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PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF LAW, JUSTICE, HUMAN RIGHTS AND PARLIAMENTARY AFFAIRS

(Law, Justice and Human Rights Division)

Islamabad, the 18th June, 2001

F. No. 2(1)/2001-Pub.—The following Ordinance made by the President is hereby published for general information :—

ORDINANCE NO. XXV OF 2001

AN

ORDINANCE

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July 2001, and to amend certain laws for the purposes and in a manner hereafter appearing;

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2001, and to amend certain laws for the purposes hereinafter appearing;

AND WHEREAS the National Assembly and the Senate stand suspended in pursuance of the Proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitution Order No. 1 of 1999;

(301)

Price : Rs. 87.00

AND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in pursuance of the Proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitutional Order No. 1 of 1999, read with the Provisional Constitution (Amendment) Order No. 9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:-

1. Short title, extent and commencement.-(1) This Ordinance may be called Finance Ordinance, 2001.

- (2) It extends to the whole of Pakistan
- (3) It shall come into force at once except the provisions of
 - (a) section 3 which shall come into force from the first day of July, 2001; and
 - (b) section 5 which shall come into force on such date as the Federal Government may, by notification in official Gazette, appoint.

2. Amendment of Act I of 1944.- The following amendments shall be made in the Central Excises Act, 1944 (I of 1944), namely:-

- (1) in section 3, in sub-section (11), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso and an explanation shall be added, namely:-

"Provided that in case of excisable services notified under the third proviso to sub-section (1)-

- (a) a registered service provider shall be entitled to deduct input tax paid during the tax period from the amount of duty of excise due from him on such services in respect of that tax period;
- (b) a registered person shall be entitled to deduct the amount of duty of excise paid on such services as are received by him during the tax period from the output tax due from him in respect of that tax period, and
- (c) a registered service provider shall be entitled to deduct duty of excise paid on such services as are received by him during the tax period from the amount of duty of excise due from him on such services as are provided or rendered by him during that period.

Explanation.— For the purposes of this proviso,—

- (a) the expression "registered service provider" means a person registered under the Sales Tax Act, 1990, providing or rendering excisable services notified under the third proviso to sub-section (1) of section 3; and
- (b) the expressions "input tax", "output tax", "registered person" and "tax period" shall have the same meanings as are assigned to them in the Sales Tax Act, 1990.;
- (2) in section 4, in sub-section (4), for full stop, at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely:-

"Provided that where any goods or class of goods that are subject to duties of excise on local production as a percentage of retail price, such goods, on import, as may be notified, shall be assessed on the basis of retail price, declared by the importer, which shall be inclusive of all charges and taxes, other than sales tax levied and collected under section 3 of the Sales Tax Act, 1990, at which any particular brand or variety of such article is offered for sale to general body of consumers in Pakistan or, if more than one such price is so fixed, for the same brand or variety, the highest of such price:

Provided further that the retail price shall be legibly, prominently and indelibly printed or embossed on each article, packet, container, package, cover or label, as the case may be.", and

- (3) in section 35B, in sub-section (6), for the words "five hundred" the words "seven hundred and fifty" shall be substituted.

3. Amendment of Ordinance XXV of 1961. — The following amendments shall be made in the Petroleum Products (Development Surcharge) Ordinance 1961 (XXV of 1961), namely:-

- (1) in the long title and the preamble, for the words "development surcharge" the words "petroleum development levy" shall be substituted;

- (2) for the words "development surcharge", wherever occurring, the words "petroleum development levy" shall be substituted;
- (3) in section 1, in sub-section (1), for the brackets and words "Development Surcharge" the brackets and words "(Petroleum Development Levy)" shall be substituted;
- (4) in section 2,—
- clauses (2) and (3) shall be omitted; and
 - after clause (4B), the following new clause shall be inserted, namely:-
- “(4Ba) "petroleum development levy" means the levy payable under section 3;"
- (5) for section 3, the following shall be substituted, namely:-
- (1) Subject to the provision of this Ordinance, every refinery and every company shall pay a petroleum development levy at such rate as the Federal Government may, by notification in official Gazette, impose on any petroleum product produced by a refinery or, as the case may be, purchased by a company for resale.
- (2) Nothing in sub-section (1) shall apply to a petroleum product produced by a refinery or, as the case may be, purchased by a company, for export.
- (3) Any amount due and payable under sub-section (1) and not paid within the time allowed by the Federal Government, or any officer authorized by it in this behalf, shall be recoverable as an arrear of land revenue."

4. Amendment of Act IV of 1969.- The following amendments shall be made in the Customs Act, 169 (IV of 1969), namely:-

- (1) in section 2,—

- (i) in clause (c), after the figure "79"; the words "and includes electronic filing of bill of entry" shall be added;

(ii) in clause (d), after the figure "131" the words "and includes electronic filing of bill of export" shall be added;

(iii) for clause (ia) the following shall be substituted, namely:-

"(ia) "custom documents" includes bill of entry, bill of export, application for claim for refund, duty drawback and repayment of duty, baggage declaration form or similar other forms used for customs clearance and such documents electronically filed;

(iv) after clause (kk), the following new clauses shall be inserted, namely:-

(kkk) export manifest means export manifest delivered under sub-section (2) of section 53 and includes electronically filed export manifest;"

(v) after clause (l), the following new clause shall be inserted, namely:-

(la) import manifest means import manifest delivered under section 43 or 44 as the case may be and includes electronically filed import manifest;

(2) in section 14-A, after the word "Customs", at the end, the words and comma "and shall pay utility bills, rent and taxes in respect of such accommodation" shall be added;

(3) after section 21, the following new section will be inserted, namely:-

"21A. Power to defer collection of customs-duty.- Subject to such conditions, limitations or restrictions as it thinks fit to impose, the Board may, in such general cases as may be prescribed by rules or in particular cases by special order, defer the collection of customs-duties either in whole or in part.";

(4) in section 45, in sub-section (1), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that the Collector of Customs, through a special order, on such terms and conditions as he may deem fit to impose, may allow acceptance of digital signatures instead of manual ones, on electronically transmitted import manifest.";

