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Federal Budget 2019

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FEDERAL BUDGET 2019

This memorandum gives a brief overview of Pakistan economy and significant amendments proposed by the Finance Bill 2019. All changes proposed through the Finance Bill 2019, subject to approval by National Assembly and Presidential assent, are effective July 1, 2019.

Certain amendments will be effective on the next day of assent given by the President to these provisions.

This memorandum can also be accessed on https://www.pwc.com.pk/en/tax-memorandum.html

June 12, 2019

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KEY ECONOMIC INDICATORS

Economic Survey 2018-19

Pakistan's economy has experienced frequent boom and bust cycles. Typically, each cycle comprised of 3-4 years of relatively higher growth followed by a macroeconomic crisis which necessitated the stabilization programs. The inability to achieve sustained and rapid economic growth is due to structural issues which require effective monetary and fiscal measures to achieve macroeconomic stability.

The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29 percent against the ambitious target of 6.2 percent. The target was based upon sectoral growth projections for agriculture, industry, and services at 3.8 percent, 7.6 percent and 6.5 percent respectively. The actual sectoral growth turned out to be 0.85 percent for agriculture, 1.4 percent for industry and 4.7 percent for services.

The new elected government faces formidable macroeconomic challenges. The foremost challenge to the economy is the rising aggregate demand without corresponding resources to support it, leading to rising fiscal and external account deficits. To address the issue of severe macroeconomic instability and to put the economy on the path of sustained growth and stability, the government has introduced a comprehensive set of economic and structural reform measures.

The impact of macroeconomic adjustment policies, such as monetary tightening, exchange rate adjustment, expenditure control and enhancement of regulatory duties on non-essential imports, started to become visible this year. These steps have served to bring some degree of stability and have also helped in reducing economic uncertainty. However, the situation calls for sustained efforts.

	FY 18 – 19	*FY 17 – 18*
GDP growth rate	3.3%	5.5 %
Per capita income - US$	1,497	1,652
FDI (July – April) US$ million	1,376	2,849
Inflation (July – April)	7%	3.8%
Public debt (PKR billion)		
- **Domestic**	18,171	16,416
- **Foreign**	10,437	8,537
	28,608	24,953
Budget deficit - %age of GDP	4.9%	6.5%

Source: Economic Survey of Pakistan 2018-2019

BUDGET AT GLANCE

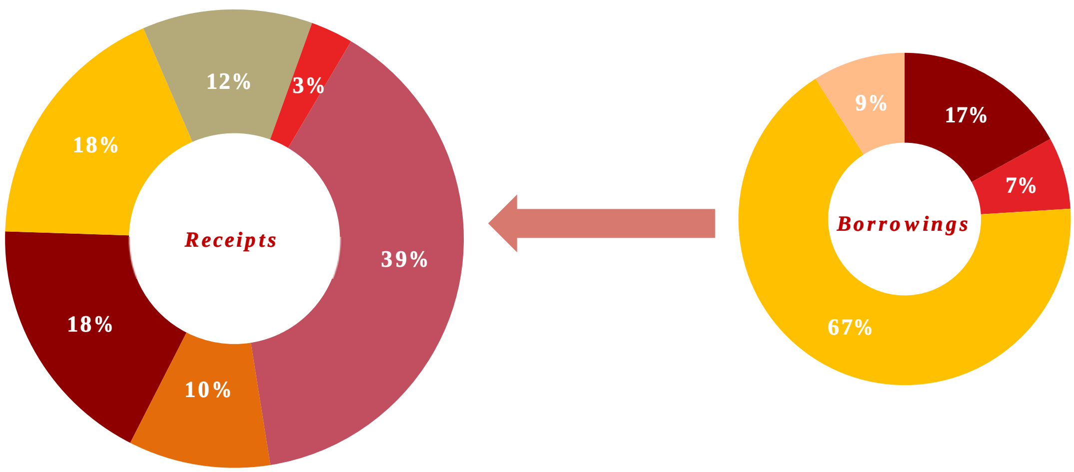
Budget Financials

The following table sets out the Key Budget Financials:

	2019-2020		2018-2019 (Revised)	
	Rs in Billion	%	Rs in Billion	%
Tax revenue	5,822		4,394	
Non-tax revenue	894		638	
Gross revenue receipts	6,716		5,032	
Public account receipt – net	251		283	
Total receipts	6,967	100	5,314	100
Less: Provincial share in Federal taxes	(3,255)	(47)	(2,463)	(46)
Net revenue receipts	3,712	53	2,852	54
Expenditure				
- Current expenditure	7,473	107	5,794	109
- Development expenditure	949	14	830	16
	8,422	121	6,624	125
Deficit	**(4,710)**	**(68)**	**(3,772)**	**(71)**
- Domestic debts non-bank	766		954	
- Domestic debts banks	339		1,356	
- Foreign debts / grants	3,032		1,403	
- Privatization proceeds	150		-	
- Surplus from provinces	423		59	
	4,710		**3,772**	

WHERE FROM THE RUPEE COMES IN AND WHERE IT GOES OUT

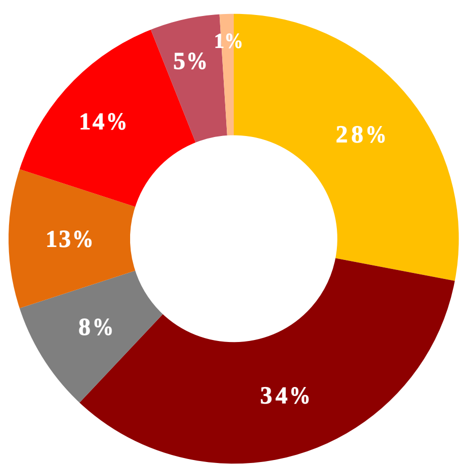
IN



- Income Tax (18%)
- Sales Tax (18%)
- Customs Duty (9%) and FED (3%)
- Petroleum levy, Gas Infrastructure Cess & Others (3%)
- Borrowings (39%)
- Non-tax revenue (10%)

- Domestic debts non-bank (17%)
- Domestic debts banks (7%)
- Foreign debts (67%)
- Surplus from provinces (9%)

OUT



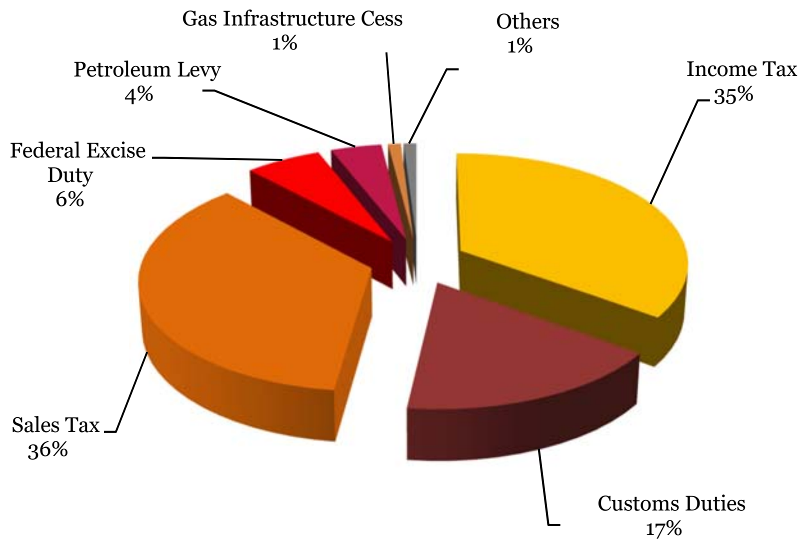
- Provincial share in Federal taxes (28%)
- Debt servicing (34%)
- Development expenditure (8%)
- Defence Affairs and Services (10%)
- Federal Government expenses including pensions (14%)
- Grants and transfers (5%)
- Subsidies (1%)

BREAK-UP OF TAX REVENUE

There is a downward change in the ratio of direct and indirect taxes.

A substantial and incremental shift is required to decrease disparity in income and reduce the burden of indirect taxes on common man.

	FY 19 – 20 Rs in Billion	FY 18 – 19 (Revised) Rs in Billion
Direct Taxes:		
• Income Tax	2,073	1,652
• Workers' Welfare Fund	5	4
	2,078	1,656
Indirect Taxes:		
• Customs Duty	1,001	735
• Sales Tax	2,108	1,490
• Federal Excise Duty	364	266
• Petroleum Levy	216	204
• Gas Infrastructure Cess	30	25
• Natural Gas Surcharge	10	8
• Others	15	10
	3,744	2,738
	5,822	4,394



INCOME TAX

SPECIAL PROVISIONS FOR PERSONS NOT APPEARING ON ACTIVE TAXPAYERS LIST

Through Finance Act, 2014, a concept of 'filer' and 'non-filer' was introduced whereby a list of 'filers' was issued by the Federal Board of Revenue (FBR) from time to time to include such taxpayers who have filed their returns for latest tax year. Enhanced withholding tax rates were prescribed for 'non-filers' besides certain special withholding tax provisions which were only applicable on 'non-filers'.

The Finance Bill proposes to do away with the concept of 'filer' and 'non-filer' and instead introduces provisions to deal with such persons whose names do not appear on Active Taxpayers List (ATL). As a result of such special provisions, the effect shall be as under:

a) The rate of withholding tax for certain provisions, which currently prescribe an increased rate for non-filers, is proposed to be enhanced by 100% for persons not appearing on ATL with procedure for provisional assessment and penalty proceedings if such persons fail to file return of income for respective tax year. On filing of returns, the taxpayers are entitled to claim refund of withholding tax in excess of their tax liability. These provisions are contained in the Tenth Schedule.

b) Following tax withholding provisions remain outside the ambit of Tenth Schedule having been already applicable on persons not appearing in ATL (currently termed as non-filers):

Section Reference	Nature of payment
231A	Cash withdrawal from a bank
231AA	Advance tax on transactions in Bank
236P	Advance tax on banking transactions otherwise than through cash
236U	Advance tax on insurance premium
236V	Advance tax on extraction of minerals

It is also proposed that a person can be included in the list of ATL even on filing of return after the due date, if he pays surcharge at applicable rates.

