

Finance Supplementary (Amendment) Bill 2018

A

BILL

further to amend certain laws relating to taxes and duties

WHEREAS it is expedient further to amend certain laws relating to taxes and duties and for the matters connected therewith and ancillary thereto;

It is hereby enacted as follows:-

1. Short title and commencement.— (1) This Act may be called the Finance Supplementary (Amendment) Act, 2018.

(2) It shall come into force at once unless otherwise provided in any of the provisions of this Act.

2. Amendment of Customs Act, 1969 (IV of 1969).— In the Customs Act, 1969 (IV of 1969), in the Fifth Schedule, the following further amendments shall be made, namely:-

(1) in Part-I, in the Table, in column (1), against Sr.No.23,-

(a) in column (2), for the letters and word “LED Lights”, wherever occurring in any form, the letters and words “LED Lights and Bulbs” shall be substituted; and

(b) in column (5), for the letters and word “LED light”, the letters and words “LED Lights and Bulbs”, shall be substituted;

(2) in Part-III, in the Table, in column (1),-

(a) against Sr. No. 96, in column (3), for the PCT Code “7606.9220”, the PCT Code “7606.9290”, shall be substituted;

(b) against Sr. No.107, in column(5), for the expression “20x36”, the expression “23x36”, shall be substituted;

- (c) against Sr. No.108, in column (2), in sub-serial (v), for the word "Multimode", the words "Single/Multimode" shall be substituted; and
- (3) in Part-VII, after "Table-B", the following new "Table-C", shall be added, namely:-

"Table-C

Sr. No.	Description	PCT Code	Customs duty %	Condition
(1)	Tallow	1502.1000	5	Nil
(2)	Other	2835.3900	5	Nil
(3)	Acetone	2914.1100	11	Nil
(4)	Ethyl acetate	2915.3100	16	Nil
(5)	n-Butyl acetate	2915.3300	16	Nil
(6)	sec-Butyl acetate	2915.3930	16	Nil
(7)	Oxalic acid	2917.1110	5	Nil
(8)	Citric acid	2918.1400	5	Nil
(9)	Other	3203.0090	11	Nil
(10)	Other	3204.1590	11	Nil
(11)	Dyes, sulphur	3204.1910	11	Nil
(12)	Dyes, synthetic	3204.1990	11	Nil
(13)	Other	3206.2090	11	Nil
(14)	Ultramarine and preparations based thereon	3206.4100	11	Nil
(15)	Lithopone	3206.4210	11	Nil
(16)	Pigments and preparations based on cadmium compounds	3206.4920	11	Nil
(17)	Greases	3403.1910	16	Nil
(18)	Other	3403.1990	16	Nil
(19)	Other	3403.9990	16	Nil
(20)	Activated carbon	3802.1000	5	Nil
(21)	With a basis of amylaceous substances	3809.1000	11	Nil
(22)	Of a kind used in the paper or like industries	3809.9200	11	Nil

(23)	Compound plasticizers for rubber or plastics	3812.2000	11	Nil
(24)	Non refractory mortars and concretes	3824.5000	16	Nil
(25)	Reinforced only with metal	4010.1100	11	Nil
(26)	Reinforced only with textile materials	4010.1200	11	Nil
(27)	Containing 85 or more by weight of cotton	5207.1000	8	Nil
(28)	Other	5207.9000	8	Nil
(29)	Of aluminium alloys	7606.1200	5	Nil
(30)	Aluminium lids for cans of carbonated soft drinks	8309.9010	5	Nil
(31)	Of plastics, not covered with textile material	9606.2100	16	Nil
(32)	Button blanks	9606.3020	16	Nil
(33)	Fitted with chain scoops of base metal	9607.1100	16	Nil
(34)	Other	9607.1900	16	Nil.”.

