

Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> <b>NEW / inserted</b> <del>Omitted and deleted</del> substituted
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

**Amendments in Sales Tax Act, 1990**

Sixth Schedule-see section 13(1)	

**TABLE - 1 (IMPORTS OR SUPPLIES)**

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969(IV of 1969)
159	Import of auto disable Syringes till 30 <sup>th</sup> June, 2021 (i) with needles (ii) without needles	9018.3110 9018.3120
160	Import of following raw materials for the manufacturers of auto disable syringes till 30 <sup>th</sup> June, 2021 (i) Tubular metal needles (ii) Rubber Gaskets	9018.3200 4016.9310

**Amendments in the Income Tax Ordinance, 2001 (Ordinance XLIX of 2001)**

2		29c	Industrial undertaking - means <del>(omitted)</del>
23A			First Year Allowance.— <del>(omitted)</del>
57			Carry forward of business losses.
	(4)		The loss attributable to deductions allowed under sections 22, 23, <del>23A</del> , 23B and 24 that has not been set off against income, the loss not set off shall be set off against fifty percent of the person's balance income chargeable under the head "income from business" after setting off loss under sub-section (1), in the following tax year and so on until completely set off:  Provided that such loss shall be set off against hundred percent of the said balance income if the taxable income for the year is less than ten million Rupees."
	(5)		In determining whether a person's deductions under sections 22, 23, <del>23A</del> , 23B and 24 have been set off against income, the deductions allowed under those sections shall be taken into account last.

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

61			Charitable donations.—
	(1)		A person shall be entitled to a tax credit in respect of any sum paid, or any property given by the person in the tax year as a donation, <b>voluntary contribution or subscription</b> to — <ul style="list-style-type: none"> <li>(a) any board of education or any university in Pakistan established by, or under, a Federal or a Provincial law;</li> <li>(b) any educational institution, hospital or relief fund established or run in Pakistan by Federal Government or a Provincial Government or a Local Government; or</li> <li>(c) any non-profit organization or any person eligible for tax credit under section 100C of this Ordinance; or</li> <li>(d) entities, organizations and funds mentioned in the Thirteenth Schedule to this Ordinance.;</li> </ul>
64C			Tax credit for persons employing fresh graduates.- <del>(Omitted)</del>
65C			Tax credit for enlistment. <del>(Omitted)</del>
65F			Tax credit for certain person
	(1)		Income of following taxpayers shall be allowed a tax credit equal to one hundred per cent of the tax payable under any provisions of this Ordinance including minimum and final taxes for the period, to the extent, upon fulfillment of conditions and subject to limitations detailed as under: - <ul style="list-style-type: none"> <li>(a) persons engaged in coal mining projects in Sindh supplying coal exclusively to power generation projects;</li> <li>(b) a startup as defined in clause (62A) of section 2 for the tax year in which the startup is certified by the Pakistan Software Export Board and the next following two tax years;</li> <li>(c) persons deriving income from exports of computer software or IT services or IT enabled services upto the period ending on the 30th day of June, 2025:</li> </ul> <p>Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.</p> <p>Explanation.- For the purpose of this clause, —</p> <ul style="list-style-type: none"> <li>i. "IT services" include software development, software maintenance, system integration, web design, web development, web hosting and network design; and</li> <li>ii. "IT enabled services" include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.</li> </ul>

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	(2)		<p>The tax credit under sub-section (1) shall be available subject to fulfillment of the following conditions, namely:-</p> <p>(a) return has been filed;</p> <p>(b) tax required to be deducted or collected has been deducted or collected and paid;</p> <p>(c) withholding tax statements for the immediately preceding tax year have been filed; and</p> <p>(d) sales tax returns for the tax periods corresponding to relevant tax year have been filed:</p> <p>Provided that nothing contained in this section shall preclude the applicability of section 214C or section 177.</p>
<b>65G</b>			<b>Tax credit for specified industrial undertakings. -</b>
	(1)		When making certain eligible capital investments as specified in sub-section (2), the eligible taxpayers defined in sub-section (3) shall be allowed to take an investment tax credit of twenty-five percent of the eligible investment amount, against tax payable under the provisions of this Ordinance including minimum and final taxes. The tax credit not fully adjusted during the year of investment shall be carried forward to the subsequent tax year subject to the condition that it may be carried forward for a period not exceeding two years.
	(2)		For the purposes of this section, the eligible investment means investment made in purchase and installation of new machinery, buildings, equipment, hardware and software, except self-created software and used capital goods.
	(3)		<p>For the purpose of this section, eligible person means –</p> <p>(a) green field industrial undertaking as defined in clause (27A) of section 2 engaged in –</p> <p>i. the manufacture of goods or materials or the subjection of goods or materials to any process which substantially changes their original condition; or</p> <p>ii. ship building:</p> <p>Provided that the person incorporated between the 301<sup>st</sup> day of June, 2019 and the 30<sup>th</sup> day of June, 2024 and the person is not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery, plant or building from an undertaking established in Pakistan prior to commencement of the new business and is not part of an expansion project; and</p>

