



ITBAK's *News & Views*

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A monthly publication of the Income Tax Bar Association, Karachi covering information on recent important judicial pronouncements, circulars and clarifications

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SUMMARY OF CIRCULARS/NOTIFICATIONS

CIRCULARS/ NOTIFICATIONS REFERENCE	DATE	ISSUES INVOLVED	ITBAK LIBRARY REF: NO.
INCOME TAX			
Circular 01 of 2004	3-1-04	It has been clarified that Workers Welfare Fund (WWF) shall be allowed as tax deductible expense, depending upon the method of accounting employed by the tax payers in accordance with the provisions of Income Tax Law.	112
SRO 1015(I)/2003	15-11-03	Notification with respect to certain amendments made in Rules 211, 214, 219 and 220 of Income Tax Rules, 2002, in respect of approval of Non-Profit Organizations u/s.2(36) of Income Tax Ordinance, 2001.	113
SRO 1053(I)/2003	17-11-2003	It has been notified that tax shall now be deducted u/s.154 at 0.75% from foreign exchange proceeds on account of exports of Rice marketed under a brand name upto 50-kgs pack, instead of earlier upto 5-kgs pack.	114
SRO 1116(I)/2003	18-12-03	Pakistan Centre for Philanthropy (a non-profit company registered u/s.42 of the Companies Ordinance, 1984), Islamabad has been approved to act as a Certification Agency for purposes of rules 211 to 214 and 220A of Income Tax Rules, 2002, with immediate effect and until further orders.	115
SRO (I)/2004	08-01-2004	M/s. Natural Rural Support Program, Islamabad has been granted approval under Clause (58)(3) of Part-I of the Second Schedule, for purposes of exemption of Income for the Tax Year 2003.	116
SRO 14 (I)/2004	08-01-2004	Draft of Income Tax Rule 213A issued prescribing Procedure for applying and issuance of Advance Ruling under S.206A to a Non-Resident Person.	117
SALES TAX			
Instruction No.21	15-10-2003	Further instructions issued in respect of New Sales Tax Registration as under :	118

CIRCULARS/ NOTIFICATIONS REFERENCE	DATE	ISSUES INVOLVED	ITBAK LIBRARY REF: NO.
		(i) Issuance of Registration Certificate may not be withheld for verification of applicant's NIC, in case of manufacturers, service providers and retailers, which may be carried out after certificate has been issued. The old NIC be accepted for application filed till 31-12-2003.	119
		(ii) In case of New business, capital declared be deemed as financial worth of the prospective business and declaration for non-maintenance of bank account or non-filing of Income Tax Return may suffice. However, the New NTN or application filed for NTN should be submitted.	120
		(iii) Mandatory declaration of home addresses and details of the property is required for Individuals and Partnership Firms only.	121
Instruction No.24	31-10-2003	It has been clarified that legally Advertisement on TV and Advertisement on Closed Circuit TV (CCTV) are two distinctly separate services, each having a separate classification.	122
		Therefore, advertisements released on CCTV classified under PCT sub-heading No.9802.3000 are not chargeable to Sales Tax under the Provincial legislations. However, no refund of sales tax already paid by the registered persons and passed on to the consumer shall be allowed/claimed on the basis of this ruling, in terms of S.3B of the Sales Tax Act.	123
Instruction No.25	31-10-2003	Provisions of S.73 shall not apply to adjustment of Input Tax paid on Advertisement Services by Registered Clients on amended invoices issued by PTV on fulfillment of certain specified conditions.	124
Sales Tax General Circular No.2/2003	07-06-2003	Procedure to be followed by officers in case of Audit of a Registered Persons.	125
Circular No.3/2003	23-06-2003	Procedure specified regarding Zero-Rated Supply of Locally Manufactured Goods to Duty Free Shops.	126
Circular No. 4/2003	27-08-2003	Functions specified for supervision by various Collectors of Sales Tax, Sales Tax House, Karachi	127
Circular No. 5/2003	05-12-2003	Conditions specified for Determination of Minimum Sales Tax Liability u/s.11(5) of a Registered Person, who fails to file a Sales Tax Return.	128
Circular No. 6/2003	20-12-2003	To ensure uniform policy to be followed by all the Sales Tax Collectors, a Procedure is specified for black listing and suspension of Sales Tax Registration/Enrolment of suspected persons u/s.21(4) of Sales Tax Act and for subsequent proceedings in such cases.	129

