

CHAPTER XI ADMINISTRATION

PART I GENERAL

¹**207. Income tax authorities.**— (1) There shall be the following Income Tax authorities for the purposes of this Ordinance and rules made thereunder, namely:—

- (a) Board;
- (b) Chief Commissioner Inland Revenue;
- (c) Commissioner Inland Revenue;
- (d) Commissioner Inland Revenue (Appeals);
- (e) Additional Commissioner Inland Revenue;

“Provided that this section shall not apply to a non-resident taxpayer having a permanent establishment in Pakistan.”

¹ Section 207 substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010. The substituted section 207 read as follows:

“207. Income tax authorities.- (1) There shall be the following income tax authorities for the purposes of this Ordinance and rules made thereunder, namely:-

- (a) Board;
- (b) Chief Commissioner Inland Revenue;
- (c) Commissioner Inland Revenue;
- (d) Commissioner Inland Revenue (Appeals);
- (e) Additional Commissioner Inland Revenue;
- (f) Deputy Commissioner Inland Revenue;
- (g) Assistant Commissioner Inland Revenue;
- (h) Officer of Inland Revenue;
- (i) Special Officer Inland Revenue; and
- (j) Inspector Inland Revenue.

(2) The Board shall examine, supervise and oversee the general administration of this Ordinance.

(3) The Chief Commissioners Inland Revenue and Commissioners Inland Revenue (Appeals) shall be subordinate to the Board and Commissioners Inland Revenue, shall be subordinate to the Chief Commissioner Inland Revenue.

(4) Subject to sub-section (5), Additional Commissioners Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Officer of Inland Revenue, Special Officers Inland Revenue and Inspectors Inland Revenue shall be subordinate to the Commissioners Inland Revenue.

(5) An officer vested with the powers and functions of the Commissioner, shall be subordinate to the Chief Commissioner Inland Revenue.”

- (f) Deputy Commissioner Inland Revenue;
- (g) Assistant Commissioner Inland Revenue;
- ¹[(ga) Special audit panel;”]
- (h) Inland Revenue Officer;
- (i) Inland Revenue Audit Officer;
- ²[(ia) District Taxation Officer Inland Revenue;
- (ib) Assistant Director Audit.]
- (j) Superintendent Inland Revenue;
- (k) Inspector Inland Revenue; and
- (l) Auditor Inland Revenue;

(2) The Board shall examine, supervise and oversee the general administration of this Ordinance.

³[(3) The income tax authorities specified in sub-section (1) except in clause (a) shall be subordinate to the Board.]

⁴[(3A) Commissioners Inland Revenue, Additional Commissioners Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit ⁵[Officers] ⁶[, District Taxation Officer Inland Revenue, Assistant Director Audit], Superintendents Inland Revenue, Auditors Inland Revenue and Inspectors Inland Revenue, shall be subordinate to the Chief Commissioners Inland Revenue.]

(4) Subject to sub-section (5), Additional Commissioners Inland Revenue, Deputy Commissioner Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit Officers ⁷[, District Taxation Officer Inland Revenue, Assistant Director Audit],

¹ Inserted by Finance Act, 2015.

² Inserted by Finance Act, 2017.

³ Sub-section (3) substituted by the Finance Act, 2012. The substituted sub-section (3) read as follows:

“(3) The Chief Commissioners Inland Revenue and Commissioners Inland Revenue (Appeals) shall be subordinate to the Board and Commissioners Inland Revenue, shall be subordinate to the Chief Commissioner Inland Revenue.”

⁴ Inserted by the Finance Act, 2012.

⁵ The word “officer” substituted by finance act 2017.

⁶ Inserted by Finance Act, 2017.

⁷ Inserted by Finance Act, 2017.

Superintendents Inland Revenue, Auditors Inland Revenue and Inspectors Inland Revenue shall be subordinate to the Commissioners Inland Revenue.

(4A) Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit Officers ¹[, District Taxation Officer Inland Revenue, Assistant Director Audit], Superintendents Inland Revenue, Auditors Inland Revenue and Inspectors Inland Revenue shall be subordinate to the Additional Commissioners Inland Revenue.

(5) An officer vested with the powers and functions of Commissioner shall be subordinate to the Chief Commissioner Inland Revenue.]

²**208. Appointment of income tax authorities.**— ³[(1) The Board may appoint as many Chief Commissioners Inland Revenue, Commissioners Inland Revenue, Commissioners Inland Revenue (Appeals), Additional Commissioners Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioners Inland Revenue, Inland Revenue Officers, Inland Revenue Audit Officers ⁴[, District Taxation Officer Inland Revenue, Assistant Director Audit], Superintendents Inland Revenue, Inspectors Inland Revenue, Auditors Inland Revenue and such other executive or ministerial officers and staff as may be necessary.]

(2) Subject to such orders or directions as may be issued by the ⁵[Board], any income tax authority may appoint any income tax authority subordinate to it and such other executive or ministerial officers and staff as may be necessary.

(3) All appointments, other than of valuers, chartered accountants or experts, made under this Ordinance, shall be subject to rules and orders of the Federal Government regulating the terms and conditions of persons in public services and posts.]

¹Inserted by Finance Act, 2017.

²Section 208 substituted by the Finance Act, 2002. The substituted section 208 read as follows:
“208. Central Board of Revenue.- The Central Board of Revenue shall exercise the general administration of this Ordinance.”

³Sub-section (1) substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010. The substituted sub-section (1) read as follows:

“(1) The Central Board of Revenue may appoint as many Regional Commissioners of Income Tax, Commissioners of Income Tax, Commissioners of Income Tax (Appeals), taxation officers and such other executive or ministerial officers and staff as may be necessary.”

⁴Inserted by Finance Act 2017.

⁵ The words “Central Board of Revenue” substituted by the Finance Act, 2007.

¹[**209. Jurisdiction of income tax authorities.**—²[(1) Subject to this Ordinance, the ³[Chief Commissioners], the Commissioners and the Commissioners (Appeals) shall perform all or such functions and exercise all or such powers under this Ordinance as may be assigned to them in respect of such persons or classes of persons or such areas as the ⁴[Board] may direct ⁵[:]]

⁶[Provided that the Board or the Chief Commissioner, as the case may be, may transfer jurisdiction in respect of cases or persons from one Commissioner to another.]

(2) The ⁷[Board] or the ⁸[Chief Commissioner] may, by an order, confer upon or assign to any ⁹[officer of Inland Revenue] all or any of the powers and functions conferred upon or assigned to the Commissioner, under this Ordinance, in respect of any person or persons or classes of persons or areas ¹⁰[as may be specified in the order].

¹ Section 209 substituted by the Finance Act, 2002. The substituted section 209 read as follows:

“209. Appointment of Regional Commissioners of Income Tax and Commissioners of Income Tax.-

(1) The Central Board of Revenue may appoint as many Regional Commissioners of Income Tax and Commissioners of Income Tax as may be necessary.

(2) Subject to such orders or directions as may be issued by the Central Board of Revenue, any Regional Commissioner of Income Tax may appoint any subordinate income tax authority subordinate and such other executive or ministerial officers and staff as may be necessary.

(3) Subject to such orders or directions as may be issued by the Central Board of Revenue, any Commissioner of Income Tax may appoint such executive or ministerial officers and staff as may be necessary.

(4) All appointments under this Ordinance shall be subject to the rules and orders of the Federal Government regulating the terms and conditions of service of persons in public services and posts.”

²Substituted by the Finance Act, 2003. The substituted sub-section (1) read as follows:

“(1) Subject to this Ordinance, the Regional Commissioners, the Commissioners and the Commissioners (Appeals) shall perform all or such functions and exercise all or such powers, under this Ordinance, in respect of such persons or classes of persons or such areas, as may be assigned to them by orders or directions issued by the Central Board of Revenue.”

³The words “Regional Commissioners” substituted by the Finance Act, 2010.

⁴The words “Central Board of Revenue” substituted by the Finance Act, 2007.

⁵Full stop substituted by the Finance Act, 2011.

⁶ Inserted by the Finance Act, 2011.

⁷The words “Central Board of Revenue” substituted by the Finance Act, 2007.

⁸The words “Regional Commissioner” substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

⁹The words “taxation officer” substituted by Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

¹⁰ Inserted by the Finance Act, 2003.

(3) An order under sub-section (2) by the ¹[Chief Commissioner] shall be made only with the approval of the ²[Board].

(4) The ³[Officer of Inland Revenue] referred to in sub-section (2) shall, for the purposes of this Ordinance, be treated to be the Commissioner.

(5) Within the area assigned to him, the Commissioner shall have jurisdiction, —

- (a) in respect of any person carrying on business, if the person's place of business is within such area, or where the business is carried on in more than one place, the person's principal place of business is within such area; or
- (b) in respect of any other person, if the person resides in such area:

(6) Where a question arises as to whether a Commissioner has jurisdiction over a person, the question shall be decided by the ⁴[Chief Commissioner] or ⁵[Chief Commissioners] concerned and, if they are not in agreement, by the ⁶[Board].

(7) No person shall call into question the jurisdiction of a Commissioner after that person has furnished a return of income to the Commissioner or, where the person has not furnished a return of income, after the time allowed by any notice served on the person for furnishing such return has expired.

(8) Notwithstanding anything contained in this section, every Commissioner shall have all the powers conferred by, or under, this Ordinance on him in respect of any income arising within the area assigned to him.

¹The words "Regional Commissioner" substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

² The words "Central Board of Revenue" substituted by the Finance Act, 2007.

³The words "taxation officer" substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

⁴The words "Regional Commissioner" substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

⁵The words "Regional Commissioners" substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

⁶The words "Central Board of Revenue" substituted by the Finance Act, 2007.

¹[(8A) The power to confer jurisdiction under this section shall include the power to transfer jurisdiction from one income tax authority to another.]

(9) Where, in respect of any proceedings under this Ordinance, an income tax authority is succeeded by another, the succeeding authority may continue the proceedings from the stage it was left by that authority's predecessor.]

²**210. Delegation.** —(1) The Commissioner ³[subject to sub-section (1A),] may, by an order in writing, delegate to any ⁴[Officer of Inland Revenue, subordinate to the Commissioner] all or any of the powers or functions conferred upon or assigned to the Commissioner under this Ordinance, other than the power of delegation.

⁵[(1A) The Commissioner shall not delegate the powers of amendment of assessment contained in sub-section (5A) of section 122 to ⁶[an officer of Inland Revenue below the rank of Additional Commissioner Inland Revenue.]

¹ Inserted by the Finance Act, 2003.

² Substituted by the Finance Act, 2002. The substituted section 210 read as follows:

"210. Jurisdiction of Regional Commissioners of Income Tax and Commissioners of Income Tax.- (1) Subject to this Ordinance, the Regional Commissioners of Income Tax and the Commissioners of Income Tax shall perform such functions in respect of such persons or classes of person, or such areas, as may be assigned to them by directions issued by the Central Board of Revenue.

(2) Where any directions issued under sub-section (1) have assigned to two or more income tax authorities the same function in respect of the same persons or class of persons, or the same areas, they shall perform their functions in accordance with such orders as the Central Board of Revenue, or any other authority to whom they are subordinate, may make for the allocation of functions and the distribution of the work performed.

(3) Within a Commissioner's assigned area, the Commissioner shall have jurisdiction, -

- (a) in respect of any person carrying on business, if the person's place of business is within such area, or where the business is carried on in more than one place, the person's principal place of business is within such area; or
- (b) in respect of any other person, if the person resides within such area.

(4) Where a question arises as to whether a Commissioner has jurisdiction over any person, the question shall be decided by the Regional Commissioner or Regional Commissioners concerned and, if they are not in agreement, by the Central Board of Revenue.

(5) No person shall call into question the jurisdiction of a Commissioner after the person has furnished a return of income to the Commissioner or, where the person has not furnished a return, after the time allowed by any notice served on the person for furnishing such return has expired.

(6) Notwithstanding anything contained in this section, every Commissioner shall have all the powers conferred by, or under this Ordinance on a Commissioner in respect of any income arising within the Commissioner's assigned area.

(7) Where any application may be made by a person under this Ordinance, the application shall be made to the Commissioner with jurisdiction over the person or to the taxation officer with delegated power in respect of the application."

³ Inserted by the Finance Act, 2004.

⁴ The words "taxation officer" substituted by Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

⁵ Added by the Finance Act, 2004.

⁶ The words "taxation officer below the rank of Additional Commissioner of Income Tax" substituted by the Finance Act, 2010.

¹[(1B) The Commissioner may, by an order in writing, delegate to a special audit panel appointed under sub-section (11) of section 177, or to a firm of chartered accountants or a firm of cost and management accountants appointed by the Board or the Commissioner to conduct an audit of person under section 177, all or any of the powers or functions to conduct an audit under this Ordinance.]

