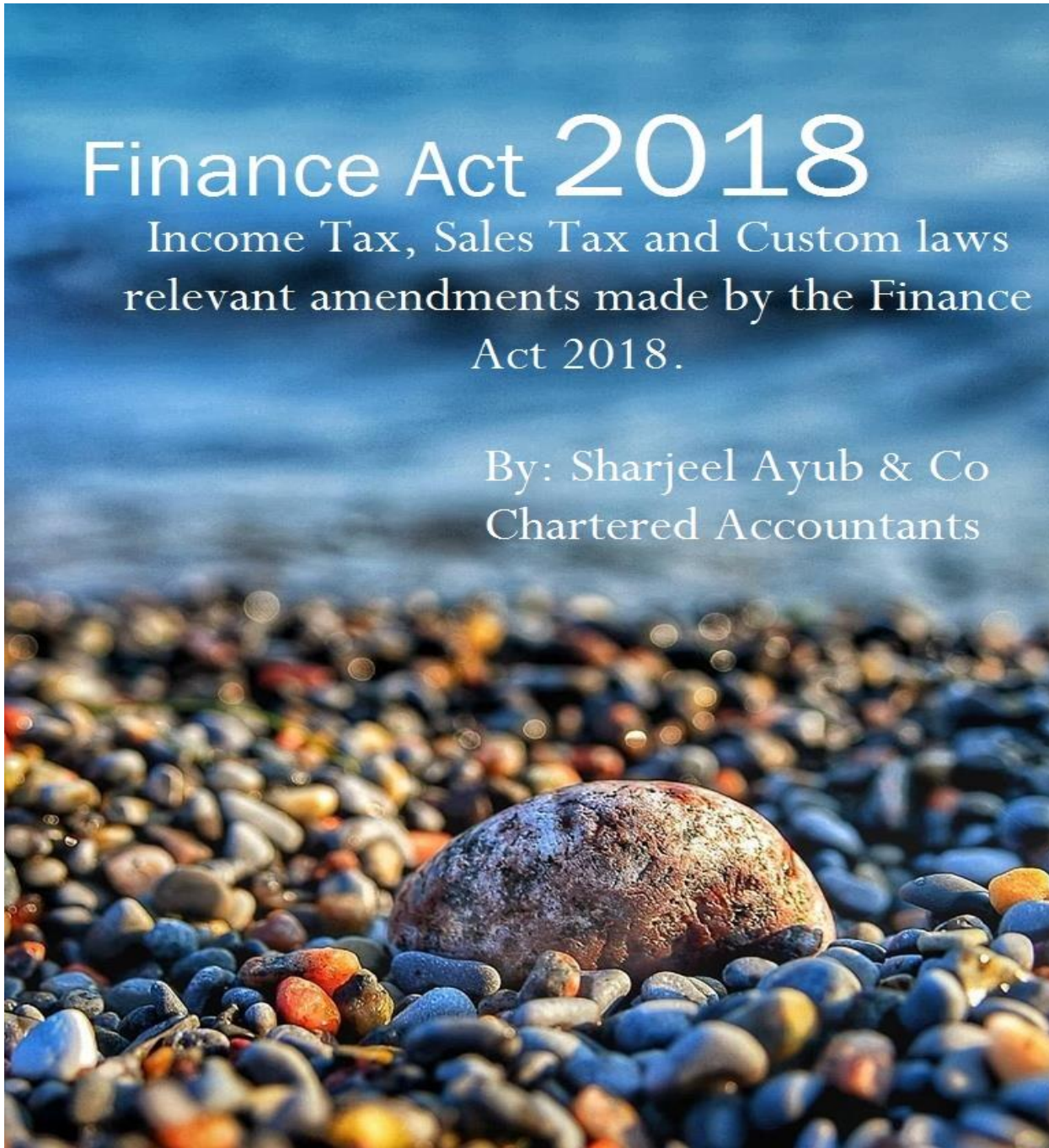


Finance Act 2018

Income Tax, Sales Tax and Custom laws
relevant amendments made by the Finance
Act 2018.

