
■ External Receipts ■ Bank Borrowings

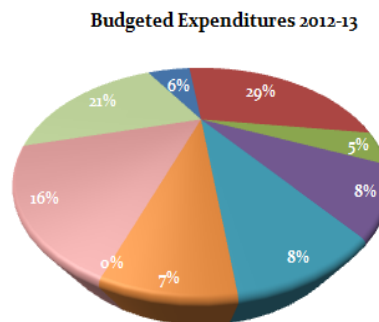
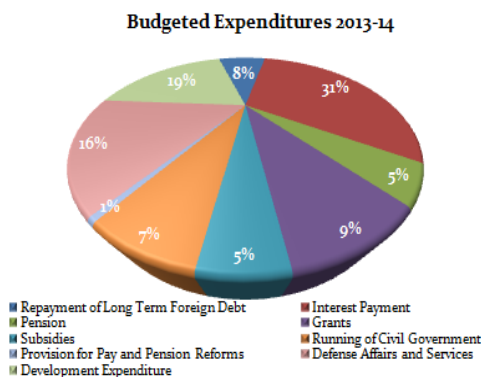
# BUDGET DIGEST

2014-15

Estimated Indirect taxes in the form of Sales Tax, Customs Duty and Federal Excise Duty amounting to Rs. 1,630 billion constitute 41% of the Gross Revenue Receipts (i.e. before transferring the share of provinces) amounting to Rs. 3,945 billion whereas Direct Taxes on income amounting to Rs. 1,180 billion make up 30%.

## *Expenditure*

Interest payments on Local and Foreign loans amounting to Rs. 1,325.23 billion make up 31% (up by 2% from revised budget of 2013-14) of the total expenditure. Other major components of total expenditure include Development Expenditure (PSDP) 19% (down by 2% from revised budget of 2013-14), Defense Affairs and Services 16% (No change from revised budget of 2013-14), Grants 9% (up by 1% from revised budget of 2013-14), Repayment of Foreign Loans 8% (up by 2% from revised budget of 2013-14) and Running of Civil Government 7% (No change from revised budget of 2013-14).



## 2. SALIENT FEATURES

### INCOME TAX

- 50% reduction in tax liability is introduced for disabled persons
- No change in rate of tax for salaries & non-salaried individuals under normal tax regime
- Concept of filer & non-filer introduced to facilitate compliant persons and penalize non-compliant persons
- Capital Gain Tax levied in respect of securities held for more than twelve months but less than twenty four months
- Companies as members of Joint Ventures are to be taxed separately from Joint Venture
- Exemptions for non-profit organizations, trusts, welfare institutions and other organizations are withdrawn and replaced by tax credits for compliant organizations
- Concept of Alternative Corporate Tax is introduced to tax higher of taxable income and adjusted accounting income
- Cost & Management Accountants with 10 or more years of practice experience are made eligible for accountant member of Appellate Tribunal Inland Revenue
- Conditions to opt for normal tax regime are modified for persons whose income is under FTR as importers, suppliers, contractors, export houses & commission agents.
- Concept of compulsory registration is introduced
- Rates of tax on companies have been announced to be reduced to 33%
- Bonus shares brought under the tax net
- Withholding tax rate is introduced/ increased in respect of supplies, services, contracts, imports, motor vehicles, immovable property, domestic electricity bills, steel sector, and international air ticket etc.
- Exemption for Sindh Provide Pension Fund, Greenstar Social Marketing Pakistan (Guarantee) Limited, China Overseas Ports Holding Company Limited, fruity processing or preservation units in Baluchistan, Malkand,



Gilgit Baltistan and FATA, Coal mining project in Sindh, industrial undertaking with 50% owner equity foreign direct investment

- Initial depreciation on building reduced from 25% to 15%
- Taxation of dividend and capital gains for banking companies are modified

### SALES TAX

- Rationalization of sales tax on steel sector, ship breakers and steel melters operating in the sugar mills
- Chargeability of additional sales tax @ 5% in case of monthly electricity bill upto Rs. 20,000 and @ 7.5% of the monthly electricity bill exceeding Rs. 20,000.
- Input tax adjustment is restricted only to the extent of goods and services actually used in manufacturing/sales of the taxable activity.
- Replacement of capacity tax on aerated waters.
- Further tax charged @ 1% on supplies made to unregistered persons is being specifically excluded from the purview of output tax.
- Transposition of various SROs through insertion of Fifth Schedule.
- Transposition of zero-rating facility for dairy and stationery industry and input materials of these industries.
- Exemption to high efficiency irrigation equipment and greenhouse farming equipment in order to promote agriculture.
- Reduction in rate of sales tax on local supply of tractors.
- Exemption from sales tax to import and supply of “Cochlear Implants System” (Hearing Aids) is being introduced.
- Exemption on import of plant, machinery and equipment for Gilgit-Baltistan, Baluchistan Province and Malakand Division and FATA to promote industrialization, job creation and economic uplift of the less developed regions.
- Specific rates of sales tax on mobile phones are being introduced to protect the revenue and strengthen the legal support for charging of sales tax.

- Uniform treatment of crude palm oil is made so that exemption of sales tax and charging Federal Excise Duty is being done as in case of other edible oils.

### FEDERAL EXCISE DUTY

- Exclusion of Federal Excise Duty on Telecommunication Services subject to Provincial Sales Tax.
- Federal Excise Duty on cigarettes is enhanced.
- Federal Excise Duty on the cement sector is being replaced from specific basis (Rs. 400 per MT) to 5% on retail price.
- Federal Excise Duty on international travel is being enhanced.
- Federal Excise Duty on chartered flights is levied at the standard rate on full amount charged Enforced through Finance Bill, 2014, effective from 01.07.2014.
- Reduction in rate of Federal Excise Duty on Telecommunication Services.
- Withdrawal of FED @ 10% on locally manufactured motor vehicles exceeding 1800cc.
- FED @ 10% is imposed on imported motor cars, Sports Utility Vehicles (SUVs) and other motor cars exceeding 1800cc.

### CUSTOMS

- Plant, machinery and equipment imported for setting up fruit processing and preservation industrial units in Gilgit-Baltistan, Baluchistan and Malakand Division are exempted from whole of customs duty.
- Plant, machinery and equipment imported for setting up industries in FATA are exempted from whole of customs duty.
- Customs duty on UPS (PCT code 8504.4010) reduced from 20% to 15%.
- Customs duty on petroleum coke not-calcined (PCT code 2713.1100) decreased from 5% to lowest slab of 1%.
- Maximum general tariff rate of 30% is reduced to 25%.

- Exemption of duty and taxes on Hybrid Electric Vehicles (HEVs) rationalized: HEVs upto 1800 cc granted 50% exemption of duty and taxes and above 1800 cc granted 25% exemption of duty and taxes.
- Substitution of 0% duty slab with 1% customs duty in Tariff.
- Customs duty on networking equipment increased from 5% to 10%.
- Customs duty on flat-rolled products of alloy steel increased from 0% and 5% to 10%.
- Customs duty @ 5 % levied on import of generators above 1100 KVA (PCT code 8502.1390).
- Customs duty 15% levied on dyes except basic dyes and indigo blue dyes.
- Customs duty 10% on all kinds of CDs/DVDs. Customs duty on flavoring powders ( enhanced from 10% to 20% to avoid misclassification
- Custom Duty 10% levied on Liquid paraffin and White oil being same in nature.
- Customs duty on dryers increased from 5% to 10%.
- A uniform rate of 15% levied on starches to rationalize duty structure and avoid classification disputes.
- Customs duty on coloring matters enhanced from 5% to 10% to reduce the chance of misclassification.
- Customs duty on Satellite mobile phones whether or not functional on cellular networks reduced from 25% to 10%.
- Regulatory duty levied on luxury goods.

### 3. INCOME TAX

#### ***Filer & Non-filer***

*[Section 2(23A) and 2(35C)]*

Definition of “filer” has been included by insertion of clause 23A under section 2. “Filer” is defined to mean a taxpayer whose name appears in the active taxpayers’ list issued by the Board from time to time or is holder of a taxpayer’s card.

Definition of “Non-filer” has been included through insertion of clause 35C whereby “non-filer” is to mean a person who is not a filer.

Section 181A and 181B empower the Board to institute/ regulate “active taxpayers’ list” and make a scheme for “taxpayer honor card” respectively.

Rules for active taxpayers’ list are already provided under rule 81B of the Income Tax Rules 2002 while a scheme was launched for taxpayer honor card whereby top 100 taxpayers of four different categories were issued taxpayer honor cards valid for a period of one year beginning from first day of March and ending on Twenty Eighth day of February each year.

An “Active Taxpayers List” is now available on FBR website. The definition of “filer” and “non-filer” have larger implications due to various changes made through Finance Act 2014 and discussed in this document whereby “non-filers” are to be taxed at higher rates as compared to “filers”.

The purpose of this change is to discourage non-compliance with tax laws and address the concerns of citizens who pay due taxes regarding them having higher cost of business than tax evaders. Therefore, withholding agents shall collect extra adjustable advance tax from non-filers, in addition to tax collectable from filers.

However, any person can avoid the payment of this advance tax by prior filing of return or can claim adjustment or refund of the advance tax deducted by filing return after the payment. The relevant sections and rates of tax on filers and non-filers are as under:

SECTION	NATURE OF PAYMENT	RATE FOR FILER	RATE FOR NON-FILER
		Percentage	
150	Dividend	10	15
151	Profit on debt exceeding Rs.500,000	10	15
231A	Cash withdrawal	0.3	0.5
231B	Motor vehicle tax	Slab rates, please see commentary under relevant section heading	
234	Motor vehicle tax	Slab rates, please see commentary under relevant section heading	
236C	Sale or transfer of immovable property	0.5	1
236G	Fertilizers	0.2	0.4
236G	Other than fertilizers	0.1	0.2
236K	Purchase of immovable property exceeding Rs. 3 million	1	2

### ***Bonus Shares***

*[Section 2(29), Section 39(1)(m), Section 236M and Section 236N]*

Definition of “Income” provided under section 2(29) has been modified. The definition previously excluded from “income”, face value of bonus shares or the amount of bonus declared, issued or paid by the company to the shareholders with a view to increasing her paid up share capital. The purpose of this change is taxation of bonus shares at the time of issuance.

Last year, clause 103B, part I, Second Schedule was deleted for the same purpose i.e. taxing bonus shares however due to bonus shares being excluded from the definition of “income” the purpose was not achieved.

Result was that bonus shares continued to remain exempt from tax, however, at the time of sale of bonus shares capital gain tax was attracted as per CBR (now FBR) letter C.No.1(13)IT-1/72 dated May 18, 1972 upheld as correct interpretation by Supreme Court vide its order dated April 26 1992 reported as 66 TAX 6 (S.C.Pak).

Now definition of “income” under section 2(29) has been modified to include bonus shares along with insertion of clause “m” under section 39(1) whereby “income arising to the shareholder of a company from issue of bonus shares” is to be charged to tax under the head “Income from Other Sources”.

Considering the practical difficulties in taxation of bonus share, the changes proposed through Finance bill 2014-15 have been further modified to achieve the objective and now two new sections namely section 236M and 236N are inserted identifying the procedure for collection of tax on bonus shares.

Section 236M has been inserted whereby listed companies, at the time of issue of bonus shares, are required to withhold 5% bonus shares and collect tax equal to value of withheld bonus shares determined on the basis of day end price on the first day of book closure. In case of non-payment of tax by shareholder, the withheld bonus shares shall be transferred to Central Depository Company or such other company as may be prescribed who shall sale the withheld bonus shares and pay the amount to Commissioner (Federal Government). The tax so paid is final discharge of tax liability for shareholders in respect of bonus shares.

Section 235N has also been inserted whereby unlisted companies are required to pay tax equal to 5% of value of bonus shares issued to shareholders. The companies can collect the tax from shareholders and in case shareholders neither pays tax nor collects bonus shares, the company need to dispose of the shares and deposit proceeds to Commissioner (Federal Government).

The tax so paid is final discharge of tax liability for shareholders in respect of bonus shares. Rules for valuation of shares are yet to be notified by FBR.

However, taxation of bonus shares and capital gain arising from sale of such bonus shares still has the potential to be a moot point between taxpayers and FBR.

### ***Definitions – Special Judge***

*[Section 2(59B) and Section 203]*

Clause 59B has been inserted to provide definition of “Special Judge” while a proviso has been added to section 203 empowering the Federal Government to declare that a special judge appointed under section 185 of Customs Act 1969 shall have jurisdiction to try offences under Income Tax Ordinance, 2001.

### ***Dividend***

*[Section 2(61A), Section 5, Section 150, Division III (Part I, First Schedule), Division I (Part III, First Schedule), Clause 17 & 20 (Part II, Second Schedule)]*

Section 5 provided for imposing tax on dividend income and section 150 provides for responsibility of withholding agent in respect of dividend income. Previously both sections referred to Division III, Part I of First Schedule for applicable tax rates. Division III provided 10% rate of tax on dividend while clause 17 & 20 (part II, Second Schedule) provided for a reduced rate of 7.5% on dividend in case of dividends declared or distributed by purchaser of a power project privatized by WAPDA and dividend declared or distributed on shares of a company set up for power generation.

The changes through Finance Act have rearranged the above referred scheme by providing rates of tax under Division III (Part I, First Schedule) and Division I (Part III, First Schedule) for section 5 & section 150 respectively while reduced rates referred above have also been provided in the aforesaid divisions with simultaneous deletion of aforementioned clause 17 & 20. Accordingly rates of

7.5% and 10% remain intact as previously except for some changes discussed hereunder.

Clause 61A under section 2 has been inserted to provide definition of “stock fund” which is defined to mean a collective investment scheme or a mutual fund where the investible funds are invested by way of equity shares in companies, to the extent of more than seventy percent of the investment.

The following withholding rates are inserted:

CATEGORY OF PERSON	STOCK FUND	MONEY MARKET FUND, INCOME FUND OR ANY OTHER FUND
	Percentage	
Individual	10	10
Company	10	25
AOP	10	10

Moreover, the substitution of Division I (Part III, First Schedule) also provides that in case of a stock fund if dividend receipts of the fund are less than capital gains the rate of deduction of tax shall be 12.5%.

Division I, Part III, First Schedule has been substituted whereby 7.5% and 10% rate have remain intact for section 150 except that payment of dividend to non-filers is subject to 15% withholding tax while 5% extra withholding tax is adjustable because tax imposed under section 5 is FTR under section 8 however tax deducted under section 150 is not FTR under section 169.

### **Capital Gains**

*[Section 37(1A) and Division VIII, Part I, First Schedule]*

Capital gains arising from disposal of immovable property were brought under tax net by insertion of sub-section 1A to section 37 through Finance Act 2012 whereby gains arising from disposal of immovable property held for a period up to two years were made chargeable to tax.



As explained vide circular # 2 of 2012 dated July 27, 2012, the intention was to tax only such gains arising from sale of immovable property held up to a two years while gains arising from sale of immovable property held for a period of more than two years were to remain exempt from tax.

However, the language of section 37(1A) was not very clear in this regard and could lead to contrary interpretations. Now section 37(1A) has been modified by excluding reference to two year period while serial # 3 has been included in the table under Division VIII, Part I of First schedule specifying zero percent rate of tax in respect of gains arising from immovable property held for a period of more than two years. The amendment appears to be aimed at rectifying the previous error.

