Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

2			**Definition**
		29C	**"Industrial undertaking" means —**
		(aa)	from the 1st day of May, 2020, a person directly involved in the construction of buildings, roads, bridges and other such structures or the development of land, to the extent and for the purpose of import of plant and machinery to be utilized in such activity, subject to such conditions as may be notified by the Board; and
		(ab)	from the first day of July, 2020 a resident company engaged in the hotel business in Pakistan;
		30A 30AA	"investment company" means an investment company as defined in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;
		30AA 30AB	KIBOR means Karachi Inter Bank Offered Rate prevalent on the first day of each quarter of the financial year;
		30A	"integrated enterprise" means a person integrated with the Board through approved fiscal electronic device and software, and who fulfills obligations and requirements for integration as may be prescribed;
		30AC	"IRIS" means a web based computer Programme for operation and management of Inland Revenue taxes administered by the Board;
		31A	"Local Government" shall have the same meaning for respective provisions and Islamabad Capital Territory as contained in the Balochistan Local Government Act, 2010 (V of 2010), the Khyber Pakhtunkhwa Local Government Act, 2013 (XXVIII of 2013), the Sindh Local Government Act, 2013 (XLII of 2013), the Islamabad Capital Territory Local Government Act, 2015 (X of 2015) and the Punjab Local Government Act, 2019 (XIII of 2019) ;"; and
		36	"non-profit organization" means any person other than an individual, which is — a) established for religious, educational, charitable, welfare or development purposes purposes for general public, or for the promotion of an amateur sport; b) formed and registered by or under any law as a non-profit organization; c) approved by the Commissioner for specified period, on an application made by such person in the prescribed form and manner, accompanied by the prescribed documents and, on requisition, such other documents as may be required by the Commissioner; and none of the assets of such person confers, or may confer, a private benefit to any other person;
4			**Tax on taxable income -**
	(1)		Subject to this Ordinance, income tax shall be imposed for each tax year, at the rate or rates specified in Division I, IB or II of Part I of the First Schedule, as the case may be, on every person who has taxable income for the year.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

6			**Tax on certain payments to non-residents.-**
	(2)		The tax imposed under sub-section (1) on a non-resident person shall be computed by applying the relevant rate of tax to the gross amount of the royalty fee for offshore digital services or fee for technical services.
7A			**Tax on shipping of a resident person.—**
	(1)	(c)	A Pakistan resident ship owning company registered with the Securities and Exchange Commission of Pakistan after the 15th day of November, 2019 and having its own sea worthy vessel registered under Pakistan Flag shall pay tonnage tax of an amount equivalent to seventy five US Cents per ton of gross registered tonnage per annum.
	(2)		The provisions of this section shall not be applicable after the 30thJune, 2020 2030
15A			Deductions in computing income chargeable under the head "Income from Property".—
	(1)		In computing the income of a company chargeable to tax under the head "Income from Property" for a tax year, a deduction shall be allowed for the following expenditures or allowances, namely:-
		(h)	any expenditure, not exceeding six two per cent of the rent chargeable to tax in respect of the property for the year computed before any deduction allowed under this section, paid or payable by the company in the year wholly and exclusively for the purpose of deriving rent chargeable to tax under the head, "Income from Property" including administration and collection charges;"
	(7)		Notwithstanding sub-section (6) of section 15, the provisions of this section shall apply to an individual or an association of persons deriving income exceeding Rs. 4 million under section 15, who opts to pay tax at the rate specified in Division I of Part I of the First Schedule.
21			**Deductions not allowed -**
			Except as otherwise provided in this Ordinance, no deduction shall be allowed in computing the income of a person under the head "Income from Business" for -
		(l)	any expenditure for a transaction, paid or payable under a single account head which, in aggregate, exceeds fifty two hundred fifty thousand rupees, made other than by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of amount from the business bank account of the taxpayer: Provided that online transfer of payment from the business account of the payer to the business account of payee as well as payments through credit card shall be treated as transactions through the banking channel, subject to the condition that such transactions are verifiable from the bank statements of the respective payer and the payee:

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			Provided further that this clause shall not apply in the case of— (a) expenditures not exceeding ten twenty five thousand rupees; (b) expenditures on account of — (i) utility bills; (ii) freight charges; (iii) travel fare; (iv) postage; and (v) payment of taxes, duties, fee, fines or any other statutory obligation;
		(m)	any salary paid or payable exceeding fifteen twenty five thousand rupees per month other than by a crossed cheque or direct transfer of funds to the employee's bank account;
		(p)	any expenditure on account of utility bill in excess of such limits and in violation of such conditions as may be prescribed; and
		(q)	any expenditure attributable to sales made to persons required to be registered but not registered under the Sales Tax Act, 1990 by an industrial undertaking computed according to the following formula, namely:— (A/B) x C where— A is the total amount of deductions claimed under this Part; B is the turnover for the tax year; and C is the total amount of sales exclusive of sales tax and federal excise duty to persons required to be registered but not registered under the Sales Tax Act, 1990 where sales equal or exceed rupees one hundred million per person: Provided that disallowance of expenditure under this clause shall not exceed ten twenty percent of total deductions claimed under this Part: Provided further that the Board may, by notification in the official Gazette, exempt persons or classes of persons from this clause subject conditions and limitations as may be specified therein: on the basis of hardship. Provided also that this clause come into force with effect from the first day of October, 2020.';
22			**Depreciation**
	(2)		Subject to sub-section (3), the depreciation deduction for a tax year shall be computed by applying the rate specified in Part I of the Third Schedule against the written down value of the asset at the beginning of the year. Provided that where a depreciable asset is used in the person's business for the first time in a tax year commencing on or after the 1st day of July, 2020, the depreciation deduction shall be reduced by fifty percent.
	(8)		Where, in any tax year, a person disposes of a depreciable asset, no depreciation deduction shall be allowed under this section for that year and —

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			Provided that where a depreciable asset is used in the person's business for the first time in a tax year commencing on or after the 1st day of July, 2020, depreciation deduction equal to fifty percent of the rate specified in Part I of the Third Schedule shall be allowed in the year of disposal.
28			**Profit on debt, financial costs and lease payments.—**
	(1)		Subject to this Ordinance, a deduction shall be allowed for a tax year for —
		(a)	any profit on debt incurred by a person in the tax year to the extent that the proceeds or benefit of the debt have been used by the person for the purposes of business;
		(b)	any lease rental incurred by a person in the tax year to a scheduled bank, financial institution, an approved modaraba, an approved leasing company or a Special Purpose Vehicle on behalf of the Originator for an asset used by the person for the purposes of business; Provided that for the purpose of determining the deduction on account of lease rentals the cost of a passenger transport vehicle not plying for hire to the extent of principal amount shall not exceed two and a half million rupees;
37			**Capital Gain**
	(3A)		Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of an immovable property being an open plot shall be computed in accordance with the formula specified in the Table below, namely:-

Table

S.No	Holding Period	Gain
(1)	(2)	(3)
1	Where the holding period of open plot an immoveable property does not exceed one year	A
2	Where the holding period of open plot an immoveable property is exceeds one year but does not exceed ten two years	A x $\frac{3}{4}$
3	Where the holding period of an immoveable property exceeds two years but does not exceed three years	A x 1/2
4	Where the holding period of an immoveable property exceeds three years but does not exceed four years	A x $\frac{1}{4}$
3	Where the holding period of open plot an immovable property exceeds ten four years	0

			where A is the amount of the gain determined under sub-section (2)