3. Amendment of the Sales Tax Act, 1990.— In the Sales Tax Act, 1990, the following further amendments shall be made, namely:-

(1) in the Sixth Schedule,-

(A) in Table I, in column (1), against serial number 112, in column (2),-

(a) in entry A, after sub-serial number 6, the following new sub-serial numbers shall be added, namely:-

“7. Optical Coherence Technology (OCT) System

8. OCT Catheters

9. Intravascular Ultrasound (IVUS)

10. Fractional Flow Reserve (FFR/IFR) System
11. IVUS / FFR / IFR Catheters and wires
12. Support Micro Catheters (Straight and Angled)
13. Drug Coated Angioplasty Balloon
14. Coronary and Peripheral Micro Coils
15. Thrombectomy Device
16. Thrombus Aspiration Catheters
17. Covered Stents (Coronary/Peripheral)
18. Vessel Closure Devices
19. Embolic Protection Devices
20. Renal Stents
21. Vena-cava Filters
22. Coronary and Peripheral Snares
23. Athrectomy Devices
24. IABP Consoles & Catheters
25. Intracardiac Echocardiography Machine & Catheters";

(b) in entry B, after sub-serial number 6, the following new sub-serial number shall be added, namely:—

“7. Wrist Bands for Radial Vessel Closure”;

(c) in entry H, after sub-serial number 3, the following new sub-serial numbers shall be added, namely:—

- “4. Excimer Laser System with Accessories
 - 5. Laser Sheath, Occlusion Balloons, Dilator Sheaths (Rotation & Manual)
 - 6. Intra Cardiac Echocardiography (ICE) System and Accessories
 - 7. Lead Locking Devices and Accessory Kit
 - 8. Remote EP Monitoring Device and Accessories
 - 9. Ablation catheters
 - 10. 3-D Cardiac Mapping System
 - 11. Cryoballoon System and Accessories”;
- (d) in entry J, after sub-serial number 5, the following new sub-serial numbers shall be added, namely:–

- “6. High-Flow, Low-Profile Percutaneous Heart Pump PHP Console and Catheters.
- 7. Tandem Heart / Tandem Lung and Accessories.
- 8. Ventricular Assist Device System.
 - (a) Heart Mate-II
 - (b) Heart Mate-III
 - (c) Centri Meg LEOV
- 9. Beating Heart Surgery stabilizers & Coronary Shunts

10. Minimally invasive surgery equipment & Instruments

11. RF Ablation equipment for AF (Surgical)

12. Heart Lung Machines";

(e) in entry K, after sub-serial number 4, the following new sub-serial numbers shall be added, namely:—

“5. Left Ventricular Assist Device / System (LVAD) and Catheters

6. MitraClipTranscatheter Mitral Valve System

7. MitraClip Guide Catheter, Clip and Delivery System

8. Patent Foramen Ovale (PFO) Closure Device

9. Left Atrial Appendage (LAA) Occluder

10. Transcatheter Aortic / Heart Valve System (TAVI/TAVR)

11. Cerebral Retrievable Stents

12. Aortic Stent Grafts

13. Embolization Coils, Delivery System, Filling Coil

14. Abdominal Aortic Aneurysm (EVAR)

System and Accessories/ thoracic

EVAR/ extension

15. Insertable Cardiac Monitor (ICM)
16. Carotid Stents
17. Vascular Clips
18. MRI Compatible Cardiac Monitor, Infusion Pump, Anesthesia Machine with Accessories"; and

(f) in entry L, after the word "adaptors", at the end, the comma and words ", Drug Eluting Peripheral Stents" shall be inserted; and

(B) in Table-2, in column (1), after serial number 23, a new serial number and the entries relating thereto in columns (2) and (3) shall be inserted, namely:–

"24.	LED or SMD lights and bulbs meant for conservation of energy.	8539.5010, 8539.5020, 9405.1030 and 9405.4020" ; and
------	---------------------------------------------------------------	------------------------------------------------------

(C) in Table-3, in column (1), against serial number 15A, in column (2), after the words "LED lights", wherever occurring in any form, the words "and bulbs" shall be inserted;

(2) in the Eighth Schedule, in Table-1, in column (1),–

(a) for serial number 51 and entries relating thereto in columns (2), (3),

(4) and (5), the following shall be substituted, namely:-

"51 LNG/RLNG 2711.1100 and 12% If supplied to gas
2710.2100 transmission and
distribution companies";
and

(b) against serial number 56, in columns (4) and (5), for the figure "40", the figure "65" shall be substituted.

