

INCOME TAX ORDINANCE, 2001

S.No	Section / sub-section / clauses	Important points Finance Bill 2019-20 The Gazette Extra June 30, 2019
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1		Definition - New definition inserted
	1A	active taxpayer list
	5C	asset move
	22C	"FBR Refund Settlement Company Limited
	38AB	offshore asset
	38AC	offshore enabler
	38AD	offshore evader
	60A	specified jurisdiction
	73A	unspecified jurisdiction
2		Concept of filer and non-filer removed and change the term filer to "person whose name was appearing in ATL".
	62A	Tax credit for investment in health insurance.—
	147A(8)	Advance tax from provincial sales tax registered person.-
	165A	Furnishing of information by banks.—
	215(1)	Furnishing of returns, documents etc.
	231B	Advance tax on private motor vehicles.
	236P	Advance tax on banking transactions otherwise than through cash.
	236U	Advance tax on insurance premium.
3	4B	Super tax for rehabilitation of temporarily displaced persons.—
		Exclude brought forward depreciation and brought forward business losses from income for the purpose of computation of super tax
4	7B	Tax on profit on debt.— Threshold for normal tax rate increased from 25million to 36 million
4A	15A	Deductions in computing income chargeable under the head "Income from Property
	(7)	- Provision of this section apply to (i) Individual (ii) AOP - Income exceeding Rs. 4million u/s 15 - Who opt to pay tax @ specified in DIV I of PART I of the First Schedule.
5	24	Deduction not allowed
	(ca)	- disallowed commission paid exceeds 0.2% of gross amount - unless the person to whom commission paid or payable - is registered under the Sales Tax Act, 1990 and - his name appearing under ATL.
6	24(4)	Intangible ascertainable useful life increased from 10 years to 25 years.
7	24(11)	exclude, Self-generated goodwill or any adjustment arising by accounting treatment

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8	37A	Capital gain on disposal of securities:
	(1A)	Separate tax rates for income from capital gains under sub-section (3A) and (3B)
	(3A)	Separate holding period and tax rates for capital gain for open plot.
	(3B)	Separate holding period and tax rates for capital gain for constructed property.
9	39	Income from other sources.
	(1)(la)	Any amount or fair market value of any property received <ul style="list-style-type: none"> - without consideration - or received as gift - other than gift received from grandparents, parents, spouse, real brother, real sister, son or a daughter.
10	64C	Tax credit for persons employing fresh graduates.— <ul style="list-style-type: none"> - employing fresh qualified graduate from a University or institution recognized by Higher Education Commission. - Not exceeding 15% of the total employees of the Company. - Graduated after 1st July, 2017
11	65B	Tax credit for investment.— <ul style="list-style-type: none"> - Reduced the rate from 10% to 5% - Restrict to Tax Year 2019
12	75A	Purchase of Assets through banking channel; <ul style="list-style-type: none"> - Immovable property having fair market value more than 5 million. - Any assets having fair market value more than 1 million. - Fair market value according to section 68(4) or DC stamp duty value, - Whichever is higher. - Disallow depreciation and amortization expenditure in case of violation.
13	82	Resident individual. <ul style="list-style-type: none"> - Definition of resident individual changed - Present in Pakistan aggregate to 90 120 days or more in the tax year; - Four years preceding the tax year, in Pakistan for a period aggregate to 365 days or more.
14	99C	Special procedure for certain persons.— <ul style="list-style-type: none"> - Empower Federal Government to make special procedure for - Scope and payment of tax, record keeping, filing of return of: <ul style="list-style-type: none"> • small business; • construction businesses; • medical practitioners; • hospitals; • educational institutions and • any other specified by Federal Government.
15	100BA	Special provisions relating to persons not appearing in active taxpayers' list.— <ul style="list-style-type: none"> - Separate tax schedule for person not appearing in ATL.

