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A Brief on Tax LAWS (Second Amendment) Ordinance, 2021

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Preamble

The Tax Laws (Second Amendment) Ordinance, 2021 is here. Call it a mini budget or something akin to it, the Amendment Ordinance was a condition requisite for the USD 6,000 million IMF (the Fund) structural adjustment facility of which USD 500 million were approved by the Fund for disbursement the same day the President put his signatures on the Amendment Ordinance.

As part of its commitments to the Fund, the Government has promulgated the Amendment Ordinance with the main objective of enhancing the tax net with FBR projecting the additional revenue of PKR 140 billion. We, however, note that many exemptions now eliminated by the Amendment Ordinance had either outlived their utility or had become superfluous with time such as amounts paid to flood relief fund of 2010, IDP relief funds, five years exemption to certain industries set up before 31 December 2016 and those given long ago to specific investors in a project. To that extent, the Amendment Ordinance should be considered a housekeeping measure only as additional revenue impact will not be substantial. However, some significant exemptions have been replaced by a credit against tax liability, available only on compliance with certain conditions such as those relating to withholding of taxes and filing of sales tax returns. This mainly affects the IT export industry and start-ups whose tax exemption was already subject to bringing 80% of export revenue to Pakistan. Now in addition to the said condition, the Industry will have to file its sales tax returns and ensure withholding of taxes on every payment. The sales tax return filing is going to be a problem as sales tax on services is a provincial matter and IT export enjoys exemption from charge of sales tax in Punjab and Sindh and even in Islamabad Capital Territory where such tax is collected by FBR itself.

The other sector who has been brought at par with IT export industry with respect to tax credit is the coal mining industry in Sindh supplying exclusively to power projects. The unconditional exemption available to the said industry stands withdrawn and a credit will henceforth be available on compliance with the same conditions.

Nevertheless, with respect to replacement of tax exemptions with a tax credit, we note that the Amendment Ordinance has created an anomalous situation given that it comes into force immediately and not from next fiscal year that commences 01 July 2021. This effectively means that those previously exempt and now eligible for tax credit would be subject to differing tax treatment on the same income for the same fiscal year, notwithstanding their position on filing of sales tax returns. Perhaps we should expect FBR to offer some clarification on it as this is otherwise likely to open a pandora box of different opinions.

The Amendment Ordinance further rationalizes tax credit for non-profit organizations (NPOs) with no significant change to the existing regime. Again, it is important to bear in mind that a blanket exemption is no more available to any NPO and only a credit can be claimed against tax liability (computed at corporate rate of 29% or 25% in certain cases) after fulfilling the laid down conditions.

This publication summarizes the significant amendments brought through this Ordinance and a list of exemptions that now stand withdrawn. We recommend that while considering the application of these measures to any case, reference be made to the specific wordings of the Amendment Ordinance and the Income Tax Ordinance, 2001 (Ordinance) as they apply to the facts of the case.

28 March 2021

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Income Tax

Industrial undertaking no longer to be specified by the Federal Board of Revenue by notification in Official Gazette

Income Tax (Second Amendment) Ordinance, 2021 (Amendment Ordinance) has omitted sub clause (b) of clause (29C) of section 2 withdrawing powers of the Board to specify industrial undertakings by notification in official Gazette. Now only those entities which meet the restrictive definition of industrial undertaking shall be considered as such.

We may add that this power was never exercised by FBR since its introduction.

First Year Allowance for installing plant, machinery and equipment by certain industrial undertakings Omitted

The Amendment Ordinance has omitted first year allowance (available at 90% of the cost of an asset) under section 23A of the Ordinance which allowed a deduction in lieu of first year allowance for installation of plant, machinery and equipment by industrial undertakings set up in specified rural and under developed areas or engaged in manufacturing of cellular mobile phones and qualifying for exemption under clause (126N) of Part I of the Second Schedule to the Ordinance.

