

Government of Pakistan  
Law and Justice Division

\*\*\*\*\*

No.F.2(1)/2021-Pub.

Islamabad, the 12<sup>th</sup> February, 2021

The following Ordinance Promulgated on 11<sup>th</sup> February, 2021 by the President is hereby published for general information:-

Ordinance No. VI OF 2021

AN  
ORDINANCE

*further to amend certain tax laws*

WHEREAS, it is expedient further to amend certain tax laws for the purposes hereinafter appearing;

AND WHEREAS, the Senate and the National Assembly are not in session and the President of the Islamic Republic of Pakistan is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:-

1. **Short title and commencement.**— (1) This Ordinance shall be called the Tax Laws (Amendment) Ordinance, 2021.

(2) It shall come into force at once.

2. **Amendment in the Customs Act, 1969 (IV of 1969).**— In the Customs Act, 1969 (IV of 1969), the following further amendments shall be made, namely:-

(1) in the First Schedule, in Chapter 99,—

(a) in sub-chapter V,—

(i) in the title, after the word "AREA", the expression "OR SPECIAL TECHNOLOGY ZONE (STZ)" shall be added;

(ii) in column (1), against PCT Code 9917, in column (2), in paragraph 3, after sub-paragraph (iv), the following new paragraph shall be added, namely:-

"(4)(i) Capital goods including but not limited to materials, plant, machinery, hardware, equipment and software for a period of ten years as prescribed in the Special Technology Zone Authority Ordinance, 2020 (XIII of 2020), if not

*Accepted*  
SAADAT IQTIDAR ALAM  
Section Officer  
Ministry of Law & Justice  
Government of Pakistan  
Islamabad

manufactured locally, imported from the date of signing of the development agreement for consumption within zones by the Special Technology Zones Authority and zone developers, subject to such conditions, limitations and restrictions as the Federal Board of Revenue may impose from time to time; and

- (iii) Capital goods including but not limited to materials, plant, machinery, hardware, equipment and software for a period of ten years as prescribed in the Special Technology Zone Authority Ordinance, 2020 (XIII of 2020), if not manufactured locally, imported from the date of issuance of licence by the Special Technology Zones Authority for consumption within zones by the said Authority and zone enterprises, subject to such conditions, limitations and restrictions as the Federal Board of Revenue may impose from time to time.”; and

- (b) in sub-chapter-VI, in column (1), against PCT code 9920, in column (2), after clause 6, the following shall be added, namely:-

“7. Professional and technical apparatus or equipment or instruments imported by foreign nationals, experts and athlete etc. participating in an international event (including but not limited to sports events) or under any international arrangement for use solely during such event or arrangement subject to endorsement on their passports. The goods allowed for temporary admission shall be identifiable at the time of import and subsequent re-export:

Provided that the condition of furnishing undertaking or bond by such foreign nationals shall not be applicable for this clause.”; and

- (2) in the Fifth Schedule, in Part-V(A),—

- (a) in Table-I,—

- (i) in the heading, after the expression “2-3 Wheelers”, the expression “,4-Wheelers” shall be inserted;

- (ii) in column (1), after Serial No. 6, the following new Serial No. 7 and Serial No. 8 and entries relating thereto in columns (2), (3), (4) and (5) shall be added, namely:—

"7.	Electric Vehicles 4-wheelers	PCT Code 8703.8090	25%	The concession shall be admissible till 30th June 2026.
8.	Electric Vehicles 4-wheelers	PCT Code 8703.8090	50% of the rate of customs duty as specified in the column(4) of the serial No 7 above.	The concession shall be admissible till 30th June 2026, on import of Electric Vehicles 4-wheelers (CBU) per company of the same variant to be assembled or manufactured as mentioned in column (2) of this table to the extent of maximum 100 units per company, duly approved/certified by Engineering Development Board (EDB). EDB shall monitor compliance with EV Policy 2020 and intimate FBR immediately in case of violation by any manufacturer to stop further clearance at the concessional rate, specified in column (4).";

- (b) in Table-II, in column (1), after Serial No. 6, the following new Serial No. 7 and entries relating thereto in columns (2), (3), (4) and (5) shall be added, namely:—

