

INDUSTRY

SPECIFIC PROPOSALS FOR FY2024-25



The Federation of Pakistan
Chambers of Commerce and Industry



Vision



I am honored to present FPCCI budget proposals for the fiscal year 2024-25. This year, more than ever, our recommendations are drafted with a profound understanding of the critical juncture at which the Pakistani economy stands today. Our proposals are not merely numerical adjustments but are aimed at fostering a resilient and inclusive economic environment that supports the aspirations and needs of our people

With a firm commitment to creating an enabling environment for investment and sustainable growth, the FPCCI recognizes the significance of a more equitable, balanced, and sustainable tax system. We advocate for structural reforms that simplify the tax structure, encourage compliance, and promote economic growth. By broadening the tax base and rationalizing tax policies, we aim to create a fairer environment for businesses while ensuring that the burden of taxation is distributed equitably across society.

In FY2023, Pakistan faced significant economic challenges including macroeconomic imbalances, supply shocks, and a global economic slowdown, leading to reduced growth. Widespread floods in the first quarter of FY2023, caused extensive damage, with flood-related expenses totalling Rs3.2 trillion, contributing to GDP loss and rehabilitation costs. Despite these multiple hurdles, Pakistan anticipates a growth rate of 3 percent for FY2024, surpassing the World Bank's conservative estimate of 1.8 percent. However, economic pressure persists, including high inflation, stagnant export growth, and precarious foreign reserves. Concerns about fiscal health remain, with a widening fiscal deficit and ever-growing debt levels, highlighting the need for urgent fiscal management reforms.

The government's efforts to safeguard foreign exchange reserves last year inadvertently disrupted industries and trade, with delays in imports stemming from non-issuance of Letters of Credit (LCs) and import bans causing trade flow disruptions. These measures resulted in detention charges, supply shortages, and even factory closures and layoffs. So, we propose prioritizing export-oriented industries and essential imports to mitigate shortages and enhance trade.

Privatization holds the key to continuous economic growth and revival of the economy, thus it is vital to privatize State-Owned Enterprises (SOEs) to unlock economic activities in the country. The possible investment of USD 8 billion by Saudi Arabia in Pakistan is a testament to SIFC's role in facilitating investment in Pakistan. We express gratitude for the establishment of the Special Investment Facilitation Council (SIFC), which plays a pivotal role in attracting and facilitating investments in various sectors. Furthermore, we emphasize the urgent need to address the issue of energy costs in Pakistan, which continues to pose a significant challenge to businesses and economic growth.



Our budget proposals for FY2024-25 prioritize fairness, sustainability, and growth, addressing immediate fiscal challenges while fostering a more inclusive economy. We commit to close collaboration with the government and stakeholders for effective implementation, recognizing the direct link between economic prosperity and citizen well-being. Looking ahead, we emphasize investing in human capital, infrastructure, and innovation to unlock Pakistan's full potential. By embracing these strategies, we can pave the way for a brighter future characterized by economic resilience, ample opportunities, and improved living standards for all.

Atif Ikram Sheikh

President, FPCCI

Preamble



For the fiscal year 2024-25, the FPCCI Advisory Council on Budget is proud to present its policy recommendations aimed at fostering a robust and inclusive economy. Our primary focus is on broadening the tax base, formalizing the economy, and promoting industrialization to ensure real economic growth and enhance the socio-economic well-being of Pakistan.

We strongly believe that the forthcoming budget should prioritize providing relief to the common man, enhancing industrial productivity, boosting the competitiveness of export products, and improving the overall socio-economic landscape of the country. To achieve these noble goals, we advocate for expanding the tax base through fair and transparent measures, alongside reasonable reductions in tax rates to incentivize investment and stimulate economic activity.

Furthermore, we emphasize the importance of promoting industrialization, particularly within the SME sector, as a key driver of economic growth and job creation. By removing barriers and impediments to business operations and fostering a conducive environment for entrepreneurship, we can unleash the full potential of our industries and propel Pakistan towards sustainable development.

Our Advisory Council is committed to supporting the government's efforts to create a business-friendly environment and drive economic growth. We believe that by working together to broaden the tax base, formalize the economy, and promote industrialization, we can pave the way for a brighter future for all Pakistanis.

I extend my sincere appreciation to Mr. Atif Ikram Sheikh, President of the Federation of Pakistan Chambers of Commerce and Industry, for entrusting me with this important task. I also extend my gratitude to all members of the FPCCI Advisory Council on Budget for their dedication and hard work in preparing our budget proposals.

Together, let us strive towards a budget that reflects the aspirations of the people and lays the foundation for a prosperous and inclusive future for Pakistan.

Zubair Taufail

Convenor Budget Advisory Council, FPCCI

Message



In 2021, the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) the apex body of the business community, took a pivotal step by establishing the Policy Advisory Board (PAB). This board is dedicated to providing research-based expert input for policy advocacy, streamlining business operations, and formalizing the feedback from the business community for various governmental bodies. Its primary objective is to amalgamate the private sector's insights to formulate policies conducive to economic expansion and prosperity.

The federal budget is a crucial policy tool that significantly impacts the nation's economic dynamics. Currently, the government is facing a range of economic challenges, such as the high cost of doing business, inflation, high policy rate, corruption, and terrorism, which are further exacerbated by policies imposed by the International Monetary Fund (IMF). Additionally, the heavy burden of debt servicing has severely limited the government's fiscal flexibility.

Amidst a temperate economic forecast and a waning business milieu, it is imperative to implement measures that streamline tax administration, expand the tax base, and foster revenue augmentation. Such initiatives are critical to cultivating an advantageous business environment and bolstering the government's fiscal stabilization endeavors.

The FPCCI's policy research team has diligently engaged in a sequence of consultative dialogues with pertinent stakeholders and has meticulously compiled budgetary suggestions from a spectrum of chambers and associations. These efforts aim to integrate a diverse array of industry viewpoints. There is a firm conviction that the FPCCI's Budgetary Proposals, which encapsulate the business community's collective stance, will receive due consideration from the Government during the formulation of the Federal Budget for the fiscal year 2024-25.

Mian Zahid Hussain

(Sitara-e-Imtiaz), Hon. Ph.D.

(Former Minister Information Technology Govt. of Sindh.)

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Table of Contents

Vision	ii
Office Bearers	vi
FPCCI Budget Advisory Council	vii
FPCCI Secretariat & Research Team	ix
Compiled Customs Duties Proposals	1
Compiled Customs Act/Procedures Proposals	16
Federal Excise Duties (FED) Proposals	33
Compiled Sales Tax Proposals	34
Income Tax Proposals	52

FPCCI's Budget Proposals for FY2024-25

Compiled Customs Duties Proposals

S. No.	Name of Association/ Chamber/ Individual	PCT Code	Description	Existing Rate of Duty 2023-24	Proposed Rate of Duty 2024-25	Suggested to be changed through SRO or in Tariff	Rationale/ Justification	Quantify benefit for Consumer / Industry
1	Pakistan Poultry Association (PPA)	23099000	Growth Promoter Premix vitamin premix Mineral premix Vitamin B12 (feed grade) Poultry Feed Preparation (Coccidiostats)	CD = 10%	CD = 5%	S. No. 20, 21, 22, 23, 25, 26, & 28, 129 Part III, 5 th Schedule, Customs Act, 1969 (IV of 1969)	This premixed for poultry (S. No. 30, Part III, of the 5th Schedule) is at a reduced rate of CD at 5% for feed manufacturers. Since there is no other use of these premises other than the poultry sector, it is suggested that the rate should be rationalized to 5% for both manufacturers and poultry farmers/importers since the end use is the same in the poultry sector. Similarly, there is only one rate of custom duty at 5% at S. No. 129, part III, 5 th Schedule for the whole dairy sector, same 5% rate should be provided to the Poultry Sector.	This will benefit the whole Poultry Sector, as it will help reduce production costs and increase the sustainability of farmers at lower prices.
2	Sitara Chemicals Industries Ltd. Faisalabad (SCIL)	28011000	Chlorine (Liquid)	CD = 11% ACD = 2% RD = 0%	CD = 11% ACD = 2% RD = 0%	Tariff	The domestic industry, with a production capacity of 28,050MT per annum, comfortably exceeds the national demand for Liquid Chlorine, estimated at 16,600MT annually. Liquid Chlorine serves critical roles in paper production, water treatment (by LDA, CDA, WASA, KWSB), and key defense projects. Implementing zero CD on Liquid Chlorine imports threatens the domestic industry, especially when there has been significant private investment in plant and machinery over the last 15-20 years fostering growth and prosperity. Such a move could undermine local businesses, leading to unemployment and losses to the national exchequer. Given Liquid Chlorine's industrial importance and the strong local manufacturing base,	

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							it is crucial to maintain the current tariff.	
2 (xiv)		84195000	Plate Type Heat Exchangers (Nickel, Titanium, Palladium, Stainless Steel)	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%	First Schedule (Customs Tariff)	It is a thickening agent for fiber reinforcement and is environment-friendly. It is essential for SCIL, Pakistan's largest Chlor Alkali Industry. The locally manufactured alternate is highly corrosive and, therefore, cannot be used. Thus, it is recommended to reduce the customs duty on its imports.	
2 (xv)		84148090	Air Compressors	CD= 16% ACD = 4% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xvi)		75072000	Nickel Pipes & Fittings	CD= 16% ACD = 4% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xvii)		84213990	Air filter for Gas Engine	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xviii)		84137090	Centrifugal Pumps (FRP, Titanium, Nickel, Stainless Steel)	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xix)		84811000	Pressure Reducing Valve	CD= 11% ACD = 0% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xx)		84813000	Check (Non-Return) Valve	CD= 16% ACD = 4% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xxi)		84814000	Safety or Relief Valve	CD= 16% ACD = 4% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xxii)		84818090	Other Valves	CD= 16% ACD = 4% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xxiii)		84186990	Absorption Chiller	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%			
2 (xxvi)		39269099	PTFE Sealing Cord	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%			



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3 (a)	Syntech Fibres Pvt. Ltd	59119090	String Wound Filter Cartridges US Patent No. 6,952,106 European Patent No. 1153641	CD + ACD = 5% RD = 0%	CD + ACD = 16% RD = 10%		<p>It is urged to level the playing field for local manufacturing by increasing import and/or regulatory duties. This anomaly damages the economy, discourages domestic manufacturing, and further causes losses to the public exchequer. The local industry suffers from two areas:</p> <ol style="list-style-type: none"> 1. Increased cost of local manufacturing from the higher cost of energy, which can be offset by increasing economies of scale 2. The increased cost of raw materials is exacerbated by an anomaly in the sales tax structure. While the basic raw material, polypropylene (H.S. Code 3902.1000), is imported with a standard 17% sales tax, finished products are imported or locally supplied at a zero or reduced rate sales tax, creating a disparity in taxation. 3. Local manufacturing is more than the country's demand for PCT Codes 5911-9090 and 8421-2000. An increased import and/or regulatory duty will encourage investment in domestic manufacturing and in creating jobs. Proposed Changes will encourage and promote Pakistani products in the domestic and international markets but will also encourage further expansion of the domestic manufacturing sector. Furthermore, this will save valuable foreign exchange of at least US\$ 6 million annually. 	Syntech Fibres has a production capacity of 3,360,000 units of 10-each equivalent of this finished product (HS Code 59119090) and exports 56,320 units of 10 each.
3 (b)		54023400	Synthetic Filament Textured Yarn - made of polypropylene	CD + ACD = 13% RD = 0	CD + ACD = 16% RD = 10			The import of this product is 2,880 tons. Syntech Fibres has a production capacity of 1,500/3,660 tons of this



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								finished product and exports 5.5 tons.
3 (iv)		54023900	Synthetic Filament Yarn, Textured Others	CD + ACD = 13% RD = 0%	CD + ACD = 16% RD = 10			Imports= 315 tons Local Production capacity =5,520/5,088 tons Exports = 34 tons
3 (v)		54024800	Synthetic Filament Yarn - made of polypropylene	CD + ACD = 13% RD = 0%	CD + ACD = 16% RD = 10%			The import of this product is 315 tons. Syntech Fibres has a production capacity of 5,520/5,088 tons of this finished product. and exports 34 tons
3 (vi)		54025900	Synthetic Filament Yarn - twisted made of other synthetic material	CD + ACD = 13% RD = 0%	CD + ACD = 16% RD = 10%			The import of this product is 315 tons. Syntech Fibres has a production capacity of 5,520/5,088 tons of this finished product. and exports 34 tons
3 (vii)		55033000	Synthetic Staple Fibre - made of polypropylene	CD + ACD = 13% RD = 0%	CD + ACD = 20% RD = 10%			The import of this product is 216 tons. Syntech Fibres has a production capacity of 1,920/2,580 tons of this finished product and exports 34 tons.
3 (viii)		56072100	Twine, cordage, rope, and cables - made of polypropylene	CD + ACD = 13% RD = 0%	CD + ACD = 20% RD = 10%			The import of this product is 80 tons. Syntech Fibres has a production capacity of 432/3600 tons of this finished product.
3 (ix)		56072900		CD + ACD = 13% RD = 0%	CD + ACD = 20% RD = 10%			Syntech Fibres has a production capacity of 360-600 tons of these finished products.
3 (x)		56074100		CD + ACD = 13% RD = 0%	CD + ACD = 20% RD = 10%			
3 (c)		56074900		CD + ACD = 13% RD = 0%	CD + ACD = 20% RD = 10%			

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3 (d)		56075000		CD + ACD = 13% RD = 0%	CD + ACD = 20% RD = 10%			
3 (e)		56079000		CD + ACD = 13% RD = 0%	CD + ACD = 20% RD = 10%			
4 (a)	Pakistan Yarn Merchants Association (PYMA)	54024600	Polyester Pre-Oriented Yarn	CD = 11% RD = 5%	CD = 7% RD = 0%	SRO or Tariff	Polyester Pre-Oriented Yarn (POY) and Polyester Staple Fiber (PSF) have similar costs and post-polymerization process, yet PSF faces only 7% customs duty (CD) compared to POY's 11%. Essential for producing Polyester Textured Yarns (DTY)—a major manufacturing sector recognized in countries like India, China, Vietnam, and Bangladesh—aligning POY's duties with key inputs like PTA (4% CD) and MEG (0% CD) supports SMEs in the texturizing industry by ensuring sustainable margins throughout the production process. The Regulatory Duty should also be abolished.	The strategy aims to boost international competitiveness by allowing local weavers to better compete globally, enhance affordability to consumers, stimulate textile industry growth through aligned tariff structures with major competitors, and create jobs by expansion.
4 (b)		54024700	Polyester Fully Drawn Yarn	CD = 11% RD = 5%	CD = 7% RD = 0%	SRO or Tariff	The domestic production of Polyester Fully Drawn Yarn (FDY), a basic raw material for the Weaving and Knitting industry, accounts for less than 3% of total demand, leading to significant imports to meet the gap. Given its similarity to Polyester Staple Fibers in production and application, a harmonized duty treatment of 7% CD and 0% ACD is proposed.	This adjustment aims to make fabrics from Artificial/ Synthetic yarn more affordable and accessible to consumers, countering rising production expenses and high tariffs that currently hinder export competitiveness.
4 (c)		54023300, 54023400, 54023900, 54024800, 54024900, 54025200,	Polyester Filament Yarns (Draw Textured Yarn)	CD = 11% RD = 5%	CD = 11% RD = 0%	SRO or Tariff	Increased utilities, labor costs, and higher tariffs have rendered Artificial/Synthetic yarn-based fabrics less affordable and impacted export competitiveness. The elimination of CD on Cotton and man-made fibers under SRO 48(1)/2018 aimed to protect the local fabric industry; a similar	This adjustment is expected to benefit consumers' affordability, invigorate the local textile sector, and contribute to broader economic development through job creation.

