TOLA ASSOCIATES
TAX & CORPORATE ADVISORS

COMMENTS ON FINANCE (SUPPLEMENTARY) ACT 2022

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Prologue:

The Federal Government had recently tabled a Bill in the National Assembly on 30th December 2021, which contained proposed amendments to the different tax laws in Pakistan. This Bill was titled the **Finance (Supplementary) Bill 2022** ("The Bill"). The amendments that were proposed pertained to, amongst other laws, the Income Tax Ordinance, 2001 ("ITO"), Sales Tax Act, 1990 ("STA"), Federal Excise Act, 2005 ("FEA"), Islamabad Capital Territory (Tax on Services), 2001 ("ICT").

However, before this Bill was passed by the National Assembly, certain Amendments were made through a "List of Amendments" on 13th January 2022, and the Bill was then finalized and passed by the National Assembly on the same date, thereby obtaining the status of an "Act of Parliament". This **Finance (Supplementary) Act 2022** shall come into force with immediate effect, unless otherwise indicated. This document provides a brief overview on the final changes brought through the aforesaid List of amendments.

Our comments on the Bill may be treated as a part of this document. We are enclosing herewith the overview we had previously provided on the Bill as ***Annexure* 'I'**.

Lastly, should you have any queries in relation to this document, do not hesitate in contacting us.

Please feel free to provide your feedback for further improvements in the document.

Warm Regards

TOLA ASSOCIATES
Friday, 14th January 2022

Disclaimer: The interpretations of the amendments are based on our understanding of tax law and past practices. These comments are provided for general use of public and should not be used for any specific transaction. This document is not a professional advice and shall not constitute a professional advice. Furthermore, we do not guarantee that these interpretations will be acceptable by any judicial forum, including any tax department(s). These comments are prepared for the purposes of a general understanding for the public. In case of any technical query, you may kindly contact us.

AMENDMENTS IN INCOME TAX ORDINANCE, 2001

1. DEFINITION OF DIGITAL MEANS

The Bill had proposed to add a new definition of "digital means" through inserting **Section 2(17B)** in the ITO.

Proposed definition through the Bill: The term "digital means" mean electronic or digital payments as defined by the State Bank of Pakistan ("SBP").

We had mentioned in our previous overview of the Bill, that the SBP has, through its Circular **PSP&OD Circular Letter No. 05 of 2021**, dated 15th October 2021, defined digital payments as including the following:

a) Online portals/platforms for digital payments/receipts

b) Online Interbank Fund Transfer Services

c) Online bill/invoice payment presentment and payment services

d) Over the Counter digital payments and facilities

e) Card payments using Point of sale terminals, QR Codes, mobile devices, ATMs, Kiosk and/or any other digital payments enabled services

f) Any other digital/online payment modes.

We had also noted in our comments that this proposed amendment (in the Bill) should have been made in a way which brings clarity to the taxpayer as the proposed amendment did not mention which specific legislation, circular and/or notification of the SBP must be relied upon. We were of the view that it would have been better if the proposed amendment contained an inclusive definition which would have made compliance more efficient by making the definition more certain.

❖ AMENDMENT

The Act has adopted the above definition mentioned in the SBP 's Circular Letter No. 05 of 2021, dated 15th October 2021.

2. EXEMPTION ON ELECTRIC POWER PROJECTS– CLAUSE 132 OF PART 1 OF THE SECOND SCHEDULE TO THE ITO.

As per the said Clause 132, the profit and gains derived by taxpayer from electric power generation project set up in Pakistan on or after 1st July 1988 were exempt with certain prescribed conditions to be fulfilled mentioned in same clause.

Through the FA 2021, a condition was inserted whereby no exemption under this clause would be available to persons, who enter into agreement or to whom letter of intent is issued by Federal or Provincial Government for setting up an electric power generation project in Pakistan after the 30th day of June, 2021.

The Bill had proposed that exemption will be available if letter of support instead of letter of intent is produced.

❖ AMENDMENT

Through the list of Amendments, a technical correction is made whereby an exemption will be available to persons, who enter into agreement or to whom letter of intent is issued by the Federal or Provincial Government for setting up an electric power generation project in Pakistan on or before the 30th June 2021, and **who obtains the letter of support on or before the 30th June 2023**.

AMENDMENTS IN SALES TAX ACT, 1990

1. FIFTH SCHEDULE- ZERO RATING

The items mentioned in the Fifth Schedule read with Section 4 of the STA are subject to sales tax @ 0%. The benefit of the zero-rating would be that if any sales tax is paid on purchases such as on packaging material, the said input will be refundable.

Through the Bill, the following items, inter-alia, were proposed to be omitted with the effect that these would be chargeable @17% with sales tax paid on purchases adjustable against such liability.

Serial No	Description	Tariff Heading
12(xvii)	Preparations suitable for infants, put up for retail sale.	1901.1000
12(xix)	Bicycles	87.12

❖ AMENDMENT

Now, through the List of amendments, the heading 12(xvii) has been amended in the Fifth Schedule to the STA, as "preparation suitable for infants, put up for retail sales **with maximum retail price Rs 500 per 200 grams**". The effect of this amendment is that entry 12(xvii) is only amended and not removed from the Fifth Schedule to the STA. Pursuant to this amendment, the scope of the entry (i.e zero-rating) is now limited to the item having a maximum retail price of Rs. 500 per 200 gram. If this threshold is exceeded, then the item will not be zero-rated.

For Entry 12(xix), the list of amendments has also removed it from the Fifth Schedule (which is the same proposal as the Bill).

1. SIXTH SCHEDULE

The items listed in the Sixth Schedule are imported items whose supply is exempt from sales tax. However, if any sales tax is paid on purchase of any raw material of these items, it will become part of the cost, and not be adjustable from the output.

➢ TABLE -1(IMPORT AND LOCAL SUPPLIES)

Through the Bill, the following items, amongst others, were proposed to be omitted with the effect that they shall be chargeable @ 17% at import and further supply. Moreover, input tax if any, on raw material would be adjustable against the output liability. These were the following items:

Serial No	Description	Tariff Heading
16	Red chillies not sold in retail packaging	
107	Import and supply of iodized salt	

❖ AMENDMENT

The List of Amendments has overturned the aforesaid proposal made in the Bill to the extent of the items mentioned supra. The effect of this is that these items remain in the Sixth Schedule to the STA. Hence, their import and the further supply thereof is exempt from sales tax. Consequently, any input tax paid for e.g. on packaging material will become part of the cost.

