

Changes brought to Statute vide the Finance Act, 2009

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This document summarizes significant changes proposed to be brought to statute vide the Finance Bill, 2009 (Bill) relating to Income-tax, Sales-tax and Federal Excise Duty, as further amended by the Finance Act, 2009.

Effective date of applicability of these changes will be July 1, 2009, unless otherwise mentioned.

For ascertaining any effect of these changes in a particular case, the wordings in the Finance Act should carefully be examined, taking into consideration the applicable laws and regulations, and precise advice should be sought before taking any decision based on, or acting up on any of the contents hereof.

Table of contents

Section 1: Income Tax

Section 2: Sales Tax & Federal Excise Duty

SECTION I INCOME TAX

1. INDIVIDUALS AND AOPS

[First Schedule Part I Div I]

Rates of tax for salaried persons			Rates of tax for non-salaried individuals & AOPs		
Taxable Income (Rupees)		Rate of Tax	Taxable Income (Rupees)		Rate of Tax
From	To		From	To	
Up to 200,000		0%	Up to 100,000		0%
200,001	250,000	0.50%	100,001	110,000	0.50%
250,001	350,000	0.75%	110,001	125,000	1.00%
350,001	400,000	1.50%	125,001	150,000	2.00%
400,001	450,000	2.50%	150,001	175,000	3.00%
450,001	550,000	3.50%	175,001	200,000	4.00%
550,001	650,000	4.50%	200,001	300,000	5.00%
650,001	750,000	6.00%	300,001	400,000	7.50%
750,001	900,000	7.50%	400,001	500,000	10.00%
900,001	1,050,000	9.00%	500,001	600,000	12.50%
1,050,001	1,200,000	10.00%	600,001	800,000	15.00%
1,200,001	1,450,000	11.00%	800,001	1,000,000	17.50%
1,450,001	1,700,000	12.50%	1,000,001	1,300,000	21.00%
1,700,001	1,950,000	14.00%	Above 1,300,000		25.00%
1,950,001	2,250,000	15.00%			
2,250,001	2,850,000	16.00%			
2,850,001	3,550,000	17.50%			
3,550,001	4,550,000	18.50%			
4,550,001	8,650,000	19.00%			
Above 8,650,000		20.00%			

Treatment of marginal limits

Taxable Income (Rupees)	Total Tax Liability	
	Tax Liability on the Maximum Amount of the Previous Slab	Tax Liability on the Marginal Amount
Up to 0.55 M		20%
Up to 1.05 M		30%
Up to 2.25 M	As per Respective Slab Rates	40%
Up to 4.55 M		50%
Above 4.55 M		60%

Women taxpayers

It has been proposed that the non-taxable limit for salaried women taxpayers be enhanced to Rs. 260,000, while that for non-salaried cases has been maintained at the existing limit of Rs. 125,000.

Internally Displaced Persons Tax (IDPT)

Based on the plea to rehabilitate IDPTs, the Finance Bill sought to impose a new tax under the head Internally Displaced Persons Tax, to be treated as Income Tax on bonus received by corporate employees with income of Rs. 1 Million or more for the tax year 2009. Bonus was proposed to be taxed at 30% (as a separate block) and income (excluding bonus) was to be taxed at 5% of the tax payable.

It has now been proposed to levy IDPT as under:

For the tax year 2009:	5% tax payable on income, where taxable income is Rs. 1 Million or more
For the tax year 2010:	30% on bonus, ex-bonus income is Rs. 1 Million or more

2. FILING OF RETURN AND STATEMENTS BY CERTAIN SALARIED TAXPAYERS [Section 115]

Presently salaried cases with no other income were not obliged to file return of income, since the annual statement of tax on salary filed by the employers was construed as the return of such employees.

It has been proposed for taxpayers with salary income of Rs. 500,000 or more to file their return electronically along with the proof of deduction or payment of tax and the wealth statement.

3. INCOME FROM PROPERTY [Section 15, First Schedule Part I Div VI & First Schedule Part III Div V]

Rates for taxation of income from property and collection of tax at source

Finance Act, 2008 increased the overall tax burden on income from property to a manifold impact by adopting slab-base on income as against the previous flat rate of 5%.

It has been sought to give some relief on this head of income by way of proposing a reduction in slab rates for taxation and collection of tax at source under this head. The proposed rates are given as under:

In case of Individuals & AOPs			In case of Companies		
Gross Rental (Rupees)		Rate of Tax	Gross Rental (Rupees)		Rate of Tax
From	To		From	To	
Up to 150,000		NIL	Up to 400,000		5% of the gross rent
150,001	400,000	5% of gross rent exceeding Rs.150,000	400,001	1,000,000	Rs.20,000 + 7.5% of gross rent exceeding Rs.400,000
400,001	1,000,000	Rs.12,500 + 7.5% of gross rent exceeding Rs.400,000	Exceeding 1,000,000		Rs.65,000 + 10% of gross rent exceeding Rs.1,000,000
Exceeding 1,000,000		Rs.57,500 + 10% of gross			

4. BUSINESS INCOME

Dairy farming and similar businesses

[Section 20(1A)]

It has been proposed to give relief for deduction in computation of business income in respect of animals which have been used for the purposes of the business or profession (otherwise than as stock-in-trade) and have died or become permanently useless for such purposes.

The deduction shall be computed as the difference between the actual cost to the taxpayer of the animals and the amount, if any, realized in respect of the carcasses or animals.

Depreciation

It has been proposed to increase the **limit for allowing depreciation on passenger transport vehicles**, not plying for hire, from the existing limit of Rs. 1 Million to Rs. 1.5 Million. [Section 22(13)(a)]

It has also been sought to restrict the **revaluation of the asset on account of exchange fluctuation** only in the year of occurrence of exchange fluctuation and not in previous years. [Explanation to Section 76(5)]

Accelerated depreciation to alternate energy projects

[Section 23B]

It has been proposed to allow depreciation at accelerated rate of 90% on eligible depreciation assets put to use July 1, 2009, by way of allowing First Year Allowance on plant, machinery and equipments installed for generation of alternate energy by a corporate industrial undertaking set up anywhere in Pakistan.

Minimum tax on the income of certain persons

[Section 113]

Provisions regarding payment of minimum tax were abolished by Finance Act, 2008. It has now been sought to reinstate the provisions with certain new concepts.

