

Chapter / Part	Clause	Sub-Clause	THE SECOND SCHEDULE (Amended Bill 2016-17) NEW / inserted Omitted and deleted Substituted
I			EXEMPTIONS FROM TOTAL INCOME
	13		Any income representing any payment received by way of gratuity or commutation of pension by an employee on his retirement or, in the event of his death, by his heirs as does not exceed -
		(iii)	in the case of any other employee, the amount not exceeding two three hundred thousand rupees receivable under any scheme applicable to all employees of the employer and approved by the Board for the purposes of this sub-clause; and
	66	xviii	Micro Finance Banks for a period of five years starting from first day of July 2007: Provided such banks shall not issue dividends to their share holders and their profit and gain (if any) shall be utilized for Micro Finance Operations only
	98		Any income derived by any Board or other organization established by Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by Government: Provided that the exemption of this clause shall not be applicable to the Pakistan Cricket Board.
	103A		Any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA or section 59B subject to the condition that return of the group has been filed for the tax year.
	126A		income derived by China Overseas Ports Holding Company Limited from Gwadar Port operations for a period of twenty three years, with effect from the sixth day of February, 2007. Income derived by China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations for a period of twenty-three years, with effect from the sixth day of February, 2007.
	126AA		Profit and gains derived by a taxpayer from businesses set up in the Gawadar Free Zone Area for a period of twenty three years with effect from the first day of July, 2016.
	126AB		Profit on debt derived by- (a) any foreign lender; or (b) any local bank having more than 75 percent shareholding of the Government or the State Bank of Pakistan, under a Financing Agreement with the China Overseas Ports Holding Company Limited;

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	126AC		Income derived by contractors and subcontractors of China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations for a period of twenty years, with effect from the first day of July, 2016.”; and
	126AD	1	Any income derived by China Overseas Ports Holding Company Limited being dividend received from China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty-three years with effect from the first day of July, 2016.
		2	Any income derived by China Overseas Ports Holding Company Pakistan (Private) Limited being dividend received from, Gwadar International Terminal Limited Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty-three years with effect from the first day of July, 2016.
	133		Income from exports of computer software or IT services or IT enabled services upto the period ending on 30th day of June, 2016 2019. “Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels.”; Explanation.- For the purpose of this clause -
		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 design, accounting services, HR services, telemedicine centers, data entry operations [, locally produced television programs] and insurance claims processing.

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II			REDUCTION IN TAX RATES
	3		The tax in respect of income from services rendered and construction contracts outside Pakistan shall be charged at the rate of one per cent of the gross receipts, provided that receipts from services and income from contracts are brought into Pakistan in foreign exchange through normal banking channel.
	3	a	The tax in respect of income from services rendered outside Pakistan and construction contracts executed outside Pakistan shall be charged at the rates as specified in sub-clause (b), provided that receipts from services and income from contracts are brought into Pakistan in foreign exchange through normal banking channel.
		b	The rates in respect of income from services rendered outside Pakistan shall be 50% of the rates as specified in clause (2) of Division III of Part III of the First Schedule and the rates in respect of contracts executed outside Pakistan shall be 50% of the rates as specified in clause (3) of Division III of Part III of the First Schedule.”;
II	3B		The income of Pakistan Cricket Board derived from sources outside Pakistan including media rights, gate money, sponsorship fee, in-stadium rights, out-stadium rights, payments made by International Cricket Council, Asian Cricket Council or any other Cricket Board shall be taxed at a rate of four per cent of the gross receipts from such sources: Provided that Pakistan Cricket Board may opt to pay tax at the rate of four per cent of the gross receipts from tax year 2010 and onwards: Provided further that this option shall be available subject to withdrawal of appeals, references and petitions on the issue of tax rate pending before any appellate forum or tax authority: Provided further that the outstanding tax liability payable under this clause up to tax year 2015 is paid by 30th June, 2016.”;
	18B		The rate of tax as specified in Division II of Part I of the First Schedule shall be reduced by 2% in case of a company whose shares are traded on stock exchange if;
		(a)	it fulfils prescribed shari’ah complaint criteria approved by State Bank of Pakistan, Securities and Exchange Commissions of Pakistan and the Board;
		(b)	Derives income from manufacturing activities only;
		(c)	has declared taxable income for the last three consecutive tax years; and
		(d)	has issued dividend for the last five consecutive tax years;

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IV			EXEMPTION FROM SPECIFIC PROVISIONS
	11A		The provisions of section 113, regarding minimum tax, shall not apply to,-
		(xxvi)	China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty three years, with effect from the sixth day of February, 2007.
		(xxvii)	companies, qualifying for exemption under clause (126M) of Part-I of this Schedule, in respect of profits and gains derived from a transmission line project.”;
	11B		The provisions of section 150 shall not apply in respect of inter-corporate dividend within the group companies entitled to group taxation under section 59AA or section 59B subject to the condition that the return of the group has been filed for the latest completed tax year
	11C		The provisions of section 151 shall not apply in respect of inter-corporate profit on debt within the group companies entitled to group taxation under section 59AA or section 59B subject to the condition that the return of the group has been filed for the latest completed tax year
	38AA		The provisions of section 150 shall not apply to China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty-three years.”;

