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(Promulgated on 17th April, 2020)

ORDINANCE No. 1 of 2020

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ORDINANCE

further to amend tax laws

WHEREAS, the COVID-19 pandemic has created a worldwide crisis due to which industries, businesses, offices, services have been shut down in Pakistan and economic activity is at a stand-still;

AND WHEREAS, the said situation has adversely affected Pakistan's economy and all segments of its society and population are suffering economic hardship;

AND WHEREAS, in the existing circumstances, the poor and most vulnerable segments of the population, including the daily wagers in Pakistan are at most risk of suffering and facing danger to their livelihood;

AND WHEREAS, in order to protect and revive the economy of Pakistan, it is essential and critical to give incentives for revival of the construction industry with certain conditions as provided for in this Ordinance;

AND WHEREAS it is expedient to amend certain tax laws for the purposes hereinafter appearing;

AND WHEREAS, the Senate and the National Assembly are not in session and the President of the Islamic Republic of Pakistan is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:—

1. **Short title and commencement.**—(1) This Ordinance shall be called the Tax Laws (Amendment) Ordinance, 2020.

(2) It shall come into force at once.

2. **Amendment in the Finance Act, 1989.**—In the Finance Act, 1989 (V of 1989), in section 7, after sub-section (10), the following new sub-section shall be inserted namely:—

“(11) Sub-section (1) shall cease to apply from the date of commencement of the Tax Laws (Amendment) Ordinance, 2020.”

3. **Amendments in the Income Tax Ordinance, 2001 (Ordinance XLIX of 2001).**—In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:—

(1) in section 2, in clause (29C),—

(a) in sub-clause (a), in para (iv), the word “and” shall be omitted; and

- (b) after sub-clause (a), amended as aforesaid, the following new sub-clause shall be inserted, namely,—

“(aa) from the 1st day of May, 2020, a person directly involved in the construction of buildings, roads, bridges and other such structures or the development of land, to the extent and for the purpose of import of plant and machinery to be utilized in such activity, subject to such conditions as may be notified by the Board; and” ;

- (2) after section 100C, the following new section shall be inserted, namely:—

“100D.—Special provisions relating to builders and developers.—(1) For tax year 2020 and onwards, the tax payable by a builder or a developer, as defined in sub-section (9), who opts to pay tax under this section shall be computed and paid in accordance with the rules in the Eleventh Schedule on a project by project basis on the income, profits and gains derived from the sale of buildings or sale of plots, as the case may be, from—

- (a) a new project to be completed by the 30th day of September, 2022; or
- (b) an incomplete existing project to be completed by the 30th day of September, 2022:

Provided that any income, profits and gains of a builder or developer of an incomplete existing project earned up to tax year 2019 shall be subject to the provisions of the Ordinance as were in force prior to the commencement of the Tax Laws (Amendment) Ordinance, 2020:

Provided further that any income of a builder or developer other than income, profits and gains subject to this section shall be subject to tax as per the provisions of the Ordinance.

- (2) Where sub-section (1) applies,—
- (a) the income shall not be chargeable to tax under any head of income in computing the taxable income of the person;
- (b) no deduction shall be allowed under the Ordinance for any expenditure incurred in deriving the income;