➢ TABLE 2 (LOCAL SUPPLIES)

The Bill had proposed to withdraw the exemption on Breads, Nan, Chappati and Sheermal prepared in bakeries, restaurants, food chains and sweet shops (entry no.7 in the Sixth Schedule). Simultaneously, a carve-out was proposed for bread, nan, chapatti, sheer mal prepared in tandoors, through which they would have still remained exempt from sales tax. The effect of this amendment was that these items would now be taxable @17%, unless they were being prepared in a tandoor.

❖ AMENDMENT

The List of amendments has now substituted the aforesaid proposed entry by stating that breads, vermicillies, nan, chappati, sheermal, bun and rusk are now exempt in the Sixth Schedule on local supplies. However, the Act has further amended the said entry by stating that if these items are sold in bakeries, restaurants, food chains and sweet shops falling in the category of Tier-1 retailers these will be chargeable @ 17%.

2. EIGHT SCHEDULE- REDUCED RATES

The items listed in the Eighth Schedule are charged to tax at the rates (reduce rates) and subject to the conditions and limitations prescribed in the Eighth Schedule.

AMENDMENTS IN SALES TAX ACT, 1990

3.1 Through the Bill, the import of an electric vehicle in CBU conditions (chargeable@ 5%),i.e Entry No. 75, amongst others, was proposed to be omitted with the effect that the import thereof would be chargeable @ 17%.

❖ **AMENDMENT**

The Act has maintained Entry No.75 in the Eighth Schedule through the List of amendments. This means that the import and the further supply of an electric vehicle in a CBU condition will be taxed at a reduced rate of 5%.

3.2 The import and local supply of Hybrid Electric Vehicle ("HEV") upto 1800cc was chargeable at 8.5% and from 1801cc to 2500cc it was taxable @12.75 (both as per entry no. 73). Through the bill, it was proposed that the tax rate for the import and local supply of HEVs for upto 1800cc rate will be 12.5%, and for the capacity above 1800cc, the tax rate applicable will be 17%.

❖ **AMENDMENT**

Now, through the List of amendments, the tax rates applicable before the Bill proposed the amendments, will be applicable. This means that previous rates i.e. upto 1800cc was chargeable @8.5% and from 1801cc to 2500cc @12.75 has been restored for locally manufactured Hybrid Electric Vehicles. Whereas, imported vehicles are now subject to 17% on import and further supply.

3.3 Through list of amendments, a new entry no. 75 has been inserted as Import of electric vehicle in CBU condition (8703.8090) @ 12.5%.

AMENDMENTS IN FEDERAL EXCISE ACT, 2005

1. FIRST SCHEDULE

Section 3 of the FEA provides that all goods and services are subject to FED at a general rate of 15%, except those specified in the First Schedule on which FED shall be charged on specific rates prescribed in the First Schedule.

In entry number 55B, the Bill had proposed new rates of excise duties on locally manufactured cars, SUVs and other motor vehicles as following:

S.No	Description	Existing Rate	Proposed Rate
1	of cylinder capacity up to 1000cc	0%	0%
2	of cylinder capacity from 1001cc to 2000cc	2.5%	5%
3	of cylinder capacity 2001cc and above	5%	10%

❖ AMENDMENT

Now, through the list of Amended Finance Bill, the following rates are applicable:

S.No	Description	Proposed Rate
1	of cylinder capacity up to 1300cc	2.5%
2	of cylinder capacity from 1301cc to 2000cc	5%
3	of cylinder capacity 2001cc and above	10%

ANNEXURE - I

TOLA ASSOCIATES
TAX & CORPORATE ADVISORS

COMMENTS ON FINANCE (SUPPLEMENTARY) ACT, 2021

DATED: FRIDAY, DECMEBER 31, 2021

PROLOGUE:

The Federal Government of Pakistan ("the Government") has tabled a Bill ("amendment Bill" or "this Bill") titled the "Finance (Supplementary) Act 2021" in the Parliament yesterday on 30th December 2021, through which they have proposed amendments in the tax laws of Pakistan. After a perusal of the proposed amendments, we hereby offer our overview on these amendments. However, and at the very outset, it is important to invite your attention to the inflationary aspect of the proposed amendments in the Sales Tax Act 1990 ("STA"). These amendments come at a time when Pakistan is already going through double-digit inflation. Moreover, a hefty chunk of the proposed amendments entail bringing a plethora of goods from an exempt, zero-rated, or reduced rate (as applicable) sales tax regime to the standard rate of sales tax (i.e 17%). Hence, we consider that these amendments will have a considerable inflationary impact, to the tune of around PKR 360 Billion.

In addition to the above, there have been amendments in the Income Tax Ordinance 2001 ("ITO"), the Federal Excise Act 2005 ("FEA"), and the Islamabad Capital Territory (Tax on Services) Ordinance 2001 ("ICT").

Briefly putting things into context, this Bill is reportedly a prerequisite to obtaining the next tranche of the loan from the IMF. We would like to remind our readers that Pakistan is still part of a programme with the IMF, and recently negotiated with the IMF to get their next tranche of loan released. As per the reports, the IMF had requested the Government to withdraw sales tax exemptions.

We hope our overview in this document was of help to everyone reading. Nevertheless, should you have any questions do not hesitate in contacting the undersigned or our team.

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Tola Associates

Friday, December 31, 2021

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INCOME TAX ORDINANCE, 2001

➢ AMENDMENTS MADE IN THE INCOME TAX ORDINANCE 2001

As mentioned in the preamble, there have been several amendments proposed in the ITO which bears an impact on the public and the businesses. Our overview on these proposed amendments is as follows:

1. Proposed definition of "digital means"

The Bill has proposed to add a new definition of "digital means" through inserting **Section 2(17B)** in the ITO.