(5) in section 53, in sub-section (2), in clause (a), for the semicolon, at the end, a colon shall be substituted and thereafter the following shall be added, namely:-

"Provided that the Collector of Customs, through a special or general order, on such terms and conditions as he may deem fit to impose, may allow acceptance of digital signatures, in lieu of the manual ones, on electronically transmitted export manifest.";

(6) in section 98, in sub-section (1), for clauses (a) and (b) the following shall be substituted, namely:-

(a) by the Collector of Customs, for a period not exceeding three months in case of notified perishable goods and a period not exceeding six months in case of non-perishable goods; and

(b) by the Federal Government or the Board, for such period as it may deem fit,

subject to the condition that the extension in case of perishable goods shall be granted only if the goods are fit for human consumption.";

(7) in section 169, for sub-section (4) and (5) the following shall be substituted, namely:-

(4) When anything liable to confiscation under this Act is seized by the appropriate officer under section 168, the Collector of Customs, or any other officer of customs authorized by him in this behalf, may notwithstanding the fact that adjudication of the case under section 179, or an appeal under section 194A or a proceeding in any court, is pending, cause the thing to be sold in accordance with the provisions of section 201 and have the proceeds kept in deposit pending adjudication of the case or as the case may be, disposal of the appeal or the final judgement by the court.

(5) If on such adjudication or, as the case may be, in such appeal or proceeding in Court, the thing so sold is found not to have been liable to such confiscation, the entire sale proceeds, after necessary deduction of duties, taxes or dues as provided in section 201, shall be handed over to the owner."

(8) in section 194-A,

(a) in sub-section (1)--

(i) for clause (a) the following shall be substituted, namely:-

"(a) a final decision or order passed by an officer of customs as an adjudicating authority under section 179;

(ii) in the first proviso,-

(a) in clause (e) for the colon, at the end, a comma shall be substituted; and

(b) after clause (e), amended as aforesaid, the words and colon "the appeals in cases specified in clause (a) to (e) shall lie to such officer as the Board may, by notification in the official Gazette, authorize:" shall be added;

(b) in sub-section (6), for the words "two hundred" the words "seven hundred and fifty" shall be substituted; and

(9) for the First Schedule, the Schedule specified in the Schedule to this Ordinance shall be substituted.

5. Amendments of the Income Tax Ordinance, 1979 (XXXI of 1979). - The following amendments shall be made in the Income Tax Ordinance, 1979 (XXXI of 1979), namely:-

(1) in section 2,-

- (a) in clause (20), in sub-clause (b),—
 (i) the word "preference" shall be omitted; and
 (ii) after the word "bonus" the words "or bonus shares" shall be inserted; and
- (b) in clause (24),—
 (i) in sub-clause (b), the word "and", occurring at the end, shall be omitted; and
 (ii) in sub-clause (c), for the comma, a semicolon and word "and" shall be substituted;
 (iii) after sub-clause (c), amended as aforesaid, the following new sub-clause shall be added, namely:-
 "(d) in the case of shareholder of a domestic company, the amount representing the face value of any bonus shares or the amount of any bonus declared, issued or paid by the company to its shareholders with a view to increasing its paid-up share capital;" and
 (iv) the words, commas and semi-colon, "but does not include, in the case of shareholder of a domestic company, the amount representing face value of any bonus shares or the amount of any bonus declared, issued or paid by the company to its shareholders with a view to increasing its paid-up capital;" shall be omitted;
- (2) in section 12, sub-section (9) shall be omitted;
- (3) in section 13, after sub-section (2), the following new sub-section shall be inserted, namely:-

"(2A) The provisions of this section shall not apply in respect of any amount of foreign exchange remitted from abroad through normal banking channels and got encashed in Pakistan rupees from a scheduled bank and a certificate is produced to that effect from such bank.";

(4) in section 23, in sub-section (1),-

(a) in clause (v), after the word "depreciation" occurring for the second time, the words "or First Year Allowance" shall be inserted.;";

(b) in clause (via), after the word "Schedule", the comma and words, "or any payment to a Special Purpose Vehicle on behalf of the Originator" shall be inserted;

(c) after clause (viic), the following new clause shall be inserted, namely:-

"(viicc) any sum paid by the Small Business

Finance Corporation to the State Bank of Pakistan (hereinafter referred to as the "Bank") as the share of the Bank in profit earned by the said Corporation on its investment in small business out of credit line provided by the Bank on profit and loss sharing basis.;";

(d) after clause (viid) the following new clause shall be inserted, namely:-

"(viidd) the financial cost of securitization of receivables by an Originator from a Special Purpose Vehicle being the difference between the amount received by the originator and the amount of receivables securitised from a Special Purpose Vehicle.;"

(e) in clause (xxi), for the full stop, in the end, the semicolon and word "and", shall be substituted and thereafter, the following new clause and Explanation shall be added, namely:-

"(xxii) any interest accrued on, or after, the first day of July, 2001 on a non-performing loan credited to suspense account by a Development Finance Institution in accordance with the Prudential Regulations for banks and such institutions issued by the State Bank of Pakistan.

Explanation.—For the purpose of this section the expression "Originator", "Special Purpose Vehicle" and "Securitization" shall have the same meaning as are respectively assigned to them in the Assets Backed Securitization Rules, 1999."

(5) after section 41, the following new section shall be inserted, namely.

"41A. Allowance for investment in shares—(1) An assessee,

other than a company, shall be entitled to an allowance not exceeding ten per cent of his income or one hundred thousand rupees, whichever is the less, invested in the income year commencing on or after the first day of July, 2001, in the purchase of new shares offered to the public by a public company listed on a stock exchange in Pakistan provided that the assessee is the original allottee of such shares, or listed shares, sold by the Privatization Commission of Pakistan.