Persons not appearing in the ATL will not be issued refund during the period when the person is not in ATL. Furthermore, such person will also not be entitled to additional payment for delayed refund and the period when he was not included in ATL shall be excluded for computation of period for such purposes.

Withholding tax provisions covered by Tenth Schedule

The special provisions of Tenth Schedule are applicable on following withholding tax provisions:

Section Reference	Nature of payment
37A	Capital gains on disposal of securities
148	Imports
148A	Tax on local purchase of cooking oil or vegetable ghee by certain persons
150	Dividends
150A	Return on investment in Sukuks
151	Profit on debt
152	Certain payments to non-residents
152A	Payments for foreign produced commercials
153	Payments for goods, services and contracts
153B	Payment of royalty to resident persons
156	Prizes and winnings
156A	Petroleum products
231B	Advance tax on private motor vehicles
233	Brokerage and commission
233A	Collection of tax by a stock exchange registered in Pakistan
234	Tax on motor vehicles
234A	CNG Stations
236	Telephone and internet users
236A	Advance tax at the time of sale by auction
236C	Advance tax on sale or transfer of immovable property
236G	Advance tax on sales to distributors, dealers and wholesalers
236H	Advance tax on sales to retailers
236HA	Tax on sale of certain petroleum products
236K	Advance tax on purchase or transfer of immovable property
236S	Dividend in specie
236Y	Advance tax on persons remitting abroad through credit, debit or prepaid cards

Mechanism for obtaining exemption certificate

A procedure has been prescribed whereby a person not on ATL can be excluded from enhanced withholding provisions by an order of the Commissioner. The procedure is similar to the one prescribed for payments to non-residents with an exception that in this case, failure to pass an order within thirty days will result in a deemed order accepting the application.

TAX REGIME FOR DISPOSAL OF IMMOVABLE PROPERTIES

Taxation of gains arising on disposal of immovable properties is proposed to be revamped.

As against the current uniform basis of taxation of all types of immovable properties, the Bill proposes to introduce the following:

a) Gains arising on disposal of open plots as well as constructed properties are proposed to be taxed at normal rates where the holding period is upto 1 year.

b) For open plots:

- if the holding period exceeds 1 year but does not exceed 10 years, the gain chargeable to tax will be reduced by 25% and taxed at normal rate; and

- if the holding period exceeds 10 years, gain will be taken as zero.

c) For constructed properties:

- if the holding period exceeds 1 year and does not exceed 5 years, the gain chargeable to tax will be reduced by 25% and taxed at normal rate; and

- if the holding period exceeds 5 years, gain will be taken as zero.

In the salient features issued with the budget documents, it has been mentioned that the gain on disposal of open plots would be reduced on the basis of net present value; however, no specific provision in respect thereto is available in the Finance Bill.

The Bill also proposes a flat advance tax at the rate of 1% of the fair market of immovable property to be collected at the time of registering, recording or attesting its transfer, as against the existing rates which range from 0% to 2% based on the value of immovable property.

PURCHASE OF ASSETS THROUGH BANKING CHANNEL

The Bill proposes an overriding provision to restrict purchase of following assets by any person otherwise than by a crossed cheque drawn on a bank or through crossed demand draft or crossed pay order or any other crossed banking instrument showing transfer of the amount from one bank account to another bank account:-

a) Immovable property having fair market value greater than Rs 5 million; or

b) Any other asset having fair market value more than Rs 1 million.

In case the transaction is not undertaken in the above manner, such asset shall not be eligible for any depreciation or amortisation allowance and no related cost shall be allowed for computing any taxable gain on such transaction.

Furthermore, where persons fail to comply with the above provisions with regard to immovable properties, penalty at the rate of 5% has also been proposed. The proposed penalty will be computed on the basis of value as determined by the FBR or on the basis of stamp duty value, whichever is higher.

Provisions introduced through Finance Act, 2018 restricting purchase of immovable properties and certain motor vehicles by non-filers are also proposed to be omitted. It appears that the above proposed provisions relating to the manner of payment for purchase of immovable properties and other assets with corresponding penalties and other consequences have been introduced as an alternative measure to achieve the desired results.

FINAL TAX REPLACED WITH MINIMUM TAX

Presumptive / final tax regime was introduced in the year 1992 whereby the concept of income based taxation was shifted to transaction based taxation. Since then, the scope of final tax regime was extended to a number of transactions. There has been a realisation that this regime was effectively contributing in a negative manner resulting in non-documentation of economy and resulting in indirect taxation, which was regressive in nature. In the last Finance Act, 2018, an attempt was made to exclude commercial importers from the purview of final tax, however, the same were again brought back to the final tax regime through Finance Supplementary (Second Amendment) Act, 2019.

The Bill proposes to replace final tax with minimum tax in all cases other than exports, prizes and winnings and sellers of petroleum products. As a result of this amendment, it is expected that there will be an improvement in documentation of economy as the taxpayers will be required to declare their income under Net Income Basis based on their books of account.

COMMISSION AND DISTRIBUTOR'S MARGIN IN RESPECT OF THIRD SCHEDULE ITEMS

Any expenditure incurred on account of commission in respect of supplies covered by the Third Schedule to the Sales Tax Act, 1990 will not be considered as admissible business expense, if the amount of commission paid exceeds 0.2% of gross amount of supplies in case:

(a) the commission recipient is not registered under Sales Tax Act, 1990; and

(b) his name is not appearing on ATL.

The reference to Sales Tax Act, 1990 in (a) above may be considered for substitution with either Income Tax Ordinance, 2001 or respective Provincial Sales Tax on Services Acts.

Where such supplies are made under a dealership agreement with the dealers who are not registered under Sales Tax Act, 1990 and are not appearing in the ATL under the Income Tax Ordinance, 2001; an amount equal to 75% of the dealer's margin will be considered as deemed income of the supplier. For the purpose of this provision, 10% of the sale price of the manufacturer has to be treated as dealer's margin.

INTER-CORPORATE DIVIDEND IN GROUP COMPANIES

In the Finance Supplementary (Second Amendment) Act, 2019, a partial exemption regime was reinstated for inter corporate dividend in case of companies availing group relief. Resultantly, the exemption was available only:

(i) where there is a surrender of losses in that Tax Year; and

(ii) to the extent of percentage holding of parent company in the subsidiary company.

It is now proposed to reinstate exemption for inter corporate dividend even in case of companies that are eligible for group relief under section 59B. As a consequence, surrender of loss is no longer mandatory to avail exemption of inter corporate dividend.

TAXATION OF INSURANCE COMPANIES

Under the existing provisions, income of general insurance companies is computed on the basis of financial statements with certain limited adjustments. It is now proposed to allow the Commissioner to examine and amend the amount of income as disclosed in the financial statement presented to the Securities and Exchange Commission of Pakistan with respect to 'commission paid' and 'claims for losses'.

TAXATION OF BANKING COMPANIES

The provisions of Seventh Schedule were introduced with effect from tax year 2009 which have been amended from time to time. Following amendments have been proposed by way of insertion of an Explanation:-

(a) Provisions for advances and off balance sheet items admissible upto 1% or 5% of total advances, as the case may be, shall be exclusive of reversals of such provisions;

(b) Reversals of 'bad debts' classified as 'doubtful' or 'loss' are taxable to the extent of provisions already allowed; and

(c) With effect from tax year 2020 and onward, reversal of 'bad debts' classified as 'loss' shall be taxable to the extent of such provisions allowed.

Currently, the bad debts which are classified as 'sub-standard' under the Prudential Regulations of State Bank of Pakistan are not allowed until the same are reclassified as 'doubtful'. Henceforth, bad debts classified as 'doubtful' are also not allowed and the deduction shall be allowed only to the extent of 'loss'.

For tax years 2020 and onwards, the taxable income arising from additional income earned from additional investments in Federal Government securities is proposed to be taxed at the rate of 37.5% instead of existing rate of 35%. The amount of additional income and additional investments shall be determined on the basis of certificate from external auditor to be furnished by the banks, along with accounts, while e-filing return of income.

CORPORATE TAX

Under the existing provisions of law, there is a reduction in tax rate of 1% for each successive tax year up to tax year 2023. The bill proposes corporate rate of tax to be fixed at 29% for tax year 2019 and onwards.

WITHHOLDING TAX FROM PAYMENTS UNDER COHESIVE BUSINESS OPERATION

Through Finance Act, 2018, a concept of cohesive business operation was introduced for taxation of non-resident contractors who were mainly engaged in execution of Engineering, Procurement and Construction Contracts consisting of certain offshore supplies and services. As a result of these amendments, payments for offshore supplies were being subject to withholding tax even though the same were outside the taxation ambit of Pakistan due to double tax treaty provisions.

The Bill now proposes certain amendments to address the practical issues which were being faced by withholding agents of such contractors in relation to payments for offshore portion of the contract which were otherwise not taxable in Pakistan. Under the proposed amendment, in case of payment that constitutes part of an overall arrangement of a cohesive business operation, on an application made by the payer, the Commissioner may allow the person to make payment after deduction of tax equal to 30% of tax chargeable on such payment under section 152(2) viz. 20%. The effective tax rate would thus be 6%. The credit of such tax will be available to the Permanent Establishment of the non-resident person accounting for profits arising on the overall cohesive business operation.

It appears that the reference to sub-section (2) in the above proposed provision is an inadvertent error as the said sub-section is a residuary provision dealing with such payments which are not dealt in other provisions whereas the payments under such contracts are covered by sub-section (1A)(a).

INCREASE IN RATE OF TAX / WITHHOLDING ON DIVIDEND

Applicable tax rate including collection of advance tax on dividend distributed by purchaser of power project privatized by WAPDA or on shares of company set up for power generation or share of company supplying coal exclusively to the power generation projects is proposed to be enhanced from 7.5% to 15%.