### ***Capital Gains on Sale of Securities***

*[Section 37A, Division VII, Part I, First Schedule and Section 100B]*

Capital gains arising from sale of securities were brought under tax net by insertion of section 37A through Finance Act 2010 whereby gains arising from sale of securities held for a period up to twelve months/one year were made chargeable to tax while gains arising from sale of securities held for a period of more than twelve months/one year remained exempt.

Now the first proviso to section 37A(1) has been deleted while rate of 10% has been levied by modification in Division VII (Part I of First Schedule) in respect of securities “held for a period of more than twelve months but less than 24 months”, however, it is pertinent to note that sub-section 1 of section 37A still provides for taxability of capital gains from disposal of only such securities which are “ held for a period of less than a year”.

Apparently the deletion of proviso was meant to provide authority for levy of tax on securities held for a period of more than 12 months however in view of the presence of words referring to chargeability of securities “held for a period

of less than a year”, there is an apparent conflict between section 37A(1) and Division VII (Part I, First Schedule).

Section 37A(1) provides for levy of tax on securities held for a period of less than a year while Division VII is levying tax on securities held for a period of more than 12 months apparently without authority of a charging section. As per settled principle of law, where there is conflict between two legal provisions, the one favoring the taxpayer is to prevail.

The rates of taxation of capital gains arising from sale of securities given in Table under Division VII, Part I, First Schedule are amended as follows:

PERIOD	TAX YEAR	RATE OF TAX
Where holding period of a security is less than six months.	2011	10%
	2012	10%
	2013	10%
	2014	10%
Where holding period of a security is more than six months but less than twelve months.	2011	7.5%
	2012	8%
	2013	8%
	2014	8%
Where holding period of a security is less than twelve months.	2015	12.5%
Where holding period of a security is twelve months or more but less than twenty four months.	2015	10%
Where holding period of a security is twenty four months or more.	2015	0%

Capital Gains arising from the sale of “debt securities” are also to be taxed in the manner similar to other “securities”. Accordingly, section 37A has been amended to include debt securities in the definition of securities while debt securities have also been defined in detail.

Section 100B has been modified whereby clause “d” of sub-section 2 is replaced so that a company in respect of debt securities is excluded from purview of

rules for the computation of capital gains on listed securities laid down under Eighth Schedule.

The modification in clause “d” of section 100B(2) is also aimed at bringing foreign institutional investors in stock exchange under the withholding tax regime of Eighth Schedule.

### ***Sale of Spectrum License***

*[Section 49]*

A proviso has been inserted aimed at providing exemption income of PTA from sale of spectrum licenses on behalf of Federal Government. The exemption is provided retrospective effect from first day of March 2014.

### ***Taxation of Association of Persons with share of companies***

*[Section 88A & Section 92]*

Section 88A has been deleted and Section 92 has been modified. The changes are apparently aimed at facilitating non-resident companies investing in Pakistan particularly those engaged in construction activities.

Non-resident companies engaged in construction activities are required under bye-laws of Pakistan Engineering Council to form Joint Venture with a local entity.

The bye-laws are aimed at providing benefit to local companies so they could gain technical knowledge and expertise by working with foreign companies, however, forming such joint venture was putting the foreign companies at a disadvantage under tax laws as the contract receipts of such joint ventures were taxed as final tax under section 153(1)(c) read with section 169, in the hands of joint ventures being Association of Persons.

To facilitate, the non-residents, amendments have been made by deletion of section 88A and modification of section 92 to provide that if one member of the joint venture is a company, it should be taxed separately at the applicable rate while the individuals should be taxed as an AOP separately. Accordingly the taxation of resident companies will be dealt separately instead of being treated as part of JV. The income arising from contracts for resident companies and AOPs are under final discharge of tax liability through section 153(1c) however the rate of tax (7%) on companies is lower as compared to AOP (7.5%) so resident companies will enjoy lower rate of tax while income of permanent establishment (PE) of non-resident companies is subject to normal tax regime under section 152(2A)(iii) and also have lower rate of tax i.e. 6%. Moreover, non-resident companies whose construction income is subject 152(1A) also enjoy a lower rate of tax i.e. 6% and they are under NTR unless they opt for FTR under clause 41 of part IV to Second Schedule.

### ***Tax Credit for certain persons***

*[Section 100C, Section 159 & Clause 58, 58A, 59, 60 of Part I of Second Schedule]*

Section 100C has been inserted and clauses 58, 58A, 59 and 60 of Part I, Second Schedule have been deleted. The aforementioned clauses provided exemptions to certain income of certain non-profit organizations, trusts and welfare institutions.

The deletion of these clauses results in withdrawal of exemptions; however, section 100C has been inserted to allow 100% tax credit instead of exemption to these organizations. The tax credit is also available from minimum tax and final taxes subject to following conditions, namely:

- Return has been filed;
- Tax required to be deducted or collected has been deducted or collected and paid; and
- Withholding tax statements for the immediately preceding tax year have been filed.

Section 159 provides authority to the Commissioner Inland Revenue for issuance of exemption or lower rate certificates. Section 159 has been modified to authorize the Commissioner Inland Revenue for issuance of exemption or lower rate certificate to organizations falling under newly introduced section 100C of Income Tax Ordinance, 2001.

### **Minimum Tax**

*[Section 113, Division IX(Part I, First Schedule), Clause 7, 8, 9, 10, 12, 13, 14, 15 (Part III, Second Schedule)]*

Section 113 has been modified and Division IX is inserted under Part I of First Schedule while clauses 7, 8, 9, 10, 12, 13, 14 & 15 of Part III, Second Schedule have been deleted.

Section 113 provides for levy of minimum tax @ 1% for tax year 2014 while clauses 7, 8, 9, 10, 12, 13, 14 & 15 provided reduction in tax liability for certain sectors/ organizations.

Section 113 has been modified to refer to Division IX, Part I of First Schedule where rates of minimum tax are prescribed for different sectors/ organizations.

The changes through Finance Act 2014 do not affect the previous minimum tax regime except for distributors of cigarettes.

The distributors of cigarettes used to enjoy reduction of 80% minimum tax for distribution of cigarettes “manufactured in Pakistan” however the new regime does not appear to put restriction of “manufactured in Pakistan”.

It was pointed out through our digest of budget that Distributors of consumer goods including fast moving consumer goods used enjoy 80% reduction in minimum tax rates, however, the new regime appears to withdraw this reduction in minimum tax rates from such distributors. The Finance Act has now rectified the position and reduction in rates has been restored.

The rates of minimum tax are as follows:

S.NO.	PERSONS	MINIMUM TAX RATE
1	a. Oil marketing companies, oil refineries, Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds Rs. One billion) b. Pakistan International Airlines Corporation; and c. Poultry industry including poultry breeding, broiler production, egg production and poultry feed production	0.5%
2	a. Distributors of pharmaceutical products, consumer goods including fast moving consumer goods, fertilizers, and cigarettes; b. Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; c. Rice mills and dealers; and d. Flour mills	0.2%
3	Motorcycle dealers registered under the Sales Tax Act, 1990	0.25%
4	All other cases	1 %

### ***Alternative Corporate Tax***

*[Section 113C]*

A new tax regime has been introduced through insertion of section 113C whereby tax payable by a company is to be higher of Corporate Tax or Alternative Corporate Tax.

Overriding effect is given to section 113C and the section has been made effective for **tax year 2014 and onwards**.

Corporate tax is defined to include normal tax, minimum tax and final tax payable excluding those provided under section 8 (dividend, royalty & fee for technical services of non-resident and shipping & air transport income of non-residents), section 161 & 162 relating to cases of default by withholding agent.

Alternate corporate tax is defined mean tax at the rate of 17% of a sum equal to accounting income (adjusted as explained below) before tax for the tax year as disclosed in the financial statements.

The aforementioned accounting income shall exclude share from associate recognized under equity method of accounting, exempt income, income subject to tax under section 37A relating to capital gains explained therein and final tax under section 148 (imports), 150(dividend), 153 (supplies & contracts), 154 (exports), 156 (prize bonds) and 233 (commission), income subject to tax credit under section 65D and 65E, income subject to tax credit under section 100C and income of industrial undertaking financed through direct foreign investment under clause 18A (Part I, Second Schedule).

The amount arrived at after above adjustments to accounting income is referred as “taxable income” for the purpose of section 113C.

The expenses appearing in the financial statements of companies are to be apportioned between aforementioned “taxable income” and the amount to be excluded from accounting income except share from associate.

The Commissioner is also empowered to make adjustments and proceed to compute accounting income as per historical accounting pattern after providing an opportunity of being heard.

The accounting income, arrived at after aforementioned exclusions and adjustments, is to be charged to tax @ 17% being “Alternate Corporate Tax” where “Corporate Tax” is lower than “Alternate Corporate Tax”.

The Alternate Corporate Tax paid in excess of Corporate tax for the tax years is allowed to be carried forward and adjusted against the normal tax payable calculated under Division II (Part I, First Schedule).

The unadjusted Alternate Corporate Tax is allowed to be carried forward for ten years immediately succeeding the tax year for which the excess was first computed.

However, such adjustment and carry forward shall not prejudice or affect the entitlement of the taxpayer regarding carry forward and adjustment of minimum tax referred to in section 113 of Income Tax Ordinance, 2001.

Tax credit under section 65B is allowed against Alternate Corporate Tax.

Where corporate tax or Alternate Corporate Tax is enhanced or reduced as a result of any amendment, or as a result of any order, the excess amount to be carried forward shall be reduced or enhanced accordingly.

Alternate Corporate tax is not applicable to insurance companies, oil & mineral sector companies and banks.

However, in our opinion, tax credits under section 4 are available to the taxpayers against Alternate Corporate Tax.

It was pointed out through our budget digest that proposed sub-section 7 of section 113C seems to contain an error while referring to sub-section 2 of section 113C. Apparently it was meant to refer to sub-section 3 of section 113C. The mistake has now been corrected in the Finance Act 2014.

### ***Return of Income***

*[Section 114]*

Section 114(1)(b)(ix) is modified to the effect that only resident person, instead of any person, registered with chambers & professional bodies is required to submit an annual return of income.



### ***Appointment of the Appellate Tribunal***

*[Section 130]*

Section 130 is amended whereby it is added that a cost & management accountant (CMA) shall also be eligible to become an accountant member of appellate tribunal if such CMA has practiced professionally as a cost and management accountant within the meaning of Cost and Management Accountants Act, 1966 for a period of not less than ten years.

### ***Imports***

*[Section 148, Part II of First Schedule, Clause 9B, 9C, 13E, 23, 24 (Part II, First Schedule), Clause 9AA, 41A, Clause 56B, clause 72B(Part IV, Second Schedule)]*

Apart from technical corrections under clause d of sub-section 7, a new sub-section 8A is inserted whereby tax collected at the time of import of ships by ship-breakers is final tax while clause 9AA is inserted providing exemption to ship breakers from operation of section 153(1)(a).

Part II of First Schedule is substituted with simultaneous deletion of clause 9B, 9C, 13e, 23, 24 (Part II, First Schedule).

These changes are aimed at providing all tax rates under a single table rather than spread in schedules through exemption.

Resultantly, the following rates are now provided under Part II (First Schedule) for imports under section 148:

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S.NO.	PERSONS	RATE
1.	i. Industrial undertaking importing remelttable steel (PCT hearing 72.04) and directly reduced iron for its own use; ii. Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision no. ECC-155/12/2004 dated the 9 <sup>th</sup> December 2004 iii. Persons importing urea; and iv. Manufacturers covered under Notification No. S.R.O.1125(I)/2011 dated the 31 <sup>st</sup> December 2011	1% of import value as increased by customs duty, sales tax and federal excise duty
2.	Persons importing pulses	2% of import value as increased by customs duty, sales tax and federal excise duty
3.	Commercial importers covered under Notification No. S.R.O.1125(I)/2011 dated the 31 <sup>st</sup> December 2011	3% of import value as increased by customs duty, sales tax and federal excise duty
4.	Ship breakers on imports of ships	4.5%
5.	Industrial undertakings not covered under S.Nos.1 to 4	5.5%
6.	Companies not covered under S.Nos.1 to 5	5.5%
7.	Persons not covered under S.Nos.1 to 6	6%

Clause 41A relating to option of Normal Tax Regime to importers for normal tax regime is deleted and clause 56B is inserted.

Clause 56B provides option to importers for adopting normal tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 5.5% of the imports in case of company and 6% otherwise.

Clause 72B empowers Commissioner to issue exemption certificate where tax liability of industrial undertaking for the current tax year, on the basis of determined tax liability for any of the preceding two tax years, has been paid. A proviso has been inserted where the exemption certificate has been made

subject to filing of application of exemption in the prescribed manner and fulfillment of other conditions as notified in the official gazette.

### ***Salary***

*[Section 149]*

Directorship fee or fee for attending board meeting has been made subject to 20% adjustable withholding tax.

### ***Profit on Debt***

*[Section 151, Division 1A (Part III, First Schedule)]*

Rate of deduction of tax in case of non-filer has been increased to 15% where profit on debt is in excess of Rs.500,000. However, the excess tax deducted is adjustable.

### ***Payments for Goods, Services and Contracts***

*[Section 153, Division III (Part III, First Schedule), Division IV (Part III, First Schedule), clause 13HH, 13HHH (Part II, Second Schedule), clause 41AAA, clause 56C, 56D, 56E, 57 (Part IV, Second Schedule)]*

Contracts signed by Sportsperson have been made subject to final discharge of tax liability under section 153(1)(c) as contractual income.

Division III, Part III, First Schedule has been amended to increase rates as follows:

- For payments to companies in respect of supplies, rate of withholding tax is increased from 3.5% to 4%;
- For payments to taxpayers other than companies in respect of supplies, rate of withholding tax is increased from 4% to 4.5%;
- For payments to companies in respect of services, rate of withholding tax is increased from 6% to 8%;

- For payments to taxpayers other than companies in respect of services, rate of withholding tax is increased from 8% to 10% (It was pointed out through our budget digest that current rate is 7% while finance bill inadvertently mentions rate of 8% however the same mistake has been repeated in the Finance Act);
- For payments to companies in respect of contracts, rate of withholding tax is increased from 6% to 7%;
- For payments to taxpayers other than companies in respect of contracts, rate of withholding tax is increased from 6.5% to 7.5%;
- For payment to sportsperson, rate of 10% withholding tax is prescribed;
- In respect of export houses referred in sub-section 2 of section 153, withholding rate is increased from 0.5% to 1%.

Apart from the above, reduced rates in respect of sale of rice under clause 13HH and 13HHH of Part II, Second schedule have been withdrawn.

Clause 41AAA (Part IV, Second Schedule) providing facility to suppliers (whose income is subject to final tax under section 153(1)(a)) for opting normal tax regime has been withdrawn while clause 56C (Part IV, Second Schedule) is inserted whereby option to adopt normal tax regime is made available subject to the condition that minimum tax liability shall not be less than 3.5% of the gross amount of sales, if the person is a company and 4% otherwise.

Facility to opt for normal tax regime is also made available to contractors whose income is currently subject to final tax under section 153(1)(c). The option is made available through insertion of clause 56D (Part IV, Second Schedule) subject to the condition that minimum tax liability under normal tax regime shall not be less than 6% of contract receipts, if the person is a company and 6.5% otherwise.

Facility to opt for normal tax regime is also made available to export houses whose income is currently subject to final tax under section 153(2). The option is made available through insertion of clause 56E (Part IV, Second Schedule)

subject to the condition that minimum tax liability under normal tax regime shall not be less than 0.5% of services received. Such persons opting to avail the facility of normal tax regime under aforementioned clauses are required to file return of total income along with accounts and documents as may be prescribed.

