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PART III

**Other Notifications, Orders, etc.**

**NATIONAL ASSEMBLY SECRETARIAT**

*Islamabad, the 14th January, 2016*

**No. F. 22(30)/2015-Legis.**—Pursuant to rule 235 (4) of the Rules of Procedure and Conduct of Business in the National Assembly, 2007, the following report of the Standing Committee, presented to the Assembly on 14th January, 2016 is published for information:—

**REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE  
ECONOMIC AFFAIRS, STATISTICS AND PRIVATIZATION ON THE  
INCOME TAX (AMENDMENT) BILL, 2015 (ORDINANCE NO. X OF 2015)**

I, Chairman of the Standing Committee on Finance, Revenue, Economic Affairs, Statistics and Privatization have the honor to present this report on the Bill further to amend the Income Tax Ordinance, 2001 [The Income Tax (Amendment) Bill, 2015] (Ordinance No. X of 2015), referred to the Standing Committee on 30-07-2015.

(115)

*Price : Rs. 10.50*

2. The Committee comprises the following Members:—

(1).	<b>Mr. Qaiser Ahmad Sheikh</b>	<i>Chairman</i>
(2).	Mr. Saeed Ahmed Khan Manais	<i>Member</i>
(3).	Rana Shamim Ahmed Khan	<i>Member</i>
(4).	Mr. Daniyal Aziz	<i>Member</i>
(5).	Mr. Muhammad Pervaiz Malik	<i>Member</i>
(6).	Sardar Muhammad Jaffar Khan Leghari	<i>Member</i>
(7).	Dr. Tariq Fazal Chaudhary	<i>Member</i>
(8).	Mr. Alam Dad Laleka	<i>Member</i>
(9).	Sheikh Fayyaz-ud-Din	<i>Member</i>
(10).	Mian Abdul Mannan	<i>Member</i>
(11).	Ms. Shaza Fatima Khawaja	<i>Member</i>
(12).	Ms. Leila Khan	<i>Member</i>
(13).	Syed Naveed Qamar	<i>Member</i>
(14).	Dr. Nafisa Shah	<i>Member</i>
(15).	Syed Mustafa Mehmud	<i>Member</i>
(16).	Mr. Nasir Khan Khattak	<i>Member</i>
(17).	Mr. Murad Saeed	<i>Member</i>
(18).	Mr. Muhammad Ali Rashid	<i>Member</i>
(19).	Mr. Abdul Rashid Godil	<i>Member</i>
(20).	Mr. Aftab Ahmad Khan Sherpao	<i>Member</i>
(21).	Mr. Muhammad Ishaq Dar, Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization	Ex-officio <i>Member</i>

3. The Committee in its meetings held on 11th and 12th January, 2016 considered the above Bill in detail and recommended following amendments:—

**Clause 2**

In clause 2, for the proviso the following shall be substituted, namely:—

“Provided that the Federal Government may, by notification in the Official Gazette on recommendation of the Economic Coordination Committee of the Cabinet, amend the rate specified in this Division”.

4. The Committee recommends that the Bill as reported by the Committee placed at **Annex-B**, may be passed by the National Assembly. The Bill as introduced in the National Assembly is placed at **Annex-A**.

Sd/-  
(ABDUL JABBAR ALI),  
*Acting Secretary.*  
*National Assembly Secretariat*  
*Islamabad, the 13th January, 2016*

Sd/-  
(QAISER AHMAD SHEIKH),  
*Chairman.*  
*Standing Committee on*  
*Finance, Revenue, Economic Affairs,*  
*Statistics and Privatization.*

**ANNEX-A**

[AS INTRODUCED IN THE NATIONAL ASSEMBLY]

A

BILL

*further to amend the Income Tax Ordinance, 2001*

WHEREAS it is expedient further to amend the Income Tax Ordinance, 2001 (XLIX of 2001), for the purpose hereinafter appearing;

It is enacted as follows:—

1. **Short title and commencement.**—(1) This Act may be called the Income Tax (Amendment) Act, 2016.

