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Finance Act 2022

Commentary on key tax amendments

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EXECUTIVE SUMMARY

This document contains summary of the key tax amendments introduced by the **Finance Act 2022 ('the Act')**, along with our comments thereon. These amendments are effective from July 1, 2022.

This document primarily focuses on amendments to **Income Tax** and **Sales Tax** laws made through the Act. Miscellaneous other amendments have also been made which have not been covered in this document for the sake of brevity.

The Act has been introduced with the aim of increasing tax revenues through **increase in tax rates**, **introduction of additional taxation**, **withdrawal of tax concessions** as well as measures to **increase tax net**.

Normal tax rates have **increased** affecting most individuals and AOPs, including salaried individuals. **WHT on purchase and sale** of immovable property has also **increased**. There has also been an increase in **Capital Gains Tax** with tax rates no longer being affected by **value** of gain. However, different rates are now applicable for different types of immovable property with favorable rates being available for **constructed property** and flats as opposed to **open plots**.

A number of additional taxation has also been introduced such as super tax for **'high income earners'** ranging from **1% to 4%** with an increased super tax for the **tax year 2022** of **10%**, on specified industries. Additional tax on **unproductive capital assets** have also been introduced at **1% of FMV** of such property which is not being used for residential or commercial purposes or which does not generate taxable income.

A few tax concessions have been withdrawn under the Act such as withdrawal of 100% **tax credit on export of IT related services**. Historically, this industry had benefitted from tax exemption resulting in significant growth and inflow of foreign funds. The Act has made amendments to tax this untaxed sector through implementation of a minimal rate of tax.

Amendments made with a view of increasing the tax base include empowering of **NADRA** to **share information with FBR**, as well as empowering of **FBR** to be awarded power to issue general orders to non-filers for actions such as **disabling mobile phones**, **SIMs**, and **electricity / gas connections**, in an effort to promote tax filings. In addition to this, the scope of taxation for overseas Pakistanis have also been increased who may be liable to pay tax on overseas income if not taxed in any other country irrespective of their physical presence in Pakistan.

The remaining document provides further explanation of these and other amendments within the Act. This document is purely for provision of information to the general public, and is not intended to provide consultation or advice on any specific matter. Any queries or feedback are welcomed and appreciated. Feel free to contact us.

Warm Regards,

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1. CHANGE IN NORMAL TAX RATES

AMENDMENT

The **normal tax rates** applicable on individuals, firms and banking companies have been amended.

The new rates are provided below:

Salaried individuals

Annual Taxable Income (PKR)	Tax Rate
Up to 6 Lacs	-
6 Lacs to 12 Lacs	**2.5%** of amount exceeding 6 Lacs
12 Lacs to 24 Lacs	15,000 + **12.5%** exceeding 12 Lacs
24 Lacs to 36 Lacs	165,000 + **20%** exceeding 24 Lacs
36 Lacs to 60 Lacs	405,000 + **25%** exceeding 36 Lacs
60 Lacs to 1.2 Crores	1,005,000 + **32.5%** exceeding 60 Lacs
Exceeding 1.2 Crores	2,955,000 + **35%** exceeding 1.2 Crores

Individuals (other than salaried) and Association Of Persons (AOPs)

Annual Taxable Income (PKR)	Tax Rate
Up to 6 Lacs	-
6 Lacs to 8 Lacs	**5%** of amount exceeding 6 Lacs
8 Lacs to 12 Lacs	10,000 + **12.5%** exceeding 8 Lacs
12 Lacs to 24 Lacs	60,000 + **17.5%** exceeding 12 Lacs
24 Lacs to 30 Lacs	270,000 + **22.5%** exceeding 24 Lacs
30 Lacs to 40 Lacs	405,000 + **27.5%** exceeding 30 Lacs
40 Lacs to 60 Lacs	680,000 + **32.5%** exceeding 40 Lacs
Exceeding 60 Lacs	1,330,000 + **35%** exceeding 60 Lacs

Banking companies

Corporate tax rate has been increased from 35% to **39%** for banks, and super tax at 4% on banking companies has been limited till tax year 2022 only.