CIRCULARS/ NOTIFICATIONS REFERENCE	DATE	ISSUES INVOLVED	ITBAK LIBRARY REF: NO.
C.No.3(36)STP/99	27-09-2003	Due to operational difficulties, application of amended provisions of S.73 of the Sales Tax Act, 1990 held in abeyance till 31-10-2003. [However, as per latest press reports of 29 th February, 2004, such amended S.73 is kept in abeyance till June, 2004. During this period, the provisions as existed prior to the substitution vide Finance Bill 2003, shall remain operative]	130
C.No.3(2)STP/99	09-10-2003	It has been clarified that amendment in Registration Rules, 1996 are to be implemented prospectively. Therefore, units already registered in respective Collectorates need not be shifted/transferred to other Collectorates.	131
C.No.3(38)STP/97	27-09-2003	Wholesalers (including a Dealer) and Distributors making taxable supplies are required to be registered. Therefore, any such person who receives taxable goods manufactured/ produced in Non-tariff Areas are required to be registered and will attract levy and payment of sales-tax.	132
C.No.4(7)DTRE/	17-12-2003	DTRE approved Exporter is allowed to use his unutilized Duty and Tax Free imported Input Goods for his New DTRE approval in certain specified circumstances.	133
SRO 769(I)/2003	06-08-2003	Amendments made in the Registration, Voluntary Registration and De-Registration Rules, 1996, whereby in case of listed public companies, whose registered premises and manufacturing premises are situated in different Collectorates, audit under S.25/S.38 read with S.40A, may also be carried out by the Collectorate where the manufacturing premises are located.	134
SRO 887(I)/2003	05-09-2003	Certain amendment made in the Ship-breaking Industry (Special Procedure) Rules, 1997.	135
SRO 998(I)/2003	23-10-2003	Special Procedure for Manufacturers – cum -Suppliers of Spun Yarn Rules, 2003, issued.	136
SRO 1072(I)/2003	25-11-2003	Special Procedure for Payment of Sales Tax on Sugar (purchase by TCP).	137
SRO 1090(I)/2003	06-12-2003	Annexure "A" of Filing of Monthly Return Rules, 1996, being Sales Tax Return-cum-Payment Challan substituted.	138
SRO (I)/2004	27-01-2004	For the purposes of payment of sales-tax and filing of sales-tax return by the Independent Power Producers (IPP), in terms of S.6 read with S.26, it has been notified that the due date U/s.2(9) would be the 25 th Day of month following the month (Tax Period) to which sales tax invoice relates.	139

CORPORATE LAWS

Circular No.24	08-10-2003	Prior approval of SECP in respect of assets offered on Lease/Loan to employees (excluding CEO and Directors) is not required by NBFCs provided the service manuals of the Companies permits grant of such lease/loans. However, such lease/loan to CEO/Directors require approval from Board of Directors and SECP prior to the grant of such facility.	140
Circular No.25	07-10-2003	Company Registration Offices (CRO's) are directed not to allow "Bank" or any of its derivatives as a part of companies name unless prior approval of SBP is produced, as required under S.8 of the Banking Companies Ordinance, 1962.	141
Circular No.29	13.11.2003	All CRO's are advised to ensure that the Companies having corporate Agriculture Farming objects should be allocated the appropriate sector in light of the specified activities in the approved policy package and necessary data be furnished to the head office in future.	142
Circular No.30	31-12-2003	Listed Companies in emergent situations are allowed to hold their Board Meetings through video conferencing where it is not possible for the directors to be physically present at the venue of the meeting. However, requirement of requisite quorum and other legal formalities relating to holding such meetings must be strictly observed. Further, Company Secretary is responsible to secure video recording of the proceedings of the meeting and keep it in his custody alongwith other relevant records.	143
Circular No.1	14.01.2004	General relaxation allowed to the Modaraba Companies for circulation of second quarter accounts of the modarabas, with limited scope review within a period of 2-months from close of second quarter instead of one month as prescribed under Rule 10. However, first and third quarter accounts are to be circulated within one month from the close of respective quarters.	144
Circular No.2	21.1.2004	All Non-Banking Finance Companies (NBFC's) under taking the business of Investments Finance Services, Leasing, Housing Finance Services and Asset Management Services are directed to conduct their business in conformity with Prudential Regulations for NBFC's, which are effective from 21.01.2004.	145
Circular No.3	26.01.2004	SECP Circular No 11 of 2003 dated 21.04.2003 prescribing period for submission of report as one month is withdrawn, consequent upon substitution of requirements relating to transfer pricing in the listing regulations of the Stock Exchange.	146
Circular No.4	28.01.2004	Modaraba Companies directed to conduct all business transactions undertaken by the modarabas in conformity with the Revised Prudential Regulations issued for Modarabas, which have come into force with immediate effect.	147