The rate of tax is proposed to be increased to 25% in the case of a person receiving dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses or claim of tax credits.

The special rates provided for dividends received from Collective Investment Schemes, REITs and Mutual Funds are also proposed to be withdrawn. Consequently, dividends received from such schemes whose income becomes exempt shall also be taxable at 25%.

For withholding tax on dividend, a standard rate of 15% is proposed in all cases. The withholding tax rate for dividend otherwise subject to 25% enhanced rate should have been aligned with charge of tax.

INCOME FROM PROPERTY

The rate of tax withholding on property income of an AOP or individual exceeding Rs. 2 million is proposed at Rs 210,000 plus 20%. The bill proposes the following new slabs for taxability as well as withholding:

Rent slab	*Rate of tax*
Exceeding Rs. 4 million to Rs. 6 million	Rs 610,000 + 25% of amount exceeding Rs. 4 million
Exceeding Rs. 6 million to Rs. 8 million	Rs 1,110,000 + 30% of amount exceeding Rs. 6 million
Exceeding Rs. 8 million	Rs 1,710,000 + 35% of amount exceeding Rs. 8 million

As a result of abolishment of concessional rate and reinstatement of old scheme, the bar on set off of losses against rental income needs to be removed.

CAPITAL GAINS ON DISPOSAL OF SECURITIES

The rates of tax for tax year 2020 on capital gains on disposal of shares and other specified securities are proposed to be kept at par with those applicable for tax years 2018 and 2019.

The Bill proposes that an explanation be added on exemption from deduction of tax on capital gains arising on disposal of securities, where holding period is more than four years. As per the explanation, such exemption from deduction of tax will be available only to mutual fund units or collective investment scheme or REIT scheme.

MINIMUM TAX ON TURNOVER

The Bill proposes enhancement in the rate of minimum tax as tabulated below:

Person(s)	*Existing*	*Proposed*
- Oil marketing companies, Oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds Rs. 1 billion.); - Pakistan International Airlines Corporation; and - Poultry industry including poultry breeding, broiler production, egg production and poultry feed production.	0.5%	0.75%
- Distributors of pharmaceutical products, fertilisers, consumer goods including fast moving consumer goods and cigarettes; - Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; - Rice mills and dealers; and - Flour mills.	0.2%	0.25%
- Motorcycle dealers registered under the Sales Tax Act, 1990.	0.25%	0.3%
- In all other cases.	1.25%	1.5%

MINIMUM TAX ON FINISHED PHARMACEUTICAL PRODUCTS NOT OTHERWISE MANUFACTURED IN PAKISTAN

It is proposed to reduce tax collection (and consequential minimum tax proposed) on import of finished pharmaceutical products to 4% if such goods are not otherwise manufactured in Pakistan as certified by the Drug Regulatory Authority of Pakistan.

PAYMENTS FOR SERVICES

Service sector companies were subjected to Minimum Tax Regime vide the Finance Act, 2015 at the rate of 8%. The said regime was earlier rationalized for certain service sectors subject to payment of at least 2% minimum tax, under Clause (94) of Part IV of Second Schedule to the Ordinance with certain conditions.

It is now proposed to abolish rationalization of minimum tax whilst deleting clause (94) and to provide minimum tax regime to such sectors at the rate of 4%. These sectors include, transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services.

Consequential amendments for payments to non-resident service providers of the above sectors have not been made.

ADVANCE TAX ON DEALERS, COMMISSION AGENTS AND ARHATIS, ETC.

The Bill proposes the change in the rates of advance tax on dealers, commission agents and arhatis etc. as tabulated below:

Group	Rate of tax	
	Existing	Proposed
	-------- Rs. --------	
Group or Class A	10,000	100,000
Group or Class B	7,500	75,000
Group or Class C	5,000	50,000
Any other Category	5,000	50,000

RATE OF TAX FOR INDIVIDUALS (SALARIED AND NON-SALARIED)

Under the law, the classification of an individual person as salaried or otherwise is based on the proportion of such income in the total taxable income of the individual for the tax year. Through Finance Bill 2019, an amendment has been proposed whereby an individual shall be considered as 'salaried' if salary income constitutes seventy-five percent or more of the total taxable income for the year. Previously this threshold was fifty percent.

The Bill also proposes to increase the threshold of taxable income for salaried case to Rs 600,000 and progressive tax rates divided into 12 taxable slabs. The rates of tax range from 5% to 35% for both salaried and non-salaried individuals as against the current maximum rate of 25% and 29% respectively.

The proposed tax rates for both salaried and non-salaried individuals are provided in Annexure given below along with detailed analyses of existing versus proposed tax rates and consequential impact on taxpayers.

ANNEXURE - REVISED TAX RATES AND THEIR IMPACT

A. TAX RATES FOR SALARIED INDIVIDUALS

Sr No.	Taxable income	Rate
1.	Where the taxable income does not exceed Rs 600,000	0%
2.	Where the taxable income exceeds Rs 600,000 but does not exceed Rs 1,200,000	5% of the amount exceeding Rs 600,000
3.	Where the taxable income exceeds Rs 1,200,000 but does not exceed Rs 1,800,000	Rs 30,000 + 10% of the amount exceeding Rs 1,200,000
4.	Where the taxable income exceeds Rs 1,800,000 but does not exceed Rs 2,500,000	Rs 90,000 + 15% of the amount exceeding Rs 1,800,000
5.	Where the taxable income exceeds Rs 2,500,000 but does not exceed Rs 3,500,000	Rs 195,000 + 17.5% of the amount exceeding Rs 2,500,000
6.	Where the taxable income exceeds Rs 3,500,000 but does not exceed Rs 5,000,000	Rs 370,000 + 20% of the amount exceeding Rs 3,500,000
7.	Where the taxable income exceeds Rs 5,000,000 but does not exceed Rs 8,000,000	Rs 670,000 + 22.5% of the amount exceeding Rs 5,000,000
8.	Where the taxable income exceeds Rs 8,000,000 but does not exceed Rs 12,000,000	Rs 1,345,000 + 25% of the amount exceeding Rs 8,000,000
9.	Where the taxable income exceeds Rs 12,000,000 but does not exceed Rs 30,000,000	Rs 2,345,000 + 27.5% of the amount exceeding Rs 12,000,000
10.	Where the taxable income exceeds Rs 30,000,000 but does not exceed Rs 50,000,000	Rs 7,295,000 + 30% of the amount exceeding Rs 30,000,000
11.	Where the taxable income exceeds Rs 50,000,000 but does not exceed Rs 75,000,000	Rs 13,295,000 + 32.5% of the amount exceeding Rs 50,000,000
12.	Where the taxable income exceeds Rs 75,000,000	Rs 21,420,000 + 35% of the amount exceeding Rs 75,000,000

B. TAX RATES FOR AOPs AND NON-SALARIED INDIVIDUALS

Sr No.	Taxable income	Rate
1.	Where the taxable income does not exceed Rs 400,000	0%
2.	Where the taxable income exceeds Rs 400,000 but does not exceed Rs 600,000	5% of the amount exceeding Rs 400,000
3.	Where the taxable income exceeds Rs 600,000 but does not exceed Rs 1,200,000	Rs 10,000 + 10% of the amount exceeding Rs 600,000
4.	Where the taxable income exceeds Rs 1,200,000 but does not exceed Rs 2,400,000	Rs 70,000 + 15% of the amount exceeding Rs 1,200,000
5.	Where the taxable income exceeds Rs 2,400,000 but does not exceed Rs 3,000,000	Rs 250,000 + 20% of the amount exceeding Rs 2,400,000
6.	Where the taxable income exceeds Rs 3,000,000 but does not exceed Rs 4,000,000	Rs 370,000 + 25% of the amount exceeding Rs 3,000,000
7.	Where the taxable income exceeds Rs 4,000,000 but does not exceed Rs 6,000,000	Rs 620,000 + 30% of the amount exceeding Rs 4,000,000
8.	Where the taxable income exceeds Rs 6,000,000	Rs 1,220,000 + 35% of the amount exceeding Rs 6,000,000

C. *COMPARISON – SALARIED INDIVIDUALS*

(All figures are in PKR)

Annual taxable income	Existing tax	Proposed tax	(Saving) / Excess tax
600,000	1,000	-	(1,000)
1,200,000	2,000	30,000	28,000
1,800,000	30,000	90,000	60,000
2,500,000	65,000	195,000	130,000
3,500,000	215,000	370,000	155,000
5,000,000	490,000	670,000	180,000
8,000,000	1,090,000	1,345,000	255,000
12,000,000	2,090,000	2,345,000	255,000
30,000,000	6,590,000	7,295,000	705,000
50,000,000	11,590,000	13,295,000	1,705,000
75,000,000	17,840,000	21,420,000	3,580,000
> 75,000,000	Rs 1,090,000 + 25% of the amount exceeding Rs 8,000,000	Rs 21,420,000 + 35% of the amount exceeding Rs 75,000,000	

D. *COMPARISON – AOPs AND NON-SALARIED INDIVIDUALS*

(All figures are in PKR)

Annual taxable income	Existing tax	Proposed tax	(Saving) / Excess tax
400,000	-	-	-
600,000	1,000	10,000	9,000
1,200,000	2,000	70,000	68,000
2,400,000	60,000	250,000	190,000
3,000,000	150,000	370,000	220,000
4,000,000	350,000	620,000	270,000
5,000,000	600,000	920,000	320,000
6,000,000	890,000	1,220,000	330,000
> 6,000,000	Rs 600,000 + 29% of the amount exceeding Rs 5,000,000	Rs 1,220,000 + 35% of the amount exceeding Rs 6,000,000	

TAX ON PROFIT ON DEBT

The rate of tax for profit on debt derived by resident taxpayers other than companies is proposed to be enhanced as under:

Slab	Rate of tax	
	Existing	Proposed
Where profit on debt does not exceed Rs.5,000,000	10%	15%
Where profit on debt exceeds Rs.5,000,000 but does not exceed Rs.25,000,000	12.5%	17.5%
Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs. 36,000,000	15%	20%

Accordingly, it is proposed that profit on debt exceeding Rs. 36 million be taxable under normal tax regime at the applicable slab rate.