(2) An order under sub-section (1) may be in respect of all or any of the persons, classes of persons or areas falling in the jurisdiction of the Commissioner.

(3) The Commissioner shall have the power to cancel, modify, alter or amend an order under sub-section (1).

²**[211. Power or function exercised.]**—(1) Where, by virtue of an order under section 210, a ³[an officer of Inland Revenue ⁴[or by a special audit panel appointed under sub-section (11) of section 177]] exercises a power or performs a function of the Commissioner, such power or function shall be treated as having been exercised or performed by the Commissioner.

(2) The exercise of a power, or the performance of a function, of the Commissioner by a ⁵[an officer of Inland Revenue] shall not prevent the exercise of the power, or the performance of the function, by the Commissioner.]

⁶(3) The Board or, with the approval of the Board, an authority appointed under this Ordinance, shall be competent to exercise all powers conferred upon any authority subordinate to it.]

⁷**[212. Authority of approval.]**— The ¹[Board] may, by a general or special order, authorise the Regional Commissioner or the Commissioner to grant

¹Substituted by Finance Act, 2015. The substituted sub-section (1B) read as follows:-

“(1B) The Commissioner may delegate the powers to a firm of chartered accountants or a firm of Cost and Management Accountants]appointed by the Board or the Commissioner to conduct the audit of persons for audit under section 177.”

²Substituted by the Finance Act, 2002. The substituted section 211 read as follows:

“**211. Delegation.**- The Commissioner may delegate to any taxation officer any duty, power, or function conferred or imposed on the Commissioner under this Ordinance, other than the power of delegation under this section.”

³The words “a taxation officer” substituted by Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

⁴ Inserted by the Finance Act, 2015.

⁵The words “a taxation officer” substituted by Finance (amendment) ordinance, 2009.

⁶ Added by the Finance Act, 2012.

⁷ Substituted by the Finance Act, 2002. The substituted section 212 read as follows:

approval in any case where such approval is required from the ²[Board] under any provision of this Ordinance.]

³**[213. Guidance to income tax authorities.**— In the course of any proceedings under this Ordinance, the Commissioner or any taxation officer may be assisted, guided or instructed by any income tax authority to whom he is subordinate or any other person authorised in this behalf by the ⁴[Board].]

⁵**[214. Income tax authorities to follow orders of the ⁶[Board].** —(1) Subject to sub-section (2), all income tax authorities and other persons employed in the execution of this Ordinance shall observe and follow the orders, instructions and directions issued by the ⁷[Board].

(2) No orders, instructions or directions shall be given by the ⁸[Board] that will interfere with the discretion of the Commissioner (Appeals) in the exercise of his appellate function.]

⁹**[214A. Condonation of time limit.**— Where any time or period has been specified under any of the provisions of the Ordinance or rules made there-under within which any application is to be made or any act or thing is to be done, the Board may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate ¹⁰[.]

“212. Authority of approval.- The Central Board of Revenue may, by general or special order, in writing, authorise the Regional Commissioner or the Commissioner to grant approval in any case where such approval is required from the Central Board of Revenue under any provision of this Ordinance.”

¹ The words “Central Board of Revenue” substituted by the Finance Act, 2007.

²The words “Central Board of Revenue” substituted by the Finance Act, 2007.

³ Substituted by the Finance Act, 2002. The substituted section 213 read as follows:

“213. Exercise of jurisdiction by successor.- Where, in respect of any proceedings under this Ordinance, an income tax authority is succeeded by another, the succeeding authority may continue the proceedings from the stage at which it was left by that authority’s predecessor.”

⁴The words “Central Board of Revenue” substituted by the Finance Act, 2007.

⁵ Section 214 substituted by the Finance Act, 2002. The substituted section 214 read as follows:

“214. Guidance to Commissioner or taxation officer.- In the course of any proceedings under this Ordinance, the Commissioner or any taxation officer with delegated power under section 211 may be assisted, guided or instructed by any income tax authority to whom he is subordinate or any other person authorised in this behalf by the Central Board of Revenue.”

⁶ The words “Central Board of Revenue” substituted by the Finance Act, 2007.

⁷ The words “Central Board of Revenue” substituted by the Finance Act, 2007.

⁸ The words “Central Board of Revenue” substituted by the Finance Act, 2007.

⁹Inserted by the Finance Act, 2009.

¹⁰ Colon substituted by the Finance Act, 2012.

¹[**Explanation**,— For the purpose of this section, the expression “any act or thing is to be done” includes any act or thing to be done by the taxpayer or by the authorities specified in section 207.]

Provided that the Board may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any Commissioner or ²[Chief Commissioner] under this Ordinance to exercise the powers under this section in any case or class of cases.]

³[**214B. Power of the Board to call for records.**— (1) The Board may, of its own motion, call for and examine the record of any departmental proceedings under this Ordinance or the rules made there-under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein and may pass such order as it may think fit:

Provided that no order imposing or enhancing any tax or penalty than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.

(2) No proceedings under this section shall be initiated in a case where an appeal is pending.

(3) No order shall be made under this section after the expiry of three years from the date of original decision or order.]

⁴[**214C. Selection for audit by the Board.**— (1) The Board may select persons or classes of persons for audit of Income Tax affairs through computer ballot which may be random or parametric as the Board may deem fit.

⁵[(1A) Notwithstanding anything contained in this Ordinance or any other law, for the time being in force, the Board shall keep the parameters confidential.]

(2) Audit of Income Tax affairs of persons selected under sub-section (1) shall be conducted as per procedure given in section 177 and all the provisions of the Ordinance, except the first proviso to sub-section (1) of section 177, shall apply accordingly.

¹ Inserted by the Finance Act, 2012.

²The words “Director General” substituted by the Finance Act, 2012.

³ Inserted by the Finance Act, 2009.

⁴ Added by the Finance Act, 2010.

⁵ Added by the Finance Act, 2013.

(3) For the removal of doubt it is hereby declared that Board shall be deemed always to have had the power to select any persons or classes of persons for audit of Income Tax affairs.]

¹[**Explanation.**— For the removal of doubt, it is declared that the powers of the Commissioner under section 177 are independent of the powers of the Board under this section and nothing contained in this section restricts the powers of the Commissioner to call for the record or documents including books of accounts of a taxpayer for audit and to conduct audit under section 177.]

²] ³[]

⁴[**214E. Closure of audit.**— ⁵[(1)] Notwithstanding the omission of section 214D, audit of income tax affairs of a taxpayer under sub-section (2) of section 214D shall be deemed to have been concluded, if—

- (i) taxpayer has been selected for audit under sub-section (1) of the omitted section 214D;
- (ii) notice under section 122 has not been issued;
- (iii) the taxpayer has revised return voluntarily, by thirty first day of December, 2018, alongwith payment of 25% higher tax than the tax paid with return on the basis of taxable income and where no tax is payable 2% of the turnover and where no turnover is declared penalty under entry at Serial No. 1 of sub-section (1) of section 182 has been paid voluntarily:

¹ Added by the Finance Act, 2013.

² Section 214D Inserted by the Finance Act, 2015.

³Section 214D omitted by the Finance Act, 2018. The omitted section 214D is read as follows: “ 214D. Automatic selection for audit.—(1) A person shall be automatically selected for audit of its income tax affairs for a tax year, if— the return is not filed within the date it is required to be filed as specified in section 118, or, as the case may be, not filed within the time extended by the Board under section 214A or further extended for a period not exceeding thirty days by the Commissioner under section 119; or the tax payable under sub-section (1) of section 137has not been paid.

(2) Audit of income tax affairs of persons automatically selected under sub-section (1) shall be conducted as per procedure given in section 177 and all the provisions of this Ordinance shall apply accordingly:

Provided that audit proceedings shall only be initiated after the expiry of ninety days from the date as mentioned in sub-section (1).

(3) Subject to section 182, 205 and 214C, sub-section (1) shall not apply if the person files the return within ninety days from the date as mentioned in sub-section (1) and—

twenty-five percent higher tax, than the tax paid during immediately preceding tax year, has been paid by a person on the basis of taxable income and had declared taxable income in the return for immediately preceding tax year; or

tax at the rate of two percent of the turnover or the tax payable under Part I of the First Schedule, whichever is higher, has been paid by a person alongwith the return and in the immediately preceding tax year has either not filed a return or had declared income below taxable limit:

Provided that where return has been filed for the immediately preceding tax year, turnover declared for the tax year is not less than the turnover declared for the immediately preceding tax year.

(4) The provisions of sub-section (1) and sections 177 and214C shall not apply, for a tax year, to a person registered as retailer under rule (4) of the Sales Tax Special Procedure Rules, 2007 subject to the condition that name of the person registered under rule (4) of the Sales Tax Special Procedure Rules, 2007remained on the sales tax active taxpayers' list throughout the tax year.

(5) Sub-section (4) shall have effect from the date as the Board may, by notification in the official Gazette, appoint.

⁴ Inserted by the Finance Supplementary (Amendment) Act, 2018.

⁵ Provision re-numbered through Tax Law (Second Amendment) 2019, dated 26th December, 2019

Provided that the condition of revision, 25% higher tax or 2% of the turnover shall not apply, if the taxable income of the taxpayer includes only salary income or income subject to final taxation under sub-section (1) of section 169 or subject to taxation under section 5, 5AA, 6, 7, 7A or 7B.

Explanation.— For the removal of doubt it is clarified that only audit initiated as a result of automatic selection under the omitted section 214D shall stand abated under this section and audit initiated or to be initiated on the basis of definite information or otherwise as per provisions of section 177 or 214C shall be conducted independently.”]

¹[(2) Notwithstanding anything contained in sub-section (1), the Board may prescribe procedure for conclusion of audit of income tax affairs of a person automatically selected for audit under omitted section 214D.

(3) The prescribed procedure under sub-section (2) may include acceptance of declared income of a taxpayer for a tax year subject to conditions specified therein.]

²**[215. Furnishing of returns, documents etc.** —(1) Where, by virtue of an order under section 210, the Commissioner has delegated to any ³[an officer of Inland Revenue]the function and power to receive, or to call for and receive, any returns of income, certificates, documents, accounts and statements from any person ⁴[] the ⁵[person] shall furnish such returns, certificates, documents, accounts and statements to that ⁶[officer of Inland Revenue]and, when furnished, shall be treated as having been furnished to the Commissioner.

¹ Sub-sections (2) & (3) inserted through Tax Law (Second Amendment) 2019 dated 26th December, 2019

² Section 215 substituted by the Finance Act, 2002. The substituted section 215 read as follows:
“215. Taxation officers to follow orders of Central Board of Revenue.- (1) Subject to sub-section (2), all taxation officers and other persons employed in the execution of this Ordinance shall observe and follow the orders, instructions and directions of the Central Board of Revenue.

(2) No orders, instructions or directions shall be given by the Central Board of Revenue that will interfere with the discretion of the Commissioner (Appeals) in the exercise the appellate function of the Commissioner (Appeals).”

³The words “taxation officer” substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

⁴The words “or persons or class of persons (hereinafter called ‘filer’),” omitted through Finance Act, 2019.

⁵The word “filer” substituted by “person” through Finance Act, 2019.

⁶The words “taxation officer” substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

(2) where a person is allowed, under any provision of this Ordinance, to make an application to the Commissioner and the Commissioner has delegated to any ¹[officer of Inland Revenue]the function or power to receive the application, such application, when made, shall be treated as having been made to the Commissioner.]

216. Disclosure of information by a public servant.- (1) All particulars contained in –

- (a) any statement made, return furnished, or accounts or documents produced under the provisions of this Ordinance;
- (b) any evidence given, or affidavit or deposition made, in the course of any proceedings under this Ordinance, other than proceedings under Part XI of Chapter X; or
- (c) any record of any assessment proceedings or any proceeding relating to the recovery of a demand,

shall be confidential and no public servant save as provided in this Ordinance may disclose any such particulars.

(2) Notwithstanding anything contained in the Qanun-e-²[Shahadat], 1984 (P.O. Order No. 10 of 1984), or any other law for the time being in force, no court or other authority shall be, save as provided in this Ordinance, entitled to require any public servant to produce before it any return, accounts, or documents contained in, or forming a part of the records relating to any proceedings under this Ordinance, or any records of the Income Tax Department generally, or any part thereof, or to give evidence before it in respect thereof.