An explanation is added to clause 57 (Part IV, Second Schedule) with the intention to clarify that exemption from application of section 153 under clause 57 is available to companies operating trading houses only as a recipient not as a withholding agent.

### ***Export***

*[Section 154, Clause 41AA, Part IV, Second Schedule)]*

Facility available to exporters for opting normal tax regime is withdrawn through deletion of clause 41AA, Part IV of Second Schedule.

### ***Petroleum Products***

*[Section 156A, Division VIA (Part III, First Schedule), clause 56F (Part IV, Second Schedule)]*

Rate of tax in respect of commission income of petrol pump operators is increased to 12% however it shall remain under final tax regime.

Facility to opt for normal tax regime is made available to petrol pump operators whose income is currently subject to final tax under section 156A.

The option is made available through insertion of clause 56F (Part IV, Second Schedule) subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of commission or discount received.

Such persons opting to avail the facility of normal tax regime are required to file return of total income along with accounts and documents as may be prescribed.

### ***Compulsory registration in certain cases***

*[Section 181AA]*

Section 181AA is inserted whereby registration under section 181 is now mandatory for provision of commercial or industrial connection of electricity or natural gas.

### ***Advance tax on private motor vehicles***

*[Section 231B, Division VII (Part IV, First Schedule)]*

Scope of section 231B is enhanced and advance tax shall be collected at the time of registration of motor vehicle (whether new or imported) except where tax has been collected at the time of transfer of registration or ownership or import under section 148.

Advance tax is also to be collected under section 231B at the time of transfer of registration or ownership of private motor vehicle however advance tax is not to be collected in case of transfer of vehicles after five years from the date of first registration in Pakistan.

It is also mentioned that manufacturer of motor car or jeep shall also collect advance tax at the time of sale of motor car or jeep.

Advance tax collected above is to remain adjustable while provisions of this section shall not apply to federal government, provincial government, local government, foreign diplomat or diplomatic mission in Pakistan.

Rate of tax on purchase of private motor cars or jeep is to be increased as follows:

ENGINE CAPACITY	RATE		
	CURRENT	FILER	NON-FILER
	Rupees		
Up to 850 CC	10,000	10,000	10,000
851 to 1000 CC	20,000	20,000	25,000
1001 to 1300 CC	30,000	30,000	40,000
1301 to 1600 CC	50,000	50,000	100,000
1601 to 1800 CC	75,000	75,000	150,000
1801 to 2000 CC	100,000	100,000	200,000
2001 to 2500 CC	150,000	150,000	300,000
2501 to 3000 CC	150,000	200,000	400,000
Above 3000 CC	150,000	250,000	450,000

***Brokerage & Commission***

*[Section 233, Division II (Part IV, First Schedule), Clause 26 (Part II, Second Schedule)]*

Rate of tax in respect of commission income of advertising agents is increased from 5% to 7.5% while for others the rate of tax is increased from 10% to 12%.

Facility to opt for normal tax regime is also made available to commission agents whose income is currently subject to final tax under section 233.

The option is made available through insertion of clause 56G (Part IV, Second Schedule) subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of commission. Such persons opting to avail the facility of normal tax regime are required to file return of total income along with accounts and documents as may be prescribed.

***Tax on motor vehicles***

*[Section 234, Division III (Part IV, First Schedule)]*

Rate of tax at the time of payment of motor vehicle tax for private motor cars is increased as follows:

ENGINE CAPACITY	RATE		
	CURRENT	FILER	NON-FILER
	Rupees		
Up to 1000 CC	750	1,000	1,000
1001 to 1199 CC	1,250	1,800	3,600
1200 to 1299 CC	1,750	2,000	4,000
1300 to 1499 CC	3,000	3,000	6,000
1500 to 1599 CC	3,000	4,500	9,000
1600* to 1999 CC	4,000	6,000	12,000
2000 CC & above	8,000	12,000	24,000
* Finance bill mistaken shows 1,500 instead of 1,600			

Rate of tax at the time of payment of motor vehicle tax where the motor vehicle tax is collected in lump sum is increased as follows:

ENGINE CAPACITY	RATE		
	CURRENT	FILER	NON-FILER
	Rupees		
Up to 1000 CC	7,500	10,000	10,000
1001 to 1199 CC	12,500	18,000	36,000
1200 to 1299 CC	17,500	20,000	40,000
1300 to 1499 CC	30,000	30,000	60,000
1500 to 1599 CC	30,000	45,000	90,000
1600 to 1999 CC	40,000	60,000	120,000
2000 CC & above	80,000	120,000	240,000

### ***Domestic Electricity Consumption***

*[Section 235A, Division XIX (Part IV, Second Schedule)]*

Adjustable advance tax is collected @7.5% on the amount of bill amount in respect of domestic monthly electricity bills equal to or exceeding Rs.100,000.



### ***Tax on Steel Melters, Re-rollers etc.***

*[Section 235B, Clause 24B (Part II, Second Schedule), clause 9A (Part IV, Second Schedule)]*

Non-adjustable tax is to be collected from steel melters, steel re-rollers, composite steel units, registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007 at the rate of one rupee per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS products) excluding stainless steel. The tax so collected is deemed to be the tax required to be deducted under section 153(1)(a) on the payment of local purchase of scrap.

Clause 24B (Part II, Second Schedule) is accordingly withdrawn while clause 9A (Part IV, Second Schedule) is inserted providing exemption from application of section 153(1)(a). The option to adopt this regime has been extended to be availed for tax year 2012 & 2013 subject to payment of tax by June 30, 2014. It is also provided that where tax has been deducted under section 153(1)(a) or paid under an order under section 161, it shall not be refundable.

### ***Telephone users***

*[Section 236, Division V (Part IV, First Schedule)]*

Rate of advance in the case of subscriber of mobile telephone and pre-paid telephone card is reduced from 15% to 14% of the amount of bill or sales price of pre-paid telephone card or sale of units through any electronic medium or whatever form.

### ***Advance Tax on Purchase of Air Ticket***

*[Section 236B & 236L, Division XX (Part IV, First Schedule)]*

Section 236B is modified to make airlines responsible for collection of advance tax rather than person preparing domestic air ticket.

Section 236L is inserted for collection of adjustable advance tax @ 4% in respect of international air tickets other than economy. The budget prescribed different rates for filers & non-filers however now same rate is prescribed for both by the Finance Act.

#### ***Advance Tax on Functions & Gatherings***

*[Section 236D]*

Advance tax on functions & gathering is reduced from 10% to 5%. .

#### ***Advance Tax on Purchase or Transfer of Immovable Property***

*[Section 236K, Division XVIII (Part IV, First Schedule)]*

Section 236K is inserted for collection of adjustable advance tax from the purchaser or transferee of immovable property where the value of property exceeds Rs.3 million, the buyer or transferee is federal government, provincial government, a local government or a foreign diplomatic mission in Pakistan.

Moreover, the said section shall not apply to a scheme introduced by the federal government, provincial government or an authority established under a federal or provincial law for expatriate Pakistanis. The rates of tax are 1% for filers and 2% for non-filers however the rate of tax for non-filer shall be 1% up to the date appointed by the Board through notification in official gazette.

#### ***Disabled Person & Senior Citizen***

*[Division I (Part I, First Schedule), Clause 1A (Part III, Second Schedule)]*

Paragraph 1B is inserted and clause 1A is deleted. The result of this change is that facility of 50% reduction in tax liability currently available to senior citizen shall also be available to a person holding a NADRA computerized NIC for disabled person where their income is less than Rs. 1 million.

### ***Tax Rate of Companies***

*[Division II (Part I, First Schedule)]*

Tax rate for companies is provided under Division II (Part I, First Schedule) whereby applicable tax rate for tax year 2014 is 34%. It was announced that the rate has been reduced to 33% but Finance bill did not provide for any change in Division II and we pointed out this mistake in our budget digest. The mistake has now been rectified in the Finance Act.

### ***Second Schedule Exemptions***

#### ***Compensatory Allowance***

*[Clause 35, Part I, Second Schedule]*

Exemption to compensatory allowance is withdrawn.

#### ***Sindh Province Pension Fund***

*[Clause 57, Part I, Second Schedule]*

Sindh province pension fund is exempted.

#### ***Green Star Social Marketing Ltd & Hamdard Laboratories***

*[Clause 66, Part I, Second Schedule]*

Apart from technical corrections, exemption is extended to Greenstar Social Marketing Pakistan (Guarantee) Limited while exemption available to Hamdard Laboratories (Waqf) Pakistan is withdrawn.

### ***Public Sector Universities***

*[Clause 92A & 126, Part I, Second Schedule]*

Clause 92A is deleted however exemption for Public Sector Universities is provided by substitution of clause 126 with retrospective effect from July 1, 2013.

### ***Collective Investment Scheme or REIT Scheme***

*[Clause 99, Part I, Second Schedule]*

A proviso is added whereby for the purpose of determining distribution of at least 90% of accounting income by a collective investment scheme or REIT scheme, the income distributed through bonus shares, unit or certificates is to be excluded from computation.

### ***China Overseas Ports Holding Company Limited***

*[Clause 126A, Part I, Second Schedule]*

Clause 126A is substituted to provide exemption to China Overseas Ports Holding Company Limited for a period of twenty years, with effect from the sixth day of February 2007.

### ***Fruit Processing or Preservation Unit***

*[Clause 126H, Part I, Second Schedule]*

Profits and gains of taxpayers are exempted where such profits and gains are derived from a fruit processing or preservation unit set up in Baluchistan province, Malakand Division, Gilgit Baltistan and FATA between July 1, 2014 to June 30, 2017 subject to the condition that such units are engaged in processing of locally grown fruits, for a period of 5 years beginning with the month in which the industrial undertaking is set up of commercial production is commenced, whichever is later.

### ***Coal Mining Projects in Sindh***

*[Clause 132B (Part I, Second Schedule) & clause 11A (Part IV, Second Schedule)]*

Clause 132B is inserted to provide exemption to profits and gains derived by a taxpayer from a coal mining project in Sindh, supplying coal exclusively to power generation projects. Clause 11A has also been modified to provide exemption from minimum tax.

### ***Foreign Direct Investment-Equity***

*[Clause 18A, Part II, Second Schedule]*

Clause 18A is inserted to provide exemption for 5 years to industrial undertaking set up between July 1, 2014 and June 30, 2017. The exemption is subject to the condition that fifty percent of the cost of project including working capital financing, is through owner equity foreign direct investment.

### ***Pilots***

*[Clause 1, 1AA (Part III, Second Schedule)]*

Taxation of **pilots** is modified by changing clause 1 and insertion of clause 1AA whereby total allowances received by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%, provided that the reduction under this clause shall be available to so much of the allowances as exceeds an amount equal to basic pay.

### ***Wealth Statement***

*[Clause 82 (Part IV, Second Schedule)]*

Clause 82 provided exemption from submission of wealth statement for tax year 2013 to such individuals whose last declared or assessed income, or the declared income for the year is less than Rs.1,000,000 (Rupees One Million). The clause has been modified to provide this exemption for tax year 2014 also.

### ***Third Schedule***

*[Part II]*

Rate of initial allowance in respect of building is reduced from 25% to 15%.

### ***Seventh Schedule***

*[Rule 6, 6A& 6B]*

Rule 6 is modified to increase the rate of tax on capital gains on sale of share of listed companies to 12.5% while dividend and capital gain are charged to tax on net income basis.

The net income from dividend is computed according to the following formula, namely:

$$A / C * B$$

Where:

A is the total amount of expenditure as per Seventh Schedule

B is the gross amount of dividend received

C is the gross amount of receipts including dividend.

The net income from capital gains is computed according to the following formula, namely:

$$A / C * B$$

Where:

A is the total amount of expenditure as per Seventh Schedule

B is the gross amount of capital gains

C is the gross amount of receipts including capital gains.

### ***Miscellaneous Technical Corrections***

*[Section 2(8), (9), (10) & 11, Section 4A & clause 11 (Part III, Second Schedule) Section 8, 13, 18, 21, 31, 56A, 59AA, 122B, 127, 156, 159, 169, 239, Part IIA (First Schedule), clause 4, 81A, 88A, 93A, 135 (Part I, Second Schedule), clause 3A, 29, 30 (part II, Second Schedule), clause 10, 10A, 38B, 38C, 80, 84, 85, 87, 88 (Part IV, Second Schedule)]*

Minor technical corrections/ spelling corrections/ withdrawal of redundant exemptions/ merger of exemption clauses have been made in the aforementioned provisions of law.

### 4. SALES TAX

#### ***Retail Price***

*[Section 2(27)]*

A new definition of Retail Price has been inserted whereby Board may determine highest retail price for any brand or variety of goods of specific zones or area.

#### ***Scope of Tax***

*[Section 3(2)(aa)]*

To broaden tax base, a new clause has been inserted to charge tax on goods that are specified in Eighth Schedule subject to such conditions and limitations as mentioned therein.

*[Section 3(3B)]*

A new sub-section has been introduced for charging, collection and payment of tax on import and supply of goods as specified in Ninth Schedule at such rates, manner, conditions and time as specified therein.

*Section 3(8)*

*This sub section has been substituted whereby Gas Distribution Company shall charge sales tax at the rate of 17% of the value of supply to CNG stations.*

*[Section 3(9)]*

A new sub-section has been introduced to charge retailer an additional tax in addition to the tax payable on supply of electricity through monthly electricity bill at the following rates, if:



- monthly bill does not exceed Rs 20,000	5%
- monthly bill exceeds Rs 20,000	7.5%

### ***Zero Rating***

*[Section 4(1)(d)]*

The term “zero rated goods” has been substituted with “goods supplied at reduced rate of sales tax”.

### ***Tax Credit Not Allowed***

*[Section 8]*

Four new clauses have been inserted to further broaden scope of inadmissible tax credit arising out of;

1. goods and services not related to the taxable supplies made by the registered person;
2. goods and services acquired for personal or non-business consumption;
3. goods used in , or permanently attached to, immovable property, such as building and construction material, paints, electrical and sanitary fittings, pipes, wires and cables but excluding such goods acquired for sale or re-sale or for direct use in the production of manufacture of taxable goods;
4. Vehicle falling in Chapter 87 of the First Schedule to the Customs Act, parts of such vehicles, electrical and gas appliances, furniture and furnishings

### ***Posting of Inland Revenue Officer***

*[Explanation of Section 40B]*

An explanation has been added after section 40B to declare that powers of Board or Chief Commissioner to appoint an officer in the premises of

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registered person for monitoring of production, sale, stock position etc are independent of Section 40 i.e. Search Warrant.

## ***Electronic Scrutiny and Intimation***

*[Section 50B]*

An automated electronic system may be implemented that objectively scrutinizes, makes analysis, cross matching of returns and available data and sends intimation to the registered person in the form of advice to clarify the issue or rectify mistakes; if any.