Furthermore, the rate of tax withholding is proposed to be increased from 10% to 15% in all cases except where profit paid does not exceed Rs. 500,000.

TAX CREDIT TO A FULL TIME TEACHER

Presently, a full time teacher or a researcher employed in a non-profit education or research institution, duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government training and research institution, is allowed a tax credit equal to 40% of tax payable on his / her income from salary. It is now proposed to reduce the tax credit to 25%.

Further, it is proposed that the tax credit shall not be available to a full time teacher or researcher of a government training institution and to the teachers of medical profession who derive income from private medical practice or who receive share of consideration from patients.

RESIDENT INDIVIDUAL

Currently, an individual is resident in a tax year subject to the only condition that his stay in Pakistan should be more than 182 days. The Bill now proposes to re-instate the position that existed prior to 2003 whereby if an individual is present in Pakistan for 90 days in any one tax year and in aggregate 365 days in four preceding years, he will also be considered as resident.

PENALTY AND PROSECUTION FOR OFFSHORE ASSETS

After the revelation of Panama Leaks and voluminous undeclared offshore assets, certain amendments were made through Finance Act, 2018 to eliminate the benefit otherwise available under the time barred provisions relating to undeclared assets. In the same context, through the Finance Supplementary (Second Amendment) Act, 2019; the concept of provisional assessment was introduced for those cases in which offshore assets are discovered by relevant authorities.

The Bill now proposes further strict measures to deal with such offshore assets in the form of penalties and prosecution which are also intended to include enablers / advisors. Furthermore, provisions are being proposed for freezing domestic assets of persons involved in offshore tax evasion who are likely to leave Pakistan or about to dispose of such offshore assets.

It is proposed to impose penalties in respect of the following offences:

Offences	Penalty
Offshore tax evader involved in offshore tax evasion in the course of any proceedings.	Rs. 100,000 or 200% of tax evaded, whichever is higher.
Assisting a person in offshore tax evasion in the course of any proceedings under this Ordinance.	Rs. 300,000 or 200% of tax evaded, whichever is higher.
Person involved in asset move from a specified territory to an un-specified territory. The unspecified territory is defined as the one which does not have an Exchange of Information Agreement.	Rs. 100,000 or 100% of tax, whichever is higher.

In addition to the above, following prosecutions have also been proposed in respect of the below-referred offences:

Prosecution for	Punishment
Concealment of an offshore asset	Imprisonment upto 7 years, or with fine upto 200% of the amount of tax evaded, or both.
Non-compliance with notice under section 116A requiring filing of Foreign income and assets statement	Imprisonment upto 2 years, or with a fine upto a penalty of 2% of the offshore asset not declared, or both.
Enabling offshore tax evasion	Imprisonment upto 7 years, or with a fine upto Rs. 5 million, or both.

An overriding provision is also proposed to allow FBR to publish in print and electronic media the name of offshore evaders who have evaded offshore tax of Rs 2.5 million or above and offshore tax enablers who have enabled offshore tax evasion. The title of definitions of 'offshore enabler' and 'offshore evader' has inadvertently been swapped and needs correction.

PENALTY

The minimum penalty prescribed for certain offences is proposed to be increased as under:

Offences	*Minimum Penalty* Existing	*Minimum Penalty* Proposed
	-------- Rupees --------	
Penalty on non-filing of return within the due date ** For salaried individual having at least 75% of income from salary and whose salary is less than Rs. 5 million, minimum amount of penalty shall be Rs. 5,000 only.*	20,000	40,000*
Non-furnishing of wealth statement or wealth reconciliation statement	20,000	100,000
Any person who is required to apply for registration under this Ordinance but fails to make an application for registration	5,000	10,000
Any person who repeats erroneous calculation in the return for more than one year	20,000	30,000
Denying or obstructing access of the Commissioner to the premises, place, accounts, documents, computers or stocks	25,000	50,000
Concealed income or furnished inaccurate particulars of such income or any act referred to in sub-section (1) of section 111	25,000	100,000
Fails to deduct or collect tax or pay the tax collected or deducted as required under section 160	25,000	40,000

Following new penalties are also being proposed:

Offences	*Penalty*
Purchase of immovable property having fair market value greater than rupees five million through cash or bearer cheque	5% of the value determined by the Board or by the provincial authority for the purposes of stamp duty, whichever is higher
Failure to comply with any provisions of section 165B of the Ordinance or Common Reporting Standard Rules	Rs. 10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.
Files an incomplete or inaccurate report under provisions of section 165B of the Ordinance	Rs. 10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.
Failure to obtain valid self-certification for new accounts or furnishes false self-certification	Rs. 10,000 for each default and an additional Rs. 10,000 each month until the default is redressed.
Failure to furnish valid self-certification or furnishes false self-certification	Rs. 5,000 for each default and an additional Rs. 5,000 each month until the default is redressed.

SETTLEMENT OF INCOME TAX REFUNDS THROUGH PROMISSORY NOTES

The mechanism introduced for release of sales tax refunds through promissory notes is proposed to be extended to income tax refunds.

SUPER TAX

For the purpose of computation of super tax, the adjustment of brought forward depreciation and brought forward business losses are proposed to be excluded in case of Banking Companies, Insurance Companies and Oil and Mineral Exploration companies. Through Finance Act, 2016, similar amendment was also made for other persons. The amendment is aimed to nullify the effect of certain decisions of Appellate Tribunal whereby it was held that adjustment for such losses to these specific persons could not be denied for computation of super tax liability.

INTANGIBLES

The Bill proposes to introduce following two changes in the provisions relating to intangibles, including amortisation thereof:-

(a) Where an intangible does not have an ascertainable useful life, the amortisation will be allowed over a period of 25 years as against presently provided period of 10 years; and

(b) Self-generated goodwill or any adjustment arising on account of accounting treatment will not be considered as intangible and henceforth, no amortization will be allowed in respect thereto. This amendment aims to cover cases involving business acquisitions, mergers, reorganisations, etc. The proposed provision authorizes FBR to notify Rules in this regard. This proposed amendment apparently seeks to reverse the impact of decisions of High Courts where amortization of goodwill was allowed.

TAXATION OF NON-CASH GIFTS

Currently, gifts are taxable in the hands of recipient if the same are received otherwise than by a crossed cheque or through a banking channel from a person not holding National Tax Number. This provision is understood to deem as income those monetary gifts which are received otherwise than through the aforesaid manner. The Bill seeks to enlarge the scope of such deemed income to non-monetary gifts not received from grandparents, parents, spouse, real brother, real sister, son or a daughter. However, it is considered that in order to give full effect to the intention behind the proposed enlargement, the draft provision needs some modifications.

TAX CREDIT FOR PERSONS EMPLOYING FRESH GRADUATES

A person employing freshly qualified graduates from a university or institution recognised by Higher Education Commission is proposed to be allowed a tax credit on average rate of tax in the following manner:

(a) The tax credit will be computed on the basis of annual salary paid to the freshly qualified graduates not exceeding 15% of the total employees in the tax year and 5% of the person's taxable income for the year, whichever is lower;

(b) The tax credit is allowed in respect of persons who have graduated after July 1, 2017 from aforesaid institutions.

The above proposal envisages that the aforesaid tax credit will be available in addition to deduction of salary expenditure allowed under general provisions relating to admissible business expenditure.

The salient features released with the budget documents provide that where this credit is not absorbed against the tax liability for the particular tax year, the same can be carried forward for adjustment against tax payable of subsequent five tax years. However, the Finance Bill does not contain an enabling provision in this regard.

TAX CREDIT FOR BALANCING, MODERNIZATION AND REPLACEMENT ETC.

The tax credit in respect of investments made in balancing, modernization and replacement, etc. will not be available in respect of plant and machinery installed after June 30, 2019 as against June 30, 2021 under the current provision, however, the carry forward of unabsorbed tax credit relating to prior years shall continue to apply after June 30, 2019. The rate of tax credit for tax year 2019 is also proposed to be reduced from 10% to 5% of the amount of eligible investment.

SPECIAL PROVISIONS FOR SMALL BUSINESSES, HOSPITALS, EDUCATIONAL INSTITUTIONS, ETC.

It is proposed that special procedure for scope and payment of tax, record keeping, filing of return and assessment in respect of following persons in such cities and territories as may be specified shall be prescribed by the Federal Government:-

(a) Small businesses;

(b) Construction businesses;

(c) Medical practitioners;

(d) Hospitals;

(e) Educational Institutions; and

(f) Any other sector specified by the Federal government.

TAX CREDIT FOR TRUSTS

Presently, tax credit is allowed to trusts or welfare institutions, without a requirement to obtain an approval from the Commissioner as is otherwise required for other Non Profit Organisations. It is now proposed that trusts and welfare institutions will also be required to obtain similar approval from the Commissioner after June 30, 2019.

Furthermore, the eligibility of above tax credit has been made subject to an additional condition that none of the assets of trusts or welfare institutions should 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. In case any such private benefit is conferred, the amount of such benefit is proposed to be taxed in the hands of the donor.

TRANSFER PRICING REPORT FROM INDEPENDENT CHARTERED ACCOUNTANT OR COST AND MANAGEMENT ACCOUNTANT

Under the existing provisions, there are certain documentation requirements on a taxpayer with regard to transactions between the associates particularly in order to demonstrate that the same were undertaken on an arm's length basis. The proposed amendment seeks to enable the Commissioner to appoint a Chartered Accountant or a Cost and Management Accountant to determine the fair market value of an asset, product, expenditure or service in respect of a transaction where he is of the view that the same has not been undertaken on arm's length basis. In case the Commissioner is satisfied with the report, he can proceed by considering the same as definite information for amendment of assessment. In case of being dissatisfied with the report, he can also seek report from another accountant.