By: Sharjeel Ayub & Co
Chartered Accountants





SHARJEEL AYUB & CO.
Chartered Accountants

Finance Act 2018

Income Tax, Sales Tax and Custom laws relevant
amendments made by the Finance Act 2018.

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Preface



SHARJEEL AYUB & CO.
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This document contains amendments made in relevant laws through Finance Bill 2018 (i.e. Tax year starting from **1 July 2018 to 30 June 2019**) in Income Tax, Sales Tax, FED and Customs law.

We at Sharjeel Ayub & Co (Sayub) made an effort to present above mentioned amendments in simplest possible form so that readers get an understanding for proper tax planning.

Sayub comments contained in the documents represent our views / interpretations of the amendments therefore should not be taken conclusive on legal ground without our prior advice.

We sincerely believe that this document is simple and as precise as possible nevertheless, you may ask for further details by contacting us.

This document can be accessed directly from our website. To Download **Click here**

Please visit our website www.sayub.com for interactive guidance on Tax matters.

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Budget 2018-19

summary -Income Tax



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Non-filers cannot buy new or imported cars or property having value more than Rs 5 million.

Any gain arising from disposal of asset in Pakistan shall be taxable. No matter whether the transaction is carried outside Pakistan.

Turnkey Contracts are to be treated as Pakistan Source Income of Non-residents.

Corporate Tax rate is 29% for Tax year 2019.
It is to be reduced to 25% till Tax year 2023 and onwards

Super Tax is to be phased out from law.

Tax rate on undistributed reserves is now 5% and minimum distribution required is 20% while bonus shares shall not be treated as distribution of profits.

Gifts to NON-RELATIVES are now taxable. However gift in cash shall not attract any tax provided cash is transferred through BANK and Donor has NTN.

Unabsorbed depreciation cannot be claimed more than 50% where taxable profit is Rs 10 Million or more.

Concealed Foreign Asset or Income shall be taxed in the year of discovery instead year of acquisition. It effectively means, it cannot be time barred.



Budget 2018-19 Summary- Income Tax continued...

Foreign remittance in excess of Rs 10 Million in a year by single person can be called for inquiry by FBR.

Person having Foreign Source Income exceeding US \$ 10,000 or Foreign Asset valuing in excess of US \$ shall file separate additional wealth statement u/s 116A of the ITO, 2001. Penalty is 2 % of Income/ Asset.

FTR is no more for Commercial Importers. Tax deducted at import stage shall be treated as Minimum Tax liability.

Limit on Investment in Shares / Life Insurance premium for tax credit is now enhanced to Rs 2 M from Rs 1.5 M.

Tax Credit for investment in BMR was expiring on 30 June 2019. The time limit is now extended till 30 June 2021.

Appellate Tribunal Inland Revenue presently stays tax demand for period exceeding 180 days following Courts of Law decisions. Now the power is restricted to 180 days.

Automatic Stay on recovery can be obtained on payment of 10% of the Tax demand. This stay shall be valid till decision in appeal.

Advance Tax can be recovered immediately after passing of order.

If Turnover for quarter is not known or provided for Advance tax purpose, it can be estimated @ 110% of latest turnover declared in latest return filed.

Budget 2018-19 Summary- Income Tax continued...



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No WHT applies on goods valuing Rs 75,000/- in a tax year or Service valuing Rs 30,000/- in a tax year.

Builders and developers are now withholding tax agents

Banks are required to give details of person making cash withdrawals [where tax is deducted] of Rs 1 M or more in calendar month to FBR.

Late filers of Income Tax returns shall be included in Active Filers' List or allowed to carry forward losses

Concept of Automatic Selection for Audit if return is filed late is NO more.

NADRA is now required to share its complete data to FBR in order to catch new taxpayers.

Notices delivered through electronically i.e. through IRIS system or emails shall be treated as validly served on the taxpayers.

New FTR Tax on petrol pump operators and distributor @ 0.5% / 1% Filers / Non-filers

Payments made outside Pakistan through Debit / Credit cards are now subject to collection of withholding tax @ 1% for Filers and @ 3% for Non-filers

Budget 2018-19 Summary- Income Tax continued...