## ***Fifth Schedule***

The SRO 549(1)/2008 dated 11 June 2008 and SRO 670(1)/2013 dated 18 July 2013 have been rescinded vide SRO 573(I)/2014 dated June 26, 2014 and items that were mentioned therein have been inserted in Fifth Schedule. These items are effective from 26<sup>th</sup> June 2014 are as follows:

S.NO.	DESCRIPTION	PCT HEADING
9	Goods exempted under Section 13, if exported by a manufactured who makes local supplies of both taxable and exempt goods	
10	Petroleum Crude Oil	2709.0000
11	Raw material, components, sub-components and parts, if imported or purchased locally for use in the manufacturing of such plant & machinery as is chargeable to sales tax at the rate of zero percent subject to condition that importer or purchaser holds valid sales tax registration etc.	
12.	i. Colors in sets	3213.1000
	ii. Writing, drawing and marking inks	3215.9010 and 3215.9090
	iii. Erasers	4016.9210 and 4016.9290
	iv. Exercise books	4820.2000
	v. Pencil sharpeners	8214.1000
	vi. Geometry boxes	9017.2000
	vii. Pens, ball pens, markers and porous tipped pens	96.08

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viii.	Pencils including color pencils	96.09
ix.	Milk including flavored milk	04.01 and 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
xvii.	Preparations for infant use put up for retail sale	1901.1000
xviii.	Fat filled milk	1901.9090
xix.	Bicycles	87.12

## Sixth Schedule

*Amendments in the Sixth Schedule Table I (Import & Supply of goods)*

Following new entries are inserted in Sixth Schedule:

S. No.	DESCRIPTION	PCT HEADING	RESCINDED SRO.
24	Vegetable oil etc.	1511.1000	New Entry
59	Cochlear implants systems – hearing aids	99.37	New Entry
72.	Uncooked poultry meat	02.07	501(I)/2013 dt: 12 June 2013
73.	Milk and cream	04.01 and 04.02	do
74.	Flavored milk	0402.9900 and 22.02	do
75.	Yogurt	0403.1000	do
76.	Whey	04.04	do
77.	Butter	0405.1000	do
78.	Desi ghee	0405.9000	do
79.	Cheese	0406.1010	do
80.	Processed cheese not grated or powdered	0406.3000	do
81.	Cotton seed	1207.2000	do
82.	Frozen, prepared or preserved sausages and similar products of poultry meat or meat offal	1601.0000	do
83.	Meat and similar products of prepared frozen or preserved meat or meat offal	1602.3200, 1602.3900, 1602.5000, 1604.1100,	do

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	of all types including poultry meat and fish	1604.1200, 1604.1300, 1604.1400, 1604.1500, 1604.1600, 1604.1900, 1604.2010, 1604.2020, 1604.2090, 1604.3000	
84.	Preparations for infant use, put up for retail sale	1901.1000	do
85.	Fat filled milk	1901.9090	do
86.	Colours in sets (Poster colours)	3213.1000	do
87.	Writing, drawing and marking inks	3215.9010 and 3215.9090	do
88.	Erasers	4016.9210 and 4016.9290	do
89.	Exercise books	4820.2000	do
90.	Pencil sharpeners	8214.1000	do
91.	Energy saver lamps	8539.3910	do
93.	Sewing machines of the household type	8452.1010 and 8452.1090	do
93.	Bicycles	87.12	do
94.	Wheelchairs	8713.1000 and 8713.9000	do
95.	Vessels for breaking up	89.08	do
96.	Other drawing, marking out or mathematical calculating instruments (geometry box)	9017.2000	do
97.	Pens and ball pens	96.08	do
98.	Pencils including colour pencils	96.09	do
99.	Compost (non-chemical fertilizer) produced and supplied locally	Respective headings	do
100.	Construction materials to Gwadar Export Processing Zone's investors and to Export Processing Zone Gwadar for development of Zone's infrastructure	Respective headings	do
101.	Raw and pickled hides and skins, wet blue hides and skins, finished leather, and accessories, components and trimmings, if imported by a registered leather goods manufacturer, for the manufacture of goods wholly for export, provided that conditions, procedures and restrictions laid down in rules 264 to 278 of the Customs Rules, 2001 are duly fulfilled and complied with.	Respective headings	551(I)/2008 dt: 11 June 2008

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102.	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions	Respective headings	do
103.	Import and supply thereof, up to the year 2020, of ships of gross tonnage of less than 15 LDT and all floating crafts including tugs, dredgers, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistani entity and flying the Pakistan flag, except ships or crafts acquired for demolition purposes or are designed or adapted for use for recreation or pleasure purposes, subject to the condition that such ships or crafts are used only for the purpose for which they were procured, and in case such ships or crafts are used for demolition purposes within a period of five years of their acquisition, sales tax applicable to such ships purchased for demolition purposes shall be chargeable.	Respective headings	do
104.	Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under Chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969)	Respective headings	do
105.	Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding ten per cent advalorem, either under the First Schedule to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.	Respective headings	do

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106.	Import of Halal edible offal of bovine animals.	0206.1000, 0206.2000, 0206.8000 & 0206.9000	do
107.	Import and supply of iodized salt bearing brand names and trademarks whether or not sold in retail packing	2501.0010	do
108.	Components or sub-components of energy saver lamps	8539.9040, 8539.9040, 8539.9040, 8539.9040, 3206.5010, 3824.9099, 3824.9099, 3214.1050, 3215.9010, 2850.0000	do
109	Goods imported temporarily subject to certain conditions	Respective headings	92(I)/2009 dt: 13 June 2009
110.	Items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad:-	8541.5000, 8539.3990, 9405.1090, 8502.3100, 8513.1040, 8513.1090, 8541.4000, 8504.4090, 9032.8990 and 8507.0000	do
111.	White crystalline sugar	1701.9910 and 1701.9920	do
112.	Equipment used for cardiology/ cardiac surgery, neurovascular, electrophysiology, endo surgery, endoscopy, oncology, urology, gynaecology, disposables	Respective headings	do
113	High efficiency irrigation equipment	8413.7010, 8424.8100, 8424.2010, 8481.1000, 8481.3000, 9026.2000, 9032.8990	575(I)/2006 dt: 05 June 2006
114	Green House Farming and other related equipment	8430.3100, 8430.3900, 9406.0010	do
115	Plant, machinery and equipment for fruit processing and preservation units in Gilgit-Baltistan, Baluchistan and Malakand	Respective headings	do
116	Plant, machinery and equipment imported for setting up industries in FATA Subject to conditions applicable under Customs Act, 1969.	Respective headings	do

*Amendments in the Sixth Schedule Table II (Local Supply of goods only)*

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S. No.	DESCRIPTION	PCT HEADING	RESCINDED SRO.
3.	Supplies made by cottage industries. (it means that exemption available to retailers under this serial number is withdrawn)	Respective headings	New Entry
13.	Reclaimed lead, if supplied to recognized manufacturers of lead batteries	Respective headings	551(I)/2008 dt: 11 June 2008
14.	Waste paper	Respective headings	do
15.	(a) Sprinkler Equipment (b) Drip Equipment (c) Spray Pumps and nozzles	Respective headings	do
16.	Raw cotton and ginned cotton	Respective headings	do

*Amendments in the Sixth Schedule Table III (Import of goods only)*

## NEW TABLE

S.N o.	DESCRIPTION	PCT HEADING	RESCINDED SRO.
1.	Machinery and equipment for initial installation, BMR or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting.	Respective headings	575(I)/2006 dt: 05 June 2006
2.	Specific machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and fittings imported by hospitals and medical or diagnostic institutes	Respective headings	do
3.	Machinery, construction machinery, equipment, materials, capital goods, specialized vehicles imported temporarily for mine construction phase or extraction phase.	Respective headings	do
4.	Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups, imported for Thar Coal Field.	Respective headings	do
5.	1. Machinery, construction machinery, equipment, vehicles 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	Respective headings	do

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	with the Government of Pakistan.		
6.	1. Machinery, construction 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	do
7.	1. Machinery, construction machinery, specialized vehicles, 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	do
8.	1. Machinery, construction machinery, specialized vehicles and equipment meant for power transmission and grid stations including under construction projects.	Respective headings	do
9.	Specified machinery, equipment and other education and research related items imported by technical, training institutes, research institutes, schools, colleges and universities.	Respective headings	do
10.	Machinery, equipment, raw materials, components and other capital goods for use in buildings, fittings, repairing or re-fitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.	Respective headings	do
11.	Specified machinery and equipment for marble, granite and gem stone extraction and processing industries.	Respective headings	do
12.	Machinery, equipment, capital goods, for setting up of hotels, 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 headings	do
13.	Effluent treatment plants.	Respective headings	do
14.	Specified items with dedicated use of renewable source of energy like solar, wind, geothermal etc.	Respective headings	do
15.	Specified items for promotion of renewable energy technologies.	Respective headings	do
16.	Plant, machinery, equipment and specific items used in production of bio-diesel.	Respective headings	do



***Eighth Schedule Table I******New Schedule***

A new Eighth Schedule has been introduced whereby sales tax at the reduced rate of 5% would be levied on the items listed therein. The list of such items is as follows:

<b>S. No.</b>	<b>DESCRIPTION</b>	<b>PCT HEADING</b>	<b>RESCINDED SRO.</b>
1.	Soya bean meal	2304.0000	501(I)/2013 dt: 12 June 2013
2.	Oil cake and other solid residues, whether or not ground or in the form of pellets	2306.1000	do
3.	Directly reduced iron	72.03	do
4.	Oilseeds meant for sowing	Respective headings	551(I)/2008 dated 11 June 2008
5.	Raw cotton and ginned cotton	Respective headings	do
6.	Plant and machinery not manufactured locally and having no compatible local substitutes	Respective headings	727(I)/2011 dt: 01 August 2011

***Eighth Schedule Table II***

<b>S. No.</b>	<b>DESCRIPTION</b>	<b>PCT HEADING</b>	<b>RESCINDED SRO.</b>
1.	Machinery and equipment for development of grain handling and storage facilities.	Respective headings	575(I)/2006 dt: 05 June 2006
2.	Cool chain machinery and equipment.	Respective headings	do
3.	Items imported by Call Centers, Business Processing Outsourcing facilities duly approved by Telecommunication Authority	Various headings	do
4.	1. 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. 2. Construction machinery, equipment	Respective headings	do

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	and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the exploration phase.		
5.	Complete plants for relocated industries	Respective headings	do
6.	Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining petrochemical and petrochemical downstream products	Respective headings	do
7.	Specified Proprietary Formwork System for building/structures of a height of 100 ft and above and its respective various items/ components	Respective headings	do

## *Ninth Schedule*

S. No	Description / Specification of Goods	Sales Tax payable at the time of import	Sales tax payable at the time of registration of new (IMEI) number	Sales tax. on supply (payable at time of supply by CMOs)
1.	Subscriber Identification Module (SIM) Cards	-	-	Rs. 250
2.	Low Priced Cellular Mobile Phones or Satellite Phones	Rs.150 per phone	Rs.250 per registration	-
3.	Medium Priced Cellular Mobile Phones or Satellite Phones	Rs.250 per phone		-
4.	Smart Cellular Mobile Phones or Satellite Phones	Rs.500 per phone		-

## **5. FEDERAL EXCISE DUTY**

### ***Determination of Value for the purposes of Duty***

*[Section 12 (4)]*

A new proviso has been inserted to empower Board to specify zones or areas only for the purposes of determination of highest retail price for any brand or variety of goods.

### ***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
(2)	(3)	(4)
Locally produced cigarettes if their on-pack printed retail price exceeds Rs 2,706 per 1000 cigarettes	24.02	Rs. 2,632 per 1,000 cigarettes
Locally produced cigarettes if their on-pack printed retail price does not exceeds Rs 2,706 per 1000 cigarettes	24.02	Rs.1,085 per 1,000 cigarettes

### ***Portland Cement, Aluminous Cements, Super Sulphate Cements whether or not coloured or in the form of clinker***

*[S. No.13, Table I, First Schedule]*

Duty from specific basis of Rs. 400 per M. Ton has been substituted with 5% of the retail price.

***Imported & Locally Manufactured Motor Vehicles exceeding 1800 cc***  
*[S. No.13, Table I, First Schedule]*

It is further to levy Federal Excise Duty @10% on imported motor cars, SUVs and other motor vehicles exceeding 1800cc principally designed for transport of person including station wagons and racing cars etc.

Federal Excise Duty @10% on locally manufactured motor cars, SUVs and other motor vehicles exceeding 1800cc principally designed for transport of person including station wagons and racing cars is withdrawn etc.

***Facilities for Travel***

***Domestic Travel***

*[S. No.3 (a), Table II, First Schedule]*

Duty has been enhanced on the facilities of Domestic travel for various classes as follows;

DESCRIPTION OF ROUTE	REVISED RATE (PKR)
Long routes (journeys exceeding 500 kilometers)	2,500
Short routes (remaining journeys other than socioeconomic routes)	1,250
Socio-economic routes (journeys along the Baluchistan coastal belt)	500

Duty has been enhanced on the facilities of international travel for various classes as follows;

DESCRIPTION	REVISED RATE
Economy & economy plus	5,000
Club, business and first class	10,000

### ***Telecommunication Services***

*[S. No.6, Table II, First Schedule]*

Telecommunication services which are taxable under Provincial Sales Tax are excluded.

Duty at a reduced rate of 18% on telecommunication services has been imposed.

### ***Chartered Flights***

*[S. No.15, Table II, First Schedule]*

Duty @ 16% of charges on chartered flights has been imposed.

## 6. CUSTOMS

### ***Customs-station***

*[Section 2 (k), (m)]*

“Custom station” is redefined by merging two definitions under sub section (k) & (m) of Section 2.

### ***Assistance to the Officers of Customs***

*[Section 7]*

The word “Central” is substituted with the word “Federal”.

### ***Goods Dutiable***

*[Section 18 (1A)]*

A new sub-section is inserted to levy specified rates of customs duty on goods or class of goods specified in Fifth Schedule.

### ***Special Customs Duty on Imported Goods***

*[Section 18A]*

The words “Central Excise and Salt Act, 1944” is substituted with Federal Excise Act 2005”.

### ***Value of Imported and Exported Goods-Transaction value of identical goods***

*[Section 25(5)(d)]*

Clause “d” of sub-section 5 of Section 25 and its reference in sub-section 6 of section 25 is omitted for rational application of valuation data.

### ***False statement, error, etc.***

*[Section 32.(2),(3) & (3A)]*

Word “taxes” is inserted to recover non-levied or short levied taxes.

### ***Checking of Goods Declaration by the Custom***

*[Section 80]*

The words “taxes and other charges” is inserted to include taxes and other charges in final determination of liability.

### ***Provisional determination of liability***

*[Section 81]*

Words “taxes and other charges” is inserted after the word “duty” in first proviso of sub-section 1. The words “taxes and other charges” is substituted for the word “tax” in second proviso of sub-section 1.

### ***Special Judge, etc. to have exclusive jurisdiction***

*[Section 185B (a)]*

Clause “a” is substituted for trial of narcotics and narcotic substance cases in the Special Courts constituted under the Control of Narcotic Substance Act, 1997.

### ***Appellate Tribunal***

*[Section 194 (3)]*

The words “Customs and Excise Group” with the word “Pakistan Customs Service”. The experience is reduced to three years for appointment as technical member of Appellate Tribunal at par with Section 130 of Income Tax Ordinance, 2001.

