Excellency abinitio Services

Budget Highlights 2021

This document contains brief comments on the proposed amendments introduced through the Finance Bill, 2021 which subject to approval by National Assembly and Presidential assent, are effective July 1, 2021. However, few amendments will be effective on the next day of assent given by the President to these provisions

The comments in this document may not be taken to be our opinion on the proposed amendments

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BUDGET AT A GLANCE

The following table sets out the Key Budget Financials:

	2021 - 22		2020 - 21	
	Rs in Billions	%	Rs in Billion	%
Tax revenue	**5,829**		4,690	
Non-tax revenue	**2,080**		1,704	
Gross revenue receipts	**7,909**		6,394	
Public account receipt – net	**74**		(81)	
Total receipts	**7,983**	**100**	6,313	100
Less: Provincial share in Federal taxes	**(3,412)**	**(43)**	(2,704)	(43)
Net revenue receipts	**4,571**	**57**	3,609	57
Expenditure				
Current expenditure	**9,124**	**114**	7,626	121
Development expenditure	**1,137**	**14**	863	14
	10,261	**128**	8,498	135
Deficit	**(5,690)**	**(71)**	(4,880)	(78)
Covered by:				
Domestic debts non-bank	**1,439**		1,702	
Domestic debts banks	**681**		649	
Foreign debts / grants	**2,748**		2,287	
Privatization proceeds	**252**		-	
Surplus from provinces	**570**		242	
	5,690		4,880	

INCOME TAX

- The Bill proposes to withdraw the scheme of taxing income from property on gross basis as a separate block of income. Individuals and Association of Persons (AOPs) deriving income chargeable to tax under the head **<u>‘income from property’</u>** will be taxed on net income at applicable rates.

- Companies’ property income, however, is subject to tax after certain admissible deductions at applicable corporate rate.

- Since, income from property is proposed to be taxed on net basis, the Bill proposes to allow adjustment of loss under the head ‘income from business’ against income taxable under the head ‘income from property’.

- The Bill proposes that **<u>profit on debt</u>** up to PKR 5,000,000 would be taxed at 15% of the gross amount as a final discharge of tax liability. Any profit on debt exceeding PKR 5,000,000 would be taxed under the head ‘income from other sources’ at rates applicable to the taxpayer. This threshold was previously PKR 36,000,000.

- Currently, the reduce rate of withholding tax of 10% on profit on debt has been prescribed in cases where the taxpayer furnishes a certificate to the payer of profit that during the tax year yield or profit paid is Rs 500,000 or less. This reduced rate of 10% is now proposed to be withdrawn.

- A separate scheme of taxation is proposed to be introduced for ‘**<u>small and medium enterprises’ (SMEs)</u>** by inserting a Fourteenth Schedule in the Ordinance.

    - *SME is defined to mean a person who is engaged in manufacturing as defined in section 153 of the Ordinance and his business turnover in a tax year does not exceed Rs 250 Million.*

    - *SME is required to register with the FBR on the IRIS web portal or Small and Medium Enterprises Development Authority (SMEDA) on its SME registration portal. A company covered by the definition of SME will not qualify as a ‘small company’.*

    - *In case, annual business turnover exceeds Rs 250 Million, it shall cease to be an SME for such tax year and onwards.*

- By virtue of the said proposed Schedule, SME has the flexibility to be taxed either
  - on bottom line profits at a maximum rate of 15% or
  - on gross amount of turnover at a maximum rate of 0.5%.

- SMEs who opt for taxation under normal law can be selected for tax audit through risk based parametric computer ballot if its tax to turnover ratio is below the tax rates prescribed for FTR, however, the cases selected will not exceed 5% of the total population of SMEs whose tax to turnover ratio is below the tax rates prescribed for FTR.

- **Telecommunication companies** operating under the license of PTA are proposed to be included under the ambit of an industrial undertaking.

- In respect of **depreciable asset being immovable property**, where the consideration received exceeded the cost of the asset, such consideration was restricted to the cost of such asset. By virtue of such treatment, the gain on disposal was calculated only to the extent of the depreciation claimed over the period and the excess amount was not taxed. The Bill proposes to tax the excess amount of gain under the head 'capital gain'.

  - *The placement and language of the proposed amendment contradicts section 22(8) thus resulting in anomalous situation, which should be reconsidered.*

- **Gain on disposal of immovable property** is taxed as Capital Gains as a separate block depending on the period of holding of such immovable property. The Bill proposes to tax such gain at normal rates as applicable on the taxpayer, if the amount of gain exceeds PKR 5,000,000.

