

The Tax Laws (Second Amendment) Ordinance, 2019
dated 28-12-2019

INCOME TAX

- Business licence scheme
 - o Person fail to obtain business licence, the Commissioner impose a fine of
 - o Rs. 20,000 in case of Taxpayer deriving income chargeable to tax under this Ordinance; or
 - o Rs. 5,000 in all other cases.
 - o The Commissioner by an order in writing cancel licence after providing opportunity of being heard to the person if-
 - Such person fails to notify any change in particulars within thirty days of such change, or
 - Such person is convicted of any offence under any federal tax law.
- Closure of Audit
 - o Board prescribes procedure for conclusion of audit of Income Tax affairs of an person automatically selected for audit under omitted section 214D.
 - o Prescribes procedure include acceptance of declared income subject to condition specified therein.
- Rate of tax reduced on value of import of mobile phone by any person exceeding USD 30 and upto USD 100 from Rs. 730 to Rs. 100
- Traders as an individual engaged in business of buying and selling of goods in the same state including a retailer and a wholesaler but shall not include a distributor getting relief in taxation.
 - o Minimum tax under section 113 for tax year 2020 = 0.5%
 - o Tax liability of tax year 2019 and 2020 cannot less than the tax paid in tax year 2018.
 - o WHT u/s 153 not applicable having turnover upto on Rs. 100 million.
- Trader of yarn.
 - o Minimum tax under section 113 for tax year 2020 = 0.5%
 - o WHT u/s 153 shall be increase from 0.1% to 0.5 % on local sales, supplies and services
 - o Restriction to sales tax zero rated taxpayers removed.
- WHT u/s 235 on Electricity consumption removed from zero rated regime and restrict to registered sales tax as exporters or manufacturer of five sectors.

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- Greenfield industrial undertaking
 - o a new industrial undertaking
- Appellate Tribunal introduce in Finance Act, 2019 substitute after some amendment.
- Non-resident company having no permanent establishment in Pakistan shall deduct tax from capital gain arising on the
 - o Disposal of debt instruments and Government securities including treasury bills and Pakistan investment bonds through SCRA
 - o at the rate 10% of the amount of capital gain.
 - o tax deductible shall be final tax
 - o section 236P shall not apply
 - o advance tax u/s 147(5B) not applicable
 - o filing of return u/s 115(4) not applicable
 - o registering u/s 181 not applicable
 - o excluding as an withholding agent u/s 100AB.
- Disclosure of information by a public servant to
 - o the Financial Monitory Unit for the purpose of performing functions as laid down in the Anti-Money Laundering Act, 2010(VII of 2010).
- Disclosure of information by a public servant
 - o Power of Federal Government shifted to Board with the approval of Federal Minister-in-charge.
- Director General of Transfer Pricing
 - o Transfer pricing audit of cases shall be conducted as per procedure given in section 177
- Group relief under section 59B, dividend income removes from section 103C calculation.
- Capital gain on sale of immovable property acquired or allotted to ex-servicemen and serving personnel of Armed Force or ex-employees or serving personal of Federal and Provincial Governments, being original allottees of the immovable property.
 - o Capital gain arising after completion of three years from the date of acquisition of immovable property amount shell be reduced by 75%.
- WHT u/s 148 shall not apply to an industrial undertaking
 - o the Commissioner shell issued the exemption certificate in case the certificate is automatically processed and issued by IRIS upon expiry of prescribed time period;
 - o the Commissioner may modify or cancel the certificate issued automatically by IRIS on the basis of reasons in writing and providing an opportunity of being heard;

