

INCOME TAX ORDINANCE, 2001			
S.No	Important points Finance Act 2017-18 update		
1	Definition		
	Clause 22A	fast moving consumer goods	Excluding durable goods
	Clause 30C	Liaison office	means a place of business acting for the principle, head office or any entity of which it is a part, and
	Clause 35AA	NCCPL	or any subsidiary of NCCPL notified by the Board for the purpose of this clause.
	Clause 38A	Officer of Inland Revenue	New post - District Taxation Officer. Assistant Director Audit.
	Clause 38B	Online marketplace	means an information technology platform run by e-commerce entity over an electronic network
Clause 62A	Startup	New business - introduce concept of startup.	
2	Super tax for rehabilitation of temporarily displaced persons Extend to Tax Year 2017		
3	Tax on undistributed <del>reserves</del> profits <ul style="list-style-type: none"> <li>- redefine the section 5A</li> <li>- drive profit, but does not distribute 40% of its after tax profit within six months through cash or bonus shares.</li> <li>- Tax shall be imposed @ <del>10%</del> 7.5% of its accounting profit before tax on every public limited company other than schedule bank or a modaraba.</li> <li>- TY 2017 bonus share or cash dividends distributed before due date mentioned in section 118(2).</li> <li>- Provision of above section not apply to - <ul style="list-style-type: none"> <li>i. company qualifying for exemption u/c 132 of Part I of 2<sup>nd</sup> Schedule.</li> <li>ii. company not less then 50% of shares are held by the Govt.</li> </ul> </li> </ul>		
3a	Tax on return on investments in sukus Section 5AA <ul style="list-style-type: none"> <li>- Tax imposed on every person who receives a return on investment in sukus from a special purpose vehicle, or a company.</li> </ul>		
4	Tax on builders <ul style="list-style-type: none"> <li>- restrict the applicability of section 7C.</li> <li>- to the business or project undertaken for construction and sale of residential, commercial or other building initiated,</li> <li>- and approved during the tax year 2017.</li> </ul>		
5	Tax on developers <ul style="list-style-type: none"> <li>- restrict the applicability of section 7D.</li> <li>- to the business or project undertaken for construction and sale of residential, commercial or other building initiated,</li> <li>- and approval during the tax year 2017.</li> </ul>		
6	General provisions relating to taxes imposed under sections 5, 6 and 7 <ul style="list-style-type: none"> <li>- Section 7C and 7D removed from final tax.</li> <li>- Section 7C and 7D reduced by any tax credit allowed.</li> </ul>		

7	Value of perquisites - section 13(7)(b) - Profit on loan computation threshold increased Rs. 500,000 to One million rupees.
8	Deductions not allowed - section 21(a) - Sales promotion expenditure threshold increased by 5% to 10% of turnover - in case of pharmaceuticals.
9	Depreciation - Depreciable asset treated wholly owned by the taxpayer. i. Joined owned ii. Islamic finance institution licensed by SBP or SECP
10	Exemptions and tax concessions in the Second Schedule - Power shifted from Federal Government to Board with the approval of Minister incharge - Two proviso added in section 53 - Validity of all notification in force w.e.f 1-7-2016 and shall continue till 30-6-2017
11	Renumbered section 64A and 64AB
12	Deductible allowance for education expenses - Threshold increased to one and half million rupees.
13	Tax credit for investment in health insurance - Formula C threshold increased to one hundred and fifty thousand rupees.
14	Tax credit to a person registered under the Sales Tax Act, 1990 - Tax credited u/s 65A omitted
15	Tax credit for enlistment. - Tax credit u/s 65C further extend to two tax years.
16	Principles of taxation of companies - Omit sub-section (3) of section 94 - Dividend income from non-resident company to a resident person.
17	Special provisions relating to the production of oil and natural gas, and exploration and extraction of other mineral deposits. - Profit and gains derived from sui gas field within the purview of Fifth Schedule.
18	Tax credit for certain persons. - Technical amendment - Administrative and management expenditure restrict to 15% of the total receipts.. - 15% restriction not applicable for i. Charitable and welfare activities of NPO have commenced for the first time within three years; and ii. Total receipt of the NPO during the year are less than one hundred million Rupees. - Surplus fund of NPO subject to tax @ 10% - Define the meaning of surplus funds. i. Not spent on charitable and welfare activities during the year ii. received of donations/ voluntary contributions / subscriptions and other income. iii. Received threshold more than 25% of the total receipts iv. Are not part of restricted funds.
19	Minimum tax on the income of certain persons- - Increased the rate of minimum tax of all other cases upto 1.25%