(2) Where any share to which sub-section (1) applies and in respect of which any relief in tax has been allowed to the assessee is disposed of by sale, transfer or in any other manner within twelve months of the date of its purchase, then, notwithstanding anything contained in this Ordinance, the amount of tax payable by the assessee under the other provisions of this Ordinance in respect of the income year in which such share was so disposed of shall be increased by an amount equal to the relief in tax allowed to the assessee in respect of such shares (hereinafter referred to as the 'said amount'), and the sum so arrived at or, where no tax is payable by the assessee under the other provision of this Ordinance in respect of that income year, the said amount shall be deemed to be the tax payable in respect of that income year and all the provisions of this Ordinance shall, so far as may be, apply accordingly.";

(6) after section 44A, the following new sections shall be inserted, namely:-

“44AA. Retirement annuity scheme.” (1) Where an individual, being a resident of Pakistan, is (or would but for the loss of profit or gains, be) chargeable to tax,-

- (a) in respect of any salary or remuneration from an office or employment held by him which is not a pensionable office or employment or which does not provide any other retirement benefits; or
- (b) in respect of profit and gains, accruing or arising, from any business or profession carried on by him,

he shall be entitled to an allowance in respect of any sum paid by him in the income year commencing on or after the first day of July, 2001, by way of contribution or premium under a contract of annuity scheme approved by SECP of an insurance company duly registered under the Insurance Ordinance, 2000 (XXXIX of 2000), having for its main object the provision to the assessee of an annuity in old age.

(2) The amount of allowance under sub-section (1) in a year shall not exceed five per cent of the income or fifty thousand rupees whichever is the less.

(3) No allowance shall be made under sub-section (1) in respect of a contract which provides-

- (a) for the payment during the life of the assessee of any sums besides the sums payable as annuity;
- (b) for the annuity payable to the assessee to commence before he attains the age of sixty years;
- (c) that the annuity shall be capable in whole or in part, of surrender, commutation or assignment; or

(d) for payment of the annuity outside Pakistan.

44AAA.- Allowance for mark up paid.- (1) An assessee

shall be entitled to an allowance in respect of any mark up paid by him in an income year on a loan sanctioned and advanced on, or after, the first day of July, 2001, not exceeding six hundred thousand rupees by a Scheduled Bank under a house finance scheme approved by the State Bank of Pakistan or advanced by Government or a local authority or House Building Finance Corporation:

Provided that –

- (a) the maximum amount eligible for an allowance shall not exceed twenty five per cent of the income or fifty thousand rupees – whichever is the less;
- (b) the loan is utilized for construction of new house or the acquisition of a house; and
- (c) no deduction for mark up has been claimed under clause (e) or (ee) of sub-section (1) of section 20.

(7) in section 50,-

- (a) in sub-section (4), in the proviso,

(i) in clause (i), -

- (a) after the word "apply" the words "any payment on account of securitization of receivables by a special purpose vehicle to the originator or" shall be inserted; and

- (b) the word "and", at the end, shall be omitted;

- (ii) in clause (ii), for the full stop, at the end, the semi colon and word "; and" shall be substituted and thereafter the following new clause shall be added, namely:-

- (iii) Where tax is withheld by any person responsible for making any payment to the Special Purpose Vehicle, on

behalf of the originator, it shall be deposited to the credit of the originator;

(b) sub-sections (5AAA) and (5B) shall be omitted;

(c) in sub-section (6A), after the word "deduct", commas and words ", and in case of bonus or bonus shares, collect," shall be inserted; and

(d) sub-sections (7), (7A) and (7G) shall be omitted;

(8) in section 55, in sub-section (1), the commas, words, figures and brackets ", alongwith the return of wealth-tax in accordance with the Wealth-tax Act, 1963 (XV of 1963)" shall be omitted;

(9) in section 56,-

(a) the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that no notice under this section shall be issued after the expiration of five years from the end of the assessment year for which the return of income was due.;" and

(b) the Explanation shall be omitted;

(10) in section 58, the existing section shall be renumbered as sub-section (1) of that section and after the said sub-section, renumbered as aforesaid, the following new sub-section shall be added. namely:-

"(2). Where a person, who has furnished a wealth statement as required under sub-section (1), discovers any omission or wrong statement therein, he may, without prejudice to any liability incurred by him under any provision of this Ordinance, he may furnish a revised wealth statement at any time before the assessment is made.;"

(11) in section 59,-

(a) in sub-section (1), the words "a public company or" shall be omitted; and

(b) after sub-section (3), the following new sub-section shall be added, namely:-

"(4) No order under sub-section (1) shall be made in any case after the thirtieth day of June of the financial year next following the income year in respect of which a return of total income has been furnished under section 55:

Provided that if such order is not passed by such date, order under sub-section (1) shall be deemed to have been passed on such date.";

(12) in section 62C, shall be omitted;

(13) in section 80B, in sub-section (2),-

(a) after clause (a), the following new clause shall be inserted, namely:-

"(aa) interest or profit on Directorate of National Savings' regular income certificates and monthly income savings account scheme where monthly installment exceeds one thousand rupees, in which investment is made upto thirtieth June, 2001.;"

(b) in clause (bb), for the semicolon, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002;" and

(c) in clause (c), for the semicolon and word ";" and" a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002;";

- (14) in section 80C, in sub-section (2), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that nothing in this section shall apply to amounts referred to in clauses (ia), (iia) and (iii) of sub-section (2) in respect of any assessment year commencing on, or after, the first day of July, 2002.";

- (15) in section 80D, after sub-section (2), the following new sub-section shall be added, namely:-

"(3) Nothing in this section shall apply to an individual, an association of persons, an unregistered firm or a Hindu undivided family in respect of any assessment year commencing on, or after, the first day of July, 2001.";

- (16) in section 133,-

- (a) for sub-section (3) the following shall be substituted, namely.-

"(3) A judicial member shall be--

(i) a person who has exercised the powers of a District Judge and is qualified to be a Judge of a High Court; or

(ii) a person who is, or has been, an advocate of a High Court and is qualified to be a Judge of a High Court."; and

iii. A registered member of a professional body.

