

Section	Subsection	Clause	Finance Supplementary (Second Amendment) Bill, 2019 NEW / inserted Omitted and deleted substituted Amendment on approval
			It shall come into force at once except unless otherwise provided in any of the provisions of this Act.

			Amendment of Income Tax Ordinance, 2001 XLIX of 2001. —
			—In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made which shall come into force at once except <ol style="list-style-type: none"> 1. New proviso of clause 126l of Part I of Second schedule 2. Clause 17 of Part III of Second schedule 2. Clause 111 of Part IV of Second schedule which shall take effect from the first day of July, 2019, namely:-
4B			Super tax for rehabilitation of temporarily displaced persons.
	(1)		A super tax shall be imposed for rehabilitation of temporarily displaced persons, for tax years 2015 to 2020 and onwards, at the rates specified in Division IIA of Part I of the First Schedule, on income of every person specified in the said Division.
5A			Tax on undistributed profits.—
	(1)		For tax year 2017 and onwards years 2017 to 2019, a tax shall be imposed at the rate of five percent of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least twenty percent of its after tax profits within six months of the end of the tax year through cash: Provided that for tax year 2017, bonus shares or cash dividends may be distributed before the due date mentioned in sub-section (2) of section 118, for filing of a return.
37A			Capital gain on disposal of securities.—
	(5)		Notwithstanding anything contained in this Ordinance, where a person sustains a loss on disposal of securities in a tax year, the loss shall be set off only against the gain of the person from any other securities chargeable to tax under this section and no loss shall be carried forward to the subsequent tax year. "Provided that so much of the loss sustained on disposal of securities in tax year 2019 and onwards that has not been set off against the gain of the person from disposal of securities chargeable to tax under this section shall be carried forward to the following tax year and set off only against the gain of the person from disposal of securities chargeable to tax under this section, but no such loss shall be carried forward to more than three tax years immediately succeeding the tax year for which the loss was first computed.";

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49			Federal Government, Provincial Government, and Local Government income.—
	(4)		Exemption under this section shall not be available in the case of corporation, company, a regulatory authority, a development authority, other body or institution established by or under a Federal law or a Provincial law or an existing law or a corporation, company, a regulatory authority, a development authority or other body or institution set up, owned and controlled, either directly or indirectly, by the Federal Government or a Provincial Government, regardless of the ultimate destination of such income as laid down in Article 165A of the Constitution of the Islamic Republic of Pakistan Provided that the income from sale of spectrum licenses and renewal thereof, licenses and renewal of the spectrum and licenses by Pakistan Telecommunication Authority on behalf of the Federal Government after the first day of March 2014 shall be treated as income of the Federal Government and not of the Pakistan Telecommunication Authority.
99B			Special procedure for small traders and shopkeepers.-
			Notwithstanding anything contained in this Ordinance, the Federal Government may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, filing of return and assessment in respect of such small traders and shopkeepers, in such cities or territories, as may be specified therein.”;
123			Provisional assessment in certain cases.—
	(1A)		Where an offshore asset of any person, not declared earlier, is discovered by the Commissioner or any department or agency of the Federal Government or a Provincial Government, the Commissioner may at any time before issuing any assessment order under section 121 or amended assessment order under section 122, issue to the person a provisional assessment order or provisional amended assessment order, as the case may be, for the last completed tax year of the person taking into account the offshore asset discovered.”;
148			Imports
	(8)		The tax required to be collected from a person under this section shall be minimum tax for a tax year on the import of—
		(a)	goods where goods are sold in the same condition as they were when imported; Provided that the minimum tax payable under this clause shall be five percent of the import value as increased by customs duty, sales tax and federal excise duty;

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165			Statements -
	(1)		Every person collecting tax under Division II of this Part or Chapter XII or deducting tax from a payment under Division III of this Part or Chapter XII shall, furnish to the Commissioner a monthly biannual statement in the prescribed form setting out—
		(a)	the name, Computerized National Identity Card Number, National Tax Number and address of each person from whom tax has been collected under Division II of this Part or Chapter XII or to whom payments have been made from which tax has been deducted under Division III of this Part 3[or Chapter XII in each month half-year
		(b)	the total amount of payments made to a person from which tax has been deducted under Division III of this Part or Chapter XII in each month half-year
		(c)	the total amount of tax collected from a person under Division II of this Part or Chapter XII or deducted from payments made to a person under Division III of this Part or Chapter XII in each month half-year; and
	(2)		Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax from payment under Division III of this Part or Chapter XII shall furnish or e file statements under sub-section (1) by the 15th day of the month following the month to which the withholding tax pertains. Every prescribed person collecting tax under Division II of this Part or Chapter XII or deducting tax under Division III of this Part of Chapter XII shall furnish statements under sub-section (1) as per the following schedule, namely:—
		(a)	in respect of the half-year ending on the 30th June, on or before the 31st day of July;
		(b)	in respect of the half-year ending on the 31st December, on or before the 31st day of January"; and
	(2B)		Notwithstanding anything contained in this section, the Commissioner as he deems fit, may by notice in writing, require any person, collecting or deducting tax under this Ordinance, to furnish a statement for any period specified in the notice within such period of time as may be specified in the notice.";