Subsequent references of section 23A in section 57 and Part II of the Third Schedule have also been omitted.

Scope of tax credit enhanced in case of Charitable donations

The Amendment Ordinance has enhanced the scope of tax credit under section 61 to now include voluntary contributions and subscriptions by a person apart from any sum paid and any property given.

The donees specified under sub-section (1) has been extended to include entities entitled to tax credit under section 100C and the entities specified in the newly inserted Thirteenth Schedule (formerly entities listed in clause (61) of Part I of the Second Schedule to the Ordinance). With the introduction of Thirteenth Schedule now taxpayers will not be allowed to claim straight deduction but a tax credit only as per the provisions of section 61 of the Ordinance.

Tax credits for hiring fresh graduates by a person and on enlistment on any stock exchange in Pakistan no longer available

Previously a tax credit worked out on the basis of a formula was available to persons hiring freshly qualified graduates from universities and recognized institutes under section 64C. Likewise, a tax credit equal to 20% of the tax payable for a period of 4 years was available for companies opting for enlistment on a registered stock exchange in Pakistan under section 65C.

The Amendment Ordinance has now omitted both these tax credits.

100% tax credit introduced for certain persons whose income was previously exempt under the Second Schedule

Income derived in following cases was previously exempt under the respective clauses of the Second Schedule:

- Persons engaged in coal mining projects in Sindh supplying coal exclusively to power generation projects under clause (132B) of Part I of the Second schedule.

- Startups defined in section 2(62A) for the tax year and subsequent two tax years in which the startup is certified by the Pakistan Software Export Board under clause (143) of Part I of the Second Schedule.

- Persons deriving income from export of computer software or IT services or IT enabled services upto the period ending 30 June 2025 if 80% of the export proceeds are brought back in Pakistan through normal banking channels under clause (133) of Part I of the Second Schedule.

The Amendment Ordinance has now replaced these exemptions with 100% tax credit by introduction of section 65F, in case, all of the following conditions are met with:

- Income tax return has been filed;
- Tax required to be deducted or collected has been paid;
- Withholding tax statements for the immediately preceding tax year have been filed; and
- Sales tax returns for the periods corresponding to relevant tax year have been filed.

The tax credit regime shall however not preclude selection for tax audit by the Board under section 214C or by the Commissioner under section 177.

New tax credit introduced for specified industrial undertakings

The Amendment Ordinance has introduced a new tax credit under section 65G, whereby, a tax credit of 25% of investment in plant and machinery will now be available to the following entities:

- A greenfield industrial undertaking (eligible taxpayer) as defined in section 2(27A) engaged in manufacture of goods or subjection of goods to a process that substantially changes their condition or shipbuilding; or
- Industrial undertaking set up till 30 June 2023 engaged in the manufacture of plant, machinery, equipment and items with dedicated use (not multiple uses) for generation of energy from sources like solar and wind for a period of five years beginning from the date such undertaking is set up.

The credit is available on investment in purchase and installation of new machinery, buildings, equipment, hardware and software (excluding self-created software and used capital goods) and also covers minimum and final taxes.

Where such tax credit is not fully adjusted, it can be carried forward to a maximum of 2 years.

Simplification of tax credit for charitable organizations

The Amendment Ordinance has rationalized section 100C of the Ordinance by bringing in clarity on the entities eligible for tax credit thereunder. The structure of substituted section 100C is now as follows:

Eligible Person for tax credit

Following are the eligible persons for tax credit:

- Specified person in Table II, clause (66), Part I of the Second Schedule to the Ordinance.
- Trusts including trust administered under certain specified schemes by the Federal Government.
- Welfare institutions registered with Provincial or Islamabad Capital Territory (ICT) social welfare department.
- A non profit company registered with SECP under section 42 of Companies Act, 2017.
- A welfare society registered under the Provincial or ICT laws related to registration of co-operative societies.
- A waqf registered under the Muslim waqf Validation Act, 1923 or any other law for the time being in force or in the instrument relating to the trust or the institution.
- A university or educational institutions being run by non profit organization existing solely for educational purpose and not for profit.
- A religious or charitable institution for the benefit of public registered under any law for the time being in force; and
- International non-governmental organizations (NGOs) approved by the Federal Government.