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	57		<p>The provisions of sections 113 and 153 shall not apply to companies operating Trading Houses which—</p> <p>(i) have paid up capital of exceeding Rs.250 million;</p> <p>(ii) own fixed assets exceeding Rs.300 million at the close of the Tax Year;</p> <p>(iii) maintain computerized records of imports and sales of goods;</p> <p>(iv) maintain a system for issuance of 100% cash receipts on sales;</p> <p>(v) present accounts for tax audit every year; and</p> <p>(vi) is registered [under the Sales Tax Act, 1990]</p> <p>Provided that the exemption under this clause shall not be available if any of the aforementioned conditions are not fulfilled for a tax year.</p> <p>Provided further that the exemption from application of section 113 shall be available for the first ten years, starting from the tax year in which the business operations commenced.</p> <p>Provided further that minimum tax under section 113 shall be 0.5% upto the tax year 2019 and one per cent thereafter.</p> <p>Explanation.-</p> <p>(i) For the removal of doubt, exemption under this clause, in respect of section 153, shall only be available as a recipient and not as withholding agent.</p> <p>(ii) It is further clarified that in-house preparation and processing of food and allied items for sale to customers shall not disqualify a company from being treated as a Trading House, provided that all the conditions in this clause are fulfilled and sale of such items does not exceed two per cent of the total sales.”]</p>
	59		<p>The provisions of section 151, regarding withholding tax on profit on debt, shall not apply—</p>
		(i)	<p>in respect of profit or interest paid on a Term Finance Certificate held by a company which has been issued on, or after, the first day of July, 1999;</p>
	72A		<p>The provisions of clause (l) and section 21, sections 113 and 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations provided that the tax has been paid at the rate of Rs.3,500 per Hajji for the tax year 2013 and Rs.5,000 per Hajji for the tax year 2014 and 2015 to 2016 in respect of income from Hajj operations.</p>

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	72B		<p>The provisions of section 148 shall not apply to an industrial undertaking if the tax liability for the current tax year, on the basis of determined tax liability for any of the preceding two tax years, whichever is the higher, has been paid and a certificate to this effect is issued by the concerned Commissioner.</p> <p>Provided that the certificate shall only be issued by the Commissioner if an application for the said certificate is filed before the Commissioner, in the manner and after fulfilling the conditions as specified by notification in the official Gazette, issued by the Board for the purpose of this clause.</p> <p>Provided further that the quantity of raw material to be imported which is sought to be exempted from tax under section 148 shall not exceed 110 per cent of the quantity of raw material imported and consumed during the previous tax year:</p> <p>Provided also that the Commissioner shall conduct audit of taxpayer's accounts during the financial year in which the certificate is issued in respect of consumption, production and sales of the latest tax year for which return has been filed and the taxpayer shall be treated to have been selected for audit under section 214C:</p> <p>Provided also if the taxpayer fails to present accounts or documents to the Commissioner or the officer authorized by the Commissioner, the Commissioner shall, by an order in writing, cancel the certificate issued and shall proceed to recover the tax not collected under section 148 for the period prior to such cancellation and all the provisions of the Ordinance shall apply accordingly."</p>
	82		The provisions of sub-section (2) of section 116 shall not apply for the tax year 2014 to an individual or a member of an association of persons whose last declared or assessed income, or the declared income for the year is less than one million rupees.
	86	a	The provisions of section 111 shall not apply to-
		a(iii)	<p>investment made by a company in an industrial undertaking;</p> <p>If the said investment is made on or after the 1st day of January, 2014, and commercial production commences on or before the 30th day of June, 2017 2019.</p>

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	91 95		the provisions of sections 147, 151, 152, 231A, 231AA, 236A and 236K shall not apply to "The Second Pakistan International Sukuk Company Limited", as a payer."
	92 96		the provisions of sections 147, 151 and 155 shall not apply to "The Second Pakistan International Sukuk Company Limited", as a recipient."
	93 97		the provision of section 236C shall not apply to "Pakistan International Sukuk Company Limited";
	94		<p>The provisions of clause (b) of the proviso to sub-section (3) of section 153 shall not apply for tax year 2016 2017 the period beginning on the first day of July, 2015 and ended on the thirtieth day of June, 2016 to a company being a filer and engaged in providing or rendering freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in clause (133) of Part I of this Schedule, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services or car rental services;</p> <p>Provided that the tax payable or paid on the income from providing or rendering aforesaid services shall not be less than two percent of the gross amount of turnover from all sources and that the company furnishes in writing an irrevocable undertaking by the fifteenth day of November, 2015 to present its accounts to the Commissioner within thirty days of filing of return, for audit of its income tax affairs for tax year 2016 or 2017."</p> <p>Provided further that for tax year 2017, the company shall furnish irrevocable undertaking by November, 2016, to present its accounts to the Commissioner.";</p>
	98		<p>The provision of section 148 shall not apply to import of ships and other floating crafts including tugs, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistani entity and flying Pakistani flag;</p> <p>Provided that exemption under this clause shall be available upto the year 2020, subject to the condition that the ships and crafts are used for the purpose for which they were procured, and in case such ships and crafts are used for demolition purposes, tax collectable under section 148, applicable to ships and crafts purchased for demolition purposes, shall be chargeable.</p>
	99		The provision of section 148 shall not apply to import or acquisition of aircraft on wet or dry lease by M/s Pakistan International Airlines Corporation with effect from 19 th March, 2015.