Circular No.5	29.01.2004	In order to reduce financial burden/cost, Modaraba Companies are now no longer required to deposit filing fee with the prescribed statements under the Prudential Regulations for Modarabas, as against earlier requirement of deposit of challan for filing fee of Rs.500/-.	148
Circular No.6	30.01.2004	Circular No.1 dated 23.01.2003 for appointment of Sole Proprietor Chartered Accountants as Auditors by Business Name, withdrawn with immediate effect.	149
Circular No.8	10.02.2004	In order to comply with the requirements of IAS-12 (Revised) with effect from 01.07.2003, the Leasing Companies are required to record the deferred tax liability in accordance with the requirements of IAS-8 Net Profit Loss for the period Fundamental Errors and changes in Accounting Policies.	150
Circular No.9	13.02.2004	It has been clarified that the provisions of Rule 7(2)(d) of the NBFC Rules do not apply to a loan or advance by a company to its employees, if granted under an approved policy of the Company.	151
Circular No.10	13.02.2004	The applicability of IAS-17 - Leases (Revised) to Modarabas has been deferred till further orders, in view of practical difficulties being faced by Modaraba sector. Therefore, Modarabas may continue to prepare accounts without applying IAS-17.	152

SYNOPSIS OF IMPORTANT CASE LAW

CITATION	SECTION	ISSUES INVOLVED
INCOME TAX		
2003PTD1571 H.C. KAR	52	In this case, the learned Tribunal has held that action under Section 52 was barred by time. Tribunal dismissed appeal filed by Revenue on the ground that order was beyond period of four years prescribed u/s 156. The Hon'ble High Court affirmed the view of learned Tribunal.
88TAX235 H.C. KAR	12(9A)	In this case, the Hon'ble High Court has held that no addition under Section 12(9A) could be made in the case of an Insurance Company.
2003PTD1527 H.C. KAR	12(18)	In this case, it has been held by Hon'ble Lahore High Court that since share deposit money was not claimed as a loan in the accounts, addition under Section 12(18) cannot be made, as claim of loan by an assessee is condition precedent. It has been further held that amendment made in 1998 in Section 12 (18) is not retrospective.
2003 PTD 2755 TRIB.	2(16) Clause 1 of Para A Part IV First Schedule I.T. Ord., 1979	In this case the Hon'ble Supreme Court of Pakistan vide its order, dated 4th October, 2001 arising from the judgment, dated 23-10-1998 passed by the High Court of Sindh remanded seven appeals/references to the Income Tax Appellate Tribunal with following directives recorded in the judgment which are reproduced hereunder:--

"We are inclined to remand the case to the Income Tax Appellate Tribunal for deciding the question as to whether the

respondent organization is a public company in terms of Para (1) of Part-IV of the First Schedule to the Income Tax Ordinance, 1979."

It is stated that the Hon'ble Supreme Court while remanding the appeals, also observed that ITAT did not care to call for the record or get the same placed on record so as to determine "whether the assessee was a public company or a private company" and directed that the issue "whether the assessee is a public company because majority of the shares are held by the Government?" be ascertained by placing the authenticated documents or sending for the same from the concerned departments.

The larger bench of learned Tribunal heard the matter in compliance with the directions and after examining and calling relevant documents and provisions of law observed that the majority shares of assessee-Company first acquired by the Federal Government and then transferred to PACO are deemed to be held by the Federal Government and also fulfill the condition of "public company" i.e. a company in which not less than 50% of the shares are held by the Government under the definition as provided in Para B(2) of Part-IV of the First Schedule to the Income Tax Ordinance, 1979. It further observed that The argument of the learned counsel would lapse its effect in view of the explanation attached to Articles 7E and 7F of the Economic Reforms Order, 1972, as Federal Government shall be deemed to have a majority portion of shares in a company carrying, controlling, voting rights, or the controlling proprietary interest in an establishment in case aggregate face value of the shares or proprietary interest in such establishment owned by the Federal Government and by an institution owned or controlled by the Federal Government exceeds 50% of the total voting rights in the issued and paid-up share institution owned or controlled by the Federal Government exceeds 50% of the total voting rights in the issued and paid-up share capital of the company of 50% of the proprietary interest of that establishment. It was, therefore, held the in the given facts and circumstances the company was a public company.