### First Schedule

#### Increase in Custom Duty

- Custom duty on 438 items has been increased from 0% to 1%. The respective PCT codes are as follow;

27.04	0703.2000	1207.2100	2711.1400	3207.4010	4102.1010	4403.4990	4821.1040	7201.1000	8471.6030
0102.2110	0704.1000	1207.2900	2711.1910	3207.4090	4102.1020	4403.9100	4901.9100	7201.2000	8471.6090
0102.2120	0713.1000	1207.3000	2711.2100	3403.1131	4102.2110	4403.9200	4901.9910	7201.5000	8471.7010
0102.2130	0713.2010	1207.4000	2713.1200	3403.9131	4102.2120	4403.9900	4901.9990	7203.1000	8471.7020
0102.2190	0713.2020	1207.5000	2713.2000	3404.9030	4102.2900	4404.1000	4902.1000	7203.9000	8471.7030
0102.2910	0713.2090	1207.6000	2714.1000	3404.9040	4103.2000	4404.2000	4902.9000	7204.1010	8471.7040
0102.2920	0713.3100	1207.7000	2714.9000	3505.2030	4103.9010	4405.0000	4903.0000	7204.1090	8471.7050
0102.2930	0713.3200	1207.9900	2715.0000	3701.1000	4103.9020	4406.1000	5004.0000	7204.2100	8471.7060
0102.2990	0713.3300	1209.1000	2716.0000	3803.0000	4103.9090	4406.9000	5005.0000	7204.2900	8471.7090
0102.3100	0713.3400	1209.2100	2818.3000	3808.9130	4104.1100	4407.1000	5101.1100	7204.3000	8471.8010
0102.3900	0713.3500	1209.2200	2829.9000	3808.9140	4104.1900	4407.2100	5101.1900	7204.4100	8471.8090
0102.9000	0713.3910	1209.2300	2835.3100	3808.9210	4104.4100	4407.2200	5101.2100	7204.4910	8471.9010
0104.1000	0713.3920	1209.2400	2905.3100	3808.9220	4104.4900	4407.2500	5101.2900	7204.4930	8471.9020
0104.2000	0713.3990	1209.2500	2909.1910	3808.9290	4105.1000	4407.2600	5101.3000	7204.4990	8471.9090
0201.1000	0713.4010	1209.2900	2916.1400	3809.9110	4105.3000	4407.2700	5105.2100	7204.5000	8473.3010
0201.2000	0713.4020	1209.3000	2916.1910	3824.1000	4106.2100	4407.2800	5105.2900	7225.1100	8473.3020
0201.3000	0713.5000	1209.9110	2924.1920	3906.9030	4106.2200	4407.2900	5201.0030	7225.1900	8473.3090
0202.1000	0713.6000	1209.9120	2926.1000	3906.9040	4106.4000	4407.9100	5201.0040	7311.0010	8473.4000
0202.2000	0713.9010	1209.9130	3102.1000	3919.1010	4106.9100	4407.9200	5201.0050	7311.0020	8473.5000
0202.3000	0713.9020	1209.9190	3102.2100	3926.9050	4106.9200	4407.9300	5201.0060	7326.1920	8502.1110
0204.1000	0713.9030	1209.9900	3102.2900	4001.1000	4107.1100	4407.9400	5201.0070	7403.1100	8502.1390
0204.2100	0713.9090	1212.9200	3102.3000	4001.2100	4107.1200	4407.9500	5201.0080	7404.0010	8517.6930
0204.2200	0801.1910	2507.0000	3102.4000	4001.2200	4107.1900	4407.9900	5201.0090	7404.0090	8517.6970
0204.2300	0904.1130	2510.1000	3102.5010	4001.2900	4107.9100	4413.0000	5301.1000	7601.1000	8517.6980
0204.3000	0904.2120	2510.2000	3102.5090	4001.3000	4107.9200	4701.0000	5301.2100	7601.2000	8523.8050
0204.4100	0909.2100	2523.1000	3102.6000	4002.1100	4107.9900	4702.0000	5301.2900	7602.0090	8528.4190
0204.4200	0909.2200	2523.2900	3102.8000	4002.1900	4112.0000	4703.1100	5301.3000	7802.0000	8528.5100
0204.4300	0909.3100	2602.0000	3102.9000	4002.2000	4113.1000	4703.1900	5302.1000	8443.3210	8539.3910
0204.5000	0909.3200	2610.0000	3103.1000	4002.3100	4113.3000	4703.2100	5302.9000	8443.3220	8539.3920
0511.1000	0909.6100	2615.1000	3103.9000	4002.3900	4113.9000	4703.2900	5303.1010	8443.3230	8548.1010
0511.9110	0909.6200	2701.1200	3104.2000	4002.4100	4302.1910	4704.1100	5303.1020	8443.3240	8702.9020
0601.1010	1005.1000	2701.1900	3104.3000	4002.4900	4303.9000	4704.1900	5303.1090	8443.3250	8702.9030
0601.1090	1006.1010	2709.0000	3104.9000	4002.5100	4304.0000	4704.2100	5303.9000	8443.3290	8905.1000
0601.2000	1007.1000	2710.1210	3105.1000	4002.5900	4401.1000	4704.2900	5305.0010	8443.9950	8908.0000
0602.1000	1007.9000	2710.1220	3105.2000	4002.6000	4401.2100	4705.0000	5305.0020	8471.3010	9019.2010
0602.2000	1008.3000	2710.1230	3105.3000	4002.7000	4401.2200	4706.2000	5305.0090	8471.3020	9027.1000
0602.3000	1101.0010	2710.1911	3105.4000	4002.8000	4401.3100	4706.3000	5402.4410	8471.3090	9027.2000
0602.4000	1201.1000	2710.1912	3105.5100	4002.9100	4401.3900	4706.9100	5608.1100	8471.4110	9027.3000
0602.9010	1201.9000	2710.1913	3105.5900	4002.9900	4402.1000	4706.9200	5608.1900	8471.4120	9027.5000
0602.9090	1204.0000	2710.1919	3105.6000	4101.2000	4402.9000	4706.9300	5608.9000	8471.4190	9027.8000
0701.1000	1205.1000	2710.1921	3105.9000	4101.5010	4403.1000	4707.1010	5806.4000	8471.4900	9027.9000
0701.9000	1205.9000	2711.1100	3201.2000	4101.5020	4403.2000	4707.2010	7102.1000	8471.5000	9606.2910
0702.0000	1206.0000	2711.1200	3204.1300	4101.5090	4403.4100	4707.3010	7102.3100	8471.6010	
0703.1000	1207.1000	2711.1300	3204.1510	4101.9000	4403.4910	4707.9010	7103.1000	8471.6020	



# BUDGET DIGEST

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- Custom duty is increased on following 40 items;

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Food preparations not elsewhere specified or included.	2106.9030	10	25
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.	3204.1590	5	15
	3204.1910	5	15
	3204.1990	5	15
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.	2710.1996	5	10
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.	3206.4990	5	10
Flat- rolled products of other alloy steel, of a width of 600 mm or more.	7225.3000	5	10
	7225.4000	5	10
	7225.5000	5	10
	7225.9100	5	10
	7225.9200	5	10
	7225.9900	5	10
Flat- rolled products of other alloy steel, of a width of less than 600 mm.	7226.1100	5	10
	7226.1900	5	10
	7226.2000	5	10
	7226.9100	5	10
	7226.9200	5	10
	7226.9900	5	10
Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases.	8421.1900	5	10
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.	8517.6210	5	10
	8517.6220	5	10
	8517.6230	5	10
	8517.6240	5	10
	8517.6250	5	10
	8517.6260	5	10
	8517.6910	5	10
	8517.6920	5	10
	8517.6940	5	10
	8517.6950	5	10
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.	8517.6960	5	10
	8517.6990	5	10
Transmission apparatus for radio- broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders.	8523.4910	5	10
	8525.6010	5	10
	8525.6020	5	10
	8525.6060	5	10
Reception apparatus for radio- broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock.	8525.6070	5	10
	8527.9910	5	10
Starches; inulin.	1108.1300	10	15
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.	3204.1100	10	15
Electrical transformers, static converters (for example, rectifiers) and inductors.	8504.4090	10	15

### Decrease in Custom Duty

- Custom duty is reduced on following 354 items;

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Petroleum coke, petroleum bitumen and other residues of petroleum oils or of oils obtained from bituminous minerals.	2713.1100	5	1
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.	2710.1995	15	10
Starches; inulin.	1108.1200	20	15
Electrical transformers, static converters (for example, rectifiers) and inductors.	8504.4010	20	15
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 flavoured or containing added fruit, nuts or cocoa.	0403.1000	30	25
	0403.9000	30	25
	0405.1000	30	25
	0405.2000	30	25
	0405.9000	30	25
Butter and other fats and oils derived from milk; dairy spread.	0406.1010	30	25
	0406.1020	30	25
	0406.1090	30	25
	0406.2000	30	25
	0406.3000	30	25
Cheese and curd.	0406.4000	30	25
	0406.9000	30	25
Natural honey.	0409.0000	30	25
	0804.1010	30	25
	0804.1020	30	25
	0804.2000	30	25
	0804.3000	30	25
Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried.	0804.4000	30	25
	0804.5010	30	25
	0804.5020	30	25
	0804.5030	30	25
	0804.5040	30	25
	0804.5050	30	25
	0804.5090	30	25
	0805.1000	30	25
Citrus fruit, fresh or dried.	0805.2010	30	25
	0805.2090	30	25
	0805.4000	30	25
	0805.5000	30	25
	0805.9000	30	25
Grapes, fresh or dried.	0806.1000	30	25
	0806.2000	30	25
Melons (including watermelons) and papaws (papayas), fresh.	0807.1100	30	25
	0807.1900	30	25
	0807.2000	30	25
Apples, pears and quinces, fresh.	0808.1000	30	25
	0808.3000	30	25
	0808.4000	30	25
Apricots, cherries, peaches (including nectarines), plums and sloes, fresh.	0809.1000	30	25
	0809.2100	30	25
	0809.2900	30	25
	0809.3000	30	25
	0809.4000	30	25

# BUDGET DIGEST

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DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Other fruit, fresh.	0810.1000	30	25
	0810.2000	30	25
	0810.3000	30	25
	0810.4000	30	25
	0810.5000	30	25
	0810.6000	30	25
	0810.7000	30	25
	0810.9010	30	25
Fruit and nuts, uncooked or cooked by steaming or boiling in water,frozen, whether or not containing added sugar or other sweetening matter.	0810.9090	30	25
	0811.1000	30	25
	0811.2000	30	25
	0811.9000	30	25
	0812.1000	30	25
Fruit, dried, other than that of headings 08.01 to 08.06; mixtures of nuts or dried fruits of this Chapter.	0812.9000	30	25
	0813.1000	30	25
	0813.2000	30	25
	0813.3000	30	25
	0813.4020	30	25
	0813.4030	30	25
	0813.4040	30	25
	0813.4050	30	25
	0813.4060	30	25
	0813.4070	30	25
	0813.4090	30	25
	0813.5000	30	25
Peel of citrus fruit or melons (Including watermelons) fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions.	0814.0000	30	25
Sugar confectionery (including white chocolate), not containing cocoa.	1704.1000	30	25
	1704.9010	30	25
	1704.9090	30	25
Chocolate and other food preparations containing cocoa.	1806.1000	30	25
	1806.2010	30	25
	1806.2090	30	25
	1806.3100	30	25
	1806.3200	30	25
	1806.9000	30	25
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.	1901.9010	30	25
	1901.9020	30	25
	1901.9090	30	25
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.	1902.1100	30	25
	1902.1910	30	25
	1902.1920	30	25
	1902.1990	30	25
	1902.2000	30	25
	1902.3000	30	25
	1902.4000	30	25
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.	1904.1010	30	25
	1904.1090	30	25
	1904.2000	30	25
	1904.3000	30	25
	1904.9000	30	25

# BUDGET DIGEST

2014-15

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
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.	1905.1000	30	25
	1905.2000	30	25
	1905.3100	30	25
	1905.3200	30	25
	1905.4000	30	25
	1905.9000	30	25
Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid.	2001.1000	30	25
	2001.9010	30	25
	2001.9090	30	25
Tomatoes prepared or preserved otherwise than by vinegar or acetic acid.	2002.1000	30	25
	2002.9010	30	25
	2002.9090	30	25
Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid.	2003.1000	30	25
	2003.9000	30	25
Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 20.06.	2004.1000	30	25
	2004.9000	30	25
Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 20.06.	2005.1000	30	25
	2005.2000	30	25
	2005.4000	30	25
	2005.5100	30	25
	2005.5900	30	25
	2005.6000	30	25
	2005.7000	30	25
	2005.8000	30	25
	2005.9100	30	25
Vegetables, fruit, nuts, fruit- peel and other parts of plants, preserved by sugar (drained, glacé or crystallised).	2005.9900	30	25
	2006.0000	30	25
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.	2007.1000	30	25
	2007.9100	30	25
	2007.9900	30	25
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.	2008.9300	30	25
	2008.9700	30	25
	2008.9900	30	25
Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.	2009.1100	30	25
	2009.1200	30	25
	2009.1900	30	25
	2009.2100	30	25
	2009.2900	30	25
	2009.3100	30	25
	2009.3900	30	25
	2009.4100	30	25
	2009.4900	30	25
	2009.5000	30	25
	2009.6100	30	25
	2009.6900	30	25
	2009.7100	30	25
	2009.7900	30	25
	2009.8100	30	25
	2009.8900	30	25
	2009.9000	30	25

# BUDGET DIGEST

2014-15

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard.	2103.1000	30	25
	2103.2000	30	25
	2103.3000	30	25
	2103.9000	30	25
Soups and broths and preparations therefor; homogenised composite food preparations.	2104.1000	30	25
	2104.2000	30	25
Ice cream and other edible ice, whether or not containing cocoa	2105.0000	30	25
Food preparations not elsewhere specified or included.	2106.1010	30	25
	2106.1090	30	25
	2106.9010	30	25
	2106.9020	30	25
	2106.9040	30	25
	2106.9050	30	25
	2106.9060	30	25
	2106.9090	30	25
Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.	2201.1010	30	25
	2201.1020	30	25
	2201.9000	30	25
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.	2202.1010	30	25
	2202.1090	30	25
	2202.9000	30	25
Preparations of a kind used in animal feeding.	2309.1000	30	25
Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.	2402.1000	30	25
	2402.2000	30	25
	2402.9000	30	25
Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences.	2403.1100	30	25
	2403.1900	30	25
	2403.9100	30	25
	2403.9910	30	25
	2403.9990	30	25
	3303.0010	30	25
Perfumes and toilet waters.	3303.0020	30	25
	3303.0090	30	25
	3304.1000	30	25
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.	3304.2000	30	25
	3304.3010	30	25
	3304.3090	30	25
	3304.9110	30	25
	3304.9120	30	25
	3304.9190	30	25
	3304.9910	30	25
	3304.9920	30	25
	3304.9990	30	25
	3304.9990	30	25

# BUDGET DIGEST

2014-15

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Preparations for use on the hair.	3305.1000	30	25
	3305.2000	30	25
	3305.3000	30	25
	3305.9010	30	25
	3305.9020	30	25
	3305.9090	30	25
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.	3306.1010	30	25
	3306.1090	30	25
	3306.2000	30	25
	3306.9000	30	25
Pre- shave, shaving or after- shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties.	3307.1000	30	25
	3307.2000	30	25
	3307.3000	30	25
	3307.4100	30	25
	3307.4900	30	25
	3307.9010	30	25
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.	3307.9090	30	25
	3401.1000	30	25
	3401.1900	30	25
	3401.2000	30	25
	3401.3000	30	25
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).	6802.2100	30	25
	6802.2300	30	25
	6802.2900	30	25
	6802.9100	30	25
	6802.9200	30	25
	6802.9300	30	25
Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing.	6802.9900	30	25
	6907.1000	30	25
Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing.	6907.9000	30	25
	6908.1000	30	25
	6908.9010	30	25
Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures.	6908.9090	30	25
	6910.1010	30	25
	6910.1020	30	25
	6910.1030	30	25
	6910.1040	30	25
	6910.1050	30	25
	6910.1060	30	25
	6910.1070	30	25
	6910.1080	30	25
	6910.1090	30	25
	6910.9000	30	25
Tableware, kitchenware, other household articles and toilet articles, of porcelain or china.	6911.1010	30	25
	6911.1020	30	25
	6911.1030	30	25
	6911.1040	30	25
	6911.1090	30	25
	6911.9000	30	25