Resident companies are proposed to be subjected to minimum tax at 0.5% of turnover from all sources during a year, where, for any reason, there is no tax incidence or the tax incidence is less than the said 0.5%

The applicability of minimum tax may arise in any of the following cases:

- loss for the year;
- loss due to the setting-off earlier years' losses;
- income being exempt from tax;

- d. no tax being payable for the reason of application of credits or rebates; or
- e. no tax being payable due to claiming of allowances or deductions (including depreciation and amortization deductions)

The ambit of this section is proposed to apply only in such cases where there is a gross profit before setting-off depreciation and other inadmissible expenses.

Where minimum tax exceeds the actual tax payable, if any, the excess amount of tax paid shall be carried forward for adjustment against tax liability of three subsequent tax years immediately succeeding the tax year for which the minimum tax was paid.

Turnover, for the purpose of computing minimum tax, would mean:

- a. gross receipts, exclusive of Sales Tax and Federal Excise duty or any trade discounts shown on invoices, or Bills, derived from the sale of goods;
- b. gross fees for rendering of services and giving benefits;
- c. commission;
- d. gross receipts from the execution of contracts;
- e. the company's share of the amounts stated above of any association of persons of which the company is a member

However, turnover would not include any amount covered under the Final Tax Regime. **[Section 137]**

Place of business

[Section 209(5)]

It has been sought to insert an explanatory proviso for adopting rules for determining place of business for taxpayers, which was previously governed under CBR's (FBR's) order dated May 27, 2003. The guiding principles are as under:

Type of Taxpayer	Place of Business
Listed or unlisted public limited companies	The place where the registered office is situated
<u>Other companies</u>	
a. Primarily engaged in manufacture or processing	The place where the factory is situated
b. Primarily engaged in business other than manufacture or processing	The place where main business activities are actually carried on

5. FOREIGN COMPANIES

Dividend

[Section 2(19) and Section 5]

1. The definition of Dividends was broadened by virtue of an amendment brought vide the Finance Act, 2008, whereby the after tax profits of branches of foreign companies operating in the country were implied as dividend irrespective of the timing of their actual repatriation.

To do away with this anomaly, it has been proposed to imply only that portion of branch's after tax profit, which is actually remitted outside Pakistan.

2. It has also been proposed to exclude remittance of after tax profit by a branch of Petroleum Exploration and Production (E&P) foreign company, operating in Pakistan from the purview of dividend.

6. SMALL COMPANIES

Through an amendment brought to the Statute vide Finance Act, 2008, the rates of tax for small companies were linked to the turnover-base. The Bill now proposes to revert to the original concept for allowing the concessional corporate tax rate of 20% to all cases of small companies, abolishing turnover limits.

7. ADVANCE TAX AND WITHHOLDING TAX

1. The Bill seeks to make certain amendments to implement the conceptual nature of withholding tax collections on amounts that are either not in the nature of income but are subjected to collection of tax at source or are covered under the purview of final tax regime. Accordingly, **taxes collected on the following items are proposed to be excluded for the purpose of applicability for payment of advance tax:**

- a. cash withdrawal from a bank
- b. purchase of motor cars and jeeps
- c. tax on motor vehicles
- d. CNG Stations

- e. electricity Bills
f. telephone cards and Bills [Section 147(1)]

2. It has been suggested that all the cases of **association of persons** will be subjected to payment of advance tax, irrespective of the any income threshold. [Section 147(2)]

3. Through an amendment brought to the statute vide the Finance Act, 2004, the total amount of **quarterly advance tax** was made payable to the extent of previous years' tax incidence after considering taxes already deducted or collected in a quarter. It has now been proposed to revert to the pre Finance Act, 2004 situation, whereby the advance tax payments will be linked to the tax-turnover ratio for the previous year applied to the quarterly turnover and deducting taxes paid during the quarter. It has further been clarified that the minimum tax liability has also to be taken in account while working out the advance tax liability.

The liability to pay quarterly advance tax in the absence of last assessed income or declared turnover has been proposed to be made applicable to association of persons also, i.e. just like in case of companies.

[Section 147(4), 147(4AAA) and 147(6A)]

4. The following pattern for payment of advance tax has been proposed:

Quarter	Payment Due (On or before)	
	For Individuals & AOPs Section 147(5)	For Companies Section 147(5A)
1 st Quarter (July to September)	15 th September	15 th October
2 nd Quarter (October to December)	15 th December	15 th January
3 rd Quarter (January to March)	15 th March	15 th April
4 th Quarter (April to June)	15 th June	15 th June

5. It has been sought to include **non-profit organizations** in the list of prescribed persons liable to withhold tax at source on payments for goods, services and contracts. [Section 153(9)(cc)]

6. A new sub-section is proposed to be inserted to Section 154, empowering the Collector of Customs to collect tax at 1% on the gross value of exported goods at the time of clearance. Apparently, the intention behind this proposal is to bring **exports to neighboring countries, through land routes**, against which realizations are made in cash. However, in the absence of clear instructions under the proposed sub-section for limited scope application only to cases other than to which a recovery has to be made under any other subsection of section 154, there arises an ambiguity if the Collector of Customs moves to collect tax on all cases at the time of effecting custom clearance. [Section 154(3C) & First Schedule Part III Div Clause (1)]

7. It has been sought to make it mandatory on the withholding agents to provide to the taxpayer copies of the tax payment challan or any other equivalent document as **proof of payment of tax** along with the certificate of tax deducted or collected. On the other hand the taxpayers are proposed to be required to furnish copies of tax payment challans and the aforesaid certificate along with the return of income. [Section 164(1)]

8. Due to amendments brought vide Finance Acts 2007 and 2008; **advance tax collected on electricity Bills** of up to Rs. 20,000 for non-corporate consumers is being treated as minimum tax, with no admissibility for refund. It has now been proposed to make the tax so collected on monthly Bills up to Rs. 30,000 as minimum tax; while in case of Bills higher than this threshold, the tax so collected will be admissible for adjustments. [Section 235(4)]

9. It has been proposed to make it mandatory on any person making **sale by public auction**, to collect advance tax, computed on the basis of sale price at 5%;

For this purpose, the public auction is proposed to mean and include:

