

## **NOTES ON CLAUSES**

### **CUSTOMS ACT, 1969 (IV OF 1969)**

- Clause 4(1)                      Seeks to add a new clause 2 (ssssa) to define State Warehouse for legal clarity.
- Clause 4(2)                      Seeks to amend sub-section 5 of section 19 to give continuity to the notifications issued under section 19 during the Financial year.
- Clause 4(3)(a)                    Seeks to amend sub-section (3) of section 32 to remove a legal lacuna whereby no mis-declaration case can be framed in multiple declarations up to twenty thousand.
- Clause 4(3)(b)                    Seeks to amend sub-section (3A) of section 32 to remove a legal lacuna whereby no mis-declaration case can be framed in multiple declarations up to one hundred thousand.
- Clause 4(4)                        Seeks to amend section 80 to provide legal cover to non-intrusive examination i.e. scanning.
- Clause 4(5)(a)                    Seeks to amend section 82 to streamline the imposition of penalty on late filing of GD and late removal of goods from ports after clearance.
- Clause 4(5)(b)                    Seeks to add proviso to section 82 to provide legal cover to outsource customs auctions.
- Clause 4(6)(a)                    Seeks to amend S.No.7A to section 156(1) to enhance the quantum of penalty on Terminal Operators from five hundred thousand rupees to ten million rupees for not entertaining delay and detention certificate issued by Customs.
- Clause 4(6)(b)                    Seeks to add a new S.No.62A in section 156(1) to penalize illegal removal of goods from state warehouses.

- Clause 4(6)(c) Seeks to amend the S.No.83 of Section 156(1) to include any officer of an authority bound to deposit the impugned goods under section 170 to customs.
- Clause 4(7) Seeks to amend section 157(2) to add Explanation of the word “removal” that it includes all types of illegal movement of smuggled goods.
- Clause 4(8) Seeks to amend section 170 to require any authority to hand over the goods liable for confiscation to Customs, without waiting for conclusion of the proceedings of case.
- Clause 4(9) Seeks to insert new sub-section (6) to section 179 to introduce Faceless Adjudication and virtual proceedings to enhance transparency, efficiency and quick disposal of cases.
- Clause 4(10) Seeks to add a new sub-section (6) to section 185A for empowering Special Judge to freeze the property of accused during trial if it is believed that the accused is involved in illegal transfer of money into or out of Pakistan.
- Clause 4(11) Seeks to add a new section 196JJ to provide legal cover to independent case scrutiny committee for filing or otherwise of appeal before the Courts.
- Clause 4(12) Seeks to amend section 215 to provide legal cover to also publish legal Notices/Orders in newspapers where respondent is not traceable
- Clause 4(13) Seeks to amend the First Schedule to the Customs Act, 1969
- Clause 4(14) Seeks to substitute the Fifth Schedule to the Customs Act, 1969

## **SALES TAX ACT, 1990**

Clause 5(1)(a)	Seeks to insert new clauses (1AA) and (1AAA) after clause (1A) of section 2
Clause 5(1)(b)	Seeks to insert new clause (9AB) after omitted clause (9AA) of section 2
Clause 5(1)(c)	Seeks to insert new clause (17A) after clause (17) of section 2
Clause 5(1)(d)	Seeks to insert new clause (22)(1A) after clause (22) of section 2
Clause 5(1)(e)(i)	Seeks to insert the expression “having turnover more than two hundred million” after the expression, “wholesaler-cum-retailer” in sub-clause (d) in clause (43A) of section 2
Clause 5(1)(e)(ii)	Seeks to omit sub-clauses (f) and (g) of clause (43A) of section 2
Clause 5(1)(e)(iii)	Seeks to insert new sub-clause (gb) after omitted sub-clause (ga) of clause (43A) of section 2
Clause 5(1)(e)(iv)	Seeks to substitute a colon, for full stop and thereafter to add new proviso in sub-clause (h) of clause (43A) of section 2
Clause 5(1)(f)	Seeks to add Explanation after sub-clause (a) of clause (44) of section 2
Clause 5(1)(g)	Seeks to substitute the full stop, for the colon and thereafter to add the following expression in sub-clause (j) of clause (46) of section 2:
Clause 5(2)	Seeks to substitute a colon, for the full stop at the end and thereafter to add new proviso, after the first proviso in sub-section (2) of section 6