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			(b) Industrial undertaking set up by be 30 day of June 2023 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from the date such industrial undertaking is set up.
100C			<b>Tax credit for charitable organizations-</b>
	(1)		The persons mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred percent of tax payable under any of the provisions of this Ordinance including minimum and final taxes in respect of incomes mentioned in sub-section (3) subject to the conditions and limitations laid down in sub-section (4).
	(2)		The provisions of this section shall apply to the following persons, namely:— (a) persons specified in Table - II of clause (66) of Part I of the Second Schedule to this Ordinance; (b) a trust administered under a scheme approved by the Federal Government and established in Pakistan exclusively for the purposes of carrying out such activities as are for the welfare of ex-employees and serving personnel of the Federal Government or a Provincial Government or armed forces including civilian employees of armed forces and their dependents where the said trust is administered by a committee nominated by the Federal Government or a Provincial Government; (c) a trust; (d) a welfare institution registered with Provincial Or Islamabad Capital Territory (ICT) social welfare department; (e) a not for profit company registered with the Securities and Exchange Commission of Pakistan under section 42 of the Companies Act, 2017; (f) a welfare society registered under the provincial or Islamabad Capital Territory (ICT) laws related to registration of co-operative societies; (g) a waqf registered under Mussalman Waqf Validating Act, 1913 (VI of 1913) or any other law for the time being in force or in the instrument relating to the trust or the institution; (h) a university or education institutions being run by non-profit organization existing solely for educational purposes and not for the purposes of profit; (i) a religious or charitable institution for the benefit of public registered under any law for the time being in force; and (j) international non-governmental organizations (INGOs) approved by the Federal Government.

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	(3)		<p>The following income is eligible for tax credit, namely:—</p> <ul style="list-style-type: none"> <li>(a) income from donations, voluntary contributions and subscriptions;</li> <li>(b) income from house property;</li> <li>(c) income from investments in the securities of the Federal Government;</li> <li>(d) profit on debt from scheduled banks and microfinance banks;</li> <li>(e) grant received from Federal, Provincial, Local or foreign Government;</li> <li>(f) so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities:</li> </ul> <p>Provided that in the case of income under the head "income from business", only so much of such income shall be eligible for tax credit under this section that bears the same proportion as the said amount of business income bears to the aggregate of income from all sources; and</p> <ul style="list-style-type: none"> <li>(g) any income of the persons mentioned in clauses (a), (b) and (h) of sub-section (2) of this section.</li> </ul>
	(4)		<p>Eligibility for tax credit shall be subject to the following conditions, namely:-</p> <ul style="list-style-type: none"> <li>(a) return has been filed;</li> <li>(b) tax required to be deducted or collected has been deducted or collected and paid;</li> <li>(c) withholding tax statements for the relevant tax year have been filed;</li> <li>(d) the administrative and management expenditure does not exceed 15% of the total receipts:</li> </ul> <p>Provided that clause (d) shall not apply to a non-profit organization, if-</p> <ul style="list-style-type: none"> <li>i. charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; or</li> <li>ii. total receipts of the non-profit organization during the tax year are less than one hundred million Rupees;</li> </ul> <ul style="list-style-type: none"> <li>(e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2:</li> </ul> <p>Provided that the condition of approval in respect of persons mentioned in Table — II of clause (66) of Part I of the Second Schedule to this Ordinance, shall take effect from the first day of July, 2022 and the requirements of clause (36) of section 2, shall not be applicable for earlier years;</p>

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-
			<p>(f) none of the assets of trusts or welfare institution confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person:</p> <p>Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor;</p> <p>(g) and a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.</p>
	(5)		Notwithstanding anything contained in sub-section (1), surplus funds of organizations to which this section applies shall be taxed at a rate of ten percent.
	(6)		<p>For the purpose of sub-section (5), surplus funds mean funds or monies —</p> <p>(a) not spent on charitable and welfare activities during the tax year;</p> <p>(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;</p> <p>(c) which are more than twenty-five percent of the total receipts of the non-profit organization received during the tax year; and</p> <p>(d) are not part of restricted funds.</p> <p>Explanation.- For the purpose of this clause, "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 or funds received in kind.";</p>
152			Payments to non-residents-
	(1E)		The tax deductible under sub-section (1D) shall be a final tax <u>on the income of the non-resident company arising out of such capital gain</u> in respect of persons and income mentioned therein.