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	(3B)		Notwithstanding anything contained in sub-section (3), the amount of any gain arising on disposal of immovable property being a constructed property shall be computed in accordance with the following formula, namely:— Table

S.No	Holding Period	Gain
(1)	(2)	(3)
1	Where the holding period of constructed property does not exceed one year	A
2	Where the holding period of constructed property exceeds one year but does not exceed five years	A x ¾
3	Where the holding period of constructed property exceeds five years	0

			where A is the amount of the gain determined under sub-section (2).;
	(3B)		For the purpose of this section, "shares of a public company" shall be considered as security if such company is a public company at the time of disposal of such shares.;
57			**Carry forward of business losses-**
	(2B)		Where a loss, referred to in sub-section (2), relating to a tax year commencing on or after the first day of July, 2020 is sustained by a resident company engaged in the hotel business in Pakistan, the said loss shall be carried forward for a period of eight years.;
61			**Charitable donations**
	(2)		The amount of a person's tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely:— (A/B) x C where — A. is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part; B. is the person's taxable income for the tax year; and C. C is the lesser of — (a) the total amount of the person's donations referred to in subsection (1) in the year, including the fair market value of any property given; or (b) where the person is — (i) an individual or association of persons, thirty per cent of the taxable income of the person for the year; or (ii) a company, twenty per cent of the taxable income of the person for the year. Provided that where any sum is paid or any property is given to an associate by a donor, clause (b) of component C shall be, in the case of— (i) an individual or association of persons, fifteen percent of the taxable income of the person for the year; or (ii) a company, ten percent of the taxable income of the person for the year.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

65C			**Tax credit for enlistment.**
	(1)		Where a taxpayer being a company opts for enlistment in any registered stock exchange in Pakistan on or before the 30th day of June, 2022, a tax credit equal to twenty percent of the tax payable shall be allowed for the tax year in which the said company is enlisted and for the following three tax years: Provided that the tax credit for the last two years shall be ten per cent of the tax payable.
100BA			**Special provisions relating to persons not appearing in active taxpayers' list**
	(1)		The collection or deduction of advance income tax, computation of income and tax payable thereon in respect of a person not appearing on the active taxpayers' list shall be determined in accordance with the rules in the Tenth Schedule.
	(2)		The provisions of the Tenth Schedule shall have effect notwithstanding anything to the contrary contained in this Ordinance.
100C			**Tax credit for certain persons.-**
	(1)		The income of Non-profit organizations, trusts or welfare institutions, as mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, subject to the following conditions, namely:-
		(g)	a statement of voluntary contributions and donations received in the immediately preceding tax year which has been filed in the prescribed form and manner.
	(1A)		Notwithstanding anything contained in sub-section (1), surplus funds of non-profit organization organizations, trusts or welfare institutions shall be taxed at a rate of ten percent.
	(1B)		For the purpose of sub-section (1A), surplus funds mean funds or monies:
		(d)	are not part of restricted funds. Explanation.- For the purpose of this sub-section, "restricted funds" mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor a donor not being an associate of the organization.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

100D			**Special provisions relating to builders and developers.–**
	(1)		For tax year 2020 and onwards, the tax payable by a builder or a developer, as defined in sub-section (9), who opts to pay tax under this section shall be computed and paid in accordance with the rules in the Eleventh Schedule on a project by project basis on the income, profits and gains derived from the sale of buildings or sale of plots, as the case may be, from–
		(a)	a new project to be completed by the 30th day of September, 2022; or
		(b)	an incomplete existing project to be completed by the 30th day of September, 2022 Provided that any income, profits and gains of a builder or developer of an incomplete existing project earned up to tax year 2019 shall be subject to the provisions of this Ordinance as were in force prior to the commencement of the Tax Laws (Amendment) Ordinance, 2020 (Ordinance I of 2020): Provided further that any income of a builder or developer other than income, profits and gains subject to this section shall be subject to tax as per the provisions of this Ordinance.
	(2)		Where sub-section (1) applies, —
		(a)	the income shall not be chargeable to tax under any head of income in computing the taxable income of the person;
		(b)	no deduction shall be allowed under this Ordinance for any expenditure incurred in deriving the income;
		(c)	the amount of the income shall not be reduced by — (i) any deductible allowance under Part IX of Chapter III; or (ii) the set off of any loss;
		(d)	no tax credit shall be allowed against the tax payable under sub-section (1) except credit for tax under section 236A or 236K collected from the builder or developer after the commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020) on purchase of immoveable property utilized in a project;
		(e)	there shall be no refund of any tax collected or deducted under this Ordinance;
		(f)	if the tax payable has not been paid or short paid, the said amount of tax may be recovered and all the provisions of this Ordinance shall apply accordingly; and
		(g)	sections 113 and 113C shall not apply on the turnover, income, profits and gains of a builder or developer from a project.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

100D	(3)		The provisions of section 111 shall not apply to capital investment made in a new project under clause (a) of sub-section (1) in the form of money or land, subject to the following conditions, namely:-
		(a)	if the investment is made by a builder or developer being an individual – (i) in the form of money, such builder or developer shall open a new bank account and deposit such amount in it on or before the 31st day of December, 2020; or (ii) in the form of land, such builder or developer shall have the ownership title of the land at the time of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020);
		(b)	if the investment is made by a person in a project through a company or an association of persons,– (i) such company or association of person shall be a single object (builder or developer) company or association of persons registered under the Companies Act, 2017 (XIX of 2017) or the Partnership Act, 1932 (IX of 1932), as the case may be, after the date of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020) and on or before the 31st day of December, 2020; and (ii) the person shall be a member or shareholder of such association of persons or company, as the case may be; and if the capital investment is made,– (i) in the form of money, such amount shall be invested through a crossed banking instrument deposited in the bank account of such association of persons or company, as the case may be, on or before the 31st day of December, 2020; or (ii) in the form of land, such land shall be transferred to such association of persons or company, as the case may be, on or before the 31st day of December, 2020: Provided that the person shall have the ownership title of the land at the time of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020);
		(c)	a person making an investment under clause (a) or (b) shall submit a prescribed form on IRIS web portal;
		(d)	the money or land invested under clause (a) or (b) shall be wholly utilized in a project; and
		(e)	completion of the project shall be certified in the following manner, namely:- (i) in case of a builder, the map approving authority or NESPAK shall certify that grey structure as per the approved map has been completed by the builder on or before the 30th day of September, 2022; and