  - *The proposed amendment at the outset seeks to clarify that this regime for immovable properties is not applicable on persons habitually engaged in transaction of sale and purchase of properties or where sale is adventure in the nature of trade or business. Income of such persons would be taxable under the head of business with consequential effect that no benefit of holding period and special rate of tax would apply.*

- The Bill proposes to extend exemption, which was earlier allowed to profit and gains on sale of immovable property to a Developmental REIT Scheme and Rental REIT Scheme, to profit and gains on sale of immovable property to other REIT schemes till June 30, 2023. This was previously available till June 30, 2015.

- The following slab rates of tax have been proposed to be inserted in existing table for capital gains on disposal of securities under section 37A for tax year 2022 and onwards:

<table>
<tr><th>Sr. #</th><th>Period</th><th>Tax year 2022 and onwards</th></tr>
<tr><td>1.</td><td>Where holding period of a security is less than twelve months</td><td rowspan="3">12.5%</td></tr>
<tr><td>2.</td><td>Where holding period of a security is twelve months or more but less than twenty-four months</td></tr>
<tr><td>3.</td><td>Where holding period of a security is twenty-four months or more but the security was acquired on or after 1st July, 2013</td></tr>
<tr><td>4.</td><td>Where the security was acquired before 1st July, 2013</td><td>0%</td></tr>
<tr><td>5.</td><td>Future commodity contracts entered into by the members of Pakistan Mercantile Exchange</td><td>5%</td></tr>
</table>

- Facility of **reduced rate of tax** and exemption on proceeds received from abroad in relation to provision of certain services was withdrawn through the Tax Laws (Second Amendment) Ordinance, 2021. It is now proposed to introduce a new final tax regime at par with export of goods.

  Under the proposed provision, the final withholding tax rate of 1% shall apply in following cases:-

    - export of computer software or IT services or IT enabled services otherwise not eligible for tax credit under section 65F;

    - services or technical services rendered outside Pakistan or exported from Pakistan;

    - royalty, commission or fees derived by a resident company from a foreign enterprise for the use of certain intangibles outside Pakistan; and

    - construction contracts executed outside Pakistan.

  The FBR is also empowered to include new categories of services in the above regime.

- The **Minimum Tax** on turnover currently does not apply on individuals and AOPs whose annual turnover remains less than Rs 10 million. This threshold is proposed to be enhanced to Rs 100 million.

- Section 113 allows carryforward of minimum tax paid in excess of the normal tax payable for a period of 5 years. By virtue of a judgment of the Sindh High Court, it was held that if there is no tax payable, the benefit of carryforward is not available. The matter is currently pending in the Supreme Court. The Bill proposes to allow such benefit of carryforward even in case no tax is payable.

- **Tax credit** on enlistment of a company on stock exchange a d employing fresh graduates under section 64C and 65C is proposed to be withdrawn.

- The Bill proposes to extend exemption from levy of minimum tax under section 113 for the tax year 2021 and onward to Zone Developers and Zone Enterprises established and operating under the Special Economic Zones Act, 2012 and Special Technology Zones Authority Ordinance, 2020.

- The Bill proposes that if a **gifted property** is disposed off within two years of acquisition and the CIR is satisfied that such gift arrangement is a part of tax avoidance scheme, then the original cost in the hands of the transferor will be taken to be the cost base for the transferee as well.

- The Bill proposes to allow the CIR to issue notice for submission of return of income for any tax year to a person who has failed to furnish his return where that person has **foreign income or owns foreign assets.**

- The requirement to furnish or update a taxpayers' profile by June 30, 2021 and related clauses are proposed to be withdrawn.

- **Cloud computing** and data storage services are proposed to be included within the scope of IT enables services.

- A tax credit is now proposed in this Finance Bill for such persons against the lower of amount actually invested in **purchase of POS machine** and Rs 150,000 per machine.

- **Income derived by co-operative societies** from sale of goods, immovable property or provision of services to its members is proposed to be taxed under the head 'income from business'.

- Allowance on account of **Workers' Welfare Fund and Workers' Profit Participation** Fund paid under the respective provincial laws has been incorporated in the law. So WWF and WPPF paid to the provincial authorities can also be claimed as deductible allowance under sections 60A and 60B, respectively.

- The period of 30 days for payment of tax demand will not be applicable if tax demand created through an appeal effect order and correspondingly the same would be immediately payable.