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

182			Offences and penalties
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TABLE			
S.No	Offences	Penalties	Section of the Ordinance to which offence has reference
(1)	(2)	(3)	(4)
1	Where any person fails to furnish a return of income as required under section 114 within the due date.	<p>Such person shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than forty thousand rupees or no tax is payable for that tax year such person shall pay a penalty of forty thousand rupees;</p> <p>Provided that If seventy-five percent of the income is from salary and the amount of income under salary is less than five million Rupees, the minimum amount of penalty shall be five thousand Rupees.</p> <p><b>Provided further that if taxable income is up-to eight hundred thousand Rupees, the minimum amount of penalty shall be five thousand Rupees:</b></p> <p><b>Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law.";</b></p> <p>Explanation.— For the purposes of this entry, it is declared that the expression "tax payable" means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122C.</p>	114 and 118

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	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.  Provided that where it stands established that no tax was required to be deducted or collected during the relevant period, minimum amount of penalty shall be ten thousand Rupees.	165 and 165A , 165A and 165B
	6	Any person who repeats erroneous calculation in the return for more than one year whereby amount of tax paid is less than the actual tax payable under this Ordinance is paid.	Such person shall pay a penalty of thirty thousand rupees or three per cent of the amount of the tax involved, whichever is higher.  Provided that 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 taxpayer's position.	137
	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;  (b) furnishes or files a false or mis-leading information or document or statement to an Income Tax Authority either in writing or orally or electronically;  (c) omits from a statement made or information furnished to an Income Tax Authority any matter or thing without which the statement or the information is false or misleading in a material particular.	Such person shall pay a penalty of twenty five thousand rupees or <del>100%</del> 50% 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, 116, 174, 176, 177 and general 114A, 118



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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	11	Any person who denies or obstructs the access of the Commissioner or any officer authorized by the Commissioner to the premises, place, accounts, documents, computers or stocks.	Such person shall pay a penalty of fifty thousand rupees or <b>one hundred fifty</b> per cent of the amount of tax involved, whichever, is higher.	175 and 177
	15	Any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160.	Such person shall pay a penalty of forty thousand rupees or the 10% of the amount of tax which-ever is higher.	<del>148, 149, 150, 151, 152, 153, 153A, 154, 155, 156, 156A, 156B, 158, 160, 231A, 231B, 233, 233A, 234, 234A, 235, 236, 236A,</del> Division II or Division III of Part V of Chapter X or Chapter XII
	16	Any person who fails to display his NTN <b>or business licence</b> at the place of business as required under this Ordinance or the rules made thereunder.	Such person shall pay a penalty of five thousand rupees.	181C and 181D
	<del>19</del>	<del>Where any manufacturer of a motor vehicle accepts or processes any application for booking or purchase of a locally manufactured motor vehicle in violation of the provisions of clause (a) of section 227C</del>	<del>Such person shall pay a penalty of 5 percent of the value of the motor vehicle</del>	<del>227C</del>
	<del>20</del>	<del>(i) Where any registering authority of Excise and Taxation Department accepts, processes or registers any application for registration of a locally manufactured motor vehicle or for the first registration of an imported vehicle in violation of the provisions of clause (a) of section 227C</del>  <del>(ii) Where any authority responsible for registering, recording or attesting the transfer of immovable property accepts or processes the registration or attestation of such property in violation of the provisions of clause (b) of section 227C</del>	<del>Such person shall pay a penalty of 3 percent of the value of motor vehicle or immovable property.</del>	<del>227C</del>

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

Chapter / Part	Clause	Sub-clause	THE SECOND SCHEDULE - INCOME TAX ORDINANCE 2001
I			EXEMPTIONS FROM TOTAL INCOME
	57		
		(3)	<u>Any income of the following funds and institution, namely:-</u>
	66	(1)	Any income derived by the following institutions, foundations, societies, boards, trusts and funds, namely: —