20	Return of income. - Technical amendment - Order issued u/s 122C omitted
21	Section 115(3) Persons (widows, orphans and disabled) not required furnishing a return of income if. - Owns immovable property with a land area of 500sq yards or more located in a rating area - Owns a flat having covered area of 2000 sq feet or more located in a rating area. - Owns a motor vehicle having engine capacity above 1000CC.
22	Persons, Individual and AOP not required filing wealth statement in response to provisional assessment u/s 122C.
23	Extension of time for furnishing returns and other documents. - Empower Chief Commissioner to grant extension or further extension in time for filling of return.
24	Best judgment assessment - Non filing of return in response to notice under sub-section (3) and (4) of section 114.
25	Amendment of assessments.— - Commissioner power withdrawn, on amendment of assessment order treated as issued u/s 122C
26	Provisional assessment. - Provisional assessment u/s 122C omitted.
27	Appeal to the Commissioner (Appeals) - Filing of appeal u/s 122C withdrawn.
28	Appointment of the Appellate Tribunal.— - Officer of IR Service in BS 20 or above and is a law graduate not been the part of appellate Tribunal.
29	Due date for payment of tax - Section 122C omitted.
30	Recovery of tax from persons assessed in Azad Jammu and Kashmir. - Kashmir substitute by Gilgit-Baltistan.
31	Advance tax paid by the taxpayer.— - Threshold increased upto one million rupees.
32	Imports - Treatment of final tax sifted to minimum tax if import of fertilizer by manufacturer of fertilizer; and. - Plastic raw material imported by an industrial undertaking falling under PCT heading 39.01 to 39.12 shall be final tax.
32a	<del>Deduction of tax by special purpose vehicle</del> Return on investment in Sukuks - a company shall deduct tax at the time of making payment of return on investment in Sukuks to a Sukuks holder.
33	Payments to non-residents. - Advertisement services income arising from contract not is under final tax regime unless he opts for the final tax regime. - Exemption for any person to make the payment without deduction of tax or deduction of tax at reduce rate subject to the recipient of payment referred to in sub-section (1A) having permanent establishment in Pakistan or referred under sub-section (2A).

34	<p>Payments for goods, services and contracts.</p> <ul style="list-style-type: none"> <li>- Collection agent or any third person liable to withholding tax, on their services charges or fee.</li> </ul>
35	<p>Statements.—</p> <ul style="list-style-type: none"> <li>- Revision of withholding statement allowed within sixty days of filing of withholding statements u/s 165.</li> </ul>
36	<p>Furnishing of information by financial institutions including banks</p> <ul style="list-style-type: none"> <li>- Specified the definition of person (or any reportable person)</li> <li>- Reportable person and financial institution shall have same meaning as define under Chapter XIIIA of the Income Tax Rules, 2002.</li> </ul>
37	<p>Notice to obtain information or evidence.—</p> <ul style="list-style-type: none"> <li>- Authorized Cost and management accountants as define under the Cost and Management Act, 1966 to obtain information or evidence u/s 176.</li> </ul>
38	<p>Offences and penalties.—</p> <ul style="list-style-type: none"> <li>- Transactions between associates are liable of offences and penalties, when any person fail to maintain records and furnish information under serial no. 7 and 9 of section 182.</li> <li>- Any financial institution or reporting entity fails to furnish information u/s 107, 108 or 165B shall liable to pay penalty of Rs. 2,000/each day of default, min penalty Rs. 25,000.</li> <li>- Any person fails to keep and maintain documents and information u/s 108 or Income Tax Rule 2002 shall liable to pay 1% of the value of transactions.</li> <li>-</li> </ul>
39	<p>Prosecution for non-compliance with certain statutory obligations</p> <ul style="list-style-type: none"> <li>- Person fails to furnish return of income of that year within thirty days from the date of notice u/s 114(4).</li> </ul>
40	<p>Default surcharge</p> <ul style="list-style-type: none"> <li>- In case of special tax year, default surcharge calculated on and from 1<sup>st</sup> day of the fourth quarter of the special tax year till assessment made or the last day of special tax year, whichever is earlier.</li> </ul>
41	<p>Advance ruling</p> <ul style="list-style-type: none"> <li>- Advance ruling to a non-resident taxpayer having a permanent establishment in Pakistan.</li> </ul>
42	<p>Income tax authorities</p> <ul style="list-style-type: none"> <li>- New post created <ul style="list-style-type: none"> <li>i. District taxation officer</li> <li>ii. Assistant director audit;</li> </ul> </li> </ul>
43	<p>Appointment of income tax authorities.</p> <ul style="list-style-type: none"> <li>- New post created <ul style="list-style-type: none"> <li>i. District taxation officer</li> <li>ii. Assistant director audit;</li> </ul> </li> </ul>
44	<p>Disclosure of information by a public servant.-</p> <ul style="list-style-type: none"> <li>- EOBI in respect of information regarding salaries in statements furnished u/s 165.</li> <li>- Approval subject to Minister Incharge of the Federal Government.</li> </ul>
45	<p>Reward to officers and officials of Inland Revenue.—</p> <ul style="list-style-type: none"> <li>- Other meritorious services added for reward.</li> </ul>
46	<p>Reward to whistleblowers.—</p> <ul style="list-style-type: none"> <li>- Claim for reward by the whistleblowers rejected if ;</li> <li>- The information is not supported by any evidence;</li> </ul>