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			(ii) in case of a developer,- A. the map approving authority or NESPAK shall certify that landscaping has been completed on or before the 30th day of September, 2022; B. a firm of chartered accountants having an ICAP QCR rating of 'satisfactory', notified by the Board for this purpose, shall certify that at least 50% of the plots have been booked for sale and at least 40% of the sale proceeds have been received by the 30th day of September, 2022; and C. at least 50% of the roads have been laid up to sub-grade level as certified by the approving authority or NESPAK.
	(4)		The provisions of section 111 shall also not apply to.-
		(a)	the first purchaser of a building or a unit of the building purchased from the builder in respect of purchase price of the building or unit of the building subject to the following conditions, namely:- (i) full payment is made through a crossed banking instrument to the builder during a period starting from the date of registration of the project with the Board under this section and ending on the 30th day of September, 2022, in case the purchase is from a new project; and (ii) full or balance amount of payment is made through a crossed banking instrument to the builder during a period starting from the date of registration of the project with the Board under this section and ending on the 30th day of September, 2022, in case the purchase is from an existing incomplete project; and
		(b)	the purchaser of a plot who intends to construct a building thereon, if – (i) the purchase is made on or before the 31st day of December, 2020; (ii) the full payment is made on or before the 31st day of December, 2020 through a crossed banking instrument; (iii) construction on such plot is commenced on or before the 31st day of December, 2020; (iv) such construction is completed on or before the 30th day of September, 2022; and (v) the person registers himself with the Board on the online IRIS web portal.
	(5)		Where sub-section (3) or (4) apply, the value or price of land or building, as the case may be, shall be the higher of clause (a) or (b) below:-
		(a)	130% of the fair market value as determined by the Board under sub-section (4) of section 68; or
		(b)	at the option of the person making investment, the lower of the values as determined by at least two independent valuers from the list of valuers approved by the State Bank of Pakistan.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

100D	(6)		Sub-sections (3) and (4) shall not apply to –
		(a)	holder of any public office as defined in the Voluntary Declaration of Domestic Assets Act, 2018 or his benamidar as defined in the Benami Transactions (Prohibition) Act, 2017 (V of 2017) or his spouse or dependents;
		(b)	a public listed company, a real estate investment trust or a company whose income is exempt under any provision of this Ordinance; or
		(c)	any proceeds derived from the commission of a criminal offence including the crimes of money laundering, extortion or terror financing but excluding the offences under this Ordinance.
	(7)		Dividend income paid to a person by a builder or developer being a company out of the profits and gains derived from a project shall be exempt from tax.
	(8)		Notwithstanding anything contained in this section or the Eleventh Schedule, where a return or declaration has been made through misrepresentation or suppression of facts, such return or declaration shall be void and all the provisions of this Ordinance shall apply: Provided that no action under this sub-section shall be taken if such misrepresentation has been made on account of a bona fide mistake: Provided further that no action under this sub-section shall be taken without providing an opportunity of being heard and without prior approval of the Board.”;
	(9)		In this section, -
		(a)	“builder” means a person who is registered as a builder with the Board and is engaged in the construction and disposal of residential or commercial buildings;
		(b)	“capital investment” means investment as equity resources and does not include borrowed funds;
		(c)	“developer” means a person who is registered as a developer with the Board and is engaged in the development of land in the form of plots of any kind either for itself or otherwise;
		(d)	“existing project” means a construction or development project, which – (i) has commenced before the date of commencement of the Tax Laws (Amendment) Ordinance, 2020; (ii) is incomplete; (iii) is completed on or before the 30th day of September, 2022; and (iv) a declaration is provided in the registration form under Eleventh Schedule to the effect of percentage of the project completed up to the last day of the accounting period pertaining to tax year 2019;
		(e)	“first purchaser” means a person who purchases a building or a unit, as the case may be, directly from the builder and does not include a subsequent or a substituted purchaser;

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

100D	(9)	(f)	"new project" means a construction or development project, which – (i) is commenced during the period starting from the date of commencement of the Tax Laws (Amendment) Ordinance, 2020 and ending on the 31st day of December, 2020; and (ii) is completed on or before the 30th day of September, 2022;
		(g)	"project" means a project for construction of a building with the object of disposal, or a project for development of land into plots with the object of disposal or otherwise;
		(h)	"registered with the Board" means registered after submission of form on project-by-project basis on the online IRIS web portal;
	(10)		The provisions of the Ordinance not specifically dealt with in this section or the rules made thereunder shall apply mutatis mutandis to builders and developers in so far as they are not inconsistent with this section or the rules made thereunder.";
106A			**Restriction on deduction of profit on debt payable to associated enterprise.—**
	(1)		Subject to sections 108 and 109, a part of deduction for foreign profit on debt claimed by a foreign-controlled resident company (other than an insurance company, or a banking company) during a tax year, shall be disallowed according to the following formula, namely:- [B] – [(A + B) x 0.15] where— A is the taxable income before depreciation and amortization; and B is the foreign profit on debt claimed as deduction
	(2)		This section shall not apply to a foreign-controlled resident company if the total foreign profit on debt claimed as deduction is less than ten million rupees for a tax year.
	(3)		Where in computing the taxable income for a tax year, full effect cannot be given to a deduction for foreign profit on debt, the excessive amount shall be added to the amount of foreign profit on debt for the following tax year and shall be treated to be part of that deduction, or if there is no such deduction for that tax year, be treated to be the deduction for that tax year and so on for three tax years.
	(4)		Notwithstanding the provisions of section 106, where deduction of foreign profit on debt is disallowed under this section and also under section 106, the disallowed amount under this section and section 106.
	(5)		This section shall apply in respect of foreign profit on debt accrued with effect from the first day of July, 2020, even if debts were contracted before the first day of July, 2020.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

106A	(6)		In this section—
		(a)	"foreign-controlled resident company" means a resident company in which fifty per cent or more of the underlying ownership of the company is held by a non-resident person either alone or together with an associate or associates; and
		(b)	"foreign profit on debt" means interest paid or payable to a non-resident person or an associate of the foreign-controlled resident company and includes- (i) interest on all forms of debt; (ii) payments made which are economically equivalent to interest; (iii) expenses incurred in connection with the raising of finance; (iv) payments under profit participating loans; (v) imputed interest on instruments such as convertible bonds and zero coupon bonds; (vi) amounts under alternative financing arrangements such as Islamic finance; (vii)the finance cost element of finance lease payments; (viii) capitalized interest included in the balance sheet value of related asset, or the amortisation of capitalised interest; (ix) amounts measured by reference to a funding return under transfer pricing rules; (x) where applicable, notional interest amounts under derivative instruments or hedging arrangements related to an entity's borrowings; (xi) certain foreign exchange gains and losses on borrowings and instruments connected with the raising of finance; (xii) guarantee fees with respect to financing arrangements; and (xiii) arrangement fee and similar cost related to the borrowing funds.”;
107			**Agreements for the avoidance of double taxation and prevention of fiscal evasion.**
	(1)		The Federal Government may enter into a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement or similar agreement or mechanism for the avoidance of double taxation or for the exchange of information for the prevention of fiscal evasion or avoidance of taxes including automatic and spontaneous exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country and may, by notification in the official Gazette, make such provisions as may be necessary for implementing the said instruments. and

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

111			Unexplained income or assets.-
	(1)		Where -
		(a)	any amount is credited in a person's books of account;
		(b)	a person has made any investment or is the owner of any money or valuable article;
		(c)	a person has incurred any expenditure; or
		(d)	any person has concealed income or furnished inaccurate particulars of income including (i) the suppression of any production, sales or any amount chargeable to tax; or (ii) the suppression of any item of receipt liable to tax in whole or in part, and the person offers no explanation about the nature and source of the amount credited or the investment, money, valuable article, or funds from which the expenditure was made suppression of any production, sales, any amount chargeable to tax and of any item of receipt liable to tax or the explanation offered by the person is not, in the Commissioner's opinion, satisfactory, the amount credited, value of the investment, money, value of the article, or amount of expenditure suppressed amount of production, sales or any amount chargeable to tax or of any item of receipt liable to tax shall be included in the person's income chargeable to tax under head "Income from Other Sources" to the extent it is not adequately explained: in the Commissioner's opinion, satisfactory – (a) the amount credited, value of the investment, money, value of the article, or amount of expenditure shall be included in the person's income chargeable to tax under the head "Income from Other Sources" to the extent it is not adequately explained; and (b) the suppressed amount of production, sales or any amount chargeable to tax or of any item of receipt liable to tax shall be included in the person's income chargeable to tax under the head "Income from Business" to the extent it is not adequately explained.
113			**Minimum tax on the income of certain persons.-**
	(1)		This section shall apply to a resident company permanent establishment of a non-resident company, an individual (having turnover of ten million rupees or above in the tax year 2017 or in any subsequent tax year) and an association of persons (having turnover of ten million rupees or above in the tax year 2017 or in any subsequent tax year) where, for any reason whatsoever allowed under this Ordinance, including any other law for the time being in force—