TABLE

Sr.No.	Name		
(1)	(2)		
xxxvii	Islamic Naya Pakistan Certificates Company Limited (INPCCL).		
	72A		Any income derived by Sukuk holder in relation to Sukuk issued by "The Second Pakistan International Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited], including any gain on disposal of such Sukuk."
	74		Any profit on debt derived by Hub Power Company Limited on or after the first day of July, 1991, on its bank deposits or accounts with financial institutions directly connected with financial transactions relating to the project operations.
	75		Any income of an agency of a foreign Government, a foreign national (company, firm or association of persons), or any other non-resident person approved by the Federal Government for the purposes of this clause, from profit on moneys borrowed under a loan agreement or in respect of foreign currency instrument approved by the Federal Government.  Any profit on debt and capital gains derived by any agency of foreign Government or any non-resident person approved by the Federal Government for the purpose of this clause from debt and debt instruments approved by the Federal Government.
	90		Any profit on debt payable by an industrial undertaking in Pakistan —
	90A		Any profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, for a period of five years with effect from the 1st day of July, 2018." —
	91		Any income of a text-book board of a Province established under any law for the time being in force, accruing or arising from the date of its establishment. —
	98		Any income derived by any Board or other organization established by Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognised by Government;  Provided that the exemption of this clause shall not be applicable to the Pakistan Cricket Board. —

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	<u>100</u>		<p><u>Any income, not being income from manufacturing or trading activity, of a modaraba registered under the Modaraba Companies and Modaraba Floatation and Control Ordinance, 1980 (XXXI of 1980), for any assessment year commencing on or after the first day of July, 1999</u></p> <p><u>Provided that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the said Ordinance or the rules made thereunder, as are distributed amongst the shareholders:</u></p> <p><u>Provided further that with effect from the first day of July, 1999 for the purpose of determining the distribution of ninety per cent profits, the profits distributed through bonus certificates or shares to the certificate holders shall not be taken into account. —</u></p>
	<u>101</u>		<u>Profits and gains derived between the first day of July, 2000 and the thirtieth day of June, 2024 both days inclusive, by a venture capital company and venture capital fund registered under Venture Capital Companies and Funds Management Rules, 2000 4and a Private Equity and Venture Capital Fund. —</u>
	<u>103C</u>		<u>Dividend income derived by a company, if the recipient of the dividend, for the tax year is eligible for group relief under section 59B, —</u>
	<u>104</u>		<u>Any income derived by the Libyan Arab Foreign Investment Company being dividend of the Pak-Libya Holding Company. —</u>
	<u>105</u>		<u>Any income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited. —</u>
	<u>105A</u>		<u>Any income derived by Kuwait Foreign Trading Contracting and Investment Company or Kuwait Investment Authority being dividend of the Pak-Kuwait Investment Company in Pakistan from the year of incorporation of Pak-Kuwait Investment Company. —</u>
	<u>110B</u>		<u>Any gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange, for acquisition of shares and trading or clearing rights acquired by such member in new corporatized stock exchange in the course of corporatization of an existing stock exchange. —</u>
	<u>110C</u>		<u>Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, during the period from the 1st day of July, 2018 till the 30th day of June, 2023. —</u>
	<u>114</u>		<u>Any income chargeable under the head "capital gains" derived by a person from an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980 (IV of 1980). —</u>
	<b>126B</b>		<p>Profit and gains derived by Khalifa Coastal Refinery for a period of twenty years beginning in the month in which the refinery is setup or commercial production is commenced, whichever is the later.</p> <p><b>Profits and gains derived by a refinery -</b></p> <p>(a) from new deep conversion refinery of at least 100,000 barrels per day for which approval is given by the Federal Government before the 31st day of December, 2021; or</p> <p>(b) for the purpose of up gradation, modernization or expansion project of any refinery existing on the date of commencement of the Income Tax (Second Amendment) Ordinance, 2021 for which such refinery makes undertaking to the Federal Government in writing before the 31st day of December, 2021.";</p>