- a. an auction of any confiscated or attached property or goods for and on behalf of the Government, Local Government, a Company, a Foreign Association Declared to be a Company, a Foreign Contractor/ Consultant/ Consortium/ Collector of Customs/ Commissioner of Income Tax or any other authority; and
b. the awarding of any lease to any person, including a lease of the right to collect tolls, fees or other levies

[Section 236A & First Schedule Part IV Div VIII]

10. The rate for **collection of tax at import stage** is proposed to be enhanced from existing 2% to 4% of the value of imports. However, a reduced rate of 3% would apply on the import of raw material by an industrial undertaking for its own use. [First Schedule Part II & Second Schedule Part II Clause (9A)]

11. The Bill sought to prescribe a reduced rate of 2% for deduction of tax on source from **news print media services**. However, the Finance Act now proposes to grant an exemption from collection of any tax at source under section 153 for these services. **[Second Schedule Part IV Clause (16A)]**

8. FINAL (PRESUMPTIVE) TAX

Taxation of income of certain retailers

[Section 113B]

By limiting the ambit of section 113 only to that portion of turnover not subjected to deduction of tax under section 153, it has been proposed to do away with the dual incidence of tax on such retailers, with turnover exceeding Rs. 5 Million, who also supply goods to persons liable to withhold tax on payments. Since, in these cases the turnover was legally exposed to be subjected to tax twice, i.e. both under section 113 and section 153.

Large import houses

[Section 148(7)(d)]

The following minimum criteria have been enhanced for being classified as large import houses for the purposes of treatment under normal tax framework by way of immunity from treating the tax at import stage as advance tax:

1. Increase in minimum capital threshold from Rs. 100 Million to Rs. 250 Million;
2. Increase in the minimum limit for total assets from more than Rs.100 million to more than Rs. 350 Million.

Exclusions form the final tax regime

The Bill originally sought to make the withholding tax collected or deducted on commercial imports, import of edible oil and packing material and rendering of services by resident taxpayers (including packaging and repackaging) as minimum tax instead of final tax.

It has now been sought to exclude commercial imports and exports from the purview of minimum tax and to keep treating the tax collections as final tax. However, the following are now being proposed to be excluded from the final tax regime treating the tax collections/ deductions as **minimum tax**:

1. Import of edible oil and packing material **[Section 148(8)]**
2. Rendering of services by resident taxpayers, including packaging and repackaging
[Sub-proviso to 2nd Proviso to Section 153(6)]

Wealth statement

[Section 115(4B)]

The proposed requirement on non-corporate taxpayers (falling under final tax regime and having the tax incidence of Rs. 20,000 or more) has been upheld by the Finance Act to file a wealth statement along with reconciliation of wealth at the time of filing the statement of final tax.

9. TAX CREDITS

Charitable donations by companies

[Section 61]

It has been proposed to enhance the limit of 15% on the donor company's income to a 20% threshold on income for the purpose of applying the average rate of tax to calculate the amount eligible to tax credit on account of charitable donations.

Profit on debt

[Section 64]

It has been sought to allow a further relief in computing the eligible amount for calculation of tax credit on profit on debt for the construction or acquisition of a house. Accordingly, the Bill seeks to enhance the base parameters from 40% of taxable income to 50% as well as increasing the monetary threshold from Rs. 500,000 to Rs. 750,000.

Tax credit to a person registered under the Sales Tax Act, 1990

[Section 65A]

With a view to promote documentation of the economy, the Bill seeks to insert a new section for allowing a tax credit of 2.5% to such manufacturers, registered under the Sales Tax Act, 1990, who sell a minimum of 90% of their produce to sales tax registered buyers.

It is, however, important to note that this credit will be allowable only in cases where:

1. the manufacturer provides complete details of the buyer;
2. the manufacturer is not covered under final tax or minimum tax.

It has been proposed to restrict any carry forward of such tax credits.

10. RETURN OF INCOME

Filing of tax return

[Section 114(1)(b)(3)]

The Act adopts the proposal to bring the following cases of individuals within the purview of the mandate to file return of income, irrespective of any income threshold:

Persons who:

- a. own immovable property with a land area of 500 sq. yards or more located in a rating area;
- b. own a flat having covered area of 2,000 sq. feet or more located in a rating area;
- c. own a motor vehicle having engine capacity above 1,000CC; and
- d. have obtained National Tax Number.

Revised return

[Section 114(6)]

It has been sought to introduce certain conditions for filing of revised return, which include:

- a. the revised return should be accompanied by revised accounts;
- b. reasons for revising the return should be furnished in writing;

It has also been proposed that no revision to return can be made after the issuance of a notice for amendment of assessment.

Revised statements

[Section 115(4A)]

It has also been proposed to introduce the concept of filing revised statements, within a period of 5 years, for cases which are not liable to furnish return of income under section 114.

Wealth statement

[Section 116(1)(e)]

It has been sought to empower the Commissioner of Income Tax to demand wealth reconciliation statement along with the wealth statement.

Wealth reconciliation statement

[Section 116(2)]

The Bill also proposes to make it mandatory for all cases with current or last declared income of Rs. 500,000 or more to file a wealth reconciliation statement in addition to the wealth statement.

11. ASSESSMENTS

Best judgment assessment

[Section 121]

It has been sought to broaden the scope of Commissioner's powers to make best judgment assessment for cases falling under the final tax regime, where the taxpayer fails to furnish the prescribed statement under section 115(5).

Amendment of assessments

[Section 122]

The Bill seeks to make certain changes to section 122, with apparently no conceptual change.

12. APPEALS

Appeal to the Commissioner (Appeals)

Right to Appeal

The Bill seeks to enhance the purview of right to appeal before Commissioner (Appeals) against orders passed by the Commissioner on the following additional two grounds:

- a. appeal against order for additional tax passed under section 205; and
- b. appeal against an order giving effect to any finding or directions in any order made by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court.

It has also been sought to enhance the collections from appeal fee revenue by fixing the fee for appeal against assessment orders at Rs. 1,000, which was previously lower of Rs. 1,000 or 10% of the tax assessed. [Section 127]

Time limit for serving the appeal order

With a view to add efficiencies to the appeal process, the Bill seeks to propose a time limit of 120 days for serving order on the appellant and the Commissioner from the date of filing of appeal. However, this period may be extended to a further 60 days, on reason to be recorded.

