

A Brief on Finance (Supplementary) Act, 2022

Finance (Supplementary) Act, 2022
(The Act)



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Amendments in the Income Tax Ordinance, 2001

Digital Means of Payment Defined

(Section 2(17(B)))

Finance (Supplementary) Act, 2022 has defined “Digital Means” of payment as digital payments and financial services including but not limited to:

- a) Online portals or platforms for digital payments/receipts
- b) Online interbank fund transfers services
- c) Online bill or invoice presentment and payment services
- d) Over the counter digital payment services or facilities
- e) Card payments using Point of Sale (POS) terminals, QR codes, mobile devices, ATMs, Kiosk or any other digital payments enabled devices
- f) Any other digital or online payment modes.

Effective Date for Enforcing Digital Means of Payments Extended

(Section 21(1a))

The Act has extended the effective date for applicability of newly inserted clause for digital payments as per the date to be notified by the Board.

Furnishing of Information by Banks

(Section 165A(1(f)))

Finance (Supplementary) Act, 2022 has made it mandatory for banks to provide the particulars of business accounts opened or re-designated by persons during each preceding calendar month.

Disclosure of Information by High Level Public Officials and Public Servant of BPS 17 or above

(Section 216(3(t)))

The Act has made it obligation on high level public officials (politically exposed persons) and public servants of BPS 17 or above to disclose particulars related to their spouses, children or benamidars or any person in relation to whom the above person is beneficial owner.

Advance Tax on TV Plays and Advertisements

(Section 236CA)

By virtue of the Act any licensing authority while certifying any foreign TV drama serial or play dubbed in Urdu or any commercial starring foreign actor shall collect advance tax as per table below:

Sr. No.	Description	Tax to be Collected
1	Foreign-produced TV drama serial or play	Rs. 1,000,000 per Episode
2	Foreign-produced TV play (single episode)	Rs. 3,000,000
3	Advertisement starring foreign actor	Rs. 500,000 per second

Tax Rates on Dividend Received from Special Purpose Vehicle Prescribed

(Part I and Part III of First Schedule)

The Act has prescribed tax rates for dividend received from Special Purpose Vehicle as per the below table:

Description	Rate of Tax
Dividend received by a REIT scheme from Special Purpose Vehicle	0
Dividend received by others from Special Purpose Vehicle	35%

***Tax Rates for Subscriber of Internet, Mobile Telephone & Prepaid Internet Enhanced
(Division V of Part IV of First Schedule)***

Rate of collection of tax in case of subscriber of internet, mobile telephone and prepaid internet has been increased from 10% to 15%.

<i>Previous Rate</i>	<i>Current Rate</i>
10% for Tax Year 2022 and 8% onwards	15%

***Advance Tax Increased on Registration of Motor Vehicles Sold Prior to Registration
(Division VII of Part IV of First Schedule)***

By virtue of the Act, tax payable on purchase, registration & transfer of motor vehicle has been increased as per table below:

<i>Sr. No.</i>	<i>Engine Capacity</i>	<i>Previous Amount of Tax</i>	<i>Current Amount of Tax</i>
1.	Up to 1000cc	Rs.50,000	Rs.100,000
2.	1001cc to 2000cc	Rs.100,000	Rs.200,000
3.	2001cc and above	Rs.200,000	Rs.400,000

Special Incentives Introduced for Special Purpose Vehicles (Second Schedule)

The Act has provided following reliefs to REIT Scheme and Special Purpose Vehicle (SPV) as defined under the REIT Regulations 2015:

- The Income of SPV will be exempted subject to condition if 90% of accounting income (excluding capital gain) has been distributed to shareholders (Part I, Clause 99)
- The gain on sale of share of SPV by any person to REIT scheme will be exempt from tax (Part I, Clause 99A)
- Withholding tax under following sections will not be applicable in case of special purpose vehicles:
 - i. 150 (Dividend Income)
 - ii. 151 (Profit on Debt)
 - iii. 233 (Commission Income)
 - iv. Capital Gains on Disposal of Securities (Part IV, Clause 47B)

Amendments in the Sales Tax Act, 1990

Threshold for Qualification as Cottage Industry Reduced (Section 2(5AB))

The Finance (Supplementary) Act, 2022 has reduced the threshold of annual turnover from supplies from Rs. 10 Million to Rs. 8 Million to qualify as a cottage industry.