"7.	Electric Vehicles 4-wheelers (PCT Code 8703.8090)	(i) EV Specific components for assembly/manufacture in any kit-form (CKD)	1% (notwithstanding the rate of customs duty on these items as	The concession shall be admissible to manufacturer
-----	---	---	--	--



			specified in the First Schedule to the Customs Act 1969).	s of electric vehicles 4-wheelers till 30 <sup>th</sup> June 2026, subject to certification and quota determination by the Engineering Development Board (EDB).
		(ii) Components for assembly/manufacture in any kit-form (CKD) Non-localized parts.	10%	The concession shall be admissible till 30 <sup>th</sup> June 2026 subject to the conditions mentioned at Para-2 of the SRO 656(I)/2006 dated 22.06.2006.
		(iii) Components for assembly/manufacture in any kit-form (CKD) Localized parts.	25%	The concession shall be admissible till 30 <sup>th</sup> June 2026 subject to the conditions mentioned at Para-2 of the SRO 656(I)/2006 dated 22.06.2006.", and

(c) in Table-III, in column (1), against serial No. 3, in column (4), after the expression "2-3 wheelers" the expression ",4-wheelers" shall be inserted.

3. **Amendments in the Sales Tax Act, 1990.**— In the Sales Tax Act, 1990, the following further amendments shall be made, namely:—

(1) in section 56A, after sub-section (1), the following new sub-section (1A) shall be inserted, namely:—

"(1A) Notwithstanding anything contained in this Act, the Board shall have power to share data or information including real time data videos, images received under the provisions of this Act with any other Ministry or Division of the Federal Government or Provincial Government, subject to such limitations and conditions as may be specified by the Board.";

(2) in the Sixth Schedule, in Table-1, in column (1), after serial No. 156 and entries relating thereto in columns (2) and (3), the following new serial Nos. 157 and 158 and corresponding entries relating thereto in columns (2) and (3) shall be added, namely:—

"157.	Import of CKD kits for the following electric vehicles (4 wheelers) by local manufacturers till the 30 <sup>th</sup> day of June, 2026:— (a) Small cars and SUVs with 50 kwh battery or below; and (b) Light commercial vehicles (LCVs) with 150 kwh battery or below.	Respective headings
158	Goods temporarily imported into Pakistan by international athletes or sportsmen which would be subsequently taken back by them within 120 days of temporary import	Respective headings";

(3) in Eighth Schedule, in Table-I, in column (1), after serial No. 70, the following new serial No. 71 and entries relating thereto in columns (2), (3), (4) and (5) shall be added, namely:—

"71.	Following locally manufactured or assembled electric vehicles (4 wheelers) till the 30 <sup>th</sup> day of June, 2026:— (a) Small cars or SUVs with 50 kwh battery or below; and (b) Light commercial vehicles (LCVs) with 150 kwh battery or below	Respective heading	1%	If supplied locally.”; and
------	--	--------------------	----	----------------------------

- (4) in Twelfth Schedule, under the heading “Procedure and conditions”, in clause (2), after sub-clause (x), the following sub-clauses shall be added, namely:—

- “(xi) electric vehicles (4 wheelers) CKD kits for small cars or SUVs, with 50 kwh battery or below and Light Commercial Vehicles (LCVs) with 150 kwh battery or below till the 30<sup>th</sup> day of June, 2026;
- (xii) electric vehicles (4 wheelers) small cars or SUVs, with 50 kwh battery or below and Light Commercial Vehicles (LCVs) with 150 kwh battery or below in CBU condition till the 30<sup>th</sup> day of June, 2026; and
- (xiii) electric vehicles (2-3 wheelers and heavy commercial vehicles) in CBU condition till the 30<sup>th</sup> day of June, 2025.”.

4. **Amendments in the Income Tax Ordinance, 2001 (XLIX of 2001).—** In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:—

- (1) in section 152,—
- (a) after sub-section (1D), the following new sub-section shall be inserted, namely: -
- “(1DA) Every banking company maintaining a Foreign Currency Value Account (FCVA) or a non-resident Pakistani Rupee



Value Account (NRVA) of a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) shall deduct tax from capital gain arising on the disposal of debt instruments and government securities and certificates (including *Shariah* compliant variant) invested through aforesaid accounts at the rate specified in Division II of Part III of the First Schedule.”; and

- (b) in sub-section (1E), for the expression “sub-section (1D)”, the expression “sub-sections (1D) and (1DA)” shall be substituted;
- (2) in section 231B, after sub-section (2), the following new sub-section shall be inserted, namely:—

“(2A) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax from the buyers of locally manufactured motor vehicles who subsequently sell it within ninety days of delivery of such vehicle whether prior to or after registration, at the rates specified in Division VII of Part IV of the First Schedule:

Provided that no collection of advance tax under this sub-section shall be made after the 30<sup>th</sup> day of June, 2021.”;

- (3) in section 236C, in sub-section (1), in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely: -

“Provided further that if the seller or transferor is a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) who had acquired the said immovable property through a Foreign Currency Value Account (FCVA) or NRP Rupee Value Account (NRVA) maintained with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan, the tax collected under this section from such persons shall be final discharge of tax liability in lieu

of capital gains taxable under section 37 earned by the seller or transferor from the property so disposed of.”;

- (4) in section 236K, in sub-section (2), for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided that if the buyer or transferee is a non-resident individual holding a Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) who has acquired the said immovable property through a Foreign Currency Value Account (FCVA) or NRP Rupee Value Account (NRVA) maintained with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan, the tax collected under this section from such persons shall be final discharge of tax liability for such buyer or transferee.”;

- (5) in the First Schedule,—

(a) in Part I, in Division IIA, in the Table, in column (1), against serial no1, in heading of column (6), after the expression “Tax Year 2021”, the words “and onwards” shall be inserted.

(b) in Part II, in the first proviso, in clause (b), for the colon a semi-colon shall be substituted and thereafter the following new clause shall be added, namely:—

“(c) in case of importers of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below shall be 1%.”;

(c) in Part III, in Division II, in clause (3A), for the expression “sub-section (1D)”, the expression “sub-sections (1D) and (1DA)” shall be substituted;

(d) in Part IV,—

(i) in Division VII, after clause (2), the following new clause shall be added, namely:—



"(3) The rate of tax under sub-section (2A) of section 231B shall be as follows:—

**TABLE**

<b>S. No.</b>	<b>Engine capacity</b>	<b>Tax</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Up to 1000cc	Rs.50,000
2.	1000cc to 2000cc	Rs.100,000
3.	2000cc and above	Rs.200,000

”; and

- (ii) in Division XIV, after the Table, following new proviso shall be added, namely:—

“Provided that the rate of advance tax on sale to distributors, dealers or wholesalers of fertilizer shall be 0.25%, if they already are or get themselves registered under the Sales Tax Act, 1990 within sixty days of the promulgation of the Tax Laws (Amendment) Ordinance, 2021.”;

- (6) in the Second Schedule,—

- (a) in Part I, —

- (i) in clause (78), for the expression “citizens of Pakistan and foreign nationals residing abroad, foreign association of persons, companies registered and operating abroad and foreign nationals residing in Pakistan”, the expression “non-resident individuals, non-resident association of persons and no-resident companies” shall be substituted;
- (ii) in clause (79), for the expression “citizen of Pakistan residing abroad”, the expression “non-resident individual holding a Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC)” shall be substituted;
- (iii) in clause (126M), in the proviso, for the figure “2018”, the figure “2022” shall be substituted; and

- (iv) after clause (147), the following new clause shall be added, namely:—

“(148) Any income derived by Islamic Naya Pakistan Certificates Company Limited (INPCCL).”;

- (b) in Part II, -

- (i) in clause (5A), after the expression “Pakistan,”, the expression “other than those covered under clauses (78) and (79) of Part I of the Second Schedule,” shall be inserted;

- (ii) after clause (5AA), the following new clauses shall be inserted, namely: -

“(5AB) The rate of tax to be deducted under section 151 shall be ten percent from the profit on debt from a debt instrument, whether conventional or Shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 (XVIII of 1944) or its wholly owned special purpose company, purchased by a resident citizen of Pakistan who has already declared foreign assets to the Board through a Foreign Currency Value Account (FCVA) maintained with authorized banks in Pakistan under the foreign exchange regulation issued by the State Bank of Pakistan:

Provided that the tax so deducted shall be the final tax.