- Taxpayers are required to submit reconciliation of amounts declared in annual statements with those reported in the return of income or audited financial statements. Such reconciliation is required to be submitted by the due date of filing the return of income.

- The Bill proposed to withdraw the power of the CIR
  - to conduct such inquiry that was given to him under section 122(5A).
  - to reject advance tax estimate filed by a taxpayer.

- Various exemptions from salary under second schedule has been proposed to be withdrawn :

  - Any special allowance or benefit (not being entertainment or conveyance allowance) or other perquisite within the meaning of section 12 specially granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

  - The following perquisites received by an employee by virtue of his employment, like free or subsidized food / education / medical treatment provided and any other perquisite or benefit for which the employer does not have to bear any marginal cost, as notified by the Board.

- Further the Finance Bill 2021 also proposed:

  - To empower the tax authorities to recover tax from any person pursuant to a request from a foreign jurisdiction under a tax treaty, a multilateral convention or an inter-governmental or similar agreement or mechanism.

- Individuals and AoPs having **turnover of PKR 100,000,000** proposed to be withholding agents in respect of payment of brokerage and commission under section 233.

- Exemption certificate under section 153 should be automatically issuance to all companies, if the application is not disposed off by the CIR with 15 days.

- Advance tax collection at the rate of 12.5% in the case of subscriber of internet, mobile telephone and pre-paid internet or telephone card is proposed be reduced to 10% for tax year 2022 and 8% for onwards.

- Withholding of tax on rental income from sub-lease of an immovable property at the rates prescribed in section 155.

- The **rate of withholding tax** on payment received by distributors of fast-moving consumer goods be reduced from 2% / 2.5% to 0.25% subject to the condition that the distributor is appearing on the ATLs maintained under the Income Tax Ordinance, 2001 and Sales Tax Act, 1990.

- To mandate submission of annual statement in respect of taxes withheld at source under various sections of the Ordinance.

- To eliminate the requirement of filing of application for automated issuance of refund.

- Non-disclosure of business bank account may lead to prosecution.

- The **rate of advance tax** to be collected by the Collector of Customs under section 148 of the Ordinance in case of importer of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below is proposed to be reduced at 1 percent.

- Concealment of income constitutes a criminal offence and may lead to prosecution and arrest.

- **Tax on domestic electricity consumption** at the rate of 7.5% if the monthly bill exceeds PKR 25,000 from the non-filers only.

- To extend the scope of collection of advance tax on sale from distributors, dealers, sub-dealers, wholesalers and retailers in the sectors of pharmaceutical, poultry and animal feed, edible oil and ghee, battery, tyres, varnishes, chemicals, cosmetics and IT equipment sectors.

- To extend the benefit of reduced rate of 3% withholding tax under section 153 to the sectors like Oil field services, Telecommunication services, Warehousing services, Collateral Management services, Travel and tour services

- withholding tax under section 153 shall not apply in respect of purchase of **used motor vehicles** from general public.

- Following withholding tax provisions are proposed to be withdrawn

Description	Section
Royalty paid to a resident person	153B
Cash withdrawal from a bank by a person whose name is not appearing in ATL	231A
Advance tax on transactions in bank by a person whose name is not appearing in ATL	231AA
Collection of tax by a stock exchange registered in Pakistan on purchase / sale value	233A
Collection of tax by NCPPL	233AA
CNG Stations	234A
Advance tax on purchase of air ticket	236B
Tax on sale of certain petroleum products	236HA
Advance tax on purchase of international air ticket	236L
Advance tax on banking transactions otherwise than through cash by a person whose name is not appearing in ATL	236P
Advance tax on extraction of minerals	236V
Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards	236Y

- Certain significant changes made through the Tax Laws (Amendment) Ordinance, 2021 promulgated on February 11, 2021 and Tax Laws (Second Amendment) Ordinance, 2021 promulgated on March 22, 2021 have been made part of the Finance Bill, 2021 so as to validate and give legislative effect to these Amendment Ordinances (being Presidential Ordinances)

- Certain tax credits, concessions and exemptions were withdrawn. The provisions of the Tax Laws (Second Amendment) Ordinance, 2021 have been made part of the Bill.

SALES TAX

- The threshold of turnover for qualifying as **<u>cottage industry</u>** is proposed to be enhanced from Rs 3 million to Rs 10 million. 'Cottage industries' are not required to be registered for sales tax purposes being also exempt from sales tax.