(3) Nothing contained in sub-section (1) shall preclude the disclosure of any such particulars –

- (a) to any person acting in the execution of this Ordinance, where it is necessary to disclose the same to him for the purposes of this Ordinance;
- (b) to any person authorised by the Commissioner in this behalf, where it is necessary to disclose the same to such person for the purposes of processing of data and preparation of

¹The words “taxation officer” substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

²The word “Shadat” substituted by the Finance Act, 2005.

computer printouts relating to returns of income or calculation of tax;

- (c) where the disclosure is occasioned by the lawful employment under this Ordinance of any process for the service of any notice or the recovery of any demand;
- (d) to the Auditor-General of Pakistan for the purpose of enabling the Auditor-General to discharge his functions under the Constitution;
- (e) to any officer appointed by the Auditor-General of Pakistan or the Commissioner to audit income tax receipts or refunds;
- (f) to any officer of the Federal Government or a Provincial Government authorised by such Government in this behalf as may be necessary for the purpose of enabling that Government to levy or realise any tax imposed by it;
- (g) to any authority exercising powers under ¹[the ²[Federal Excise Act, 2005],] the Sales Tax Act, 1990, the Wealth Tax Act, 1963 (XV of 1963), or the Customs Act, 1969 (IV of 1969), as may be necessary for the purpose of enabling its duty to exercise such powers;
- (h) occasioned by the lawful exercise by a public servant of powers under the Stamp Act, 1899 (II of 1899) to impound an insufficiently stamped document;
- (i) to the State Bank of Pakistan to enable it to compile financial statistics of international investment and balance of payment;
- (j) as may be required by any order made under sub-section (2) of section 19 of the Foreign Exchange Regulation Act, 1947 (VII of 1947), or for the purposes of any prosecution for an offence under section 23 of that Act;
- (k) to the Securities and Exchange Commission or the Monopolies Control Authority for the purposes of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Monopolies and Restrictive Trade Practices (Control and Prevention) Ordinance, 1970 (VI of 1970), the Companies Ordinance, 1984

¹The words, commas, figures and brackets " the Central Excises and Salt Act, 1944 (I of 1944), the Estate Duty Act, 1950 (X of 1950)" substituted by the Finance Act, 2002.

² The words, comma, figure and brackets "Central Excises Act, 1944 (I of 1944)" substituted by the Finance Act, 2005.

(XLVII of 1984) or the Securities and Exchange Commission of Pakistan Act, 1997, as the case may be;

- ¹[(ka) Employees Old Age Benefit Institution in respect of information regarding salaries in statements furnished under section 165;]
- ²[(kb) to National Database and Registration Authority for the purpose of broadening of the tax base;]
- (l) relevant to any inquiry into a charge of misconduct in connection with income tax proceedings against a legal practitioner or an accountant;
- (m) to a Civil Court in any suit or proceeding to which the Federal Government or any income tax authority is a party which relates to any matter arising out of any proceedings under this Ordinance;
- (n) for the purposes of a prosecution for any offence under the Pakistan Penal Code, 1860 (XLVI of 1860), in respect of any such statement, returns, accounts, documents, evidence, affidavit or deposition, or for the purposes of a prosecution for any offence under this Ordinance;
- (o) relevant to any inquiry into the conduct of an official of the Income Tax Department to any person or officer appointed to hold such inquiry, or to a Public Service Commission, established under the Federal Public Service Commission Ordinance, 1977 (XLV of 1977), when exercising its functions in relation to any matter arising out of such inquiry;
- (p) as may be required by any officer or department of the Federal Government or of a Provincial Government for the purpose of investigation into the conduct and affairs of any public servant, or to a Court in connection with any prosecution of the public servant arising out of any such investigation;
- (q) to an authorised officer of the government of any country outside Pakistan with which the Government has entered into an agreement under section 107 for the avoidance of double taxation and the prevention of fiscal evasion as may be required to be disclosed in pursuance of that agreement; or

¹ Inserted by the Finance Act, 2017

² Inserted by the Finance Act, 2018

(r) to the Federal Tax Ombudsman appointed under the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000 (XXXV of 2000) ¹[; or]

²[(s) to the Financial Monitoring Unit (FMU) for the purpose of performing functions as laid down in the Anti-Money Laundering Act, 2010 (VII of 2010).]

(4) Nothing in this section shall apply to the production by a public servant before a Court of any document, declaration, or affidavit filed or the giving of evidence by a public servant in respect thereof.

(5) Nothing contained in sub-section (1) shall prevent the ³[Board] from publishing, with the prior approval of the Federal ⁴[] ⁵[Government], any such particulars as are referred to in that sub-section.

(6) Nothing contained in sub-section (1) shall prevent the Federal Government from publishing particulars and the amount of tax paid by a holder of a public office as defined in the ⁶[National Accountability Bureau Ordinance, 1999 (XVIII of 1999).]

⁷[(6A) Nothing contained in sub-section (1) shall prevent the Board from providing data to any person approved by the Federal Government to process and analyze such data for broadening of tax base or for checking evasion:

Provided that such data shall be anonymized before transmission to the person and identifying particulars of the taxpayers shall be kept confidential.”]

⁸[(6B) Nothing contained in sub-section (1) shall prevent the Board from publishing the names of offshore evaders, in the print and electronic media who have evaded offshore tax equal to or exceeding rupees two and half million Rupees.

¹ Full stop substituted by semi colon and word “or” through Tax Law (Second Amendment) 2019 dated 26th December, 2019.

² New clause (s) added through Tax Law(Second Amendment) 2019, dated 26th December, 2019.

³The word “Commissioner” substituted by the Finance Act, 2011.

⁴The word “Government” substituted by the Finance Act, 2017.

⁵The expression “Minister-in-charge” substituted by the Finance Act, 2018.

⁶The words, figures brackets and comma “Ehtesab Act, 1997 (IX of 1997)” substituted by the Finance Act, 2002.

⁷ Inserted by the Finance Supplementary (Amendment) Act, 2018.

⁸Sub-sections (6B) & (6C) inserted through Finance Act, 2019.

(6C) Nothing contained in sub-section (1) shall prevent the Board from publishing the names of offshore tax enablers, in the print and electronic media who have enabled offshore tax evasion.]

(7) Any person to whom any information is communicated under this section, and any person or employee under the first-mentioned person's control, shall be, in respect of that information, subject to the same rights, privileges, obligations, and liabilities as if the person were a public servant and all the provisions of this Ordinance, so far as may be, shall apply accordingly.

(8) No prosecution may be instituted under this section except with the previous sanction of the ¹[Board].

²[216A. Proceeding against authority and persons.- (1) Subject to section 227, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in section 207 and officer of the Directorate General mentioned in Part II and Part III of Chapter XI including any person subordinate to the aforesaid authorities or officers of the Directorates General who wilfully and deliberately commits or omits an act which results in under benefit or advantage to the authority or the officer or official or to any other person.

(2) Where proceedings under sub-section (1) have been initiated against the authority or officer or official, the Board shall simultaneously intimate the relevant Government agency to initiate criminal proceedings against the person referred to in sub-section (1)

(3) The proceedings under this section shall be without prejudice to any other liability that the authority or officer or official or the person may incur under any other law for the time being in force.]

217. Forms and notices; authentication of documents.—(1) Forms, notices, returns, statements, tables and other documents required under this Ordinance may be in such form as determined by the ³[Board] for the efficient administration of this Ordinance and publication of such documents in the official Gazette shall not be required.

(2) The Commissioner shall make the documents referred to in sub-section (1) available to the public in the manner prescribed.

(3) A notice or other document issued, served or given by the Commissioner under this Ordinance shall be sufficiently authenticated if the

¹The words "Central Board of Revenue" substituted by the Finance Act, 2007.

²New section 216A inserted through Finance Act, 2019.

³The words "Central Board of Revenue" substituted by the Finance Act, 2007.

name or title of the Commissioner, or authorised ¹[Officer of Inland Revenue], is printed, stamped or written on the notice or document²[or if it is computer generated and bears the authentication in the manner prescribed by the Board].

218. Service of notices and other documents.—(1) Subject to this Ordinance, any notice, order or requisition required to be served on a resident individual (other than in a representative capacity) for the purposes of this Ordinance shall be treated as properly served on the individual if –

- (a) personally served on the individual or, in the case of an individual under a legal disability or a non-resident individual, the representative of the individual;
- (b) sent by registered post or courier service to the place specified in clause (b) ³[of sub-section (2)] or to the individual's usual or last known address in Pakistan; or
- (c) served on the individual in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (V of 1908) ⁴[; or]
- ⁵[(d) served on the individual electronically in the prescribed manner.]

(2) Subject to this Ordinance, any notice, order or requisition required to be served on any person (other than a resident individual to whom sub-section (1) applies) for the purposes of this Ordinance shall be treated as properly served on the person if –

- (a) personally served on the representative of the person;
- (b) sent by registered post or courier service to the person's registered office or address for service of notices under this Ordinance in Pakistan, or where the person does not have such office or address, the notice is sent by registered post to any office or place of business of the person in Pakistan; or

¹The words "taxation officer" substituted by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

²Added by the Finance Act, 2010. The substituted provision has been made effective from 05.06.2010 by sub-clause (77) of clause 8 of the Finance Act, 2010. Earlier the substitution was made through Finance (Amendment) Ordinance, 2009 which was re-promulgated as Finance (Amendment) Ordinance, 2010 and remained effective till 05.06.2010.

³ Inserted by the Finance Act, 2003.

⁴Fullstop substituted by the Finance Act 2018

⁵Added by the Finance Act, 2018.

(c) served on the person in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (V of 1908)¹ [; or]

²[(d) served on the individual electronically in the prescribed manner.]

(3) Where an association of persons is dissolved, any notice, order or requisition required to be served under this Ordinance on the association may be served on any person who was ³[the principal officer or] a member of the association immediately before such dissolution.

(4) Where section 117 applies, any notice, order or requisition required to be served under this Ordinance on the person discontinuing the business may be served on the person personally or on any individual who was the person's representative at the time of discontinuance.

(5) The validity of any notice issued under this Ordinance or the validity of any service of a notice under this Ordinance shall not be called into question after the return to which the notice relates has been furnished or the notice has been otherwise complied with.

219. Tax or refund to be computed to the nearest Rupee.—In the determination of any amount of tax or refund payable under this Ordinance, fractions of a rupee less than fifty paise shall be disregarded and fractions of a rupee equal to or exceeding fifty paise shall be treated as one rupee.

220. Receipts for amounts paid.— The Commissioner shall give a receipt for any tax or other amount paid or recovered under this Ordinance.

221. Rectification of mistakes.— (1) The Commissioner, the Commissioner (Appeals) or the Appellate Tribunal may, by an order in writing, amend any order passed by ⁴[him] to rectify any mistake apparent from the record on ⁵[his or its] own motion or any mistake brought to ⁶[his or its] notice by a taxpayer or, in the case of the Commissioner (Appeals) or the Appellate Tribunal, the Commissioner.

¹Fullstop substituted by the Finance Act 2018.

²Added by the Finance Act, 2018.

³Inserted by the Finance Act, 2002.

⁴ The word "them" substituted by the Finance Act, 2003.

⁵The word "their" substituted by the Finance Act, 2003.

⁶The word "their" substituted by the Finance Act, 2003.

¹[(1A) The Commissioner may, by an order in writing, amend any order passed under the repealed Ordinance by the Deputy Commissioner, or an Income Tax Panel, as defined in section 2 of the repealed Ordinance to rectify any mistake apparent from the record on his own motion or any mistake brought to his notice by a taxpayer and the provisions of sub-section (2), sub-section (3) and sub-section (4) shall apply in like manner as these apply to an order under sub-section (1).]

(2) No order under sub-section (1) which has the effect of increasing an assessment, reducing a refund or otherwise applying adversely to the taxpayer shall be made unless the taxpayer has been given a reasonable opportunity of being heard.

(3) Where a mistake apparent on the record is brought to the notice of the Commissioner ²[or] Commissioner (Appeals) ³[], as the case may be, and no order has been made under sub-section (1) before the expiration of the financial year next following the date on which the mistake was brought to their notice, the mistake shall be treated as rectified and all the provisions of this Ordinance shall have effect accordingly.

(4) No order under sub-section (1) may be made after five years from the date of the order sought to be rectified.

222. Appointment of expert. — The Commissioner may appoint any expert as the Commissioner considers necessary for the purposes of this Ordinance, including for the purposes of audit or valuation.

⁴[222A. Fee and service charges.- The ⁵[Board with the approval of Federal Minister-in-charge] may, be notification in the official Gazette, and subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and services charges for valuation or in respect of any other service or control mechanism provided by any formation under the control of the Board, including ventures of public-private partnership at such rates as may be specified in the notification.]

¹Inserted by the Finance Act, 2003. Earlier sub-section (1A) was inserted by S.R.O. 633(I)/2002, dated 14.09.2002 which stands rescinded by SRO 608(I)/2003, dated 24.06.2003 with effect from 01.07.2003. The said sub-section (1A) read as follows:

“(1A) The Commissioner may, by an order in writing, amend any order passed under the repealed Ordinance by the Deputy Commissioner, or an Income Tax Panel, as defined in section 2 of the repealed Ordinance.”