4. Amendment of Income Tax Ordinance, 2001 XLIX of 2001.— In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made and except for clause (b) of sub-section (3) of this section, shall be deemed to have been made on the first day of July, 2018, namely:-

(1) after section 214C, the following new section shall be inserted, namely:—

“214E. Closure of audit.— Notwithstanding the omission of section 214D, audit of income tax affairs of a taxpayer under sub-section (2) of section 214D shall be deemed to have been concluded, if—

(i) taxpayer has been selected for audit under sub-section (1) of the omitted section 214D;

(ii) notice under section 122 has not been issued;

(iii) the taxpayer has revised return voluntarily, by thirty first day of December, 2018, along with payment of 25% higher tax than the tax paid with return on the basis of taxable income and

where no tax is payable 2% of the turnover and where no turnover is declared penalty under entry at Serial No. 1 of sub-section (1) of section 182 has been paid voluntarily :

Provided that the condition of 25% higher tax or 2% of the turnover shall not apply, if the taxable income of the taxpayer includes only salary income or income subject to final taxation under sub-section (1) of section 169 or subject to taxation under section 5, 5AA, 6, 7, 7A or 7B.

Explanation.— For the removal of doubt it is clarified that only audit initiated as a result of automatic selection under the omitted section 214D shall stand abated under this section and audit initiated or to be initiated on the basis of definite information or otherwise as per provisions of section 177 or 214C shall be conducted independently.”;

- (2) section 227C shall be omitted;
- (3) in the First Schedule,—
 - (a) in Part I, in Division I, for paragraph (1), the following paragraphs shall be substituted, namely:-
 - “(1) The rates of tax imposed on the taxable income of every individual, not being an individual to which paragraph (1A) of this Division applies, shall be as set out in the following table, namely:—

TABLE

S. No.	Taxable income	Rate of tax
(1)	(2)	(3)
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. 800,000	Rs. 1,000
3.	Where the taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000	Rs. 2,000
4.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs. 2,400,000	5% 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	60,000 + 15% 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	150,000 + 20% of the amount exceeding Rs. 3,000,000
7.	Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 5,000,000	350,000 + 25% of the amount exceeding Rs. 4,000,000
8.	Where the taxable income exceeds Rs. 5,000,000	600,000 + 29% of the amount exceeding Rs. 5,000,000

Provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees.

(1A) Where the income of an individual chargeable under the head "salary" exceeds fifty per cent of his taxable income, the rates of tax to be applied shall be as set out in the following table, namely:—

TABLE

S. No.	Taxable income	Rate of tax
--------	----------------	-------------

(1)	(2)	(3)
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. 800,000	Rs. 1,000
3.	Where the taxable income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000	Rs. 2,000
4.	Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,500,000	5% of the amount exceeding Rs. 1,200,000
5.	Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs. 4,000,000	65,000 + 15% of the amount exceeding Rs. 2,500,000
6.	Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs.	290,000 + 20% of the amount exceeding Rs.

	exceed Rs. 8,000,000	4,000,000
7.	Where the taxable income exceeds Rs. 8,000,000	1,090,000 + 25% of the amount exceeding Rs. 8,000,000

Provided that where the taxable income exceeds eight hundred thousand rupees the minimum tax payable shall be two thousand rupees."; and

- (b) in Part IV, in Division XXI, for the figure "0.4", the figure "0.6" shall be substituted; and
- (4) in the Second Schedule,
 - (a) in Part I,—
 - (i) in clause (51), the comma and words "the Provincial Governors" shall be omitted;
 - (ii) in clause (52), the words and comma "Provincial Governors," shall be omitted;
 - (iii) clause (53) shall be omitted;
 - (iv) in clause (61), after sub-clause (liii), the following new sub-clause shall be added, namely:—
 - "(liv) Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund."; and

- (v) in clause (66), after sub-clause (Ixii), the following new sub-clause shall be added, namely:—
- “(Ixii) Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.”; and
- (b) in Part IV, after clause (106), the following new clauses shall be added, namely:—
- “(107) The provisions of section 111 relating to unexplained income or assets shall not apply in respect of any contribution paid to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.
- (108) The provisions of sections 113, 151, 231A, 231AA and 236P shall not apply to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.
- (109) The provisions of section 236P shall not apply at the time of transfer of any sum to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.”.

