



COMPARISON OF MAJOR AMENDMENTS FINANCE BILL & ACT, 2019



TECHNICAL SUPPORT AND PRACTICE DEVELOPMENT (TSPD) COMMITTEE



Comparison of Major Amendments- Finance Bill & Act, 2019

Income Tax Ordinance, 2001							
Section	Finance Bill, 2019			Finance Act, 2019			Remarks
37	Capital Gain on immovable property			Capital Gain on immovable property			<p>In case of open plots the holding period is changed to eight years instead of ten years.</p> <p>In case of open plots the holding period is changed to four years instead of five years.</p>
	In case of open plots:-			In case of open plots:-			
	S#	Holding Period	Gain	S#	Holding Period	Gain	
	1	Where the holding period of open plot does not exceed one year	A	1	Where the holding period of open plot does not exceed one year	A	
	2	Where the holding period of open plot is exceeds one year but does not exceed ten years	A x 3/4	2	Where the holding period of open plot is exceeds one year but does not exceed eight years	A x 3/4	
	3	Where the holding period of open plot exceeds ten years	0	3	Where the holding period of open plot exceeds eight years	0	
	In case of constructed property:-			In case of constructed property:-			
	S#	Holding Period	Gain	S#	Holding Period	Gain	
	1	Where the holding period of constructed property does not exceed one year	A	1	Where the holding period of constructed property does not exceed one year	A	
	2	Where the holding period of constructed property exceeds one year but does not exceed five years	A x 3/4	2	Where the holding period of constructed property exceeds one year but does not exceed four years	A x 3/4	
	3	Where the holding period of constructed property exceeds five years	0	3	Where the holding period of constructed property exceeds four years	0	



82, Clause (ab)	"(ab) is present in Pakistan for a period of, or periods amounting in aggregate to, ninety days or more in the tax year and who, in the four years preceding the tax year, has been in Pakistan for a period of, or periods amounting in aggregate to, three hundred and sixty-five days or more; or";	"(ab) is present in Pakistan for a period of, or periods amounting in aggregate to, one hundred and twenty days or more in the tax year and, in the four years preceding the tax year, has been in Pakistan for a period of, or periods amounting in aggregate to, three hundred and sixty-five days or more; or";	Condition of Period for Resident Individual for being present in Pakistan is increased from ninety days to one hundred and twenty days.
175, new sub-section inserted through Finance Bill, 2019	"(6A) The Commissioner shall, subject to the condition as may be prescribed, raid any premises where there is reliable information of undeclared gold, bearer security or foreign currency and confiscate the same in order to enforce any provision of this Ordinance.";	Sub-section omitted through Finance Act, 2019	
192B	Prosecution for concealment of an offshore asset. — (1) Any person who fails to declare an offshore asset to the Commissioner or furnishes inaccurate particulars of an offshore asset and revenue impact of such concealment or furnishing of inaccurate particulars is one hundred thousand rupees or more shall commit an offence punishable on conviction with imprisonment up to seven years or with a fine up to two hundred percent of the amount of tax evaded or both.";	Prosecution for concealment of an offshore asset. — (1) Any person who fails to declare an offshore asset to the Commissioner or furnishes inaccurate particulars of an offshore asset and revenue impact of such concealment or furnishing of inaccurate particulars is ten million rupees or more shall commit an offence punishable on conviction with imprisonment up to three years or with a fine up to five hundred thousand Rupees or both.";	<ul style="list-style-type: none"> • The limit of Rs 100,000 is enhanced to ten million rupees. • Imprisonment reduced from seven to three years. • Fine changed from 200% of the amount of tax evaded to Rs 500,000.
195A	Prosecution for non-compliance with notice under section 116A.— Any person who, without reasonable excuse, fails to comply with a notice under sub-section (2) of section 116A; shall commit an offence punishable on conviction with imprisonment up to two years or with a fine up to a penalty of two percent of the offshore asset not declared or both.	Prosecution for non-compliance with notice under section 116A.— Any person who, without reasonable excuse, fails to comply with a notice under sub-section (2) of section 116A; shall commit an offence punishable on conviction with imprisonment up to one year or with a fine up to fifty thousand Rupees or both.	<ul style="list-style-type: none"> • Imprisonment reduced from two to one years. • Fine changed from 2% of the offshore asset to Rs 50,000.