The scope, terms and conditions of the report shall be prescribed by the Board in the Rules and the Commissioner will appoint an accountant for the above purposes after prior approval of the Board.

UNEXPLAINED INCOME OR ASSETS

Provisions in respect of unexplained income or assets were not applicable in case of foreign exchange remitted from outside Pakistan through normal banking channels. This was limited to an amount of Rs 10 million per year through Finance Act, 2018. The limit is now proposed to be reduced to Rs 5 million per year.

Also, the deemed whitening opportunity of amounts invested in immovable properties, being the difference of FBR notified values and the transaction values being lower, is proposed to be eliminated. Consequently, the relevant withholding provision is also proposed to be omitted.

REQUIREMENT TO FILE RETURN OF INCOME

Persons owning immovable property with land area of 250 sq yards or more are necessarily required to file return of income. This limit is proposed to be enhanced to 500 sq yards or more.

DUE DATE FOR FILING RETURN OF INCOME BY SALARIED INDIVIDUALS

The due date for filing return of income by salaried individuals is proposed to be September 30th instead of August 31st immediately succeeding the end of tax year.

ASSETS DECLARATION ACT, 2019

The President of Pakistan promulgated Assets Declaration Ordinance, 2019 on May 14, 2019 which has now been made part of the Finance Bill in the form of Assets Declaration Act, 2019 with certain minor amendments.

Protection is also proposed to be enhanced in respect of declarations under the aforesaid Act to the effect that no proceeding under the Income Tax Ordinance, 2001 shall be undertaken in respect of declarations filed under the Act.

RECOVERY OF TAX FROM MEMBER OF ASSOCIATION OF PERSONS

It is proposed that in case tax payable by an Association of Persons (AOP) cannot be recovered, every person who was a member at any time in the respective tax year, shall be jointly and severally liable for payment of such tax due by the AOP. Any tax recovered in such manner from the member will be recoverable by the member from AOP.

WITHHOLDING TAX FROM ROYALTY PAYMENTS TO RESIDENT PERSONS

A new withholding tax provision is proposed with regard to payments of royalty to a resident person at the rate of 15%, which is adjustable. The definition of royalty also covers payments for industrial, commercial or scientific equipment for which a specific provision in the form of section 236Q was introduced through Finance Act, 2015 prescribing a rate of 10%. It is envisaged that the proposed new provision will only apply on such royalty payments which are not covered by section 236Q.

REVISION OF ORDER FOR MONITORING OF WITHHOLDING TAX

The Commissioner is proposed to be empowered for amending or further amending an order for recovery of withholding tax where he considers that such order was erroneous in so far as it was prejudicial to the interests of revenue.

POWER TO CONFISCATE CERTAIN UNDECLARED ASSETS

The Bill proposes to empower the Commissioner to raid any premises where there is reliable information of undeclared gold, bearer security or foreign currency and confiscate the same in order to enforce any provision of the Ordinance.

INCOME TAX AUDIT REPORT

Where a case of taxpayer is selected for an audit, it is proposed that after completion of the audit, the Commissioner has to issue an audit report containing audit observations and findings, after obtaining taxpayer's explanation on all the issues raised in the audit. After issuance of such audit report, the Commissioner can amend the assessment after providing a reasonable opportunity to the taxpayer.

The proposed amendment aims to separate the functions of audit and assessment to be performed by separate and independent officers.

BUSINESS LICENSE SCHEME

Every person engaged in any business, profession or vocation is proposed to obtain and display a business license. The procedure for issuance of such license will be as prescribed by the FBR.

AUTOMATED IMPERSONAL TAX REGIME

It is proposed to introduce an alternate impersonal taxation regime whereby personal interaction will be minimised for low risk and compliant taxpayers as may be prescribed.

INITIAL ALLOWANCE ON BUILDING

It is proposed to withdraw initial allowance on building which is currently available at the rate of 15% of the cost of building.

EXEMPTION TO ARMED FORCES PERSONNEL

It is proposed that the exemption on allowances paid to Armed Forces Personnel shall be extended to include the following:

- Internal security allowance
- Compensation in lieu of bearer allowance

DEDUCTIBLE DONATIONS

Following institutions are proposed to be added to the existing list of the non-profit organization / institutions to whom donations are eligible for straight deduction in the hands of donors:

- Layton Rahmatulla Benevolent Trust (LRBT)
- Akhuwat

INSTITUTIONS EXEMPT FROM TAX

Income derived by following persons is proposed to be exempt from tax:

- Akhuwat
- Audit Oversight Board

EXEMPTION ON SALE OF IMMOVABLE PROPERTY TO REIT SCHEMES

Currently, profit and gains on sale of immovable property to a Developmental REIT Scheme, with the object of development and construction of residential buildings, is exempt upto June 30, 2020. It is now proposed to extend the exemption on profit and gains on sale of immovable property to a Rental REIT Scheme upto June 30, 2021.

TAX REDUCTION ON DISPOSAL OF IMMOVABLE PROPERTY BY SPECIFIED INDIVIDUALS

It is proposed that the tax payable on capital gains arising on first sale of immovable property shall be reduced by fifty percent, where the property is acquired by or allotted to:

- Ex-servicemen and Serving personnel of Armed Forces
- Ex-servicemen and Serving personnel of Federal and Provincial Government.

TAX DEDUCTION AT SOURCE ON PAYMENT FOR GOODS, SERVICES AND CONTRACTS.

Currently, the provisions for tax deduction at source on payment for supply of goods are not applicable in case of goods transport contractors, where contractors pay tax at the rate of 2.5% on payments for rendering of carriage services.

It is now proposed to increase the rate of tax to 3% on payments for rendering or providing of carriage services.

WITHHOLDING STATEMENTS

Presently, the following persons are absolved from furnishing details relating to name, CNIC, NTN and address of the withholdees:

(i) manufacturer, distributor, dealer and wholesalers, making sales of certain goods to retailers; and

(ii) banking companies collecting / deducting tax on cash withdrawals and profit on debts.

It is now proposed that such relief be withdrawn.

SELECTION FOR AUDIT ONCE IN THREE YEARS

Through Finance Act, 2018, it was introduced that a taxpayer shall not be selected by the FBR and the Commissioner Inland Revenue (CIR) in terms of sections 177 and 214C of the Income Tax Ordinance, 2001 for a tax audit where its income tax affairs were already audited in any of the preceding three tax years. The said relief is now proposed to be withdrawn.

VALIDATING EXEMPTION EXTENDED THROUGH NOTIFICATIONS

Exemption had been granted by the Federal Government through Notifications to the income of any individual domiciled or Company and Association of Persons of Khyber Pakhtunkhwa and Balochistan, with effect from June 1, 2018 to June 30, 2023. Under the law, the Federal Government is required to place all such Notifications before the National Assembly for its approval.

The Notifications proposed to be validated through the Finance Bill are as under:

Clause	Notification	Nature
Part-I Second Schedule		
146	1213(I)/2018 dated October 5, 2018	Income derived by any individual domiciled or Company and Association of Persons of Khyber Pakhtunkhwa and Balochistan, with effect from June 1, 2018 to June 30, 2023, is granted exemption.
Part-IV Second Schedule		
110	1213(I)/2018 dated October 5, 2018	Income derived by any individual domiciled or Company and Association of Persons of Khyber Pakhtunkhwa and Balochistan, with effect from June 1, 2018 to June 30, 2023, is granted relief from the provisions of deduction and collection of withholding tax at source.

SALES TAX

SALES TAX TO BE CHARGED ON RETAIL PRICE OF CERTAIN IMPORTED GOODS

Presently Third Schedule of the ST Act covers only goods manufactured in Pakistan, however, it is now proposed to include items imported of similar nature by importers through necessary amendments in the following provisions.

- Definition of retail price
- Definition of value of supply
- Scope of levy of tax on retail price

EXPORT ORIENTED SECTORS (SRO 1125)

Supplies of certain finished textile and leather products which were previously subject to various reduced rates under SRO 1125(I)/2011 dated December 31, 2011 are now proposed to be subject to standard rate of 17%. Certain items have been included in the Eighth Schedule to be taxed at 10% and 15% subject to certain conditions.

The Board is empowered to issue notification for allowing refund of input tax to exporters to be paid along with duty drawback at specified rates. Now it is proposed to empower the Board to allow refund of input tax to exporters only at fixed rates.

TIER – I RETAILER

It is proposed to include in the definition of Tier-I retailers, such retailers whose shop measures one thousand square feet or more in area.

It is also proposed to exclude Tier-I retailers from collection of sales tax through monthly electricity bills. However, said retailers will be required to comply with other provisions of the ST Act for levy of tax on supplies.

The customers of Tier-I retailers are proposed to be entitled to receive a cash back of upto 5% of the tax involved in manner and extent as may be prescribed by the Board.

THIRD SCHEDULE – RETAIL PRICE TAXATION

Following items are proposed to be included in the Third Schedule, which will henceforth be liable to sales tax on retail price basis.

Entry No.	Description	PCT Heading
38.	Household electrical goods, including air conditioners, refrigerators, deep freezers, televisions, recorders and players, electric bulbs, tube-lights, electric fans, electric irons, washing machines and telephone sets	Respective headings.
39.	Household gas appliances, including cooking range, ovens, geysers and gas heaters	Respective headings.
40.	Foam or spring mattresses and other foam products for household use.	Respective headings.
41.	Paints, distempers, enamels, pigments, colours, varnishes, gums, resins, dyes, glazes, thinners, blacks, cellulose lacquers and polishes sold in retail packing	Respective headings.
42.	Lubricating oils, brake fluids, fluids sold in retail packing transmission fluid, and other vehicular fluids sold in retail packing	Respective headings.
43.	Storage batteries excluding those sold to automotive manufacturers or assemblers	Respective headings.
44.	Tyres and tubes excluding those sold to automotive manufacturers or assemblers	Respective headings.
45.	Motorcycles	Respective headings.
46.	Auto Rickshaws	Respective headings

Some of the above items were earlier subject to Extra Tax provisions under the respective Sales Tax Special Procedure Rules.