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							concession should extend to import PFY by reducing the RD to 0%. This proposal seeks to revive the pre-2005 cascading duty system in the polyester value chain, maintaining a 2% duty difference at each stage.	
4 (d)		55092100, 55095100	Polyester Spun Yarn	CD = 11% RD = 2.5%	CD = 11% RD = 0%		The imposition of a 2.5% RD on Polyester Spun Yarn, a crucial raw material for the Knitting & Weaving Industry, is seen as unwarranted due to the significant protection local manufacturers already receive. This RD has contributed to the increased cost of fabrics, making them less affordable and harming export competitiveness.	This change is expected to enhance the affordability of yarn-based fabrics, boost local textile exports, stimulate industry growth, and positively affect economic development and the trade deficit by creating jobs.
4 (e)		54074200, 54074300, 54075200, 54075300, 54075400, 54076100, 54076900 54077200 54077300 54077400	All Kinds of Finished Fabric (DYED and Printed)	CD = 16% ACD = 4%	CD = 20% ACD = 4%		The current tariff structure inadequately shields local manufacturers of dyed and printed finished fabrics from international competition, despite these products being amply produced domestically.	A proposed tariff increase for all types of finished fabrics aims at offering protection to local producers, reducing import dependency, and encouraging the adoption of locally made fabrics by downstream users.
5 (a)	Pakistan Association of Large Steel Producers (PALSP)	72043000	Tinned Plates (Re-melttable Iron & Steel Scrap)	CD = 0%, ACD = 2%, RD = 5%	CD = 0%, ACD = 2%, RD = 5%	Tariff	To reduce the cost of manufacturing and to obtain export viability, it is proposed to maintain tariffs.	-Availability of construction bars at reduced rate -To reduce cost of production - To make Industry export competitive
5 (b)		72044100	Turnings, shavings, chips, milling waste, sawdust, fillings, trimmings and stampings, whether or not in bundles, (other Shredded & Re-melttable Iron & Steel Scrap)	CD = 0%, ACD = 2%, RD = 5%	CD = 0%, ACD = 2%, RD = 5%			
5 (c)		72044940	Waste and scrap of compressors	CD = 0%, ACD = 2%, RD = 5%	CD = 0%, ACD = 2%, RD = 5%		Status Quo/No Change in tariff	

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5 (d)		72044990	HMS	CD = 3%, ACD = 2%, RD = 5%	CD = 0%, ACD = 2%, RD = 5%		To reduce the cost of manufacturing and to obtain export viability, it is suggested that it is suggested to keep tariff same as Melttable Scrap (PCT 7204.4100, 7204.3000)	
5 (e)		72031000 72039000	Direct Reduction of Iron Ore (DRI)/HBI	CD = 0%, ACD = 0%, RD = 0%	CD = 0%, ACD = 0%, RD = 0%		No Change Suggested	
5 (f)		72021100 72021900 72022100 72023000	Ferro Alloys	CD = 0%, ACD = 0%, RD = 0%	CD = 0%, ACD = 0%, RD = 0%		No Change Suggested	
5 (g)		72071110 72071190 72071210 72071290 72071910 72071920 72071990 72072010 72072020 72072090 72241000 72249000	Billets	CD = 5%, ACD = 2%, RD = 15%	CD = 5%, ACD = 2%, RD = 15%		The country has sufficient capacity to meet domestic demand. The industry proposes maintaining current RD rates for 10 years to support planned capacity expansion and establishment of new plants to meet local demand.	
5 (h)		72141010 72141090 72142010 72142090 72143010 72143090 72149910 72149990 72151010 72151090 72155010 72155090 72159010 72159090 72282090 72283090 72281000 72284000 72285000 72286000	Construction Bars	CD = 11-20%, ACD = 2-7%, RD = 30%	CD = 11-20%, ACD = 2-7%, RD = 30%			

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6 (a)	All Pakistan Woolen Mills Association (APWMA)	55013000 55063000	Acrylic Tow Acrylic Tops				Un-Necessary Import / Local Traders: As yarn manufacturers, the mentioned Raw Materials are crucial for yarn manufacturing which are being imported currently as they are not produced domestically in Pakistan. As yarn manufacturers with ample capacity for both local and export markets, it has been observed that non-manufacturers are also importing these materials under the same duty structure.	Higher duties will protect the local industrial sector and discourage non-manufacturers from unnecessary imports.
6 (b)		55093100 55093200 55096900	Acrylic Yarn		CD = 15-16%		It is also proposed to increase the CD for finished goods, Acrylic Yarn to 15% to 16%. This adjustment is crucial to safeguarding yarn industry.	Failure to implement this change may result in the closure of industrial units and subsequent unemployment.
6 (c)			Dyed Yarns		CD = 15%		APWMA has advocated against B Grade Yarn imports, as of which VR # 1647/2022 & 1582/2021 had been implemented. Despite this, B Grade Yarns' imports persist under various HS Codes. It is requested to enforce benchmark VR # 1582/2021's valuation, valuing Dyed Yarn at USD 0.90/kg compared to Un-Dyed. As producers of Dyed Yarn & Other Fibers (H.S. Code: 5510.900 & 5402.6100), it is requested to impose a minimum 15% duty on imported Dyed Yarns.	The increased CD will protect local industry and following the relevant Valuation Ruling on Dyed Yarn particularly will curb under-invoicing.
7 (a)	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)						1) Reduce Duties on Cotton Yarn Imports: In response to the Value-added textile sector's request, the Govt. temporarily eliminated the 5% RD on Yarn and also waived the 5% CD on Cotton Yarn imports until June 30th, 2021. However, to support the sector's growth beyond this period, it's recommended to reduce duty	The textile sector grappled with a shortage of cotton yarn in the local market due to a decline in the cotton crop. Despite its scarcity, yarn was reportedly unavailable at inflated prices, possibly due to unethical business



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							<p>structures on yarn imports as this is an essential raw material for textile sector.</p> <p>2) The government should facilitate the value-added textile sector by enabling textile exporters to import Yarn from neighboring countries via land routes, leveraging existing transit trade agreements</p> <p>3) Manufacturer-cum-exporters should be granted a 0% duty on imports of raw materials and intermediate goods for re-exports.</p> <p>4) Garment stitching units should be permitted to import yarn under DTRE.</p>	<p>practices. Consequently, this scarcity rendered Value-added textile exporters less competitive globally compared to regional counterparts.</p>
7 (b)							<p>Either Restore Section 51(E), of the Anti-Dumping Duties Act or Allow Export Oriented Units to Import Raw Materials Without Anti-Dumping Duties:</p> <p>In 2019, Government omitted section 51(E) of Anti-Dumping Duties Act 2015 (XIV of 2015) which read as “will not be levied on imports that are to be used as inputs in products destined solely for exports and are covered under any scheme exempting customs duty for exports under the Customs Act, 1969”.</p> <p>As a result, basic textile inputs such as Hydrogen Peroxide (HPO) and a few other inputs that were imported free of any Anti-Dumping Duty are now subject to this levy rendering Pakistani exporters uncompetitive with the regional and other competing countries where no anti-dumping duty has been imposed. Therefore, it is proposed that either section 51(E) of the Anti-dumping Act (XIV</p>	<p>Reinstating this provision would alleviate the burden on exporters, bring down the manufacturing cost of exported units, particularly in the textile industry where inputs like Hydrogen Peroxide (HPO) are now subjected to anti-dumping duties, hampering competitiveness.</p>



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							of 2015) must be restored or export industries, which are registered as export-oriented units be allowed to import raw materials without facing any anti-dumping duties.	
8 (a)	Dera Ghazi Khan Chamber of Commerce and Industry (DGKCCI)						Packing material was disallowed in tax years 2017 and 2018. This should be allowed for tax year 2017 and 2018.	
8 (b)							Building material relating to construction for installation of machinery is presently disallowed. Building materials relating to construction for installation of machinery producing taxable goods should be allowed.	
9 (a)	Ms. Shamim Akhtar EC Member Lahore Chamber of Commerce and Industry (LCCI)	04021000	-In powder, granules or other solid forms, of fat content, by weight not exceeding 1.5%	CD = 20%, ACD = 6%, RD = 25%	CD = 0%, ACD = 6%, RD = 0%		Important raw material input elimination of CD and RD are proposed.	
9 (b)		21069090	-Other (Chapter 21: Miscellaneous Edible Preparations)	CD = 20% ACD = 6% RD = 30%	Proposed PCT code is 9925		Dietary food supplement for medical purposes, subject to submission of provisional enlistment certificate duly issues under the Drug Regulatory Authority Act, 02012 (XXI of 2012), and the rules made there under by the Drug Regulatory Authority of Pakistan.	
10	Association of Builders and Developers of Pakistan (ABAD)	721510	Steel Bars	RD = 30%	RD = 0%		Due to imposition of regulatory duties the cartel of large scale steel manufactures are having undue advantage and has jacked up steel bar prices to 270,000 per metric ton. Resultantly, 65% of all vertical ongoing construction projects in Pakistan have come to a halt. Therefore, it is recommended to remove the existing 30% regulatory duty on import of steel bars	Removal of regulatory duty will not only stabilize the prices of steel bars in Pakistan but will also help the government to earn duties @Rs 80,000 per metric ton amounting to Rs. 24 billion annually which is zero at present which is zero at present. This will also help the 72 allied industries



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								attached to the construction industry to survive in these difficult times thereby saving millions of jobs.
11	Edible Oil (Proposal from Mr. Nasir Khan, VP FPCCI)						It is requested to allow the export of edible oil to Afghanistan using Pakistani rupees. This proposal is made in light of previous permissions granted for the export of various similar items during 2022.	In a bid to streamline regional connectivity and trade, Pakistan allowed traders the export settlement of 14 items with Afghanistan in local currency during 2022 including poultry, meat, vegetables, fruits, edible parts of plant, salt, rice, cement, pharmaceutical products, textile and surgical items. It would pave the way for gaining access to Afghanistan's markets again.
12	Edible Oil (Proposal from President FPCCI)		Crude Palm Oil				It is requested for reduction of 4000 per MT custom duty of crude palm oil as compared to refined edible oils.	The local edible oil refineries will be able to survive in Pakistan.
13 (a)	Sitara Chemicals Industries Ltd. Faisalabad (SCIL)	28061000	Hydrogen Chloride (Hydrochloric Acid)	CD = 11% ACD = 2% RD = 0%	CD = 11% ACD = 2% RD = 0%	Tariff	Hydrochloric Acid production is closely tied to the output of Chlor-Alkali plants, directly proportionate to Caustic Soda production. The local industry has an impressive capacity of approx. 760,000 MT per annum, vastly surpassing the national demand of about 400,000 - 420,000 MT annually, inclusive of consumption by various firms. This chemical plays a pivotal role across numerous sectors, including Textile, Soap, Sugar, Oil Drilling, Water Treatment, Power Generation (IPPs), Cotton Waste Recycling, Defense industries, Battery Manufacturing, and more, underlining its broad industrial	



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							significance. It is recommended to retain the current Tariff structure.	
13 (b)		28151100	Sodium Hydroxide (Caustic Soda) Solid (Flakes)	CD= 20% ACD = 6% RD = 0%	CD= 20% ACD = 6% RD = 10%	Tariff	The Caustic Soda industry in Pakistan, heavily reliant on electricity which constitutes about 70% of production costs, faces significant challenges. As per HIS Market Reports, the electricity prices in Pakistan are significantly higher than those in China (2 times), the Gulf, and the Middle East (5 times). With continuously rising, and with annual local production capacity of Caustic Soda (Flakes: 102,600MT, Liquid: 503,000MT) substantially exceeding local demand (260,000-270,000MT annually) the industry is at about 50% idle capacity, sufficient for the next 8-10 years. To protect the national Chlor-Alkali industry from the threat of imports and to compensate for the high operational costs, it is proposed to impose a 10% Regulatory duty on both Caustic Soda Flakes and Liquid, alongside maintaining the existing tariff structure.	
13 (c)		28151200	In Aqueous Solution (Soda Lye or Liquid Soda)	CD= 16% ACD = 4% RD = 0%	CD= 16% ACD = 4% RD = 10%	Tariff		
13 (d)		34011100	Soap Noodles (For Toilet use including medicated Products)	CD= 20% ACD = 6% RD = 50%	CD= 20% ACD = 6% RD = 50%	Tariff		Sitara Chemical Industries Ltd. has significantly invested Rs. 5 billion in launching Pakistan's second-largest soap noodles manufacturing plant, with a current annual capacity of 33,000 MT, and plans to expand to 40,000 MT in the next financial year, promising new job opportunities. With the national demand for toilet soap at 180,000 to 200,000 MT against a production capacity of 400,000 MT, the industry's output already doubles the local need, ensuring sufficiency for the next 5-10 years. To safeguard this industry,



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							it's recommended to maintain the existing Tariff structure.	
13 (e)		38231100	Stearic Acid	CD= 16% ACD = 4% RD = 0%	CD= 16% ACD = 4% RD = 15%	Tariff	The local industry, with a production capacity of 19,000MT/annum, exceeds the national demand of 15,000~16,000MT, ensuring a surplus for 2-3 years. The private sector has been investing heavily in the sector including Sitara Chemicals' new Stearic Acid plant under Oleo Chemicals division. However, a 24% tariff concession under the PAK-Malaysia FTA threatens this sector by enabling low-priced imports, risking local shutdowns and job losses. To safeguard the industry and conserve foreign reserves, maintaining the current tariff and introducing a 15% Regulatory Duty is advised.	
13 (f)		28281010	Bleaching Powder (Calcium Hypochlorite)	CD= 3% ACD = 2% RD = 5%	CD= 3% ACD = 2% RD = 5%	Tariff	With a production capacity of 7,920MT/annum outstripping national demand of approximately 6,000MT, the local industry, bolstered by significant private sector investment over the last 15 years, faces risks from nominal customs duties and 'Zero Tariff' under CPFTA, which could lead to increased imports, industry shutdowns, and job losses. To prevent harm to the national industry and economy, it is strongly recommended to maintain the current Tariff.	
13 (g)		28272000	Calcium Chloride	CD= 3% ACD = 2% RD = 5%	CD= 3% ACD = 2% RD = 5%	Tariff	The local industry, with a capacity of 44,850MT per annum, far exceeds the oil exploration sector's demand of 2,500~2,700MT, indicating a surplus for 10-15 years and potential for 95% of the capacity to be exported. However, nominal tariffs (cd: 3%) & 'Zero Tariff' under CPFTA risk	

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							encouraging imports, threatening the local industry. Given these circumstances, maintaining the current Tariff is strongly recommended.	
13 (h)		28273100	Magnesium Chloride	CD= 3% ACD = 2% RD = 5%	CD= 3% ACD = 2% RD = 15%	Tariff	With a production capacity of 5,280MT/annum against a national demand of approximately 2,800~3,000MT, the local industry has ample supply, bolstered by significant private sector investment over the past 15 years. However, nominal customs duties and 'Zero Tariff' under CPFTA pose risks of increased imports, potentially harming the local industry. To safeguard the industry, a 15% regulatory duty on imports is proposed.	
13 (i)		28273900	Ferric Chloride (Iron Chloride)	CD= 3% ACD = 2% RD = 5%	CD= 3% ACD = 2% RD = 5%	Tariff	Annual Local Production Capacity: 3,300MT; Annual Local Demand: 2,600~2,700MT. This is mainly used in the Power Generation Sector. The local industry has thrived with significant private investments over the last 15 years and faces risks from nominal customs duties and 'Zero Tariff' under CPFTA, which could lead to increased imports, industry shutdowns, and economic losses. To protect the national industry, maintaining the current Tariff is strongly recommended.	
13 (j)		28112100	Liquid Carbon Dioxide	CD= 3% ACD = 2% RD = 5%	CD= 3% ACD = 2% RD = 5%	Tariff	The local industry, with a daily production capacity of 650MT, significantly surpasses the seasonal demand of 350~400MT (April to September) in the Beverage Sector, indicating a substantial excess. Despite considerable investments over the last 15 years, nominal customs duties and 'Zero Tariff' under CPFTA pose risks of increased imports. To safeguard the	

S. No.	Name of Association/ Chamber/ Individual	PCT Code	Description	Existing Rate of Duty 2023-24	Proposed Rate of Duty 2024-25	Suggested to be changed through SRO or in Tariff	Rationale/ Justification	Quantify benefit for Consumer / Industry
							industry, it is strongly recommended to maintain the current Tariff.	
13 (k)		28332100	Magnesium Sulphate	CD= 3% ACD = 2% RD = 5%	CD= 3% ACD = 2% RD = 15%	Tariff	With a production capacity of 8,5009,000MT/annum far exceeding the national demand of 5,300-5,500MT, the local industry, buoyed by a significant investment over the last 8-10 years, faces risks from nominal customs duty (i.e. 3%) and 'Zero Tariff' under CPFTA that could lead to increased imports. A 15% regulatory duty on imports is requested to protect the national industry.	
13 (l)		Respective Headings	Machinery/ Plant & equipment imported by industrial concern	CD= 10% ACD = 0% RD = 0%	CD= 0% ACD = 0% RD = 0%	First Schedule (Customs Tariff)	It is a thickening agent for fiber reinforcement and is environment-friendly. It is essential for SCIL, Pakistan's largest Chlor Alkali Industry. The locally manufactured alternate is highly corrosive and, therefore, cannot be used. Thus, it is recommended to reduce the customs duty on its imports.	Reduction in cost of production
13 (m)		84849000	Mechanical Seals	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%			
13 (n)		73071990	PTFE Expansion Bellows	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%			
		75072000	Nickel Pipes & Fittings	CD= 16% ACD = 4% RD = 0%	CD= 3% ACD = 0% RD = 0%			
13 (o)		39172200 39172390 39174000	Polypropylene Pipes & Fittings, suitable for temperature ranges 90°C to 95°C. Polypropylene grade: PP-H(Polypropylene Homopolymer)	CD= 20% ACD = 6% RD = 0%	CD= 3% ACD = 0% RD = 0%		SCIL requires imported PP-H (Polypropylene homopolymer) for its chemical resistance, especially at high temperatures (90-95°C), for use with corrosive chemicals like Liquid Caustic Soda and Hydrochloric Acid. The locally manufactured PPRC (Polypropylene Random Copolymer), which is less resistant and only withstands 50-55°C, lacks the necessary durability for chemical applications, being more suited for water and gas pipelines. Thus, SCIL seeks a reduction in custom duty under the 5th schedule for the superior imported material.	