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227C			Restriction on purchase of certain assets. — Notwithstanding anything contained in any law, for the time being in force, after clause (b), in the first proviso,— for clause (i), the following shall be substituted, namely,—
		(i)	locally manufactured motor vehicle having engine capacity not exceeding 1300 CC; locally manufactured motorcycle, motorcycle rikshaw and rikshaw; locally manufactured agricultural tractor;";
			in clause (ii), after the word "Pakistanis", the words "or a non-resident Pakistani citizen holding international passport" shall be inserted; and
			in the second proviso, in clause (ii), after the word "Pakistanis", the words "or a non-resident Pakistani citizen holding international passport" shall be inserted;
230E			Directorate General of Transfer Pricing.—
	(1)		The Directorate General of Transfer Pricing shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.
	(2)		The functions of the Directorate General of Transfer Pricing shall be to conduct transfer pricing audit. Explanation: For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177, 214C or 214D which is audit of the income tax affairs of the taxpayer.
	(3)		The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit and may further specify functions, jurisdiction and powers of the Directorate General of Transfer Pricing
230E			Directorate General of International Tax Operations-
	(1)		The Directorate General of International Tax Operations shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.
	(2)		The Board may, by notification in the official Gazette-
		(a)	Specify the functions and jurisdiction of the Directorate General and its officers; and
		(b)	Confer the power of authorities specified in section 207 upon the Directorate General and its officers.
	(3)		The functions and powers of the Directorate General of International Tax Operations shall include but not limited to
		(a)	Receive and send information from other jurisdictions under spontaneous, automatic and on demand exchange of information under exchange of

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			information agreements;
		(b)	Levy and recover tax by passing an assessment order under section 123(1A) in case of undeclared off-shore assets and incomes;
		(c)	Receive, transmit and exchange country by country reports to the jurisdictions that are parties to international agreements with Pakistan and
		(d)	Conduct transfer pricing audit in cases selected for such audit by the Director General of International Tax Operations.
	(4)		The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit. Explanation - For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177, 214C which is audit of the income tax affairs of the taxpayer.
233A			Collection of tax by a stock exchange registered in Pakistan.—
	(3)		This section shall not apply from the first day of February March, 2019.

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Chapter / Part	Division	Clause	THE FIRST SCHEDULE New / inserted Omitted and deleted <u>Substituted</u>
I	IIA		

DIVISION IIA

Rates of Super Tax

Table

S.No	Person	Rate of super tax			
		Rate (percentage of income)			
		Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021
(1)	(2)	(3)	(4)	(5)	(6)
1	Banking company	4% 0%	4%	3% 4%	2% 4%
2	Person other than a banking company, having income equal to or exceeding Rs. 500 million	3%	2%	1% 0%	0%

Provided that in case of a banking company, super tax for tax year 2019 shall be payable, on estimate basis, by thirtieth day of June, 2018;

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II			

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-

		(b)	Provided further that the rate of tax on value of import of mobile phone by any person, shall be as set out in the following Table:

TABLE

S.No	C & F Value of mobile phone (In US Dollar)	Tax (in Rs.)
(1)	(2)	(3)
1	Up to 30	70
2	Exceeding 30 and upto 100	730
3	Exceeding 100 and upto 200	930
4	Exceeding 200 and upto 350	970
5	Exceeding 350 and upto 500	3,000
6	Exceeding 500	5,200

Division VI

Cash withdrawal from a bank

The Rate of tax to be deducted under section 231A shall be ~~0.3% of the cash amount withdrawn for filers and~~ 0.6% of the cash amount withdrawn, for non-filers.

Division VIA

Advance tax on Transactions in Bank

The rate of tax to be deducted under section 231AA shall be at the rate of ~~0.3% of the transaction for filers and 0.6%~~ 0.6% of the transactions for non-filers.