SPECIAL PROCEDURES

The Federal Government is empowered to notify special procedures for payment of tax and ancillary matters. It is now proposed to transfer such powers to the Board.

AUDIT SELECTION CRITERIA

It is proposed that audit selection parameters be kept confidential.

SIXTH SCHEDULE - EXEMPTIONS

Exemption to following entries is also proposed to be available to packed supplies:

Entry No.	Description	PCT Heading
2.	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen, or otherwise, preserved.	02.01, 02.02 and 02.04
3.	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved	03.02, 03.03, 03.04, 03.05 and 03.06

Exemptions are proposed to be withdrawn from following imports / local supplies

- items as sold in retail packing or sold under a brand name or trademark:

  (i) wheat and meslin flour, previously covered in exemptions to cereals, HS Code 1102.1000 and products of milling industry;

  (ii) frozen, prepared or preserved sausages and similar products of poultry meat or meat offal;

  (iii) meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry meat and fish; and

  (iv) fat filled milk.

- Silver and gold, in unworked condition;
- Electricity and natural gas supplied to hospitals run by Federal or Provincial Governments or charitable operating hospitals of fifty beds or more or the teaching hospitals of statutory universities of 200 or more beds; and
- Local supply of ginned cotton.

Following exemptions are proposed

Entry No.	Description	PCT Heading
Table 1		
151.	Supplies and imports of plant, machinery and equipment for installation in tribal areas and of industrial inputs by industries located therein, subject to conditions	Respective headings.
153.	Supplies of electricity to all residential and commercial consumers in tribal areas excluding steel and ghee or cooking oil industries, subject to conditions	2716.0000
154.	Import and supply of steel billets, ingots, ship plates, bars and other long re-rolled profiles by manufacturers which are subject to FED in sales tax mode	Respective headings.
Table-2		
25.	Local supply of cottonseed oil	1512.2100 and 1512.2900
26.	Local supply of wheat bran	2302.3000

Exemption already available to import or supply of uncooked poultry meat is now proposed to specifically include fresh, frozen, or otherwise, preserved or packed items.

EIGHTH SCHEDULE – SPECIFIED RATES

An amendment is proposed for supply of milk and cream sold under a retail packing and under a brand name.

Following reduced rate concessions are proposed to be withdrawn

Entry No.	Description	HS Code
18	Reclaimed lead	Respective heading
21	Rapeseed, sunflower seed and canola seed	1205.0000 1206.0000
22	Soya bean seed	1201.1000
32	White crystalline sugar	1701.9910 and 1701.9920

Certain typographical errors have been proposed to be corrected as PCT heading 8432.3900 from PCT heading 8432.3090 against serial no. 27 applicable for seeding or planting equipment.

Per kilogram rate of tax in addition to 17% previous general rate on supply of potassium chlorate (serial number 56) is proposed to be enhanced from Rs 65 per kg to Rs 70 per kg

Exemptions proposed to be withdrawn from the Sixth Schedule are proposed to be subject to following rates

Entry No.	Description	HS Code	Rate
59 and 60	Items as sold in retail packing or sold under a brand name or trademark: - wheat and meslin flour, previously covered in exemptions to cereals and products of milling industry; - fat filled milk	1101.0010, 1101.0020, 1102.2000, 1102.9000, 1103.1100, 1103.1300, 1103.1900, 1104.2200, 1104.2300, 1104.2900, 1104.3000 and 1901.9090	10%
61 and 62	Silver and gold, in unworked condition	7106.1000, 7106.9110, 7106.9190, 7108.1100, 7108.1210 and 7108.1290	1% plus 2% value addition
65	Local supply of ginned cotton	Respective headings	10%

Articles of Jewellery or parts thereof under HS Code 71.13 and Prepared Food, food stuff and sweetmeats under respective headings are proposed to be taxed at rates specified.

LNG IMPORTS

LNG import which was previously subject to reduced rate of 5% under SRO 398(I)/2015 dated May 8, 2015 is now proposed to be included in the Eighth Schedule alongwith local supplies thereof.

NINTH SCHEDULE – CELLULAR MOBILE PHONES

The sales tax on cellular mobile phones is proposed to be reduced.

POWER TO ISSUE NOTIFICATIONS

The power of Federal Government to issue notifications in following matters is proposed to be transferred to the Board (with the approval of the Minister-in-charge)

- Transactions which may constitute supply
- Determination of duration of a tax period
- Liability to pay tax by a recipient of goods in certain cases
- Restrictions on admissibility of input tax
- Restrictions on supply of goods to unregistered persons
- Persons who may act as sales tax officers to arrest a person
- Procedures / regulations in relation to sales tax refund bonds

COTTAGE INDUSTRY

The definition of cottage industry is proposed to be restricted to a manufacturing concern that fulfils each of the following conditions:

- Does not have an industrial gas or electricity connection;
- Is located in a residential area;
- Does not have a total labour force of more than 10 workers; and
- Annual turnover from all supplies does not exceed Rs 2 million.

FBR REFUND SETTLEMENT COMPANY (PRIVATE) LIMITED

It is proposed to change the status of the above statutory company to public company incorporated under the Companies Act, 2017. The impact thereof is that securities issued by said company may be traded.

SALES TAX ON BRICKS

The Bill proposes to introduce Tenth Schedule in the Act to specify fixed sales tax on manufacture and sale of bricks. The categories provided in the Schedule are based on location.

WITHHOLDING OF SALES TAX

The Bill proposes to insert Eleventh Schedule prescribing the rates of withholding tax by specified withholding agents in manner and mode to be prescribed by the Board, presently covered in Sales Tax Special Procedure (Withholding) Rules, 2007 with certain modifications.

POWER TO NOTIFY GOODS SUBJECT TO ZERO RATING

The power of the Federal Government to notify goods subject to zero rating is proposed to be restricted to only those circumstances which involve national emergencies or are necessary for implementation of bilateral and multilateral agreements.

The power of the Board to specify goods subject to zero rating through a general order in certain cases is proposed to be withdrawn.

LEVY OF SALES TAX ON BASIS OF MINIMUM VALUE ADDITION

The Federal Government is empowered to notify rules related to levy of sales tax on account of minimum value addition. These rules are given in Chapter X of the Sales Tax Special Procedure Rules, 2007. It is now proposed to insert Twelfth Schedule specifying the goods subject to sales tax on minimum value addition and the related conditions, limitations and restrictions specified therein with certain changes. It is also proposed that the Federal Government will be empowered to make amendments in the Twelfth Schedule.

The provisions of Twelfth Schedule are proposed to be applicable on imports as are currently covered through Sales Tax Special Procedure Rules. Cellular phones or satellite phones are proposed to be excluded from this regime as the same are subject to special provisions of Ninth Schedule. Exclusion available to following items is proposed to be withdrawn:-

a) LNG / RLNG

b) Second hand and worn clothing or footwear

INPUT TAX CREDIT NOT ALLOWED

It is proposed to disallow input tax credit attributable to supplies made to unregistered persons, on pro-rata basis for which sales invoices do no bear the CNIC number of the buyer.

LIMIT OF ADJUSTABLE INPUT TAX

Input tax in excess of 90% of output tax for a tax period is required to be carried forward. It is now proposed to empower the Board to issue notification relaxing the aforesaid limit to 95% in certain cases.

EXEMPTIONS

The powers of the Federal Government to grant exemptions in following circumstances are proposed to be withdrawn:

- Protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices;
- Removal of anomalies in taxes;
- Development of backward areas; and
- Matters relating to international financial institutions or foreign government owned financial institutions.

TAX INVOICES

It is proposed to allow registered person to issue tax invoices in either Urdu or English language. CNIC numbers shall be mentioned in case of supply to unregistered person. Additional requirement related to description and quantity of goods in case of textile yarn and fabric are also proposed.

SELECTION FOR AUDIT ONCE IN THREE YEARS

Vide Finance Act, 2018, selection for audit was restricted to once in every three years. Now it is proposed to omit this restriction.

REVISION OF RETURN

Sales tax return can be revised subject to approval of the Commissioner. It is now proposed to allow revision without approval if revised return is filed within 60 days of filing of return and the tax payable therein is more than the amount previously paid or the refund claimed therein is less than the amount previously claimed.

PENALTY FOR LATE FILING OF RETURN

It is proposed to increase penalty for late filing of return from Rs 5,000 to Rs 10,000. Further, in case the return is filed within 10 days of the due date, the penalty is proposed to be increased from Rs 100 per day to Rs 200 per day.

CRIMINAL PROCEEDINGS

A new section 33A is proposed to be inserted whereby the Board may prescribe rules for initiating criminal proceedings against any specified authority for wilfull or deliberate acts/omissions resulting in personal benefits and undue advantage to authority, person or taxpayer.

LIABILITY IN CASE OF A PRIVATE COMPANY

Presently directors of a private company are jointly and severally liable for payment of tax on winding up / liquidation of a private company if tax is not paid by the said company. It is now proposed that shareholders of a private company owning not less than 10% of the paid up capital also be made liable. Any tax so paid by the shareholder is also proposed to be made recoverable from the private company or other director or shareholder.