# BUDGET DIGEST

2014-15

DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Ceramic tableware, kitchen- ware, other household articles and toilet articles, other than of porcelain or china.	6912.0010	30	25
	6912.0090	30	25
	6913.1000	30	25
Statuettes and other ornamental ceramic articles.	6913.9000	30	25
	6914.1000	30	25
Other ceramic articles.	6914.9000	30	25
	7321.1110	30	25
	7321.1190	30	25
Stoves, ranges, grates, cookers (including those 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.	7321.1200	30	25
	7321.1900	30	25
	7321.8100	30	25
	7321.8200	30	25
	7321.8900	30	25
	7321.9000	30	25
	8414.5110	30	25
Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters.	8414.5120	30	25
	8414.5130	30	25
	8414.5140	30	25
	8414.5190	30	25
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.	8415.1010	30	25
	8415.1020	30	25
	8415.1030	30	25
	8415.1090	30	25
	8415.8100	30	25
	8415.8200	30	25
	8415.8300	30	25
Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading 84.15.	8418.1000	30	25
	8418.2100	30	25
	8418.2900	30	25
	8418.3000	30	25
	8418.4000	30	25
	8418.5000	30	25
	8418.6930	30	25
Household or laundry- type washing machines, including machines which both wash and dry.	8450.1100	30	25
	8450.1200	30	25
	8450.1900	30	25
	8450.2000	30	25
Electro- mechanical domestic appliances, with self- contained electric motor, other than vacuum cleaners of heading 85.08.	8450.9000	30	25
	8509.4010	30	25
	8509.4020	30	25
	8509.4030	30	25
	8509.8000	30	25

# BUDGET DIGEST

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DESCRIPTION	PCT	CD (%)	
		OLD	NEW
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.	8516.3100	30	25
	8516.3200	30	25
	8516.3300	30	25
	8516.4000	30	25
	8516.5000	30	25
	8516.6010	30	25
	8516.6020	30	25
	8516.6030	30	25
	8516.6090	30	25
	8516.7100	30	25
	8516.7200	30	25
	8516.7990	30	25
	8516.8090	30	25
	8527.1200	30	25
Reception apparatus for radio- broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock.	8527.1300	30	25
	8527.1900	30	25
	8528.7110	30	25
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.	8528.7190	30	25
	8528.7211	30	25
	8528.7212	30	25
	8528.7220	30	25
	8528.7290	30	25
	8528.7300	30	25
Revolvers and pistols, other than those of heading 93.03 or 93.04.	9302.0092	30	25
	9302.0093	30	25
	9302.0099	30	25
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).	9303.1000	30	25
	9303.2011	30	25
	9303.2012	30	25
	9303.2019	30	25
	9303.2020	30	25
	9303.2090	30	25
	9303.3010	30	25
	9303.3020	30	25
	9303.3090	30	25
	9303.9000	30	25
	9304.0000	30	25
Other arms (for example, spring, air or gas guns and pistols, truncheons), excluding those of	9306.2100	30	25
	9306.2900	30	25
	9306.3010	30	25
	9306.3090	30	25
	9306.9000	30	25
	9403.9000	30	25
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.			



# BUDGET DIGEST

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DESCRIPTION	PCT	CD (%)	
		OLD	NEW
Other furniture and parts thereof.	9403.1000	30	25
	9403.2000	30	25
	9403.3000	30	25
	9403.4000	30	25
	9403.5010	30	25
	9403.5020	30	25
	9403.5030	30	25
	9403.6000	30	25
	9403.7000	30	25
	9403.8100	30	25
	9403.8900	30	25
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.	9403.9000	30	25
	9405.1010	30	25
	9405.1090	30	25
	9405.2000	30	25
	9405.3000	30	25
	9405.4090	30	25
	9405.5000	30	25
Scent sprays and similar toilet sprays, and mounts and heads thereof; powder- puffs and pads for the application of cosmetics or toilet preparations.	9405.6000	30	25
	9616.1000	30	25
Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inners.	9616.2000	30	25
	9617.0010	30	25
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.	9617.0020	30	25
	8523.4110	20	10
	8523.4120	20	10
	8523.4190	20	10
	8523.4920	20	10
	8523.4930	20	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.	8523.4990	20	10
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.	2710.1997	15	1
	8517.1230	25	10

## Fifth Schedule

A new schedule is inserted for consolidating various exemptions and concessions allowed under SRO 567 and 575 of 2006 as amended from time to time. The concessions allowed under SRO 567 are to be included in Fifth Schedule.

The concessions allowed under SRO 575 (1) /2006 are to be included in fifth schedule with changes. Concession to various items are withdrawn and will now be chargeable to customs duty at such rates as may be applicable under general tariff.

Concessions to new items are also included in this schedule. Further, the rates of concessions are also changed for various items previously enjoying concession under this SRO. Due to quantum of information, the details are not included in this document and can be requested separately through email at [contact@jasb-associates.com](mailto:contact@jasb-associates.com)

Exemption is granted to plant, machinery and equipment imported for setting up fruit processing and preservation industrial units in Gilgit-Baltistan, Baluchistan and Malakan Division from whole of custom duty.

Exemption is granted plant, machinery and equipment imported for setting up industries in FATA from whole of custom duty.

#### ***Imposition of Regulatory Duty***

Regulatory Duty @5% is imposed on import of 282 items vide S.R.O. 568(I)/2014 dated June 26, 2014.

**7. OTHER LAWS*****Gas Infrastructure Development Cess Act, 2011****[Second Schedule]*

Second Schedule has been substituted with the following;

S.NO.	SECTOR	MAXIMUM RATE OF CESS (RS./MMBTU)
1	Fertilizer- Feed Stock	300
2	Fertilizer –Fuel Stock	150
3	Compressed Natural Gas (CNG)	300
4	Captive Power	200
5	WAPDA/KESC/GENCOs	100
6	Independent Power Plants (IPPs)	100

***Income Support Levy Act, 2013***

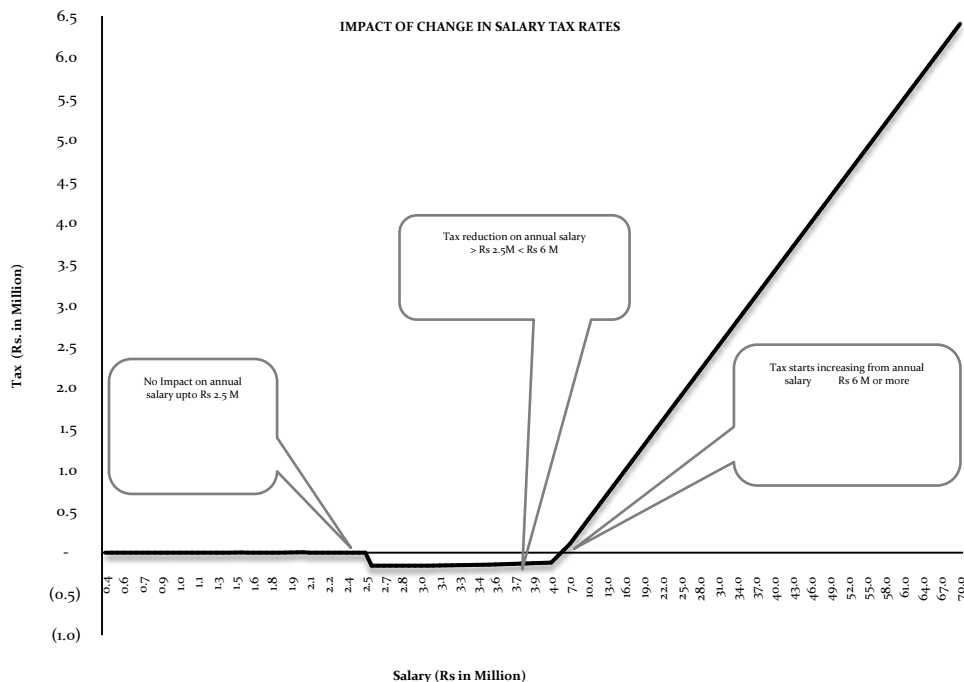
Income Support Levy was introduced through Finance Act 2013 however after receiving reservations from various sections of society, Income Support Levy Act 2013 is repealed.

## 8. SALARY TAXATION

### IMPACT OF TAX RATES

The analysis reveals as follow;

- No or minor upward impact of tax on annual salary up to Rs 2.5 Million;
- Tax will reduce on annual salaries greater than Rs 2.5 M but less than Rs. 6 Million;
- Tax will increase on annual salaries equal to or more than Rs 6 Million.



### TAXABILITY OF ALLOWANCE, BENEFITS, DEDUCTIONS, EXEMPTIONS & CREDITS

#### Taxable Allowances etc.

Head of Account	Taxability
House Rent Allowance	Full
Allowance for furnished/unfurnished accommodation	Full
Conveyance Allowance	Full
Company provided & maintained vehicles for private use	<b>Full Private Use :</b> 10% of cost of purchase /Fair Market Value (if on lease) <b>Partly Private Use:</b> 5% of cost of purchase /Fair Market Value (if on lease)
Leave Fare Assistance	Full
Utility Allowances	Full
Domestic Servant Salary	Full
Tax paid by employer	Full
Capital receipts on termination of employment	Full
Transfer of assets	Full market value less payment on this account
Loan waived/debt discharged by employer	Full Amount waived/debt discharged
Concessionary Loan by Employers	The interest at benchmark rate (10%) less interest actually charged by employer will be added to income of the employee except for <ul style="list-style-type: none"> <li>- Amount of loan is up to Rs.500,000 or</li> <li>- Employee waives interest on his balance with employer.</li> </ul>
Share Schemes for Employees	<b>On Disposal of Right/Option:</b> Difference of consideration for right /option and cost of right /option.  <b>On Share Acquisition:</b> Difference of fair value of such shares and acquisition cost paid.
<b>Note:</b> In case of share acquisition under restriction as to transfer, the difference of fair value and acquisition cost will be chargeable to tax on acquiring of transfer rights or actual disposal whichever is earlier.	

### Exempt Allowances etc.

Head of Account	Exemption
Medical Allowance	10% of basic salary
Medical reimbursement/benefits in respect of employment terms. NTN of Hospital/Clinic is provided and certifies by employer	100%
Special allowance for meeting expenses incurred in performance of official duties	100%
Employer's annual contribution to Recognized Provident Fund	Rs 100,000 or 10% of salary whichever is lower
Interest credited on balance of Recognized Provident Fund	1/3 of Salary or Rate prescribed by Federal Govt. for this purpose whichever is lower.
Gratuity/Commutation of Pension on retirement /death if received in Pakistan	<b>Approved Fund:</b> 100% <b>Approved Scheme:</b> up to Rs. 200,000 <b>Others:</b> 50% of amount receivable or Rs. 75,000 whichever is lower

### Allowed Deductions from Taxable Income etc.

Head of Account	Allowed Deduction
Donations to approved bodies/institutions as per 2 <sup>nd</sup> Schedule Clause 61 Part 1.	Up to 30% of taxable income.
Zakat paid or deducted under Zakat & Ushr Ordinance.	Full amount of Zakat so paid or deducted.

### Admissible Tax Credits etc.

Head of Account	Amount Eligible for Tax Credit
Donations to bodies/institutes other than those covered under 2 <sup>nd</sup> Schedule ITO 2001 & Donations to approved NPOs.	Amount donated/fair value of property donated or 30% of taxable income whichever is lower.
Contribution to Approved Pension Fund. <b>Note:</b> Additional contribution (2% for each year exceeding the age of 40 years with the maximum of 50% of last year	Actual amount paid or 20% of taxable income whichever is lower.

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taxable income) is allowed for person having age of 41 years & above joining Fund up to June 30, 2016.	
Profit on Debt for Purchase/construction of house.	Amount paid or 50% of taxable income or Rs. 750,000 whichever is lower.
Investment in shares , life Insurance premiums <b>Note:</b> Investment in shares is applicable to shares acquired through IPO or from Privat-ization Commission and held for 24 months.	Acquisition cost or 20% of taxable income or Rs. 1,000,000 whichever is lower.
<p>The tax credit against above items shall be available with respect to following formula;</p> $\text{Amount Eligible for Tax Credit X } \frac{\text{Tax before tax credits}}{\text{Taxable income for tax year}}$	

## Filing Requirements

S. No.	Annual Salary Income	Total Income	Return Filing	Date of Filing
1.	Less than Rs. 500,000	Comprises of salary income only	Manual filing of return & wealth Statement	N/A
		Less than Rs. 1,000,000		30 <sup>th</sup>
		Rs. 1,000,000 or more		September
2.	Rs. 500,000 or more	No	E-filing of return with wealth statement	31 <sup>st</sup> August
		Yes		

## AVERAGE TAX RATE FOR SALARY TAX DEDUCTION

- The income of salaried individual will be taxed at the tax rates mentioned in **RC-2**
- Under Section 149 of the Income Tax Ordinance 2001, every employer paying salary to an employee shall, at the time of payment of salary; deduct tax from the amount paid at employee's average rate of tax computed at applicable tax rates as per Income Tax Ordinance 2001.

- To facilitate the monthly tax computation by the employers as well as employees, average tax rates has been worked out based on salary income (other than available credits etc.) for various annual salary levels;

•

ANNUAL SALARY RANGE (Rs.)	ANNUAL AVERAGE DIFFERENCE BETWEEN TWO LEVELS (Rs.)
400,000 - 4,000,000	50,000
4,000,000 - 40,000,000	1,000,000

- The average tax rate has been worked out for two headers viz-a-viz Joining in the Organization (Month) or Expected Stay of the Employee in the Organization.

### **Header 1:** Joining in the Organization

For reference of employees joining in a particular month in this financial year and are assumed to be associated with the Organization for rest of financial year; the average rate appearing in the Column of their month of joining will be applicable e.g. an employee having annual salary income of Rs 1 million joined the organization in September, the average rate at 3.54% will be applicable for the rest of the financial year. This rate will be applied on monthly salary or annual salary of the employee to determine the amount of monthly or annual tax to be deducted as the case may be.

### **Header 2:** Joining in the Organization

For reference of contractual employees who joins the organization for certain period. The tenure of their contract shall be used to identify the applicable average tax rate i.e. an employee joins the organization for six months



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irrespective of joining month shall be taxed at the average rate falling in Header 2 Column 6. e.g. an employee having estimated salary of Rs 1 million

joins the Organization for six months will be taxed at average rate of 2.13%. This rate will be applied on monthly salary or annual salary of the employee to determine the amount of monthly or annual tax to be deducted as the case may be.