Proposed definition: "digital means" mean electronic or digital payments as defined by the State Bank of Pakistan ("SBP"). The SBP has, through its Circular **PSP&OD Circular Letter No. 05 of 2021**, dated 15th October 2021, defined digital payments as including the following:

a) Online portals/platforms for digital payments/receipts

b) Online Interbank Fund Transfer Services

c) Online bill/invoice payment presentment and payment services

d) Over the Counter digital payments and facilities

e) Card payments using Point of sale terminals, QR Codes, mobile devices, ATMs, Kiosk and/or any other digital payments enabled services

f) Any other digital/online payment modes.

The said amendment is a corresponding amendment to Section 21(la)[1] of the ITO, which disallows any expense for a transaction, whether paid or payable under a single account head, that exceeds an aggregate of PKR 250,000/-, made through means other than digital means from the notified business account of the taxpayer. The said section also has a carve-out for certain expenses[2].

However, this proposed amendment should have been made in a way which brings clarity to the taxpayer. As of now, the proposed amendment does not mention which specific legislation, circular and/or notification of the SBP must be relied upon. It would have been better if the proposed amendment contained an inclusive definition which would have made compliance more efficient by making the definition more certain.

We believe that the proposed amendment will become more effective if it is redrafted and contains an inclusive definition of digital means.

2. Section 21(Ia) – Payment through digital means – Effective date of operation

As discussed above, the captioned Section has recently introduced a requirement to adopt digital means of payment in the situation stated therein. Moreover, the compliance date of this Section was also extended to 31st December 2021 through Circular No. 10 of 2021-22 – Operations Income Tax, dated 1st December 2021.

It may be noted here that after the introduction of this Section there was uncertainty as to how it would be implemented. A reason for this uncertainty might be that the compliance of the Section was required to be immediate initially. We believe a gradual and inclusive approach should be taken to include the taxpayers in this digital payment mechanism overtime.

Now, there has been an amendment proposed, whereby the effective date of Section 21(Ia) shall be notified by the Board. This may indicate that the Government may consult the stakeholders and

[1] This Section was introduced through the Tax Laws (Third Amendment) Ordinance 2021.

[2] The carve-out includes: (a) Expenditures not exceeding twenty-five thousand rupees; and (b) Expenditures on account of — utility bills; freight charges; travel fare; postage; and payment of taxes, duties, fee, fines or any offfer statutory obligation.

devise an action-plan to include the taxpayers in this digital payment mechanism in a phased manner.

3. Minimum Tax under Sections 153, 233 and 236Q of the ITO.

There has been a similar amendment proposed in the captioned Sections of the ITO. Section 153 obliges prescribed persons and exporters or exporter houses to deduct tax on the gross amount of payment made by them to resident persons in certain situations.[3] There has been an explanation proposed to be added which clarifies that the minimum tax under Section 153(3) of the ITO cannot be offset by a Minimum Tax liability under other provisions of the ITO. This explanation is added to treat the gross amount, on which tax is deducted, as deemed income to avoid litigation in courts. Furthermore, it is also in line with similar provisions such as Section 113(2) of the ITO, that treats turnover as income.

Section 233 deals with payments of brokerage and/or commissions in certain situations. The payer is required to deduct advanced tax as prescribed in the said Section. The Bill proposes to add a similar explanation in this Section as stated *supra* in Section 233(3) which will have the same affect.

Section 236Q relates to prescribed persons making payments for the use or right to use industrial, commercial and scientific equipment, and deducting tax on the gross amount on specified rates. The Bill proposes a similar amendment in Section 236Q(3) of the ITO as stated above and will have a similar affect.

4. Additional Documentation Submission Requirement for the Banks – Section 165A

The Bill has proposed to add a new clause (f) through which banks shall have to make arrangements to provide a **"list of persons containing particulars of their business accounts opened or re-designated during each preceding calendar month".**

The primary purpose of the aforesaid proposed amendment seems to be the verification of the details of the taxpayers, in comparison with what details the taxpayer has furnished in his profile.

5. Politically exposed persons – Their information can now be disclosed! (Section 216 of the ITO)

Section 216 of the ITO governs the disclosure of the information by a public servant. Section 216(3) provides for situations where the disclosure of particulars[4] cannot be precluded by Section 216(1). The Bill proposes an amendment whereby the particulars of High-level public officials and public servants in BPS-17 and above, their spouses, their children or benamidaars, or any person in relation to whom the aforementioned persons are beneficial owner, shall not be precluded from disclosure by Section 216(1). The Bill further proposes a proviso (can also be called a "carve-out") through which those people who have been excepted under Section 5(m)(iv) of the National Accountability Bureau Ordinance 1999 will be excluded from the aforestated amendment.

[3] Section 153(1) deals with payments (in part or in full, and also includes advance payments) made by a prescribed person to resident person for the sale of goods (including toll manufacturing), for rendering or providing services, or on the execution of a contract for the sale of goods or the rendering or providing of services.
Section 153(2) deals with exporters or export houses making a payment to a resident person or a Permanent Establishment in Pakistan of a non-resident person, for rendering of or providing services of stitching, dying, printing, embroidery, washing, sizing and weaving.

[4] The particulars to which Section 216 applies is stated under Section 216(1) as particulars contained in: (a) any statement made, return furnished, or accounts or documents produced under the provisions of this Ordinance; (b) any evidence given, or affidavit or deposition made, in the course of any proceedings under this Ordinance, other than proceedings under Part XI of Chapter X; or (c) any record of any assessment proceedings or any proceeding relating to the recovery of a demand

The explanation proposed by the Bill links the meaning of "High-level public officials" to the definition of Politically exposes persons ("PEP") mentioned in a rule, regulation, executive order or under any law for the timebeing in force.

PEP has been defined under Regulation 2(m) of the National Savings (AML and CFT) Regulations 2020 as "any individual who is or has been entrusted with a prominent public function in Pakistan, a foreign country, or an international organization, and includes but is not limited to – (i) heads of states, heads of governments, ministers and deputy or assistant ministers by whatever name called; (ii) Members of Parliament or Provincial Assembly; (iii) Judges of Supreme Courts, of constitutional courts or of any judicial body the decisions of which are not subject to further appeal except in exceptional circumstances; (iv) Government employees of BPS-21 or equivalent and above; (v) Ambassadors; (vi) military officers with a rank of Lieutenant General or higher and its commensurate rank in other services; (vii) directors and members of the board or equivalent function of an international organization; (viii) members of the governing bodies of political parties; and (ix) members of the board or equivalent function in corporations, departments or bodies that are owned or controlled by the state."