(5AC) The rate of tax to be deducted under sub-section (2) of section 152 or under section 151, as the case may be, shall be zero percent of the gross amount of profit on debt paid, covered under clauses (78) and (79) of Part I of the Second Schedule.”;

- (iii) in clause (24C),—

- (I) after the expression “sub-dealers” the expression “, wholesalers and retailers of fast moving consumer goods, fertilizer,” shall be inserted;

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

"Provided that the benefit of reduced rate shall be available to those dealers, sub-dealers, wholesalers and retailers of above sectors who already are or get themselves registered under the Sales Tax Act, 1990 within sixty days of the promulgation of the Tax Laws (Amendment) Ordinance, 2021.";

- (iv) in clause (24D),—

- (I) after the expression "sub-dealers" the expression ", wholesalers and retailers of fast moving consumer goods, fertilizer," shall be inserted;
- (II) for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely: -

"Provided that the benefit of reduced rate shall be available to those dealers, sub-dealers, wholesalers and retailers of above sectors who already are or get themselves registered under the Sales Tax Act, 1990 within sixty days of the promulgation of the Tax Laws (Amendment) Ordinance, 2021.";

- (c) in Part III, after omitted clause (16), the following new clause shall be inserted and shall be deemed to have been inserted with effect from the 1<sup>st</sup> day of July, 2019 , namely:-

"(17) The tax payable by cotton ginner on their income and profits shall not be more than sum of 1% of their turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake:

Provided that the tax so payable shall be final tax in respect of their cotton ginning and oil milling activities only.";



(d) in Part IV,—

- (i) in clause (11A), after sub-clause (xxxviii), the following shall be added, namely:—

“(xxxix) Islamic Naya Pakistan Certificates Company Limited (INPCCL).”;

- (ii) in clause (56), after sub-clause (iii), the following new sub-clause shall be inserted, namely:—

“(iiia) Goods temporarily imported into Pakistan by international athletes which would be subsequently taken back by them within one hundred and twenty days of temporary import.”;

- (iii) after the omitted clause (79), the following new clause shall be inserted, namely:—

“(79A) The provisions of clause (b) of sub-section (1) of section 153 shall not apply to payments received by National Telecommunication Corporation against provision of telecommunication services including ancillary services specified in sub-section (3) of section 41 of the Pakistan Telecommunication (Re-organization) Act, 1996 (XVII of 1996).”;

- (iv) after clause (111A), the following new clause shall be inserted, namely:—

“(111AB) The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan.”;

- (v) for clause (112A), the following clause shall be substituted, namely:-

"(112A) The provisions of section 231A, 231AA and 236P shall not apply to the holders of Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRPRVA) in respect of these accounts only.";

- (vi) for clause (114A), the following clause shall be substituted, namely:-

"(114A) The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or a Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan:

Provided that this clause shall not apply if the person referred in this clause has Pakistan-source taxable income other than the following; namely:-

- (a) profit on debt on FCVA or Non-resident Pakistani Rupee Value Account (NRVA).
- (b) profit on debt earned on Government of Pakistan (GOP) securities either conventional or Shariah Compliant where investment has been made from proceeds of FCVA or NRVA;
- (c) capital gain on disposal of immovable property acquired from proceeds of FCVA or NRVA;
- (d) capital gain on disposal of securities traded on Pakistan Stock Exchange and units of mutual

funds that are acquired from proceeds of FCVA or NRVA; or

- (e) dividend income from securities traded on Pakistan Stock Exchange and mutual funds that are acquired from proceeds of FCVA or NRVA.”; and

- (vii) after clause (117), the following new clauses shall be added, namely:-

“(118) The provisions of withholding taxes contained in the Income Tax Ordinance, 2001 (XLIX of 2001) shall not apply to Islamic Naya Pakistan Certificates Company Limited (INPCCL) as a recipient.

(119) The provisions of section 153(1)(a) shall with effect from the 1<sup>st</sup> day of July, 2020 not apply to distributors, dealers, wholesalers and retailers of locally manufactured mobile phone devices as withholding agent.”; and


- (7) in the Seventh Schedule, in rule (7C), for the expression “to 2021”, the expression “and onwards” shall be substituted.

5. **Amendments in the Federal Excise Act, 2005.**— In the Federal Excise Act, 2005, the following further amendments shall be made, namely:—

- (1) in the First Schedule, in Table-I, in column (1),—

- (a) against S. No. 55, in column (2), after the figure “87.02”, the expression “and till the 30<sup>th</sup> day of June, 2026 electric vehicles (4 wheelers)” shall be inserted; and
- (b) against serial No. 55B, in column (2), after the figure “87.02” the expression “and till the 30<sup>th</sup> day of June, 2026 electric vehicles (4 wheelers)” shall be inserted.

*Attested*

  
SAADAT IQTIDAR ALAM  
Section Officer  
Ministry of Law & Justice  
Government of Pakistan  
Islamabad

DR. ARIF ALVI  
President

FARRUKH ALI MUGHAL  
Solicitor General