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Offshore payments for digital services to non-residents having no PE shall be subject to WHT @ 5%

Capital gain tax @ 15% for Filers @ 20% for non-filers in case securities are held for 5 years but less than 6 years.

Rate of advance tax on import of Coal is now reduced to 4% for Filers and 6% for Non-filers.

Tax rate on Dividends from REITs is now 7.5% as reduced from 12.5%

Minimum Rs 20,000/= or 5% of the amount of gross amount of bill for functions or gathering is required to collected as adjustable tax.

WHT @ 0.4% from Banking Transactions is fixed now.

New Institutes for Donations are added to the list of Direct deduction from Income. Refer page 32.

Tax on Income from Film Making is now reduced by 50%.

Taxpayer shall be not selected for Audit again if its audit was conducted in any of the preceding 3 years. However CIR may select with FBR approval.

Budget 2018-19

Summary- Sales Tax



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Further Tax on sales to unregistered persons shall be **3%**

No audit for companies, if audit is conducted in any of the 3 preceding tax years.

Default Surcharge is fixed @ **12%**.

Automatic stay of tax demand if 10% of tax demand created is paid.

Stationary items are not subject to Zero rate. Refer page 34 of details of items.

Certain items are made exempt from sales tax. Refer page 35-39 for details.

Certain Items are now taxed at reduced rate. [Refer page 40-41]

Budget 2018-19

Summary- Federal Excise Duty



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Increase in duty on
Cement from Rs
1.25 / KG to Rs 1.5
/ KG

Following services are excluded from levy of FED as these are subject to provincial Sales Tax, these are advertisement, Shipping agents, Franchise services Stock brokers, Services provided or rendered by banking companies, insurance companies, cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, nonbanking financial institutions, asset management companies and other persons dealing in any such services

Adjustment on input duty (goods and services) is made conditional to the declaration in the supplier's return and payment of duty. [this is made with respect to modification in e-portal for sales tax return]

Rate of duty on aerated water is to be enhanced from 10.5% to 11.5%

Duty on locally produced cigarettes is enhanced [effective date is Dec 1, 2016]

Budget 2018-19

Summary- Customs Duty



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Rules for Trade Facilitation Agreement (TFA) entered in to in the year 2013 are to be made available for Public Comments.

Customs Jurisdiction in enhanced from 12 nautical miles to 24 nautical miles from base line on the coast of Pakistan.

Refunds are to issued within 180 days of filings. Previously there wasn't any time limit.

Presently Collector can only takeover the goods after obtaining approval from Board. Now approval from Chief Collector is sufficient to take over goods.

Custom Duties on certain items is reduced.

Regulatory duty is excluded from purview of multilateral agreements

Tax on capital gains u/s 37A

- These rates shall apply for gain arising from disposal of securities u/s 37A except for future contracts entered into by member of Pakistan Mercantile Exchange which are taxed @ 5%.
- These rates are also applicable where debt securities are disposed off by company instead of corporate rate.

Holding period	FILER	NON-FILER
Less than twelve months	15%	18%
Twelve months or more but less than twenty four months	12.5%	16%
Twenty four months or more but acquired after 1 July 2012.	7.5%	11%
Where security was acquired before 1 July 2012	0%	0%
Future commodity contracts by members of Pakistan Mercantile Exchange of Pakistan	5%	5%

Tax on Dividend from Mutual Funds / REITs

Category	Individuals / AOPs		Companies	
	Filer	Non- filer	Filer	Non- filer
Stock fund	12.5%	12.5%	12.5%	12.5%
Money Market Fund, Income Fund or REIT	12.5%	15%	15%	25%
Money Market Fund, Income Fund or REIT if amount is not more than Rs 2.5 Million	10%	10%	Not applicable	Not applicable
Development REIT Scheme [Setup between June 2020]	6.25%	7.5%	7.5%	12.5%
Rental REITs Scheme	7.5%	7.5%	Not Applicable	Not Applicable

Tax to be deducted from Sukuks Income

Category	Individuals / AOPs		Companies	
	Filer	Non- filer	Filer	Non- filer
Sukuk Income is more than Rs 1 Million	12.5%	17.5%	15%	15%
Sukuk Income is less than Rs 1 Million	10%	17.5%	15%	15%

Filer of Income Tax Returns shall have tax advantages in the year 2018-19.