- The definition of the term **<u>'online market place'</u>** introduced to include an electronic interface for online market places and e-commerce platform portals, which facilitate the online sale of goods, including third party sales.

- It is proposed that in case of supply of goods through an online market place, the liability to pay sales tax would be on the person running the online market place, whether or not the goods are owned by him.

- In case of goods supplied by registered persons charging sales tax on their goods supplied through online market place, the above proposed amendment may result in a duplicate levy, which is an anomaly needs to be addressed.

- The definition of **<u>'Tier-1 retailer'</u>** is proposed to be expanded to include retailers who are running an online market place and retailers who have acquired point of sale machines for receipt of payments through digital means.

- The area threshold of shops for a Tier-1 retailers of furniture is proposed to be increased from 1,000 to 2,000 square feet.

- Entitlement for cash back schemes for customers buying goods from Tier-1 retailers, has been proposed to be omitted, and a new scheme for 'mystery shopping' is proposed to be introduced.

- Requirement for declaration and payment of sales tax on receipt of advances from customers is proposed to be omitted.

- It is proposed to exclude listed companies from the restriction of input tax adjustment in excess of 90% of output tax.

- It is proposed to amend the start of 5 years limitation for initiation of proceedings from the end of the financial year in which the relevant tax period falls. Currently, the limitation period starts from the end of the tax period i.e. respective month. The

Honourable Supreme Court of Pakistan in a recent judgment on similar matter of income tax has observed that in cases where the limitation has already started to run, cannot be meddled with and such amendment would apply prospectively.

- It is proposed that in case of Computerized National Identification Card number (CNIC) for individuals and National Tax Numbers (NTN) for artificial juristic persons will be CIN in addition to Sales Tax Registration Number.

- Procedure and conditions for grant of extension in time for submission of returns has been proposed.

- It is proposed that the FBR will specify the goods for which the manufacturer is required to obtain a brand license for each brand or Stock Keeping Unit (SKU) from the FBR. Sales of such branded goods, without obtaining the requisite license, would be considered as counterfeited goods and would be confiscated and destroyed.

- It is proposed that the provision for recovery of tax under section 48 would also apply in case of recovery of tax on the request of a foreign tax authority under a tax treaty.

- It is proposed to empower the FBR to share information with the Federal and Provincial Governments subject to certain conditions. It is further proposed to empower the Federal Government to enter into agreements, conventions and similar arrangements with foreign governments for assistance in recovery of taxes.

- It is proposed that an adjustment, with prior approval of the CIR, in respect of amounts payable and receivable to and from same party, would be treated as satisfying the requirements of payment under section 73; provided that the applicable sales tax has been charged and paid by both parties.

- It is proposed to provide compensation for delayed payment of a refund determined under section 66.

- Sales tax on supply of sugar is proposed to be levied at manufacturer's fixed maximum retail price except supplies to pharmaceuticals, beverages and confectionary industry as industrial raw material.

- **Zero rating** on supply of following items is proposed to be withdrawn-

  i Supply, repair or maintenance of any ship which is neither;

a) a ship of gross tonnage of less than 15 LDT; nor
b) a ship designed or adapted for use for recreation or pleasure.

ii Supply, repair or maintenance of any aircraft which is neither;
a) an aircraft of weight-less than 8000 kilograms; nor
b) an aircraft designed or adapted for use for recreation or pleasure.

iii Supply of spare parts and equipment for ships and aircraft falling under (i) and (ii) above.

iv Supply of equipment and machinery for pilotage, salvage or towage services.

v Supply of equipment and machinery for air navigation services.

vi Supply of equipment and machinery for other services provided for the handling of ships or aircraft in a port or Customs Airport.

vii Supplies of such locally manufactured plant and machinery to petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification.

viii Petroleum Crude Oil (PCT heading 2709.0000).

ix Raw materials, components, sub-components and parts, if imported or purchased locally for use in the manufacturing of such plants and machinery as is chargeable to sales tax at the rate of zero percent, subject to the condition that the importer or purchaser of such goods holds a valid sales tax registration showing his registration category as "manufacturer"; and in case of import , all the conditions, restrictions, limitations and procedures as are imposed by notification under section 19 of the Customs Act,1969(IV of 1969), shall apply.

- Zero rating is proposed to be introduced for local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021.