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16	100C	<p>Tax credit for certain persons.-</p> <ul style="list-style-type: none"> - Commissioner approval mandatory as required u/s 2(36) - With effect from 1st July, 2020. - Private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person, - Such benefit added to the income of donor. - Power of Chief Commissioner for approval shifted to Commissioner
17	107(1B)	<p>Agreements for the avoidance of double taxation and prevention of fiscal evasion.</p> <ul style="list-style-type: none"> - Subject to disclosure of information by public servant.
18	108A	<p>Report from independent chartered accountant or cost and management accountant.—</p> <ul style="list-style-type: none"> - To determine the fair market value of assets, product, expenditure or service; - at the time of transaction.
19	108AB	<p>Transactions under dealership arrangements.—</p> <ul style="list-style-type: none"> - Supplies products listed in Third Schedule (Sale Tax Act, 199) or - or any other products - dealers not register under Sales Tax Act, 1990 and his name not appearing in ATL - 75% of the margin added to the income of the person making such supplies.
20	111	<p>Unexplained income or assets.</p> <ul style="list-style-type: none"> - Foreign exchange remittance from outside Pakistan restriction reduced to 5million from 10million. - Withdrawn immunity where registered value of property is less than FBR value of the property.
21	114	<p>Return of income. —</p> <ul style="list-style-type: none"> - Increase the threshold of owns immovable property with a land area of 250 sq yard to 500 sq yard.
22	118	<p>Method of furnishing returns and other documents.</p> <ul style="list-style-type: none"> - Date of filing for statement u/s 115(4) and Salary Individual 30th September instead of 31st Aug.
23	120B	<p>Restriction of proceedings.—</p> <ul style="list-style-type: none"> - Assets declared under Assets declaration Act, 2019 - If declared no, proceeding undertaken under the Ordinance in respect of declaration. - Declaration shall be confidential
24	134A	<p>Alternative Dispute Resolution.-</p> <ul style="list-style-type: none"> - Include cost senior chartered accountants and management accountants and senior Advocate in Alternative Dispute Resolution Committee. - having 10 years of experience in the field of taxation;
25	139(5) 139(6)	<p>Collection of tax in the case of private companies and associations of persons.</p> <ul style="list-style-type: none"> - AOP tax liabilities recovered from members.
26	145(5)	<p>Assessment of persons about to leave Pakistan.</p> <ul style="list-style-type: none"> - Authorized the Commissioner to freeze asset of a person; - who leave Pakistan and is involved in offshore tax evasion.

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27		<i>Change final tax regime to minimum tax regime</i>
	148	Imports
	151	Profit on debt
	152	Payment to non-residents
	153	Payment of goods services and contract. <ul style="list-style-type: none"> - Sale of goods - Execution of contract - Reduce rate of certain services clause 6(94) to specify services.
	233	Brokerage and commission.
	234	CNG Stations.
28	152	<i>Payments to non-residents.—</i> <ul style="list-style-type: none"> - Authorised commissioner to allow payment in case of a cohesive arrangement at a tax deduction equal to 30% of the tax chargeable.
29	153B	<i>Payment of royalty to resident persons.—</i> <ul style="list-style-type: none"> - Withholding tax on royalty payment to residents; - Tax deducted shall be adjustable.
30	161(3)	<i>Failure to pay tax collected or deducted.—</i> <ul style="list-style-type: none"> - Commissioner can revise the order if it is prejudicial to the interest of revenue. - Before order provided an opportunity of being heard.
31	165	<i>Statements</i> <ul style="list-style-type: none"> - Give effect to the amendment made in the Tenth Schedule
32	165A(d)	<i>Furnishing of information by banks.—</i> <ul style="list-style-type: none"> - Threshold for providing information of profit on debt reduced to Rs. 500,000 thousand.
33	168 (3)	<i>Credit for tax collected or deducted.</i> <ul style="list-style-type: none"> - Omit for the provisions on final tax with regard to inadmissibility of tax credit of final tax liability.
34	169(4)	<i>Tax collected or deducted as a final tax.—</i> <ul style="list-style-type: none"> - Higher rate of tax deducted as define under tenth schedule; - person not appearing under ATL; - shall be adjustable; - return is filed before finalization of assessment as provided in rule 4 of the tenth schedule.