- Clause 5(3) Seeks to substitute a colon, for the full stop at the end and thereafter to add new proviso, in second proviso in sub-section (1) of section 8B
- Clause 5(4) Seeks to substitute a colon, for the full stop at the end and thereafter to add new proviso in section 9
- Clause 5(5) Seeks to inert new section11H after section 11G
- Clause 5(6) Seeks to insert the expression, “, has committed non-compliance of sub-section (5) and sub-section (6) of section 23 or section 40C” after the words “invoices” in sub-section (2) of section 21
- Clause 5(7)(i) Seeks to substitute the expression “as well as exempt supply shall issue a tax invoice including an advance receipt invoice, bearing a verifiable and unique FBR invoice number” for the words “supply shall issue a serially numbered tax invoice” in sub-section (1) of section 23
- Clause 5(7)(ii) Seeks to substitute for the existing provisos, after the Explanation in clause (b) of sub-section (1) of section 23
- Clause 5(8)(i) Seeks to insert new sub-sections (8A) and (8B) after sub-section (8) of section 25
- Clause 5(8)(ii) Seeks to substitute the words “issuing the audit report” for the words “completion of the audit” in sub-section (9) of section 25
- Clause 5(8)(iii)(a) Seeks to substitute the word “deposits” for the words “wishes to deposit” in sub-section (11) of section 25
- Clause 5(8)(iii)(b) Seeks to substitute the words “fifty percent” for the words “full amount” in the second proviso in sub-section (11) of section 25
- Clause 5(9) Seeks to insert new 30AA after section 30A

Clause 5(10)	Seeks to insert new section 30DDDB after section 30DDDA
Clause 5(11)	Seeks to insert new section 32C after section 32B
Clause 5(12)(a)(i)	Seeks to substitute the expression “fifty” for the expression “ten” in column (2) against S. No. 1 of section 33
Clause 5(12)(a)(ii)	Seeks to substitute the expression “thousand” for the expression “hundred” in the proviso in column (2) against S. No. 1 of section 33
Clause 5(12)(b)	Seeks to substitute the expression “twenty-five thousand rupees or five per cent” for the expression “five thousand rupees or three per cent” in column (2) against S. No. 2 of section 33
Clause 5(12)(c)(i)	Seeks to substitute the expression “fifty” for the expression “ten” in column (2) against S. No. 3 of section 33
Clause 5(12)(c)(ii)	Seeks to substitute the expression “ten” for the expression “five” in column (2) against S. No. 3 of section 33
Clause 5(12)(d)(i)	Seeks to substitute the expression “fifty thousand rupees or five per cent of the amount of the tax involved, whichever is higher” for the expression “ten thousand rupees or five per cent of the amount of the tax involved, whichever is higher” appearing for the first time in column (2) against S. No. 5 of section 33
Clause 5(12)(d)(ii)	Seeks to substitute the expression “thousand” for the expression “hundred” in the first proviso, in column (2) against S. No. 5 of section 33
Clause 5(12)(e)	Seeks to substitute the expression “fifty” for the expression “ten” in column (2) against S. No. 7 of section 33

