

THE PROPOSED FIRST SCHEDULE

PART I RATES OF TAX (See Chapter II)

Division I Rates of Tax for Individuals and Association of Persons

1. Subject to clause (1A) , the rates of tax imposed on the taxable income of every individual except a salaried taxpayer or association of persons to which sub-section (1) of section 92 applies shall be as set out in the following table, namely:–

TABLE

S. No.	Taxable income	Rate of tax.
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.100,000	0%
2.	Where the taxable income exceeds Rs.100,000 but does not exceed Rs.110,000	0.50%
3.	Where the taxable income exceeds Rs.110,000 but does not exceed Rs.125,000	1.00%
4.	Where the taxable income exceeds Rs.125,000 but does not exceed Rs.150,000	2.00%
5.	Where the taxable income exceeds Rs.150,000 but does not exceed Rs.175,000	3.00%
6.	Where the taxable income exceeds Rs.175,000 but does not exceed Rs.200,000	4.00%
7.	Where the taxable income exceeds Rs.200,000 but does not exceed Rs.300,000	5.00%
8.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.400,000	7.50%
9.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000	10.00%
10.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.600,000	12.50%
11.	Where the taxable income exceeds Rs.600,000 but does not exceed Rs.800,000	15.00%
12.	Where the taxable income exceeds Rs.800,000 but does not exceed Rs.10,00,000	17.50%
13.	Where the taxable income exceeds Rs.10,00,000 but does not exceed Rs.13,00,000	21.00%
14.	Where the taxable income exceeds Rs.13,00,000	25.00%

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.125,000/-.

- (1A) Where the income of an individual chargeable under the head "salary" exceeds fifty percent of his taxable income, the rates of tax to be applied shall be as set out in the following table namely: -

TABLE

S. No. (1)	Taxable income (2)	Rate of tax. (3)
1.	Where taxable income does not exceed Rs.150,000	0%
2.	Where the taxable income exceeds Rs.150,000 but does not exceed Rs.200,000	0.25%
3.	Where the taxable income exceeds Rs.200,000 but does not exceed Rs.250,000	0.50%
4.	Where the taxable income exceeds Rs.250,000 but does not exceed Rs.300,000	0.75%
5.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.350,000	1.50%
6.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000	2.50%
7.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000	3.50%
8.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.600,000,	4.50%
9.	Where the taxable income exceeds Rs.600,000 but does not exceed Rs.700,000,	6.00%
10.	Where the taxable income exceeds Rs.700,000 but does not exceed Rs.850,000,	7.50%
11.	Where the taxable income exceeds Rs.850,000 but does not exceed Rs.950,000,	9.00%
12.	Where the taxable income exceeds	10.00%

	Rs.950,000 but does not exceed Rs.1,050,000,	
13.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000,	11.00%
14.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,500,000,	12.50%
15.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.1,700,000,	14.00%
16.	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.2,000,000,	15.00%
17.	Where the taxable income exceeds Rs.2,000,000 but does not exceed Rs.3,150,000,	16.00%
18.	Where the taxable income exceeds Rs.3,150,000 but does not exceed Rs.3,700,000,	17.50%
19.	Where the taxable income exceeds Rs.3,700,000 but does not exceed Rs.4,450,000,	18.50%
20.	Where the taxable income exceeds Rs.4,450,000 but does not exceed Rs.8,400,000,	19.00%
21.	Where the taxable income exceeds Rs.8,400,000.	20.00%

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.200,000/-.

Division IA
Rate of Tax on certain persons

The rate of tax to be paid under sub-section (1) of section 113A shall be 0.50% of the turnover.

Division II
Rates of Tax for Companies

- (i) The rates of tax imposed on the taxable income of a company for the tax year 2007 and onward shall be 35%.

- (ii) Where the taxpayer is a society or a cooperative society, the tax shall be payable at the rates applicable to a company or an individual, whichever is beneficial to the taxpayer.
- (iii) where the taxpayer is a small company as defined in section 2, tax shall be payable at the rate of 20%.

**Division III
Rate of Dividend Tax**

The rate of tax imposed under section 5 on dividend received from a company shall be 10%.

**Division IV
Rate of Tax on Certain Payments to Non-residents**

The rate of tax imposed under section 6 on payments to non-residents shall be 15% of the gross amount of the royalty or fee for technical services.

**Division V
Rate of Tax on Shipping or Air Transport Income of a Non-resident Person**

The rate of tax imposed under section 7 shall be –

- (a) in the case of shipping income, 8% of the gross amount received or receivable; or
- (b) in the case of air transport income, 3% of the gross amount received or receivable.

**Division VI
Income from Property**

- (a) the rate of tax to be paid under section 15 shall be 5% of the gross amount of rent chargeable to tax under that section.

**PART II
RATES OF ADVANCE TAX
(See Division II of Part V of Chapter X)**

The rate of advance tax to be collected by the Collector of Customs under section 148 shall be 5% of the value of the goods including polyester filament yarn.

PART III
DEDUCTION OF TAX AT SOURCE
 (See Division III of Part V of Chapter X)

DIVISION-I
PROFIT ON DEBT

The rate of tax to be deducted under section 151 shall be 10% of the yield or profit paid.

Division II
Payments to non-residents

(1) The rate of tax to be deducted from a payment referred to in sub-section (1A) of section 152 shall be 6% of the gross amount payable.

(2) The rate of tax to be deducted under sub-section (2) of section 152 shall be 30% of the gross amount paid.

Division III
Payments for Goods or Services

(1) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be –

- (a) in the case of the sale of rice, cotton seed or edible oils, 1.5% of the gross amount payable; or
- (b) in the case of the sale of any other goods, 3.5% of the gross amount payable.

(2) the rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be-

- (i) in the case of transport services, two percent of the gross amount payable; or
- (ii) in the other case, six percent of the gross amount payable.

(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be 6% of the gross amount payable.

**Division IV
Exports**

(1) The rate of tax to be deducted under sub-section sub-section (1), (3), (3A) or (3B) of section 154 shall be 1% of the proceeds of the export.

(2) The rate of tax to be deducted under sub-section (2) of section 154 shall be 5%.

**Division V
Income from Property**

The rate of tax to be deducted under section 155 shall be 5% of the gross rent paid.

**Division VI
Prizes and Winnings**

(1) The rate of tax to be deducted under section 156 on a prize on prize bond shall be 10% of the gross amount paid.

(2) The rate of tax to be deducted under section 156 on winnings from a raffle, lottery, prize on winning a quiz, prize offered by companies for promotion of sale, or cross-word puzzle shall be 20% of the gross amount paid.

**Division VIA
Petroleum Products**

Rate of collection of tax under section 156A shall be 10% of the amount of payment.

**Division VIB
CNG STATIONS**

The rate of tax to be collected under section 234A in the case of a Compressed Natural Gas station shall be six per cent of the gas consumption charges.;

PART IV
(See Chapter XII)

DEDUCTION OR COLLECTION OF ADVANCE TAX

DIVISION-II
BROKERAGE AND COMMISSION

The rate of collection under sub-section (1) of section 233 shall be 10% of the amount of the payment

Division IIA
Rates for Collection of Tax by a Stock Exchange
Registered in Pakistan

(i)	in case of purchase of shares as per clause (a) of sub-section (1) of section 233A.	0.01% of purchase value
(ii)	in case of sale of shares as per clause (b) of sub-section (1) of section 233A.	0.01% of sale value
(iii)	in case of trading of shares as mentioned in clause (c) of sub-section (1) of section 233A.	0.01% of traded value
(iv)	in case of financing of carry over trades (Badla) as per clause (d) of sub-section (1) of section 233A.	10% of the carry over charge

Division III
Transport business

Rates of collection of tax under section 234,-

(1) In the case of goods transport vehicles with registered laden weight of—

(a)	Less than 2030 kilograms.	Rs. 1,200
(b)	2030 kilograms or more but less than 8120 kilograms.	Rs. 7,200
(c)	8120 kilograms or more but less than 15000 kilograms.	Rs.12,000
(d)	15000 kilograms or more but less than 30,000	Rs.18,000

	kilograms.	
(e)	30,000 kilograms or more but less than 45,000 kilograms.	Rs.24,000
(f)	45,000 kilograms or more but less than 60,000 kilograms.	Rs.30,000
(g)	60,000 kilograms or more.	Rs.36,000

(1A) In the case of goods transport vehicles with laden weight of 8120 kilograms or more, advance tax after a period of ten years from the date of first registration of vehicle in Pakistan shall be collected at the rate of twelve hundred rupees per annum;

(2) In the case of passenger transport vehicles plying for hire with registered seating capacity of—

(a)	Four or more persons but less than ten persons.	Rs. 25 per seat per annum.
(b)	Ten or more persons but less than twenty persons.	Rs. 60 per seat per annum.
(c)	Twenty persons ore more.	Rs.100per seat per annum.