[First proviso to Section 129(4)]

It has also been sought to relieve the above period by excluding the period during which the hearing of an appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason. **[Second proviso to Section 129(4)]**

Appointment of the Appellate Tribunal

[Section 130]

With a view to dispose pending cases, as well as to increase the overall efficiency at the appellate tribunal level, the Bill seeks to insert the two subsections to section 130, in order to:

- a. empowering the Chairman to constitute single member benches to hear such cases or class of cases as may be notified by the Federal Government. **[Sub-section (8A)]**
- b. empower the Chairman or any other member of the Appellate Tribunal authorized, in this behalf by the Chairman may, sitting singly, dispose of any case where the amount of tax or penalty involved is up to Rs. 5 Million. **[Sub-section (8AA)]**

Appeal to Appellate Tribunal

[Section 131]

With a proposed new (3rd) proviso to section 131(5), the grievances of taxpayers is expected to increase manifold since the it has been sought to further restrict the powers of the Tribunal in allowing stay of tax recovery without awarding an opportunity of being hear to respondents (Department).

The Bill also seeks to fix the appeal fee at Rs. 2,000.

Alternative Dispute Resolution

[Section 134]

The Bill seeks to impose limitations on eligibility for applications before the Federal Board of Revenue in the following cases:

- a. where prosecution proceedings have been initiated; or
- b. where interpretation of question of law having effect on identical other cases already exists.

Moreover, it has also been sought to prescribe following timeframes for the alternative dispute resolution process:

Process in Alternative Dispute Resolution	Timeframe
a. For appointment of a Committee by the FBR	Within 60 days of receipt of such application by the Board
b. For processing the case and making recommendations by the Committee or a Reconstituted Committee	Within 90 days of its constitution
c. Reconstitution of committee by FBR in case it fails to make recommendation	Within stipulated or extended period
d. Passing an order on the recommendation of the committee	Within 45 days of the recommendations

13. RECOVERY OF TAX

[Section 138]

The Bill sought to empower the Commissioner require, by notice in writing to the taxpayer or to another person, to stop removal of any goods manufactured or stored or kept by the taxpayer or on his behalf by the said other person, applicable only on the outstanding demand payable as confirmed or modified by the Appellate Tribunal.

It has now been sought to withdraw the above proposal.

14. REFUNDS

Timeframe for refunds

[Section 170(4)]

The Bill sought to increase the timeframe for processing of refund applications from the existing period of 45 days to 90 days from the date of lodging the application for refund. It has now been recommended that the period be enhanced to 60 days, instead of the former proposal.

The Bill also proposed to empower the Commissioner to withhold refunds in certain cases. This proposal has now been withdrawn.

Additional payment for delayed refunds

[Section 171(1)]

It has been proposed to link the percentage for additional payments for delayed refunds to KIBOR instead of the existing rate of 6%.

It has also been sought to adopt a proviso to section 171(1), which is expected to favor nothing to taxpayers expect increased distress. The proviso reads as under:

“Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim is completed and the claim is either accepted or rejected.”

15. APPOINTMENT OF CA FIRMS **[Section 176, Section 177 and Section 210]**

It has been sought to empower the Commissioner to appoint CA firms approved by the Federal Board of revenue to obtain information when appointed to collect information from taxpayers under section 176 as well as to conduct audit of taxpayers under section 177.

16. ADDITIONAL TAX **[Section 205]**

It has been proposed to heavily enhance the incidence of additional tax from existing rate 12% to KIBOR plus 3%.

17. ADMINISTRATION

Power of the Board to call for records **[Section 214B]**

A new section is sought to be inserted, empowering the Federal Board of Revenue, of its own motion, to call for and examine the record of any departmental proceedings under the Ordinance or the rules made there-under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein and may pass such order as it may think fit.

It has however been proposed to place the following restrictions to this case:

- a. no order imposing or enhancing any tax or penalty than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard;
- b. no such proceeding shall be initiated in a case where an appeal is pending;
- c. no order shall be made under the proposed section after the expiry of 3 years from the date of original decision or order.

18. GENERAL

Substitution of the words “Federal Board of Revenue” in place of “Central Board of Revenue”

19. EXEMPTIONS FROM TOTAL INCOME **[Second Schedule Part I]**

Enhancement in exempt limits

1. The exempt limit of withdrawal from approved pension funds is proposed to be enhanced from existing 25% to 50% being made at the time of retirement, disability and death of the contributory. **[Clause 23A]**
2. It has been sought to enhance the exemption of donation to prescribed institutions made by companies from the existing limit of 15% to 20%. **[Clause 61(b)]**

Restrictions on exemption

It was proposed to make it compulsory for universities or other educational institutions to obtain approval of the Director-General for tax exemption. The proposal has now been withdrawn. **[Clause 92]**

20. REDUCTION IN TAX RATES **[Second Schedule Part II]**

Exemption granted

1. With the proposed change in tax rate at import stage at 4%, it has now been proposed to collect tax at a reduced rate of 3% from manufacturers on **import of raw materials**. **[Clause (9A)]**
2. The Bill sought to the make the activity of **local purchase of imported edible oil** subject to tax at 2%. The proposal has now been withdrawn. **[Clause 13C]**
3. It has been proposed to adopt a reduced rate of 1% for collection of withholding tax on gross sales value by **distributors of cigarette and pharmaceutical products**. **[Clause 24A]**

Omissions (withdrawals) of exemptions proposed

1. It has been sought to withdraw the prevailing relief to **export indenting agents** and **export buying houses** for being taxed at par with exporters (i.e. 1% final tax on commission receipts of such taxpayers) **[Clause 5]**
2. The Bill originally sought to withdraw the reduced tax rates (7.5%) privilege on **dividends declared or distributed by purchaser of a power project privatized by WAPDA**. It has now been sought to revoke this proposal, accordingly, the application of reduced rates to these cases are proposed to continue. **[Clause 17]**

21. REDUCTION IN TAX LIABILITY

[Second Schedule Part III]

1. **Senior citizens** are presently entitled to a reduction in tax liability of 50% in cases where the income in up to Rs. 500,000. The Bill now seeks to increase this eligible income limit to Rs. 750,000. **[Clause 1A]**
2. It was originally sought to reduce the rate of reduction in tax liability available to certain **full time teachers and researchers** from existing 75% to the tune of 50%. The proposal has now been withdrawn, with no reduction to the available limits. **[Clause 2]**