6. Advanced tax levied on TV plays and advertisements – Section 236CA proposed.

The Bill has proposed an amendment whereby any licensing authority certifying; (a) any foreign TV drama serial or a play dubbed in Urdu; and (b) any commercial for advertisement starring foreign actor; for screening and viewing on any landing rights channel shall be obliged to collect advance tax under a newly proposed Division XA Part IV of the First Schedule to the ITO.

Through the newly proposed Division XA, the following fixed taxes have been proposed to be added:

a) On Foreign produced TV drama serial or play: PKR 1,000,000 per episode

b) On Foreign produced TV play (single episode): PKR 3,000,000

c) On Advertisement starring foreign actor: PKR 500,000 per second

The main purpose behind this proposed amendment is to generate tax revenue from the licensing of the aforestated drama and commercial advertisements. However, in our view, the fixed tax rates are excessive and should be reduced.

7. REIT Schemes And Special Purpose Vehicles

a) **Dividend Tax:** The rate of dividend tax levied pursuant to Section 5 of the ITO has been proposed to be amended, and henceforth levied at 0% in a situation where the REIT scheme receives a dividend from a Special Purpose Vehicle ("SPV"), and 35% in case of the dividend recipient not being a REIT. The said amendment has been proposed by virtue of a new clause (c) in Division II of Part 1 of the First Schedule to the ITO.

Advanced Tax on Dividends: As a corresponding amendment to the above, the Bill has proposed the same treatment for Advanced Tax on dividends received by a REIT (0%) and others (35%) from SPVs.

b) Exemption from tax, pursuant to Section 53 read with Part 1 of the Second Schedule:

(i) The Bill proposes to include "SPVs" in the purview of the exemption from total income as provided in Clause (99) of Part 1 of the Second Schedule to the ITO, subject to the conditions prescribed therein being fulfilled.

(ii) The Bill has sought to amend Clause (99A) of Part 1 of the Second Schedule to the ITO. Through that amendment, it is proposed that the sale of shares of SPVs by any person to a REIT scheme are exempt from income tax.

(c) Sections 150, 151, 233 and Division VII of Part I of the First Schedule to the ITO proposed not to be applicable: The Bill proposes to add SPVs in clause (47B) of Part IV of the Second Schedule to the ITO by "including" them in REIT schemes in the said clause.

d) **Definition of SPVs**: In the aforestated amendments, there have been explanations added which state that SPVs shall have the same meaning as defined under the REIT Regulations 2015. SPV has been defined in Regulation 2(xxxiib) of these Regulations as "a limited liability company that a Non-PPP REIT Scheme may invest in or set up in accordance with and subject to the limitations set forth in these Regulations".

Considering the withdrawals of exemptions and zero-rating from the STA, we believe that providing on the one hand the aforementioned incentives to REIT Schemes and SPVs, and withdrawing exemptions and zero-rating from the STA on the other hand, is inconsistent treatment for taxpayers at large. Hence, we believe these amendments related to REITs and SPVs must be reviewed in the interest of equitable taxation.

8. ADVANCED TAX ON THE USAGE OF MOBILE PHONES INCREASED - Division V, Part IV of the First Schedule to the ITO

The Bill has proposed to increase the advanced tax applicable in case of subscriber of internet, mobile telephone and prepaid internet or telephone card. The tax has been increased to 15%. Previously it was 10% for TY 2022, and 8% TY onwards.

9. Letter of intent changed to letter of "support" – Clause 122 of Part 1 of the Second Schedule to the ITO.

The Bill has proposed to substitute the word "intent" to "support" in the sixth proviso of the captioned clause. The Bill also implies that this is a retrospective amendment as the Bill states "the words Letter of Support shall be substituted and shall always be deemed to have been so substituted".

10. Withholding tax on telephone users- Section 236- First Schedule, Part IV, Division V

Rates of collection of tax under section 236 in the case of subscriber of internet, mobile telephone and pre-paid internet or telephone card, have been increased from 10% for tax year 2022 and 8% onwards to 15% from 2022 onwards.

11. Withholding tax on purchase, registration and transfer of motor vehicles - Section 231B- First Schedule, Part IV, Division VII

The rates under Section 231B has been changed as follows:

S.No.	Engine Capacity	Existing Tax Rate	Proposed Rates
(1)	(2)	(3)	
1	Upto 1000cc	Rs. 50,000	Rs 100,000
2	1001cc to 2000cc	Rs. 100,000	Rs 200,000
3	2001cc and above	Rs. 200,000	Rs. 400,000

SALES TAX ACT, 1990

A. AMENDMENTS IN THE SALES TAX ACT, 1990

1. Cottage Industry- Section 2(5AB)

The small manufacturers falling under the definition of 'cottage industry' are not required to get registered under the STA 1990 and, therefore, are not required to charge sales tax and issue invoices. The cottage industry is defined as a manufacturing concern with certain conditions to be met, one of which is that the annual turnover from all supplies does not exceed PKR 10 million. Now, the Bill has proposed to lower the above limit to 8 Million Rupees.

2. Tier-1 Retailers- Section 2(43A)

The retailers falling under the definition of 'Tier-1 retailers' are required to get registered with the FBR and integrate their Point of Sales Terminals with the FBR for the real time reporting of their sales. Various conditions are provided in Section 2(43A) to categorize a retailer as Tier-1. The Bill has proposed to add another criteria that retailers whose deductible withholding tax under sections 236G or 236H of the ITO during the immediately preceding twelve consecutive months has exceeded the threshold specified by the FBR, will also fall under purview of the Tier-1 category.

3. Power to exclude from Third the Schedule - Section 3(2)(a) Proviso

The Section 3(2)(a) of the STA provides that taxable supplies and import of goods specified in the Third Schedule shall be charged to tax at the rate of **seventeen per cent** of the retail price. The Government has the power to issue a Notification to exclude any taxable supply or import from the ambit of the Third schedule. Now, it has been proposed to give such powers to the FBR instead of the Government.

