

Government of Pakistan
Revenue Division
Central Board of Revenue

Islamabad July 1, 2002

NOTIFICATION
Income Tax

S. R. O. 428(I)/2002. – In exercise of powers conferred by section 237 of the Income Tax Ordinance, 2001 (XLIV of 2001), the Central Board of Revenue is pleased to make the following rules, namely:-

“Income Tax Rules, 2002

CHAPTER-I

1. Short title and commencement. - (1) These rules may be called the Income Tax Rules, 2002.

(2) They extend to the whole of Pakistan.

(3) They shall come into force on the first day of July, 2002; except rules 3 to 9 which shall be applicable in respect of income earned on or after first day of July, 2002, and other rules covered by the rule on “Saving”.

2. Definitions. - (1) In these rules, unless there is anything repugnant in the subject or context, -

(a) “Central Board of Revenue” means the Central Board of Revenue, established under the Central Board of Revenue Act, 1924 (IV of 1924);

Note: Notification No. SRO.1102(I)/91 (Oct 5, 1991) – the reference “Board” wherever appearing in the Rules includes a reference to “Regional Commissioners of Tax” and “Commissioner of Tax”, as the case may be.

(b) “electronic transmission” means a facsimile or electronic-mail transmission;

(c) “Ordinance” means Income Tax Ordinance, 2001 (XLIX of 2001), where however, context so provides, Income Tax Ordinance, 1979 (XXXI of 1979) till its relevance in a particular context; and

(d) “section” means section of the Ordinance.

(2) All other expressions used but not defined in these rules shall have the meaning assigned to them under the Income Tax Ordinance, 2001.

1[CHAPTER-II

¹ Chapter II substituted by SRO 609(I)/2002 dated 10-09-2002. The original Chapter II read as under:

“CHAPTER II DETERMINATION OF INCOME – HEADS OF INCOME PART-1: SALARY

3. **Valuation of perquisites and benefits.** - For the purposes of computing the income chargeable to tax under the head "Salary", the value of perquisites and benefits includable in the said income shall be taken as determined under these rules.

4. For the purpose of these rule:-

- (a) "Basic salary" means any pay, wages or other remuneration provided to an employee, excluding leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity, work condition supplements or any other allowances and perquisites referred to in sub-clauses (b) to (f) of sub-section (2) of section 12, sub-section (3) of section 12 and section 14.
- (b) "Salary" means "Salary" as defined in sub-section (2) of section 12 excluding the exempt value of allowances, perquisites or benefits determined/ computed under rules 5 and 9.
- (c) "Unfurnished accommodation or housing" includes electric fans, built in cupboards, cooking range and water heater.

"Furnished accommodation or housing" includes basic furniture and furnishing, appliances for cooking, refrigeration and heating and cooling appliances in addition to the items available in respect of 'unfurnished accommodation or housing'.

5. **House rent receivable in cash.**- Where no accommodation or housing is provided by the employer to an employee, whose salary is less than Rs. 600,000 in a year, the house rent allowance receivable in cash exceeding 45% of the minimum of the time scale of the basic salary shall be added to the income.

6. **Valuation of perquisites.** - (1) The value of motor vehicle for the purposes of sub-section (3) of section 13 shall be determined as under:

- (a) Where the motor vehicle is provided by an employer wholly for private use of the employee ten percent of the cost to employer for acquiring the motor vehicle or, if the motor vehicle is taken on lease by the employer, ten percent of the fair market value of the motor vehicle at the commencement of the lease. The value as determined at the time of commencement of lease shall be adopted for the purpose of this rule on the transfer of the motor vehicle at any time under the lease agreement.
- (b) Where the motor vehicle is provided by an employer partly for private use of the employee:
 - (i) where the salary does not exceed Rs. 600,000/- 5% of the basic salary.
 - (ii) where the salary exceeds Rs. 600,000/- 50% of the value determined under clause (a).
- (c) (i) Where motor vehicle is hired by the employer for private use by the employee, the amount of hire charges paid by the employer shall be added as income of the employee.
 - (ii) Where, however, salary is less than Rs. 600,000/-, addition shall be restricted to 50% of the hire charges borne by the employer or 5% of the basic salary whichever is higher.

7. **Value of accommodation and housing.**- (I) The value of accommodation or housing for the purposes of sub-section (12) of section 13 shall be determined as under:-

- (I) Where annual salary does not exceed Rs. 600,000/-,

For rent free un-furnished accommodation.	Amount to be added to the taxable income.
(i) Where the fair market rent does not exceed 45% of the minimum of the time scale of the basic salary.	Nil.
(ii) Where the fair market rent exceeds 45% of the minimum of the time scale of the basic salary.	The amount exceeding 45% of the minimum of the time scale of the basic salary subject to a maximum of 15% of the basic salary.

- (ii) Where rent free furnished accommodation is provided, in addition to amount determined under sub-clause (1), if any, an amount equal to 15% of the basic salary shall be added to the taxable income.

- (a) Where the annual salary exceeds Rs. 600,000/-.

DETERMINATION OF INCOME – HEADS OF INCOME

PART-1: SALARY

3. **Valuation of perquisites, allowances benefits.-** For the purposes of computing the income chargeable to tax under the head “salary”, the value of perquisites, allowances and benefits includable in the said income shall be determined in accordance with the rule 4 to 9.

4. For the purpose of determining the value of perquisites, allowances and benefits under rule 3,-

- (a) “annual value” of an accommodation means the sum for which the accommodation might reasonably be expected to let from year to year;
- (b) “basic salary” means the pay and allowances payable monthly or otherwise, but does not include-

(iii) For rent free unfurnished accommodation or housing

Accommodation or housing with land area	In areas falling within the limits of Metropolitan Corporation, Municipal Corporation, Cantonment Board or the Islamabad Capital Territory	Others
Upto 250 sq. yards	Rs. 36,000/-	Rs. 24,000/-
Above 250 sq. yards and upto 500 sq. yards	Rs. 96,000/-	Rs. 60,000/-
Above 500 sq. yards and upto 1000 sq. yards	Rs. 180,000/-	Rs. 96,000/-
Above 1000 sq. yards and upto 2000 sq. yards	Rs. 336,000/-	Rs. 180,000/-
Above 2000 sq. yards	Rs. 420,000/-	Rs. 240,000/-

(iv) Where rent free furnished accommodation is provided, in addition to amount determined under sub-clause (1), if any, an amount equal to 15% of the basic salary shall be added to the taxable income.

(c) Where the accommodation or housing is provided by the employer at a concessional rate the value as determined under clause (a) or (b), as the case may be, as reduced by the payment made by the employee for the accommodation or housing.

(3) For the purpose of this rule and rule 5, where time scale of the basic salary is not provided in the terms of employment, the basic salary would be taken instead of minimum in time scale of the basic salary.

8. **Free or concessional passage for travel abroad or within Pakistan.-**Where free or concessional passage for travel abroad or within Pakistan by an employer to an employee (including members of his household and dependants), or where the expenditure incurred by the employee on such travel by the employee is reimbursed by the employer, or where any allowance is granted by the employer to the employee for in respect of such travel, there shall be included in the taxable income of the employee.

		Amount to be added to the taxable income
(i)	Where the provision of passage is in accordance with the terms of employment of the employee.	Amount in excess of 15% of salary.
(ii)	Where the provision of passage is not in accordance with the terms of employment of the employee.	The cost of the employer for providing the passage.

9. **Minor perquisites. -** The provision by an employer to an employee of tea, coffee and other similar refreshments at the employer’s business premises during the course of work shall not be treated as salary of the employee.

- (i) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the employee concerned;
 - (ii) employer's contribution to a recognised provident fund or a fund to which the Provident Funds Act, 1925 (XIX of 1925), applies and the interest credited on the accumulated balance of an employee in such fund;
 - (iii) allowances which are exempt from the payment of tax under any provision of this Ordinance;
 - (iv) allowances and perquisites referred to in sub-clauses (b) to (f) of sub-section (2) of section 12, sub-section (3) of section 12, section 14; and
 - (v) allowances, perquisites, annuities and benefits referred to in rules 5 to 9;
- (c) "salary" means remuneration or compensation for services rendered, paid or to be paid at regular intervals and includes overseas, dearness or cost of living allowance by whatever name it may be described, and bonus or commission which is payable to an employee in accordance with the terms of his employment as remuneration or compensation for services including any amount received by an employee from any employment, whether of a revenue or capital nature, including the amounts referred to in sub-section (2) of section 12, but does not include the employer's contribution to a recognized provident or superannuation fund or gratuity fund or any other sum which does not enter into the computation for pension or retirement benefits;
- (d) "employee" includes a director of a company working whole-time for one company
- (e) "unfurnished accommodation or housing" includes electric fans, built in cupboards, cooking range and water heater; and
- (f) "furnished accommodation or housing" includes basic furniture and furnishing, appliances for cooking, refrigeration and heating and cooling appliances in addition to the items available in respect of "unfurnished accommodation or housing".

5. House rent allowances receivable in cash.- Where the house rent allowance is receivable by the employee in cash, the amount, if any, by which the house rent allowance so receivable exceeds forty-five per cent of the minimum of the time scale of the basic salary or the basic salary where there is no time scale, shall be included in his income.

5A. Rent-free unfurnished accommodation.- Where rent-free accommodation is provided to an employee, there shall be included, in the total income of such employee, an amount calculated as under:-

Value of accommodation	Amount to be included in the total income.
(a) Where the annual value of the accommodation does not exceed an amount equal to forty-five per cent of the minimum of the time scale of his basic salary or the basic salary where there is no time scale.	Nil
(b) Where the annual value of the accommodation exceeds an amount equal to forty-five per cent of the minimum of the time scale of his basic salary or the basic salary where there is no time scale..	The amount exceeding forty-five per cent of the minimum of the time scale of his basic salary or the basic salary where there is no time scale, subject to a maximum of fifteen percent of salary.

5B. Rent free furnished accommodation.- Where rent free furnished accommodation is provided to the employee, an amount equal to ten percent of his salary over and above the amount determined for inclusion under rule 5A shall be added to his income.

5C. Accommodation hired by the employee with rent payable by the employer.- Where the accommodation is hired by the employee in his own name but the rent is payable by the employer, the amount includable in the salary shall be determined under rule 5A or 5B, as the case may be as reduced by any payment made by the employee for such accommodation.

5D. Accommodation provided at a concessional rate.- Where the accommodation is provided to the employee, other than a person in the civil or military employment of the Government, at a concessional rate, the difference between the rent actually paid by him and the amount determined to be includible in an employee's salary under rule 5A or 5B shall be added to his income.

5E. House rent allowance receivable in addition to accommodation, etc.- Where any house rent allowance is receivable by the employee in addition to the benefits referred to in rules 5A, 5B, 5C or 5D, the whole amount of the allowance shall be added in his income in addition to the amount computed under any of the said rules.

6. Conveyance allowance receivable in cash with no conveyance facility.- Where neither any conveyance is provided by the employer nor any conveyance owned or maintained by the employee is used by him in the performance of the duties of office held by him and conveyance allowance is receivable by him in cash, the amount of such allowance exceeding Rs. 3600 or the actual expenditure incurred by the employee, whichever is less, shall be included in his income.