²Comma substituted by the Finance Act, 2003.

³The words “or the Appellate Tribunal” omitted by the Finance Act, 2003.

⁴New section 222A added through Finance Act, 2019.

⁵ The words “Federal Government” substituted through Tax Laws (Second Amendment), 2019 dated 26th December, 2019.

223. Appearance by authorised representative. — (1) Any taxpayer who is entitled or required to attend before the Commissioner, the Commissioner (Appeals) or the Appellate Tribunal in connection with any proceeding under this Ordinance may, except when required under section 176 to attend personally, attend by an authorised representative.

(2) For the purposes of this section and subject to sub-section (3), an authorised representative of a taxpayer shall be a person who is a representative of the person under section 172 and any of the following persons, namely:—

- (a) A relative of the taxpayer;
- (b) a current full-time employee of the taxpayer;
- (c) any officer of a scheduled bank with which the taxpayer maintains a current account or has other regular dealings;
- (d) any legal practitioner entitled to practice in any Civil Court in Pakistan;
- (e) any accountant; or
- (f) any income tax practitioner.

(3) For the purposes of this section —

- (a) no person who has been dismissed or removed from service in the Income Tax Department shall be entitled to represent a taxpayer under sub-section (1);
- (b) no person having resigned from service after having been employed in the Income Tax Department for not less than two years shall be entitled to represent a taxpayer under sub-section (1) for a period of two years from the date of resignation;
- (c) no person having retired from service in the Income Tax Department shall be entitled to represent a taxpayer under sub-section (1) for a period of one year from the date of retirement in any case in which the person had made or approved, as the case may be, any order of assessment, refund or appeal within one year before the date of retirement; or
- (d) no person who has become insolvent shall be entitled to represent a taxpayer under sub-section (1) for so long as the insolvency continues;

- (e) no person who has been convicted of an offence in relation to any income tax proceedings under this Ordinance shall be entitled to represent a taxpayer under sub-section (1) for such period as the Commissioner may, by order in writing, determine.

(4) Where any legal practitioner or accountant is found guilty of misconduct in a professional capacity by any authority entitled to take disciplinary action against the legal practitioner or accountant, an order passed by that authority shall have effect in relation to any right to represent a taxpayer under sub-section (1) as it has in relation to the person's right to practice as a legal practitioner or accountant.

(5) Where any person (other than a person to whom sub-section (4) applies) is found guilty of misconduct in relation to any income tax proceeding, the Commissioner may, by an order in writing, direct that the person cease to represent a taxpayer under sub-section (1) before the Commissioner, Commissioner (Appeals) or Appellate Tribunal.

(6) The Commissioner shall not make an order under clause (e) of sub-section (3) or sub-section (5) in respect of any person, unless the Commissioner has given the person a reasonable opportunity to be heard.

(7) Any person against whom an order under clause (e) of sub-section (3) or sub-section (5) has been made may, within thirty days of service of notice of the order, appeal to the ¹[Board] to have the order cancelled.

(8) The ²[Board] may admit an appeal after the expiration of the period specified in sub-section (7) if satisfied that the appellant was prevented by sufficient cause from lodging the appeal within the period.

(9) No order made under clause (e) of sub-section (3) or sub-section (5) shall take effect until thirty days after notice of the order is served on the person or, where an appeal has been lodged under sub-section (7), until the disposal of the appeal.

(10) The ³[Board] may make rules under section ⁴[237] for the registration of income tax practitioners and related matters, including establishing a code of conduct for such practitioners.

(11) In this section –

¹The words "Central Board of Revenue" substituted by the Finance Act, 2007.

²The words "Central Board of Revenue" substituted by the Finance Act, 2007.

³The words "Central Board of Revenue" substituted by the Finance Act, 2007.

⁴ The figure "232" substituted by the Finance Act, 2002.

“accountant” means –

- (a) a chartered accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961);
- (b) a cost and management accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966); or
- (c) a member of any association of accountants recognised for the purposes of this section by the ¹[Board]; and

“income tax practitioner” means a person who is registered as such by the ²[Board], being a person who possesses such qualifications as may be prescribed for the purposes of this section or who has retired after putting in satisfactory service in the Income Tax Department for a period of not less than ten years in a post or posts not below that of Income Tax Officer.

224. Proceedings under the Ordinance to be judicial proceedings. —Any proceedings under this Ordinance before the Commissioner, Commissioner (Appeals) or Appellate Tribunal shall be treated as judicial proceedings within the meaning of sections 193 and 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860), and for the purposes of section 196 of the Pakistan Penal Code, 1860 (Act XLV of 1860).

225. Proceedings against companies under liquidation. —Notwithstanding anything contained in section 316 of the Companies Ordinance, 1984 (XLVII of 1984), leave of the Court shall not be required for continuing with or commencing any proceeding under this Ordinance against a company in respect of which a winding up order has been made or Provisional Liquidator appointed.

226. Computation of limitation period.—In computing the period of limitation, there shall be excluded –

- (a) in the case of an appeal or an application under this Ordinance, the day on which the order complained of was served and, if the taxpayer was not furnished with a copy of the order when the notice of the order was served on the taxpayer, the time requisite for obtaining a copy of such order; and
- ³[(b) in the case of an assessment or other proceeding under this Ordinance,—

¹The words “Central Board of Revenue” substituted by the Finance Act, 2007.

²The words “Central Board of Revenue” substituted by the Finance Act, 2007.

³Clause (b) substituted by the Finance Act, 2010. The substituted clause (b) read as follows:

- (i) the period, if any, for which such proceedings were stayed by any Court, Appellate Tribunal or any other authority; or
- (ii) the period, if any, for which any proceeding for the tax year remained pending before any Court, Appellate Tribunal or any other authority.]

227. Bar of suits in Civil Courts.— ¹[(1)] No suit or other legal proceeding shall be brought in any Civil Court against any order made ²[or any notice issued] under this Ordinance, and no prosecution, suit or other proceedings shall be made against any person for anything which is in good faith done or intended to be done under this Ordinance or any rules or orders made ³[or notices issued] thereunder.

⁴["Explanation.—For the removal of doubt, it is clarified that Civil Court includes any court exercising power of the civil court."]

⁵[(2) Notwithstanding anything contained in any other law for the time being in force, no investigation or inquiry shall be undertaken or initiated by any governmental agency against any officer or official for anything done in his official capacity under this Ordinance, rules, instructions or direction made or issued there-under without the prior approval of the Board.]

⁶[**227A. Reward to officers and officials of Inland Revenue.—** (1) In cases ⁷[(i)] involving concealment or evasion of income tax and other taxes, cash reward shall, only after realization of part or whole of the taxes involved in such cases, be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases ⁸[and (ii) for other meritorious services] and to the informer providing credible information leading to such detection.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned

"(b) in the case of an assessment or other proceeding under this Ordinance, the period, if any, for which such proceedings were stayed by any Court, Appellate Tribunal or any other authority."

¹Re-numbered as sub-section (1) by the Finance Act, 2010.

²Inserted by the Finance Act, 2018.

³Inserted by the Finance Act, 2018.

⁴Added by the Finance Act, 2018.

⁵Added by the Finance Act, 2010.

⁶ Added by the Finance Act, 2013.

⁷Inserted by the Finance Act, 2017.

⁸Inserted by the Finance Act, 2017

under this section for individual performance or to collective welfare of the officers and officials of Inland Revenue.]

¹[227B. Reward to whistleblowers.—(1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of income tax, fraud, corruption or misconduct providing credible information leading to such detection of tax.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers.

(3) The claim for reward by the whistleblower shall be rejected, if—

(a) the information provided is of no value;

²[(aa) the information is not supported by any evidence;]

(b) the Board already had the information;

(c) the information was available in public records; or

(d) no collection of taxes is made from the information provided from which the Board can pay the reward.

(4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of income tax leading to detection or collection of taxes, fraud, corruption or misconduct, to the competent authority having power to take action against the person or an income tax authority committing fraud, corruption, misconduct, or involved in concealment or evasion of taxes.”]

³[]

¹ inserted by the Finance Act, 2015.

² inserted by the Finance Act, 2017.

³ Section 227C omitted through Finance Act 2019, omitted section read as follows:-

227C. Restriction on purchase of certain assets.— Notwithstanding anything contained in any law, for the time being in force,—

(a) any application for booking, registration or purchase of a new locally manufactured motor vehicle or for first registration of an imported vehicle shall not be accepted or processed by any vehicle registering authority of Excise and Taxation Department or a manufacturer of a motor vehicle respectively, unless the person is a filer.; and

(b) any application or request by a person to any authority responsible for registering, recording or attesting transfer of any immovable property, exceeding five million rupees, for registering or attesting the transfer shall not be accepted or processed by such authority, unless the person is a filer³[.]]

³ [“Provided that the provisions of clause (a) shall not apply in respect of,—

¹[**227D.- Automated impersonal tax regime.-** (1) The Board may design an alternate impersonal taxation regime whereby personal interaction will be minimized.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf.

(3) This section shall be applicable only for low risk and compliant taxpayers as may be prescribed.]

³(i) locally manufactured motor vehicle; or]

(ii) a person holding a Pakistan origin card or a national identity card for overseas Pakistanis ³[or a non-resident Pakistani citizen holding international passport] who produces a certificate from a scheduled bank of receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of booking, registration or purchase of motor vehicle:

Provided further that the provisions of clause (b) shall not apply to,—

(i) a legal heir acquiring property in inheritance; or

(ii) a person holding a Pakistan origin card or a national identity card for overseas Pakistanis ³[or a non-resident Pakistani citizen holding international passport] who produces a certificate from a scheduled bank for receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of sixty days prior to the date of registering, recording or attesting transfer.

¹New section 227D inserted through Finance Act, 2009.

PART II

¹[DIRECTORATES-GENERAL]

²**[228. The Directorate General of ³[] Internal Audit.** — (1) The Directorate General of ⁴[] Internal Audit shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate General of ⁵[] Internal Audit.]

⁶**[229. Directorate General of Training and Research.—** (1) The Directorate General of Training and Research shall consist of a Director-General, Additional Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such officers as the Board, may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate General of Training and Research and its officers.]

¹ The heading "DIRECTORATE-GENERAL OF INTERNAL AUDIT" substituted by the Finance Act, 2013.

²Section 228 substituted by the Finance Act, 2005. The substituted section 228 read as follows:

"228. Appointment of Directorate-General of Inspection.- (1) The Federal Government shall appoint a Directorate-General of Inspection to exercise the powers and discharge the functions conferred on it under this Part.

(2) The Directorate-General shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors, Extra-Assistant Directors and Inspectors, as the Director-General may consider necessary to be appointed from among the officers of the Income Tax Group."

³The words "Inspection and" omitted by the Finance Act, 2007.

⁴The words "Inspection and" omitted by the Finance Act, 2007.

⁵The words "Inspection and" omitted by the Finance Act, 2007.

⁶ Added by the Finance Act, 2010. Earlier section 229 was omitted by the Finance Act, 2005. Which read as follows:-

"229. Inspection authorities.- (1) There shall be the following classes of inspection authorities for the purposes of this Ordinance, namely:-

- (a) The Director-General of Inspection; and
- (b) Directors of Inspection.

(2) The Directors of Inspection shall be subordinate to the Director-General of Inspection."

¹[230. Directorate General (Intelligence and Investigation), Inland Revenue.—

(1) The Directorate General (Intelligence and Investigation) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette,—

- (a) specify the functions and jurisdiction of the Directorate General and its officers; and
- (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.]

²[PART III**³[DIRECTORATES-GENERAL]**

230A. Directorate-General of Withholding Taxes.— (1) The Directorate-General of Withholding Taxes shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Withholding Taxes.]

⁴[230B. Directorate-General of Law.— The Directorate-General of Law shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors, Law Officers and such other officers as the Board may, by notification in the official Gazette, appoint.

¹Inserted by the Finance Act, 2012. Earlier it was omitted by the Finance Act, 2005, which read as follows:-

“230. Jurisdiction of Inspection Authorities.- (1) Subject to the provisions of this Chapter, the Directors of Inspection shall perform their functions in respect of such persons or classes of persons or such areas as may be assigned to them by the Director-General.

(2) The Director-General or a Director of Inspection may assign any function in respect of any area, or office or offices located within an area, case, class of cases, person or classes of persons to any inspection officer working under his control.

(3) In this section, “inspection officer” means an Additional Director of Inspection, a Deputy Director of Inspection, an Assistant Director and an Extra-Assistant Director.”

²Added by the Finance Act, 2008.

³The heading “DIRECTORATE-GENERAL OF WITHHOLDING TAXES” substituted by the Finance Act, 2013.