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			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	<u>126BA</u>		<p><u>Profits and gains derived by a refinery set up between the 1st day of July, 2018 and the 30th day of June, 2023 with minimum 100,000 barrels per day production capacity for a period of twenty years beginning in the month in which the refinery is set up or commercial production is commenced, whichever is later. Exemption under this clause shall also be available to existing refineries, if—</u></p> <p>(a) <u>existing production capacity is enhanced by at least 100,000 barrels per day;</u>            (b) <u>the refinery maintains separate accounts for income arising from aforesaid additional production capacity; and</u>            (c) <u>the refinery is a deep conversion refinery.]</u></p>
	<u>126G</u>		<p><u>Profits and gains derived for a period of five years from the date of start of commercial production by the following companies from the projects mentioned against each that have been declared 'Pioneer Industry' by Economic Coordination Committee of the Cabinet:-</u>            (i) <u>M/s. Astro Plastics (Pvt) Limited from their Biaxially Oriented Polyethylene Terephthalate (BOPET) Project; and</u>            (ii) <u>M/s. Novatex Limited from their Biaxially Oriented Polyethylene Terephthalate (BOPET) Project.</u></p>
	<u>126I</u>		<p><u>Profits and gains derived by a taxpayer, from an industrial undertaking set up by 31st day of December, 2016 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from first day of July, 2015.:</u></p> <p><u>Provided that this clause shall also apply to such undertaking set up between the 1st March 2019 and the 30th June, 2023 for a period of five years beginning from the date such industrial undertaking is set up.</u></p>
	<u>126O</u>		<p><u>Profits and gains of a company from a green field industrial undertaking for a period of five years incorporated on or after the first day of July, 2019 provided that the green field industrial undertaking is not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan before the commencement of the new business.</u></p>
	<u>131</u>		<p><u>Any income-</u>            (a) <u>of company registered under the Companies Ordinance 1984 (XLVII of 1984), and having its registered office in Pakistan, as is derived by it by way of royalty, commission or fees from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right, or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise by the company or in the consideration of technical services rendered outside Pakistan to such enterprise by the company under an agreement in this behalf, or</u>            (b) <u>of any other taxpayer as is derived by him, in the income year relevant to assessment year beginning with the first day of July, 1982 and any assessment year thereafter, by way of fees for technical services rendered outside Pakistan to a foreign enterprise under an agreement entered into in this behalf :-</u>  <u>Provided that—</u>            (i) <u>such income is received in Pakistan by or on behalf of the said company or other taxpayer, as the case may be, in accordance with the law for the time being in force for regulating payments and dealings in foreign exchange ; and</u>            (ii) <u>where any income as aforesaid is not brought into Pakistan in the year in which it is earned and tax is paid thereon, an amount equal to the tax so paid shall be deducted from the tax payable for the year in which it is brought into Pakistan and, where no tax is payable for that year or the tax payable is less than the amount to be deducted, the whole or such part of the said amount as is not deducted shall be carried forward and deducted from the tax payable for the year next following and so on.</u></p>

Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> <b>NEW / inserted Omitted and deleted substituted</b>
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	132		<p>Profits and gains derived by a taxpayer from an electric power generation project set up in Pakistan on or after the 1st day of July, 1988. The exemption under this clause shall apply to such project which is—</p> <p>(a) owned and managed by a company formed for operating the said project and registered under the Companies Ordinance, 1984 (XLVII of 1984), and having its registered office in Pakistan;</p> <p>(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and</p> <p>(c) owned by a company fifty per cent of whose shares are not held by the Federal Government or Provincial Government or a Local Government or which is not controlled by the Federal Government or a Provincial Government or a Local Government:</p> <p>Provided that the condition laid down in sub-clause (a) shall not apply to the Hub Power Company Limited :</p> <p>Provided further the exemption under this clause shall not apply to oil fired power plants setup between 22nd October, 2002 and 30th June, 2006] 4[but shall apply to Dual Fuel (Oil/Gas) power projects set up on or after the first September, 2005:</p> <p>Provided further that the exemption under this clause shall be available to companies registered in Pakistan or Azad Jammu and Kashmir owning and managing Hydel Power Projects, set up in Azad Jammu and Kashmir or Pakistan:</p> <p>Provided further that exemption under this clause shall also be available to the expansion projects of the existing Independent Power Projects already in operation:</p> <p>Provided also that conditions laid down in sub-clause (b) shall not apply to electric power generation project formed by the splitting up, or the reconstruction or the reconstitution of an electric power generation business already in existence and availing exemption under this clause.</p> <p><b>Provided further that no exemption under this clause shall be available to persons, who enter into agreement or to whom letter of intent is issued by Federal or Provincial Government for setting up an electric power generation project in Pakistan after the 30th day of June, 2021."; and</b></p>
	<u>132A</u>		<u>Profit and gains derived by Bosicor Oil Pakistan Limited for a period of seven and half years beginning from the day on which the refinery is set up or commercial production is commenced whichever is later.</u>
	<u>132B</u>		<u>Profits and gains derived by a taxpayer from a coal mining project in Sindh, supplying coal exclusively to power generation projects.</u>
	<u>133</u>		<u>Income from exports of computer software or IT services or IT enabled services upto the period ending on 30th day of June, 2025:</u>
	<u>135A</u>		<u>Any income derived by a non-resident from investment in OGDCL exchangeable bonds issued by the Federal Government.</u>
	<u>136</u>		<u>Any income of a special purpose vehicle as defined in the Asset Backed Securitization Rules, 1999 made under the Companies Ordinance, 1984 (XLVII of 1984):</u> <u>Provided that, if there is any income which accrues or arises in the accounts of the special purpose vehicle, after completion of the process of the securitization["or redemption of sukuk"], it shall be returned to the Originator as defined by the said rules within the income year next following the year in which the income has been determined and such income shall be taxable in the hands of the Originator.</u>
	<u>141</u>		<u>Profit and gains derived by LNG Terminal Operators and Terminal Owners for a period of five years beginning from the date when commercial operations are commenced."</u>
	<u>143</u>		<u>Profit and gains derived by a start-up as defined in clause (62A) of section 2 for the tax year in which the start-up is certified by the Pakistan Software Export Board and the following two tax years.</u>

Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> <b>NEW / inserted Omitted and deleted substituted</b>
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	<u>146</u>		<u>Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive).</u>
	<u>148</u>		<u>Any income derived by Islamic Naya Pakistan Certificates Company Limited (INPCCCL).";</u>
<b>PART II</b>			<b>REDUCTION IN TAX RATES</b>
	<u>2</u>		<u>Any income of persons whose profits or gains from business are computed under the Fifth Schedule to this Ordinance as is derived from letting out to other similar persons any pipeline for the purpose of carriage of petroleum shall be charged to tax at the same rate as is applicable to such persons in accordance with the provisions of the said Schedule.</u>
	<u>3</u>		<b>OMITTED</b>
	<u>3B</u>		<u>The income of Pakistan Cricket Board derived from sources outside Pakistan including media rights, gate money, sponsorship fee, in-stadium rights, out-stadium rights, payments made by International Cricket Council, Asian Cricket Council or any other Cricket Board shall be taxed at a rate of four per cent of the gross receipts from such sources</u>  <u>Provided that Pakistan Cricket Board may opt to pay tax at the rate of four per cent of the gross receipts from tax year 2010 and onwards:</u>  <u>Provided further that this option shall be available subject to withdrawal of appeals, references and petitions on the issue of tax rate pending before any appellate forum or tax authority:</u>  <u>Provided further that the outstanding tax liability payable under this clause up to tax year 2015 is paid by 30th June, 2016."</u>
	<u>5B</u>		<u>The tax in respect of capital gains derived by a person from the sale of shares or assets by a private limited company to Private Equity and Venture Capital Fund shall be charged at the rate of ten per cent of such gains.</u>
	<u>18</u>		<u>In the case of a modaraba the rate of income tax shall be 25% of total income excluding such part of total income to which Division III of Part I of the First Schedule or section 153 or section 154 applies.</u>
	<u>18B</u>		<u>The rate of tax as specified in Division II of Part I of the First Schedule shall be reduced by 2% in case of a company whose shares are traded on stock exchange if:</u> <u>(a) it fulfills prescribed shari'ah compliant criteria approved by State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the Board;</u> <u>(b) derives income from manufacturing activities only;</u> <u>(c) has declared taxable income for the last three consecutive tax years; and</u> <u>(d) has issued dividend for the last five consecutive tax years."</u>
	<u>24AA</u>		<u>The rate of tax, under section 152 in the case of M/S CR-NORINCO JV (Chinese Contractor) as recipient, on payments arising out of commercial contract agreement signed with the Government of Punjab for installation of electrical and mechanical (E&amp;M) equipment for construction of the Lahore Orange Line Metro Train Project, shall be 6% of the gross amount of payment.</u>
	<u>24D</u>		<u>The rate of minimum tax under sub-section (1) of section 113 in case of dealers and sub-dealers wholesalers and retailers of locally manufactured mobile phones, fast moving consumer goods, fertilizer, of sugar, cement and edible oil shall be 0.25% subject to the condition that the names of such dealers and sub-dealers are appearing on the active taxpayers' lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001).</u>

Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> <b>NEW / inserted Omitted and deleted substituted</b>
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

	<u>28A</u>		<u>The rate of tax under section 148 on import of hybrid cars shall be reduced as below:—</u>
	<u>28B</u>		<u>The rate of tax shall be 0.15% under section 231A on cash withdrawal by an exchange company, duly licensed and authorized by the State Bank of Pakistan, exclusively dedicated for its authorized business related transactions, subject to the condition that a certificate issued by the concerned Commissioner Inland Revenue for a financial year mentioning details and particulars of its Bank Account being used entirely for business transactions is provided.</u>
<b>PART III</b>			<b>REDUCTION IN TAX LIABILITY</b>
	<u>2</u>		<u>The amount of tax payable, in a year in which the rupee is revalued or devalued, by a taxpayer whose profits or gains are computed in accordance with the rules contained in the Fifth Schedule to this Ordinance and who had entered with the Government into an agreement which provides for such reduction, shall be reduced to the amount that would be payable in the absence of the revaluation or devaluation of the rupee.</u>
	<u>7</u>		<u>The amount of tax payable by foreign film-makers from making films in Pakistan shall be reduced by fifty percent on income from film-making in Pakistan.</u>
	<u>8</u>		<u>The amount of tax payable by resident companies deriving income from film-making shall be reduced by seventy percent on income from film-making.</u>
	<b>9</b>		<p>The tax payable on profits and gains derived by a person from low cost housing projects shall be reduced by fifty percent. The reduction in tax liability under this clause shall apply to such project which is—</p> <p>(a) owned and managed by a company formed for operating the said project and registered under the Companies Act, 2017 (XIX of 2017) and having its registered office in Pakistan; and</p> <p>(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and</p> <p>(c) a low cost housing project under which the maximum sale price of a single housing unit is two and a half million rupees.</p> <p><b>Provided that exemption under this clause shall continue to remain available to such projects which commence on or before the 30th day of June, 2024." And</b></p>
	<b>9B</b>		<p>The tax payable on the income, profits and gains of projects of 'low cost housing' developed or approved by Naya Pakistan Housing and Development Authority (NAPHDA) or under the Ehsaas Programme shall be reduced by 90%.</p> <p><b>Provided that exemption under this clause shall continue to remain available to such projects which commence on or before the 30th day of June, 2024.; and</b></p>
<b>PART IV</b>			<b>EXEMPTION FROM SPECIFIC PROVISIONS</b>
	<b>2</b>		<b>In the case of losses referred to in section 57 in respect of an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of Export Processing Zones Authority Ordinance, 1980 (IV of 1980), the period of six tax years specified in the said section shall not apply.</b>

Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> <b>NEW / inserted</b> <del>Omitted and deleted</del> substituted
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

Chapter / Part	Clause	Sub-clause	THE THIRD SCHEDULE - INCOME TAX ORDINANCE 2001		
			DEPRECIATION (see section 22)		
I			Depreciation rates specified for the purposes of section 22 shall be, —		
		Class of asset	Description	Rate percent of the written down value.	
		IV	In case of mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part-I of the Fifth Schedule.  <b>(a) Below ground installations</b> <b>(b) Offshore platform and production installations.</b>	<b>100 %</b> 20 %	
PART II			INITIAL ALLOWANCE [AND FIRST YEAR ALLOWANCE] See section 23, <b>23A</b> and 23B		
		1	The rate of initial allowance under section 23 shall be 25% for plant and machinery		
		2	The rate of First Year Allowance under <b>section 23A and</b> section 23B shall be 90%.		
Chapter / Part	Rule	sub-rule	THE FIFTH SCHEDULE - INCOME TAX ORDINANCE 2001		
II			RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS FROM THE EXPLORATION AND EXTRACTION OF MINERAL DEPOSITS (OTHER THAN PETROLEUM)		
	<b>4</b>		<b><u>Tax Exemption of Profits from Refining or Concentrating Mineral Deposits</u></b>		



Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> <b>NEW / inserted</b> <del>Omitted and deleted</del> substituted
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