6A. Motor vehicle provided exclusively for personal or private use.- Where a motor vehicle is provided by the employer for the use of the employee exclusively for personal or private purposes, there shall be included in the employee's income an amount equal to-

- (a) the sum actually expended by the employer on running and maintenance of the motor vehicle (including normal depreciation, where the motor vehicle is owned or the amount of rental where the motor vehicle is hired by the employer) if the motor vehicle is used by one employee; and
- (b) the sum arrived at by dividing the amount as computed under sub-rule (a) by the number of persons entitled to use the motor vehicle if the motor vehicle is used by more than one employee.

6B. Additional conveyance allowance.- Where any conveyance allowance is receivable by an employee in addition to the perquisite mentioned in rule 6A, the whole amount of such allowance plus the amount determined under the rule 6A shall be included in his income.

6C. Motor vehicle used partly for personal and partly for business purposes.- Where the motor vehicle is used by the employee partly for his personal and partly for business purposes, there shall be included in his income,-

- (a) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are also borne by the employer and the motor vehicle is used exclusively by one person, 50 per cent of the sum actually expended on the running of the motor vehicle (including maintenance and normal depreciation where the motor vehicle is owned or the amount of rental where it is hired by the employer) or Rs.3600, whichever is the less;
- (b) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are also borne by the employer and the motor vehicle is used by more than one person, the sum arrived at by dividing the amount representing 50 per cent of the sum actually expended by the employer on the running of the motor vehicle (including maintenance and normal depreciation where the motor vehicle is owned or the amount of

- rental where it is hired by the employer) by the number of such persons or Rs.2400, whichever is the less;
- (c) where the motor vehicle is owned or hired by the employer and its running cost is borne by the employee, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.2400 or 7.5 per cent of the basic salary, whichever of these two sums is the higher;
 - (d) where the motor vehicle is owned by the employee and its running (including hire and maintenance) costs are also borne by him the amount by which the conveyance allowance paid by the employer exceed Rs.3600 or 10 per cent of the basic salary, whichever of these two sums is the higher; and
 - (e) where the motor vehicle is owned by the employee and its running (including hire and maintenance) costs are borne by the employer, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.1200 or 2.5 per cent of the basic salary, whichever of these two sums is the higher.

6D. Motor vehicle used exclusively for business purposes.- Where the **motor vehicle** is used by the employee exclusively for business purposes, there shall be included in his income,-

- (a) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are also borne by him, the whole amount of the conveyance allowance, if any, receivable by the employee;
- (b) where the motor vehicle is owned or hired by the employer and its running (including hire and maintenance) costs are borne by the employee, the amount, if any, by which the conveyance allowance paid by the employer exceeds the actual expenditure incurred by the employee on the running (including maintenance) of the motor vehicle;
- (c) where the motor vehicle is owned or hired by the employee and its running (including maintenance) costs are borne by him, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.4800 or 10 per cent of the basic salary, whichever of these two sums is the higher; and
- (d) where the motor vehicle is owned by the employee and its running (including maintenance) costs are borne by the employer, the amount, if any, by which the conveyance allowance paid by the employer exceeds Rs.2400 or 7.5 per cent of the basic salary, whichever of these two sums is the higher.

7. Provision of passage for travel.- (1) Where free or concessional passage for travel abroad or within Pakistan is provided by the employer to an employee (including the members of his household and dependants), there shall be included in the income of the employee-

- (i) where the passage is provided in accordance with the terms of employment, an amount equal to the sum by which the cash payment, if any, made by the employer exceeds the actual expenditure on fare incurred by the employee; or
- (ii) where the passage is not in accordance with the terms of employment, the whole of the amount paid in cash, if any, or if no cash payment is made, the amount which would have been expended by the employee had the free or concessional passage, as the cash may be, not been provided by the employer:

Provided that where free or concessional passage for travel abroad is availed of by the employee more than once in two years and more than once in three years for the members of his household and dependants, the whole of the amount paid to him in cash, if any, for such additional passage or if no cash payment is made the amount which would have been expended by him, had the additional passage not been provided by the employer shall be included in his income.

(2) Where the transport is provided free of cost, or at the concessional rate, by an undertaking engaged in the transport of passengers or the carriage of goods to any employee of the undertaking (including the members of the household and dependants) in any conveyance owned or chartered by the undertakings for the purpose of the transport of the passengers or carriage of goods, nothing shall be added in his income.

8. Minor Perquisites.- The provision by an employer to an employee of tea, coffee and other similar refreshment at the employer's business premises during the course of work shall not be treated as salary of employee.

9. Valuation of perquisites, allowances, benefits where salary is Rs.600,000 or more.- (1) Where income chargeable under the head "Salary" of an employee including the value of perquisites as determined under rule 4 to 8 is six hundred thousand rupees or more for any tax year, the value of allowances perquisites and benefits shall be determined in accordance with sub rule (2 to 5) of this rule.

- (2) Where any perquisite is receivable in cash the whole amount shall be included in employee's salary

- (3) Where any perquisite is receivable otherwise, than in cash, the amount chargeable to the employee under the head “salary” for that year shall include the fair market value of the perquisite, determined at time it is provided, except provision of housing or accommodation, and provision of motor vehicle, as reduced by any amount paid by the employee for the perquisite.
- (4) The value of accommodation or housing for the purposes of sub-section (12) of section 13 shall be determined as under:
- (a) Where free unfurnished accommodation or housing is provided to the employee, the value for addition to the income shall be made on the following basis:

Accommodation or housing-	Value for areas falling within the limits of Metropolitan Corporation, Municipal Corporation, Cantonment Board or the Islamabad Capital Territory.	Value for other areas
With land area upto 250 sq. yards.	Rs.40,000	Rs.27,000
With land areas exceeding 250 sq. yards but not exceeding 500 sq. yards.	Rs.106,000	Rs. 66,000
With land area exceeding 500 sq. yards but not exceeding 1000 sq. yards.	Rs.1,99,000	Rs.106,000

With land area exceeding 1000 sq. yards but not exceeding 2000 sq. yards.	Rs. 370,000	Rs.198,000
With land area exceeding 2000 sq. yards.	Rs.462,000	Rs. 264,000

- (b) Where free furnished accommodation is provided to the employee, the value for addition to income shall be the amount determined under clause (a) of this sub-rule as increased by and a further sum equal to 15 per cent of the said amount.
- (5) The value of perquisite representing provision of a motor vehicle, for the purposes of sub-section (3) of section 13, shall be determined as under:-
- (a) where the motor vehicle is provided by an employer wholly for private use of the employee, 10% of the cost to the employer for acquiring the motor vehicle or the fair market value of the vehicle at the commencement of lease, if the motor vehicle is taken on lease by the employer;
- (b) where the motor vehicle is provided by an employer partly for private use of the employee, 5% of the cost to the employer for acquiring the motor vehicle or the fair market value of the vehicle at the commencement of lease, if the motor vehicle is taken on lease by the employer;
- (c) where the motor vehicle is used by more than one employee, the amount as determined in clause (a) or (b), as the case may be, divided by number of employees using the motor vehicle;
- (d) where an employee makes any payment to the employer in respect of the use of motor vehicle, the value of perquisite as determined under clause (a), (b) or (c) as reduced by the amount paid by him.].

PART- 2
INCOME FROM BUSINESS

10. **Entertainment expenditure.** - (1) For the purpose of clause (d) of section 21, which provides for a limitation on the deduction of entertainment expenditure, and subject to sub-rule (2), a deduction for entertainment expenditure shall be limited to expenditure incurred by a person that satisfies the conditions laid down in sub-section (1) of section 20 and which is -

- (a) expenditure incurred outside Pakistan on entertainment in connection with business transactions or where such expenditure is allocated as head office expenditure;
- (b) expenditure incurred in Pakistan on entertainment of foreign customers and suppliers;
- (c) expenditure incurred on entertainment of customers and clients at the person's business premises;
- (d) expenditure incurred on entertainment at a meeting of shareholders, agents, directors or employees; or
- (e) expenditure incurred on entertainment at the opening of branches.
- (f) any other entertainment expenditure incurred on refreshment to employees as per rule 9.

(2) A person shall be allowed a deduction under sub-rule (1) only for expenditure incurred on the entertainment of persons related directly to the person's business.

(3) In this rule, "entertainment" means the provision of meals, refreshments, and reasonable leisure facilities in accordance with the tradition of business and subject to overall norms and customs of business in Pakistan.

11. **Agricultural produce as raw materials.** - (1) This rule applies to a person who is a cultivator or receiver of agricultural produce as rent-in-kind and who uses agricultural produce raised or received as raw materials in a business the income from which is chargeable to tax under the head "Income from Business".

(2) In determining the amount of income of a person to whom this section applies, the market value of any agricultural produce raised or received as rent-in-kind by the person and used as raw materials in the person's business shall be allowed as a deduction.

(3) For the purposes of sub-rule (2), the market value of agricultural produce shall be-

- (a) where the agricultural produce is ordinarily sold in the market in its raw state or after application of any process ordinarily employed by a cultivator or receiver of agricultural produce as rent-in-kind to render it fit to be taken to market, the market price for the produce at the time it is used as raw materials in the person's business; or
- (b) in any other case, the sum of the following amounts, namely:-
 - (i) the expenses of cultivation; and
 - (ii) the land revenue rent paid for the area in which the produce is grown.

(4) No deduction shall be allowed for any expenditure incurred by a person as cultivator or receiver of agricultural produce as rent-in-kind, other than as specified in sub-rule (2).

12. Particulars required to be furnished for claiming depreciation deduction or initial allowance amortisation deduction. - (1) The following particulars shall be furnished by a taxpayer at the time of furnishing a return of income for any tax year in order to claim a depreciation deduction under section 22, an initial allowance under section 23 or an amortisation deduction under section 24 read with the Third Schedule to the Ordinance, namely: -

- (a) a description of each depreciable asset and intangible in respect of which a deduction is claimed;
- (b) where a depreciable asset or intangible is used in the tax year only partly in deriving income from business chargeable to tax, the extent of such part use;
- (c) Prior months for which in assets as in (b) are put to use in deriving business income;
- (d) if the depreciable asset or intangible was acquired in the tax year, the date of acquisition;
- (e) the written down value of each depreciable asset at the beginning of the tax year computed in accordance with sub-

section (5) of section 22 and the cost of each intangible as determined under sub-section (11) of section 24;

- (f) the amount of capital expenditure incurred in the tax year on additions, alterations, improvements or extensions in relation to any depreciable asset or intangible and where the depreciable or amortisable amount of such expenditure is limited under the Ordinance, the lower amount shall also be stated;
- (g) the total value of each depreciable asset for which a depreciation deduction is allowable for the tax year (this is the sum of the amounts specified in clauses (e) and (f), less any initial allowance allowed for the asset in that year;
- (h) the prescribed rate of depreciation and initial allowance (if any) for each depreciable asset or class of asset for the tax year, and the normal useful life for each intangible;
- (i) the amount of depreciation deduction and initial allowance (if any) for each depreciable asset for the year and the amount of amortisation deduction for each intangible for the year;
- (j) the total depreciation deduction, initial allowance and amortisation deduction allowed for the tax year; and
- (k) the written down value of each depreciable asset and the cost of intangible at the end of the tax year, and the remaining normal useful life.

