

Income Tax Rules, 2002

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Government of Pakistan
Revenue Division
Central Board of Revenue

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Islamabad July 1, 2002

NOTIFICATION
Income Tax

S. R. O. 428(I)/2002. – In exercise of powers conferred by section 237 of the Income Tax Ordinance, 2001 (XLIV of 2001), the ¹[Federal Board of Revenue] is pleased to make the following rules, namely:-

INCOME TAX RULES, 2002

CHAPTER-I

1. Short title and commencement. - (1) These rules may be called the Income Tax Rules, 2002.

(2) They extend to the whole of Pakistan.

(3) They shall come into force on the first day of July, 2002; except rules 3 to 9 which shall be applicable in respect of income earned on or after first day of July, 2002, and other rules covered by the rule on "Saving".

2. Definitions. - (1) In these rules, unless there is anything repugnant in the subject or context, -

(a) ²["Federal Board of Revenue" means the Federal Board of Revenue, established under the Federal Board of Revenue Act, 2007;]

Note: Notification No. SRO.1102(I)/91 (Oct 5, 1991) – the reference "Board" wherever appearing in the Rules includes a reference to "Regional Commissioners of Tax" and "Commissioner of Tax", as the case may be.

³(aa) "Computerized Payment Receipt" means a computer generated receipt issued by the State Bank of Pakistan or the National Bank of Pakistan acknowledging payment of tax;

(ab) "digital certificate" or "digital signatures" means a digital certificate or digital signatures issued by an agency approved by the ⁴[Federal Board of Revenue] to issue such certificate or signatures;

(ac) "e-intermediary" means a person registered as,-

- (i) Chartered Accountant with the Institute of Chartered Accountants of Pakistan;
- (ii) Cost and Management Accountant with the Institute of Cost and Management Accountants of Pakistan;
- (iii) a legal practitioner entitled to practice in any Court in Pakistan;
- (iv) a member of the Association of Chartered Certified Accountants, UK; or
- (v) an Income Tax Practitioners, registered with Tax Bar affiliated with All Pakistan Tax Bar Association.]

(b) "electronic transmission" means a facsimile or electronic-mail transmission;

(c) "Ordinance" means Income Tax Ordinance, 2001 (XLIX of 2001), where however, context so provides, Income Tax Ordinance, 1979 (XXXI of 1979) till its relevance in a particular

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

² Substituted by the Finance Act, 2007. The substituted definition read as follows:

"Central Board of Revenue" means the Central Board of Revenue, established under the Central Board of Revenue Act, 1924 (IV of 1924);

³ Inserted by SRO 516(I)/2006 1st June 2006

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

context; ¹[]

- (d) “section” means section of the Ordinance; ²
- (e) ³[“schedule” means a schedule to these rules]⁴; and
- (f) “transmission” means to transmit data through a computer network.]

(2) All other expressions used but not defined in these rules shall have the meaning assigned to them under the Income Tax Ordinance, 2001.

¹ The word “and” omitted by SRO 651(I)/2004 dated the 30th July, 2004.

² Word “and” omitted SRO 516(I)/2006 1st June 2006

³ Substituted for full stop and new clause (e) inserted by SRO 651(I)/2004 dated the 30th July, 2004.

⁴ Word “;and” and subrule (f) inserted vide SRO 516(I)/2006 1st June 2006

¹[CHAPTER-II**DETERMINATION OF INCOME – HEADS OF INCOME****²PART-1: SALARY**

¹ Chapter II substituted by SRO 609(I)/2002 dated 10-09-2002.

² Part I of Chapter II substituted vide SRO 668(I)/2006 dated the 27th June, 2006. The substituted Part I read as follows: -

PART-1: SALARY

3. **Valuation of perquisites, allowances benefits.**- For the purposes of computing the income chargeable to tax under the head "salary", the value of perquisites, allowances and benefits includable in the said income shall be determined in accordance with the rule 4 to 9.

4. For the purpose of determining the value of perquisites, allowances and benefits under rule 3,-

(a) "annual value" of an accommodation means the sum for which the accommodation might reasonably be expected to let from year to year;

(b) "basic salary" means the pay and allowances payable monthly or otherwise, but does not include-

(i) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the employee concerned;

(ii) employer's contribution to a recognised provident fund or a fund to which the Provident Funds Act, 1925 (XIX of 1925), applies and the interest credited on the accumulated balance of an employee in such fund;

(iii) allowances which are exempt from the payment of tax under any provision of this Ordinance;

(iv) allowances and perquisites referred to in sub-clauses (b) to (f) of sub-section (2) of section 12, sub-section (3) of section 12, section 14; and

(v) allowances, perquisites, annuities and benefits referred to in rules 5 to 9;

(c) "salary" means remuneration or compensation for services rendered, paid or to be paid at regular intervals and includes overseas, dearness or cost of living allowance by whatever name it may be described, and bonus or commission which is payable to an employee in accordance with the terms of his employment as remuneration or compensation for services including any amount received by an employee from any employment, whether of a revenue or capital nature, including the amounts referred to in sub-section (2) of section 12, but does not include the employer's contribution to a recognized provident or superannuation fund or gratuity fund or any other sum which does not enter into the computation for pension or retirement benefits;

(d) "employee" includes a director of a company working whole-time for one company

(e) "unfurnished accommodation or housing" includes electric fans, built in cupboards, cooking range and water heater; and

(f) "furnished accommodation or housing" includes basic furniture and furnishing, appliances for cooking, refrigeration and heating and cooling appliances in addition to the items available in respect of "unfurnished accommodation or housing".

5. **House rent allowances receivable in cash.**- Where the house rent allowance is receivable by the employee in cash, the amount, if any, by which the house rent allowance so receivable exceeds forty-five per cent of the minimum of the time scale of the basic salary or the basic salary where there is no time scale, shall be included in his income.

5A. **Rent-free unfurnished accommodation.**- Where rent-free accommodation is provided to an employee, there shall be included, in the total income of such employee, an amount calculated as under:-

Value of accommodation	Amount to be included in the total income.
(a) Where the annual value of the accommodation does not exceed an amount equal to forty-five per cent of the minimum of the time scale of his basic salary or the basic salary where there is no time scale.	Nil
(b) Where the annual value of the accommodation exceeds an amount equal to forty-five per cent of the minimum of the time scale of his basic salary or the basic salary where there is no time scale..	The amount exceeding forty-five per cent of the minimum of the time scale of his basic salary or the basic salary where there is no time scale, subject to a maximum of fifteen percent of salary.

5B. **Rent free furnished accommodation.**- Where rent free furnished accommodation is provided to the employee, an amount equal to ten percent of his salary over and above the amount determined for inclusion under rule 5A shall be added to his income.

5C. **Accommodation hired by the employee with rent payable by the employer.**- Where the accommodation is hired by the employee in his own name but the rent is payable by the employer, the amount includable in the salary shall be determined under rule 5A or 5B, as the case may be as reduced by any payment made by the employee for such accommodation.

5D. **Accommodation provided at a concessional rate.**- Where the accommodation is provided to the employee, other than a person in the civil or military employment of the Government, at a concessional rate, the difference between the rent actually paid by him and the amount determined to be includible in an employee's salary under rule 5A or 5B shall be added to his income.

5E. **House rent allowance receivable in addition to accommodation, etc.**- Where any house rent allowance is receivable by the employee in addition to the benefits referred to in rules 5A, 5B, 5C or 5D, the whole amount of the allowance shall be added in his income in addition to the amount computed under any of the said rules.

6. **Conveyance allowance receivable in cash with no conveyance facility.**- Where neither any conveyance is provided by the employer nor any conveyance owned or maintained by the employee is used by him in the performance of the duties of office held by him and conveyance allowance is receivable by him in cash, the amount of such allowance exceeding Rs. 3600 or the actual expenditure incurred by the employee, whichever ever is less, shall be included in his income.

6A. Motor vehicle provided exclusively for personal or private use.- Where a motor vehicle is provided by the employer for the use of the employee exclusively for personal or private purposes, there shall be included in the employee's income an amount equal to-

(a) the sum actually expended by the employer on running and maintenance of the motor vehicle (including normal depreciation, where the motor vehicle is owned or the amount of rental where the motor vehicle is hired by the employer) if the motor vehicle is used by one employee; and

(b) the sum arrived at by dividing the amount as computed under sub-rule (a) by the number of persons entitled to use the motor vehicle if the motor vehicle is used by more than one employee.

6B. Additional conveyance allowance.- Where any conveyance allowance is receivable by an employee in addition to the perquisite mentioned in rule 6A, the whole amount of such allowance plus the amount determined under the rule 6A shall be included in his income.

6C. Motor vehicle used partly for personal and partly for business purposes.- Where the motor vehicle is used by the employee partly for his personal and partly for business purposes, there shall be included in his income,-

(a) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are also borne by the employer and the motor vehicle is used exclusively by one person, 50 per cent of the sum actually expended on the running of the motor vehicle (including maintenance and normal depreciation where the motor vehicle is owned or the amount of rental where it is hired by the employer) or Rs.3600, whichever is the less;

(b) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are also borne by the employer and the motor vehicle is used by more than one person, the sum arrived at by dividing the amount representing 50 per cent of the sum actually expended by the employer on the running of the motor vehicle (including maintenance and normal depreciation where the motor vehicle is owned or the amount of rental where it is hired by the employer) by the number of such persons or Rs.2400, whichever is the less;

(c) where the motor vehicle is owned or hired by the employer and its running cost is borne by the employee, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.2400 or 7.5 per cent of the basic salary, whichever of these two sums is the higher;

(d) where the motor vehicle is owned by the employee and its running (including hire and maintenance) costs are also borne by him the amount by which the conveyance allowance paid by the employer exceed Rs.3600 or 10 per cent of the basic salary, whichever of these two sums is the higher; and

(e) where the motor vehicle is owned by the employee and its running (including hire and maintenance) costs are borne by the employer, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.1200 or 2.5 per cent of the basic salary, whichever of these two sums is the higher.

6D. Motor vehicle used exclusively for business purposes.- Where the motor vehicle is used by the employee exclusively for business purposes, there shall be included in his income,-

(a) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are also borne by him, the whole amount of the conveyance allowance, if any, receivable by the employee;

(b) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are borne by the employee, the amount, if any, by which the conveyance allowance paid by the employer exceeds the actual expenditure incurred by the employee on the running (including maintenance) of the motor vehicle;

(c) where the motor vehicle is owned or hired by the employee and its running (including maintenance) costs are borne by him, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.4800 or 10 per cent of the basic salary, whichever of these two sums is the higher; and

(d) where the motor vehicle is owned by the employee and its running (including maintenance) costs are borne by the employer, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.2400 or 7.5 per cent of the basic salary, whichever of these two sums is the higher.

7. Provision of passage for travel.- (1) Where free or concessional passage for travel abroad or within Pakistan is provided by the employer to an employee (including the members of his household and dependants), there shall be included in the income of the employee-

(i) where the passage is provided in accordance with the terms of employment, an amount equal to the sum by which the cash payment, if any, made by the employer exceeds the actual expenditure on fare incurred by the employee; or

(ii) where the passage is not in accordance with the terms of employment, the whole of the amount paid in cash, if any, or if no cash payment is made, the amount which would have been expended by the employee had the free or concessional passage, as the cash may be, not been provided by the employer.

Provided that where free or concessional passage for travel abroad is availed of by the employee more than once in two years and more than once in three years for the members of his household and dependants, the whole of the amount paid to him in cash, if any, for such additional passage or if no cash payment is made the amount which would have been expended by him, had the additional passage not been provided by the employer shall be included in his income.

(2) Where the transport is provided free of cost, or at the concessional rate, by an undertaking engaged in the transport of passengers or the carriage of goods to any employee of the undertaking (including the members of the household and dependants) in any conveyance owned or chartered by the undertakings for the purpose of the transport of the passengers or carriage of goods, nothing shall be added in his income.

8. Minor Perquisites.- The provision by an employer to an employee of tea, coffee and other similar refreshment at the employer's business premises during the course of work shall not be treated as salary of employee.

9. Valuation of perquisites, allowances, benefits where salary is Rs.600,000 or more.- (1) Where income chargeable under the head "Salary" of an employee including the value of perquisites as determined under rule 4 to 8 is six hundred thousand rupees or more for any tax year, the value of allowances perquisites and benefits shall be determined in accordance with sub rule (2 to 5) of this rule.

(2) ²[Where any allowance or perquisite is receivable in cash, the whole of such amount shall be included in the employee's salary except house rent allowance receivable by the employee in cash up to 45% of the minimum of the time scale of his basic salary or the basic salary where there is no time scale subject to a maximum of two hundred seventy thousand rupees.]

(3) Where any perquisite is receivable otherwise, than in cash, the amount chargeable to the employee under the head "salary" for that year shall include the fair market value of the perquisite, determined at time it is provided, except provision of housing or accommodation, and provision of motor vehicle, as reduced by any amount paid by the employee for the perquisite.

3. Valuation of perquisites, allowances and benefits.- For the purposes of computing the income chargeable to tax under the head "salary", the value of all perquisites, allowances and benefits provided by the employer to the employee shall be included in the said income in accordance with the rules 4 to 7.

4. Valuation of Accommodation. - The value of accommodation provided by an employer to the employee shall be taken equal to the amount that would have been paid by the employer in case such accommodation was not provided.

Provided that the value taken for this purpose shall, in any case, not be less than forty five percent of the minimum of the time scale of the basic salary or the basic salary where there is no time scale¹;

Provided further that where House Rent Allowance is admissible @ thirty per cent, the value taken for the purpose of this rule shall be an amount not less than thirty per cent of minimum of the time scale of basic salary or the basic salary where there is no time scale.]

5. Valuation of conveyance.- The value of conveyance provided by the employer to the employee shall be taken equal to an amount as below: -

(i)	Partly for personal and partly for official use	5% of: (a) the cost to the employer for acquiring the motor vehicle; or, (b) the fair market value of the motor vehicle at the commencement of the lease, if the motor vehicle is taken on lease by the employer;
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(4) The value of accommodation or housing for the purposes of sub-section (12) of section 13 shall be determined as under:

(a) Where free unfurnished accommodation or housing is provided to the employee, the value for addition to the income shall be made on the following basis [?] ²[as reduced by 45% of the minimum of the time scale of his basic salary or the basic salary where there is no time scale, subject to a maximum of two hundred seventy thousand rupees]

² Substituted for "Where any perquisite is receivable in cash the whole amount shall be included in employee's salary" by SRO 590(I)/2004 dated the 7th July, 2004.

² Colon omitted vide SRO 653(I)/2006 dated the 19th June, 2006.

² Words & Figure inserted vide SRO 653(I)/2006 dated the 19th June, 2006.

Accommodation or housing-	Value for areas falling within the limits of Metropolitan Corporation, Municipal Corporation, Cantonment Board or the Islamabad Capital Territory.	Value for other areas
With land area upto 250 sq. yards.	Rs.40,000	Rs.27,000
With land areas exceeding 250 sq. yards but not exceeding 500 sq. yards.	Rs.106,000	Rs. 66,000
With land area exceeding 500 sq. yards but not exceeding 1000 sq. yards.	Rs.1,99,000	Rs.106,000
With land area exceeding 1000 sq. yards but not exceeding 2000 sq. yards.	Rs. 370,000	Rs.198,000
With land area exceeding 2000 sq. yards.	Rs.462,000	Rs. 264,000

(b) Where free furnished accommodation is provided to the employee, the value for addition to income shall be the amount determined under clause (a) of this sub-rule as increased by and a further sum equal to 15 per cent of the said amount.

(5) The value of perquisite representing provision of a motor vehicle, for the purposes of sub-section (3) of section 13, shall be determined as under:-

(a) where the motor vehicle is provided by an employer wholly for private use of the employee, 10% of the cost to the employer for acquiring the motor vehicle or the fair market value of the vehicle at the commencement of lease, if the motor vehicle is taken on lease by the employer;

(b) where the motor vehicle is provided by an employer partly for private use of the employee, 5% of the cost to the employer for acquiring the motor vehicle or the fair market value of the vehicle at the commencement of lease, if the motor vehicle is taken on lease by the employer;

(c) where the motor vehicle is used by more than one employee, the amount as determined in clause (a) or (b), as the case may be, divided by number of employees using the motor vehicle;

(d) where an employee makes any payment to the employer in respect of the use of motor vehicle, the value of perquisite as determined under clause (a), (b) or (c) as reduced by the amount paid by him].

¹ Colon substituted for full stop and proviso inserted vide SRO 716(I)/2008 dated the 2nd July, 2008.

(ii)	For personal use only	10% of: (a) the cost to the employer for acquiring the motor vehicle; or, (b) the fair market value of the motor vehicle at the commencement of the lease, if the motor vehicle is taken on lease by the employer; and
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6. For the purpose of this part, “employee” includes a director of a company.
7. These rules shall be applicable for the salary income received after thirtieth of June, 2006.

PART- 2
INCOME FROM BUSINESS

10. **Entertainment expenditure.** - (1) For the purpose of clause (d) of section 21, which provides for a limitation on the deduction of entertainment expenditure, and subject to sub-rule (2), a deduction for entertainment expenditure shall be limited to expenditure incurred by a person that satisfies the conditions laid down in sub-section (1) of section 20 and which is -

(a) expenditure incurred outside Pakistan on entertainment in connection with business transactions or where such expenditure is allocated as head office expenditure;

(b) expenditure incurred in Pakistan on entertainment of foreign customers and suppliers;

(c) expenditure incurred on entertainment of customers and clients at the person's business premises;

(d) expenditure incurred on entertainment at a meeting of shareholders, agents, directors or employees; or

(e) expenditure incurred on entertainment at the opening of branches.

(f) [1]

(2) A person shall be allowed a deduction under sub-rule (1) only for expenditure incurred on the entertainment of persons related directly to the person's business.

(3) In this rule, "entertainment" means the provision of meals, refreshments, and reasonable leisure facilities in accordance with the tradition of business and subject to overall norms and customs of business in Pakistan.

11. **Agricultural produce as raw materials.** - (1) This rule applies to a person who is a cultivator or receiver of agricultural produce as rent-in-kind and who uses agricultural produce raised or received as raw materials in a business the income from which is chargeable to tax under the head "Income from Business".

(2) In determining the amount of income of a person to whom this section applies, the market value of any agricultural produce raised or received as rent-in-kind by the person and used as raw materials in the person's business shall be allowed as a deduction.

(3) For the purposes of sub-rule (2), the market value of agricultural produce shall be-

(a) where the agricultural produce is ordinarily sold in the market in its raw state or after application of any process ordinarily employed by a cultivator or receiver of agricultural produce as rent-in-kind to render it fit to be taken to market, the market price for the produce at the time it is used as raw materials in the person's business; or

(b) in any other case, the sum of the following amounts, namely:-

(i) the expenses of cultivation; and

(ii) the land revenue rent paid for the area in which the produce is grown.

(4) No deduction shall be allowed for any expenditure incurred by a person as cultivator or receiver of agricultural produce as rent-in-kind, other than as specified in sub-rule (2).

¹ Clause (f) omitted vide SRO 392 dated the 19th May, 2009. The omitted text read as follows: - any other entertainment expenditure incurred on refreshment to employees as per rule 9.

12. Particulars required to be furnished for claiming depreciation deduction or initial allowance amortisation deduction. - (1) The following particulars shall be furnished by a taxpayer at the time of furnishing a return of income for any tax year in order to claim a depreciation deduction under section 22, an initial allowance under section 23 or an amortisation deduction under section 24 read with the Third Schedule to the Ordinance, namely: -

(a) a description of each depreciable asset and intangible in respect of which a deduction is claimed;

(b) where a depreciable asset or intangible is used in the tax year only partly in deriving income from business chargeable to tax, the extent of such part use;

(c) [1]

(d) if the depreciable asset or intangible was acquired in the tax year, the date of acquisition;

(e) the written down value of each depreciable asset at the beginning of the tax year computed in accordance with sub-section (5) of section 22 and the cost of each intangible as determined under sub-section (11) of section 24;

(f) the amount of capital expenditure incurred in the tax year on additions, alterations, improvements or extensions in relation to any depreciable asset or intangible and where the depreciable or amortisable amount of such expenditure is limited under the Ordinance, the lower amount shall also be stated;

(g) the total value of each depreciable asset for which a depreciation deduction is allowable for the tax year (this is the sum of the amounts specified in clauses (e) and (f), less any initial allowance allowed for the asset in that year;

(h) the prescribed rate of depreciation and initial allowance (if any) for each depreciable asset or class of asset for the tax year, and the normal useful life for each intangible;

(i) the amount of depreciation deduction and initial allowance (if any) for each depreciable asset for the year and the amount of amortisation deduction for each intangible for the year;

(j) the total depreciation deduction, initial allowance and amortisation deduction allowed for the tax year; and

(k) the written down value of each depreciable asset and the cost of intangible at the end of the tax year, and the remaining normal useful life.

Explanation: Addition to intangible to be separately shown.

(2) The following particulars shall be furnished by a taxpayer at the time of furnishing a return of income for any tax year in which a depreciable asset or intangible is disposed of in the year, namely:-

(a) the consideration received for the asset or intangible;

(b) the written down value of the asset or intangible disposed of at the beginning of the tax year; and

(c) the excess or deficit of the consideration received in relation to the written down value (i.e., clause (b) less clause (a) or clause (a) less clause (b), as the case may be).

¹ Clause (c) omitted vide SRO 392 dated the 19th May, 2009. The omitted text read as follows: - Prior months for which in assets as in (b) are put to use in deriving business income;

13. **Apportionment of expenditures.**- (1) This rule applies for the purposes of section 67, which provides for apportionment of expenditure incurred for more than one purposes.

(2) Any expenditure that is incurred for a particular class or classes of income shall be allocated to that class or classes, as the case may be.

¹(3) (a) Any common expenditure excluding financial expenses relatable or attributable to non-business advances or loans and the amount referred to in sub-rule(2) relatable to business including presumptive and exempt income, shall be allocated to each class of income according to the following formula, namely:-

$$A \times B/C$$

Where-

- A** is the amount of the expenditure incurred;
B is the total amount of gross receipts (without deduction of expenditures) for the tax year for the class of income; and
C is the total amount of gross receipts (without deduction of expenses) and net gains for the tax year of all classes of income;

(b) Where, however, net gain, brokerage, commission and other income is to be taken into account on turnover of such transactions, such income shall be compared with gross profit from business for adopting figures for components "B" and "C" of the formula at (a) above.;

(4) Where expenditures are to be allocated among different classes of income under sub-rule (3), consideration shall be given to the nature and source of each class of income, on reasonable basis to earn each class of income (particularly, in allocating selling expenses).

(5) Where the allocation of expenditures is made in accordance with sub-rule (3) a certificate by the Chartered Accountants or Cost and Management Accountant stating the basis of allocation shall be accepted unless significant variations are found; and where books ²[of accounts] are not required to be audited, the reasonable basis based on the ³[sub-rules] (3) and (4) may be adopted which would be accepted by ⁴[the] Commissioner, unless variation is found. Significant variations would be beyond the limits of 10 ± in collection as in sub-rule (3) under any head of account.

⁵[6]) In this rule. -

"class of income" means -

(a) Pakistan-source income chargeable under the head "Salary";

¹ Sub-Rule (3) substituted vide SRO 392 dated the 19th May, 2009. The replaced text read as follows: -

(3) (a) Any common expenditure including financial expenses, excluding relatable or attributable to the non-business advances or loans and amount at (2); relatable to business including presumptive and exempt income, shall be allocated to each class of income according to the following formula, namely:-

$$A \times B/C$$

where -

- A** is the amount of the expenditure incurred;
B is the total amount gross receipts (without deduction of expenditures) for the tax year for the class of income; and
C is the total amount gross receipts (without deduction of expenses) and net gains for the tax year of all classes of income;

(b) where, however, there is net gain, brokerage, commission and other income is to be taken and turnover of such transactions is taken at these figures, such income is to be compared with gross profit from business for adopting figures for component "B" and "C" of the formula at (a) above.

² Inserted vide SRO 392 dated the 19th May, 2009.

³ Substituted for "sub-rule" vide SRO 392 dated the 19th May, 2009.

⁴ Inserted vide SRO 392 dated the 19th May, 2009.

⁵ Renumbered as (6) from (8) vide SRO 392 dated the 19th May, 2009.

- (b) foreign-source income chargeable under the head “Salary”
- (c) Pakistan-source income chargeable under the head “Income from Property”;
- (d) foreign-source income chargeable under the head “Income from Property”;
- (e) Pakistan-source income chargeable under the head “Income from Business” (other than income subject to section 19);
- (f) foreign-source income chargeable under the head “Income from Business” (other than income subject to section 19);
- (g) Pakistan-source income from a speculation business chargeable under the head “Income from Business”;
- (h) foreign-source income from a speculation business chargeable under the head “Income from Business”;
- (i) Pakistan-source income chargeable under the head “Capital Gains”;
- (j) foreign-source income chargeable under the head “Capital Gains”;
- (k) Pakistan-source income chargeable under the head “Income from Other Sources”
- (l) foreign-source income chargeable under the head “Income from Other Sources”
- (m) income exempt from tax;
- (n) chargeable to tax under section 5, 6 or 7; and
- (o) amounts to which section 169 applies [1]

“common expenditure” means expenditure that is not clearly allocable to any particular class or classes of income, such as general administrative and other such allocable expenditures.

¹ Words “except proceed realised from exports from which separate provision is made as sub-rule (8); and” omitted vide SRO 392 dated the 19th May, 2009.

CHAPTER - III PERSONS

14. **Resident individual.**- (1) This rule applies for the purposes of section 82, which provides for the determination of persons as resident individuals.

(2) The following rules apply for the purposes [1] of section 82 in computing the number of days an individual is present in Pakistan in a tax year, namely:-

(a) subject to clause (c), a part of a day that an individual is present in Pakistan (including the day of arrival in, and the day of departure from, Pakistan) counts as a whole day of such presence;

(b) the following days in which an individual is wholly or partly present in Pakistan count as a whole day of such presence, namely:-

(i) a public holiday;

(ii) a day of leave, including sick leave;

(iii) a day that the individual's activity in Pakistan is interrupted because of a strike, lock-out or delay in receipt of supplies; or

(iv) a holiday spent by the individual in Pakistan before, during or after any activity in Pakistan; and

(c) a day or part of a day where an individual is in Pakistan solely by reason of being in transit between two different places outside Pakistan does not count as a day present in Pakistan.

¹ Words "of clauses (a) and (b)" omitted vide SRO 392 dated the 19th May, 2009.

CHAPTER - IV
TAXATION OF FOREIGN-SOURCE INCOME OF RESIDENTS

15. **Foreign income tax.**- (1) This rule applies for the purposes of sections 102 and 103, which provide resident persons with relief from international double taxation.

(2) A foreign levy is a foreign income tax if the following conditions are satisfied, namely:-

- (a) the levy is a tax; and
- (b) the tax is substantially equivalent to the income tax imposed by the Ordinance.

(3) Subject to sub-rules (4) and (5), a foreign levy is a tax if it requires a compulsory payment pursuant to the authority of the foreign country to levy taxes.

(4) A penalty, fine, interest or similar obligation is not a tax for the purposes of this Chapter.

(5) A foreign levy is not a tax to the extent that a person subject to the levy receives or is entitled to receive, directly or indirectly, a specific economic benefit from the foreign country in exchange for the payment pursuant to the levy.

(6) Subject to sub-rule (7), a foreign tax is substantially equivalent to the income tax imposed under the Ordinance if the following conditions are satisfied, namely:-

(a) the tax is imposed in respect of events that would result in the derivation of income, gains or profits under the Ordinance; and

(b) the taxable amount is computed under the foreign tax by subtracting from gross receipts any significant expenses and the depreciation or amortization of capital costs attributable to such receipts, or, where the tax is imposed under the foreign law or any other basis;

(c) Dividend or interest income earned from foreign source, on being so taken by the CBR, may be treated to have same character for the resident person, as it has under the Ordinance.

(7) The following foreign taxes are substantially equivalent to the income tax imposed under the Ordinance, namely:-

(a) a withholding tax imposed on dividends, gross receipts payable to non-resident persons as final tax; or

(b) tax on wages by withholding imposed as a final tax on salary.

(8) In this rule,

(a) "economic benefit" includes -

(i) any property;

(ii) any service;

(iii) any fee or other payment;

(iv) any right to use, acquire or extract natural resources, patents, or other property owned or controlled by the foreign country; or

(v) any reduction or discharge ¹[of] a contractual obligation; and

(b) “specific economic benefit” means an economic benefit that is not available on substantially the same terms –

(i) all persons subject to the income tax generally imposed by the foreign country; or

(ii) if there is no generally imposed income tax, the population of the country in general.

16. Foreign tax credit.- (1) This rule applies for the purposes of section 103, which provides for the foreign tax credit.

(2) A resident taxpayer claiming a foreign tax credit for a tax year shall submit an application for the credit with the taxpayer’s return of income for that year.

(3) an application for a foreign tax credit shall be in the form as specified in Part I of the First Schedule to these rules.

(4) Subject to sub-rule (5), an application for a foreign tax credit shall be accompanied by the following ²[documents], namely:-

(a) where the tax has been deducted at source, a declaration by the payer of the income that tax has been deducted and a certified copy of the receipt that the payer has received from the foreign tax authority for the deducted tax; or

(b) in any other case, the original or a certified copy of the receipt that the taxpayer has received from the foreign tax authority for the tax paid.

(5) Where a resident taxpayer cannot obtain evidence of the deduction of tax from the payer of income as required under clause (a) of sub-rule (4), the Commissioner may accept such secondary evidence of the deduction as is determined by him.

¹ Substituted for “or” vide SRO 392 dated the 19th May, 2009.

² Substituted for “documentation” vide SRO 392 dated the 19th May, 2009.

CHAPTER - V
TAXATION OF NON-RESIDENTS

17. **Application of Chapter.-** The rules in this Chapter apply for the purposes of sub-clause (ii) of clause (a) of sub-section (2) of section 237, which provides for the making of rules concerning the manner in, and procedure by, which the income, profits and gains chargeable to tax, and the tax payable thereon, under the Ordinance shall be determined in the case of non-resident persons.

18. **Income from ¹[royalty].-** The income of a non-resident person by way of royalty received from a resident person or a permanent establishment in Pakistan of a non-resident person shall be -

(a) in the case a royalty received in pursuance of an agreement made before the 8th day of March, 1980, or an agreement made on or after the said date the proposal in respect of which was approved by the Government before the said date, the gross amount of the royalty less the deductions allowed under section 40; or

(b) in any other case, to which sub-section (2) of section 6 does not apply, the gross amount of the royalty less ²[than] the following expenditure.

(i) any expenditure incurred in Pakistan to earn such royalty, wherever paid;

(ii) any expenditure incurred outside Pakistan in pursuance of such agreement not exceeding ten percent of gross amount of royalty.

[³]

(c) in the case of royalty received in pursuance to any other agreement, the gross amount of the royalty less the following expenditures only, namely:-

(i) any expenditure incurred in Pakistan in earning such income;

(ii) any expenditure incurred in Pakistan in respect of any work done in pursuance of such agreement; and

(iii) any expenditure incurred outside Pakistan in respect of any work done in pursuance of such agreement not exceeding ten per cent of the gross amount of such royalty.

(d) The provisions of ⁴[clauses] (b) and (c) would not apply where, royalty is covered by section 169.

19. **⁵[Fee] for technical services.-** (1) The income of a non-resident person by way of ⁶fee for technical services received from a resident person or a permanent establishment in Pakistan of a non-resident person shall be -

(a) in the case of ⁷fee received in pursuance of an agreement made before the 8th day of March, 1980, or an agreement made on or after the said date the proposal in respect of which was approved by the Government before the said date only in such cases, the gross amount of the ⁸fee less the deductions deductions allowed under section 40;

¹ Substituted for "royalties" vide SRO 392 dated the 19th May, 2009.

² Substituted for "then" vide SRO 392 dated the 19th May, 2009.

³ Proviso omitted by SRO 590(I)/2004 dated 7th July, 2004, the proviso read as under:

"Provided that a non-resident may opt for taxation under sub-section (2) of section 6 of Income Tax Ordinance, 2001, by filing a written declaration/ option within 15 days of the commencement of contract. Such option shall remain operative till completion of the said contract."

⁴ Substituted for "sub-rule" vide SRO 392 dated the 19th May, 2009.

⁵ Substituted for "fees" vide SRO 392 dated the 19th May, 2009.

⁶ Substituted for "fees" vide SRO 392 dated the 19th May, 2009.

⁷ Substituted for "fees" vide SRO 392 dated the 19th May, 2009.

⁸ Substituted for "fees" vide SRO 392 dated the 19th May, 2009.

(b) in the case of ¹fee received in pursuance of an agreement made on or after 8th day of March, 1980 but before the 4th day of May, 1981, the gross amount of the ²fee less the deductions allowed under under section 40 with a maximum total deduction equal to twenty per cent of the gross amount of such ³fee; or

(c) in any other case to which sub-section (2) of ⁴[Section 6] of the Income Tax Ordinance, 2001 does not apply, the gross amount of ⁵[fee for technical services] less the following prerequisites.

- (i) Any expenditure incurred in Pakistan to earn such ⁶[fee for technical services], wherever paid.
- (ii) any expenditure incurred outside Pakistan in pursuance of such agreement not exceeding ten percent of gross amount of ⁷[fee for technical services].

Provided that a non-resident may opt for taxation under section 6 of Income Tax Ordinance, 2001, by filing a written declaration/ option within 15 days of the commencement of contract. Such option shall remain operative till completion of the said contract.

(d) ⁸[Clause] (c) would not apply where the fee for technical service is covered by the provisions of section 169.

⁹**19A. Certificate of Residence.** (1) Where any person, resident in Pakistan, seeks to obtain a certificate of residence from the Competent Authority of Pakistan for its presentation before the tax authorities of another country with which Pakistan has signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion, for the purposes of obtaining tax credit or fiscal relief, the person may submit an application in this behalf in the Form prescribed below, namely :-

Form of Application for Obtaining
Certificate of Residence

To
The Competent Authority of Pakistan,
¹⁰[Federal Board of Revenue],
Constitution Avenue,
Islamabad.

Sir,
Whereas the applicant is resident in Pakistan by way of [INSERT: Entitlement to residence.....] in respect of the Tax year ending on [INSERT: Date.....], and has earned [INSERT: Type/Head of Income.....] income in [INSERT: Name of the country.....], during the period [INSERT: From.....To.....]; and that Pakistan and [INSTERT: Name of the other country] have signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion, dated....., which entitles the applicant to a reduced tax rate/tax credit/tax sparing credit/fiscal relief in [INSERT: Name of the Country.....] upon issuance of a Certificate of Residence by the Competent Authority of Pakistan, for which purpose, all relevant particulars are as under, namely:-

1	Name / Nomenclature of the	
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¹ Substituted for "fees" vide SRO 392 dated the 19th May, 2009.
² Substituted for "fees" vide SRO 392 dated the 19th May, 2009.
³ Substituted for "fees" vide SRO 392 dated the 19th May, 2009.
⁴ Substituted for "Section 5" vide SRO 392 dated the 19th May, 2009.
⁵ Substituted for "royalty" vide SRO 392 dated the 19th May, 2009.
⁶ Substituted for "royalty" vide SRO 392 dated the 19th May, 2009.
⁷ Substituted for "royalty" vide SRO 392 dated the 19th May, 2009.
⁸ Substituted for "sub-rule" vide SRO 392 dated the 19th May, 2009.
⁹ Rule 19A to 19C inserted vide SRO 619(I)/2006 dated the 8th June, 2009.
¹⁰ The words "Central Board of Revenue" substituted by the Finance Act, 2007.

	Applicant	
2	Whether Individual, AOP or Company?	
3	CNIC / Registration / Incorporation No	
4	Address in Pakistan	
5	Telephone / Fax / email address	
6	National Tax Number	
7	Income declared for the Tax Year	
8	Name and Designation of Tax Authority to which the Certificate is intended for presentation	
9	Type (s) / Particulars of Income Earned	

Copies of the following documents in support of our claim are enclosed, namely:-

- (1) Proof of earning of income in the foreign country;
- (2) Copy of NIC;
- (3) Copy of NTN Certificate;
- (4) Copy of the Certificate of Incorporation (if applicable) ; and
- (5) Copy of the Income Tax Return for the latest tax year (if applicable)

Verification

I _____ son/daughter/wife of Mr. _____ solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3. I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

Date _____

Place _____

Signature.....

Signatures:

Name:

(2) The Competent Authority of Pakistan, if required, shall cause to call for a report from the Commissioner concerned.

(3) The Commissioner after verifying all the relevant facts as stated by the taxpayer in the application shall submit his report ¹[within thirty days of the receipt of the application by him from the Federal Board of Revenue].

(4) The Competent Authority of Pakistan shall decide upon the request of the taxpayer and issue the Certificate of Residence as per the Form prescribed below within forty five days of the submitting of the application, namely:-

¹ Substituted for "within fifteen days of the receipt of the application by him" vide SRO 392 dated the 19th May, 2009.

Form of Certificate of Residence
Issued by the Competent Authority

[CERTIFICATE OF RESIDENCE FOR PRESENTATION BEFORE THE TAX AUTHORITIES OF
.....IN RESPECT OF THE TAX YEAR]]

I certify that Mr/Ms/M/s _____ is resident in Pakistan by way of _____, and subject to taxes in Pakistan covered in the Agreement for Avoidance of Double Taxation and Fiscal Evasion between Pakistan and The particulars relating to his/her/its person, and the details of economic activities and tax paid in Pakistan during the Tax Year are as under, namely:-

- (a) Name :.....
- (b) Address :.....
 - (i). Residence :.....
 - (ii) Office :.....
- (c) Telephone :(Res).....(Off).....(Fax).....
- (d) CNIC/Registration/Passport No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- (e) National Tax No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- (f) Personal Status.....
- (g) Main Sources of Income :.....
- (h) Other Source(s) of Income:
- (i) Income Declared/ Assessed for the Tax year:
- (j) Total Tax Paid/Payable for the Tax year:
- (k) LTU/ RTO:

THE COMPETENT AUTHORITY
Member (Direct Taxes)

(5) In respect of each tax year a separate application shall be submitted by the taxpayer, and a separate Certificate shall be issued by the Competent Authority of Pakistan.

(6) In case the Competent Authority of Pakistan decides not to issue a Certificate of Residence, it shall communicate its decision along with reasons of rejection thereof to the applicant taxpayer within forty five days of the submitting of the application.

19B. Certificate of payment of tax in Pakistan. (1) Where any person, non-resident in Pakistan, seeks to obtain a certificate of payment of tax in Pakistan by way of deduction, collection or otherwise, which attains finality or which is a final tax under any provision of the Ordinance or that of the Agreement for the Avoidance of Double Taxation and Fiscal Evasion between Pakistan and the country of residence of the applicant taxpayer, for presentation before the tax authorities of the country of his residence, the person may submit an application to the Competent Authority of Pakistan in the Form prescribed below, namely:-

Form of Application for Obtaining Certificate
Of Payment of Tax in Pakistan

To
The Competent Authority of Pakistan,
¹[Federal Board of Revenue],
Constitution Avenue,
Islamabad.

Sir,

Whereas the applicant was resident in [INSERT: *Name of the country*.....], by reason of [INSERT: *Nationality, Incorporation, Situs of Management*.....], and thus non-resident in Pakistan in respect of the Tax year ending on; and that Pakistan and [INSERT: *Name of the country of residence*] have signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion dated....., which entitles the applicant to a tax credit / fiscal relief in respect of the tax paid in Pakistan, in the country of his residence upon issuance of a Certificate of Payment of Tax Paid by the Competent Authority of Pakistan. The relevant details in this regard are as under, namely:-

1	Name / Nomenclature of the Applicant	
2	Country of Residence	
3	Personal Status [Individual, AOP, Company]	
4	Tax Year	
5	Particulars / details of income earned in Pakistan	
6	Total tax paid in Pakistan for the Tax Year	
7	Has any appeal been filed against the imposition of the aforementioned tax in Pakistan?	
8	Have you applied or intend to apply for the refund or adjustment of the tax paid against demand of any other year?	