(2) It shall come into force at once.

2. **Amendment of First Schedule, Ordinance XLIX of 2001.**—In the Income Tax Ordinance, 2001 (XLIX of 2001), in the First Schedule, in Part IV, in Division-XXI, for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the rate specified in this Division shall be 0.3 per cent for the period commencing from the 11th day of July, 2015 and ending on the 30th day of September, 2015 (both days inclusive) or till the date as the Federal Government may, by notification in the official Gazette on recommendation of the Economic Coordination Committee of the Cabinet, extend.”

## STATEMENT OF OBJECTS AND REASONS

In order to bring non-compliant taxpayers into tax net and to document transactions of untaxed amounts through banking channels, a new section 236P was introduced in the Income Tax Ordinance, 2001 through Finance Act, 2015, whereby an adjustable advance income tax at the rate of 0.6% of the amount of transaction was levied which is to be collected by banking companies on all banking instruments and other modes of transfer of funds through banks in the case of persons who do not file Income Tax returns.

2. To provide an opportunity to non-filers to document their business and other income generating activities, the rate of 0.6% is being reduced to 0.3% upto 30th September, 2015, so that the persons and traders not filing their returns may file the same by the said date and document their income generating activities. The objective is being pursued in such a way so as to promote documentation, broadening of tax base and encourage non-filers to file returns.

The Ordinance seeks to amend Income Tax Ordinance, 2001.

SENATOR  
MUHAMMAD ISHAQ DAR,  
*Minister for Finance, Economic Affairs,  
Revenue, Statistics and Privatization.*

**ANNEX-B**

[AS REPORTED BY THE STANDING COMMITTEE]

A

BILL

*further to amend the Income Tax Ordinance, 2001*

WHEREAS it is expedient further to amend the Income Tax Ordinance, 2001 (XLIX of 2001), for the purpose hereinafter appearing;

It is enacted as follows:—

1. **Short title and commencement.**—(1) This Act may be called the Income Tax (Amendment) Act, 2016.

(2) It shall come into force at once.

2. **Amendment of First Schedule, Ordinance XLIX of 2001.**—In the Income Tax Ordinance, 2001 (XLI of 2001), in the First Schedule, in Part IV, in Division-XXI, for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the Federal Government may, by notification in the official Gazette on recommendation of the Economic Coordination Committee of the Cabinet, amend the rate specified in this Division.”

### STATEMENT OF OBJECTS AND REASONS

In order to bring non-compliant taxpayers into tax net and to document transactions of untaxed amounts through banking channels, a new section 236P was introduced in the Income Tax Ordinance, 2001 through Finance Act, 2015, whereby an adjustable advance income tax at the rate of 0.6% of the amount of transaction was levied which is to be collected by banking companies on all banking instruments and other modes of transfer of funds through banks in the case of persons who do not file Income Tax returns.

2. To provide an opportunity to non-filers to document their business and other income generating activities, the rate of 0.6% is being reduced to 0.3% upto 30th September, 2015, so that the persons and traders not filing their returns may file the same by the said date and document their income generating activities. The objective is being pursued in such a way so as to promote documentation, broadening of tax base and encourage non-filers to file returns.

The Ordinance seeks to amend Income Tax Ordinance, 2001.

SENATOR

MUHAMMAD ISHAQ DAR,

*Minister for Finance, Economic Affairs,  
Revenue, Statistics and Privatization.*

Pursuant to rule 235 (4) of the Rules of Procedure and Conduct of Business in the National Assembly, 2007, the following report of the Standing Committee, presented to the Assembly on 14th January, 2016 is published for information:—

**REPORT OF THE STANDING COMMITTEE ON FINANCE REVENUE  
ECONOMIC AFFAIRS STATISTICS AND PRIVATIZATION ON THE  
INCOME TAX (SECOND AMENDMENT) BILL, 2015 (Ordinance No  
XV of 2015)**

I, Chairman of the Standing Committee on Finance, Revenue, Economic Affairs, Statistics and Privatization have the honour to present this report on the Bill

further to amend the Income Tax Ordinance, 2001 [The Income Tax (Second Amendment) Bill, 2015] (Ordinance No. XV of 2015) referred to the Standing Committee on 11-12-2015.