Explanation: Addition to intangible to be separately shown.

(2) The following particulars shall be furnished by a taxpayer at the time of furnishing a return of income for any tax year in which a depreciable asset or intangible is disposed of in the year, namely:-

- (a) the consideration received for the asset or intangible;
- (b) the written down value of the asset or intangible disposed of at the beginning of the tax year; and
- (c) the excess or deficit of the consideration received in relation to the written down value (i.e., clause (b) less clause (a) or clause (a) less clause (b), as the case may be).

13. Apportionment of expenditures.- (1) This rule applies for the purposes of section 67, which provides for apportionment of expenditure incurred for more

than one purposes.

(2) Any expenditure that is incurred for a particular class or classes of income shall be allocated to that class or classes, as the case may be.

(3) (a) Any common expenditure including financial expenses, excluding relatable or attributable to the non-business advances or loans and amount at (2); relatable to business including presumptive and exempt income, shall be allocated to each class of income according to the following formula, namely:-

$$A \times B/C$$

where –

- A** is the amount of the expenditure incurred;
- B** is the total amount gross receipts (without deduction of expenditures) for the tax year for the class of income; and
- C** is the total amount gross receipts (without deduction of expenses) and net gains for the tax year of all classes of income;

(b) where, however, there is net gain, brokerage, commission and other income is to be taken and turnover of such transactions is taken at these figures, such income is to be compared with gross profit from business for adopting figures for component “B” and “C” of the formula at (a) above.

(4) Where expenditures are to be allocated among different classes of income under sub-rule (3), consideration shall be given to the nature and source of each class of income, on reasonable basis to earn each class of income (particularly, in allocating selling expenses).

(5) Where the allocation of expenditures is made in accordance with sub-rule (3) a certificate by the Chartered Accountants or Cost and Management Accountant stating the basis of allocation shall be accepted unless significant variations are found; and where books are not required to be audited, the reasonable basis based on the sub-rule (3) and (4) may be adopted which would be accepted by Commissioner, unless variation is found. Significant variations would be beyond the limits of 10 ± in collection as in sub-rule (3) under any head of account.

(8) In this rule. -

“class of income” means -

(a) Pakistan-source income chargeable under the head

“Salary”;

- (b) foreign-source income chargeable under the head “Salary”
- (c) Pakistan-source income chargeable under the head “Income from Property”;
- (d) foreign-source income chargeable under the head “Income from Property”;
- (e) Pakistan-source income chargeable under the head “Income from Business” (other than income subject to section 19);
- (f) foreign-source income chargeable under the head “Income from Business” (other than income subject to section 19);
- (g) Pakistan-source income from a speculation business chargeable under the head “Income from Business”;
- (h) foreign-source income from a speculation business chargeable under the head “Income from Business”;
- (i) Pakistan-source income chargeable under the head “Capital Gains”;
- (j) foreign-source income chargeable under the head “Capital Gains”;
- (k) Pakistan-source income chargeable under the head “Income from Other Sources”
- (l) foreign-source income chargeable under the head “Income from Other Sources”
- (m) income exempt from tax;
- (n) chargeable to tax under section 5, 6 or 7; and
- (o) amounts to which section 169 applies except proceed realised from experts from which separate provision is made as sub-rule (8); and

“common expenditure” means expenditure that is not clearly allocable to any particular class or classes of income, such as

general administrative and other such allocable expenditures.

CHAPTER – III PERSONS

14. **Resident individual.**- (1) This rule applies for the purposes of section 82, which provides for the determination of persons as resident individuals.

(2) The following rules apply for the purposes of clauses (a) and (b) of section 82 in computing the number of days an individual is present in Pakistan in a tax year, namely:-

- (a) subject to clause (c), a part of a day that an individual is present in Pakistan (including the day of arrival in, and the day of departure from, Pakistan) counts as a whole day of such presence;
- (b) the following days in which an individual is wholly or partly present in Pakistan count as a whole day of such presence, namely:-
 - (i) a public holiday;
 - (ii) a day of leave, including sick leave;
 - (iii) a day that the individual's activity in Pakistan is interrupted because of a strike, lock-out or delay in receipt of supplies; or
 - (iv) a holiday spent by the individual in Pakistan before, during or after any activity in Pakistan; and
- (c) a day or part of a day where an individual is in Pakistan solely by reason of being in transit between two different places outside Pakistan does not count as a day present in Pakistan.

CHAPTER – IV
TAXATION OF FOREIGN-SOURCE INCOME OF RESIDENTS

15. **Foreign income tax.**- (1) This rule applies for the purposes of sections 102 and 103, which provide resident persons with relief from international double taxation.

(2) A foreign levy is a foreign income tax if the following conditions are satisfied, namely:-

- (a) the levy is a tax; and
- (b) the tax is substantially equivalent to the income tax imposed by the Ordinance.

(3) Subject to sub-rules (4) and (5), a foreign levy is a tax if it requires a compulsory payment pursuant to the authority of the foreign country to levy taxes.

(4) A penalty, fine, interest or similar obligation is not a tax for the purposes of this Chapter.

(5) A foreign levy is not a tax to the extent that a person subject to the levy receives or is entitled to receive, directly or indirectly, a specific economic benefit from the foreign country in exchange for the payment pursuant to the levy.

(6) Subject to sub-rule (7), a foreign tax is substantially equivalent to the income tax imposed under the Ordinance if the following conditions are satisfied, namely:-

- (a) the tax is imposed in respect of events that would result in the derivation of income, gains or profits under the Ordinance; and
- (b) the taxable amount is computed under the foreign tax by subtracting from gross receipts any significant expenses and the depreciation or amortization of capital costs attributable to such receipts, or, where the tax is imposed under the foreign law or any other basis;
- (c) Dividend or interest income earned from foreign source, on being so taken by the CBR, may be treated to have same character for the resident person, as it has under the Ordinance.

(7) The following foreign taxes are substantially equivalent to the income tax imposed under the Ordinance, namely:-

- (a) a withholding tax imposed on dividends, gross receipts payable to non-resident persons as final tax; or
- (b) tax on wages by withholding imposed as a final tax on salary.

(8) In this rule,

- (a) “economic benefit” includes –
 - (i) any property;
 - (ii) any service;
 - (iii) any fee or other payment;
 - (iv) any right to use, acquire or extract natural resources, patents, or other property owned or controlled by the foreign country; or
 - (v) any reduction or discharge of a contractual obligation; and
- (b) “specific economic benefit” means an economic benefit that is not available on substantially the same terms –
 - (i) all persons subject to the income tax generally imposed by the foreign country; or
 - (ii) if there is no generally imposed income tax, the population of the country in general.

16. Foreign tax credit.- (1) This rule applies for the purposes of section 103, which provides for the foreign tax credit.

(2) A resident taxpayer claiming a foreign tax credit for a tax year shall submit an application for the credit with the taxpayer’s return of income for that year.

(3) an application for a foreign tax credit shall be in the form as specified in Part I of the First Schedule to these rules.

(4) Subject to sub-rule (5), an application for a foreign tax credit shall be accompanied by the following documentation, namely:-

- (a) where the tax has been deducted at source, a declaration by the payer of the income that tax has been deducted and a certified copy of the receipt that the payer has received from the foreign tax authority for the deducted tax; or
- (b) in any other case, the original or a certified copy of the receipt that the taxpayer has received from the foreign tax authority for the tax paid.

(5) Where a resident taxpayer cannot obtain evidence of the deduction of tax from the payer of income as required under clause (a) of sub-rule (4), the Commissioner may accept such secondary evidence of the deduction as is determined by him.

CHAPTER - V
TAXATION OF NON-RESIDENTS

17. **Application of Chapter.**- The rules in this Chapter apply for the purposes of sub-clause (ii) of clause (a) of sub-section (2) of section 237, which provides for the making of rules concerning the manner in, and procedure by, which the income, profits and gains chargeable to tax, and the tax payable thereon, under the Ordinance shall be determined in the case of non-resident persons.

18. **Income from royalties.**- The income of a non-resident person by way of royalty received from a resident person or a permanent establishment in Pakistan of a non-resident person shall be -

- (a) in the case a royalty received in pursuance of an agreement made before the 8th day of March, 1980, or an agreement made on or after the said date the proposal in respect of which was approved by the Government before the said date, the gross amount of the royalty less the deductions allowed under section 40; or
- (b) in any other case, to which sub-section (2) of section 6 does not apply, the gross amount of the royalty less then the following expenditure.
 - (i) any expenditure incurred in Pakistan to earn such royalty, wherever paid;
 - (ii) any expenditure incurred outside Pakistan in pursuance of such agreement not exceeding ten percent of gross amount of royalty.

Provided that a non-resident may opt for taxation under sub-section (2) of section 6 of Income Tax Ordinance, 2001, by filing a written declaration/ option within 15 days of the commencement of contract. Such option shall remain operative till completion of the said contract.

- (c) in the case of royalty received in pursuance to any other agreement, the gross amount of the royalty less the following expenditures only, namely:-
 - (i) any expenditure incurred in Pakistan in earning such income;
 - (ii) any expenditure incurred in Pakistan in respect of any work done in pursuance of such agreement; and
 - (iii) any expenditure incurred outside Pakistan in respect of any work done in pursuance of such agreement not exceeding ten per cent of the gross amount of such royalty.
- (d) The provisions of sub-rule (b) and (c) would not apply where, royalty is covered by section 169.

19. **Fees for technical services.-** (1) The income of a non-resident person by way of fees for technical services received from a resident person or a permanent establishment in Pakistan of a non-resident person shall be –

- (a) in the case of fees received in pursuance of an agreement made before the 8th day of March, 1980, or an agreement made on or after the said date the proposal in respect of which was approved by the Government before the said date only in such cases, the gross amount of the fees less the deductions allowed under section 40;
- (b) in the case of fees received in pursuance of an agreement made on or after 8th day of March, 1980 but before the 4th day of May, 1981, the gross amount of the fees less the deductions allowed under section 40 with a maximum total deduction equal to twenty per cent of the gross amount of such fees; or
- (c) in any other case to which sub-section (2) of Section 5 of the Income Tax Ordinance, 2001 does not apply, the gross amount of royalty less the following perquisites.
 - (i) Any expenditure incurred in Pakistan to earn such royalty, wherever paid.
 - (ii) any expenditure incurred outside Pakistan in pursuance of such agreement not exceeding ten percent of gross amount of royalty.

Provided that a non-resident may opt for taxation under section 6 of Income Tax Ordinance, 2001, by filing a written declaration/ option within 15 days of the commencement of contract. Such option shall remain operative till completion of the said contract.

- (d) Sub-rule (c) would not apply where the fee for technical service is covered by the provisions of section 169.

CHAPTER – VI TRANSFER PRICING

20. **Application of this Chapter.**- This chapter applies for the purposes of section 108 mainly , which provide the Commissioner with the power to distribute, apportion or allocate income, expenditures or tax credits between associates in respect of transactions not made in accordance with the arm's length principle.