(3) Other private motor cars with engine capacity of—

(a)	1000cc to 1199 cc.	Rs. 500
(b)	1200cc to 1299cc.	Rs. 750
(c)	1300cc to 1599cc.	Rs.1,500
(ca)	1600 cc to 1999cc	Rs.2,000
(d)	2000cc and above.	Rs.3,000

Division IV Electricity Consumption

Rate of collection of tax under section 235 where the amount of electricity bill,-

(a)	does not exceed Rs. 400.	Rs. 60
(b)	exceeds Rs. 400 but does not exceed Rs. 600	Rs. 80
(c)	exceeds Rs. 600 but does not exceed Rs. 800	Rs. 100
(d)	exceeds Rs. 800 but does not exceed Rs. 1000	Rs. 160
(e)	exceeds Rs. 1000 but does not exceed Rs. 1500	Rs. 300
(f)	exceeds Rs. 1500 but does not exceed Rs. 3000	Rs. 350
(g)	exceeds Rs. 3000 but does not exceed Rs. 4500	Rs. 450
(h)	exceeds Rs. 4500 but does not exceed Rs. 6000	Rs. 500
(i)	exceeds Rs. 6000 but does not exceed Rs. 10000	Rs. 650
(j)	Exceeds Rs. 10000 but does not exceed Rs. 15000	Rs. 1000
(k)	Exceeds Rs. 15000 but does not exceed Rs. 20000	Rs. 1500

(l) Exceeds Rs. 20000.

Rs. 2000

Division V
Telephone users

Rates of collection of tax under section 236,--

(a) In the case of telephone subscriber (other than mobile phone subscriber) where the monthly bill—

(a)	exceeds Rs. 1000 but does not exceed Rs. 2000.	Rs. 50
(b)	exceeds Rs. 2000 but does not exceed Rs. 3000.	Rs. 100
(c)	exceeds Rs. 3000 but does not exceed Rs. 5000.	Rs. 200
(d)	exceeds Rs. 5000.	Rs. 300

(b) in the case of subscriber of mobile telephone and pre-paid 10% of the amount of bill or sales price of pre-paid telephone card

DIVISION-VI
CASH WITHDRAWAL FROM A BANK

The Rate of tax to be deducted under section 231A shall be 0.2% of the cash amount withdrawn.

Division VIII
PURCHASE OF MOTOR CARS

The rate of tax to be collected under section 231B shall be 5 per cent of the gross amount payable for the purchase of motor vehicle.

**THE PROPOSED SECOND SCHEDULE
EXEMPTIONS AND TAX CONCESSIONS**

See section 53

PART I
EXEMPTIONS FROM TOTAL INCOME

Incomes, or classes of income, or persons or classes of persons, enumerated below, shall be exempt from tax, subject to the conditions and to the extent specified hereunder:

(2) Any income chargeable under the head "Salary" received by, or due to, any person, not being a citizen of Pakistan or a resident individual, as remuneration for services rendered by him as a health professional under the contract of service concluded with Shaukat Khanum Memorial Hospital and Research Center, Lahore, and approved by the Federal Government for the purposes of this clause.

(3) Any income chargeable under the head "Salary" received by a person who, not being a citizen of Pakistan, is engaged as an expert or technical, professional, scientific advisor or consultant or senior management staff by institutions of the Agha Khan Development Network, (Pakistan) listed in Schedule I of the Accord and Protocol dated, November 13, 1994 executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network.

(4) Any income chargeable under head "Salary" received by a Pakistani seafarer working on a foreign vessel or on Pakistan flag vessels for 183 days or more during a tax year provided that such income is remitted to Pakistan, not later than two months of the relevant income year, through normal banking channels.

(5) Any allowance or perquisite paid or allowed as such outside Pakistan by the Government to a citizen of Pakistan for rendering service outside Pakistan.

(6) Any income chargeable under the head "Salary" received by a person, not being a citizen of Pakistan, by virtue of his employment with the British Council.

(8) Any pension received by a citizen of Pakistan from a former employer, other than where the person continues to work for the employer (or an associate of the employer).

Provided that where the person receives more than one such pension, the exemption applies only to the higher of the pensions received.

(9) Any pension –

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

(12) Any payment in the nature of commutation of pension received from Government or under any pension scheme approved by the Central Board of Revenue for the purpose of this clause.

(13) Any income representing any payment received by way of gratuity or commutation of pension by an employee on his retirement or, in the event of his death, by his heirs as does not exceed –

- (i) in the case of an employee of the Government, a local authority, a statutory body or corporation established by any law for the time being in force, the amount receivable in accordance with the rules and conditions of the employee's services;
- (ii) any amount receivable from any gratuity fund approved by the Commissioner in accordance with the rules in Part III of the Sixth Schedule;
- (iii) in the case of any other employee, the amount not exceeding two hundred thousand rupees receivable under any scheme applicable to all employees of the employer and approved by the Central Board of Revenue for the purposes of this sub-clause; and
- (iv) in the case of any employee to whom sub-clause (i), (ii) and (iii) do not apply, fifty per cent of the amount receivable or seventy-five thousand rupees, whichever is the less:

Provided that nothing in this sub-clause shall apply –

- (a) to any payment which is not received in Pakistan;
- (b) to any payment received from a company by a director of such company who is not a regular employee of such company;
- (c) to any payment received by an employee who is

not a resident individual; and to any gratuity received by an employee who has already received any gratuity from the same or any other employer.

(16) Any income derived by the families and dependents of the "Shaheeds" belonging to Pakistan Armed Forces from the special family pension, dependents pension or children's allowance granted under the provisions of the Joint Services Instruction No. 5/66.

(17) Any income derived by the families and dependents of the "Shaheeds" belonging to the Civil Armed Forces of Pakistan to whom the provisions of the Joint Services Instruction No. 5/66 would have applied had they belonged to the Pakistan Armed Forces from any like payment made to them.

(19) Any sum representing encashment of leave preparatory to retirement of a member of the Armed Forces of Pakistan or an employee of the Federal Government or a Provincial Government.

(20) Any income received by a person from an annuity issued under the Pakistan Postal Annuity Certificate Scheme on or after the 27th July, 1977, not exceeding ten thousand rupees per annum.

(21) Any income received by a person from an annuity or annuities issued upto 30th June, 2005 by the State Life Insurance Corporation of Pakistan or a life insurance company registered under section 3 of the Insurance Ordinance, 2000 (XXXIX of 2000):

Provided that this clause shall not apply to so much of the income received by a person from an annuity or annuities which, together with the income from any annuity or annuities referred to in clause (20), exceeds ten thousand rupees per annum.

(22) Any payment from a provident fund to which the Provident Funds Act, 1925(XIX of 1925) applies.

(23) The accumulated balance due and becoming payable to an employee participating in a recognized provident fund.

(23A) the accumulated balance upto 25% received from the voluntary pension system offered by a pension fund manager under the Voluntary Pension System Rules, 2005 at the time of eligible person's-

- (a) retirement; or
- (b) disability rendering him unable to work; or

(c) death by his nominated survivors.

(24) Any benevolent grant paid from the Benevolent Fund to the employees or members of their families in accordance with the provisions of the Central Employee Benevolent Fund and Group Insurance Act, 1969.

(25) Any payment from an approved superannuation fund made on the death of a beneficiary or in lieu of or in commutation of any annuity, or by way of refund of contribution on the death of a beneficiary –

- (i) in the case of an employee of the Government or a local authority or a statutory body or corporation established by any law for the time being in force, the amount receivable in accordance with the rules and conditions of his service;
- (ii) any amount receivable from any gratuity fund approved by the Commissioner in accordance with the rules contained in Part III of the Sixth Schedule;
- (iii) in the case of any other employee, the amount not exceeding two hundred thousand rupees receivable under any scheme applicable to all employees of the employer and approved by the Central Board of Revenue for the purposes of this sub-clause; and
- (iv) in the case of any employee to whom sub-clauses (i), (ii) and (iii) do not apply, fifty per cent of the amount receivable or seventy-five thousand rupees, whichever is the less:

Provided that nothing in this sub-clause shall apply-

- (a) to any payment which is not received in Pakistan ;
- (b) to any payment received from a company by a director of such company who is not regular employee of such company;
- (c) to any payment received by an employee who is not a resident of Pakistan; and
- (d) to any gratuity received by an employee who has already received any gratuity from the same or any other employer.

(26) Any income of a person representing the sums received by him as a worker from out of the Workers Participation Fund established under the

Companies Profits (Workers Participation) Act, 1968 (XII of 1968).

(35) Any income representing compensatory allowance payable to a citizen of Pakistan locally recruited in Pakistan Mission abroad as does not exceed 75 per cent of his gross salary.

(39) Any special allowance or benefit (not being entertainment or conveyance allowance) or other perquisite within the meaning of section 12 specially granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

(40) Any income of a newspaper employee representing Local Travelling Allowance paid in accordance with the decision of the Third Wage Board for Newspaper Employees constituted under the Newspaper Employees (Conditions of Service) Act, 1973, published in Part II of the Gazette of Pakistan, Extraordinary, dated the 28th June, 1980.

(51) The perquisite represented by the right of the President of Pakistan, the Provincial Governors and the Chiefs of Staff, Pakistan Armed Forces to occupy free of rent as a place of residence any premises provided by the Government.

(52) The perquisite represented by free conveyance provided and the sumptuary (entertainment) allowance granted by Government to Provincial Governors, the Chiefs of Staff, Pakistan Armed Forces and the Corps Commanders.

(53) The following perquisites and allowances provided or granted by Government to the Ministers of the Federal Government, namely :-

- (a) rent-free accommodation in so far as the value thereof exceeds ten per cent of the basic salary of the Ministers concerned;
- (b) house-rent allowance paid by Government in lieu of rent-free accommodation in so far as it exceeds five hundred and fifty rupees per month;
- (c) free conveyance; and
- (d) sumptuary allowance.

(53A) The following perquisites received by an employee by virtue of his employment, namely:-

- (i) free or concessional passage provided by transporters including airlines to its employees (including the members of their household and dependents);

- (ii) free or subsidized food provided by hotels and restaurants to its employees during duty hours;
- (iii) free or subsidized education provided by an educational institution to the children of its employees;
- (iv) free or subsidized medical treatment provided by a hospital or a clinic to its employees; and
- (v) any other perquisite or benefit for which the employer does not have to bear any marginal cost, as notified by the Central Board of Revenue.