First Schedule, Part I, Division III	Tax rate of tax on dividend The rate of tax on dividend revised as under:			Tax rate of tax on dividend The rate of tax on dividend have been revised as under:			Rate of tax on dividend as distributed by WAPDA was proposed to be 15% in the Finance Bill, however, the same is again changed to 7.5% .
	S#	Subscription	Rate	S#	Subscription	Rate	
	1	Distributed by purchaser of a power project privatized by WAPDA, or on shares of a company set up for power generation, or shares of company supplying coal exclusively to power generation projects	15%	1	Distributed by purchaser of a power project privatized by WAPDA, or on shares of a company set up for power generation, or shares of company supplying coal exclusively to power generation projects	7.5%	
	2	Dividend from mutual fund, stock fund and REIT scheme	15%	2	Dividend from mutual fund, stock fund and REIT scheme	15%	
	3	For companies paying dividend having no tax payable due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III."	25%	3	For companies paying dividend having no tax payable due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III."	25%	
Division VIII	Tax on builders Capital Gains on disposal of Immovable property The Division VIII (Division VIIIA and Division VIIIB providing rates of tax on builders and developers under section 7C and 7D respectively), Part I has been omitted.			Tax on builders Capital Gains on disposal of Immovable property For Division VIII the following shall be substituted, namely:-			Division VIII was omitted through Finance Bill, however, the Act has removed this amendment and substituted a new table with the earlier Division VIIIA and B.
	S#	Amount of gain	Rate of tax				
	1.	Where the gain does not exceed Rs. 5 million	5%				
	2.	Where the gain exceeds Rs. 5 million but does not exceed Rs. 10 million	10%				
	3.	Where the gain exceeds Rs. 10 million but does not exceed Rs. 15 million	15%				
	4.	Where the gain exceeds Rs. 15 million	20%				



<p>First Schedule, Part III, Division III</p>	<p>Payment for goods or services “(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be— (i) 4% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection, certification, testing and training services;</p>	<p>Payment for goods or services “(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be— (i) 3% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of the Second Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection, certification, testing and training services;</p>	<p>Rate of Tax on certain goods or services is reduced from 4% to 3%.</p>
<p>Sales Tax Act, 1990</p>			
<p>Section</p>	<p>Finance Bill, 2019</p>	<p>Finance Act, 2019</p>	<p>Remarks</p>
<p>2(5AB)</p>	<p>“cottage industry” means a manufacturing concern, which fulfils each of following conditions, namely:– (a) does not have an industrial gas or electricity connection; (b) is located in a residential area; (c) does not have a total labour force of more than ten workers; and (d) annual turnover from all supplies does not exceed two million rupees;”;</p>	<p>“cottage industry” means a manufacturing concern, which fulfils each of following conditions, namely:– (a) does not have an industrial gas or electricity connection; (b) is located in a residential area; (c) does not have a total labour force of more than ten workers; and (d) annual turnover from all supplies does not exceed three million Rupees;”;</p>	<p>Annual turnover limit in case of cottage industry is enhanced from two million to three million rupees.</p>



8B sub-section (1)	in section 8B, in the second proviso, after the expression "sub-section (1)", the expression "and may also in the like manner relax the aforesaid limit to ninety-five per cent" shall be inserted;	This amendment is omitted through the Finance Act, 2019.	The whole amendment is omitted through the Finance Act, 2019.
8B		A new sub-section 6 is inserted after sub-section 5 as under:- “(6) In case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-section (9A) of section 3, during a tax period or part thereof, the adjustable input tax for whole of that tax period shall be reduced by 15%.”;	A new sub-section 6 is inserted after sub-section 5 through the Finance Act, 2019.
23	In sub-section (1),— (b) in clause (b), after the word “number”, the expression “, or in case of supplies to unregistered person, NIC number,” shall be inserted; and	Clause (b) is completely substituted with the following:- “(b) name, address and registration, number of the recipient and NIC or NTN of the unregistered person, as the case may be, excluding supplies made by a retailer where the transaction value inclusive of sales tax amount does not exceed rupees fifty thousand, if sale is being made to an ordinary consumer. Explanation.— For the purpose of this clause, ordinary consumer means a person who is buying goods for his own consumption and not for the purpose of re-sale or processing: Provided that the condition of NIC or NTN shall be effective from 1st August, 2019;”;	Clause (b) is completely substituted through Finance Act, 2019.
23		A new proviso is inserted after clause (g), namely:— “Provided also that if it is subsequently proved that CNIC provided by the purchaser was not correct,	A new proviso is inserted after clause (g) through the Finance Act, 2019.