Eligible income for tax credit

Following are eligible income for tax credit:

- Income from donations, voluntary contributions, subscriptions;
- Income from house property;
- Income from investments in the securities of the Federal Government;
- Profit on debt from scheduled banks and microfinance banks;
- Grants received from Federal, provincial, local or foreign Government;
- Income from business to the extent that the same is expended in Pakistan for welfare purposes provided that only such extent of income shall be eligible for tax credit that bears the same proportion to income from all sources;
- Any income of persons specified in Table II of clause (66) of Part I of the Second Schedule to the Ordinance;
- Any income of a trust administered under a scheme approved by the Federal Government;
- Any income of a university or educational institute being run by non profit organization existing solely for educational purposes and not for the purpose of profit.

Conditions for eligibility

Following are eligibility conditions for claiming tax credit:

- Annual Tax Return has been filed;
- Tax required to be deducted or collected has been paid;
- Withholding tax statements for the relevant tax year have been filed;
- Administrative and management expenditure does not exceed 15% of the total receipt with certain exceptions;
- Approval from Commissioner has been obtained under section 2(36) provided that
  - this condition shall apply for entities specified in Table II of clause (66) from 01 July 2022 and not for the earlier years;
  - None of the assets of the trust or welfare institutions confer private benefits to donors or their families or any other person related the author of the trust or his descendants to the maker of the institute or any other person and where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor' and
- A statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.

Surplus funds as defined in sub section (6) of the organizations to which this section applies shall be taxed at 10%.

Editorial correction in respect of capital gains

The tax deductible under sub section (1D) [capital gain of a non-resident company from disposal of debt securities and Government securities] and under sub section (1DA) [capital gain of a non-resident individual holding POC or NICOP or CNIC from disposal of debt securities and Government securities and certificates] was made final tax on the income of the non-resident company arising out of such capital gain.

The Amendment Ordinance has now substituted the expression stated in sub section 152(1E) as "on the income of the non-resident company arising out of such capital gain" with the expression "in respect of persons and income mentioned therein" aligning final tax for both non-resident company and for non-resident individual.

Changes to offences and penalties

The Amendment Ordinance has made following changes in the table under section 182(1):

Serial Entry	Offence	Substitution
1	Late filing of the income tax return under section 114.	New provisos have been introduced through which: If taxable income is up to eight hundred thousand, then a minimum penalty of Rs. 5,000/- shall apply. Penalty shall be reduced by 75%, 50% or 25% if the return is filed within one month, two months or three months respectively after the expiry of due date or such extended date as allowed by FBR.
1A	Failure to file statement under sections 165, 165A or 165B.	New proviso has been inserted through which a minimum penalty of Rs. 10,000/- has been prescribed where no tax was required to be collected or deducted.
6	Erroneous calculation of tax in the return for more than one year resulting in short payment than actual tax due.	A new exception has been introduced where the prescribed penalty shall not apply in case the taxpayer has a reasonably arguable position
		related to applicability of the Ordinance to its case.
10	Filing of false or misleading statement or information or omission of information thereto.	Earlier the penalty was higher of Rs. 25,000/- or 100% of the amount of tax shortfall. The same has now been reduced to 50% of the tax shortfall or Rs. 25,000/- whichever is lower. The applicability of the penalty has also been restricted to sections 114A and 118 apart from sections 114, 116, 174, 176, 177 already mentioned therein.
11	Person who denies access to the Commissioner or authorized officer to premises, place, accounts, documents, stocks or computers.	The penalty has now been reduced to either Rs. 50,000/- or 50% of the tax involved whichever is higher.
15	Any person who fails to collect or deduct tax as required any provisions of this Ordinance or fails to pay the tax collected or deducted as required under section 160.	The existing sections references has been substituted with the expression "Division 11 or Division 111 of part V of Chapter X or Chapter X11"