COMMENTS

The amended tax rates will result in an increase in tax for most individuals and AOPs.

For **salaried individuals**, tax rates have been increased for all income slabs exceeding **Rs. 12 Lacs** therefore tax on employees with salary exceeding Rs. 1 Lac will increase. Comparison with previous year's rates are as follows:

Taxable Income (Annual)	Tax Rates 2022-23	Tax Rates 2021-22
Up to 6 Lacs	-	-
6 to 12 Lacs	2.5%	5%
12 to 18 Lacs	12.5%	10.00%
18 to 24 Lacs		15.00%
24 to 25 Lacs	20%	
25 to 35 Lacs		17.50%
35 to 36 Lacs		20.00%
36 to 50 Lacs	25%	
50 to 60 Lacs		22.50%
60 to 80 Lacs	32.5%	
80 Lacs to 1.2 Crores		25%
1.2 to 3 Crores	35%	27.50%
3 to 5 Crores		30%
5 to 7.5 Crores		32.50%
Above 7.5 Crores		35%

For **business individuals** and **AOPs** the **nil tax** threshold has slightly **increased** till **Rs. 6 Lacs,** and a reduced rate till **Rs. 8 Lacs** of 5% has been implemented, whereas for all other income slabs, tax rates have increased. Comparison with previous year is as follows:

Taxable Income (Annual)	Tax Rates 2022-23	Tax Rates 2021-22
Up to 4 Lacs	-	-
4 to 6 Lacs		5%
6 to 8 Lacs	5%	10%
8 to 12 Lacs	12.50%	
12 to 24 Lacs	17.50%	15%
24 to 30 Lacs	22.50%	20%
30 to 40 Lacs	27.50%	25%
40 to 60 Lacs	32.50%	30%
Above 60 Lacs	35%	35%

In case of companies, only **banks** have been impacted with an increase in corporate tax rates from 35% to **39%.**

From previous years, **super tax** has also been applicable on banks at 4% which has now been **withdrawn** from tax year **2023 onwards**. Super tax will now be applicable in accordance with newly introduced section 4C of the Ordinance for 'high income earners'. (See section 5 below)

2. TAX ON DEEMED INCOME (NEW SECTION 7E)

AMENDMENT

In case of a **resident** person's **capital assets** situated in Pakistan having value of **Rs. 25 Million or more**, it will be deemed that income has been received from these at **5% of fair market value (FMV)** as at last date of the tax year and this deemed income shall be taxed at **20%,** which shall be final tax.

This section does not apply to assets owned by Provincial/Local government, Local authority, development authority or **builders and developers** (if registered as **DNFBPs**).

Exceptions:

Tax under this section will not be payable for below mentioned assets nor would these be considered for the Rs. 25 Million threshold. The excluded assets include:

- 1 **self-owned** capital asset,
- **Self-owned business premises** from which business is carried out (if person is active taxpayer),
- **Self-owned agricultural land** where agricultural activity is carried out (excluding farmhouse),
- Capital asset allotted to:
    - Shaheed of Pak Army or dependents of shaheed, or person who dies while in service of Pak Army or Provincial/Federal Government.
    - War wounded person while in service of Pak Army or Federal/Provincial Government.
    - Ex-serviceman and service personnel of army or federal/Provincial Government being original allottees.

COMMENTS

This amendment aims to impose taxation on **unutilized capital assets** worth **Rs. 25 Million or more** in aggregate such as immovable property that is not being rented out or being used for residence/business e.g. luxury farmhouses.

At the last date of the tax year, it will be deemed that income has been earned equal to **5% of FMV** of such unused capital assets, and this income will be taxed at **20%.**

This tax aims to discourage **unproductive property** being kept by an investor, and instead develop it for commercial use.

- Any property from which income is chargeable to tax and such tax is paid.
- **First year of acquisition** of capital asset (if WHT u/s 236K has been paid).