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Sales Tax

- Tier 1 retailer
 - o Condition of electricity bill upto Rs. 600,000 increased to Rs. 1,200,000
 - o Board may prescribe any other person or class of person.
 - o Offences and penalties
 - any person avoid monitoring, tracking, reporting or recording of such transactions.
 - Penalty of Rs. 5,000 or 200 % of the amount of tax involved, whichever is higher.
 - Further be liable upon conviction by a special Judge, Imprisonment two years or with additional fine which may extend to Rs. 2 million or with both
 - Any person encourage commissioning of such offence, conviction by a special Judge, imprisonment one year or with additional fine upto Rs 200,000 or with both.
 - Any person avoid and fails to get himself registered under the Act
 - Penalty upto Rs 1 million and if continues to commit the same offence after the period of six months after imposition of penalty
 - Sealed and an embargo shall be placed on his sales.
- Third Schedule items define u/s 2(27) and 3(2)(a)
 - o Offences and penalties
 - Manufacturer or importer fails to print the retail price
 - Penalty Rs. 10,000 or 5% of the amount of tax involved, whichever is higher;
 - Such goods shall be seized.
 - Allow redemption of goods on payment of fine not less than 20% of the total retail price of such goods.
- Goods supplied from tax-exempt areas u/s 40D
 - o Offences and penalties
 - Any person, being owner of the goods which are brought to Pakistan in violation of section 40D
 - Penalty Rs. 10,000 or 5% of the amount of tax involved, whichever is higher;
 - Such goods shall be seized.
 - Allow redemption of goods on payment of fine not less than 20% of value, or retail price in case of third schedule items.
- Transaction not admissible - purchase from unregistered person
 - o A registered manufacturer threshold for unregistered person purchases.
 - Ten million Rupees in a month, and
 - Hundred million Rupees in a year

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Sales Tax

- Provisions relating to goods supplied from tax-exempt areas under section 40D
 - o Tax exempted areas
 - Azad Jammu and Kashmir,
 - Gilgit- Balistan,
 - Tribal Areas
 - as define in Article 246 of the Constitution of the Republic of Pakistan.
- Fee and service charges u/s 76 notification power shifted from Federal Government to Board with approval of the Federal Minister-in-charge.

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Customs

- Directorate General of Law and prosecution established
- Declaration by passenger or crew of baggage
 - o in case of recovery or seizure subsequent to false declaration or failure to declare under section (2)(1)(s).
 - o offence shall be treated at par with clause (s) of section 2.
- Punishment for offences.
 - o If the smuggled or prohibited goods comprise currency of all types
 - Confiscation and
 - any person concerned in the offence shall be liable to.

Currency	Confiscation	Any person concerned
over and above the permissible limit is upto US dollars 10,000 or equivalent in value (currency of other denomination) etc.	100 percent currency	Penalty not exceeding the value of the excess amount of the currency.
USD 10,001 to 20,000 or equivalent in value (currency of other denomination) etc.,	100 percent currency	Penalty not exceeding two times the value of the excess amount of the currency.
USD 20,001 to 50,000 or equivalent in value (currency of other denomination) etc.,	100 percent currency	Penalty not exceeding three times the value of the excess amount of the currency. Special Judge - further liable to imprisonment for a term not exceeding two years.
USD 50,001 to 100,000 or equivalent in value (currency of other denomination) etc.,	100 percent currency	Penalty not exceeding four times the value of the excess amount of the currency. Special Judge - further liable to imprisonment for a term not exceeding seven years.
USD 100,001 to 200,000 or equivalent in value (currency of other denomination) etc.,	100 percent currency	Penalty not exceeding five times the value of the excess amount of the currency. Special Judge - further liable to imprisonment for a term not exceeding ten years. Imprisonment shall not be less than three years.
if the amount of the currency over and above the permissible limit exceeds USD 200,000 or equivalent in value (currency of other denomination) etc.	100 percent currency	Penalty not exceeding ten times the value of the excess amount of the currency. Special Judge - further liable to imprisonment for a term not exceeding for fourteen years. Imprisonment shall not be less than five years.

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- If the smuggled / prohibited goods comprise of gold, silver, platinum or precious stones in any form
 - Confiscation and
 - any person concerned in the offence shall be liable to.

Gold / Silver / Platinum or Precious stones in any form	Confiscation	Any person concerned
if the quantity of such goods is up to 15 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding the value of the goods
16-30 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding two times the value of the goods.
31-50 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding three times the value of the goods. Special Judge - further liable to imprisonment for a term not exceeding one year.
51-100 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding three times the value of the goods. Special Judge - further liable to imprisonment for a term not exceeding three year.
101-200 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding four times the value of the goods. Special Judge - further liable to imprisonment for a term not exceeding five year.
201-500 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding five times the value of the goods. Special Judge - further liable to imprisonment for a term not exceeding ten year. Imprisonment shall not be less than three years.
if the quantity of such goods exceeds 500 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding ten times the value of the goods. Special Judge - further liable to imprisonment for a term not exceeding fourteen year. Imprisonment shall not be less than five years.