22. EXEMPTION FROM SPECIFIC PROVISIONS

[Second Schedule Part IV]

Exemptions granted

1. It has been sought to grant immunity from the applicability of proposed minimum tax to the following taxpayers:
 - a. National Investment (Unit) Trust
 - b. collective investment scheme authorized or registered under NBFC Rules
 - c. Approved real estate investment trust
 - d. Any company in respect of turnover representing transactions in shares, or securities listed on a registered stock exchange;
 - e. Petroleum dealers engaged in retail sale of petroleum and petroleum products through petrol pumps (for turnover on account of sale of petroleum and petroleum products), excluding petrol pumps which are directly operated or managed by companies engaged in distribution of petroleum and petroleum products;
 - f. Hub Power Company Limited on receipts on account of sale of electricity;
 - g. Kot Addu Power Company Limited;
 - h. Certain companies, in respect of receipts from sale of electricity;
 - i. Provincial Governments and Local Government and other tax-exempt Government bodies;
 - j. Pakistan Red Crescent Society;
 - k. Special purpose, non-profit companies scrutinizing the receivables of Provincial Governments;
 - l. Approved non-profit organizations;
 - m. Exporters of computer software, IT services or IT enabled services;
 - n. Certain persons engaged in the business of shipping;
 - o. Exempt venture capital companies, venture capital funds and private equity and venture capital funds;
 - p. Registered Modarabas;
 - q. Corporate and Industrial Restructuring Corporation;
 - r. Corporatized entities of PWAPDA, for their receipts on account of sales of electricity for the specified period;
 - s. Morahaba banks and financial institution approved for Islamic Banking and Finance in respect of turnover under a morabaha arrangement; and
 - t. WAPDA First Sukuk Company Limited. **[Clause 11A]**
2. It has been sought to give relief from the applicability of Minimum Tax to 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. **[Clause 16]**
3. The Bill originally sought to prescribe a reduced rate of 2% for deduction of tax on source from news print media services. However, the Finance Act now proposes to grant an exemption from collection of any tax at source under section 153 for these services. **[Clause 16A]**

4. The Bill seeks to grant relaxation from Minimum Tax to certain investment of non-residents **[Clause 19]**
5. Large trading houses are proposed to be given immunity from payment of Minimum Tax for a period of 10 years from the date of commencement of business operations. **[Clause 57]**
6. It was proposed to grant exemption to cotton ginner and suppliers of lint from collection on tax on electricity consumption Bills. The proposal has now been withdrawn. **[Clause 66A]**

Exemptions withdrawn

Presently large trading houses were immune from collection of tax at import stage. It has now been proposed to withdraw this immunity. **[Clause 57]**

23. BANKING COMPANIES

[Seventh Schedule]

1. The Bill sought to amend the present concept for provisioning against **non-performing loans** by way of linking allowable limit for provisions in respect of classified advances and off balance sheet items at the rate of 1% of such classified advances.

The Act now proposes that:

- a. the limit to be linked to total advances, as against the initially proposed linkage with classified advances;
- b. a certificate from the external auditor would be required to be furnished to the effect that such provisions are based upon and in line with the Prudential Regulations;
- c. if actual bad debts are less than 1% of the total advances, the actual bad debts shall be allowed and the excess amount, if any, provided for, is now being proposed to be carried forward to next years. **[Rule 1(c) and Proviso thereto]**

2. The following new clauses are also sought to be inserted to Rule 1:

Clause (d) The amount of "bad debts" classified as "sub-standard" under the Prudential Regulations issued by the SBP shall not be allowed as expense.

Clause (e) Where any addition made under sub-rule (d) is reclassified by the taxpayer under the Prudential Regulations issued by the SBP. as 'doubtful' or loss, provision of sub-rule (c) shall mutatis mutandis apply in computing the provision for that tax year.

Clause (cc) Where any addition made under sub-rule (d) is reclassified by the taxpayer in a subsequent year as 'recoverable', a deduction shall be allowed in computing the income for that tax year.

3. Revived provisions of the **Minimum Tax** at 0.5% are also proposed to be made applicable to Banking Companies. **[Rule 7A]**

SECTION 2 SALES TAX & FEDERAL EXCISE

1. SALES TAX ACT, 1990

Definitions

[Section 2(14A)]

It has been sought to insert the definition of KIBOR (Karachi Inter Bank Offered Rate) as applicable on first day of each quarter of the financial year.

Adjustable input tax

[Section 8B]

It has been proposed to further facilitate tax payers by allowing refund of the excess input tax which previously was only adjustable, subject to the fulfillment of conditions as prescribed under sub section (2) of section 8B.

Assessment of tax

[Section 11]

The Bill sought to restrict the period by which the Collector may extend the time limit for passing of an order under section 11 to sixty (60) days instead of the current time limit of one hundred and twenty (120) days.

It was further sought that for the computation of the subject time limit, the period during which the proceedings are adjourned on the request of taxpayer, postponed due to an appeal or stay order, remand or alternative dispute resolution proceedings, shall be excluded.

Now the Act has limited the time for the adjournments by the petitioner to a maximum of thirty (30) days.

Tax Invoices

[Section 23]

It was originally sought to propose an additional requirement to disclose NTN/ CNIC of the unregistered persons on the tax invoice, with a view to keep close monitoring of the records of unregistered persons.

The proposed amendments have not been made part of the Act, hence the above requirement of insertion of NTN or CNIC numbers of unregistered customers on the sales tax invoices stand withdrawn.

Retention of records and documents for five years

[Section 24]

The Bill sought to propose an alteration to the time limit for retention of records and documents, which previously stood at five years after the end of tax period, by extending the time limit till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an Alternative Dispute Resolution Committee, whichever is later.

The proposed amendment has not been incorporated in the Act, hence registered persons are required to retain their records for a period of five (05) years, after the end of the tax period to which such records relate.

Offences and penalties

[Section 33]

It has been sought to widen the scope of enforcement by attracting penal provisions for violation of section 40B (Posting of Sales Tax Officer) in relation to calling for the records, documents and access to premises etc.