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

114			**Return of income.**
	(1)		Subject to this Ordinance, the following persons are required to furnish a return of income for a tax year, namely:-
		(a)	every company;
		(ae)	every person whose income for the year is subject to final taxation under any provision of this Ordinance;
		(b)	any person not covered by clause (a), (ab), (ac) or (ad) who,—
		(x)	every is a resident person being an individual required to file foreign income and assets statement under section 116A.
	(2)		A return of income -
		(a)	shall be in the prescribed form and shall be accompanied by such annexures, statements or documents as may be prescribed; Provided that the Board may prescribe different returns for different classes of income or persons including persons subject to final taxation;
	(6)		Provided also that the Commissioner shall grant approval in case of a bonafide omission or wrong statement.
114A			**Taxpayer's profile**
	(1)		Subject to this Ordinance, the following persons shall furnish a profile, namely:—
		(a)	every person applying for registration under section 181;
		(b)	every person deriving income chargeable to tax under the head, "income from business"
		(c)	every person whose income is subject to final taxation;
		(d)	any non-profit organization as defined in clause (36) of section 2;
		(e)	any trust or welfare institution; or
		(f)	any other person prescribed by the Board.
	(2)		A taxpayer's profile—
		(a)	shall be in the prescribed form and shall be accompanied by such annexures, statements or documents as may be prescribed;
		(b)	shall fully state, in the specified form and manner, the relevant particulars of— (i) bank accounts; (ii) utility connections; (iii) business premises including all manufacturing, storage or retail outlets operated or leased by the taxpayer; (iv) types of businesses; and (v) such other information as may be prescribed;
		(c)	shall be signed by the person being an individual, or the person's representative where section 172 applies; and
		(d)	shall be filed electronically on the web as prescribed by the Board.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

114A	(3)		A taxpayer's profile shall be furnished,—
		(a)	on or before the 31st day of December, 2020 in case of a person registered under section 181 before the 30th day of September, 2020; and
		(b)	within ninety days registration in case of a person not registered under section 181 before the 30th day of September, 2020.
	(4)		A taxpayer's profile shall be updated within ninety days of change in any of the relevant particulars of information as mentioned in clause (b) of sub-section (2).
115			**Persons not required to furnish a return of income. —**
	(4)		Any person who is not obliged to furnish a return for a tax year because all the person's income is subject to final taxation under sections 5, 6, 7, 148, 151 and 152, sub-section (3) of section 153, sections 154, 156 and 156A, sub-section (3) of section 233 or sub-section (3) of section 234A shall furnish to the Commissioner a statement showing such particulars relating to the person's income for the tax year in such form and verified in such manner as may be prescribed.
	(4A)		Any person who, having furnished a statement, discovers any omission or wrong statement therein, he may, without prejudice to any other liability which he may incur under this Ordinance, furnish a revised statement for that tax year, at any time within five years from the end of the financial year in which the original statement was furnished.
	(5)		Subject to sub-section (6), the Commissioner may, by notice in writing, require any person who, in his opinion, is required to file a prescribed statement under this section for a tax year but who has failed to do so, to furnish a prescribed statement for that year within thirty days from the date of service of such notice or such longer period as may be specified in such notice or as he may, allow.
	(6)		A notice under sub-section (5) may be issued in respect of one or more of the last five completed tax years.
116			Wealth statement-
	(3)		Where a person, who has furnished a wealth statement, discovers any omission or wrong statement therein, he may, without prejudice to any liability incurred by him under any provision of this Ordinance, furnish a revised wealth statement along with the revised wealth reconciliation and the reasons for filing revised wealth statement under intimation to the Commissioner in the prescribed form and manner with the prior approval of the Commissioner, at any time before the receipt of notice under sub-section (9) of section 122, for the tax year to which it relates; Provided that where the Commissioner is of the opinion that the revision under this sub-section is not for the purpose of correcting a bona fide omission or wrong statement, he may declare such revision as void through an order in writing after providing an opportunity of being heard. Provided that the Commissioner shall grant approval in case of a bonafide omission or wrong statement. Explanation.— For the removal of doubt it is clarified that wealth statement cannot be revised after the expiry of five years from the due date of filing of return of income for that tax year."; and

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	(4)		Every person (other than a company or an association of persons) filing statement under sub-section (4) of section 115, falling under final tax regime (FTR) shall file a wealth statement along with reconciliation of wealth statement.
118			**Method of furnishing returns and other documents.** —
	(1)		A return of income under section 114, a statement required under sub-section (4) of section 115, a wealth statement under section 116 or a foreign income and assets statement under 116A, if applicable shall be furnished in the prescribed manner.
	(2)		A return of income under section 114 or a statement under subsection (4) of section 115 of a company shall be furnished -
	(3)		A return of income for any person (other than a company), or a statement required under sub-section (4) of section 115 shall be furnished as per the following schedule, namely:—
		(a)	in the case of a statement required under sub-section (4) of section 115 or a return required to be filed through e-portal in the case of a salaried individual, on or before the 30th day of September next following the end of the tax year to which the statement or return relates; or
119			**Extension of time for furnishing returns and other documents.**—
	(1)		A person required to furnish —
		(c)	a wealth statement under section 116,
120			**Assessments**
	(1)		Where a taxpayer has furnished a complete return of income (other than a revised return under sub-section (6) of section 114) for a tax year ending on or after the 1st day of July, 2002,—
		(a)	the Commissioner shall be taken to have made an assessment of taxable income for that tax year, and the tax due thereon, equal to those respective amounts specified in the return the respective amounts adjusted under sub-section 2(A); and
		(b)	the return shall be taken for all purposes of this Ordinance to be an assessment order issued to the taxpayer by the Commissioner on the day the return was furnished adjustments were made under sub-section (2A).
	(2A)		A return of income furnished under sub-section (2) of section 114 shall be processed through automated system to arrive at correct amounts of total income, taxable income and tax payable by making adjustments for— (i) any arithmetical error in the return; (ii) any incorrect claim, if such incorrect claim is apparent from any information in the return; (iii) disallowance of any loss, deductible allowance or tax credit under Parts VIII, IX and X respectively of Chapter III; and (iv) disallowance of carry forward of any loss under clause (b) of sub-section (1) of section 182A:

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			Provided that no such adjustments shall be made unless a system generated notice is given to the taxpayer specifying the adjustments intended to be made: Provided further that the response received from the taxpayer, if any, shall be considered before making any adjustment, and in a case where no response is received within thirty days of the issue of such notice, adjustments shall be made. Provided also that where no such adjustments have been made within six month of filing of return, the amounts specified in the return as declared by the taxpayer shall be deemed to have been taken as adjusted amounts on the day the return was filed and the taxpayer shall be intimated automatically through IRIS.
	(7)		For the purposes of this section,—
		(a)	"arithmetical error" includes any wrong or incorrect calculation of tax payable including any minimum or final tax payable.
		(b)	"an incorrect claim apparent from any information in the return" shall mean a claim, on the basis of an entry, in the return,— (i) of an item, which is inconsistent with another entry of the same or some other item in such return; (ii) regarding any tax payment which is not verified from the collection system; or (iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction.”;
121			**Best judgment assessment.**—
	(1)		Where a person fails to —
		(aa)	furnish a statement as required by a notice under sub-section (5) of section 115; or
122			**Amendment of assessments.**—
	(5)		An assessment order in respect of tax year, or an assessment year, shall only be amended under sub-section (1) and an amended assessment for that year shall only be further amended under sub-section (4) where, on the basis of audit or on the basis of definite information definite information acquired from an audit or otherwise, the Commissioner is satisfied that — (i) any income chargeable to tax has escaped assessment; or (ii) total income has been under-assessed, or assessed at too low a rate, or has been the subject of excessive relief or refund; or (iii) any amount under a head of income has been mis-classified.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

122D			**Agreed assessment in certain cases -**
	(1)		Where a taxpayer, in response to a notice under sub-section (9) of section 122, intends to settle his case, he may file offer of settlement in the prescribed form before the assessment oversight committee, hereinafter referred to as the Committee, in addition to filing reply to the Commissioner.
	(2)		The Committee after examining the aforesaid offer may call for the record of the case and after affording opportunity of being heard to the taxpayer, may decide to accept or modify the offer of the taxpayer through consensus and communicate its decision to the taxpayer.
	(3)		Where the taxpayer is satisfied with the decision of the Committee,—
		(a)	the taxpayer shall deposit the amount of tax payable including any amount of penalty and default surcharge as per decision of the Committee;
		(b)	the Commissioner shall amend assessment in accordance with the decision of the Committee after tax payable including any amount of penalty and default surcharge as per decision of the Committee has been paid;
		(c)	the taxpayer shall waive the right to prefer appeal against such amended assessment; and
		(d)	no further proceedings shall be undertaken under this Ordinance in respect of issues decided by the Committee unless the tax as per clause (c) has not been deposited by the taxpayer.
	(4)		Where the Committee has not been able to arrive at a consensus or where the taxpayer is not satisfied with the decision of the Committee, the case shall be referred back to the Commissioner for decision on the basis of reply of the taxpayer in response to notice under sub-section (9) of section 122 notwithstanding proceedings or decision, if any, of the Committee.
	(5)		The Committee shall comprise the following income tax authorities having jurisdiction over the taxpayer, namely:— (a) the Chief Commissioner Inland Revenue; (b) the Commissioner Inland Revenue; and (c) the Additional Commissioner Inland Revenue.
	(6)		This section shall not apply in cases involving concealment of income or where interpretation of question of law is involved having effect on other cases.
	(7)		The Board may make rules regulating the procedure of the Committee and for any matter connected with, or incidental to the proceedings of the Committee.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-
127			**Appeal to the Commissioner (Appeals).—**
	(1)		Any person dissatisfied with any order passed by a Commissioner or an Officer of Inland Revenue under sub-section (2A) of section 120, section 121,122, 143, 144, 162, 170, 182, or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 declaring a person to be the representative of a non-resident person or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person may prefer an appeal to the Commissioner (Appeals) against the order.
	(4)		The prescribed fee shall be — (a) in the case of an appeal against an assessment, one thousand rupees; or (i) where the appellant is a company, five thousand rupees; or (ii) where the appellant is not a company, two thousand and five hundred rupees; or"; and (b) in any other case — (i) where the appellant is a company, one five thousand rupees; or (ii) where the appellant is not a company, two hundred one thousand rupees.
129			**Decision in appeal.—**
	(4)		As soon as practicable after deciding an appeal, the Commissioner (Appeals) shall specify in the order the amount of tax upheld and serve his order on the appellant and the Commissioner:
131			**Appeal to the Appellate Tribunal.—**
	(2)		An appeal under sub-section (1) shall be-— (a) in the prescribed form; (b) verified in the prescribed manner; (c) accompanied , except in case of an appeal preferred by the Commissioner, by the prescribed fee specified in sub-section (3); and (d) preferred to the Appellate Tribunal within sixty days of the date of service of order of the Commissioner (Appeals) on the taxpayer or the Commissioner, as the case may be. (e) accompanied by proof of payment of ten percent of the amount of tax upheld by the Commissioner (Appeals).
	(2A)		No appeal under sub-section (1) shall be admitted by the Appellate Tribunal unless ten percent of the amount of tax upheld by the Commissioner (Appeals) has been deposited by the taxpayer."; and

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	(3)		The prescribed fee shall be two thousand rupees. The prescribed fee shall be five thousand rupees in case of company and rupees two thousand and five hundred in cases other than company.
134A			**Alternative dispute resolution.**—
	(1)		Notwithstanding any other provision of this Ordinance, or the rules made thereunder, an aggrieved person in connection with any dispute pending before a court of law or an appellate authority pertaining to— (a) the liability of tax against the aggrieved person, or admissibility of refunds, as the case may be; (b) the extent of waiver of default surcharge and penalty; or (c) any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an appellate authority, except where criminal proceedings have been initiated or where interpretation of question of law having effect on identical cases is involved having effect on other cases.
	(2)		The Board may, after examination of the application of an aggrieved person, appoint a committee, within sixty days of receipt of such application in the Board, comprising,— (i) Chief Commissioner Inland Revenue having jurisdiction over the case; (ii) two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen.
	(3)		The Board shall communicate the order of appointment of committee to the court of law or the appellate authority where the dispute is pending and the Commissioner.
	(4)		The Committee appointed under sub-section (2) shall examine the issue and may, if it deemed necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute through consensus, within one hundred and twenty days of its appointment.
	(5)		The Committee may, in case of hardship, stay recovery of tax payable in respect of dispute pending before it for a period not exceeding one hundred and twenty days in aggregate or till the decision of the committee or its dissolution, whichever is earlier.
	(6)		The decision of the committee under sub-section (4) shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority and has communicated the order of withdrawal to the Commissioner:

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.
	(7)		If the Committee fails to decide within the period of one hundred and twenty days under sub-section (4), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending.
	(8)		The Board shall communicate the order of dissolution to the court of law or the appellate authority and the Commissioner.
	(9)		The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the appellate authority, where the dispute is pending.
	(10)		The aggrieved person may make the payment of income tax and other taxes as decided by the committee under sub-section (4) and all decisions and orders made or passed shall stand modified to that extent.
	(11)		The Board may prescribe the amount to be paid as remuneration for the services of the members of the committee, other than the member appointed under clause (i) of sub-section (2).
	(12)		The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.
138			**Recovery of tax out of property and through arrest of taxpayer.—**
	(2)		If the amount referred to in the notice issued under sub-section (1) is not paid within the time specified therein or within the further time, if any, allowed by the Commissioner, the Commissioner may proceed to recover from the taxpayer the said amount by one or more of the following modes, namely:—
		(d)	as specified under clauses (a), (ca) and (d) of sub-section (1) of section 48 of the Sales Tax Act, 1990.
147			**Advance tax paid by the taxpayer.—**
	(2)		This section does not apply to an individual where the individual's latest assessed taxable income excluding income referred to in clauses (a), (b),(ba),(b) (c) and (d) of sub-section (1) is less than one million rupees.
	(4)		Where the taxpayer is an association of persons or a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:- Provided further that the Board may prescribe procedure for filing and calculation of turnover for the quarter through an automated system;
	(7A)		The Board may prescribe the manner for furnishing of the estimate and calculation of the amount of tax payable under this section through IRIS or any other automated system specified by the Board.;

