

# CHAPTER X PROCEDURE

## PART I RETURNS

**114. Return of income.-** (1) Subject to this Ordinance, the following persons are required to furnish a return of income for a tax year, namely:—

<sup>1</sup>[(a) every company;] ✓

<sup>2</sup>[(ab) every person (other than a company) whose taxable income for the year exceeds the maximum amount that is not chargeable to tax under this Ordinance for the year; <sup>3</sup>[or]]

<sup>4</sup>[(ac) any non-profit organization as defined in clause (36) of section 2; <sup>5</sup>[ ]]

<sup>6</sup>[(ad) any welfare institution approved under clause (58) of Part I of the Second Schedule;]

<sup>7</sup>[(b) any person not covered by clause <sup>8</sup>[(a), (ab), (ac) or (ad)] who,-

(i) has been charged to tax in respect of any of the two preceding tax years;

(ii) claims a loss carried forward under this Ordinance for a tax year;

(iii) owns immovable property with a land area of <sup>9</sup>[five hundred] square yards or more or owns any flat located in areas falling within the

1 Clause (a) substituted by the Finance Act, 2003.

2 Clause (ab) inserted by the Finance Act, 2003.

3 Word inserted by the Finance Act, 2011.

4 Clause (ac) inserted by the Finance Act, 2006.

5 Word "and" omitted by the Finance Act, 2011.

6 Clause (ad) inserted by the Finance Act, 2006.

7 Clause (b) substituted by the Finance Act, 2005.

8 The letters and word "(a) or (ab)" substituted by the Finance Act, 2006.

9 Substituted for the word "five hundred".

municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory <sup>1</sup>[;]

<sup>2</sup>[(iv) owns immovable property with a land area of five hundred square yards or more located in a rating area; *where tax is levied.*

(v) owns a flat having covered area of two thousand square feet or more located in a rating area;

(vi) owns a motor vehicle having engine capacity above 1000CC; <sup>3</sup>[ ]

(vii) has obtained National Tax Number <sup>4</sup>[; or]

<sup>5</sup>[(viii) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees <sup>6</sup>[five hundred thousand] <sup>7</sup>[; <sup>8</sup>[ ]]

<sup>9</sup>[(ix) is <sup>10</sup>[a resident person] registered with any Chamber of Commerce and Industry or any trade or business association or any market committee or any professional body including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan <sup>11</sup>[; or]

<sup>12</sup>[(x) every resident person being an individual required to file foreign income and assets statement under section 116A.]

<sup>13</sup>[(1A) Every individual whose income under the head 'Income from business' exceeds rupees three hundred thousand but does not exceed rupees <sup>14</sup>[four hundred thousand] in a tax year is also required to furnish return of income for the tax year.]

<sup>15</sup>[(2) A return of income -

<sup>1</sup> Substituted for the full-stop by the Finance Act, 2009.

<sup>2</sup> Sub-clauses (iv) to (vii) inserted by the Finance Act, 2009.

<sup>3</sup> Word "and" omitted by the Finance Act, 2011.

(a) shall be in the prescribed form and shall be accompanied by annexures, statements or documents as may be prescribed;

(b) shall fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; <sup>1</sup>[ ]

(c) shall be signed by the person, being an individual, or the person's representative where section 172 applies <sup>2</sup>[;]

<sup>3</sup>[(d) shall be accompanied with evidence\* of payment of due tax as per return of income; <sup>4</sup>[ ]

(e) shall be accompanied with a wealth statement as required under section 116A <sup>5</sup>[; and]

<sup>6</sup>[(f) shall be accompanied with a foreign income and assets statement as required under section 116A.]

<sup>7</sup>[(2A) A return of income filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1); and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitise the data of such returns and transmit the same electronically to the Income Tax Department under their digital signatures <sup>8</sup>[and other matters relating to electronic filing of returns, statements or documents, etc.].]

(3) The Commissioner may, by notice in writing, require a person, or a person's representative, as the case may be, to furnish a return of income by the date specified in the notice for a period of less than twelve months, where -

(a) the person has died;

(b) the person has become bankrupt or gone into liquidation;

(c) the person is about to leave Pakistan permanently;

<sup>9</sup>[ ]

(e) the Commissioner otherwise considers it appropriate to require such a return to be furnished.