(b) after sub-section (3), the following new sub-section shall be inserted, namely.-

B designated firmly or who is appointed to (S) before to (S) cause of

"(3A) An accountant member shall be an officer of the Income Tax Group equivalent in rank to that of a Regional Commissioner of Income Tax.";

(17) in section 138,

(a) in sub-section (1), for the full stop, at the end, colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that no application for revision under sub-section (1) against an order made under section 132 shall lie after the thirtieth day of June, 2001";

(b) in sub-section (5), in clause (c), for the words "Regional Commissioner of Income Tax", occurring for the first time, the words "Central Board of Revenue" shall be substituted and shall be deemed always to have been so substituted;

(18) in section 143B, for the words, figures, letters and commas "section 80C, section 80CC or section 80E", the words, figures, letters and commas "section 80BB, section 80C, section 80CC or section 80CD" shall be substituted;

(19) in the First Schedule, in Part-I,-

(a) in paragraph A, in the proviso, in clause (b), sub-clause (ii) shall be omitted;

(b) after paragraph A, the following new paragraph shall be inserted, namely:-

"A1. Notwithstanding anything contained in paragraph A, in the case of every individual, unregistered firm, association of persons, Hindu undivided family and artificial juridical person referred to in clause (32) of section 2, not being a case to which paragraph B

of this part applies, the income tax shall be charged on the total income, excluding income to which section 80B, 80BB, 80C, 80CC or 80CD apply, for any assessment year commencing on or after the first day of July, 2002, at the following rates:

(1)	where the total income does not exceed Rs.60,000	Nil
(2)	where the total income exceeds Rs.60,000 but does not exceed Rs.150,000	7.5% of the amount exceeding Rs.60,000;
(3)	where the total income exceeds Rs.150,000 but does not exceed Rs.300,000	Rs.6,750 plus 12.5% of the amount exceeding Rs.150,000;
(4)	where the total income exceeds Rs.300,000 but does not exceed Rs.400,000	Rs.25,500 plus 20% of the amount exceeding Rs.300,000;
(5)	where the total income exceeds Rs.400,000 but does not exceed Rs.700,000.	Rs.45,500 plus 25% of the amount exceeding Rs.400,000.
(6)	where the total income exceeds Rs.700,000	Rs.120,500 plus 35% of the amount exceeding Rs.700,000

Provided that --

- (a) where an assessee's income includes any income from agriculture which is liable to tax under the laws of any province of Pakistan and such income exceeds Rs. 80,000, the tax rates applicable in case of such taxpayers would be as under:-
- | | | |
|-----|--|-------|
| (1) | where the total income does not exceed
Rs.150,000 | 7.5 % |
|-----|--|-------|

- (2) where the total income exceeds Rs. 150,000 but does not exceed Rs. 300,000 Rs. 11,250 plus 12.5% of the amount exceeding Rs. 150,000;
- (3) where the total income exceeds Rs. 300,000 but does not exceed Rs. 400,000 Rs. 30,000 plus 20% of the amount exceeding Rs. 300,000;
- (4) where the total income exceeds Rs. 400,000 but does not exceed Rs. 700,000 Rs. 50,000 plus 25% of the amount exceeding Rs. 400,000;
- (5) where the total income exceeds Rs. 700,000 Rs. 125,000 plus 35% of the amount exceeding Rs. 700,000.
- (b) The tax payable shall be reduced by an amount equal to fifty per cent of the tax payable by an assessee of sixty-five years of age or above as on first day of the relevant income year and earning income upto two hundred thousand rupees in addition to any other rebate admissible under the law.
- (c) notwithstanding anything contained in this Ordinance, no rebate for any allowance under sections 39, 40, 41, 43, 44, 44A or 46 shall be admissible.
- (d) notwithstanding anything contained in this Ordinance, rebate for any allowance under sections 41AA, 44AA and 44AAA shall be computed at the average rate of tax and allowed accordingly.
- (e) where the total income includes any income from a share of the income profits and gains of a firm to which paragraph C of Part II applies, such portion of the super tax payable under the said paragraph as bears to the total amount of such super tax the same proportion as his share of income, profits and gains of the firm bears to the total income of the firm shall be added to the income tax payable by such partner under this paragraph, and, if the sum so arrived at exceeds 20% of the total income of such partner (including his share of income,

profits and gains of the firm before the deduction of super tax), the amount of income tax payable by him under this paragraph shall be reduced by the amount of such excess;

(f) for the purposes of assessment, the rates specified in above paragraph will be applicable to the assessment year commencing on, or after, the 1st day of July 2002;

(g) notwithstanding the provisions of clause (f) of proviso to paragraph A1 where the total income of an assessee comprises or includes any income chargeable under the head "salary" and such income is more than fifty per cent of his total income, the rates specified in this paragraph for the purposes of deduction of tax under sub-section (1) of section 50 shall be effective from the first day of July, 2001;

(c) in paragraph CC,-

(a) in sub-paragraph (d), for the semicolon, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that this sub-paragraph shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002.";

(b) in sub-paragraph (e), in clause (ii), the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that this sub-paragraph shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002.";

(d) in paragraph CCC,-

(a) in sub-paragraph (i),-

(i) after the word "person", the words "holding a National Tax Number and" shall be inserted;

(ii) in clause (cc), in the proviso, for the semicolon and word "; and" a colon shall be substituted and thereafter the following further proviso shall be added, namely:-

"Provided further that this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002";

(b) in clause (dd), the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002.";

(c) in clause (e), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002.";

(d) after sub-paragraph (i), the following new sub-paragraph shall be inserted, namely:-

"(ia) in the case of every resident person not holding a National Tax Number and to whom section 80C applies, from the assessment year commencing on, or after, the first day of July, 2002, on the income representing payments on account of execution of contracts other than the income to which clause (b) or

(c) or (cc) of sub-paragraph (i) apply--

(i) where the value of contract does not exceed thirty million rupees. seven per cent of such income.

(ii) where the value of contract exceeds thirty million rupees. eight per cent of such income.