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35	171A	<p>Payment of refund through income tax refund bonds.—</p> <ul style="list-style-type: none"> - issue by FBR Refund Settlement Company Limited; - Board issue a promissory note; - bonds shall be multiple of Rs. 100,000 - maturity period 3years with 10% simple profit - traded freely in the country's secondary markets; - bonds shall be accepted by the banks as collateral; - no Zakat deduction; - on maturity, bond return back to Board; - Board shall make payments; - bonds shall be redeemable;
36	175(6A)	<p>Power to enter and search premises.—</p> <ul style="list-style-type: none"> - <u>Commissioner shall raid any premises;</u> - <u>Where there is reliable information of undeclared gold, bearer security or foreign currency.</u>
37	177(6) 177(6A)	<p>Audit-</p> <ul style="list-style-type: none"> - Commissioner after audit issue audit report; containing - audit observation and findings; - amend the assessment if necessary.
38	181D	<p>Business license scheme</p> <ul style="list-style-type: none"> - introduce business license engaged in any; - business, profession or vocation; - mandatory to obtain; and - display business license as prescribed by the Board;

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39	182	Offences and penalties			
		Offences		TY 2018	TY 2019 onward Rupees
				Rupees	
		Fails to furnish a return of income u/s 114		20,000	40,000
		Fails to furnish a salary return of income i.e., 75% of the income is from salary		5,000	20,000
		Fails to furnish wealth statement or wealth reconciliation statement		20,000	100,000
		Fails to get registration		5,000	10,000
		Repeats calculation error		5,000	30,000
		Denies to access to premises, place, accounts, documents, computers or stocks		25,000	50,000
		Concealed income or furnished inaccurate particulars		25,000	100,000
Fails to collect or deducted tax		20,000	40,000		
Purchase immovable property greater than Rs. 5million through cash or bearer cheques		--	5% of the value determined by Board or provincial authority whichever is higher		
Offshore evader		--	Rs. 100,000 or an amount equal to 200% of the tax which the person sought to evade, whichever is higher		

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		Offshore tax evasion in the course of any proceedings under this Ordinance	--	Rs. 300,000 or amount equal to 200% of the tax which was sought to evaded, whichever is higher.
		Assets move to specified territory to un-specified territory	--	Rs. 1,000,000 or an amount equal to 100% of the tax whichever is higher
		Financial institutions fail to report u/s 165B	--	Rs. 10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.
		Financial institutions file an incomplete or inaccurate report u/s 165B	--	Rs. 10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.

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		<p>Financial institutions fail to obtain valid self-certification for new accounts</p> <p>--</p> <p>Rs. 10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.</p>
		<p>Reportable Jurisdiction persons fail to furnish valid self-certification or furnish false certification</p> <p>--</p> <p>Rs. 5,000 for each default and an additional Rs. 5,000 each month until the default is redressed.</p>
40	182A	<p>Return not filed within due date.—</p> <ul style="list-style-type: none"> - On payment of surcharge, person included in the ATL on filing of return after the due date; <ul style="list-style-type: none"> (i) twenty thousand in case of a company; (ii) ten thousand in case of an association of persons; (iii) one thousand in case of an individual."; - restriction of refund, if person is not included in ATL.
41	191 (ca)	<p>Prosecution for non-compliance with certain statutory obligations. —</p> <ul style="list-style-type: none"> - Non furnishing of withholding statement u/s 165 a prosecutable offence.
42	192B (1)	<p>Prosecution for concealment of an offshore asset. —</p> <ul style="list-style-type: none"> - Person fail to declare an offshore asset or furnishes inaccurate particulars of an offshore asset and revenue; - Threshold 10 million one hundred thousand rupees or more; - shall commit an offence punishable; - conviction with imprisonment up to three seven years; or - with a fine up to five hundred thousand 200% of the amount of tax evaded or both. - Fails to comply with a notice u/s 116A(2); - offence punishable on conviction with imprisonment up to one two years; or - with a fine up to fifty thousand rupees 200% of the offshore asset not declared or both.