FEDERAL EXCISE DUTY

LOCALLY PRODUCED CIGARETTES

The three-tier duty structure in the case of locally produced cigarettes, introduced in 2017 to induce legitimization of illicit tobacco manufacturing segment, is proposed to be withdrawn with earlier applicable two-tier duty structure restored with a marginal increase in duty rates as under:

Description	Amount of duty
Current	
For retail price exceeding Rs 4,500 per 1,000 cigarettes.	Rs 4,500 per 1,000 cigarettes
For retail price between Rs 2,925 and Rs 4,500 per 1,000 cigarettes.	Rs 1,840 per 1,000 cigarettes
For printed retail price upto Rs 2,925 per 1,000 cigarettes.	Rs 1,250 per 1,000 cigarettes
Proposed	
For retail price exceeding Rs 5,960 per 1,000 cigarettes.	Rs 5,200 per 1,000 cigarettes
For retail price upto Rs 5,960 per 1,000 cigarettes.	Rs 1,650 per 1,000 cigarettes

Further, restriction regarding non-reduction of retail price (from the level prevailing on the day of the announcement of latest budget) currently applicable only in case of higher price slab has also been proposed to be made applicable to the lower price slab. Moreover, penal consequences have also been proposed to be enacted on selling cigarettes at a price lower than retail price plus amount of sales tax printed thereon.

CEMENT

Duty on cement is proposed to be enhanced by 33% from Rs 1.5 to Rs 2 per kilogram implying an increase of Rs 25 per standard bag of 50 kilogram.

LIQUIFIED NATURAL GAS (LNG)

Duty on LNG is proposed to be substantially increased from "Rs 17.18 per hundred cubic meter" to "Rs 10 per MMBTu" to bring it at par with that applicable on local natural gas.

LOCALLY MANUFACTURED MOTOR CARS

Excise Duty @ 10% is presently applicable on locally manufactured motor vehicles of cylinder capacity of 1700 cc or above. It is proposed that levy is made applicable across the board on all locally manufactured motor vehicles in the following manner:

Description	Amount of duty
Proposed	
For motor vehicles of cylinder capacity up to 1000 cc.	2.5% *ad valorem*
For motor vehicles of cylinder capacity of 1001 cc to 2000 cc.	5% *ad valorem*
For motor vehicles of cylinder capacity of 2001 cc and above.	7.5% *ad valorem*

PACKAGED NON-AERATED JUICES, SYRUPS & SQUASHES

At present, non-aerated sugary juices are not subject to excise duty. It is proposed that these are made subject to excise duty @ 5% of retail price.

DOMESTIC AIR TRAVEL

Rate of excise duty on domestic air travel is proposed to be reduced as under:

Description	Amount of duty	
	Current	Proposed
For journeys exceeding 500 kilometers (Long routes)	Rs 2,000	Rs 1,500
For journeys not exceeding 500 kilometers (short routes)	Rs 1,250	Rs 900

STEEL PRODUCTS – DETERMINATION OF PRODUCTION ON THE BASIS OF INPUTS CONSUMED & CHARGEABILITY UDER SALES TAX MODE

Presently steel products are subject to a special regime of sales tax where under sales tax is payable on flat rates, applied on units of electricity and raw material consumed. It is proposed to be replaced with excise duty in sales tax mode @ 17% of value of supply subject to a minimum duty regime. Under the proposed regime, a minimum production will be determined in the following manner and FBR is also proposed to be empowered to prescribe minimum values for supplies:

Product Description	Minimum Production
Steel Billets and ingots	One metric ton per 700 kwh of electricity consumed
Steel bars and other re-rolled long profiles of steel	One metric ton per 110 kwh of electricity consumed
Ship plates	75% of the weight of the vessel imported for breaking

So much of minimum duty, as is in excess of that determinable on the basis of actual supplies, can be carried forward and adjusted against duty payable for the succeeding months, however, annual discharge of duty shall not be less than that payable on the basis of minimum regime.

Further, under the proposed scheme, monthly duty on ship plates will be determined on a proportionate basis depending on time required for breaking the relevant vessel and other products supplied by ship breakers would remain taxable as earlier.

EDIBLE OILS

The levy of excise duty on edible oils excluding epoxidized soyabean oil is proposed to be enhanced from 16% to 17% of retail price.

VEGETABLE GHEE AND COOKING OIL

At present, excise duty on vegetable ghee and cooking oil is chargeable on the basis of material purchased i.e. Re. 0.40 per kilogram for imported oil seed and Re. 1 per kilogram for locally procured oil. The basis and duty on vegetable ghee and cooking oil is proposed to be subject to normal regime under sales tax mode with duty leviable @ 17% *ad valorem* in case of unpackaged and @ 17% of retail price in case of that supplied in retail packing. Further reduced rates of sales tax earlier applicable on oil seeds have been abolished and now these are subject to tax at 17%.

AERATED WATERS / BEVERAGES

The rate of duty is proposed to be enhanced from 11.5% to 14% of retail price. It was announced in the Speech that the rate was being proposed at 13%, however, the same is mentioned as 14% in the budget documents.

PASS ON OF DUTY TO GROWER BY MANUFACTURED TOBACCO

Unmanufactured tobacco is subject to duty @ Rs 10/ kilogram. It is proposed that it is made mandatory upon cigarette manufacturers not to pass on the burden of such duty to the grower.

POWERS TO NOTIFY DUTY EXEMPTIONS

The powers vested with Federal Government to exempt excisable goods and services is proposed to be restricted to the circumstances entailing national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements.

Presently, such powers may also be exercised by Federal Government for the purposes of protection of national economic interest in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and matters relating to international financial institutions or foreign governments-owned financial institutions.

WITHDRAWAL OF EXEMPTION ON INTERNET SERVICES AND FOREIGN SATELLITE BANDWIDTH SERVICES

Internet services including email services, Data Communication Network Services (DCNs) and value added data services, presently exempt from excise duty are proposed to be made subject to tax.

Further, the exemption currently available to bandwidth services has been proposed to be restricted to terrestrial bandwidth services only.

POWERS OF FEDERAL GOVERNMENT AND FBR

Under the provisions of FE Act, the Federal Government is *inter alia* authorized to exercise following powers and functions, through notification in official gazette:

- Designation of any transaction as 'supply' for the purposes of FE Act;
- Mandating applicability of certain provisions of Sales Tax Act, 1990 in case of federal excise; and
- Authorizing any officer working under the FBR to arrest and prosecute the person who has committed any offense under FE Act.

Now, it is proposed that such powers are entrusted with FBR who may exercise the same with the approval of Minister-in-charge.

CUSTOMS ACT

MULTIPLE VALUATION RULINGS

Currently, there is concurrent jurisdiction with the Director Valuation and the Collector for determination of customs value in relation to imported goods. In case of any conflict, the Director-General is required to determine the value.

It has been proposed to withdraw the powers from the Collector to avoid any such conflict. This is a positive amendment.

PROCEEDINGS TO RECOVER DUTIES FROM EXPORTERS

Currently, customs proceedings can only be initiated within a period of three years for recovery of short paid duties, taxes or charges in the case of an exporter. This period is proposed to be extended to five years where such proceedings are initiated on the basis of an audit or examination of books of accounts or by any other means.

ILLEGAL TRANSFER OF FUNDS ABROAD

In order to restrict illegal transfer of funds across border, it has been proposed that where any person overstates the value of imported goods or understates the value of exported goods or vice versa, such person shall be served with a notice within a period of two months from seizure of goods to show cause as to why such goods may not be confiscated.

For the above offence, it has been proposed to impose penalty not exceeding Rs. 200,000 or three times the value of goods in respect of which such offence is committed, whichever is greater. Such goods shall also be liable to confiscation. Further, upon conviction by a special judge, such person shall also be liable to imprisonment for a term not exceeding 10 years and to a fine not exceeding Rs. 1,000,000.

Such person shall also be liable to forfeiture of property involved in money laundering in accordance with the provisions of the AML Act, 2010.

EXEMPTION FROM CUSTOMS DUTY

Exemption from customs duty is proposed on following items:

- Various industrial inputs / raw materials
- Pharmaceutical products
- Plastic film medical grade
- Fertilizers
- Plant and machinery for setting up Hydrocracker plants for oil refining
- Raw skins and hides
- Machinery parts and items relating to textile industry
- Solar air water generator
- Raw material for paper industry
- Wood
- Certain raw materials used in manufacture of home appliances subject to certain conditions
- Raw material and components for local manufacture of Hemodialyzer, used in hydrolysis equipment by kidney failure patients

REDUCTION IN CUSTOMS DUTY

(i) By virtue of amendment in First Schedule and Fifth Schedule, reduction in customs duty has been proposed for the following items:

Items	Rate	
	Old	New
Acetic acids	16	11
Oxalic acid	11	3
Sheets of veneering	11	3
Fibreboard of wood of certain specifications	16	11
Fabric (non-woven)	16	11
Aluminium cans	20	11
Chemicals used in leather or like industries	20/16	16/11

Items	Rate	
	Old	New
Insulation tape double sided	11	0
Shoe lasts	20	16
Other articles of Vulcanised rubber	20	5
Graphite or other carbon or mixture of these products	11	3
Other refractory ceramic goods	11	3
Other Electric motors and generators	20	16
Other automatic regulating and controlling instruments	20	16
Multi-ply (clay coated paper and paper board) and aluminium foil	18	15
Coils of aluminium alloys	8	5
Pre-fabricated room/structures for setting up new hotels/motels in Hill Stations, Gilgit-Baltistan, AJK, and Coastal Areas of Baluchistan	11	8

(ii) Following new concessions have been proposed under the Fifth Schedule:

- Laser transmitter, laser receiver, control box, rigid mast pack, with or without scraper at concessional rate of 2%

- Plant and Machinery by developers, contractors and service companies involved in infrastructure development of Large Diameter Gas Pipelines(i.e. 24" and above) projects at concessional rate of 10% to 0% subject to certain conditions

- Aluminium sheets and coils and aluminium foil, AKD wax and dispersing agents at concessional rate of 5%

- Imports by manufacturer of infant formula milk registered under Sales Tax Act, 1990 at concessional rate of 5%

- Import of Exposide resin, if imported by manufacturer of powder coatings registered under Sales Tax Act, 1990 and subject to annual quota by IOCO at concessional rate of 10%

- Polymers of ethylene and other plastic raw materials on import by manufacturers of diapers and sanitary napkins registered under Sales Tax Act, 1990 at concessional rates of 16% to 5%

- Import of carbon steel strip imported by manufacturer of shaving bladed/razors registered under Sales Tax Act, 1990 at concessional rate of 5%

- Import of CNG vehicle conversion kits approved by OGRA imported by authorized dealers at concessional rate of 5%

(iii) Following amendments for availing concessions earlier granted have been proposed for the following sectors:

Sector	Particulars
Agriculture Sector	Certain conditions for availing the concession on import of agricultural machinery have now proposed to be waived off
Power transmission and grid stations	An additional condition has been proposed for availing concessional duty on import of machinery and equipment meant for power transmission and grid stations. The goods shall not be sold without prior approval of the FBR.
Marble, granite and gem stone extraction and processing industries	Additional condition for the concessional rate on machinery and equipment is proposed to be added with respect to disposal of the imported machinery.