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IV	VII	(1)	Advance Tax on Purchase, Registration and Transfer of Motor Vehicles
			The rate of tax under sub-sections (1) and (3) of section 231B shall be as follows:-

S.No	Engine capacity	Amount of Tax			
		for Tax Year 2016		for Tax Year 2019	
		Tax for filer	Tax for non-filer	Tax for filer	Tax for non-filer
(1)	(2)	(3)		(4)	
1.	Upto 850cc	Rs. 7,500	Rs. 10,000	Rs. 7,500	Rs. 15,000
2.	851cc to 1000cc	Rs. 15,000	Rs. 25,000	Rs. 15,000	Rs. 37,500
3.	1001cc to 1300cc	Rs. 25,000	Rs. 40,000	Rs. 25,000	Rs. 60,000
4.	1301cc to 1600cc	Rs. 50,000	Rs. 100,000	Rs. 50,000	Rs. 150,000
5.	1601cc to 1800cc	Rs. 75,000	Rs. 150,000	Rs. 75,000	Rs. 225,000
6.	1801cc to 2000cc	Rs.100,000	Rs. 200,000	Rs.100,000	Rs. 300,000
7.	2001cc to 2500 cc	Rs.150,000	Rs. 300,000	Rs.150,000	Rs. 450,000
8.	2501cc to 3000cc	Rs.200,000	Rs. 400,000	Rs.200,000	Rs. 600,000
9.	Above 3000cc	Rs.250,000	Rs. 450,000	Rs.250,000	Rs. 675,000

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IV	XI		Advance tax on functions and gatherings
			The rate of tax to be collected under each sub-sections (1) and (2) of section 236D shall be 5 % ;
			Provided that the rate for the function of marriage in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose shall be as set out in the Table below:

TABLE			
	S.No	Rate of Tax	
	(1)	(2)	(3)
	1.	5% of the bill ad valorem or Rs. 20,000 Per function, whichever is higher	For Islamabad, Lahore, Multan, Faisalabad, Rawalpindi, Gujranwala, Bahawalpur, Sargodha, Sahiwal, Shekhurpura, Dera Ghazi Khan, Karachi, Hyderabad, Sukkur, Thatta, Larkana, Mirpur Khas, Nawabshah, Peshawar, Mardan, Abbottabad, Kohat, Dera Ismail Khan, Quetta, Sibi, Loralai, Khuzdar, Dera Murad Jamali and Turbat.
	2	5% of the bill ad valorem or Rs. 10,000 per function, whichever is higher	For cities other than those mentioned above";

			Provided further that the rate for the function of marriage in a marriage hall, marquee or a community place with the total function area less than 500 square yards or, in case of a multi storied premises, with the largest total function area on one floor less than 500 square yards, shall be 5% of the bill ad valorem or Rs. 5,000 per function whichever is higher
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Chapter / Part	Clause	Sub-Clause	THE SECOND SCHEDULE NEW / inserted Omitted and deleted Substituted
I			Exemption from Total Income
	66		Any income derived by -
		lxiii	National Disaster Risk Management Fund.
		lxiv	Deposit Protection Corporation established under sub-section (1) of section 3 of Deposit Protection Corporation Act 2016 (Act XXXVII of 2016)."; and
		lxv	SARMAYA-E-PAKISTAN LIMITED
	103C		Dividend income derived by a company, if the recipient of the dividend, for the tax year has availed group relief under section 59B, computed according to the following formula - $A \times B / C$ Where A is the amount of dividend B is the shareholding of the company receiving the dividend in the company distributing the dividend; and C is the total ordinary share capital of the company distributing the dividend.

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Chapter / Part	Clause	Sub-Clause	THE SECOND SCHEDULE NEW / inserted Omitted and deleted Substituted
III			Reduction of tax liability
	126L		<p>Profits and gains derived by a taxpayer, from an industrial undertaking set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan between 1st day of July, 2015 and 30th day of June, 2018 for a period of five years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later:</p> <p>Provided that exemption under this clause shall be admissible where—</p> <p>(a) the industrial undertaking is setup between the first day of July, 2015 and 30th day of June, 2018, both days inclusive; and</p> <p>(b) the industrial undertaking is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1st July 2015.</p> <p>Provided that this clause shall also apply to such undertaking set up between the 1st March, 2019 and the 30th June, 2023 for a period of five years beginning from the date such industrial undertaking is set up.</p>
	126O		Profit and gains of a company from a person field industrial undertaking for a period of five years incorporated on or after the first day of July, 2019 provided that the green field industrial undertaking is not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan before the commencement of the new business.

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Chapter / Part	Clause	Sub-Clause	THE SECOND SCHEDULE NEW / inserted Omitted and deleted Substituted
III			Reduction of tax liability
	17		The tax on dividend income derived by a company, if the recipient of the dividend, for the tax year, has surrendered loss to or received loss from the company distributing the dividend under section 59B, shall be reduced to the extent of percentage of ordinary shareholding the recipient of dividend has in the company distributing the dividend.
IV			Exemption from specific provisions
	(11A)		The provisions of section 113, regarding minimum tax, shall not apply to,-
		xxxix	National Disaster Risk Management Fund.
		xxxix	Deposit Protection Corporation established under sub-section (1) of section 3 of Deposit Protection Corporation Act 2016 (Act XXXVII of 2016).";
		xxxix	SARMAYA-E-PAKISTAN LIMITED; and
		xxxix	Green field industrial undertaking qualifying for exemption under clause (126O) of Part I of the Second Schedule.
	36B		The provisions of section 151 shall not apply to profit on debt paid on promissory notes issued under the provisions of Sales Tax Act, 1990;
	36C		The provisions of section 151 shall not apply to profit on debt paid on Pakistan Banao Certificate.
	36D		The provisions of section 150 and 151 shall not apply to profit on debt paid to SARMAYA-E-PAKISTAN LIMITED; and
	36E		The provisions of section 151 shall not apply on profit on debt paid on bonds issued under Federal Government Duty Drawback Bonds Rules, 2019.
	(38D)		The provisions of section 151 and 153 shall not apply to the National Disaster Risk Management Fund.
	61D		The provision of section 148 shall not apply on import of firefighting equipment's by industrial undertakings set up in the special economic zones established by the Federal Government.