- To cover the employees at large, following schedules of average tax rate are being presented in this Digest;

ESTIMATED ANNUAL SALARY RANGE (Rs.)	SCHEDULE REFERENCE
400,000 - 1,7,000,000	SCHEDULE -I
1,750,000 - 3,050,000	SCHEDULE -II
3,100,000 - 12,000,000	SCHEDULE -III
13,000,000 - 40,000,000	SCHEDULE - IV

- For all employees of the Organization as of 1<sup>st</sup> July 2013, the average rate appearing in the Header -1 “**July**” Column will be applicable for the rest of financial year.
- For employees whose estimated salary is falling between two estimated annual salary levels, the average of average tax rates of such estimated levels of the respective Header shall be used to calculate estimated average tax of such employee. e.g. An employee having annual salary of Rs 1.25 million joins the Organization in November will be taxed at average rate of 2.925  $\{(2.83+3.02)/2\}$ . The same reference shall be used for calculation of average tax under Header-2.

# BUDGET DIGEST

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## SCHEDULE -I (Estimated Annual Salary Rs. 0.4 Million to Rs.1.7 Million)

Est. Annual Salary 000'	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
Average Tax Rate in % age												
400	-	-	-	-	-	-	-	-	-	-	-	-
450	0.56	0.51	0.46	0.42	0.37	0.32	0.28	0.23	0.19	0.14	0.09	0.05
500	1.00	0.92	0.83	0.75	0.67	0.58	0.50	0.42	0.33	0.25	0.17	0.08
550	1.36	1.25	1.14	1.02	0.91	0.80	0.68	0.57	0.45	0.34	0.23	0.11
600	1.67	1.53	1.39	1.25	1.11	0.97	0.83	0.69	0.56	0.42	0.28	0.14
650	1.92	1.76	1.60	1.44	1.28	1.12	0.96	0.80	0.64	0.48	0.32	0.16
700	2.14	1.96	1.79	1.61	1.43	1.25	1.07	0.89	0.71	0.54	0.36	0.18
750	2.33	2.14	1.94	1.75	1.56	1.36	1.17	0.97	0.78	0.58	0.39	0.19
800	2.81	2.58	2.34	2.11	1.88	1.64	1.41	1.17	0.94	0.70	0.47	0.23
850	3.24	2.97	2.70	2.43	2.16	1.89	1.62	1.35	1.08	0.81	0.54	0.27
900	3.61	3.31	3.01	2.71	2.41	2.11	1.81	1.50	1.20	0.90	0.60	0.30
950	3.95	3.62	3.29	2.96	2.63	2.30	1.97	1.64	1.32	0.99	0.66	0.33
1,000	4.25	3.90	3.54	3.19	2.83	2.48	2.13	1.77	1.42	1.06	0.71	0.35
1,050	4.52	4.15	3.77	3.39	3.02	2.64	2.26	1.88	1.51	1.13	0.75	0.38
1,100	4.77	4.38	3.98	3.58	3.18	2.78	2.39	1.99	1.59	1.19	0.80	0.40
1,150	5.00	4.58	4.17	3.75	3.33	2.92	2.50	2.08	1.67	1.25	0.83	0.42
1,200	5.21	4.77	4.34	3.91	3.47	3.04	2.60	2.17	1.74	1.30	0.87	0.43
1,250	5.40	4.95	4.50	4.05	3.60	3.15	2.70	2.25	1.80	1.35	0.90	0.45
1,300	5.58	5.11	4.65	4.18	3.72	3.25	2.79	2.32	1.86	1.39	0.93	0.46
1,350	5.74	5.26	4.78	4.31	3.83	3.35	2.87	2.39	1.91	1.44	0.96	0.48
1,400	5.89	5.40	4.91	4.42	3.93	3.44	2.95	2.46	1.96	1.47	0.98	0.49
1,450	6.12	5.61	5.10	4.59	4.08	3.57	3.06	2.55	2.04	1.53	1.02	0.51
1,500	6.33	5.81	5.28	4.75	4.22	3.69	3.17	2.64	2.11	1.58	1.06	0.53
1,550	6.61	6.06	5.51	4.96	4.41	3.86	3.31	2.76	2.20	1.65	1.10	0.55
1,600	6.88	6.30	5.73	5.16	4.58	4.01	3.44	2.86	2.29	1.72	1.15	0.57
1,650	7.12	6.53	5.93	5.34	4.75	4.15	3.56	2.97	2.37	1.78	1.19	0.59
1,700	7.35	6.74	6.13	5.51	4.90	4.29	3.68	3.06	2.45	1.84	1.23	0.61

# BUDGET DIGEST

2014-15

## SCHEDULE -II (Estimated Annual Salary Rs. 1.75 Million to Rs. 3.05 Million)

Est. Annual Salary ooo	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
Average Tax Rate in % age												
1,750	7.57	6.94	6.31	5.68	5.05	4.42	3.79	3.15	2.52	1.89	1.26	0.63
1,800	7.78	7.13	6.48	5.83	5.19	4.54	3.89	3.24	2.59	1.94	1.30	0.65
1,850	8.04	7.37	6.70	6.03	5.36	4.69	4.02	3.35	2.68	2.01	1.34	0.67
1,900	8.29	7.60	6.91	6.22	5.53	4.84	4.14	3.45	2.76	2.07	1.38	0.69
1,950	8.53	7.82	7.10	6.39	5.68	4.97	4.26	3.55	2.84	2.13	1.42	0.71
2,000	8.75	8.02	7.29	6.56	5.83	5.10	4.38	3.65	2.92	2.19	1.46	0.73
2,050	8.96	8.22	7.47	6.72	5.98	5.23	4.48	3.73	2.99	2.24	1.49	0.75
2,100	9.17	8.40	7.64	6.88	6.11	5.35	4.58	3.82	3.06	2.29	1.53	0.76
2,150	9.36	8.58	7.80	7.02	6.24	5.46	4.68	3.90	3.12	2.34	1.56	0.78
2,200	9.55	8.75	7.95	7.16	6.36	5.57	4.77	3.98	3.18	2.39	1.59	0.80
2,250	9.72	8.91	8.10	7.29	6.48	5.67	4.86	4.05	3.24	2.43	1.62	0.81
2,300	9.89	9.07	8.24	7.42	6.59	5.77	4.95	4.12	3.30	2.47	1.65	0.82
2,350	10.05	9.22	8.38	7.54	6.70	5.86	5.03	4.19	3.35	2.51	1.68	0.84
2,400	10.21	9.36	8.51	7.66	6.81	5.95	5.10	4.25	3.40	2.55	1.70	0.85
2,450	10.36	9.49	8.63	7.77	6.90	6.04	5.18	4.32	3.45	2.59	1.73	0.86
2,500	10.50	9.63	8.75	7.88	7.00	6.13	5.25	4.38	3.50	2.63	1.75	0.88
2,550	10.69	9.80	8.91	8.01	7.12	6.23	5.34	4.45	3.56	2.67	1.78	0.89
2,600	10.87	9.96	9.05	8.15	7.24	6.34	5.43	4.53	3.62	2.72	1.81	0.91
2,650	11.04	10.12	9.20	8.28	7.36	6.44	5.52	4.60	3.68	2.76	1.84	0.92
2,700	11.20	10.27	9.34	8.40	7.47	6.54	5.60	4.67	3.73	2.80	1.87	0.93
2,750	11.36	10.42	9.47	8.52	7.58	6.63	5.68	4.73	3.79	2.84	1.89	0.95
2,800	11.52	10.56	9.60	8.64	7.68	6.72	5.76	4.80	3.84	2.88	1.92	0.96
2,850	11.67	10.69	9.72	8.75	7.78	6.81	5.83	4.86	3.89	2.92	1.94	0.97
2,900	11.81	10.83	9.84	8.86	7.87	6.89	5.91	4.92	3.94	2.95	1.97	0.98
2,950	11.95	10.95	9.96	8.96	7.97	6.97	5.97	4.98	3.98	2.99	1.99	1.00
3,000	12.08	11.08	10.07	9.06	8.06	7.05	6.04	5.03	4.03	3.02	2.01	1.01
3,050	12.25	11.23	10.21	9.19	8.17	7.15	6.13	5.11	4.08	3.06	2.04	1.02

### SCHEDULE -III (Estimated Annual Salary Rs. 3.1 Million to Rs. 12 Million)

Est. Annual Salary '000'	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
Average Tax Rate in % age												
3,100	12.42	11.38	10.35	9.31	8.28	7.24	6.21	5.17	4.14	3.10	2.07	1.03
3,150	12.58	11.53	10.48	9.43	8.39	7.34	6.29	5.24	4.19	3.14	2.10	1.05
3,200	12.73	11.67	10.61	9.55	8.49	7.43	6.37	5.31	4.24	3.18	2.12	1.06
3,250	12.88	11.81	10.74	9.66	8.59	7.52	6.44	5.37	4.29	3.22	2.15	1.07
3,300	13.03	11.94	10.86	9.77	8.69	7.60	6.52	5.43	4.34	3.26	2.17	1.09
3,350	13.17	12.07	10.98	9.88	8.78	7.68	6.59	5.49	4.39	3.29	2.20	1.10
3,400	13.31	12.20	11.09	9.98	8.87	7.76	6.65	5.55	4.44	3.33	2.22	1.11
3,450	13.44	12.32	11.20	10.08	8.96	7.84	6.72	5.60	4.48	3.36	2.24	1.12
3,500	13.57	12.44	11.31	10.18	9.05	7.92	6.79	5.65	4.52	3.39	2.26	1.13
3,550	13.73	12.59	11.44	10.30	9.15	8.01	6.87	5.72	4.58	3.43	2.29	1.14
3,600	13.89	12.73	11.57	10.42	9.26	8.10	6.94	5.79	4.63	3.47	2.31	1.16
3,650	14.04	12.87	11.70	10.53	9.36	8.19	7.02	5.85	4.68	3.51	2.34	1.17
3,700	14.19	13.01	11.82	10.64	9.46	8.28	7.09	5.91	4.73	3.55	2.36	1.18
3,750	14.33	13.14	11.94	10.75	9.56	8.36	7.17	5.97	4.78	3.58	2.39	1.19
3,800	14.47	13.27	12.06	10.86	9.65	8.44	7.24	6.03	4.82	3.62	2.41	1.21
3,850	14.61	13.39	12.18	10.96	9.74	8.52	7.31	6.09	4.87	3.65	2.44	1.22
3,900	14.74	13.51	12.29	11.06	9.83	8.60	7.37	6.14	4.91	3.69	2.46	1.23
3,950	14.87	13.63	12.39	11.16	9.92	8.68	7.44	6.20	4.96	3.72	2.48	1.24
4,000	15.00	13.75	12.50	11.25	10.00	8.75	7.50	6.25	5.00	3.75	2.50	1.25
5,000	17.50	16.04	14.58	13.13	11.67	10.21	8.75	7.29	5.83	4.38	2.92	1.46
6,000	19.17	17.57	15.97	14.38	12.78	11.18	9.58	7.99	6.39	4.79	3.19	1.60
7,000	20.36	18.66	16.96	15.27	13.57	11.88	10.18	8.48	6.79	5.09	3.39	1.70
8,000	21.56	19.77	17.97	16.17	14.38	12.58	10.78	8.98	7.19	5.39	3.59	1.80
9,000	22.50	20.63	18.75	16.88	15.00	13.13	11.25	9.38	7.50	5.63	3.75	1.88
10,000	23.25	21.31	19.38	17.44	15.50	13.56	11.63	9.69	7.75	5.81	3.88	1.94
11,000	23.86	21.88	19.89	17.90	15.91	13.92	11.93	9.94	7.95	5.97	3.98	1.99
12,000	24.38	22.34	20.31	18.28	16.25	14.22	12.19	10.16	8.13	6.09	4.06	2.03

### SCHEDULE -IV (Estimated Annual salary Rs.13 Million to Rs.40 Million)

Est. Annual Salary 'ooo'	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
	Average Tax Rate in % age											
13,000	24.81	22.74	20.67	18.61	16.54	14.47	12.40	10.34	8.27	6.20	4.13	2.07
14,000	25.18	23.08	20.98	18.88	16.79	14.69	12.59	10.49	8.39	6.29	4.20	2.10
15,000	25.50	23.38	21.25	19.13	17.00	14.88	12.75	10.63	8.50	6.38	4.25	2.13
16,000	25.78	23.63	21.48	19.34	17.19	15.04	12.89	10.74	8.59	6.45	4.30	2.15
17,000	26.03	23.86	21.69	19.52	17.35	15.18	13.01	10.85	8.68	6.51	4.34	2.17
18,000	26.25	24.06	21.88	19.69	17.50	15.31	13.13	10.94	8.75	6.56	4.38	2.19
19,000	26.45	24.24	22.04	19.84	17.63	15.43	13.22	11.02	8.82	6.61	4.41	2.20
20,000	26.63	24.41	22.19	19.97	17.75	15.53	13.31	11.09	8.88	6.66	4.44	2.22
21,000	26.79	24.55	22.32	20.09	17.86	15.63	13.39	11.16	8.93	6.70	4.46	2.23
22,000	26.93	24.69	22.44	20.20	17.95	15.71	13.47	11.22	8.98	6.73	4.49	2.24
23,000	27.07	24.81	22.55	20.30	18.04	15.79	13.53	11.28	9.02	6.77	4.51	2.26
24,000	27.19	24.92	22.66	20.39	18.13	15.86	13.59	11.33	9.06	6.80	4.53	2.27
25,000	27.30	25.03	22.75	20.48	18.20	15.93	13.65	11.38	9.10	6.83	4.55	2.28
26,000	27.40	25.12	22.84	20.55	18.27	15.99	13.70	11.42	9.13	6.85	4.57	2.28
27,000	27.50	25.21	22.92	20.63	18.33	16.04	13.75	11.46	9.17	6.88	4.58	2.29
28,000	27.59	25.29	22.99	20.69	18.39	16.09	13.79	11.50	9.20	6.90	4.60	2.30
29,000	27.67	25.37	23.06	20.75	18.45	16.14	13.84	11.53	9.22	6.92	4.61	2.31
30,000	27.75	25.44	23.13	20.81	18.50	16.19	13.88	11.56	9.25	6.94	4.63	2.31
31,000	27.82	25.50	23.19	20.87	18.55	16.23	13.91	11.59	9.27	6.96	4.64	2.32
32,000	27.89	25.57	23.24	20.92	18.59	16.27	13.95	11.62	9.30	6.97	4.65	2.32
33,000	27.95	25.63	23.30	20.97	18.64	16.31	13.98	11.65	9.32	6.99	4.66	2.33
34,000	28.01	25.68	23.35	21.01	18.68	16.34	14.01	11.67	9.34	7.00	4.67	2.33
35,000	28.07	25.73	23.39	21.05	18.71	16.38	14.04	11.70	9.36	7.02	4.68	2.34
36,000	28.13	25.78	23.44	21.09	18.75	16.41	14.06	11.72	9.38	7.03	4.69	2.34
37,000	28.18	25.83	23.48	21.13	18.78	16.44	14.09	11.74	9.39	7.04	4.70	2.35
38,000	28.22	25.87	23.52	21.17	18.82	16.46	14.11	11.76	9.41	7.06	4.70	2.35
39,000	28.27	25.91	23.56	21.20	18.85	16.49	14.13	11.78	9.42	7.07	4.71	2.36
40,000	28.31	25.95	23.59	21.23	18.88	16.52	14.16	11.80	9.44	7.08	4.72	2.36

