

<b>INCOME TAX ORDINANCE, 2001</b>	
S.No	Important points
1	<b>Super tax for rehabilitation of temporarily displaced persons.—</b> Continue till 2016
	Exclude the brought forward business and depreciation losses, from the definition of income.
2	<b>Tax on builders</b> This new tax apply to business or project undertaken for construction and sale of residential, commercial or other buildings initiated and approved after the 1 <sup>st</sup> July, 2016 <ul style="list-style-type: none"> <li>- Shall be a final tax</li> <li>- Shall not be reduced by tax credits allowed.</li> </ul>
3	<b>Tax on developers.</b> This new tax apply to projects undertaken for development and sale of residential, commercial or other plots initiated and approved after the 1 <sup>st</sup> July, 2016. <ul style="list-style-type: none"> <li>- Shall be a final tax</li> <li>- Shall not be reduced by tax credits allowed.</li> </ul>
4	<b>Income from property</b> Provide a threshold of Rs. 200,000 for chargeability of tax for individuals and AOPs under the head "Income from property"
5	<b>Deductions in computing income chargeable under the head "Income from property"</b> Allow the deductions in computing the Income from Property only in case of companies.
6	<b>Deduction not allowed</b> <ul style="list-style-type: none"> <li>- To limit the disallowance in case of purchase of goods to 20%.</li> <li>- Clarify that recovery of tax under sub-section 161 and 162 is not to be considered as payment.</li> <li>- To disallow any expenditure by pharmaceutical companies for promotion purposes in excess of 5% of turnover.</li> </ul>
7	<b>Depreciation</b> Add explanation to clarify depreciation allowance in exempt period.
8	<b>Capital gain on disposal of securities-</b> Add explanation to clarify that derivative products include future commodity contracts by members of Pakistan Mercantile Exchange.
9	<b>Exemptions and tax concessions in the Second Schedule.</b> Extend the scope of conditions in which the Federal Government can grant exemptions, pursuant to approval of the ECC.
10	<b>Group relief</b> Add a new sub-section (1A) to provide for allowance of loss for purposes of Group Relief under section 59B.
11	<b>Tax credit for investment in health insurance.</b> Introducing tax credit for investment in health Insurance and its calculation.
12.	<b>Contribution to an Approved Pension Fund</b> New proviso to clause (ii) of component C of sub section (2) of section 63 to amend the calculation tax credit for contribution to an approved Pension Fund.
13	<b>Deductible allowance for profit on debt.</b> Increase the limit of deductible allowance for profit on debt from 1 million to 2 million.

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14	<b>Deductible allowance for education expenses</b> New section 64AB, deductible allowance for education expenses in case of taxable income of individual is less than Rs. 1,000,000
15	<b>Tax credit for employment generation by manufacturer.</b> - Section 64B tax credit extends to Tax Year 2019. - Increase the limit of credit to 2% from 1% of the tax payable.
16	<b>Tax credit to a person registered under the Sales Tax Act, 1990</b> Increase the limit of credit to 3% from 2.5% of the tax payable.
17	<b>Tax credit for investment</b> Extend to tax credit period to 2019 from 2016
18	<b>Tax credit for enlistment.</b> Extend the tax credit for enlistment to the next following tax year.
19	<b>Tax credit for newly established industrial undertaking.</b> - 100% tax credit substitute by a new sub-section 1(A) of section 65D calculation. - Extend the tax credit applicability upto Tax Year 2019. - Reduce the threshold 100% equity to at least 70% - Revoke tax credit if business is discontinued within five years.
20	<b>Tax credit for industrial undertaking established before the first day of July, 2011</b> - Reduce the threshold 100% equity to at least 70% - 100% tax credit substitute by a new sub-section 3(A) of section 65E calculation. - Extend the tax credit applicability upto Tax Year 2019. - Revoke tax credit if business is discontinued within five years.
21	<b>Apportionment of deductions.</b> - Allow apportionment of deduction and allowances
22	<b>Fair Market value.</b> Amend the valuation of property.
23	<b>Person</b> Add explanation to clarify that the definition of "Trust" includes the Foreign Trust.
24	<b>Agreement for the avoidance of double taxation and prevention of fiscal evasion.</b> - Provide for more instruments and arrangements of international taxation and avoidance of double taxation agreement. - Make some technical correction
25	<b>Transaction between associates.</b> - Amend to provide documentation requirements in case of transactions with associates.
26	<b>Minimum tax on the income of certain persons.</b> - Reduce the threshold of having turnover from Rs. 50million to Rs. 10million for Individuals and AOPs for applicability of minimum Tax under Section 113. - Substitute the explanation after sub-section (1) to clarify that tax payable or paid as Super Tax will not be considered for calculation of Minimum Tax.
27	<b>Minimum tax on builders</b> - Omitted
28	<b>Minimum tax on land developers</b> - Omitted