Compiled Customs Act / Procedures Proposals

S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
I	Old & Used Auto Parts Importers Association (OUAPIA) and Sindh Auto Parts Scrap Importers & Dealers Association (SAPSIDA)	Clause 9 (i) of section 156 (1) Punishment for Offenses	<p>Clause 9 states the penalties for the following offenses (i) If any goods, not being goods referred to in clause 8, are imported into or exported from Pakistan evading payment of leviable customs duties or in violation of any prohibition or restriction on the importation or exportation of such goods imposed by or under this Act or any other law; or (ii) If any attempt is made so to import or export any such goods; or and</p> <p>Currently, the penalty for such offences is “Such goods shall be liable to confiscation, and any person concerned in the offense shall also be liable to a penalty not exceeding two times but not less than the value of the goods.”</p> <p>It is suggested that the text for penalty be replaced with “Such goods shall be liable to confiscation, and any person concerned in the offense shall also be liable to a penalty not exceeding two times.”</p>	<p>i. Currently, the penalty column for such offenses states that “Such goods shall be liable to confiscation, and any person concerned in the offense shall also be liable to a penalty not exceeding two times the value of the goods”.</p> <p>ii. A clarification may be issued to the effect that the clause 9 of section 156 (1) shall not be applicable on old & used auto parts as there is no men’s rea and evasion of duty / taxes in this item, being legally allowed to be cleared by the government consistently over last 40 years;</p>	<p>This drastic increase in penalties has placed an undue burden on small retailers and ordinary users. The old and used auto parts are categorized under serial number 11 of Appendix-C of the Import Policy Order (banned item in second-hand condition). However, Para 20 (a) of the Order allows the Federal Government to pardon such violations upon payment of a surcharge or under prescribed conditions. Initially set at 30% under SRO 574(I)/2005, the redemption fine for these items was reduced to 20% under SRO 499(I)/2009 to accommodate the transport industry and common users.</p> <p>A comprehensive procedure outlined by the FBR, in collaboration with the Ministry of Commerce and Law and Justice Division, governs the import of old and used auto parts under Customs General Order (CGO) No 11/2006 dated 19th Sep 2006. Restriction of import policy is automatically relaxed by SRO / CGO / VR in routine resulting in consistent departmental practice of clearing old & used auto parts on minor fines. Legal imports of old and used auto parts undergo thorough scrutiny, with 100% examination conducted to ensure accurate quantity,</p>	<p>Following the amendment to sub-clause 9(i) of Section 156(1) of the Customs Act, the personal penalty for violations related to smuggling and duty evasion has surged significantly, now ranging from approximately 20 to 45 lakh rupees, compared to the previous penalty of 10 to 25 thousand rupees, despite imports being permitted under specific government procedures. Under CGO regulations, imports are subject to thorough examination, with fixed values determined. Alternatively, the import policy be amended and imports of auto parts scrap be allowed freely, a practice followed for over 40 years under government-prescribed procedures. This action would align with this longstanding practice.</p>

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					description, and PCT classification. Duty is paid based on the value determined through Valuation Ruling No. 1810/2023, eliminating any possibility of duty evasion. Despite adherence to prescribed procedures, the department imposes a 100% personal penalty without establishing men's rea or evidence of duty evasion.	
2	Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM)		Approve the use of Input-Output Ratios (IORs) for parts production for aftermarket sales through necessary amendments in SRO 655.		This move will enhance the competitive edge of locally manufactured parts against low-quality spare parts produced in the unregistered and unorganized sector.	This measure will discourage substantial under-invoicing in the auto spare parts import segment and facilitate the collection of additional Sales Tax from the organized auto parts manufacturing sector.
3 (a)	Proposal by Mr. Tanvir Ahmed	Liquid bulk cargo, encompassing petroleum products, edible oils, and chemicals, arrives via Chartered Tankers and incurs demurrage charges ranging from \$18,000 to \$30,000 per day due to delays caused by non-berthing and customs hurdles. Previously, the principal appraiser granted permission for discharging liquid cargo into offshore tanks in customs-bonded areas of the port, but this responsibility has now been shifted to the ADC, resulting in delays. The new condition requiring the filing of goods declarations before discharging was not imposed by the principal appraiser in the past, particularly as these tankers arrive from Dubai or UAE ports with a transit time	It is suggested to reinstate the authority of the principal appraiser to grant permission for discharging cargo as it was in the past.		This policy change is causing significant delays and incurring substantial demurrage costs for the Government of Pakistan, consequently increasing the cost of doing business.	

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		<p>of only three days, often resulting in a delay in receiving necessary paperwork.</p> <p>Hence the goods declaration cannot be filed.</p> <p>Additionally, the goods declarations cannot be filed under the new system without the issuance of a financial instrument by the bank and being uploaded in the WeBOC, which further exacerbates the situation since original documents are not received within three days that is the time from Dubai to Pakistan by the bank, hence GD cannot be filed by the importer.</p>				
4 (a)	Pakistan Leather Garments Manufacturer & Exporters Association (PLGMEA)	<p>Pakistan Custom Tariff PCT 9910: Allowance for duty and tax-free import of samples worth US \$ 10,000 during a financial year to the exporters.</p> <p>It is important to mention that samples received from abroad by manufacturers in Pakistan play a vital role in the development, innovation, and reverse engineering of those items, which would ultimately help in soliciting new orders for similar items developed and manufactured in Pakistan. These Commercial samples are specimens of goods that may be imported by the Manufacturers cum Exporters in Pakistan to know their characteristics and usage and to assess their production feasibility. However, such samples are charged with high duties and taxes at the time of import, which makes it difficult for the SME Exporters</p>	It is proposed that samples worth US\$ 10,000 should be exempt from the levy of duties and taxes during a year to facilitate the export sector of Pakistan.			

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		to manage the cost of import of samples as import of such samples has been a regular feature for the export business.				
4 (b)		Allowance of Duty and Tax-Free Import of Machinery for Leather, Garments, and Gloves Industry: Duty-free import of Plant, Machinery, and Equipment has been allowed to the Tanning and Shoes Industry, whereas the Garments and Gloves Industry is deprived of this facility.	It is proposed that the facility of Duty and Tax-Free Import of Plant, Machinery, and Equipment kindly be extended to the Leather Garments and Gloves Industry as well so that the facility could be extended across the board to include the whole Leather Sector.		It will extend the facility across the board to the Garments and Gloves Industry to bring it to par with the Tanning and Shoe Industry.	
5 (a)	Pakistan Tea Association (PTA)	Pakistan manufacturing units benefit from exemptions, which play a crucial role in fostering industrialization across the country. These units import Teas in bulk quantities for value addition purposes primarily for retail sales post-value addition. However, there are instances where these exemptions are misused by these units engaging in local trading without adding any value.	It is requested to either extend exemptions to all or ensure stringent measures are in place to prevent misuse of exemptions granted.		This misuse of exemptions discourages honest traders, and industries, and huge revenue losses for Pakistan.	
5 (b)		FATA/PATA enjoys exemptions in duty and sales tax for the sale of imported items in their region. This is widely misused where the exemptions are taken and then goods destined for sale in the FATA/ PATA region are sold everywhere.	Extension not granted to FATA/PATA Region beyond June 2024: Therefore, it is requested to not grant any further extensions to this region as this results in huge revenue losses for the country.	The Tea Business generates more than PKR 3.5 billion in revenue yearly. In tea, legal importers are paying 53% duty taxes where the duty to exemptions FATA/PATA region only has to give 15% to Max. 19%. Hence, this huge difference is misused as these Teas are imported in huge quantities on FATA/PATA licenses and		

S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
				then sold everywhere in Pakistan discouraging legal importers and industries related to tea.		
6 (a)	FPCCI Central Committee on Gems & Jewellery Producers, Manufacturers & Exporters	<p>The restriction on exporting precious gems and gold jewellery through courier services in Pakistan has led exporters to resort to mis-declaration as artificial jewellery, resulting in suppressed exports in this sector. Compared to neighbouring countries like India and Sri Lanka, where such restrictions are not in place, Pakistan's export policy hinders the growth potential of the gems and jewellery industry, which constitutes only a minimal fraction of the country's total exports (0.04% to 0.05% of our total exports.)</p> <p>Sri Lanka allows gemstones purchased within the country to be hand-carried for export after inspection and approval by the National Gem and Jewellery Authority (NGJA) and Sri Lanka Customs.</p> <p>Another issue is related to the faster mode of export receipts. Now a day electronic payments such as PayPal are a very useful mode of international payment which is not easily available in Pakistan.</p>	<p>I. To stimulate growth in the gems and jewellery export sector, the government should consider allowing exports of gold jewellery parcels valued up to 10,000 through courier services, similar to practices in other sectors.</p> <p>II. Enabling payment through platforms like PayPal or alternative foreign money transfer services through Western Union would facilitate faster international transactions and bolster export receipts, thereby enhancing the sector's viability and contribution to the economy.</p>		<p>This move would enhance the competitiveness of Pakistani exporters as it will reduce around 70% of the cost compared to cargo mode. This will also streamline the export process, while ensuring compliance through the secure and insured nature of courier shipments.</p>	
6 (b)			A request is made to reinstate SRO 760, which currently governs the export of gold, jewellery, and gemstones, as well as the import of gold and other raw materials.		The implementation of this SRO 760 has led to significant adverse impacts on gold jewellery exporters, serving as a major obstacle to the development and expansion of the gems and	



S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
					jewellery sector in the country, thereby hampering its potential for export growth. Over the past decade, there has been a failure on the part of the Sales Tax department to enact the required amendments in the Sales Tax Act to align with the exemptions provided in SRO 760.	
7	Pakistan Gems Jewellery Traders and Exporters Association (PGJTEA)	Reinstate SRO 760 in Customs System WeBOC of FBR immediately	It is sheer discrimination to charge 18% Sales Tax on the gold jewellery exporting sector. Therefore, it is requested to withdraw abrupt deletion of SRO 760. This SRO facilitates various exemptions including sales tax but its removal from the WeBOC system has led to the incorrect display of sales tax as payable. There was neither prior notification nor any explanation provided for the removal of the relevant SRO from the system. As a result, all exports of gold jewellery have been halted, causing distress among the exporters.		The foreign buyers, who have supplied advanced gold under the Entrustment Scheme, have formally notified exporters of their intention to escalate the matter to the World Trade Organization (WTO) and the World Customs Organization (WCO) due to prolonged delays exceeding 25 days. They assert that Pakistan, being a signatory to WTO agreements, is obligated to refrain from imposing any duty, tax, or sales tax on raw materials imported for value addition within Pakistan. This commitment extends to not levying taxes on raw materials imported for 'inward processing release.' The concern is that any further delay may jeopardize both current and future export orders and contracts.	
8	Izhar Group (Manufacturer of Acrylic Yarn)	Undervaluation of mink/ feather yarn (54026100 & others) & Polyester Fiber (55062000): Traders and industrialists are engaging in massive under-invoicing, particularly concerning the dyeing cost of materials like	It is proposed that the valuation of dyed yarn be standardized based on SRO #1647/2022, which sets the price at 90 cents/kg, for all types of yarn to ensure fair competition in the market. Similarly, for polyester fiber		Implementing consistent valuation standards for dyed yarn and polyester fiber aligns with the principles of fairness and transparency in trade. By addressing under-invoicing practices, a level playing field can be created	

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		fiber or yarn, leading to unfair competition and revenue losses for the national exchequer.	(HS code 55062000) is imported from China, the valuation should reflect the actual international market price of \$1.70/kg for dyed and bleached fiber, rather than the current undervalued price of \$0.80/kg.		for local businesses and prevent revenue losses to the national exchequer. Additionally, ensuring confidentiality for those reporting such practices is crucial to protecting them from potential retaliation and maintaining the integrity of the investigation process.	
9 (ii)	Surgical Instruments Manufacturers Association of Pakistan (SIMAP)	Due to certification and compliance restrictions in numerous countries, exports are declining. These regulations impose specific standards and requirements that exporters must meet, resulting in barriers to trade and reduced international sales opportunities for businesses to export our products to those countries.	1. EU MDR compliance stands as the primary concern within the surgical industry currently. The government must promptly extend assistance that the industry direly requires to navigate through this intricate and costly compliance process. Without adequate support, small and medium-level companies face the risk of significant drops in exports to the EU. It is imperative to provide them with the necessary assistance to achieve compliance. 2. TDAP should collaborate with SIMAP to organize regular international exhibitions and delegations, facilitating access for our small and medium-sized enterprises to both traditional and non-traditional markets. Such initiatives are crucial in enabling these companies to expand their market reach and enhance their competitiveness on a global scale.	The industry stands to gain significantly as it would facilitate the industry's transition towards technology adoption and the production of high-value products. The successful implementation of SIMAP's recommendations in the Federal Budget for 2024-2025 holds significant promise for the surgical industry. Addressing challenges like duty drawback rates, and advancing technology acquisition can foster an environment conducive to growth. Collaborative efforts between the government and SIMAP are crucial for sustainable progress in the surgical industry. Together, they can enhance competitiveness, foster innovation, and drive economic impact, leading to positive effects on job creation,		



S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
				exports, and the overall economy.		
10	Pakistan Association of Large Steel Producers (PALSP)	872(1)(a) – EFS SRO 957(l)/2021 dated July 30, 2021: Determination of Value Addition on Imports meant for producing export goods. Currently, the system calculates value addition as a proportion of Exports over gross imports (including duty & taxes paid locally disposed-off wastage)	The determination of Export Value Addition should involve deducting duty and taxes paid locally, along with disposed-off wastage. This deduction should cover: a. Payment of Sales Tax and applicable duties at the port. b. ITP for Sales Tax and applicable duties should be based on the Shredded Scrap LME minus 17.5% dismantling cost. c. Allowance for home consumption of Iron Scrap.			- Boosts export volume and foreign exchange earnings. - Prevents evasion of sales tax/duties through mis-declaration. - Ensures accurate reporting of sales tax via PSW/WeBOC, replacing manual Misc. Duties/Taxes Challan.
11 (a)	Karachi Customs Agents Association (KCAA)	First Proviso of sub-section 3 of Section 32 of Customs Act, 1969 (IV of 1969) Provided that if the recoverable amount in case is less than twenty thousand rupees the custom authorities shall not initiate the aforesaid action.	It is requested that first proviso of sub-section 3 of Section 32 of Customs Act 1969 may kindly be considered to be amended as no action shall be taken if recoverable amount of duty and taxes is less than 300,000.00 (Three Hundred Thousand only) .	Provided that if the recoverable amount in case is less than Three hundred thousand rupees the custom authorities shall not initiate the aforesaid action.	Keeping in view the severe devaluation of Pak Rupees and significant increase in current rate of inflation twenty thousand rupees are not justifiable. Keeping in view that this proviso was added by the Finance Act 2005 and since that time the exchange rate and inflation rate has increased substantially.	
11 (b)		First Proviso of sub-section 1 of Section 79 of Customs Act, 1969. [Provided that if, in case of used goods, before filing of goods declaration, the owner requests an officer of customs not below the rank of an Additional Collector that he is unable, for want of full information, to make a correct and complete declaration of the goods, then such officer subject to such conditions as he may deem fit, may permit the owner to examine the goods and thereafter make	It is suggested that weighment of consignment before declaration may be allowed in all such cases where the unit of measurement of the goods declaration differs from the unit of sales and purchase in the international market. Especially in the case of machinery, parts, fabrics, articles of plastic food items, etc. Under Section 79 of the Customs Act, 1969 It is further suggested that all kinds of goods may also be allowed for prior examination in addition	[Provided that, before filing of goods declaration, the owner makes a request to an officer of customs not below the rank of an Additional Collector that he is unable, for want of full information, to make a correct and complete declaration of the goods, then such officer subject to such conditions as he may deem fit, may permit the owner to examine the goods thereafter make entry of such goods by filing a	As per KYOTO Convention of WCO guidelines Standard 3.9 "Before lodging the goods declaration the declarant shall be allowed, under such conditions as may be laid by the customs: (a) to inspect the goods; and (b) to draw samples Keeping given the above guidelines weighment / examination before filing of goods declaration may be allowed for all classes of goods.	

S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
		entry of such goods by filing a goods declaration after having assessed and paid his liabilities of duties, taxes and other charges:]	to used goods for true declaration and trade facilitation.	goods declaration after having assessed and paid his liabilities of duties, taxes and other charges:		
II (c)		<p>Sub-section 1 of section 81 of the Customs Act 1969</p> <p>81. Provisional determination of liability.- (1) Where it is not possible for an officer of Customs during the checking of the goods declaration to satisfy himself of the correctness of the assessment of the goods made under section 79 [or 131], for reasons that the goods require chemical or other test or a further inquiry, an officer, not below the rank of Assistant Collector of Customs, may order that the duty, taxes and other charges payable on such goods, be determined provisionally:</p> <p>In sub-section 1 of Section 81 of the Customs Act 1969 after the words “test” the following shall be inserted “, or pending decision from classification committee”.</p> <p>81. Provisional determination of liability.- (1) Where it is not possible for an officer of Customs during the checking of the goods declaration to satisfy himself of the correctness of the assessment of the goods made under section 79 [or 131], for reasons that the goods require chemical or other test or pending decision from classification committee or a further inquiry, an officer, not below the rank of Assistant Collector of Customs, may</p>	In sub-section 1 of Section 81 of the Customs Act 1969 after the words “test” the following shall be inserted “, or pending decision from classification committee”.	<p>81. Provisional determination of liability.- (1) Where it is not possible for an officer of Customs during the checking of the goods declaration to satisfy himself of the correctness of the assessment of the goods made under section 79 [or 131], for reasons that the goods require chemical or other test or pending decision from classification committee or a further inquiry, an officer, not below the rank of Assistant Collector of Customs, may order that the duty, taxes and other charges payable on such goods, be determined provisionally:</p>	Several decision are pending in the classification committee and the decision making process is very time consuming. Hence it is suggested that goods declaration pending decision with classification committee should be assessed provisionally under Section 81 of the Custom Act 1969.	

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		order that the duty, taxes and other charges payable on such goods, be determined provisionally: Several decision are pending in the classification committee and the decision making process is very time consuming. Hence it is suggested that goods declaration pending decision with classification committee should be assessed provisionally under Section 81 of the Custom Act 1969.				
II (d)		Second proviso of sub-section 2 of Section 81 of Customs Act 1969 [Provided further that any period, during which the proceedings are adjourned on account of a stay order or for want of clarification from the Board or the time taken through adjournment by the importer, shall be excluded for the computation of aforesaid periods.]	In second proviso of sub-section 2 of Section 81 of Customs Act 1969 after the word “Board” following shall be inserted “or for want of decision from classification committee”.	[Provided further that any period, during which the proceedings are adjourned on account of a stay order or for want of clarification from the Board or for want of decision from classification committee or the time taken through adjournment by the importer, shall be excluded for the computation of aforesaid periods.]	Several decision are pending in the classification committee and the decision making process is very time consuming. Hence it is suggested that time taken for the pending decision with classification committee shall be excluded for the computation of aforesaid periods.	
II (e)		Section 82 of Customs Act 1969 82. Procedure in case of goods not cleared or warehoused or transshipped or exported or removed from the port within [fifteen days] after unloading or filing of declaration.- If any goods are not cleared for home-consumption or warehoused or transshipped or are not loaded on the conveyance for export or removed from the port area within [fifteen days] of their arrival at a customs station or	In Section 82 the words “ fifteen days ” wherever occurring shall be substituted by the words “ thirty days ” and the words “ five days ” wherever occurring shall be substituted by the word “ ten days ”.	82. Procedure in case of goods not cleared or warehoused or transshipped or exported or removed from the port within [thirty days] after unloading or filing of declaration.- If any goods are not cleared for home-consumption or warehoused or transshipped or are not loaded on the conveyance for export or removed from the port	In the current economic situation the banks are not establishing the Financial instruments causing severe delay in filing of goods declarations by the trade on the other hand initiation of the auction proceedings after fifteen days period to is not enough time for the traders.	