(55) The perquisites represented by the right of a judge of the Supreme Court of Pakistan or of a judge of High Court to occupy free of rent as a place of residence any premises provided by Federal or Provincial Government, as the case may be, or in case a judge chooses to reside in a house not provided by Government, so much of income which represents the sum paid to him as house rent allowance.

(56) The following perquisites, benefits and allowances received by a Judge of Supreme Court of Pakistan and Judge of High Court, shall be exempt from tax.

- (1) (a) Perquisites and benefits derived from use of official car maintained at Government expenses.
- (b) Superior judicial allowance payable to a Judge of supreme Court of Pakistan and Judge of a High Court.
- (c) Transfer allowance payable to a Judge of High Court.

(2) The following perquisites of the Judge of Supreme Court of Pakistan and Judge of High Court shall also be exempt from tax during service, and on or after retirement.

- (a) The services of a driver and an orderly.
 - (b) 1000 (one thousand) free local telephone calls per month.
 - (c) 1000 units of electricity as well as (25 hm³ of gas) per month and free supply of water; and
 - (d) 200 litres of petrol per month.
- (3) If during service, a judge dies, exemption from tax in respect of

benefits and perquisites provided to widow as mentioned in sub-clause (2) shall also be available to the widow.

(57) (1) Any income from voluntary contributions, house property and investments in securities of the Federal Government derived by the following, namely:-

- (i) National Investment (Unit) Trust of Pakistan established by the National Investment Trust Limited, if not less than ninety per cent of its Units at the end of that year are held by the public and not less than ninety per cent of its income of the year is distributed among the Unit-holders;
- (ii) any Mutual Fund approved by the Securities and Exchange Commission of Pakistan and set up by the Investment Corporation of Pakistan, if not less than ninety per cent of its Certificates at the end of that year are held by the public and not less than ninety per cent of its income of that year is distributed among the Certificate-holders; and
- (iii) Sheikh Sultan Trust, Karachi.

(2) Any income derived by any Mutual Fund, investment company, or a collective investment scheme or a real estate investment trust or Private Equity and Venture Capital Fund approved by the Securities and Exchange Commission or the National Investment (Unit) Trust of Pakistan established by the National Investment Trust Limited from any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984), if not less than ninety per cent of its income of that year is distributed amongst the Unit-holders.

(3) Any income of the following funds and institutions, namely: -

- (i) a provident fund to which the Provident Funds Act, 1925 (XIX of 1925), applies;
- (ii) trustees on behalf of a recognized provident fund or an approved superannuation fund or an approved gratuity fund;
- (iii) a benevolent fund or group insurance scheme approved by the Central Board of Revenue for the purposes of this clause;
- (iv) Service Fund;

- (v) Employees Old Age Benefits Institution established under the Employees Old Age Benefit Act, 1976 (XIV of 1976);
- (vi) any Unit, Station or Regimental Institute; and
- (vii) any recognized Regimental Thrift and Savings Fund, the assets of which consist solely of deposits made by members and profits earned by investment thereof;
- (viii) a Pension Fund approved by the Securities and Exchange Commission of Pakistan under the Voluntary Pension System Rules, 2005;
- (ix) any profit or gain or benefit derived by a pension fund manager from a pension Fund approved under the Voluntary Pension System Rules, 2005, on redemption of the seed capital invested in pension fund as specified in the Voluntary Pension System Rules, 2005;
- (x) the accumulated balance upto 25% received from the voluntary pension system offered by a pension fund manager under the Voluntary Pension System Rules, 2005 at the time of eligible person's:
 - (a) retirement; or
 - (b) disability rendering him unable to work; or
 - (c) death by his nominated survivors.

Explanation.-For the purpose of this clause, "Service Fund" means a fund which is established under the authority, or with the approval of the Federal Government for the purpose of -

- (a) securing deferred annuities to the subscribers of payment to them in the event of their leaving the service in which they are employed; or
- (b) making provision for their wives or children after their death; or
- (c) making payment to their estate or their nominees upon their death.

(58) (1) Any income of a trust or welfare institution or non-profit organization specified in sub-clauses (2) and (3) from donations, voluntary contributions, subscriptions, house property, investments in the securities of the Federal

Government and so much of the income chargeable under the head "Income from business " as is expended in Pakistan for the purposes of carrying out welfare activities:

Provided that in the case of income under the head "Income from business", the exemption in respect of income under the said head shall not exceed an amount which bears to the income under the said head the same proportion as the said amount bears to the aggregate of the incomes from the aforesaid sources of income.

(2) A trust administered under a scheme approved by the Federal Government in this behalf and established in Pakistan exclusively for the purposes of carrying out such activities as are for the benefit and welfare of-

- (i) ex-servicemen and serving personnel, including civilian employees of the Armed Forces, and their dependents; or
- (ii) ex-employees and serving personnel of the Federal Government or a Provincial Government and their dependents, where the said trust is administered by a committee nominated by the Federal Government or, as the case may be, a Provincial Government.

(3) A trust or welfare institution or non-profit organization approved by Regional Commissioner of Income Tax for the purposes of this sub-clause.

(59) Any income which is derived from investments in securities of the Federal Government, profit on debt from scheduled banks, grant received from Federal Government or Provincial Government or District Governments, foreign grants and house property held under trust or other legal obligations wholly, or in part only, for religious or charitable purposes and is actually applied or finally set apart for application thereto:

Provided that nothing in this clause shall apply to so much of the income as is not expended within Pakistan:

Provided further that if any sum out of the amount so set apart is expended outside Pakistan, it shall be included in the total income of the tax year in which it is so expended or of the year in which it was set apart, whichever is the greater, and the provisions of section 122 shall not apply to any assessment made or to be made in pursuance of this proviso.

Explanation.- Notwithstanding anything contained in the Mussalman Wakf Validating Act, 1913 (VI of 1913), or any other law for the time being in force or in the instrument relating to the trust or the institution, if any amount is set apart, expended or disbursed for the maintenance and support wholly or partially of the family, children or descendents of the author of the trust or the donor or, the maker of

the institution or for his own maintenance and support during his life time or payment to himself or his family, children, relations or descendents or for the payment of his or their debts out of the income from house property dedicated, or if any expenditure is made other than for charitable purposes, in each case such expenditure, provision, setting apart, payment or disbursement shall not be deemed, for the purposes of this clause, to be for religious or charitable purposes.

(60) Any income of a religious or charitable institution derived from voluntary contributions applicable solely to religious or charitable purposes of the institution:

Provided that nothing contained in clause (61) or this clause shall apply to the income of a private religious trust which does not ensure for the benefit of the public.

(61) Any amount paid as donation to the following institution, foundations, societies, boards, trusts and funds, namely:—

- (i) any Sports Board or institution recognised by the Federal Government for the purposes of promoting, controlling or regulating any sport or game;
- (iii) Fund for Promotion of Science and Technology in Pakistan;
- (iv) Fund for Retarded and Handicapped Children;
- (v) National Trust Fund for the Disabled;
- (vii) Fund for Development of Mazaar of Hazarat Burri Imam;
- (viii) Rabita-e-Islami's Project for printing copies of the Holy Quran;
- (ix) Fatimid Foundation, Karachi;
- (x) Al-Shifa Trust;
- (xi) Bank of Commerce and Credit International Foundation for Advancement of Science and Technology;
- (xii) Society for the Promotion of Engineering Sciences and Technology in Pakistan;
- (xiii) Pakistan Red Crescent Society.

- (xxiii) Citizens-Police Liaison Committee, Central Reporting Cell, Sindh Governor House, Karachi;
- (xxiv) ICIC Foundation;
- (xxv) BCCI Foundation;
- (xxvi) National Management Foundation;
- (xxvii) Endowment Fund of the institutions of the Agha Khan Development Network (Pakistan listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network);
- (xxviii) Shaheed Zulfiqar Ali Bhutto Memorial Awards Society;
- (xxix) Iqbal Memorial Fund;
- (xxx) Cancer Research Foundation of Pakistan, Lahore;
- (xxxi) Shaukat Khanum Memorial Trust, Lahore;
- (xxxii) Christian Memorial Hospital, Sialkot;
- (xxxiii) National Museums, National Libraries and Monuments or institutions declared to be National Heritage by the Federal Government;
- (xxxiv) Mumtaz Bakhtawar Memorial Trust Hospital, Lahore;
- (xxxv) Kashmir Fund for Rehabilitation of Kashmir Refugees and Freedom Fighters;
- (xxxvi) Institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network;
- (xxxvii) Azad Kashmir President's Mujahid Fund, 1972 ; National Institute of Cardiovascular Diseases, (Pakistan) Karachi; Businessmen Hospital Trust, Lahore; Premier Trust Hospital, Mardan ; Faisal Shaheed Memorial Hospital

Trust, Gujranwala; Khair-un-Nisa Hospital Foundation, Lahore; Sind and Balochistan Advocates' Benevolent Fund; Rashid Minhas Memorial Hospital Fund;

(xxxviii) Any relief or welfare fund established by the Federal Government;

(xxxix) Mohatta Palace Gallery Trust;

(xl) Bagh-e-Quaid-e-Azam project, Karachi; and

(xli) Any amount donated for Tameer-e-Karachi Fund:

Provided that the amount so donated shall not exceed-

- (a) in the case of an individual or association of persons, thirty percent of the taxable income of the person for the year; and
- (b) in the case of a company, fifteen percent of the taxable income of the person for the year.