2. The Committee comprises the following Members:—

- |       |   |                              |
|-------|---|------------------------------|
| (1).  | <b>Mr. Qaiser Ahmad Sheikh</b>  | <i>Chairman</i>              |
| (2).  | Mr. Saeed Ahmed Khan Manais   | <i>Member</i>                |
| (3).  | Rana Shamim Ahmed Khan  | <i>Member</i>                |
| (4).  | Mr. Daniyal Aziz  | <i>Member</i>                |
| (5).  | Mr. Muhammad Pervaiz Malik  | <i>Member</i>                |
| (6).  | Sanjar Muhammad Jaffar Khan Leghari   | <i>Member</i>                |
| (7).  | Dr. Tariq Fazal Chaudhary   | <i>Member</i>                |
| (8).  | Mr. Alam Dad Laleka   | <i>Member</i>                |
| (9).  | Sheikh Fayyaz-ud-Din  | <i>Member</i>                |
| (10). | Mian Abdul Mannan   | <i>Member</i>                |
| (11). | Ms. Shaza Fatima Khawaja  | <i>Member</i>                |
| (12). | Ms. Leila Khan  | <i>Member</i>                |
| (13). | Syed Naveed Qamar   | <i>Member</i>                |
| (14). | Dr. Nafisa Shah   | <i>Member</i>                |
| (15). | Syed Mustafa Mehmud   | <i>Member</i>                |
| (16). | Mr. Nasir Khan Khattak  | <i>Member</i>                |
| (17). | Mr. Murad Saeed   | <i>Member</i>                |
| (18). | Mr. Muhammad Ali Rashid   | <i>Member</i>                |
| (19). | Mr. Abdul Rashid Godil  | <i>Member</i>                |
| (20). | Mr. Aftab Ahmad Khan Sherpao  | <i>Member</i>                |
| (21). | Mr. Muhammad Ishaq Dar,<br>Minister for Finance, Revenue,<br>Economic Affairs, Statistics and Privatization | <i>Ex-officio<br/>Member</i> |

3. The Committee in its meeting held on 11 January, 2016 considered the above Bill in detail and approved the same. Therefore, the Committee recommends that the Bill as introduced in the National Assembly placed at **Annex-A**, may be passed by the National Assembly.

Sd/-  
(ABDUL JABBAR ALI),  
*Acting Secretary.*  
*National Assembly Secretariat*  
*Islamabad, the 13th January, 2016*

Sd/-  
(KAISER AHMAD SHEIKH),  
*Chairman.*  
*Standing Committee on*  
*Finance, Revenue, Economic Affairs,*  
*Statistics and Privatization.*

### ANNEX-A

[AS INTRODUCED IN THE NATIONAL ASSEMBLY]

A

BILL

*further to amend the Income Tax Ordinance, 2001*

WHEREAS it is expedient further to amend the Income Tax Ordinance, 2001 (XLIX of 2001) for the purposes hereinafter appearing;

It is enacted as follows:—

1. **Short title and commencement.**—(1) This Act may be called the Income Tax (Second Amendment) Act, 2015.

(2) It shall come into force at once.