21. **Interpretation.**- (1) In this Chapter,

- (a) “comparable uncontrolled transaction”, in relation to a controlled transaction, means an uncontrolled transaction that satisfies one of the following conditions, namely:-
 - (i) the differences (if any) between the two transactions or between persons undertaking the transactions do not materially affect the price in the open market, the resale price margin or the cost plus mark up, as the case may be; or
 - (ii) if the differences referred to in sub-clause (i) do materially affect the price in the open market, the resale price margin or the cost plus mark up, as the case may be, then reasonably accurate adjustments can be made to eliminate the material effects of such differences;
- (b) “controlled transaction” means a transaction between associates;
- (c) “transaction” means any sale, assignment, lease, license, loan, contribution, right to use property or performance of services;
- (d) “uncontrolled persons” means persons who are not associates; and
- (e) “uncontrolled transaction” means a transaction between uncontrolled persons.

22. Subject to the other rules in this Chapter, the Commissioner, in applying this Chapter shall also be guided by international standards, case law and guidelines issued by the various tax-related internationally recognized organizations.

23. **Arm's length standard.**- (1) In determining the income of a person from a transaction with an associate, the standard to be applied by the Commissioner shall be that of a person dealing at arm's length with a person who is not an associate (referred to as the “arm's length standard”).

(2) A controlled transactions shall meet the arm's length standard if the result of the transaction is consistent with the result (referred to as the arm's length result") that would have been realized if uncontrolled persons had engaged in the same transaction under the same conditions.

(3) Subject to sub-rule (6), the following methods shall apply for the purposes of determining an arm's length result, namely:-

- (a) the comparable uncontrolled price method;
- (b) the resale price method;
- (c) the cost plus method; or
- (d) the profit split method.

(4) The method in clause (d) shall apply only where the methods in clauses (a), (b) and (c) cannot be reliably applied.

(5) As between clauses (a), (b) and (c), the method that, having regard to all the facts and circumstances, provides the most reliable measure of the arm's length result as in the opinion of Commissioner shall be applied.

(6) Where the arm's length result cannot be reliably determined under one of the methods in sub-rule (3), the Commissioner may use any method provided it is consistent with the arm's length standard.

24. Comparable uncontrolled price method.- The comparable uncontrolled price method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the amount charged in a comparable uncontrolled transaction.

25. Resale price method.- (1) The resale price method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the resale gross margin realized in a comparable uncontrolled transaction.

(2) The following steps shall apply in determining the arm's length result under the resale price method, namely:-

- (a) determine the price that a product purchased from an associate has been sold to a person who is not an associate (referred to as the "resale price"); and

- (b) from the resale price is subtracted a gross margin (referred to as the “resale gross margin”) representing the amount that covers the person’s selling and other operating expenses and, in light of the functions performed (taking into account assets used and risks assumed), make an appropriate profit;
- (c) from that amount is subtracted any other costs associated with the purchase of the product, such as customs duty; and
- (d) the amount remaining is the arm’s length result.

(3) The resale price margin of a person in a controlled transaction may be determined by reference to:-

- (a) the resale price margin that the person earns on products purchased and sold in a comparable uncontrolled transaction; or
- (b) the resale price margin that an independent person earns in comparable uncontrolled transaction.

26. **Cost plus method.-** (1) The cost plus method determines whether the amount charged in a controlled transaction gives rise to an arm’s length result by reference to the cost plus mark up realised in a comparable uncontrolled transaction.

(2) The following steps shall apply in determining the arm’s length result under the cost plus method, namely:-

- (a) determine the costs incurred by the person in a controlled transaction; and
- (b) to this amount is added a mark up (referred to as the “cost plus mark up”) to make an appropriate profit in light of the functions performed and market conditions; and
- (c) the sum of the amounts referred to in clauses (a) and (b) is the arm’s length result.

(3) The cost plus mark up of a person in a controlled transaction may be determined by reference to:-

- (a) the cost plus mark up that the person earns in a comparable uncontrolled transaction; or

- (b) the cost plus mark up that an independent person earns in comparable uncontrolled transaction.

27. **Profit split method.**- (1) The profit split method may be applied where transactions are so interrelated that the arm's length result cannot be determined on a separate basis.

(2) The profit split method determines the arm's length result on the basis that the associates form a firm and agree to divide profits in the manner that independent persons would have agreed on the basis that they are dealing with each other at arm's length.

(3) The Commissioner may determine the division of profits on the basis of a contribution analysis, a residual analysis or on any other basis as appropriate having regard to the facts and circumstances.

(4) Under contribution analysis, the total profits from controlled transactions shall be divided on the basis of the relative value of the functions performed by each person participating in the controlled transactions.

(5) Under residual analysis, the total profits from controlled transactions shall be divided as follows:-

- (a) each person shall be allocated sufficient profit to provide the person with a basic return appropriate for the type of transactions in which the person is engaged; and
- (b) any residual profit remaining after the allocation in clause (a) shall be allocated on the basis of division between independent persons determined having regard to all the facts and circumstances.

(6) For the purposes of clause (a) of sub-rule (5), the basic return shall be determined by reference to market returns achieved for similar types of transactions by independent persons.

Chapter – VII Records and Books of Accounts

Part-I Preliminary

28. **Application of Chapter.** – (1) The rules in this Chapter apply for the purposes of section 174.

(2) The purpose of this Chapter is to prescribe the minimum level of books of accounts, documents and records to be maintained by taxpayers.

(3) Nothing in this Chapter shall preclude a taxpayer accounting for income chargeable under the head “Income from Business” from

- (a) maintaining any books of account, documents or records in addition to those prescribed in these rules;
- (b) adding such further columns or particulars in the forms prescribed in these rules for the taxpayer’s own requirement; or
- (c) maintaining the books of account, documents or records in the manner prescribed keeping in view the nature of the taxpayer’s business.

Interpretation. – In this Chapter –

- (a) “legal practitioner” includes an advocate, pleader, tax practitioner and advisor or consultant on income tax, sales tax, customs, central excise or salt tax laws.
- (b) “medical practitioner” includes a doctor, surgeon, physician, dentist, psychiatrist, physiotherapist, tabib, homeopath, vaid, veterinarian and any person practicing medicine under any other name.

Part-II Books of Account Prescribed

29. **Books of account, documents and records to be maintained.** – (1) Every taxpayer deriving income chargeable under the head “Income from business” shall maintain proper books of account, documents and records with respect to -

- (a) all sums of money received and expended by the taxpayer and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods and all services provided and obtained by the taxpayer;

- (c) all assets of the taxpayer;
- (d) all liabilities of the taxpayer; and
- (e) in case of a taxpayer engaged in assembly, production, processing, manufacturing, mining or like activities, all items of cost relating to the utilization of materials, labour and other inputs.

(2) If a taxpayer uses fiscal electronic cash register or computerized accounting software, it may issue cash-memo/invoice/receipt generated by the electronic cash register or computer.

(3) Duplicate copies and electronic or computer records of the cash-memo / invoice / receipt / patient-slip to be issued under this chapter, shall be retained by the taxpayer and form part of the records to be maintained under this chapter.

(4) The books of account, documents and records to be maintained under this chapter shall be maintained for five years after the end of the tax year to which they relate.

30. In particular, and without prejudice to the generality of the provisions of Rule 29, every taxpayer, other than companies, deriving income chargeable under the head "Income from business" shall issue and maintain the following minimum books of account, documents and records: - (1) Taxpayers with business income upto Rs. 200,000 and new taxpayers deriving income from business (excluding taxpayers to whom sub-rules (2), (3) or (4) apply):

- (a) Serially numbered and dated cash-memo / invoice / receipt for each transaction of sale or receipt containing the following: -
 - (i) taxpayer's name or the name of his business, address, national tax number and sales tax registration number, if any; and
 - (ii) the description, quantity and value of goods sold or services rendered;

Provided that where each transaction does not exceed Rs. 100, one or more cash-memos per day for all such transactions may be maintained;

- (b) Daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice; and

(c) Vouchers of purchases and expenses.

(2) Taxpayers with business income exceeding Rs. 200,000 (*excluding taxpayers to whom sub-rules (1), (3) or (4) apply*) and wholesalers, distributors, dealers and commission agents:

(a) Serially numbered and dated cash-memo / invoice / receipt for each transaction of sale or receipt containing the following: -

- (i) taxpayer's name or the name of his business, address, national tax number and sales tax registration number, if any;
- (ii) the description, quantity and value of goods sold or services rendered; and
- (iii) in case of a wholesaler, distributor, dealer and commission agent, where a single transaction exceeds Rs. 10,000, the name and address of the customer;

Provided that where each transaction does not exceed Rs. 100, one or more cash-memos per day for all such transactions may be maintained;

- (b) Cash book and/or bank book or daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice;
- (c) General ledger or annual summary of receipts, sales, payments, purchases and expenses under distinctive heads;
- (d) Vouchers of purchases and expenses and where a single transaction exceeds Rs. 10,000 with the name and address of the payee; and
- (e) Where the taxpayer deals in purchase and sale of goods, quarterly inventory of stock-in-trade showing description, quantity and value.

(3) Professionals (like medical practitioners, legal practitioners, accountants, auditors, architects, engineers etc.): –

(a) Serially numbered and dated patient-slip / invoice / receipt for each transaction of sale or receipt containing the following: -

- (i) taxpayer's name or the name of his business or profession, address, national tax number and sales tax registration number, if any;
- (ii) the description, quantity and value of medicines supplied or details of treatment/ case/ services rendered (confidential details are not required) and amount charged; and
- (iii) the name and address of the patient / client;

Provided that the condition of recording address of the patient on the patient slip under this clause shall not apply to general medical practitioners;

- (b) Daily appointment and engagement diary in respect of clients and patients:

Provided that this clause shall not apply to general medical practitioners;

- (c) Daily record of receipts, sales, payments, purchases and expenses; a single entry in respect of daily receipts, sales, purchases and different heads of expenses will suffice; and
- (d) Vouchers of purchases and expenses.

(4) *Manufacturers (with turnover exceeding Rs. 2.5 million):*

- (a) Serially numbered and dated cash-memo / invoice / receipt for each transaction of sale or receipt containing the following: -
 - (i) taxpayer's name or the name of his business, address, national tax number and sales tax registration number, if any;
 - (ii) the description, quantity and, value of goods sold;
 - (iii) where a single transaction exceeds Rs. 10,000 with the name and address of the customer;
- (b) Cash book and/or bank book;
- (c) Sales day book and sales ledger (*where applicable*);
- (d) Purchases day book and purchase ledger (*where applicable*);
- (e) General ledger;

- (f) Vouchers of purchases and expenses and where a single transaction exceeds Rs. 10,000 with the name and address of the payee; and
- (g) Stock register of stock-in-trade (*major raw materials and finished goods*) supported by gate in-ward and outward records and quarterly inventory of all items of stock-in-trade including work-in-process showing description, quantity and value.

31. Every taxpayer deriving income chargeable under the head income from salary, property, capital gains or other sources shall issue and maintain the following minimum documents and records: -

(1) Taxpayers deriving income from Salary:

Salary certificate indicating the amount of salary and tax deducted there from.