(62) Such portion of the total income of a taxpayer as is paid by him during the income year as donation to the Liaquat National Hospital Association, Karachi:

Provided that the amount so donated shall be included in computing the total income of the taxpayer:

Provided further that the amount by which the taxable by a taxpayer is reduced on account of the exemption under this clause shall be equal to the sum which bears the same proportion to the sum exempted from tax under this clause as the tax payable on the total income of the taxpayer bears to the said total income.

(63A) Any amount paid as donation to the President's Relief Fund for Earthquake Victims 2005.

(65) Any income derived from donations made by non-official or private sector sources in Pakistan to the Waqf for Research on Islamic History, Art and Culture, Istanbul set up by the Research Centre for Islamic History, Art and Culture (IRCICA).

(66) Any income derived by-

- i. Abdul Sattar Edhi Foundation, Karachi;
- ii. Al-Shifa Trust, Rawalpindi.

- iii. Bilquis Edhi Foundation, Karachi.
- iv. Fatimid Foundation, Karachi.
- v. Hamdard Laboratories (Waqf) Pakistan.
- vi. International Islamic Trade Finance Corporation”.
- vii. Islamic Corporation for Development of Private Sector;
- viii. National Memorial Bab-e-Pakistan Trust for the assessment year commencing on or after the 1st day of July, 1994.
- ix. Pakistan Agricultural Research Council, Islamabad.
- x. Pakistan Engineering Council;
- xi. The corporatized entities of Pakistan Water and Power Development Authority from the date of their creation upto the date of completion of the process of corporatization i.e. till the tariff is notified.
- xii. The Institution of Engineers, Pakistan, Lahore.
- xiii. The Institutions of the Agha Khan Development Network (Pakistan) as contained in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and the Agha Khan Development Network.
- xiv. The Liaquat National Hospital Association, Karachi.
- xv. The Pakistan Council of Scientific and Industrial Research.
- xvi. The Pakistan Water and Power Development Authority established under the Pakistan Water and Power Development Authority Act, 1958 (W. P. Act XXXI of 1958).
- xvii. Micro Finance Banks for a period of five years starting from first day of July 2007:
Provided such banks shall not issue dividends to their share holders and their profit and gain (if any) shall be utilized for Micro Finance Operations only.

(72) Any profit on debt payable to a non-resident person,-

- (i) in respect of such private loan to be utilized on such project in Pakistan as may be approved by the Federal Government for the

purposes of this clause, having regard to the rate of profit and the terms of repayment of the loan and the nature of project on which it is to be utilized;

- (ii) on a loan in foreign exchange against export letter of credit which is used exclusively for export of goods manufactured or processed for exports in Pakistan;
- (iii) being a foreign individual, company, firm or association of persons in respect of a foreign loan as is utilized for industrial investment in Pakistan provided that the agreement for such loan is concluded on or after the First day of February 1991, and is duly registered with the State Bank of Pakistan.

(74) Any profit on debt derived by Hub Power Company Limited on or after the first day of July, 1991, on its bank deposits or accounts with financial institutions directly connected with financial transactions relating to the project operations.

(75) Any income of an agency of a foreign Government, a foreign national (company, firm or association of persons), or any other non-resident person approved by the Federal Government for the purposes of this clause, from profit on moneys borrowed under a loan agreement or in respect of foreign currency instrument approved by the Federal Government.

(77) Any profit derived by a non-resident person (whether a citizen of Pakistan or otherwise) in respect of the Islamic mode of financing, including istisna, morabaha, musharika.

(78) Any profit on debt derived from foreign currency accounts held with authorised banks in Pakistan, or certificate of investment issued by investment banks in accordance with Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, by citizens of Pakistan and foreign nationals residing abroad, foreign association of persons, companies registered and operating abroad and foreign nationals residing in Pakistan.

(79) Any profit on debt derived from a rupee account held with a scheduled bank in Pakistan by a citizen of Pakistan residing abroad, where the deposits in the said account are made exclusively from foreign exchange remitted into the said account.

(80) Any income derived from a private foreign currency account held with an authorised bank in Pakistan, or certificate of investment issued by investment banks in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, by a resident individual who is a citizen of Pakistan:

Provided that the exemption under this clause shall not be available in respect of any incremental deposits made in the said accounts on or after the 16th day of December, 1999, or in respect of any accounts opened under the said scheme on or after the said date.

(81A) Notwithstanding omission of clause (81), the existing holders of Foreign Currency Bearer Certificate shall continue to have the benefit of exemption till such certificates are encashed.

(82) Any profit on Special US Dollar Bonds issued under the Special US Dollar Bonds Rules, 1998:

Provided that the exemption under this clause shall not apply to profits on the said bonds purchased by a resident person out of any incremental deposits made in the foreign currency accounts on or after the 16th day of December, 1999, or out of new accounts opened on or after the said date.

(83) Any profit on debt derived from Pak rupees account or certificates of deposit which have been created by conversion of a foreign currency account or deposit held on the 28th day of May, 1998, with a bank authorised under the Foreign Currency Accounts Scheme of State Bank of Pakistan:

Provided that nothing contained in this clause shall apply to such Pak rupee account or certificates which are created out of foreign currency deposits which are not exempt under clause (78) and (80).

(88A) Notwithstanding omission of clause (88), the existing holders of Federal Government Securities and redeemable capital shall continue to have benefit of exemption till the maturity of the securities and redeemable capital.

(90) Any profit on debt payable by an industrial undertaking in Pakistan -

- (i) on moneys borrowed by it under a loan agreement entered into with any such financial institution in a foreign country as may be approved in this behalf by the Federal Government by a general or special order; and
- (ii) on moneys borrowed or debts incurred by it in a foreign country in respect of the purchase outside Pakistan of capital plant and machinery in any case where the loan or debt is approved by the Federal Government, having regard to its terms generally and in particular to the terms of its payment, from so much of the tax payable in respect thereof as exceeds the tax or taxes on income paid on such interest in the foreign country from which the loan emanated or in which the debt was incurred (hereinafter referred to as the 'said country'):

Provided that, where the amount of such tax or taxes paid in the said country exceeds the amount of the tax payable in Pakistan, no refund of the amount paid in excess shall be allowed:

Provided further that, where the said country exempts such interest or allows credit against its own tax for the tax which would have been payable in Pakistan if the said interest were liable to tax in Pakistan, no tax shall be payable in Pakistan in respect of such interest.

(91) Any income of a text-book board of a Province established under any law for the time being in force, accruing or arising from the date of its establishment.

(92) Any income of any university or other educational institution established solely for educational purposes and not for purposes of profit.

(93) Profits and gains derived by a taxpayer from the running of any computer training institution or computer training scheme, recognized by a Board of Education or a University or the University Grant Commission, as the case may be, set up between the first day of July, 1997, and the thirtieth day of June, 2005, both days inclusive, for a period of five years beginning with the month in which such institution is set up:

Provided that a computer training institution or computer training scheme approved by the Central Board of Revenue before the first day of July, 2000 shall continue to avail exemption under this clause till the expiry of the specified period.

(93A) Profits and gains derived by a taxpayer from the running of any vocational institute or technical institute or poly-technical institute, recognized by a Board of Technical Education or a university or any other authority appointed in this behalf by the Federal Government or a Provincial Government, as the case may be, set up between the first day of July, 2004, and the thirtieth day of June, 2008, both days inclusive, for a period of five years beginning from the tax year in which such institution is recognized.

(98) Any income derived by any Board or other organization established in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognised by Government.

(99) Any income except income arising from Continuous Funding System (CFS) derived by a mutual fund or an investment company registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, or a unit trust scheme constituted by an assets management company registered under the Assets Management Companies Rules, 1995, or a Real Estate Investment Trust approved and authorized under Real Estate Investment Trust Rules, 2006, established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006, if not less than ninety percent of its accounting income of that year, as reduced by capital gains whether realized or unrealized, is distributed amongst the unit or certificate holders or shareholders as the case may be:

Explanation. For the purpose of this clause the expressing

“accounting income” means income calculated under the Generally accepted Accounting Principles and verified by the auditors.”.

(99A) Profits and gains accruing to a person on sale of immovable property to a real estate investment trust upto thirtieth day of June, 2010.

(100) Any income, not being income from trading activity, of a modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), for any assessment year commencing on or after the first day of July, 1999:

Provided that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the said Ordinance or the rules made thereunder, as are distributed amongst the shareholders:

Provided further that with effect from the first day of July, 1999 for the purpose of determining the distribution of ninety per cent profits, the profits distributed through bonus certificates or shares to the certificate holders shall not be taken into account.

(101) Profits and gains derived between the first day of July, 2000 and the thirtieth day of June, 2014 both days inclusive, by a venture capital company and venture capital fund registered under Venture Capital Companies and Funds Management Rules, 2000 and a Private Equity and Venture Capital Fund.

(102) Any dividend received by the Investment Corporation of Pakistan from any other company which has paid or will pay tax in respect of the profits out of which such dividends are paid.

(102A) Income of a person as represents a subsidy granted to him by the Federal Government for the purposes of implementation of any orders of the Federal Government in this behalf.

(103) Any distribution received by a taxpayer from the National Investment (Unit) Trust or a collective Investment Scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 or a Private Equity and Venture Capital Fund out of the capital gains of the said Trust or Fund on which tax has already been paid.

(104) Any income derived by the Libyan Arab Foreign Investment Company being dividend of the Pak-Libya Holding Company.

(105) Any income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited.