Copies of the following documents in support of our claim are enclosed, namely:-

- (i) Proof of income earned in Pakistan
- (ii) Proof of tax paid in Pakistan
- (iii) Proof of residence in the other country

Verification

I _____ son/daughter/wife of Mr. _____
_____solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3. I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

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

Date _____

Place _____

Signatures:

Name:

(2) The Competent Authority of Pakistan, if required, shall cause to call for a report from the Commissioner concerned.

(3) The Commissioner after verifying all the relevant facts as stated by the taxpayer in the application shall submit his report ¹[within thirty days of the receipt of the application by him from the Federal Board of Revenue].

(4) The Competent Authority of Pakistan shall decide upon the request of the taxpayer, and issue a certificate of payment of tax in Pakistan, as per the Form prescribed below within forty five days of the submitting of the application, namely:-

Form of Certificate of Payment of Tax in Pakistan
issued by the Competent Authority

[CERTIFICATE OF TAX PAID IN PAKISTAN FOR PRESENTATION BEFORE THE TAX AUTHORITIES OFIN RESPECT OF THE TAX YEAR]

I certify that Mr/Ms/M/s.....being non-resident in Pakistan has paid income tax in Pakistan in respect of the Tax Year ending onas per the following details:-

1.Name:.....

2.Address:.....

(i). Residence :.....

(ii) Office :.....

3.Telephone : (Res).....(Off.....(Fax).....

4. National Tax No. (if any)

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5. Personal Status

6. Main Sources of Income:

7. Other Source(s) of Income:

8. Total income declared / assessed:

9. Total tax paid during the year:

10. Tax Office: LTU / RTO :

Note: Average exchange rate prevalent during the year was US\$ 1 = PKR

THE COMPETENT AUTHORITY

Member (Direct Taxes)

(5) After issuance of the certificate of payment of tax in Pakistan, the Commissioner shall earmark the amount of tax covered by the certificate against refund or adjustment in lieu of tax demand of the taxpayer in respect of any prior or subsequent tax year, under any circumstances.

(6) In case the Competent Authority of Pakistan decides not to issue a certificate of payment of tax in Pakistan, it shall communicate its decision along with the reasons of rejection thereof to the applicant taxpayer within sixty days of the submitting of the application at the available address in Pakistan.

¹ Substituted for "within fifteen days of the receipt of the application by him" vide SRO 392 dated the 19th May, 2009.

19C. Certificate for tax sparing credit. ¹[(1)] Where any person, non-resident in Pakistan, seeks to obtain a certificate for tax sparing credit in respect of income earned through a permanent establishment situated in Pakistan, under a provision, if any contained therein, of the Agreement for the Avoidance of Double Taxation and Fiscal Evasion between Pakistan and the country of residence of such taxpayer, may submit an application to the Competent Authority of Pakistan in the Form prescribed below, namely:-

Form of Application for Obtaining Certificate
for Tax Sparing Credit

To
The Competent Authority of Pakistan,
²[Federal Board of Revenue],
Constitution Avenue,
Islamabad.

Sir,

Whereas the applicant was resident in [INSERT: *Name of the country*.....], by reason of [INSERT: *Nationality, Incorporation, Situs of Management*.....], and thus non-resident in Pakistan in respect of the Tax year ending on; and that Pakistan and [INSTERT: *Name of the country of residence*] have signed an Agreement for the Avoidance of Double Taxation and Fiscal Evasion dated....., which entitles the applicant to a tax credit / fiscal relief in respect of the tax paid in Pakistan, in the country of his residence upon issuance of a Certificate of Payment of Tax Paid by the Competent Authority of Pakistan. The relevant details in this regard are as under, namely:-

1	Name / Nomenclature of the Applicant	
2	Country of Residence	
3	Personal Status [Individual, AOP, Company]	
4	Tax Year	
5	Particulars / details of income earned in Pakistan	
6	Admitted tax liability paid / payable in Pakistan	
	Total tax payable in Pakistan in case tax incentives / fiscal benefits would not have been allowed Has any appeal been filed against any order of any tax authority in Pakistan?	
7	Amount qualifying for normal tax credit	
8	Amount qualifying for tax sparing credit	

Copies of the following documents in support of our claim are enclosed, namely:-

- (i) Proof of income earned in Pakistan
- (ii) Proof of tax paid in Pakistan
- (iii) Proof of residence in the other country

verification

¹ Inserted vide SRO 392(1)/2009 dated 19th May, 2009.

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

I _____ son/daughter/wife of Mr. _____ solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3. I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

Date _____ Signature.....
 Place _____ Signatures:
 Name:

- (2) The Competent Authority of Pakistan, if required, shall cause to call for a report from the Commissioner concerned.
- (3) The Commissioner after verifying all the relevant facts as stated by the taxpayer in the application shall submit his report ¹[within thirty days of the receipt of the application by him from the Federal Board of Revenue].
- (4) The Competent Authority of Pakistan shall decide upon the request of the taxpayer, and issue a certificate for tax sparing credit, as per the Form prescribed below within ²[ninety] days of the submitting of the application, namely:-

Form of Certificate for Tax Sparing
 Credit issued by the Competent Authority

[CERTIFICATE FOR TAX SPARING CREDIT FOR PRESENTATION BEFORE THE TAX AUTHORITIES
 OFIN RESPECT OF THE TAX YEAR]

I certify that Mr/Ms/M/s..... being non-resident in Pakistan has paid income tax in Pakistan in respect of the Tax Year ending onas per the following details:-

- (a).Name :
- (b).Address :
- (i). Residence :
- (ii) Office :
- (c).Telephone :(Res).....(Off.....(Fax).....
- (d). National Tax No. (if any)

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- (e) Personal Status
- (f) Main Sources of Income:
- (g) Other Source(s) of Income:
- (h) Total income declared / assessed:
- (i) Total tax paid during the year
- (j) Total amount of tax spared:
- (k) Tax Office: LTU / RTO :

Note:- Average exchange rate prevalent during the year was US\$ 1 = PKR

THE COMPETENT AUTHORITY

¹ Substituted for "within fifteen days of the receipt of the application by him" vide SRO 392 dated the 19th May, 2009.
² Substituted for "45" vide SRO 392 dated the 19th May, 2009.

Member (Direct Taxes)

(5) In case the Competent Authority of Pakistan decides not to issue a certificate for tax sparing credit, it shall communicate its decision along with the reasons of rejection thereof to the applicant taxpayer within sixty days of the submitting of the application at the available address in Pakistan

¹2[19D]. **Application for initiation of Mutual Agreement Procedure (MAP).**- (1) Where a resident taxpayer, or a Pakistani national residing abroad is aggrieved by any action of the tax authorities of any country outside Pakistan with which Pakistan has signed an Agreement for the Avoidance of Double Taxation for the reason that, according to him, such action is not in accordance with the terms of the agreement with such other country outside Pakistan, he may make an application to the Competent Authority in Pakistan seeking to invoke the provision of the Mutual Agreement Procedure, if any, provided therein, in the Form prescribed in rule ³[19F].

(2) The Competent Authority of Pakistan upon satisfaction that,-

(a) the taxpayer has reasonable grounds to justify Competent Authority" assistance;

(b) the application has been made within two years from the date of notification of the cause of grievance; and

(c) the double taxation or other impending grievance is more than a mere possibility;

shall cause to take up the matter with the Competent Authority of the country concerned and endeavour to resolve the matter through consultative measures.

(3) In case the Competent Authority in Pakistan decides not to intervene in the matter, it will inform the taxpayer applicant, within thirty days of the receipt of the application, of its decision and grounds thereof in writing.

(4) If during the course of mutual agreement proceedings, the Competent Authority of the other country requires any clarification, verification of facts, or guarantees, that shall be communicated to the applicant taxpayer, and after the receipt of the same shall be passed on to the Competent Authority of the other country.

(5) At any time, if the terms and conditions of the impending resolution are not satisfactory to the taxpayer, he may withdraw from the MAP proceedings and pursue any right of appeal under the normal course available.

(6) The Competent Authority of Pakistan would communicate the outcome of the Mutual Agreement Proceedings taken up with the other country to the applicant taxpayer in writing.

⁴[19E]. **Action by the Competent Authority of Pakistan on an application received through the Competent Authority of a treaty partner country.** (1) Where a reference is received from the Competent Authority of a country outside Pakistan under an agreement with that country with regard to any action taken by any income-tax authority in Pakistan, the Competent Authority in Pakistan shall call for a report from the Commissioner concerned and, if required, examine the relevant records, and shall endeavour to arrive at a resolution of the case on unilateral basis in terms of the liberal interpretation of the legal provisions applicable.

(2) The Competent Authority of Pakistan shall entertain all such requests from the Competent Authority of a treaty partner country that are about but not limited to -

¹ Rules 19-AA to 19-D inserted vide SRO 714(I)/2006 dated the 5th July, 2006.

² Rule 19AA as inserted vide SRO 714(I)/2006 dated the 5th July, 2006 renumbered as Rule 19D vide SRO 1032(I)/2006 dated the 3rd October, 2006.

³ 19C substituted as 19F vide SRO 1032(I)/2006 dated the 3rd October, 2006.

⁴ Rule 19B as inserted vide SRO 714(I)/2006 dated the 5th July, 2006 renumbered as Rule 19E vide SRO 1032(I)/2006 dated the 3rd October, 2006.

(a) tax demands that have arisen or are likely to arise as a result of a tax audit, assessment or re-assessment proceedings, or a tax appeal, or a review by a Commissioner of Income Tax of an assessment or re-assessment proceedings on the grounds that it is prejudicial to the interest of the revenue;

(b) withholding tax on income or other similar advance taxes that are levied under the Ordinance; and.

(c) interpretation and application of any provision of the laws governing the taxes covered in the relevant treaty as applicable to the non-resident person.

(3) The Competent Authority of Pakistan may decline a MAP request made by the Competent Authority of a treaty partner country, if it is not received within two years from the date of notification of the order or notice giving rise to the cause of grievance.

(4) In case the Competent Authority of Pakistan cannot resolve the matter on unilateral basis, it would cause to communicate with the Competent Authority of the other country, and both authorities would endeavor to resolve the matter through a consultative process, and arrive at a mutually agreed settlement.

(5) If during the course of the mutual agreement proceedings, the Competent Authority of Pakistan requires any clarification, verification of facts, or an irrevocable bank guarantee, the same shall be communicated to the applicant taxpayer, under intimation to the Competent Authority of the country through which the reference for mutual agreement proceedings was received.

(6) Wherever required the Competent Authority of Pakistan shall give an opportunity of being heard to the applicant taxpayer in person, through an authorized representative or a counsel.

(7) The resolution arrived at under mutual agreement procedure, in consultation with the competent authority of the country outside Pakistan, shall be communicated, wherever necessary, to the Commissioner concerned, in writing.

(8) During the pendency of the Mutual Agreement proceedings the Competent Authority of Pakistan may, depending on the merits of each case, direct the Commissioner concerned to put on hold the recovery proceedings of any amount of tax, additional tax or penalty that may be outstanding against such taxpayer, if the taxpayer furnishes, as security, an irrevocable Bank Guarantee issued by any scheduled bank, or a Pakistani branch of a foreign bank approved by the State Bank of Pakistan to carry out business of banking in Pakistan as prescribed in rule ¹[19G].

(9) The amount of the irrevocable Bank Guarantee shall be equal to -

(a) the amount of tax, additional tax or penalty as has been imposed through the order or notice that is the subject matter of MAP proceedings; or

(b) if no amount has yet been imposed through an order or notice, the amount determined by the Commissioner concerned.

¹ 19C substituted as 19F vide SRO 1032(I)/2006 dated the 3rd October, 2006.

(10) The Competent Authority of Pakistan shall endeavour to resolve or close the case within a period of one year from the date on which it receives the reference under the Mutual Agreement Procedure provision as contained in the Agreement for Avoidance of Double Taxation between Pakistan and that other state.

(11) The effect to the resolution arrived at under Mutual Agreement Procedure shall be given by the Commissioner, notwithstanding any time limitations contained in the Ordinance, within thirty days of receipt of the same, if the taxpayer-

(a) gives his acceptance to the resolution delivered under the Mutual Agreement Procedure; and

(b) withdraws his appeal, if any, pending on the issue which was the subject matter for adjudication under Mutual Agreement Procedure.

(12) The amount of tax, additional tax or penalty already determined shall be recomputed in accordance with the decision taken under the Mutual Agreement Procedure in the manner laid down in the Ordinance and the rules in such a way that it does not contravene or negate the resolution arrived at.

(13) The Commissioner concerned shall draw-down upon the Bank Guarantee as specified in sub-rule (8) in writing within ten days from the notice of acceptance of MAP resolution given by the application in pursuance to the issuance of the resolution or notification of closure of the MAP proceedings by the Competent Authority of Pakistan.

¹[19F]. Form of application for initiation of MAP Proceedings-

Application under rule 19A shall be submitted on the form prescribed as under:

To
The Competent Authority of Pakistan,
²[Federal Board of Revenue],
Constitution Avenue,
Islamabad.

Sir,

Whereas the applicant is aggrieved by the action of the tax authority of _____ (name of the country) in respect of the tax year ending on _____ for the reasons given hereunder, the matter may kindly be taken up with the competent authority of _____ (name of the country) under Article _____ of the _____ (specify the agreement) between Pakistan and _____ (name of the country). The relevant details in this regard are as under:-

Name of the applicant	
Present and permanent address in Pakistan	

¹ Rule 19C as inserted vide SRO 714(I)/2006 dated the 5th July, 2006 renumbered as Rule 19E vide SRO 1032(I)/2006 dated the 3rd October, 2006.

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

Residential status or nationality	
CNIC and NTN	
Entitlement to invoke MAP Proceedings (Residence or Nationality)	
Telephone No.	
Name and designation of Tax Authority in the foreign country (Treaty Partner)	
Date of the notice or order giving rise to the action	
Is the order or action of the income-tax authority of the country outside Pakistan not in accordance with the agreement? If so, the reasons thereof (attach separate sheet if required).	
Have you filed any appeal in the foreign country against the order or notice giving rise to the cause of grievance?	

Copies of the following documents in support of our claim are enclosed, namely:-

- (1) Order or Notice giving rise to the cause of grievance
- (2) Computerized National Identity Card
- (3)

Verification

I _____ son/daughter/wife of Mr. _____ solemnly declare that to the best of my knowledge and belief, the information given in this application and the annexures and statements accompanying it is correct.

2. I also declare that to the best of my knowledge, I have not concealed any fact or information which could be relevant for deciding my application.

3. I further declare that I am making this application in my capacity as (designation) and that I am competent to make this application and verify it.

Date _____

Place _____ Signatures:

Name:

.....

¹[19G]. Form of Irrevocable Bank Guarantee.- An irrevocable Bank Guarantee shall be furnished in all cases, unless specifically exempted by the Competent Authority of Pakistan, on the format as prescribed as under:

To

**The President of Pakistan acting through and represented by
the Commissioner Income Tax [Enforcement],
[INSERT: LTU/RTO]
Government of Pakistan
[INSERT: City]**

¹ Rule 19D as inserted vide SRO 714(I)/2006 dated the 5th July, 2006 renumbered as Rule 19G vide SRO 1032(I)/2006 dated the 3rd October, 2006.

Bank Guarantee

Bank Guarantee as security for keeping the recovery of Tax Demand in abeyance during the pendency of the proceedings of Mutual Agreement Procedure (MAP) under the Agreement for Avoidance of Double Taxation

This Deed of Bank Guarantee made this day of, 20....., by
 [INSERT: Name and Address of Guaranteeing Bank] (hereinafter called “the Bank”, which expression shall, unless excluded by or repugnant to the context, include its successors and assignees) to the President of Pakistan acting through and represented by the Commissioner Income Tax (Enforcement) [INSERT: LTU/RTO], Government of Pakistan, [INSERT: City], (hereinafter called “the Government”).

WHEREAS the Government has agreed that [INSERT: Name, Address, and National Tax Number of the Taxpayer] (hereinafter called “the Taxpayer”, which expression shall, unless excluded by or repugnant to the context, include its successors and assignees) shall furnish a Bank Guarantee in respect of a demand of Rs. [INSERT: Amount of Tax in dispute] for the tax year(s), in lieu of which the recovery of any part of such demand shall not be enforced until thirty days after the Commissioner receives written notice of the MAP Agreement arrived at between the Competent Authorities of the Governments of Pakistan and the [INSERT: Name of the Country]

AND WHEREAS THE Bank has, at the request of the Taxpayer, agreed to execute these presents:

NOW THEREFORE THIS DEED WITNESSES AS FOLLOWS:

In consideration of the Government agreeing to treat the Taxpayer as not in default for Rs. [INSERT: Amount of Tax in dispute, plus interest specified in paragraph 1 below] for the tax year(s)

1. The Bank irrevocably guarantees and undertakes, for the term provided in paragraph 2 that the Bank shall indemnify and keep indemnified the Government to the extent of the said sum of Rs [INSERT: Amount of Tax in dispute] (Rupees [written text] and the recurring additional tax accruing at the rate specified in the Ordinance. The Bank further guarantees and undertakes that on advice from the Government that the Taxpayer has failed and neglected to observe any of its obligations to the Government with regard to the terms and conditions of any agreements between the Taxpayer and the Government or between the Competent Authority of Pakistan and that of the country on whose request MAP proceedings were initiated that may underlie or subsequently cover and encompass this Bank Guarantee, the decision of the Government as to whether any amount should be paid out by the Bank to the Government hereunder shall be final and binding.

2. The Bank further agrees that the guarantee herein contained shall remain in full force and effect for a period of one year from the date hereof or till [INSERT: date]; and if the Government, in case the MAP proceedings are not finalized till the aforementioned date, does not receive a renewal of this Bank Guarantee or a substitute Bank Guarantee for the amounts of tax and interest in dispute prior to thirty days before the expiration date of this Bank Guarantee, the Government may instruct the Bank to pay the guaranteed amounts prior to expiration of the Bank Guarantee.

Provided that, notwithstanding any other thing contained herein, the liabilities of the Bank shall be limited to the maximum of the guaranteed amount of Rs. [INSERT: Amount of tax in dispute] (Rupees [INSERT: written text]), as increased by interest pursuant to paragraph 1 during the term of this Bank Guarantee; and unless a claim in writing is lodged with the Bank, or action to enforce the claim under the guarantee is filed or initiated against the Bank, within six months from the date of expiry of the guarantee period fixed hereunder or where such period is extended under the terms of this guarantee from the date of such extended period as the case may be, all the rights of the

Government under this guarantee shall be forfeited and the Bank shall be relieved and discharged from liabilities hereunder.

3. The obligations of the Bank to the Government under this Bank Guarantee will terminate on issuance of the Notification by the Commissioner drawing down upon the bank guarantee upon the occurrence of any of the following; namely:-

- (i) the payment by the Bank or the Taxpayer to the Government of the guaranteed amounts;
- (ii) the payment by the taxpayer to the government of all amounts owed, as agreed to by the Competent Authorities in a MAP Agreement;
- (iii) a MAP Agreement by the Competent Authorities proclaiming that the government will not seek to recover any part of the previously-demanded amount; or
- (iv) the taxpayer furnishes to the Government a fresh security from the Bank, or a similar security from another Bank.

4. The guarantee herein contained shall not be discharged or affected by any change in the constitution either of the taxpayer or of the Bank.

5. The Government shall have the fullest liberty without affecting the guarantee to postpone for any time, or from time to time, any of the powers exercisable by it against the taxpayer, or to either enforce or forbear any of the terms and conditions under this guarantee or under the Ordinance and the rules, and the Bank shall not be released from its liabilities under this guarantee by any exercise by the government of the liberty with reference to the matter aforesaid or by reasons of time being given to the taxpayer, or by any other act of forbearance or enforcement on the part of the Government, or by any indulgence by the Government to the taxpayer, or by any other matter or thing whatsoever which under the law relating to sureties would but for these provision have the effect of so releasing the Bank from its such liability.

6. The Bank hereby agrees and undertakes that any claim which the Bank may have against the taxpayer shall be subject and subordinate to the prior payment and performance in full of all the obligations of the Bank hereunder and the Bank will not without prior written consent of the Government exercise any legal rights or remedies of any kind in respect of any such payment or performance so long as the obligations of the Bank hereunder remain owing and outstanding, regardless of the insolvency, liquidation or bankruptcy of the taxpayer or otherwise howsoever. The Bank will not counter claim or set off against its liabilities to the Government hereunder any sum outstanding to the credit of the Government with it.

7. This Bank Guarantee shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan (without regard to its principles of conflict of laws).

8. The Bank undertakes not to revoke this guarantee during its currency except with the prior consent of the Government in writing.

9. Notwithstanding anything hereinbefore contained liability of the Bank under this guarantee is restricted to Rs. [INSERT: *Amount of Tax in dispute, plus interest specified in paragraph 1 above*] (Rupees [*written text*]) and is valid for the period(s) described in paragraph 2 above. Unless a demand or claim under this guarantee is lodged with the Bank on or before [INSERT: *date, as established in paragraph 2 above*], all rights of the Government under the said guarantee shall be forfeited and the Bank shall be relieved and discharged from all liabilities thereunder whether or not this document shall have been returned to the Bank.

IN WITNESS WHEREOF, the Bank, through its duly authorized representative, has set its hand stamp on thisday ofat

i. Witness

For and on behalf of the Bank

SignatureSignature.....

Name..... Name

Designation

ii. Witness [Attorney per power of Attorney No...

SignatureDate.....]

Name.....

CHAPTER - VI TRANSFER PRICING

20. **Application of this Chapter.-** This chapter applies for the purposes of section 108 mainly , which provide the Commissioner with the power to distribute, apportion or allocate income, expenditures or tax credits between associates in respect of transactions not made in accordance with the arm's length principle.

21. **Interpretation.-** (1) In this Chapter,

(a) "comparable uncontrolled transaction", in relation to a controlled transaction, means an uncontrolled transaction that satisfies one of the following conditions, namely:-

(i) the differences (if any) between the two transactions or between persons undertaking the transactions do not materially affect the price in the open market, the resale price margin or the cost plus mark up, as the case may be; or

(ii) if the differences referred to in sub-clause (i) do materially affect the price in the open market, the resale price margin or the cost plus mark up, as the case may be, then reasonably accurate adjustments can be made to eliminate the material effects of such differences;

(b) "controlled transaction" means a transaction between associates;

(c) "transaction" means any sale, assignment, lease, license, loan, contribution, right to use property or performance of services;

(d) "uncontrolled persons" means persons who are not associates; and

(e) "uncontrolled transaction" means a transaction between uncontrolled persons.

22. Subject to the other rules in this Chapter, the Commissioner, in applying this Chapter shall also be guided by international standards, case law and guidelines issued by the various tax-related internationally recognized organizations.

23. **Arm's length standard.-** (1) In determining the income of a person from a transaction with an associate, the standard to be applied by the Commissioner shall be that of a person dealing at arm's length with a person who is not an associate (referred to as the "arm's length standard").

(2) A controlled transactions shall meet the arm's length standard if the result of the transaction is consistent with the result (referred to as the arm's length result") that would have been realized if uncontrolled persons had engaged in the same transaction under the same conditions.

(3) Subject to sub-rule (6), the following methods shall apply for the purposes of determining an arm's length result, namely:-

(a) the comparable uncontrolled price method;

(b) the resale price method;

(c) the cost plus method; or

(d) the profit split method.

(4) The method in clause (d) shall apply only where the methods in clauses (a), (b) and (c) cannot be reliably applied.

(5) As between clauses (a), (b) and (c), the method that, having regard to all the facts and circumstances, provides the most reliable measure of the arm's length result as in the opinion of Commissioner shall be applied.

(6) Where the arm's length result cannot be reliably determined under one of the methods in sub-rule (3), the Commissioner may use any method provided it is consistent with the arm's length standard.

24. Comparable uncontrolled price method.- The comparable uncontrolled price method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the amount charged in a comparable uncontrolled transaction.

25. Resale price method.- (1) The resale price method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the resale gross margin realized in a comparable uncontrolled transaction.

(2) The following steps shall apply in determining the arm's length result under the resale price method, namely:-

(a) determine the price that a product purchased from an associate has been sold to a person who is not an associate (referred to as the "resale price"); and

(b) from the resale price is subtracted a gross margin (referred to as the "resale gross margin") representing the amount that covers the person's selling and other operating expenses and, in light of the functions performed (taking into account assets used and risks assumed), make an appropriate profit;

(c) from that amount is subtracted any other costs associated with the purchase of the product, such as customs duty; and

(d) the amount remaining is the arm's length result.

(3) The resale price margin of a person in a controlled transaction may be determined by reference to:-

(a) the resale price margin that the person earns on products purchased and sold in a comparable uncontrolled transaction; or

(b) the resale price margin that an independent person earns in comparable uncontrolled transaction.

26. Cost plus method.- (1) The cost plus method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the cost plus mark up realised in a comparable uncontrolled transaction.

(2) The following steps shall apply in determining the arm's length result under the cost plus method, namely:-

(a) determine the costs incurred by the person in a controlled transaction; and

(b) to this amount is added a mark up (referred to as the "cost plus mark up") to make an appropriate profit in light of the functions performed and market conditions; and

(c) the sum of the amounts referred to in clauses (a) and (b) is the arm's length result.

(3) The cost plus mark up of a person in a controlled transaction may be determined by reference to:-

- (a) the cost plus mark up that the person earns in a comparable uncontrolled transaction; or
- (b) the cost plus mark up that an independent person earns in comparable uncontrolled transaction.

27. **Profit split method.**- (1) The profit split method may be applied where transactions are so interrelated that the arm's length result cannot be determined on a separate basis.

(2) The profit split method determines the arm's length result on the basis that the associates form a firm and agree to divide profits in the manner that independent persons would have agreed on the basis that they are dealing with each other at arm's length.

(3) The Commissioner may determine the division of profits on the basis of a contribution analysis, a residual analysis or on any other basis as appropriate having regard to the facts and circumstances.

(4) Under contribution analysis, the total profits from controlled transactions shall be divided on the basis of the relative value of the functions performed by each person participating in the controlled transactions.

(5) Under residual analysis, the total profits from controlled transactions shall be divided as follows:-

(a) each person shall be allocated sufficient profit to provide the person with a basic return appropriate for the type of transactions in which the person is engaged; and

(b) any residual profit remaining after the allocation in clause (a) shall be allocated on the basis of division between independent persons determined having regard to all the facts and circumstances.

(6) For the purposes of clause (a) of sub-rule (5), the basic return shall be determined by reference to market returns achieved for similar types of transactions by independent persons.

Chapter - VII Records and Books of Accounts

Part-I Preliminary

28. **Application of Chapter.** – (1) The rules in this Chapter apply for the purposes of section 174.

(2) The purpose of this Chapter is to prescribe the minimum level of books of accounts, documents and records to be maintained by taxpayers.

(3) Nothing in this Chapter shall preclude a taxpayer accounting for income chargeable under the head “Income from Business” from

(a) maintaining any books of account, documents or records in addition to those prescribed in these rules;

(b) adding such further columns or particulars in the forms prescribed in these rules for the taxpayer’s own requirement; or

(c) maintaining the books of account, documents or records in the manner prescribed keeping in view the nature of the taxpayer’s business.

Interpretation. – In this Chapter –

(a) “legal practitioner” includes an advocate, pleader, tax practitioner and advisor or consultant on income tax, sales tax, customs, central excise or salt tax laws.

(b) “medical practitioner” includes a doctor, surgeon, physician, dentist, psychiatrist, physiotherapist, tabib, homeopath, vaid, veterinarian and any person practicing medicine under any other name.

Part-II Books of Account Prescribed

29. **Books of account, documents and records to be maintained.** – (1) Every taxpayer deriving income chargeable under the head “Income from business” shall maintain proper books of account, documents and records with respect to -

(a) all sums of money received and expended by the taxpayer and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods and all services provided and obtained by the taxpayer;

(c) all assets of the taxpayer;

(d) all liabilities of the taxpayer; and

(e) in case of a taxpayer engaged in assembly, production, processing, manufacturing, mining or like activities, all items of cost relating to the utilization of materials, labour and other inputs.

(2) If a taxpayer uses fiscal electronic cash register or computerized accounting software, it may issue cash-memo/invoice/receipt generated by the electronic cash register or computer.

(3) Duplicate copies and electronic or computer records of the cash-memo / invoice / receipt / patient-slip to be issued under this chapter, shall be retained by the taxpayer and form part of the records to be maintained under this chapter.

(4) The books of account, documents and records to be maintained under this chapter shall be maintained for five years after the end of the tax year to which they relate.

30. In particular, and without prejudice to the generality of the provisions of Rule 29, every taxpayer, other than companies, deriving income chargeable under the head "Income from business" shall issue and maintain the following minimum books of account, documents and records: - (1) Taxpayers with business income upto Rs. 200,000 and new taxpayers deriving income from business (excluding taxpayers to whom sub-rules (2), (3) or (4) apply):

(a) Serially numbered and dated cash-memo / invoice / receipt for each transaction of sale or receipt containing the following: -

(i) taxpayer's name or the name of his business, address, national tax number and sales tax registration number, if any; and

(ii) the description, quantity and value of goods sold or services rendered;

Provided that where each transaction does not exceed Rs. 100, one or more cash-memos per day for all such transactions may be maintained;

(b) Daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice; and

(c) Vouchers of purchases and expenses.

(2) Taxpayers with business income exceeding Rs. 200,000 (*excluding taxpayers to whom sub-rules (1), (3) or (4) apply*) and wholesalers, distributors, dealers and commission agents:

(a) Serially numbered and dated cash-memo / invoice / receipt for each transaction of sale or receipt containing the following: -

(i) taxpayer's name or the name of his business, address, national tax number and sales tax registration number, if any;

(ii) the description, quantity and value of goods sold or services rendered; and

(iii) in case of a wholesaler, distributor, dealer and commission agent, where a single transaction exceeds Rs. 10,000, the name and address of the customer;

Provided that where each transaction does not exceed Rs. 100, one or more cash-memos per day for all such transactions may be maintained;

(b) Cash book and/or bank book or daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice;

(c) General ledger or annual summary of receipts, sales, payments, purchases and expenses under distinctive heads;

(d) Vouchers of purchases and expenses and where a single transaction exceeds Rs. 10,000 with the name and address of the payee; and

(e) Where the taxpayer deals in purchase and sale of goods, quarterly inventory of stock-in-trade showing description, quantity and value.

(3) Professionals (like medical practitioners, legal practitioners, accountants, auditors, architects, engineers etc.): -

(a) Serially numbered and dated patient-slip / invoice / receipt for each transaction of sale or receipt containing the following: -

(i) taxpayer's name or the name of his business or profession, address, national tax number and sales tax registration number, if any;

(ii) the description, quantity and value of medicines supplied or details of treatment/ case/ services rendered (confidential details are not required) and amount charged; and

(iii) the name and address of the patient / client;

Provided that the condition of recording address of the patient on the patient slip under this clause shall not apply to general medical practitioners;

(a) Daily appointment and engagement diary in respect of clients and patients:

Provided that this clause shall not apply to general medical practitioners;

(b) Daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice; and

(c) Vouchers of purchases and expenses.

(4) Manufacturers (*with turnover exceeding Rs. 2.5 million*):

(a) Serially numbered and dated cash-memo / invoice / receipt for each transaction of sale or receipt containing the following: -

(i) taxpayer's name or the name of his business, address, national tax number and sales tax registration number, if any;

(ii) the description, quantity and, value of goods sold;

(iii) where a single transaction exceeds Rs. 10,000 with the name and address of the customer;

(b) Cash book and/or bank book;

(c) Sales day book and sales ledger (*where applicable*);

(d) Purchases day book and purchase ledger (*where applicable*);

(e) General ledger;

(f) Vouchers of purchases and expenses and where a single transaction exceeds Rs. 10,000 with the name and address of the payee; and

(g) Stock register of stock-in-trade (*major raw materials and finished goods*) supported by gate inward and outward records and quarterly inventory of all items of stock-in-trade including work-in-process showing description, quantity and value.

¹[30A. Electronic tax register. - A person required to use an electronic tax register shall -

(a). install the electronic tax register (ETR) within seven days of its authentication by Commissioner holding jurisdiction over such case and obtain a register identification number (RIN) for permanent affixture on the Electronic tax register;

(b). use the electronic tax register to record only his own sales and ensure that each sale is made through it and print the receipt of each sale containing the information in accordance with sub-rules(3) and (4) of rule 29 and rule 30, and to deliver the original receipt to the purchaser;

¹ Rule 30A inserted vide SRO 895(I)/2008 dated the 27th August, 2008.

- (c). in case of non availability for use of the electronic tax register, the sales may be recorded with the use of a substitute electronic tax register, duly authenticated by the Commissioner;
- (d). prepare a daily and a monthly Accounting report containing the informations as prescribed in Chapter VII of these rules;
- (e). ensure that the electronic tax register operates correctly with particular regard to correct programming of the names of goods and services and the correct allocation of their tax rates;
- (f). promptly report any malfunctioning of the electronic tax register to the person responsible for its servicing;
- (g). on demand by an authorized person, produce the electronic tax register for inspection;
- (h). ensure the inspection of the electronic tax register before the authorized service management after six months;
- (i). keep copies of electronic tax register reports for a period of five years and produce the same for inspection by the Commissioner whenever required to do so;
- (j). safely keep the electronic tax register ledger in the electronic tax register's casing and produce it whenever required by the Commissioner to do so; and
- (k). ensure the inspection before further use of an electronic register which has been or is suspected to have been interfered or tempered with.]

31. Every taxpayer deriving income chargeable under the head income from salary, property, capital gains or other sources shall issue and maintain the following minimum documents and records: -

- (1) Taxpayers deriving income from Salary:

Salary certificate indicating the amount of salary and tax deducted there from.

- (2) Taxpayers deriving income from property:

- (a) Tenancy agreement, if executed;
- (b) Tenancy termination agreement, if executed;
- (c) Receipt for amount of rent received; and

(d) Evidence of deductions claimed in respect of premium paid to insure the building, local rate, tax, charge or cess, ground rent, profit/interest or share in rent on money borrowed, expenditure on collecting the rent, legal services and unpaid rent.

- (3) Taxpayers deriving income from capital gains:

- (a) Evidence of cost of acquiring the capital asset;
- (b) Evidence of deduction for any other costs claimed; and
- (c) Evidence in respect of consideration received on disposal of the capital asset.

(4) Taxpayers deriving income from other sources:

¹[(a)] Dividends:

Dividend warrants.

²[(b)] Royalty:

Royalty agreement.

³[(c)] Profit on debt:

(i) Evidence and detail of profit yielding debt;

(ii) Evidence of profit on debt and tax deducted thereon, like certificate in the prescribed form or bank account statement; and

(iii) Evidence of Zakat deducted, if any.

⁴[(d)] Ground rent, rent from the sub-lease of land or building, income from the lease of any building together with plant or machinery and consideration for vacating the possession of a building or part thereof:

(i) Lease agreement; and

(ii) Lease termination agreement.

⁵[(e)] Annuity or Pension:

Evidence of amount received.

⁶[(f)] Prize money on bond, winning from a raffle, lottery or cross word puzzle:

Evidence of income and tax deducted thereon, like certificate in the prescribed form.

⁷[(g)] Provision, use or exploitation of property:

Agreement.

⁸[(h)] Loan, advance, deposit or gift:

Evidence of mode of receipt of a loan, advance, deposit or gift i.e., by a crossed cheque or through a banking channel.

⁹[(i)] General:

Evidence of deduction for any other expenditure claimed.

¹ Substituted for “(i)” vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for “(ii)” vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Substituted for “(iii)” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Substituted for “(iv)” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Substituted for “(v)” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁶ Substituted for “(vi)” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁷ Substituted for “(vii)” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁸ Substituted for “(viii)” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁹ Substituted for “(ix)” vide SRO 392(I)/2009 dated the 19th May, 2009.

Part-III**General instructions about maintaining books of accounts, documents and records**

32. **General form of books of accounts, documents and records.**- (1) The books of accounts, records and other documents required to be maintained by a taxpayer in accordance with this Chapter may be kept on electronic media, provided sufficient steps have been taken to ensure the sanctity and safe keeping of such accounts, documents and records.

(2) The books of accounts, documents and records required to be maintained by a company in accordance with this Chapter shall be maintained in accordance with international accounting standards and as required under the Companies Ordinance, 1984.

33 **Books of account, documents and records to be kept at the specified place.** - (1) The books of accounts, documents and records required to be maintained by a taxpayer in accordance with this Chapter shall be kept at the place where the taxpayer is carrying on the business or, where the business is carried on in more places than one, at the principal place of business or at each of such places if separate books of accounts are maintained in respect of each place.

(2) Where a person derives income from sources other than from business, the books of accounts, documents and records shall be kept at the person's place of residence or such other place as may be so declared by such person.

(3) The place or places where the books of accounts, documents and records are kept shall be clearly stated on the tax return form in the column requiring the details of the records maintained.

CHAPTER - VIII
RETURNS, EMPLOYER'S CERTIFICATE, WEALTH STATEMENT AND STATEMENT TO
BE FILED BY CERTAIN PERSONS

¹[34 **Return of income.-** (1) This rule shall apply to provide for the furnishing of returns of income.

²(2) A return of income as required to be furnished under section 114 shall be in the form as specified in Annexure-XIII of Part VI of the Second Schedule.]

(3) A return of income shall be verified in the manner specified in the form.

(4) A return of income shall be accompanied by the following, namely:-

(a) applicable documents;

(b) statements;

(c) certificates; ^[3]

(d) annexes; ⁴[and

(e) **in case of companies**, the return of income shall be accompanied by audited accounts and reconciliation of profits as per accounts and taxable income as declared in the return.]

[⁵

⁶[35. **Employer's certificate in lieu of return of income.-** (1) This rule shall apply to provide

¹ Substituted by SRO 651(I)/2004 dated the 30th July, 2004, The Old rule read as follows: -

Return of income.- (1) This rule and the rule numbers 35 and 36 shall apply for the purposes of returns of income, certificate and wealth statement to be filed.

(2)¹[A return of income as required to be furnished by a person under section 114 shall be in the form specified in Part-I (for companies) and Part-II (for individuals and association of persons) of the Second Schedule to these rules.]

(3) A return of income shall be verified in the manner specified in the form.

(4) ¹[A return of income shall be accompanied by such documents, statements, certificates and annexes as specified in Part VI of Second Schedule to these rules.]

¹ Sub-rule (2) of rule 34 substituted for "A return of income as required to be furnished by a person under section 114 shall be in the form specified in Part I (for companies), II (for association of persons), III (for individuals), and IV (salary certificate) of the Second Schedule to these rules." by SRO 861(I)/2003 dated the 1st September, 2003.

^{*} Sub-rule (4) of rule 34 substituted for "A return of income shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance and these rules." by SRO 861(I)/2003 dated the 1st September, 2003.

² Sub-rule (2) substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced sub-rule read as follows: -

- (2) A return of income as required to be furnished under section 114 shall be in the form specified in:
- (a) Part-I (for companies);
- (b) Part-II (for non-salaried individuals and association of persons); and
- (c) Part-IIIA (for salaried individuals having other sources of income etc., as attachment to employer's certificate in lieu of return of income); of the Second Schedule to these rules.

³ Word "and" omitted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Words "as are specified in ^[5]Part-VI of the Second Schedule." omitted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Words "the annexures to" omitted vide SRO 1032(I)/2006 dated the 3rd October, 2006.

⁶ Substituted by SRO 651(I)/2004 dated the 30th July, 2004, The Old rule read as follows: -

Employer's certificate in lieu of return of income.- (1) This rule shall apply to provide for the furnishing of an employer's statement instead of furnishing a return of income.

(2) An employer's certificate that may be furnished by an employee instead of a return of income shall be -

(a) in the form specified in Part ⁶[III] of the Second Schedule;

(b) verified in the manner specified in the form; and

(c) accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance and these rules.