3. CAPITAL GAINS TAX (SECTION 37)

AMENDMENT

Capital gains tax (CGT) rates have been amended. The amended tax rates are as follows:

Immoveable Property

Holding Period (Years)	Rate of Tax		
	Open Plots	Constructed Property	Flats
< 1	15%	15%	15%
1 - 2	12.5%	10%	7.5%
2 - 3	10%	7.5%	-
3 - 4	7.5%	5%	-
4 - 5	5%	-	-
5 - 6	2.5%	-	-
> 6	-	-	-

Securities

Holding Period (Years)	Rate of Tax
< 1	15%
1 - 2	12.5%
2 - 3	10%
3 - 4	7.5%
4 - 5	5%
5 - 6	2.5%
> 6	-

In case of securities acquired before June 30th, 2022 capital on disposal shall be charged at 12.5% irrespective of holding period.

COMMENTS

Under previous tax year, rate of CGT on immovable property had been affected by both **value of gain** as well as **holding period**. Accordingly, the CGT rate ranged from **0.875% to 15%**, with no tax being payable for holding periods greater than **4 years**. Furthermore, the same range of tax rates applied for all types of immovable property.

The Act greatly **increases** the CGT by removing reduced tax rates based on **value** of gain and by increasing **nil rate holding period**. Although, reduced tax rates due to length of **holding period** has been retained.

The minimum and maximum rates along with minimum holding period for nil tax are as follows as compared with previous year:

	Min Rate	Max Rate	Holding Period for nil tax
Tax Year 2021-22			
All Immovable Properties	0.875%	15%	4 Years
Tax Year 2022-23			
Open Plots	2.5%	15%	6 Years
Constructed Property	5%	15%	4 Years
Flats	7.5%	15%	2 Years

The amended tax rates **favor constructed properties and flats as opposed to open plots** suggesting an incentive for growth of vertical cities, as opposed to perceived ‘unproductive’ properties.

In case of **securities**, CGT in previous tax year was 12.5%, which has now been **increased** to **15%** (in case of holding of less than 1 year). This will adversely impact short term stock traders whose CGT will increase. On the other hand, Mutual Funds/Collective Investment Scheme/REIT scheme

Category	Type of Fund	Rate of Tax
Individuals and AOPS	All	10%
Company	Stock Funds	10%
	Other Funds	25%

Provided that:

- No CGT if holding period is more than 6 years
- In case of stock fund, CGT at 12.5% if dividend is less than capital gains.

longer holding period will reduce such CGT with no tax being payable after 6 years.

4. OVERSEAS PAKISTANI (SECTION 82)

AMENDMENT

Definition of a '**resident individual'** has been expanded to include any **Pakistani citizen** who is either **not present in any other country for more than 182 days** or is **not resident taxpayer** of any other country.

COMMENTS

As a general rule, a **'resident person'** is taxed on their **worldwide income** whereas a **non-resident** is taxed only on their **Pakistan-source income**, and currently an individual is considered a 'resident' if they are physically present in Pakistan for **183 days or more** (subject to certain exceptions).

The amendment expands the definition of resident resulting in **overseas Pakistani's** becoming liable to pay tax on their **overseas income** that is not taxed in any other country.

This amendment increases the **burden of taxation on overseas Pakistanis** specifically those who are not considered tax residents in other countries.

5. ADDITIONAL TAX ON HIGH INCOME EARNERS (NEW SECTION 4C)

AMENDMENT

Additional tax is imposed on '**high income earners'** from the tax year 2022 onwards (tax year 2023 onwards for banking companies). This **super tax** is applicable for all persons earning income of **Rs. 150 Million or more**.

The rate of super tax is as follows:

COMMENTS

This amendment imposes **additional tax burden** on high income earners from the current tax year onwards, in an effort to increase tax collections.