(2) Taxpayers deriving income from property:

- (a) Tenancy agreement, if executed;
- (b) Tenancy termination agreement, if executed;
- (c) Receipt for amount of rent received; and
- (d) Evidence of deductions claimed in respect of premium paid to insure the building, local rate, tax, charge or cess, ground rent, profit/interest or share in rent on money borrowed, expenditure on collecting the rent, legal services and unpaid rent.

(3) Taxpayers deriving income from capital gains:

- (a) Evidence of cost of acquiring the capital asset;
- (b) Evidence of deduction for any other costs claimed; and
- (c) Evidence in respect of consideration received on disposal of the capital asset.

(4) Taxpayers deriving income from other sources:

- (i) Dividends:
Dividend warrants.
- (ii) Royalty:

Royalty agreement.

- (iii) Profit on debt:
 - (i) Evidence and detail of profit yielding debt;
 - (ii) Evidence of profit on debt and tax deducted thereon, like certificate in the prescribed form or bank account statement; and
 - (iii) Evidence of Zakat deducted, if any.
- (iv) Ground rent, rent from the sub-lease of land or building, income from the lease of any building together with plant or machinery and consideration for vacating the possession of a building or part thereof:
 - (i) Lease agreement; and
 - (ii) Lease termination agreement.
- (v) Annuity or Pension:

Evidence of amount received.
- (vi) Prize money on bond, winning from a raffle, lottery or cross word puzzle:

Evidence of income and tax deducted thereon, like certificate in the prescribed form.
- (vii) Provision, use or exploitation of property:

Agreement.
- (viii) Loan, advance, deposit or gift:

Evidence of mode of receipt of a loan, advance, deposit or gift i.e., by a crossed cheque or through a banking channel.
- (ix) General:

Evidence of deduction for any other expenditure claimed.

Part-III

General instructions about maintaining books of accounts,

documents and records

32. General form of books of accounts, documents and records.- (1) The books of accounts, records and other documents required to be maintained by a taxpayer in accordance with this Chapter may be kept on electronic media, provided sufficient steps have been taken to ensure the sanctity and safe keeping of such accounts, documents and records.

(2) The books of accounts, documents and records required to be maintained by a company in accordance with this Chapter shall be maintained in accordance with international accounting standards and as required under the Companies Ordinance, 1984.

33 Books of account, documents and records to be kept at the specified place. – (1) The books of accounts, documents and records required to be maintained by a taxpayer in accordance with this Chapter shall be kept at the place where the taxpayer is carrying on the business or, where the business is carried on in more places than one, at the principal place of business or at each of such places if separate books of accounts are maintained in respect of each place.

(2) Where a person derives income from sources other than from business, the books of accounts, documents and records shall be kept at the person's place of residence or such other place as may be so declared by such person.

(3) The place or places where the books of accounts, documents and records are kept shall be clearly stated on the tax return form in the column requiring the details of the records maintained.

CHAPTER – VIII

RETURNS, EMPLOYER'S CERTIFICATE, WEALTH STATEMENT AND STATEMENT TO BE FILED BY CERTAIN PERSONS

34 Return of income.- (1) This rule and the rule numbers 35 and 36 shall apply for the purposes of returns of income, certificate and wealth statement to be filed.

(2) A return of income as required to be furnished by a person under section 114 shall be in the form specified in Part I (for companies), II (for association of persons), III (for individuals), and IV (salary certificate) of the Second Schedule to these rules.

(3) A return of income shall be verified in the manner specified in the form.

(4) A return of income shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance and these rules

35 Employer's certificate in lieu of return of income.- (1) This rule shall apply to provide for the furnishing of an employer's statement instead of furnishing a return of income.

(2) An employer's certificate that may be furnished by an employee instead of a return of income shall be –

(a) in the form specified in Part IV of the Second Schedule;

(b) verified in the manner specified in the form; and

(c) accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance and these rules.

(3) A portion relating to certification of remuneration by employer shall be signed by employer or his designated officer, and portion relating to the calculation of tax and any other income shall be signed by the employee, as well. This certificate shall be filed signed both by employer or employee, on the specified portion as stated. Where employee has any other source of income, other than profit on debt, a return of income as prescribed under Part III of the First Schedule shall be filed and salary income shall be supported by the certificate.

36 Wealth statement.- (1) This rule shall provide for the furnishing of a wealth statement.

(2) A wealth statement shall be –

- (a) in the form specified in Part V of the Second Schedule to these rules;
- (b) verified in the manner specified in the form; and
- (c) accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance.

37 Return to be furnished by a non-resident ship owner or charterer.- (1)

This rule shall apply for the purposes of sections 143, which provides for the furnishing of returns by non-resident ship owners or charterers.

(2) A return required to be furnished under section 143 shall be in the following form, namely:-

Name of ship	Name of owner/ Charter	Dates of arrival/ departure.	Receipts for freight and passenger, cargo livestock etc. embarked from Pakistan.	Total freight earned for goods, services passengers embarked outside Pakistan	Total in respect freight received in Pakistan embarked outside Pakistan (whether covered by the tax treaty. Please specify).	Tax amount on earnings as Col:6.	Remarks whether containers charges and other charges separately shown in the Normal Return of income. If received by the agent or assigned to other Person, in that case rent/lease or assignment charges.	Challan No date of payment	Remarks
1	2	3	4	5	6	7	8	9	10

Authorised/Representative
 Signature _____
 Name _____
 Designation _____
 Seal _____
 Date _____

(3) A return required to be furnished under section 143 shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance.

(4) A return required to be furnished under section 143 may be furnished by any of the methods specified in rules 73 and 74.

38 Return to be furnished by a non-resident aircraft owner or charterer.-

(1) This rule shall apply for the purposes of sections 144, which provides for the furnishing of quarterly returns by non-resident aircraft owners or charterers.

(2) A return required to be furnished under section 144 shall be in the following form, namely:-

Name of Aircraft	Name of owner/ Charter	Dates of arrival.	Quarterly receipts for freight and passenger, cargo livestock etc. embarked from Pakistan.	Total freight earned for goods, services passengers embarked outside Pakistan	Total in respect freight received in Pakistan embarked outside Pakistan (whether covered by the tax treaty. Please specify.	Tax amount on earnings as Col:6.	Remarks whether containers charges and other charges separately shown in the Normal Return of income if received by the agent or assigned to other Person, in that case rent/lease or assignment charges.	Challan No.& Date of payment	REMARKS
1	2	3	4	5	6	7	8	9	10

Authorised/Representative

Signature _____

Name _____

Designation _____

Seal _____

Date _____

(3) A return required to be furnished under section 144 shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance, these rules and circulars issued under the Ordinance.

(4) A return required to be furnished under section 144 may be furnished in any of the methods specified in rules 73 and 74.

39 Statement in lieu of Return of income.- (1) Where in lieu of Return of income statement is required to be filed namely incomes covered by sections 5,6 and 7 or where tax deduction is to be taken as a final discharge of tax liability u/s 169 a statement in the prescribed form shall be filed as prescribed in Part VI of the Second Schedule to the Rules.

(2) Where a taxpayer has income from a source which does not form part of total income and also income under any head of income given in section

11 (except salary), Return is specifically required to be filed on a prescribed statement as well as shall be filed.

CHAPTER – IX
CERTIFICATES, STATEMENTS AND
PROCEDURE FOR PAYMENT OF ADVANCE TAX

PART I – SECTION 159 CERTIFICATE

40. **Exemption or lower rate certificate u/s 159.-** (1) An application for a certificate under sub-section (1) of section 159 shall be made in the form specified in Part-VII of the First Schedule to these rules.

(2) A certificate issued by the Commissioner under sub-section (1) of section 159 shall be in the form specified in Part VIII of the First Schedule to these rules.

PART II – SALARY
Division I – Deduction of Tax

41 **Tax deducted from salary.** (1) Subject to sub-rule (2), every employer shall deduct tax from a payment of salary at the rate specified in section 149 read with in the First Schedule to the Income Tax Ordinance, 2001.

(2) The Commissioner may, upon application in writing by an employer (other than the Government) and notwithstanding anything contained in these rules, permit an employer to pay tax deducted from salary paid to employees in a lump sum for each employee every month based on the average amount of tax deductible every month from such income and to furnish a reconciliation statement at the end of the financial year in the prescribed form sub-rule 6.

(3) Where an employer has been granted permission under sub-rule (1), the employer shall –

(a) compute the tax due on the income chargeable under the head “Salary” for each employee and make any adjustments as necessary in the deduction from salary for the month of June; and

(b) furnish a reconciliation statement to the Commissioner in the prescribed form for each employee within fifteen days after the end of the financial year.

(4) Where an employee leaves employment before the end of the financial year, the adjustment referred to in clause (a) of sub-rule (3) shall be made, and the statement referred to in clause (b) of sub-rule (3) shall be furnished, within fifteen days after termination of the employee’s employment.

(4) Where an employer ceases to carry on business in a financial year, the adjustment referred to in clause (a) of sub-rule (3) shall be made, and the statement referred to in clause (b) of sub-rule (3) shall be furnished prior to ceasing business.

(5) The adjustments referred to in sub-rule (3) shall be made for each individual employee and any excess recovered from one employee should not be adjusted against any short recovery from another employee.

(6) A reconciliation statement shall be in the following form, namely:-

**Reconciliation Statement of Tax Deducted from Salary for the year
Ended 30th June, 20_____**

S. No.	Name of Employee	National Tax Number	Designation	Tax deducted from July to	Tax deducted during June	Total tax deducted.
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				May		
1	2	3	4	5	6	7

Division II – Payment of Deducted Tax

42. Payment of tax deducted.- (1) All amounts deducted under section 149 by, or on behalf of, the Government shall be paid to the credit of the Federal Government on the day the amount was collected or deducted.

(2) Except where sub-rule (1) or (5) applies, all amounts deducted under section 149 in a month shall be paid to the credit of the Federal Government by remittance to the Government Treasury, an authorised branch of the State Bank of Pakistan or the National Bank of Pakistan within 15 days from the end of the month.

(3) Where the annual salary paid by an employer to its employees for a tax year is estimated to be less than 300,000 rupees per employee, the employer may apply to the Commissioner for permission to pay tax deducted under section 149 on a quarterly basis, provided the quarterly returns are regularly filed.

(4) An application under sub-rule (3) shall be made to the Commissioner in writing –

- (a) specifying the reasons for the application;
- (b) number of employees with less than 300,000 income; and
- (c) total estimated tax deduction covered by such deferral of tax.

(5) Where the Commissioner grants an application under sub-rule (4), all amounts deducted under section 149 in a quarter shall be paid to the credit of the Federal Government by remittance to the Government Treasury, an authorised branch of the State Bank of Pakistan, or the National Bank of Pakistan –

- (a) for the quarter ending on the 30th day of September, by the 15th day of October;
- (b) for the quarter ending on the 31st day of December, by the 15th day of January;
- (c) for the quarter ending on the 31st day of March, by the 15th day of April; and
- (d) for the quarter ending on the 30th day of June, by 23rd day of June.

(6) The amount paid by 23rd day of June, for the quarter ending the

30th day of June shall be based on the amount paid for the quarter ending the 31st day of March and the employer shall make an adjustment based on actual salary paid for the quarter by the 31st day of July next following.