- Non-filers will pay more withholding tax than filers as follows.

Category	New rates (2018-19)	
	<i>Filer</i>	<i>Non-Filer</i>
Dividend [other than dividend from Mutual Fund]	15%	20%
Profit on debt (more than Rs.500,000) (Separate block of income Please refer page 20 for slab rates). If non-filer earns profit less than Rs 500,000 then Rate shall be 10%	10%	17.5%
Cash withdrawal or other banking transaction of Rs. 50,000 or above	0.3%	0.6%
Remittance of after tax profit by branch other than E&P companies (subject to treaty provisions)	10%	17.5%

Filer of Income Tax Returns shall have tax advantages in the year 2018-19 Continued...

Category	Rates (2018-19)	
	<i>For Filer</i>	<i>For Non-filer</i>
<u>Registration of new motor vehicle (locally manufactured), transfer or sale of motor vehicle.</u>		
-up to 850cc	7,500	10,000
-851 cc to 1000cc	15,000	25,000
-1001cc to 1300cc	25,000	40,000
-1301cc to 1600cc	50,000	100,000
-1601cc to 1800cc	75,000	150,000
-1801cc to 2000cc	100,000	200,000
-2001cc to 2500cc	150,000	300,000
-2501cc to 3000cc	200,000	400,000
-Above 3000cc	250,000	450,000

Filer of Income Tax Returns shall have tax advantages in the year 2018-19 Continued...

Category	Rates (2018-19) (No Change from 2017-18)	
	<i>For Filer</i>	<i>For Non-filer</i>
<u>Collection of Advance Tax with Motor vehicle Tax</u>		
-Up to 1000cc	800	1,200
-1001 to 1199cc	1,500	4,000
-1200 to 1299cc	1,750	5,000
-1300 to 1499cc	2,500	7,500
-1500 to 1599cc	3,750	12,000
-1600 to 1999cc	4,500	15,000
-2000cc and above	10,000	30,000

Filer of Income Tax Returns shall have tax advantages in the year 2018-19 Continued...

Category	Rates (2018-19)	
	<i>For Filer</i>	<i>For Non-filer</i>
<u>Collection of Advance Tax with Motor vehicle Tax (Lump sum)</u>		
-Up to 1000cc	10,000	10,000
-1001 to 1199cc	18,000	36,000
-1200 to 1299cc	20,000	40,000
-1300 to 1499cc	30,000	60,000
-1500 to 1599cc	45,000	90,000
-1600 to 1999cc	60,000	120,000
-2000cc and above	120,000	240,000

Filer of Income Tax Returns shall have tax advantages in the year 2018-19 Continued...

Category	Rates (2018-19)	
	<i>For Filer</i>	<i>For Non-filer</i>
Sale of immovable property from seller [no tax if holding period is 3 or more years or exempt from tax]	1% of the declared consideration	2% of the declared consideration
Purchases of Immovable property (to be paid by buyer) if the purchase is more than Rs 4 million.	2% of the declared consideration	4% of the declared consideration
International first / Executive business class travel	Rs 16,000 per person	Rs 16,000 per person
Other class excluding economy	Rs 12,000 per person	Rs 12,000 per person

Slab rates for Profit on debt (Other than Company).

S.No	Profit on Debt	Rate of Tax
1.	Up to Rs. 5,000,000	10%
2.	Rs. 5,000,001 to Rs. 25,000,000	12.5%
3.	Rs. 25,000,001 and above	15%

Sayub's Comment: Tax deducted at source shall be adjustable from the tax liability on profit debt according to above rates and the differential amount of tax shall be tax payable. While in the case of Non- Filler tax deducted if not fully adjustable from tax liability would become tax refundable. Average Effective Tax rate is 11.25% to 12%.