(3) A portion relating to certification of remuneration by employer shall be signed by employer or his designated officer, and portion relating to the calculation of tax and any other income shall be signed by the employee, as well. This certificate shall be filed signed both by employer or employee, on the specified portion as stated. Where employee has any other source of income, other than profit on debt, a return of income as prescribed under ⁶[Part-III of the Second Schedule] shall be filed and salary income shall be supported by the certificate.

for the furnishing of an employer's certificate in lieu of return of income.

(2) An employer's certificate in lieu of return of income as required under section 115 shall be in the form specified in Part III of the Second Schedule.

(3) An employer's certificate in lieu of return of income shall be accompanied by the following, namely:-

- (a) applicable documents;
- (b) statements;
- (c) certificates; and
- (d) annexes;

as are specified in the annexures to Part VI of the Second Schedule.]

36. **Wealth statement.**- (1) This rule shall provide for the furnishing of a wealth statement.

(2) A wealth statement shall be -

- (a) in the form specified in Part ¹[IV] of the Second Schedule to these rules;
- (b) verified in the manner specified in the form; ²]
- (c) accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance ³]; and
- (d) accompanied by a wealth reconciliation statement.]

37. **Return to be furnished by a non-resident ship owner or charterer.**- (1) This rule shall apply for the purposes of sections 143, which provides for the furnishing of returns by non-resident ship owners or charterers.

(2) A return required to be furnished under section 143 shall be in the following form, namely:-

Name of ship	Name of owner / ⁴ [Charterer]	Dates of arrival / departure.	Receipts for freight and passenger, cargo livestock etc. embarked from Pakistan	Total freight earned for goods, services passenger ⁵ [, livestock] embarked outside Pakistan	Total in respect ⁶ [of] freight received in Pakistan embarked outside Pakistan (whether covered by the tax treaty.	⁷ [Tax amount earned as per columns 4, 5 and 6.]	Remarks whether containers charges and other charges separately shown in the Normal Return of income. If received by the agent or assigned to other	Challan No. date of payment	Remarks
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⁶ Substituted for "IV" by SRO 861(I)/2003 dated the 1st September, 2003.

⁶ Substituted for "Part II of the First Schedule" by SRO 861(I)/2003 dated the 1st September, 2003.

¹ Substituted for "V" by SRO 861(I)/2003 dated the 1st September, 2003.

² Word "and" omitted vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Substituted for "character" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁶ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁷ Substituted for "Tax amount on earnings as Col:6." vide SRO 392(I)/2009 dated the 19th May, 2009.

			an.		Please specify).		Person, in that case rent/lease or assignment charges.		
1	2	3	4	5	6	7	8	9	10

Authorised/Representative
Signature _____
Name _____
Designation _____
Seal _____
Date _____

(3) A return required to be furnished under section 143 shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance.

(4) A return required to be furnished under section 143 may be furnished by any of the methods specified in rules 73 and 74.

38. Return to be furnished by a non-resident aircraft owner or charterer.- (1) This rule shall apply for the purposes of sections 144, which provides for the furnishing of quarterly returns by non-resident aircraft owners or charterers.

(2) A return required to be furnished under section 144 shall be in the following form, namely:-

¹ [specification of the aircraft]	Name of owner / ² [Charterer]	Dates of arrival ³ [/departure].	Quarterly receipts for freight and passenger, cargo, livestock etc. embarked from Pakistan.	Total freight earned for goods, services passengers ⁴ [livestock] embarked outside Pakistan	Total in respect ⁵ [of] freight received in Pakistan outside Pakistan (whether covered by the tax treaty. Please specify.	⁶ [Tax amount on earnings as per columns 4, 5 and 6.]	Remarks whether containers charges and other charges separately shown in the Normal Return of income if received by the agent or assigned to other Person, in that case rent/lease or assignment charges.	Challan No.& Date of payment	RE M A R K S
1	2	3	4	5	6	7	8	9	10

Authorised/Representative
Signature _____
Name _____
Designation _____

¹ Substituted for "Name of Air-craft" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "character" vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁶ Substituted for "Tax amount on earnings as Col:6." vide SRO 392(I)/2009 dated the 19th May, 2009.

Seal _____

Date _____

(3) A return required to be furnished under section 144 shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance.

(4) A return required to be furnished under section 144 may be furnished in any of the methods specified in rules 73 and 74.

39. Statement in lieu of Return of income.- (1) Where in lieu of Return of income statement is required to be filed namely incomes covered by sections 5,6 and 7 or where tax deduction is to be taken as a final discharge of tax liability u/s 169 a statement in the prescribed form shall be filed as prescribed in Part ¹[IV] of the Second Schedule to the Rules.

(2) Where a taxpayer has income from a source which does not form part of total income and also income under any head of income given in section 11 (except salary), Return is specifically required to be filed on a prescribed statement as well as shall be filed.

¹ Substituted for (V) vide SRO 1032(I)/2006 dated the 3rd October, 2006, earlier it was substituted for "VI" by SRO 861(I)/2003 dated the 1st September, 2003.

**CHAPTER - IX
CERTIFICATES, STATEMENTS AND
PROCEDURE FOR PAYMENT OF ADVANCE TAX**

PART I - SECTION 159 CERTIFICATE

40. Exemption or lower rate certificate u/s 159.- (1) An application for a certificate under sub-section (1) of section 159 shall be made in the form specified in Part-VII of the First Schedule to these rules.

(2) A certificate issued by the Commissioner under sub-section (1) of section 159 shall be in the form specified in Part VIII of the First Schedule to these rules.

¹(3) An application for a certificate under sub-section (1) of section 159 read with clause (v) of paragraph 1 of Notification No. S.R.O. 947(1)/2008, dated the 5th September, 2008, shall be in the form specified in Part VII(a) of the First Schedule to these rules.

(4) A system based exemption certificate issued by the Commissioner for goods specified under clause (v) of paragraph 1 of Notification No. S.R.O. 947(1)/2008, dated the 5th September, 2008 shall be in the form specified in Part-VIII(a) of the First Schedule to these rules.]

**²Part II
Collection or Deduction of Tax at Source
Division I
Employer's Certificate**

³[41]

**Division II
Certificate for Collection or Deduction of Tax [⁴]**

42. Certificate of collection or deduction of tax other than from salary.- (1) As required under sub-section (1) of section 164, any person responsible for-

- (a) collecting tax under Division II of Part V of Chapter X of the Ordinance;
- (b) deducting tax from a payment under Division III of Part V of Chapter X of the Ordinance, except in the case of salary;
- (c) collecting or deducting tax under Chapter XII of the Ordinance; or

¹ Clauses (3) & (4) inserted vide SRO 1139(I)/2008 dated the 31st October, 2008

² Part II of Ch. IX substituted vide SRO 641(I)/2005 dated the 27th June, 2005.

³ Rule 41. omitted vide SRO 1062(I)/2007 dated the 27th October, 2007, the omitted rule read as follows: -

41. Certificate of deduction of tax from salary.- (1) As required under sub-section (1) of section 164, any person responsible for deducting tax from salary under section 149 shall issue a certificate to the person from whom tax has been deducted, in the form as set out in Part III of the Second Schedule to these rules, within forty-five days after the end of the financial year.

(2) Where the employment of an employee ceases for any reason before the end of the financial year, the certificate under sub-rule (1) shall be issued for the period of employment in that year within seven days of the ceasing of the employment or at the time of making payment of final settlement whichever is later.

(3) Where the certificate issued under sub-rule (1) or (2) has been lost, stolen or destroyed the recipient of the certificate may request, in writing, to the issuer of the certificate to issue a duplicate thereof.

(4) Where a request has been made under sub-rule (3), the issuer of the certificate shall comply with the request and the certificate so issued shall be clearly marked "duplicate".

(5) The certificate issued under sub-rules (1), (2) or sub-rule (3) shall be in duplicate and serially numbered.

⁴ Words "(other than from salary)" omitted vide SRO 1062(I)/2007 dated the 27th October, 2007.

(d) deducting tax under the Sixth Schedule to the Ordinance,

shall issue a certificate to the person from whom tax has been collected or deducted, in the form as set out in Part VII of the Second Schedule to these rules, within fifteen days after the end of the financial year or discontinuation of business etc.

(2) Where the person from whom tax has been collected or deducted requests for the issuance of the certificate before the end of the financial year, the certificate under sub-rule (1) shall be issued for the period in that year within seven days of the request made.

(3) Where the certificate issued under sub-rule (1) or sub-rule (2) has been lost, stolen or destroyed the recipient of the certificate may request, in writing, to the issuer of the certificate to issue a duplicate thereof.

(4) Where a request has been made under sub-rule (3), the issuer of the certificate shall comply with the request and the certificate so issued shall be clearly marked "duplicate".

(5) The certificate issued under sub-rule (1), (2) or sub-rule (3) shall be in duplicate and serially numbered.

Division III Payment of Tax Collected or Deducted

43. Payment of tax collected or deducted.- As required under section 160 and under the Sixth Schedule to the Ordinance, the tax collected or deducted under Division II or Division III of Part V of Chapter X of the Ordinance, Chapter XII of the Ordinance or Sixth Schedule to the Ordinance shall be paid to the Commissioner by way of credit to the Federal Government,-

(a) where the tax has been collected or deducted by the Federal Government or a Provincial Government on the day the tax was collected or deducted; or

(b) where the tax has been collected or deducted by a person other than the Federal Government or a Provincial Government, by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within¹[Seven days from the end of each week ending on every Sunday].

Division IV Annual and ²[Monthly] Statements of Tax Collected or Deducted

44. Annual statement of tax collected or deducted.- (1) An annual statement required to be furnished under sub-section (1) of section 165 for a financial year shall be in the form as set out in Part VIII and Part IX of the Second Schedule to these rules.

³[(2) Pursuant to sub-section (2) of section 165, a person responsible for collecting or deducting tax under Division II or Division III of Part V of Chapter X of the Ordinance or under Chapter XII of the Ordinance shall furnish a **monthly**

¹ Substituted "seven days from the end of each fortnight" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "Quarterly" vide SRO 1032(I)/2006 dated the 3rd October, 2006.

³ Sub rule (2) substituted vide SRO 790(I)/2006 dated the 3rd August, 2006. The old sub rule read as follows: -

(2) Pursuant to sub-section (2) of section 165, a person responsible for collecting or deducting tax under Division II or Division III of Part V of Chapter X of the Ordinance or under Chapter XII of the Ordinance shall furnish a quarterly statement for each period of three months ending on the 30th day of September, 31st day of December, 31st day of March and 30th day of June, within fifteen days of the end of the said period in the form as set out in Part X of the Second Schedule to these rules.

statement within ¹[**twenty**] days of the end of each month as set out in part X of the Second Schedule to these rules.]

(3) The statement referred to in sub-rule (2) shall be accompanied by the evidence of deposit of tax collected or deducted to the credit of the Federal Government.

(4) A person required to furnish the statements under sub-rule (1) or (2) shall, wherever required by the Commissioner, furnish a reconciliation of the amounts mentioned in the aforesaid annual and ²[**monthly**] statements with the amounts mentioned in the return of income, statements, related annexes and other documents submitted from time to time.

45. Statement of tax deducted under the Sixth Schedule to the Ordinance.- The statement required to be furnished under sub-clause (b) of clause 11 of Part II of the Sixth Schedule to the Ordinance for a financial year shall be in the form as set out in Part XI of the Second Schedule to these rules.

³[**Part III**]

CHAPTER X PRESCRIBED FORMS

67. Application of Chapter.- This chapter prescribes forms to be used for the purposes of the Ordinance.

68. Amended assessment notice. – An amended assessment order related issue notice or / letter issued by the Commissioner under section 122 shall be in the manner or proforma specified in Part II of the First Schedule to these rules.

69. Section 140 notice.- A notice issued by the Commissioner under section 140 shall be in the form specified in Part IV of the First Schedule to these rules.

70. Section 145 certificate.- A certificate issued by the Commissioner to the Director of Immigration or immigration authority under section 145 shall be in the form specified in Part V of the First Schedule to these rules.

71. Section 170 application.- (1) An application under section 170 for a refund of tax shall be in the proforma specified in Part VI of the First Schedule to these rules.

(2) The application shall be verified in the manner specified in the form.

(3) The application shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance and these rules.

72. Section 175 authorization.- The authorization of a taxation officer for the purposes of section 175 shall be in the manner specified in Part XIII of the First Schedule to these rules.

¹ Substituted for “**ten**” vide SRO 695(I)/2008 dated the 26th June, 2008, earlier it was substituted for “**fifteen**” vide SRO 353(I)/2008 dated the 3rd April, 2008.

² Substituted for “**Quarterly**” vide SRO 1032(I)/2006 dated the 3rd October, 2006.

³ Part III i.e. **Rule 46 – 66** omitted vide SRO 641(I)/2005 dated the 27th June, 2005.

CHAPTER - XI
FURNISHING OF DOCUMENTS; SERVICE OF DOCUMENTS;
FORMS AND NOTICES

73. Furnishing of documents and returns etc.- (1) This rule applies for the purposes of furnishing of documents under the Ordinance or these rules.

(2) Except as provided in the Ordinance or these rules, any application, statement or other document to be furnished to the Commissioner shall be furnished in the following manner, namely:-

- (a) by post or courier service;
- (b) delivered by hand to the officer having jurisdiction over the person or to such other officer as the Commissioner may specify; or

¹[(c) on computer or by electronic transmission using the specified software in accordance with the specified format or any other requirements including safety valve, security and verification considerations as may be specified by the ²[Federal Board of Revenue] from time to time.]

³[(2A) In the case of a Company, electronic filing of income tax return and withholding tax statements shall be mandatory from the first day of July 2007 onwards.]

⁴[(2AA) in case of Federal Government departments, electronic filing of withholding statements shall be mandatory from the first day of July, 2009 onwards.]

⁵[(2B) In the case of a non-resident ship owner and aircraft owner or charterer thereof, the electronic filing of the income tax return and application for port clearance shall be mandatory from the 1st day of July 2008 onward.]

⁶[(2C) In case a person registered for sales tax, electronic filing of income tax return shall be mandatory from the first day of July, 2009 onwards.]

(2D) In case of an Association of Persons, electronic filing of income tax return and withholding tax statements shall be mandatory from the first day of July, 2009 onwards.]

⁷[(2E) From Tax Year 2009 onwards, wherever refund of tax is claimed in a non-company case, income tax return shall be filed electronically, and in all cases, whether relating to a company or a non-company, electronic filing of refund application as prescribed in Part-VI of the First Schedule shall be mandatory.]

(3) A return, statement, certificate, application or other document furnished by a person that includes the ⁸[digital] signature of the person or the person's ⁹[-e-intermediary] shall be taken to be signed by that person.

(4) A person who furnishes a return, statement, certificate, application or other document by electronic transmission which includes the electronic signature of another person who has not consented to the inclusion of the signature shall commit an offence punishable on conviction with a fine or imprisonment not exceeding one year, or both.

¹[(5) An Electronic Income Tax Return filed under these rules shall be deemed to be a return for the purposes of sub-section (2A) of section 114 of the Ordinance.]

¹ Clause (c) substituted vide SRO 516(I)/2006 dated the 1st June, 2006, the replaced text read as follows: -
(c) on computer media or by electronic transmission in accordance with specified software or other requirements of the Commissioner or Regional Commissioner as the case may be, also prescribing safety valves and security and verification consideration.

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

³ Sub rule (2A) inserted vide SRO 708(I)/2007 dated the 14th July, 2007.

⁴ Sub-rule 2AA inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Sub-rule 2A inserted vide SRO 695(I)/2008 dated the 26th June, 2008.

⁶ Sub-rule (2C) and (2D) inserted vide SRO 684(I)/2009 dated the 23rd July, 2009.

⁷ Sub-rule (2E) added vide SRO 986(I)/2009 dated the 17th November, 2009

⁸ Substituted for "electronic" vide SRO 516(I)/2006 dated the 1st June, 2006

⁹ Substituted for "representative" vide SRO 516(I)/2006 dated the 1st June, 2006

²[(6) The e-intermediary shall get the authority letter in the manner specified below, from the taxpayer and produce it before the concerned income tax authority whenever demanded, namely:-

AUTHORITY LETTER

I/We _____ s/o _____ resident of/having registered office at _____, holder of CNIC No/company registration number _____, solemnly declare that a signed copy of the return/certificate/statement/document/annexure/etc have been provided to my/our e-intermediary Mr/Ms. _____

(Name & Address)

who is a Chartered Accountant /Cost and Management Accountant/ a legal practitioner entitled to practice in any civil Court in Pakistan/ a member of the Association of Chartered Certified Accountants, UK/ ITP registered with Tax Bar affiliated with All Pakistan Tax Bar Association of Pakistan. I/we further authorize the said e-intermediary to transmit my/our return/certificate/statement/document/ annexure/etc to the designated officer of ³[Federal Board of Revenue].

(Signatures)

Name: _____

Address: _____

(7) The return/certificate/statement/document/annexure/ etc and all supporting documents of the taxpayers shall be retained by the e- intermediary who shall provide them to the taxation officer concerned whenever demanded.]

74. Service of documents electronically.- (1) This rule applies for the purposes of the service of documents under the Ordinance or these rules.

(2) Where a person has notified the Commissioner in writing of an electronic address for service of documents under the Ordinance or rules, a document required to be served on the person by the Commissioner or Regional Commissioner shall be considered sufficiently served if sent to that address.

(3) For the purposes of sub-rule (2), a document is considered sent to an electronic address if the sender receives -

(a) in the case of a message sent to a facsimile number, confirmation from the sending facsimile machine that the transmission is sent; ⁴]

(b) in the case of a message sent to an electronic mail address, confirmation from the server of the recipient that the message has been received ⁵]; and

(c) from the Board a digitally signed e-mail acknowledging the receipt of Electronic Income Tax Return ⁶[or electronic withholding tax statement.]]

¹ Sub-rule (5) substituted vide SRO 516(I)/2006 dated the 1st June, 2006, the replaced text read as follows: -

(5) In this section, "electronic signature" means the unique identification, in electronic form, that is approved by the Commissioner or Regional Commissioner for use by the person or the person's representative.

² Sub-rule (6) and (7) inserted vide SRO 516(I)/2006 dated the 1st June, 2006.

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

⁴ Word "and" omitted vide SRO 516(I)/2006 dated the 1st June, 2006.

⁵ "; and" substituted for full stop and clause (c) inserted vide SRO 516(I)/2006 dated the 1st June, 2006.

⁶ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

(4) In this rule -

(a) “document” means any notice, order or requisition under the Ordinance; and

(b) “electronic address” means a facsimile number or electronic mail address.

75. Forms and notices.- Any order, notice, assessment, computation or other document required to be issued under the Ordinance or these rules may be generated by computer and the order, notice, assessment, computation or other document shall not require the signature of the taxation officer whose name and designation is specified thereon.



CIT Code

--	--	--	--	--	--	--	--	--	--	--

INCOME
DECLARED

																							ASSESSED																	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of the official _____

Who received the appeal _____
 Name _____
 (in capital letter)
 Designation _____

TAX ASSESSED

a) Income tax																							<u>General Guidelines</u> 1. Indicate the section and sub-section of the Income Tax Ordinance under which appeal filed. 2. Where payment made on more than one date please give details on a separate Sheet. 3. AOP: Association of Persons 4. CMA: Cost & Management Accountant. 5. ADV Advocate 6. AR: Authorized Representative
b) Additional Tax																							
c) Penalty																							
d) Surcharge																							
e) Others																							
(g) Total																							
(i) Undisputed liability. This shall not be less than the tax due on the basis of return.																							
(j) Disputed Tax Demand																							
(k) Amount out of (j) paid _____																							
(l) Total amount of (i) and (k) paid _____																							

(k) Amount out of (j) paid _____

(l) Total amount of (i) and (k) paid _____

N.B. (i) The appeal should be filed in duplicate.

(ii) The appeal should be accompanied by the Notice of Demand and/or a copy of the assessment appeal against, as the case may be.

GROUNDS OF APPEAL

(Attach separate sheets, if required)

- 1.
- 2.
- 3.
4. _____

BRIEF CLAIM IN APPEAL/ PAYER

VERIFICATION

1. I, _____ S/o _____ the proprietor/partner/managing director/member of M/s. _____ the appellant, do hereby declare that whatever is stated above is true to the best of my knowledge and belief.

2. I am competent to file the appeal in my capacity as _____.

3. I further certify that a true copy of this form of appeal has been sent by Registered Post/ AD/ Courier service, or delivered to the concerned officer personally to the Commissioner/ Circle _____ Zone/ Jurisdiction _____ on _____ (date)

Signature of Appellant _____
Name (in capital letters) _____
NIC Number of person signing the appeal _____

The form of appeal and verification form appended thereto shall be signed:-

- (a) in case of an individual by the individual himself
- (b) in case of a company by the principal officer.
- (c) In case of AOP by member/partner.

_____ *This portion is for official use*

Appeal received by transfer From Zone/Range	Date appeal received by transfer	In ward register No.														
-	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>											<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td></tr> </table>				

Appeal transferred to Zone/Range	Date of appeal transferred out	Outward register No.														
-	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>											<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td> </td><td> </td><td> </td><td> </td></tr> </table>				

UDC/LDC/ Officer of Appeal Section _____ CIT(Appeal) _____
(Initial) (Initial)

APPEAL ACKNOWLEDGEMENT RECEIPT

Appeal Zone/ _____ City

National Tax No. _____ Appeal No. _____

Appellant's Name _____

Signature of Appellant _____ Date of receipt of _____ Signature, and name of receiving
Appeal Official
Designation _____

77. Prescribed form for appeal to the Appellate Tribunal.- An appeal under section 131 shall be in the following form and verified in the manner indicated therein, namely:-

FORM OF APPEAL TO THE TRIBUNAL UNDER SECTION 131 OF THE INCOME TAX ORDINANCE, 2001
No _____ of 20

Appellant Vs Respondent

Income Tax Office in which assessment was made and one in which it is located.

Tax year to which the appeal relates.

Section of the Income Tax Ordinance, 2001
under which Commissioner
passed the order Commissioner (Appeals)
passing the appellate order.

Date of communication of the order appealed against _____

Address to which notices may be sent to the appellant. _____

Address to which notices may be sent to
the respondent. _____

Claim in appeal _____

¹[GROUNDS OF APPEAL]

Signed (Appellant)

Signed
(Authorized Representative, if any)

VERIFICATION

I _____ The appellant, do hereby declare that what is stated above is true to the best of my information and belief.

Verified to day, the _____ day of _____ 20____.

Signed
(Appellant)

N.B.

1. The memorandum of appeal (including the Grounds of Appeal when filed on a separate paper) must be in triplicate and should be accompanied by two copies (at least one of which should be a certified copy) of the order appealed against and two copies of the order of the Commissioner

2. The memorandum of appeal in the case of an appeal by the taxpayer must be accompanied by a fee. The appeal fee must be credited in the Treasury or a Branch of the National Bank of Pakistan or the State Bank of Pakistan and the triplicate portion of the challan sent to the Tribunal with the memorandum of appeal. The Appellate Tribunal will not accept cheques, hundies or other negotiable instruments.

3. The memorandum of appeal should be set forth, concisely and under distinct heads, the grounds of appeal without any argument or narrative and such grounds should be numbered consecutively.

¹ Substituted for "GROUND OF APPEAL" vide SRO 392(I)/2009 dated the 19th May, 2009.

¹[78. **Prescribed Form for reference to High Court** . An application under sub-section (1) of section 133 to refer to the High Court any question of law shall be in the following form, namely:---

**FORM OF REFERENCE APPLICATION UNDER SECTION 133 OF THE INCOME TAX
ORDINANCE, 2001.**

Year _____
Before the High Court of _____.

Income Tax

Reference Application No. _____ of 20

APPELLANT.....

VERSUS

RESPONDENT

Title and number of appeal which _____ gives rise to the reference

The applicant (s) state (s) as follows:---

1. That the appeal noted above was decided by the
_____ Bench of the Income Tax Appellate Tribunal on

2. That the order under sub-section (3) of section 132 of the income tax Ordinance, 2001 was served on the applicant on _____.

3. That the facts which are admitted and/or found by the Tribunal, the determination of the Tribunal and the question (s) of law which arises out of its order have been truly stated in the attached statement of the case.

4. That the following questions of law arise out of the order of the Tribunal :---

- (1)
- (2)
- (3)

5. That the following documents are attached with this application:

- (1) Statement of the case signed by the Appellant.
- (2) Certified copy of the order of the Appellate Tribunal from which the question(s) of law stated above arises.
- (3) First Appellate Order (by the **Commissioner (Appeals)**).
- (4) **Original assessment** or other order.

6. That other document (s) or copies thereof, as specified below (the translation in English of the document, where necessary are annexed with the statement of the case.

Signed
(Appellant)

Signed
(Authorized Representative, if any)

N.B:- 1. The application must be made in triplicate.

2. The application made by taxpayer must be accompanied by a fee of one hundred rupees. The fee be deposited in the Treasury or a Branch of the National Bank of Pakistan or the State Bank of Pakistan alongwith the income tax challan (in quadruplicate) and one copy of the challan be attached with the application.]

¹ Substituted vide SRO 678(I)/2005 dated the 4th July, 2005.

CHAPTER XIII

¹[TAXPAYER'S REGISTRATION]

79. ²[Application of Chapter. - The rules in this Chapter apply for the purposes of section 181 which provides for registration of taxpayers.]

80. Application for National Tax Number ³[Certificate].- (1) An application for a National Tax Number ⁴[Certificate] shall be in the form specified in ⁵[Part IX] of the First Schedule to these rules and shall be accompanied by documentary evidence of the applicant's identity.

(2) The following shall be provided as documentary evidence of an applicant's identity -

(a) in the case of an individual -

(i) NIC or a current passport; or

(ii) other documents with photo-identification-driver's licence.

(b) in the case of a company other than a trust), the certificate of incorporation or registration of the company;

(c) In the case of a trust, the trust deed;

(d) In the case of a firm, the instrument of partnership; or

(e) ⁶[in the case of an association of persons (other than a firm), the instrument of partnership or copies of NICs of the members of the association of persons. Detail of non-resident members be provided along with copies of their passports.]

(3) An application for a National Tax Number ⁷[Certificate] shall be lodged ⁸].

(a) by post or delivery by hand to the Commissioner having jurisdiction over the applicant; or

(b) by inclusion with the applicant's first return of income or first employer's statement furnished in lieu of a return of income.

81. Decision on application for a National Tax Number ⁹[Certificate].- (1) The Commissioner shall make a decision on an application for a National Tax Number ¹⁰[Certificate] within fifteen days of the application being properly lodged.

(2) Where the Commissioner decides not to grant ¹¹ a National Tax Number ¹²[Certificate], the Commissioner shall give the applicant notice in writing of the decision and the reasons for the decision.

¹ Substituted for "NATIONAL TAX NUMBER CARD" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Rule 79 substituted for "Application of Chapter. - The rules in this Chapter apply for the purposes of section 181, which provides for the issuing of National Tax Number Cards." vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

⁴ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

⁵ Substituted for "Part VIII" vide SRO 392(I)/2009 dated 19th May, 2009.

⁶ Clause (e) substituted for "In the case of an association of persons (other than a firm), document(s). Detail of non-resident member to be specified." vide SRO 392(I)/2009 dated 19th May, 2009

⁷ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

⁸ Words "with the authority specified by the CBR through circular" omitted vide SRO 392(I)/2009 dated 19th May, 2009.

⁹ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

¹⁰ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

¹¹ Words "an application for" omitted vide SRO 392(I)/2009 dated 19th May, 2009.

¹² Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

¹**81A. Taxpayer's registration by the Commissioner.**-(1) The Commissioner having jurisdiction over a case may register a person as a taxpayer where he is satisfied that the income of the person is taxable and is required to file a return of income under section 114.

(2) The Commissioner shall issue to the taxpayer a letter under sub-section(2) of section 181 to submit an application for registration prescribed under rule 80 along with documents specified therein within a reasonable time given in the said letter. In case of compliance NTN certificate shall be issued accordingly.

(3). In case of failure of the taxpayer to comply with the letter issued under sub-section (2) of section 181, the Commissioner shall register the taxpayer on a Trial Registration Number(TRN) for which a serially numbered Trial Register shall be maintained by the Commissioner. The Trial Register shall contain the basic information of the taxpayer like name of the person or business, available address, CNIC, nature of income generating activity and any other information regarded useful by the Commissioner. In such case, statutory notices shall be issued for assessment of income or other legal obligation of the taxpayer under the Ordinance on TR Number:
Provided that before allotment of Trial Registration Number the Commissioner shall verify and match the particulars of the taxpayer from the NTN Master Index to avoid duplication of registration.

(4). In case any assessment is made or any liability is created by the Commissioner under the Income Tax Ordinance, 2001 against the taxpayer, the Commissioner on the basis of information as contained in Trial Register, allot an NTN to the taxpayer within fifteen days of the date of completion of assessment or creation of a liability under the Ordinance]

82. Cancellation of National Tax Number ²**[Certificate].-** (1) Where the Commissioner decides that a National Tax Number ³**[Certificate]** was issued to a person under an identity that was not the person's true identity, the Commissioner may, by notice in writing served on the person, cancel the ⁴**[Certificate]**.

(2) The Commissioner shall set out in the notice the reasons for the Commissioner's decision to cancel the ⁵**[Certificate]**.

83. Displaying and quoting of National Tax Number ⁶**[Certificate].-** (1) Every person deriving income from business chargeable to tax who has been issued with a National Tax Number ⁷**[Certificate]** shall display the person's National Tax Number at a conspicuous place at every place of business of the person.

(2) Every person referred to in sub-rule (1) shall quote the person's National Tax Number in the following circumstances, namely:-

- (a) in all commercial transactions entered into by the person;
- (b) in cash memos issued under rule 30;
- (c) in all returns, statements and other documents required to be furnished under the Ordinance and in any correspondence with the Commissioner; and
- (d) in all documents relating to the person's business on the following matters, namely:-
 - (i) all new connections of utilities, including water, gas, electricity and telephone;

¹ Rule 81A inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

³ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

⁴ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

⁵ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

⁶ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

⁷ Substituted for "card" vide SRO 392(I)/2009 dated 19th May, 2009.

- (ii) the entering into a loan with a banking company or financial institution;
- (iii) the opening of letters of credit; and
- (iv) the transfer of urban immovable property.

**CHAPTER XIV
REGISTRATION OF INCOME TAX PRACTITIONERS**

84. Application of Chapter XIV.- This chapter applies for the purposes of section 223, which provides for the registration and regulation of income tax practitioners.

85. Application for registration as an income tax practitioner.- (1) A person satisfying the requirements in rule 86 and desiring to be registered as an income tax practitioner shall make an application ¹[to the Director-General, Regional Tax Office] in the form specified in Part X of the First Schedule to these rules.

(2) Every application under this rule shall be accompanied by -

(a) a Treasury receipt for five hundred rupees required to be deposited as a non-refundable application fee in any Government Treasury; and

(b) such documents, statements and certificates as specified in the form.

86. Prescribed qualification for registration as an income tax practitioner.- (1) For the purposes of the definition of “income tax practitioner” in sub-section (11) of section 223, a person applying for registration as an income tax practitioner shall:-

(a) possess one of the following qualifications, namely:-

(i) a degree in Law at least in the second division, a degree in Commerce (with Income Tax Law and Accounting or Higher Auditing as subjects or parts of subjects, whether compulsory or optional) or a degree in Business Administration or Business Management (with Accounting and Income Tax law as subjects or parts of subjects, whether compulsory or optional) conferred by a prescribed institution; or

(ii) a pass in a prescribed accounting examination.

(b) have worked for a continuous period of one year as an apprentice under the supervision of a chartered accountant, cost and management accountant, legal practitioners entitled to practice in a civil court in Pakistan ²[or] a registered income tax practitioner ³[and having been registered as a chartered accountant, cost and management accountant, legal practitioner, and Income Tax Practitioner] for a period of not less than ten years.

(2) For the purposes of sub-clause (i) of clause (a) of sub-rule (1), a degree conferred by a prescribed institution that is a foreign university or institution shall only qualify if the degree is equivalent to a degree conferred by a Pakistani university and is recognised as such by a Pakistani university.

(3) In this rule,

(a) “Institute of Chartered Accountants of Pakistan” means the Institute of Chartered Accountants of Pakistan constituted under the Chartered Accountants Ordinance, 1961;

(b) “foreign institution” means any institution in a foreign country authorised to grant a degree under the laws of the country;

(c) “foreign university” means any university in a foreign country incorporated by law, or accredited or affiliated by any association of universities or college in the country or by any authority formed for that purpose under the laws of that country;

¹ Words inserted vide SRO 392(I)/2009 dated 19th May, 2009.

² Substituted for “, and” by SRO 67(I)/2003 dated the 22nd January, 2003.

³ Substituted for “registered” by SRO 67(I)/2003 dated the 22nd January, 2003.

(d) “prescribed accounting examination” means any of the following examinations, namely:-

(i) an examination equivalent to the intermediate examination conducted by the Institute of Chartered Accountants of Pakistan;

(ii) an examination equivalent to the intermediate examination conducted by any foreign institute of chartered accountants and recognised by the Institute of Chartered Accountants of Pakistan as equivalent to its intermediate certificate;

(iii) an examination equivalent ¹[to] the final examination conducted by the Association of ²[Chartered Certified Accountants, United Kingdom;] or

(iv) Part-III of examination for Cost and Management Accountants conducted by the Institute of Cost and Management Accountants under the Cost and Management Accountants Act, 1966 (XIV of 1966); and

(v) Certified public accountants of USA.

(e) “prescribed institution” means a university incorporated by any law in force in Pakistan or Azad Kashmir, a foreign university or a foreign institution.

87. Registration of income tax practitioners.- (1) On receipt of an application under rule 85, the ³[Director General, Regional Tax Office] may make such further enquiries and call for such further information or evidence as may be considered necessary.

(2) If the Regional Commissioner is satisfied that an applicant qualifies to be registered as an income tax practitioner, the ⁴[Director General, Regional Tax Office] shall cause the applicant’s name to be entered in a register to be maintained for the purpose in the office.

(3) The name of a person entered on the register of income tax practitioners shall be notified to the Commissioner and the Appellate Tribunal.

(4) The Regional Commissioner shall notify the applicant, in writing, of the decision on the application.

(5) Where the ⁵[Director General, Regional Tax Office] decides to refuse an application for registration, the notice referred to in sub-rule (4) shall include a statement of reasons for the refusal.

88. Duration of registration.- Registration of a person as an Income Tax Practitioner shall remain in force until any of the following occurs, namely:-

(a) the person surrenders the registration by notice in writing to the ⁶[Director General, Regional Tax Office].

(b) the person dies; or

(c) the person’s registration is terminated by the ⁷[Director General, Regional Tax Office].

89. Cancellation of registration.- (1) Any person (including an income tax authority) who considers that an income tax practitioner is guilty of misconduct in a professional capacity may file a complaint in writing with the ⁸[Director General, Regional Tax Office].

¹ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for “Certified and Corporate Accountants, London;” vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Substituted for “Regional Commissioner” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Substituted for “RCIT” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Substituted for “RCIT” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁶ Substituted for “Regional Commissioner of Income Tax” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁷ Substituted for “RCIT” vide SRO 392(I)/2009 dated the 19th May, 2009.

⁸ Substituted for “Commissioner” vide SRO 392(I)/2009 dated the 19th May, 2009.

(2) A complaint filed under sub-rule (1) shall be accompanied by affidavits and other documents as necessary to sustain the complaint.

(3) On receipt of a complaint in writing under sub-rule (1), the ¹[Director General, Regional Tax Office] shall fix a date, hour and place which shall be no later than twenty one days from the receipt of the complaint for enquiry into the complaint.

(4) Within seven days of receipt of the complaint, the ²[Director General, Regional Tax Office] shall serve a notice of the complaint on the Income Tax Practitioner to whom the complaint relates and such notice shall -

(a) inform the practitioner of the date, hour and place of the enquiry; and

(b) be accompanied by a copy of the complaint and any affidavits and other documents accompanying the complaint.

(5) If, at the date fixed for enquiry, it appears that the notice and accompanying documents referred to in sub-rule (4) have not been served as provided for in that sub-rule, the ³[Director General, Regional Tax Office] shall adjourn the enquiry to a date then to be fixed and may direct that the notice and accompanying documents shall be served by registered post or such other means as the ⁴[Director General, Regional Tax Office] sees fit.

(6) Not less than two days before the date or adjourned date fixed for the enquiry, the income tax practitioner concerned shall file with the ⁵[Director General, Regional Tax Office] a signed explanation in writing and any affidavit in reply intended to be used in the enquiry.

(7) On the date or adjourned date of the enquiry, the complainant shall file any affidavits in reply intended to be used at the enquiry.

(8) The ⁶[Director General, Regional Tax Office] may adjourn the enquiry from time to time to a date and place to be fixed at the time of adjournment and may make such orders and give such directions in regard to the enquiry and all matters relating thereto as the ⁷[Director General, Regional Tax Office] may think fit.

(9) On the date or adjourned date fixed for the enquiry, the ⁸[Director General, Regional Tax Office] may -

(a) hear and determine the complaint upon the affidavit and other documents, if any, filed and may allow the complainant and income tax practitioner to be cross-examined on their affidavits; or

(b) hear and determine the complaint upon oral evidence.

(10) If the ⁹[Director General, Regional Tax Office] decides to hear oral evidence, the procedure generally and as far as practicable shall be that which is followed at the hearing of suits by Civil Courts, provided that the record of oral evidence shall be kept in such manner as the ¹⁰[Director General, Regional Tax Office] may direct and, if a shorthand writer is employed to take down evidence, the transcript of the writer's notes shall be a record of deposition of the witnesses.

¹ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁶ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁷ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁸ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁹ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

¹⁰ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

(11) If the ¹[Director General, Regional Tax Office] decides that the income tax practitioner to whom the complaint relates is guilty of professional misconduct, the ²[Director General, Regional Tax Office] shall cancel the practitioner's registration.

(12) The ³[Director General, Regional Tax Office] shall give the complainant and the income tax practitioner to whom the complaint relates notice, in writing, of the ⁴[Director General, Regional Tax Office]'s decision on the complaint.

⁵[90. **Appeal to Federal Board of Revenue.** (1) The appeal against the decision of the Director General, Regional Tax Office shall lie with the Federal Board of Revenue. However, the FBR on filing of an appeal may, pending decision of appeal, allow the ITP to represent cases pending, before decision is made by the Director General.

(2) The FBR shall decide the case of the ITP within sixty days of the filing of the appeal.]

¹ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Rule 90 substituted for "90. The appeal against the Commissioner's decision lies with the Regional Commissioner of Income Tax. However, the RCIT on filing of appeal may, pending decision of appeal, allow the ITP to represent, provided such case is made at the time of filing of appeal." vide SRO 392(I)/2009 dated the 19th May, 2009.

CHAPTER XV
RECOGNISED PROVIDENT FUNDS, APPROVED SUPERANNUATION FUNDS AND
APPROVED GRATUITY FUNDS

Part I
Recognised Provident Funds

91. Application for recognition of provident fund.- (1) An application for recognition of a provident fund shall be made, in writing, by the employer maintaining the fund, setting out the following information, namely:-

- (a) the employer's name and the address of the employer's principal place of business;
- (b) the name of all employees, whether in or outside Pakistan subscribing to the fund;
- (c) the place where the accounts of the fund are or will be maintained; and
- (d) where the fund is already in existence, a copy of the last balance sheet of the fund and details of the investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

"We/ I, the trustee(s) of the above named fund, do declare that what is stated in the above application is true to the best of our/my information and belief, and that the documents sent herewith are the originals or true copies thereof."

(3) Subject to sub-rule (4), the application shall be accompanied by the following documents, namely:-

- (a) the original of trust deed to be sighted by the Commissioner;
- (b) a copy of the trust deed to be retained by the Commissioner; and
- (c) the rules of the fund.

Provided that if the original of the trust deed cannot conveniently be produced, the Commissioner may accept, in lieu of the original, a true copy certified either by a Magistrate or in any manner provided for in the Companies Rules, 1984, in which case, an additional copy shall be furnished for retention by the Commissioner.

(4) The application shall be lodged with the Commissioner responsible for the area/ jurisdiction in which the accounts of the fund are kept, or, if the accounts are kept outside Pakistan, lodged with the Commissioner responsible for the area/ jurisdiction in which the local headquarters for the employer are situated.