Definition of Tier 1 Retailer Broadened (Section 2(43A))

The definition of Tier-1 Retailers has been broadened with the inclusion of retailers whose deductible withholding tax under sections 236G or 236H of the Income Tax Ordinance, 2001 during the immediately preceding twelve consecutive months has exceeded the threshold as specified by the Board through notification in the official Gazette.

Delegation of Powers of Federal Government (Section 3(2))

The Act has delegated the powers of the Federal Government to the Board to exclude any taxable supply or import from Third Schedule or include any taxable supply or import.

Condition of Obtaining CNIC Withdrawn in case of Digital Payments (Section 23(1)(b), 23(1)(g))

By virtue of the Finance (Supplementary) Act, 2022, copy of the CNIC of the unregistered buyer shall not be required if the payment is made through debit or credit card or digital mode.

Furthermore, the protection from liability of tax or penalty available to the seller in case of sales made in good faith where CNIC is subsequently found incorrect also stands withdrawn by the Act.

Fifth Schedule

Deletions from Fifth Schedule

Finance (Supplementary) Act, 2022 has withdrawn the chargeability of zero rated sales tax on the following goods previously included in the Fifth Schedule to the Sales Tax Act, 1990 resulting in chargeability of standard rate of sales tax @ 17%.

Sr. No.	Description
3.	Supplies to duty free shops, provided that in case of clearance from duty free shops against various baggage rules issued under the Customs Act, 1969, (IV of 1969), the supplies from duty free shops shall be treated as import for the purpose of levy of sales tax.
6A.	Supplies of locally manufactured plant and machinery to manufacturers in the Export Processing Zone, subject to the conditions, restrictions and procedure.
9.	Goods exempted under section 13, if exported by a manufacturer.
12.	(xix) Bicycles (PCT heading 87.12)
15.	Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.
18.	(i) Supply, repair or maintenance of any ship. (ii) Supply of spare parts and equipment for ships falling under (i) above. (iii) Supply of equipment and machinery for salvage or towage services. (iv) Supply of equipment and machinery for other services provided for the handling of ships in a port.

Additions in Fifth Schedule

Following goods shall be charged at zero rate of sales tax:

Sr. No.	Description
12.	Preparations suitable for infants, put up for retail sale not exceeding rupees five hundred per two hundred grams (PCT Heading 1901.1000)
19.	Drugs registered under the Drugs Act, 1976 (XXXI of 1976), or medicaments as classified under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except PCT heading 3005.0000.
20.	Petroleum Crude Oil (PCT heading 2709.0000).

Sixth Schedule

Deletions from Sixth Schedule

Following goods shall be charged @ 17% sales tax previously regarded as exempt goods under the Sixth Schedule to the Sales Tax Act, 1990:

Sr. No.	Description
TABLE 1	
1.	Live Animals and live poultry.
2.	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen or otherwise, preserved or packed.
3.	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved or packed.
11.	Eggs including eggs for hatching.
12.	Live plants including bulbs, roots and the like.
20.	Seeds, fruit and spores of a kind used for sowing.
21.	Cinchona bark.
23.	Sugar cane.
46.	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under Customs Act, 1969 (IV of 1969), and the conditions laid therein.
49.	Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments, including goods imported for the President's Fund for Afghan Refugees, relief goods donated for Afghan Refugees, gifts for President's Fund for Assistance of Palestine and gifts received by Pakistani organizations from Church World Services or the Catholic Relief Services subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Custom Act, 1969.
50.	Articles imported through post as unsolicited gifts, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.
51.	Imported samples, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969. (IV of 1969).
52.	Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969).
52A.	Goods excluding electricity and natural gas supplied to hospitals run by the Federal or Provincial Governments or charitable operating hospitals of fifty beds or more or the teaching hospitals of statutory universities of two hundred or more beds.