Default surcharge

[Section 34]

The Bill sought to propose a major changeover by modifying the default surcharge rate as KIBOR plus 3% per annum of the amount of tax due or the amount of refund erroneously made instead of existing 1.5%.

It is further sought to abolish the default surcharge previously applicable on account of tax fraud and, for the purposes of the said section, the amount of tax due does not include the amount of penalty.

The Act has not adopted the proposed change in the rate of default surcharge on tax fraud. Accordingly, the existing rate of 2% per month for default surcharge in case of tax evaded through fraud will continue to be applicable.

Recovery of tax not levied, short levied or erroneously refunded

[Section 36]

It was sought to restrict the period by which the collector can extend the time limit for adjudication cases, for passing of an order in case of recovery of tax not levied or short levied or erroneously refunded, to sixty (60) days instead of the current time limit of one hundred and twenty (120) days.

It is further sought that for the computation of the subject time limit, the period during which the proceedings are adjourned on the request of taxpayer, postponed due to an appeal or stay order, remand or alternative dispute resolution proceedings, shall be excluded.

In respect of proceedings for the recovery of tax not levied or short levied or erroneously refunded, time limit for the adjournments by the petitioner has now been restricted to 30 days vide the Finance Act.

Power of Adjudication

[Section 45]

It has been sought to widen the scope of empowerment by vesting additional powers to officials under adjudication as under:

Official	Powers
i) Additional Collector	Cases falling under section 11 and section 36 without any restriction as to the amount of tax involved or amount erroneously refunded.
ii) Deputy Collector	Cases falling under section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded does not exceed Rs. 2.5 Million.
iii) Assistant Collector	Cases falling under section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded does not exceed Rs. 1 Million.
iv) Superintendent	Cases falling under section 11 and section 36 provided that the amount of tax involved or the amount erroneously refunded does not exceed Rs. 10,000.
v) Other Officers	Such cases as may be notified by the Board.

Power of the board and collector to call for records

[Section 45A]

It was originally sought to propose a major changeover, in relation to the powers vested with the board and collector to call for records for any decision/ order passed by a subordinate officer, by restricting the time period to three years instead of the current five years.

The proposal has not been adopted through the Finance Act; hence, the time limit for the issuance of an order by FBR or the Collector will remain 5 years from the date of the original decision or the date of order of a subordinate officer.

Appeals

[Section 45B]

The Bill sought to restrict the period up to which the Collector Appeals may extend the time limit for passing an order within sixty (60) days instead of the current time limit of one hundred and twenty (120) days.

It was further sought that, for computation of the above mentioned time limit, the period during which the hearing of the appeal is adjourned on the request of appellant, postponed due to any appeal or proceeding or stay order, remand or alternative dispute resolution proceedings etc., shall be excluded from the above 60 days.

The Act now seeks to further limit the total timeframe for adjournments by the petitioner for a maximum of 30 days.

Appeal to Appellate Tribunal

[Section 46]

It has been sought to propose a major changeover by restricting the time limit for filing of the appeal to appellate tribunal, to be filed within sixty (60) days of the receipt of decision/ order, which previously was allowed even after the expiry of 60 days, subject to the conditions specified therein.

It has further been sought to harmonize the process of admittance, hearing and disposing of the appeal by appellate tribunal in line with the provision laid down in the Custom Act 1969.

Alternate Dispute Resolution

[Section 47A]

The Bill sought to extend the timeframe available to the committee constituted by the board, for making the recommendations in relation to the dispute under consideration, from sixty (60) days to one hundred and eighty (180) days.

It has also been sought to propose that if the committee fails to make the recommendations within the stipulated time as mention above, the board may dissolve the existing and constitute a new committee.

It has further been sought to specify a time period of forty five (45) days, reckoned from receipt of the recommendations of the committee, for the Board for passing an order.

Delayed refund

[Section 67]

It has been sought to facilitate taxpayers by proposing a change through modification of the percentage of the compensation to be claimed, in addition to the refund amount, at the rate of KIBOR per annum of the amount of refund due instead of existing six (6) percent, wherein the refund has not been provided within the stipulated time period.

Exemptions

[Sixth schedule]

The Bill sought to abolish the exemption of sales tax on ware potatoes and onions previously exempted;

It has also been sought to exempt sales tax on certain items including:

Tractors, bulldozers and combined harvesters; and components (which include sub-components, components, sub-

assemblies and assemblies but exclude consumables) imported in any kit form and direct materials for assembly or manufacture thereof, subject to the same conditions as are envisaged for the purpose of exemption under the Customs Act 1969 (IV of 1969).

Sales tax Notifications (SROs)

S.R.O. 471(I)/2009 To amend SRO. 509(I)/2007 dated the 9th June, 2007 to the effect of excluding the following items from zero rating of sales tax with effect from 14th June 2009:
Monofilament, sun shading, nylon fishing net, other fishing net, rope of poly ethylene and rope of nylon, tyre cord fabric.

S.R.O. 472(I)/2009 To direct that the TABLE in Notification No. S.R.O. 549(I)/2008, dated the 11th June, 2008, be substituted with the following and the same shall be effective from the 14th June, 2009:

S.No.	Description of goods	Conditions & Restrictions
3.	Plant, machinery and equipment whether manufactured locally or imported except those specified in Annexure to the notification.	Import & supply thereof
7.	Raw materials, components, sub-components and parts.	If imported or purchased locally for use in the manufacturing of such plant and machinery as is chargeable to sales tax at the rate of zero percent subject to the condition that the importer or the purchaser of the raw materials, components, sub-components and parts hold a valid sales tax registration showing his registration category as "manufacturer" and, in case of imported components, sub-components and parts, all the conditions, restrictions, limitations and procedures as are imposed by notification under Section 19 of the Customs Act, 1969 (iv of 1969), shall apply.
9.	Wheel chair	8713.1000 and 8713.9000

S.R.O. 473(I)/2009 To amend SRO. 551(I)/2008 dated 11th June, 2007 to the effect of exempting Cinematographic film exposed and developed (3706.1000 and 3706.9000) from sales tax with effect from 14th June 2009.

S.R.O. 476(I)/2009 To amend SRO. 542(I)/2008 dated the 11th June, 2007 to the effect of reducing the levy of sales tax on mobile telephone sets to Rs. 250 per set instead of existing Rupees 500 per set with effect from 1st July 2009.