- Exemption available on supply of following items is proposed to be withdrawn-

i Edible oils and vegetable ghee, including cooking oil, on which Federal Excise Duty is charged, levied and collected by a registered manufacturer or importer as if it were a tax payable under section 3 of the Act.
ii Ice and waters excluding those for sale under brand names or trademarks.
iii Table salt including iodized salt excluding
iv salt sold in retail packing bearing brand names and trademarks.
v Glass bangles
vi Energy saver lamps
vii Bicycles
viii Raw and pickled hides and skins, wet blue hides and skins, finished leather, and accessories, components and trimmings, if imported by a registered leather goods manufacturer, for the manufacture of goods wholly for export, provided that conditions, procedures and restrictions laid down in rules 264 to 278 of the Customs Rules, 2001 are duly fulfilled and complied with.

- Exemption available on import of various edible products including cereals and products of milling industry, fruit juices, dairy products, sausages, poultry, meat etc. is proposed to be withdrawn. However, exemption on local supply of these items would continue.

- Exemption available to export oriented leather manufacturers on import of raw and pickled hides and skins, wet blue hides and skins, finished leather, and accessories, components and trimmings is proposed to be withdrawn.

- Exemption available on import and supply of ships and all floating crafts (except for demolition purposes or for use of recreation or pleasure), aircrafts, whether imported or acquired on wet or dry lease, kits, spare parts for training aircrafts and simulators is proposed to be withdrawn.
- Local supply of locally produced silos is proposed to be exempted.

- Import of following items are proposed to be exempted-

i Plant, machinery, equipment and raw materials for consumption of these items within Special Technology
ii Zone by the Special Technology Zone Authority, zone developers and zone enterprises
iii Raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the FBR

- CKD kits for 4-wheeler electrical vehicles imported by local manufacturers for small cars with 50Kwh batteries or below and light commercial vehicles with 150Kwh batteries or below is proposed to be exempted. Moreover, local supply of such locally manufactured or assembled 4-wheeler electrical vehicles is proposed to taxed at the rate of 1%.

- Supply of various specified edible agriculture produce and certain other specified raw material and household machines and equipment are proposed to be exempted, if supplied within the limits of the Border Sustenance Markets, established in cooperation with Iran and Afghanistan subject to certain conditions. However, if such goods are availed or brought outside the limits of such markets then these goods would be taxed.

- **Locally manufactured or assembled motor cars** of cylinder capacity upto 850cc is proposed to be taxed at reduced rate of 12.5%.

- **Import and local supply of hybrid electrical vehicles** upto 1800cc are proposed to be taxed at reduced rate of 8.5%, whereas, from 1801cc to 2000cc hybrid electrical vehicles are proposed to be taxed at 12.75%.

- Import of 2, 3 and 4-wheeler small electrical vehicles, heavy commercial vehicles in CBU condition and motor cars of cylinder capacity upto 850cc are proposed to be exempted from levy of value added tax at import stage.

- Import of auto disable syringes and raw material for local manufacturing of the same is proposed to be exempted upto 30 June 2021.
- Reduced rates available for import and supply of various goods including following is proposed to be withdrawn-

  i Soya bean meal and seed, Raw cotton and ginned cotton
  ii Ingredients of poultry and cattle feed, machinery of poultry sector
  iii Machinery and equipment for harvesting, threshing and storage
  iv Plant and machinery not manufactured locally and having no compatible local substitutes
  v Dairy products sold in retail packing under brand name
  vi Plant, machinery and equipment of biodiesel
  vii Waste paper
  viii LNG/RLNG
  ix Unworked gold and silver and jewelry

- Sales tax on supply of Subscriber Identification Module (SIM) Cards by Cellular Mobile Operators is proposed to be treated as withdrawn, effective from 01 July 2020 onwards with the explanation that such withdrawal shall not be affect the stance of FBR or its position in pending cases for chargeability of sales tax thereof.

FEDERAL EXCISE DUTY

It is proposed:

- to waive the requirement to obtain the approval of the CIR for the revision of a return, subject to certain conditions, in line with the Act.

- that the provision for recovery of duty under section 14 would also apply in case of recovery of duty on the request of a foreign tax authority under a tax treaty.

- that the FBR will specify the goods for which a manufacturer is required to obtain a brand license for each brand or Stock Keeping Unit (SKU) from the FBR. Any sales of such goods, without obtaining a brand license, would lead to penal consequences including such goods being treated as counterfeited, leading to their confiscation and destruction.

- to empower the FBR to share information relating to FED with the Federal and Provincial Governments subject to certain conditions. It is further proposed to empower the Federal Government to enter into agreements, conventions and similar arrangements with foreign governments for assistance in recovery of duties.