5. Amendment of the Federal Excise Act, 2005.— In the Federal Excise Act, 2005, the following further amendments shall be made, namely:-

- (1) in section 2, the existing clause (24A) shall be re-numbered as clause (24B) and before clause (24B), renumbered as aforesaid, clause (24A) shall be inserted, namely:-
- “(24A) “un-manufactured tobacco” means tobacco useable for manufacture of cigarettes as manufactured by Green Leaf

Threshing Units after processing and conversion of tobacco green leaf;";

- (2) in section 19, in sub-section (10), after word "cigarettes", occurring for the first, second and fifth time, the words "or un-manufactured tobacco" shall be inserted;
- (3) in section 26, in sub-section (1), after the word "cigarettes", occurring for the second and third time, the comma and words ", un-manufactured tobacco" shall be inserted;
- (4) in section 27, in the marginal note and in both, sub-sections (2) and (3), after the word "cigarettes", wherever occurring, the comma and words ", un-manufactured tobacco" shall be inserted;
- (5) in the First Schedule, in Table I, in column (1),-
 - (a) against serial number 7, in column (4), for the word "ten", the words "three hundred" shall be substituted;
 - (b) for serial numbers 9, 10 and 10a and entries relating thereto in columns (2), (3) and (4), the following entries shall be substituted, namely:-

"9.	Locally produced cigarettes if their on-pack printed retail price	24.02	Rupees thousand hundred	four five per
-----	-------------------------------------------------------------------	-------	-------------------------	---------------

	exceeds four thousand five hundred rupees per thousand cigarettes.		thousand cigarettes
10.	Locally produced cigarettes if their on-pack printed retail price exceeds two thousand nine hundred and twenty-five rupees per thousand cigarettes but does not exceed four thousand five hundred rupees per thousand cigarettes.	24.02	Rupees one thousand eight hundred and forty per thousand cigarettes
10a.	Locally produced cigarettes if their on-pack printed retail price does not exceed two thousand nine hundred and twenty-five rupees per thousand cigarettes.	24.02	Rupees one thousand two hundred and fifty per thousand cigarettes"; and

- (c) against serial number 55, in column (4), for the word "ten", the word "twenty" shall be substituted; and
- (6) in the Third Schedule, in Table-I, in column (1), against serial number 16, in column (2),-
- (a) after the word "goods", occurring for the first time, the commas and words ", excluding un-manufactured tobacco," shall be inserted; and
- (b) the explanation shall be omitted;

STATEMENT OF OBJECTS AND REASONS

The purpose of this bill is to give effect to the fiscal stabilization objective of the Government and shall come into force on the next day of assent given to this Act by the President of Islamic Republic of Pakistan except sections 4(1), 4(2), 4(3)(a) and 4(4) which shall have effect from the first day of July, 2018.

(Asad Umar)
Minister for Finance, Revenue and Economic Affairs

NOTES ON CLAUSES

CUSTOMS

Clause 2(1)	Seeks to amend Fifth Schedule to the Customs Act, 1969 to make editorial changes/corrections in Part-I of Fifth Schedule
Clause 2(2)	Seeks to amend Fifth Schedule to the Customs Act, 1969 to make editorial changes/corrections in Part-III of Fifth Schedule
Clause 2(3)	Seeks to amend Part-VII of Fifth Schedule to the Customs Act, 1969 to add Table-C to give effect to the proposed reduction in rate of customs duty on certain industrial raw materials/ inputs

SALES TAX ACT, 1990

Clause 3(1)(A)(a)	Seeks to add new sub-serial numbers and entries relating thereto in column (2) in entry A after sub-serial number 6 against serial number 112 in column (1) in Table-I in the Sixth Schedule
Clause 3(1)(A)(b)	Seeks to add new sub-serial number and entries relating thereto in column (2) in entry B after sub-serial number 6 against serial number 112 in column (1) in Table-I in the Sixth Schedule
Clause 3(1)(A)(c)	Seeks to add new sub-serial numbers and entries relating thereto in column (2) in entry H after sub-serial number 3 against serial number 112 in column (1) in Table-I in the Sixth Schedule
Clause 3(1)(A)(d)	Seeks to add new sub-serial numbers and entries relating thereto in column (2) in entry J after sub-serial number 5 against serial number 112 in column (1) in Table-I in the Sixth Schedule
Clause 3(1)(A)(e)	Seeks to add new sub-serial numbers and entries relating thereto in column (2) in entry K after sub-serial number 4 against serial number 112 in column (1) in Table-I in the Sixth Schedule