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

148			**Imports -**
	(1)		The Collector of Customs shall collect advance tax from every importer of goods on the value of the goods at the rate specified in Part II of the First Schedule in respect of goods classified in Parts I to III of the Twelfth Schedule. Provided that the Board may, by a notification in the official Gazette, add in the Twelfth Schedule any entry thereto or omit any entry therefrom or amend any entry therein. Provided further that in case of goods classified under Part III of the Twelfth Schedule which are used both as raw material and finished goods, the Board may, by notification in the official Gazette, specify that goods imported by a person or class of persons as raw material for its own use shall be treated as classified under Part II of the Twelfth Schedule, subject to such conditions and procedure as may be prescribed.;
	(7)		The tax required to be collected under this section shall be minimum tax on the income of the importer arising from the imports subject to sub-section (1) and this sub-section shall not apply in the case of import of goods on which tax is required to be collected under this section at the rate of 1% or 2% by an industrial undertaking for its own use.— (a) raw material, plant, machinery, equipment and parts by an industrial undertaking for its own use; (c) motor vehicles in CBU condition by manufacturer of motor vehicles; (d) large import houses, who,— (e) a foreign produced film imported for the purposes of screening and viewing.
	(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) (b) edible oil; (c) packing material; and (d) plastic raw material imported by an industrial undertaking falling under PCT headings 39.01 to 39.12.
	(8A)		The tax collected under this section at the time of import of ships by ship-breakers shall be minimum tax.
	(9)		In this section – "Collector of Customs" means the person appointed as Collector of Customs under section 3 of the Customs Act, 1969 (IV of 1969), and includes a Deputy Collector of Customs, an Additional Collector of Customs, or an officer of customs appointed as such under the aforesaid section; "value of goods" means the value of the goods as determined under the Customs Act, 1969 (IV of 1969), as if the goods were subject to ad valorem duty increased by the customs-duty, federal excise duty and sales tax, if any, payable in respect of the import of the goods.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			"value of goods – (a) in case of goods chargeable to tax at retail price under the Third Schedule of the Sales Tax Act, 1990, the retail price of such goods increased by sales tax payable in respect of the import and taxable supply of the goods; and (b) in case of all other goods; the value of the goods as determined under the Custom Act, 1969 (IV of 1969), as if the goods were subject to ad valorem duty increased by the custom-duty, federal excise duty and sales tax, if any, payable in respect of the import of the goods."; and Explanation.- For the purpose of this section the expression "edible oils" includes crude oil, imported as raw material for manufacture of ghee or cooking oil.
148A			**Tax on local purchase of cooking oil or vegetable ghee by certain persons.**
	(1)		The manufacturers of cooking oil or vegetable ghee, or both, shall be chargeable to tax at the rate of two percent on purchase of locally produced edible oil.
	(2)		The tax payable under sub-section (1) shall be final tax in respect of income accruing from locally produced edible oil.
152			**Payments to non-residents.—**
	(1BBB)		The tax deductible under sub-section (1AAA) shall be minimum tax on the income of non-resident person arising out of such payment.
	(2B)		The tax deductible under clause (b) of sub-section (2A) shall be a minimum tax and the provisions of sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (3) of section 153 shall mutatis mutandis apply. The tax deductible under sub-section (2A) shall be minimum tax: Provided that tax deductible under clause (a) of sub-section (2A) shall not be minimum tax where payments are received for sale of goods by a company being a manufacturer of such goods.
	(4A)		The Commissioner may, on application made in the prescribed form by the recipient of payment referred to in sub-section (1A) having permanent establishment in Pakistan, or by a recipient of payment referred to in sub-section (2A), as the case may be, and after making such inquiry as the Commissioner thinks fit, allow by order in writing, in cases where the tax deductable under sub-section (1) or subsection (2A) is not minimum tax, any person to make the payment without deduction of tax or deduction of tax at a reduced rate.";
	(4B)		The Commissioner may, in case of payment that constitutes part of an overall arrangement of a cohesive business operation as referred to in paragraph (ii) of sub-clause (g) of clause (41) of section 2, on application made by the person making payment and after making such inquiry, as the Commissioner thinks fit, allow by order in writing, the person to make payment after deduction of tax equal to thirty twenty percent of the tax chargeable on such payment under sub-section (1A):

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			Provided that the credit of the tax so deducted shall be available to the permanent establishment of the non-resident accounting for overall profits arising on the overall cohesive business operation.
	(5)		Where a person intends to make a payment to a non-resident person without deduction of tax under this section, other than payments liable to reduced rate under relevant agreement for avoidance of double taxation, the person shall, before making the payment, furnish to the Commissioner a notice in writing setting out — (a) the name and address of the non-resident person; and (b) the nature and amount of the payment. (c) such other particulars as may be prescribed.
153			Payments for goods, services and contracts.-
	(1)		Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or-
		(a)	for the sale of goods including toll manufacturing, except where payment is less than seventy-five thousand Rupees in aggregate, during a financial year;
	(3)		The tax deductible under clauses (a) and (c) of sub-section (1) and under sub-section (2) of this section, on the income of a resident person or, shall be minimum tax.
		Provided that-	
		(a)	tax deducted under clause (a) of sub-section (1) shall not be minimum tax where payments are received on sale or supply of goods, by a, — (i) company being a manufacturer of such goods; or (ii) public company listed on a registered stock exchange in Pakistan;
		(b)	tax deductible shall be a minimum tax on transactions referred to in clause (b) of subsection (1).”;
		(c)	tax deducted under clause (c) of sub-section (1) shall be adjustable if payments are received by a public company listed on a registered stock exchange in Pakistan, on account of execution of contracts ;
		(d)	tax deducted under clause (c) of sub-section (1) in respect of a sportsperson shall be minimum tax ; and
		(e)	tax deducted under clause (b) of sub-section (1) by person making payments to electronic and print media for advertising services shall be minimum tax.”