THE THIRTEENTH SCHEDULE (See section 61)	
S.No	Name
(1)	(2)
1.	any Sports Board or institution recognised by the Federal Government for the purposes of promoting, controlling or regulating any sport or game
2.	The Citizens Foundation.
3.	Fund for Promotion of Science and Technology in Pakistan.
4.	Fund for Retarded and Handicapped Children.
5.	National Trust Fund for The Disabled.
6.	Fund for Development of Mazaar of Hazarat Burn i Imam.
7.	Rabita-e-Islami's Project for printing copies of the Holy Quran.
8.	Fatimid Foundation, Karachi.
9.	Al-Shifa Trust.
10.	Society for the Promotion of Engineering Sciences and Technology in Pakistan.'
11.	Citizens-Police Liaison Committee, Central Reporting Cell, Sindh Governor House, Karachi.
12.	ICIC Foundation.
13.	National Management Foundation.
14.	Endowment Fund of the institutions of the Agha Khan Development Network (Pakistan listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic, of Eo:.,stai, Li, io r1/4 .li,ot i\liiai Development Network.
15.	Shaheed Zulfigar Ali Bhutto Memorial Awards Society.
16.	Iqbal Memorial Fund.
17.	Cancer Research Foundation of Pakistan, Lahore.
18.	Shaukat Khanum Memorial Trust, Lahore.
19.	Christian Memorial Hospital, Sialkot.
20.	National Museums, National Libraries and Monuments or institutions declared to be National Heritage by the Federal Government.
21.	Mumtaz Bakhtawar Memorial Trust Hospital, Lahore.
22.	Kashmir Fund for Rehabilitation of Kashmir Refugees and Freed Fighters.
23.	Institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network.
24.	Azad Kashmir President's Mujahid Fund,1972.
25.	National Institute of Cardiovascular Diseases, (Pakistan) Karachi
26.	Businessmen Hospital Trust, Lahore.
27.	Premier Trust Hospital, Mardan.
28.	Faisal Shaheed•Memorial Hospital Trust, Gujranwala.
29.	Khair-un-Nisa Hospital Foundation, Lahore.
30.	Sind and Balochistan Advocates' Benevolent Fund.

Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> <b>NEW / inserted Omitted and deleted substituted</b>
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

31.	Rashid Minhas Memorial Hospital Fund.
32.	Any relief or welfare fund established by the Federal Government.
33.	Mohatta Palace Gallery Trust.
34.	Bagh-e-Quaid-e-Azam project, Karachi.
35.	Any amount donated for Tameer-e-Karachi Fund.
36.	Pakistan Red Crescent Society.
37.	Sank of Commerce and Credit International Foundation for Advancement of Science and Technology.
38.	Federal Board of Revenue Foundation.
39.	The Indus Hospital, Karachi.
40.	Pakistan Sweet Homes Angels and Fairies Place.
41.	Al-Shifa Trust Eye Hospital.
42.	Aziz Tabba Foundation.
43.	Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT.
44.	Sharif Trust.
45.	The Kidney Centre Post Graduate Institute.
46.	Pakistan Disabled Foundation.
47.	Sardar Trust Eye Hospital, Lahore.
48.	Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.
49.	Layton Rahmatullah Benevolent Trust (LRBT).
50.	Akhuwat.
51.	The Prime Minister's COVID-19 Pandemic Relief Fund-2020.
52.	Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIK1).
53.	Lahore University of Management Sciences.
54.	Dawat-e-Hadiya, Karachi.
55.	Baitussalam Welfare Trust.
56.	Patients' Aid Foundation.
57.	Alkhidmat Foundation.
58.	Alamqir Welfare Trust International.
59.	Prime Minister's Special Fund for victims of terrorism
60.	Chief Ministers(Punjab) Relief Fund for Internally Displaced Persons (IOPs) of KPK
61.	Prime Ministers Flood Relief Fund 2010 and Provincial Chief Ministers Relief Funds for victims of flood 2010
62.	Waqf for Research on Islamic History, Art and Culture, Istanbul

			Provided that the Federal Government shall have the power to add, amend or omit any entry in this Schedule."; and
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Section	Subsection	Clause	<b>Tax Laws (Second Amendment) Ordinance, 2021 - dated 24-03-2021</b> NEW / inserted <del>Omitted and deleted</del> substituted
			In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

			<p>The following provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) already expired or expiring, on thirtieth day of June, 2021 are omitted, provided that the existing beneficiaries shall continue to enjoy benefits of the repealed provisions for the periods and subject to conditions and limitations specified in these repealed provisions, namely:-</p> <ol style="list-style-type: none"> <li>1. Section 65D;</li> <li>2. Following clauses of Part I of the Second Schedule:— (72), (126C), (126H), (126J), (126K), (126L) and (126N); and</li> <li>3. Clause (18A) of Part II of the Second Schedule.</li> </ol>
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