(7) The payment of any amount to which this rule applies shall be accompanied by an income tax challan.

(8) Blank copies of income tax challans may be obtained from the Commissioner.

(9) The prescribed income tax authorities for the purposes of submission of original copies of income tax challans under this rule shall be specified by the Central Board of Revenue through open circular from time to time.

Division III – Employer’s Certificate

43 Furnishing of employer’s certificate to employees.- (1) An employer shall issue to every employee employed by the employer in a financial year an employer’s certificate in the form specified in these rules within fifteen days after the end of the year.

(2) Where an employee leaves employment before the end of the financial year, the employer shall issue to the employee an employer’s certificate for the period of employment in the year within seven days after termination of the employee’s employment.

(3) An employer who ceases to carry on business in a financial year shall issue an employer’s certificate to each employee prior to ceasing business.

(4) An employer who fails to issue an employer’s certificate as required under sub-rules (1), (2) or (3) shall commit an offence punishable on conviction with a fine. Section 164 read with clause (c) of sub-section (1) of section 191.

(5) Where an employer’s certificate has been lost, stolen or destroyed, the recipient of the certificate may request, in writing, that the issuer of the certificate issue a duplicate certificate.

(6) Where a request has been made under sub-rule (5), the issuer of the certificate shall comply with the request and the certificate so issued shall be clearly marked “duplicate”.

(7) An employee required to furnish a return of income for a tax year shall attach to the return or statement in lieu of Return the employer’s certificate received for each employment exercised by the employee in the year.

44 **Certificate of deduction from salary.**- (1) The certificate of deduction of tax to be furnished under section 164 by a person paying income chargeable under the head "Salary" shall be in the following form, namely:-

CERTIFICATE OF DEDUCTION OF TAX FROM INCOME CHARGEABLE
UNDER THE HEAD "SALARY" UNDER SECTION 164 OF THE
INCOME TAX ORDINANCE, 2001.

FOR THE PERIOD _____200__ TO 200__

Tax Year

National Tax Number

Designation

Address

PART-I

-
- | | | |
|-----|-------------------------|--|
| 1. | Salary/Wages | |
| 2. | Special pay | |
| 3. | Pension | |
| 4. | Grauity/Annuity | |
| 5. | Leave encashment | |
| 6. | Honorarium/ Reward | |
| 7. | Fees/ Commission | |
| 8. | Bonus | |
| 9. | Compensatory allowance | |
| 10. | Dearness allowance | |
| 11. | House rent allowance | |
| 12. | Conveyance allowance | |
| 13. | Entertainment allowance | |

- 14. Medical allowance _____
- 15. Any other allowance(s) _____
- Total _____

PART-II

Remuneration paid for domestic and personal services provided to the employee which is taxable under the relevant rules. _____

Rent free unfurnished accommodation which is taxable under the relevant rules. _____

Rent free furnished accommodation which is taxable under relevant rules. _____

Accommodation hired by employee with rent payable by employer which is taxable under the relevant rules. _____

Accommodation provided at a concessional rate which is taxable under the relevant rules. _____

Utilities, such as gas, electricity, water which is taxable under the relevant rules. _____

Medical, hospitalization fees expenses paid which is taxable under the relevant rules. _____

Conveyance provided exclusively for personal or private use which is taxable under the relevant rules. _____

Conveyance used partly for personal and partly for business purposes which is taxable under relevant rules. _____

Value of free or concessional passage provided by the employer which is taxable under the relevant rules. _____

Food, free or at concessional rate which is taxable under the relevant rules.

Any other benefit or perquisite which is taxable under the relevant rules.

Employer's contribution to recognized provident fund which is taxable under the relevant rules.

Employer's contribution to recognised provident/ superannuation fund which is taxable under the relevant rules.

Value of any benefit or annuity provided by the employer free of cost or at a concessional rate or any other sum which is taxable under the relevant rules.

Total

Total of Part-I and II

Taxable income

Tax payable

Tax deducted and deposited

Certified that an amount of Rs. _____ has been deducted under sub-section _____ of Section _____ of the Income Tax Ordinance, 2001 from the income chargeable under the head "Salary" paid to the above named employee during the financial year ending _____ and per details given above.

Date _____

Signature

Name of the Employer

Name of person responsible for

paying

salary (if not

employer) _____

National Tax Number

45. Furnishing of employer's certificates to Commissioner.- (1) An employer shall furnish to the Commissioner within two months after the end of the financial year a copy of each employer's certificate issued for the year.

(2) Pursuant to sub-section (2) of section 165 and in addition to the annual furnishing of employer's certificates under sub-rule (1), an employer shall furnish an employer's certificate in the same form for each period of three months ending the 30th day of September, the 31st day of December, the 31st day of March and the 30th day of June, within fifteen days after the end of the period.

46. Certificate issuing authorities of deduction from salary.- (1) A deduction of tax certificate referred to in rule 43 and an employer's certificate referred to in rule 44 shall, in the case of a Government employee, be prepared and issued to the employee by-

- (a) Civil Audit Officers for all Gazetted officers and others who draw their pay from audit offices on separate bills and also for all pensioners who draw their pensions from audit offices;
- (b) Chief Accounts Officer, Ministry of Foreign Affairs, for all Gazetted officers and others in the employment of the said Ministry;
- (c) Treasury Officers for all Gazetted Officers and others who draw their pay from treasuries on separate bills without countersignature and also for all pensioners who draw their pensions from treasuries;
- (d) Heads of civil or military offices for all non-gazetted officers whose pay is drawn on establishment bills or on bills countersigned by the head of office;
- (e) Forest disbursing officers and Public Works Department disbursing officers in cases where direct payment from treasuries is not made, for themselves and their establishments;
- (f) Head Postmasters for:
 - (i) themselves, their gazetted subordinates and the establishments of which the establishment pay bills are prepared by them;

- (ii) supervising and controlling Gazetted officers of whose headquarters post offices they are incharge; and
- (iii) pensioners drawing their pensions through post offices;
- (g) Head Record Clerks/ Account Officer Railway mail Service, for themselves and all the staff whose pay is drawn in their establishment pay bills; and
- (h) the disbursing officers in the case of the Administrative and Audit officers;
- (i) Controllers of Military Accounts (including Divisional Military Supply, Marine and Field Controllers) for all Gazetted military officers under their audit;
- (j) Disbursing officers in the Military Works Department for themselves and their establishments;
- (k) Chief Accounts Officers or Chief Auditor of Railways concerned for all railway employees under their audit; and
- (l) in any other case, by the designated officer of the department under specific order, by Secretary of company or by Accounts officer authorized in this behalf for payment of salary or by employer, or by managing member of an association of persons, as the case may be.

**PART III – AMOUNTS SUBJECT TO ADVANCE TAX
(OTHER THAN SALARY)**

Division I – Collection or Deduction of Tax

47 **Collection or deduction of tax.**- Every person obliged under the Ordinance to collect tax from an amount or deduct tax from a payment shall collect or deduct the tax as specified in the Ordinance.

48 **Certificate of collection or deduction.**- (1) This rule applies for the purposes of sub-section (1) of section 164, which obliges a person –

- (a) collecting tax under Division II of Part V of Chapter X of the Ordinance;
- (b) deducting tax from a payment under Division III of Part V of Chapter X of the Ordinance except in the case of salary;
- (c) collecting or deducting tax under Chapter XII; or

(2) deducting tax under the Sixth Schedule, to issue a certificate as specified in rule 50 to the person from whom tax has been collected or to whom the payment has been made.

(3) A certificate required to be furnished under sub-section (1) of section 164 (other than in respect of the deduction of tax from salary and under sub-rule (2)) shall be in the form specified under rules in this Division.

(4) Where a certificate issued under sub-section (1) of section 164 has been lost, stolen or destroyed, the recipient of the certificate may request, in writing, that the issuer of the certificate issue a duplicate certificate.

(5) Where a request has been made under sub-rule (5), the issuer of the certificate shall comply with the request and the certificate so issued shall be clearly marked “duplicate”.

49 **Certificate of collection/ deduction of tax at source.**- Certificate u/s 164 to issue to the recipient payee or to the person who would receive credit for such tax deduction/ collection. The certificate has to be serially numbered and issued in duplicate to the person

Certificate of Collection or Deduction of Tax

S. No. _____ Original/ Duplicate/ Triplicate Date of Issue _____

Certified that a sum of Rs . _____ (Amount of tax collected/ deducted in figures)
 (_____ (Amount in words)

on account income tax
 has been collected/
 deducted from

holding National Tax No. _____
 on _____
 under section* _____
 on account of* _____
 vide _____
 on the value/ amount of _____

 (Name & Address of the person whom tax collected/ deducted)
 _____ (if any)
 _____ (Date of collection/ deduction)
 _____ (Specify section of Income Tax Ordinance, 2001)
 _____ (Specify nature)
 _____ (Particulars of LC, contract etc)

 (Gross amount on which tax collected/ deducted in the matter of collection of tax u/s 234, 235 and 236)

Date(s) of payment for which
 tax deducted/ prior to which
 deduction relate to/ prior to which
 tax deposit relate to

 _____ (Amount in words)

This is to further certify that
 the tax collected/deducted
 has been deposited in the
 of _____
 at _____
 on _____

_____ (Main)
 _____ (City)
 _____ (Date of deposit)

vide challan/ treasury/ Voucher
 No booked/ instrument entries through
 (MAG, CNA etc, PI. Specify A/C No)
 in the Federal Government/
 Income Tax Head of account.

Company/ office etc. collecting/ deducting the tax

Name _____
 Address _____

 NTN (if any) _____

Signature
 Name of authorised person

Date _____ Seal _____ Designation _____

(Key on the Back Page)

*Section on account of

148	Import of goods.	154(1)	Realisation of foreign exchange proceeds on account of export of goods.
150	Dividend	154(2)	Realisation of foreign exchange proceeds on account of indenting commission.
151	Profit on debt.	154(3)	Realisation of the proceeds on account of sale of goods to an exporters under an inland back-to back letter of credit.
152(1)	Royalty or fees for technical services paid to non-resident.	155	Rent of immovable property etc.
152(2)	Other payments (specify) to non-resident person excluding	156	Prize on a prize bond, winnings from a raffle, lottery or cross

those covered u/s 152(1), 149, 150, 153, 155 and 156.	word puzzle.
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		233	Brokerage or commission
153(1)	Sale of goods/ rendering of services/ execution of contract by a resident person.	234	Alongwith motor vehicle tax.
153(3)	Execution of a turnkey contract; a contract or sub-contract for design, construction or supply of plant and equipment under a power project; a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project; or any other contract for construction or services rendered, other than a contract to which section 152 applies; by a non-resident person.	235	Electricity consumption
		236	Telephone users.

Division II – Payment of Tax Collected or Deducted

50. **Payment of tax collected or deducted.**- (1) This rule applies for the purposes of section 160, which provides for –

- (a) the payment of tax collected under Division II of Part V of Chapter X of the Ordinance or deducted under Division III of Part V of Chapter X or Chapter XII of the Ordinance;
- (b) the payment of tax collected or deducted under Chapter XII of the Ordinance; and

(2) the payment of tax deducted under the Sixth Schedule to the Ordinance.