92. Decision on application.- (1) The Commissioner may make such enquiries and call for such further information or evidence as the Commissioner may consider necessary to decide the application.

(2) The Commissioner shall notify the applicant, in writing, of the Commissioner's decision on the application.

(3) Where the Commissioner decides to refuse an application under ¹[this] rule, the notice referred to in sub-rule (2) shall include a statement of reasons for the refusal.

(4) ¹[Unless otherwise specified by the Commissioner], an order according recognition to a provident fund shall take effect from the last day of the month in which the application for

¹ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

recognition is received by the Commissioner or, at the request of the employer, the last day of any later month in the same financial year.

93. Withdrawal of recognition.- Where the Commissioner decides to withdraw recognition of a provident fund, the Commissioner shall notify the applicant, in writing, of the Commissioner's decision and such notice shall include a statement of reasons for the withdrawal.

94. Form of appeal in case of non-recognition or withdrawal of recognition.- (1) An appeal under sub-rule (1) of rule 12 of Part I of the Sixth Schedule to the Ordinance ²[against] the Commissioner's decision to refuse an application for recognition or to withdraw recognition shall be ³[made to Federal Board of Revenue] in the following form ⁴[and] shall be verified in the manner indicated therein, namely:-

**FORM OF APPEAL IN CASE OF NON-RECOGNITION OR
WITHDRAWAL OF RECOGNITION**

To

The ⁵[Federal Board of Revenue],
Islamabad/ Before the Commissioner (Appeals)

The petition of _____ employer(s) carrying on business, profession or vocation _____
at _____

Your petitioner(s) applied to/obtained sanction from the Commissioner under Part I of the Sixth Schedule to the Income Tax Ordinance, 2001 for the recognition of the provident fund maintained by him (them) for the benefit of his (their) employees. The Commissioner has refused recognition/withdrawn recognition for the reason stated in his order, dated _____, of which a copy is attached.

For the reasons set out below your petitioner(s) submit (s) that the fund should be contained to be recognised and pray (s) that the ⁶[Federal Board of Revenue] may be pleased to.

Accord recognition
Continue the recognition.

GROUND(s) OF APPEAL

- (1)
 - (2)
 - (3)
 - (4)
 - (5)
-

I/We named above petition to declare that whatever is stated above is true to the best of our information and belief .

Name _____
Signature _____
Address _____
Date _____

¹ Substituted for "Subject to sub-rule (5)" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "to" vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

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

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

(2) An appeal referred to in sub-rule (1) shall be accompanied by a copy of a challan for Rs. 100/- paid in Government treasury.

95. Accounts required to be maintained by a recognised provident fund.- (1) A recognised provident fund shall prepare accounts at intervals of not more than twelve months.

(2) An account shall be maintained for each subscriber to the fund and it shall include the particulars shown in the following form, namely:-

Account closed.

Date _____

Paid to employee _____

Lapsed to the employer _____

Or to fund _____

Recovery by employer _____

Name _____ Date of joining Fund _____

Annex

Month and year.	Salary.	By employees	Contribution by the Employer			
			Normal	Of contingent nature,	Total in columns 3,4,5.	Total interest on the amount shown in column 6.
1	2	3	4	5	6	7

Balance brought forward

July _____

August _____

June _____

Total: _____

Exempt		Not exempt			
Employer's contribution on not exceeding statutory limit.	Interest on sum in Column 6 at % but not exceeding statutory limit	Contribution Column 4+5 minus Column 8	Interest Column 7 minus Column 9.	Additions to total income 10 plus Column 11.	Remarks.
8	9	10	11	12	13

Adjustment on account of temporary
Withdrawals account (Column 8 and 9 only).

Adjustment on account of non-payable
Withdrawals account Columns 10 and 11.

Total carried over.

If desired column 7 may be divided into sub-columns showing separately the interest on columns and columns 4 and 5 respectively.

Non-payable withdrawals Account		Temporary withdrawal
Account		
Amount		Advance
Repayment		
July	Balance brought Forward _____	
	July _____	
August	August _____	
June	June _____	
Total		

(3) The trustees of a recognised provident fund shall furnish to the Commissioner an abstract for the fund's accounting period of the individual account of each employee participating in the fund whose income under the head "Salary" is Rs. 24,000 or more per annum.

(4) The abstract shall -

(a) be in the form prescribed in sub-rule (2), but shall show only the total of the various columns thereof for fund's accounting period; and

(b) include an account of any temporary withdrawals by the employees during the year and of the repayment thereof.

(5) The abstract shall be furnished by the trustees to the Commissioner responsible for the area in which the accounts of the fund are kept or to such jurisdiction or functional Division as the Commissioner may, in each case, direct.

(6) Subject to rule, the abstract shall be furnished -

(a) in the case of a company, on or before the first day of August next following the fund's accounting period or within fifteen days of the expiry of six months from the end of the fund's accounting period, whichever is later; and

(b) in any other case -

(i) where the fund's accounting period ends at any time between the first day of July and the thirty-first day of December (both days inclusive), on or before the first day of August next following; or

(ii) in any other case, on or before the first day of October next following the end of the fund's accounting period.

(7) The account to be made under the provisions of sub-rule (1) of rule 7 of Part I of the Sixth Schedule to the Ordinance shall show in respect of each employee -

(a) the total salary paid to the employee during the period of participation in the provident fund;

(b) the total contributions made by, or in respect of, the employee;

(c) the total interest which has accrued thereon; and

(d) so far as may be, the percentage of the employee's salary in accordance with which contributions have been made by the employer and the employee.

96. Time limit for submission of accounts kept outside Pakistan.- (1) Where the accounts of a recognised provident fund are kept outside Pakistan, certified copies of the accounts shall be supplied not later than the 15th September in each year to a local representative of the employer in Pakistan.

(2) The Commissioner may, upon application in writing, fix a date later than the 15th September as the date by which the certified copies shall be supplied.

97. Limit on contribution by employers.- The Commissioner may relax the limits fixed under clause (c) of sub-rule (1) of rule 2 of Part I of the Sixth Schedule to the Ordinance for contribution of an employer to the individual account of an employee in any year provided that such contribution shall not exceed the following limits, namely:-

(a) the employer's aggregate contribution in any year including the normal contribution to the individual account of any one employee [1] shall not exceed double the amount of the contribution of the employee in that year; and

(b) the amount of the periodical bonuses and other contribution of a contingent nature which may be credited by an employer in any year to the individual account of any one employee shall not exceed the amount of the contribution of the employee in that year.

98. Limit on contributions by certain employees.- Where an employee of a company owns shares in the company with a voting power exceeding ten per cent of the whole of such power, the sum of the exempted contributions of the employee and employer to the recognised provident fund maintained by the company shall not exceed Rs. 1000 in any month.

99. Exclusion from total income of accumulated balances.- For the purpose of rule 4 of Part I of the Sixth Schedule to the Ordinance, the accumulated balance due and becoming payable to an employee participating in a recognised provident fund shall be exempt from income tax and shall be excluded from the computation of total income.

100. Treatment of consideration for dealings with beneficial interest.- If an employee assigns or creates a charge upon his beneficial interest in a recognised provident fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date of receipt of the notice, the consideration received for such assignment or charge shall be treated as salary received by him in the year in which the fact became known to the Commissioner and shall be assessed accordingly.

101. Treatment in certain cases where recognition is withdrawn.- If the Commissioner withdraws recognition from a recognized provident fund, the balance to the credit of each employee at the end of the financial year prior to the date of the withdrawal of recognition shall be paid to the employee free of tax at the time when such employee receives the accumulated balance due to him and the remainder of the accumulated balance due to him shall be liable to tax as if the fund had never been recognized

102. Investment of moneys of a recognised provident fund.- (1) Where the employer is not company as defined in clause (7) of section 2 of the Companies Ordinance, 1984, the contributions made by employees after the date of recognition of a provident fund and the interest on the accumulated balance of such contribution shall be wholly invested either in securities of the nature specified in clause (2)(b),(c),(d) or (e) of section 20 of the Trusts Act, 1882, and payable both in respect of capital and interest in Pakistan or in a Post Office Savings Bank Account in Pakistan or deposited in National Savings, Federal Government securities or deposits in NCBs or NBP, or, in the other government securities, or any other established financial institutions including mutual funds subject to maximum of 20% of such deposits or investment at any time in the year.

¹ Words “, whose salary does not exceed Rs. 1000 per month,” omitted vide SRO 392(I)/2009 dated the 19th May, 2009.

(2) Where the employer is a company as defined in clause (7) of section 2 of the Companies Ordinance, 1984, all moneys contributed to a provident fund (whether by the company or by the employees or accruing by way of interest or otherwise to such fund) shall be wholly invested in accordance with the provisions of section 227 of the Companies Ordinance, 1984, or deposited or invested as in sub-rule (1) or with the prior approval of the Commissioner, in purchase of shares of a public limited company offered for sale inviting public offer by the Federal Government so, however, that the securities and deposits in which the contributions made by the employees after the date of recognition of a provident fund and the interest on the accumulated balance on such contributions are invested or deposited are payable in respect of capital, deposit and interest in Pakistan.

103. Permitted withdrawals.- (1) Subject to these rules, withdrawals by employees from accumulated balance may be allowed by the trustees of a recognized provident fund in the following circumstances, namely:-

(a) to pay expenses in connection with the illness of a subscriber or a member of his family;

¹[(aa) to transfer the balance or a part thereof to an approved pension fund, established under Voluntary Pension System Rules, 2005;]

(b) to meet the expenditure on purchase of a motor cycle or scooter provided that authenticated copies of documents substantiating such purchase are deposited with the trustees of the fund;

(c) to pay the overseas passage by reason of health or education of a subscriber or a member of his family;

(d) to pay expenses in connection with marriages, funerals or ceremonies, which, by the religion of the subscriber, it is incumbent upon him to perform and in connection with which it is obligatory that expenditure should be incurred;

(e) to pay expenses in connection with the performance of Haj by the subscriber;

(f) to meet the expenditure on building or purchasing a house or a site for a house, provided that the documents substantiating the building or purchase of such house, or the purchase of such site, are deposited with the trustees of the fund;

(g) to meet the expenditure on repairs, renovation or extension of a residential house belonging to the subscriber;

(h) to pay premiums on policies of insurance on the life of the subscriber or of his wife provided that the policy is assigned to the trustees of the fund or at their discretion deposited with them and that the receipt granted by the insurance company for the premiums is from time to time handed over to the trustees for inspection by the Commissioner;

(i) to purchase shares of a public limited company for investment as per rules of this Chapter;

(j) in the case of a subscriber who has attained the age of fifty years on the date on which withdrawal is permitted -

(i) subject to sub-rule (2), to meet the expenditure on the purchase of a house or construction of a house on land owned by him or a member of his family anywhere in Pakistan;

(ii) subject to sub-rule (3), to meet expenditure on the purchase of agricultural land from Government;

¹ Clause (aa) inserted vide SRO 815(I)/2008 dated the 1st August, 2008.

(iii) to repay a loan taken from a financial institution, provided that the subscriber shall, within a period of two weeks from the date of withdrawal produce satisfactory evidence before the trustees to show that the advance has been utilised for the purpose for which it was drawn failing which the entire amount of withdrawal together with interest accrued thereon shall forth with become repayable to the fund in a lump-sum; and

(iv) without assigning any reason; or

(k) in the case of an employee proceeding on leave preparatory to retirement, at the discretion of the trustees of the fees, without assigning any reason, provided that where an employee rejoins duty on the expiry of his leave, the amount withdrawn together with the interest accruing thereon at the rate allowed by the fund shall be repaid forthwith in to the fund in a lump-sum.

(2) The first instalment of a withdrawal under sub-clause (i) or clause (j) of sub-rule (1) shall be allowed to be drawn only after an agreement has been executed between the subscriber and the trustees of the fund to the effect that the subscriber shall expend the full amount of the said advance towards the purchase or the building of a houses as claimed at the earliest possible opportunity and if the actual amount so expended is less than the amount of permitted withdrawal the subscriber shall repay the difference into the fund forthwith and further that if the said house is sold or otherwise alienated by its owner to any other person while the subscriber is still in service, the subscriber shall forthwith repay into the fund the entire amount of the withdrawal together with interest accrued thereon in lump-sum.

(3) The first instalment of a withdrawal under sub-clause (ii) of clause (j) of sub-rule (1) shall be allowed to be drawn only after an agreement has been executed between the subscriber and the trustees of the fund to the effect that the subscriber shall expend the full amount of the said advance towards the purchase of the said piece of land at the earliest possible opportunity and if the actual amount so expended is less than the amount of permitted withdrawal the subscriber shall repay the difference into the fund forthwith and further that if the said house is sold or otherwise alienated by its owner to any other person while the subscriber is still in service, the subscriber shall forthwith repay into the fund the entire amount of the withdrawal together with interest accrued thereon in lump sum.

104. Limits on Withdrawals.- (1) Withdrawals permitted under these rules shall not exceed the following limits, namely:-

(a) in the case of withdrawals permitted under clause (a), (b) (c) or (d) of sub-rule (1) of rule 103, six months salary of the subscriber or the total of accumulated balance to his credit, whichever is the less;

¹[(aa) in the case of withdrawals permitted under clause(aa) of sub-rule(1) of rule 103, the accumulated balance to the credit of subscriber;]

(b) in the case of withdrawals permitted ²[under clause (e) of sub rule (1) of rule 103], six months salary of the subscriber or twenty five thousand rupees or/ of the total of the accumulated balance to his credit, whichever is the lowest;

(c) in the case of withdrawals permitted under clause (f) or (g) of sub-rule (1) of rule ³[103], thirty-six months salary of the subscriber or the total of the accumulated balance to his credit, whichever is the less;

(d) in the case of withdrawals permitted under clause (h) of sub-rule (1) of rule ⁴[103], eighteen months salary of the subscriber or the total of the accumulated balance to his credit, whichever is the less, provided that this restriction shall apply to each withdrawal and not to the total withdrawal;

¹ Clause (aa) inserted vide SRO 815(I)/2008 dated the 1st August, 2008.

² Substituted for "under clause (d) of sub-rule (1) of rule" vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

(e) in the case of withdrawals permitted under clause (i) of sub-rule (1) of rule ¹[103], six months salary of the subscriber or ten thousand rupees or the total of the accumulated balance to his credit, whichever is the lowest;

(f) in the case of withdrawals permitted under sub-clause (i), (ii) and (iii) of clause (j) of sub-rule (1) of rule ²[103], twenty-four months salary of the subscriber or eighty percent of the total of the accumulated balance to his credit, whichever is the less;

(g) in the case of withdrawals permitted under sub-clause (iv) of clause (j) of sub-rule (1) of rule ³[103], sixty percent of the total of the accumulated balance to ⁴[credit of] the subscriber; and

(h) in the case of withdrawals permitted under clause (k) of sub-rule (1) of rule ⁵[103], ninety percent of the accumulated balance to the subscriber.

(2) For the purpose of rule and this rule:-

(a) “accumulated balance” means the total of the accumulations of exempted contributions and exempted interest contained in the balance to the credit of the employee at the time of withdrawals;

(b) “family” means the employee’s wife, legitimate children, step children, parents, sisters and brothers who reside with the employee and are wholly dependent on him; and

(c) “salary” means the salary as defined in clause (h) of rule 14 of Part I of the Sixth Schedule to the Ordinance to which the employee is entitled at the time when the withdrawal is granted.

105. Second withdrawals.- (1) Save as provided in sub-rules (2), (3), (4) and (5), no second withdrawal from a recognized provident fund shall be permitted until the sum first withdrawn has been fully repaid.

(2) A withdrawal may be permitted for the purposes specified in clause (h) of sub-rule (1) of rule 110, notwithstanding that the sum withdrawn for any other purpose has not been repaid.

(3) Subsequent withdrawals for the purposes specified in clause (h) of sub-rule (1) of rule 103 may be permitted, notwithstanding that the sum or sums previously drawn for the same purpose has or have not been repaid.

(4) A withdrawal for any one of the purposes specified in sub-rule (1) of rule 103 other than that specified in clause (a) of that sub-rule may be permitted notwithstanding that the sum or sums withdrawn for the purposes of clause (e) of sub-rule (1) has or have not been repaid.

(5) A withdrawal for any of the purposes specified in sub-rule (1) of rule 103 other than those specified in clauses (f) and (h) of that sub-rule may be permitted notwithstanding that the sum previously withdrawn for the purposes of clause (d) of sub-rule (1) has not been repaid.

⁶(6) Subsequent withdrawals for the purposes specified in clause (aa) of sub-rule (1) of rule 103 shall be permitted.]

106. Repayment of amounts withdrawn.- (1) Where any withdrawal is allowed for a purpose specified in clause ⁷[(aa),] (f), (h), (i), (j) or (k) of sub-rule (1) of rule 103, the amount withdrawn need not be repaid.

¹ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

² Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁵ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁶ Clause (6) inserted vide SRO 815(I)/2008 dated the 1st August, 2008.

⁷ Inserted vide SRO 815(I)/2008 dated the 1st August, 2008.

(2) Subject to sub-rules (3) and (4), where a withdrawal is allowed for a purpose other than those referred to in sub-rule (1), the amount withdrawn shall be repaid in not more than forty-eight equal monthly instalments and shall bear profit in accordance with the following, namely:-

(a) Withdrawals which are repaid in not more than twelve monthly instalments.	The rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of one additional instalment.
(b) Withdrawals which are repaid in more than twelve but not more than twenty-four monthly instalments.	The rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of two additional instalments.
(c) Withdrawals which are repaid in more than twenty-four but not more than thirty-six monthly instalments.	The rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of three additional instalments.
(d) Withdrawals which are repaid in more than thirty-six [¹ monthly] instalments.	The rate of mark-up fixed by the Federal Government under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of four additional instalment.

(3) For the purposes of sub-rule (2) and at the discretion of the trustees of the fund, profit may be recovered on the amount withdrawn or the balance thereof outstanding from time to time at 1 per cent above the rate which is payable for the time being on the balance in the fund to the credit of the subscriber.

(4) Where an employee contributing to the fund elects not to receive any profit accruing on his accumulated balance, no profit shall be charged on the amount withdrawn by him from the fund.

(5) The employer shall deduct such instalments payable under sub-rule (2) from the employee's salary and pay them to the trustees commencing from the second monthly payment made after the withdrawal or, in the case of an employee on leave without pay, from the second monthly instalment after his return to duty.

(6) In the case of default of repayment of instalments under sub-rules (2) and (5), the Commissioner may at his discretion, order that the amount of withdrawal or the amount outstanding shall be added to the total income of the employee for the year in which the default occurs and the employee shall be assessed accordingly.

107. Power to relax conditions.- Notwithstanding anything contained in rules 103, 104, 105 or 106, the Commissioner may in special circumstances to be recorded in writing relax the conditions for withdrawals from and repayment to the fund.

¹ Substituted for "months" vide SRO 392(I)/2009 dated the 19th May, 2009.

PART II
APPROVED SUPERANNUATION FUNDS

108. Application for approval of a superannuation fund.- (1) The application required to be made under sub-rule (1) of rule 3 of Part II of the Sixth Schedule to the Ordinance for approval of a superannuation fund shall contain the following information, namely:-

- (a) the employer's name and the address of the employer's principal place of business;
- (b) the classes and number of employees, whether in Pakistan or outside Pakistan, entitled to the benefits of the fund;
- (c) the age of retirement prescribed in the fund's regulations;
- (d) the place where the accounts of the fund are or will be maintained; and
- (e) where the fund is already in existence, details of investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

"We/ I, the trustees of the above named fund, do declare that what is stated in the application is true to the best of our/my information and belief and that the documents sent herewith are the originals or true copies thereof".

109. Returns, statements and other documents that may be required to be furnished.- The trustees of an approved superannuation fund and any employer who contributes to an approved superannuation fund may be required by notice, in writing, from the Commissioner under rule 8 of Part II of the Sixth Schedule to the Ordinance to -

- (a) furnish a return containing such particulars of contributions as the notice may require;
- (b) prepare and deliver a return containing -
 - (i) the name and place of residence of every person in receipt of an annuity from the fund;
 - (ii) the amount of the annuity payable to each annuitant;
 - (iii) particulars of every contribution (including interest on contributions), if any, returned to the employer or to employees; and
 - (iv) particulars of sums paid in commutation or in lieu of annuities; and
- (c) furnish a copy of the accounts of the fund to the last date prior to such notice in which such amounts have been made up together with such other information and particulars as may be reasonably required with the permission of the ¹[Federal Board of Revenue].

110. Limits on contribution by the employer.- (1) The ordinary annual contribution by the employer to an approved superannuation fund in respect of any particular employee shall be made on a reasonable definite basis as may be approved by the Commissioner with regard to the earnings, the contributions or the number of members of the said fund so however that such contributions shall not exceed twenty per cent of the employee's salary for each year.

(2) Subject to any condition which the Commissioner may think fit to specify under this rule, the amount to be allowed as a deduction on account of initial contribution which an employer may make in respect of the past service of an employee admitted to the benefits of a fund shall not exceed twenty per cent of the employee's salary for each year of his past services with the employer.

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

(3) Notwithstanding the provisions of sub-rules (1) and (2), an employer may, with the prior approval of the Commissioner, make a special contribution to an approved superannuation fund to meet the deficit in the fund, if any.

111. Investment and deposit of moneys of superannuation fund.- All moneys contributed to an approved superannuation fund and interest on the accumulated balance of such contributions, if any, shall be utilised for making payments under a scheme of insurance or a contract of annuity with the State Life Insurance Corporation of Pakistan, an insurance company carrying on life insurance business and registered under section 3 of the Insurance Act, 1938 (IV of 1938), or the Pakistan Post Office Insurance Department having for its main object the provision of annuities for the beneficiaries, or deposited or invested in accordance with the provisions [1]of rule 102.

112. Treatment of consideration for dealings with beneficial interest.- If an employee assigns or creates a charge upon his beneficial interest in an approved superannuation fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date or receipt of the notice, the consideration received for such assignment or charge shall be treated as salary received by him in the year in which the fact became known to the Commissioner and shall be assessed accordingly.

113. Circumstances in which approval may be withdrawn.- The Commissioner may withdraw approval accorded under Part II of the Sixth Schedule to the Ordinance in the case of a fund which ceases to satisfy the requirements of the said Part or fails to fulfil the requirements of rules 110, 111 and 112.

114. Form of appeal in case of refusal to approve or withdrawal of approval.- (1) An appeal under sub-rule (1) of rule 10 of Part II of the Sixth Schedule to the Ordinance shall be in the following form and shall be verified in the manner indicated therein, namely:-

**FORM OF APPEAL IN CASE OF NON-APPROVAL
OR WITHDRAWAL OF APPROVAL**

To
The ²[Federal Board of Revenue],
Islamabad.

The petition of _____ employer(s) carrying on business, profession or vocation____ at your petitioner(s) applied to/obtained sanction from the Commissioner under Part II of the Sixth Schedule to the Income Tax Ordinance, 2001 for the approval of the superannuation fund maintained him (them) for the benefit of his (their) employees. The Commissioner has refused/---- withdrawn the approval for the reasons stated in his order, dated.... of which a copy is attested.

For the reasons set out below your petition(s) submit(s) that the fund should be recognised and pray(s) that the ³[Federal Board of Revenue] may be pleased to.

GROUNDS OF APPEAL

We/I..... the petitioner(s) named in the above petition do declare that stated therein is true to the best of our/ my information and belief.

Signature _____
Name _____
Address _____

(2) An appeal shall be accompanied by a copy of a challan for Rs. 100/- paid in the Government treasury.

¹ Words "of sub-rule (1)" omitted vide SRO 1209 dated the 6th Dec., 2005.

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

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

Part III
APPROVED GRATUITY FUNDS

115. Application for approval of a gratuity fund.- (1) The application required to be made under sub-rule (1) of rule 3 of Part III of the Sixth Schedule to the Ordinance for approval of gratuity fund shall contain the following information, namely:-

- (a) the employer's name and the address of employer's principal place of business;
- (b) the classes and number of employees, whether in Pakistan or outside Pakistan, entitled to the benefits of the fund;
- (c) the age of retirement prescribed in the fund's regulations;
- (d) the minimum period of service prescribed in the fund's regulation as a condition of eligibility to receive the gratuity in case of termination of employment;
- (e) the place where the accounts of the fund are or will be maintained; and
- (f) where the fund is already in existence, details of investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

"We/ I, the trustees of the above named fund, do declare ¹[in] what is stated that the application is true to the best of our/my information and belief and that the comments sent herewith are the original or true copies thereof."

116. Returns, statements and other documents that may be required to be furnished.- The trustees of an approved gratuity fund and an employer who contributes to an approved gratuity fund may be required by notice, in writing, from the Commissioner under rule 7 of Part III of the Sixth Schedule to the Ordinance to:-

- (a) furnish a return containing such particulars of contributions as the notice may require;
- (b) prepare and deliver a return containing:
 - (i) the name and place of residence of every person in receipt of a gratuity from the fund; and
 - (ii) the amount of the gratuity paid to each employee; and
- (c) furnish a copy of the accounts of the fund to the last date prior to such notice in which such accounts have been made up together with such other information and particulars as may be reasonably required with the permission of the Commissioner.

117. Limits on contribution by the employer.- (1) The ordinary annual contribution by the employer to an approval gratuity fund in respect of any particular employee shall be made on a reasonable definite basis, as may be approved by the Commissioner, with regard to the length of service of the employee so however that such contribution shall not exceed salary of the employee for the last month of each financial year.

(2) Subject to any condition which the Commissioner may think fit to specify under this rule, the amount to be allowed as a deduction on account of initial contribution which an employer may make in respect of the past services of an employee admitted to the benefits of a fund shall not exceed salary of the employee for the last month of each financial year during the course of his past services with the employer.

¹ Substituted for "that" vide SRO 392(I)/2009 dated the 19th May, 2009.

(3) Notwithstanding the provisions of sub-rules (1) and (2), an ¹[employer] may, with the prior approval of the Commissioner, make a special contribution to an approved gratuity fund to meet the deficit in the fund, if any.

118. Investment or deposits of moneys of a gratuity fund.- All money contributed to an approved gratuity fund and interest on the accumulated balances of such contributions shall be deposited or invested in accordance with the provisions of ²[rule 102].

119. Treatment of consideration for dealings with beneficial interest.- If an employee assigns or creates a charge upon his beneficial interest in an approved gratuity fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice ³[to] the employee that if he does not secure the cancellation of the receipt of the notice, the consideration received for such assignment of charge shall be treated as salary received by him in the year in which the fact became ⁴[known] to the Commissioner and shall be assessed accordingly.

120. Circumstances in which approval may be withdrawn.- The Commissioner may withdraw approval awarded under Part III of the Sixth Schedule to the Ordinance in the case of a fund which ceases to satisfy the requirements of the said Part or fails to fulfil the requirements of rule.

121. Form of appeal in case of refusal to approve or withdrawal of approval.- An appeal under sub-rule (1) of rule 9 of Part III of the Sixth Schedule to the Ordinance shall be in the following form and shall be verified in the manner indicated therein, namely:-

FORM OF APPEAL IN CASE OF NON-APPROVAL OR WITHDRAWAL OF APPROVAL

To
The ⁵[Federal Board of Revenue],
Islamabad.

The petition of _____ employer(s) carrying on business, profession or vocation____ at your petitioner(s) applied to/obtained sanction from the Commissioner under Part III of the Sixth Schedule to the Income Tax Ordinance, 2001 for the approval of the gratuity fund maintained ...him (them) for the benefit of his (their) employees. The Commissioner has refused/---- withdrawn the approval for the reasons stated in his order, dated.... Of which a copy is attested.

For the reasons set out below your petition(s) submit(s) that the fund should be recognised and pray(s) that the ⁶[Federal Board of Revenue] may be pleased to.

GROUNDS OF APPEAL

We/I..... the petitioner(s) named in the above petition do declare that stated therein is true to the best of our/my information and belief.

Signature _____
Name _____
Address _____

(2) An appeal shall be accompanied by a copy of a challan for Rs. 100/- paid in the Government treasury.

¹ Substituted for "employee" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "sub-rule (1) of rule 109" by SRO 590(I)/2004 dated the 7th July, 2004.

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

⁴ Substituted for "know" vide SRO 392(I)/2009 dated the 19th May, 2009.

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

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

CHAPTER XVI
Income Tax Recovery Rules

Part-I

122. Definitions.- For the purposes of ¹[these] rules, unless there is anything repugnant in the subject or context,-

(a) "Tax Recovery" means recovery of debt due to the Federal Government under the Income Tax Ordinance, 2001;

(b) "defaulter" means the tax payer mentioned in the notice;

(c) "execution", in relation to a Notice, means steps taken for the recovery of arrears under these rules;

²[(ca) "notice", in this Chapter means a notice under sub-section (1) of section 138 of the Income Tax Ordinance 2001.]

(d) "officer" means a person authorized by the commissioner to execute an order of attachment or sale under these rules; and

(e) "share in a corporation" includes stock, debenture stock, - debentures or bonds.

(f) for the purpose of this Chapter, "Commissioner" means Commissioner of Income Tax as defined under clause 13 of section 2 and includes any taxation officer delegated powers by the Commissioner to act, exercise powers and functions under this Chapter, in respect of a taxpayer(s) by general or specific orders, or under scheme of enforcement in the tax recovery matters designed by the CBR.

¹ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

² Clause (ca) inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

123. Form of notice of recovery to be issued by Commissioner.- ¹[(1) The notice required to be served upon the taxpayer under sub-section (1) of section 138 shall be in the form as prescribed in part-III of First Schedule to these rules.]

124. Mode of service of notice.- The notice referred to in rule 123 and other notices under rules contained in this part shall be served as provided in section 218 of the Income Tax Ordinance, 2001.

125. Time limit for execution of the notice.- No step in execution of the notice referred to in rule 123 shall be taken until the period specified in the said notice has elapsed since the date of service of the notice.

Provided that if the Commissioner is satisfied that the defaulter is to cancel, remove or dispose of the whole or any part of such of his moveable property as would be liable to attachment in execution of a notice that the realization of the amount of Notice would in consequence be delayed or obstructed, he may at any time after the issue of the notice under rule direct, for reasons to be recorded in writing, an attachment of the whole or part of such property:

Provided further that if the defaulter whose property has been so attached furnishes security to the satisfaction of the Commissioner, such attachment shall be cancelled from the date on which such security is accepted by the Commissioner.

126 Disposal of proceeds of execution.- Whenever assets are realized, by sale or otherwise in execution of a Notice, they shall be disposed of in the following manner, namely:-

(a) there shall be paid to the Commissioner the amount due under the ²[notice] in execution of which the assets were realized ;and

(b) the balance, if any, shall be paid to the defaulter.

¹ Sub-section (1) substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced subsection read as follows: -

(1) The notice required to be served upon the assessee under sub section (2) of section 138 shall be in the following form, namely:-

NOTICE UNDER SECTION 138(2) OF THE INCOME TAX ORDINANCE, 2001.

Commissioner _____
Dated _____

To
M/s
National Tax Number _____

Whereas it is established that the sum of Rs. _____ which is due from you on account of tax as per details given in the schedule below, is in arrear, you are, hereby, required to pay these arrears of tax by _____ and produce necessary evidence to that effect before me at my office On _____ failing which proceedings may be initiated under these rules to recover the said amount by one or more of the following modes, namely:-

- (a) attachment and sale of moveable or immovable property;
- (b) appointment of receiver for the management of your moveable or immovable property;
- (c) your arrest and detention in person for a period not exceeding six months.

I, in exercise of the powers vested in me under the Income Tax Rules framed under section 138 of the Income Tax Ordinance, I hereby further direct that you shall not sell, mortgage, charge, issue or otherwise deal with any property belonging to except with my permission to that effect in writing,

Commissioner

Range _____ Zone _____

SCHEDULE

Sr No.	Assessment year	Number in Demand and Collection Register	Income Tax	Penalty	Additional Tax	Surcharge	Total
1	2	3	4	5	6	7	8

² Substituted for "certificate" vide SRO 392(I)/2009 dated the 19th May, 2009

127. Determination of disputes.- Except as otherwise expressly provided in these rules, every question arising between the Commissioner and the defaulter or their representatives, relating to the execution, discharge or satisfaction of a ¹[notice duly issued] under these rules, or relating to confirmation or setting aside by an order under these rules of a sale held in execution of such Certificate, shall be determined by order of the Commissioner before whom such question arise.

128. Exemption from attachment.- The following shall not be liable to attachment and sale under these rules, namely:-

(a) the necessary wearing apparel, cooking vessels, beds and bedding of the defaulter, his wife and children, and such personal ornaments, as, in accordance with religious usage, cannot be parted with by any women;

(b) tools of artisans, and, where the defaulter is an agriculturist, his implements of husbandry and such cattle and seed grain as may, in the opinion of the Commissioner, be necessary to enable him to earn his livelihood as such;

(c) houses and other buildings (with the materials and the sites thereof and the land immediately appurtenant thereto and necessary for their enjoyment) belonging to an agriculturist and occupied by him;

(d) books of account;

(e) a mere right to sue for damages;

(f) any right of personal service ;

(g) stipends and gratuities allowed to a pensioner of the Government, or payable out of any service family pension fund notified in official Gazette by the Federal Government or the Provincial Government in this behalf, and political pensions;

(h) the wages of labourers and domestic servants, whether payable in money or in kind;

(i) salary to the extent of the first hundred rupees and one half of the remainder:

Provided that where such salary is the salary of the servant of Government or servant of a railway or local authority, and ²] whole or any part of the portion of such salary liable ³[to] attachment has been under attachment, whether continuously intermittently for a total period of twenty four months, portion shall be exempt from attachment until the expiry of further period of twelve months and, where such attachment been made in execution of one and the same certificate, shall be finally exempt from attachment in execution of that notice;

(j) the pay and allowances of persons to whom the Pakistan ⁴[Army] Act, 1952 (XXXIX of 1952), applies, or of persons other than Commissioned Officers to whom the Pakistan Navy Ordinance 1961 (XXXV of 1961), applies;

(k) all compulsory deposits and other sums in or derived from fund to which the Provident Funds Act, 1925 (XIX of 1925), the time being applies in so far as they are declared by the , Act not to be liable to attachment;

¹ Substituted for "Certificate duly filed" vide SRO 392(I)/2009 dated the 19th May, 2009

² Letters "III" omitted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

(l) any allowance forming part of the emoluments of any servant of Government or of any servant of a railway or local authority which the appropriate Government may, by notification in the official Gazette, declare to be exempt from attachment, and any subsistence grant or allowance made to any such servant while under suspension.

(m) any expectancy of succession by survivorship or other ¹[merely] contingent or possible right or interest; and

(n) a right to future maintenance.

Explanation 1.- The particulars mentioned in clause (g), (h), (i),(j) and (l) are exempt from attachment or sale whether before or ²[after] they are actually payable, and in the case of salary other ³[than] salary of a servant of the Government or a servant of railway local authority the attachable portion thereof is exempt from attachment until it is actually payable.

Explanation 2.-In clauses (h) and (i), "Wages" or "salary" means the total monthly emoluments, excluding any allowance declared exempt from attachment under the provisions of clause (l), derived by a person from his employment whether on duty or on leave.

Explanation 3.-In clause (l), "appropriate Government" means.

(i) as respects any person in the service of the Federal Government, or any servant of Railway Board, a cantonment authority or of the port authority or a major port, the Federal Government; and

(ii) as respect any person in the service of a Provincial Government or a servant of any local authority, the Provincial Government.

129. **Investigation by Commissioner.**-(1) Where any claim is preferred to, or any objection is made to the attachment or sale of, any property in execution of a ⁴[notice] on the ground that such property is not liable to such attachment or sale, the Commissioner shall proceed to investigate the claim or objection:

Provided that no such investigation shall be made when the Commissioner considers that the claim or objection was designedly or unnecessarily delayed.

(2) Where the property to which the claim or objection relates has been advertised for sale, the Commissioner ordering the sale may postpone it during the investigation of the claim or objection, upon such terms as to security or otherwise as the Commissioner may deem fit.

(3) The claimant or objector shall adduce evidence to show that at the date on which the Notice was originally issued by the Commissioner for the recovery of the arrears, he had some interest in, or was possessed of the property in question.

(4) Where, upon the said investigation, the Commissioner is satisfied that, for the reason stated in the claim or objection, such property was at the said date in the possession of the defaulter or of some person in trust for him or in the occupancy of a tenant or other person paying rent to him, or being in the possession of the defaulter at the said date, it was so in his possession, not on his own account or as his own property, but on account of or in trust for some other person, the Commissioner shall make an order releasing the property, wholly or to such extent as it was not ⁵ in possession of the defaulter on his own account, from attachment or sale.

(5) Where the Commissioner is satisfied that the property was, at that date, in the possession of the defaulter as his own property and not on account of any other person, or was in possession of some other person in trust for him or in the occupancy of a tenant or other person paying rent to him, the Commissioner shall disallow the claim.

¹ Substituted for "me" vide SRO 392(I)/2009 dated the 19th May, 2009

² Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Substituted for "t" vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Substituted "Certificate" vide SRO 392(I)/2009 dated the 19th May, 2009

⁵ Word "it" omitted vide SRO 392(I)/2009 dated the 19th May, 2009

130. **Removal of attachment on satisfaction or cancellation of Certificate.**- Where the amount due is paid to the Commissioner ¹[the attachment] shall be deemed to be withdrawn and, in case of immovable property, the withdrawal shall, if the defaulter so desired, be proclaimed at his expense, and a copy of the proclamation shall be affixed in manner provided by these rules for a proclamation of sale of immovable property.

131. **Officer entitled to attach and sell.**- The attachment and sale of immovable property may be made by such officer as the Commissioner may from time to time direct.

132. **Adjournment or stoppage of sale.**- (1) The Commissioner may adjourn sale hereunder to a specified day and hour; and the officer conducting any such sale may adjourn the sale, recording his reasons for such adjournment:

²[Provided that, where the sale is being conducted in or within the precincts of the office of the concerned Commissioner of income tax, the officer shall not adjourn the sale without prior permission of the Commissioner.]

(2) Where a sale of immovable property is adjourned under sub-rule (1) for a longer period than one calendar month, a fresh proclamation of sale under rules shall be made unless the defaulter consents to waive it.

(3) Every sale shall be stopped if, before the lot is knocked down, the amount ³[due is] tendered to the officer conducting the sale, or proof is given to his satisfaction ⁴[that the] amount has been paid to the Commissioner who ordered the sale.

133. **Defaulter not to mortgage, etc., any property.**-Where a notice has been served on a defaulter under rule 123 the defaulter or his representative in interest shall not sell, mortgage, charge, lease or otherwise deal with any property belonging to him except with the permission of the Commissioner.

134. **Prohibition against bidding or purchase by officer.**-No officer or other person having any duty to perform in connection with any sale under these rules shall, either directly or indirectly, bid for, acquire or attempt to acquire any interest in the property sold.

135. **Assistance by police.**- Any officer authorized to attach or sell any property or to arrest the defaulter or charged with any duty to be performed under these rules, may apply to the officer-in-charge of the nearest police station for such assistance as may be necessary in the discharge of his duties.

¹ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Proviso substituted for "Provided that, where the sale is made in or within the precincts of the office Commissioner of Income Tax, the officer shall not adjourn the sale without the of the Commissioner ." vide SRO 392(I)/2009 dated the 19th May, 2009

³ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Substituted for "e" vide SRO 392(I)/2009 dated the 19th May, 2009

Part-II
Attachment and sale of movable property attachment

136. **Person authorized to act, etc.-** (1) The Commissioner may authorize any person to execute an order of attachment or sale under the rules in this part and in Part III and, where he does not so authorize any person references, in the said rules to "officer", so far as may be, be construed ¹[as] references to the Commissioner.

(2) Except as otherwise provided in these rules, when any movable property is to be attached, the officer shall be furnished by the Commissioner with a warrant in writing and signed with his name specifying the name² of the defaulter and the amount to be realized.