Clause 5(12)(f)	Seeks to substitute the expression “fifty” for the expression “ten” in column (2) against S. No. 8 of section 33
Clause 5(12)(g)	Seeks to substitute S. No. 25 of section 33
Clause 5(12)(h)	Seeks to add S. Nos. 29, 30 and 31 and entries relating thereto in columns (1), (2) and (3) after S. No. 28 of section 33
Clause 5(13)(a)	Seeks to substitute sub-sections (2) and (3) of section 40C
Clause 5(13)(b)	Seeks to add new sub-section (6) after the omitted sub-section (5) of section 40C
Clause 5(14)	Seeks to insert new section 40F after section 40E
Clause 5(15)	Seeks to insert new section 45C after section 45B
Clause 5(16)(a) & (b)	Seeks to insert new sections 47AA and 47AAA after section 47A
Clause 5(17)	Seeks to add new sub-section (3) after sub-section (2) of section 56B
Clause 5(18)	Seeks to add new S. Nos. 56 to 76 and entries relating thereto in columns (2) and (3) after S. No. 55 in the Table of Third Schedule
Clause 5(19)(a)(i)	Seeks to substitute S. No. 32 and entries relating thereto in columns (2) and (3) in Table-1 of the Sixth Schedule
Clause 5(19)(a)(ii)	Seeks to substitute expression “2027” for the expression “2026” in column (2) against S.No. 157 of Table-1 of Sixth Schedule
Clause 5(19)(a)(iii)	Seeks to substitute S. No. 181 and entries relating thereto in columns (2) and (3) of Table-1 of the Sixth Schedule
Clause 5(19)(a)(iv)	Seeks to add new S. Nos. 182, 183, 184 and 185 and entries relating thereto in columns (2) and (3) after S. No. 181 of Table-1 of the Sixth Schedule

- Clause 5(19)(b) Seeks to add new S. Nos. 23 ad 24 and entries relating thereto in columns (2), (3) and (4) after S. No. 22 in Table-3 of the Sixth Schedule
- Clause 5(20)(a) Seeks to substitute expression “30th June, 2027” for the expression “30th June, 2026” in column (2) against S. No. 71 of Table-1 of Eighth Schedule
- Clause 5(20)(b) Seeks to substitute S. No. 80 and corresponding entries relating thereto in columns (2), (3) and (4) of Table-1 of Eighth Schedule
- Clause 5(21)(a) Seeks to add a comma after the word “companies” and thereafter to add the words “association of persons and individuals” in column (2) against S. No. 4 in the Table of Eleventh Schedule
- Clause 5(21)(b) Seeks to add a new S. No. 14 and entries relating thereto in columns (2), (3) and (4) after S. No. 13 in the Table of Eleventh Schedule
- Clause 5(22) Seeks to add provisos after clause (i), in clause (2), under the heading “Procedure and Conditions, after the Table, in the Twelfth Schedule

## **INCOME TAX ORDINANCE, XLIX OF 2001**

- Clause 6(1)(a)(b)(c)  
(d)(e) (f)(g)(h)(I)&(J)      Seeks to insert, omit, and rationalize various definitions, including Algorithmic Settlement Mechanism, Authorised Shipping Agent, electronically readable format, National Faceless Centre, and PRAL, and to omit obsolete definitions.
- Clause 6(2)      Seeks to make consequential amendments, including omission of the proviso relating to surcharge provisions.
- Clause 6(3)      Seeks to provide that tax on digital transactions shall be adjustable for persons exceeding the specified turnover threshold.
- Clause 6(4)      Seeks to omit provisions relating to deemed income on capital assets.
- Clause 6(5)      Seeks to introduce a tax regime on certain life insurance and family takaful payouts.
- Clause 6(6)(a)&(b)      Seeks to make consequential amendments arising from the insertion of section 7G and omission of section 7E.
- Clause 6(7)      Seeks to provide for disallowance in cases of failure to install prescribed electronic resources and integration systems.
- Clause 6(8)      Seeks to empower the Federal Government to rationalize specified withholding tax rates having the character of minimum tax.
- Clause 6(9)      Seeks to substitute the tax credit regime relating to integration.
- Clause 6(10)      Seeks to provide the cost basis for inherited immovable property.
- Clause 6(11)      Seeks to clarify the treatment of transmission through family settlement after death.