Slab rates for Sukuks Profit

S.No	Person	Rate of Tax
1.	Company	25%
2.	Individuals or AoP where Sukuks return is more than Rs 1 million	12.5%
3.	Individuals or AoP where Sukuks return is less than Rs 1 million	10%

Revised rates of Withholding Tax

Category	New rates (2018-19)	
	<i>Corporate</i>	<i>Non-Corporate</i>
<u>Withholding Tax rates (Imports)</u>		
Import by Industrial Undertaking (IU)	5.5% (8% in case of Non-filers)	5.5% (8% in case of Non-filers)
Commercial importers (filer/non-filer)	6%	9%
Commercial importers covered under SRO 1125(I) / 2011	3% of [CIF + Customs Duties + Sales Tax + FED] 4.5% Non- Filers	3% of [CIF + Customs Duties + Sales Tax + FED] 4.5% Non- Filers

Revised rates of Withholding Tax

Category	New rates (2018-19)	
	<i>Filer</i>	<i>Non-Filer</i>
<u>Withholding Tax rates (Imports)</u>		
Ship breakers on import of ship	4%	6%
Person importing gold and cotton	1%	1.5%
Subscriber of Internet and prepaid internet cards or sale of units through any electronic medium or whatever form.	14% (Adjustable)	14% (Adjustable)
Tax on steel meters, re-rollers etc. LNG, urea, Potassic Fertilizers	1%	1.5%
Persons covered u/s SRO 1125(I)/2011	1%	1.5%

Revised rates of Withholding Tax

Category	New rates (2018-19)	
	<i>Filer</i>	<i>Non-Filer</i>
<u>Withholding Tax rates (Imports)</u>		
Person importing pulses	2% of CIF + Custom Duties + Sales Tax + FED	2% of CIF + Custom Duties + Sales Tax + FED
In case of Industrial Undertaking importing plastic raw material for its own use	1.75% of CIF + Custom Duties + Sales Tax + FED	1.75% of CIF + Custom Duties + Sales Tax + FED
In case of Commercial importers importing plastic raw material	1.75% of CIF + Custom Duties + Sales Tax + FED	1.75% of CIF + Custom Duties + Sales Tax + FED

Revised rates of Withholding Tax

Category	New rates (2018-19)			
	<i>Corporate</i>		<i>Non-Corporate</i>	
<u>Withholding Tax rates [local supplies]</u>	Filer	Non-Filer	Filer	Non-Filer
Sale of rice, cotton seeds or edible oil	1.5%	1.5%	1.5%	1.5%
Supply of goods made by FMCG distributor	2%	2%	2.5%	2.5%
Supply of goods (Resident)	4%	8%	4.5%	9%
Passenger transport service	2%	2%	2%	2%
Rendering of services (Other than Transport Services)	8%	14.5%	10%	17.5%
Payments to Electronic media	1.5% of gross amount	12% of gross amount	1.5% of gross amount	15% of gross amount

Revised rates of Withholding Tax

Category	New rates (2018-19)			
<u>Withholding Tax rates</u>	<i>Corporate</i>		<i>Non-Corporate</i>	
	Filer	Non-Filer	Filer	Non-Filer
Execution of contracts	7%	14%	7.5%	15%
Execution of contracts by sports person	N/A	N/A	10%	10%
Commission and discount to Petroleum pumps operators	12%	17.5%	12%	17.5%
CNG pumps	4%	6%	4%	6%
Brokerage & Commission In case of life insurance agent earning less than Rs.500,000 commission rate is 8% (16% for Non Filer). Advance tax @0.02% of transaction value by Pakistan Stock Exchange.	12%	15%	12%	15%

Revised rates of Withholding Tax Continued...