²(3) The warrant of attachment of movable property to be issued by the Commissioner under sub-rule (2) shall be in the following form, namely:-

WARRANT OF ATTACHMENT OF MOVEABLE PROPERTY
(Rule 136(2) of the Income Tax Rules, 2002)

Commissioner _____

N0. _____ dated _____

To

S/O _____

You Mr./Mrs.M/s _____ have failed to pay Rs. _____ (Rupees _____) which was due as income tax arrears inspite of service of a notice under section 138(1) of the Income Tax Ordinance, 2001, dated _____.

In view of the said default and in pursuance of recovery of tax arrears, it is hereby ordered to attach moveable property belonging to Mr/Mrs/M/s _____, the defaulter of the said amount.

Mr. _____ is authorized under rule 136(1) of the Income Tax Rules, 2002, to execute this warrant. This order is given under my hand and seal at (name of city) _____ on this day of _____ (month) _____ (year) _____.

Commissioner of Income Tax]

137. **Service of copy of warrant.-** The officer shall cause a copy of the warrant to be served on the defaulter.

138. **Attachment.-** If, after service of the copy of warrant, the amount is not paid forthwith, the officer shall proceed to attach the movable property of the defaulter.

Provided that the standing crops of the agricultural produce lying in the field stored in or near the dwelling house of the defaulter or stored on the land owned or cultivated by the defaulter, which represents the agricultural produce of the land owned, leased or cultivated by the defaulter, shall not be attached.

139. **Property in defaulter's possession.-** Where the property to be attached is movable property in the possession of the defaulter, the attachment shall be made by actual seizure and the officer shall keep the property in his own custody or in the custody of one of his subordinates and shall be responsible for due custody thereof.

Provided that when the property seized is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, the officer may sell it at once.

¹ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Sub-rule (3) inserted vide SRO 392(I)/2009 dated the 19th May, 2009

140. **Debts and shares, etc.-** (1) In the case of-

- a) a debt not secured by a negotiable instrument,
- b) a share in a corporation, or
- c) other movable property not in the possession of the defaulter except property deposited in, or in the custody of, any court,

the attachment shall be made by a written order, prohibiting,-

- i) in the case of the debt, the creditor from recovering the debt and the debtor from making payment thereof until the further order or the Commissioner;
- ii) in the case of the share, the person in whose name the share may be standing from transferring the same or receiving any dividend thereon; and
- iii) in the case of other movable property except as aforesaid, the person in possession of the same from giving it over to the defaulter .

(2) A copy of such order shall be affixed on some conspicuous part of the office of the Commissioner, and another copy shall be sent, in the case of the debt, to the debtor, in the case of the share in a corporation, to the proper officer of the corporation and in the case of other movable property (except as aforesaid), to the person in possession of the same.

(3) A debtor prohibited under clause (i) of sub-rule (1) shall, on receipt of order of the Commissioner, pay the amount of his debt to the Commissioner, and such payment shall discharge him as effectually as payment to the party entitled to receive the same.

(4) Where the execution of a document or the endorsement of the defaulter in whose name a negotiable instrument or a share 'in a corporation is standing is required to transfer such negotiable instrument or share, the Commissioner 'such other officer as he may authorize in this behalf may execute such document or make such endorsement as may be necessary, and such execution or endorsement have the effect as an execution or endorsement by the defaulter.

(5) Until the transfer of such negotiable instrument or share, the Commissioner or any other officer authorized by him in this behalf may receive any interest or dividend due thereon and sign a receipt for the same. Any receipt so signed shall be as valid and effectual for all purposes as if the same had been signed by the defaulter himself.

141. **Share in movable property.-** Where the property to be attached consists of the share or interest of the defaulter in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the defaulter prohibiting him from transferring such share or interest or subjecting same to a charge in any manner .

142 **Attachment of negotiable instrument.-** Where the property is a ¹[negotiable] instrument not deposited in a Court, nor in the custody of a public officer, the attachment shall be made by actual seizure, and the instrument shall be brought before the Commissioner and held subject to ²[his] orders.

¹ Substituted for "liable" vide SRO 392(I)/2009 dated the 19th May, 2009

² Substituted for "this" vide SRO 392(I)/2009 dated the 19th May, 2009

143. **Attachment of property in custody of public officer.**- Where the property to be attached is in the custody of any public officer, the attachment be made by a notice to such officer requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further ¹[orders] of the Commissioner by whom the notice is issued.

144. **Attachment of property in partnership.**- (1) Where the property to be attached consists of an interest of the defaulter, being a partner, in the partnership property, the Commissioner may make an order charging the ²[share] of such partner in the partnership property and profits, with payment of amount due under the notice, and may, by the same or a subsequent ³[order], appoint a receiver of the share of such partner in the profits, whether already declared or accruing, and of any other money which may become due to in respect of the partnership, and direct maintenance or rendition of accounts and inquiries and make an order for the sale of such interest or such order as the circumstances of the case may require.

(2) The other partners shall be at liberty at any time to redeem the interest charged or; in the case of a sale being directed, to purchase the same.

145. **Inventory.**- In the case of attachment of movable property by actual seizure the officer shall, after attachment of the property prepare an inventory of all the property attached, specifying in it the place where it is lodged or kept, and shall forward the same to the Commissioner and deliver a copy thereof to the defaulter.

146. **Attachment not to be excessive.**- The attachment by seizure shall not be excessive, that is to say, the property attached shall be as nearly as possible proportionate to the amount specified in the warrant.

147. **Seizure between sunrise and sunset.**- Attachment by seizure shall be made after sunrise and before sunset and not otherwise.

148. **Entry into building by officer, etc.**- The officer may break open any inner or other door or window of any building and enter any building in order to seize any movable property if the officer has reasonable grounds to believe" that such building contains movable property liable to seizure under the warrant and the officer has notified his authority and intention of breaking open if admission is not given. He shall, however, give all reasonable opportunity to women ⁴[to] withdraw.

149. **Sale.**- The Commissioner may direct that any movable property attached under these rules or such portion thereof as may seem necessary to satisfy the certificate shall be sold.

150. **Issue of proclamation.**- When any sale of movable property is ordered by the Commissioner, he shall issue a proclamation of the intended sale specifying the time and place of sale and whether the sale is subject to confirmation or not.

151. **Proclamation how made.**-(1) The proclamation shall be made by the beat of drum or other customary mode, and the contents of the proclamation shall be explained in the language of the district-

(a) in the case of property attached by actual seizure-

(i) in the village in which the property was seized or, if the property was seized in a town or city, then, in the locality in which it was seized; and

¹ Substituted for "s" vide SRO 392(I)/2009 dated the 19th May, 2009

² Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

(ii) at such other places as the Commissioner of Tax may direct; and

(b) in the case of property attached otherwise than by actual seizure. in such places, if any, as the Commissioner may direct.

(2) A copy of the proclamation shall also be affixed at a conspicuous place in the office of the Commissioner.

(3) Where the Commissioner so directs, such proclamation may also be published in one or two newspapers.

152. **Sale after fifteen days.**- Except where the property is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, no sale of movable property under these rules shall, without the consent in writing of the defaulter, take place until after the expiry of at least fifteen days from the date on which a copy of the proclamation of sale was affixed in the office of the Commissioner.

153. **Sale to be by auction or by tender.**- The property shall be sold by public auction or by tender, in one or more lots, as the officer may consider advisable and, if the amount to be realized by sale may be satisfied by the sale of a portion of the property, the sale shall be only with respect to that portion of the property.

154. **Sale by public auction.**- (I) Where movable property is sold by public ¹[auction], the price of each lot shall be paid at the time of sale or as soon thereafter the officer holding the sale directs and in default of payment the property shall ² be re-sold.

(2) On payment of the purchase money, the officer holding the sale shall grant to the purchaser a certificate specifying the property purchased, the price paid he name of the purchaser, and the sale shall thereupon become absolute.

(3) Where the movable property to be sold is a share in goods belonging to defaulter and a co-owner, and two or more persons, of whom one is such co-owner, respectively bid the same sum for such property or for any lot, the bid of co-owner shall have preference.

155. **Irregularity not to vitiate sale.**- Any error or irregularity in publishing or conducting the sale of movable property shall not vitiate the sale if provisions of these rules have been substantially complied with.

156. **Negotiable instruments or share in a corporation.**- Notwithstanding anything contained in these rules, where the property to be sold ³[is] negotiable instrument or a share in a corporation, the Commissioner instead of directing the sale to be made by public auction, authorize the sale of such instrument or share through a broker .

157. **Order for payment of coin or currency notes to the Commissioner of Income-tax.**- Where the property attached is current coin or currency notes, the Commissioner may, at any time during the continuance of the attachment, direct that such coin or notes, or a part thereof sufficient to satisfy the Notice, be paid over to the Commissioner.

¹ Substituted for "on" vide SRO 392(I)/2009 dated the 19th May, 2009

² Word "with" omitted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

Part-III**Attachment and sale of immovable property attachment**

158. Attachment.- ¹[(1)] Attachment of the immovable property of the defaulter be made by an order prohibiting the defaulter from transferring or subjecting the property to a charge in any manner and prohibiting all persons from taking any benefit under such transfer or charge.

²[(2)] The order of attachment of immovable property to be issued by the Commissioner under this rule shall be in the following form, namely:-

**ORDER OF ATTACHMENT OF IMMOVABLE PROPERTY
(Rule 158 of the Income Tax Rules, 2002)**

To, _____

S/O _____

You have failed to pay a sum of Rs. _____ (Rupees _____) payable by you, for which a notice under section 138(1) of the income Tax Ordinance, 2001, dated _____ has already been served upon you.

In view of the said default and in pursuance of recovery of income tax arrears you Mr/Mrs/M/s _____ are hereby prohibited and restrained until further orders of the undersigned from transferring of immovable property No. _____ located at (address) _____ or subjecting the same to a charge in any manner and, that all persons are prohibited from taking any benefit under such transfer or charge.

Given under my hand and seal at (name of city) _____ on this day of _____ (month) _____ (year) _____

Commissioner of Income Tax]

159. Service of notice of attachment.- A copy of the order of attachment be served on the defaulter.

160. Proclamation of attachment.- The order of attachment shall be ³[proclaimed] at some place on or adjacent to the property attached by beat of drum or customary mode, and a copy of the order shall be affixed at a conspicuous of the property and also at a conspicuous place of the office of the Commissioner.

161. Sale and proclamation of sales.- (1) The Commissioner of Tax may direct that any immovable property which has been attached, or such portion of as may seem necessary to satisfy the notice, shall be sold.

(2) Where any immovable property is ordered to be sold, the Commissioner shall cause a proclamation of the intended sale to be made in the language of the district.

162. Contents of proclamation.-(1) A proclamation of sale of immovable property shall be drawn up after service of notice to the defaulter, and shall state time and place of sale and also specify-

(a) the location of the property to be sold;

¹ Rule renumbered as sub-rule (1) vide SRO 392(I)/2009 dated the 19th May, 2009

² Sub-rule (2) inserted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Substituted for "aimed" vide SRO 392(I)/2009 dated the 19th May, 2009

(b) as fairly and accurately as possible the revenue or rent, if any, assessed upon the property or any part thereof; and

(c) the amount for the recovery of which the sale is ordered.

(2) The proclamation may also specify any other thing which the Commissioner considers material for a purchaser to know in order to judge the nature and value of the property.

163. Mode of making proclamation.-(1) Every proclamation for the sale of immovable property shall be made at some place on or near such property by beat of drum or other customary mode, and a copy of the proclamation shall be affixed at a conspicuous place of the property and also at a conspicuous ¹[part] of the office of the Commissioner.

(2) Where the Commissioner so directs, such proclamation may be published in one or two newspapers.

(3) Where the property is divided into lots for the purpose of being sold, separately, it shall not be necessary to make a separate proclamation for each lot, unless proper notice of the sale cannot, in the opinion of the Commissioner, otherwise be given.

164. Time of sale.- No sale of immovable property under these rules shall, without the consent in writing of the defaulter, take place until after ²[the] expiration of at least thirty days from the date on which a copy of the proclamation of sale has been affixed on the property or in the office of the Commissioner, whichever is later.

165. Sale to be by auction or by tender.-The sale shall be made by public auction or by tender to the highest bidder and shall be subject to confirmation by the Commissioner.

166. Deposit by purchaser and re-sale in default.-(1) On every sale of immovable property, the person declared to be the purchaser shall pay, immediately after such declaration, a deposit of twenty-five per cent of the amount of his purchase money to the officer conducting the sale; and in default of such deposit the property shall forthwith be resold.

(2) The full amount of purchase money payable shall be paid by the purchaser to the Commissioner on or before the fifteenth day from the date of the sale of the property.

167. Procedure in default of payment.- In default of payment within the period mentioned in rule 166 twenty per cent of deposit made under sub-rule (1) of that rule shall be forfeited and the rest shall be kept as deposit to be dealt with as mentioned in rule 168 and the property shall be re-sold and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may be subsequently sold except to such sums as may be found refundable to him under rule 168.

168. Amount recoverable from purchaser in default.-Any deficiency of price which may happen on a re-sale by reason of the purchaser's default including all expenses attending such re-sale, shall be recoverable from the defaulting purchaser up to the maximum of eighty per cent of the deposit made by him under sub-rule (1) of rule 173 and kept as a deposit under rule 166 and if there is any surplus after meeting the deficiency the same shall be refunded to the defaulting purchaser .

¹ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Substituted for "tile" vide SRO 392(I)/2009 dated the 19th May, 2009

169. Authority to bid.- All persons bidding at the sale shall be required to declare if they are bidding on their own behalf, or on behalf of their principals and, in the latter case, they shall be required to deposit their authority, and in default their bids shall be rejected.

170. Application to set aside sale of immovable property on deposit.- Where immovable property has been sold in execution of a ¹[notice], the defaulter, or any person whose interests are affected by the sale, may, at any ²[time] within thirty days from the date of the sale, apply to the Commissioner to set aside the sale, on his depositing-

(a) for payment to the Commissioner, the amount specified in the proclamation of sale as that for the recovery of which the sale was ordered with interest thereon at the rate of eight per cent per annum, calculated from the date of proclamation of sale to the date when the deposit is made; and

(b) for payment to the purchaser, as penalty, a sum equal to ten per cent of the purchase money.

(2) Where a person makes an application under rule 171 for setting aside the sale of his immovable property, he shall not, unless he withdraws that application, be entitled to make or prosecute an application under this rule.

171. Application to set aside sale of immovable property on ground of non-service of notice or irregularity .-Where immovable property has been ³[sold] in execution of a notice, [⁴] the defaulter, or any person whose interests are affected by the sale, may, at any time within thirty days from the date of the sale, apply to the Commissioner to set aside the sale of the immovable property on the ground that notice was not served on the defaulter to pay the arrears as required by these rules or on the ground of a material irregularity in publishing or conducting the sale:

provided that-

(a) no sale shall be set aside on any such ground unless the Commissioner is satisfied on the basis of evidence, produced before him that the applicant has sustained loss by reason of the non-service or irregularity; and

(b) an application made by a defaulter under this rule shall be disallowed unless he deposits the amount recoverable from him in execution of the notice.

172. Setting aside sale where defaulter has no saleable interest.- At ⁵[any] time within thirty days of the sale, the purchaser may apply to the Commissioner to set aside the sale on the ground that the defaulter had no saleable interest in the property sold.

173. Confirmation of sale.-(1) Where no application is made for setting ⁶[aside] the sale under the foregoing rules or where such an application is made and ⁷[disallowed] by the Commissioner, he shall, if the full amount of the purchase money has been paid, make ⁸[an] order confirming the sale, and ⁹[thereupon] the sale shall become absolute.

(2) Where such application is made and allowed, and where, in the case of application made to set aside the sale on deposit of the amount ¹⁰[of tax penalty and additional tax] the deposit is made within thirty days from the date of sale, the Commissioner shall make an order setting aside the sale.

¹ Substituted for "Certificate" vide SRO 392(I)/2009 dated the 19th May, 2009

² Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Words "the Commissioner of Income Tax," omitted vide SRO 392(I)/2009 dated the 19th May, 2009

⁵ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁶ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁷ Substituted for "owed" inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁸ Substituted for "1In" inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁹ Substituted for "upon" inserted vide SRO 392(I)/2009 dated the 19th May, 2009

¹⁰ Substituted for "and penalty interest," vide SRO 392(I)/2009 dated the 19th May, 2009

Provided that no such order shall be made unless notice of the application has been given to the persons affected thereby.

174. Return of purchase money in certain cases.-Where a sale of immovable property is set aside, any money paid or deposited by the purchaser on account of the purchase, together with the penalty, if any, deposited for payment to the purchaser, shall be paid to the purchaser .

175. Sale certificate.- (1) Where a sale of immovable property has become absolute, the Commissioner shall grant a certificate specifying the property sold, and the name of the person who at the time of sale was declared to be the purchaser .

(2) Such certificate shall state the date on which the sale become absolute.

176. Postponement of sale to enable defaulter to raise amount due under notice.-(1) Where an order for the sale of immovable property has been made and the defaulter satisfies the Commissioner of Tax that there is reason to believe that the amount of the notice may be raised by mortgage or lease or private sale of such property, or some part thereof, or of any other immovable property of the defaulter, the Commissioner of Tax may, on the application of the defaulter, postpone the sale of the property specified in the order for sale, on such terms and for such period as he thinks proper, to enable the defaulter to raise the amount.

(2) In such case, the Commissioner shall grant a certificate to the defaulter authorizing him, within a period to be mentioned therein and notwithstanding anything contained in these rules, to make the proposed mortgage, lease or sale:

Provided that all money payable under such mortgage, lease or sale shall be paid, not to the defaulter, but to the Commissioner:

Provided further that no mortgage, lease or sale under this rule shall become absolute until it has been confirmed by the Commissioner.

177. Fresh proclamation before resale.- Every re-sale of immovable property, in default of payment of the purchase money within the period allowed for such payment, shall be made after the issue of a fresh proclamation in the manner and for the period herein-before provided for the sale.

178. Bid of co-sharer to have preference.- Where the property sold is a share of undivided immovable property and two or more persons, of whom one is a co-sharer, respectively bid the same sum for such property or for any lot, the bid of the co-sharer shall have preference.

Part-IV
Appointment of Receiver

179. **Appointment of receiver for business.-** (1) Where the property of Defaulter consists of a business, the Commissioner may attach the business and appoint a person as receiver to manage the business.

(2) Attachment of a business under this rule shall be made by an order prohibiting the defaulter from transferring or subjecting the business to a charge in any manner and prohibiting all persons from taking any benefit under such transfer or charge and intimating that the business has been attached under this rule. A copy of the order of attachment shall be served on the defaulter and another copy shall be affixed on a conspicuous part of the premises in which the business is carried on and at a conspicuous place in the office of the Commissioner.

(3) Where the Commissioner so directs, such order shall also be published in a newspaper.

180. **Appointment of receiver for immovable property.-** Where immovable property is attached, the Commissioner may, instead of directing sale of the property, appoint a person as receiver to manage such property.

181. **Power of receivers, etc.-** (1) Where it appears to the ¹[officer] to be just and convenient, the Officer may by order-

(a) remove any person from the possession or custody of the property;

(b) commit the same to the possession, custody or management of the receiver; and

(c) confer upon the receiver all such powers, as to bringing and defending suits and for the realization, management, protection, preservation and improvement of the property, the collection of the rents and profits thereof, the application and disposal of such rents and profits, and the execution of documents as the owner himself has or such of those powers as the Commissioner thinks fit:

Provided that nothing in this rule shall authorize the Commissioner to remove from the possession or custody of property any person whom any party to recovery proceedings has not a present right so to remove.

(2) The Commissioner may by general or special order fix the amount to be paid as remuneration for the services of the receiver.

(3) Every receiver appointed by the Commissioner shall-

(a) furnish such security, if any, as the Commissioner thinks fit, to account duly for what he shall receive in respect of the property;

(b) submit his accounts at such periods and in such form as the Commissioner directs;

(c) pay the amount due from him as the Commissioner of Income directs; and

(d) be responsible for any loss occasioned to the property by his willful default or gross negligence.

¹ Substituted for "Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009

(4) The profits or rents and profits, of such business or other property, "after defraying the expenses of management, be adjusted towards discharge ¹[of] arrears, and the balance, if any, shall be paid to the defaulter.

182. **Withdrawal of management.**- The attachment and management under this part may be withdrawn at any time at the discretion of the Commissioner, or if the arrears are discharged by receipt of such profits and rents or are otherwise paid.

¹ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

Part-V
Arrest and Detention of the Defaulter

183. **Notice to show cause.**- (1) No order for the arrest and detention in civil prison of a defaulter shall be made unless the Commissioner has issued and served a notice upon the defaulter, calling upon him to appear before him on the date specified in the notice and to show cause why he should not be committed to the civil prison, and unless the Commissioner, for reasons to be recorded in writing, is satisfied-

(a) that the defaulter, with the object or effect of obstructing the execution of the ¹[notice] has, after the receipt of the ²[notice] in the office of the Commissioner, dishonestly transferred, concealed or removed any part of his property, or

(b) that the defaulter has, or has had since the receipt of the notice in the office of the Commissioner, the means to pay the arrears or some substantial part thereof and refuses or neglects or has refused or neglected to pay the same.

(2) Notwithstanding anything contained in sub-rule (1) a warrant for the arrest of the defaulter may be issued by the Commissioner, if he is satisfied, by affidavit or otherwise, that, with the object or effect of delaying the execution of the notice, the defaulter is likely to abscond or leave the local limits of the jurisdiction of the Commissioner.

(3) Where appearance is not made in compliance to a notice issued and served under sub-rule (1), the Commissioner may issue a warrant for the arrest of the defaulter .

(4) Every person arrested in pursuance of a warrant of arrest under sub- rule (2) or sub-rule (3) shall be brought before the Commissioner as soon as practicable and in any event within twenty-four hours of his arrest, ³[exclusive of] the time required for the journey:

Provided that if the defaulter pays the amount entered in the warrant ⁴[of] arrest as due to the officer arresting him, such officer shall at once release him.

⁵[(5) The warrant of arrest of the defaulter to be issued by the Commissioner under sub-rule (2) shall be in the following form, namely:-

WAARANT FOR ARREST OF THE DEFAULTER
(Rule 183(2) of the Income Tax Rules, 2002)

Commissioner _____
N0. _____ dated _____
To _____
S/O _____

Whereas a notice u/s 138(1) of the Income Tax Ordinance, 2001, dated _____ was issued and served upon Mr. _____ son of _____ (full address) _____ for recovery of arrears. An amount due from the said defaulter is detailed as below:-

Amount as per notice u/s 138(1): _____

Cost and charges: _____

Total: _____

Inspite of the service of the said notice, the said arrears have not been paid. Accordingly, you are hereby commanded to arrest the said defaulter and produce him before the undersigned as soon as

¹ Substituted for "Certificate" vide SRO 392(I)/2009 dated the 19th May, 2009

² Substituted for "Certificate" vide SRO 392(I)/2009 dated the 19th May, 2009

³ Substituted for "exclusively" vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Substituted for "ii" vide SRO 392(I)/2009 dated the 19th May, 2009

⁵ Sub-rule (5) inserted vide SRO 392(I)/2009 dated the 19th May, 2009

practicable in any event within 24 hours of his arrest (exclusive of time required for the journey) unless the defaulter pays to you the amount of arrears of Rs. _____ (Rupees _____) and Rs. _____ (Rupees _____) being the cost of executing the process.

You are hereby further commanded to return the warrant on or before the day of _____ with an endorsement given on the day on which and the manner in which it has been executed or the reasons why it has not been executed.

Given under my hand and seal at (city) _____ on this _____ day of (month) _____ (year) _____.
Commissioner of Income Tax]

184. **Hearing.**- When a defaulter appears before the Commissioner in compliance to a notice to show cause or is brought before the Commissioner under rule 183 the Commissioner shall give the defaulter an opportunity of showing cause why he should not be committed to the civil prison.

185. **Custody pending hearing.**- Pending the conclusion of the inquiry, the Commissioner may order the defaulter to be detained in the custody of such officer as the Commissioner of Income Tax may think fit or release him on his furnishing security to the satisfaction of the Commissioner for his appearance when required.

186. **Order of detention.**- (1) Upon the conclusion of the inquiry, the Commissioner may make an order for the detention of the defaulter in the civil prison and shall in that event cause him to be arrested if he is not, already under arrest:

Provided that in order to give the defaulter an opportunity of satisfying the arrears, the Commissioner may, before making the order of detention leave the defaulter in the custody of the officer arresting him or of any other officer for specified period not exceeding fifteen days, or release him on his furnishing security to the satisfaction of the Commissioner for his appearance at the expiration of the specified period if the arrears are not so satisfied.

(2) When the Commissioner does not make an order of detention under sub-rule (1), he shall, if the defaulter is under arrest, direct his release.

¹(3) The warrant for detention of the defaulter in civil prison to be made by the Commissioner under this rule shall be in the following form, namely:-

**WARRANT FOR DETENTION OF THE DEFAULTER IN CIVIL PRISON
(Rule 186(1) of the Income Tax Rules, 2002)**

Commissioner _____
NO. _____ dated _____
To
The Officer In charge of the civil prison

Whereas Mr. _____ S/O _____ (Full address) _____ has been brought before the undersigned under a warrant in execution of a notice under section 138(1) of the Income Tax Ordinance, 2001, for recovery of tax arrears.

And whereas he has not satisfied the undersigned that he is entitled to be discharged from custody and has not paid the amount due from him as specified below:-

Income Tax _____
Penalty _____

¹ Sub-rule (3) inserted vide SRO 392(I)/2009 dated the 19th May, 2009

Additional Tax _____
 Cost and charges _____
 Total _____

And whereas the undersigned is satisfied that the said defaulter _____ should be committed to the civil prison and an order to that effect has been passed by the undersigned on this _____ day of (month) _____ (year) _____.

You are hereby commanded and required to take and receive the said defaulter _____ in the civil prison and to keep him imprisoned therein for a period of _____ or until the amount aforesaid together with further additional tax at a rate equal to _____ per cent per annum u/s 205 of the Income Tax Ordinance, 2001 on the amount unpaid being Rs. _____ for the period commencing immediately after the date of issue of this warrant to the date on which it is paid to you on behalf of the Commissioner of income tax or until you receive an order of his release from the undersigned.

The undersigned does hereby fix Rs. _____ per day (calculated under rule 198 of the Income Tax Rules, 2002) as a rate for subsistence allowance for the period of his detention.

Given under my hand and seal at (name of city) _____ on this day of _____ (month) _____ (year) _____
 Commissioner of Income Tax]

187. Detention in and release from prison.- (1) Every person detained ¹[in] the civil prison in execution of a ²[notice] may be so detained-

(a) where the ³[notice] is for a demand of an amount exceeding twenty five thousands, for a period of six months, and

(b) in any other case for a period of six weeks:

Provided that he shall be released from such detention-

(i) on the amount mentioned in the warrant for his detention being paid to the Officer-in-charge of the civil prison, or

ii) on the request of the Commissioner who has issued the notice or of the Commissioner on any ground other than the grounds mentioned in ⁴[rules] 193(1) and 196:

'Provided further that where he is to be released on the request of the Commissioner, he shall not be released without the order of the Commissioner.

(2) A defaulter released from detention under this rule shall not, merely by ⁵[reason] of his release, be discharged from his liability for the arrears; but he shall liable to be re-arrested under the notice in execution of which he was detained in the civil prison.

188. Release.-(I) The Commissioner may order the release of a defaulter who has been arrested in execution of a notice upon being satisfied that he has disclosed the whole of his property and has placed it at the disposal of Commissioner and that he has not committed any act in bad faith.

(2) If the Commissioner has ground for believing the disclosure made ⁶[by the] defaulter under sub-rule (1) to have been untrue, he may order the re-arrest of the defaulter in execution of the notice but the period of his detention in the prison shall not in the aggregate exceed that authorized by rule 187.

¹ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Substituted for "Certificate" vide SRO 392(I)/2009 dated the 19th May, 2009

³ Substituted for "Certificate" vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Substituted for "rule" vide SRO 392(I)/2009 dated the 19th May, 2009

⁵ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁶ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

189. **Release on ground of illness.-** (1) At any time after a warrant for the ¹[arrest] of a defaulter has been issued, the Commissioner may cancel it on ground of the serious illness of the defaulter .

(2) Where a defaulter has been arrested, the Commissioner may ²[release] him if, in the opinion of the Commissioner of Tax, he is not in a fit state of ³[mind] to be detained in the civil prison.

(3) Where a defaulter has been committed to the civil prison, he may be ⁴[released], therefrom by the Commissioner on the ground of the existence of any infectious or contagious disease or on the ground of his suffering from any illness;

(4) A defaulter released under this rule may be re-arrested, but the period ⁵[of his] detention in the civil prison shall not in the aggregate exceed that authorized by rule 164.

190. **Entry into dwelling house.-** For the purpose of making an arrest under these rules,-

(a) no dwelling house shall be entered after sunset and before sunrise;

(b) no outer door of a dwelling house shall be broken open unless such dwelling house or a portion thereof is in the occupancy of the defaulter and he or any other occupant of the house refuses or in any way prevents access thereto; but, when the person executing any such warrant has duly gained access to any dwelling house, he may break open the door or any room or apartment if he ⁶[has] reason to believe that the defaulter is likely to be found there; and

(c) no room, which is in the actual occupancy of a woman who, according to the custom of the country, does not appear in public shall be entered into unless the officer authorized to make the arrest has given notice to her that she is at liberty to withdraw and has given her reasonable time and facility for withdrawing.

191. **Prohibition against arrest of woman or minor, etc.-** The Commissioner shall not order the arrest or detention in the civil prison of-

(a) a woman, or

(b) any person who, in his opinion, is a minor or of unsound mind.

Part-VI

Miscellaneous

192. **Continuance of Notice.-** No notice shall cease to be in force by reason of the death of the defaulter.

193. **Procedure on death of defaulter.-** If, at any time after the issue of a Notice ⁷[by] the the Commissioner, the defaulter dies, the proceedings under these rules (except arrest and detention) may be continued against the legal representative of the defaulter who shall be liable to pay out of the estate of the deceased person to the extent to which the estate is capable of meeting the arrears demand and the provisions of these rules shall ⁸ apply as if the legal representative were the defaulter .

¹ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁵ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁶ Substituted for "bas" vide SRO 392(I)/2009 dated the 19th May, 2009

⁷ Substituted for "to" vide SRO 392(I)/2009 dated the 19th May, 2009

⁸ Word "be" omitted vide SRO 392(I)/2009 dated the 19th May, 2009.

194. **Appeal.**- ¹[(1) Where -

[(a) the Commissioner passes any order under Chapter XVI, the appeal against such order shall lie to the Director-General, Regional Tax Office or Large Taxpayer Unit, as the case may be; and \

(b) any taxation officer or authority to whom powers have been delegated passes any order under the said Chapter, an appeal against such order shall lie to the Commissioner,]

(2) Every appeal under this rule shall be presented within thirty days from the date of the order appealed against.

(3) The appellate authority (hereinafter referred to as “the authority”) after hearing the party or his representative may admit the appeal for hearing or reject it summarily if he is of the opinion that the appeal is without any substance.

(4) Where the appeal is admitted for hearing under sub-rule (3), the authority hearing appeal shall fix a date for hearing ²[for] which notice shall be given to the ³[concerned parties].

(5) If, on the date of hearing, no step is taken on behalf of either party, the authority hearing appeal may forthwith take up the appeal for ex-parte disposal or dismiss it for default, as the case may be:

Provided that the appeal may be adjourned to some other date for hearing on sufficient cause being shown by either party by an application in that behalf.

⁴[(6). After hearing both the parties or their representatives or when the appeal is taken up for ex-parte order, the appellate authority may make an order, to confirm, modify, reverse or remand the case for fresh decision in the light of directions that the appellate authority may think appropriate to give, being not inconsistent with these rules.]

(7) Pending the decision of any appeal, execution of the ⁵[notice] may be stayed if the appellate authority so directs, but not otherwise.

195.. **Review** .-Any order passed under these rules may, after notice to all persons interested, be reviewed by the officer who made the order, or by his successor in office, on account of any mistake apparent from the record.

196. **Recovery from surety.**- Where any person has under these rules ⁶[become] surety for the amount due by the defaulter, he may be proceeded against ⁷[under] these rules as if he were the defaulter .

197. **Receipt to be given.**- If any amount is received by any officer or other person in pursuance of these rules, he shall issue a receipt of the amount so received.

¹ Sub-rule (1) substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced sub-rule read as follows: -

(1) An appeal from any order passed by the Commissioner or taxation officer under these rules shall lie to the Regional Commissioner where Commissioner himself acts to executes the purpose of in this Chapter; and to be Commissioner if under delegated powers any taxation officer or authority acts and executes the purposes of this Part.

² Substituted for “of” vide SRO 392(I)/2009 dated the 19th May, 2009

³ Substituted for “other party” vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Sub-rule (6) substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced sub-rule read as follows: -

(6) After hearing both the parties or their representatives or when the appeal is taken up for ex-parte hearing the appellant or his representative, the authority hearing appeal may pass any such order as may appear to him, confirming, modifying or reversing the order of the Commissioner or remanding the case for fresh decision in the light of directions that he may like to give not inconsistent with these rules, after setting aside the order of the Commissioner.

⁵ Substituted for “Certificate” vide SRO 392(I)/2009 dated the 19th May, 2009

⁶ Substituted for “e” vide SRO 392(I)/2009 dated the 19th May, 2009

⁷ Substituted for “r” vide SRO 392(I)/2009 dated the 19th May, 2009

198. **Subsistence allowance.-** [1] When a defaulter is arrested or; detained in the civil prison, the sum payable for the subsistence of the defaulter ²[during detention or] arrest until he is released shall be borne by the Commissioner.

199. The sum under rule 198, shall be calculated on the scale fixed by the Provincial Government for the subsistence of judgement-debtors arrested in execution of a ³[decree] of a civil court.

200. **Delivery of property in occupancy of defaulter.-**Where the immovable property sold is in the occupancy of the defaulter or of some person on his ⁴[behalf] , or of some person claiming under a title created by the defaulter subsequently to the attachment of such property and a ⁵[notice] in respect thereof has been made, the Commissioner shall, on the application of the purchaser, order delivery to be made by putting such purchaser or any person whom he may appoint to receive delivery on his behalf in possession of the property, and, if be, by removing any person who refuses to vacate the same.

201. **Delivery of property in occupancy of tenant.-** Where the immovable property sold is in the occupancy of a tenant or other person entitled to occupy the same and a certificate in respect thereof has been granted, the Commissioner shall, on the application of the purchaser, order delivery to be made by affixing a copy of the certificate of sale at some conspicuous place on the property, and proclaiming to the occupant by beat of drum or other customary mode, at some convenient place that the interest of the defaulter has been transferred to the purchaser .

202. **Resistance or obstruction to possession of immovable property.-**(1) Where the holder of a certificate for the possession of immovable property or the purchaser of any such property sold in execution of a ⁶[notice is resisted or]. obstructed by any person in obtaining possession of the property, he may make an application to the Commissioner complaining of such resistance or obstruction.

(2) The Commissioner shall fix a day for investigating the matter and shall summon the party against whom the application is made to appear and answer the same.

203. **Resistance or obstruction by defaulter.-** Where the Commissioner is satisfied that the resistance or obstruction was occasioned without any just cause by the defaulter or by some other person at his instigation, he shall direct that the applicant be put into possession of the property, and where the applicant is still resisted or obstructed in obtaining possession, the Commissioner may also, at the instance of the applicant, order the defaulter, or any person acting at his instigation, to be detained in the civil prison for a term which may extend to thirty days.

204. **Resistance or obstruction by bona fide Claimant.-** Where the Commissioner is satisfied that the resistance or obstruction was occasioned by any person (other than the defaulter) claiming in good faith to be in possession of the property on his own account ⁷[or] some person other than the defaulter, the Commissioner shall make an order dismissing the application.

205. **Dispossession by certificate holder or purchaser .-**(1) Where any person other than defaulter is dispossessed of immovable property by the holder of a certificate for the possession of such property or where on such property has been sold in execution of a Certificate, by the purchaser

¹“(1)” omitted vide SRO 392(I)/2009 dated the 19th May, 2009

²Substituted for “from the definition or of” vide SRO 392(I)/2009 dated the 19th May, 2009

³Word inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁴Inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁵Substituted for “Certificate” vide SRO 392(I)/2009 dated the 19th May, 2009

⁶Substituted for “Certificate is resisted” vide SRO 392(I)/2009 dated the 19th May, 2009

⁷Substituted for “of” vide SRO 392(I)/2009 dated the 19th May, 2009

thereof, he may make an application to the Commissioner complaining of such dispossession.

(2) The Commissioner shall fix a day for investigating the matter and shall summon the party against whom the application is made to appear and answer the same.

206. **Bona fide claimant to be restored to possession.**- Where the Commissioner is satisfied that the applicant was in possession of the property on his own account or on account of some person other than defaulter, he shall direct that the applicant be put into possession of the property.

207. **Rules not applicable to transferee lite pendente.**- Nothing in rules 211 and 205 shall apply to resistance or obstruction in execution of a certificate for the possession of immovable property by a person to whom the defaulter has transferred the property after the institution of the proceedings in which the order was passed or to the dispossession of any such person.

208. **Delivery of movable property, debts and shares.**- (1) Where the property sold is movable property of which actual seizure has been made, it shall be delivered to the purchaser .

(2) Where the property sold is movable property in the possession of some person other than the defaulter, the delivery thereof to the purchaser shall be made by giving notice to the person in possession prohibiting him from delivering possession of the property to any person except the purchaser.

(3) Where the property sold is a debt not secured by a negotiable instrument or is a share in a corporation, the delivery thereof shall be made by a written order of the Commissioner prohibiting the creditor from receiving the debt or any, ¹[interest] thereon, and the debtor from making payment thereof to any person except the purchaser, or prohibiting the person in whose name the share may be standing from making any transfer of the share to any person except the, ²[purchaser], or receiving payment of any dividend or interest thereon, and the manager, secretary, or other proper officer of the corporation from permitting any such transfer or making any such payment to any person except the purchaser .

209. **Execution of documents and endorsement of negotiable instruments.**- Where any endorsement or execution of document is required to transfer a negotiable instrument or any share to a purchaser under these rules, such document shall be executed or endorsement shall be made by the Commissioner.

210. **Forms.**- Any notice, warrant of attachment, warrant of arrest, sale proclamation, sale certificate or order to be issued under these rules, shall be issued in such form as the Board may from time to time direct, and any defect or deficiency in form unless it adversely affects the interest of the parties, shall not vitiate the proceedings taken or initiated.

¹ Substituted for "rest" vide SRO 392(I)/2009 dated the 19th May, 2009

² Substituted for "chaser" vide SRO 392(I)/2009 dated the 19th May, 2009

¹[CHAPTER XVII
NON-PROFIT ORGANISATIONS

211. Procedure for the approval of a non-profit organization. – (1) An institution, fund, trust, society or any other non-profit organization (hereinafter referred to in this Chapter as organisation) established in Pakistan for religious, educational, charitable, welfare or development purposes or for the promotion of an amateur sport requiring approval of the Commissioner under clause (36) of section 2 of the Ordinance, shall make an application to the Commissioner in the following form, namely: -

**APPLICATION FOR APPROVAL FOR THE PURPOSES OF
CLAUSE (36) OF SECTION 2 OF THE INCOME TAX ORDINANCE, 2001**

To,
The Commissioner of Income Tax,
_____Zone,
_____ (City).

1. With reference to clause (36) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001), I the undersigned, hereby apply, on behalf of _____ (name of the organization) for its approval for the purposes of the said clause for the tax year ending on _____.

2. Necessary particulars are set out below, and in the schedule to this application.

3. The following documents required under sub-rule (2) of rule 211 of the Income Tax Rules, 2002, are enclosed.

1. _____

2. _____

3. _____

4. _____

Signature _____

Name (in block letters) _____
Designation _____

Application must be signed either by the President or the Secretary of the organization or by a Trustee, of the trust.

¹ Substituted by SRO 541(I)/2003 dated the 13th June, 2003

SCHEDULE**PARTICULARS**

1. Name of the organization (in block letters) _____.

2. Full address of the organization (in block letters) _____.

3. Date of registration of the organization _____.

4. Its aims and objects.

1. _____

(b) _____

1. _____

(d) _____

5. Whether the organisation has been registered under ¹[the Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organisation or established in pursuance of a Trust Deed. Please give/state the law and the number and date of registration _____.