The super tax applied will be applicable on all individuals, AOPs and companies having income of more than **Rs. 150 Million** ranging from **1% to 4%.**

Income (PKR)	Rate of Tax
< 150 Million	0%
150 Million - 200 Million	1%
200 Million - 250 Million	2%
250 Million - 300 Million	3%
> 300 Million	4%

Additional super tax on major industries

For the **tax year 2022 only**, super tax will be **10%** for persons involved in the business of airlines, automobiles, beverages, cement, chemicals, cigarette and tobacco, fertilizer, iron and steel, LNG terminal, oil marketing, oil refining, petroleum and gas exploration and production, pharmaceuticals, sugar and textiles, where income exceeds **Rs. 300 Million**.

For **tax year 2023 only**, super tax will be **10%** for **banking companies** where income exceeds **Rs. 300 Million**.

In case of **banking companies**, super tax is currently applicable at **4%** which has been withdrawn from tax year 2023 onwards, after which super tax will be applicable as per this section therefore this super tax can be reduced below 4% depending on income.

For tax year 2022 only (tax year 2023 for banks), this super tax will be increased to **10%** for certain major industries earning income of more than **Rs. 300 Million**.

6. ADVANCE TAX ON CREDIT CARD, DEBIT CARD OR PREPAID CARD TRANSACTIONS OUTSIDE PAKISTAN (NEW SECTION 236Y)

AMENDMENT

Adjustable advance tax at **1%** of amount has been implemented on credit card, debit card or prepaid card transactions **outside Pakistan**.

COMMENTS

Additional tax burden has been implemented on **international transactions**, which shall be adjustable.

7. WITHDRAWAL OF TAX CREDIT ON EXPORT OF COMPUTER SOFTWARE OR IT SERVICES OR IT ENABLED SERVICES (SECTION 65F)

AMENDMENT

Tax credit on export of computer software, IT services and IT enabled services has been **withdrawn.**

Tax shall be **deducted** for such exports at time of realization of proceeds**,** which shall be **final tax.** The

COMMENTS

In prior years, export of IT related services have benefited from **tax exemption** or **100% tax credits** promoting significant growth of this industry including IT freelancers.

This concession has been **withdrawn** by implementation of a nominal rate of tax on proceeds.

rate of tax is **0.25%** of proceeds if person is registered with Pakistan Software Exports Board, and **1%** for other cases. Furthermore, the **additional** withholding tax on export of services by **non-filers** has been removed accordingly WHT for non-filers would be same as that of filers.	The low tax rate would suggest that growth of the industry would not be affected to a great extent while the benefit of **tax collection** from this **untaxed** sector would be obtained.

8. MAXIMUM TAX ON BAHBOOD SAVING CERTIFICATES, PENSIONER'S BENEFIT ACCOUNT AND SHUHADA WELFARE ACCOUNTS

AMENDMENT	COMMENTS
Maximum tax on interest on Bahbood Savings Certificate or Pensioners Benefit Account and Shuhada Welfare Account has been **reduced** from 10% to **5%.**	Tax concession has been provided on BSC certificates, PBA and Shuhada welfare accounts **reducing** the maximum tax to **5%** at time of filing. **Withholding tax** on profit from these investments remain **exempt**.

9. OMMISSION OF TAX CONCESSIONS

AMENDMENT	COMMENTS
A number of specific tax credits and reliefs have been proposed to be withdrawn which are as follows: • Relief for '**sick industrial unit**' **retrospectively** withdrawn. • Deductible allowance on **profit on debt on House Finance Loan** by individuals. • Tax credit on **investment in shares (including mutual funds)** and **life insurance premium**. • Tax credit for investment in **health insurance**. • Tax credit on **foreign investment in industrial undertakings**, **retrospectively** withdrawn. • Tax amnesty for **investment for industrial promotion**, **retrospectively** withdrawn.	Three tax reliefs had been earlier provided under the Income Tax (Amendment) Ordinance 2022 which have been withdrawn **retrospectively** since the date of that Ordinance, thereby withdrawing the Ordinance entirely. Furthermore, few tax credits available to **individuals** have been withdrawn such as on housing finance loans, and investment in insurance and mutual funds which would place **additional tax burden** on such individuals.

