

Rules	Sub-rule	Clause	THE SEVENTH SCHEDULE (See section 100A) NEW / inserted Omitted or deleted Substituted Gazette Finance Act, 2023
			RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF A BANKING COMPANY AND TAX PAYABLE THEREON

6C			Enhanced rate of tax on taxable income from Federal Government securities. -
	7CA		The provisions of section 4C shall apply to the taxpayers under this schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from tax year <u>2022 2023</u> onwards.
	7CB		The provisions of section 99D shall apply to the taxpayers under this Schedule.
	7D		Reduced rate of tax on additional advances for micro, small and medium enterprises.-
		(1)	The taxable income arising from additional advances to micro, small and medium enterprises, for the tax years 2020 to ¹ <u>2023 2025</u> , shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule-
7E			Reduced rate of tax on additional advances for low cost housing.- (I) The taxable income arising from additional advances for low cost housing, for the tax years 2020 to ² <u>2023 2025</u> , shall be taxed at the rate of 20% instead of the rate provided in Division II of Part I of the First Schedule;
7F			Reduced rate of tax on additional advances as Farm Credit
		(1)	The taxable income arising from additional advances for Farm Credit in Pakistan for the tax years 2020 to ³ <u>2023 2025</u> , shall be taxed at the rate of 20% instead of the rate provided in Division II of Part 1 of the First Schedule.
7G ⁴			Reduced rate of tax on additional advances for Information Technology Services and Information Technology Enabled Services.
		(1)	The taxable income arising from additional advances for IT and IT Enabled Services in Pakistan for the tax years 2024 to 2025, shall be taxed at the rate of 20% instead of the rate provided in Division II of Part 1 of the First Schedule.
		(2)	A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of income certifying the amount of such advances made in preceding tax year, additional advance made for the tax year and net mark-up earned from such additional advances for the tax year.
		(3)	Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the advances made for IT and IT Enabled Services to determine the applicability of the reduced rate of tax.
		(4)	For the purposes of this rule, the term "IT and IT Enabled Services" shall have the same meaning as provided in section 2 of this Ordinance.

¹ Extension withdrawn by Finance Act, 2023

² Extension withdrawn by Finance Act, 2023

³ Extension withdrawn by Finance Act, 2023

⁴ Withdrawn by Finance Act, 2023

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7G ⁵		(5)	"Additional advances" means any average advances disbursed in addition to average amount of such advances made in such sector by the bank for the immediately preceding tax year starting from 2023.
		(6)	The taxable income arising from additional advances under sub-rule (1) shall be determined according to the following formula, namely: - Taxable income subject to reduced rate of tax = A x B/C Where A. is taxable income of the banking company; B. is net mark-up income earned from such additional advances for the tax year as declared in the annual accounts; and C. is total of the net mark-up and non mark-up income of the banking company as per accounts.";
8			Exemptions
	4		Profit on debt and capital gains from Federal Government's sovereign debt or a sovereign debt instrument shall be exempt from tax chargeable under this Ordinance, derived by any non-resident banking company approved by the Federal Government under a sovereign agreement for the purpose of this sub-rule.
	5		The provisions of sub-rule (6A) of rule 6C shall not apply to a banking company for tax year 2024.

⁵ Withdrawn by Finance Act, 2023