Serial Entry	Offence	Substitution
16	Person who fails to display NTN at place of business.	The penalty of Rupees Five thousand has now been extended to failure of displaying "business license" as well.
19	Manufacturer of motor vehicles accepts or processes any application for booking or purchase of a locally manufactured vehicle in violation of section 227C.	The penalty of 5% of the value of motor vehicle has now been omitted.
20	Registering authority of Excise and Taxation or any authority responsible for accepting, registering or processing any application or transfer of immoveable property violates the provisions of section 227C.	The penalty of 5% of the value of motor vehicle or immovable property has now been omitted.

Withdrawal of certain exemptions

The Amendment Ordinance has withdrawn following exemptions contained in Part I of the Second Schedule to the ordinance:

Reference	Exemptions withdrawn
Clause (57) (1)(iii)	Exemption available against voluntary contributions, house property and investments in securities of the Federal Government derived by Shaikh Sultan Trust, Karachi.
Clause (61)	Amount paid as donation to certain institution, foundations, societies, boards, trusts and funds. These have now been entered under newly inserted Thirteenth schedule to the Ordinance allowing taxpayers to claim tax credit under section 61 of the Ordinance.
Clause (64A)	Amount donated to Prime Minister's Special Fund for victims of terrorism. This has now been entered under newly inserted Thirteenth schedule to the Ordinance allowing taxpayers to claim tax credit under section 61 of the Ordinance.
Clause (64B)	Amount donated to Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP. This has now been entered under newly inserted Thirteenth schedule to the Ordinance allowing taxpayers to claim tax credit under section 61 of the Ordinance.
Clause (64C)	Amount donated to Prime Minister 's Flood Relief Fund 2010 and Provincial Chief Ministers's Relief Fund of flood 2010. This has now been entered under newly inserted Thirteenth schedule to the Ordinance allowing taxpayers to claim tax credit under section 61 of the Ordinance.
Clause (65)	Any income derived from donations made by mon-official or private sector sources in Pakistan to the waqf for Research on Islamic History, Art and Culture, Istanbul set by the Research Centre for the Islamic History, Art and Culture (IRCICA). This has now been entered under newly inserted Thirteenth schedule to the Ordinance allowing taxpayers to claim tax credit under section 61 of the Ordinance.

Reference	Exemptions withdrawn
Clause (72A)	Any income derived by Sukuk holder in relation to Sukuk issued by The Second Pakistan International Sukuk Company Limited and the Third Pakistan International Sukuk Company Limited including any gain on disposal of such Sukuk.
Clause (74)	Any profit on debt derived by Hub Power Company Limited on or after the first day of July 1991 on its bank deposits or accounts with financial institutions relating to the project operations.
Clause (90)	Any profit on debt payable by an industrial undertaking in Pakistan in certain cases.
Clause (90A)	Any profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market for a period of five years with effect from the 1st day of July 2018.
Clause (91)	Any income of a textbook board of a Province established under any law for the time being in force, accruing or arising from the date of its establishment.
Clause (98)	Any income derived by any Board or other organization established by Government in Pakistan for the purposes of controlling, regulating, or encouraging major games and sports recognized by Government.
Clause (100)	Any income not being income from a manufacturing or trading of a modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 for an assessment year commencing on or after the first day of July 1999.
Clause (101)	Profit and gains derived between first day of July 2000 and the thirtieth day of June 2024 both days inclusive by a venture capital company and venture capital fund registered under Venture Capital Companies and Funds Management Rules, 2000 and a Private Equity and Venture Capital Fund.
Clause (103C)	Income from inter corporate dividend for persons eligible for group relief under section 59B.
Clause (104)	Any income derived by the Libyan Arab Foreign Investment Company being dividend of the Pak-Libya Holding Company.
Clause (105)	Any income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited.
Clause (105A)	Any income derived by Kuwait Foreign Trading Contracting and Investment Company or Kuwait Investment Authority being dividend of the Pak-Kuwait Investment Company in Pakistan from the year of incorporation of Pak- Kuwait Investment Company.
Clause (110B)	Any gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange, for acquisition of shares and trading or clearing rights acquired by such member in new corporatized stock exchange in the course of corporatization of an existing stock exchange.
Clause (110C)	Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, during the