4. The CNIC condition on Tax Invoice - Section 23

A registered person is required to issue a tax invoice at time of supply of goods which must contain some prescribed particulars, that include, the NTN or CNIC of buyer in case of supply to an unregistered person. In case of a retailer, a relaxation in this condition is given upto sales not exceeding PKR 100,000/- in case the sale is made to ordinary consumers. The Bill has now proposed that the condition of CNIC or NTN shall not apply in the case of payment through debit card or digital mode.

Previously, in case of subsequent proof that the CNIC provided by the purchaser was not correct, the liability of tax or penalty did not arise against the seller if the seller acted in good faith. The bill now has introduced amendment having the effect that the seller will be liable for tax or penalty in case it is subsequently proved that CNIC provided by the buyer was not correct.

5. Directorate General of Digital Invoicing and Analysis- Section 30CA

A new Section is proposed, whereby, a new Directorate General of Digital Invoicing and analysis will be established. The said directorate shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the FBR may by Notification appoint.

6. Penalty- Section 33

The following amendments have been proposed through the Bill:

6.1 Penalty under Serial No. 23 is applicable to any person who manufactures, possesses, transports, distributes, stores or sells cigarette with counterfeited tax stamps, banderoles, stickers, labels or barcodes or without tax stamps, banderoles, stickers, labels or barcodes will be liable to outright confiscation and destruction and other penalties. It is now proposed that the words "cigarette packs", "cigarette stock" and "cigarettes" will be replaced with the word "specified goods". Also the penalty of destruction of such goods is also omitted. This means that the scope of penalty has been extended to all goods as may be specified by the FBR.

6.2 Penalty under Serial No. 24 covers transactions conducted in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions to FBR online systems and are liable to prescribed penalty. It is now proposed that the business premises of such person shall also be liable to be sealed by an officer of Inland Revenue in the manner prescribed in addition to other penalties.

6.3 Penalty under Serial No. 25A deals with a person required to integrate his business as stipulated under sub-section (9A) of Section 3, but who fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under the law and rules, shall be liable to prescribed penalty. It is now proposed through the Bill, that the business premises of such person shall be liable to be sealed by an officer of Inland Revenue in the manner prescribed.

7. Third Schedule-Sugar

The Section 3(2)(a) of STA, 1990 provides that taxable supplies and import of goods specified in the Third Schedule shall be charged to tax at the rate of seventeen per cent of the retail price alongwith the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the manufacturer, or the importer, in case of imported goods] on each article, packet, container, package, cover or label.

Sugar, except where it is supplied as industrial raw material to pharmaceutical, beverage and confectionery industries, was also made part of Thirds Schedule (at serial 50) vide Finance Act, 2021. Subsequently, due to pressure of Sugar manufacturers, its application was deferred till 30Th November, 2021 vide SRO 989(I)/2021 dated: 05-08-2021 with effect from 01-07-2021, effectively nullifying the insertion of serial 50.

Now, sugar is proposed to be omitted with effect from 1st December 2021, whereby it is now subject to sales tax @17% on value of supply rather than retail price.

8. Fifth Schedule-Amendments

The items mentioned in Fifth Schedule read with Section 4 of the STA are subject to sales tax @ 0% with benefit that if any sales tax is paid on purchases the same will be refundable. For example, if goods are sold at PKR 100/- the sales tax on such supply will be Rs 0, and if goods were purchased at Rs 90 and input at PKR 15.3/- was paid, it will be refundable.

8.1 Omissions

The following items are proposed to be omitted from fifth schedule. This will have the effect that manufacturers of such goods will now be able to charge sales tax at standard rate of 17% from consumers and will adjust sales tax paid by them on input raw materials. This will directly benefit manufacturers as their cash flow will not be blocked due to piling up of refunds. The price of such improved cash flow will be paid by the general consumers diminishing there purchasing power and adding to inflation.

Serial No.	Description
3	Supplies to duty free shops, provided that in case of clearance from duty free shops against various baggage rules issued under the Customs Act, 1969, (IV of 1969), the supplies from duty free shops shall be treated as import for the purpose of levy of sales tax.
6A	Supplies of locally manufactured plant and machinery of the following specifications, to manufacturers in the Export Processing Zone, subject to the conditions, restrictions.
9	Goods exempted under section 13, if exported by a manufacturer
15	Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with

	such conditions, limitations and restrictions.
18	(i) Supply, repair or maintenance of any ship which is neither; (a) a ship of gross tonnage of less than 15 LDT; nor (b) a ship designed or adapted for use for recreation or pleasure. (ii) Supply of spare parts and equipment for ships falling under (i) above. (iii) Supply of equipment and machinery for salvage or towage services. (iv) Supply of equipment and machinery for other services provided for the handling of ships in a port.
12	Only following items omitted in serial no. 12 (xvii)Preparations suitable for infants, put up for retail sale] (PCT heading 1901.1000) (xix) Bicycles (PCT heading 87.12

8.2 New Insertions

The following items are now inserted with the effect that their supply will be zero rated and their input tax, if any, will be refundable:

19	Drugs registered under the Drugs Act, 1976 (XXXI of 1976), or medicaments as classified under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except PCT heading 3005.0000
20	Petroleum Crude Oil (PCT heading 2709.0000)

9. Sixth Schedule-Amendments

The items listed in the Sixth Schedule are exempt from sales tax and if any sales tax is paid on purchase of any raw material of these items it will become part of the cost.

For example, if goods are sold at Rs 100/- no sales tax will be chargeable on such supply, and if there is raw material used on which input at Rs 10/- was paid, it will become part of the cost.

9.1 Omissions

The items provided in **Annexure A, Annexure B** and **Annexure C** to this document, are proposed to be omitted with the effect that they shall be chargeable @ 17% at import and further supply. Moreover, input tax if any, on raw material shall be adjustable against the output liability. This will reduce the cost of goods for manufacturers on one hand, on the other, charge of sales tax will increase price for end consumers. The manufacturers should, therefore, reduce prices of their goods to adjust the reduction in their costs and pass on the benefit to end consumers. This will minimize the impact of charge of sales tax.

Moreover, levying of sales tax will also have no or minimal impact on net revenues of the exchequer as the the sales tax charged will be adjusted against the input tax paid.