2003 PTD 1264 2(16)(b)
H.C. KAR

*Society not
a body corp.
not a co.*

*It has not been
formed under a law
but only has been*

In this case it has been held that societies registered under the Societies Registration Act do not fall within the definition of Section 2(16)(b). It has been held that only such institution or corporation fall within the definition of company when they are incorporation by or under an enactment. It has been further held that the expression "law in force for the time being" also relates to a particular statute through which a body is directly established and to no other law. The intention of the legislature is to embed only such corporate bodies into the definition of company which are directly established, constituted, and created by the relevant statute itself. However, where the body has been formed by private individual and subsequently registered under the relevant law, it would not be a body formed under the law, rather would be a body formed otherwise, but registered under the law. The Hon'ble High Court further observed that the societies, registered under the Societies Registration Act cannot be

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registered under it.

equated with the companies registered under the Companies Ordinance, 1984 or incorporated under a statute. Therefore, they cannot be treated as company as defined in section 2(16)(b) of the Income Tax Ordinance, 1979.

2003 PTD 1370 27
H.C. KAR

It has been held by the Hon'ble High Court of Sindh that receipt received on the event of forfeiture of advance money resulting from the failure of the intending purchaser to exercise the option of purchasing the property is a capital gain.

2003 PTD 1361 13(1)(d)
TRIB.

It has been held in this case that requirement under the law is that normally a registered deed may be accepted as such unless there is evidence to rebut the contents of the registered deed as being incorrect. Bringing in of the evidence against the contents of the registered deed is the responsibility of the authority which does not intend to accept the contents of the said registered deed. It has been further held that the responsibility to bring evidence is on the department to prove that assessee has expended more than the amount declared under Section 13(1)(d) for the purchase of the assets.

WEALTH TAX

2003 PTD 2755
TRIB.

It has been held by learned Tribunal that after the completion of gift, transaction could not be taxed in the hands of the donor as the assessee after gifting away his share was no more owner of the property.

2003 PTD 2715 17
TRIB

It has been held in this case that under Section 17 the word information has been used only in clause(b) of Sub-section (1) and this information in the possession of assessing officer may or may not be definite. Where the assessing officer is sure that the information is definite he needs not seek prior approval from his IAC and where the information is not definite he has to seek approval of IAC.

2003 PTD 1276 35
H.C. KAR

In this case the department filed a rectification application under section 35 of the Wealth Tax Act, 1963 asking the learned tribunal to rectify its order. The order was rectified by learned Tribunal which was challenged in appeal before the Hon'ble High Court of Sindh. The Hon'ble Court after examining the relevant provisions of law and judgment observed that under section 35 the authority who has passed the order can suo moto rectify the mistake or such mistake can be rectified on the request of the assessee. The right to apply by any income tax authority has been excluded from the provisions. The order of the appellate Tribunal was appellate Tribunal was held to be an exercise of jurisdiction in excess of law and was therefore set-aside.

SALES TAX

2003 PTD 928 2(46)
TRIB.

In this case, the Sales Tax Officer issued a show cause notice for alleged suppression of the value of the goods. According to him, the value addition to the goods after payment of Customs Duty and Sales Tax at the imports stage included various charges incurred like advance income tax, clearing charges, financial charges and profit etc. On this basis the Sales Tax

Officer was of the view that there was a suppressed value. A larger bench of Custom & Excise and Sales Tax Appellate Tribunal was constituted in view of the importance of the questions involved, which were as follows:

- (a) Whether the appellants deliberately suppressed the value of supply of the goods imported by calculating it on the basis of unaccepted declared value instead of accepted ITP value and thus evaded sales tax amounting to Rs.788,123 on account of value addition of less than 10 percent?
- (b) Whether the Revenue Authorities were legally competent to fix percentage of value addition and compel the registered person to calculate and pay sales tax accordingly?
- (c) Whether the appellants claimed inadmissible input tax amounting to Rs.1,714,076 during the period from July, 1998 to November, 1998 by adjusting it out of the tax period in violation of section 7 of the Act, if so, its effect?