Reference	Exemptions withdrawn
	period from the 1st day of July 2018 till the 30th day of June 2023.
Clause (114)	Any income chargeable under the head "capital gains" derived by a person from an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980.
Clause (126BA)	Profits and gains derived by a refinery set up between the 1st day of July 2018 and the 30th day of June 2023 with minimum 100,000 barrels per day production capacity for a period of twenty years alongwith other conditions.
Clause (126G)	Profit and gains derived for a period of five years from the date of start of commercial production by the companies from specified projects that have been declared 'Pioneer Industry' by Economic Coordination Committee of the Cabinet.
Clause (126I)	Profits and gains derived by a taxpayer, from an industrial undertaking set up by 31st day of December 2016 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from first day of July 2015.
Clause (126O)	Profits and gains of a company from a greenfield industrial undertaking for a period of five years incorporated on or after the first day of July 2019.
Clause (131)	Any income of a company or other taxpayers by way of royalty, fee for technical services etc. with certain conditions.

Reference	Exemptions withdrawn
Clause (132A)	Profits and gains derived by Bosicor Oil Pakistan Limited for a period of seven and a half years beginning from the day on which the refinery is set up or commercial production is commenced whichever is later.
Clause (132B)	Profits and gains derived by a taxpayer from a coal mining project in Sindh supplying coal exclusively to power generation projects.
Clause (133)	Income from exports of computer software or IT services or IT enabled services upto the period ending on 30 the day of June 2025. This has been shifted under 100% tax credit mode under section 100C.
Clause (135A)	Any income derived by a non-resident from investment in OGDCL exchangeable bonds issued by the Federal Government.
Clause (136)	Any income of a special purpose vehicle as defined in the Asset Backed Securitization Rules, 1999 made under the Companies Ordinance, 1984.
Clause (141)	Profit and gains derived by LNG Terminal Operators and Terminal Owners for a period of five years beginning from the date when commercial operations are commenced.
Clause (143)	Profits and gains derived by a start-up as defined in clause (62A) of section 2 for the tax year in which the startup is certified by the Pakistan Software Export Board and the following two tax years.
Clause (146)	Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 of any individual domiciled or company and association of persons

Reference	Exemptions withdrawn
	resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June 2018 to the 30th day of June 2023. It is to be noted that the said exemption is now contained in clause (145A) and has not been withdrawn as such.
Clause (148)	Any income derived by Islamic Naya Pakistan Certificates Company Limited (INPCCL). This has been shifted to Clause (66).

Amendments to certain exemptions

The Amendment Ordinance has made following changes in Part I of the Second Schedule to the Ordinance:

- Table I of clause (66) has been amended to include Naya Pakistan Certificates Company Limited.
- The exemption under clause (75) on any profit on debt and capital gains has been substituted to exclude foreign nationals and will henceforth be available only to any agency of foreign Government or any non-resident person approved by the Federal Government for the purpose of this clause from debt and debt instruments approved by the Federal Government.
- Clause (126B) has been completely substituted to provide exemption to profit and gains derived by a refinery from new deep conversion of at least 100,000 barrels per day for which approval is given by the Federal Government before the 31 December 2021 or for the upgradation, modernization or expansion project of any refinery existing on the date of the Amendment Ordinance for which the refinery makes undertaking to the Federal Government in writing till 31 December 2021.
- A new proviso to clause (132) has been inserted whereby, the exemption available to existing power projects shall not be available to those projects who enter into an agreement or to whom letter of intent is issued by Federal or Provincial Government for setting up an electric power generation project in Pakistan after 30 June 2021.

