

# **NOTES ON CLAUSES**

## **FINANCE SUPPLEMENTARY (SECOND AMENDMENT)** **BILL, 2019**

### **CUSTOMS ACT, 1969 (IV OF 1969)**

- Clause 2(1)                      Seeks to amend First Schedule to the Customs Act, 1969 to give effect to the proposed exemption on import of all items for Ostomy use;
- Clause 2(2)(i)(a)              Seeks to amend Fifth Schedule to the Customs Act, 1969 to give effect to the proposed exemption of duty on newsprint;
- Clause 2(2)(i)(b)              Seeks to amend Fifth Schedule to the Customs Act, 1969 to give effect to the proposed reduction in rate of customs duty on Plastic Moulding Compound;
- Clause 2(2)(ii)                 Seeks to add proposed Part-VIII of Fifth Schedule to the Customs Act, 1969 to give effect to the proposed reduction in rate of customs duty on certain industrial raw materials/ inputs;

## **SALES TAX ACT, 1990**

Clause 3(1)	Seeks to insert new section 67A after section 67
Clause 3(2)(a)(i)	Seeks to insert the words “for the period ending on 30 <sup>th</sup> June, 2023” after the word “ Islamabad” in Table-1 in the Sixth Schedule
Clause 3(2)(a)(ii)	Seeks to substitute serial number 117 and entries relating thereto in columns (1), (2) and (3) in Table-1 in the Sixth Schedule
Clause 3(2)(a)(iii)	Seeks to omit serial number 118 and entries relating thereto in columns (1), (2) and (3) in Table-1 in the Sixth Schedule
Clause 3(2)(a)(iv)	Seeks to add new serial number 150 and entries relating thereto in columns (1), (2) and (3) after serial number 149 in Table-1 in the Sixth Schedule
Clause 3(2)(b)(i)	Seeks to substitute the full stop and phrase “.This exemption in relation to renewable energy shall remain in force up to 30 <sup>th</sup> June, 2023” for the word “etc” in column (2) against serial number 7 in column (1) in the Annexure in Table-3 in the Sixth Schedule
Clause 3(2)(b)(ii)	Seeks to substitute the words “as imported on or before 30 <sup>th</sup> June, 2023” for the word and full stop “etc.” in column (2) against serial number 14A in column (1) in the Annexure in Table-3 in the Sixth Schedule
Clause 3(3)	Seeks to substitute serial number 2 and entries relating thereto in columns (1), (2), (3), (4) and (5) in column (1) in the Table in the Ninth Schedule
Clause 3(4)	Seeks to add Tenth Schedule after Ninth Schedule

## **AMENDMENT OF INCOME TAX ORDINANCE, XLIX OF 2001**

- Clause 4(1)                      Seeks to amend section 5A to abolish tax on undistributed profits after tax year 2019
- Clause 4(2)                      Seeks to amend section 37A to allow carry forward of capital losses for tax year 2019 and onwards for three years
- Clause 4(3)                      Seeks to extend exemption on income of Federal Government from sale of spectrum and licenses to renewal of licenses.
- Clause 4(4)                      Seeks to insert section 99B to empower Federal Government to prescribe schemes for small traders and shopkeepers
- Clause 4(5)                      Seeks to amend section 123 to provide for provisional assessment of off-shore assets
- Clause 4(6)                      Seeks to amend section 148 to make tax collected on certain commercial imports as final tax
- Clause 4(7)                      Seeks to amend section 165 to make requirement of filing of withholding statement bi-annual instead of monthly, to make the relevant related technical changes and to authorize empower Commissioner to call for withholding statement for
- Clause 4(8)                      Seeks to amend section 227C to relax restriction for non-filers on purchase of locally manufactured motor vehicles up to 1300CC and to relax restriction on purchase of immovable property as well as locally manufactured vehicles for non-resident Pakistani citizens
- Clause 4(9)                      Seeks to omit section 230E which provided for establishment of

## Directorate General of Transfer Pricing

- Clause 4(10) Seeks to amend section 233A to abolish advance income tax on members of stock exchange from 1<sup>st</sup> February 2019
- Clause 4(11)(A) Seeks to abolish super tax on non-banking persons after tax year 2019 and to keep rate of super tax for banking companies at 4%.
- Clause 4(11)(B) Seeks to provide advance income tax rates on import of mobile phones.
- Clause 4(11)(C)(a) Seeks to abolish advance income tax on cash withdrawals for filers
- Clause 4(11)(C)(b) Seeks to abolish advance income tax on purchase of banking instruments against cash for filers
- Clause 4(11)(C)(c) Seeks to increase rate of advance income tax on purchase registration or booking of motor vehicles by non-filers.
- Clause 4(11)(C)(d) Seeks to reduce the minimum rate of withholding tax in case of small marriage halls
- Clause 4(12)(A)(a) Seeks to grant exemption from tax on income to National Disaster Risk Management Fund and Deposit Protection Corporation
- Clause 4(12)(A)(b) Seeks to enhance and extend exemption from tax on profit & gains to manufacturers of plant and machinery and equipment for dedicated use in renewable generation set up between 1<sup>st</sup> March, 2019 and 30<sup>th</sup> June, 2023 for five years
- Clause 4(12)(B) Seeks to reduce tax liability on inter-corporate dividend in case of companies availing group relief
- Clause 4(12)(C)(a) Seeks to grant exemption to National Disaster Risk Management

- Fund and Deposit Protection Corporation from minimum tax u/s 113
- Clause 4(12)(C)(b) Seeks to grant exemption to National Disaster Risk Management Fund from tax deductions under section 151 and 153
- Clause 4(12)(C)(c) Seeks to grant exemption to banks from filing withholding statements in respect of certain sections
- Clause 4(12)(C)(d) Seeks to grant exemption from deduction of tax on auction of franchise rights to teams participating in national or international sports league
- Clause 4(12)(C)(e) Seeks to grant exemption from withholding tax on cash withdrawal to accounts solely fed through foreign remittances
- Clause 4(12)(C)(f) Seeks to exempt taxable income of banking company from additional financing in specific sectors from super tax.
- Clause 4(13) Seeks to amend Seventh Schedule to provide for reduced rate of tax on income of banks arising from additional financing to Micro, Small & Medium Enterprises, Low-cost Housing, and Farm Credit

## FEDERAL EXCISE ACT, 2005

- Clause 5(1)                      Seeks to substitute the phrase “sub-section (1) of section 29” for the phrase “section 30” in sub-clause (ii), in clause (aa) in sub-section (2) of section 29
- Clause 5(2)(a)(i)(A)           Seeks to substitute the comma and words “, but not exceeding 3000 cc” after the word “above”, occurring twice, in column (2) against serial number 55 in column (1) in Table I in the First Schedule
- Clause 5(2)(a)(i)(B)           Seeks to insert the hyphen and word “-five” after word “twenty”, in column (4) against serial number 55 in column (1), in Table I in the First Schedule
- Clause 5(2)(a)(ii)               Seeks to insert new serial numbers 55A and 55B and entries relating thereto in columns (1), (2), (3) and (4) after serial number 55 in Table I in the First Schedule