(4) Subject to sub-section (5), the Commissioner may, by notice in writing, require any person who, in the Commissioner's opinion, is required to file a return of income

\*Due to typographical mistake the word "evidence" appears as "eveidence" in original.

1 Word "and" omitted by the Finance Act, 2011. Earlier it was inserted by the Finance Act, 2005.

2 Full-stop substituted by the Finance Act, 2011.

3 Clauses (d) & (e) inserted by the Finance Act, 2011.

4 Word "and" omitted by the Finance Act, 2018. Earlier the same amendment was made by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

5 Substituted for the full-stop by the Finance Act, 2018. Earlier the same amendment was made by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

6 Clause (f) inserted by the Finance Act, 2018. Earlier the same amendment was made by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

7 Sub-section (2A) inserted by the Finance Act, 2005.

8 Words inserted by the Finance Act, 2007.

9 Clause (d) omitted by Finance Act, 2003. Earlier this was omitted Notification No. 253 of 2003 dated 14.09.2002 which stands rescinded.

Section 114(6)(ba) for a tax year<sup>1</sup> [or assessment year] but who has failed to do so to under this section for that year within thirty days from the date of service of such furnish a return of income<sup>2</sup> [or shorter] period as may be specified in such notice or as the Commissioner may allow.

A notice under sub-section (4) may be issued<sup>3</sup> [in respect of one or more]<sup>4</sup> [of the] last five completed tax years<sup>5</sup> [or assessment years]<sup>6</sup> [:]

<sup>7</sup> [Provided that in case of a person who has not filed return for any of the last five completed tax years, notice under sub-section (4) may be issued in respect of one or more of the last ten completed tax years<sup>8</sup> [:] ]

<sup>9</sup> [Provided further that the time-limitation provided under this sub-section shall not apply if the Commissioner is satisfied on the basis of reasons to be recorded in writing that a person who failed to furnish his return has foreign income or owns foreign assets.]

<sup>10</sup> [(6) Subject to sub-section (6A), any person who, having furnished a return, discovers any omission or wrong statement therein, may file revised return subject to the following conditions, namely:—

(a) it is accompanied by the revised accounts or revised audited accounts, as the case may be;<sup>11</sup> [ ]

(b) the reasons for revision of return, in writing, duly signed, by the taxpayers are filed with the return<sup>12</sup>; <sup>13</sup> [ ] ]

<sup>14</sup> [(ba) it is accompanied by approval of the Commissioner in writing if revision of return; and]

<sup>1</sup> Words inserted by the Finance Act, 2003.

<sup>2</sup> Words inserted by the Finance Act, 2013.

<sup>3</sup> Substituted for the words "only in respect of the" by Finance Act, 2003. Earlier these were substituted Notification SRO 633(I)/2002 dated 14.09.2002 which stands rescinded by SRO 608(I)/2003, dated 24.06.2003 with effect 01.07.2003.

<sup>4</sup> Words inserted by the Finance Act, 2005.

<sup>5</sup> Words inserted by the Finance Act, 2004.

<sup>6</sup> Substituted for the full-stop by the Finance Act, 2016.

<sup>7</sup> Proviso inserted by the Finance Act, 2016.

<sup>8</sup> Substituted for the full-stop by the Income Tax (Amendment) Ordinance, dated 08.04.2018.

<sup>9</sup> Proviso inserted by the Income Tax (Amendment) Ordinance, dated 08.04.2018.

<sup>10</sup> Sub-section (6) substituted by the Finance Act, 2010 and shall have deemed to have taken effect from the 5th Word "and"

<sup>11</sup> Word "and" substituted by the Finance Act, 2010 and shall have deemed to have taken effect from the 5th

<sup>1</sup>/(c) taxable income declared is not less than and loss declared is not more than income or loss, as the case may be, determined by an order under sections 121, 122, 122A, <sup>2</sup>[ 129, 132, 133 or 221].

Provided that if any of the above conditions is not fulfilled, the return furnished shall be treated as an invalid return as if it had not been furnished <sup>3</sup>[:]

<sup>4</sup>[Provided further that the condition specified in clause (ba) shall not apply if revised return is filed within 60 days of filing of return.

<sup>5</sup>[Provided also that condition specified in clause (ba) shall not apply and the approval required thereunder shall be deemed to have been granted by the Commissioner, if—

(a) the Commissioner has not made an order of approval in writing for revision of return, before the expiration of sixty days from the date when the revision of return was sought; or

(b) taxable income declared is more than or the loss declared is less than the income or loss, as the case may be, determined under section 120.]