⁴Added by the Finance Act, 2013.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Law.]

¹**[230C. Directorate-General of Research and Development.—** (1) The Directorate-General of Research and Development shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Research and Development.]

²**[230D. Directorate-General of Broadening of Tax Base.—** (1) The Directorate-General of Broadening of Tax Base shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Broadening of Tax Base.]

³**[230E Directorate General of International ⁴[Tax] Operations.—**(1) The Directorate General of international Tax Operations shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette,

¹ Added by the Finance Act, 2013.

² Inserted by the Finance Act, 2017.

³**[230E. Directorate-General of Transfer Pricing.—** (1) The Directorate-General of Transfer Pricing shall consist of a Director-General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The functions of the Directorate General of Transfer Pricing shall be to conduct transfer pricing audit.

Explanation: For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent of audit under section 177, 214C or 214D which is audit of the income tax affairs of the taxpayer.

(3) The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit and may further specify functions, jurisdiction and powers of the Directorate-General of Transfer Pricing.]

⁴ The word "Tar" substituted by the Finance Act, 2019.

- (a) specify the functions and jurisdiction of the Directorate General and its officers; and
- (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.

(3) The functions and powers of the Directorate General of International Tax Operations shall include but not limited to-

- (a) receive and send information from other jurisdictions under spontaneous, automatic and on demand exchange of information under exchange of information agreements;
- (b) levy and recover tax by passing an assessment order under section 123(1A) in case of undeclared off-shore assets and incomes;
- (c) receive, transmit and exchange country reports to the jurisdictions that are parties to international by country agreements with Pakistan; and
- (d) conduct transfer pricing audit in cases selected for such audit by the Director General of international Tax Operations.

(4) The Board may, by notification in the official Gazette, specify the criteria for selection of the taxpayer for transfer pricing audit.

Explanation- For the removal of doubt, it is clarified that transfer pricing audit refers to the audit for determination of transfer price at arm's length in transactions between associates and is independent tax audit under section 177 and 214C which is audit of the income tax affairs of the taxpayer.

¹[(5) Transfer pricing audit of cases selected under clause (d) of sub-section (3) shall be conducted as per procedure given in section 177 and all the provisions of the Ordinance, except the first proviso to sub-section (1), sub-section (6A), (10) and (14) of section 177, shall apply accordingly.]

(6) Nothing contained in this section shall prevent the Commissioner from determination of transfer price at arm's length in transactions between associates while conducting audit of income tax affairs of a taxpayer under section 177 or 214C or during proceedings under section 122.]

¹ New sub-sections (5) & (6) inserted through Tax Law (Second Amendment) 2019, dated 26th December, 2019

¹[230F. Directorate General of Immovable Property.—(1) The Directorate-General of Immovable Property, (hereinafter referred to as Directorate-General in this section, shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette, specify the functions and jurisdiction of the Directorate-General and its officers.

(3) The Directorate-General may, subject to the provisions and conditions as may be prescribed, initiate proceedings for the acquisition of property for the reasons and purposes specified in sub-section (4).

(4) The proceedings under sub-section (3) shall be initiated, where the Directorate-General, on the basis of valuation made by it, has reason to believe that any immovable property of a fair market value has been transferred by a person, hereinafter referred to as the transferor, to another person, hereinafter referred to as the transferee, for a consideration which is less than the fair market value of the immovable property and that the consideration for such transfer as agreed to between the transferor and transferee has been understated in the instrument of transfer for the purposes of —

- (a) the avoidance or reduction of withholding tax obligations under this Ordinance;
- (b) concealment of unexplained amount referred to in sub-section (1) of section 111 representing investment in immovable property; or
- (c) avoidance or reduction of capital gains tax under section 37.

(5) The Directorate-General may appoint any valuer or expert as it considers necessary for the purposes of determination of valuation including fair market value of immovable property.

(6) The mode and manner of appointment of a valuer or expert shall be as may be prescribed.

(7) The valuation made under sub-section (4) and reasons that consideration is less than the fair market value shall be recorded in writing.

¹Inserted by the Finance Act, 2018.

(8) No proceedings shall be initiated in respect of any immovable property after expiration of a period of six months from the end of the month in which the instrument of transfer in respect of such property is registered, recorded or attested.

(9) The mode and manner of initiation of proceedings and acquisition of immovable property under this section shall be as may be prescribed:

Provided that the proceedings shall not be initiated unless the transferee is provided with an opportunity of being heard and where the objection by the transferee, if any, is rejected by the Directorate-General, it shall record in writing the reasons for rejection through an order.

(10) If the Directorate-General is satisfied with the objections or reasons furnished by the transferee or the transferor, it shall, by order in writing, declare that the property shall not be acquired under this section.

(11) If after hearing the objections, if any, and after taking into account all the relevant material on record, the Directorate-General is satisfied that the fair market value of such property exceeds the consideration by more than fifty per cent of such consideration and that transfer as agreed to between the transferor and the transferee has not been truly stated in the instrument of transfer it may, after obtaining approval of the Board, make an order for acquisition of the immovable property under this section.

(12) The transferee may prefer express appeal to the Appellate Tribunal of Immovable Property against the order of acquisition of any immovable property under sub-section (11) within sixty days of service of a copy of such order.

(13) There shall be established an Appellate Tribunal of Immovable Property to exercise the powers conferred on the Tribunal under this section.

(14) The appointment of members of the Tribunal, powers, functions, constitution of the Tribunal and mode and manner of disposal of appeals shall be as may be prescribed.

(15) The Appellate Tribunal may, after giving the appellant and the Directorate-General an opportunity of being heard, pass such order as it thinks fit.

(16) The transferee or the Directorate-General aggrieved by any order of the Tribunal may, within sixty days of the date on which the order under sub-section (15) is served, prefer an appeal against such order to the High Court.

(17) As soon as may be after the order for acquisition of immovable property made under sub-section (11) becomes final, the Directorate-General may, by notice in writing, order the transferee or any other person who may be in possession of the immovable property to surrender or deliver possession thereof to the Directorate-General within thirty days of the date of the service of the notice.

(18) The order referred to in sub-section (11) becomes final if either no appeal has been there against filed or on appeal filed before the Tribunal, the order is confirmed and no appeal is filed before the High Court or on appeal filed before the High Court the order is confirmed.

(19) Notwithstanding anything contained in any law or any agreement for the time being in force, where order referred to in sub-section (11) becomes final, the immovable property and all rights including ownership rights thereof shall be vested in the Federal Government and shall be treated to be in the same position in relation to such rights as the person in whom such rights would have continued to vest if such order had not become final.

(20) Where any immovable property is acquired under this section, the Board shall make the payment of consideration for acquisition to the person or persons entitled thereto, as soon as may be, after the property becomes vested in the Federal Government.

(21) Notwithstanding the provisions of section 68, for the purpose of this section,—

- (a) “consideration for acquisition” means a sum equal to the aggregate of the amount of the consideration for the transfer of immovable property and hundred per cent of such consideration;
- (b) “fair market value” in relation to an immovable property means the price that the immovable property would ordinarily fetch on sale in the open market on the date of execution of the instrument of transfer of such property;
- (c) “immovable property” means any land with or without a superstructure or any building or part of a building or any rights therein and includes, where any land or any building or part of a building is transferred along with any machinery, plant, equipment, furniture and fittings; and

- (d) "transfer" in relation to any immovable property means transfer of such property by way of sale or exchange or lease for a term of not less than ten years.

(22) The provisions of this section shall come into force on such date as the Federal Government may, by notification in official Gazette, appoint.

¹[]

²[230G. Directorate General of Special Initiative.- (1) The Directorate General of Special Initiative shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette,-

- (a) specify the functions, jurisdiction and powers of the Directorate General of Special Initiative and its officers; and
- (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.

230H. Directorate General of Valuation.- (1) The Directorate General of Valuation shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette,-

- (a) specify the functions, jurisdiction and powers of the Directorate General of Valuation and its officers; and
- (b) confer the powers authorities specified in section 207 upon the Directorate General and its officers.]

¹In section 230F, sub-section (23) omitted through Finance Act 2019, omitted sub-section read as follows:

(23) From the date of appointment as mentioned in sub-section (22), rates mentioned in column (3) of the Table in Division XVIII shall be 1% and provisions of clause (c) of sub-section (4) of section 111, section 236C, section 236W and Division X of Part IV of the First Schedule shall not apply.

²New section (230G) & (230H) inserted through Finance Act, 2019.

¹[]

CHAPTER XII

TRANSITIONAL ADVANCE TAX PROVISIONS

²**231A. Cash withdrawal from a bank.**—³[(1) Every banking company shall deduct tax at the rate specified in Division VI of Part IV of the First Schedule, if the payment for cash withdrawal, or the sum total of the payments for cash withdrawal in a day, exceeds ⁴[fifty] thousand rupees.]

⁵["*Explanation.*- For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate withdrawals from all the bank accounts in a single day."]

⁶[]

¹ Section 231 omitted by the Finance Act, 2005. The omitted section 231 read as follows:

"231. Functions and Powers of Directorate.- (1) The functions of the Directorate-General of Inspection shall be, namely:-

- (a) To carry out inspections of income tax cases and offices;
- (b) to investigate or cause investigation to be carried out in respect of –
 - (i) cases involving leakage of revenue or evasion of taxes; and
 - (ii) Regional Commissioners of Income Tax, Commissioners of Income Tax, taxation officers and any other staff of income tax offices allegedly involved in corruption and malpractice, and recommend to the competent authority appropriate disciplinary action;
- (c) to carry out audit of cases or offices involving income tax revenues;
- (d) to recommend to the Central Board of Revenue in matters of tax policy, tax administration and tax operations;
- (e) to furnish an annual report about the workings of Income Tax Offices to the Central Board of Revenue by the thirty-first day of December, following the end of the financial year to which it relates; and
- (f) to carry out any other work or function that may be assigned to it by the Federal Government.

(2) In discharge of its functions under sub-section (1), the Directorate-General shall have the powers specified in section 176."

²Inserted by the Finance Act, 2005.

³Sub-section (1) substituted by the Finance Act, 2006. The substituted sub-section (1) read as follows:

"(1) Every banking company shall, at the time of making a payment for cash withdrawal rupees, deduct tax from the payment at the rate specified in Division VI of Part IV of the First Schedule."

⁴The words 'twenty-five' substituted by the Finance Act, 2012.

⁵Added by the Finance Act, 2016.

⁶ Sub-section (2) omitted by Finance Act, 2015. The omitted sub-section (2) read as follows:-

"(2) Advance tax under this section shall not be collected in the case of withdrawals made by,-

- (a) the Federal Government or a Provincial Government;
- (b) a foreign diplomat or a diplomatic mission in Pakistan; or

¹[231AA. Advance tax on transactions in bank.— (1) Every banking company, non-banking financial institution, exchange company or any authorized dealer of foreign exchange shall collect advance tax at the time of sale against cash of any instrument, including Demand Draft, Pay Order, CDR, STDR, SDR, RTC, or any other instrument of bearer nature or on receipt of cash on cancellation of any of these instruments²[“.”]

³[]

(2) Every banking company, non-banking financial institution, exchange company or any authorized dealer of foreign exchange shall collect advance tax at the time of transfer of any sum against cash through online transfer, telegraphic transfer, mail transfer or any other mode of electronic transfer.

(3) The advance tax under this section shall be collected at the rate specified in Division VIA of Part IV of the First Schedule, where the sum total of payments for transactions mentioned in sub-section (1) or sub-section (2) as the case may be, exceed twenty-five thousand rupees in a day.

⁴[]

⁵[231B. Advance tax on private motor vehicles.— (1) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax

(c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.”

¹Added by the Finance Act, 2010.

²Substituted “.” by Finance Act, 2015.

³ The proviso omitted by Finance Act, 2015. The omitted proviso read as follows:-

“Provided that this sub-section shall not be applicable in case of inter-bank or intra-bank transfer and also where payment is made through a crossed cheque for purchase of a financial instrument as referred to in sub-section (1).”

⁴Sub-section (4) omitted by Finance Act, 2015. Omitted sub-section (4) read as follows:-“(4)Advance tax under this section shall not be collected in the case of transactions made by,— (a)

the Federal Government or a Provincial Government;

(b) a foreign diplomat or a diplomatic mission in Pakistan; or

(c) a person who produces a certificate from the Commissioner that its income during the tax year is exempt.]

⁵Section 231B substituted by the Finance Act, 2014. The substituted section 231B read as follows:

⁵[231B. Advance tax on private motor vehicles.— Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a new locally manufactured motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule:

Provided that the provisions of this section shall not be applicable in the case of –

(a) the Federal Government;

(b) the Provincial Government;

(c) the Local Government;

(d) a foreign diplomat; or

(e) a diplomatic mission in Pakistan.”

at the time of registration of a motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule ¹[:]

²["Provided that no collection of advance tax under this sub-section shall be made after five years from the date of first registration as specified in clauses (a), (b) and (c) of sub-section (6)."]