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

153	(4)		The Commissioner may, on application made by the recipient of a payment referred to in sub-section (1) and after making such inquiry as the Commissioner thinks fit, may allow in cases where tax deductible under sub-section (1) is not minimum, by an order in writing, any person to make the payment,— (a) without deduction of tax; or (b) deduction of tax at a reduced rate; Provided that the Commissioner shall issue certificate for payment under clause (a) of sub-section (1) without deduction of tax within fifteen days of filing of application to a public company listed on a registered stock exchange in Pakistan if advance tax liability has been discharged: Provided further that the Commissioner shall be deemed to have issued the exemption certificate upon the expiry of fifteen days to the aforesaid public listed company and the certificate shall be automatically processed and issued by IRIS: Provided also that the Commissioner may modify or cancel the certificate issued automatically by IRIS on the basis of reasons to be recorded in writing after providing an opportunity of being heard."; and
	(7)		In this section,
		(i)	"prescribed person" means— (a) the Federal Government; (b) a company; (c) an association of persons constituted by, or under law; (d) a non-profit organization; (e) a foreign contractor or consultant; (f) a consortium or joint venture; (g) an exporter or an export house for the purpose of subsection (2); (h) an association of persons, having turnover of fifty one hundred million rupees or above in any of the preceding tax years; (i) an individual, having turnover of fifty one hundred million rupees or above in any of the preceding tax years; (j) a person registered under the Sales Tax Act, 1990 having turnover of one hundred million rupees or more in any of the preceding tax years ; or (k) a person deriving income from the business of construction and sale of residential, commercial or other buildings (builder); or (l) a person deriving income from the business of development and sale of residential, commercial or other plots (developer).
156B			Withdrawal of balance under Pension Fund.— OMITTED

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

159			**Exemption or lower rate certificate.—**
	(1)		Where the Commissioner is satisfied that an amount to which Division II or III of this Part or Chapter XII applies is – (a) exempt from tax under this Ordinance; or (b) subject to tax at a rate lower than that specified in the First schedule; or (c) is subject to hundred percent tax credit under section 100C, the Commissioner shall, upon application in writing by the person, issue the person made in the prescribed form and with an exemption or lower rate certificate.
	(1A)		The Commissioner shall, upon application from a person in the prescribed form whose income is not likely to be chargeable to tax under this Ordinance, issue exemption certificate for the profit on debt referred to in clause (c) of sub-section (1) of section 151.
165			**Statements**
	(1)		Every person collecting tax under Division II of this Part or Chapter XII or the Tenth Schedule or deducting tax from a payment under Division III of this Part or Chapter XII or the Tenth Schedule shall, furnish to the Commissioner a biannual quarterly statement in the prescribed form setting out—
		(a) (b) (c)	Mode of submission of statement changed "half yearly" to "quarter"
			Provided that every person as provided in sub-section (1) shall be required to file withholding statement even where no withholding tax is collected or deducted during the period. Provided further that this section shall not apply where information required under sub-section (1) has been furnished under section 165A. ;
	(1A)		Every person involved or engaged in economic transactions as prescribed by the Board shall furnish to the Commissioner a quarterly statement in the prescribed form and manner."; and
	(2)		Every prescribed person collecting tax under Division II of this Part or Chapter XII or the Tenth Schedule or deducting tax under Division III of this Part of Chapter XII or the Tenth Schedule shall furnish statements under subsection (l) or (1A) as per the following schedule, namely:-
		(a)	in respect of quarter ending on the 31st day of March, on or before the 20th day of April;
		(b)	in respect of quarter year ending on the 30th day of June, on or before the 20th day of July;
		(c)	in respect of quarter ending on the 30th day of September, on or before the 20th day of October; and
		(d)	in respect of quarter ending on or before the 31st day of December, on or before the 20th January.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

165A			**Furnishing of information by banks.**—
	(1)		Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), if any, on the subject every banking company shall make arrangements to provide to the Board in the prescribed form and manner,—
		(d)	a list of persons receiving profit on debt exceeding five hundred thousand rupees and tax deductions thereon during preceding financial year.
168			**Credit for tax collected or deducted.**
	(3)		No tax credit shall be allowed for any tax collected or deducted that is a final tax under—
		(ca)	sub-section (1E) of section 152;
		(cb)	sub-section (2) of section 152A;
169			**Tax collected or deducted as a final tax.**—
	(1)		This section shall apply where —
		(a)	the advance tax required to be collected or paid is a final tax under sub-section (7) of section 148,148Aor section 234A on the income to which it relates; or
		(b)	the tax required to be deducted is a final tax under sub-section (3) of section 151, sub-section (1B) or sub-section (1BB) of section 152, sub-section (3) of section 153, sub-section (1AAA) of section 152 sub-section (1E) of section 152, 152A, sub-section (4) of section 154, sub-section (3) of section 156, sub-section (2) or 16section 156A or subsection (1) and] (3) of section 233 on the income from which it was deductible.
	(3)		Where all the income derived by a person in a tax year is subject to final taxation under the provisions referred to in sub-section (1) or under sections 5, 6 and 7 an assessment shall be treated to have been made under section 120 and the person shall not be required to furnish a return of income under section 114 for the year. Explanation.— The expression, "an assessment shall be treated to have been made under section 120" means,—
		(a)	the Commissioner shall be taken to have made an assessment of income for that tax year, and the tax due thereon equal to those respective amounts specified in the return or statement under sub-section (4) of section 115; and
		(b)	the return or the statement under sub-section (4) of section 115 shall be taken for all purposes of this Ordinance to be an assessment order.
170			**Refunds**
	(6)		The Board may make rules regulating procedure for expeditious processing and automatic payment of refunds through centralized processing system with effect from a date to be notified by the Board.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

175			**Power to enter and search premises.—**
	(1)		In order to enforce any provision of this Ordinance (including for the purpose of making an audit of a taxpayer or a survey of persons liable to tax), the Commissioner or any officer authorised in writing by the Commissioner for the purposes of this section –
		(a)	shall, at all times and without prior notice, have full and free access including real-time electronic access to any premises, place, accounts, documents or computer;
	(9)		For the purpose of clause (a) of sub-section (1), the Board may make rules relating to electronic real-time access for audit or a survey of persons liable to tax."
175A			**Real-time access to information and databases.—**
	(1)		Notwithstanding anything contained in any law for the time being in force, including but not limited to the National Database and Registration Authority Ordinance, 2000 (Ordinance VIII of 2000), and the Emigration Ordinance, 1979(Ordinance XVIII of 1979), arrangements shall be made to provide real-time access of information and database to the Board in the prescribed form and manner by–
		(a)	the National Database and Registration Authority with respect to information pertaining to National Identity Card, Pakistan Origin Card, Overseas Identity Card, Alien Registration Card, and other particulars contained in the Citizen Database;
		(b)	the Federal Investigation Agency and the Bureau of Emigration and Overseas Employment with respect to details of international travel; entry and exit of all persons and information pertaining to work permits, employment visas and immigration visas;
		(c)	the Federal Investigation Agency and the Bureau of Emigration and Overseas Employment with respect to details of international entry and exit of all persons and information pertaining to work permits, employment visas and immigration visas.;
		(d)	the Islamabad Capital Territory and provincial and local land record and development authorities with respect to record-of-rights including digitized edition of record-of-rights, periodic record, record of mutations and report of acquisition of rights;
		(e)	the Islamabad Capital Territory and provincial Excise and Taxation Departments with respect to information regarding registration of vehicles, transfer of ownership and other associated record;