(105A) Any income derived by Kuwait Foreign Trading Contracting and

Investment Company or Kuwait Investment Authority being dividend of the Pak-Kuwait Investment Company in Pakistan from the year of incorporation of Pak-Kuwait Investment Company.

(107) Any income derived by any subsidiary of the Islamic Development Bank wholly owned by it and set up in Pakistan and engaged in owning and leasing of tankers.

(110) Any income chargeable under the head "capital gains", being income from the sale of modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984), listed on any stock exchange in Pakistan or shares of a public company (as defined in sub-section (47) of section 2) and the Pakistan Telecommunications Corporation vouchers issued by the Government of Pakistan, derived by a taxpayer upto tax year ending on the thirtieth day of June, 2008.

(110A) Any gain on transfer of a capital asset of the existing stock exchanges to new corporatized stock exchange, in the course of corporatization of an existing stock exchange.

(110B) Any gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange, for acquisition of shares and trading or clearing rights acquired by such member in new corporatized stock exchange in the course of corporatization of an existing stock exchange.

(111) Any income chargeable under the head "capital gains", being income from the sale of shares of a public company derived by any foreign institutional investor as is approved by the Federal Government for the purpose of this clause.

(113) Any income chargeable under the head "capital gains", being income from the sale of shares of a public company set up in any Special Industrial Zone referred to in clause (126) of this Schedule, derived by a person for a period of five years from the date of commencement of its commercial production:

Provided that the exemption under this clause shall not be available to a person from the sale of shares of such companies which are not eligible for exemption from tax under clause (126).

(114) Any income chargeable under the head "capital gains" derived by a person from an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980).

(114A) Any income chargeable under the head "capital gains", derived by a person from sale of ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft upto tax year ending on the thirtieth day of

June, 2011.

(117) Any income derived by a person from plying of any vehicle registered in the territories of Azad Jammu and Kashmir, excluding income arising from the operation of such vehicle in Pakistan to a person who is resident in Pakistan and non-resident in those territories.

(126) (1) Profits and gains derived by a taxpayer from an industrial undertaking set up between the first day of July, 1995, and the 31st day of December, 2002, both days inclusive, for a period of ten years beginning with the month in which the undertaking is set up or commercial production is commenced, whichever is the later:

Provided that the exemption under this clause shall not be available after the 31st January, 1996, except to such taxpayers, otherwise qualifying under this clause, who have established letters of credit for the import of plant and machinery for such industrial undertaking by the 31st January, 1996:

Provided further that the extension in deadline from the 30th June, 1999, to the 31st December, 2002, shall not apply to those projects whose cases are *sub judice* and that the Federal Government shall decide such cases in accordance with the verdict of the apex Court.

(2) The exemption under this clause shall apply to an industrial undertaking which fulfils the following conditions, namely :-

- (a) that it is set up in such area as may be notified by the Federal Government to be a Special Industrial Zone ;
- (b) that it is not formed by the splitting up, or the reconstruction or reconstitution of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business ;
- (c) that it is owned and managed by a company formed exclusively for operating such industrial undertaking and registered under the Companies Ordinance, 1984 (XLVII of 1984), having its registered office in Pakistan ; and
- (d) that it is not engaged in the manufacture of arms and ammunition, security printing, currency and mint, high explosives, radioactive substances, alcohol (except industrial alcohol), cotton ginning, spinning (except as part of integrated textile unit), sugar manufacturing (white), flour milling, steel re-rolling and furnace, Tobacco industry, ghee or vegetable oil industry, plastic bags (including Polypropylene, and Polyethylene), beverages (excluding fruit juices), polyester

industry, automobile assembly and cement industry.

(131) Any income-

- (a) of company registered under the Companies Ordinance 1984 (XLVII of 1984), and having its registered office in Pakistan, as is derived by it by way of royalty, commission or fees from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise by the company or in the consideration of technical services rendered outside Pakistan to such enterprise by the company under an agreement in this behalf, or
- (b) of any other taxpayer as is derived by him, in the income year relevant to assessment year beginning with the first day of July, 1982 and any assessment year thereafter, by way of fees for technical services rendered outside Pakistan to a foreign enterprise under an agreement entered into in this behalf :-

Provided that-

- (i) such income is received in Pakistan by or on behalf of the said company or other taxpayer, as the case may be, in accordance with the law for the time being in force for regulating payments and dealings in foreign exchange ; and
- (ii) where any income as aforesaid is not brought into Pakistan in the year in which it is earned and tax is paid thereon, an amount equal to the tax so paid shall be deducted from the tax payable for the year in which it is brought into Pakistan and, where no tax is payable for that year or the tax payable is less than the amount to be deducted, the whole or such part of the said amount as is not deducted shall be carried forward and deducted from the tax payable for the year next following and so on.

(132) Profits and gains derived by a taxpayer from an electric power generation project set up in Pakistan on or after the 1st day of July, 1988. The exemption under this clause shall apply to such project which is-

- (a) owned and managed by a company formed for operating the

said project and registered under the Companies Ordinance, 1984 (XLVII of 1984), and having its registered office in Pakistan:

- (b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and
- (c) owned by a company fifty per cent of whose shares are not held by the Federal Government or Provincial Government or a local authority or which is not controlled by the Federal Government or a Provincial Government or a local authority:

Provided that the condition laid down in sub-clause (a) shall not apply to the Hub Power Company Limited:

Provided further the exemption under this clause shall not apply to oil fired power plants setup between 22nd October, 2002 and 30th June, 2006 but shall apply to Dual Fuel (Oil/Gas) power projects set up on or after the first September, 2005:

Provided further that the exemption under this clause shall be available to companies registered in Pakistan or Azad Jammu and Kashmir owning and managing Hydel Power Projects, set up in Azad Jammu and Kashmir or Pakistan.

(132A) Payments made on or after the first day of July, 1991, for the supply of plant, equipment and machinery to Hub Power Company Limited by a non-resident being a foreign individual, company, firm or association of persons.

(133) Income from exports of computer software or IT services or IT enabled services upto the period ending on 30th day of June, 2016.

Explanation.- For the purpose of this clause –

- (a) “IT Services” include software development, software maintenance, system integration, web design, web development, web hosting, and network design, and
- (b) “IT enabled services” include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.

(133A) Any income derived by an individual from transfer of his membership rights or shares of a stock exchange in Pakistan along with a room in the Stock Exchange to a company at any time between the first day of July, 2005, and the thirtieth day of June, 2008.

(135) Any amount received on encashment of Special US Dollar Bond issued under the Special US Dollar Bonds Rules, 1998.

(136) Any income of a special purpose vehicle as defined in the Asset Backed Securitization Rules, 1999 made under the Companies Ordinance, 1984 (XLVII of 1984):

Provided that, if there is any income which accrues or arises in the accounts of the special purpose vehicle, after completion of the process of the securitization, it shall be returned to the Originator as defined by the said rules within the income year next following the year in which the income has been determined and such income shall be taxable in the hands of the Originator.

(138) Any income referred to in Section 3.4 (a) of the Facilitation Agreement between the President of the Islamic Republic of Pakistan and the taxpayer purchasing the Kot Addu Power Station from Pakistan Water and Power Development Authority for a period of ten years from 28th June, 1996; provided, however, that the exemption under this clause shall only be available subject to the business of the said taxpayer being restricted to owing and operating the Kot Addu power station.

(139) (a) The benefit represented by free provision to the employee of medical treatment or hospitalization or both by an employer or the reimbursement received by the employee of the medical charges or hospital charges or both paid by him, where such provision or reimbursement is in accordance with the terms of employment:

Provided that National Tax Number of the hospital or clinic, as the case may be, is given and the employer also certifies and attests the medical or hospital bills to which this clause applies;

(b) any medical allowance received by an employee not exceeding ten per cent of the basic salary of the employee if free medical treatment or hospitalization or reimbursement of medical or hospitalization charges is not provided for in the terms of employment; or

PART II
REDUCTION IN TAX RATES

Incomes or classes of income, or persons or classes of persons, enumerated below, shall be liable to tax at such rates which are less than the rates specified in the First Schedule, as are specified hereunder:

(2) Any income of persons whose profits or gains from business are computed under the Fifth Schedule to this Ordinance as is derived from letting out to other similar persons any pipeline for the purpose of carriage of petroleum shall be charged to tax at the same rate as is applicable to such persons in accordance with the provisions of the said Schedule.

(3) The tax in respect of income from services rendered outside Pakistan shall be charged at the rate of one per cent of the gross receipts, provided that such receipts are brought into Pakistan in foreign exchange through normal banking channel.

(3A) The tax in respect of income from construction contracts out side Pakistan shall be charged at the rate of one per cent of the gross receipts provided that such income is brought into Pakistan in foreign exchange through normal banking channel.

(5) The tax chargeable in respect of commission received by an export indenting agent or an export buying house shall be at the rate equal to the rate of tax applicable to the exporter on export of goods to which such commission relates.

(5A) The rate of withholding tax in respect of payments for profit on debt payable to a non-resident person, having no permanent establishment in Pakistan, shall be the rate as provided in Avoidance of Double Taxation Treaty of the respective country of the non-resident.

(5B) The tax in respect of capital gains derived by a person from the sale of shares or assets by a private limited company to Private Equity and Venture Capital Fund shall be charged at the rate of ten per cent of such gains.

(6) In the case of resident person the profit on Special US Dollar Bonds purchased out of any incremental deposits made in the existing foreign currency accounts on or after the 16th day of December, 1999, or out of new accounts opened on or after the said date, shall be liable to deduction of income tax under clause (c) of sub-section (1) of section 151 at the rate of 10 per cent of the amount of the said profit.