S.R.O. 477(I)/2009 To make certain further amendments to Notification No. S.R.O. 1007(I)/2005 dated the 26th September, 2005 to the effect of exempting import and local supply of Lysine Sulphate.

2. FEDERAL EXCISE ACT, 2005

Definitions

[Section 2(15A)]

It has been sought to insert the definition of KIBOR (Karachi Inter Bank Offered Rate) as applicable on first day of each quarter of the financial year.

Duties specified in the first schedule to be levied

[Section 3]

It has been proposed to empower the Board to specify the goods or services in respect of which the liability to pay tax shall be of any other person.

Assessment of duty etc.

[Section 4A]

It has been sought to empower the assistant collector to determine the minimum liability of duty, similar to the manner as prescribed under the Sales Tax Laws, if the registered person fails to file the return by due date.

It has been further sought that notice for payment of minimum liability of duty shall abate wherein the registered person files the return after the due date along with the duty payable, default surcharge & penalty.

Default surcharge

[Section 8]

A major change over has been sought through Act the by modifying the default surcharge rate as KIBOR plus 3% per annum of the amount of duty payable under section 3 of the Federal Excise Act, 2005 instead of existing 1.5%.

Records

[Section 17]

It was sought to propose an alteration to the time limit for retention of records for a period of 5 years or the time period till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an Alternative Dispute Resolution Committee, whichever is later.

The proposed amendment now stands withdrawn.

Invoice

[Section 18]

It was sought to propose an addition requiring disclosing NTN/ CNIC of the unregistered persons on the invoice, with a view to keep close monitoring of the records of unregistered persons.

The Act has not incorporated the above requirement of insertion of NTN or CNIC numbers of unregistered customers on the sales tax invoices.

Offences, penalties, fines and allied matters

[Section 19]

It has been sought to impose a penalty provision if health warning and name of the manufacture in case of cigarettes is not printed on the goods.

Power of Adjudication

[Section 31]

It has been proposed to widen the scope of empowerment by vesting additional powers under adjudication as under:

	Official	Powers
i)	Additional Collector	Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty, without limit.
ii)	Deputy Collector	Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty provided the amount of duty involved does not exceed Rs. 2.5 Million.
iii)	Assistant Collector	Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty provided the amount of duty involved does not exceed Rs. 1 Million.
iv)	Superintendent/ Principal Appraiser/ Senior Auditor	Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty provided the amount of duty involved does not exceed Rs. 10,000. Provided that all cases of contravention of act or rules where no evasion of duty is involved shall be adjudicated by the deputy collector of the respective collectorate of federal excise.

It has been sought to curtail the time limit, for deciding of the case under section 31 sub-section (3), within 60 days of the issuance of show cause notice instead of the current time limit of 90 days.

It has further been sought that, for the computation of the aforementioned time limit, the period during which the proceedings are adjourned on the request of taxpayer, postponed due to an appeal or proceeding or injunction order, remand or alternative dispute resolution proceedings, shall be excluded.

Appeal to Collector (Appeals)

[Section 33]

It has been sought to restrict the time frame available to the Collector (Appeals), for passing of an order within sixty (60) days from the date of filing of appeal instead of the current time limit of ninety days (90) days.

It has further been sought that, for the computation of the aforementioned time limit, the period during which the hearing of the appeal is adjourned on the request of appellant, postponed due to any appeal or proceeding or stay order, remand or alternative dispute resolution proceedings etc., shall be excluded.

Appeals to Appellate Tribunal and reference to High Court

[Section 34]

It has been sought to harmonize the process of admittance, hearing and disposing of the appeal by appellate tribunal in line with the provision laid down in the Custom Act 1969.

Powers of Board or Collector to pass certain orders

[Section 35]

It has been proposed to further empower the board or collector, for calling and examination of the records by enhancing the time limit to a period of 3 years instead of current period of 2 years from the date of decision/ order.

Alternative Dispute Resolution

[Section 38]

It has been sought to extend the timeframe available to the committee constituted by the board, for making the recommendations in relation to the dispute under consideration, from sixty (60) days to one hundred and eighty (180) days.

It was also proposed that if the committee fails to make recommendations within the stipulated time as mention above, the board may dissolve the existing and constitute a new committee.

Further, it has also been sought to specify a period of forty five (45) days from the receipt of the recommendations of the committee, for the board for passing an order as deemed appropriate.

Delayed refund

[Section 44A]

It has been proposed to facilitate the duty payer by proposing a compensation to be claimed, in addition to the refund amount, at the rate of KIBOR per annum of the amount of refund due wherein the duty has not been refunded within the stipulated time period.

First Schedule

[Table 1]

The following changes to the rate of Federal Excise Duty have been proposed:

S #	Description of goods	Headings/ sub-heading No.	Rate of duty
8.	Cigars, cheroots, Cigarillos and cigarettes, of tobacco or of tobacco substitutes	24.02	64% of the retail price
9.	Locally produced cigarettes if their retail price exceeds Rs. 19.50 per 10 cigarettes.	24.02	64% of the retail price
10.	Locally produced cigarettes if their retail price exceeds Rs. 10 per 10 cigarettes but does not exceed Rs. 19.50 per 10 cigarettes.	24.02	Rs. 4.75 per 10 cigarettes + 75% incremental rupee or part thereof
11.	Locally produced cigarettes if their retail price does not exceed Rs. 10 per 10 cigarettes	24.02	Rs. 4.75 per 10 cigarettes
12.	Cigarettes manufactured by a manufacturer who remains engaged on and after the 10 th June, 1994, either directly or through any other arrangement, in the manufacture of any brand of cigarette in non-tariff areas	24.02	64% of the retail price
13.	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cement, whether or not colored or in the form of clinkers.	25.23	Rs. 700 per Metric Ton

First Schedule

[Table 2]

S #	Description of goods	Headings/ sub heading No.	Rate of duty
6.	Telecommunication services.		19.5% of the charges.
6A.	Short Message Service (SMS)	9812.1710	20 Paisas per SMS in addition to rate specified at serial number 6
7.	Services provided or rendered in respect of insurance to a policy holder by an insurer, including a re-insurer		16% of the gross premium paid
8.	Services provided by banking companies or non-banking financial companies		16% of the charges
13.	Services provided or rendered by stockbrokers.	9819.1000	16% of the charges
14.	Services provided or rendered by port and terminal operators in relation to imports excluding stevedoring services.	9819.9090	16% of the charges

FED was proposed to be levied on advertisement on newspapers and periodicals, and on hoarding boards, pole signs, sign boards, and shop boards under Finance Bill, 2009 at the rate of 16%. Now, FED on classified advertisements in newspapers & periodicals and shop boards stands with-drawn.