9.2 Amendment

9.2.1 Table 1 (Import & Local Supplies)

- Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned (entry no 13) are exempt from sales tax. Now, it is proposed that vegetables only imported from Afghanistan will be exempt and other are taxable @17% on import.

- Now, it is proposed that Fruit imported from Afghanistan excluding apples PCT 0808.1000 are exempt from sales tax, all other are taxable @ 17% on import.

- Exemption on Cereals and products of milling industry is withdrawn and now taxable @17 % (entry no. 19), whereas Rice, wheat and meslin flour are now exempt from Sales Tax.

- Exemption on Newsprint, newspapers, journals, periodicals, books but excluding directories (entry no. 32) is withdrawn and now taxable @17% on import and supplies. Now, an exemption is proposed in this entry to Newsprint and educational text books but excluding brochures, leaflets and directories.

9.2.2 Table 2 (Local Supplies)

- The Bill has proposed to withdraw the exemption on Breads, Nan, Chappati and Sheermal prepared in bakeries, restaurants, food chains and sweet shops (entry no.7 in the Sixth Schedule). Simultaneously, a carve-out has been proposed for bread, nan, chapatti, sheer mal prepared in tandoors, through which they would still remain exempt from sales tax. The effect of this amendment will that these items would now be taxable @17%, unless they are being prepared in a tandoor.

9.3 New Insertions

The following items are now proposed to be exempt if locally produced and supplied:

40.	Live Animals and live poultry	Respective headings
41.	Meat of bovine animals, sheep, goat and uncooked poultry meat excluding those sold in retail packing under a brand name	Respective headings
42.	Fish and crustaceans excluding those sold in retail packaging under a brand name	Respective headings
43.	Live plants including bulbs, roots and the like	0601.1010, 0601.1090, 0601.2000, 0602.1000, 0602.2000, 0602.3000, 0602.4000, 0602.9010 and 0602.9090
44.	Cereals other than rice, wheat, wheat and meslin flour	Respective headings
45.	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.	0701.1000, 0702.0000, 0703.2000, 0703.9000, 0704.1000, 0704.2000, 0704.9000, 0705.1100, 0705.1900, 0705.2100, 0705.2900, 0706.1000, 0706.9000, 0707.0000, 0708.1000, 0708.2000, 0708.9000, 0709.1000, 0709.2000, 0709.3000, 0709.4000, 0709.5100, 0709.5910, 0709.5990, 0709.6000, 0709.7000, 0709.9000, 0710.1000, 0710.2100, 0710.2200, 0710.2900, 0710.3000, 0710.4000, 0710.8000, 0710.9000, 0712.2000, 0712.3100, 0712.3200, 0712.3300, 0712.3900 and 0712.9000
46.	Edible fruits	Respective headings
47.	Sugar cane	1212.9300
48.	Eggs including eggs for hatching	0407.1100, 0407.1900

		0407.2100 and 0407.2900
49.	Compost (non-commercial fertilizer)	Respective headings
50.	Locally manufactured laptops, computers, notebooks whether or not incorporating multimedia kit and personal computers	8471.3010 and 8471.3020
51.	Newspaper	Respective headings"; and

10. Eight Schedule

10.1 Omissions

The items provided in **Annexure D** and **Annexure E** to this document are proposed to be omitted from Eighth Schedule. The omission of such items, which are currently charged at reduced rates, means that these items are now proposed to be charged at standard rates of 17%.

This will directly benefit the manufacturers of such items as their cash flows will not be stuck in the pile of pending input refunds as their complete inputs will now be able to be adjusted from output tax.

The prices of these items for end consumers will rise adding further to the inflation and reducing purchasing power of the masses.

10.2 Amendment- Table 1

- Entry No. 66: The Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales if supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to the condition that they have maintained 4% value addition during the last six months is chargeable @10%. This rate is now proposed to be increased to 12%.
- Entry No. 72: Motorcars (87.03) Locally manufactured or assembled motorcars of cylinder capacity upto 1000cc is chargeable @ 12.5%. Now, it is proposed that this rate is applicable upto 850cc only.
- Entry No. 73: Import and local supply of Hybrid Electric Vehicles upto 1800cc was chargeable @ 8.5% and from 1801cc to 2500cc it was 12.75%. Now it is proposed that upto 1800cc rate will be 12.5% and above that capacity will be 17%.
- A new entry 77 is proposed to be inserted, whereby, personal computers and Laptop computers, notebooks whether or not incorporating multimedia kit (8471.3020 and 8471.3010), if imported in CBU condition will be chargeable to tax @5%.

11. Ninth Schedule

As per Section 3(3B) of Act, sales tax on the import and supply of the goods specified in the Ninth Schedule shall be charged, collected and paid at the rates, in the manner, at the time, and subject to the procedure and conditions as specified therein or as may be prescribed. Moreover, the liability to charge, collect and pay the tax shall be on the persons specified therein.

In Table-II, the following amendments have been proposed:

Description	Existing Rates	New Rates
Cellular mobile phones: Sales tax on CBUs at the time of import or registration (IMEI number by CMOs)	Rs 1,740/-	17% ad valorem
Exceeding US$ 200 but not exceeding US$ 350	Rs 5,400/-	17% ad valorem
Exceeding US$ 350 but not exceeding US$ 500		17% ad valorem
Exceeding US$ 500	Rs 9,270/-	

FEDERAL EXCISE DUTY, 2005

1. Amendment in First Schedule

Section 3 of the FEA provides that all goods and services are subject to FED at a general rate of 15%, except those specified in the First Schedule on which FED shall be charged on specific rates as per the First Schedule.

The Bill now proposes to amend the entries in Table I of the First Schedule to the FEA wherein the Excisable Goods are listed along with the rates. The proposed amendments are enumerated below:

I. In entry number 55, the Bill proposes new rates of excise duties on imported cars, SUVs and other motor vehicles. These are as follows:

S. No.	Description	Existing Rate	Proposed Rate
1	of cylinder capacity from 1001cc to 1799cc	5%	10%
2.	of cylinder capacity 1800cc to 3000cc	25%	30%
3.	of cylinder capacity exceeding 3001cc	30%	40%

II. In entry number 55B, the Bill proposes new rates of excise duties on locally manufactured cars, SUVs and other motor vehicles as following:

S. No.	Description	Existing Rate	Proposed Rate
1	of cylinder capacity from 1001cc to 2000cc	2.5%	5%
2.	of cylinder capacity 2001cc and above	5%	10%

III. In entry number 55C, the Bill proposes new rates of excise duties on imported double cabin pick-up vehicles from 25% to 30%.