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

		(f)	All electricity suppliers and gas transmission and distribution companies with respect to particulars of a consumer, the units consumed and the amount of bill charged or paid: Provided that where the connection is shared or is used by a person other than the owner, the name and CNIC of the owner and the user shall also be furnished: Provided further that all electricity suppliers and gas transmission and distribution companies shall make arrangements by the 1st day of January, 2021 for allowing consumers to update the ratio of sharing of a connection or the particulars of users, as the case may be; and
		(g)	any other agency, authority, institution or organization notified by the Board.
	(2)		The Board shall make arrangements for laying the infrastructure for real-time access to information and database under sub-section (1) and aligning it with its own database in the manner as may be prescribed.
	(3)		Until real-time access to information and database is made available under sub-section (1), such information and data shall be provided periodically in such form and manner as may be prescribed.
	(4)		Subject to section 216, all information received under this section shall be used only for tax purposes and kept confidential”;
177			**Audit**
	(2A)		For the purpose of sub-section (2), the Commissioner may conduct audit proceedings electronically through video links, or any other facility as prescribed by the Board.
	(2AA)		Where a taxpayer—
		(a)	has not furnished record or documents including books of accounts;
		(b)	has furnished incomplete record or books of accounts; or
		(c)	is unable provide sufficient explanation regarding the defects in records, documents or books of accounts,
			it shall be construed that taxable income has not been correctly declared and the Commissioner shall determine taxable income on the basis of sectoral benchmark ratios prescribed by the Board. Explanation.—The expression “sectoral benchmark ratios” means standard business sector ratios notified by the Board on the basis of comparative cases and includes financial ratios, production ratios, gross profit ratio, net profit ratio, recovery ratio, wastage ratio and such other ratios in respect of such sectors as may be prescribed.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

182			**Offences and penalties**

TABLE

S.No	Offences	Penalties	Section of the Ordinance to which offence has reference
(1)	(2)	(3)	(4)
1A	Where any person fails to furnish a statement as required under section 115, 165, or 165A, 165A or 165B within the due date.	Such person shall pay a penalty of Rs.5000 if the person had already paid the tax collected or withheld by him within the due date for payment and the statement is filed within ninety days from the due date for filing the statement and, in all other cases, a penalty of Rs.2500 for each day of default from the due date subject to a minimum penalty of Rs. 10,000.	115, 165 and 165A , 165A and 165B
1AA	Where any person fails to furnish wealth statement or wealth reconciliation statement.	Such person shall pay a penalty of 0.1% of the taxable income per week or Rs. 100,000 whichever is higher."	114, 115 and 116
4A	Any person who is required to furnish or update a taxpayer's profile but fails to furnish or update within the due date.	Such a person shall pay a penalty of Rs. 2,500 for each day of default from the due date subject to a minimum penalty of Rs. 10,000.	114A
4B	Any person who contravenes the provisions of section 181AA.	Such a person shall pay a penalty at the rate of Rs. 10,000 for each connection provided to an unregistered person.	181AA ; and
10	Any person who—		
	(a) makes a false or misleading statement to an Inland Revenue Authority either in writing or orally or electronically including a statement in an application, certificate, declaration, notification, return, objection or other document including books of accounts made, prepared, given, filed or furnished under this Ordinance;	Such person shall pay a penalty of twenty five thousand rupees or100% of the amount of tax shortfall whichever is higher: Provided that in case of an assessment order deemed under section 120, no penalty shall be imposed to the extent of the tax shortfall occurring as a result of the taxpayer taking a reasonably arguable position on the application of this Ordinance to the taxpayers' position.	114, 115, 116, 174, 176, 177 and general

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

182A			**Return not filed within due date.—**
	(2)		Where a person fails to furnish or update a taxpayer's profile within the due date or time period specified in sub-section (3) of section 114A or within the date as extended by the Board under section 214A, such person shall not be included in the active taxpayers' list for the latest tax year ending prior to the aforesaid due date or extended date: Provided that without prejudice to any other liability under this Ordinance, such person shall be included in the active taxpayers' list upon filing the taxpayer's profile after the due date or extended date, if the person pays surcharge at Rupees— (a) twenty thousand in case of a company; (b) ten thousand in case of an association of persons; and (c) one thousand in case of an individual.”;
205			**Default surcharge**
	(7)		Where a person is liable for default surcharge under this Part, the Commissioner may, at his discretion, make assessment of default surcharge for the period of default or part thereof, notwithstanding that the tax due has not actually been paid.
209			**Jurisdiction of income tax authorities.—**
	(2)		The Board or the Chief Commissioner may, by an order, confer upon or assign to any officer of Inland Revenue all or any of the powers and functions conferred upon or assigned to the Commissioner, under this Ordinance, in respect of any person or persons or classes of persons or areas as may be specified in the order. Provided that the Board may also confer upon or assign to any Officer of Inland Revenue the aforesaid powers and functions through Automated Case Selection System: Provided further that the Board may make rules for conferment or assignment of such powers and functions through Automated Case Selection System.”; and Explanation.— For the purpose of this sub-section, the expression “Automated Case Selection System” means an algorithm for randomized allocation of cases by using suitable technological modes.
210			**Delegation.**
	(1A)		The Commissioner shall not delegate the powers of amendment of assessment contained in sub-section (5A) of section 122 and amendment of an order of recovery under sub-section (3) of section 161 to an officer of Inland Revenue below the rank of Additional Commissioner Inland Revenue.

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001 –** NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

231B			**Advance tax on private motor vehicles.—**
	(7)		For the purpose of this section "motor vehicle" includes car, jeep, van, sports utility vehicle, pick-up trucks for private use, caravan automobile, limousine, wagon and any other automobile used for private purpose. Explanation.— For the removal of doubt, it is clarified that a motor vehicle does not include a rickshaw, motorcycle-rickshaw and any other motor vehicle having engine capacity upto 200cc.
235			**Electricity consumption.-**
	(1)		There shall be collected advance tax at the rates specified in Division IV of Part-IV of the First Schedule on the amount of electricity bill of a commercial or industrial consumer.
	(3)		Advance tax under this section shall not be collected from a person who produces a certificate from the Commissioner that his income during tax year is exempt from tax or that he has discharged advance tax liability for the tax year.
235B			**Tax on steel melters and composite units** - OMITTED
236A			**Advance tax at the time of sale by auction.—**
	(1)		Any person making sale by public auction or auction by a tender, of any property or goods (including property or goods confiscated or attached) either belonging to or not belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub-clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of Inland Revenue or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold. Explanation.— For the removal of doubt it is clarified for the purpose of this section that— (a) the expression "sale by public auction or auction by a tender" includes renewal of a license previously sold by public auction or auction by a tender; and (b) where payment is received in installments, advance tax is to be collected with each installment.
236C			**Advance Tax on sale or transfer of immovable Property.—**
	(3)		Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding five four years.
236D			**Advance tax on functions and gatherings.**— OMITTED
236F			**Advance tax on cable operators and other electronic media.**— OMITTED

Section	Subsection	Clause	**Amendment of Ordinance, XLIX of 2001** – NEW / inserted Omitted and deleted substituted Gazette Finance Act, 2020
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

236I			Collection of advance tax by educational institutions.—
	(1)		There shall be collected advance tax from a person not appearing on the active taxpayers' list at the rate specified in Division XVI of Part-IV of the First Schedule on the amount of fee paid to an educational institution.
236J			**Advance tax on dealers, commission agents and arhatis etc.**— OMITTED
236Q			**Payment to residents for use of machinery and equipment.**—
	(3)		The tax deductible under sub-sections (1) and (2) shall be final minimum tax on the income of such resident person.
236R			Collection of advance tax on education related expenses remitted abroad.— OMITTED
236U			Advance tax on insurance premium.- OMITTED
236X			Advance tax on tobacco. – OMITTED
			Technical correction update

Law section	Before budget 2020-21	Correction
97A	Companies Ordinance, 1984	Companies Act, 2017