S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
		within such extended period not exceeding [five] days, an officer not below the rank of Assistant Collector may allow, and such goods may, after the due notice given to the owner if his address could be ascertained, or after due notice to the carrier, shipping or customs agent, custodian of the goods, as the case may be, if his address could not be ascertained, may be sold in auction or taken into custody by Customs and removed from the port to a Customs warehouse for auction under the order of the Assistant Collector notwithstanding the fact that adjudication of the case under section 179, or an appeal under section 193, or 196, or a proceeding in any court is pending		area within [thirty days] of their arrival at a customs station or within such extended period not exceeding [ten] days, an officer not below the rank of Assistant Collector may allow, and such goods may, after the due notice given to the owner if his address could be ascertained, or after due notice to the carrier, shipping or customs agent, custodian of the goods, as the case may be, if his address could not be ascertained, may be sold in auction or taken into custody by Customs and removed from the port to a Customs warehouse for auction under the order of the Assistant Collector notwithstanding the fact that adjudication of the case under section 179, or an appeal under section 193, or 196, or a proceeding in any court is pending:		
11 (f)		Second Proviso of Section 82 of Custom Act 1969. Provided that- (a) animals and perishable and hazardous goods may, with the permission of the appropriate officer, be sold or destroyed at any time; (b) arms, ammunition or military stores may be sold or otherwise disposed of at such time and place and in such manner as the Board may, with the approval of the Federal Government, direct; (c) in cases where goods are sold	In Section 82 of the Custom Act 1969 insertion of new Proviso after the first Proviso,	Provided that in case if the owner of any imported goods filed a declaration under Section 79 for home consumption or warehousing or for any other approved purpose by paying his liability of duty, taxes and other charges the procedure of auction shall not be initiated. And in case the auction procedure has already been initiated	If the owner of the goods has paid the duty and taxes for manifested cargo by filing the goods declaration under section 79 of Custom Act 1969 has the first right to receive the goods. On the other hand by paying duty and taxes through the goods declaration the revenue of FBR is secured.	

S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
		pending adjudication, appeal or decision of the court, the proceeds of sale shall be kept in deposit and if on such adjudication, or as the case may be, in such appeal or the decision of the court, the goods sold are found not to have been liable to confiscation, the entire sale proceeds, after necessary deduction of duties, taxes transportation and other charges or duties as provided in section 201, shall be handed over to the owner:		then it shall be ceased upon filing of the declaration.		
II (g)		Section 201 of the Custom Act 1969 201. Procedure for sale of goods and application of sale proceeds. - (1) Where any goods, other than confiscated goods, are to be sold under any provision of this Act, they shall be sold after due notice to the owner [or his agent or custodian of the goods] by public auction or by tender or by private offer or, with the consent of the owner [or his agent or custodian of the goods] in writing, in any other manner.	In Section 201 of the Custom Act 1969 after the words "notice" occurring for the first time the following shall be inserted "under any relevant section of Customs Act 1969".	201. Procedure for sale of goods and application of sale proceeds.- (1) Where any goods, other than confiscated goods, are to be sold under any provision of this Act, they shall be sold after due notice under any relevant section of Customs Act 1969 to the owner [or his agent or custodian of the goods] by public auction or by tender or by private offer or, with the consent of the owner [or his agent or custodian of the goods] in writing, in any other manner.	Since the notice of any proceedings initiated under the Customs Act 1969 is served accordingly hence another notice is not required under Section 201 of the Customs Act 1969.	
II (h)		Section 203 of Customs Act 1969 (IV of 1969) 203.Wharfage or Storage fees: The collector of custom may from time to time fix the period after the expiration of which goods left in any custom -house, custom area, wharf or other authorized landing place or part of the custom-house	1. Substitution of existing Section 203 of Custom Act 1969 2. Section 203 of Customs Act, was amended vide Finance Act 2018 by inserting the words (as provided under the rules prescribed by the Board)	203. Wharfage or storage fees and port charges. - (1) The Collector of Customs may from time to time fix the period after the expiration of which goods left in any custom-house, customs area, wharf or other	Currently all terminal operators are charging storage fees container rent charges after 05 calendar days from the berthing of vessel, which is indeed a huge loss of foreign exchange because almost all of the container terminal operators are foreign entities. Further due to some law and	



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		premises, shall be subject to payment of fees, and the amount of such fees. (As provided under the rules prescribed by the Board).	but the rules are still pending to be notified. Rules may be notified in SRO 450(I) 2001 to govern the Section 203 of Customs Act 1969.	authorized landing place or part of the custom-house premises, shall be subject to payment of fees, and the amount of such fees, as provided under the rules prescribed by the Board. (2) The Collector of Customs may from time to time fix the port charges on import and export of goods for services rendered by terminal operators, as provided under the rules prescribed by the Board. (3) The Collector of Customs having jurisdiction may from time to time fix charges, fees for storing of seized and confiscated goods, vehicles etc. in declared State warehouse.	order situation and other holidays the consignment could not be lifted from the terminals within 05 days so that Collector of Customs may be empowered to notify the free period from time to time under Section 203 of Customs Act 1969.	
II (i)		Proviso of sub-section 3 of Section 209 of Customs Act 1969 209. Liability of Principal and Agents (3). Provided that where any duty is not levied or is short-levied or erroneously refunded on account of any reason other than willful act, negligence or default of the agent, such duty shall not be recovered from the agent.	In the proviso, after the words "agent" occurring for the first time the following may be inserted:- "no adjudication or criminal proceedings shall be initiated against the agent and".	209. Liability of Principal and Agents (3). Provided that where any duty is not levied or is short-levied or erroneously refunded on account of any reason other than willful act, negligence or default of the agent no adjudication or criminal proceedings shall be initiated against the agent and such duty shall not be recovered from the agent.	It has become a practice to implicate the Customs Agent in the adjudication or criminal proceedings by the detecting agencies without ascertaining his collusion or willful neglect, whereas the provisions of Section 209 read with section 155F of the Act, do not require so. The role of the Customs Agent is to file goods declaration on the basis of import/export documents provided to him by the importer/exporter and he has nothing to do with the declaration filed by him on behalf of the importer/exporter.	

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					It is therefore proposed that amendments in Section 209 may be made to make it more explicit with a view to strengthen the hands of Customs by the Custom Agents, who are playing vital role in the revenue collection through filing of documents in the Customs Computerized System (WeBOC).	
II (j)		In the 1st Schedule to the Customs Act 1969 (Customs Tariff) PCT code 3214.9010 mentions - - SILICON SEALANT.	Word SILICON should be substituted with the word SILICONE.	PCT code 3214.9010 - - - SILICONE Sealant	As defined in the explanatory notes the item falling under this sub heading is SILICONE SEALANT, therefore the words SILICON should be substituted with word SILICONE. Further there is a significant difference between SILICON and SILICONE. Silicon is a natural chemical element and silicone is a man-made product. The words are often used interchangeably but there are important differences.	
II (k)		In the 1 st Schedule to the Customs Act 1969 (Customs Tariff) PCT code for Flat / Conical Base Silos duly fitted with mechanical and temperature control system is not specified.	Insertion of new PCT code to the 1 st Schedule of the Customs Act 1969 (Customs Tariff) for Flat / Conical Base Silos under main heading of 84.79	PCT Code 8479.8970 - - - Flat / Conical Base Silos duly fitted with mechanical and temperature control system.	Several decisions were taken by the harmonized system committee (59 th Session March 2017) of the WCO which presented classification opinions. Some decisions were adopted in the Pakistan Custom tariff such as inclusion of PCT code 8418.6940 specified for Refrigerated outdoor cabinet designed for insertion of electric and electronic apparatus, however some are still not adopted in the tariff. Hence keeping in view the frequency of import of Flat / Conical Base Silos it is suggested to include the PCT code 8479.8970 in the tariff.	

S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
II (l)		In the 1st Schedule to the Customs Act 1969 (Customs Tariff) PCT code for Ambulances is not specified.	Insertion of new PCT code for Ambulance under main heading of 87.03.	PCT code 8703.9010 - - - Ambulances PCT code 8703.9090 - - - Others	As per HSEN 2017 ambulances are defined under para (2) (b) of Hs code 87.03 page # XVII-8703-2. Therefore, a new sub-heading may be created in Pakistan Custom Tariff i.e. 8703.9010. Since Ambulances are used for welfare purpose hence custom duty at the rate of 5% is proposed.	
II (m)		SRO.125(I)/99 Dated: 27-02-1999 In exercise of the powers conferred by section 98 of the Customs Act,1969 (IV of 1969), and in supersession of C.G.O. 12/80, dated the 6th December,1980, the Central Board of Revenue is pleased to notify the goods specified in the Table below to be perishable goods for the purpose of the said section. 01. Betel leaves. 02. Battery Cells for watches and calculators. 03. Butter. 04. Bidi leaves and Bidi. 05. Betel-nuts. 06. Cigarettes and cigars. 07. Cosmetics. 08. Cheese. 09. Coconuts (seeds) 10. Camera Films, X-Ray Films. 11. Dry Battery Cells, All sorts. 12. Dates all sorts. 13. Dry fruits all sorts. 14. Eggs. 15. Non-essential oils. 16. Foods grains all sorts. 17. Fish. 18. Ginger, Garlic. 19. Hides and Skins. 20. Live trees, plants and roots etc. 21. Milk Powder. 22. Meat. 23. Onions. 24. Apples (Fresh) 25. Sweets and confectionery, all sorts. 26. Soft drinks. 27. Sugar. 28. Spices all sorts. 29. Syrups, Jams, Jellieys, Marmalades, Ketchup, etc. 30.	The list of perishable items notified in SRO. 125(I)/99 is outdated and needs to be rectified.	Updated list.	Section 98 of the Customs Act 1969 defines the warehousing period of perishable items and SRO 125(I)/99 notify the list of perishable items. The list of perishable items mentioned therein is outdated and needs to be rectified. On the other hand items with expiration date mentioned on the packaging should be withdrawn from the list of perishable items as they will only decay/decompose after their expiration date. Further, medicines that require specific temperature or storage requirements also fall in the purview of perishable items and must be included in the list	

S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
		I [Tobacco other than unmanufactured processed tobacco.] 31. Tea, Cocoa and Coffee. 32. Vegetables and fruits all sorts. 33. Vegetables oil and oil-seeds all sorts. 34. Edible products/Food Stuff all sorts as notified at Annexure-I of Notification No.S.R.O.7800(I)/98 dated the 6th July, 1998				
11 (n)		S.No. 1(a) of Table of SRO.499 (I)/2009 Dated 13th June 2009. I. Offences related to mis-declaration of,- (a) Difference between ascertained and declared weight or quantity subject to the condition that the percentage difference is more than 5%.	S.No. 1(a) of Table of SRO.499 (I)/2009 Dated 13th June 2009. We suggest that difference of percentage of quantity / weight may be allowed up to 10%.	Table I. Offences related to mis-declaration of,- (a) Difference between ascertained and declared weight or quantity subject to the condition that the percentage difference is more than 10%	In most of the cases the weight of consignment is on lower side i.e. 500 kgs to 4000 kgs and due to environmental factors around the weighment scale at port of clearance, a slight change may be occurred in ascertain weight, which could be 50 to 400 kgs, but if we analyze in terms of percentage it comes to around 10% (+ / -). Although the impact of duty and taxes is nominal due to this difference of weight. In this regard, it is suggested that difference of percentage of quantity / weight may be allowed up to 10%	
12 (a)	Sialkot Chamber of Commerce and Industry (SCCI)	Pakistan Custom Tariff (PCT) 9910: Allow for duty and tax free import of samples worth US\$ 10,000: It is important to mention that samples received from abroad by manufacturers in Pakistan play a vital role in development, innovation, assessing production feasibility and reverse engineering of those items, which would ultimately help in soliciting new orders for similar items	These commercial samples are specimen of goods that may be imported by the Manufacturers cum Exporters in Pakistan to learn about their characteristics and usage. However, current high duties and taxes burden SME exporters, hindering their ability to import samples regularly.	Therefore, it is proposed that samples worth US\$ 10,000 should be totally exempt from levy of duties and taxes during a year.	Exempting samples worth US\$ 10,000 annually would alleviate this burden, supporting Pakistan's export sector.	This proposal will have overall positive impact by enhancement of exports.

S. No.	Association/ Chambers/ Individuals	Existing section/clause of the Act requiring amendment	Suggested amendment	Position after the suggested change	Brief Justification/ Rationale for proposed change	Impact, if any, on any SRO/Rules /Revenue
		developed and manufactured in Pakistan.				
12 (b)		<p>Section 22 of the Custom Act: Requirement to revisit clarification of the Board issued vide letter # 1969 3(1)/S(L&C)/2016-PT/130184 dated October 13, 2016 regarding returned goods u/s 22 of the Custom Act, 1969.</p> <p>The Board's consideration of only section 148(1) of the ITO, 2001, regarding direct import overlooks the proviso to section 22 of the Custom Act, 1969, which defines returned goods separately. These are goods re-imported within one year of exportation, intended for repair or rectification and have not undergone any processing since their exportation</p>	It is submitted that clarification of the Board issued vide letter # 3(1)/S(L&C)/2016-PT/130184 dated October 13, 2016 should be reconsidered to issue fresh clarification with a broader perspective. The proviso to section 22 of the Custom Act, 1969, must be implemented in its true spirit to aid exporters, and notices issued based on the previous clarification should be withdrawn.			Neutral Tax Impact, however it would simplify procedures.



Federal Excise Duties (FED) Proposals

S. No.	Association/ Chamber/ Individual	Section/ Clause/ Rule/ Scheme	Issue	Proposed Amendment	Rationale/ Justification	Impact of Proposal (Benefit/ Impact to Business and Person)
1	Insurance Association of Pakistan (IAP)	Personal Lines/ Micro insurance products of Insurance Companies should be exempted from Federal Excise Duty	The insurance-related exemptions provided in Table II of the Third Schedule of the FED Act 2005 are as follows: 3. <i>Marine insurance for export.</i> 4. <i>Life insurance</i> 5. <i>Health insurance</i> 6. <i>Crop Insurance</i> 7. <i>Livestock insurance</i>	It proposed that Table II of the Third Schedule of the FED Act 2005 be amended as follows: 3. <i>Marine insurance for export.</i> 4. <i>Life insurance</i> 5. <i>Health insurance</i> 6. <i>Crop Insurance</i> 7. <i>Livestock insurance</i> 8. <i>Personal Accident Insurance</i> 9. <i>Travel Insurance</i> 10. <i>Home property/ Household Insurance</i>	To encourage the spread of insurance among the low and middle-income groups, and the development of micro-insurance in Pakistan, FED) on Personal lines / Micro-insurance products (i.e. Personal Accident, Travel, Householders insurance, etc.) be exempted	
2	Pakistan Steel Re-Rolling Mills Association (PSRMA)	Levy of Excise Duty on erstwhile Tribal Areas	The Government's unilateral removal of Federal Excise Duty (FED) in the former Tribal Areas (FATA/ PATA), without stakeholder consultation, severely impacts the national industry, notably the Steel Sector.	It is proposed to impose a balanced duty structure across all regions, arguing that the decision harms both the Steel Sector and Pakistan's economy.		

Compiled Sales Tax Proposals

S. No.	Association/ Chamber/ Individual	Section / Clause / Rule/Scheme	Issue	Proposed Amendment	Rationale / Justification	Impact of Proposal (Benefit/Impact to Business and Person)
1.	Pakistan Tea Association (PTA)	3 rd Schedule of Sales Tax Act 1990 (Clause A, Section 2 of Section 3)	The current application of the maximum retail price for taxation purposes unfairly affects legal bulk importers of tea, as there is confusion surrounding the definitions of "retail" and "bulk packing."	Remove the maximum retail price requirement at the import stage and define "bulk" and "retail" packing clearly.	The lack of clarity in defining "retail" and "bulk" packing leads to confusion in taxation calculations for tea imports. Removing the maximum retail price requirement and providing clear definitions will ensure fair taxation practices and eliminate undue financial burdens on legal bulk importers.	Removing the maximum retail price requirement and defining "bulk" and "retail" packing will ensure fair taxation for tea imports, enhancing competitiveness and sustainability in the industry. Clear definitions will simplify tax procedures, reducing compliance costs for importers and tax authorities.
2. (a)	Battery Manufacturers i) Pakistan Accumulators Pvt. Ltd. ii) Atlas Battery Ltd. iii) Excide Pakistan Ltd. iv) Century Engineering Ind. (Pvt)	Eleventh Schedule (Sales Tax on purchases from unregistered person	Scrap batteries and lead waste & and scrap, classified under Chapters 78 & 85.49, sold by Non-Active Taxpayers to lead smelters/battery manufacturers are currently non-adjustable for tax purposes.	Include scrap batteries and lead waste & and scrap sold by Non-Active Taxpayers to lead smelters/battery manufacturers in the list of exclusions in the Eleventh Schedule, Serial No. (x), of the Sales Tax Act, 1990.	Adding scrap batteries lead waste & and scrap sold by Non-Active Taxpayers to the exclusions list will deter cash transactions, promote a documented economy, and remove middlemen from trade, supporting government initiatives for transparency and tax compliance.	Adding scrap batteries and lead waste & scrap to the exclusions for Non-Active Taxpayers will drive documented transactions, reducing cash prevalence and enhancing economic transparency.
2. (b)		Eleventh Schedule (Sales Tax or reduced sales Tax on supply of lead and alloys)	Battery manufacturers currently withhold 75% of the Sales Tax (ST) from payments to lead smelters and deposit it into the government treasury.	Make an exception under serial (VIII) to exclude supplies made by an Active Taxpayer to another registered person, except for advertisement services and Serial No. 7 of the table.	The proposed exception exempts Active Taxpayers' supplies to other registered persons from the 75% withholding requirement, barring specified services. This aligns to boost tax compliance without burdening legitimate transactions.	The exception for supplies by Active Taxpayers will boost FBR revenue and deter unjustified sales tax input. It will aid in price control by removing the 75% withholding requirement distortion and streamlining trade, eradicating middlemen,