Amendments to Federal Excise Rules, 2005

[SRO S.R.O. 475(I)/2009]

Definitions

The SRO seeks to include two new definitions as under and to re-number certain definitions, as necessary:

Port Operator includes Karachi Port Trust (KPT) or any other person or organization managing the operations of any customs-port as declared under section 9 of the Customs Act, 1969 (IV of 1969) **[Rule 2(1)(oa)]**

Terminal Operator includes Karachi International Container Terminal (KICT), Pakistan International Container Terminal (PICT) and Qasim International Container Terminal (QICT) **[Rule 2(1)(p)]**

Special procedures

Insurance companies

[Rule 40]

It has been sought to exclude health insurance, crop insurance and marine insurance for export from the purview of Special procedures as prescribed under Rule 40.

Banking companies, financial institutions and NBFCs

[Rule 40A]

The SRO seeks to delete the words “non-fund” from sub-rule (2) and to include Musharika and Modaraba Financing under the purview of special procedures. **[Rule 40A(2)]**

The duty is currently payable by the banking company or financial institution or non-banking finance company on the gross amount charged for service provided to the customers. The SRO now excludes the amount charged on account of markup from the purview of the gross amount charged to the customers. **[Rule 40A(4)]**

The prescribed Annex under **Rule 40A(6A)** has also been substituted by the SRO as under:

**Quarterly reconciliation of Federal Excise Services provided by the
Banking & Non-Banking Financial Companies under rule 40A of the Federal Excise Rules, 2005.**

Name of the Bank / Non-Banking Financial Companies _____
Federal Excise Registration No. _____ Quarter ended _____

S. No.	Particular of service	Value of service as per Return (in Rs.)			
		Month 1	Month 2	Month 3	Total
(a)	L/C commission;				
(b)	guarantee commission;				
(c)	brokerage commission;				
(d)	issuance of pay order and demand drafts;				
(e)	bill of exchange charge;				
(f)	transfer of money including telegraphic transfer, mail transfer and electronic transfer;				
(g)	providing bank guarantees;				
(h)	bill discounting commission;				
(i)	safe deposit lockers fee;				
(j)	safe vaults;				
(k)	credit and debit card issuance, processing, operation charges; and				
(l)	commission and brokerage on foreign exchange dealings;				
(m)	advances & loans				
(n)	financial Leasing				
(o)	commodity or equipment leasing				
(p)	hire-purchase leasing				
(q)	other leasing				
(r)	services provided as a banker to an issue				
(s)	others.				
RECONCILIATION		(In Rs)			
		Value of services as above	FED Paid @ 16%	Input tax adjustment claimed	Net FED paid
	Month 1				
	Month 2				
	Month 3				
	Total:				

Amount of Services as per published accounts: _____ Difference if any: _____

Telecommunication services

[Rule 43]

The SRO substitutes the exiting forms with the following Form (monthly statement) to be filled, which takes account of the change brought to the levy applicable to SMS:

MONTHLY STATEMENT FOR TELECOM SERVICES
RENDERED BY M/S. _____ DURING THE TAX PERIOD _____

S. No.	Description	Value	Federal Excise Duty/Sales tax paid
1.	Pre-paid mobile services (cards sold/ easyload/ top-up etc)		
2.	Post-paid mobile service.		
3.	Activation charges.		
4.	SMS Nos. _____		
5.	Other telecom services provided		
6.	Other taxable services/ supplies		
7.	Input Tax adjustable		
8.	Net FED/ Sales Tax paid on the return		

Services provided by Port Operator and Terminal Operator in relation to imports

[Rule 43B]

Services provided by Port Operator and Terminal Operator in relation to imports have also been brought for the first time under the purview of the Excise Duty.

The newly inserted Rule prescribes that All import related services provided by a Port Operator and Terminal Operator, shall be leviable to duty on the basis of gross amount charged for the services. The following services have been specifically nominated for this purpose:

- (i) piloting and mooring;
- (ii) delivery charges;
- (iii) storage in port area including demurrage;
- (iv) wharfage; and
- (v) other import related services provided in port area.

It has also been made mandatory on the Port Operator and Terminal Operator to maintain such records as stipulated in section 17 of the Federal Excise Act, 2005 in such manner as will enable distinct ascertainment of payment of duty due.

Services provided by stockbrokers

[Rule 43C]

Excise duty has been levied on the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange.

Stock brokers have now been required to maintain records as stipulated in section 17 of the Federal Excise Act, 2005 in such manner as will enable distinct ascertainment of payment of duty due.

Other Federal Excise Notifications (SROs)

S.R.O. 474(I)/2009 The SRO seeks to exempt whole amount of excise duty leviable on the below mentioned items:

S.No.	Description	Headings/ sub-headings Nos.
1.	Motor cars and other motor vehicles principally designed for the transport of persons including station wagon and racing cars of cylinder capacity exceeding 850cc.	87.03
2.	Viscose staple fibre.	Respective headings
3.	Services provided or rendered by banking companies and non-banking financial companies in respect of Hajj and Umrah, cheque book, insurance, Musharika and Modaraba financing and utility Bill collection.	Respective headings

S.R.O. 478(I)/2009 To direct the table in notification No. SRO. 550(I)/2006 dated 5th June, 2006 be substituted with the following and the same shall be effective from the 1st July, 2009:

S.No.	Heading number	Description of services
1.	98.02	Advertisements
2.	9803.1000	Services provided or rendered in respect of travel by air of passengers within territorial limits of Pakistan
3.	9804.1000	Carriage of goods by air
4.	9805.1000	Shipping agents
5.	98.12	Telecommunication services
6.	98.13	Services provided or rendered by banking companies and non-banking financial companies
7.	98.13	Services provided by insurance companies
8.	9819.1000	Services provided or rendered by stockholders
9.	9819.9090	Services provided or rendered by port and terminal operators