IV. In entry number 55D the bill proposes new rates of excise duties on locally manufactured double cabin pick-up vehicles from 7.5% to 10%.

Islamabad Capital Territory (Tax on Services), Ordinance, 2001

AMENDMENTS PROPOSED IN THE ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES), ORDINANCE, 2001, (XLII OF 2001)

1. Scope of Tax -Section 3 and Table-2

As per Section 3 of the ICT Ordinance, there shall be charged, levied and paid a tax known as sales tax at the rates specified in the Schedule to the Ordinance of the value of the taxable services rendered or provided in the Islamabad Capital Territory. Now, this Schedule is proposed to be named as Table 1 and a new Table-2 is included with specified rates, as follows. It may be noted that if one item is both in Table-1 and Table-2, **Table-2 rates will prevail**. It may also be noted that all the reduced rates now in Table-2 are already there in SRO 495(I)/2016 dated 4th July 2016, **so effectively there is no change in the rates**:

Table-2

S.No.	Description	PCT Heading, if applicable	New Proposed Rates of Tax in Table-2	Existing rates in Schedule(Now Table-1)
(1)	(2)	(3)	(4)	
1.	Construction services, excluding (i) Construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs.50 million per annum. (ii) The cases where sales tax is otherwise paid as property developers or promoters. (iii) Government civil works including	9814.2000 and 9824.0000	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible **[Already available in SRO 495(I)/2016]**	Sixteen Percent

	cantonment boards. (iv) Construction of industrial zones, consular building and other organizations exempt from income tax. (v) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments.			
2	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres, including cosmetic and plastic surgery by such parlours / clinics, but excluding cases where - (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or	9810.0000, 9821.4000 and 9821.5000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen Percent

	available in the premises.			
3.	Services provided by freight forwarding agents, and packers and movers.	9805.3000 and 9819.1400	Five percent or Rs. 1000 per bill of lading, whichever is higher subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen per cent or Rs. 400 per bill of lading, whichever is higher
4.	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah).	9803.9000, 9805.5000 and 9805.5100	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen percent
5.	Services provided by specialized workshops or undertakings (auto-workshops; workshops for industrial machinery, construction and earth-moving machinery or other special purpose machinery etc; workshops for electric or electronic equipment or appliances	98.20	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen percent

	etc. Including computer hard ware; car washing or similar service stations and other workshops).			
6.	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna massage centres.	9821.1000, 9821.2000 and 9821.4000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen percent
7.	Services provided by laundries and dry cleaners.	9811.0000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen percent
8.	Services provided by property dealers and realtors.	Respective headings	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen percent

9.	Services provided by car / automobile dealers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen percent
10.	Services provided or rendered by marriage halls and lawns, by whatever name called, including "pandal" and "shamiana" services and caterers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible. **[Already available in SRO 495(I)/2016]**	Sixteen percent
11.	IT services and IT-enabled services. **Explanation**.- For the purpose of this entry – (a) **"IT services"** include software development, software maintenance, system integration, web design, web development, web hosting and network design; and (b) **"IT enabled services"** include inbound or outbound call centres, medical transcription, remote monitoring, graphics	Respective headings	Five Percent **[Already available in SRO 495(I)/2016]**	Sixteen percent

	design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.			
12.	Services provided by property developers and promoters (including allied services) relating to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority or under Government's Ehsaas programme.	9807.0000 and respective sub-headings of heading 98.14	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible.; **[Already available in SRO 495(I)/2016]**	Rs.100 per square yard for land development, and Rs.50 per square feet for building construction

ANNEXURES

➢ ANNEXURE –A

SIXTH SCHEDULE TABLE - I (IMPORT OR LOCAL SUPPLY)

1	Live Animals and live poultry (local supply shall remain exempt)
2	Meat of bovine animals, sheep and goat (local supply shall remain exempt)
3	Fish and crustaceans excluding live fish (local supply shall remain exempt)
11	Eggs including eggs for hatching (local supply shall remain exempt)
12	Live plants (local supply shall remain exempt)
13	Edible vegetables (local supply shall remain exempt)
16	Red chillies not sold in retail packaging
19	Cereals and products of milling industry (local supply of Rice, wheat, wheat and meslin flour shall remain exempt)(sudsidy for local supply of other grains like maize, barley etc)
20	Seeds, fruit and spores of a kind used for sowing.
21	Cinchona bark.
23	Sugar cane (local supply shall remain exempt)
32	Newsprint, newspapers, journals, periodicals, books but excluding directories.(local supply of newspapers shall remain exempt)
46	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions
49	Import of all goods received, in the event of a natural disaster
50	Articles imported through post as unsolicited gifts
51	Imported samples
52	Goods imported by or donated to Federal and Provincial hospitals
52A	Goods supplied to hospitals run by the Federal or Provincial Governments
53	Import of gifts or equipment by a non-profit making institution
54	Educational, scientific and cultural material imported from a country signatory to UNESCO Agreement
55	Import of replacement goods supplied free of cost in lieu of defective goods
57	Goods temporarily imported from Pakistan
58	Import of ship stores
60	Contraceptives and accessories thereof.
61	Exported goods which are subsequently imported within one year of exportation
63	Personal wearing apparel and bona fide baggage imported by overseas Pakistanis and tourists
71	Goods and services purchased by non-resident entrepreneurs and in trade fairs
72	Uncooked poultry Meat
81	Cotton seed
84	Preparations suitable for infants, put up for retail sale
92	Sewing machines of the household type
99	Compost (non-commercial fertilizer) produced and supplied locally (local supply of compost shall remain exempt)
102	Imported plant, machinery and materials by Export Processing Zone
104	Substances registered as drugs
105	Raw materials for pharmaceutical products
107	Import and supply of iodized salt