(9) Tax under section 148 shall be collected at rate of the 1% on import of all fibres, yarns and fabrics (excluding pure cotton or its yarn or its fabrics), and goods covered by the Zero Rating Regime of the Sales Tax notified by Central

Board of Revenue.

(10) In the case of M/s Fauji Foundation and Army Welfare Trust, so much of the income chargeable under the head "Income from business " as is not exempt under clause (58) of Part I, shall be charged to tax at the rate of 20% of such income.

(13) Tax under section 148 shall be collected at the rate of 1% on imports of capital goods and raw material (other than polyester filament yarn) imported exclusively for its own use by a manufacturer registered with Sales Tax Department.

(13A) In respect of phosphatic fertilizers imported and specified in Notification No. S.R.O. 609(I)/2004, dated 16th July, 2004 the tax under section 148 of the Income Tax Ordinance, 2001 shall be collected at the rate of 1% of its import value as increased by customs duty and sales tax, if any, levied thereon.

(13B) In respect of goods falling under HS Code 801.1100, 801.3200, 802.1200, 802.9010, 902.4010, 902.4090, 2101.1110, 2101.1120, 0902.2000, 904.1110, 907.0000, 908.1000, 3702.3100, 3705.2000, 3707.9000, 4011.2090, 6301.1000, 8204.0000, 8301.1000, 8511.1000, 8525.4000, 8529.9010, 9004.1000, 0904.1120 (White Pepper), 0904.1190 (Long Pepper), 0906.1000 (Cassia), 0813.4010 (Tamarind), 0908.3020 (Small Cardamom), 0908.3010 (Big Cardamom), 0909.1000 (Star Aniseeds), 0802.5000 (Pistachio), 1211.9000 (Medical Herbs), 1301.1010 (Seed Lac), 1903.0010 (Sago Seeds), 1301.9090 (Gum Gopal), 3706.9000 Other (cinematographic film), 9613.1000 (Pocket lighters, gas fuelled, non-refillable) and 9613.2000 (Pocket lighters, gas fuelled, refillable) and such other goods as notified by Central Board of Revenue of the First Schedule to the Customs Act, 1969 (IV of 1969), imported, the tax under section 148 shall be collected at the rate of 2% of its import value as increased by customs-duty and sales tax, if any, levied thereon.

(13C) In respect of manufacturers of cooking oil or vegetable ghee or both, the rate of income tax on purchase of locally produced edible oil shall be 1% of the purchase price.

(13E) In respect of potassic fertilizers imported in pursuance of Economic Coordination Committee of the cabinet's decision No. ECC-155/12/2004 dated the 9th December, 2004, the tax under section 148 of the Income Tax Ordinance, 2001 shall be collected at the rate of one percent of its import value as increased by customs-duty and sales tax, if any, levied thereon.

(13G) Tax under section 148 on the following item shall be collected @ 1% of their import value as increased by customs duty and sales tax, if any levied thereon:

- i. Capital goods;

- ii. Cement;
- iii. Coal;
- iv. Gold;
- v. Mobile telephone sets;
- vi. Silver;
- vii. Sugar;
- viii. Wheat;
- ix. Raw wood;
- x. Trucks in CBU condition having Gross Vehicle Weight exceeding 5 tons classified under PCT headings 8704.3290 and 8704.9090;
- xi. Dump trucks classified under PCT heading 8704;
- xii. Buses classified under PCT heading 87.01, 8702.1090.
- xiii. medical, surgical, dental or veterinary machinery/ equipment, fixtures, fittings, furniture and diagnostic kits not manufactured locally covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xiv. equipments relating to call centers not manufactured locally covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xv. Disinfectants used in poultry business covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xvi. pre-fabricated structures for poultry farms covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xvii. live stock and raw materials and intermediaries goods as used in the manufacture of packing material for the packing of dairy products covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;

- xviii. ripening chambers, hot water treatment plant, vapor hot treatment plant, modern cold storage, packing machinery, power generating sets of 10 – 25 KVA and battery operated fork lift trucks used in horticulture and floriculture business covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xix. processing and packing machinery/equipment required for fish farming covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xx. medicines for cancer, drugs used for kidney dialysis and kidney transplant, all type of vaccines for Hepatitis, Interferon and other medicines for Hepatitis, all vaccines/anti-sera, cardiac medicines, injection anti-D Immunoglobulin, blood bags CPDA.1, all medicines for HIV/AIDS and all medicines for Thalassemia covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xxi. Broadcasting equipments covered by SRO 575(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xxii. News print covered by SRO 567(i)/2006 dated 05.06.2006 under the Customs Act, 1969;
- xxiii. Computer hardware, parts and accessories of items classified under PCT heading 8471;

“Explanation.- Capital goods mean any plant, machinery, equipment, spares and accessories, classified in Chapters 84, 85 or any other Chapter of the Pakistan Customs Tariff, required for,-

- (i) the manufacture or production of any goods, and includes refractory bricks and materials required for setting up a furnace, catalysts, machine tools, packaging machinery and equipment, refrigeration equipment, power generating sets and equipment, instruments for testing, research and development, quality control, pollution control and the like;
- (ii) use in mining, agriculture, fisheries, animal husbandry, floriculture, horticulture, live stock, dairy and poultry industry;
- (iii) service sector as defined in Customs Act, 1969;

This clause shall supersede clause (iv) of SRO.593(I)/91dated 30th June, 1991.

(13H) Tax under section 148 on the following items shall be collected @ 2% of their import value as increased by customs duty, Federal Excise Duty and sales tax, if any levied thereon:

- (i) raw material for steel industry including remeltable; and re-rollable scrap;
- (ii) raw material for manufacturer of poultry feed;
- (iii) stationery;
- (iv) edible oils including crude oil imported as raw material for manufacture of ghee or cooking oil;
- (v) Energy saver lamps [PCT heading 8539.10];
- (vi) Bitumen [PCT heading 2714];
- (vii) Fixed Wireless Terminal [PCT heading 8525.2040];
- (viii) Pesticides and medicides.

(14) Tax shall be deducted under section 154 at the rate of 0.75% from foreign exchange proceeds on account of exports of –

- (i) rice marketed under a brand name up to fifty kilograms packs;
- (ii) canned and bottled fish including sea-food and other food items; and
- (iii) precious and semi-precious stones whether uncut, cut, or polished.

(15) Tax shall be deducted under section 154 at the rate of 0.75% from foreign exchange proceeds on account of exports of fish and fisheries products packed in retail packs of five hundred grams to two kilograms.

(16) In the case of a non-resident company, rate of deduction of tax under section 150 on dividends received from a company engaged exclusively in mining operations, other than petroleum, shall be 7.5 per cent of the gross amount of dividend.

(17) The rates of tax as specified in Division III of Part-I of First Schedule shall be reduced to 7.5% in case of dividends declared or distributed by purchaser of a power project privatised by WAPDA.

(18) In the case of a modaraba the rate of income tax shall be 25% of total income excluding such part of total income to which Division III of Part I of the First Schedule or section 153 or section 154 applies.

(19) In respect of tax year commencing on or after the first day of July, 2002, the rate of income tax in respect of income of amalgamated company for its different businesses shall be the same as applicable to such businesses in the relevant tax year for the tax year in which amalgamation takes place and two tax years next following.

(20) The rates of tax as specified in clause (b) of Division-III of Part-I of First Schedule shall be reduced to 7.5% in case of dividend declared or distributed on shares of a company set up for power generation.

(21) In the case of any resident person engaged in the business of shipping, a presumptive income tax shall be charged in the following manner, namely:-

- (a) ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft purchased or bare-boat chartered and flying Pakistan flag shall pay tonnage tax of an amount equivalent to one US \$ per gross registered tonnage per annum; and
- (b) ships, vessels and all floating crafts including tugs, dredgers, survey vessels and other specialized craft not registered in Pakistan and hired under any charter other than bare-boat charter shall pay tonnage tax of an amount equivalent to fifteen US cents per tonne of gross registered tonnage per chartered voyage provided that such tax shall not exceed one US \$ per tonne of gross registered tonnage per annum:

Provided that the reduction under this clause shall not be available after the 30th June, 2020.

Explanation.- For the purpose of this clause the expression "equivalent amount" means the rupee equivalent of a US dollar according to the exchange rate prevalent on the first day of December in the case of a company and the first day of September in other cases in the relevant assessment year."

(23) In respect of Urea fertilizer imported, the tax under section 148 shall be collected at the rate of 1% of its import value as increased by customs-duty and sales tax, if any levied thereon.

(24) In respect of pulses imported, the tax under section 148 shall be collected at the rate of two per cent of the value of such pulses as increased by customs-duty and sales tax, if any, levied thereon.

(26) the rate of tax as specified in Division II of Part IV, of the First Schedule, in the case of advertising agents, shall be 5% of the amount of the payment.

PART III
REDUCTION IN TAX LIABILITY

Income, or classes of income, or person or classes of person, enumerated below, shall be allowed reduction in tax liability to the extent and subject to such conditions as are specified hereunder:-

- (1) Any amount received as flying allowance by-
 - (a) pilots, flight engineers and navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority; and
 - (b) Junior Commissioned Officers or other ranks of Pakistan Armed Forces, shall be taxed @ 2.5% as a separate block of income.

(1A) Where the taxable income, in a tax year, of a taxpayer aged 60 years or more on the first day of that tax year does not exceed 400,000 rupees, his tax liability on such income shall be reduced by 50%.