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43	195B	Prosecution for enabling offshore tax evasion.— <ul style="list-style-type: none"> - any enabler; - results in offshore tax evasion; - shall commit an offence punishable - conviction with imprisonment up to seven years' or - with a fine up to Rs. 5million or, both.
44	216 (6B) (6C)	Disclosure of information by a public servant.- <ul style="list-style-type: none"> - Names of offshore evaders / enablers ; disclosed - in the print and electronic media; - evaded offshore tax equal to or exceeding Rs. 2.5million
45	216A	Proceedings against persons.— <ul style="list-style-type: none"> - allow for initiating criminal proceedings against officers or official or to any other person and taxpayers who indulge in financial malpractices
46	230F	Directorate General of Immovable Property.— <ul style="list-style-type: none"> - restriction of purchase of certain asset withdrawn; <ul style="list-style-type: none"> i. rates mentioned in Division XVIII shall be 1% ii. provision of 111(4)(c) iii. section 236C iv. section 236W and v. Division X of Part IV of the First Schedule.
47	230G	Directorate General of Special Initiative.— <ul style="list-style-type: none"> - Establishment of Directorate General of Special Initiative.
48	230H	Directorate General of Valuation.— <ul style="list-style-type: none"> - Establishment of Directorate General of Valuation.
49	236C	Advance Tax on sale or transfer of immovable Property.— <ul style="list-style-type: none"> - Holding period increased to Five years from three years
50	236W	Tax on purchase or transfer of immovable property.— <ul style="list-style-type: none"> - Tax on difference of FBR value of property and DC value of property

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First Schedule		
51	DIV-I	Rate and threshold of Individual and Association of Person enhanced; - BTL threshold Rs. 400,000 Rate of Individual under Salary Head "exceeds 75% of his taxable income." - BTL threshold Rs. 600,000
	DIV - II	Rate of Tax for Companies - Freeze rate 29% tax year 2019 and onward.
	DIV-III	Rate of dividend tax - Power generation companies increased 7.5% to 15% - 25% in case where company no tax is payable, due to exemption or carry forward of business losses or claim of tax credits.
	DIV-IIIA	Rate of Profit on debt - Increase the rate of tax - Increase the normal tax threshold to Rs. 36million from 25million.
	DIV-VIA	Income from property - Increase the tax slab up to Rs. 8million - and maximum tax rate up to 35%
	DIV-VII	Capital gains on disposal of securities - Tax rates tax period increased up to TY 2020
	DIV-VIII	Capital gains on disposal of immovable property - <u>Shift to separate rate of tax to normal tax regime.</u> - Based on section (3A) and (3B) of section (37A) - Rate of tax 5%, 10%, 15 and 20%
	DIV-IX	Minimum tax under section 113 - Increase the rate of tax
Part II		Rates of Advance Tax - Import u/s 148 - Omit non-filer rate of tax , - these are separately define under tenth schedule.

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PART III	DIVISION	Rate of tax increased	Non-filer tax under tenth schedule	
		I	Advance tax on dividend	Advance tax on dividend
PART IV	IA	Profit on debts	Profit on debts	
	IB		Return of investment in Sukuks	
	II		Payments to non-residents	
	IIIB	Royalty paid to resident persons - Tax rate 15% of the gross amount payable;		
	V	Income from property - Rate slab increased to Rs. 8 million		
	VIA		Petroleum Products	
	VIB		CNG stations	
		DIVISION	Non-filer tax under tenth schedule	
	II	Brokerage and Commission		
	III	Tax on Motor Vehicles		
VI	Cash withdrawn from a Bank			
VIA	Advance tax on transaction in Bank			
VII	Advance Tax on Purchase, Registration and Transfer of Motor Vehicles			
VIII	Advance tax at the time of sale by auction			
X	Advance tax on sale or transfer of Immovable property			
XIV	Advance tax on sale to distributors, dealers or wholesalers			
XV	Advance tax on sale to retailers			
XVA	Advance tax on sale of certain petroleum products			
XVII	Advance tax on dealers, commission agents and arhatis, etc.			
XVIII	Advance tax on purchase of immovable property			
XXI	Advance Tax on Banking Transactions Otherwise Than Through Cash			
XXV	Advance tax on Insurance Premium			
XXVII	Advance tax on amount remitted abroad through credit, debit or prepaid cards			