109	Goods imported temporarily including passenger service item, provision and stores of Pakistani Airlines.
110	Items with dedicated use of renewable source of energy like solar and wind,
113	High Efficiency Irrigation Equipment
114	Green House Framing and Other Green House Equipment
116	Plant, machinery and equipment imported for setting up industries in FATA upto 30th June 2019
117	Appliances and items required for ostomy procedures
126	Machinery and equipment by MRO company recognized by Aviation Division.
127	Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports
129	Import of plant and machinery for the manufacturing of mobile phones by local manufacturers of mobile phones
130	Premixes for growth stunting
131	Laptop computers, notebooks whether or not incorporating multimedia kit (imported to be taxed @ 5%, locally manufactured shall remain exempt)
132	Personal computers (imported to be taxed @ 5%)
134	Goods received as gift or donation from a foreign government or organization
135	Sunflower and canola hybrid seeds meant for sowing
136	Combined harvesters upto five years old
138	Fish Feed
139	Fans for dairy farms
140	Bovine semen
141	Preparations for making animal feed
142	Promotional and advertising material
146	Equipment imported by M/s China Railway Corporation for Lahore Orange Line Metro Train Project
149	Micro feeder equipment
150	Plant and machinery imported by greenfield industries
155	Oil cake and solid residue
158	Goods temporarily imported by international athletes

➢ ANNEXURE -B

SIXTH SCHEDULE TABLE – II (LOCAL SUPPLY)

1	Supply of cottonseed exclusively meant for sowing purposes, subject to such conditions as the Board may specify.
2	Supply of locally produced crude vegetable oil except cooking oil
4	Raw material and intermediary goods for in house consumption
9	Foodstuff prepared in flight kitchens
15	Sprinkler, Drip and spray pumps Equipment
16	Raw cotton
22	Single cylinder agriculture diesel engines
23	Match boxes
33	Whey, excluding that sold in retail packing under a brand name
38	Sausages and similar products of poultry meat or meat offal excluding sold in retail packing under a brand name or trademark

➢ ANNEXURE -C

SIXTH SCHEDULE TABLE -III (PLANT AND MACHINERY)

1	Machinery and equipment for BMR of coal firing system, gas processing plants and oil and gas field prospecting.
2	Specified machinery, equipment imported by hospitals and medical or diagnostic institutes
2A	Raw materials imported by registered manufacturer of auto disabled syringes
3	Plant, machinery, equipment for mine construction or extraction phase
4	Coal mining machinery, equipment imported for Thar Coal Field.
5	Machinery, equipment and spares for BMR or expansion projects for power generation under an agreement with Government of Pakistan
6	Machinery, equipment and spares for BMR or expansion projects for power generation
7	Machinery, equipment and spares for BMR or expansion projects for power generation through nuclear or renewable energy resources
8	Machinery and equipment meant for power transmission and grid stations including under construction projects.
9	Machinery, equipment imported by technical, training institutes, research institutes, schools, colleges and universities
11	Specified machinery and equipment for marble, granite and gem stone extraction and processing industries
13	Effluent treatment plants
14	Items for use with solar energy
14A	Systems and items for dedicated use with renewable source of energy
15	Specified items for promotion of renewable energy technologies or for conservation of energy
15A	Parts and Components for manufacturing of LED lights and bulbs
15B	CKD kits for single cylinder agriculture diesel engines
17	Machinery, equipment, raw materials imported by Karachi Shipyard and Engineering Works Limited.
21	Import of POS machine

➢ ANNEXURE -D

EIGHT SCHEDULE - TABLE I (AS PER REDUCED RATES MENTIONED)

S. No.	Items	Rate of Sales Tax
4	Import of Oilseeds meant for sowing	5%
6	Import of Plant and machinery having no compatible local substitutes	10%
7	Flavored milk sold in retail packing under a brand name	10%
8	Yogurt sold in retail packing under a brand name	10%
9	Cheese sold in retail packing under a brand name	10%
10	Butter sold in retail packing under a brand name	10%
11	Cream sold in retail packing under a brand name	10%
12	Desi ghee sold in retail packing under a brand name	10%
13	Whey Sold in retail packing under a brand name	10%
14	Milk and cream sold in retail packing under a brand name	10%
15	Ingredients of poultry feed, cattle feed, except soya bean meal	10%
16	Incinerators of disposal of waste management, motorized sweepers and snow ploughs	5%
17	Re-importation of foreign origin goods which were temporarily exported	5%
20	Plant, machinery, and equipment used in production of bio-diesel	5%
26	Tillage and seed bed preparation equipment	5%
27	Seeding or planting equipment	5%
28	Irrigation, drainage and agro-chemical application equipment	5%
29	Harvesting, threshing and storage equipment	5%
30	Post-harvest handling and processing equipment	5%
34	Set top boxes for gaining access to internet and TV broadcast transmitter	5%
45	Machinery for poultry sector	7%
46	Multimedia projectors	10%
54	lithium iron phosphate battery	12%
55	Fish babies / seedlings	5%
59	Products of milling industry if sold under a brand name	10%
61	Silver, in unworked condition	1%
62	Gold, in unworked condition	1%
63	Articles of jewellery	
64	Prepared foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops	7.5%
66	Supplies made from retail outlets as are integrated with Board's computerized system	10% (will be taxed 12%)
66A	Supplies made from retail outlets integrated with Board's computerized System excluding those at S. No 66	16%
66B	Import of remeltable scrap	14%

68	Frozen prepared or preserved sausages (branded products)	8%
69	Products of meat or meat offal (branded products)	8%
75	Import of electric vehicle in CBU conditions	5%
76	Business to business transactions specified by the Board	16.9% (will be taxed 17%)

➢ ANNEXURE -E

EIGHT SCHEDULE - TABLE II (AS PER REDUCED RATES MENTIONED)

S. No.	Items	Rate of Sales Tax
1	Machinery and equipment for development of grain handling and storage facilities including silos	10%
2	Cool chain machinery and equipment	5%
4	1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mineral exploration phase. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the exploration phase	5%
5	Complete plants for relocated industries	10%
6	Machinery and equipment for BMR of oil refining	10%
8	Machinery and equipment related to dairy products	5%
9	Capital goods otherwise not exempted, for Transmission Line Projects	5%

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