Clause 3(1)(A)(f)	Seeks to insert the comma and words “, Drug Eluting Peripheral Stents” after the word “adaptors”, at the end in entry L against serial number 112 in column (1) in Table-I in the Sixth Schedule
Clause 3(1)(B)	Seeks to insert a new serial number 24 after serial number 23 in column (1) in Table-2 in the Sixth Schedule
Clause 3(1)(C)	Seeks to insert the words “and bulbs” wherever occurring in any form after the words “LED lights” in column (2), against serial number 15A in column (1) in Table-3 in the Sixth Schedule
Clause 3(2)(a)	Seeks to substitute serial number 51 and entries relating thereto in columns (2), (3), (4) and (5) in column (1) in Table-1 in the Eighth Schedule
Clause 3(2)(b)	Seeks to substitute the figure “65”, for the figure “40” in columns (4) and (5) against serial number 56 in column (1) in Table-1 in the Eighth Schedule

INCOME TAX

Section 4(1)	Seeks to introduce a new section 214E in the Income Tax Ordinance, 2001 whereby taxpayers who have been automatically selected for audit under section 214D of the Ordinance have been provided an option for closure of audit upon payment of 25% higher tax compared to their declared tax liability.
Section 4(2)	Seeks to omit section 227C of the Income Tax Ordinance, 2001 withdrawing requirement of being a “filer” for purchase of immovable property of value exceeding Rs. 5 million, purchase of a new locally manufactured vehicle or first registration of an imported vehicle.
Section 4(3)(a)	Seeks to amend tax rates for individuals and to provide separate tax rates for salaried and non-salaried individuals.
Section 4(3)(b)	Seeks to increase rate of advance tax under section 236P of the Ordinance on non-cash banking transactions by non-filers.

Section 4(4)(a)(i)	Seeks to withdraw exemption available to Provincial Governors to occupy rent free government accommodation.
Section 4(4)(a)(ii)	Seeks to withdraw exemption available to Provincial Governors on account of free conveyance and entertainment allowance.
Section 4(4)(a)(iii)	Seeks to withdraw exemption available to Ministers of the Federal Government on account of free conveyance, entertainment allowance, house rent allowance and rent free government accommodation.
Section 4(4)(a)(iv)	Seeks to provide exemption for donations given to Supreme Court of Pakistan-Diamer Bhasha & Mohmand Dams-Fund.
Section 4(4)(a)(v)	Seeks to provide exemption to any income derived by the Supreme Court of Pakistan-Diamer Bhasha & Mohmand Dams-Fund.
Section 4(4)(b)	<p>Seeks to-</p> <p>(a) exclude persons giving donations to Supreme Court of Pakistan - Diamer Bhasha & Mohmand Dams-Fund from any inquiry regarding the source of donation</p> <p>(b) exempt Supreme Court of Pakistan - Diamer Bhasha & Mohmand Dams-Fund from deduction of withholding taxes and minimum tax on turnover, and</p> <p>(c) exempt non-filers making donations to Supreme Court of Pakistan - Diamer Bhasha & Mohmand Dams - Fund from deduction of tax under section 236P of the Income Tax Ordinance, 2001 on non-cash banking transactions.</p>

FEDERAL EXCISE ACT, 2005

Clause 5(1)	Seeks to renumber existing clause (24A) as clause (24B) and insert new clause (24A) in section 2
Clause 5(2)	Seeks to insert the words "or un-manufactured tobacco" after the word "cigarettes" occurring for the first, second and fifth time in sub-section (10) in section 19

Clause 5(3)	Seeks to insert the comma and words “, or un-manufactured tobacco” after the word “cigarettes” occurring for the second and third time in sub-section (1) in section 26
Clause 5(4)	Seeks to insert the comma and words “, or un-manufactured tobacco” after the word “cigarettes” wherever occurring in sub-sections (2), (3) and marginal note in section 27
Clause 5(5)(a)	Seeks to substitute the words “three hundred” for the word “ten” in column (4) against serial number 7 in column (1) in Table-I in the First Schedule
Clause 5(5)(b)	Seeks to substitute serial numbers 9, 10, 10a and the corresponding entries relating thereto in columns (2), (3) and (4) in Table-I in the First Schedule
Clause 5(5)(c)	Seeks to substitute the word “twenty” for the word “ten” in column (4) against serial number 55 in column (1) in Table-I in the First Schedule
Clause 5(6)(a)	Seeks to insert comma and words “, excluding un-manufactured tobacco” after the word “goods” occurring for the first time in column (2) against serial number 16 in column (1) in Table-I in the Third Schedule
Clause 5(6)(b)	Seeks to omit the explanation in column (2) against serial number 16 in column (1) in Table-I in the Third Schedule