

**Government of Pakistan**  
**Revenue Division**  
**Federal Board of Revenue**

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Islamabad, the 21<sup>st</sup> November, 2023.

**Notification**

**S.R.O.1588 (I)/2023.-** In exercise of the powers conferred by sub-section (2) of section 99D of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to –

- (a) specify the banking companies to be the sector for the purpose of the section 99D;
- (b) determine that the method by which the windfall income, profits and gains are required to be computed shall be in accordance with the provisions of paragraph 2 below;
- (c) specify that the rate of tax for the purpose of the said section 99D shall be forty percent;
- (d) specify that the scope of windfall income, profits and gains shall be as computed in paragraph 2 for the calendar years 2021 and 2022 corresponding to tax years 2022 and 2023 respectively, for the purpose of the section 99D;
- (e) appoint the 30<sup>th</sup> day of November, 2023 to be the date by which the payment of the additional tax for the purpose of the section 99D shall be made, or within such extended period not exceeding fifteen days, as the Commissioner, for reasons to be recorded in writing may allow, on an application in writing for extension of date by the taxpayer; and
- (f) specify that payment of the additional tax shall be made in the federal treasury through a prescribed challan or computerized payment receipt.

2. The windfall income, profits, and gains shall be computed in accordance with the following formula namely:

**Windfall Income, profits, and gains for TY 2022 (CY 2021) = [Fx Income<sub>2021</sub> – AM<sub>2022</sub>]**

**Windfall Income, profits, and gains for TY 2023 (CY 2022) = [Fx Income<sub>2022</sub> – AM<sub>2023</sub>]**

Where –



- i. TY = Tax Year;
- ii. CY= Calendar Year;
- iii.  $AM_{2022} = [Fx\ Income_{2015} + Fx\ Income_{2016} + Fx\ Income_{2017} + Fx\ Income_{2018} + Fx\ Income_{2019} + Fx\ Income_{2020}] / 6$ ;
- iv.  $AM_{2023} = [Fx\ Income_{2016} + Fx\ Income_{2017} + Fx\ Income_{2018} + Fx\ Income_{2019} + Fx\ Income_{2020} + Fx\ Income_{2021} - Windfall\ Income\ CY2021] / 6$ ;
- v. For the purposes of this paragraph, Fx Income<sub>2015</sub>, Fx Income<sub>2016</sub>, Fx Income<sub>2017</sub>, Fx Income<sub>2018</sub>, Fx Income<sub>2019</sub>, Fx Income<sub>2020</sub>, Fx Income<sub>2021</sub>, Fx Income<sub>2022</sub> means foreign exchange income as disclosed in the financial statements or notes thereto for the calendar years relevant to tax year 2016, tax year 2017, tax year 2018, tax year 2019, tax year 2020, tax year 2021, tax year 2022 and tax year 2023:

Provided that if windfall income for CY 2021 relevant to TY 2022, as computed under this paragraph, is negative, the value of said windfall income shall be taken as zero for the purpose of computation of AM<sub>2023</sub>:

Provided further that for the purpose of computation of AM<sub>2022</sub> or AM<sub>2023</sub>, where loss has been disclosed under the head of foreign exchange income in any calendar year, such amount of loss shall be excluded from the computation along with exclusion of number of year(s), as used in the denominator of above formula.

### Illustration I:

#### Bank's Foreign Exchange Income as declared in Financial Statements:

Rs. In Billion

CY	2015	2016	2017	2018	2019	2020	2021	2022
Fx Income	1.0	1.1	1.5	2	1.3	1.5	2.5	3.0
Arithmetic Mean for TY 2022	$AM_{2022} = (1.0+1.1+1.5+2+1.3+1.5)/6$						1.4	-
Arithmetic Mean for TY 2023	$AM_{2023} = (1.1+1.5+2+1.3+1.5+1.4)/6$						-	1.46
Windfall Income, profits, and gains							2.5-1.4 =1.1	3.0 -1.46 =1.54
Windfall Income, profits, and gains for CY 2021							1.1	
Windfall Income, profits, and gains for CY 2022								1.54
Total Windfall Income, profits, and gains (CY 2021 + CY 2022)							1.1+1.54 = 2.64	
Additional Tax under section 99D @ 40%							1.056	


**Illustration II:****Bank's Foreign Exchange Income as declared in Financial Statements:**

Rs. In Billion

CY	2015	2016	2017	2018	2019	2020	2021	2022
Fx Income	1.0	-1.1*	1.5	2.0	1.3	1.5	2.5	3.0
Arithmetic Mean for TY 2022	AM= (1.0+1.5+2.0+1.3+1.5)/5*						1.46	-
Arithmetic Mean for TY 2023	AM= (1.5+2.0+1.3+1.5+1.46)/5*						-	1.55
Windfall Income, profits, and gains							2.5-1.46 =1.04	3.0-1.55 =1.45
Windfall Income, profits, and gains for CY 2021							1.04	
Windfall Income, profits, and gains for CY 2022								1.45
Total Windfall Income, profits, and gains (CY 2021 + CY 2022)							1.04+1.45 = 2.49	
Additional Tax under section 99D @ 40%							0.99	

\* this amount of loss is excluded along with reduction in the number of years.

**[F.No.1(10)Rules & SROs/2023]**

  
(Afaque Ahmed Qureshi)  
Additional Secretary  
21/11/2023