(3) All amounts to which this rule applies that have been collected or deducted by, or on behalf of, the Government shall be paid to the credit of the Federal Government on the day the amount was collected or deducted.

(4) All amounts to which this rule applies (other than where sub-rule (2) applies) that have been collected or deducted by a person shall be paid to the credit of the Federal Government by remittance to the Government Treasury, an authorised branch of the State Bank of Pakistan or the National Bank of Pakistan within one week from the date the amount was collected or deducted.

(5) The payment of any amount to which sub-rule (2) applies shall be accompanied by an income tax challan and the statement in respect of sub-rule (2) as under:-

STATEMENT OF DEDUCTION MADE FROM PAYMENT OF CONTRIBUTIONS TO AN APPROVED SUPERANNUATION FUND

In case where the trustees of an approved superannuation fund repay any contribution made by the employer to an employee during his lifetime but not at or in connection with the termination of his employment, or in lieu or in

commutation of an annuity, they shall forthwith send to the a statement giving the following particulars, namely.-

Name of the Employee	Address	National Tax Number	The period for which the employer has contributed to the supereannuation fund.	The amount of contributions repaid.		The average of deduction of income tax during the preceding three years.	Amount of income tax deducted on repayment.	Date of deposit of tax in government treasury.	Treasury Challan No.
				Principal	Interest				
1	2	3	4	5	6	7	8	9	10

(6) Blank copies of income tax challans may be obtained from the Commissioner.

(7) The prescribed income tax authorities for the purposes of submission of original copies of income tax challans under this rule shall be specified by the Central Board of Revenue through open circular from time to time.

Division III – Quarterly, Six Monthly and Annual Statements of Tax collected or Deducted

51 **Section 165 statement, related forms and the time-frame.-** (1) This rule applies for the purposes of section 165, which provides for the furnishing of statements by persons –

- (a) collecting tax under Division II of Part V of Chapter X of the Ordinance or deducting tax under Division III of Part V of Chapter X of the Ordinance; and
- (b) collecting or deducting tax under Chapter XII of the Ordinance; or

(2) An annual statement required to be furnished under sub-section (1) of section 165 for a financial year shall be –

- (a) in the form specified in the following rules; and
- (b) furnished within two months after the end of the year.

(3) Pursuant to sub-section (2) of section 165 and in addition to the annual statement referred to in sub-rule (2), a person required to collect tax under section 232 (but not in respect of transfer of funds etc on or after first day of July, 2002) or 236, or deduct tax under sections 149, 151, 152, 153, 154, 157 or 233 shall furnish a statement for each period of three months ending on the 30th day of September, 31st day of December, 31st day of March and 30th day of June, within 15 days of the end of the period .

(4) Pursuant to sub-section (2) of section 165 and in addition to the annual statement referred to in sub-rule (2), the Collector of Customs required to

					dangerous working conditions)		e of the employee's duties of employment	duties of employment.
1	2	3	4	5	6	7	8	9

Amount of any profits in lieu of or in addition to, salary or wages including any amount received.					Any pension or annuity, or any supplement to a pension or annuity.	Any amount chargeable to tax u/s 14 on account of employee share's scheme
As consideration for a person's agreement to enter into an employment relationship.	As consideration for an employee's agreement to any conditions of employment or any changes to the employee's conditions of employment.	On termination of employment, whether paid voluntarily or under an agreement, including any compensation for redundancy or loss of employment and golden handshake payments.	From a provident or other fund, to the extent to which the amount is not a repayment of contributions made by the employee to the fund in respect of which the employee was not entitled to a deduction.	As consideration for an employee's agreement to a restrictive covenant in respect of any past, present or prospective employment.		
10	11	12	13	14	15	16

Remuneration paid by employer or domestic and personal services provided to the employee	Value of rent free accommodation or any concession in rent free accommodation provided by the employer on account of				Utilities	Medical hospitalization fees, expenses paid.
	Rent free unfurnished accommodation	Rent free furnished accommodation	Accommodation hired by employee with rent payable by employer	Accommodation provided at a concessional rate.		
17	18	19	20	21	22	23

Value of free conveyance provided by the employer			Value of free of concessional passage provided by the employer	Employer's contribution.	
Conveyance provided exclusively for personal or private use.	Conveyance used partly for personal and partly for business purpose.	Conveyance used exclusively for business purposes.		Recognized provided fund	Recognized superannuation fund
24	25	26	27	28	29

Interest credited to employer's account in a recognized provided/ superannuation fund	Value of any benefit or annuity provided by the employer free of cost or at a concessional rate, or any other sum not included in the preceding columns such a food-free or at concessional rate.	Amount but not paid given full particulars with due date and period for which payable.	Total
30	31	32	33

Amount liable to tax under the Income Tax Ordinance, 2001.	Contribution to		Contribution to provident or superannuation fund, life insurance, premium, other investments	Taxable income	Tax payable
	Benevolent fund	Group insurance			
34	35	36	37	38	39

Tax deducted and deposited to credit of Federal Government.	Date on which deposited.	Treasury Challan No.	Remarks.
40	41	42	43

I _____, certify that the above statement contains a complete list of the total amount paid to

- (i) all person who were receiving or to whom the said amount was due on the 30th day of June, 20____.
- (ii) all persons form whose salaries any tax was deducted during the year ended on the 30th June, 20____, and that all the particulars furnished above are correct.

Date: _____ -

Signature

Designation _____

52 **Annual statements of tax deducted from dividends.-** The six monthly and annual statement to be furnished under section 165 by a resident company deduct tax from dividends paid shall be in the following form and verified in the manner indicated therein, namely:-

ANNUAL STATEMENT OF TAX COLLECTED OR DEDUCTED UNDER SECTION 150 OF THE INCOME TAX ORDINANCE, 2001

FOR YEAR ENDING 30TH JUNE, 200 ____

Name of the company _____

Address - _____

National Tax Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

S. No	Name of the shareholder	Address	National Tax number	Number and description of share held by the shareholder	Date of declaration of dividends/ Bonus shares	Nature of dividends/[bonus shares] final/interim	Amount of dividend [bonus shares]	Amount of tax deducted	Date of deposit to government treasury	Treasury challan No.	Remarks in case no or low tax is deducted (Please specify the details of the recipient, reasons for non deduction or low tax with amount paid.
1	2	3	4	5	6	7	8	9	10	11	12

I, the Principal Officer of the Company, hereby certify that the above statement contains a complete list of :-

- (iii) the resident, non-resident shareholders which are companies and to whom a dividend was distributed.
- (iv) Other resident/non-resident shareholders of the company to whom a dividend or aggregate dividend exceeding Rs.10,000 was or were distributed during the period.

Signature of the Principal Officer _____
Name _____

(2) The annual statements required to be furnished under sub-clause (1) shall be delivered to the Commissioner with responsibility for assessing the company and any other officer authorized in this behalf by the Central Board of Revenue.

53. (1). **Quarterly and annual statements of tax deducted from profit on Bonds, Certificates, Debentures, Securities, or Instruments.**- The quarterly and annual statements to be furnished under section 165 by a person deducting tax under clause (c) of sub-section (1) of section 151 from profit paid by the person shall be in the following form, namely:-

QUARTERLY/ANNUAL STATEMENT OF DEDUCTION OF TAX UNDER SECTION 151(1)(c) OF THE INCOME TAX ORDINANCE, 2001

FOR YEAR ENDED 30TH JUNE, 200_____ /FOR QUARTER ENDED _____

Nature of payment.	Name of recipient	Gross amount paid after zakat but before deduction of tax (see section 151)	Tax deducted and deposited.	Date of deposit of tax into Government Treasury.	Treasury Challan No.	Any other mode of transfer of tax deduction to the income tax head of account maintained in the designated bank. Please specify and give details.	Remarks in case no tax or low tax is deducted (Please specify the details of the recipient, reasons for non deduction or low deduction of tax with amount paid.
1	2	3	4	5	6	7	8

Bonds
Certificates
Debentures
Securities
Other instruments.

_____ Name of the company/Bank/Office making payment

														details of the recipient, reasons for non deduction or low deduction of tax with amount paid & names of person(s).
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
							Broker age	Commis sion Agent						

I, _____ of _____ hereby certify that the above statement contains a complete list of persons to whom profit on debt /brokerage/ commission/ professional fee for the year/quarter months ended on _____.

Signature _____

_____ Name _____

_____ Designation _____

State name of Government, local authority, public company, foreign contractor, consultant or consortium.

(2) The payment exceeding the monetary limits for which statement is required to be filed under sub-rule (1) shall be:-

- (i) in the case of a non-resident person _____ Nil
- (ii) in the case of a resident person
 - (a) where the amounts paid are in the nature of profit on debt Rs.1,000; and
 - (b) where amounts paid are other than profit on debt

Rs.5,000.

56. Statement under section 153 regarding deduction of tax made from contractors, suppliers etc. – Any person making deduction in accordance with the provisions of Section 153 shall by the fifteenth day of each quarter send to the Income Tax Authorities specified under rule _____ a quarterly statement in respect of payment made by him during the preceding quarter in the following form, verified in the manner indicated therein, namely:-

STATEMENT OF DEDUCTION OF TAX MADE UNDER SECTION 153 OF
INCOME TAX ORDINANCE, 2001

Name of the recipient	Address	National Tax Number	Nature of payment	Contract order No.	Date of payment	Total amount payable before deduction of tax	Amount paid after deduction of tax	Income tax deducted and deposited	Date of deposit of tax to government treasury	Treasury Challan No.	Remarks if any amount paid without deducting tax or low rate mentioned amounts	
1	2	3	4	5	6	7	8	9	10	11	12	13

57. Quarterly and annual statements of tax deducted from rent of immovable property .- The quarterly and annual statements to be furnished under section 165 by a person deducting tax under section 155 from payments of rent of immovable property shall be in the following form, namely:-

QUARTERLY /ANNUAL STATEMENT OF DEDUCTION OF TAX UNDER SECTION 155 OF THE INCOME TAX ORDINANCE 2001

FOR THE YEAR ENDED 30TH JUNE 20-__ /FOR THE QUARTER ENDED ____

S.No.	Name of recipient	Address	NTN	Address of property	Amount paid before deduction of tax.	Amount paid after deduction of tax.	Tax deducted and deposited treasury Challan No. & date.	Dates of deposit/ transfer through Bank to the NBP/ SBP in federal govt. treasury.	Remarks in case no/ low tax is deducted (Please specify the details of the recipient, reasons for non deduction or low deduction of tax with amount paid.
1	2	3	4	5	6	7	8	9	10

Name of officer making payment: _____

Signature _____

Address: _____

Name and

Designation _____

NTN: _____

Date: _____

58. Quarterly and annual statements of tax deducted from payments to non-resident persons .- The quarterly and annual statements to be furnished under section 165 by a person deducting tax under section 152 from a payment made by the person to a non-resident person shall be in the following form and verified in the manner indicated therein, namely:-

**QUARTERLY/ANNUAL STATEMENT OF DEDUCTION OF TAX UNDER
SECTION 152 OF THE INCOME TAX ORDINANCE, 2001**

FOR YEAR ENDED 30TH JUNE 20__ /FOR QUARTER ENDED ____

Name and address of the non-resident to whom payment is made.	Nature of payment.	Dates of payment	Total amount paid	Challan No.	Tax deducted and deposited	Date of deposit to government treasury	Treasury Challan No.	Remarks in case no tax or low tax is deducted (Please specify the details of the recipient, reasons for non/ low deduction of tax with amount paid.
1	2	3	4	5	6	7	8	9

I _____, hereby certify that the above statement contains a complete list of persons from whom tax was deductible under section 152 of the Income Tax Ordinance, 2001), during the year/quarter ending on _____ 200 ____.