Considering the first two questions, the learned Customs, Excise and Sales Tax Appellate Tribunal examined the provisions of section 2(46) of the Sales Tax Act, 1990 (the Act) and concluded that a perusal of the said section indicates that the definition has provided various options and appropriate occasions for determining the value of goods. As regards the imported goods, the value of supply would be the value as defined in clause (d) of sub-section (46) of section 2 of the Act. As per said provision, the value of supply will be the value determined under section 25 or 25B of the Customs Act, 1969, including the amount of customs duties and central excise duty leviable thereon. Thus the legislature has given a specialty to the value of the imported goods. It is, therefore, held that it will be the value as determined under section 25 or 25B plus the customs duty and central excise duty levied thereon. However, there is no other provision in the Act, whereby a value can be determined other than by an objective method. Hence, for the purpose of determining the value of supply in this case, the governing conditions are given in clause (d) of subsection (46) of section 2 of the Act. It was further observed by the larger bench that they do not find any provision in the law whereby the Revenue Authorities are legally competent to fix percentage of value addition and compel the registered person to calculate and pay sales tax accordingly.

As regards third question, it has been held by the Learned larger bench that there is no other objection regarding admissibility of the claim except that the adjustments have been made after prescribed period of one month as provided under section 7. It has been held that section 7 determines liability to pay tax and also entitles the registered person to deduct the input tax from the output tax for the purpose of payment of sales tax. It has been observed that there was no restriction as to the tax period for deduction of input tax paid by the registered person prior to the Finance Act, 1998 as the case relates to July, 1998 to November, 1998. It was held that since there was no dispute about the payment of sales tax at import stage, the refusal of the adjustment of input tax because of the reason that it was claimed a few months later would obviously result in double taxation.

It was also held in this case that imposition of additional tax is punitive in nature and if the evasion of duty is not willful, the imposition of penalty is illegal.

OTHER LAWS

2003PTD1309

SHC

In this case, the Hon'ble High Court of Sindh has affirmed the judgment of learned Tribunal in respect of allowing deduction of Zakat attributable to exempt income against taxable income.

2003 SCMR 1140

It has been held by Hon'ble Supreme Court of Pakistan that administration of justice is not only confined to judicial system. Every person discharging functions in relation to rights of people is bound to act fairly, justly and in accordance with law. Exercise of powers by public functionaries in derogation of direction of law amount to disobeying the command of law and Constitution. If a person holding a public office is found to have proceeded in violation of law or his acts and conduct amount to misuse of his official authority, he should be made answerable to law and should be proceeded against for an appropriate action by his superiors.

2003 SCMR 132

2(28) Cos.Ord

It has been held by the Hon'ble Supreme Court of Pakistan that – transfer of shares of private limited company principles. Transfer of shares in any manner otherwise than that provided in Articles of Association would be invalid and contrary to the terms of contract agreed upon by the members of the company/shareholders.

2003 SCMR 1050

The Hon'ble Supreme Court of Pakistan has elaborated the principle of retrospectively in respect of statute relating to remedies and jurisdiction of the Courts, Tribunals and Authorities--- Restrospectivity principles.

2003 SCMR 1026

The Hon'ble Supreme Court of Pakistan has observed that where a Court is competent to allow final relief, it has also got jurisdiction to allow interim relief.

20032 PTD 2872
FTO

The Hon'ble Federal Tax Ombudsman has recently given a decision in which the term "Bias" has been explained. The relevant portion is reproduced for the benefit of the members -

Bias is a state of mind which if exhibited by words, expression or body language or such expression, lead to a belief or suspicion in the mind of a party that he will not have a fair deal. But to determine whether particular alleged facts do constitute a bias does not depend on the perception, thinking, conviction or belief of the party. The test is whether a reasonable man apprised of full facts would conclude that there is likelihood of bias or reasonable suspicion of bias.

Discussion Paper on Taxation of STOCK OPTIONS

by Faisal Ahad, Advocate

Back ground

Employee stock option plans (ESOP) are one of the most versatile financing tools available to business owners. It provides a partnership among shareholders, management and employees by creating a Trust Vehicle through which employees can hold equity in the company through purchase of shares. Stock option has a leading edge over cash bonuses and other incentives that are being offered to employees in common practice as it provides a sense of ownership amongst employees through their investment in the shares of the company. As a result of this self-ownership the employee's performance can grow many folds. Another underlying objective of providing stock options is to retain employees.