Category	New rates (2018-19)			
<u>Withholding Tax rates</u>	<i>Corporate</i>		<i>Non-Corporate</i>	
	Filer	Non-Filer	Filer	Non-Filer
Advertising Agent commission	10%	15%	10%	15%
Domestic Electricity bills exceeding Rs 75,000	N/A	N/A	7.5%	7.5%
Prepaid cards for telephones	12.5%	12.5%	12.5%	12.5%
Functions and gathering	5%	5%	5%	5%
Function of marriage in Marriage Halls etc. For Urban Cities	N/A	N/A	5% of the Bill or Rs 20,000	5% of the Bill or Rs 20,000
Function of marriage in Marriage Halls etc. For Rural Cities	N/A	N/A	5% of the Bill or Rs 10,000	5% of the Bill or Rs 10,000
Bonus shares	5%	5%	5%	5%



Tax Rates for Individuals

Taxable income	Applicable rate
Up to 400,000	Nil
400,001 to 800,000	Rs 1,000
800,001 to 1,200,000	Rs 2,000
1,200,001 to 2,400,000	*5% of the amount exceeding Rs 1,200,000
2,400,001 to 4,800,000	Rs 60,000 +10% of the amount exceeding Rs 2,400,000
Where the income exceeds Rs 4,800,000	Rs 300,000 + 15% of the amount exceeding Rs 4,800,000

Sayub's Comments

The tax relief is one of the biggest relief ever provided to Individuals. However we believe that this may be reversed by the new incumbent Government.

* At Slab Rs 1.2 M to 2.4 M Minimum Tax Liability should be Rs 2,000 to avoid disparity.

Tax Rates for Association of Persons (AoPs)



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Taxable income	Applicable rate
Up to 400,000	Nil
400,001 to 1,200,000	5% of the amount exceeding Rs.400,000
1,200,001 to 2,400,000	Rs. 40,000 + 10% of the amount exceeding Rs. 1,200,000
2,400,001 to 3,600,000	Rs. 160,000 + 15% of the amount exceeding Rs. 2,400,000
3,600,001 to 4,800,000	Rs 340,000 +20% of the amount exceeding Rs. 3,600,000
4,800,001 to 6,000,000	Rs 580,000+25% of the amount exceeding Rs. 4,800,000
6,000,001 and above	Rs 880,000 +30% of the amount exceeding Rs. 6,000,000

Withholding Tax rates for Property Income Payment of Rent.

Gross amount of Rent	Applicable rate (For individual & AoP)
Does not exceed Rs 200,000	Nil
Rs 200,000 to Rs 600,000	5% of the gross amount exceeding Rs 200,000
Rs 600,000 to Rs 1,000,000	Rs 20,000 + 10% of the gross amount exceeding Rs 600,000
Rs 1,000,000 to Rs 2,000,000	Rs 60,000 + 15% of the gross amount exceeding Rs 1,000,000
Exceeds Rs 2,000,000	Rs 210,000 + 20% of the gross amount exceeding Rs 2,000,000

In case rent is paid to **company** then **15%** For Filer and **17.5%** for Non filer of the gross amount of rent.



Minimum Tax on Turnover u/s 113

Person	Rate of Minimum Tax on Turnover
Other than following cases [General rate]	1.25%
Any person earning commission Income from Online Market Place	0.5%
Oil Marketing Companies, Oil refineries, SSGC, SNGP, (where annual Turnover exceeds Rs 1 Billion)	0.5%
Pakistan Airlines, Poultry Industry including breeding, broiler, eggs production and poultry feed production	0.5%
Dealers and distributors of Fertilizers	0.5%
Distributors and dealers of Pharmaceuticals products, FMCGs and Cigarettes	0.2%
Motorcycle dealers registered under Sales Tax Act, 1990	0.25%

Other changes in Income tax law 2018-19

Amendment	Sayub's Comments
<p><u>Advertisement expenditure by pharmaceutical manufacturer</u> on sales promotion, publicity and advertisement is tax admissible expense subject to limit of 10% of turnover.</p>	<p>Pharmaceutical manufacturers are bound by Drug Act, 1976 in respect of advertisement expenses. However there was not any limit on these expenditure according to the Income Tax Ordinance, 2001 (ITO,2001) therefore disallowances were annulled by higher appellate authorities. The proposed amendment seems to bridge the gap between Drug Act, 1976 and ITO, 2001</p>
<p>Income of Foreign Controlled Company shall be taxed in Pakistan whether or not received in Pakistan</p>	<p>This is an attempt to tax incomes of resident person enjoying income in tax heavens through controlling interests in Foreign Companies but these are not remitted to Pakistan. Unlike incomes such as dividends and Interest that get tax implications when received in Pakistan, other incomes which are intentionally not remitted to Pakistan got escape from Tax.</p>