(iii) on the income representing payment on account of supplies five per cent of such income.";

(e) in paragraph CCCC, after figure "80CC," the word and figure "or 80CD" shall be inserted;

(f) in paragraph E,-

(a) in sub-paragraph (i) after the word "assessee" the words "holding a National Tax Number", shall be inserted; and

(b) after sub-paragraph (i), the following new sub-paragraph shall be inserted, namely:-

"(ia) Where the payment is made to a resident assessee not holding a National Tax Number, on account of execution of contract other than the payments to which sub clause (b), (c) or (d) of sub-paragraph (i) apply--

(i) where the value of contract does not exceed thirty million rupees. seven per cent of such income.

(ii) where the value of contract exceeds thirty million rupees. eight per cent of such income.

(iii) on the income representing payments on account of supplies. five per cent of such income.";

(g) paragraphs FFB, FFF, GGG and H shall be omitted;

(h) in paragraph K, for sub-paragraph (a) the following shall be substituted, namely :-

"(a) in the case commercial consumer if the electricity bill ...

(i)	does not exceed Rs.400	Rs.60
(ii)	exceeds Rs.400 but does not exceed Rs 600	Rs.80
(iii)	exceeds Rs.600 but does not exceed Rs.800	Rs. 100
(iv)	exceeds Rs.800 but does not exceed Rs.1000	Rs. 160
(v)	exceeds Rs.1000 but does not exceed Rs.1500	Rs. 300
(vi)	exceeds Rs.1500 but does not exceed Rs.3000	Rs. 450
(vii)	exceeds Rs.3000 but does not exceed Rs.4500	Rs. 600
(viii)	exceeds Rs.4500 but does not exceed Rs.6000	Rs. 750
(ix)	exceeds Rs.6000.	Rs. 1000;

(i) paragraph M shall be omitted;

(c) in Part-III,-

(a) in paragraph B, (i)

in sub-paragraph (c), the full stop, at the end, a colon

(b) to (d) shall be substituted and thereafter the following proviso

shall be added, namely:-

"Provided that no surcharge under this sub-paragraph shall be payable for the assessment year commencing on, or after, the first day of July, 2002.";

(ii) in sub-paragraph (d), in the proviso, for the full stop, at the end, a colon shall be substituted and thereafter the following further proviso shall be added, namely:-

"Provided further that no surcharge under this sub-paragraph shall be payable for the assessment

year commencing on, or after, the first day of July, 2002.";

(b) in paragraph C, the figures and word "80C or 80CC" the figures, commas, word and a colon "80BB, 80C, 80CC or 80CD:" shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that no surcharge under this sub-paragraph shall be payable for the assessment year commencing on or after the first day of July, 2002.";

(d) in Part-V,-

(a) in paragraph A for the figures and word "80C and 80CC" the figures, commas and word "80BB, 80C, 80CC and 80CD" shall be substituted;

(b) after sub-paragraph (3), the following new sub-paragraph shall be added, namely:-

(a) in case of a banking company 50%

(b) in case of a public company other than a banking company 35%

(c) in case of any other company 45%.",

(c) in paragraph C, the words "and surcharge" shall be omitted and deemed to have been so omitted on the first day of July, 2000; and

(a) in paragraph D,

(a) 80C in sub paragraph (a), for the words "other than a

company carrying on insurance business" the words and figures, "other than the dividend received upto thirtieth June, 2001 by a public company carrying on insurance business" shall be substituted;

(b) in the first proviso, the words "and transmission line projects" shall be omitted; and

(c) in second proviso after the word "received", the figures, words and comma "upto thirtieth June, 2001" shall be inserted;

(20) in the Second Schedule,

(a)

(i) in Part-I,-

(a) after clause (7E), the following new clause shall be inserted, namely:-

"(7F) Any income chargeable under the head salary received by a Pakistani seafarer working on a foreign vessel provided that such income is remitted to Pakistan, not later than two months of the relevant income year, through normal banking channels";

(b) in clause (39B), after the word "airline" the words "or by Civil Aviation Authority." shall be inserted;

(c) in clause (77C), in the second proviso, the full stop, at the end, a colon shall be substituted and thereafter, the following further proviso shall be added, namely:-

"Provided further that the exemption under this clause shall not apply in respect of profit received on any investment made in the aforementioned deposit certificates on, or after, the first day of July, 2001.;"

(d) in clause (77D), in the proviso, for the full stop, a colon shall be substituted and thereafter, the following further proviso shall be added, namely:-

"Provided further that the exemption under this clause shall not apply in respect of profit received on deposits made on, or after, the first day of July, 2001.";

(e) in clause (77E), for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that the exemption under this clause shall not apply in respect of investment in such scheme made on, or after, the first day of July, 2001.";

(f) in clause (80A), for the full stop, at the end, a colon shall be substituted and thereafter following proviso shall be added, namely:-

"Provided that the exemption under this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002.";

(g) in clauses (91A), for the full stop, at the end, a colon shall be substituted and thereafter following proviso shall be added, namely:-

"Provided that the exemption under this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002.";

(h) in clauses (91B), for the full stop, at the end, a colon shall be substituted and thereafter following proviso shall be added, namely:-

"Provided that the exemption under this clause shall not apply in respect of any assessment year commencing on, or after, the first day of July, 2002.";

(i) clause (108) shall be omitted;

(j) in clause (116), for the figure "2002" the figure "2005" shall be substituted;

(k) clause (171) shall be omitted; and

(ii) in Part-II, after clause (5), the following new clause shall be inserted, namely:-

"(5AA) In case of any individual, being a resident, the tax from profit or interest of any National Savings Schemes of Directorate of National Savings or Post Office Savings Account in which investment is made on, or after, the first day of July, 2001, shall be deducted at the rate of ten per cent of such profit or interest:

Provided that no tax shall be deducted from income or profits paid on-

(a) Defence Savings Certificates, Special Savings Certificates, Savings Accounts or Post Office Savings Account, made on, or after, the first day of July, 2001, where such deposit does not exceed three hundred thousand rupees; and

(b) investment in Monthly Income Saving Accounts Scheme of Directorate of National Savings on, or after, the first day of July, 2001, where monthly installment in an account does not exceed one thousand rupees.;"

(iii) in Part-III, in clause (1B),-

(a) in sub-clause (1), in the Schedule, S.No.1 and the entries relating thereto shall be omitted; and