10. INADMISSABLE DEDUCTIONS (SECTION 21)

AMENDMENT

Some additions are proposed to deductions that are not allowed for business income, as follows:

- Any expenditure by a **company** under a single account head which in aggregate exceeds **Rs. 250,000** made other than by **digital means from business bank account**.

  Excluding:
  - Expenditures of Rs. 25,000 or less
  - utility bills;
  - freight charges;
  - travel fare;
  - postage; and
  - payment of taxes, duties, fee, fines or any other statutory obligation.

  [This clause will be effective from the date as FBR may notify.]
- any expenditure attributable to **sales** claimed by any person who is required for **POS integration** but fails to integrate, **up to 8%** of the allowable deduction.
- an amount in excess of **50% of contribution** made by a person to an approved gratuity fund, an approved pension fund or an approved superannuation fund.

COMMENTS

Restrictions have been implemented on expenditures incurred by companies to be allowed for tax purposes with the aim of promotion of expenditures through **digital means** from **business bank account**. This amendment had earlier been made through **Tax Laws (Third Amendment) Ordinance 2021**.

Furthermore, **sales expenses** have been restricted for persons who have not integrated POS system in furtherance of the efforts to promote **POS integration**.

11. ADVANCE TAX ON MOTOR VEHICLES

AMENDMENT

Advance tax collected on motor vehicles has been updated.

The updated rates are as follows:

COMMENTS

The **annual advance tax** has been increased significantly for **vehicles plying for hire** with different amount of tax being chargeable depending on whether the vehicle is **air conditioned or not**.

Annual (Section 234)

For **vehicles plying for hire**:

Capacity (Number of persons)	Non Air Conditioned	Air Conditioned
	Rs. per seat per annum	
4 – 10	500	1,000
10 – 20	1,500	2,000
> 20	2,500	4,000

Purchase or transfer (Section 231B)

Engine Capacity	Tax
Up to 850 cc	Rs. 10,000
851 cc to 1000 cc	Rs. 20,000
1001 cc to 1300 cc	Rs. 25,000
1301 cc to 1600 cc	Rs. 50,000
1601 cc to 1800 cc	Rs. 150,000
1801 cc to 2000 cc	Rs. 200,000
2001 cc to 2500 cc	Rs. 300,000
2501 cc to 3000 cc	Rs. 400,000
Above 3000 cc	Rs. 500,000

The **increase** is as follows:

Capacity (Number of persons)	Non Air Conditioned	Air Conditioned
	Rs. per seat per annum	
4 – 10	90%	95%
10 – 20	93%	95%
> 20	88%	93%

The advance tax on **purchase/transfer** has also been **increased**, as follows:

Engine Capacity	Proposed increase
Up to 1000 cc	25%
1001 cc to 1600 cc	-
Above 1601 cc	50%

12.FIXED TAX ON SMALL RETAILERS (SECTION 99A)

AMENDMENT

Fixed tax has been applied on **retailers (other than Tier-1 retailers) and specified service providers** which shall be collected on electricity bills, as follows:

Monthly Bill (PKR)	Tax (PKR)	
	Filer	Non Filer
Less than 30,000	3,000	6,000
30,000 – 50,000	5,000	10,000
50,000 – 100,000	10,000	20,000

This tax will be **final tax** in respect of business carried out from premises where electricity connection is installed.

Sales tax on such retailers have also been updated equal to above table and if such sales tax is paid then fixed tax under this section would not be required,

COMMENTS

A **simplified** method of taxation has been implemented for small retailers who shall pay a fixed monthly tax ranging from **Rs. 3,000** to **Rs. 50,000** for each business premise, depending on electricity utilization. This will be the **final discharge** of all income tax and sales tax liabilities, if any.

This proposal streamlines taxation on small retailers making it easier for collection of tax without increased burden on such retailers.