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Chapter / Part	Clause	Sub-Clause	THE SECOND SCHEDULE NEW / inserted Omitted and deleted Substituted
IV			Exemption from specific provisions
	(81A)		The provisions of clause (a) of sub-section (1) of section 165 shall not apply to banking companies for furnishing information of taxes collected and deducted under sections 231A and 151.
	(95A)		The provisions of section 236A shall not apply in respect of auction of franchise rights to participating teams in a national or international league organized by any board or other organization established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by the Government with effect from the first day of July, 2019.
	(101A)		The provision of section 231A shall not apply to a Pak Rupee account if the deposits in the account are made solely from foreign remittances credited directly into such account.
	(111)		The provisions of section 4B shall not apply to so much of the taxable income of banking company as define in the said subject to reduced rate of tax at 20% under rules 7D, 7E and 7F of the Seventh Schedule for tax years 2020 to 2023.

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Rules	Sub-rule		THE SEVENTH SCHEDULE (See section 100A) NEW / inserted Omitted or deleted Substituted
			RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON
7D			Reduced rate of tax for additional advances to micro, small and medium enterprises.—
	(1)		The amount of interest income offered for The taxable income arising from additional advances to micro and small enterprises, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule: Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances;
	(2)		A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year. For the purpose of this rule, the terms "micro, small and medium enterprises" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan.
	(3)		Notwithstanding anything contained in this Ordinance the commissioner may require the banking company to furnish details of the advances to micro, small and medium enterprises— Additional advances means advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.
	(4)		For the purposes of this rule, the term "micro" , small and medium enterprises shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan.
	(5)		Additional advances means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year 2019.
	(6)		The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely Taxable income subject to reduced rate of tax = A x B/C where- A is taxable income of the banking company B is net mark-up income earned from such advances for the tax year as declared in the annual accounts; and C is total of the net mark-up, non mark-up income of the banking company as per accounts.

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			RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON
7E			Reduced rate of tax for additional advances to low cost housing finance.—
	(1)		The amount of interest income offered for taxable income arising from additional advances for low cost housing finance, for the tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule: Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances;
	(2)		A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year. For the purpose of this rule, the terms "low cost housing" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan;
	(3)		Notwithstanding anything contained in this Ordinance the commissioner may require the banking company to furnish details of the advances made for low cost housing. - Additional advances means advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.
	(4)		For the purposes of this rule, the term "low cost housing" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan.
	(5)		Additional advances means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year 2019.
	(6)		The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely Taxable income subject to reduced rate of tax = A x B/C where- A is taxable income of the banking company B is net mark-up income earned from such advances for the tax year as declared in the annual accounts; and C is total of the net mark-up, non mark-up income of the banking company as per accounts.

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			RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON
7F			Reduced rate of tax for additional advances as Farm Credit.—
	(1)		The amount of interest income offered for taxable income arising from additional advances for Farm Credit in Pakistan, for tax years 2020 to 2023, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule: Provided that such reduced rate of tax shall be available subject to filing of details of such advances along with gross and net margin earned from such advances.
	(2)		A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year. For the purpose of this rule, the terms " Farm Credit" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan for Agriculture Financing excluding advances made to a company as defined in section 80.
	(3)		Notwithstanding anything contained in this Ordinance the commissioner may require the banking company to furnish details of the advances made for Farm Credit— Additional advances means advances in addition to average amount of such advances made in such sector by the bank for tax year 2019.
	(4)		For the purposes of this rule, the term "Farm Credit" shall have the same meaning as provided in Prudential Regulations issued by State Bank of Pakistan for agriculture financing excluding such advances made to a company as defined in section 80.
	(5)		Additional advances means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the tax year 2019.
	(6)		The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely Taxable income subject to reduced rate of tax = $A \times B/C$ where- A is taxable income of the banking company B is net mark-up income earned from such advances for the tax year as declared in the annual accounts; and C is total of the net mark-up, non mark-up income of the banking company as per accounts.