(b) in sub-clause (2), after the word "institution", the words "including government training and research institution" shall be inserted; and

(iv) in Part-IV,-

(a) for clause (10B), the following shall be substituted, namely:-

"(10B) The provision of sub-section (7D) of section 50 shall not apply 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.";

(b) in clause (20), the words, brackets and figure "and clause (178)", shall be omitted;

(c) clause (32D) shall be omitted;

(d) after clause (32F), the following new clause shall be inserted, namely:-

"(32G) Nothing in section 80D shall apply to Corporate and Industrial Restructuring Corporation.";

(e) after clause (33), the following new clause (33A) shall be inserted, namely:-

"(33A) The provisions of sub-section (4) of section 50 shall not apply to payments received by Pak-Arab Refinery Limited on account of supply of its products."; and

(f) in clause (59), for sub-clause (i), the following shall be substituted, namely:-

"(i) a company listed on Stock Exchange which distributes profit equal to either forty per cent of its after tax profits or fifty per cent of its paid up capital, whichever may be the less;"; and

Rs 10,000/-, but to such other amount as may be determined by the Board.

particular (21) in the Third Schedule, –

- (a) in rule 2, in the table, after entry number IVA, the following new entry shall be inserted, namely:-

"IVAA. Personal computer hardware 30%;

- (b) in rule 5A,-

- (i) after the word "equipment", occurring for the first time, the commas, words, figures and letters ", other than machinery, plant and equipment entitled to first year allowance under rule 5AA," shall be inserted;

- (ii) in the Table,

- (a) in entry C, paragraph (iii), after the word "development" occurring for the second time the words and commas "and tourism, hotels and tourism related projects, housing and construction, infrastructure and agriculture projects.", shall be added; and

- (b) in entry E,-

- (1) the word and comma "infrastructure," shall be omitted; and

- (2) after the word "sector", the words "other than the agriculture projects specified in entry C (iii)" shall be inserted;

- (iii) after rule 5A, amended as aforesaid, the following new rule shall be inserted, namely:-

"5AA. Where any machinery, plant and equipment (other than motor vehicles not plying for hire and ships not being fishing trawlers) is given on lease for the first time on, or after, the first day of July, 2000, by an

assessee being an investment bank or a modaraba or a leasing company, further depreciation by way of First Year Allowance equal to thirty per cent of the written down value shall be allowed to such assessee in respect of the year in which such machinery, plant or equipment (other than motor vehicles not plying for hire and ships not being fishing trawlers) is given on lease for the first time on, or after, the first day of July, 2000:

Provided that no allowance shall be admissible under this rule where such allowance has been availed previously under this rule or rules 5, 5A or 5B in respect of aforesaid asset.

Explanation.- For the purposes of this rule the

expression "investment bank" means a company incorporated under the Companies Ordinance, 1984 (XLVII of 1984), which has been granted a license by the Federal Government to operate as an investment bank.";

(iv) in rule 5B, after the word "plant", occurring for the first time, the commas, words and figures ", other than machinery, plant and equipment entitled to a First Year Allowance under rule 5A or rule 5AA," shall be inserted;

(v) in rule 7, in sub rule (a), for the word and figure "or 5" the commas, figures and word ", 5, 5A, 5AA, 5B or 5C shall be substituted;

(vi) in rule 8,-

(i) in sub-rule (5), in the second proviso, for the words "six hundred thousand" occurring twice, the words "seven hundred and fifty thousand" shall be substituted; and

(ii) in sub-rule (8), in clause (a), for the words "six hundred

for thousand", the words "seven hundred and fifty thousand" shall be substituted; and

(22) in the Fifth Schedule, in Part-I,-

(a) in rule 2, in sub-rule (5), after the word "expenditure" occurring for the

first time, the words and commas ",including royalty paid to the Government by an onshore petroleum exploration and production undertaking on, or after, the first day of July, 2001," shall be inserted;

and

(b) in rule 4, in sub-rule (1),-

.....

(a) after the words "other payments", the words, brackets, figures and commas, "excluding royalty as specified in the Pakistan Petroleum (Production) Rules, 1949 or the Pakistan Petroleum (Exploration and Production) Rules, 1986 and paid by onshore petroleum exploration and production undertaking on, or after, the first day of July, 2001," shall be inserted; and

(b) in the proviso, for the full stop, at the end, a colon shall be substituted and thereafter the following further proviso shall be added, namely:-

.....

"Provided further that in respect of assessment year commencing on, or after, the first day of July, 2002 the said aggregate shall not be less than forty percent of the profit or gains derived by an onshore petroleum exploration and production undertaking before the deduction of payment excluding royalty paid by an onshore company to the Government.".

.....

6. Amendments in Sales Tax Act, 1990.:- The following amendments shall be made in The Sales Tax Act, 1990, namely :-

(1) in section 2,—

(a) in clause (14), in sub-clause (c), after the word "person", at the end, the words, figures, commas, and brackets "and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944), on such excisable services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act", shall be added;

(b) in clause (20), after the word "person", occurring at the end, the words, figures, commas and brackets "and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944) on such excisable services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act", shall be added;

(c) in clause (25), after the word "Act" the words, brackets, figures "and such person shall remain liable to further tax under sub-section (1A) of section 3 and shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or rules made thereunder.", shall be added;

(d) in clause (33), after the word "financial" the words "or operating" shall be inserted;

(e) in clause (46),—

(a) in clause (a), in the proviso, —

(i) in clause (i), the word "and", at the end, shall be omitted;