### 9. TAX DEDUCTION AT SOURCE

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
148	Import of Goods	Collector of Customs	Pls. Refer RC-1	Value of Import or Value of Film as the case may be
149	Payment of Salary	Employer	Average rate of tax worked out from applicable tax rate as per RC-2	Salary income
	Director fee	Company making payment	20%	Amount of Fee
150	Payment of Dividend	Every person	Pls. Refer RC-11	Gross amount of Dividend
151	Payment of Profit on debt			
	On NSS or Post Office Savings Account (POSA)	Person paying yield	10% for filer and 15% for non filer	Gross amount of yield / Profit on debt as reduced by amount of zakat, if any paid under Zakat & Usher Ordinance, 1980
	On account/ deposit with Banks/FIs	Banking Company Financial institution		
	On Govt. Securities	Federal Govt./ Provincial Govt./ Local Govt.		
	On bonds, certificate, debentures, security, instrument of any kind	Bank/FI/ Company/ Body Corporate/ Finance Society		
152	Payments to Non-Residents			
	Royalty & Fee for Technical Services	Same as defined in Section 153 below	15%	Gross amount paid
	Execution of Contracts		6%	
	Insurance / re-insurance premium		5%	
	Any other Payments		20%	
	Payment to non-resident media persons		10%	

# BUDGET DIGEST

2014-15

Sect .	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
153	Payment for goods, services and execution of contracts			
	Payment for goods			
	Rice/ Cotton Seed/ Edible Oil	Same as “Payment for Service Rendered” herein below	1.5%	Gross amount including sales tax (either full, part or advance) paid to Resident Person or Permanent Establishment in Pakistan of Non-Resident Person
	Other Goods		Pls. refer RC-3	
	Services of stitching, dying, printing, embroidery, washing, sizing, & weaving	Exporter/ Export House	1%	
	Payment for Services rendered or provided			
	Transport Services	Fed Govt./Company/ registered AOP/ AOP & Individual having turnover of Rs 50 M or more/ NPO/ Consortium or Joint Venture/ Foreign Contractor or Consultant/Sales Tax Registered Persons	2%	Gross amount including sales tax (either full, part or advance) paid to Resident Person or Permanent Establishment in Pakistan of Non-Resident Person
	Other Services		Pls. refer RC-3	
	Execution of Contract			
	Sports person		10%	
154	Export			
	Export of goods	Authorized dealer in foreign exchange	1%	Proceed realized
	Foreign indenting commission		5%	
	Sale of goods to an exporter under an in-land back to back letter of credit	Bank	1%	
	Export of goods by industrial undertakings in export processing zones	Export Processing Zone Authority	1%	
	Sale of goods by an indirect exporter	Direct Exporter/Export House registered under DTRE	1%	Amount paid for firm contract

# BUDGET DIGEST

2014-15

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
154	Exports (continued....)			
	Other Exports	Collector of Customs	1%	Gross value of such goods
155	Income from Property (Rent)	Any Govt./Co/NPO / Foreign Diplomatic Mission/Charitable Institute, Educational Institute, Boutique, Beauty Parlor, Hospital, Clinic, Maternity Home, Individual or AOP paying annual rent of Rs 1.5 M or more	Pls. refer RC-4	Gross amount of rent
156	Payment for Prizes & Winnings			
	On Prize of Prize Bonds & Crossword Puzzle	Every person making payment on these account	15%	Gross amount of prize
	Winnings from Raffle, Lottery, Prize on Winnings a Quiz etc		20%	
156A	Payment of Commission/discount on petroleum products	Every Person selling petroleum products to petrol pump operator	12%	Amount of commission or discount allowed to Petrol pump operator
156B	Payment of withdrawal from any approved Pension Fund-			
	Before retirement age by normal alive individual	Pension Fund Manager	Pls. refer RC-5	Any amount withdrawn
	On or after retirement age			Amount withdrawn in excess of 50 of the accumulated balance
231A	Cash Withdrawal from bank if exceeds Rs 50,000/ day	Bank	0.3% for filer & .5% for non filer	Amount withdrawn



# BUDGET DIGEST

2014-15

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
231AA	Tax on Transactions in Bank (Sum of total transactions exceeds Rs 25,000 per day)			
	Issuance of Banking Instruments against cash or DD /PO / CDR/STDR/SDR/RTC or bearer instrument	Banks/ NBF/Exchange Company/ Authorized dealer of foreign exchange	0.3%	Amount of transactions
	On-line transfer/TT/MT or any other mode of e-transfer against cash	Banks/ NBF/Exchange Company/ Authorized dealer of foreign exchange	0.3%	Amount of transactions
231B	Private Motor Vehicles-on Purchase	Motor vehicle registration authorities of Excise and Taxation Dept.	Pls. refer RC-6	As determined based on Engine Capacity
233	Brokerage & Commission	Fed Govt./ Pro Govt./ Local Govt./AOP constituted by, or under, law	12%	Gross amount of brokerage/ commission paid
233A	Collection of Tax by Stock Exchanges			
	Commission of members	Stock Exchanges Registered in Pakistan	0.01%	Purchase & sale value
	Trading of Shares			Value of shares traded
233AA	Margin Financing, Margin Trading or Securities Lending	NCCPL	10%	Profit/markup/interest earned by member, margin financier or securities lender
234	Tax on Passenger / Goods / Private Vehicles	Person collecting motor vehicle tax (Excise & Taxation Dept.)	Pls. refer RC-7	As determined on passenger & engine capacity
234A	Gas Consumption by CNG stations	Person preparing gas consumption bill	4%	Amount of Gas bill
235	Electricity Consumption	Person preparing consumption bill	Pls. refer RC-8	Amount of Electricity bill
235A	Domestic electricity consumption	Person preparing consumption bill	7.5% , if bill exceeds Rs.100,00/ or more	
235B	Tax on steel melters, re-rollers etc.	Person preparing consumption bill	Re. 1 per unit of electricity consumed	

# BUDGET DIGEST

2014-15

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
236	Telephone Usage			
	Other than Mobile Phone	Person preparing telephone usage bill	10%	Amount of bill exceeding Rs 1,000
	Mobile Phone including pre-paid cards, easy loads etc	Person preparing telephone usage bill or issuing pre-paid cards	14%	Amount of Bill or denomination of card
236A	Sale by Auction	Any Person making sale by Auction	10%	Sale Price
236B	Purchase of domestic air ticket	Airline issuing ticket	5%	Amount of sale price
236C	Sale or Transfer of Immovable Property	Person responsible for registering or transferring	0.5% for filer and 1% for non-filer	Gross amount of consideration received
236D	Functions & gatherings including Food	Owner/ leaseholder/ operator or manager of Hotel/ Lawn /Restaurant/Hall/Club etc.	5%	Total Amount of Bill
236E	Foreign Produced			
	TV Drama Serial	Licensing Authority	Rs. 100,000	Per Episode
	TV Play (Single Episode)		Rs. 100,000	Nil
236F	Cable Operators & Other Electronic Media	PEMRA	Pls. refer RC-9	Fixed on license type
236G	Sale to Distributors, Dealers & Wholesalers	Manufacturer or Commercial Importer of following sectors*	0.1%	Gross Amount of Sale
236H	Sales to Retailers	Manufacturer/ Commercial Importer/ Distributor/Dealer/ Wholesaler of following sectors*	0.5%	Gross Amount of Sale
236I	Education Fee	Educational Institute	5%	Amount of Fee

# BUDGET DIGEST

2014-15

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
236J	Dealers, Commission Agents & Arhatis	Market Committee	Pls. refer RC-10	Fixed on Group or Class
236K	Purchase or transfer of immovable property	person responsible for registering or attesting transfer of property	1%	Value of property if more than three million rupees
236L	Purchase of International air ticket	Airline issuing ticket	4%	On the gross amount of international air ticket (other than economy class)
236M	Bonus Shares issued by Listed Company	Company issuing bonus shares	5%	Value of bonus share
236N	Bonus Shares issued by Unlisted Company	Company issuing bonus shares	5%	Value of bonus share
*electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector.				

**RATE CARDS (RC)****RC-1: TAX RATES ON IMPORT**

<b>S. NO.</b>	<b>PERSONS</b>	<b>RATE</b>
1.	<ul style="list-style-type: none"><li>i. Industrial undertaking importing remelttable steel (PCT hearing 72.04) and directly reduced iron for its own use;</li><li>ii. Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision no. ECC-155/12/2004 dated the 9<sup>th</sup> December 2004</li><li>iii. Persons importing urea; and</li><li>iv. Manufacturers covered under Notification No. S.R.O. 1125(I) /2011 dated the 31<sup>st</sup> December 2011</li></ul>	1% of import value as increased by customs duty, sales tax and federal excise duty
2.	Persons importing pulses	2% of import value as increased by customs duty, sales tax and federal excise duty
3.	Commercial importers covered under Notification No. S.R.O.1125(I)/2011 dated the 31 <sup>st</sup> December 2011	3% of import value as increased by customs duty, sales tax and federal excise duty
4.	Ship breakers on imports of ships	4.5%
5.	Industrial undertakings not covered under S.Nos.1 to 4	5.5%
6.	Companies not covered under S.Nos.1 to 5	5.5%
7.	Persons not covered under S.Nos.1 to 6	6%

### RC-2: SALARY TAX RATES

S. NO.	TAXABLE INCOME(RS)		RATE OF TAX		
	From	To	(RS)	PLUS	-----
1	Nil	400,000	0		No tax
2	400,001	750,000	0		5% of amount exceeding Rs. 0.4M
3	750,001	1,400,000	17,500		10% of amount exceeding Rs. 0.750M
4	1,400,001	1,500,000	82,500		12.5% of amount exceeding Rs. 1.4 M
5	1,500,001	1,800,000	95,000		15% of amount exceeding Rs. 1.5 M
6	1,800,001	2,500,000	140,000		17.5% of amount exceeding Rs. 1.8 M
7	2,500,001	3,000,000	262,500		20% of amount exceeding Rs. 2.5 M
9	3,000,001	3,500,000	362,500		22.5% of amount exceeding Rs. 3 M
10	3,500,001	4,000,000	475,000		25% of amount exceeding Rs. 3.5 M
11	4,000,001	7,000,000	600,000		27.5% of amount exceeding Rs. 4 M
12	7,000,001	-----	1,425,000		30% of amount exceeding Rs.7 M

### RC-3: PAYMENT FOR GOODS, SERVICES & CONTRACTS

S. NO.	DESCRIPTION	COMPANIES	OTHERS
		% age	
1	Sale of Goods	4	4.5
2	Execution of Contracts	7	7.5
3	Rendering of Services	8	10

### RC-4: INCOME FROM PROPERTY

#### *For Individuals & Association of Persons*

S. N O .	GROSS AMOUNT OF RENT (RS)		RATE OF TAX		
	From	To	(RS)	PLUS	-----
1	Nil	150,000	0		No tax
2	150,001	1,000,000	0		10% of gross amount exceeding Rs. 0. 15 M
3	1,000,001	-----	85,000		15% of gross amount exceeding Rs. 1 M

***For Companies***

Tax shall be deducted at the rate of 15% of the gross rent.

**RC-5: PAYMENTS OF WITHDRAWALS FROM PENSION FUNDS**

**Tax Rate** = (A/B)

**Where**

“A” is the total tax paid or payable by the employee on the his total taxable income for three preceding tax years; and

“B” is the employee’s total taxable income for three preceding tax years

**RC-6: PRIVATE MOTOR VEHICLES**

<b>Engine Capacity</b>	<b>Tax for Filer (Rs.)</b>	<b>Tax for Non-Filer (Rs.)</b>
Up to 850 cc	10,000	10,000
851 to 1000 cc	20,000	25,000
1001 cc to 1300 cc	30,000	40,000
1301 cc to 1600 cc	50,000	100,000
1601 cc to 1800 cc	75,000	150,000
1801 cc to 2000 cc	100,000	200,000
2000 cc to 2500 cc	150,000	300,000
2501 cc to 3000cc	200,000	400,000
Above 3000 cc	250,000	450,000

**RC-7: PASSENGER & PRIVATE VEHICLES*****A) If Tax Payment on Annual Basis******Goods Transport Vehicles***

Goods Transport Vehicles with laden weight less than 8120 kg (no tax shall be paid after 10 years from the date of registration.)	Re 5 per kg of laden weight
Goods Transport Vehicles with laden weight of 8120 kg or more ( tax shall be charged after period of 10 years from the date of registration)	Rs 1,200 per annum

***Passenger Transport Vehicles***

<b>Seating Capacity (Persons)</b>	<b>Rate of Tax per seat per annum (Rs.)</b>
Four – Nine	25
Ten- Nineteen*	60
Twenty or more*	500
*no tax shall be paid after 10 years from the date of registration	

***Other Private Motor Cars with Engine Capacity***

<b>ENGINE CAPACITY</b>	<b>FILER</b>	<b>NON-FILER</b>
Up to 1000 CC	1,000	1,000
1001 to 1199 CC	1,800	3,600
1200 to 1299 CC	2,000	4,000
1300 to 1499 CC	3,000	6,000
1500 to 1599 CC	4,500	9,000
1600* to 1999 CC	6,000	12,000
2000 CC & above	12,000	24,000

**B) If Tax Payment on Lumpsum Basis**

ENGINE CAPACITY	FILER	NON-FILER
Up to 1000 CC	10,000	10,000
1001 to 1199 CC	18,000	36,000
1200 to 1299 CC	20,000	40,000
1300 to 1499 CC	30,000	60,000
1500 to 1599 CC	45,000	90,000
1600 to 1999 CC	60,000	120,000
2000 CC & above	120,000	240,000

**RC-8: ELECTRICITY CONSUMPTION**

Amount of Bill (Rs)	Tax Per Month (Rs)
Up to 400	0
400.01 – 600	80
600.01 – 800	100
800.01 – 1,000	160
1,000.01 – 1,500	300
1,500.01 – 3,000	350
3,000.01 – 4,500	450
4,500.01 – 6,000	500
6,000.01 – 10,000	650
10,000.01 – 15,000	1,000
15,000.01 – 20,000	1,500
Exceeds 20,000	For Commercial Consumer 10% For Industrial Consumer 5



**RC-9: CABLE OPERATORS AND OTHER ELECTRONIC MEDIA**

LICENSE CATEGORY (PEMRA RULES 2009)	TAX ON LICENSE FEE	TAX ON RENEWAL
	Rupees	
H	7,500	10,000
H-1	10,000	15,000
H-II	25,000	30,000
R	5,000	30,000
B	5,000	40,000
B-1	30,000	50,000
B-2	40,000	60,000
B-3	50,000	75,000
B-4	75,000	100,000
B-5	87,500	150,000
B-6	175,000	200,000
B-7	262,500	300,000
B-8	437,500	500,000
B-9	700,000	800,000
B-10	875,500	900,000

Rate of tax to be collected by PEMRA in case of IPTV, FM Radio, MMDS, Mobile TV, Mobile Audio, Satellite TV Channel and Landing Rights shall be 20% of the Permission Fee or Renewal Fee, as the case may be.

**RC-10: TAX ON DEALERS, COMMISSION AGENTS & ARHATIS**

GROUP	TAX (Rs. Per Year)
Group or Class A	10,000
Group or Class B	7,500
Group or Class C	5,000
Any Other Category	5,000

### RC-11: TAX ON DIVIDEND

S.No.	Description	Tax
1.	Purchaser of power projects privatized by WAPDA, or Company set up for power generation, or Company supplying coal to power generation project.	7.5%
2	Company other than mentioned in S.No.1	10% for filer 15% for non-filer
3	Collective investment scheme or mutual fund	
	Individual & AOP	10%
	Company	10% for Stock Fund & 25 % for any other fund

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