³[(1A) Every leasing company or a scheduled bank or a non-banking financial institution or an investment bank or a *modaraba* or a development finance institution, whether *shariah* compliant or under conventional mode, at the time of leasing of a motor vehicle to a ⁵["person whose name is not appearing in the active taxpayers' list"], either through *ijara* or otherwise, shall collect advance tax at the rate of four per cent of the value of the motor vehicle.]

(2) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of transfer of registration or ownership of a private motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule:

Provided that no collection of advance tax under this sub-section shall be made on transfer of vehicle after five year from the date of first registration in Pakistan.

(3) Every manufacturer of a motor ⁶["vehicle"] shall collect, at the time of sale of a motor car or jeep, advance tax at the rate specified in Division VII of Part IV of the First Schedule from the person to whom such sale is made.

(4) Sub-section (1) shall not apply if a person produces evidence that tax under sub-section (3) in case of a locally manufactured vehicle or tax under section 148 in the case of imported vehicle was collected from the same person in respect of the same vehicle.

(5) The advance tax collected under this section shall be adjustable:

Provided that the provisions of this section shall not be applicable in the case of –

(a) the Federal Government;

¹Full-stop substituted by the Finance Act 2016.

² Added by the Finance Act, 2016.

³Added by the Finance Act, 2016.

⁴Sub-section (1A) substituted by the Finance Act, 2017. The substituted sub-section (1A) read as follows:

" (1A) Every leasing company or a scheduled bank or an investment bank or a development finance institution or a *modaraba* shall, at the time of leasing of a motor vehicle to a non-filer, collect advance tax at the rate of three per cent of the value of the motor vehicle."

⁵The word "non-filer" substituted though Finance Act, 2019.

⁶The word "car or jeep" substituted by the Finance Act, 2015.

- (b) a Provincial Government;
- (c) a Local Government;
- (d) a foreign diplomat; or
- (e) a diplomatic mission in Pakistan.]

¹[(6) For the purposes of this section the expression “date of first registration” means—

- (a) the date of issuance of broad arrow number in case a vehicle is acquired from the Armed Forces of Pakistan;
- (b) the date of registration by the Ministry of Foreign Affairs in case the vehicle is acquired from a foreign diplomat or a diplomatic mission in Pakistan;
- (c) the last day of the year of manufacture in case of acquisition of an unregistered vehicle from the Federal or a Provincial Government; and
- (d) in all other cases the date of first registration by the Excise and Taxation Department.

(7) For the purpose of this section “motor vehicle” includes car, jeep, van, sports utility vehicle, pick-up trucks for private use, caravan automobile, limousine, wagon and any other automobile used for private purpose.”]

²**[233. Brokerage and commission.** — (1) Where any payment on account of brokerage or commission is made by the Federal Government, a Provincial Government, a³[Local Government], a company or an association of persons constituted by, or under any law (hereinafter called the “principal”) to a ⁴[] person

¹Added by the Finance Act, 2015.

²Section 233 substituted by the Finance Act, 2005. The substituted section 233 read as follows:

“233. Brokerage and Commission.- (1) Where any payment on account of brokerage or commission is made by the Federal Government, a Provincial Government, a local authority, a company or an association of persons constituted by, or under, any law (hereinafter called the “principal”) to any person ^B[other than travel agents and insurance agents] (hereinafter called the “agent”), the principal shall deduct advance tax at the rate specified in Part IV of the First Schedule from such payment.

(2) If the agent retains commission or brokerage from any amount remitted by him to the principal, he shall be deemed to have been paid the commission or brokerage by the principal and the principal shall collect advance tax from the agent.

(3) Where any payment on account of brokerage or commission is made by the principal to a travel agent or an insurance agent, the principal shall deduct advance tax at the rate specified in Part IV of the First Schedule from such payment.

(4) Where any tax is collected from a person under sub-section (1) or sub-section (3), the tax so collected shall be the final tax on the income of such persons.”

³The words “local authority” substituted by the Finance Act, 2008.

⁴The word “resident” omitted by the Finance Act, 2006.

(hereinafter called the “agent”), the principal shall deduct advance tax at the rate specified in ¹[Division II of] Part IV of the First Schedule from such payment.

(2) If the agent retains Commission or brokerage from any amount remitted by him to the principal, he shall be deemed to have been paid the commission or brokerage by the principal and the principal shall collect advance tax from the agent.

²[(2A) Notwithstanding the provisions of sub-section (1), where the principal is making payment on account of commission to an advertising agent, directly or through electronic or print media, the principal shall deduct tax (in addition to tax required to be deducted under clause (b) of sub-section (1) of section 153 on advertising services excluding commission), at the rate specified in Division II of Part IV of the First Schedule on the amount equal to-

$$\frac{A \times 15}{85}$$

Where A = amount paid or to be paid to electronic or print media for advertising services (excluding commission) on which tax is deductible under clause (b) of sub-section (1) of section 153.

(2B) Tax deducted under sub-section (2A) shall be ³[minimum] tax on the income of the advertising agent.]

(3) Where any tax is ⁴[required to be] collected from a person under sub-section (1), ⁵[such tax] shall be the ⁶[minimum] tax on the income of such persons.]

⁷[**233A. Collection of tax by a stock exchange registered in Pakistan.—** (1) A stock exchange registered in Pakistan shall collect advance tax,—

- (a) at the rates specified in Division IIA of Part IV of First Schedule from its Members on purchase of shares in lieu of ⁸[tax on] the commission earned by such Members; ⁹[and]

¹Inserted by the Finance Act, 2010.

²Inserted by the Finance Act, 2017.

³The word “final” substituted through Finance Act, 2019.

⁴Inserted by the Finance Act, 2012.

⁵The words “the tax so collected” substituted by the Finance Act, 2012.

⁶The word “final” substituted through Finance Act, 2019.

⁷Inserted by the Finance Act, 2004.

⁸Inserted by the Finance Act, 2007.

⁹Inserted by the Finance Act, 2012.

(b) at the rates specified in Division IIA of Part IV of First
¹[Schedule] from its Members on sale of shares in lieu of ²[tax
on] the commission earned by such Members³[.]

⁴[]

⁵[]

⁶[(2) The tax collected under sub-section (1) shall be ⁸[adjustable].]

⁹[(3) This section shall not apply from the first day of March. 2019.]

¹⁰**[233AA. Collection of tax by NCCPL.—**NCCPL shall collect advance tax from the members of Stock Exchange registered in Pakistan ¹¹[, margin financiers, trading financiers and lenders], in respect of margin financing in share business ¹²[or providing of any margin financing, margin trading or securities lending under Securities (Leveraged Markets and Pledging) Rules, 2011 in share business] at the rate specified in Division ¹³[IIB] of Part IV of First Schedule¹⁴[:]]

¹⁵[Provided that the provisions of this section shall not apply to any Mutual Fund specified in sub-clause (2) of clause (57) of Part I of the Second Schedule.]

¹The word “schedule” substituted by the Finance Act, 2005.

² Inserted by the Finance Act, 2007.

³Semi-colon substituted by the Finance Act, 2012.

⁴ Clause (c) omitted by the Finance Act, 2012. The omitted clause (c) read as follows:

“(c) from its Members in respect of trading of shares by the Members at the rates specified in Division IIA of Part IV of First Schedule; and”

⁵Clause (d) omitted by the Finance Act, 2012. The omitted clause (d) read as follows:

“(d) from its Members in respect of financing of carryover trades in share business at the rate specified in Division IIA of Part IV of First schedule.”

⁶ Sub-section (2) substituted by the Finance Act, 2008. The substituted sub-section (2) read as follows:

“(2) The tax collected under clause (a) and clause (b) of sub-section (1) shall be a final tax.”

⁷Sub-section (2) substituted by the Finance Act, 2017. The substituted sub-section (2) read as follows:

“(2) The tax collected under clauses (a) to (b) of sub-section (1) shall be adjustable.”

⁸The word “final tax” substituted by the Finance Act, 2018.

⁹ The new subsection (3) added through Finance Supplementary (Second Amendment) Act, 2019.

¹⁰ Inserted by the Finance Act, 2012.

¹¹ Inserted by the Finance Act, 2013.

¹² Inserted by the Finance Act, 2013.

¹³ The letters “IIA” substituted by the Finance Act, 2013.

¹⁴ Full stop substituted by the Finance Act, 2013.

¹⁵ Added by the Finance Act, 2013.

234. ¹[**Tax on motor vehicles**].— (1) Any person ²[at the time of] collecting motor vehicle tax shall also collect advance tax at the rates specified in ³[Division III of] Part IV of the First Schedule.

(2) If the motor vehicle tax is collected in instalments⁴[or lump sum] the advance tax may also be collected in instalments ⁵[or lump sum] in like manner.

⁶[(2A) In respect of motor cars used for more than ten years in Pakistan, no advance tax shall be collected after a period of ten years.]

(3) In respect of a passenger transport vehicle with registered seating capacity of ten or more persons, advance tax shall not be collected after a period of ten years from the first day of July of the year of make of the vehicle.

(4) In respect of a goods transport vehicle with registered laden weight of ⁷[] less than 8120 kilograms, advance tax shall not be collected after a period of ten years from the date of first registration of vehicle in Pakistan.

⁸[(5) Advance tax collected under this section shall be adjustable.]

⁹[(6) For the purpose of sub-sections (1) and (2) “motor vehicle” shall include the vehicles specified in sub-section (7) of section 231B.”]

¹⁰[**234A CNG Stations**].—(1) There shall be collected advance tax at the rate specified in Division VIB of Part III of the First Schedule on the amount of gas bill of a Compressed Natural Gas station.

(2) The person preparing gas consumption bill shall charge advance tax under sub-section (1) in the manner gas consumption charges are charged.

¹The words “Transport business” substituted by the Finance Act, 2008.

² Inserted by the Finance Act, 2002.

³ Inserted by the Finance Act, 2013.

⁴Comma substituted by the Finance Act, 2013.

⁵ Inserted by the Finance Act, 2013.

⁶ Inserted by the Finance Act, 2002.

⁷ The words “2030 kilogram or more but” omitted by the Finance Act, 2003.

⁸ Sub-section (5) substituted by the Finance Act, 2013. The substituted sub-section (5) read as follows:

“(5) Where tax is collected from any person being the owner of goods transport vehicle, the tax so collected shall be the final tax on the income of such person from plying, or hiring out, of such vehicle.”

⁹ Added by the Finance Act, 2015.

¹⁰ Inserted by the Finance Act, 2007.

(3) The tax collected under this section¹[and under section 235] shall be a ²[minimum] tax on the income of a CNG station arising from the consumption of the gas referred to in sub-section (1).

³[*Explanation.*— For removal of doubt, it is clarified that for the purposes of this section tax on income arising from consumption of gas referred to in sub-section (3) means the tax collected under sub-section (1) which is inclusive of sales tax and all incidental charges.]

⁴[]

235. Electricity consumption.- (1) There shall be collected advance tax at the rates specified in Part-IV of the First Schedule on the amount of electricity bill of a commercial or industrial consumer.

(2) The person preparing electricity consumption bill shall charge advance tax under sub-section (1) in the manner electricity consumption charges are charged.

⁵[*Explanation.*— For removal of doubt, it is clarified that for the purposes of this section electricity consumption bill referred to in sub-section (2) means electricity bill inclusive of sales tax and all incidental charges.]

(3) Advance tax under this section shall not be collected from a person who produces a certificate from the Commissioner that his income during tax year is exempt from tax.

⁶[(4) Under this section, —

- (a) in the case of a taxpayer other than a company, tax collected upto bill amount of ⁷[three hundred and sixty thousand Rupees per annum] shall be treated as minimum tax on the income of such persons and no refund shall be allowed;

¹Inserted by the Finance Act, 2017.

²The word “final” substituted through Finance Act, 2019.

³Added by the Finance Act, 2017.

⁴Sub-section (4) omitted by the Finance Act, 2017. The omitted sub-section (4) is read as follows:

“(4) The taxpayers shall not be entitled to claim any adjustment of withholding tax collected or deducted under any other head, during the tax year.”

⁵Added by Finance Act 2017.

⁶Sub-section (4) substituted by the Finance Act, 2009. The substituted sub-section (4) read as follows:

“(4) The tax collected under this section up to bill amount of twenty thousand rupees per month shall be minimum tax on the income of a person (other than a company). There shall be no refund of the tax collected under this section, unless the tax so collected is in excess of the amount for which the taxpayer is chargeable under this Ordinance in the case of a company.”