				liability of tax or penalty shall not arise against the seller, in case of sale made in good faith.”;												
47 clause (a)				Following is substituted :- “(a) chartered accountants, cost and management accounts and advocates having more than ten year experience in the field of taxation; and”;	CMAAs included in the Alternate Dispute Resolution Committees (ADRCs).											
76				A new Section is inserted after Section 75, through the Finance Act, 2019 which states:- “ Fee and Service Charges: The Federal Government may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation, 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.”;	A new Section is inserted after Section 75, through the Finance Act, 2019.											
Third Schedule				Following new items are included in the taxable supplies in the Third Schedule:- <table border="1" style="margin-left: 20px;"> <tr> <td>47</td> <td>Biscuits in retail packing with brand name</td> </tr> <tr> <td>48</td> <td>Tiles</td> </tr> <tr> <td>49</td> <td>Auto-parts, in retail packing, excluding those sold to automotive manufacturers or assemblers</td> </tr> </table>	47	Biscuits in retail packing with brand name	48	Tiles	49	Auto-parts, in retail packing, excluding those sold to automotive manufacturers or assemblers	New items included in the taxable supplies in the Third Schedule.					
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Sixth Schedule	The Bill provided exemption to Wheat Bran under PCT Code 2302.3000.			The Act withdraws exemption to Wheat Bran under PCT Code 2302.3000.	Exemption to Wheat Bran removed through the Finance Act, 2019.											
Eighth Schedule	<table border="1" style="width: 100%;"> <thead> <tr> <th>S#</th> <th>Description</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>59</td> <td>Products of milling industry, except wheat and meslin flour, as sold in</td> <td>10%</td> </tr> </tbody> </table>	S#	Description	Rate	59	Products of milling industry, except wheat and meslin flour, as sold in	10%	<table border="1" style="width: 100%;"> <thead> <tr> <th>S#</th> <th>Description</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>59</td> <td>Products of milling industry, except wheat and meslin flour, as sold in retail</td> <td>10%</td> </tr> </tbody> </table>	S#	Description	Rate	59	Products of milling industry, except wheat and meslin flour, as sold in retail	10%		
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	retail packing under a brand name or trademark			packing under a brand name or trademark		<p>2% value addition in the rate of Silver and Gold is removed through the Finance Act, 2019.</p>	
60	Fat filled milk as sold in retail packing under a brand name or trademark	10%	60	Fat filled milk as sold in retail packing under a brand name or trademark	10%		
61	Silver in unworked condition	1% plus 2% value addition	61	Silver in unworked condition	1%		
62	Gold in unworked condition	1% plus 2% value addition	62	Gold in unworked condition	1%		
63	Articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal. (No input tax adjustment to be allowed except of the tax paid on gold)	1.5% of value of gold, plus 0.5% of value of diamond, used therein, plus 3% of making charges	63	Articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal. (No input tax adjustment to be allowed except of the tax paid on gold)	1.5% of value of gold, plus 0.5% of value of diamond, used therein, plus 3% of making charges		
64	Supplies of Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops subject to condition that no input tax adjustment shall be allowed	7.5%	64	Supplies of Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops subject to condition that no input tax adjustment shall be allowed	7.5%		
65	Ginned cotton	10%	65	Ginned cotton	10%		
66	Supplies of finished articles of textile, textile made-ups, leather and artificial leather, as made by retailers If they are integrated with FBR's online system and data is	15%	66	Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales, if supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to the condition that they have maintained 4% value addition during the last six months	14%		
							<p>Rate is reduced from 15% to 14% in case of supplies made from retail outlets for certain goods.</p>



		transmitted to the FBR's computerized system in real time in such mode and manner as may be prescribed by the Board		67	LNG imported for servicing CNG sector and local supplies thereof	5%	Two new entries added through the Finance Act, 2019.
				68	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal	8%	
67		LNG imported for servicing CNG sector and local supplies thereof	5%	69	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish	8%	