Provided further the mode and manner for seeking the revision shall be as prescribed by the Board.]

<sup>6</sup>[(6A) If a taxpayer <sup>7</sup>[files] a revised return voluntarily along with deposit of the amount of tax short paid or amount of tax sought to be evaded along with the default surcharge, whenever it comes to his notice, before receipt of notice under sections 177 or sub-section (9) of 122, no penalty shall be recovered from him:

Provided that in case the taxpayer <sup>8</sup>[deposits] the amount of tax as pointed out by the Commissioner during the audit or before the issuance of notice under sub-section (9) of section 122, he shall deposit the amount of tax sought to be evaded, the default surcharge and twenty-five percent of the penalties leviable under the Ordinance along with the revised return:

Provided further that in case the taxpayer <sup>9</sup>[revises] the return after the issuance of the show cause notice under sub-section (9) of section 122, he shall deposit the amount of tax sought to be evaded, default surcharge and fifty per cent of the leviable penalties under

1 Clause (c) inserted by the Finance Act, 2012.

2 Expression "122C," omitted by Finance Act, 2017.

3 Substituted for the full-stop by the Finance Act, 2015.

4 Provisos inserted by the Finance Act, 2015.

5 Proviso substituted by the Finance Act, 2016.

6 Sub-section (6A) inserted by the Finance Act, 2010 and shall have deemed to have taken effect from the 5th June, 2010.

7 Substituted for the words "wishes to file" by the Finance Act, 2011.

8 Substituted for the words "wishes to deposit" by the Finance Act, 2011.

9 Substituted for the words "wishes to revise" by the Finance Act, 2011.

<sup>4</sup>[(5) Subject to sub-section (6), the Commissioner may, by notice in writing, require any person who, in his opinion, is required to file a prescribed statement under section for a tax year but who has failed to do so, to furnish a prescribed statement that year within thirty days from the date of service of such notice or such longer period as may be specified in such notice or as he may, allow.

(6) A notice under sub-section (5) may be issued in respect of one or more of the five completed tax years.]

**116. Wealth statement.**-(1) <sup>5</sup>[The] Commissioner may, by notice in writing, require a person <sup>6</sup>[being an individual] to furnish, on the date specified in the notice, a statement (hereinafter referred to as the "wealth statement") in the prescribed form and verified in the prescribed manner giving particulars of –

(a) the person's total assets and liabilities as on the date or dates specified in such notice;

- 1 Sub-section (4) by the Finance Act, 2013.
- 2 Sub-section (4A) inserted by the Finance Act, 2009.
- 3 Sub-section (4B) omitted by the Finance Act, 2010. Earlier it was inserted by the Finance Act, 2009.
- 4 Sub-sections (5) & (6) inserted by the Finance Act, 2007.
- 5 Substituted for the words, brackets, figure, comma and word "Subject to sub-section (2)". The " by the Finance Act, 2007.
- 6 Words inserted by the Finance Act, 2013.

**Section 115(4)-Substitution.**—Before omission by the Finance Act, 2013, sub-section (4) read as under:—  
“(4) Any person who is not obliged to furnish a return for a tax year because all the person's income is subject to taxation under sections <sup>1</sup>[ ] <sup>2</sup>[5, 6, 7, <sup>3</sup>[15,] <sup>4</sup>[113A,] <sup>5</sup>[113B,] 148, <sup>6</sup>[ ] of section 151], sections 152, [clauses (a), (c) and sub-section (3) of section 153]], 154, 156 <sup>7</sup>[, 156A, or sub-section (3) of section 233, <sup>8</sup>[ ]] or sub-section (5) of section 234A shall furnish to the Commissioner a statement showing such particulars relating to the person's income for the tax year in such form and verified in such manner as may be prescribed.”  
The figure and comma "148," omitted by the Finance Act, 2003.  
The figures, letters

- (a) a disabled person; or
- (b) in the case of ownership of immovable property, a nonresident person;
- (c) the total assets and liabilities of the person's spouse, minor children, and other dependents as on the date or dates specified in such notice;
- (d) any assets transferred by the person to any other person during the period or periods specified in such notice and the consideration for the transfer; <sup>1</sup>[ ]
- (e) the total expenditures incurred by the person, and the person's spouse, minor children, and other dependents during the period or periods specified in the notice and the details of such expenditures <sup>2</sup>[; and]
- (e) the reconciliation statement of wealth.]