Reduction in tax rates withdrawn

The Amendment Ordinance has withdrawn following reduction in tax rates previously allowed under Part II of the Second Schedule to the Ordinance:

Reference	Description
Clause (2)	Any income of persons whose profits or gains from business are computed under the Fifth Schedule of the Ordinance as is derived from letting out to other similar persons any pipeline for the purpose of carriage of petroleum shall be charged to tax as is applicable to such persons in accordance with the provisions of this Schedule.
Clause (3)	The tax in respect of income from services rendered outside Pakistan or construction contracts executed outside Pakistan subject to tax at 50% of the rates as specified for such services rendered or executed outside Pakistan.
Clause (3B)	The income of Pakistan Cricket Board derived from sources outside Pakistan taxed at the rate of 4%.
Clause (5B)	The tax in respect of capital gains derived by a person from the sale of shares or assets by a private limited company to Private Equity and

Reference	Description
	Venture Capital Fund taxed at 10% of such gain.
Clause (18)	Income of a modaraba taxed at 25%.
Clause (18B)	Reduction in corporate tax rate by 2% for newly listed companies.
Clause (24AA)	6% rate given to CR-NORINCO JV as recipient of payments arising out of commercial contract agreement for installation of electrical and mechanical equipment for construction of the Lahore Orange Line Metro Train.
Clause (28A)	The reduced rate prescribed therein on import of hybrid cars.
Clause (28B)	The reduced rate of tax of 0.15% under section 231A on cash withdrawal by an exchange company.

Reduction in minimum tax rate extended for locally manufactured mobile phones

The Amendment Ordinance has extended reduced rate of minimum tax to the tune of 0.25% under clause (24D) of Part II of the Second Schedule to the Ordinance to dealers, sub dealers, wholesalers and retailers of locally manufactured mobile phones.

Reduction in tax liability omitted

The Amendment Ordinance has withdrawn following reduction in tax liability allowed under Part III and Part IV of the Second Schedule to the Ordinance:

Reference	Description
Clause (2) (Part III)	The amount of tax payable in a year in which the rupee is revalued or devalued, by a taxpayer whose profits or gains are computed in accordance with the rules contained in the Fifth Schedule and who had entered with the Government into an agreement which provides for such reduction, shall be reduced to the amount that would be payable in absence of the revaluation or devaluation of the rupee.
Clause (7) (Part III)	The amount of tax payable by foreign film-makers from film making in Pakistan shall be reduced by 50% on the income from film-making in Pakistan.
Clause (8) (Part III)	The amount of tax payable by resident companies deriving income from film-making shall be reduced by 70% on income from film-making.
Clause (2) (Part IV)	In case of losses referred to in section 57 in respect of an industrial undertaking set up in an area declared by the Federal Government to be a "Zone" within the meaning of Export Processing Zones Authority Ordinance, 1980, the period of six tax years specified in the ad section shall not apply.

Reduction in tax liability restricted for specified housing projects

The Amendment Ordinance has restricted reduction in tax liability allowed under clause 9 (for low cost housing projects) and clause 9B (low cost housing projects developed or approved by Naya Pakistan Housing and Development Authority or under the Ehsaas Programme) of Part III of the Second Schedule to the Ordinance to only such projects set up by 30 June 2024.

Depreciation on "below ground installations" for mineral oil concerns omitted

Depreciation rate of 100% was previously allowed on below ground installations for mineral oil concerns under serial entry IV of Part I of the Third Schedule to the Ordinance. The Amendment Ordinance has now omitted such allowance.