Sr. No.	Description
53.	Import of all such gifts as are received, and such equipment for fighting tuberculosis, leprosy, AIDS and cancer and such equipment and apparatus for the rehabilitation of the deaf, the blind, crippled or mentally retarded as are purchased or otherwise secured by a charitable non-profit making institution solely for the purpose of advancing declared objectives of such institution, subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969)
54.	Educational, scientific and cultural material imported from a country signatory to UNESCO Agreement or a country signatory to bilateral commodity exchange agreement with Pakistan, subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969 (IV of 1969).
55.	Import of replacement goods supplied free of cost in lieu of defective goods imported, subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.
57.	Goods (including dry fruits imported from Afghanistan) temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).
58.	Import of ship stores, subject to the procedures, conditions and restrictions as may be specified by the Collector of Customs in this behalf including those consignments of such stores that have been released without charging sales tax since the 1st July, 1998, but excluding such consignments of ship stores as have been cleared on payment of sales tax.
60.	Contraceptives and accessories thereof.
61.	Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with.
63.	Personal wearing apparel and bona fide baggage imported by overseas Pakistanis and tourists, if imported under various baggage rules and is exempt from Customs duties.
71.	Goods and services purchased by non-resident entrepreneurs and in trade fairs and exhibitions subject to reciprocity and such conditions and restrictions as may be specified by the Board.
72.	Uncooked poultry Meat whether or not fresh, frozen or otherwise, preserved or packed
81.	Cotton seed
84.	Preparations suitable for infants, put up for retail sale
92.	Sewing machines of the household type
99.	Compost (non-commercial fertilizer) produced and supplied locally
102.	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply.
104.	Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except the following, even if medicated or medicinal in nature, namely:- (a) filled infusion solution bags imported with or without infusion given sets; (b) scrubs, detergents and washing preparations; (c) soft soap or no soap; (d) adhesive plaster; (e) surgical tapes; (f) liquid paraffin; (g) disinfectants, and (h) cosmetics and toilet preparations.

Sr. No.	Description
105.	Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding eleven per cent ad valorem, either under the First Schedule or Fifth Schedule to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof.
109.	Goods imported temporarily with a view to subsequent, exportation as concurred by the Board, including passenger service item, provision and stores of Pakistani Airlines.
110.	The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad for the period ending on the 30th June, 2023: - (a) Solar PV panels; (b) LVD induction lamps; (c) SMD, LEDs, with or without ballast, with fittings and fixtures; (d) Wind turbines including alternators and mast; (e) Solar Torches; (f) Lanterns and related instruments; (g) PV modules along with related components, including invertors, charge controllers and batteries. (h) Tubular day lighting device. (i) Energy saver lamps and tube lights of varying voltages (operating on AC or DC). (j) Invertors (off-grid/on grid/ hybrid) with provision for direct connection/input from renewable energy source and with Maximum Power Point Tracking (MPPT).
113.	High Efficiency Irrigation Equipment (If used for agriculture sector)
114.	Green House Framing and Other Green House Equipment (If used for Agriculture Sector) (1) Tunnel farming equipment consisting of plastic covering and mulch film, anti-insect net and shade net (2) Greenhouses (prefabricated)
116.	Plant, machinery and equipment imported for setting up industries in FATA up to 30th June 2019 subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969 (IV of 1969).
117.	Appliances and items required for ostomy procedures as specified in the Chapter 99 of the First Schedule to the Customs Act, 1969, subject to same conditions as specified therein
126.	Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division.
127.	Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division.
129.	Import of plant, machinery and production line equipment used for the manufacturing of mobile phones by the local manufacturers of mobile phones duly certified by the Pakistan Telecommunication Authority.
130.	Sodium Iron (Na Fe EDTA), and other premixes of vitamins, minerals and micro-nutrients (food grade) and subject to conditions imposed for importation under the Customs Act, 1969
131.	Laptop computers, notebooks whether or not incorporating multimedia kit
132.	Personal computers
134.	Goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization subject to recommendations of the Cabinet Division and concurrence by the Federal Board of Revenue.
135.	Sunflower and canola hybrid seeds meant for sowing
136.	Combined harvesters up to five years old
138.	Fish Feed