47	Directorate-General of Broadening of Tax Base.— - Create new directorate
48	Directorate-General of Transfer Pricing.— - Create new directorate - To conduct transfer pricing audit; - The audit for the determination of transfer price at length in transaction between associates and is independent of audit u/s 177, 214C or 214D.
49	Advance tax on private motor vehicles.— - Section (1A) redefine - Nonbanking financial institution added - weather shariah compliant or under conventional mode - either through ijara or otherwise - advance tax increased to four <del>three</del> percent of the value of the motor vehicle.
49a	Brokerage and commission section 233(2A) & (2B) - principle shall making payment on account of commission to advertising agent, directly or through electronic or print media - the principle shall deduct tax - in addition to section 153(1)(b) - $A \times 15 / 85$ - Tax deducted u/s 233(2A) shall be final tax on the income of the advertising agent.
50	Collection of tax by a stock exchange registered in Pakistan— - tax collected shall be final tax instead of adjustable under sub-section (1) of section 233A.
51	CNG Stations. - Tax collected u/s 234A and 235 shall be final tax. - Tax collected u/sub-section (1) which is inclusive of sales tax and all incidental charges. - Entitled to claim any adjustment of withholding tax collected or deducted under any other head, during the tax year.
52	Electricity consumption - Electricity consumption bill means electricity bill inclusive of sales tax and all incidental charges. - Tax payer other than company is minimum tax and no refund allowed threshold revised Rs. 360,000 / annum instead of Rs 30,000 / month.
53	Domestic electricity consumption.- - Electricity consumption bill means electricity bill inclusive of sales tax and all incidental charges.
54	Advance Tax on sale or transfer of immovable Property. - Any person responsible for recording shall collect from seller or transferor advance tax. - Clarified that person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting for local authority, housing authority, housing society, co-operative society and registrar of properties. - Property acquired and disposed of within one year, the tax collected shall be minimum tax.
55	Advance tax on sales to distributors, dealers and wholesalers - <del>Includes</del> Remove batteries sector u/s 236G
56	Advance tax on sales to retailers. - <del>Includes</del> Remove batteries sector u/s 236H

57	<p>Advance tax on purchase or transfer of immovable property.—</p> <ul style="list-style-type: none"> <li>- Any person responsible for recording shall collect from purchaser or transferor advance tax.</li> <li>- Clarified that person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting for local authority, housing authority, housing society, co-operative society and registrar of properties.</li> </ul>
58	<p>Tax on purchase or transfer of immovable property</p> <ul style="list-style-type: none"> <li>- Any person responsible for recording shall collect from purchaser or transferor advance tax.</li> <li>- Clarified that person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting for local authority, housing authority, housing society, co-operative society and registrar of properties.</li> </ul>
59	<p>Advance tax on tobacco.—</p> <ul style="list-style-type: none"> <li>- New tax u/s 236X</li> <li>- At the time of collecting cess on tobacco, directly or indirectly</li> <li>- Collect advance tax @ 5% of purchase value of tobacco from every</li> <li>- Person purchasing tobacco including manufacturers of cigarettes.</li> <li>- Tax shall be adjustable.</li> </ul>
60	<p>Validation. —</p> <ul style="list-style-type: none"> <li>- All notification and order issued and notified before 1-7-2017 shall be deemed to have been validly issued and notified. <del>notwithstanding anything contained in any judgment of a High Court or the Supreme Court.</del></li> </ul>