S. No.	Association/ Chamber/ Individual	Section / Clause / Rule/Scheme	Issue	Proposed Amendment	Rationale / Justification	Impact of Proposal (Benefit/Impact to Business and Person)
						and promoting efficiency and transparency in business.
2. (c)		Eight Schedule	Currently, an 18% Sales Tax rate applies to the entire supply chain of Lead and Lead Alloys.	Lower the Sales Tax rate to 5% (adjustable) for the entire supply chain of Lead and Lead Alloys.	Lowering the Sales Tax rate to 5% for the Lead and Lead Alloys supply chain will enhance FBR revenue collection and deter unjustified tax input. It will also help control pricing and eradicate middlemen, fostering transparency and efficiency in business.	Implementing the 5% Sales Tax rate for the Lead and Lead Alloys supply chain will promote tax compliance, ease the tax burden on businesses, and enhance market competitiveness.
2. (d)		Sixth Schedule	Currently, an 18% Sales Tax rate applies to the entire supply chain of all types of Lead and Lead Alloys, including Lead Waste & Scrap and Scrap Battery under section 13 of the Sixth Schedule for Chapters 78 and 85.49 for Lead Smelters/Battery Manufacturers.	Set the Sales Tax rate to Nil (0%) or exempt for the entire supply chain of all types of Lead and Lead Alloys, including Lead Waste and scrap and Scrap Battery under section 13 of the Sixth Schedule for Chapters 78 and 85.49 for Lead Smelters/Battery Manufacturers.	Setting the Sales Tax rate to Nil (0%) or exempt for the Lead and Lead Alloys supply chain will bolster FBR revenue collection and deter irrelevant tax input. It will also assist in price control and remove middlemen from trade, fostering transparency and efficiency in business operations.	Implementing a Nil (0%) or exempt Sales Tax rate for the entire supply chain of Lead and Lead Alloys will have significant positive impacts. It will reduce the tax burden on Lead Smelters/Battery Manufacturers, making their operations more cost-effective and competitive.
3.	NBFI & Modaraba Association of Pakistan	Sec. 73 (Certain transactions not admissible)	The existing clause in Section 73 discourages discounting businesses, particularly when facilitated by NBFCs. In discounting, the NBFC pays the vendor on behalf of the buyer, who then reimburses the NBFC. However, this arrangement prevents the buyer from claiming input tax adjustment. Moreover, the clause	Addition to Clause 3 has been made Italic bold. The amount transferred in terms of this section shall be deposited in the business bank account of the supplier or a financial institution registered with the Securities and Exchange Commission of Pakistan or the State Bank of Pakistan to undertake discounting or factoring services , otherwise, the Buyer shall not be entitled to claim	Section 73 of the Sales Tax Act hinders businesses from claiming input tax credits on transactions involving discounting arrangements with NBFCs. This occurs because payments over fifty thousand rupees must directly go from the buyer's to the supplier's account. However, in discounting, the NBFC pays for the buyer, making them ineligible for tax credits.	The proposed amendment to Section 73 of the Sales Tax Act addresses the existing barriers to input tax credit eligibility for buyers engaged in discounting transactions. It promotes regulatory alignment, fairness in taxation, and business growth, ultimately contributing to a more



S. No.	Association/ Chamber/ Individual	Section / Clause / Rule/Scheme	Issue	Proposed Amendment	Rationale / Justification	Impact of Proposal (Benefit/Impact to Business and Person)
			conflicts with the NBFC Regulations, 2008 for discounting services.	input tax credit, adjustment or deduction, or refund, repayment or draw-back or zero-rating of tax under this Act.	The proposed amendment aims to resolve this by permitting payments into the supplier's or authorized financial institution's account. This ensures compliance with banking regulations while accommodating NBFC-mediated discounting. Aligning the clause with discounting practices and NBFC regulations enhances fairness and efficiency in taxation.	conducive business environment and economic development.
4. (a)	Pakistan Leather Garments Manufacturers & Exporters Association (PLGMEA)	Sec. 21(3) of the Sales Tax Act, 1990	Inadmissibility of invoices issued before suspension/blacklisting.	Amend Section 21(3) of the Sales Tax Act, 1990, to exclude the inadmissibility of invoices issued before suspension/blacklisting.	The proposed amendment argues that the current provision regarding the inadmissibility of invoices issued before suspension/blacklisting is redundant, as the criteria for input tax adjustment are already outlined in Section 7 of the Sales Tax Act, 1990. It further states that no person can claim input tax adjustment against purchases if their supplier has not paid/deposited its output tax while filing its sales tax return. Therefore, the question regarding the claim of input tax adjustment against a suspended/blacklisted unit does not arise under the current mechanism of filing returns provided in Section 7 of the Sales Tax Act, 1990.	Amending Section 21(3) would remove redundancy and potentially streamline the process of input tax adjustment, providing clarity and efficiency in tax procedures for businesses.

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4. (b)		Sec 73 of the Sales Tax Act, 1990	Allowance of refund of sales tax in special cases where payment in a credit transaction is not transferred within 180 days of issuance of tax invoice due to the existence of special credit terms	Suitably amend Section 73 of the Sales Tax Act, 1990, to allow a refund of sales tax in special cases where an exporter has not realized export payments and payments to suppliers are delayed beyond 180 days due to the existence of special credit terms with the customer abroad.	The proposed amendment recognizes the challenges faced by exporters when export payments are delayed due to special credit terms with customers abroad. In such cases, the inability to transfer payment within the stipulated 180 days may lead to financial strain on the exporter. Allowing for a refund of sales tax under these circumstances would provide relief and support to exporters during periods of delayed payments.	Amending Section 73 to allow refunds in special cases of delayed payments due to special credit terms would alleviate financial burdens on exporters and promote smoother operations within the export sector. This amendment could enhance the competitiveness of exporters and contribute to overall economic growth.
4. (c)		Sec.10 of the Sales Tax Act, 1990	Exporters have faced difficulties in claiming refunds of sales tax paid on services to provincial revenue authorities (PRA) due to the lack of integration between the electronic systems of PRA and FBR.	Electronically integrate the systems of PRA and FBR to enable exporters to claim refunds or adjustments of sales tax paid on services to relevant provincial authorities.	Integrating these systems would streamline the process and enable exporters to claim refunds or adjustments of sales tax paid on services to the relevant provincial authorities without hindrance.	Integrating the electronic systems of PRA and FBR as proposed would facilitate exporters in claiming refunds or adjustments of sales tax paid on services, thereby reducing administrative burdens and enhancing efficiency in tax procedures. This amendment would contribute to improving the overall business environment for exporters and promoting economic growth.
4. (d)		Sales Tax General Order No. 9 of 2023	The said STGO contains a negative list of 714 items on which input tax adjustment was not allowed to five leading export-oriented	Among the excluded 8-digit H.S Codes related to various sectors from the Negative list only they pertain to the Leather industry. But the following codes must also be		



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			industries i.e. textile, leather, carpets, surgical, and sports. After the issuance of this order leather industry immediately approached the concerned authority and sent the list of industrial input on the 8-digit H.S Code level for the leather Sector for exclusion from the Negative list of STGO#9 OF 2023	excluded from the list as they are very important for the leather industry. <table border="1"> <thead> <tr> <th>Serial# of -tive list</th> <th>4 digits of HS-Code</th> <th>Desc. of HS code</th> <th>8-Digit HS code (raw input)</th> </tr> </thead> <tbody> <tr> <td rowspan="6">292</td> <td rowspan="6">3909</td> <td rowspan="6">Amino-resin, phenolic resins and polyurethanes, Melamine resins, other amino resins, and silicones in primary forms</td> <td>3909.1010</td> </tr> <tr> <td>3909.1090</td> </tr> <tr> <td>3909.2000</td> </tr> <tr> <td>3909.3000</td> </tr> <tr> <td>3909.4000</td> </tr> <tr> <td>3909.5000</td> </tr> </tbody> </table>	Serial# of -tive list	4 digits of HS-Code	Desc. of HS code	8-Digit HS code (raw input)	292	3909	Amino-resin, phenolic resins and polyurethanes, Melamine resins, other amino resins, and silicones in primary forms	3909.1010	3909.1090	3909.2000	3909.3000	3909.4000	3909.5000		
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5. (a)	Pakistan Poultry Association (PPA)	8 th Schedule, Sales Tax Act, 1990	Soybean meal and soybean seed (PCT Code 2304.0000 & 1201.1000) are currently subject to an 18% GST, leading to increased production costs for the poultry industry.	Reduce the GST rate on soybean meal and soybean seed from 18% to 10%.	The revocation of the reduced rate of sales tax in the supplementary budget of January 2022 has adversely affected the poultry industry, resulting in significant increases in production costs for poultry feed, eggs, and chicken.	This measure is expected to reinstate lower prices for poultry feed. It will make it cheaper for farmers to produce chicken and eggs, helping them stay in business at lower costs.													
5. (b)		Table -I, 6 th Schedule, Sales Tax Act, 1990	An 18% GST is currently applicable to Grandparent chicks and preparation of a kind used in animal feeding (PCT Code 0105.1100 & 2309.9000), impacting the poultry sector's import costs.	Reduce the GST rate on Grandparent chicks and preparation used in animal feeding from 18% to 0%.	The revocation of the exemption of sales tax on the import of Grandparent chicks in the supplementary budget of January 2022 has significantly increased prices for parent stocks and broiler layer chicks, affecting the poultry sector.	Reinstating the lower sales tax is anticipated to bring down poultry feed prices, making it more affordable for farmers to produce chicken and eggs and supporting their businesses at lower costs.													
5. (c)		8 th Schedule, Sales Tax Act, 1990	An 18% GST is currently applicable to various machinery used in the poultry sector, including machinery for preparing	Reduce the GST rate on poultry machinery from 18% to 7%.	The revocation of the reduced rate of sales tax in the supplementary budget of January 2022 has adversely affected the poultry industry,	Reinstating the 7% GST rate on poultry machinery will reduce costs for farmers and feed manufacturers,													

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			feeding staff, incubators, brooders, poultry sheds, and poultry meat processing machinery, among others.		leading to significant increases in the cost of production for poultry feed, eggs, and chicken.	encouraging modernization and new installations. This will boost efficiency and sustainability in the poultry sector.
5. (d)		S. No. 12(x), 12 th schedule, sales tax act 1990	A 3% sales tax is currently applicable to Chapters 84 and 85, which include plant, machinery, equipment, and capital goods used in manufacturing or production of goods.	Reduce the sales tax rate on plant, machinery, equipment, and capital goods from 3% to 0%.	Currently, imported machinery is tax-exempt, while its parts are taxed, causing a discrepancy. Since all equipment parts are used internally by industries, it's suggested to classify them as "capital goods" to exempt them from additional sales tax, ensuring consistency.	This measure will promote sustainability by lowering production costs, ultimately benefiting farmers by potentially resulting in lower prices for goods produced using these machinery and equipment. Additionally, it will encourage investment in machinery and equipment, leading to modernization and efficiency improvements in the industrial sector.
6.	Proposal by Mr. Nasir Khan (VP FPCCI)			Sales tax on commercial importers should be 25 percent as compared to the same 18 percent on manufacturers of edible oil		
7. (a)	Otsuka Pakistan Limited		Sales tax is currently being charged on pharmaceutical machinery and spare parts at the import stage, which is causing an additional financial burden.	Exempt sales tax on pharmaceutical machinery and spare parts at the import stage, ensuring a 0% sales tax rate.	Exempting sales tax on pharmaceutical machinery and spare parts is essential to support the pharmaceutical industry's growth and development. Charging sales tax on these essential items increases production costs, which may ultimately be passed on to consumers.	Exempting sales tax on pharmaceutical machinery and spare parts will reduce production costs for pharmaceutical manufacturers, making them more competitive in both domestic and international markets. This amendment will encourage investment in the pharmaceutical sector, promote technological



S. No.	Association/ Chamber/ Individual	Section / Clause / Rule/Scheme	Issue	Proposed Amendment	Rationale / Justification	Impact of Proposal (Benefit/Impact to Business and Person)
						advancement, and ultimately improve access to quality healthcare products for consumers.
7. (b)		12 th Schedule of the Sales Tax Act, 1990	Sales tax at rates of 1% and 3% is currently levied on the import of pharmaceutical goods without allowing input sales tax adjustment.	Insert finished pharmaceutical goods in the exception list under the Twelfth Schedule of the Sales Tax Act to exempt them from sales tax.	Exempting sales tax on finished pharmaceutical goods will reduce the cost of doing business for the pharmaceutical industry. Allowing input tax adjustment ensures that the tax burden on finished products does not become a permanent cost for manufacturers.	Exempting sales tax on finished pharmaceutical goods will significantly reduce production costs for pharmaceutical manufacturers. This reduction in costs will improve the competitiveness of the industry, encourage investment, and ultimately benefit consumers by keeping pharmaceutical product prices stable.
7. (c)		Sr. I of 8 th Schedule of the Sales Tax Act, 1990	Currently, a 1% sales tax is levied on the import of pharmaceutical raw materials/active pharmaceutical ingredients without allowing input sales tax adjustment.	Reinstate entry No. 105 of Table I of the Sixth Schedule to exempt sales tax on pharmaceutical raw materials.	Exempting sales tax on pharmaceutical raw materials will reduce the cost of doing business for the pharmaceutical industry. Allowing input tax adjustment will ensure that the tax burden on raw materials does not become a permanent cost for manufacturers.	This exemption will alleviate financial strain on pharmaceutical companies and prevent them from passing on increased production costs to consumers through higher product prices.
8.	Pakistan Steel Melters Association (PSMA)	S.R.O. 501(1)/2023	The issuance of S.R.O. 501(1)/2023 aimed to regulate prices, but the subsequent decrease in demand and business activities has led to considerably lower prices for steel goods. This has rendered the S.R.O. outdated and in need of urgent amendment to reflect current market conditions.	It is proposed for an urgent amendment to S.R.O. 501(1)/2023 to align with current lower prices, set at 200,000/= per ton.	The existing S.R.O. is no longer reflective of prevailing market conditions, as prices of steel goods have significantly decreased due to low demand and sluggish business activities. An urgent amendment is necessary to ensure that the regulatory framework accurately reflects current market dynamics and supports industry stability.	It will restore confidence in the regulatory framework, fostering a conducive environment for business activities and investment.
9. (a)	Homoeopathic Pharmaceutical		Pakistan faces challenges in producing Active Pharmaceutical Ingredients	The government should consider providing exemptions on GST for the purchases of excipients,	The rationale behind this proposal is to support the pharmaceutical industry by	Providing exemptions on GST for essential materials and services in

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	& Chemist Association		(APIs) domestically due to insufficient research and development capacity. Consequently, the country heavily relies on importing APIs from India and China at higher costs	packaging materials, and services used in the pharmaceutical industry. This would help reduce production costs, leading to lower prices for consumers.	reducing the cost burden associated with importing APIs and purchasing essential materials and services. Additionally, this initiative would incentivize domestic production of APIs and encourage investment in research and development within the pharmaceutical sector, ultimately enhancing self-sufficiency and competitiveness.	the pharmaceutical industry has the potential to support industry growth, enhance the affordability of healthcare, and promote economic development in Pakistan.
10.	Pakistan Pottery Manufacturers Association		Decrease income tax/ sales tax rates Decrease income for the following raw materials and decal printing equipment: •Zirconium silicate •Barium carbonate •Frit Glaze •Ceramics Colors •Ceramics Pigments • Decal Printing Machine • Pad Printing Machine and sales tax rates		It will lower production costs, and create competitiveness in the global market.	It will reduce production costs
11.	Council for Gems and Jewellery	SRO 760	Discriminatory imposition of sales tax on the gold jewelry exporting sector, leading to economic distress for exporters and the country.	Requesting the Finance Minister, Chairman FBR, and other relevant authorities to reconsider and abolish the imposition of sales tax on gold jewelry exports to alleviate the economic burden on exporters and prevent further adverse consequences.		
12. (a)	Pakistan Association of Large Steel Producers		The purchasing of local scrap from such suppliers increases the cost and makes it unviable for the documented steel sector while the informal sector is thriving due to sales tax rules and enforcement issues.	Extra sales tax @5 % which is levied on un-registered scrap dealers/wholesalers/distributors may be abolished.		
12. (b)		Sec 7& 8 of Sales Tax Act 1990	Fake/ Flying invoices input of Local Scrap in the steel sector is causing a loss of	It is suggested that all input related to local supplies of Steel Manufacturing concerns should be	Disallowing input on local supplies of steel manufacturing	



S. No.	Association/ Chamber/ Individual	Section / Clause / Rule/Scheme	Issue	Proposed Amendment	Rationale / Justification	Impact of Proposal (Benefit/Impact to Business and Person)
			revenue to the National Exchequer and putting in disadvantage state to compliant taxpayers.	disallowed and input related to imported items should be allowed to safeguard National Exchequer revenue and support compliant taxpayers.	units will benefit in the following ways 1. Curb of fake/ Flying invoices 2. Revenue increase of the National Exchequer 3. Fair Play Field for compliant taxpayers.	
12. (c)		Sec 13 of the Sales Tax Act, 1990	The purchasing of local scrap from such suppliers increases the cost and makes it unviable for the documented steel sector while the informal sector is thriving due to sales tax rules and enforcement issues.	The supply of local scrap should be exempted from Sales Tax under section 13 of the Sales Tax Act, 1990 (The Act) by inserting the following PCT Codes in Table II of the Sixth Schedule of the Act: 1. 7204a- Ship Plates 2. 7204b- Other Re-rollable scrap 3. 7204c- Re-meltable scrap 4. 7204d- Compressor scrap 5. 7204e- Other iron and steel scrap	It will help to increase the government revenue by manifolds. It will help in promoting ease of doing business. This measure will encourage scrap dealers to get registered with FBR	
12. (d)		Clause (aa) of sub-section 2 of Section 3 in the Eight Schedule of the Sales Tax Act	The purchasing of local scrap from the suppliers increases the cost and makes it unviable for the documented steel sector while the informal sector is thriving due to sales tax rules and enforcement issues.	The supply of local scrap should be charged at a reduced rate of 5% by inserting a clause in the Eight Schedule of the Sales Tax Act, 1990 through clause (aa) of sub-section 2 of section 3 of the Act. Withholding on such sales tax should be 5% by inserting a clause in the Eleventh Schedule of the Act.	The proposal to reduce sales tax from 18% to 5% will reduce the exposure of flying invoices from 18% to 5%. The withholding of sales tax @ 5% will have been deposited into the Government treasury thus leaving zero margin for misuse.	
12. (e)		Sec 2(46) of Sales Tax Act 1990	Presently, the minimum value of supply undergoes infrequent revisions/notifications, leading to inaccurate reflections of market prices. Specifically, SRO 501 (I)/2023 dated April 20, 2023, addresses this concern to some extent.	Determination of the minimum value of supply for the steel sector under sec-2(46) should be carried out monthly.	This would accurately reflect the market price level and provide an equitable basis for both exchequer/steel sector players.	
12. (f)		Thirteen Schedule	Annex K of the sales tax return does not allow the adjustments relating to	Allow steel sectors to make adjustments to their export sales in Annex K in return, for	To promote export	