- It is proposed to **exempt FED** on the following items-

  i Edible oils, vegetable ghee, cooking oil, fruit juices, syrups and steel billets etc.
  ii Locally manufactured/assembled vehicles up to 850 cc
  iii The MDR portion of digital payment transactions
  iv Certain food and related items supplied within limits of Border Sustenance Markets established in cooperation with Afghanistan and Iran
  v Import/supply of certain items by registered persons under the FBR's Export Facilitation Scheme, 2021

- It is proposed to incorporate the exemption from FED on electric vehicles (4 wheelers) granted through the Tax laws (Amendment) Ordinance, 2021.

- It is proposed to levy FED at the rate of Rs 5,200 per kg on electrically heated tobacco products by whatever the name called using non-combustive tobacco heating systems.

- The rate of FED on telecommunications services is proposed to be reduced from 17% to 16%.

- It is also proposed to levy additional FED on:

  - mobile phone calls -- Re. 1 per call plus proposed 16% of the charges (if call duration exceeding 3 minutes),
  - internet services -- Rs. 5 per GB plus proposed 16% of the charges
  - SMS services. -- Re 0.10 per SMS plus proposed 16% of the charges

CUSTOMS

- Reductions and exemptions from customs duties are proposed on raw materials / inputs related to
  - i Textile industry
  - ii APIs plant
  - iii Vaccines for veterinary medicines and feed additives of dairy sector
  - iv Aseptic plastic packaging
  - v Electronics manufacturing industry
  - vi Bobbins and cops manufacturing industry
  - vii Grain storage hermetic bags and cocoons
  - viii Flat rolled products of HRC and stainless steel
  - ix Machinery and equipment
  - x Tourism industry
  - xi Cables / optical fiber manufacturers
  - xii Furniture
  - xiii COVID-19 related items
  - xiv Cocoa paste
  - xv Point of sale machines
  - xvi Food processing industry
  - xvii Footwear industry
  - xviii Paint Industry
  - xix Coating
  - xx Ready-To-Use Supplementary Foods (RUSF) and Ready-To-Use Therapeutic Food (RUTF) u. Butter and powder
  - xxi Pharmaceutical sector
  - xxii Uncoated paper and paperboard for printing and graphic arts industry x. Poultry industry
  - xxiii Chemical and artificial leather industry
  - xxiv Boiler manufacturing industry aa. Life-saving drugs

- Rationalization of tariff structure for auto sector.

- Rationalization of Regulatory Duty (RD) on import of mobile phones.

- Reduction of RD on skin and hides.
- Increasing the period of validity of advance ruling from the current one year to three years.

- The FBR is being empowered to constitute a committee for settlement of disputes regarding classification of goods, this will avoid unnecessary litigation on account of classification disputes.

- Concept of common bonded warehousing is proposed to encourage Small and Medium Enterprises.

- A new Uniform Export Facilitation Scheme is proposed to be implemented in next two years.

- Removal of fine in case of delay in filing of goods declaration.

- The Collector is allowed to extend warehousing period for six months.

- Bond to Bond Transfer of goods through WeBOC without prior approval of the Collector is proposed to be allowed.

- Collector of customs will be empowered to determine customs value.

- In case of any conflict in valuation of goods determined by the Director Customs valuation, the Director General Valuation shall determine the valuation of goods.

- Importers will be allowed to amend manifest till berthing event and make authentic amendments in into-bonds goods declaration. The customs authorities will issue correction / corrigendum certificate in case of genuine / obvious error.

- Increasing fine in case of non-placement of invoice and packing list in container to inculcate compliance.

- Affording opportunity of being heard to the registered users of WeBOC in accordance with the canons of natural justice.

- Inclusion of master bill of lading and certificate of origin in the existing definition of document to discourage origin fraud.

- Inclusion of the retailing in definition of smuggling to discourage retailers from selling smuggled goods.

- Making shipping lines responsible for re-export of banned items imported in commercial quantities.

- Discouraging smuggling by denying release of vehicles used repeatedly for smuggling against redemption fine.

- Border Sustenance Markets will be established for people residing in border areas to counter smuggling and providing legitimate business opportunities.

- Enhancement of the value of unsolicited gifts through post or courier from PKR 20,000 to PKR 30,000.

ISLAMABAD CAPITALTERRITORY (Tax on services)

To promote export of services and to bring harmony with certain provincial sales tax laws, the Bill proposes to prescribe rate of zero percent for sales tax chargeable on export of services from Islamabad Capital Territory

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Together We Lead the Future