- Clause 6(12) Seeks to include limited liability partnerships within the definitional framework.
- Clause 6(13) (a)&(b) Seeks to amend provisions relating to the taxation of associations of persons.
- Clause 6(14) Seeks to amend the provisions of section 99B.
- Clause 6(15) (a)&(b) Seeks to insert a new provision relating to the NCCPL capital gains tax mechanism.
- Clause 6(16) (a)&(b) Seeks to provide for electronic filing of financial statements in electronically readable format.
- Clause 6(16)(c) Seeks to allow voluntary revision of returns for settlement of tax proceedings.
- Clause 6(17) Seeks to insert a new section establishing the framework for faceless assessment, audit, and rectification.
- Clause 6(18) Seeks to insert a new section establishing faceless appellate proceedings before the Commissioner (Appeals).
- Clause 6(19) Seeks to insert a new section establishing an Independent Case Scrutiny Committee for higher court litigation.
- Clause 6(20)(a)&(b) Seeks to provide for reconstitution of the ADR Committee in specified cases.
- Clause 6(21) Seeks to establish the statutory framework for the Algorithmic Settlement Mechanism.
- Clause 6(22) (a)(b) (c) (d)(e)(f)&(g) Seeks to introduce the authorised shipping agent regime and related compliance obligations.

Clause 6(23)	Seeks to omit sub-section (6C) of section 147.
Clause 6(24)	Seeks to insert a new section relating to certain payments made by life insurance companies and takaful operators.
Clause 6(25)	Seeks to substitute sub-section (1DA) of section 152.
Clause 6(26)	Seeks to introduce withholding tax on social media and influencer revenues.
Clause 6(27)	Seeks to insert two new provisions in section 159.
Clause 6(28)	Seeks to insert a new section for reporting of financial transaction data by banking companies and financial institutions.
Clause 6(29)	Seeks to make consequential amendments relating to final tax provisions.
Clause 6(30)	Seeks to strengthen the framework for electronic integration and invoicing systems.
Clause 6(31)(a)(b) &(c)	Seeks to expand the framework for banking data exchange and the centralized repository.
Clause 6(32)	Seeks to provide for re-audit, inventory valuation, and actuarial valuation powers.
Clause 6(33)(a)(b)(c)(d)(e)(f)(g)&(h)	Seeks to rationalize and enhance penalties.
Clause 6(34)(a)(b)&(c)	Seeks to reduce the tax liability threshold for ATL status.
Clause 6(35)	Seeks to transfer uniform provisions to the newly inserted section 237C.

- Clause 6(36) Seeks to insert a new section regarding faceless jurisdiction of income tax authorities.
- Clause 6(37)(a)&(b) Seeks to amend provisions relating to disclosure of anonymized taxpayer data to researchers and specialists.
- Clause 6(38) Seeks to replace auditors with audit mentors and sectoral experts.
- Clause 6(39) Seeks to establish the framework for the National Faceless Centre.
- Clause 6(40) Seeks to establish the Directorate General (Enforcement), Inland Revenue.
- Clause 6(41)(i)&(ii) Seeks to amend clause (b) of sub-section (6) of section 231B.
- Clause 6(42) Seeks to consolidate uniform provisions under section 237C.
- Clause 6(43) Seeks to omit section 236CA.
- Clause 6(44)(a)(b) &(c) Seeks to make amendments relating to insurance payouts, social media income, exporters, minimum tax, omission of deemed income tax rates, revision of super tax rates, and changes in tax slabs for salaried persons; and amendments in Divisions X and XVIII relating to immovable property.
- Clause 6(45)(a)(b) &(c) Seeks to insert new provisions and make consequential amendments, including reduced-rate and exemption provisions in Parts I, II, and IV.
- Clause 6(46) Seeks to omit rule 5 of the Eighth Schedule.
- Clause 6(47)(a)&(b) Seeks to omit rule 1A and clause (y) of rule 10 of the Tenth Schedule.