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Customs

- If the owner of any baggage fails to declare or makes a false declaration with respect to his baggage or refuses to answer any questions put to him by the appropriate officer with respect to his baggage or any of its contents including articles carried with him or fails to produce baggage or any such article for examination, and if such goods are;

(i) Sec 139(1)	Other than currency, gold, silver & platinum and precious stones in any form Gold / Silver / Platinum or Precious stones in any form	Confiscation of goods	Penalty not exceed three times the value of the goods
(ii) Sec 139(2)	Currency of all types	Confiscation	Any person concerned
	Currency over and above the permissible limit is upto USD 10,000 or equivalent in value (currency of other denomination) etc.	100 percent of currency	Penalty not exceed the value of the currency
	USD 10,001 to 20,000 or equivalent in value (currency of other denomination) etc.,	100 percent of currency	Penalty not exceed two times the value of the currency
(ii) Sec 139(2)	Currency of all types	Confiscation	Any person concerned
	USD 20,001 to 50,000 or equivalent in value (currency of other denomination) etc.,	100 percent of currency	Penalty not exceed three times the value of the currency; and Upon conviction by a Special Judge further imprisonment for a term not exceeding two years;
	USD 50,001 to 100,000 or equivalent in value (currency of other denomination) etc.,	100 percent of currency	Penalty not exceed four times the value of the currency; and Upon conviction by a Special Judge further imprisonment for a term not exceeding seven years;
	USD 100,001 to 200,000 or equivalent in value (currency of other denomination) etc.,	100 percent of currency	Penalty not exceed five times the value of the currency; and Upon conviction by a Special Judge further imprisonment for a term not exceeding ten years; Imprisonment shall not be less than three years.
	Exceeds USD 200,000 or equivalent in value (currency of other denomination) etc.,	100 percent of currency	Penalty not exceed five times the value of the currency; and Upon conviction by a Special Judge further imprisonment for a term not exceeding ten years; Imprisonment shall not be exceeding fourteen years.

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Customs

(iii) Sec 139(2)	Gold, silver platinum and precious stones in any form;	Confiscation	Any person concerned
	quantity of such goods is up to 15 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding the value of the goods
	16-30 tola gold or equivalent in value (silver or platinum) etc	100 percent of goods	penalty not exceeding two times of the value of the goods
	31-50 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding three times of the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding one year;
	51-100 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding three times of the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding three year;
	101-200 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding four times of the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding five year;
	201-500 tola gold or equivalent in value (silver or platinum) etc.,	100 percent of goods	penalty not exceeding five times of the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding ten year; Imprisonment shall not be exceeding three years.
	exceeds 500 tola gold or equivalent in value (silver or platinum) etc.	100 percent of goods	penalty not exceeding ten times of the value of the goods; and upon conviction by a Special Judge he shall further be liable to imprisonment for a term not exceeding fourteen year; Imprisonment shall not be less than five years.

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Customs

- If the goods declaration is not filed within the prescribed period of ten days.
 - Penalty shall not apply in case where goods are imported or received as gift by individuals without NTN or STRN through courier or air cargo, diplomatic cargo and imports made by the Federal Government or Provincial Government or Local Government.”, and
- Power to stop and search conveyance.
 - The officers or officials shall be empowered to use all necessary force including use of firearms.
- Things seized how dealt with.-
 - Seized goods are subject to speedy or natural decay,
 - Order the goods to be sold or otherwise dispose of.
 - property is a dangerous drug, intoxicant, intoxicating liquor or any other narcotic or psychotropic substance seized or taken into custody
 - obtain some number of samples for safe custody and production and
 - cause destruction of the remaining portion of the property under a certificate issued by it in that behalf;
- Cognizance of offences by Special Judges.-
 - Cases shall be disposed of within six months of the receipt of report.
- Appellate Tribunal
 - Establishment, Power and appointment method redefine.
- Reference to High Court.
 - Reference filed shall be decided within six months of filing the application.