

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

**Notification
(Income Tax)**

Islamabad, the 31st May, 2023

S.R.O. 640(I)/2023.- The following draft of certain further amendments in the Income Tax Rules, 2002, which the Federal Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), is hereby published for information of all persons likely to be affected thereby and, as required under sub-section (3) of the said section 237, notice is hereby given that objections or suggestions thereon, if any, may for consideration of the Federal Board of Revenue be sent within seven days of publication of the draft in the official Gazette. Any objection or suggestion which may be received in respect of the said draft, before the expiry of the aforesaid period, shall be considered by the Federal Board of Revenue, namely:-

Draft Amendments

In the aforesaid rules,-

- (1) in rule 13N, in sub-rule (3A), after the expression “Notwithstanding the” the expression “provisions of the second proviso to sub-section (1) of section 37A and” shall be inserted;
- (2) in rule 19H, –
 - (i) in sub-rule (1),–

- (a) after the word “of”, occurring for the first time, the expression “sub-section (7) of section 37 and” shall be inserted;
- (b) in clause (b), the word “and” shall be omitted;
- (c) in clause (c), for the full stop at the end the expression “; and” shall be substituted; and
- (d) after clause (c) amended as aforesaid, the following new clause shall be added, namely: –
“(d) fair market value of shares for the purposes of sub-section (7) of section 37.”;
- (3) after sub-rule (6), the following new sub-rules shall be added, namely: –
“(7) For the purpose of determining fair market value of shares under sub-section (7) of section 37, component D in the formula in clause (c) of sub-rule (2) shall be taken as zero.


(8) State Bank of Pakistan shall not allow transfer or registration of repatriable shares unless prescribed certificate from the Commissioner, to the effect that the tax liability under sub-sections (6) to (10) of section 37 is discharged, is provided by the person selling the shares.”;
- (4) after rule 19H, amended as aforesaid, the following new rule shall be inserted, namely: –
“**19I. Application of this rule.** - (1) This rule applies for the purposes of second proviso to sub-section (1) of section 37A.

(2) Section 37A shall not apply to the disposal of shares of listed companies otherwise than through registered stock exchange and which are not settled through NCCPL.

(3) For the purposes of second proviso to sub-section (1) of section 37A, “shares of a listed company” shall not include units of a mutual fund or collective investment scheme or a REIT scheme or derivative products and provisions of section 37A shall remain applicable on disposal of such units, schemes or products.

Explanation. – It is clarified that the provisions of section 37A shall remain applicable on transactions of shares of listed companies as recorded in the system of NCCPL and reported in accordance with Eighth Schedule of the Income Tax Ordinance 2001.”.

[F.No. 1(113)R&S/2020]


(Tariq Iqbal)
Secretary (Law and Clarification)