6. Whether constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number of Article/ Clause/ Rule etc., for each provision.

7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).

8. The number of members / trustees of the organization on the date of application.

9. Accounting year of the organisation commences on _____ and ends on _____.

10. The following books of accounts are being regularly maintained by the organization and are open for inspection without any hindrance to the general public.

1. _____

2. _____

3. _____

Signature _____

Name (in block letters) _____

Designation _____

(2) An application under sub-rule (1) shall be accompanied by -

(a) a duly attested copy of the constitution, memorandum and articles of association, rules and regulations or bye-laws, as the case may be, of the organisation specifying the aims and objects for which it is established;

¹ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

(b) a certified copy of the registered trust deed, in case of a Trust;

(c) a certified copy of certificate of registration in the case of an organisation registered under ¹[the Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or under any other law in substitution thereof relating to the registration of welfare organisation as applicable;

(d) duly attested copies of the balance sheet and of revenue accounts of the organisation as audited by a “qualified accountant” for the year immediately preceding the year in which the application is made;

(e) the names and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, as the case may be, of the organisation, and indicating clearly their family relationships, if any, with each other;

(f) for the purposes of clause (d), “qualified accountant” means, -

(i) a retired audit, accounts, treasury or taxation officer of the Government not below BPS-17 or a bank manager, where the annual receipts of the organisation do not exceed Rs. 0.5 million;

(ii) [2]

³(iii) in other cases, a Chartered Accountant as defined under the Chartered accountants Ordinance, 1960 (x of 1960) or a Cost and Management accountant as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966) or a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1960 (X of 1960) or a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966)]

Provided that an organization may also choose to engage auditors prescribed for organization with higher receipts; and

(g) a detailed report with regard to the performance of the organisation for achieving its aims and objects during the ⁴[preceding financial year] preceding the date on which application is made, duly evaluated and certified by an independent certification agency approved by an authority designated by the Government of Pakistan for this purpose or, till that authority is established, under arrangements made by the ⁵[Federal Board of Revenue] ⁶[or Commissioner of Income Tax] ⁷[:

Provided that till the approval of two such agencies, the applicant organization shall have an option to get its performance appraised by ⁸[Director- General, Regional Tax Office or Large Taxpayers Unit]:

Provided further that ⁹[Director-General or Officers of Regional Tax Office or Large Taxpayer Unit], shall apply the same parameters on applicant organizations for the purpose of aforesaid evaluation as are approved by the CBR to be applied by the certification agency.]

212. Decision on application. - (1) On receipt of an application under rule 211, the Commissioner may make such inquiries or call for such further information as the Commissioner may

¹ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Sub-clause (ii) omitted vide SRO 774(I)/2006 dated the 29th July, 2006. The omitted sub clause read as follows:

(ii) a Cost and Management Accountant for those where the annual receipts of the organisation exceed Rs.0.5 million but do not exceed Rs. 3.0 million; and

³ Sub-clause (iii) substituted vide SRO 774(I)/2006 dated the 29th July, 2006. The substituted sub clause read as follows:

(iii) in other cases, a Chartered Accountant.

⁴ Substituted for “three financial years” vide SRO 608(I)/2005 dated the 13 June, 2005

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

⁶ Inserted vide SRO 608(I)/2005 dated the 13 June, 2005

⁷ Colon substituted for full stop and provisos inserted by SRO 1015(I)/2003 dated the 5th November, 2003.

⁸ Words substituted for “CBR” vide SRO 707(I)/2007 dated the 14th July, 2007.

⁹ Words substituted for “CBR or its officers” vide SRO 707(I)/2007 dated the 14th July, 2007.

deem necessary and after completion of formalities may approve the organization for the purpose of clause (36) of section 2 of the Ordinance.

(2) An approval granted under sub-rule (1) shall be -

- (a) notified in the official Gazette; ¹[and]
- (b) subject to such conditions as the Commissioner may specify in the approval [²]
- (c) [³]

213. Refusal to grant approval. - (1) The approval shall not be granted if the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do(es) not provide -

(a) for the audit of the annual accounts of the organisation every year by a qualified accountant as specified in clause (f) of sub-rule (2) of rule 211;

(b) where the organisation is registered under ⁴[the Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), the Voluntary Social Welfare (Registration Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organisation, for the quorum of a meeting of the members of the body in which the control of the affairs of the organisation vests, being not less than four or one-third of the total number of the members of such body, whichever is greater;

(c) where the organisation is a Trust as defined in the Trust Act, 1882 (II of 1882), for the quorum of a meeting of the members of the body in which the control of the affairs of the trust vests, being not less than three or one-third of the total number of the members of such a body, whichever is greater;

(d) for the transfer of its assets, in the event of its dissolution, after meeting all liabilities, if any, to another organisation which is an approved non-profit organisation, within three months of the dissolution under intimation to the Commissioner;

(e) for the utilisation of its money, property or income or any part thereof solely for promoting its objects;

(f) for prohibiting any portion of its money, property or income being paid or transferred directly by way of dividend, bonus or profit to any of its members or the relative or relatives of a member or members;

(g) for the maintenance of accounts of the organisation being kept in a scheduled bank or in a post office or national savings organisation, National Bank of Pakistan or nationalised commercial banks;

(h) for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, without the prior approval of the Commissioner:

Provided this clause will have effect only in cases where the approval is granted; and

⁵[(i) for restricting the surpluses or monies validly set apart, excluding restricted funds, upto upto twenty-five per cent of the total income of the year:

¹ The word "and" added vide SRO 667(I)/2006 dated the 27th June, 2006.

² Semi-colon and word "; and" omitted vide SRO 667(I)/2006 dated the 27th June, 2006.

³ Clause (c) omitted vide SRO 667(I)/2006 dated the 27th June, 2006.. The omitted clause read as follows: -

(c) valid until the 30th day of June of the tax year next following the tax year in which the approval is granted.

⁴ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁵ Clause (i) substituted vide SRO 774(I)/2006 dated the 29th July, 2006, the old clause read as follows:

(i) for restricting the moneys validly set apart or not utilised upto twenty-five per cent of the income including

Provided that such surpluses or monies set apart are invested in Government securities, ¹[National Saving Schemes, issued by the Central Directorate of National Savings] NIT units, a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, mutual fund, a real estate investment trust approved and authorized under the Real Estate Investment Trust Rules, 2006, or scheduled banks:

Explanation: For the purpose of this rule, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during year due to any obligation placed by the donor.]

(2) The Commissioner may refuse to approve the organisation if the Commissioner is satisfied that the organisation -

(a) has been or is being used for personal gain of any particular person or a group of persons;

(b) has been propagating the view of a particular political party or a religious sect;

(c) has been or is being managed in a manner calculated to personally benefit its members or their families; [2]

(d) has not been or will not be able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency ³[or as evaluated by Director-General, Regional Tax Office or Large Taxpayer Unit under clause(g) of sub-rule(2) of rule 211; or]

⁴[(e) has made expenditure on salaries exceeding 50% of the total receipts excluding restricted donations or funds received during a tax year.]

(3) The Commissioner shall notify the applicant, in writing, the decision to refuse the approval.

(4) The notice referred to in sub-rule (3) shall include a statement of reasons for the refusal.

⁵[214. Validity of the approval.- The approval granted under rule 212 will remain in force for

surplus worked out of the amount from donations made to it. In case, accounting period closes within three months of the commencement of activities, the Commissioner can relax this condition upto fifty per cent of the amount:

Provided that a certificate to the effect that the amounts so in excess of the said limit have been invested in Government securities or in the scheduled banks including NIT Units or any mutual funds registered with State Bank of Pakistan or Securities Exchange Commission of Pakistan is produced:

Provided further that such deposit or investment in or through the scheduled banks shall not exceed one-third of the surplus at the end of the year.

¹ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Word “or” omitted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Substituted for full stop vide SRO 392(I)/2009 dated the 19th May, 2009

⁴ Clause (e) inserted vide SRO 392(I)/2009 dated the 19th May, 2009

⁵ Rule 214 substituted vide SRO 667(I)/2006 dated the 27th June, 2006. The omitted rule read as follow: -

214. Renewal of approval. - (1) An organisation that has been approved as a non-profit organisation may apply for renewal of approval to the Commissioner concerned through an application in the following form, namely: -

**APPLICATION FOR RENEWAL OF APPROVAL FOR THE PURPOSES OF
CLAUSE (36) OF SECTION 2 OF THE INCOME TAX ORDINANCE, 2001.**

To, The Commissioner of Income Tax,
_____ Zone,
_____ (City).

I, the undersigned, hereby apply for the renewal of approval of _____ (name of the Organization) for the tax year ending on __.

2. The _____ (name of the Organization) was approved as a Non-Profit Organization by the Commissioner vide Notification No _____ dated _____.

3. It is hereby certified that:-

1. constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, previously filed with the Commissioner, have remained unchanged;

2. the disqualification mentioned in sub-rule (1) of rule 213 do not apply to the organization;

3. the organization has fully complied with the provisions of Rule 213; and

the subsequent years unless withdrawn under rule 217.]

215. Finalisation of applications. - The Commissioner shall finalise applications under ¹[rule 211] within two months of their receipt.

216. ²]

³217. Power to withdraw approval.- (1) The Commissioner may, at any time, withdraw approval granted under rule 212, if he is satisfied that-

4. _____ the information given above and in the attached Schedule is correct.

Signature _____

Name (in block letters) _____

Designation _____

**SCHEDULE
Particulars**

1. Name of the organization (in block letters) _____ Full address of the organization (in block letters) _____

Date of registration of the organization _____

Its aims and objects

1. _____

2. _____

3. _____

4. _____

2. Date of approval granted under clause (36) of section 2 the Income Tax Ordinance, 2001.

3. Whether the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number.

4. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).

5. The number of members/ trustees of the organization on the date of application.

6. Accounting year of the organization commences on _____ and ends on _____.

7. The following books of accounts are being regularly maintained by the institution and are open for inspection without any hindrance to the general public.

1. _____

2. _____

3. _____

Signature _____

Name (in block letters) _____

Designation _____

Application must be signed either by the President or the Secretary of the organisation or by a Trustee of the Trust.

(2) An application for renewal of approval under sub-rule (1) shall be furnished within six months after the expiry of the validity of the approval last granted and such application shall be accompanied by such documents and instruments as are specified in sub-rule (2) of rule 211 ⁵]: ⁵ Colon substituted for full stop and proviso inserted by SRO 1015(I)/2003 dated the 5th November, 2003.

Provided that notwithstanding anything contained herein, for the purposes of this rule, clause (g) of sub-rule (2) of rule 211 shall take effect from July 1, 2003.]

(3) The Commissioner may renew the approval where the Commissioner is satisfied that the organisation -

(a) complied with the provisions of clause (h) of sub-rule (1) of rule 213;

(b) did not suffer any one or more of the disqualification(s) specified in sub-rule (2) of rule 213;

(c) complied with the provisions of rule 216; and

(d) otherwise satisfied the requirements for renewal of approval in the preceding three years.

(4) The Commissioner shall refuse an application for renewal of an approval for any year if the organisation did not enjoy approval for the tax year immediately preceding the year in which the renewal application is made under this rule.

(5) The first renewal of approval shall be valid up to the 30th day of June of the second tax year following the tax year in which renewal of the approval is granted, provided that subsequent renewals will be for a period extending upto three years depending on an independent certification agency's report and audit results.

(6) The renewal of approval of an organisation shall be

(a) notified in the official Gazette; and

(b) subject to such conditions as the Commissioner may specify in the renewal of approval.

(7) The Commissioner shall notify the applicant, in writing, the decision to refuse an application to renew the approval.

(8) The notification referred to in sub-rule (7) shall include a statement of reasons for the refusal.

¹ Substituted for "rules 211 and 214" vide SRO 392(I)/2009 dated the 19th May, 2009

² Rule 216 omitted vide SRO 667(I)/2006 dated the 27th June, 2006. The omitted rule read as follows: -

216. Annual accounts. - An organisation that has been approved under rule 212 or whose approval has been renewed under rule 214 shall, by the 31st day of July each year, submit to the Commissioner and to the concerned certification agency, in respect of the preceding tax year: -

(a) a copy of the statement of audited accounts, as mentioned in clause (d) of sub-rule (2) of rule 211;

(b) a statement of income and donations received and moneys paid;

(c) a list of donees and beneficiaries with full addresses; and

(d) a statement showing the money set apart or kept un-utilised with reasons thereof.

³ Rule 217 substituted vide SRO 667(I)/2006 dated the 27th June, 2006. The substituted rule read as follows: -

(a) the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do(es) not provide for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules, regulations and bye-laws without prior approval of the Commissioner;

(b) the organization has-

(i) been or is being used for personal gain of any particular person or a group of persons as specified in clause (a) of sub-rule (2) of rule 213;

(ii) been propagating the view of a particular political party or a religious sect as specified in clause (b) of sub-rule (2) of rule 213;

(iii) been or is being managed in a manner calculated to personally benefit its members or their families as specified in clause (c) of sub-rule (2) of rule 213; or

(iv) not been or will not be able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency as specified in clause (d) of sub-rule (2) of rule 213;

(v) failed to give valid reasons for setting apart, or not utilizing, or accumulating surpluses, excluding ¹[restricted] funds, in excess of twenty five percent of the income for the year

(vi) failed to file the return of income supported with following documents;

(a) the statement of audited balance sheet and statement of accounts as mentioned in clause (d) of sub-rule (2) of rule 211;

(b) statement showing names and addresses of the persons from whom donations, contributions, subscriptions etc exceeding Rs. 5,000/- have been received during the tax year;

(c) statement showing the names and addresses of donees and beneficiaries etc to whom payments, services etc exceeding Rs. 5,000/- have been made during the tax year; and

(d) statement showing the money set apart or kept un-utilized with reasons thereof;

(vii) failed to provide a detailed performance evaluation report in terms of clause (g) of sub-rule (2) of rule 211, after every three years²]:

Provided that where such detailed performance evaluation report is not submitted on or before 30th of September following every three tax years, the Commissioner shall issue a show cause notice for withdrawal of approval to the concerned organization as required under sub-rule (2);

(viii) failed to file statements of deduction of income tax under section 165 read with rule 44.]

217. Power to withdraw approval. - (1) The Commissioner may, at any time, withdraw an approval granted earlier, if the organisation fails to comply with the provisions of rule 216 or 219 and is satisfied that -

(a) the said organisation has failed to fully utilise its income and the donations received by it for achieving the purpose for which it was established; and

(b) the reason for setting apart, or for not utilising, the money referred to in clause (d) of rule 216 is not valid.

The Commissioner shall also supply a copy of the order withdrawing the approval to the concerned certification agency.

(2) No approval shall be withdrawn under sub-rule (1) unless the organisation has had an opportunity to show cause against the action proposed to be taken.

(3) Where the Commissioner decides to withdraw an approval under sub-rule (1), the Commissioner shall intimate the organisation and certification agency, in writing, of the decision including a statement of reasons for the decision.

¹ Substituted for "unrestricted" vide SRO 21(I)/2007 dated the 5th January, 2007.

² Colon substituted for semi-colon and proviso with Clause (viii) inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

(2) Approval shall not be withdrawn under sub-rule (1) unless the organization has had an opportunity to show cause against the action proposed to be taken.

(3) Where the Commissioner decides to withdraw approval under sub-rule (1), he shall intimate the organization, in writing, of the decision including a statement of reasons for the decision.

218. Appeal against a decision of Commissioner. - ¹[(1)] An organisation dissatisfied with -

- (a) a decision to refuse an application made under rule 211²; or
- (b) a decision to withdraw an approval under rule 217,

may lodge an appeal ³[within sixty days of the receipt of order from the Commissioner] in the following form with the ⁴[Director-General, Regional Tax Office or Large Taxpayer Unit] concerned, namely: -

GROUND OFS OF APPEAL

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

We/I _____ the appellant(s) named in the above appeal do declare that what is stated therein is true to the best of our/my information and belief.

Dated.....20____
 Signature _____ Name _____
 Address _____

PARTICULARS

- 1. Name of the organization (in block letters). _____.
- 2. Full address of the organization (in block letters) _____.
- 3. Date of establishment of the organization.
- 4. Its aims and objects
 - 1. _____
 - (b) _____
 - 2. _____
 - (d) _____

¹ Rule 218 renumbered as sub-rule (1) vide SRO 392(I)/2009 dated the 19th May, 2009.
² "or 214" omitted vide SRO 392(I)/2009 dated the 19th May, 2009.
³ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009.
⁴ Substituted for "Regional Commissioner of Income Tax" vide SRO 392(I)/2009 dated the 19th May, 2009.

5. Whether the organisation has been registered under ¹[the Companies Ordinance, 1984, or] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof relating to the registration of welfare organisation or established in pursuance of a Trust Deed. Please give/state the law and the number and date of registration _____.

6. Whether constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, conform(s) to the provisions of sub-rule (1) of rule 213. If so, please give the number of Article/ Clause/ Rule etc., for each provision.

7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).

8. The number of members/ trustees of the organization on the date of application.

Signature _____

Name (in block letters) _____

Designation _____

²[(2) The Director-General, Regional Tax Office or Large Taxpayer Unit shall make a decision on the appeal of the organization within sixty days of its filing.]

219. Institution granted approval before commencement of these rules. - The approval granted prior to the commencement of these rules to an Institution, fund, trust or society shall be deemed to have been withdrawn unless an application in the manner laid down in rule 214 is made on behalf of such Institution, fund, trust or society for ³[and upto calendar year 2003 by the 30th day of June 2004].

220. Relaxation of requirements or conditions. - The Commissioner may relax or modify any of the requirements or conditions of this chapter, in any individual case, if he is satisfied that the requirements or conditions could not be fulfilled by the applicant for reasonable cause.

220A. Procedure for approval ⁴for purpose of sub-clause (3) of clause (58) of Part I of the Second Schedule. - (1) An organization established in Pakistan requiring the approval of the ⁵[Regional Commissioner of Income Tax] under sub-clause (3) of clause (58) of Part I of the Second Schedule to the Ordinance, shall;

(a) make an application to the ⁶[Regional Commissioner of Income Tax] in Form I annexed to this rule;

(b) the application shall be accompanied by –

(i) a duly attested copy of the constitution, memorandum and articles of association, rules and regulations or bye-laws, as the case may be, of the organisation specifying the aims and objects for which organisation is established;

(ii) a certified copy of the registered trust deed, in case of a Trust;

(iii) a certified copy of the certificate of registration in the case of an organization registered under ⁷[Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or

¹ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

² Sub-rule (2) inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

³ Substituted for “calendar year 2002 within the time specified before June, 2003”

⁴ Words “of a non-profit organization” omitted by SRO 595(I)/2005 dated the 2nd June, 2005.

⁵ Substituted for the words “Central Board of Revenue” vide SRO 880(I)/2006 dated the 25th August, 2006.

⁶ Substituted for the words “Board” vide SRO 880(I)/2006 dated the 25th August, 2006.

⁷ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

under any other law in substitution thereof relating to the registration of welfare organizations as applicable;

(iv) duly attested copies of balance sheets and of revenue accounts of organization as audited by a “qualified accountant” for the three years immediately preceding the tax year in which the application is made;

(v) the names and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office bearers, as the case may be, of the organization and indicating clearly their family relationships, if any, with each other; and

(vi) a detailed report with regard to the performance of the organisation, for achieving its aims and objects during the three financial years immediately preceding the date of the application duly evaluated and certified by an independent certification agency approved ¹[and appointed by the ²[Federal Board of Revenue]].

³[Provided that the ⁴[Director- General, Regional Tax Office or Large Taxpayers Unit] shall also also receive applications for performance appraisal and certification of applicant organizations till at least two such agencies have been appointed:

Provided further that ⁵[Director-General or Officers of Regional Tax Office or Large Taxpayer Unit] shall apply the same parameters on applicant organizations for the purpose of aforesaid evaluation as are approved by the CBR to be applied by the certification agency.]

(2) (a) On receipt of an application for registration under this rule, the ⁶[Regional Commissioner of Income Tax], subject to the requirements and conditions specified in sub-rule (3) and after such inquiry as it may deem necessary, grant approval to the organization if ---

(i) the organization has been formed for the purpose of establishing hospitals or providing education or for community welfare or development;

(ii) it has operated and functioned anywhere in Pakistan, for a period of not less than three years and has complied with minimum acceptable standards of internal governance, accountability, transparency and efficiency prescribed by any law for the time being in force;

(iii) its area of operation is wholly within Pakistan; and

(iv) its books of accounts are maintained regularly and in accordance with the generally accepted accounting principles and satisfactory arrangements exist for their inspection by interested members of the public.

(b) The approval shall be notified in the official Gazette.

(c) ⁷[The approval granted under rule 220A(2) will remain in force for subsequent years unless withdrawn under sub rule (7) of rule 220A.]

(d) For the purposes of this rule, “qualified accountant” has the same meaning as assigned to it in clause (f) of sub-rule (2) of rule 211.

¹ Substituted for “by an authority designated by the Government of Pakistan for this purpose or till that authority is established, under arrangements made by the Central Board of Revenue” by SRO 1015(I)/2003 dated the 5th November, 2003.

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

³ Provisos inserted by SRO 1015(I)/2003 dated the 5th November, 2003.

⁴ Words substituted for “CBR” vide SRO 707(I)/2007 dated the 14th July, 2007.

⁵ Words substituted for “CBR or its officers” vide SRO 707(I)/2007 dated the 14th July, 2007.

⁶ Substituted for the words “Central Board of Revenue” vide SRO 880(I)/2006 dated the 25th August, 2006.

⁷ Clause (c) substituted vide SRO 880(I)/2006 dated the 25th August, 2006, the old clause read as follows: -

(c) The approval shall be valid for the tax year in which the approval is granted and for two tax years next following.

(3) Approval shall not be granted to an organization if the ¹[Regional Commissioner of Income Tax] is satisfied that ---

(a) any of the requirements or conditions specified in sub-rules (1) and (2) has not been fulfilled; or

(b) the organization has been or is being used or is likely to be used for personal gains of any particular person or a group of persons; or

(c) the organization has been or is likely to be used for propagating the views of a particular political party or a religious sect; or

(d) the organization has not been or will not be able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency; or

(e) the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do(es) not provide-

(i) for audit of the annual accounts of the organization, every year by a “qualified accountant”;

(ii) for the transfer of its assets, in the event of its dissolution, after meeting all liabilities, if any, to an organization approved under this rule or rule 212 within three months of the dissolution under intimation to the ²[Regional Commissioner of Income Tax].

(iii) for the regular maintenance of books of accounts in accordance with the generally accepted accounting principles and for their inspection by the interested members of the public, without any hindrance, at all reasonable times;

(iv) for the utilization of its money, property or income or any part thereof solely for promoting the objects specified in sub-clause (i) of clause (a) of sub-rule (2);

(v) for the maintenance of accounts of the organisation being kept in a scheduled bank or in a post office or national savings organisation, National Bank of Pakistan or nationalised commercial banks;

(vi) for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, without the prior approval of the ³[Regional Commissioner of Income Tax]; and

⁴(vii) for restricting the surpluses or monies validly set apart, excluding restricted funds, up-to twenty-five per cent of the total income of the year:

Provided that such surpluses or monies validly set apart are invested in Government securities, ⁵[National Saving Schemes issued by the Central Directorate of National Savings,] NIT units, a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, mutual fund, a real estate investment trust approved and authorized under the Real Estate Investment Trust Rules, 2006, or scheduled banks:

¹ Substituted for the words “Central Board of Revenue” vide SRO 880(I)/2006 dated the 25th August, 2006.

² Substituted for the words “Central Board of Revenue” vide SRO 880(I)/2006 dated the 25th August, 2006.

³ The words “Federal Board of Revenue” substituted vide SRO 392(I)/2009 dated the 19th May, 2009, earlier it was “Central Board of Revenue” substituted by the Finance Act, 2007.

⁴ Clause (7) substituted vide SRO 880(I)/2006 dated the 25th August, 2006, the old clause read as follows: -

(7) for restricting the moneys validly set apart or not utilized upto twenty five per cent of the income unless otherwise authorized by the Central Board of Revenue and for the investment of all funds in excess of the said limit, in Government securities or in the scheduled banks including NIT Units or any mutual funds registered with State Bank of Pakistan or Securities Exchange Commission of Pakistan is produced:

Provided further that such deposit or investment in or through the scheduled banks shall not exceed one-third of the surplus at the end of the year.

⁵ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

Explanation: For the purpose of this rule, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during year due to any obligation placed by the donor.]

¹[(4) The Regional Commissioner of Income Tax shall make a decision on the application of the organization within two months of its receipt.]

²[(4)

(5)

(6)]

³[(7) **Power to withdraw approval.- (1)** The Regional Commissioner may, at any time, withdraw approval granted under rule 220A(2), if he is satisfied that-

¹ Sub-rule (4) inserted vide SRO 392(I)/2009 dated the 19th May, 2009

² Sub Rules (4), (5) & (6) omitted vide SRO 880(I)/2006 dated the 25th August, 2006, the omitted Sub-Rules read as follows: -

(4) (a) The approval granted under sub-rule (2) may be renewed upon an application made by the organization in Form II annexed to this rule, within three months of the expiry of the validity of the approval last granted where such application is accompanied by such documents and instruments as are specified in clause (b) of sub-rule (1) and the Central Board of Revenue is satisfied, after such inquiry as it may consider necessary, that a genuine organization existed in the preceding year that complied with at all times, all the provisions of this rule and did not suffer any one or more of the requirements, conditions or disqualification specified in this rule.

(b) The organization seeking renewal of approval shall furnish, along with the renewal application, the following documents and particulars pertaining to each of three tax years immediately preceding the tax year in which the said application is made, namely: -

1. a copy of the returns of income filed and the assessment orders, if any;
2. a copy of the audited accounts and balance sheet and the auditor's report;
3. a statement of income and donations received and moneys paid;
4. a statement showing the money set apart or kept unutilized with reasons thereof;
5. the names and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other office-bearers, as the case may be, of the organization and indicating clearly their family relationships, if any, with each other;
6. a copy of the annual report in respect of the activities and performance of the organization;

(5) Renewal shall not be granted if the organization did not enjoy approval in respect of the tax year immediately preceding the year for which renewal application is made under this rule.

(6) Renewal granted under this rule shall be valid for the tax year in which the application of renewal is filed and two tax years next following.

³ Sub Rule (7) substituted vide SRO 880(I)/2006 dated the 25th August, 2006, the old sub rule read as follows: -

(7) **Power to withdraw approval.- (1)** The Regional Commissioner may, at any time, withdraw approval granted under rule 220A(2), if he is satisfied that-

(a) the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do not provide for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules, regulations and bye-laws without prior approval of the Regional Commissioner;

(b) the organization has-

- (i) been or is being used for personal gain of any particular person or a group of persons;
- (ii) been propagating the view of a particular political party or a religious sect;
- (iii) been or is being managed in a manner calculated to personally benefit its members or their families; or
- (iv) has not been, or will not be, able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency;
- (v) failed to give valid reasons for setting apart, or not utilizing, or accumulating surpluses, excluding unrestricted funds, in excess of twenty five per cent of the income for the year;

(vi) failed to file the return of income supported with the following documents namely:-

- (a) the statement of audited balance sheet and statement of accounts;
- (b) statement showing names and addresses of the persons from whom donations, contributions, subscriptions etc exceeding five thousand rupees have been received during the tax year;
- (c) statement showing the names and addresses of donees and beneficiaries etc to whom payments, services etc exceeding five thousand have been made during the tax year; and

(a) the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, as the case may be, specifying the aims and objects of the organization do not provide for prohibiting the making of any changes in the constitution, memorandum and articles of association, trust deed, rules, regulations and bye-laws without prior approval of the Regional Commissioner;

(b) the organization has-

(i) been or is being used for personal gain of any particular person or a group of persons;

(ii) been propagating the view of a particular political party or a religious sect;

(iii) been or is being managed in a manner calculated to personally benefit its members or their families; or

(iv) has not been, or will not be, able to achieve its declared aims and objects in view of its set up, administration or otherwise as evaluated and certified by an independent certification agency;

(v) failed to give valid reasons for setting apart, or not utilizing, or accumulating surpluses, excluding ¹[restricted] funds, in excess of twenty five per cent of the income for the year;

(vi) failed to file the return of income supported with the following documents namely:-

(a) the statement of audited balance sheet and statement of accounts;

(b) statement showing names and addresses of the persons from whom donations, contributions, subscriptions etc exceeding five thousand rupees have been received during the tax year;

(c) statement showing the names and addresses of donees and beneficiaries etc to whom payments, services etc exceeding five thousand have been made during the tax year; and

(d) statement showing the money set apart or kept un-utilized with reasons thereof; and

(e) a detailed performance evaluation report in terms of sub-clause (vi) of clause (b) of sub-rule (1) of rule 220A, after every three years;

²[Provided that where such detailed performance evaluation report is not submitted on or before the 30th of September following every three Tax Years, Regional Commissioner of Income Tax shall issue a show cause notice for withdrawal of approval to the concerned organization as required under para (2) of the sub-rule;

vii). failed to file statements of deduction of income tax under section 165 of the Income Tax Ordinance, 2001 read with rule 44.]

(2) approval shall not be withdrawn under ³[para (1) of sub-rule (7)] unless the organization has had an opportunity to show cause against the action proposed to be taken; and.

(d) statement showing the money set apart or kept un-utilized with reasons thereof; and

(e) a detailed performance evaluation report in terms of sub-clause (vi) of clause (b) of sub-rule (1) of rule 220A, after every three years;

(2) approval shall not be withdrawn under sub-rule (1) unless the organization has had an opportunity to show cause against the action proposed to be taken; and.

(3) where the Regional Commissioner decides to withdraw an approval under sub-rule (1), he shall intimate the organization, in writing, of the decision including a statement of reasons for the decision.

¹ Substituted for "unrestricted" vide SRO 21(I)/2007 dated the 5th January, 2007.

² Proviso & Clause (vii) inserted vide SRO 392(I)/2009 dated the 19th May, 2009

³ Substituted for "sub-rule (1)" vide SRO 392(I)/2009 dated the 19th May, 2009

(3) where the Regional Commissioner decides to withdraw an approval under ¹[para (1) of sub-rule (7)], he shall intimate the organization, in writing, of the decision including a statement of reasons for the decision.

²[(8)]

(9) The ³[Regional Commissioner of Income Tax] may relax or modify any of the requirement(s) or condition(s) of this rule in any individual case, if it is satisfied that the requirement(s) or condition(s) could not be fulfilled by the applicant for reasonable cause.

(10) The approval granted prior to the commencement of these rules to an organisation shall be deemed to have been withdrawn unless an application in the manner laid down in sub-rule (4) is made on behalf of such organisation for calendar year ⁴[2003 by the 30th June, 2004].

Form-1
[See rule 220A(1)(a)]

**Application for Approval under clause (58) of Second Schedule to
the Income Tax Ordinance, 2001**

To,

⁵[The Regional Commissioner of Income Tax]

With reference to clause (58) of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001), I, the undersigned, hereby apply, on behalf of _____ (name of the organisation) for its approval for the purposes of the said clause for the tax year ending on _____.

2. Necessary particulars are set out below, and in the schedule to this application.
3. The following documents required under clause (b) of sub-rule 1 of Rule 220A are enclosed.

1. _____
1. _____
2. _____
3. _____
4. _____

Signature _____

Name (in block letters) _____

Designation _____

Application must be signed either by the President or the Secretary of the organisation or by a Trustee of the Trust.

¹ Substituted for "sub-rule (1)" vide SRO 392(I)/2009 dated the 19th May, 2009

² Sub-Rule (8) omitted vide SRO 880(I)/2006 dated the 25th August, 2006, the omitted sub-rule read as follows: -

(8) The approval granted under sub-rule (2) and the renewal of approval granted under sub-rule (4) shall not be refused or approval once granted or renewed shall not be withdrawn under sub-rule (7) unless the institution has an opportunity to show cause against the action proposed to be taken.

³ Substituted for the words "Board" vide SRO 880(I)/2006 dated the 25th August, 2006.

⁴ Substituted for "2002 by the 30th June, 2003" by SRO 1015(I)/2003 dated the 5th November, 2003.

⁵ Substituted for "The Secretary, Central Board of Revenue, Islamabad." vide SRO 880(I)/2006 dated the 25th August, 2006.

SCHEDULE
Particulars

1. Name of the Organization (in block letters) _____.
2. Full address of the organization (in block letters) _____.
3. Date of registration of the organization _____.
4. Its aims and objects
 1. _____
 2. _____
 3. _____

5. Where the organization has been registered under ¹[the Companies Ordinance, 1984,] the Societies Registration Act, 1860 (XXI of 1860), or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or any other law or established in pursuance of a Trust Deed. Please give/ state the law, the number and date of Registration _____.

6. Whether the constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, conforms to the provisions of sub-rules (2) and (3) of rule 220A. If so, please give the number of article/ clause/ rule for each provision.

7. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).

8. The number of members/ trustees of the organization on the date of application.

9. Accounting year of the organization commences on _____ and ends on _____.

10. The following books of accounts are being regularly maintained by the institution and are open for inspection without any hindrance to the general public.

1. _____
2. _____
3. _____

Signature _____

Name (in block letters) _____

Designation _____

¹ Words inserted vide SRO 392(I)/2009 dated the 19th May, 2009

¹[FORM II]

²220B. Approval and appointment of certification agencies. – (1) Whereas rules 211 to 220A, both inclusive, provide for performance evaluation of non-profit organizations with regard to their aims and objectives during the last three years by approved independent certification agencies, the procedure given in the following sub-rules shall apply in respect of approval and appointment of such certification agencies.

¹ Form II omitted vide SRO 880(I)/2006 dated the 25th August, 2006, the omitted Form II read as follows: -

Form-II

[See rule 220A(4)(a)]

Application for renewal of approval under clause 58 of the Second Schedule to the Income Tax Ordinance, 2001.

To,

The Secretary,
Central Board of Revenue,
Islamabad.

I, the undersigned, hereby apply for the renewal of approval of _____ (Name of organisation) for the tax year ending on _____.

2. The _____ (name of the Organisation) was approved by the Board vide Notification No. _____ dated _____.

3. It is hereby certified that

1. constitution, memorandum and articles of association, trust deed, rules and regulations or bye-laws, previously filed with the Central Board of Revenue, have remained unchanged;
2. the disqualification mentioned in the sub-rule (3) of rule 220A do not apply in the case of the organisation;
3. the organisation has fully complied with the provisions of sub-rule (4) of rule 220A; and
4. the information given above and in the attached Schedule is correct.

4. The annual report of the organisation's performance or activities in the immediately preceding years is enclosed.

Signature _____

Name (in block letters) _____

Designation _____

Note. – In the Schedule attached to the application the following information is to be submitted, namely: -

1. a copy of the statement of the audited accounts, the balance sheet and the auditors reports;
2. a statement of income and donations received and moneys paid;
3. a list of the donees and beneficiaries, with full addresses;
4. a statement showing the money set apart or kept unutilised with reasons thereof; and
5. the names and addresses of the promoters, directors, trustees, president, secretary, treasurer, manager and other, as the case may be, of the organisation and indicating clearly their family relationships, if any, with each other.

SCHEDULE

Particulars

- Name of the organization (in block letters) _____.
1. Full address of the organization (in block letters) _____.
 2. Date of registration of the organization _____.
 3. Its aims and objects
 1. _____
 2. _____
 3. _____
 4. Date of approval granted under clause (58) of Second Schedule to the Income Tax Ordinance, 2001.
 5. Whether the constitution, memorandum and articles of association trust deed, rules and regulations or bye-laws conforms to the provisions of sub-rule (4) of rule 220A. If so, please attach documents and instruments as are specified in clause (b) of sub-rule (1) of rule 220A.
 6. Whether the organization ensures for the benefit of the general public or a particular community or class of persons only (give full details).
 7. The number of members/ trustees of the on the date of application.
 8. Accounting year of the organization commences on _____ and ends on _____.
 9. The following books of accounts are being regularly maintained by the institution and are open for inspection without any hindrance to the general public.
 1. _____
 2. _____

Signature _____

Name (in block letters) _____

Designation _____

Application must be signed either by the President or the Secretary of the institution or by a Trustee of the Institution/ Trust.]

² Added vide SRO 745(I)/2004 dated the 30th August, 2004

(2) The Chairman, ¹[Federal Board of Revenue], shall, in his discretion, constitute a Committee for approval and appointment of certification agencies, hereinafter referred to as the Committee, comprising of not less than three members. The Chairman, ²[Federal Board of Revenue] shall also designate a member of the Committee to serve as its Chairman. All nominations to the Committee shall be ex-officio. One third of the membership or two members of the Committee, whichever is larger, shall constitute the quorum for meetings of the Committee.

(3) An application for approval and appointment as a certification agency shall be placed before the Committee.

(4) The Committee shall consider the application on its own merit and decide through a majority vote. The Chairman of the Committee shall cast a vote only in case of a tie.

(5) In its deliberations on the application, the Committee shall consider, *inter alia*, the following criteria, for approval and appointment of certification agency, namely:-

(a) Demonstrated and established eminence, credibility and stature of the governing body of such organization that brings respect and credibility to the organization and its work;

(b) understanding of the organization, essentially the senior management and program staff, of the parameters of evaluation as approved by the ³[Federal Board of Revenue];

(c) human resource, quantity as well as quality, available with the organization to conduct professional, objective and transparent evaluations of non-profit organizations;

(d) financial resources available with the organization for meeting the costs incurred on such evaluations;

(e) organizational understanding and experience of working with the non-profit organizations;

(f) experience of evaluating non-profit organizations or social programs;

(g) systems put in place by the organization to conduct evaluation and award of certification;
and

(h) monitoring mechanisms to ensure transparency and objectivity.

(6) The Committee may call for any document, report and statement from the organization concerned to assess the capacity of the organization to undertake professional, objective and transparent evaluation as per the criteria specified in sub-rule (5). The Committee may also interview the managerial and program staff of the organization to assess their level of experience, understanding and professionalism.

(7) In no case, however, the committee shall decide to authorize an organization which --

(a) is not registered in Pakistan under any of the relevant laws;

(b) does not specifically prohibit distribution of profit, if any, to its members or staff;

(c) is controlled in part or wholly by the Federal Government, Provincial Government or a local Government; and

(d) in its other programmes create a conflict of interest in evaluating non-profit organizations.

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

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

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

Explanation: - A grant-making organization would have a conflict of interest if it undertakes evaluation and certification of its grant-recipient or potential-recipient organizations. Similarly, a capacity building organization, evaluating non-profit organizations whose capacity it has built or may build in future, would be in a conflict of interest situation.

(8) An application received by the Committee may be decided upon within a period of three months from the date of the receipt of such application.

(9) An applicant adversely affected by any decision of the Committee may file an appeal before the Member (Direct Taxes), ¹[Federal Board of Revenue], within thirty days of the service of the decision upon the application.

(10) The approval and appointment of an organization as a certification agency shall be notified in the official Gazette.

(11) An approval and appointment granted under this rule shall be for a period of three years and thereafter the Committee shall re-assess the capacity and evaluate the performance of such organization to function as a certification agency. The Committee shall complete such re-evaluation and its decision within three months, during which the certification agency shall continue to function as a legitimate certification agency.

(12) In case of any change in the status of an approved and appointed certification agency that may adversely affect its functioning as such an agency or in case of any violation of the standards of professionalism, transparency, integrity or objectivity coming to the knowledge of the Committee, the Committee may, after due inquiry and after providing proper opportunity of being heard to the agency, withdraw such approval and appointment at any time.

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

CHAPTER - XVIII
TAX CLEARANCE CERTIFICATE

221. Tax clearance certificate.- (1) A person leaving Pakistan permanently may apply to the Commissioner for a tax clearance certificate referred to in sub-section (3) of section 145 where -

- (a) the person has satisfied all income tax liabilities; or
- (b) the person has made arrangements to the satisfaction of Commissioner for payment of income tax liabilities.