13. POWER TO ENFORCE FILING (NEW SECTION 114B)

AMENDMENT

Income Tax (New Section 114B)

The Board has been provided powers to issue **general order** to persons **not filing returns**.

General order can involve:

- disabling of mobile phone devices or SIMS,
- discontinuance of electricity connections, or
- discontinuance of gas connections.

General order can only be issued if **notice u/s 114 for filing return** has been issued and return has still not been filed within due date of the notice.

Sales Tax Act 1990 (New Section 14AB)

Similar general orders can also be issued for enforcing of sales tax regulations to persons who are **unregistered for sales tax** or are **not POS integrated**, where they are required to be so.

COMMENTS

In addition to penalty and surcharges, power to **disable electricity, gas and mobile phones/SIMs** has been granted to the Board, for persons **not filing income tax returns**, or persons **not registering for sales tax** or not complying with **POS integration** where required to do so.

This amendment was previously introduced in the **Tax Laws (Third Amendment) Ordinance 2021.**

14. WITHHOLDING TAXES (WHT)

AMENDMENT

A number of amendments have been made pertaining to collection of withholding taxes. These have been summarized below:

Increase in WHT

- WHT on **sale and purchase of property** has been increased from 1% to **2%.**
- WHT on certain payments to **non-residents**:
  - **Scope** of tax withheld on payment to non-residents has **increased** to include fee for money transfer operations, card network services, payment gateway services and interbank financial telecommunication services as well.

COMMENTS

Withholding tax rates have been increased for **purchase and sale of property** from 1% to **2%.**

Furthermore, scope of withholding applicable on payments to **non-residents** has been expanded to include other services as well. WHT on digital services has also been increased to **10%** from 5%

- Rate of WHT (other than for payments of royalty or fee for technical services) has been increased to **10%.**

Reduction in WHT

- WHT on **REIT management services** and **services by NCCPL** has been reduced to **3%**
- WHT for **distributors of steel** has been reduced to **0.25%,** as well as minimum tax u/s 113.

Omission of WHT

- Advance tax on fees paid to **educational institutions** has been omitted.
- Advance tax on **rent of machinery** has been omitted.

15. UPDATE IN OFFENCES AND PENALTIES (SECTION 182)

AMENDMENT

Non Filing of Return (u/s 114)

- Higher of:
  - 0.1% of tax payable, or
  - Rs. 1,000 per day of default

  At a maximum of 200% of tax payable
- Minimum penalty
  - Salaried Individual: Rs. 10,000
  - Others: Rs. 50,000
- Reduction in penalty on subsequent filing of return:
  - Filed within 1 month: 75% penalty reduced
  - Filed within 2 months: 50% penalty reduced
  - Filed within 3 months: 25% penalty reduced

Non furnishing of information of beneficial owner (u/s 181E)

Rs. 1,000,000 for each default

POS Integrated person conducting in a manner to avoid monitoring or tracking transactions:

Higher of :

- Rs. 500,000, or
- 200% of tax

COMMENTS

Penalty on non-filing has been **increased.** This increase was previously proposed in the **Tax Laws (Third Amendment) Ordinance 2021**.

Furthermore, additional penalties have been applied for **streamlining and promotion** of **POS integration** as well as for **implementation of SWAPS**.

Failure of fulfilling duty as SWAPS agent:

- 1st default of 7 days: Rs. 50,000
- 2nd default of next 7 days: Rs. 100,000
- Subsequent default: Rs. 50,000 for each week

Failure of POS integration:

- 1st Default: Rs. 500,000
- 2nd Default: Rs. 1,000,000
- 3rd Default: Rs. 2,000,000
- 4th Default: Rs. 3,000,000
- Sealing of business

If POS is integrated before imposition of 2nd penalty, the first penalty may be waived by commissioner.

16. EMPOWERING NADRA FOR BROADENING OF TAX BASE (NEW SECTION 175B)

AMENDMENT

NADRA has been provided the power to **share information** with FBR for broadening of tax base.

NADRA has also been provided power to **compute indicative income and tax liability** by use of artificial intelligence, mathematical or statistical modeling or any other modern device or calculation method.