## **FEDERAL EXCISE ACT, 2005**

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|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Clause 7(1)(a)  | Seeks to insert new clause (2A) after clause (2) of section 2                                                                                   |
| Clause 7(1)(b)  | Seeks to insert new clause (9b) after clause (9a) of section 2                                                                                  |
| Clause 7(1)(c)  | Seeks to insert new clause (16A1) after clause (16) of section 2                                                                                |
| Clause 7(1)(d)  | Seeks to insert new clause (19b) after clause (19a) of section 2                                                                                |
| Clause 7(2)     | Seeks to insert new sub-section (3B) after sub-section (3A) of section 3                                                                        |
| Clause 7(3)     | Seeks to insert new section 7A after section 7                                                                                                  |
| Clause 7(4)     | Seeks to substitute sub-section (1) of section 18                                                                                               |
| Clause 7(5)(a)  | Seeks to substitute the words “Officer of Inland Revenue” for the words “Federal Excise officer” in clause (a) of sub-section (2) of section 19 |
| Clause 7(5)(b)  | Seeks to substitute sub-section (4) of section 19                                                                                               |
| Clause 7(6)     | Seeks to substitute sub-section (1) of section 26                                                                                               |
| Clause 7(7)     | Seeks to substitute sub-section (1) of section 27                                                                                               |
| Clause 7(8)     | Seeks to substitute the words “officer of Inland Revenue” for the words “Federal Excise officer” in sub-section (1) of section 33               |
| Clause 7(9)     | Seeks to insert new section 34AA after section 34A                                                                                              |
| Clause 7(10)    | Seeks to substitute the words “of Inland Revenue” for the words “federal excise” in section 43A                                                 |
| Clause 7(11)    | Seeks to substitute the words the words “Officer of Inland Revenue” for the words “Federal Excise Officer” in sub-section (3) of section 44     |
| Clause 7(12)    | Seeks to substitute section 45A                                                                                                                 |
| Clause 7(13)(a) | Seeks to substitute sub-sections (1), (2) an (2A) of section 46                                                                                 |

- Clause 7(13)(b) Seeks to substitute provisos in sub-section (3) of section 46
- Clause 7(13)(c) Seeks to insert new sub-section (3A) amended as aforesaid after sub-section (3) of section 46
- Clause 7(14)(I)(a) Seeks to substitute the word “ten” for the words “forty four” against S. No. 7a of Table-1 of First Schedule
- Clause 7(14)(I)(b) Seeks to substitute in order to increase FED on e-liquid at Rupees sixteen thousand five hundred per kg” from rupees ten thousand per kg or sixty five percent of the retail whichever is higher against S. No. 8a of Table-1 of the First Schedule
- Clause 7(14)(I)(c) Seeks to substitute the expression “2027” for expression “2026” in column (2) against S. Nos. 55 and 55B of Table-1 of First Schedule
- Clause 7(14)(I)(d) Seeks to insert new S. No. 55A after S. No. 55 in Table-1 of First Schedule
- Clause 7(14)(I)(e) Seeks to substitute the expression “excluding mineral waters, aerated waters, hydration drinks/ electrolyte beverages specifically formulated to support hydration, electrolytes replenishment not containing sugar exceeding 5g/ 100 ml or artificial sweetener.” for the expression “excluding mineral and aerated waters” in column (2) against S. No. 59 of Table-1 of the First Schedule
- Clause 7(14)(I)(f) Seeks to substitute S. No. 63 of Table-1 of the First Schedule
- Clause 7(14)(I)(g) Seeks to add new S. No. 65 and entries relating thereto in columns (2), (3) and (4) after S. No. 64 of Table-1 of First Schedule
- Clause 7(14)(I)(h) Seeks to substitute Restriction-2 in Table-1 of First Schedule
- Clause 7(14)(2) Seeks to insert new Table 1A and entries relating thereto in columns (2), (3) and (4) after Table-1 of First Schedule

- Clause 7(14)(3)      Seeks to substitute S. No. 3 in column (2), for sub-clause (ii) of clause (b) and entries relating thereto in column (4) in Table-II of First Schedule
- Clause 7(15)        Seeks to add new S. No. 5 and entries relating thereto in columns (2) and (3) after omitted S. No. 4 of Second Schedule
- Clause 7(16)        Seeks to insert new S. No. 28 and entries relating thereto in columns (2) and (3) after S. No. 27 in Table-I, in the Third Schedule

**The Statement of estimated Tax Expenditure of the Federal Government as required under Section 8 of Public Finance Management Act 2019 is appended at the end of this bill as Annex-A.**