(2) An application referred to in sub-rule (1) shall be in the following form, namely:-

APPLICATION FOR A CERTIFICATE UNDER SECTION 145 OF THE
INCOME TAX ORDINANCE, 2001

(Not for tourists who have earned no income from Pakistan source and have come on tourist visa and stay is not more than 90 days in a tax year.

To
The Commissioner,
_____ Zone
_____(City)
Sir,

I request that an Tax Clearance Certificate under section 145 of the Income Tax Ordinance, 2001, be granted to me. I give below necessary particulars:-

1. Name of applicant _____
(in block letters)
2. Domicile _____
3. Present address _____
4. Address in Home Country _____
5. Nature of business, professions or vocation _____
In Pakistan (if visit to Pakistan was made only as a tourist and no income was earned during the period of stay in Pakistan, it should be so stated).
6. Place(s) at which the business, profession or vocation is or was carried on _____
7. Name and address of employers of the _____
Applicant (in case the applicant is representing a firm or a company, the name and address of the company or firm should be stated here.
8. Name of the Commissioner, if any, where last assessment of the applicant was made _____
9. Date of arrival in Pakistan _____
10. Probable date of departure _____
11. Destination _____
12. Mode of travel (by air/sea/land) _____
Place _____ Date _____
13. Made the payment of tax with the evidence.
14. Guarantee as per rule 158 is enclosed.

Date _____ 20

Yours faithfully,
Signature

(3) An application referred to in clause (b) of sub-rule (1) shall be accompanied by a certificate of guarantee of the applicant's employer or business associate in the following form, namely:-

**GUARANTEE CERTIFICATE TO BE FURNISHED BY
EMPLOYER OR BUSINESS ASSOCIATE OF THE APPLICANT**

1. Certified that _____ (Name in block letters) is our employee/ representative/ associate.
2. (i) Certified that _____ (give name) is leaving Pakistan and tax demand of Rs_____ is outstanding him. The assessment is pending resulting in tax liability.
- (ii) A cheque for the amount of tax due along with the computation of income is enclosed
- (iii) We undertake to pay the tax liability, if any, when determined

Address _____
Associates _____

Signature _____
Designation _____

Seal of the business

Strike out whichever is in applicable.

222. Form of tax clearance certificate under section 145.- For the purposes of sub-section (3) of section 145, a tax clearance certificate shall be in the following form, namely:-

COUNTERFOIL OF TAX CLEARANCE
CERTIFICATE UNDER SECTION

TAX CLEARANCE CERTIFICATE
UNDER SECTION 145 OF THE
INCOME TAX ORDINANCE.

Book No. _____ Serial No. _____
Name _____
Address _____
Nationality _____
Nature of business profession or vocation
Pakistan _____

Book No. _____ Serial No. _____
Income Tax Office
Date _____

Date of arrival in
Pakistan _____
Date of
departure _____
Destination _____

This is to certify that _____
of _____ has no liabilities has
made satisfactory arrangement for
his/ her liabilities under the
Income Tax Ordinance, 2001 or the
Income Tax Ordinance, 1979).

Certificate valid

Initials of _____

Commissioner

This Certificate is valid

Commissioner

Signature/ left hand
thumb impression of Applicant/or
person receiving the Certificate on
behalf of the applicant.

Signature/ left hand
thumb impression of Applicant/
or person receiving the Certificate
on behalf of the applicant.

¹[223. **Form of tax exemption certificate.**- On receipt of an application under rule 221, the Commissioner shall issue an exemption certificate under section 145 in the following form, namely:-

COUNTERFOIL OF TAX EXEMPTION
CERTIFICATE UNDER SECTION 145

TAX EXEMPTION CERTIFICATE
UNDER SECTION 145 OF THE
INCOME TAX ORDINANCE, 2001

Book No _____ Serial No. _____
Name _____
Address _____
Nationality _____
Nature of business, profession or vocation
in Pakistan _____
Date of departure _____
Designation _____

Probable date of return to Pakistan _____
Certificate valid up to _____

Book No. _____ Serial No. _____

Commissioner

Division _____ Jurisdiction _____

Signature/left hand thumb impression
of Applicant/or person receiving
On behalf of the applicant.

Initials of Commissioner

Signature/left hand thumb impression of
Applicant/or person receiving the Certificate on
behalf of the applicant.]

¹ Rule 223 substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced text read as follows: -

223. Form of tax exemption certificate.- On receipt of an application under rule 229, the Commissioner shall issue an exemption certificate under of section in the following form, namely:-

COUNTERFOIL OF TAX
EXEMPTION CERTIFICATE UNDER
SECTION 149

TAX EXEMPTION
CERTIFICATE UNDER SECTION 149 OF
THE INCOME TAX ORDINANCE, 2001

Book No. _____ Serial
No. _____
Name _____
Address _____
Nationality _____
Nature of business, profession or
vocation
Pakistan _____
Date of departure _____
Destination _____
Probable date of return to
Pakistan _____
Certificate valid up to _____

Book No. _____ Serial
No. _____

Commissioner
Zone _____ Jurisdiction _____

Signature/left hand thumb
impression of
Applicant/or person receiving
the Certificate on behalf of the applicant.

Initials of

Commissioner

Signature/left hand thumb
impression of
Applicant/or person receiving
the Certificate on behalf of the applicant.

- (i) they have not spent more than 90 days at a time in Pakistan; and
- (ii) they have not spent more than 90 days in any financial year in Pakistan.
- (iii) passengers travelling by a pilgrim ship which sails direct from a Port in Pakistan to Jeddah.

**CHAPTER - XIX
MISCELLANEOUS**

¹[**224. Conditions for approval of leasing companies for claim of depreciation deduction.**- The following conditions shall be fulfilled by a leasing company or a modaraba to claim deduction for depreciation on lease of depreciable assets under this rule, namely:-

- (i) The leasing company is engaged principally in the business of leasing of assets and has been issued a licence by the Securities and Exchange Commission of Pakistan to operate under the terms and conditions specified therein; and
- (ii) the leasing company or a modaraba doing leasing business undertakes that where a motor vehicle is given on lease, the purchase value thereof shall be restricted to the amount specified in the Third Schedule to the Ordinance, for the purposes of claiming depreciation or the expenditure on such lease.]

225. Recognized Associations of Accountants for the purpose of section 223.- The following bodies are recognized by the Board as associations of accountants for the purpose of section 223, namely:-

- (a) The Institute of Chartered Accountants in England and Wales;
- (b) The Institute of Chartered Accountants in Scotland;
- (c) The Institute of Chartered Accountants in Ireland;
- (d) The Society of Incorporated Accountants and Auditors, London; and
- (e) The Association of Certified ²[Chartered] Accountants, United Kingdom.

226. Appointment of valuers.- (1) A person desiring to be appointed as a valuer for the purposes of section 222 shall make an application to the Commissioner in duplicate setting out the fact or facts by virtue of which the person claims to be qualified for such appointment.

(2) For the purpose of sub-rule (1) a person qualified for appointment as a valuer means a person who:-

(a) holds a degree or equivalent qualification in civil engineering or mechanical engineering or mechanical and electrical engineering from any University incorporated under any law for the time being or accredited or affiliated by any association of universities or college in force in Pakistan and Azad Kashmir or a like degree or qualification conferred by any foreign university incorporated by law of that country and recognized by a Pakistani University;

(b) holds an internationally recognized qualification in architecture equivalent to or comparable with the Associate-ship of Royal Institute of British Architects;

(c) having successfully completed a diploma course in architecture or civil engineering or mechanical engineering or mechanical and electrical engineering or automobile engineering from a recognized institution has worked with a qualified architect or engineer or in a Government or quasi-Government department for a period of three years;

¹ Rule 224 substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced text read as follows: -

224. Conditions for approval of leasing company claiming depreciation etc.- The following conditions shall be fulfilled by a modaraba or by leasing company to claim expenditure on depreciation on the leases under this rule, namely:-

- (i) the leasing company is engaged principally in the business of leasing of assets and has been issued a licence by the Security and Exchange Commission of Pakistan to operate under the terms and conditions specified therein; and
- (ii) the leasing company modaraba doing leasing business undertakes that where a motor vehicle is given on lease, the purchase value thereof shall be restricted to the amount specified in the Third Schedule to the Ordinance for the purposes of claiming depreciation or the expenditure on such lease.

² Inserted vide SRO 590(I)/2004 dated the 7th July, 2004.

(d) has held the insurance surveyor certificate issued by the department of Insurance for a period of five years;

(e) has retired after putting in satisfactory service in the Income Tax Department or the Customs Department or judiciary or in a revenue collecting agency of the Government for period of not less than ten years in a post or posts in a grade not less than Grade 17; or

(f) for the purpose of valuation of such assets as require specialized knowledge not available to persons qualified under clauses (a), (b), (c), (d) and (e) of this sub-rule, any person, who is in the opinion of the Commissioner is fit to be appointed as a valuer.

(3) Notwithstanding anything contained in sub-rule (2), no person shall qualify for appointment as a valuer if the person -

(a) has been dismissed or removed from Government service;

(b) is an undischarged insolvent;

(c) has been convicted of any offence under any law or has been found guilty of misconduct in his professional capacity which, in the opinion of the Commissioner, renders him unfit to ¹[be] registered as a valuer; or

(d) has been representing taxpayers before income tax authorities

(4) On receipt of an application under sub-rule (1), the Commissioner may make such inquiries or call for such further information or evidence as may be deemed necessary.

(5) If the Commissioner is satisfied that A person should be appointed as a valuer for the purposes of section 222, the Commissioner shall notify the person in writing of the decision.

(6) Where the Commissioner decides to refuse an application under this rule, the Commissioner shall give the applicant notice, in writing, of the decision including a statement of reasons for the decision.

(7) The appointment of a valuer may be terminated by the Commissioner at his discretion at any time without assigning any reason and without any compensation.

2[227. Scale of remuneration, fees and allowances for a valuer.- (1) A valuer appointed under section 222 shall not be paid any retention fee but would be entitled to remuneration at the following scale:-

	Rs.
Where the value of assets does not exceed Rs.10, 00,000/-	5000/-

¹ Substituted for "e" vide SRO 392(I)/2009 dated the 19th May, 2009

² Rule 227 substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced text read as follows: -

227. Scale of remuneration, fees and allowances for a valuer.-(1) A valuer appointed under section 222 shall not be paid any retention fee but would be entitled to remuneration at the following scale:-

	Rs
Where the value of assets does not exceed 100,000.. ..	500
Where the value of assets exceeds Rs 1 lac but does not exceed Rs 299,999	1,000
Where the value of assets exceeds Rs 300,000 but does not exceed Rs 499,999	1,500
Where the value of assets exceeds Rs 500,000 but does not exceed Rs 1,499,999	2,500
Where the value of assets exceeds Rs 1,500,000 but does not exceed Rs 1,999,999	5,000
Where the value of assets exceeds Rs 1,999,999	10,000

(2) In addition to remuneration at the scale prescribed under sub-rule (1), a valuer shall be entitled to following fee and allowance

(a) a fee of Rs 100 per day in the event of attendance before the Appellate Tribunal in connection with the valuation made in any case; and

(b) travelling expenses to which a Government servant in Grade 17 is entitled.

Where the value of assets exceeds Rs. 10, 00,000/- but does not exceed Rs. 50, 00,000/-	10000/-
Where the value of assets exceeds Rs. 50, 00,000/- but does not exceed Rs. 10,000,000/-	20000/-
Where the value of assets exceeds Rs. 10,000,000/-	30000/-

(2) In addition to remuneration at the scale prescribed under sub-rule (1), a valuer shall be entitled to the following fee and allowance: -

(a) a fee of Rs. 500/- per day in the event of attendance before the Appellate Tribunal in connection with the valuation made in any case; and

(b) traveling expenses to which a Government servant in BPS-17 is entitled.]

228. Valuation of assets.-¹[(1) The valuation of immovable property for the purposes of section 111 shall be taken to be-

(a) in the case of open plot, the value determined by the development authority or government agency on the basis of the auction price in respect of similar plots in the area where the plot in question is situated or in case where such value is not determined, the value fixed by the District Officer Revenue or provincial authority authorized in this behalf for the purposes of stamp duty;

(b) in the case of agricultural land, the value equal to the average sale price of the sales recorded in the revenue record of the estate in which the land is situated for the relevant period or time; or

(c) in the case of constructed immovable property, value shall be determined at the fair market value as defined in section 68 or the value fixed by the District Officer (Revenue) whichever is higher.]

(2) For the purposes of section 111 and subject to sub-rule (2), the value of motor cars and jeeps shall be determined in the following manner, namely:-

(a) the value of the new imported car or jeep shall be the C.I.F. value of such car or the jeep, as the case may be, plus the amount of all charges, customs-duty, sales tax, levies octroi, fees and other duties and taxes leviable thereon and the costs incurred till its registration;

(b) the value of a new car or jeep purchased from the manufacturer or assembler or dealer in Pakistan, shall be the price paid by the purchaser, including the amount of all charges, customs-duty, sales tax and other taxes, levies, octroi, fees and all other duties and taxes leviable thereon and the costs incurred till its registration;

(c) the value of used car or jeep imported into Pakistan shall be the import price adopted by the customs authorities for the purposes of levy of customs-duty plus freight, insurance and all other charges, sales tax, levies, octroi, fees and other duties and taxes leviable thereon and the costs incurred till its registration;

(d) the value of a car or jeep specified in clause (a), (b) and (c) at the time of its acquisition shall be the value computed in the manner specified in the clause (a) (b) or (c), as the case may be, as reduced by a sum equal to ten per cent of the said clause for each successive year, up to a maximum of five years; or

¹ Sub-rule (1) substituted vide SRO 392(I)/2009 dated the 19th May, 2009, the replaced text read as follows: -

(1) The valuation of immovable property for the purposes of section 111 of the Income Tax Ordinance 2001, shall be taken to be-

(a) in the case of open plot, the value determined by the development authority or government agency on the basis of the auction price in respect of similar plots in the area where the plot in question is situated;

(b) in the case of properties given on rent, the value equal to ten years capitalized value assessed on the annual rental value;

(c) in the case of agricultural land, the value equal to the average sale price of the sales recorded in the revenue record of the estate in which the land is situated for the relevant period/ time; or

(d) in any other case, the value determined by the District Officer (Revenue) or provincial authority authorized in this behalf for the purposes of stamp duty.

(e) The value of a used car or jeep purchased by an assessee locally shall be taken to be the original cost of the car or the jeep determined in the manner specified in clause (a), (b) or (c), as the case may be, as reduced by an amount equal to ten per cent for every year following the year in which it was imported or purchased from a manufacturer.

(3) In no case shall the value be determined at an amount less than fifty per cent of the value determined in accordance with clause (a), (b) or (c) or the purchase price whichever is more.

(4) For the purposes of section 61, the value of any property donated to a non-profit organization shall be determined in the following manner, namely:-

(a) the value of articles or goods imported into Pakistan shall be the value determined for the purposes of levy of customs duty and the amount of such duty and sales tax, levies, fees, octroi and other duties, taxes or charges leviable thereon and paid by the donor;

(b) the value of articles and goods manufactured in Pakistan shall be the price as recorded in the purchase vouchers and the taxes, levies and charges leviable thereon and paid by the donor;

(c) the value of articles and goods which have been previously used in Pakistan and in respect of which depreciation has been allowed, the written down value, on the relevant date as determined by the Commissioner ;

(d) the value of a motor vehicle shall be the value as determined in accordance with rule, and

(e) the value of articles or goods other than those specified above, shall be the fair market value as determined by the Commissioner.

229. Filing of returns, statements and documents and issuance of orders, notices through computers.- (1) Notwithstanding anything contained in these rules taxpayer or any person responsible for furnishing the prescribed statements or returns may furnish such statement or return, on computer media and in such language, program arrangement and data formats and representations which are compatible with those of the Income Tax Department and any other technical specification as the ¹[Federal Board of Revenue] may prescribe; accompanied by a certificate in the following form and duly signed by the person authorised to sign such statement or return or the department may issue notice orders, or communication or production of documents in appeals or courts taken through computers or scanning images duly certified, namely:-

CERTIFICATE

I, _____ S/o _____ do hereby certify that the data and information contained in the enclosed disk, diskette, tape or cartridge or scanning image or electric communication is complete, correct and true to the best of my knowledge and belief.

I, further certify that the return of income contained in the aforementioned media have been duly verified and affirmed to be true by the respective assesseees.

Signature _____

Name _____

(in block letters)

Designation _____

Date _____

(2) Notwithstanding anything contained in these rules, any order required to be made or notice to be issued or assessment or computation made, or document required to be prepared or issued under the Ordinance may be generated through the computer system and no such order, notice, assessment, computer document shall require the signature of the concerned officer whose name and designation is specified on the aforementioned documents.

230. Charges for various forms.-The following forms shall be provided after 30th June, 2002 on payment as mentioned against each:-

	Form	Charge
(i)	Form of return of total income.	Rupees Five each.
(ii)	Form of Wealth statement under section 116 of the Income Tax Ordinance.	Rupees Five each.

¹ Substituted for "RCIT or Committees" vide SRO 392(I)/2009 dated the 19th May, 2009

¹[231.]

²[231.] **Computation of export profits attributable to export sales.-** (1) Where a taxpayer exports any goods manufactured in Pakistan, the taxpayer's profits attributable to export sales of such goods shall be computed in the following manner, namely:-

(a) where a taxpayer maintains separate accounts of the business of export of goods manufactured in Pakistan, the profits of the export business shall be taken to be such amount as may be determined by the Commissioner in accordance with the provisions of Ordinance on the basis of such accounts; **or**

(b) in other cases, the profits of such business shall be taken to be an amount which bears to the total profits of the business of the taxpayer from the sale of goods, the same proportion as the export sales of goods manufactured in Pakistan bear to the total sales of goods.

(2) For the purpose of sub-rule,-

- (a) the expression "export sales" means the f.o.b. price of the goods exported; and
 (b) the expression "total sales" means,-
 (i) the aggregate of export sales as determined under clause (a);
 (ii) the ex-factory price of goods sold in Pakistan, where the goods exported out of Pakistan were manufactured by the exporter; or
 (iii) the ex-godown price of goods sold in Pakistan, in other cases.]

3231A. Procedure for issuance of advance ruling under section 206A. - (1) A non-resident person desiring an advance ruling under section 206A of the Ordinance, 2001 (XLIX of 2001) shall make an application to the ⁴[Federal Board of Revenue] in the following form set out in the Schedule below.

(2) The application under sub-rule (1) shall be considered by a Committee consisting of the following members, namely: -

- | | | |
|--|---|-----------------|
| (a) Chairman, ⁵ [Federal Board of Revenue] | - | <u>Chairman</u> |
| (b) Member (Direct Taxes), CBR | - | <u>Member</u> |
| (c) ⁶ [Senior Joint Secretary], Law, Justice and Human Rights Division. | - | <u>Member</u> |

(3) The Committee may obtain comments of the Commissioner of Income Tax concerned and, if it considers necessary, advice of a legal expert on the application and decide the issue, as it may deem appropriate, in a joint sitting or through circulation amongst its members.

(4) Advance ruling for the purposes of this rule means determination by the Committee in relation to the transaction which has been undertaken or is proposed to be undertaken by a non-resident person the question of law specified in the application.

¹ Rule 231 omitted vide SRO 392(I)/2009 dated the 19th May, 2009, the omitted text read as follows: -

231. Computation of export profits and tax attributable to export sales.- (1) Where a taxpayer exports any goods manufactured in Pakistan, the taxpayer's profits attributable to export sales of such goods shall be computed in the manner specified hereunder:-

(a) where a taxpayer maintains separate accounts of the business of export of goods manufactured in Pakistan, the profits of the export business shall be taken to be such amount as may be determined by the Commissioner in accordance with the provisions of Ordinance on the basis of such accounts; or

(b) in other cases, the profits of such business shall be taken to be an amount which bears to the total profits of the business of the assessee from the sale of goods, the same proportion as the export sales of goods manufactured in Pakistan bear to the total sales of goods.

(2) Where the total income of a taxpayer includes any profit from the export of goods manufactured in Pakistan, the tax attributable to such profits shall be an amount which bears to the tax payable on the income the same proportion as such profits bear to the total income.

(3) In this rule, unless there is anything repugnant in the subject or context:-

(a) "export sales" means the fob price of the goods exported;

(b) "total profits" means:-

(i) the aggregate of export sales as determined under clause (a); and

(ii) the ex-factory price of goods sold in Pakistan, where the goods exported out of Pakistan were manufactured by the exporter; or

the ex-godown price of goods sold in Pakistan, in other cases.

² Rule 231. Inserted vide SRO 58(I)/2009 dated the 2nd February, 2010.

³ Rule 231A & 231B inserted by SRO 130(I)/2004 dated the 27th February, 2004.

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

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

⁶ Substituted for "Solicitor General" vide SRO 54(I)/2009 dated the 22nd January, 2009, previously substituted for "Additional Secretary" vide SRO 756(I)/2008 dated 15th July, 2008.

(5) The advance ruling shall be binding on the Commissioner only in respect of the specific transaction on which such advance ruling is issued. The advance ruling shall continue to remain in force unless there is a change in facts or in the law on the basis of which the advance ruling was pronounced.

(6) The copy of the advance ruling pronounced by the ¹[Federal Board of Revenue] shall be provided to the applicant and to the Commissioner of Income Tax having jurisdiction over the case.

(7) Notwithstanding anything contained in this rule, the advance ruling shall cease to be binding on the Commissioner, if it is subsequently found to have been obtained by fraud or misrepresentation of facts about the nature of the transaction on which advance ruling was issued.

(8) An application filed under this rule shall be disposed of not later than ninety days of its receipt.

231B. Withdrawal of application. - The applicant may withdraw the application made under rule 231A at any time before the advance ruling is issued.

SCHEDULE
[See sub-rule (1)]

**Application for advance ruling under section 206A
of the Income Tax Ordinance, 2001**

To
The Chairman,
²[Federal Board of Revenue],
Islamabad.

Dear Sir,

The undersigned being duly authorized hereby apply on behalf of _____ (name of the non-resident person) for advance ruling under section 206A of the Income Tax Ordinance, 2001 (XLIX of 2001).

Necessary details of the transaction are set out below and in the Annexure to this application.

The following documents as required under rule 231A of Income Tax Rules, 2002 are enclosed:

1. _____
2. _____
3. _____
4. _____
5. _____

Yours faithfully,

Signature _____
Name (In block letters) _____
Designation _____

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

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

ANNEXURE

[See paragraph 2 of the Schedule]

- (1) Name of the non-resident person (in block letters) _____
- (2) Permanent address and telephone and fax numbers of the non-resident person (in block letters) _____
- (3) Address in Pakistan _____
1. Telephone No. _____ Fax No. _____
2. Country of Origin _____
3. National Tax Number _____
4. The following is the statement of the relevant facts of the transaction having bearing on the question(s) on which the advance ruling is required (please annex extra sheet, if required):
5. Statement containing the applicant's interpretation of law or facts, as the case may be, in respect of the question(s) on which advance ruling is required (please annex extra sheet, if required) is as follows:-
6. The undersigned, solemnly declare that:-
1. full and true particulars of the transaction relevant for the purposes of advance ruling applied for have been disclosed and no material aspect affecting the determination of the application of the Income Tax Ordinance, 2001, in this behalf has been withheld; and
2. that the above issue(s) is/ are not pending before any Income Tax Authority, Appellate Tribunal or Court for adjudication.

Yours faithfully,

Signature _____
 Name (In block letters) _____
 Designation _____
 Address in Pakistan _____
 Telephone No. _____
 Fax No. _____.

¹[231C. Income tax ²[alternative] dispute resolution.- (1) This rule shall apply to all cases of disputes brought or specified for resolution under section 134A.

(2) In this rule, unless there is anything repugnant in the subject or context, -

(a) "applicant" means a person or a class of persons who has brought a dispute for resolution under section 134A;

(b) "Board" means the ³[Federal Board of Revenue].

(c) "Committee" means a Committee constituted under sub-section (2) of section 134A; and

(d) "dispute" means any matter of income tax pertaining to liability of income tax, admissibility of refund, waiver or fixation of penalty or fine, relaxation of any period or procedural and technical condition as specified in sub-section (1) of section 134A.

(3) Any person or class of persons interested for resolution of any dispute under section 134A shall submit a written application for alternative dispute resolution to the Board in the form as set out in the Schedule below.

¹ Rule 231 C inserted vide SRO 748(I)/2005 dated the 30th August, 2004.

² Substituted for "alternate" vide SRO 1032(I)/2006 dated the 3rd October, 2006.

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

(4) The Board, after examination of the contents of an application by a taxpayer and facts stated therein and on satisfaction that the application may be referred to a Committee for the resolution of the hardship or dispute, shall constitute a Committee consisting of the following members, namely:-

(a) the Director General, Large Taxpayers Unit or Commissioner, Medium Taxpayers Unit or any other Commissioner or officer of the Income Tax Department nominated by the Board;

(b) a Fellow of Chartered Accountants, registered with the Institute of Chartered Accountants of Pakistan or an Associate of Cost and Management Accountant, an advocate of High Court or Income Tax Practitioner¹]; and

(c) a reputable taxpayer.

(5) The Board may appoint one of the members of the Committee to be its Chairman.

(6) An application filed under this rule may be disposed of by the Committee within thirty days of its constitution:

Provided that the time so specified may, if requested by the Chairman of the Committee for reasons to be recorded in the request, be extended by the Board to such extent and subject to such conditions and limitations as it may deem proper.

(7) The Chairman of the Committee shall be responsible for deciding the procedure to be followed by the Committee which may *inter-alia*, include the following, namely:-

²(a) to decide about the place of sitting of the Committee, in consultation with the Director General Regional Tax Office, or as the case may be, the Director General Large Taxpayer Unit;]

(b) to specify date and time for conducting proceedings by the Committee;

(c) to supervise the proceedings of the Committee;

(d) to issue notices by courier or registered post or electronic mail to the applicant;

(e) to requisition and produce relevant records or witnesses from the Commissioner or other concerned quarters;

(f) to ensure attendance of the applicant for hearing either in person or through an advocate, representative or a tax consultant;

(g) to consolidate recommendations of the Committee and submission of a conclusive report to the Board; and

(h) for any other matter covered under these rules.

(8) The Committee may conduct inquiry, seek expert opinion, direct any officer of income tax or any other person to conduct an audit and make recommendations to the Committee in respect of dispute or hardship.

(9) The Committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit, to formulate its recommendations in respect of any matter specified in sub-section (1) of section 134A.

(10) The applicant may withdraw the application made under sub-rule (3) of these rules at any time before the Committee submits its recommendations to the Board.

¹ Words "having at least twenty-five reported cases in a reputed journal to his credit" omitted vide SRO 679(I)/2005 dated the 4th July, 2005.

² Substituted for "to decide about the place of sitting of the Committee;" vide SRO 814(I)/2008 dated the 31st July, 2008.

¹[11]

(12) The Chairman of the Committee shall send a copy of the recommendations of the Committee to the Board, applicant and the concerned Commissioner, simultaneously.

(13) The Board on its own motion or on the request of the applicant, may refer back the recommendations of the Committee for rectification of any mistake apparent from record or for reconsideration of the facts or law, as the case may be, not considered earlier by the Committee.

(14) The Committee after rectification of the mistake or reconsideration of the facts or law as aforesaid shall furnish to the Board its fresh or amended recommendation within such period as specified by the Board.

(15) The Board, after examining the recommendations of the Committee shall finally decide the dispute or hardship and make such orders as it may deem fit for the resolution of the dispute or hardship ²[within ninety days of receipt of such recommendations,] under intimation to the applicant, Chairman of the Committee and the concerned Commissioner:

Provided that the resolution reached by the taxpayer and the Board shall not bind them for tax year not covered by the agreement. Any such resolution shall not be used as precedent, except as provided in the agreement.

(16) The copy of order passed by the Board shall be provided to the applicant and to the Commissioner having jurisdiction over the case for modification of all decisions, orders and judgements passed in respect of the said dispute or hardship, within such period as may be specified by the Board in the order.

(17) On receipt of the Board's order as aforesaid, the concerned Commissioner shall implement the order in such manner and within such period as may be specified by the Board in the order.

(18) Notwithstanding any thing contained in this rule an order passed by the Board shall cease to exist if it is subsequently found to have been obtained by fraud or misrepresentation of facts about the nature of dispute or hardship on which the said order was passed and all decisions, orders and judgements modified under the said order shall deemed to be re modified.

THE SCHEDULE

[See sub-rule (3)]

Application for ³[alternative] dispute resolution under section 134A of the Income Tax Ordinance, 2001

To

The Chairman,
⁴[Federal Board of Revenue],
Islamabad

Dear Sir,

The undersigned being duly authorized hereby apply _____ (name and address of the applicant) for dispute or hardship resolution under section 134A of the Income Tax Ordinance, 2001 (XLIX of 2001).

¹ Omitted vide SRO 213(I)/2005 dated 3rd March, 2005. The Omitted clause read as follows:

(11) The applicant shall pay members of the Committee, other than public servant, remuneration covering travelling allowance and daily allowance. The extent and amount of remuneration and the manner of payment thereof shall be decided by the Chairman of the Committee under intimation to the applicant.

² Words inserted vide SRO 771(I)/2008 dated the 21st July, 2008.

³ Substituted for "alternate" vide SRO 1032(I)/2006 dated the 3rd October, 2006.

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

2. Necessary details of the dispute or hardship are set out below and in the annexure to this application.

3. A request is made to constitute a Committee as provided under sub-rule (4) of rule 231C of Income Tax Rules, 2002.

4. The following documents as are necessary for the resolution of the dispute or hardship are enclosed.

- (a) _____
 (b) _____
 (c) _____

Yours faithfully,

Signature _____

Name _____

(in block letters)

NTN _____

Address _____

Date _____

Annexure

[See paragraph 2 of the Schedule]

(1) Name of the applicant _____
 (in block letters)

(2) National tax number _____

(3) Address of the applicant _____

(4) Telephone Number _____ Fax Number _____

¹[(4A) Tax year to which the dispute or hardship relates _____.]

(5) The Commissioner with whom a dispute has arisen _____

(6) The following is the statement of the relevant facts and law with respect to dispute or hardship having bearing on the question(s) on which the resolution is required (Please annex extra sheet, if required):-

(7) Statement containing the applicant's interpretation of law or facts, as the case may be, in respect of question(s) on which resolution is required (Please annex extra sheet, if required) is as follows:-

(8) The extent or the amount of tax which the applicant agrees to pay, if any.

(9) The undersigned, solemnly declare that,-

(a) full and true particulars of the dispute or hardship for the purposes of resolution have been disclosed and no material aspect affecting the determination of the application filed under the Income Tax Ordinance 2001, in this behalf has been withheld;

(b) that the above issue(s) is/are pending before _____ (name of the appellate forum, ITAT or court)/ not pending before any forum, ITAT, High Court or Supreme Court of Pakistan for adjudication²[.]

¹[(c)]

¹ Inserted vide SRO 679(I)/2005 dated the 4th July, 2005.

² Substituted for "and" by SRO 679(I)/2005 dated the 4th July, 2005.

Yours faithfully,

Signature _____

Name _____

(in block letters)

Date _____.]

Designation _____

²[231D. **Procedure for group taxation under section 59AA.-(1)** For the purposes of this rule, a 100% owned company shall be a subsidiary company where another company, herein-referred to as “ holding company”, owns all equity shares of such company except those held by nominees to meet the statutory requirements of the Companies Ordinance, 1984 (XLVII of 1984).

(2) A holding company and each of its subsidiary companies of 100% owned group which fulfill the conditions specified in section 59AA shall make separate application containing declaration of irrevocable option for group taxation as one fiscal unit to the concerned Commissioner in the form as set out in the Schedule below within the first quarter of the tax year for which group taxation is opted for.

(3) The application shall be signed, in the case of a holding company, by the Chief Executive Officer of the holding company and in the case of a subsidiary company the Chief Executive Officer of the subsidiary company, identifying the Commissioner having jurisdiction over the holding company or as the case may be, subsidiary company, National Tax Number and Corporate Registration Number.

(4) The holding company as well as each subsidiary company shall furnish a certificate issued by the Securities and Exchange Commission of Pakistan verifying that the company has been complying with the Code of Corporate Governance as notified from time to time by the SECP.

(5) The return for the tax year following the option for group taxation shall be prepared as one fiscal unit under the name of the holding company and the tax liability shall be discharged or the refund shall be claimed respectively as if the business of the subsidiary companies were the business of the holding company. However, for that purpose, no effect shall be taken for losses including unabsorbed depreciation of subsidiary companies for the tax year prior to the exercise of option for group taxation. Along with the group return, copies of audited accounts of every company in the group shall be attached.

(6) On option for group taxation under sub-section (2) of section 59AA, the subsidiary companies shall furnish their returns of income in their respective tax jurisdiction along with a copy of application for group taxation for record and future adjustments and intimating non-taxability of the returned income. The subsidiary companies shall also intimate to the Commissioner having jurisdiction over the holding company regarding their option for group taxation.

(7) Taxation matters relating to the period prior to the adoption of one fiscal unit shall continue to be dealt with by the Commissioner having jurisdiction over the subsidiary company.

(8) In case, there is divestment of a subsidiary company and the provisions of group taxation become inapplicable, no effect shall be taken for group taxation during the year of disposal.

(9) All the provisions of the Ordinance, including withholding provisions as applicable on a holding company shall mutatis mutandis apply to a subsidiary company during the period when the group is taxed as one fiscal unit. Each company shall file independent withholding statements as required under the provisions of the Ordinance.

¹ Omitted vide SRO 679(I)/2005 dated the 4th July, 2005, the omitted sub-clause read as follows:

(c) I shall pay the remuneration of the members, other than a public servant, of the Committee to the extent as the Chairman of the Committee may decide.

² Rule 231D inserted vide SRO 392(I)/2009 dated the 19th May, 2009

(10) The relief under group taxation shall be limited only to those companies which are locally incorporated under the Companies Ordinance, 1984 (XLVII of 1984).

(11) All companies opting for group taxation under section 59AA shall have the similar accounting period for computation of income.

(12) The transaction by any company within the group and with its associated companies shall be carried out and recorded on arm’s length basis.

SCHEDULE
(See sub-rule (2) of rule 231D)
APPLICATION/DECLARATION FOR GROUP TAXATION
UNDER SECTION 59AA OF THE INCOME TAX ORDINANCE, 2001.

To,
 The Commissioner,

Dear Sir,

I _____ S/O _____ being Chief Executive of M/s _____ (Name/NTN and address of the holding company or as the case may be subsidiary company) duly authorized in this regard hereby apply on behalf of the aforesaid company for group taxation under section 59AA of the Income Tax Ordinance, 2001, in respect of the following companies of the group:- S.N0.	Name of the company	Address (Head Office/ postal).	NTN No.	Incorporation No.	Whether holding or subsidiary company	Commissioner having jurisdiction over holding /subsidiary company.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

It is certified that M/s _____, incorporated at No. _____ dated _____ is a holding company having 100% share of the following subsidiary companies, namely:-

- (a) -----
- (b) -----
- (c) -----
- (d) -----

And the holding company and its subsidiary companies (mentioned above) have not violated any corporate governance requirements notified by the SECP from time to time and the said companies are entitled to avail group taxation under section 59AA of the Income Tax Ordinance. The SECP shall also inform the Commissioner of Income Tax concerned, if any code of corporate governance is violated by the holding company or its subsidiary companies mentioned above availing the benefit of group taxation under section 59AA of the Income Tax Ordinance, 2001.

Signature _____
 Name of the issuing authority _____
 Seal/Stamp _____
 Date: _____]

232. Repeal & Savings.- (1) The following rules as in force before the commencement of these rules are hereby repealed, namely Income Tax Rules, 1982;

(2A) Notwithstanding anything contained in sub-rule (1), rules 190 to 198, 201, 201D, 201F, 202(C), 202D, 202E, 202F of Income Tax Rules, 1982 shall stand repealed on the first day of July, 2003; and

(2B) Any proceedings including proceedings under part IX (Chapters A, B, C, D, E & F) initiated, or any action taken or initiated, or approval sought, under Income Tax Rules, 1982 prior to 01.07.2002; such proceedings, action, or approval sought shall be completed under the Income Tax Rules, 1982 and to that extent Income Tax Rules, 2002 would not apply.”

[C. No. 4(2)IT-Jud/02]

Vakil Ahmad Khan
Member (Direct Taxes)/
Additional Secretary

PART II OF THE FIRST SCHEDULE

Government of Pakistan
 Department of Income Tax
 Office of the _____

Notice/ letter under section 122 of the Income tax Ordinance, 2001
 (See rule ▼[68])

NTN/TRN. _____
 Name: _____
 Address: _____
 Tax year: _____

Dated: _____

Dear Sirs,

Whereas I consider necessary that the assessment order treated as issued under section 120 or issued under section 121 or amended assessment u/s 122(3) needs alteration or and to make addition to income by amended or further amended assessment of amended assessment under section 122 for imposition of the correct amount of tax for the tax year.....,, as in my opinion, Income Tax Return/Statement and documents relating to the income and tax filed under the relevant provisions of this Ordinance,

2. In view of situation above, amended assessment or further assessment is necessary u/s 122, and for that the tax year, examination of books of account/ record is necessary. I therefore require you to produce or cause to be produced at my office on the date and time mentioned below, the following accounts/documents on which you have relied your return of income, so that correct income may be determined and proper tax be imposed.

3. Please note that in case you or your authorized representative duly authorized to represent you in the assessment proceedings fails to attend the office/produce the documents/accounts mentioned above, assessment may be framed ex-parte which may also entail further legal punitive actions in accordance with law.

Name _____
 Signature _____
 Code No. _____
 of the Commissioner

PART III OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax
Office of the _____

NOTICE UNDER SECTION ¹[138(1)] OF THE INCOME TAX ORDINANCE, 2001.

National Tax Number _____

Commissioner

Dated _____

To
M/s _____

Dear Sir,

Whereas it is established that the sum of Rs. _____ which is due from you on account of tax as per details given in the schedule below, is in arrear, you are, hereby, required to pay these arrears of tax by _____ and produce necessary evidence to that effect before me at my office On _____ failing which proceedings may be initiated under these rules to recover the said amount by one or more of the following modes, namely:-

- (a) attachment and sale of moveable or immovable property;
- (b) appointment of receiver for the management of your moveable or immovable property;
- (c) your arrest and detention in person for a period not exceeding six months.

I, in exercise of the powers vested in me [²] under section 138 of the Income Tax Ordinance, hereby further direct that you shall not sell, mortgage, charge, issue or otherwise deal with any property belonging to except with my permission to that effect in writing,

Commissioner

Range _____ Zone _____

SCHEDULE

Sr No.	Assessment year(s)	Number in Demand and Collection Register	Income Tax	Penalty	Additional Tax	Surcharge	Total
1	2	3	4	5	6	7	8

¹ Substituted for "138(2)" vide SRO 392(I)/2009 dated the 19th May, 2009.

² Words "under the Income Tax Rules framed" omitted vide SRO 392(I)/2009 dated the 19th May, 2009.

PART IV OF THE FIRST SCHEDULE

Government of Pakistan
 Department of Income Tax
 Office of the _____

**Notice u/s 140 read with rule 69 of Income Tax Rules, 2002.
 Recovery of Tax.**

M/s/ Mr. _____

Dear Sir,

Whereas, the undersigned is empowered to issue this notice and has reasons to believe that in respect of Mr. _____ a tax defaulter/ tax payer for Rs. _____;

- (i) You are owing to this taxpayer money, amount, debt or may at a future date/ month owe to him.
- (ii) You hold money on behalf of the taxpayer/ defaulter.
- (iii) You are holding money on some other person's behalf for payment to the above named taxpayer defaulter.
- (iv) You hold authority of some other person to pay money to him or defaulter.

2. And whereas, an amount of Rs. _____ is tax due outstanding against the person, and whereas the taxpayer has not paid the same amount in time, therefore, under the provisions of section 148, you are required to remit or send the money to the undersigned through pay order/ D. Draft or through banking transfer or cheque for payment to the government, treasury under Income tax head of account. Please take notice that:

- (i) Any tax paid in lieu of and on behalf defaulter in pursuance of this notice shall be treated as having been paid under the authority of tax payer concerned - section 140(6).
- (ii) In case of failure to comply, the said amount shall be recovered from you, and all the provisions relating to tax recovery u/s 160, 161, 162 and 163 shall apply for effecting recovery of such amount from you.
- (iii) In case of default, additional tax u/s 205 shall also be charged and prosecution proceedings shall also be launched.