(2) The tax payable by a full time teacher or a researcher, employed in a non profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, shall be reduced by an amount equal to 75% of tax payable on his income from salary.

(2) The amount of tax payable, in a year in which the rupee is revalued or devalued, by a taxpayer whose profits or gains are computed in accordance with the rules contained in the Fifth Schedule to this Ordinance and who had entered with the Government into an agreement which provides for such reduction, shall be reduced to the amount that would be payable in the absence of the revaluation or devaluation of the rupee.

(3) Where any company engaged in the business of distribution of cigarette manufactured in Pakistan is required to pay minimum tax on the amount representing its turnover under section 113, the amount of tax payable under the said section shall be reduced by eighty per cent.

(4) In respect of old and used automotive vehicles specified in Notification No. S.R.O. 932(1)/2004, dated the 20th November, 2004, the tax under section 148 of the Income Tax Ordinance, 2001, shall not exceed the amount specified in column (3) of the Table below, namely: -

TABLE

S.No.	Vehicles meant for transport of persons	Income tax in Pak Rupees
(1)	(2)	(3)
1.	Upto 800CC	Rs.29,852
2.	From 801CC to 1000CC	Rs.34,497
3.	From 1001CC to 1300CC	Rs.67,282
4.	From 1301CC to 1600CC	Rs.105,061
5.	From 1601CC to 1800CC	Rs.120,256

PART IV
EXEMPTION FROM SPECIFIC PROVISIONS

Income, or classes of income, or persons or classes of persons, enumerated below, shall be exempt from the operation of such provisions of this Ordinance, subject to such conditions and to the extent, as are specified hereunder: -

(2) In the case of losses referred to in section 57 in respect of an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the period of six tax years specified in the said section shall not apply.

(3) The provisions of clause (b) of component C of the formula contained in sub-section (2) of section 61 shall not apply in case of donations made to Agha Khan Hospital and Medical College, Karachi:

(3A) The provisions of sub-sections (5) and (5A) of section 34 and section 70 shall not apply to any benefit derived by way of waiver of profit on debt or the debt itself under the State Bank of Pakistan, Banking Policy Department's Circular No.29 of 2002, dated the 15th October, 2002, to the extent not set off against the losses under Part VIII of Chapter III.

(5) The provisions of section 111 regarding un-explained income or assets shall not apply in respect of,-

- (i) any amount of foreign exchange deposited in a private Foreign Currency account held with an authorized bank in Pakistan in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan:

Provided that the exemption clause shall not be available in respect of any incremental deposits made on or after the 16th day of December, 1999 in such accounts held by a resident person or in respect of any amount deposited in accounts opened on or after the said date by such person.

- (ii) any amount invested in the acquisition of Three Years Foreign Currency Bearer Certificates issued under the Foreign Currency Bearer Certificates Rules, 1997.
- (iii) rupees withdrawn or assets created out of such withdrawal in rupees from private foreign currency accounts, or encashment of Foreign Exchange Bearer Certificates, US Dollar Bearer Certificates and Foreign Currency Bearer Certificates.

(10) The provisions of section 111, Part-X and Part-XI of Chapter X shall not apply in respect of any amount invested in the purchase of Special US Dollar Bonds issued under the Special U.S. Dollar Bond Rules, 1998:

Provided that the exemption under this clause shall not be available in respect of the amount invested in the said Bonds purchased out of incremental deposits made in the existing foreign currency accounts on or after 16th day of December, 1999, or out of foreign currency accounts opened on or after the said date, or on payment of the amount referred to in sub-rule (3) of rule 5 of Special U.S. Dollar Bond Rules, 1998 after the said date.

(11) The provisions of section 113, regarding minimum tax, shall not apply to,-

- (i) National Investment (Unit) Trust or a collective investment scheme authorized or registered under the Non-banking Finance Companies (Establishment and Regulation) Rule, 2003 or a real estate investment trust approved and authorized under the Real Estate Investment Trust Rules, 2006, or any other company in respect of turnover representing transactions in shares, or securities listed on a registered stock exchange;
- (ii) petroleum dealers, in so far as they relate to turnover on account of sale of petroleum and petroleum products, notwithstanding their status as a company, a registered firm or an individual, engaged in retail sale of petroleum and petroleum products through petrol pumps for the purposes of assessment of their income and determination of tax thereon:

Provided that this exemption shall not apply to the sale of petroleum and petroleum products through petrol pumps which are directly operated or managed by companies engaged in distribution of petroleum and petroleum products.

Explanation.- For the removal of doubt it is declared that the companies engaged in distribution of petroleum and petroleum products other than through petrol pumps shall not be entitled to the benefits of this exemption;

- (iii) Hub Power Company Limited so far as they relate to its receipts on account of sale of electricity;
- (iv) Kot Addu Power Company Limited (KAPCO) for the period it continues to be entitled to exemption under clause (138) of Part-I of this Schedule;

- (v) companies, qualifying for exemption under clause (132) of Part-I of this Schedule, in respect of receipts from sale of electricity;
- (vi) Provincial Governments and local authorities, qualifying for exemption under section 49 and other Government or semi-Government bodies which are otherwise exempt from income tax:

Provided that nothing shall be construed to authorize any refund of tax already paid or the collection of any outstanding demand created under the said section;

- (vii) Pakistan Red Crescent Society;
- (viii) special purpose, non-profit companies engaged in scrutinizing the receivables of Provincial Governments or the companies;
- (ix) non-profit organizations approved under clause (36) of section 2 or clause (58) or included in clause (61) of Part-I of this Schedule;
- (x) a taxpayer who qualifies for exemption under clause (133) of Part-I of this Schedule, in respect of income from export of computer software or IT services or IT enabled services;
- (xi) a resident person engaged in the business of shipping who qualifies for application of reduced rate of tax on tonnage basis as final tax under clause (21) of Part II of the Second Schedule;
- (xii) a venture capital company, venture capital fund and Private Equity and Venture Capital Fund which is exempt under clause (101) of Part-I of this Schedule;
- (xiii) a Modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
- (xiv) Corporate and Industrial Restructuring Corporation (CIRC);
- (xv) a Small Company as defined in section 2;
- (xvi) The corporatized entities of Pakistan Water and Power Development Authority, so far as they relate to their receipts on account of sales of electricity, from the date of their creation upto the date of completion of the process of corporatization *i.e.* till the tariff is notified: and

- (xvii) a *morabaha* bank or a financial institution approved by the State Bank of Pakistan or the Securities and Exchange Commission of Pakistan (SECP), as the case may be, for the purpose of Islamic Banking and Finance in respect of turnover under a morabaha arrangement.

(16) The provisions of sections 113, 148, 151, 153, 155 and 156 shall not apply to the institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network:

Provided that such institutions shall continue to collect and deduct tax under section 149, 151, 152, 153, 155, 156 or 233 from others persons, wherever required thereunder:

Provided further that in respect of application of section 113, this clause shall take effect from the first day of July, 1991.

(19) The provisions of sections 113 and 151 shall not apply to non residents, (excluding local branches or subsidiaries or offices of foreign banks, companies, associations of persons or any other person operating in Pakistan), in respect of their receipts from Pak rupees denominated Government and corporate securities and redeemable capital, as defined in the Companies Ordinance, 1984 (XLVII of 1984), listed on a registered stock exchange, where the investments are made exclusively from foreign exchange remitted into Pakistan through a Special Convertible Rupee Account maintained with a bank in Pakistan.

(33) The provisions of sections 151 and 233 shall not apply to any person making payment to National Investment (Unit) Trust or a mutual fund established by the Investment Corporation of Pakistan or an investment company registered under the Investment Companies and Investment Advisers Rules 1971 or a unit trust scheme constituted by an Asset Management Company registered under the Asset Management Companies Rules, 1995 or a real investment trust, approved and authorized under the Real Estate Investment Trust Rules, 2006, established and managed by a REIT management company licensed under the Real Estate Investment Trust Rules, 2006 or a Private Equity and Venture Capital Fund.

(36) The provisions of clause (c) of sub-section (1) of section 151 shall not apply in respect of any amount paid as interest or profit on Special US Dollar Bonds issued under the Special US Dollar Bonds Rules, 1998.

(36A) The provisions of clause (a) of sub-section (1) of section 151 shall not apply in respect of any amount paid as yield or profit on investment in Bahbood

Savings Certificate or Pensioner's Benefit Account.

(38) The provisions of section 151, 153 and 233 shall not apply to special purpose vehicle for the purpose of securitization.

(38A) The provisions of sections 150, 151 and 233 shall not apply to a Venture Capital Company;

(38B) The provisions of section 150 shall not apply to the Islamic Development Bank.

(41) The provisions of sub-section (1B) of section 152 shall not apply in respect of a non-resident person unless he opts for the presumptive tax regime:

Provided that a declaration of option is furnished in writing within three months of the commencement of the tax year and such declaration shall be irrevocable and shall remain in force for three years.

(41A) Notwithstanding anything contained in the Finance Act, 2005 (VII of 2005), with respect to the omission of clause (40) of Part IV of the Second Schedule to this Ordinance, nothing in sub-section (6A) of Section 153 of this Ordinance shall apply to any person being a manufacturer, where declaration of option for the presumptive tax regime has been furnished and transactions pertaining to such option have been undertaken and completed on or before the 30th June, 2005:

Provided that all declaration of options already furnished shall cease to have effect after the 30th June, 2005.

(41B) The provisions of sub-section (2) of section 152 shall not apply in respect of payments to foreign news agencies, syndicate services and non-resident contributors, who have no permanent establishment in Pakistan.