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29	<b>Return of income.</b> <ul style="list-style-type: none"> <li>- Substitute the third proviso to sub-section (6) of section 114 to provide that written approval by the Commissioner for revision on income tax return will not be required in case of declaring higher income or lower losses.</li> </ul>
30	<b>Provisional assessment.</b> <ul style="list-style-type: none"> <li>- First and second provisos substitute to amend the conditions in which Provincial Assessment may not be treated as final.</li> </ul>
31	<b>Advance tax paid by the taxpayer</b> <ul style="list-style-type: none"> <li>- Add an explanation to clarify that tax assessed for calculation of Advance Tax includes alternate Corporate Tax.</li> </ul>
32	<b>Payment for foreign produced commercial.</b> <ul style="list-style-type: none"> <li>- New section 152A added</li> <li>- Introduce withholding tax on foreign produced commercials.</li> </ul>
33	<b>Payments for goods, services and contracts.</b> <ul style="list-style-type: none"> <li>- Make tax deducted for advertising services a final tax w.e.f 1<sup>st</sup> July, 2016.</li> <li>- Omit clause (e) of sub section (5) of section 153 which allowed option of self-withholding to cotton ginners.</li> </ul>
34	<b>Tax collected or deducted as a final tax. -</b> <ul style="list-style-type: none"> <li>- Add new sub-section (4)</li> <li>- Clarify that where separate rates for filers and non filers are given in case of final taxation.</li> <li>- Then the excess tax for non filers will be adjustable.</li> </ul>
35	<b>Furnishing of information by financial institutions including banks.</b> <ul style="list-style-type: none"> <li>- Amend the conditions.</li> </ul>
36	<b>Refunds.</b> <ul style="list-style-type: none"> <li>- Extend the time period for applying for income tax refunds to three years instead of two years.</li> </ul>
37	<b>Offences and penalties.</b> <ul style="list-style-type: none"> <li>- Non submission of information under section 165A (Furnishing of information by banks) and 165B (Furnishing of information by financial institution including banks) penalized Rs. 2,500 for each day of default subject to a minimum penalty of Rs. 10,000.</li> </ul>
38	<b>Prosecution for unauthorised disclosure of information by a public servant.</b> <ul style="list-style-type: none"> <li>- Prosecution for the default of section 107 (Agreements for the avoidance of double taxation and prevention of fiscal evasion.</li> </ul>
39	<b>Cash withdrawal from a bank.</b> <ul style="list-style-type: none"> <li>- Add explanation that the Rs. 50,000 shall be aggregate withdrawals from all the bank accounts in a single day.</li> </ul>
40	<b>Advance tax on private motor vehicles.</b> <ul style="list-style-type: none"> <li>- Add proviso to sub-section (1) of section 231B to exempt the vehicles from Advance Tax on registration after Five years of the date of first registration.</li> <li>- Add new sub-section (1A) in section 231B to stipulate that every leasing company or institution leasing a motor vehicle shall also deduct advance tax.</li> </ul>

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41	<p><b>Advance tax at the time of sale of auction.</b></p> <ul style="list-style-type: none"> <li>- Add new sub-section (3) in section 236A to make the tax collected on lease of right to collect toll, a final tax.</li> </ul>
42	<p><b>Advance tax on sale or transfer of immovable property.</b></p> <ul style="list-style-type: none"> <li>- Add new sub-section (3) in section 236C to extend the taxable period of capital gain on immovable property to five years.</li> </ul>
43	<p><b>Advance tax on foreign-produced TV plays and serials.</b></p> <ul style="list-style-type: none"> <li>- Broaden the scope of foreign TV plays subject to withholding tax.</li> </ul>
44	<p><b>Advance tax under this chapter.</b></p> <ul style="list-style-type: none"> <li>- Technical correction</li> </ul>
45	<p><b>Advance tax on banking transactions otherwise than through cash.</b></p> <ul style="list-style-type: none"> <li>- Add explanation that the tax deduction will be applicable on aggregate amount, if exceeding Rs. 50,000 from all the bank accounts in one day.</li> </ul>
46	<p><b>Collection of tax by Pakistan Mercantile Exchange Limited (PMEX).</b></p> <ul style="list-style-type: none"> <li>- Section 236T omitted to provide new regime of collection of tax by PMEX.</li> </ul>
47	<p><b>Advance tax on insurance premium-</b></p> <ul style="list-style-type: none"> <li>- New section 236U</li> <li>- Advance tax at the time of collection of insurance premium from non-filer</li> <li>- In respect of general insurance premium and life insurance premium</li> <li>- Collected through agents, treated to have been collected by the Insurance company.</li> <li>- Advance tax collect - adjustable</li> </ul>
48	<p><b>Advance tax on extraction of minerals-</b></p> <ul style="list-style-type: none"> <li>- New section 236V</li> <li>- Collected on the value of minerals extracted, produced, dispatched and carried away from the licensed or leased areas of the mines.</li> <li>- Advance tax collect - adjustable</li> <li>- Value of the minerals, specified by the Board.</li> </ul>
49	<p><b>Advance tax from provincial sales tax registered person-</b></p> <ul style="list-style-type: none"> <li>- Provincial authority to collect</li> <li>- Advance tax collect - adjustable</li> <li>- 3% of the turnover from a non-filer who is a provincial sales tax registered person.</li> <li>- Collected along with sales tax return filed with the provincial revenue authority.</li> <li>- Provincial revenue authority not authorised to accept return unless tax collected and deposited.</li> </ul>