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			export sales. i.e. Output sales tax paid on electricity consumption is not reduced when the produced goods are exported.	expanding and exploring the new offshore markets.		
12. (g)		Clause 886(4) of the Export Facilitation Scheme	The purchasing of local scrap from such suppliers increases the cost and makes it unviable for the documented steel sector while the informal sector is thriving due to sales tax rules and enforcement issues.	Input sales tax adjustment shall be allowed in respect of the sales tax paid against scrap wastage generated from motor/compressor imported under any export facilitation scheme under clause 886(4) of the scheme in case of in-house consumption		
12.	Surgical Instruments Manufacturers Association of Pakistan (SIMAP)			Requesting the government to provide support for a sales tax exemption on certifications, particularly for the surgical industry. As our industry requires numerous regulatory certifications, the imposition of sales tax on services provided by these certifying bodies has placed a significant financial burden on our members, many of whom are small and medium enterprises (SMEs). With the upcoming European Union Medical Device Regulation (EUMDR) compliance already posing substantial affordability challenges, the additional cost of sales tax exacerbates the situation further. Therefore, exempting certification services from sales tax would provide much-needed relief to our members, facilitating their compliance efforts and ensuring the continued growth and sustainability of the surgical industry.	Implementing a sales tax exemption on certifications could help alleviate the financial burden faced by SMEs in the surgical industry.	
13. (a)	Pakistan Hardware Merchants			To exempt all the Plant, Machinery, and capital goods Not manufactured locally be allowed to import at zero-rated		



S. No.	Association/ Chamber/ Individual	Section / Clause / Rule/Scheme	Issue	Proposed Amendment	Rationale / Justification	Impact of Proposal (Benefit/Impact to Business and Person)
	Association (PHMA)			Sales Tax, Customs Duty, and Income Tax.		
13. (b)				Simple and easy enforcement should be made filing of Income and Sales Tax Returns;		
14. (a)	Flexible Packaging Association of Converters of Pakistan (FlexPack)		The following six items are subject to 18% Sales Tax: Aluminum Foil Alloy (76071100), Kraft Paper (wax coated) (48116010), Artificially wax for coating (39011000), BOPP Plain Film (39202010), and BOPP Metalized Film (39202030), BOPET Film (39206200)	It is proposed that the sales tax be reduced to 7% on all the six mentioned items.	The flexible packaging sector is a vital component of Pakistan's economy, serving numerous industries such as textiles, pharmaceuticals, agriculture, food and beverage, and more. Equipped with state-of-the-art European technology, our industry meets both domestic and international demand, exporting to markets across Africa, the Middle East, and beyond. Operating according to international standards and holding certifications like ISO 9001 and ISO 22000, our industry ranks as the 3rd largest in Pakistan and the 5th largest globally. With government support, we aim to double our production by 2024-25 and increase exports to \$100 million, leveraging our capability to export finished products and printed laminated films	
14. (b)				It is proposed to make sales tax refund issuance a swift procedure for exports to nullify the cost impact on the flexible packaging industry (printers/converters).		
15. (a)	Multan Chamber of Commerce and Industry	Sections 3, 7 th , and 11 th schedules		It is proposed that either the withholding rate be reduced to 1% OR such tax withheld be allowed as admissible input tax to the registered person upon providing CNIC/Incorporation ID of such unregistered supplier. FBR can use such information to bring the Unregistered sector into the tax net.		It will reduce the cost of doing business for the compliant registered persons who otherwise are compelled to purchase their raw materials from the unregistered persons.



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15. (b)		Section 10	As per current business practices on several occasions' refunds of registered persons are stuck up with the Department in the form of sales tax refund while he is required to pay income tax on an annual or quarterly basis	The procedure of inter-department adjustment is to be defined so that the taxpayer may make payments after netting credit of refundable taxes under any heads.	As a point of double taxation and further tightening of taxpayer cash flows the taxpayer has to bear the burden of making payment of income tax liability whereas his own money is held idle with the department in the shape of refunds.	
15. (c)		Section 29A		An option to choose between End Consumer, Retailer, and Farmer should be provided when preparing the sales tax return, in addition to distinguishing between registered and unregistered individuals.	To enhance administration and facilitate business operations, it would be beneficial to include an option for end consumers who may be reluctant to provide their CNIC information. This would streamline processes and improve ease of doing business.	
15. (d)		Section 29A		Similar to how sales tax payable can be adjusted against the carryforward of input tax, there should also be an option to adjust penalties incurred for late filing of sales tax returns.	This would provide a mechanism for businesses to manage and offset penalties, promoting greater flexibility and compliance.	This will simplify the tax administration and improve the ease of doing business.
15. (e)		Section 73	It's worth noting that taxes are paid monthly based on returns, and there have been court rulings permitting the adjustment of input tax when payments are made beyond 180 days.	It is recommended such anomalies may be taken care of and removed.		Genuine taxpayers will benefit from this initiative, leading to a restoration of their confidence in the system.
16. (a)	Sialkot Chamber of Commerce and Industry	Serial 4, 11 th Scapulae	The implementation of a 5% withholding Sales Tax on the Corporate Sector against purchases from unregistered persons is deemed unjustified, particularly for Export-Oriented Companies.	Abolition of 5% Withholding Sales Tax on Companies against purchases from unregistered persons. Implementation of a 5% withholding Sales Tax on the Corporate Sector against purchases from unregistered persons is unjustified and it is emphasized that Export-Oriented Companies should be completely exempted from the levy of withholding sales tax with retrospective effect as the export	The rationale behind the proposed amendment is multifaceted. Firstly, it argues that Sales Tax is a consumption tax, and exported goods are intended for consumption in other territories/jurisdictions, thus lacking legal justification for levying Sales Tax on exports. Secondly, imposing high rates of withholding Sales Tax on Exporter Companies is seen as discouraging the corporatization	It will have an overall positive impact by enhancement of exports



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				sector is principally exempt from levy of Sales Tax globally as per International Norms.	<p>process and hindering competitiveness, especially when compared to other business structures like Association of Persons (AOPs) and Sole Proprietor businesses. Thirdly, it suggests that the existing amendments introduced by the Finance Act, 2019, such as the conditions of CNIC and criteria for sales tax registration of manufacturers falling in the cottage industry category, are adequate for broadening the tax base if implemented effectively. Additionally, it highlights that the exclusion of Exporter Companies from the obligation of withholding Income Tax under section 153 further supports the justification for exempting them from withholding Sales Tax obligations.</p> <p>Moreover, relief has been provided to the Surgical Industry by providing exclusion from July 2022 but other Export Companies are still facing problems. Hence, it is desired that the description of the Withholding Agent under Serial # 4 of the Eleventh Schedule to the Sales Tax Act, 1990, may please be amended to add the words "excluding Exporter Companies with retrospective effect i.e. w.e.f. July 1, 2019." (It was objected to in 2019 and proposals are being presented every year since then for the purpose) to provide relief to all Exporter Companies. It is worth mentioning that exporters have already been excluded from the</p>	



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					obligation of Withholding Income Tax u/s 153 under clause 45 of part IV of the second schedule.	
16 (b)		Section 4	The current economic crisis and the withholding of Sales Tax at various stages of value addition have led to liquidity and cash flow problems for export-oriented sectors.	Revival of the Zero Rating of Sales Tax for five export-oriented sectors, namely Sports, Surgical, Leather, Textiles, and Carpets.	The rationale behind reviving the Zero Rating of Sales Tax for these sectors is to provide relief to the export industry facing liquidity challenges. Historically, the Zero Rated Sales Tax Regime has been beneficial for these sectors, allowing them to overcome cash flow issues and utilize liquid resources for essential business operations. By exempting these sectors from Sales Tax, exporters can avoid the hassle of waiting for Sales Tax refunds, thereby improving efficiency and productivity. Additionally, it is argued that collecting Sales Tax on value-added goods meant for export and then refunding it is a futile exercise that consumes valuable resources, which could be better utilized elsewhere.	It will benefit exporters and reduce hassle for the department.
16. (c)		Serial 102, table I, 6 th schedule	Withdrawal of zero rating of Sales Tax on supplies to the Sialkot Export Processing Zone (EPZ) has caused difficulties for businesses operating within the zone.	Restoration of zero rating on supplies to the Sialkot Export Processing Zone by reinstating Serial # 102 in Table-I of the Sixth Schedule to the Sales Tax Act, 1990.	The withdrawal of zero rating on supplies to the Sialkot Export Processing Zone has negatively impacted businesses within the zone. This amendment goes against the fundamental concept of EPZs, which is to allow businesses to procure inputs free from duties and taxes. While the withdrawal of this facility has generated little revenue for the government, it has caused significant hassle and challenges for export businesses operating within the EPZ. Restoring zero rating on supplies to the EPZ would provide relief to industrial units	



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					within the zone and align with the original intent of EPZs to promote export-oriented industries.	
16. (d)		Rule 11		Several small exporters are registered with sales tax only to avail of the facility of WEBOC but cannot file Null returns. There is no loss of revenue due to the non-filing of such returns; hence no penalty should be charged. It is proposed that the penalty should be linked with the tax liability involved. Moreover, Commercial exporters who do not claim input/output tax and are not liable to be registered should be allowed to be registered with WEBOC without registration under the Sales Tax Act. Moreover, filing of Null return every month is problematic and cumbersome. The government has recently reduced the filing frequency of Withholding Statements and it is proposed that the filing frequency of Null returns should be reduced to biannual or quarterly.		
16. (e)		Section 10		Integration of systems of Punjab Revenue Authority (PRA) and Federal Board of Revenue (FBR) to allow refund of sales tax on Services paid by exporters. Exporters have been unable to claim a refund of sales tax paid on services to the provincial revenue authority (PRA) due to the non-integration of electronic systems of PRA and FBR. It is recommended that both systems be electronically integrated well so that exporters can claim refunds/ adjustment of Sales Tax paid on Services to relevant provincial authorities.		

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16. (f)		Section 73		It is proposed that Section 73 of the Sales Tax Act, 1990, should be suitably amended to allow a refund of Sales Tax in special cases where the exporter has not realized export payments and payment to suppliers are delayed beyond 180 days due to existence of special credit terms with the customer abroad.		
16. (g)		Section 14		It is proposed that concept of Voluntary Registration should be re-introduced whereby the manufacturer was allowed to apply for Sales Tax Registration irrespective of any limit of Sales or Utilities, for facilitation to the manufacturers cum exporters.		
16. (h)		Section 21(3)		It is proposed that Section 21(3) of the Sales Tax Act, 1990, should be amended to exclude the inadmissibility of invoices issued before suspension/blacklisting as the said provision is redundant in the presence of criteria of input tax adjustment provided in section 7 of the Sales Tax Act 1990. No person can claim input tax adjustment against purchases if his supplier has ultimately not paid/deposited its output tax while filing its sales tax return. Thus, a question regarding the claim of input tax adjustment against suspended/ blacklisted units does not arise in the present mechanism of filing of returns as provided under section 7 of the Sales Tax Act, 1990.		



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17. (a)	Pakistan Readymade Garments Manufactures & Exporters Association	SBP Export Refining Scheme Rates	Exporters face liquidity problems owing to delayed payments of their refund stuck up with the government and the imposition of a 17% sales tax in the budget 2019-20	ERF II scheme should be treated as per the quantity exported rather than as per actual export of 50% exports of the previous year as per existing policy		Confidence of exporters will be boosted and their liquidity problems will be solves
17. (b)		SRO 1125	The government in Budget 2019-20 discontinued the zero rating GST regime regulated under SRO-1125 and imposed sales tax on local sellers as well as exporters, however, the core objective was to collect sales tax on local sales. In this connection, the government also introduced POS which has been applied to the majority of sellers across Pakistan to collect GST on local sales.	The government may consider reviving SRO 1125 in its true spirit and reintroducing a system of "NO PAYMENT AND NO REFND" of sales tax for the five export-oriented sectors. OR Consider a reduction in the rate of sales tax from the current 18% to 5% or a single digit to facilitate the exports ensuring the availability of required liquidity.		It will facilitate the exports ensuring availability of required liquidity and smooth cash flow, to boost the confidence of exporters to enhance their exports.
17. (c)			The exporters are suffering owing to a liquidity crunch as their liquidity in GST is stuck up and refund claims are delayed. Although the FBR has improved the FASTER system, yet, substantial refund claims are still stuck up with the government which cumulates a considerable amount of exporters running capital. Exporters can apply for a refund only after the export of the consignment. In this manner, their liquidity is stuck. From the start of January 2023, FBR's FASTER system has been facing	The liquidity is held up causing financial pressure on exporters. FASTER system must work smoothly with proper filing and swift refunds of claims, electronically. Refund claims must be released as per law and rules without delay.		

S. No.	Association/ Chamber/ Individual	Section / Clause / Rule/Scheme	Issue	Proposed Amendment	Rationale / Justification	Impact of Proposal (Benefit/Impact to Business and Person)
			technical glitches which have caused delays in filling as well as refunds, hence, a huge amount of claims has been deferred.			
17. (d)			Since the devaluation of sales tax on services in 2011 from federal to provincial authorities, sales tax invoices about service providers registered with different provincial sales tax authorities have not been integrated with the FBR portal to date, allowing input claims for tax paid on services. FBR and Provincial revenue authorities in Sindh and Punjab have already signed an MOU for needful integration. However, it has not been done to date.	Appropriate mechanisms should be put in place for the availability of sales tax data on services in the system for verification of Input. And FBR and all provincial authorities should centralize and implement the system, under agreement.		
18. (a)	The Pakistan Yarn Merchants Association		The 3% Additional Sales Tax (AST) levied on commercial; importers at the import stage conflict with their typical profit margin, which ranges from 2% to 5%. This tax rate imposes a financial burden, particularly when goods are sold within the same state of SMEs that have limited purchasing power. In contrast, industrial importers are exempt from AST.	There should be a uniform AST rate.	Uniform AST would promote fair competition and more accurately mirror the realities of trade margin.	



Income Tax Proposals

S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
Fleet Operators Association of Pakistan (FOAP)				
1.	<p>Sec 153 (1) b (WHT rate on logistics, Transport services @ 4%)</p> <p>“Every prescribed person making a payment in full or part including payment by way of advance to a resident person: for the rendering of or providing of services 5[except where payment is less than thirty thousand Rupees in the aggregate, during a financial year”</p>	<p>In the Finance Act 2021, clause 28F has been inserted in part III of the Second Schedule to income tax ordinance, whereby, the rate under section 153 (1)(b) has been reduced for oil tanker contractor services to 2% of the gross amount of the payment, which has put the fleet operators in discriminative position. Therefore, a similar reduced rate may please be introduced for fleet operator service providers.</p>	<p>Relatively higher WHT hurt the logistics industry and restricted the transport to do business.</p>	<p>Rationalizing WHT in the logistics sector will increase investment opportunities which will in turn increase revenue and Improve the ease of doing business</p>
Travel Agent Association of Pakistan				
2.	<p>Sec 153(1)(b) and 153(7)(b)(V) of Income Tax Ordinance 2001</p> <p>“Sec 153 (1)(a) Every prescribed person making a payment in full or part including a payment by way of advance to a resident person: for the rendering of or providing of services 5[except where payment is less than thirty thousand Rupees in aggregate, during a financial year];”</p> <p>Sec (153)(7)(ii) “services” includes the services of accountants, architects, dentists,</p>	<p>Historically, the travel and advertising agents are always taxed on their commissioned income and board has issued a circular according to which, it has been directed that they should be taxed on the services income instead of gross amount.</p> <p>It is also universally settled law that tax should not be imposed on the amount collected on behalf of the principals, therefore, it is recommended that in case of travel agents the 4% of the services charges should be imposed on their commissions/services charges and not on the gross amount collected on behalf of the airlines.</p>	<p>A court order from the Honorable Sindh High Court on April 27, 2021, states that turnover should be defined as the gross fee for services rendered, excluding reimbursable expenses. Additionally, amounts collected from third parties, like taxes and other charges, are not considered economic benefits for the entity and should be excluded from revenue.</p>	<p>It ensures that revenue figures reflect the true economic benefits to the entity, enhancing transparency and accuracy in financial reporting.</p>

S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
	doctors, engineers, interior decorators, and lawyers, otherwise than as an employee.			
Homeopathic Pharmaceutical & Chemist Association Pakistan				
3. (a)		The taxation system must be simplified by reducing complexities, such as Withholding Tax (WHT) at various supply chain stages, and prioritizing ease of tax submission and filing for taxpayers over stringent policies like CNIC conditions.	The current system's imposition of Withholding Tax (WHT) at different supply chain stages has led to compliance difficulties for taxpayers.	Simplifying the taxation system will ease the burden on taxpayers and prioritize basic tasks like tax submission and filing over complex policies.
3. (b)		Reduce the frequency of changes to Income Tax forms, particularly benefiting SMEs.	It will minimize confusion and reduce reliance on costly consultants through simplified Income Tax Form procedures.	It will alleviate taxpayer burden, particularly on SMEs and individuals.
NBFI & Modaraba Association of Pakistan				
4. (a)	<p><u>Sec 77 (4) of ITO 2001: Consideration received</u></p> <p>Section 77(1) states "The consideration received by a person on disposal of an asset shall be the total amount received by the person for the asset [or the fair market value thereof, whichever is the higher], including the fair market value of any consideration received in kind determined at the time of disposal."</p> <p>Section 77 (4) ITO 2001: Consideration received</p> <p>Section 77(4): The consideration received by a scheduled</p>	<p>Section 77(1) is meant for the determination of consideration received on the disposal of an asset by entities engaged in businesses other than leasing business. In the case of the leasing business, Section 77(4) is applicable because in this business the leasing company leases an asset to a lessee on certain terms and conditions for a certain period during which the leasing company is deemed to be the owner of the asset till the maturity of the lease while the asset remains under the use of the lessee. In the lease agreement signed, it is stipulated that at the maturity of the lease, the asset will be handed over to the lessee on residual value. Since the terms and conditions of the lease agreement and accounting treatment on termination of the lease whether on maturity or before maturity is</p>	<p>Section 77(1) applies to business entities except leasing companies. It pertains to the disposal of business assets owned and used by an entity for its operations. In the case of the leasing company asset is acquired by it on behalf of the lessee, is deemed to be owned by the company till the maturity or premature termination of the lease, is used by the lessee, and at the maturity or premature termination of the lease, after the payment of all other dues, is transferred to the lessee at the residual value as per terms and conditions of the lease agreement, therefore, the determination of</p>	<p>NOTE: The proposal is tax neutral. It provides clarity and guidance regarding the treatment of consideration received in leasing arrangements. SECP believes that the proposal is in order and as such requires favorable consideration by the FBR.</p>