(42) The provisions of sub-section (6) of section 153 shall not apply in respect of payments received by a resident person for providing services by way of operation of container or chemical or oil terminal at a sea-port in Pakistan or of an infrastructure project covered by the Government's Investment Policy, 1997.

(42A) The provisions of sub-section (6) of section 153 shall not apply in respect of payments received by a person for supply of relief goods for earthquake victims against funds from the President Relief Fund for Earthquake Victims, 2005, or any other such source of the Government or the purchases made by approved voluntary Non-Profit Organizations or welfare bodies for the aforesaid purpose.

(43A) The provisions of sub-section (1) of section 153 shall not apply to payments received by a person including Permanent Establishment of Non-resident Petroleum Exploration and Production (E&P) Companies on account of

supply of petroleum product imported by the same person under the Government of Pakistan's deregulation policy of POL products;

(43B) The provisions of clause (a) sub-section (1) of section 153 shall not apply to payments received on sale of air tickets by traveling agents, who have paid withholding tax on their commission income.

(45) The provisions of sub-section (1) of section 153 shall not apply to any manufacturer-cum-exporter as the prescribed person:

Provided that-

- (a) the manufacturer-cum-exporter shall deduct tax from payments made in respect of goods sold in Pakistan;
- (b) if tax has not been deducted from payments on account of supply of goods in respect of goods sold in Pakistan, the tax shall be paid by the manufacture-cum-exporter, if the sales in Pakistan are in excess of five per cent of export sales; and
- (c) nothing contained in this clause shall apply to payments made on account of purchase of the goods in respect of which special rates of tax deduction have been specified under the provisions of the repealed Ordinance.

(46) The provisions of sub-section (1) of section 153 shall not apply to any payment received by an oil distribution company or an oil refinery for supply of its petroleum products.

(47) The provisions of sections 151 and 155 shall not apply to a person who produces a certificate from the Commissioner of Income Tax concerned to the effect that his income during the income year is exempt from tax.

(47A) The provisions of section 153 shall not apply in respect of payments received by a resident person for supply of such goods as were imported by the same person and on which tax has been paid under section 148.

(47B) The provisions of sections 150, 151 and 233 shall not apply to any person making payment to National Investment (Unit) Trust or a mutual fund established by the Investment Corporation of Pakistan or a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 or a modaraba or Approved Pension Fund or an Approved Income Payment Plan constituted by a Pension Fund Manager registered under Voluntary Pension Systems Rules, 2005 or a Real Estate Investment Trust approved and authorized under the Real Estate Investment Trust Rules, 2006, established and managed by a REIT Management Company licensed under the Real Estate Investment Trust Rules, 2006 or a

Private Equity and Venture Capital Fund.

(47C) The provisions of sub-section (1) of section 154 shall not apply to an exporter in respect of cooking oil or vegetable ghee exported to Afghanistan, from whom advance tax has been collected under section 148 on import of edible oil.

(47D) The provisions of sub-section (6A) of section 153 shall not apply to cotton ginners.

(52) The provisions of clause (vi) of Notification No. SRO 593(I)/91, dated the 30th June, 1991, shall not apply to any importer being an industrial undertaking engaged in the manufacture of vanaspati ghee or oil.

(56) The provisions of section 148, regarding withholding tax on imports, shall not apply in respect of:-

- (i) goods or classes of goods imported by contractors and sub-contractors engaged in the execution of power project under the agreement between the Islamic Republic of Pakistan and Hub Power Company Limited;
- (ii) such specially equipped motor vehicle or support equipment imported by a disabled person, as is allowed by the Federal Government;
- (iii) such goods imported into Pakistan as are exempt from customs duties and sales tax under Headings 9913, 9914 and 9915 of Sub-Chapter III of Chapter 99 of First Schedule the Customs Act, 1969 (IV of 1969);
- (iv) goods imported by direct and indirect exporters covered under -
 - (a) Sub-Chapter 4 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001;
 - (b) Sub-Chapter 6 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001; and
 - (c) Sub-Chapter 7 of Chapter XII of S.R.O. 450(I)/2001 dated 18.06.2001;
- (v) goods specified under Heading 9929, Sub-Chapter VIII of Chapter 99 of the First Schedule to the Customs Act, 1969 (IV of 1969);

- (vi) Liquefied Petroleum Gas (LPG)
- (vii) Liquefied Natural Gas (LNG)
- (viii) agricultural tractors imported in CBU condition;
- (ix) an indirect exporter as defined in the Duty and Tax Remission for Export Rules, 2001 issued under Notification No. S.R.O. 85(I)/2001, dated the 21st March 2001;
- (x) Radio Navigational Aid Apparatus imported for an airport or on after First January, 2006.
- (xii) import of the following items, namely:-
 - (a) onions;
 - (b) potatoes;
 - (c) tomatoes;
 - (d) garlic;
 - (e) halal meat of-
 - (1) (i) goat; and
 - (ii) sheep; and
 - (2) beef; and
 - (f) live animals (bovine animals i.e. buffalos, cows, sheep, goats and camels only). and
- (xiv) goods donated for the relief of earthquake victims as are exempt from customs duties and sales tax; and
- (xv) tents, tarpaulin and blankets.
- (xvii) import of ships and floating crafts including tugs, dredgers, survey vessels and other specialized crafts, registered in Pakistan.

- (xviii) goods specified in column (2) of the Table below, falling under the PCT heading number mentioned in column (3) of the said Table, namely: -

TABLE

S.No.	Description of goods.	PCT heading number.
(1)	(2)	(3)
1.	Camera.	9007.1100
2.	Studio lights.	9405.4010
3.	Screen.	9010.6000
4.	Camera all kind lenses.	9002.1100
5.	Stand filers.	9002.2000
6.	Lenses video assist.	9002.1900
7.	Lights/studio lights.	9405.4010
8.	Laboratory for processing.	9010.5000
9.	Steam back.	9405.4010
10.	Mixing studio facility.	9010.5000
11.	Re-mixing and accessories.	9010.5000
12.	Jummy gib.	9010.5000
13.	Negative.	9010.5000
14.	Postive.	9010.5000
15.	Sound.	9010.5000
16.	Magnetic sound/negative.	9010.5000
17.	Lighting equipment imported By M/s Rafi Peer Theatre Workshop.	9405.4010

-
- (xix) one time import of 32 buses by Daewoo Express Bus Service Ltd.
- (xxii) Capital goods and raw material imported by manufacturer exporter registered with Sales Tax Department as a manufacturer.
- (xxiii) Petroleum (E&P) companies covered under SRO.678(I)2004 dated 07.08.2004 except motor vehicles imported by such companies.
- (xxiv) Companies importing high speed diesel oil, light diesel oil, high octane blending component or motor spirit, furnace oil, JP-1, MTBE, kerosene oil, crude oil for refining and chemical use in refining thereof in respect of such goods; and

- (xxv) The re-importation of re-usable containers for re-export qualifying for customs-duty and sales tax exemption on temporary import under the Customs Notification No. S.R.O. 344(I)/95 dated the 25th day of April, 1995.

(57) The provisions of sections 113, 148 and 153 shall not apply to companies operating Trading Houses which-

- (i) have paid up capital of exceeding Rs.250 million;
- (ii) own fixed assets exceeding Rs.300 million at the close of the Tax Year;
- (iii) maintain computerized records of imports and sales of goods;
- (iv) maintain a system for issuance of 100% cash receipts on sales;
- (v) present accounts for tax audit every year; and
- (vi) is registered with Sales Tax Department:

Provided that the exemption under this clause shall not be available if any of the aforementioned conditions are not fulfilled for a tax year:

Provided further that the exemption from application of section 113 shall be available for the first ten years, starting from the tax year in which the business operations concerned.

(57A) The provisions of sections 153 and 169 shall not apply to large import houses:

Provided that the exemption under this clause shall not be available if any of the conditions provided in section 148 are not fulfilled for a tax year;

(58) The provisions of section 205 shall not apply to telecom companies for default of not collecting withholding tax under section 236 (1)(b) on sale of prepaid cards during tax year 2004, if the amount not collected is deposited within three months:

Provided that nothing contained in this clause shall apply to the amounts collected under section 236(1)(b), but not deposited in the Treasury.

(59) The provisions of section 151, regarding withholding tax on profit on debt, shall not apply-

- (i) in respect of profit or interest paid on a Term Finance Certificate held by a company which has been issued on, or after, the first day of July, 1999;
- (ii) to any payment made by way profit or interest to any person on Term Finance Certificates being the instruments of redeemable capital under the Companies Ordinance, 1984 (XLVII of 1984), issued by Prime Minister's Housing Development Company (Pvt) Limited (PHDCL);
- (iii) to Pak rupee accounts or certificates referred to in clause (83) of Part-I of this Schedule; and
- (iv) in the case of any resident individual, no tax shall be deducted from income or profits paid on,-
 - (a) Defence Savings Certificates, Special Savings Certificates, Savings Accounts or Post Office Savings Accounts, or Term Finance Certificates (TFCs), where such deposit does not exceed one hundred and fifty thousand rupees; and
 - (b) Investment in monthly income Savings Accounts Scheme of Directorate of National Savings, where monthly installment in an account does not exceed one thousand rupees.

(60) The provisions of sections 148 and 153 shall not apply to fully as well partly designed/assembled cypher devices, for use within the country as are verified by Cabinet Division (NTISB) with reference to design, quality and quantity.

(61) The provisions of section 231A shall not apply in respect of any cash withdrawal, from a bank, made by an earthquake victim against compensation received from GOP including payments through Earthquake Reconstruction and Rehabilitation Authority (ERRA) account.