Initially offer of stock options to employees was practiced in the United States in early 70's and due to its far reaching results it was widely adopted by the leading corporations in the United States. In a short span of time it was also used by the European business owners as a motivational tool for their employees. Now it is also practiced in Japan, China, Far East and other developed countries. In Pakistan ESOP are practiced in a few multinational organizations where the stock options are offered through their parent companies based abroad.

Governing Legislation

As you aware, the basic law in respect of companies is the Companies Ordinance, 1984 (the Companies Ordinance) which governs incorporation of companies, their management, issue of share capital and several other usual corporate actions and events. The provisions of the Company Ordinance are also supplemented by other related legislations. You may recall that Section 86 of the Companies Ordinance, 1984 before the amendment made in 1999 restricted the issuance of further shares (in the form of right or bonus) to the existing shareholders of the Company. However, through Finance Act, 1999 proviso was introduced whereby public company was allowed to reserve a certain percentage of further issue for its employee under ESOS. However, at that point of time there was no specific law, which dealt with the schemes of stock options. As such the stock options are not applied in the local Pakistani Companies. Further, the government in May 2001 has introduced the (Employees Stock Option Scheme) Rules, 2001. The salient features of the Rules are as below: -

- (a) The Rules is applicable to Public Companies only.
- (b) Only regular employees are eligible to participate in the Scheme. Executive director and Chief Executive who are on the payroll of the Company are also entitled for the Scheme.
- (c) The Company has to constitute compensation committee for administration and supervision he Scheme, formulate the detailed terms and conditions of the Scheme.
- (d) The Scheme, before offer to the employees, is to be approved by the shareholders of the Company by passing a special resolution in the general meeting. The Scheme is also to be approved by the SECP.
- (e) Approval of shareholders by way of a separate resolution is to be obtained in case of –
 - (i) grant of option to employees of a subsidiary or holding company; and
 - (ii) grant of option to identified employees subject to certain conditions.
- (f) The Company shall have the freedom to determine the " exercise price".
- (g) There shall be a minimum period of one year between the grant of option and vesting of option.

- (h) Under the cashless system of exercise, the Company may itself found the payment of exercise price, which shall be, adjusted against the sale proceeds of some or all the shares.
- (i) An option granted to employee shall not be transferable to any other person except to the entitled employee of the Company.

As a result of promulgation of the above Rules and the second proviso to section 86 of the Companies Ordinance, which authorizes the director of the public company to issue share for its employees under ESOS it is now possible for the management/ business owners of the public companies to offer stock options for their employees in order to obtain the benefits of further future growth of the company.

Tax Treatment of Stock Options

Prior to the promulgation of the Income Tax Ordinance, 2001 there was no specific provision dealing with taxability of stock options. However, under the Income Tax Ordinance, 2001 the taxability has been specifically dealt with. For your convenience we give below a brief summary with regard to the tax treatment of stock options to be offered to employees of the company.

Event	Tax treatment
When the award is made	Awarding of subscription rights would not give rise to an income chargeable to tax in Pakistan.
When the option vests	Eligibility itself would not give rise to an income chargeable to tax in Pakistan.
When the option is exercised	<ul style="list-style-type: none"> (i) Exercise of share option will give rise to an income to the employee and is chargeable under the head of "income from salary". The difference between the market price of shares and the payment made by the employee to acquire those shares shall be treated as his salary income. (ii) Income tax would be charged on the above income at the individual's marginal tax rate. Maximum marginal income tax rate is 35%.
When the employee sells the option or right	The sale of option/ right would give rise to an income to the employee and is chargeable under the head "income from salary". The difference between the consideration received for the disposal of right/ option and the cost in respect of availing the option/ right shall be treated as his salary income.
When employee sells the shares	The sale of shares would give rise to capital gain/loss which would have a special tax treatment. Where sale is effected within a period of one year of acquisition, the gain would be subjected to tax at the normal tax rates as applicable to all other incomes of that individual. Where sale is effected after a period of one year of acquisition, only 75% of the gain will be subjected to tax at the individual marginal tax rate.

The Members Assistance Sub-committee claims no responsibility to the correctness of the contents published. The information provided is non-exhaustive and readers are advised to refer to the respective taxation laws, documents/case laws cited for understanding the issue involved.