Sr. No.	Description
139.	Fans for dairy farms
140.	Bovine semen
141.	Preparations for making animal feed
142.	Promotional and advertising material including technical literature, pamphlets, brochures and other giveaways of no commercial value, distributed free of cost by the exhibitors
146.	Equipment imported by M/s China Railway Corporation to be furnished and installed in Lahore Orange Line Metro Train Project.
149.	Micro feeder equipment
150.	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction:- Conditions: (a) the importer is registered under the Act on or after the first day of July, 2019; and (b) the industry is not established by splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from another industrial undertaking in Pakistan.
155.	Oil cake and other solid residues, whether or not ground or in the form of pellets.
158.	Goods temporarily imported into Pakistan by International Athletes which shall be subsequently taken by them within 120 days of temporary import.

TABLE 2 (LOCAL SUPPLIES ONLY)

1.	Supply of cottonseed exclusively meant for sowing purposes, subject to such conditions as the Board may specify.
2.	Supply of locally produced crude vegetable oil obtained from the locally produced seeds other than cotton seed, except cooking oil, without having undergone any process except the process of washing.
4.	Raw material and intermediary goods manufactured or produced, and services provided or rendered, by a registered person, consumed in-house for the manufacture of goods subject to sales tax.
9.	Foodstuff and other eatables prepared in the flight kitchens and supplied for consumption on-board in local flights.
15.	a. Sprinkler Equipment b. Drip Equipment c. Spray Pumps and nozzles
16.	Raw cotton
22.	Single cylinder agriculture diesel engines (compression-ignition internal combustion piston engines) of 3 to 36 HP.
23.	Match boxes
33.	Whey, excluding that sold in retail packing under a brand name
38.	Sausages and similar products of poultry meat or meat offal excluding sold in retail packing under a brand name or trademark.

TABLE 3

1.	Machinery and equipment for initial installation, balancing, modernization, replacement or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting.
2.	Following machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and fittings imported by hospitals and medical or diagnostic institutes: - A. Medical Equipment. B. Cardiology / Cardiac Surgery Equipment C. Disposable Medical Devices D. Other Related Equipment

Sr. No.	Description
2A.	The following raw materials imported by registered manufacturer of auto disabled syringes: (1) Printing paper (2) Polypropylene (3) Propylene copolymers (4) Plasticized (5) Epoxide Resins (6) Bioaxially Oriented Polypropylene (BOPP film, laminated)
3.	1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non-luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mine construction phase or extraction phase. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis for mine construction or extraction phase.
4.	Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups and dump trucks, imported for Thar Coal Field.
5.	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through oil, gas, coal, wind and wave energy including under construction projects, which entered into an implementation agreement with the Government of Pakistan. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.
6.	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through gas, coal, hydel, and oil including under construction projects. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.
7.	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel bio-energy, ocean, waste-to-energy and hydrogen cell. This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.
8.	1. Machinery and equipment meant for power transmission and grid stations including under construction projects. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.
9.	Machinery, equipment and other education and research related items imported by technical, training institutes, research institutes, schools, colleges and universities.
11.	Machinery and equipment for marble, granite and gem stone extraction and processing industries.
13.	Effluent treatment plants
14.	Following items for use with solar energy: - Solar Power Systems. 1) Off-grid/On-grid solar power system (with or without provision for USB/charging port) 2) Water purification plants operating on solar energy.
14A.	Systems and items for dedicated use with renewable source of energy like solar, wind, geothermal as imported on or before the 30th June, 2023.
15.	Items for promotion of renewable energy technologies or for conservation of energy.
15A.	Parts and Components for manufacturing LED lights.
15B.	CKD kits for single cylinder agriculture diesel engines (compression-ignition internal combustion piston engines) of 3 to 36 HP.
17.	Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.
21.	Import of POS machines

Additions in Sixth Schedule

Following goods shall be exempt from sales tax:

Sr. No.	Description
TABLE 1	
13.	Edible vegetables imported from Afghanistan including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.
15.	Fruit imported from Afghanistan excluding apples PCT 0808.1000
19.	Rice, wheat, wheat and meslin flour
32.	Newsprint and educational text books but excluding brochures, leaflets and directories
156.	Import of CKD kits by local manufacturers of following Electric Vehicles: – i) Road Tractors for semi-trailers (Electric Prime Movers) ii) Electric Buses iii) Three Wheeler Electric Rickshaw iv) Three Wheeler Electric Loader v) Electric Trucks vi) Electric Motorcycle
TABLE 2 (LOCAL SUPPLIES ONLY)	
7.	Breads, vermicillies, nans, chapattis, sheer mal, bun and rusk excluding those sold in bakeries, restaurants, food chains and sweet shops falling in the category of Tier-1 retailers.
40.	Live Animals and live poultry
41.	Meat of bovine animals, sheep, goat and uncooked poultry meat excluding those sold in retail packing under a brand name
42.	Fish and crustaceans excluding those sold in retail packaging under a brand name
43.	Live plants including bulbs, roots and the like
44.	Cereals other than rice, wheat, wheat and meslin flour
45.	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.
46.	Edible fruits
47.	Sugar cane
48.	Eggs including eggs for hatching
49.	Compost (non-commercial fertilizer)
50.	Locally manufactured laptops, computers, notebooks whether or not incorporating multimedia kit and personal computers
51.	Newspaper

Eighth Schedule

Deletions from Eighth Schedule

Following goods shall be charged @ 17% sales tax previously subject to reduced rate under the Eighth Schedule to the Sales Tax Act, 1990:

Sr. No.	Description	Previous Rate of Sales Tax
4.	Oilseeds meant for sowing.	5%
6.	Plant and machinery not manufactured locally and having no compatible local substitutes	10%
7.	Flavored milk	10%
8.	Yogurt	10%
9.	Cheese	10%
10.	Butter	10%
11.	Cream	10%
12.	Desi Ghee	10%
13.	Whey	10%
14.	Milk and cream, concentrated or containing added sugar or other sweetening matter.	10%
15.	Ingredients of poultry feed, cattle feed, except soya bean meal of PCT heading 2304.0000 and oil-cake of cotton-seed falling under PCT heading 2306.1000	10%
16.	Incinerators of disposal of waste management, motorized sweepers and snow ploughs.	5%
17.	Re-importation of foreign origin goods which were temporarily exported out of Pakistan.	5%
20.	Plant, machinery, and equipment used in production of bio-diesel.	5%
26.	Tillage and seed bed preparation equipment.	5%
27.	Seeding or planting equipment.	5%
28.	Irrigation, drainage and agro-chemical application equipment.	5%
29.	Harvesting, threshing and storage equipment.	5%
30.	Post-harvest handling and processing & miscellaneous machinery.	5%
34.	1. Set top boxes for gaining access to internet 2. TV broadcast transmitter 3. Reception apparatus for receiving satellite signals of a kind used with TV (satellite dish receivers) 4. Other set top boxes	5%
45.	Machinery for poultry sector	7%
46.	Multimedia projectors	10%
54.	lithium iron phosphate battery (Li-Fe-PO4)	12%
55.	Fish babies / seedlings	5%
59.	Products of milling industry except wheat and meslin flour	10%
61.	Silver, in unworked condition	1%