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal															
	bank, financial institution, Modaraba, or leasing company approved by the Commissioner (hereinafter referred to as “leasing company) in respect of an asset leased by the company to another person shall be the residual value received by leasing company on the maturity of the lease agreement subject to the condition that the residual value plus the amount realized during the term of lease towards the cost of assets is not less than the original cost of the assets.	identical therefore in both the eventualities section 77(4) is applicable however some officers of the FBR ignore the leasing-specific provisions of section 77(4) are applying section 77(1) in case of premature termination. This treatment is unlawful and unjust. An explanation to this effect be added under section 77(4) as follows: “Explanation: For the removal of any doubt it is clarified that the term “maturity of the lease agreement” includes premature maturity/ termination of the lease also.”	consideration received on the disposal of such an asset falls outside the scope of section 77(1). To address leasing nuances, Section 77(4) is in place. It states that a leasing company's consideration for asset disposal is its residual value in books, while 77(1) mandates total amount or fair market value (whichever is higher). Using 77(1) for leasing companies is unlawful and clarification is needed to prevent misapplication and protect leasing firms.																
4. (b)	<u>Sec 153(1)(b) of TTO 2001: Payments for goods, services and contracts</u> 153(1): Every prescribed person making a payment in full or in part including payment by way of advance to a resident person; (a) for the sale of goods [including toll manufacturing] [except where payment is less than seventy-five thousand Rupees in aggregate, during a financial year]; (b) for the rendering of or providing of services [except where payment is less than thirty thousand	Although renting of the machinery is considered to be a service by Income Tax Authorities however unlike 24 other services on which WHT is applicable at the rate of 4%. WHT rate of 8% is being applied to it which is discriminatory. It is proposed that the services on account of rental of machinery/ assets may also be subjected to WHT at the rate of 4% which applies to twenty-four other services [including therein rent a car service and transportation services].	Rental of Assets is a Capital-Intensive business that provides services to industries and construction projects. It generates employment for 7000 people and builds valuable human capital through investment in development and training. The 8% withholding tax rate is regressive and works out to a net taxable profit margin of 32%. <table border="1" data-bbox="1094 1214 1381 1464"> <thead> <tr> <th>Descripti on</th> <th></th> <th>Am t</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>A</td> <td>100</td> </tr> <tr> <td>Sales tax (PRA) @ 16%</td> <td>B</td> <td>16</td> </tr> <tr> <td>Total Sales</td> <td>C=A+ B</td> <td>116</td> </tr> <tr> <td>Withholdin g @ 9%</td> <td>D=C x 9%</td> <td>10.44</td> </tr> </tbody> </table>	Descripti on		Am t	Sales	A	100	Sales tax (PRA) @ 16%	B	16	Total Sales	C=A+ B	116	Withholdin g @ 9%	D=C x 9%	10.44	SECP thinks that the proposal is in order and as such requires favorable consideration by FBR.
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S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment			Impact of the Proposal
	Rupees in aggregate, during a financial year];		Corporate tax	E	29%	
			Taxable Net Profit Margin	F=D/E	36%	
4. (c)	<p><u>Sec 22(13)(a) of ITO 2001: Depreciation</u></p> <p>The cost of the depreciable assets being a passenger transport vehicle not plying for hire shall not exceed [seven][and half] million rupees;</p>	<p>Leasing of vehicles is a commercial activity undertaken by the leasing company in its normal course of business. A leased vehicle, therefore, constitutes a commercial asset in the hands of the leasing company. The words plying for hire also imply that the curtailment of cost for depreciation as envisaged in section 22(13) (a) is intended for vehicles other than vehicles being used for commercial purposes that is non-commercial vehicles. Since the leased vehicle is a commercial asset in the hands of the leasing company and its usage by the lessee for any purpose has no relevance to the leasing company which is entitled to depreciation on it therefore the proviso is wrongly being applied in case of vehicles leased by leasing companies.</p> <p>Because of the misapplication of the proviso, many leasing companies have found the leasing of expensive vehicles a non-viable business option and have stopped leasing vehicles above the prescribed monetary threshold.</p>	<p>Section 22(13) (a) sets a monetary threshold on the cost of passenger transport vehicles not used for hire, affecting depreciation. This provision should not apply to leasing companies for several reasons: Leasing companies generate income from leased passenger transport vehicles, akin to those used for hire, such as rent-a-car services. Thus, treating leased vehicles differently discriminates against leasing companies.</p> <p>According to section 18(3), the entirety of lease rental, including principal and interest, is deemed income for leasing companies. Consequently, they are entitled to claim depreciation under section 22(12). Limiting the cost of such vehicles for depreciation purposes is irrational and leads to disproportionate tax</p>			<p>Exempting leasing companies from the cost restriction would align with fairness, promote business, and rectify unintended consequences of the original provision. It will promote the leasing business. SECP thinks that the proposal is in order and as such requires favorable consideration by FBR</p>



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
		<p>It is therefore proposed that the following proviso be added to section 22(13)</p> <p><i>“the provisions of section 22(13)(a) will not apply to the vehicles leased by a leasing company.”</i></p>	<p>liabilities, discouraging leasing of vehicles above the threshold.</p> <p>The original intent of the section was to curb the offsetting of profits through excessive depreciation on vehicles used by employees and directors. Since leasing companies now bear the brunt of this restriction, exempting them from the cost limitation would be just and promote fairness while boosting the leasing business.</p>	
4. (d)	<p><u>Sec 113C (1) of ITO 2001: Alternative Corporate Tax:</u></p> <p>(1) Notwithstanding anything contained in this Ordinance, for tax year 2014 and onwards, tax payable by a company [in respect of income which is subject to tax under Division II of Part I of the First Schedule or minimum tax under any of the provisions of this Ordinance”] shall be higher of the Corporate Tax or Alternative Corporate Tax.</p> <p>Section 113C (9): The proviso of the Section shall not apply to taxpayers chargeable to tax by the provision contained in the Fourth,</p>	<p>Although the banks are also engaged in leasing, unlike leasing companies which are liable to pay ACT, they are exempt from the payment of ACT. The discrimination in tax treatment is unfair and as such the scope of ACT exemption needs to be extended to leasing companies as well.</p> <p>It is therefore proposed that the words leasing companies may be included in the proviso to section 113(C) (9) for exemption from the levy of ACT.</p>	<p>Leasing business is undertaken by leasing companies, as well as by banking companies, however, under the provisions of Section 113C (9) of the ITO 2001 banking companies are exempt from the payment of alternate corporate tax on their accounting income as their income is assessable under the 7th Schedule of the ITO 2001.</p> <p>This discrimination in tax treatment deprives the leasing companies of a level playing field in the leasing business vis a vis banking companies engaged in the same activity. To remove the discrimination and to provide a level playing field the scope of the exemption available to banking</p>	<p>SECP thinks that the proposal is in order and as such requires favorable consideration by FBR. It will benefit the leasing companies.</p>



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal																											
	Fifth, and Seventh Schedules.		companies needs to be extended to the leasing companies as well.																												
Insurance Association of Pakistan (IAP)																															
5. (a)	Fourth Schedule, Clause 6DA of ITO 2001 “RULES FOR THE COMPUTATION OF THE PROFITS AND GAINS OF INSURANCE BUSINESS The provisions of section 4C shall apply to the taxpayers under this Schedule and shall be taxed at the rates specified in Division IIB of Part I of the First Schedule from the tax year 2022 onwards.	Originally the Finance Act 2022 had introduced super tax for insurance companies through Clause 6DA of the fourth schedule limited to 4% and then through Finance Act 2023, the Government introduced new slab rates for super tax for taxpayers having income over Rs 150 million. As a result, the highest slab rate of 10% applies to taxpayers of all sectors having income above Rs 500 million. <table border="1"> <thead> <tr> <th>Income under Sec 4C (Amt in PKR)</th> <th>2022</th> <th>2023 & onwards</th> </tr> </thead> <tbody> <tr> <td>Up to 150 Mn</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>> 150 < 200 Mn</td> <td>1%</td> <td>1%</td> </tr> <tr> <td>> 200 < 250 Mn</td> <td>2%</td> <td>2%</td> </tr> <tr> <td>> 250 < 300 Mn</td> <td>3%</td> <td>3%</td> </tr> <tr> <td>> 300 < 350 Mn</td> <td>4%</td> <td>4%</td> </tr> <tr> <td>> 350 < 400 Mn</td> <td></td> <td>6%</td> </tr> <tr> <td>> 400 < 500 Mn</td> <td></td> <td>8%</td> </tr> <tr> <td>> 500 Mn</td> <td></td> <td>10%</td> </tr> </tbody> </table> Withdraw Super Tax under Clause 6DA from the Fourth Schedule. Or Alternatively bring the rates of super tax to pre finance act 2023.	Income under Sec 4C (Amt in PKR)	2022	2023 & onwards	Up to 150 Mn	0%	0%	> 150 < 200 Mn	1%	1%	> 200 < 250 Mn	2%	2%	> 250 < 300 Mn	3%	3%	> 300 < 350 Mn	4%	4%	> 350 < 400 Mn		6%	> 400 < 500 Mn		8%	> 500 Mn		10%	It's crucial to understand the complexities of the insurance sector, where companies assume considerable risk for a small premium and often operate on thin profit margins. The industry also faces substantial financial obligations due to large claims and associated expenses like surveys and risk assessments. Furthermore, taxing Capital Gains and Dividends at the corporate rate presents an added challenge for insurance firms. As the industry's performance closely aligns with overall economic activity, imposing such taxes during an economic downturn places an unjust burden, impeding its ability to contribute positively to the economy.	Tax Impact of Rs.3.6 billion for the industry. The withdrawal of Clause 6DA will decrease the burden on the insurance industry and hampers its ability to positively impact the economy. Given its direct correlation with the country's economic health, taxing the insurance industry further during a slowdown is unwarranted.
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5. (b)	<u>Sec 62A of ITO 2001</u>	Income tax credit for investment in Life Insurance must be reintroduced and premiums paid on other micro-insurance products (i.e. personal accident, travel, householders, private motors, etc.) should be added in section 62A.	Health insurance grants access to quality healthcare, alleviating the government's burden of public health services. Extending tax credit incentives to all personal and micro-	It will reduce the burden on the government. Encouraging individuals to purchase health insurance through small income tax credits benefits a wide range of the population.																											



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal															
			insurance products supports the growth of the micro-insurance sector and reduces protection costs for Pakistani citizens.																
5. (c)	<p><u>Rule 6B of Fourth Schedule:</u></p> <p>“In computing income under this schedule, there shall be included capital gains on disposal of shares and dividend of listed companies, vouchers of Pakistan Telecommunication corporation, modaraba certificate or instruments of redeemable capital and derivative products and shall be taxed at the rates specified in Division II of Part I</p>	<p>Taxation of Capital Gains and dividend income of Insurance Companies are treated as one basket income.</p> <p>The amendment made in Rule 6B of the Fourth Schedule through the Finance Act, 2016 is proposed to be withdrawn and restated as follows:</p> <table border="1"> <thead> <tr> <th>S No</th> <th>Holding period of Security</th> <th>TY 2019 & onwards</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Less than twelve months</td> <td>15%</td> </tr> <tr> <td>2</td> <td>More than twelve months but less than twenty-four months.</td> <td>12.5%</td> </tr> <tr> <td>3</td> <td>More than twenty-four months but less than four years.</td> <td>7.5%</td> </tr> <tr> <td>4</td> <td>More than four years.</td> <td>Nil</td> </tr> </tbody> </table>	S No	Holding period of Security	TY 2019 & onwards	1	Less than twelve months	15%	2	More than twelve months but less than twenty-four months.	12.5%	3	More than twenty-four months but less than four years.	7.5%	4	More than four years.	Nil	<p>Treating the insurance and banking sectors similarly is inaccurate. Insurance firms manage the risk of loss for clients with minimal premiums, necessitating diversification of assets across various investment avenues with differing risk appetites. Such diversification enables coverage of liquidity risk. This change has adversely impacted the income of both life and non-life insurance companies over three years.</p>	<p>The recent amendment to Rule 6B of the fourth schedule of the ITO has imposed hardship on insurance companies.</p> <p>Impact of Proposal: Tax impact of Rs.297 Mn in December 2022. (Figures from Adamjee Gen. and EFU General only).</p>
S No	Holding period of Security	TY 2019 & onwards																	
1	Less than twelve months	15%																	
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3	More than twenty-four months but less than four years.	7.5%																	
4	More than four years.	Nil																	
5 (d)	Federal Insurance Fee	<p>In the Finance Act 1989, the Federal Insurance Fee (FIF) was levied @1% on premiums paid on all types of insurance</p> <p>It is proposed to withdraw the FIF on premiums paid on all types of insurance in the Finance Act, of 2018. It is suggested that this fee be withdrawn till such time that a road map for the development and promotion of the insurance sector is in place</p>	<p>In 1989 through the Finance Act, the GOP imposed FIF @ 1% on the general insurance policies. The understanding given at that time was that the amount generated would be utilized to promote and develop insurance in the country, but nothing has happened in this regard. Thus; such fee should be withdrawn.</p>	Around Rs. 1 billion															
5 (e)	Rule 13E	<p>Rules 13E for computation of Capital gain on disposal of securities under Section 37 A is also applicable on the Fourth Schedule of the ITO, 2001.</p>	<p>As institutional investors, insurance companies are very important participants in the financial market,</p>																



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
		<p>There are no rules for computation of capital gain on disposal of Securities for insurance companies as Rule 13E for computation of capital gain on disposal of securities is for companies that fall under section 37A.</p> <p>Rules 13E for computation of Capital Gain on disposal of securities under section 37A is also applicable to the Fourth Schedule of the Income-tax Ordinance, 2001.</p>	<p>especially in the capital market. Unfortunately, there is no rules exist for the computation of capital gains on the disposal of securities for insurance companies.</p>	
5. (f)	<p><u>Sec 233 (3) of ITO 2001</u> “Where any tax is 7[required to be] collected from a person under subsection (1), 8[such tax] shall be the 9[minimum] tax on the income of such persons.] 1 [Explanation.— For the removal of doubt, it is explained that the income of the person referred to in sub-sections (2B) and (3) means the amount on which tax is deductible under sub-section (1) or (2A) of this section.]”</p>	<p>The tax collected from commission agent U/s 233 (3) shall be the minimum tax on the income of such person instead of a final tax.</p> <p>It is proposed to change the clause to: <i>“Where any tax is required to be collected from a person under sub-section (1), such tax shall be the final tax on the income of such persons.”</i></p>	<p>It is difficult for commission agents to be taxed at a normal rate of tax, and therefore, tax deduction U/s Sec. 233 (3) should be full and final</p>	
5. (g)	<p><u>Sec 37A of ITO 2001: Capital gains on the sale of securities</u> “Capital gain on disposal of securities. — (1) The capital gain arising on or after the first day of July 2010, from the disposal of securities5[]6[, other than a gain that is exempt from tax under</p>	<p>Reference Supplementary Bill, 2019 has inserted a proviso in section 37A, which states that losses sustained during the tax year 2019 and onwards on the disposal of securities chargeable to tax under the above section if not fully set off during the year, would be allowed to carry forward to the next year and subsequent two tax years, to be offset against capital gain earned in</p>	<p>As the amendments in the supplementary Bill will not be effective for Insurance Companies unless the said amendments are made in the Fourth Schedule to the Income Tax Ordinance 2000, therefore we suggest that similar amendments be made in the Fourth</p>	



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
		<p>this Ordinance], shall be chargeable to tax at the rates specified in Division VII of Part I of the First Schedule:”</p> <p>those years chargeable to tax under section 37A of the Ordinance. It is proposed to insert the same proviso in Clause 6C of the fourth schedule: <i>“Loss sustained during the tax year 2019 and onwards on the disposal of securities chargeable to tax under the above section if not fully set off during the year, would be allowed to carry forward to the next year and subsequent two tax years, to be offset against capital gain earned in those years chargeable to tax under Fourth Schedule of the Ordinance”</i></p>	Schedule by inserting new Clause 6C.	
5. (h)	Stamp Act 1899: Clause 47	<p>Exorbitant stamp duties on marine line business. The duties are as follows: For each voyage; (I) The premium of consideration must not exceed 1/8% of the insured amount for every full sum of Rs. 5,000 and fractional parts thereof insured by the policy. (II) For a time in respect of every full sum of Rs. 2,000 or part thereof insured by the policy (i) where the insurance shall be made for any time not exceeding six months;(ii) where the insurance shall be made for any time is 6 months < X < 12 months</p> <p>Clause 47 as applicable before Finance Act 2019 shall be restored</p>	Stamp duties as levied through the Finance Act 2019 on marine business are highly excessive and can exceed insurance premiums, affecting insurance companies (Container Insurance).	A decrease in stamp duty rates would lower the cost of doing business for insurance clients, consequently supporting insurance companies.
5. (i)	<u>Sec 62 of Income Tax Ordinance 2001</u>	<p>The Finance Bill 2022 eliminated the income tax credit previously available for investments made in life insurance policies.</p> <p>Income tax credit for investment in Life Insurance must be reintroduced.</p>	Pakistan's underdevelopment stems from its low savings and investment rates. Compared to regional peers like Sri Lanka, Bangladesh, and India, Pakistan's investment-to-	Introducing a tax credit on life insurance will encourage savings and investment among the population.