Other changes in Income tax law 2018-19

Amendment	Sayub's Comments
Tax Treaty to override provisions not application in Tax Avoidance Schemes	<p>There are many instances where support of tax treaties were taken for tax avoidance schemes. Since Tax treaties override provision of local laws hence no measure were possible before this amendment.</p> <p>Now, Commissioner is empowered to re-characterize transactions where he believes those are carried out to avoid tax.</p>
Alternate Dispute Resolution revamped	<p>Currently, recommendations of the Alternate Dispute Resolution Committee (ADRC) are not binding on the taxpayers hence decision to withdraw any pending appeals is left with the Taxpayer, now the process is revamped, as taxpayer cannot avail the option of ADRC till waiver of his right to appeal. Decision of ADRC should be made within 120 days failing which appeal will be reinstated. Further the ADRC shall not include a retired Judge of High Court.</p>

Other changes in Income tax law 2018-19

Amendment proposed	Sayub's Comments
<u>Deployment of International Tax experts</u>	Tax Audit experts deployed under Audit Assistance program of an International tax organization or tax authorities outside Pakistan is now permissible for audit u/s 177.
Reduction in advance tax on import of coal	Rate of tax on import of coal is reduced to 4% for filers and 6% for non-filers
<i>Exemption to Armed Forces Personnel</i> It is proposed that the following allowances paid to Armed Forces Personnel will be exempt from income tax: <ul style="list-style-type: none">- Kit allowance- Ration allowance- Special messing allowance- SSG allowance- Northern Areas compensatory allowance- Special pay for Northern Areas- Height allowance	

Other changes in Income tax law 2018-19

Amendment proposed

Following new institutions are added to the list of Non-profit organisation

- Pakistan Sweet Home, Angels and Fairies Place
- Al-Shifa Trust Eye Hospital
- Aziz Tabba Foundation
- Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT
- Sharif Trust
- The Kidney Centre Post Graduate Institute
- Pakistan Disabled Foundation

Income from bonds issued by Pakistan Mortgage Refinance Company, exempt from tax for a period of 5 years effective from 1 July 2018 to 30 June 2023.

Income of a modaraba, excluding income earned from manufacturing or trading Activity

Exemption from withholding tax to Sui Southern Gas Company Limited and Pakistan LNG Terminal Limited on payments received from Sui Northern Gas Pipelines Limited on account of re-gasification charges.

Other changes in Income tax law 2018-19

Amendment proposed

Institutions exempt from tax

- Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund
- Khyber Pakhtunkhwa General Provident Investment Fund
- Khyber Pakhtunkhwa Pension Fund have been exempted from tax
- Third Pakistan International Sukuk Company Limited
- SAARC Energy Centre
- Pakistan Bar Council;
- Pakistan Centre for Philanthropy;
- Pakistan Mortgage Refinance Company Limited;
- Aziz Tabba Foundation;
- Al-Shifa Trust Eye Hospital;
- Saylani Welfare International Trust;
- Shaukat Khanum Memorial Trust;
- Layton Rahmatullah Benevolent Trust (LRBT);
- The Kidney Centre Post Graduate Training Institute;
- Pakistan Disabled Foundation; and
- Forman Christian College.

Sales Tax Zero ratings withdrawn



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Following goods are now zero rated under Sales Tax Act 1990.

S.No	Description of goods	PCT Heading
12.	i. Colors in sets	3213.1000
	ii. Writing, drawing and marking inks	3215.9010 and 3215.9090
	iii. Erasers	4016.9210 and 4016.9290
	iv. Exercise books	4820.2000
	v. Pencil sharpeners	8214.1000
	vi. Geometry boxes	9017.2000
	vii. Pens, ball pens, markers and porous tipped pens	96.08
	viii. Pencils including color pencils	96.09

Sales Tax Exemptions introduced



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Import and Supply of following goods is now exempt under Sales Tax Act 1990.