Tax exemption of profits from refining or concentrating mineral deposits withdrawn

The Amendment Ordinance has withdrawn tax exemption of profits from refining or concentrating mineral deposits previously allowed under Rule 4 of Part II of the Fifth Schedule to the Ordinance by omitting the said rule.

Introduction of Thirteenth Schedule

Pursuant to omission of clause (61) of Part I of the Second Schedule to the Ordinance containing a list of entities, organizations and funds eligible for straight deduction of donation, the Amendment Ordinance has now added such list under Thirteenth Schedule to the Ordinance. Now the taxpayers will not be allowed to claim straight deduction but a tax credit only as per the provisions of section 61 of the Ordinance.

Existing beneficiaries of certain provisions to keep enjoying the benefits of the repealed provisions

The following provisions of the Ordinance already expired or expiring on 30 June 2021 are omitted. The Amendment Ordinance has now added a proviso that the existing beneficiaries shall continue to enjoy benefits of the repealed provisions for the periods and subject to conditions and limitations specified in these repealed provisions.

Reference	Description
Section 65D	Tax credit for newly industrial undertaking for a period of 5 years beginning from the date of setting up or commencement of commercial production, whichever is later.
Clause (72) (Part I, 2nd Sch)	Any profit on debt payable to a non-resident with certain conditions.
Clause (126C) (Part I, 2nd Sch)	Profits and gains derived by a taxpayer from an industrial undertaking set up in Larkana Industrial Estate established between 01 July 2008 and 30 June 2013 for a period of 10 years beginning with the month in which the industrial undertaking is set up or commercial production commenced, whichever is later.
Clause (126H) (Part I, 2nd Sch)	Profits and gains derived by a taxpayer from a fruit processing and preservation unit set up in Balochistan Province, Malakand Division, Gilgit-Baltistan and FATA between 01 July 2014 and 30 June 2017 engaged in processing of locally grown fruits for a period of 5 years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later.
Clause (126J) (Part I, 2nd Sch)	Profits and gains derived by a taxpayer from an industrial undertaking set up between 01 July 2015 and 30 June 2016 engaged in operating warehousing or cold chain facilities for storage of agriculture produce for a period of 3 years beginning with the month in which the industrial undertaking is set up or commercial operations are commenced, whichever is later.
Clause (126K) (Part I, 2nd Sch)	Profits and gains derived by a taxpayer from an industrial undertaking set up between 01 July 2015 and 30 June 2017 for establishing and operating a halal meat unit for a period of 4 years beginning with the month in which the industrial undertaking commences commercial production.
Clause (126L) (Part I, 2nd Sch)	Profits and gains derived by a taxpayer from an industrial undertaking set up in the province of Khyber Pakhtunkhwa and Baluchistan between 01 July 2015 and 30 June 2018 for a period of 5 years beginning with the month in which the industrial undertaking is set up or

Reference	Description
	commercial production is commenced, whichever is later.
Clause (126N) (Part I, 2nd Sch)	Profits and gains derived by a taxpayer from an industrial undertaking duly certified by Pakistan Telecommunication Authority engaged in manufacture of cellular mobile phones for a period of 5 years from the month of commencement of commercial production provided that the industrial undertaking is set and commercial production has commenced between 01 July 2015 and 30 June 2017.
Clause (18A) (Part II, 2nd Sch)	The corporate tax rate shall be reduced to 20% for a company setting up an industrial undertaking between 01 July 2014 and 30 June 2017 for a period of 5 years from the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later.

Sales Tax

Additions to Sixth Schedule

The Amendment Ordinance has allowed import of following two items by adding them in Table 1 of the Sixth Schedule to the Sales Tax Act, 1990 without collection of sales tax at import stage till 30 June 2021:

- import of auto disable syringes with or without needles and
- import of tubular metal needles and rubber gaskets for the manufacturers of auto disabler syringes

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