⁷The word “thirty thousand rupees per month” substituted by the Finance Act 2017.

(b) in the case of a taxpayer other than a company, tax collected on monthly bill over and above thirty thousand rupees per month shall be adjustable; and

¹[(c)] in the case of a company, tax collected shall be adjustable against tax liability.]

²**235A. Domestic electricity consumption.-** (1) There shall be collected advance tax at the rates specified in Division XIX of Part IV of the First Schedule on the amount of electricity bill of a domestic consumer.

³[*Explanation.*— For removal of doubt, it is clarified that for the purposes of this section, electricity consumption bill referred to in sub-section (2) means electricity bill inclusive of sales tax and all incidental charges.]

(2) The person preparing electricity consumption bill shall charge advance tax under sub-section (1) in the manner electricity consumption charges are charged.

(3) Tax collected under this section shall be adjustable against tax liability.

235B. Tax on steel melters ⁴[and composite units].- (1) There shall be collected tax from every steel melter, ⁵[and] composite steel units, registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007 at the rate of one rupee per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS products) excluding stainless steel .

(2) The person preparing electricity consumption bill shall charge and collect the tax under sub-section (1) in the manner electricity consumption charges are charged and collected.

(3) The tax collected under sub- section (1) shall be deemed to be the tax required to be deducted under sub-section (1) of section 153, on the payment for local purchase of scrap.

(4) Tax collected under sub-section (1) shall be non-adjustable and credit of the same shall not be allowed to any person.]

¹Clause (d) re-numbered by the Finance Act 2017.

²Sections 235A and 235B inserted by the Finance Act, 2014.

³Added by Finance Act 2017

⁴The expression “,re-rollers etc” substituted by the Finance Act, 2017.

⁵The word “steel re-roller,” substituted by the Finance Act, 2017,

236. Telephone ¹[and internet] users.- (1) Advance tax at the rates specified in Part IV of the First Schedule shall be collected on the amount of –

- (a) telephone bill of a subscriber; ²[]
- (b) prepaid cards for ³[] telephones ⁴[: ⁵[]]
- (c) sale of units through any electronic medium or whatever form ⁶[: and]
- ⁷“(d) internet bill of a subscriber; and
- (e) prepaid cards for internet.”]

(2) The person preparing the telephone⁸[or internet] bill shall charge advance tax under sub-section (1) in the manner telephone⁹[or internet] charges are charged.

(3) The person issuing or selling prepaid cards for ¹⁰[] telephones ¹¹[or internet] shall ¹²[collect] advance tax under sub-section (1) from the purchasers at the time of issuance or sale of cards.

¹³[(3A) The person issuing or selling units through any electronic medium or whatever form shall collect advance tax under sub-section (1) from the purchaser at the time of issuance or sale of units.]

(4) Advance tax under this section shall not be collected from Government, a foreign diplomat, a diplomatic mission in Pakistan, or a person who produces a certificate from the Commissioner that his income during the tax year is exempt from tax.

¹[236A. Advance tax at the time of sale by auction.— (1) Any person making sale by public auction²[or auction by a tender], of any property or goods

¹Inserted by the Finance Act, 2015.

²The word “and” omitted by the Finance Act, 2010.

³ The word “mobile“ omitted by the Finance Act, 2002.

⁴Full stop substituted by the Finance Act, 2010.

⁵The word “and” omitted by Finance Act, 2015.

⁶ Substituted by the Finance Act, 2015

⁷Added by the Finance Act, 2015.

⁸Inserted by the Finance Act, 2015.

⁹Inserted by the Finance Act, 2015.

¹⁰ The word “mobile” omitted by the Finance Act, 2002.

¹¹ Inserted by the Finance Act, 2015.

¹²The word “called” substituted by the Finance Act, 2003.

¹³Added by the Finance Act, 2010.

³[(including property or goods confiscated or attached)] either belonging to or not belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub-clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of ⁴[Inland Revenue] or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold.

(2) The credit for the tax collected under sub-section (1) in that tax year shall, subject to the provisions of section 147, be given in computing the tax payable by the person purchasing such property in the relevant tax year or in the case of a taxpayer to whom section 98B or section 145 applies, the tax year, in which the “said date” as referred to in that section, falls or whichever is later.

Explanation.- For the purposes of this section, sale of any property includes the awarding of any lease to any person, including a lease of the right to collect tolls, fees or other levies, by whatever name called.]

⁵“(3) Notwithstanding the provisions of sub-section (2), tax collected on a lease of the right to collect tolls shall be final tax.”]

⁶**[236B. Advance tax on purchase of air ticket.—** (1) There shall be collected advance tax at the rate specified in Division IX of Part IV of the First Schedule, on the purchase of gross amount of domestic air ticket⁷[":.”]

⁸["Provided that this section shall not apply to routes of Baluchistan coastal belt, Azad Jammu and Kashmir, Federally Administered Tribal Areas, Gilgit-Baltistan and Chitral.”]

(2) The ⁹[airline issuing] air ticket shall charge advance tax under sub-section (1) in the manner air ticket charges are charged.]

¹⁰[(2A) The mode, manner and time of collection shall be as may be prescribed.]

¹ Added by the Finance Act, 2009.

² Inserted by the Finance Act, 2011.

³ The words “confiscated or attached” substituted by the Finance Act, 2010.

⁴ The words “Income Tax” substituted by the Finance Act, 2011.

⁵ Added by the Finance Act, 2016.

⁶ Added by the Finance Act, 2010.

⁷ Full stop substituted by Finance Act, 2015.

⁸ Added by the Finance Act, 2015.

⁹ The words “person preparing” substituted by the words “airline issuing” Finance Act, 2014.

¹⁰ Sub-section (2A) inserted by the Finance Act, 2014.

¹[(3) The advance tax collected under sub-section (1) shall be adjustable.]

²[]

³**[236C. Advance Tax on sale or transfer of immovable Property.—**(1) Any person responsible for registering ⁴[,recording] or attesting transfer of any immovable property shall at the time of registering ⁵[,recording] or attesting the transfer shall collect from the seller or transferor advance tax at the rate specified in Division X of Part IV of the First Schedule ⁶[:]

⁷[*Explanation,—*For removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society and registrar of properties.]

⁸[Provided that this sub-section shall not apply to a seller, being the dependant of a *Shaheed* belonging to Pakistan Armed Forces or a person who dies while in the service of the Pakistan Armed Forces or the service of Federal or Provincial Government, in respect of first sale of immovable property acquired from or allotted by the Federal Government or Provincial Government or any authority duly certified by the official allotment authority, and the property acquired or allotted is in recognition of or for services rendered by the *Shaheed* or the person who dies in service.]

(2) The Advance tax collected under sub-section (1) shall be adjustable

⁹[:]

¹⁰[Provided that where immovable property referred to in sub-section (1) is acquired and disposed of within the same tax year, the tax collected under this section shall be minimum tax.]

¹Inserted by the Finance Act, 2011.

²Sub-section (4) omitted by the Finance Act, 2015. The omitted sub-section (4) read as follows:-

[(4) The advance tax under this section shall not be collected in the case of—
 (a) the Federal Government or a Provincial Government; or
 (b) a person who produces a certificate from the Commissioner Inland Revenue that income of such person during the tax year is exempt.]

³Inserted by the Finance Act, 2012.

⁴Inserted by the Finance Act, 2017.

⁵Inserted by the Finance Act, 2017.

⁶Full stop substituted by the Presidential Order No.F.2(1)/2016-Pub dated 31.08.2016.

⁷Added by the Finance Act, 2017.

⁸ Added by the Presidential Order No.F.2(1)/2016-Pub dated 31.08.2016.

⁹Full stop substituted by the Finance Act, 2017

¹⁰inserted by the Finance Act, 2017

¹[]

²[(3) Advance tax under sub-section (1) shall not be collected if the immovable property is held for a period exceeding ³[five] years.]

⁴[⁵[]]

⁶[**236D. Advance tax on functions and gatherings.**— (1) Every prescribed person shall collect advance tax at the rate specified in Division XI of Part IV of the First Schedule on the total amount of the bill from a person arranging or holding a function in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.

(2) Where the food, service or any other facility is provided by any other person, the prescribed person shall also collect advance tax on the payment for such food, service or facility at the rate specified in Division XI of Part IV of the First Schedule from the person arranging or holding the function.

(3) The advance tax collected under sub-section (1) and sub-section (2) shall be adjustable.

(4) In this section,—

- (a) “function” includes any wedding related event, a seminar, a workshop, a session, an exhibition, a concert, a show, a party or any other gathering held for such purpose; and
- (b) “prescribed person” includes the owner, a lease-holder, an operator or a manager of a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.]

¹Sub-section (3) omitted by the Finance Act 2015. The omitted sub-section read as follows:

“(3) The advance tax under this section shall not be collected in the case of Federal Government, Provincial Government or a Local Government.”

² Added by the Finance Act, 2016.

³The word “three” substituted by Finance Act, 2019.

⁴ Added by the Income Tax (Fourth Amendment) Act, 2016 dated 02.12.2016.

⁵ Sub-section (4) omitted by the Presidential Order No.F.2(1)/2016-Pub dated 31.08.2016. The omitted sub-section read as follows:-

“(4) Sub-section (1) shall not apply to:—

- (a) a seller, if the seller is dependent of:
 - (i) a *Shaheed* belonging to Pakistan Armed Forces; or
 - (ii) a person who dies while in the service of the Pakistan Armed Forces or the Federal and Provincial Governments; and
- (b) to the first sale of immovable property which has been acquired or allotted as an original allottee, duly certified by the official allotment authority.”]

⁶ Added by the Finance Act, 2013.

¹[]]

³**236F. Advance tax on cable operators and other electronic media.**— (1) Pakistan Electronic Media Regulatory Authority, at the time of issuance of licence for distribution services or renewal of the licence to a licensee, shall collect advance tax at the rates specified in Division XIII of Part IV of the First Schedule.

(2) The tax collected under sub-section (1) shall be adjustable.

(3) For the purpose of this section, “cable television operator” “DTH”, “Distribution Service”, “electronic media”, “IPTV”, “loop holder”, “MMDS”, “mobile TV”, shall have the same meanings as defined in Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (XIII of 2002) and rules made thereunder.]

⁴**236G. Advance tax on sales to distributors, dealers and wholesalers.**— (1) Every manufacturer or commercial importer of electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to distributors, dealers and wholesalers, shall collect advance tax at the rate specified in Division XIV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.

(2) Credit for tax collected under sub-section (1) shall be allowed in computing the tax due by the distributor, dealer or wholesaler on the taxable income for the tax year in which the tax was collected.]

⁵**236H. Advance tax on sales to retailers.**— (1) Every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, ⁶[]motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers⁷[“ and every distributor or dealer to another wholesaler in respect of the said sectors”], shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule, from the aforesaid person to whom such sales have been made.

¹ Added by the Finance Act, 2013.

²Section 236E omitted by the Finance Act, 2016. The omitted section read as follows:-

“236E. Advance tax on foreign-produced TV plays and serials.— (1) Any licensing authority certifying any foreign TV drama serial or a play dubbed in Urdu or any other regional language, for screening and viewing on any landing rights channel, shall collect advance tax at the rates specified in Division XII of Part IV of the First Schedule.

(2) The advance tax collected under sub-section (1) shall be adjustable.”

³Added by the Finance Act, 2013.

⁴Added by the Finance Act, 2013.

⁵Added by the Finance Act, 2013.

⁶ The word and comma “fertilizer,” substituted by the Finance Act, 2015.

⁷ Inserted by the Finance Act, 2015.

(2) Credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the retailer on the taxable income for the tax year in which the tax was collected.]

¹[236HA. Tax on sale of certain petroleum products.— (1) Every person selling petroleum products to a petrol pump operator or distributor, where such operator or distributor is not allowed a commission or discount, shall collect advance tax on ex-depot sale price of such products at the rate specified in Division XVA of Part IV of the First schedule.

(2) The tax deductible under sub-section (1) shall be a final tax on the income arising from the sale of petroleum products to which sub-section (1) applies.]

²[236I. Collection of advance tax by educational institutions.— (1) There shall be collected advance tax at the rate specified in Division XVI of Part-IV of the First Schedule on the amount of fee paid to an educational institution.

(2) The person preparing fee voucher or challan shall charge advance tax under sub-section (1) in the manner the fee is charged.

(3) Advance tax under this section shall not be collected from a person ³[on an amount which is paid by way of scholarship or] where annual fee does not exceed two hundred thousand rupees.

(4) The term “fee” includes, tuition fee and all charges received by the educational institution, by whatever name called, excluding the amount which is refundable.

(5) Tax collected under this section shall be adjustable against the tax liability of either of the parents or guardian making payment of the fee.]