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
			GDP ratio is less than 15%, hindering its economic growth. A tax credit on life insurance should be viewed as a significant tool of savings and investment for people, besides helping in improving the financial inclusion objectives of the Government of Pakistan.	
Pakistan Leather Garment Manufacturers & Exporters Association				
6. (a)	<u>Sec 153(1) of Income Tax Ordinance 2001</u>	According to clause 45 of part IV of the Second Schedule, the manufacturer cum exporters are absolved from the obligation of withholding income tax u/s 153(1) from suppliers of goods and services used for the manufacture of exportable goods. This facility u/s 153(1) should also be provided to all the exporters irrespective that they are manufacturers or commercial exporters.		
6. (b)	<u>Sec 111 of Income Tax Ordinance 2001</u> “Unexplained income or assets”	This amendment empowers the Commissioner to directly add any suppressed sales to the income of the individual, based on their discretion. The amendment requires rationalization, suggesting that only the gross profit on suppressed sales should be added to the individual's income, rather than the total sales amount.		
Seed Association of Pakistan				



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
7.		The seed industry in Pakistan is burdened with a high turnover tax rate of 1.25%. It is proposed to Reduce the turnover tax rate from 1.25% to 0.25% for the seed industry, similar to the reduced rate already applied to flour mills and FMCG.	The high turnover tax rate of 1.25% imposed on the seed industry imposes a significant financial burden on seed producers and hampers their ability to invest in research, development, and expansion	By reducing the turnover tax rate to 0.25%, in line with the rate applied to flour mills, the government can alleviate the financial strain on the seed industry and promote its growth and competitiveness
Otsuka Pakistan Limited				
8. (a)	<u>Sec. 165 of Income Tax Ordinance 2001</u> “ Statements.— (1) Every person collecting tax under Division II of this Part I [or Chapter XII 2 [or the Tenth Schedule]] or deducting tax from a payment under Division III of this Part 3 [or Chapter XII 4 [or the Tenth Schedule]] shall, 5 [] furnish to the Commissioner a 6 [quarterly] statement in the prescribed form setting out”	The need to reduce the burden of reconciliations imposed by sub-section 8 of section 165. Amend sub-section 8 of section 165 to alleviate unnecessary burdens on taxpayers.	The proposed amendment aims to improve the ease of doing business by reducing unnecessary compliance requirements. Simplifying the reconciliation process will streamline tax procedures and reduce the administrative burden on taxpayers.	The proposed amendment will make it easier for taxpayers to comply with tax regulations, leading to improved business operations and reduced compliance costs. By reducing unnecessary burdens, businesses can focus more resources on growth and innovation, ultimately contributing to economic development. Additionally, a more streamlined tax system will enhance taxpayer satisfaction and promote voluntary compliance with tax laws.
8. (b)	<u>Sec 65B of the Income Tax Ordinance, 2001</u> “Tax credit for investment”	65B Tax credit for investment, previously available at a rate of 5% until 2021 on new investment in Plant & Machinery (P&M) and for the Business Modernization and Replacement (BMR) of existing P&M, was curtailed until June 30, 2019 through the Finance Act, 2019 the Income Tax Ordinance, 2001. Reinstate the tax credit at a rate of 5% for new investment in P&M and BMR of existing P&M to strengthen the industrial base.	The curtailment of the tax credit until June 30, 2019, has hindered investment in Plant & Machinery and the modernization of existing infrastructure. Reinstating the tax credit at the previous rate of 5% will incentivize businesses to invest in upgrading their machinery and facilitate	Reinstating the tax credit for investment in P&M and BMR will encourage capital expenditure by businesses, leading to modernization, expansion, and increased capacity. This will create employment opportunities, stimulate economic growth, and attract further investment in the industrial sector.
8. (c)	<u>Sec 153, Rule 42 of the Income Tax Rules, 2002, and Part VII of the Second Schedule to the Rules</u>	Tax deduction certificates issued by the Federal Government, Provincial Government, and Local Government are not recognized as valid by tax authorities	Currently, tax deduction certificates issued by government entities are not accepted as valid certificates by tax authorities because they	The proposed amendment will simplify the tax deduction process for taxpayers, eliminating the need to obtain certificates in a specific format. This will save time and effort for both taxpayers and government



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
	“Payments for goods, services and contracts”	due to non-compliance with prescribed format requirements. Insert a proviso in Rule 42(1) of the Income Tax Rules, 2002, stating that tax deduction certificates issued by the Federal Government, Provincial Government, and Local Government in their respective formats shall be treated as valid for onward claim by taxpayers in the cases where there is a book adjustment under the agies of AGPR	do not adhere to the prescribed format defined in the Rules. This discrepancy creates unnecessary hurdles for taxpayers in claiming deductions.	entities issuing certificates. Additionally, it will ensure fairness and consistency in tax administration by treating all government-issued certificates as valid, regardless of format. Overall, the amendment will promote efficiency and ease of compliance in the tax system.
8. (d)	<u>Sec. 148(8) of the Income Tax Ordinance, 2001</u>	Reinstate the exemption under clause 72B Part IV of the Second Schedule to facilitate companies that have already discharged their tax liabilities for the year.	The repeal of the exemption under clause 72B Part IV of the Second Schedule has created difficulties for companies that have already fulfilled their tax obligations for the year. Reinstating this exemption will reduce the cost of doing business for such companies and improve their cash flow availability.	This amendment will improve the business environment, foster entrepreneurship, and stimulate economic activity. Additionally, it will enhance the competitiveness of affected companies and contribute to overall prosperity.
8. (e)	<u>Sec. 148(8) of the Income Tax Ordinance, 2001</u>	Insert a new provision in Section 148(a) of the Ordinance to allow for the adjustment of tax paid by manufacturers cum importers.	The proposed amendment seeks to standardize the tax system, specifically for manufacturers who both produce and import goods sold within the same state. Currently, regardless of whether they solely trade goods or engage in manufacturing, these businesses fall under the Final Tax Regime (FTR). This change aims to establish fairness and uniformity in taxation, especially benefiting registered pharmaceutical manufacturers.	Allowing for the adjustment of tax paid by manufacturers cum importers will provide relief to businesses by enabling them to adjust their tax liabilities. This will enhance the competitiveness of manufacturers cum importers, promote investment in the sector, and contribute to economic growth.
Pakistan Association of Automotive Parts & Accessories Manufacturers				
9. (a)	Part II of the 12 th Schedule, Income Tax Ordinance, 2001	It is proposed to amend Part II of the Twelfth Schedule of the Income Tax Ordinance 2001 to include all raw materials imported by auto parts manufacturers under SRO 655 as a single block. This amendment aims to	The current tax classification system doesn't suit auto parts manufacturers importing raw materials under SRO 655. Consolidating these materials into a single block in Part II of	This change will boost liquidity, allowing for more effective investment in production and innovation, and driving industry growth and competitiveness.



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
		streamline the tax treatment of these materials and alleviate liquidity issues faced by the local auto parts manufacturing industry.	the Twelfth Schedule will better tailor tax treatment to the industry's needs.	
9. (b)		The current practice of collecting advance tax on the import of plant and machinery by existing industrial undertakings poses challenges, particularly in terms of cash flow management and discouraging investment. Abolish advance tax on the import of plant and machinery for industrial production to alleviate financial burdens on businesses and encourage investment.		
9. (c)	<u>Sec. 65B, Income Tax Ordinance, 2001</u> "Tax credit for investment"	Restore tax credit for investment (BMR) to 10% and extend eligibility to building structure and allied materials essential for operationalizing plants	The limitation on tax credit for investment (BMR) has hindered the viability of projects, discouraging industrialization and eroding confidence in both local and foreign investments. Restoring the tax credit at a rate of 10% and expanding its scope to include building structure and allied materials will incentivize investment, spur economic growth, and bolster confidence in the business environment.	
9. (d)	<u>Sec 23, Income Tax Ordinance, 2001</u>	Restore the old rates of initial allowance under section 23 to stimulate investment in Business Modification and Rationalization (BMR) initiatives. Specifically, reinstate the rate of 50% for plant and machinery and 25% for buildings.	The restoration of the previous rates of initial allowance is crucial to incentivize investment in BMR projects. By reverting to the earlier rates of 50% for plant and machinery and 25% for buildings, businesses will be encouraged to undertake capital expenditure, modernize their operations, and enhance productivity.	This measure will not only support economic growth but also contribute to the competitiveness of industries, attracting both local and foreign investment.
Medipak Pharmaceutical				
10. (a)	<u>Sec 148 of the income tax ordinance, 2001</u>	It is proposed to restore the exemption under clause 72B Part IV of the Second Schedule to assist companies that have	It will reduce the cost of doing business and improve cash flow.	



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
		already fulfilled their tax obligations for the year.		
10. (b)	<u>Sec 65B of the income tax ordinance, 2001</u> "Tax credit for investments"	Tax Credit @ 5% was available till 2021 on new investment in P&M and BMR of existing P&M which (through the Finance Act, 2019) was curtailed till June 30, 2019.	It will strengthen the industrial base.	
10. (c)	<u>Sec 153, Rule 42, and Part VII of the Second Schedule to the rule</u> "Payments for goods, services and contracts"	A proviso to be inserted in Rule 42(1) of the Income Tax Rules, 2002 as follows: "Provided that tax deduction certificate issued by Federal Government, Provincial Government, Local Government in their respective format be treated as valid tax deduction certificate for an onward claim by taxpayers in the cases where there is a book adjustment under the agies of AGPR		
10. (d)	<u>Sec 165 of the income tax ordinance, 2001</u> "Statements"	It is proposed to reduce the needless burden of reconciliations.	It will ease doing business and avoid unnecessary compliance.	
Pakistan Association of Large Steel Producers				
11. (a)	<u>Sec 113(2) (c) allows carryforward of minimum tax paid more than the normal tax payable for 3 years.</u>	In Finance Act 2023, the Govt reduced adjustment time from 5 to 3 years.	Increase the Turnover Tax adjustment period to 5 years or more.	
11. (b)	<u>Sec 147(4) (D)- Advance tax paid by the taxpayer:</u> "Where the taxpayer is [an association of persons or] a company, the amount of advance tax due for a quarter shall be computed according to the following formula, namely: (A x B/C) –D D: is the tax paid in the quarter for which a tax credit is allowed under section 168."		Change in Income tax law Section 147 (4) (D) "D is the tax paid in the quarter or excess paid in the previous quarter or quarters, for which a tax credit is allowed under section 168."	It will help in promoting ease of doing business.



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11. (c)	<u>Sec 148 of Income Tax Ordinance,2001</u>	Currently, the advance tax deduction for imported scrap for Steel manufacturers is 2% is higher than the minimum turnover tax on sales.	We propose reducing the Income Tax Deduction on imports of scrap for steel manufacturing concerns from 2% to 1% in response to the increasing scrap prices and USD rate on the following HS Codes. 1. 7204.4100 2. 7204.4990 3. 7204.4920 4. 7204.4910 5. 7204.4940	This Proposed amendment aims to align the deduction with the minimum tax requirement, as the current import stage deduction of PKR 3,140 per ton of Raw material is even higher than the minimum tax of PKR 2,812 per ton supply.
Dera Ghazi Khan Chamber of Commerce & Industry				
12.	Sec 37 (6)	Through the Finance Act, of 2023, withholding tax is imposed on the disposal of shares. It is proposed to abolish section 37 (6).		
Multan Chamber of Commerce and Industry				
13. (a)	Section 65B, 65D and 65E	Tax credits for making investments in new and existing industrial undertakings should be reintroduced. There is a need to extend the validity of these sections to improve the economic condition of the country. The commissioner should be made responsible for finalizing tax credits under Section 65B, Section 65D, and Section 65E within 6 months of filing the return enabling taxpayers to make use of tax credits as adjustments/refunds by the commencement of the next financial year.		(i)It will promote industrialization and employment opportunities. (ii) This will also discourage investment in non-productive sectors and Immovable properties.
13. (b)	Section 92	An AOP is liable to tax separately from the members of the Association. Where AOP has paid tax on its income and distributed such income amongst its members such Income shall not be taxed further in the hands of members. Despite these provisions, the professional U/S 92 being members of AOP are made liable to tax in the form of minimum tax in case of even loss. This can be addressed by allowing each member of such AOP to carry forward his respective share of loss	It pertains to the taxation of AOP where tax is Levied on AOP and tax-paid income is distributed among members. Profession and vocation fall under this Section.	



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		(Limitation made U/S 59A (4) (a)) and also allow to carry forward tax deducted thereon or consider to do away minimum tax altogether.		
13. (c)	Section 138(2)	In instances where an appeal has been lodged with the Appellate Tribunal, especially after the introduction of tax laws amendment act 2024, the Commissioner should be prohibited from initiating recovery or coercive measures under section 138(2) until the Appellate Tribunal reaches a decision. This ensures that taxpayers have access to the first independent forum outside the Federal Board of Revenue (FBR) without facing immediate enforcement actions.	This measure will help deter tax officials from imposing harsh tax measures to meet revenue targets, thereby saving taxpayers from unnecessary harassment associated with recovery proceedings, which often leads to the closure of businesses.	
13. (d)	Section 161 (3)	Sub-section (3) should be omitted to avoid record retention for an unlimited period. The limitation of time is provided under the law for initiating and concluding the monitoring of withholding tax proceedings, like those for non-monitoring proceedings which is also important for harmonization (No such limitation Exists in Section 161(3)).	The limitation of time is provided under the law for initiating and concluding the monitoring of withholding tax proceedings, like those for non-monitoring proceedings which is also important for harmonization.	
13. (e)	Section 170	The Commissioner should not have to wait for a refund application under Section 170 of the Income Tax Ordinance 2001, which should ideally be processed within 6 months of the return being filed. The requirement for filing a refund application within 3 years under Section 170(2) (c) lacks relevance and justification. When the department verifies advance tax and determines a refund amount, there is no reason to delay payment until the taxpayer applies to Section 170. Refunds should be promptly and automatically allowed after verification by the department. Taxation officials should efficiently adjust tax liabilities against advance tax and promptly issue refunds for any excess payments upon the filing of returns, without unnecessary delays.		

Tape Manufacturing Industries



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
14.	Section 148, Sub Section 7A of Section 148A,	Bopp tape is currently subjected to a 5.5% income tax at the import stage under section 148 of the Income Tax Ordinance (ITO). This tax rate is also considered the minimum tax under sub-section 7(A) of section 148 of the ITO, specifically categorized under plastic items. However, reduced rate certificates are not being issued for the raw materials used in the production process, as outlined in clause 40E of SRO 715(I) 2020. It is proposed that the board should allow the issuance of reduced rate certificates for the import of Bopp tape jumbo rolls under clause 40E of SRO 715(I) 2020.	Currently, all raw materials qualify for reduced rate certificates under clause 40E of SRO 715(I)2020 for industrial use, provided they are not listed in Part I or II of the Twelfth Schedule of the Income Tax Ordinance (ITO). However, due to its classification as a plastic material, Bopp tape is subjected to the minimum tax at the import stage under subsection 7(A) of section 148 of the ITO. Consequently, reduced rate certificates under the aforementioned SRO are not being issued for Bopp tape imports.	
President FPCCI				
15. (a)	Section 111	Foreign remittances exceeding Rs. 5 million do not attract any addition to income chargeable to tax but if the source of foreign remittance is not explainable such amount is added to income chargeable to tax exceeding Rs. 5 million. <u>Now, it is proposed that this limit be enhanced to Rs. 100,000,000/- to attract direct foreign investment/remittance.</u>		
15. (b)	Section 111	Rationalization of amendment in Section 111 of the Income Ordinance, 2001, introduced through Finance Act, 2011 A harsh amendment was introduced in Section 111 of the Income Tax Ordinance, 2001, through Finance Act, 2011, whereby any sales which in the opinion of the Commissioner have been suppressed are directly added to the Income of the person. This amendment should be rationalized and it is recommended that only gross profit on suppressed sales should be added to the Income of the person instead of adding total sales.		



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15. (c)	Section 153(1)	<p>Facility u/s 153(1) be extended to all the exporters. According to clause 45 of part IV of the Second Schedule, the manufacturer cum exporters are absolved from the obligation of withholding income tax u/s 153(1) from suppliers of goods and services used for the manufacture of exportable goods. It is suggested that clause 45 should be suitably amended to include "commercial exporter" as well. Moreover, the words "manufacturer cum exporter" should be substituted with the word "Exporter".</p> <p>Moreover, tax deducted u/s 153(1) (a) & (b) in the case of Individual and AOP is treated as minimum tax, which is a harsh provision. It is proposed that tax deducted under this section should either be adjustable or final tax.</p>		
15. (d)	Section 161 (1A)	<p>Provision of Limitation Period to conclude proceedings u/s 161(1A) There is no time limitation to conclude proceedings initiated u/s 161(1A) against the Withholding Agent. It is proposed that the time limitation prescribed under Section 174(3) of the Ordinance should be prescribed for action under Section 161(14) as well i.e. for Six (6) Years after the end of the corresponding tax year.</p>		
15. (e)	Section 236(Y)	<p>Reduction of tax rate on payments u/s 236-Y Presently, payments remitted abroad through debit, credit, or prepaid card= are subjected to tax deduction at the rate of 5% u/s 236-Y, which is exorbitant excessive, and unjustified. It is proposed to reduce the deduction of tax to 1% for filer/active taxpayers to provide incentives to the taxpayers.</p>	It will extend facilitation to taxpayers.	
Pakistan Readymade Garments Manufacturers and Exporters Association				
16. (a)	Section 65B	<p>Before the Finance Act 2019, companies were entitled to a tax credit of 10% of the amount invested in plant and machinery in an</p>		It will promote investment in plant and machinery.



S. No.	Existing Section / Clause / Rule	Issue / Proposed amendment	Rationale / Justification for amendment	Impact of the Proposal
		<p>industrial setup. In Pakistan against the income tax payable. By amendment in Section 65B through finance bill 2019-20. The rate of tax credit has been reduced from 10 % to 5%.</p> <p>It is proposed that the tax credit should be restored to 10%.</p>		





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