Sr. No.	Description	Previous Rate of Sales Tax
62.	Gold, in unworked condition	1%
63.	Articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal.	1.5% of the value of gold plus 2% of the value of diamond, used therein, plus 3% of making charges
64.	Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops.	7.5%
66A.	Supplies excluding those specified in S. No. 66, as made from retail outlets integrated with Board's Computerized System for real time.	16%
66B.	Import of re-meltable scrap.	14%
68.	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal.	8%
69.	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish.	8%
76.	Business to business transactions specified by the Board through a notification in official Gazette subject to such conditions and restrictions as specified therein.	16.9%
TABLE 2		
1.	Machinery and equipment for development of grain handling and storage facilities including silos.	10%
2.	Cool chain machinery and equipment.	5%
4.	1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) <i>i.e.</i> single or double cabin pickups, accessories, spares, chemicals and consumables meant for mineral exploration phase. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the exploration phase.	5%
5.	Complete plants for relocated industries.	10%
6.	Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining (mineral oil, hydro- cracking and other value added petroleum products), petrochemical and petrochemical downstream products including fibers and heavy chemical industry, cryogenic facility for ethylene storage and handling.	10%
8.	1. Milk chillers. 2. Tubular heat exchanger (for pasteurization). 3. Milk processing plant, milk spray drying plant, Milk UHT plant. 4. Milk filters 5. Any other machinery and equipment for manufacturing of dairy products.	5%
9.	Capital goods otherwise not exempted, for Transmission Line Projects.	5%

Additions in Eighth Schedule

Following goods shall be charged at reduced rate prescribed in the table below under the Eighth Schedule to the Sales Tax Act, 1990:

Sr. No.	Description	Previous Rate	Current Rate
66.	Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales.	10%	12%
	Following locally manufactured electric vehicles:		
70.	(i) Road Tractors for semi-trailers (Electric Prime Movers) (ii) Electric Buses (iii) Three Wheeler Electric Rickshaw (iv) Three Wheeler Electric Loader (v) Electric Trucks (vi) Electric Motorcycle	1%	1%
72.	Motorcars (Locally manufactured or assembled motorcars of cylinder capacity up to 850cc)	12.5%	12.5%
73.	Locally manufactured Hybrid electric vehicle– (a) Up to 1800 cc (b) From 1801 cc to 2500 cc	8.5% 12.75%	8.5% 12.75%
75.	Import of electric vehicle in CBU conditions	5%	12.5%
77.	Personal computers and Laptop computers, notebooks whether or not incorporating multimedia kit.	-	5%

Ninth Schedule

Table 2 (Cellular Mobile Phones in CKD/CBU form)

Finance (Supplementary) Act, 2022 has amended the rate of sales tax on certain mobile phones as per description in the table below:

Sr. No.	Description	Previous Sales Tax	Current Sales Tax
1.	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category:		
	E. Exceeding US\$ 200 but not exceeding US\$ 350	Rs. 1,740	17% ad valorem
	F. Exceeding US\$ 350 but not exceeding US\$ 500	Rs. 5,400	17% ad valorem
	G. Exceeding US\$ 500	Rs. 9,270	17% ad valorem

Amendments in the Islamabad Capital Territory (Tax on Services), Ordinance, 2001

Finance (Supplementary) Act, 2022 has prescribed that reduced tax subject to certain conditions shall be charged on certain services under Islamabad Capital Territory Ordinance, 2001. Such prescribed services have been mentioned in the following newly inserted Table 2 of the Schedule to the Islamabad Capital Territory Ordinance, 2001:

Sr. No.	Description	PCT Heading, if applicable	Rate of Tax
1	(I) Construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs.50 million per annum. (II) The cases where sales tax is otherwise paid as property developers or promoters. (III) Government civil works including cantonment boards. (IV) Construction of industrial zones, consular building and other organizations exempt from income tax. (V) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments	9814.2000 and 9824.0000	0% with no input tax adjustment
2	Services provided for personal care by beauty parlors, clinics and slimming clinics, body massage centers, pedicure centers, including cosmetic and plastic surgery by such parlors / clinics, but excluding cases where – (I) annual turnover does not exceed Rs.3.6 million; or (II) the facility of air-conditioning is not installed or available in the premises.	9810.0000, 9821.4000 and 9821.5000	5% with no input tax adjustment
3	Services provided by freight forwarding agents, and packers and movers.	9805.3000 and 9819.1400	5% or Rs. 1000 per bill of lading, whichever is higher
4	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah).	9803.9000, 9805.5000 and 9805.5100	5% with no input tax adjustment
5	Services provided by specialized workshops or undertakings (auto-workshops; workshops for industrial machinery, construction and earth- moving machinery or other special purpose machinery etc.; workshops for electric or electronic equipment or appliances etc. Including computer hard ware; car washing or similar service stations and other workshops).	98.20	5% with no input tax adjustment