⁴[(6) Advance tax under this section shall not be collected from a person who is a non-resident and,—

- (i) furnishes copy of passport as an evidence to the educational institution that during previous tax year, his stay in Pakistan was less than one hundred eighty-three days;
- (ii) furnishes a certificate that he has no Pakistan-source income; and
- (iii) the fee is remitted directly from abroad through normal banking channels to the bank account of the educational institution.”]

¹Inserted by the Finance Act, 2018

² Added by the Finance Act, 2013.

³Inserted by the Finance Act, 2018

⁴Added by the Finance Act, 2015.

¹**[236J. Advance tax on dealers, commission agents and *arhatis* etc.—** (1) Every market committee shall collect advance tax from dealers, commission agents or *arhatis*, etc. at the rates specified in Division XVII of Part-IV of the First Schedule at the time of issuance or renewal of licences.

- (2) The advance tax collected under sub-section (1) shall be adjustable.
- (4) In this section “market committee” includes any committee or body formed under any provincial or local law made for the purposes of establishing, regulating or organizing agricultural, livestock and other commodity markets.]

²**[236K. Advance tax on purchase or transfer of immovable property.—** (1) Any person responsible for registering ³[,recording] or attesting transfer of any immovable property shall at the time of registering ⁴[,recording] or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule.

⁵[*Explanation,—*For removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society and registrar of properties.]

- (2) The advance tax collected under sub-section (1) shall be adjustable.

⁶[]

⁷(3) Any person responsible for collecting payments in installments for purchase or allotment of any immovable property where the transfer is to be effected after making payment of all installments, shall at the time of collecting installments collect from the allottee or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule.]

¹Added by the Finance Act, 2013.

²Sections 236K, 236L, 236M and 236N inserted by the Finance Act, 2014.

³Inserted by the Finance Act, 2017.

⁴Inserted by the Finance Act, 2017.

⁵Added by the Finance Act, 2017

⁶ Sub-section (3) omitted by the Finance Act, 2015. The omitted sub-section (3) read as follows:-

“(3) The advance tax under this section shall not be collected in the case of the Federal Government, a Provincial Government, a Local Government or a foreign diplomatic mission in Pakistan.”

⁷Inserted by the Finance Act, 2018.

(4) Nothing contained in this section shall apply to a scheme introduced by the Federal Government, or Provincial Government or an Authority established under a Federal or Provincial law for expatriate Pakistanis¹[:]

²["Provided that the mode of payment by the expatriate Pakistanis in the said scheme or schemes shall be in the foreign exchange remitted from outside Pakistan through normal banking channels."]

236L. Advance tax on purchase of international air ticket.— (1) Every airline, issuing ticket for journey originating from Pakistan, shall collect advance tax at the rates specified in Division XX of Part IV of the First Schedule, on the gross amount of international air tickets issued to passengers booking one-way or return, from Pakistan.

(2) The airline issuing air ticket shall collect or charge advance tax under sub-section (1) in the manner air ticket charges are collected or charged, either manually or electronically.

(3) The mode, manner and time of collection under sub-section (1) and time of collection shall be as may be prescribed.

(4) The advance tax collected under sub-section (1) shall be adjustable.

³[]

¹Full stop substituted by the finance Act, 2015.

²Added by the Finance Act, 2015.

³Section 236M omitted by the Finance Act, 2018. The omitted section 236M read as follows:

"236M. Bonus shares issued by companies quoted on stock exchange .- (1) Notwithstanding anything contained in any law for the time being in force, every company, quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold five percent of the bonus shares to be issued.

(2) Bonus shares withheld under sub-section (1) shall only be issued to a shareholder, if the company collects from the shareholder, tax equal to five percent of the value of the bonus shares issued to the shareholder including bonus share withheld, determined on the basis of day-end price on the first day of closure of books.

(3) Tax under sub-section (2), shall be collected by the company, within fifteen days of the first day of closure of books.

(4) If the shareholder fails to make the payment of tax under sub-section (2) within fifteen days or the company fails to collect the said tax within fifteen days, the company shall deposit the bonus share withheld under sub-section (1) in the Central Depository Company of Pakistan Limited or any other entity as may be prescribed.

(5) Bonus share deposited in the Central Depository Company of Pakistan Limited or the entity prescribed under sub-section (4) shall be disposed of in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner, by way of credit to the Federal Government.

(6) Issuance of bonus shares shall be deemed to be the income of the shareholder and the tax collected by a company under sub-section (2) or proceeds of the bonus shares disposed of and paid under sub-section (5) shall be treated to have been paid on behalf of shareholder.

(7) Tax paid under this section shall be final tax on the income of the shareholder of the company arising from issuing of bonus shares."

¹[]

²**[236O. Advance tax under this chapter.**—The advance tax under this chapter shall not be collected ³["or deducted from"] —

- (a) the Federal Government or a Provincial Government;
- (b) a foreign diplomat or a diplomatic mission in Pakistan; or
- (c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.”]

⁴**[236P. Advance tax on banking transactions otherwise than through cash.**— (1) Every banking company shall collect advance adjustable tax from a ⁵[person whose name is not appearing in the active taxpayers’ list] at the time of sale of any instrument, including demand draft, pay order, special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt, rupee traveller’s cheque or any other instrument of such nature.

(2) Every banking company shall collect advance adjustable tax from a ⁶[person whose name is not appearing in the active taxpayers’ list] at the time of transfer of any sum through cheque or clearing, interbank or intra bank transfers through cheques, online transfer, telegraphic transfer, mail transfer, direct debit, payments through internet, payments through mobile phones, account to account funds transfer, third party account to account funds transfers, real time account to

¹Section 236N omitted by the Finance Act, 2018. The omitted section 236N read as follows:

²236N. Bonus shares issued by companies not quoted on stock exchange .- (1) Notwithstanding anything contained in any law for the time being in force, every company, not quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall deposit tax, within fifteen days of the closure of books, at the rate of five percent of the value of the bonus shares on the first day of closure of books, whether or not tax has been collected by the company under sub-section (3).

(2) Issuance of bonus shares shall be deemed to be the income of the shareholder and tax deposited under sub-section (1) shall be treated to have been deposited on behalf of the shareholder.

(3) A company liable to deposit tax under sub-section (1), shall be entitled to collect and recover the tax deposited under sub-section (1), from the shareholder, on whose behalf the tax has been deposited, before the issuance of bonus shares.

(4) If a shareholder neither makes payment of tax to the company nor collects its bonus shares, within three months of the date of issuance of bonus shares, the company may proceed to dispose of its bonus shares to the extent it has paid tax on its behalf under sub-section (1).

(5) Tax paid under this section shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares.

(6) The Board may prescribe rules for determination of value of shares under sub-section (1).”]

² Section “236O” inserted by the Finance Act, 2015.

³ The words “in the case of withdrawals made by” substituted by the Finance Act, 2016.

⁴ Section “236P” inserted by the Finance Act, 2015.

⁵The words “non-filers” substituted through Finance Act, 2019.

⁶ The words “non-filers” substituted through Finance Act, 2019.

account funds transfer, real time third party account to account fund transfer, automated teller machine (ATM) transfers, or any other mode of electronic or paper based funds transfer.

(3) The advance tax under this section shall be collected at the rate specified in Division XXI of Part IV of the First Schedule, where the sum total of payments for all transactions mentioned in sub-section (1) or subsection (2), as the case may be, exceed fifty thousand rupees in a day.

¹[“*Explanation.*— For removal of doubt, it is clarified that the said fifty thousand rupees shall be aggregate transfers from all the bank accounts in a single day.”]

(4) Advance tax under this section shall not be collected in the case of ²[] payments made for Federal, Provincial or local Government taxes.”]

³[**236Q. Payment to residents for use of machinery and equipment.**—(1) Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person for use or right to use industrial, commercial and scientific equipment shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.

(2) Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person on account of rent of machinery shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.

(3) The tax deductible under sub-sections (1) and (2) shall be final tax on the income of such resident person.

(4) In this section —prescribed person^{ll} means a prescribed person as defined in sub-section (7) of section 153.

(5) The provisions of sub-section (1) and (2) shall not apply to—

- (a) agricultural machinery; and
- (b) machinery leased by a leasing company, an investment bank or a modaraba or a scheduled bank or a development finance institution in respect of assets owned by the leasing company or an investment bank or a modaraba or a scheduled bank or a development finance institution.]

¹ Added by the Finance Act, 2016.

²The expression “Pakistan Real time Interbank Settlement Mechanism (PRISM) transactions or” omitted by the National Assembly Secretariat’s O.M. No.F.22(41)/2015-Legis dated 29.01.2016.

³Section “236Q” inserted by the Finance Act, 2015.

¹[236R. Collection of advance tax on education related expenses remitted abroad.—(1) There shall be collected advance tax at the rate specified in Division XXIV of Part-IV of the First Schedule on the amount of education related expenses remitted abroad.

(2) Banks, financial institutions, foreign exchange companies or any other person responsible for remitting foreign currency abroad shall collect advance tax from the payer of education related expenses.

(3) Tax collected under this section shall be adjustable against the income of the person remitting payment of education related expenses.

(4) For the purpose of this section, “education related expenses” includes tuition fee, boarding and lodging expenses, any payment for distant learning to any institution or university in a foreign country and any other expense related or attributable to foreign education.]

²[236S. Dividend in specie.—Every person making payment of dividend-in-specie shall collect tax from the gross amount of the dividend in specie paid at the rate specified in Division I of Part III of the First Schedule.”]

³[⁴]]

⁵[236U. Advance tax on insurance premium.- (1) Every insurance company shall collect advance tax at the time of collection of insurance premium from ⁶[person whose name is not appearing in the active taxpayers’ list] in respect of general insurance premium and life insurance premium, at the rates specified in Division XXV of Part IV of the First Schedule.

(2) Insurance premium collected through agents of the insurance company shall be treated to have been collected by the insurance company.

(3) Advance tax collected under this section shall be adjustable.]

¹ Section “236R” inserted by the Finance Act, 2015.

² Section “236S” inserted by the Finance Act, 2015.

³ Section “236T” inserted by the Finance Act, 2015.

⁴Section “236T” omitted by the Finance Act, 2016. Omitted section read as follows:-

“236T. Collection of tax by Pakistan Mercantile Exchange Limited (PMEX).—(1) Pakistan Mercantile Exchange Limited (PMEX) shall collect advance tax—

(a) at the rates specified in Division XXII of Part IV of First Schedule from its members on purchase of futures commodity contracts;

(b) at the rates specified in Division XXII of Part IV of First Schedule from its members on sale of futures commodity contracts; and

(2) The tax collected under clauses (a) and (b) of sub-section (1) shall be an adjustable tax.”]

⁵Inserted by the Finance Act, 2016.

⁶The words “non-filers” substituted through Finance Act, 2019

¹**[236V. Advance tax on extraction of minerals.-** (1) There shall be collected advance tax at the rate specified in Division XXVI of Part-IV of the First Schedule on the value of minerals extracted, produced, despatched and carried away from the licensed or leased areas of the mines.

(2) Advance tax under sub-section (1) shall be collected by the provincial authority collecting royalty per metric ton from the lease-holder of mines or any person extracting minerals.

(3) Advance tax collected under this section shall be adjustable.

(4) The value of the minerals for the purpose of this section shall be as specified by the Board.”]

²[]

³**[236X. Advance tax on tobacco.—** (1)Pakistan Tobacco Board or its contractors, at the time of collecting cess on tobacco, directly or indirectly, shall collect advance tax at the rate of five percent of the purchase value of tobacco from every person purchasing tobacco including manufacturers of cigarettes.

(2) Tax collected under this section shall be adjustable.]

⁴**[236Y. Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards.—**(1) Every banking company shall collect advance tax, at the time of transfer of any sum remitted outside Pakistan, on behalf of any person who has completed a credit card transaction, a debit card transaction, or a prepaid card transaction with a person outside Pakistan at the rate specified in Division XXVII of Part IV of the First Schedule.

¹Inserted by the Finance Act, 2016.

²Section 236W omitted through Finance Act, 2019, omitted section read as follow:

236W. Tax on purchase or transfer of immovable property.—(1) Every person responsible for registering²[,recording] or attesting transfer of any immovable property shall at the time of registering²[,recording] or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate of three per cent of the amount computed under clause (c) of sub-section (4) of section 111.

²[*Explanation.*—For removal of doubt, it is clarified that the person responsible for registering, recording or attesting transfer includes person responsible for registering, recording or attesting transfer for local authority, housing authority, housing society, co-operative society and registrar of properties.]

2. Tax collected under sub-section (1) shall not be adjustable.

³Added by the Finance Act 2017.

⁴Inserted by the Finance Act, 2018.

(2) The advance tax collected under this section shall be adjustable."]