COMMENTS

This amendment aims at **widening the tax net** by **identifying** non-filers who are required to file returns through the combined efforts of **NADRA and FBR**.

This proposal was originally proposed by the **Tax Laws (Third Amendment) Ordinance 2021.**

17. SALES TAX

AMENDMENT

Sales Tax Act 1990

- Production, transmission and distribution of **electricity** is now included within the scope of this Act.
- Suppliers of articles of **jewelry** are also included within definition of **Tier-1 retailers,** excluding those having shops of 300 sq. ft. or less.
- **Further tax** is now also applicable on **inactive taxpayers.**

COMMENTS

A number of amendments have been made expanding the **exemption** of goods to sales tax e.g. gold, silver, tractor etc.

Jewelers have been added to Tier-1 retailers as well.

Fertilizers and **tractors** previously at specified rates under Eighth Schedule have now been made **exempt**.

Furthermore, general sales tax rate for services provided in **Islamabad** has been reduced from 16% to **15%.**

- Limitation on adjustable input tax being **90% of output tax** expanded to include **listed companies** as well.
- Items included in list of **exempted** goods:
  - Photovoltaic cells
  - Goods imported by or donated to hospitals run by non-profit making institutions
  - Goods supplied to hospitals run by the charitable hospitals of fifty beds or more.
  - Fertilizers
  - Goods temporarily imported in Pakistan for subsequent exportation
  - Oil cakes
  - Gold and Silver
  - Tractor
  - Seed for sowing
  - Local supplies of raw hides and skins

Islamabad Capital Territory (Tax on Services) Ordinance, 2001

- Rate of sales tax on most services reduced from 16% to **15%**.
- Rate of sales tax on services by software or IT-based system development consultants set at **5%**.

18. OTHER AMENDMENTS

In addition to amendments discussed in previous sections, a number of other amendments have also been made which are summarized below:

AMENDMENTS	SECTION*
Definitions of '**Beneficial Owner'**, '**Fair Market Value'** and '**Distributor'** is added.	2
Depreciation deduction in 1st year being reduced by 50% has been **withdrawn**.	22
Initial allowance is expanded to be allowed for **immovable property** as well	23
Federal Government has been empowered to add or restrict exemption of tax for any person or class of persons.	53
Clarification added regarding share of income of an AOP in hands of member being exempt if income of the AOP is exempt.	92
Commissioner has been awarded the power to treat a place of business as a 'Permanent Establishment'.	109
Clarification has been added that remittances through **money service bureaus, exchange companies or money transfer operators** are also deemed to be through '**normal banking channels**' u/s 111.	111
Period of **carry forward** of additional tax paid under **minimum tax u/s 113** has been reduced from 5 years to **3 years**.	113
Minimum tax u/s 113 for **Oil Marketing Companies** decreased from 0.75% to **0.5%**	113
Maximum time for **assessment by commissioner** has been increased from 5 years to **6 years**.	121
Maximum time for **amendment of assessment** after notice has been increased from 120 days to **180 days**.	122
WHT on imports being minimum tax has been limited to specific goods only namely edible oil, packaging material, paper, paper board and plastics.	148
Foreign commission due to an indenting commission agent shall be taxed at 1% of proceeds.	154A
Synchronized Withholding Administration and Payment System (SWAPS) is introduced.	164A (New)
Frequency of **audit** is reduced to once in **4 years**.	177
New requirement has been introduced to keep and furnish records of beneficial owners for companies and AOPs.	181E (New)
The Board has been empowered to prescribe **prize schemes** to promote tax culture.	237B (New)
5 year tax holiday for **cinema operators** from start of cinema construction.	2nd Schedule
Tax holiday for **resident producers or production houses** on income from production of feature film, for the period from **July 2022 to June 2027**.	2nd Schedule
Reduced tax on **submarine allowance** and **flying allowance** has been **withdrawn**.	2nd Schedule

* Section of Income Tax Ordinance 2001