Description of goods	PCT Heading
Paper weighing 60 g/m ² for the printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO	4802.5510
Fans for dairy farms	8414.5990
Bovine semen	0511.1000
Preparations for making animal Feed	2309.9000
Promotional and advertising material including technical literature, pamphlets, brochures and other give-aways of no commercial value, distributed free of cost by the exhibitors.	9920(3)
Hearing aids (all types and kinds) and hearing assessment equipment	9937

Sales Tax Exemptions introduced



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Import and Supply of following goods is now exempt under Sales Tax Act 1990.

Description of goods	PCT Heading
Conditional exemption on the import (if not manufactured locally) of plant, machinery, equipment including dumpers and special purpose motor vehicles by M/s China State Construction Engineering Corporation Limited and M/s China Communication Construction Company for specified purposes	Respective Headings
Conditional exemption on import (whether or not locally manufactured) of equipment by M/s China Railway Corporation for installation in Lahore Orange Line Metro Train Project	Respective Headings
Conditional exemption on import (whether or not locally manufactured) of construction materials and goods by M/s China State Construction Engineering Corporation Limited for specified Purposes	Respective Headings

Sales Tax Exemptions introduced



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Import and Supply of following goods is now exempt under Sales Tax Act 1990.

Description of goods	PCT Heading
Fish Feed	Respective Heading
Liquefied Natural Gas imported by Fertilizer manufactures for use as feed stock	2711.1100
Goods supplied to German Development Agency GIZ	Respective Heading
Plant and machinery, except the items listed under Chapter 87 of the Pakistan Customs Tariff, imported for setting up of a Special Economic Zone (SEZ) by zone developers and for installation in that zone by zone enterprises, on one time basis as prescribed in the SEZ Act, 2012 and rules thereunder subject to specified conditions	9917(2)

Sales Tax Exemptions introduced



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**Import and Supply of following goods is now exempt
under Sales Tax Act 1990.**

Description of goods	PCT Heading
Following parts for assembling and manufacturing of personal computers and laptops:	8534.0000
(i) Bare PCBs	8542.3300
(ii) Power amplifier	85.42
(iii) Microprocessor / Controllers	8486.2000
(iv) Equipment for SMT manufacturing	8506.5000
(v) Laptop batteries	8504.4020
(vi) Adopters	8414.5190
(vii) Cooling fans	7616.9920
(viii) Heat sink	8471.7020
(ix) Hard Disk SSD	8471.7060
(x) RAM / ROMs	

Sales Tax Exemptions introduced



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**Import and Supply of following goods is now exempt
under Sales Tax Act 1990.**

Description of goods	PCT Heading
<i>Continued from previous page.</i>	8471.7090
xi) System on Chip / FPGA-IC	85.42
(xii) LCD / LED Screen	8528.7211
(xiii) Motherboards	8534.0000
(xiv) Power supply	84.73
(xv) Optical drives	8471.7040
(xvi) External ports	8536.2090
(xvii) Network cards	8517.6990
(xviii) Graphic cards	8471.5000
(xix) Wireless cards	8517.6970
(xx) Micro phone	8518.3000
(xxi) Trackpad	8471.6020

Goods subject to reduced rate of Sales tax



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Supply of following goods is subject to enhanced rate under Sales Tax Act 1990. (Eight Schedule)

Description of goods	Rate	
	Existing	Revised
<ul style="list-style-type: none">• Tillage and seed bed preparation equipment:• seeding or planting equipment• irrigation, drainage and agro-chemical application equipment• harvesting, threshing and storage equipment• post-harvest handling and processing &• miscellaneous machinery	7%	5%



Reduced rate of Sales Tax

Reduced rate applicable on following goods under Sales Tax Act 1990. (Eight Schedule)

Description of goods	Reduced rate
All fertilizers are now proposed to be subject to sales tax	3%
Natural gas (if supplied to fertilizer plants for use as feed stock in manufacturing of fertilizer).	5%