Sr. No.	Description	PCT Heading, if applicable	Rate of Tax
6	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna massage centres.	9821.1000, 9821.2000 and 9821.4000	5% with no input tax adjustment
7	Services provided by laundries and dry cleaners.	9811.0000	5% with no input tax adjustment
8	Services provided by property dealers and realtors.	Respective headings	0% with no input tax adjustment
9	Services provided by car / automobile dealers.	Respective headings	5% with no input tax adjustment
10	Services provided or rendered by marriage halls and lawns, by whatever name called, including "pandal" and "shamiana" services and caterers.	Respective headings	5% with no input tax adjustment
11	<p>IT services and IT-enabled services. Explanation: For the purpose of this entry</p> <p>(a) "IT services" include software development, software maintenance, system integration, web design, web development, web hosting and network design; and</p> <p>(b) "IT enabled services" include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.</p>	Respective headings	5%
12	Services provided by property developers and promoters (including allied services) relating to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority or under Government's Ehsaas programme	9807.0000 and respective sub-headings of heading 98.14	0% with no input tax adjustment

Amendments in the Federal Excise Act, 2005
(Table 1, First Schedule)

Finance (Supplementary) Act, 2022 has amended rate of Federal Excise Duty on import or locally manufactured / assembled vehicles as per the table given below:

Sr. No.	Description of Goods	Previous Rate	Current Rate
55	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars (a) of cylinder capacity upto 1000cc (b) of cylinder capacity from 1001cc to 1799cc (c) of cylinder capacity 1800cc to 3000cc (d) of cylinder capacity exceeding 3001cc	2.5% 5% 25% 30%	2.5% 10% 30% 40%
55B	Locally manufactured or assembled motor cars, SUVs and other motor vehicles, excluding auto rickshaws principally designed for the transport of persons (other than those of headings 87.02) and till the 30 th day of June, 2026 electric vehicles (4 wheelers) including station wagons and racing cars: (a) of cylinder capacity up to 1300c (b) of cylinder capacity up to 1301cc to 2000cc (c) of cylinder capacity 2001cc and above	0% 2.5% 5%	2.5% 5% 10%
55C	Imported double cabin (4x4) pick-up vehicles	25%	30%
55D	Locally manufactured double cabin (4x4) pick-up vehicles except the vehicles booked on or before the 30th June, 2020 subject to the restriction or conditions specified by the Board.	7.5%	10%

Amendments in the Customs Act, 1969

Power of Collector of Customs to Determine Customs Value Withdrawn

(Section 25A)

By virtue of Finance (Supplementary) Act, 2022, the power granted to the Collector of Customs to determine the customs value of any goods or category of goods imported into or exported out of Pakistan has been withdrawn.

Checking of Goods Declaration by the Customs

(Section 80(3))

By virtue of Finance (Supplementary) Act, 2022, time period of three years for reassessment of goods under such circumstances that any statement in good declaration or document or any information so furnished is not correct has been reversed.

Acceptance of Corporate Guarantee Withdrawn

(Section 81)

Acceptance of corporate guarantee for the purpose of clearance of goods on the basis of provisional assessment of duty, taxes and other charges has been withdrawn by the Finance (Supplementary) Act, 2022.

Appeals against an order of the Director General Customs Valuation to the Appellate Tribunal

(Section 194(1)(f))

The Act has introduced a new clause in section 194 that any person or officer of Custom aggrieved by an order passed in revision by the Director-General Customs Valuation under section 25D can file an appeal before the Appellate Tribunal provided that such appeal shall be heard by a special bench consisting of one technical member and one judicial member.

Right of filing reference before High Court against an Order of Member Customs (Policy) Omitted

(Section 196(1))

By virtue of the Finance (Supplementary) Act, 2022, provision for filing of reference before High Court against an order of Member Customs (Policy) under sections 25D and 212B has been omitted.



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