(2) Every resident taxpayer <sup>4</sup>[, being an individual,] filing a return of income for any tax year <sup>3</sup>[ ] shall furnish a wealth statement <sup>6</sup>[and wealth reconciliation statement] for that year along with such return <sup>7</sup>[:]

<sup>8</sup>[Provided that every member of an association of persons <sup>9</sup>[ ] shall also furnish wealth statement and wealth reconciliation statement for the year along with return of income of the association.]

<sup>10</sup>[ ]

<sup>11</sup>[(3) Where a person, who has furnished a wealth statement, discovers any omission or wrong statement therein, he may, without prejudice to any liability incurred by him

1 Word "and" omitted by the Finance Act, 2009.

2 Substituted for the full-stop by the Finance Act, 2009.

3 Clause (e) inserted by the Finance Act, 2009.

4 Comma and words inserted by the Finance Act, 2011.

5 Words "whose last declared or assessed income" [or the declared income for the year], is "[one million] rupees] or more" omitted by the Finance Act, 2013. This amendment shall be effective for the tax year 2013 and onwards. Earlier the words "whose last declared or assessed income is or more" inserted by the Finance Act, 2004. "Words" substituted by the Finance Act, 2011.

under any provision of this Ordinance, furnish a revised wealth statement<sup>1</sup> [along with revised wealth reconciliation and the reasons for filing revised wealth statement] time before<sup>2</sup> [the receipt of notice under sub-section (9) of section 122, for the tax year to which it relates].]

<sup>3</sup>[4] Every person (other than a company<sup>4</sup> [or association of persons] statement under sub-section (4) of section 115, falling under final tax regime [FTR]) shall file a wealth statement along with reconciliation of wealth statement.]

<sup>6</sup>[116A. Foreign income and assets statement.—(1) Every resident taxpayer being an individual having foreign income of not less than ten thousand United States dollars having foreign assets with a value of not less than one hundred thousand United States dollars shall furnish a statement, hereinafter referred to as the foreign income and assets statement, in the prescribed form and verified in the prescribed manner giving particulars of—

- (a) the person's total foreign assets and liabilities as on the last day of the tax year;
- (b) any foreign assets transferred by the person to any other person during the tax year and the consideration for the said transfer; and
- (c) complete particulars of foreign income, the expenditure derived during the tax year and the expenditure wholly and necessarily for the purpose of deriving the said income.

(2) The Commissioner may by a notice in writing require any person being an individual who, in the opinion of the Commissioner on the basis of reasons recorded in writing, was required to furnish a foreign income and assets statement under sub-section (1) but who has failed to do so to furnish the foreign income and assets statement on the date specified in the notice.]

**117. Notice of discontinued business.**— (1) Any person discontinuing a business shall furnish to the Commissioner a notice in writing to that effect within fifteen days of the discontinuance of the business.



(2) The person discontinuing a business shall, under the provisions of this Ordinance or on being required by the Commissioner by notice, in writing, furnish a return of income for the period commencing on the first day of the tax year in which the discontinuance occurred and ending on the date of discontinuance and this period shall be treated as a separate tax year for the purposes of this Ordinance.

(3) Where no notice has been given under sub-section (1) but the Commissioner has reasonable grounds to believe that a business has discontinued or is likely to discontinue, the Commissioner may serve a notice on the person who has discontinued the business or is likely to discontinue the business to furnish to the Commissioner within the time specified in the notice a return of income for the period specified in the notice.

(4) A return furnished under this section shall be treated for all purposes of this Ordinance as a return of income, including the application of Section 120.

**118. Method of furnishing returns and other documents.**-(1) A return of income under section 114, <sup>1</sup>[ ] a statement required under sub-section (4) of section 115 <sup>2</sup>[,] a wealth statement under section 116 <sup>3</sup>[or a foreign income and assets statement under 116A, if applicable] shall be furnished in the prescribed manner.

(2) A return of income <sup>4</sup>[under section 114 or a statement under sub-section (4) of section 115] of a company shall be furnished -

(a) in the case of a company with a tax year ending any time between the first day of January and the thirtieth day of June, on or before the thirty first day of December next following the end of the tax year to which the return relates; or

(b) in any other case, on or before the thirtieth day of September next following the end of the tax year to which the return relates.

the tax year is five hundred thousand rupees  
prescribed form an