3. Since law provides for such mode of recovery, and payment shall be taken as made by the taxpayer to the government.

N.B. This notice requires the payment to the extent shown in the notice out of any amount due or due to be paid as mentioned at 1(I to iv).

Given under my hand and seal
 Commissioner

PART V OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax
Office of the _____

Notice u/s 145 of Income Tax Ordinance, 2001 and rule 70 in respect of a person who is likely to leave Pakistan permanently.

The Director of Immigration,
Airport/ Seaport.

Incharge Immigration Department,
Airports/Seaport.

(See section 145 of the Income Tax Ordinance, 2001) on collection of tax from person leaving Pakistan.

Sir,

Whereas section 145 of the Income Tax Ordinance, 2001 empowers the undersigned to issue this certificate of outstanding tax demand and there are reasons to believe that Mr. _____ NTN _____ has to pay tax/government dues of Rs. _____, or based on the Return of income filed and the amended assessment made for which notice has been issued, a tax demand is likely to be raised, for which he has not made satisfactory arrangement for tax payment, and is likely to leave Pakistan permanently, therefore, you are required under section 145 not to allow Mr./Mrs. _____ to leave the country, till he has discharged tax liability by way of making payment of tax by prescribed challan in the NBP/SBP and produces a copy of challan bearing date of payment of the amount after issuance of this certificate, or, produces from the undersigned withdrawal of the certificate/notice, or makes payment of tax through pay order/demand draft or bank cheque in favour of income tax department.

The certificate issued under my signature and seal is not to be disputed and would be valid till it is modified or withdrawn by the undersigned.

Commissioner

N.B This certificate shall be withdrawn in case in the matter of pending amended assessment, proper arrangement are made for the payment of tax. This certificate shall be withdrawn immediately.

Part VI of First Schedule

Government of Pakistan
 Department of Income Tax
 Office of the _____

(See Rule 71)

Prescribed application for refund of tax.- An application for refund of tax under section 170 shall be made in the following form, namely:-

The Commissioner
 _____ (Zone)
 _____ (City)

Dear Sir,

I, _____ of _____ hereby declare

- a. that my total income computed in accordance with the provisions of Income Tax Ordinance, 2001 (XLIV of 2001), during the year ending on _____ being the income year for the assessment for the year ending on the _____ amounted to Rs. _____.
- b. That the total tax chargeable in respect of such total income is Rs. _____.
- c. That the total amount of tax paid is Rs. _____.
- ¹[d that I have already filed evidence of payment of tax along with my return of income for the year or I enclose herewith evidence of tax already paid during the tax year for taking credit.]

I, therefore, request that a refund of Rs. _____ may be allowed to me.

Yours faithfully _____
 Signature _____
 NTN _____
 Address _____

I hereby declare that I am resident/ non-resident* and that what is in this application is correct.

Date _____ Signature _____

* Delete whichever is in applicable.

¹ Para (d) inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

PART VII OF THE FIRST SCHEDULE

Government of Pakistan
 Department of Income Tax
 Office of the _____

Application for Certificate of Exemption from deduction of tax or deduction at a lower rate under section ¹[159] -- (1) An application for a certificate under the section 152 shall be made in the following form, namely:-

APPLICATION FOR CERTIFICATE UNDER SECTION ²[159] OF THE INCOME TAX ORDINANCE, 2001

The Commissioner

I _____ of _____ hereby declare that I am entitled to nil/ reduce rate withholding tax certificate, on the following basis, in accordance with the provisions of the Income Tax Ordinance, 2001 for the tax year ____

(i) was less than the minimum liable to tax;

(i) amounted to Rs _____ on which tax is chargeable at the rate of _____

(ii) is under the Agreement for Avoidance of Double Taxation signed by the Government of Pakistan with the Government of _____ the country of my residence, not liable to Pakistan tax/chargeable to Pakistan at the rate of _____

(iii) was held exempt under clause ____ of the Second Schedule or is exempt under clause ____ of the Second Schedule.

(iv) that income is not likely to be chargeable to tax in view of tax credits or unabsorbed losses, or

(v) or, in any case, since advance tax u/s 147 has been duly paid already, or

(vi) the goods imported are for manufacturing purposes at own factory/mills/unit.

(vii) For any other reasons (to be specified).

I, therefore, request that certificate may be issued to the person responsible for paying profit on securities/dividends/royalties/other amounts particulars of which are given in the Schedule annexed thereto, or to a person responsible for collecting tax at source, authorizing him not to deduct tax at the rate of _____ at the time of payment of such amount or to exempt from withholding tax at source.

Signature _____
 Name _____
 Nationality _____
 Address _____
 Date _____

National Tax Number (if any)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I, hereby declare that I am resident/non-resident in Pakistan and that what is stated in the application is correct.

Signature _____
 Name _____

¹ Inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

² Substituted for "152" vide SRO 392(I)/2009 dated the 19th May, 2009.

Address _____

Dated _____

(2) An application under sub-rule (1) in respect of income derived from sources within Pakistan (other than pensions paid by or on behalf of the Government of Pakistan) in accordance with the provisions of an agreement having effect under section 107 by a person resident in the territory with the Government of which the agreement is made shall be accompanied by further information in the following form, namely:-

¹PART VII (a) OF THE FIRST SCHEDULE

Application for Certificate of Exemption under section 159 of the Income Tax Ordinance,
2001

See Rule 40(3)

To,

The Commissioner of Income Tax _____

I Principal Officer/ Member of AOP/Individual Proprietor of M/s _____
_____ hereby declare that I am entitled to import goods without
collection of tax at source on the following basis, in accordance with the provisions of
clause (v) of paragraph 1 of Notification No. S.R.O. 947(1)/2008, dated 05-09-2008 for the
tax year _____:

(i) The goods imported consist of plant, machinery, fixtures, fittings or its allied
equipments for the purposes of setting up an industrial undertaking (including hotel)
owned by me.

(ii) Goods imported consist of plant, machinery, fixtures, fittings or its allied
equipments are for the purpose of installation/utilization in an existing industrial
undertaking (including hotel) owned by me.

(Tick whichever is applicable)

I, therefore, request that certificate may be issued to the Collector of Customs _____
not to collect tax at source on the value of imports.

Necessary details in this regard are given as under:-

(a) Copy of Memorandum and Articles of the Association in case of Company /ADP
owning industrial undertaking/Registration No. _____

(b) NT N _____

(c) Location address of the industrial undertaking _____

(d) Nature of the business of industrial undertaking _____

(e) Copy of the balance sheet of the industrial undertaking for the latest Tax

(f) Description of goods imported _____

(g) L.C. No. _____

(h) Value of goods _____

(i) Port of clearance _____

I, hereby declare that whatever is stated in the application is correct to the best of my
knowledge and belief.

Signature _____

Name _____

Address _____

Dated _____

¹ Part VII (a) inserted vide SRO 1139(I)/2008 dated the 31st October, 2008.

Part VIII of the First Schedule

Government of Pakistan
Department of Income Tax
Office of the _____

Reduce rate/ exemption certificate:

Form for certificate of exemption from deduction or deduction of tax at a lower rate- (1) On an application made under rule 40, the Commissioner of Income Tax may, subject to the conditions laid down in sub-rule (2), give a certificate authorizing the person making the application to receive income specified in Part V of Chapter X without deduction of tax or after deduction of tax at a rate specified therein, in the following form, namely:-

Book No _____	Voucher No _____	Book No _____
Voucher No _____	Counterfoil of certificate under proviso to section -of the Income Tax Ordinance, _____	Certificate under Section 159 of the Income Tax Ordinance, 2001 _____
1. Date	Income Tax Office	
2. Person to whom given.	Circle _____ Zone _____	
3. Person to whom addressed.	_____	
4. Rate of deduction sanctioned.	Date _____ 20 _____	
5. Description of income, nature of payment or description of asset/property subject matter in this certificate.	To _____	

_____ I hereby authorise you to deduct the tax at the rate of _____

Initials of the Commissioner

*Date on which certificate revised ___20. 2. The income in this case is exempt under the Income Tax Ordinance, 2001.

_____ *If the certificate is cancelled or revised the facts should be _____ *Strike out whichever is stated in this column giving cross references. inapplicable.

Remarks _____ _____ _____	3. This authorization will Remain in force until the Date it is cancelled by me.
_____	_____
Commissioner	Commissioner of Income Tax Description of Securities Payments. _____ _____

(1) The certificate referred to in sub-rule (1) shall be issued only if the Commissioner of Income Tax is satisfied that the person concerned -

- (i) has furnished such return of returns of income as became due, if any, on or before the date on which the application under rule - is made; and
- (ii) is not in default or deemed to be in default in respect of any tax (including advance tax under section 147 or tax payable under section 137).

¹PART VIII (a) OF THE FIRST SCHEDULE

GOVERNMENT OF PAKISTAN
Department of Income Tax
Office of the _____

**EXEMPTION CERTIFICATE UNDER SECTION 159 OF THE INCOME TAX
ORDINANCE, 2001**
[See Rule 40(4)]

On an application made under Rule 40, the Commissioner of Income Tax may, subject to conditions laid down in sub rule (3) of the said rule, give a certificate authorizing the Collector of Customs not to collect tax on the import of goods from the person making the application in the following form specified herein namely:-

To

The Collector of Customs _____

M/s _____ have applied for issuance of exemption certificate under section 159 of the Income Tax Ordinance, 2001. The relevant particulars are given hereunder :-

1. Certificate No. _____ Date of Issue _____
 2. Validity period From _____ To _____
 3. N.T.N. : _____
 4. Location address of the industrial undertaking : _____
 5. Description of goods imported: _____
-
6. L.C. No. _____
 7. Value of goods: _____

I hereby authorize you to exempt the import of goods from collection of tax under section 148 of the Income Tax Ordinance, 2001 as specified in clause (v) of paragraph 1 of Notification No. S.R.O 947(1)/2008, dated 05-09-2008 for setting up of an industrial undertaking or for installation in an existing industrial undertaking. This authorization will remain in force until the date specified above or cancelled by me earlier.

Any Remarks _____

Commissioner of Income Tax
Enforcement Division _____

RTO/LTU _____

¹ Part VIII (a) inserted vide SRO 1139(I)/2008 dated the 31st October, 2008.

Government of Pakistan Federal Board of Revenue Taxpayer Registration Form		TRF-01																																																																		
1	Sheet No. <input type="text"/> of <input type="text"/>	Token No. N ^o <input type="text"/>																																																																		
2	Apply For <input type="checkbox"/> New Registration (for Income Tax, Sales Tax, Federal Excise, I.T.W.H Agent or S.T.W.H Agent) <input type="checkbox"/> ST or FED Registration, who already have NTN <input type="checkbox"/> Change in Particulars <input type="checkbox"/> Duplicate Certificate <input type="text"/> Current NTN <input type="text"/>																																																																			
3	Category <input type="checkbox"/> Company <input type="checkbox"/> Individual <input type="checkbox"/> AOP <input type="checkbox"/> Resident <input type="checkbox"/> Non-Resident <input type="checkbox"/> Pvt. Ltd. <input type="checkbox"/> Public Ltd. <input type="checkbox"/> Small Company <input type="checkbox"/> Trust <input type="checkbox"/> Unit Trust <input type="checkbox"/> Modarba <input type="checkbox"/> NGO <input type="checkbox"/> Society <input type="checkbox"/> Any other (pl specify) _____																																																																			
4	Status <input type="checkbox"/> HUF <input type="checkbox"/> Firm <input type="checkbox"/> Artificial Juridical Person <input type="checkbox"/> Body of persons formed under a foreign law																																																																			
5	Country of Non Resident _____																																																																			
6	Gender <input type="checkbox"/> Male <input type="checkbox"/> Female																																																																			
7	Birth/ Inc. Date _____																																																																			
8	Name _____ <small>Name of Registered Person (Company, Individual or AOP Name)</small>																																																																			
9	Address <i>Registered Office Address for Company and Mailing/Business Address for Individual & AOP, for all correspondence</i> Office/Shop/House #/Flat #/Plot No. _____ Street/Lane/Plaza/Floor/Village _____ Block/Mohalla/Section/Road/Post Office/etc. _____ Province _____ District _____ City/Tehsil _____ Area/Town _____																																																																			
10	Principal Activity _____ <input type="text"/> Activity Code <input type="text"/>																																																																			
11	Register for <input type="checkbox"/> Income Tax <input type="checkbox"/> Sales Tax <input type="checkbox"/> Federal Excise <input type="checkbox"/> Withholding agent for I/Tax <input type="checkbox"/> Withholding Agent for S/Tax <input type="text"/> Revision N ^o <input type="text"/>																																																																			
12	Rep. Type <input type="checkbox"/> Representative u/s 172 <input type="checkbox"/> Authorized Rep. u/s 223 <input type="checkbox"/> In Capacity as _____																																																																			
13	Address _____ Office/Shop/House #/Flat #/Plot No. _____ Street/Lane/Plaza/Floor/Village _____ Block/Mohalla/Section/Road/Post Office/etc. _____ Province _____ District _____ City/Tehsil _____ Area/Town _____ Phone _____ Mobile _____ Fax _____ E-Mail _____ (e-Mail address for all correspondence)																																																																			
14	Total Director/Shareholder/Partner _____ Please provide information about top-10 Directors/Shareholders/Partners Total Capital _____																																																																			
15	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Type</th> <th>NTN/CNIC/ Passport No.</th> <th>Name of Director/Shareholder/Partner</th> <th>Share Capital</th> <th>Share %</th> <th>Action (Add/Remove)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>		Type	NTN/CNIC/ Passport No.	Name of Director/Shareholder/Partner	Share Capital	Share %	Action (Add/Remove)																																																												
Type	NTN/CNIC/ Passport No.	Name of Director/Shareholder/Partner	Share Capital	Share %	Action (Add/Remove)																																																															
16	All Other Shareholders/ Directors/Partners (in addition to 10)																																																																			
17	Activity Code _____ Other Business Activities in addition to the Principal Activity given at Sr-9 above _____																																																																			
18	Total business/branches _____ Provide details of all business/branches/outlets/etc., use additional copies of this form if needed																																																																			
19	Bus/Br. Serial <input type="text"/> Action Requested <input type="checkbox"/> Add <input type="checkbox"/> Change <input type="checkbox"/> Close																																																																			
20	Bus/Br. Type _____ Business/ Branch Name _____ Hq./Factory/Showroom/Godown/Sub. Of, etc. _____																																																																			
21	Address _____ Office/Shop/House #/Flat #/Plot No. _____ Street/Lane/Plaza/Floor/Village _____ Block/Mohalla/Section/Road/Post Office/etc. _____ Province _____ District _____ City/Tehsil _____ Area/Town _____																																																																			
22	Nature of Premises Possession <input type="checkbox"/> Owned <input type="checkbox"/> Rented <input type="checkbox"/> Others _____ Owner's CNIC/ NTN/ FTN _____ Owner's Name _____																																																																			
23	Electricity Ref. No. _____ Gas Connection installed <input type="checkbox"/> Yes <input type="checkbox"/> No Gas Consumer No. _____ Phone No. _____ Business/ Branch Start Date _____ Business/ Branch Close Date, if applicable _____																																																																			
24	Total Bank Accounts _____ Provide details of all bank accounts, use additional copies of this form if needed																																																																			
25	Account Sr. <input type="text"/> Action Requested <input type="checkbox"/> Add <input type="checkbox"/> Change <input type="checkbox"/> Close																																																																			
26	A/C No. _____ A/C Title _____ Type _____																																																																			
27	Bank Name _____ City _____ Branch _____ (NBP, MCB, UBL, CIL, etc.)																																																																			
28	Account Start Date _____ Account Close Date, if close action is requested _____																																																																			
29	NTN/ FTN <input type="text"/> Name _____																																																																			
30	Address _____ City _____																																																																			
31	I, the undersigned solemnly declare that to the best of my knowledge and belief the information given above is correct and complete. It is further declared that any notice sent on the e-mail address or the address given in the registry portion will be accepted as legal notice served under the law.																																																																			
32	Date _____ CNIC/ Passport No. _____ Name of Applicant _____ SIGNATURE _____																																																																			

¹ Part IX substituted vide SRO 460(I)/2009 dated the 11th June, 2009.

 Government of Pakistan Federal Board of Revenue Taxpayer Registration Form		TRF-01																
FILLING INSTRUCTIONS ☎ 051 111-772-772																		
Registry	1 Sheet No.	Usually only one sheet of this form is sufficient. However more sheets will be needed in case of more than 1-Business/Branches, more than 5-Business Activities or more than 1-Bank Accounts. For example, if 2-more sheets are attached then the first will have Sheet 1 of 3, and so on upto Sheet 3 of 3. If no sheet is attached, then write Sheet 1 of 1.																
	2 Application No.	This field is for official use. All the grey fields are for official use and should be left blank by the applicant.																
	3 Application Type	Tick (✓) the relevant box. If the box for change in particulars is selected the current NTN should also be provided. Grey box is for check digit. If a person has already obtained NTN and now wants to apply for Sales Tax/ FED, he should tick (✓) Apply for Sales Tax / FED Registration . If application is issuance of Duplicate Certificate, then Current NTN should also be provided. Current Certificate should be surrendered.																
	4 Category	Check (✓) the relevant box showing the Person Category as Company, AOP or Individual . If Category is selected as Company or AOP then one of the types of Company/AOP should also be checked (✓).																
	5 Status	Check the Status as Resident or Non-Resident . In case of Non-Resident the Country of Non-Resident Person should also be written.																
	6 CNIC/ PP No.	All Resident Individuals should write CNIC Number and Non-Resident Individuals should write Passport (PP) Number in this column. In case of Company and AOP this column should be left blank.																
	7 Gender	Gender is required only for Individual, for Company and AOP it should be left blank.																
	8 Reg / Inc. No.	In case of Company , write SECP incorporation number. In case of AOP write the registration number of ACP if available, otherwise leave it blank.																
	9 Birth/ Inc. Date	Individual should write the Birth Date and Company/AOP should write the date of incorporation/formation.																
	10 Name	Name of Registered Person. Individual should write the name as appearing in the CNIC/Passport, Company should write the name as appearing in SECP and AOP should write the name as shown in the AOP Agreement.																
11 Address	Company should write the address of Registered Office, Individual and AOP should write Business/Mailing Address.																	
12 Principal Activity	Principal Activity of the Person being registered should be written here, in case of multiple business activities the Principal Activity at the time of registration should be determined on the basis of major revenue generating business activity. Detailed list of Business Activities can be accessed from FBR's web site http://fbr.gov.pk or https://e.fbr.gov.pk . Individuals having only salary income should write Salary Income as Principal Activity. Professionals should specify their profession as Principal Activity or Other Activity as the case may be.																	
13 Activity Code	Activity Code is for official use, applicant should leave it blank.																	
14 Register for Revision N°	Tick (✓) the relevant boxes. All the relevant boxes should be checked. This is for official use, and should be left blank by the applicant.																	
Representative/ Authorized Rep.	15 Rep. Type	'Representative as defined u/s 172' or 'Authorized Representative in case of Company not having Permanent Establishment in Pakistan, as defined u/s 223' of the Income Tax Ordinance 2001.																
	16 In Capacity as	Capacity in which Representative/ Authorized Representative is mentioned as defined u/s 172 or 223(2) of Income Tax Ord. 2001																
	17 Phone, Mobile, Fax	Phone, Mobile and Fax number of the Legal Representative or Individual (in case of Self) should also be written. Fax number is optional.																
Directors/ Partners	18 E-Mail	E-Mail address of the legal representative should be written here, which will be used to serve legal notices and correspondence.																
	19 Total No. of Directors	Total Number of directors/shareholders/partners of the business.																
	20 Total Capital	Total Capital of the business and shareholder wise share to be provided in case of Company. Particulars of all Partners should be provided for AOP.																
	21 Type of Identification	Type of Identification N=> NTN, C=> CNIC, P=> Passport Number, M=> CNIC number issued in Form-B by NADRA in case of Minors. NTN/ CNIC of all the shareholders/ directors/ partners should be provided in this portion. More sheets should be added for more than 5.																
	22 Name of Director	Name of Director/Shareholder/Partner.																
Other Activities	23 Capital	Capital share of owner in terms of capital amount, for Company only.																
	24 Share %	%age of share will be calculated by the system on the basis of share value provided in the capital column.																
Business Branches	25 Others	Others Share of owners in terms of capital amount.																
	26 Activity Code	Activity Code is for official use, applicant should leave it blank.																
	27 Business Activity	Detailed list of Business Activities can be accessed from FBR's web at site http://fbr.gov.pk or https://e.fbr.gov.pk . Do not re-write the Principal Activity given at Sr-9. Hence if there is no activity other than the Principal Activity, then this portion should be left blank. More activities can be added later through the Change Request as explained at Sr-2 above.																
Bank Accounts	28 Total Business/Branches	Total Number of Business/ Branches, details of which should be provided in the following columns.																
	29 Business / Branch Sr. Action Requested	Serial Number of the Business/ Branch. Separate sheets are required to provide information about each additional business/ branch including HQ. Check (✓) the relevant box as Add Business, Change Particulars or Close Business/ Branch.																
	30 Business/Branch Type	Type of Business/ Branch such as Head Office, Sub-Office, Factory, Show Room, Godown, Sub Office, Outlet, etc.																
	31 Business/ Branch Name	Write name of the Business or Branch in accordance with the Business Branch Type selected.																
	32 Nature of Premises	Nature of Premises Possession as Owned, Rented or Others, along with CNIC/NTN/FTN and Name of the Owner should be written.																
	33 Electricity Reference No.	Electricity Consumer number of the connection installed at the business/ HQ/ branch premises.																
	34 Gas Connection installed	Tick the relevant box, showing the gas connection installed at the premises.																
Employer	35 Gas Consumer No.	If Gas connection is installed, then write here Gas Consumer number of the connection installed at the business/ branch premises.																
	36 Phone No.	Phone number with area code should be written for the Business/ Branch written at Sr. 20.																
	37 Business/Br. Start Date	Start Date of the Business/ Branch, date should be written in the format of DD-MM-YYYY.																
	38 Business/Br. Close Date	Closing Date of the Business/ Branch. This is applicable only when Close Business/ Branch is selected as Action Requested.																
	39 Total Bank Accounts	Total Number of Bank Accounts, details of which should be provided in the following columns.																
	40 Account Sr. Action Requested	Serial Number of the Bank Account. Separate sheets are required to provide information about each additional bank account. Check (✓) the relevant box as Add Account, Change Particulars or Close Account .																
	41 A/C No.	Bank Account No. as allotted by the bank.																
Declaration	42 A/C Title	Title of Account.																
	43 Type	Check (✓) the relevant box showing Account Type such as PLS or Current as the case may be.																
	44 Bank Name	Write bank name in abbreviated form, e.g. MCB for Muslim Commercial Bank, NBP for National Bank of Pakistan, City Bank for City Bank.																
	45 City	Name of the City in which bank branch is located.																
Application Modes	46 Branch	Name of the bank branch with branch Code.																
	47 Start Date	Start Date of the bank Account, date should be written in the format of DD-MM-YYYY.																
	48 Close Date	Close Date of the bank Account, in case the account is closed. This is applicable only when Close Account is selected as Action Requested.																
RTO/ TFC	49 NTN/ FTN	NTN/ FTN of the Employer, in case of applicant having Salary Income as Principal Activity. (FTN = Free Tax Numbers allotted to Govt. Departments)																
	50 Name	Name of Employer.																
	51 Address	Address of Employer.																
Attachments	52 City	City of Employer's Head Office.																
	53 Declaration	Declaration to be signed by the applicant or his/her authorized representative.																
	54 Date	Date of signing the application, in the format of DD-MM-YYYY.																
Tax Registration Form can be submitted as follows:	55 CNIC/Passport No.	CNIC/Passport No. of the applicant. Applicant can be the Person him/herself or his/her authorized representative having written Authorization.																
	56 Name of Applicant	Name of Applicant as appearing in the CNIC/Passport.																
	57 Signatures	Signatures of the applicant.																
Attachments	Tax Registration Form can be submitted as follows: 1) Duly completed application form along with copies of required documents can be submitted at any of the (13) Regional Tax Offices or TFCs. 2) Online application can also be prepared by visiting the FBR website https://e.fbr.gov.pk . Online tutorial for assistance can also be downloaded. 3) NTN Certificate should be received in person at RTO by the applicant or his authorized representative, after one working day of successful telephonic verification. At the time of receiving the NTN Certificate, Original CNIC should be shown. If an authorized representative is to receive the NTN Certificate then Original Authority Letter and original CNIC of the authorized person should be shown at the RTO/ TFC Counter. 4) Request for Change in Particulars is also processed as described at Sr. 1-32 above. 5) For Request of Duplicate Certificate, complete particulars should be provided. Current Certificate should be surrendered, if available. If current certificate is lost, then an affidavit on Stamp Paper of Rs. 10 should be attached with the application.																	
	For all applications: Copy of the last paid Electricity Bill of the connection installed at the address given in the Registry Portion of the form (STR-1)																	
	For Individual 1) Copy of CNIC of Applicant 2) Copy of SECP Incorporation Certificate 3) Applications of all owners, if not already NTN holder For AOP 1) Copy of CNIC of Applicant 2) Copy of AOP Agreement, if applicable 3) Applications of all Partners, if not already NTN holder																	
<table border="0" style="width: 100%;"> <tr> <td>01) RTO Karachi, Opposite Sindh Secretariat</td> <td>05) RTO Rawalpindi, Kachery Road</td> <td>09) RTO Hyderabad, Site Area</td> <td>13) RTO Islamabad, Blue Area</td> </tr> <tr> <td>02) RTO Lahore, Nabah Road</td> <td>06) RTO Gujranwala, GT Road</td> <td>10) RTO Sukkur, Income Tax Building</td> <td></td> </tr> <tr> <td>03) RTO Peshawar, Jamrud Road</td> <td>07) RTO Sialkot, Kachary Road</td> <td>11) RTO Multan, Shamsabad Colony</td> <td></td> </tr> <tr> <td>04) RTO Quetta, Chaman Housing Scheme</td> <td>08) RTO Faisalabad, New Civil Lines</td> <td>12) RTO Abbottabad, Main Mansobra Road</td> <td></td> </tr> </table>			01) RTO Karachi, Opposite Sindh Secretariat	05) RTO Rawalpindi, Kachery Road	09) RTO Hyderabad, Site Area	13) RTO Islamabad, Blue Area	02) RTO Lahore, Nabah Road	06) RTO Gujranwala, GT Road	10) RTO Sukkur, Income Tax Building		03) RTO Peshawar, Jamrud Road	07) RTO Sialkot, Kachary Road	11) RTO Multan, Shamsabad Colony		04) RTO Quetta, Chaman Housing Scheme	08) RTO Faisalabad, New Civil Lines	12) RTO Abbottabad, Main Mansobra Road	
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List of TFCs available at http://fbr.gov.pk																		

Part X of the First Schedule

Application for registration of Income Tax Practitioner

To

¹[Director General of Regional Tax Office]
Of Income Tax,
_____ Region,
_____ (City).
_____ (Jurisdiction)

Dear Sir,

With reference to section 223 of the Income Tax Ordinance, 2002, I, the undersigned, hereby apply for registration as an Income Tax Practitioner within the meaning of the said section.

Necessary particulars are as below:-

1. Name _____ (in _____ block letters) _____;
2. Father's name _____ (in _____ block letters) _____;
3. Residential address:
 - a. _____;
 - b. _____;
4. Date _____ of _____ birth _____;
5. Academic/ professional qualifications on the basis of which registration has been sought _____;
6. Present _____ occupation _____;
7. Particulars of Chartered Accountant/ Cost and Management Accountant/ Income Tax Practitioner with whom apprenticeship was completed and the period and dates of apprenticeship _____.

I hereby declare on solemn affirmation that whatever information has been given above is correct to the best of my knowledge.

It is further affirmed that—

- a. I have not been dismissed or removed from service;
- b. I am not an undischarged insolvent;
- c. I have not been disqualified to represent an income tax assessee by a Commissioner of Income Tax or any authority empowered to take disciplinary action against lawyers or registered accountants;
- d. A period of two years elapsed since I resigned from service after having been employed in the Income Tax Department for two years or more;
- e. I have not been convicted of any offence connected with any income tax proceeding under the Income Tax Ordinance, 2001, or the repealed Income Tax Ordinance, 1979 and Income Tax Act, 1922; and
- f. I have not been convicted of any offence under the Pakistan Penal Code.

Yours faithfully _____
Signature _____
Name of the Applicant _____
Office Address _____
Date _____

¹ Substituted for "The Regional Commissioner" vide SRO 392(I)/2009 dated the 19th May, 2009.

PART XI OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax

Notice under sub-section 4 of section 114 of the Income tax Ordinance, 2001.

NTN/TRN. _____

Name: _____

Address: _____

Assessment year: _____

Dated: _____

Dear Sir,

1. You have not furnished a return of income for the tax year _____ required to be filed under clause - of sub-section 1 of section 114 of the Income Tax Ordinance, 2001,

You are, hereby, required to furnish on or before _____ a Return of Income for the said tax year, in the prescribed form and verified in the prescribed manner. A copy of the return of Income is enclosed.

2. Please note that failure to comply with any of the terms of this notice may result in an ex-parte assessment under sub-section 1 of section 121 of the said Ordinance, and may also render you liable to a penalty under sub-section 1 of section 182, or, prosecution under section 191 of the said Ordinance or both.

Commissioner/
Taxation Officer

¹PART XII OF THE FIRST SCHEDULE

Prescribed Form for Notice of Demand in payment of tax due – Notice of demand required to be served upon the taxpayers under section 137(2) shall be in the following form, namely:-

Government of Pakistan
Department of Income Tax
Office of the _____

NOTICE OF DEMAND UNDER SECTION 137(2) OF THE INCOME TAX ORDINANCE, 2001.

N.T.No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Tax Year _____
Year ending _____
To _____

Dear Sir/Madam

As a result of order passed u/s _____ in your case for the tax year _____ whereby your total income has been determined at Rs. _____ and an amount of Rs _____ (Rupees _____) has been determined to be payable/refundable as specified below.-

(a) Income Tax	Rs _____
(b) Additional Tax u/s	Rs _____
(c) WWF	Rs _____
(d) Penalty u/s	Rs _____
(e) Others	Rs _____
Total	Rs _____

(2) You are required to make the payment of the above amount on or before _____ but not later than ²15 days from the date of service of this notice in the National Bank of Pakistan/State Bank of Pakistan/Treasury Office/Sub-Treasury Office.

(3) If you intend to appeal against the order, you may file an appeal under section 127 to the Commissioner of Income Tax (Appeals), Zone _____ within thirty days of the receipt of this notice.

(4) Please note that by timely payment of your tax liability you can avoid:

- (a) mandatory levy of additional tax under section 205 @ 12% per annum;
- (b) penalty under section 183; and
- (c) proceedings under 138(2).

(5) Copy of the order on which demand/refund is based is enclosed.

¹ The following amendments were proposed in part xii but un-adjustable in this part;
(99) in part XII of the First Schedule,-

(a) in the heading of the prescribed notice of demand,-

(i) the under-line shall be omitted; and

(ii) for the word "in" the word "for" shall be substituted; and

(b) in the notice, in para (4), in clause(i), for the figure "18" the figure "12" shall be substituted; and

Part XII substituted vide SRO 379(I)/2006 dated the 18th April, 2006. Earlier it was substituted vide SRO 189(I)/2006 dated 28th February, 2006

² An amendment has proposed vide SRO 755(I)/2008 dated the 15th July, 2008 that in paragraph 2 figure "thirty" shall substitute as "fifteen" but this figure is not available here.

Date _____

Seal

[Commissioner / Taxation Officer]

Personal Code _____

Part-XIII of the First Schedule

Government of Pakistan
Department of Income Tax
Office of the _____

Form of authorisation (see Rule 72 Section 175)

In pursuance of and as empowered under section 175 and to carry out the purpose and objects of the Section, M/s. _____ and Ms. _____
Taxation Officers and/ or M/s. _____ valuer(s) is/ are authorised with regard to the tax related matters of M/s. _____, to enter any premises and to have full and free access to any place, accounts, documents or computer, and to impound or to take extracts or copy of such material and/ or examine and prepare notes, details of inventory and its valuation, or computer disc of information or floppies from harddisc or inventory of any article found at the place. The officer(s) authorised shall handover a copy of inventory of goods and material to the persons available on premises and/ or put/ affix on the conspicuous place in case of refusal of such person to receive or accept. In the later situation, may also send such copy through registered post/ courier service as early as possible. The taxation officer may keep in mind the enquiry/ investigation, audit relating to tax issues only.

Commissioner

¹PART XIV OF THE FIRST SCHEDULE**APPLICATION FOR GROUP RELIEF UNDER SECTION 59B
OF THE INCOME TAX ORDINANCE, 2001**

Prescribed application for group relief.- An application by the taxpayer for group relief under section 59B of the Income Tax Ordinance, 2001, shall be in the following form, namely:-

To,
The Commissioner, _____

Dear Sir,

The undersigned being duly authorized hereby apply on behalf of M/s _____ (Name, NTN and address of the company) for group relief under section 59B of the Income Tax Ordinance, 2001, in respect of the following companies of the group.

S.No.	Name of the company.	Address Head Office/ postal.	NTN	Incorporation No.	Whether holding / subsidiary company.	Commissioner having jurisdiction over holding / subsidiary company.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

2. The following documents are attached:-

(i) Copies of locally incorporation certificates of the above mentioned companies under the Companies Ordinance, 1984; and

(ii) Copy of the certificate issued by the SECP (as set out in Annexure to this Part) confirming that the companies had complied with the corporate governance requirements, as notified by the SECP, and are not defaulters of any rules or regulations.

3. It is declared that in accordance with the provisions of section 59B of the Income Tax Ordinance, 2001,-

(i) there is continued ownership for five years of share capital of the subsidiary company to the extent of,-

(a) fifty five per cent in the case of a listed company; or

(b) seventy-five per cent or more, in the case of other companies;

(ii) a company within the group has not engaged in the business of trading;

¹ Part XIV inserted vide SRO 392(I)/2009 dated the 19th May, 2009.

(iii) holding company, being a private limited company with seventy-five per cent of ownership of share capital gets itself listed within three years from the year in which set off for loss is claimed;

(iv) the Board of Directors of the respective companies have approved the loss surrendered and loss claimed under section 59B of the Income Tax Ordinance, 2001;

(v) the Board of Directors of the loss claiming company has approved transfer of cash to the loss surrendering company equal to the amount of tax payable on the profit set off against the acquired loss; and

(vi) after the approval of cash transfer by the Board of Directors, the cash has been actually transferred before the filing of returns of the loss claiming company and the loss surrendering company.

Yours faithfully,

Signature _____
Name _____
(in block letters)
CNIC No. _____
Designation _____
Date _____

ANNEXURE
(See paragraph 2(ii) of this part)

**CERTIFICATE FROM THE SECURITIES AND
EXCHANGE COMMISSION OF PAKISTAN**

It is certified that M/s _____, incorporated at No. _____ dated _____ is a holding company having 55% share of the following subsidiary companies, namely:-

- (a) -----
- (b) -----
- (c) -----
- (d) -----

It is certified that M/s _____, M/s _____ and M/s _____ are the subsidiary companies of the holding company M/s _____ holding 75% share of the aforementioned subsidiary companies.

And the holding company and its subsidiary companies (mentioned above) have not violated any corporate governance requirements notified by the SECP from time to time, and the above said companies are entitled to avail group relief under section 59B of the Income Tax Ordinance, 2001. This certificate shall be valid till no violation from the date of issuance of this certificate onwards is committed by the concerned companies. The SECP is obliged to intimate the Commissioner of Income Tax concerned, if any, code of corporate governance is violated by any of companies availing benefit of group relief under section 59B of the Income Tax Ordinance, 2001.

Signature _____
Name of the issuing authority _____
Seal/Stamp _____
Date: _____]

SECOND SCHEDULE
(See rule 34, 35, 36, and 39)

A return to be filed by the companies as specified in **Part-I** (Rule 190(1) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A return to be filed by the AOP/ RF as specified in **Part-II** (Rule 190(2) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A return to be filed by the individual/ AOP as specified in **Part-III** (Rule 190(3) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A statement in lieu of return for salary return to be filed by the salaried persons as specified in **Part-IV** (Rule 190(4) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A return to be filed by the salaried individuals with other income as specified in **Part-V** (Rule 190(7) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A wealth statement as specified in **Part-VI** (Rule 191 of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A statement u/s 169 as specified in **Part-VII** (Rule 202C of the Income Tax Rules, 1982) of the Second Schedule to these rules.

Sd/--
Vakil Ahmad Khan
Member (Direct Taxes)/
Additional Secretary

¹Part-XII

Statement regarding transfer of property

1) The following monthly statement shall be filed by every person responsible to register or attest the transfer or right to use of immovable property (other than agricultural land), located in urban area, if it is;

- a) measuring at least 500 sq. yards or one kanal, whichever is less; or
- b) a residential flat with covered area measuring 1500 sq. feet and above; or
- c) a commercial property of any size;

**Statement regarding transfer of properties-
for the month of 200....**

S. No.	Name and address of the buyer	* National Tax Number of the buyer	Name of the seller	Address of the seller
(1)	(2)	(3)	(4)	(5)
* National Tax Number; of the seller	Full particulars and location of property	Value of the property as per deed of registration	Date of Registration	
(6)	(7)	(8)	(9)	

* CNIC number, in case NTN is not available.

"I-----hereby certify that the above statement contains complete information regarding attestation/registration of properties, located in urban area (other than agricultural land), measuring at least five hundred sq. yards or one kanal, residential flats with covered areas measuring 1500 sq. feet and above, and commercial properties for the month of -----200-----
---.

Name and Designation _____	Signature _____
----------------------------	-----------------

¹ Part XII added vide SRO 669(I)/2006 dated the 28th June, 2006.

Address _____ (Seal)	Date _____
-------------------------	------------

- 2) For the purpose of this statement “urban area” means area falling within the limits of :-
- i) the Islamabad capital territory;
 - ii) a cantonment board; or
 - iii) a municipal body;
 - iv) in case of Karachi up to 40 kilometers from the outer limit of municipal or cantonment limits;
 - v) in case of Lahore and Faisalabad up to 30 kilometers from the outer limit of municipal or cantonment limits;
 - vi) in other cases up to 10 kilometers from the outer limits of municipal bodies or cantonment boards; and
 - vii) includes areas defined as such in the Urban Immoveable Property Tax Act 1958 (WP Act V of 1958) and such areas as the Central Board of Revenue may, for time to time, by notification in the Official Gazette specify.
- 3) The statement referred to in sub-rule (1) shall be furnished on or before 10th of each month regarding properties registered or attested during the preceding month,

²Part-XIII

Statement regarding sale of motor vehicles

- 1) Every manufacturer, dealer of motor vehicle, registration authority, bank, or leasing company, shall furnish a statement regarding sale or lease of motor vehicles, on monthly basis to the Commissioner or any officer appointed on his behalf as under, namely;

Statement for sale of motor vehicles

For the month of ----20--

S. No	Name and Address of Purchaser/ Lessee	NTN/CNIC of Purchaser/ Lessee	Registration Number of the Motor Vehicle	Motor Vehicle Make/Model/ Engine Capacity	Year of Manufacture	Date of First Registration of the vehicle in Pakistan	Registered Capacity/ Laden Weight of the Vehicle	Exfactory Price of Motor Vehicle
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

*This form can be modified by omitting the columns that are not applicable.

"I-----certify that the above statement contains complete information regarding sale or lease of motor vehicles during the month of----20--.

Name and Designation_____

Signature_____

Address_____

Date_____

(Seal)

The statement referred to in sub-rule (1) shall be furnished on or before 10th of each month regarding sale or lease of motor vehicles during the preceding month.

² Part XIII added vide SRO 669(I)/2006 dated the 28th June, 2006.