REDUCTION IN REGULATORY DUTY

Regulatory duty is proposed to be reduced on following items:

- Mobile phones
- Industrial inputs
- Tyres
- Items prone to smuggling

INCREASE IN CUSTOMS DUTY

Withdrawal of concessional customs duty is proposed on following items:

- Plant and Machinery for setting up industry in FATA
- Lead acid batteries for telephone exchanges
- Set top boxes used for internet, TV broadcast transmitters, reception apparatus for receiving satellite signals and other set top boxes

Custom duty on LNG is proposed to be increased from 0% to 5%.

ADDITIONAL CUSTOMS DUTY

Additional Customs Duty is proposed to be increased on non-essential and luxury items.

Note: The notifications for amendments relating to Regulatory Duty and Additional Duty are yet to be issued. The above comments are based on 'Salient Features' issued with the Budget Documents.

FILING OF GOODS DECLARATION

The time limit for filing of goods declaration and payment of duty, taxes and other charges has been proposed to be reduced from 15 to 10 days. The penalty for non-filing of the declaration within the stipulated time is proposed to be amended from PKR 15,000 to PKR 5,000 per day for the initial five days of default and at a rate of PKR 10,000 per day for each day of default thereafter.

CLEARANCE ON PROVISIONAL BASIS

At present, only importers are allowed to get the clearance of their consignments on provisional basis in case of a disputes to the value or classification thereof. It is proposed to extend this facility to exporters as well.

AUCTION OF GOODS NOT CLEARED WITHIN TIME

Currently, the customs authority is allowed to auction the goods not cleared or warehoused or transhipped or exported or removed from the customs port within 20 days (extendable to further 10 days). It is proposed to reduce it to 15 days (extendable to further 5 days).

PERIOD FOR WHICH GOODS MAY REMAIN WAREHOUSED

Warehousing period for perishable items is proposed to be reduced from three months to one month. However, the Chief Collector of Customs is empowered to extend it for a period as may be deemed fit.

EARLY DISPOSAL OF CASES / APPEALS

At present, the adjudicating authority or Collector (Appeals) is required to pass an order within 120 days from the issuance of show cause notice or filing of appeal, as the case may be.

Time limit is proposed to be reduced to ninety days aiming at early disposal of cases.

APPEAL TO THE COLLECTOR (APPEALS)

At present, there is no option for filing an appeal against an order passed under section 131 relating to clearance of exports. It is proposed to give an option for appeal against such an order.

POWER TO PASS CERTAIN ORDERS BASED ON RECORD AND INFORMATION OBTAINED

A time limit of one hundred and twenty days further extendable by a period of sixty days by the Board for passing the order under section 195 for reasons to be recorded in writing has now been proposed.

REVAMPING OF ALTERNATIVE DISPUTE RESOLUTION (ADR) MECHANISM

The procedure of settlement of dispute through Alternative Dispute Resolution mechanism is essentially recommendatory in nature. The Federal Board of Revenue is not mandatorily required to accept the recommendation of the ADRC. Consequently, the appellant is not necessarily required to withdraw the appeal filed before an appellate forum for seeking remedy under the ADRC.

Under the revamped scheme, the whole structure has been changed. Firstly, the option of seeking remedy in ADRC shall only be available if the applicant waives his right of appeal in the appellate authorities. Secondly, the recommendations of ADRC will now consequently be binding on both the parties.

There are certain procedural changes, which include:

i) Every ADRC shall include a retired Judge of High Court; and

ii) The Committee will be required to decide the matter within one hundred and twenty days (this time period has been mentioned as ninety days at one point in sub-section (5) which appears to be a mistake expected to be rectified in final draft as the time period is one hundred and twenty days in similar amendments proposed in other laws) failing which the appeal will be reinstated.

Parallel amendments were also made in ST Act, 1990; IT Ordinance, 2001 and FE Act, 2005 through Finance Act, 2018.

OTHER LAWS

Transfer of surplus fund of Government Authorities

Amendments have been proposed in the relevant laws of the following authorities to the effect that their surplus of receipts over expenditure, after payment of tax, shall be remitted to the Federal Consolidated Fund:

- Port Qasim Authority
- Board Constituted under Abandoned Properties (Management) Act, 1975
- Pakistan Civil Aviation Authority
- National Database and Registration Authority

Mobile Handset Levy

Mobile handset levy was imposed through Finance Act, 2018 rates whereof were revised through Finance Supplementary (second amendment) Act, 2019. Rates for such levy are proposed to be reduced as follows:

Mobile Phones having C&F Value (US Dollars)	Levy (Rs. per set)	
	Present	Proposed
Upto 30	Nil	Nil
Above 30 and up to 100	Nil	Nil
Above 100 and up to 200	500	400
Above 200 and up to 350	1,500	1,200
Above 350 and up to 500	3,500	2,800
Above 500	7,000	5,600

LAWS APPLICABLE IN ISLAMABAD CAPITAL TERRITORY

STAMP DUTY

It is proposed to insert section 27A in the Stamp Act of 1899, as applicable to Islamabad whereby valuation of immovable property for the purposes of following instruments shall not be less than valuation table notified by district collector for such locality. Further such instruments would be required to disclose the value of land and structure separately:

Article of Schedule I	Description of instruments
23	Composition Deed
31	Divorce
33	Exchange of property

The concerned officials under the said law are proposed to be empowered to determine correct value upon an application by the aggrieved person where the value given in valuation table appears excessive.

The Schedule I as applicable to Islamabad Capital Territory is proposed to be substituted with significant increase as compared to existing provisions.

PROFESSIONAL TAX

It is proposed to revamp the professional tax charged to trades, professions, callings and employments of Islamabad Capital Territory through amendment in West Pakistan Finance Act, 1964 as follows:

S. No	Categories	Rates of tax per annum in ICT in Rupees
(1)	(2)	(3)
1.	Companies registered under the Companies Act 2017 having:	
a.	Capital Upto Rs 5 million but not exceeding Rs 10 million	7,000
b.	Capital exceeding Rs 5 million but not exceeding Rs 50 million	18,000
c.	Capital exceeding Rs 50 million but not exceeding Rs 100 million	35,000
d.	Capital exceeding Rs 100 million but not exceeding Rs 200 million	80,000
e.	Capital exceeding Rs 200 million	90,000
f.	Employees not exceeding 10	1,000
g.	Employees exceeding 10 but not exceeding 25	2,000
h.	Employees exceeding 25	5,000
2.	Lawyers	1,000
3.	Members of Stock Exchanges	5,000
4.	Money Changer	3,000
5.	Motorcycle Dealers	5,000
6.	Motor Car Dealers and Real Estate Agents	10,000
7.	Health Clubs, Gymnasiums & Others	5,000
8.	Recruiting Agents	10,000
9.	Jewellers, Departmental Stores, Electronic Goods Stores, Cable Operators, Printing Presses and Pesticide Dealers	1,000
10.	Tobacco Vendors - Wholesalers	2,000
11.	Medical consultants or specialists/dental surgeons	5,000
12.	Registered medical practitioners	2,000
13.	others	1,000.

BED TAX

The scope of West Pakistan Finance Act, 1965 (W.P.ACT No. I of 1965) as in force in Islamabad Capital Territory is proposed to be extended / enhanced to levy bed tax at the rate of five percent of the invoice or bill, excluding sales tax and other applicable taxes, by all hotels having at least twenty-five lodging units.

ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001 [ICTO]

It is proposed to reduce sales tax rate on services provided by call centres from 18.5% to 17%.

Scope of ICTO is proposed to be enhanced by inclusion of following services to be taxed @ 16%.

S. No.	Description	PCT Heading, if applicable
43.	Advertisement on hoarding boards, pole signs and signboards, and websites or internet	9802.9000
44.	Services provided by landscape designers	9814.4000
45.	Sponsorship services	9805.9100
46.	Services provided or rendered for purchase or sale or hire of immovable property	--
47.	Services provided or rendered by legal practitioners and consultants	9815.2000
48.	Services provided by accountants and auditors	9815.3000
49.	Service provided or rendered by Stockbrokers, future brokers and commodity brokers, money exchanger, surveyors, outdoor photographers, event photographers, videographers, art painters, auctioneers (excluding value of goods) and registrar to an issue	9819.1000, 9819.2000, 9819.5000, 9819.7000, 9819.8000, 9819.9100, 9819.9500 and 9819.9090
50.	Services provided by race clubs: Entry/ admission and other services	--
51.	Services provided or rendered by corporate law consultants	9815.9000
52.	Visa processing services, including advisory or consultancy services for migration or visa application filing services	--
53.	Debt collection services and other debt recovery services	--
54.	Supply chain management or distribution (including delivery) services	--
55.	Services provided or rendered by persons engaged in intercity transportation or carriage of goods by road or through pipeline or conduit	--
56.	Ready mix concrete services	--
57.	Public relations services	--
58.	Training or coaching services other than education services	--
59.	Cleaning services including janitorial services, collection of waste and processing of domestic waste	9822.2000, 9822.3000 and 9822.9000

Despite the statement in budget speech that there would be no duplicate levy of ICTO and Federal Excise, the services under HS Codes 9802.9000, 9819.1000 and 9819.9090 subject to Federal Excise Act, 2005 have been included in the above proposal.