Federal Excise Act, 2005

Section	Finance Bill, 2019	Finance Act, 2019	Remarks			
38(a)		Following is substituted :- “(a) chartered accountants, cost and management accounts and advocates having more than ten year experience in the field of taxation; and”;	CMA's included in the Alternate Dispute Resolution Committees (ADRCs).			
49		A new Section is inserted after Section 48, through the Finance Act, 2019 which states:- “ Fee and Service Charges: The Federal Government may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation, 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.”;	A new Section is inserted after Section 48, through the Finance Act, 2019.			
First Schedule		Serial numbers 55 and 55A, are substituted with the following:- <table border="1" data-bbox="989 1365 1646 1468"> <tr> <td>“55</td> <td>Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the</td> <td>87.03</td> </tr> </table>	“55	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the	87.03	Serial numbers 55 and 55A in the Third Schedule are substituted with a new table. At Serial No. 55.
“55	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the	87.03				



			transport of persons (other than those of headings 87.02), including station wagons and racing cars																													
			(a) of cylinder capacity up to 1000cc	2.5% ad val																												
			(b) of cylinder capacity from 1001cc to 1799cc	5% ad val.																												
			(c) of cylinder capacity 1800cc to 3000cc	25% ad val.																												
			(d) of cylinder capacity exceeding 3001cc	30% ad val.”;																												
Fourth Schedule	Minimum production of steel products.— The minimum production for steel products shall be determined as per criterion specified against each in the Table below:		Minimum production of steel products.— The minimum production for steel products shall be determined as per criterion specified against each in the Table below:																													
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Customs Act, 1969																																
Section	Finance Bill, 2019		Finance Act, 2019		Remarks																											
2(qc)			A new definition of Risk Management Committee is inserted as:-		A new definition of Risk Management committee																											



		(qc) “Risk Management Committee” means a committee headed by a BS-21 officer of Customs, constituted under the rules, to review functioning and supervise implementation of the Risk Management System and shall comprise as many BS-19 and BS-20 officers of Customs as may be notified by the Board; and”;	is inserted through the Finance Act, 2019.
32C	<p>A new Section was proposed to be inserted through Finance Bill, 2019, namely:-</p> <p>“32C. Mis-declaration of value for illegal transfer of funds abroad.- Without prejudice to any action that may be taken under this Act or any other law for the time being in force, if any person overstates the value of imported goods or understates the value of exported goods or vice versa, such person shall be served with a notice within a period of two months from the seizure of goods to show cause as to why such goods may not be confiscated.”;</p>	<p>The newly inserted section is substituted with the following according to the Finance Act, 2019:-</p> <p>“32C. Mis-declaration of value for illegal transfer of funds into or out of Pakistan.- (1) Without prejudice to any action that may be taken under this Act or any other law, for the time being in force, if any person overstates the value of imported goods or understates the value of exported goods or vice versa, or using other means including short-shipment, over-shipment, with a view to illegally transferring funds into or out of Pakistan, such person shall be served with a notice to show cause within a period of two years from the date of detection of such mis-declaration as to why penal action shall not be initiated:</p> <p>Provided that if goods have not been cleared from customs, such goods shall also be liable to be seized:</p> <p>Provided further that a team consisting of Additional Collector, duly assisted by an expert in the relevant field and an officer of State Bank of Pakistan (SBP) as specified, shall submit a report in writing with evidence for the Chief Collector. The said report shall also be</p>	<p>The newly inserted section is substituted through the Finance Act, 2019. Also the notice period is increased from two months to two years.</p>



		<p>furnished to the SBP for action, if any, under the law regulated by SBP.</p> <p>(2) Any proceedings under this section shall not be initiated without the explicit approval of the Board.”;</p>	
185	<p>(a) in sub-section (1), for the words “Federal Government”, the expression “Prime Minister, in consultation with the Chief Justice of the concerned High Court,” shall be substituted; and</p> <p>(b) in sub-section (3), for the words “Federal Government”, the expression “Prime Minister, in consultation with the Chief Justice of the concerned High Court,” shall be substituted;</p> <p>In section 185D, in sub-section (1), for the words “Federal Government”, wherever occurring, the words “Prime Minister” shall be substituted;</p>	All these amendments were omitted from the Finance Act, 2019.	Proposed amendment in Finance Bill, 2019 omitted through Finance Act, 2019.
Islamabad Capital Territory (Tax on Services) Ordinance, 2001			
Section	Finance Bill, 2019	Finance Act, 2019	Remarks
Schedule to ICT Ordinance Serial 46	Services provided or rendered for purchase or sale or hire of immovable property were included under the Schedule to ICT Ordinance which are to be taxed at the rate of 16%.	Finance Act, 2019 omits Services provided or rendered for purchase or sale or hire of immovable property from the list of services under the Schedule to ICT Ordinance which are to be taxed at the rate of 16%.	Services provided or rendered for purchase or sale or hire of immovable property was subject to 16% in the Finance Bill, however, the same is excluded through the Act.