(ii) in clause (ii) after the semicolon, the word "and" shall be added; and

- (iii) after clause (ii) amended as aforesaid, the following new clause shall be added, namely:-
- "(iii) in case a taxable supply is made to a consumer from general public on installment basis on a price inclusive of mark up or surcharge rendering it higher than open market price, the value of supply shall mean the open market price of the supply excluding the amount of tax.;" and
- (1) nofice-due of ceiving billi sif tebnu tnelello (b) in the second proviso, after the word "shall", the commas and words ", unless otherwise directed by the Board, " shall be inserted and shall be deemed to have always been so inserted;
- (2) in section 3,-
- (a) in sub-section (1A),-
- (i) for the words "one and half", occurring for the first time, the word "three" shall be substituted;
- (ii) for the brackets and letter "(c)" the brackets and letter "(a)" shall be substituted; and
- (iii) in the proviso, the words "one and half percent" shall be omitted;
- (b) for sub-section (2), the following shall be substituted, namely:-
- (2) Notwithstanding the provisions of sub-section (1),--
- (a) taxable supplies specified in the Third Schedule shall be charged to tax at the rate of fifteen per cent of the retail price which alongwith the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the manufacturer on each article, packet, container, package, cover or label, as the case may be; and

"(b) the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any goods or class of goods imported into or produced in Pakistan or any taxable supplies made by a registered person or a class of registered persons, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.";

and

(c) after sub-section (5), the following new sub-section shall be added, namely:-

"(6) The Federal Government or the Central Board of Revenue may, in lieu of the tax under sub-section (1), by notification in the official Gazette, levy and collect such amount of tax as it may deem fit on any supplies or class of supplies or on any goods or class of goods and may also specify the mode, manner or time of payment of such amount of tax .";

(3) in section 7, in sub-section (1), after the word "shall", the commas, words and figure ", subject to the provisions of section 73," shall be inserted;

(4) in section 10, in sub-section (1), in the first proviso, after the word, "shall", the commas and words ", unless otherwise directed by the Board under exceptional circumstances," shall be inserted;

(5) in section 19, for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that if it is subsequently established that a person who was not liable to be registered but was wrongly registered under this section due to inadvertence, error or misconstruction, the Collector shall cancel such registration and such person shall, subject to the provisions

of section 3B, not be liable to pay any tax, additional tax or penalty under any of the provisions of this Act or rules made thereunder.;"

(6) in section 21, in sub-section (1), for the words "through an audit", the words "either through an audit or otherwise" shall be substituted;

(7) for section 34A, the following shall be substituted, namely:-

"34A. Exemption from penalty and additional tax. — The Federal

Government may, by a notification in the official Gazette, or the Central Board of Revenue by a special order published in Gazette for reasons to be recorded in writing, exempt any person or class of persons from payment of the whole or part of the penalty and additional tax imposed under sections 33 and 34 subject to such conditions and limitations as may be specified in such notification or, as the case may be, special order.;"

(8) in section 46, —

(a) in sub-section (1), for the word "thirty", the word "sixty" shall be substituted;

(b) in sub-section (3), for the words "one thousand", the words, "seven hundred and fifty" shall be substituted; and

(c) after sub-section (7), the following new sub-section shall be added, namely:

"(8) Subject to the provisions of this Act or any other law for the time being in force, the Appellate Tribunal shall have power to regulate its own procedure and the procedure of the Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.;"

(9) for section 55, the following shall be substituted, namely:-

"55 Removal of difficulties. — If any difficulty arises in giving effect to the provisions of this Act or the rules made or notifications issued thereunder, the Board may through a general order or otherwise, issue instructions or directions, not inconsistent with the provisions of this Act, for such actions to be taken by an officer of sales tax or any other person as it considers necessary or expedient for the purpose of removing the difficulty.";

(10) in section 66, for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:

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"Provided that in a case where the refund has become due on account of any decision or judgement of any officer of sales tax or court or the Tribunal, the period of one year shall be reckoned from the date of judgement or decision of such officer, court or Tribunal."

(11) in section 73,—

(a) after the word "Act", occurring for the second time, the words "provided that payment, in case of such transaction on credit, is so transferred within one hundred and twenty days of issuance of tax invoice", shall be added; and

(b) for the full stop, at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

"Provided that when a registered person supplies taxable goods for a sum exceeding fifty thousand rupees in respect of which payment is received otherwise than in the manner prescribed in this section read with section 7, he shall not be entitled to claim adjustment or refund of input tax in respect of such goods."; and

(12) in the Fifth Schedule,—

(a) after serial No. 5 in column (1) and the entry relating thereto in column (2), the following new serial numbers and entries relating thereto shall be added, namely:-

"6. Supplies of such locally manufactured plant and machinery to the Export Processing Zones as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification.

7. Supplies made to exporters under the Duty and Tax Remission Rules, 2001 subject to the observance of procedures, restrictions and conditions prescribed therein"; and

(13) in the Sixth Schedule,—
 (a) in serial No. 3 in column (1), in column (2), for existing entry (iv), the following shall be substituted, namely:-

"(iv) Fresh and dried milk; milk preparations obtained by replacing one or more of the constituents of milk by another substance, whether or not packed for retail sale, falling under Heading No. 19.01 of the First Schedule to the Customs Act, 1969 (IV of 1969), including those consignments of such milk preparations imported and released against bank guarantee since the 1st July, 2000, but excluding those consignments already cleared on payment of sales tax; plain yogurt excluding packaged or sold under trade mark or brand name.";

(b) after serial No. 3 in column (1) and the entries relating thereto in columns (2) and (3), the following new serial number and entries relating thereto shall be inserted, namely:-

"3A Eggs for hatching (parent stock), 0407.0020";
 including consignments of such eggs
 imported either against bank
 guarantee or otherwise but without
 payment of sales tax since the 1st
 July, 1998.

- (c) for serial No. 6 in column (1), for the entries in columns (2) and (3) relating thereto, the following shall be substituted, namely:-

"6 Vegetable ghee; desi ghee derived from milk; butter not sold under brand name or trade mark and supply of edible oils.