2. **Amendment of sections 153 and 236P and Second Schedule, Ordinance XLIX of 2001.**—In the Income Tax Ordinance, 2001 (XLIX of 2001),—

(1) in section 153,

(a) in sub-section (3), in the proviso, in clause (b), for semicolon and the word “; and” the expression “, provided that—” shall be substituted and thereafter the following sub-clauses shall be added, namely:—

“(i) where the aforesaid minimum tax for providing or rendering services, in respect of sectors as specified in clause (94) of Part IV of the Second Schedule is in excess of tax payable under Division II of Part I of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year;

- (ii) where the excess tax is not wholly adjusted, the amount not adjusted shall be carried forward to the following tax year and adjusted against tax liability under the aforesaid Part for that year, and so on, but the said excess shall not be carried forward to more than five tax years immediately succeeding the tax year for which the excess was first paid; and
  - (iii) the said excess amount shall not be carried forward in case of a company for which provisions of this clause are not applicable under clause (94) of Part IV of the Second Schedule; and”;
- (b) after sub-section (4), the following new sub-section shall be inserted, namely:—

“(4A) The Commissioner, on an application made by the recipient of a payment referred to in clause (94) of Part IV of the Second Schedule, in cases where the said recipient has fulfilled the conditions as specified in the said clause, by an order in writing for a period of at least three months, may allow any person to make the payment without deduction of tax in respect of payments as referred to in clauses (b) of sub-section (1) of section 153:

Provided that the recipient of the payment has made advance payment of tax equal to two percent of the total turnover of the corresponding period of the immediately preceding tax year.”;

- (2) in section 236P, in sub-section (4), the expression “Pakistan Realtime Interbank Settlement Mechanism (PRISM) transactions or” shall be omitted; and
- (3) in the Second Schedule, in Part IV, after clause (93), the following new clause shall be added, namely:

“(94) The provisions of clause (b) of the proviso to sub-section (3) of section 153 shall not apply for tax year 2016 to a company being a filer and engaged in providing or rendering freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services or car rental services:

Provided that the tax payable or paid on the income from providing or rendering aforesaid services shall not be less than two percent of the gross amount of turnover from all sources and that the company furnishes in writing an irrevocable undertaking by the fifteenth day of November, 2015 to present its accounts to the Commissioner within thirty days of filing of return, for audit of its income tax affairs for tax year 2016.”.



## STATEMENT OF OBJECTS AND REASONS

In order to resolve the hardship caused to corporate service providers resulting from treating the tax deductible u/s 153(1)(b) of the Income Tax Ordinance, 2001 at 8% as minimum tax.

2. To provide two mutually exclusively options, for the corporate sectors of Freight Forwarders, Air Cargo Services, Courier Services, Manpower Suppliers, Hotel Services, Security Guard Services, Software Development Services, Trakker Services, Advertisers, Share Registrar Services, Engineering Services and Car Rental Services as under:

- (a) The aggrieved corporate service sector be allowed an option to opt out of the minimum tax regime under section 153(1)(b) read with section 153(3)(b) of the Income Tax Ordinance, 2001 provided the said aggrieved corporate service sectors offer themselves for audit by an Irrevocable undertaking in writing in advance latest by October 15, 2015 (or date to be decided by government) for the Tax Year 2016.
  - (b) The aggrieved corporate service sector be allowed to carry forward the tax paid under section 153(1)(b) read with section 153(3)(b) of the Income Tax Ordinance, 2001 in excess of their tax liability otherwise for 10 years in the same manner as carry forward of the Minimum Tax under section 113(1)(c) [to be slightly modified] of the Income Tax Ordinance, 2001 is allowed. Needless to say that the rate of minimum tax of 8% will remain intact for the corporate service sector and no exemption certificate will be issued.
3. To rationalize the provisions regarding exemption from withholding tax on certain banking transactions thereby preventing loss to the national exchequer.
4. The Ordinance seeks to amend Income Tax Ordinance, 2001.

SENATOR  
MUHAMMAD ISHAQ DAR,  
*Minister for Finance, Economic Affairs,  
Revenue, Statistics and Privatization  
Minister-in-charge.*

ABDUL JABBAR ALI,  
*Acting Secretary.*