- (d) serial No. 8 in column (1) and the entries relating thereto in columns (2) and (3) shall be omitted;

- (e) in serial No. 11, —

- (a) in column (2), after the word "Contraceptives", the words "and accessories therefor" shall be added; and

- (b) in column (3), for the word and figures "and 4014.1000", the comma, figures and word ", 4014.1000 and 9908.0050" shall be substituted;

- (f) in serial No. 14 in column (1), in column (2), for the word "attract", the words, figures and comma, "attracted during the period from 1st July, 1999 to 17th June, 2001", shall be substituted;

- (g) in serial No. 15, in column (2), for the word "attract", the words, figures and comma, "attracted during the period from 1st July, 1999 to 17th June, 2001", shall be substituted;

- (h) for serial No. 26 in column (1) and the entries relating thereto in columns (2) and (3), the following shall be substituted, namely:-

"26 Goods (including dry fruits imported from 9906.0020, 9906.0030

Afghanistan) temporarily imported into and Pakistan, meant for subsequent exportation 9906.0040"; charged to zero-rate of customs duty

(c) bns (S) amuloo : subject to the similar restrictions, limitations,
conditions and procedures as are envisaged
for the purpose of applying zero-rate of
customs duty on such goods under the
Customs Act, 1969 (IV of 1969).

(i) in serial No. 27, in column (1),—

(a) in column (2), for the word "exemption", the words "applying zero-
rate of customs duty" shall be substituted; and

(b) in column (3), for the words "Respective headings", the figures
"9906.0010", shall be substituted;

(j) in serial No. 28, in column (1),—

(a) in column (2), for the word "exemption", the words "applying zero-
rate of customs duty" shall be substituted; and

(b) in column (3), for the words "Respective headings", the figures
"9904.0010", shall be substituted;

(k) in serial No. 30, in column (1),—

(a) in column (2), for the word "exemption", the words "applying zero-
rate of customs duty" shall be substituted; and

(b) in column (3), for the words "Respective headings", the figures
"9902.0060", shall be substituted;

(l) in serial No. 31,—

(a) in column (2),

(i) the words "of no commercial value" shall be omitted; and

(ii) for the word "exemption", the words "applying zero-rate of
customs duty" shall be substituted; and

(b) in column (3), for the words "Respective headings", the figures "9902.0070" shall be substituted;

(m) after serial No. 36 in column (1) and the entries relating thereto in columns (2) and (3), the following new serial number and entries relating thereto shall be inserted, namely:-

"36A Import of ship stores, subject to the Respective procedures, conditions and restrictions as headings"; may be specified by the Collector of Customs in this behalf including those consignments of such stores that have been released without charging sales tax since the 1st July, 1998 but excluding such consignments of ship stores as have been cleared on payment of sales tax.

(n) in serial No. 40 in column (1), —

(a) in column (2), after the word "Government", at the end, the words, commas and figures, "provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 and the conditions laid down for customs purposes are observed" shall be added; and

(b) in column (3), for the words "Respective headings", the figures and commas and word "9901.0010, 9901.0020, 9901.0030, 9901.0040, 9901.0050 9901.0060 and 9901.0080" shall be substituted;

(o) after serial No. 40 in column (1) and the entries relating thereto in columns (2) and (3), the following new serial number and the entries relating thereto shall be inserted, namely:-

"40A Import of articles of household and 9901.0070"; personal effects including vehicles and also the goods for donation to projects established in Pakistan imported by any of

the rulers of Gulf Shaikhdoms who is in possession of residential accommodation in Pakistan and goods including vehicles by the United Arab Emirate dignitaries as are listed in column (2) against heading No. 9901.0070 of the First Schedule to the Customs Act, 1969 (IV of 1969) for their personal use and for donation to welfare projects established in Pakistan subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty on such goods under the said Act.

- (p) in serial No. 46, in column (1),—
 - (a) in column (2), for the word "exemption", the words "applying zero-rate of customs duty" shall be substituted; and
 - (b) in column (3), for the words "Respective headings" the figures, words and a bracket "9903.0010, 9903.0020, and 9903.0030 (as applicable)" shall be substituted;
- (q) after serial No. 46 in column (1) and the entries relating thereto in columns (2) and (3), the following new serial number and entries relating thereto shall be added, namely:-

"46A Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969); 9903.0010, 9903.0030 9903.0040";

- (r) in serial No. 47, in column (1),—
- (a) in or imm (2),—
- (i) after the word, "consignments", the words and commas "including goods imported for the President's Fund for Afghan Refugees, relief goods donated for Afghan Refugees, gifts for President's Fund for Assistance of Palestine and gifts received by Pakistani organizations from Church World Services or the Catholic Relief Services" shall be inserted; and
- (ii) for the word "exemption", the words "applying zero-rate of customs duty" shall be substituted; and
- (b) in column (3), for the words "Respective headings", the figures, commas and the word "9902.0010, 9902.0020, 9902.0030, 9902.0040 and 9902.0050" shall be substituted;
- (s) after serial No. 58 in column (1) and the entries relating thereto in columns (2) and (3), the following new serial number and entries relating thereto shall be added, namely:-
- "59 Import of artificial kidneys, eye cornea, 9908.0040 hemodialysis machines, hemodialyzers, (where A.V. fistula needles, hemodialysis fluids applicable) and and powder, blood tubing tines for 9908.0060"; and dialysis and reverse osmosis plants for dialysis, subject to the similar conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on these goods under the Customs Act, 1969 (IV of 1969).
- (t) at the end, the following special rule of interpretation shall be added, namely:-

"Interpretation.-- For the purpose of exemption of sales tax under serial Nos. 11, 26, 27, 28, 30, 31, 40, 40A, 46, 46A, 47 and 59 of this Schedule, the definitions, restrictions, limitations, conditions and procedures and all the provisions of Chapter 99 of the First Schedule to Customs Act, 1969 (IV of 1969), for the purpose of applying zero-rate of customs-duty, shall, mutatis mutandis apply and shall be deemed and construed to be part of this Schedule."

7. **Amendment of (XXXII of 2000).--** In the Khushhali Bank Ordinance 2000(XXXII of 2000), section 29 shall be omitted.

THE SCHEDULE

[See section 4(9)]

"THE FIRST SCHEDULE

GENERAL RULES FOR INTERPRETATION OF THIS SCHEDULE

1. The titles of Section, Chapters and sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions.
2. (a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or un-finished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or failing to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.
 (b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substances with other materials or substance. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.
3. When by application of Rule 2(b) or for any other reason, goods are, *prima facie*, classifiable under two or more headings, classification shall be effected as follows:
 (a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or