Name and Address _____

Signature _____

Date _____

Designation _____

59. Annual statement of tax deducted from certain export payments.-
The annual statement to be furnished under section 165 by a person deducting tax under sub-sections (1) and (2) of section 154 in respect of exporters shall be in the following form and verified in the manner indicated therein, namely:-

**ANNUAL STATEMENT OF DEDUCTION OF TAX UNDER SECTION 154 OF
THE INCOME TAX ORDINANCE, 2001**

FOR YEAR ENDED 30TH JUNE, 20__ /FOR THE QUARTER ENDED ____

S. No.	Name and address of exporter	National tax number	Description of items exported	Amount realized In Foreign exchange	Date Of Payment	Total Amount (in Rs) before deduction of tax	Tax Deducted And depos-ted chalan no.	Date of deposit in Govt. Treasury
1	2	3	4	5	6	7	8	9

I, _____ hereby certify that the above statement contains a complete list of persons from whom tax was deductible under section 154 of the Income Tax Ordinance, 2001, during the year ended on the 30th June, 20_____.

Name of the authorized dealer in foreign exchange _____

Signature _____

Address _____

Dated _____

National Tax Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

60. Annual statement of tax deducted in relation to the sale of goods to exporters under inland back to back letter of credit.- The annual statement to be furnished under section 165 by a banking company deducting tax under sub-section (3) of section 154 from the proceeds of a sale of goods to an exporter under an inland back-to-back letter of credit or other prescribed arrangement shall be in the following form and verified in the manner indicated herein, namely:-

**ANNUAL STATEMENT OF TAX DEDUCTED UNDER SECTION 154
OF THE INCOME TAX ORDINANCE, 2001**

FOR YEAR ENDED 30TH JUNE, _____.

S. No.	Name, address and National Tax Number of supplier of goods to exporter	Name, address and National Tax Number of exporter	Description of Items supplied to exporter	Amount realised through back to back LC	Date of payment	Total amount before deduction of tax	Tax deducted and deposited	Date of deposit in Govt. Challan No.	Remarks in case no tax/ low tax is deducted (Please specify the details of the recipient, reasons for non/ low deduction of tax with the amount paid.
1	2	3	4	5	6	7	8	9	10

I, _____ do hereby certify that the above statement contains a complete and correct list of persons from whom tax was deductible under section 154 of the Income Tax Ordinance, 2001 during the year ended on 30th June _____

Name of authorized dealer in foreign Exchange _____
Name _____
Address _____
Dated _____
National Tax Number. _____

Signature _____

61. Annual statement of tax deducted from prize bonds, or winnings from a raffle, lottery or cross-word puzzle.- The annual statement to be furnished under section 165 by a person deducting tax under section 156 from a prize bond, or winnings from a raffle, lottery or crossword puzzle paid by the

person shall be in the following form and verified in the manner indicated therein, namely:-

**ANNUAL STATEMENT OF DEDUCTION OF TAX UNDER SECTION 156 OF
THE INCOME TAX ORDINANCE, 2001**

FOR THE YEAR ENDED 30TH JUNE 20__

S.No.	Name and address of recipient	Nature of payment of prize or bonus, raffle, lottery etc.	Dates of payment	Total amount payable before deduction of tax.	Tax deducted and deposited with No. and date.	Dates of transfer to NBP/SBP income tax head of account through bank transfer	Remarks in case no tax deduction or low deduction (Please specify the details of the recipient, reasons for non deduction of low deduction of tax with amount paid.
1	2	3	4	5	6	7	8

I _____ hereby certify that the above statements contains a complete list of persons from whom tax was deductible under section 156 of the Income Tax Ordinance, 2001 during the year ended 30th June 20__.

Name of the payer _____

Signature _____

Address _____

Designation _____

NTN _____

62. Six monthly and annual statements of tax collected .- The six monthly and annual statements to be furnished under section 165 by the Collector of Customs collecting tax under section 148 shall be in the following form and verified in the manner indicated therein, namely:-

**SIX MONTHLY/ANNUAL STATEMENT OF TAX DEDUCTED UNDER
SECTION 148 OF THE INCOME TAX ORDINANCE, 2001**

FOR YEAR ENDED 30TH JUNE, _____/FOR SIX MONTHS ENDED _____

S. No.	Name & address of Importer	National Tax Number	Description of goods	Appraised value of goods	Amount of customs duty & Sales tax etc.	Total Value of goods	i. Amount of tax collected ii. If no tax has been Collected specify reason of exemption	Dates of deposit of tax into Govt. Treasury/ Bank	Bank/ Treasury Challan No.	Remarks in case no/ low tax is deducted(Please specify the details of the recipient, amount paid and reasons
--------	----------------------------	---------------------	----------------------	--------------------------	---	----------------------	--	---	----------------------------	---

										for non/ low deduction of tax
1	2	3	4	5	6	7	8	9	10	11

I _____ hereby certify that the above statement contains a complete list of importers who imported goods during the year/six months ended on ____ 20__.

Name _____ and Designation _____
 Signature _____
 Office _____ Date _____

63. Quarterly and annual statements of collection of tax in relation to the issue or clearance of certain financial instruments.- The quarterly and annual statements to be furnished under section 165 by a person collecting tax under section 232 in relation to certain financial instruments shall be in the following form and verified in the manner indicated therein, namely:-

QUARTERLY/ANNUAL STATEMENT OF TAX DEDUCTED UNDER SECTION 232 OF THE INCOME TAX ORDINANCE, 2001

FOR YEAR ENDED 30TH JUNE, _____/FOR QUARTER ENDED _____

S. No	Name & code No. of Bank Branch	Total number of financial instruments (TT's, DD's, DRFDRs, issued during the quarter)	Total value of all the financial instruments issued during the quarter	Identifiable number of instruments on which tax has been collected.	Total value of financial instruments on which exempted tax has been collected u/s 232 (please enclose)	Amount of tax collected	Date of deposit of tax into government treasury with the date	Any other mode of transfer of tax – collection amount to Challan No. of account in the SBP or bank branch designated for the purpose. Please specify and give details.	Remarks in case no/ low tax is deducted (Please specify the details of the recipient, amount reasons for non/ low deduction of tax with amount and names of person(s).
1	2	3	4	5	6	7	8	9	10

I _____ hereby certify that the above statement contains a complete list of persons from whom tax was collectible under section 232 of the Income Tax Ordinance, 2001, during the year/quarter ended on ____ 200__.

Name and Designation _____
 Signature _____
 Bank Branch _____
 Date _____

- Note: i) The statement shall be prepared date-wise, by each branch of the bank or collecting institution.
- ii) The statement shall be supplied to local or designated income tax office.

Signature _____

Designation of person
Paying interest/ profit

64. Quarterly and annual statements of tax collected in relation to motor vehicles.- The quarterly and annual statements to be furnished under section 165 by a person collecting tax under section 234 in relation to motor vehicles shall be in the following form and verified in the manner indicated therein, namely:-

QUARTERLY/ANNUAL STATEMENT OF TAX COLLECTED UNDER SECTION 234 OF THE INCOME TAX ORDINANCE, 2001

FOR YEAR FROM ENDED 30TH JUNE, _____ / FOR QUARTER ENDED

S. No	Name and address of owner	Registration No. Of the Motor vehicle	Motor vehicle make/ model engine capacity	Year of manufacture	Date of first registration Of the vehicle In Pakistan	Registered capacity/ laden weight of the vehicle	Amount of tax deducted/ collected and deposited	Date Of deposit in govt. Treasury Challan No.	Remarks in case no/low tax is deducted (Please specify the details of the recipient, reasons for non/ low deduction of tax with amount paid.
1	2	3	4	5	6	7	8	9	10

I, _____ hereby certify that the above statement contains a complete list of persons from whom tax was collected under section 234 of the Income Tax Ordinance, 2001 for year/quarter ended on _____.

Name of motor vehicle tax collecting

Signature _____

Authority _____ Address _____

Dated _____

National Tax Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

65. Quarterly and annual statements of tax deducted from commission or discount allowed to petrol pump operators.- The quarterly and annual statements to be furnished under section 165 by a person deducting tax under section 157 from commission or discount allowed by the person to petrol pump

operators shall be in the following form and verified in the manner indicated therein, namely:-

**QUARTERLY/ANNUAL STATEMENT OF TAX DEDUCTED UNDER SECTION
157 OF THE INCOME TAX ORDINANCE, 2001**

FOR THE YEAR ENDED 30TH JUNE ___/FOR THE QUARTER ENDED ___

S.No	Name & Address of Petrol Pump Operator	National Tax Number	Item sold to petrol pump operator	Date of sales	Amount of sales	Commission/ discount allowed on the sales	Income tax collected from commission/ discount	Dates of deposit of tax in SBP/NBP & Br. Challan No./ Receipt No.	Any other mode of transfer of the income tax head of account in the designated bank	Remarks in case no/ low tax is deducted(Please specify the details of the recipient, reasons for non/ low deduction of tax with amount paid.
1	2	3	4	5	6	7	8	9	10	11

I, _____ do hereby certify that the above statement contains a complete and correct list of persons from whom tax was collectable under section 157 of the Income Tax Ordinance, 2001 during the year/quarter ended on _____.

Name of company/seller _____
 Signature _____
 Address _____
 Name _____
 National Tax Number _____
 Date _____

66. Quarterly and annual statements of tax collected with telephone bills.—The quarterly and annual statements to be furnished under section 165 by a person collecting tax under section 236 shall be in the following form and verified in the manner indicated therein, namely:-

**QUARTERLY/ANNUAL STATEMENT OF TAX COLLECTED UNDER SECTION
236
OF THE INCOME TAX ORDINANCE, 2001
FOR YEAR ENDED ON THE ___/FOR QUARTER ENDED ___.**

S. NO	Name of Subscriber and address	Phone No.	NTN And NIC Number	Total amount of bills for the quarter ending or the year or ended 30-6-	Bills Amount not subjected to tax	Advance income tax collected	Date of deposit of tax in the SBP/ NBP And Branch Challan No.	Indicate reasons for non-collection if any, i.e., subscriber is (1)Govt. (2)a Diplomat or (3)non-taxable or charitable institution	Remarks in case no/ low tax is deducted (Please specify the details of the recipient,
-------	--------------------------------	-----------	--------------------	---	-----------------------------------	------------------------------	---	--	---

										reasons for non/low deduction of tax with amount paid.
1	2	3	4	5	6	7	8	9	10	

I _____ do hereby certify that the above statement contains a complete and correct list of persons from whom tax was collected under section 236 of the Income Tax Ordinance, 2001, for the year/quarter ended on _____.

Signature _____

Name and designation

Name of company

Address

(Seal)

Date

**CHAPTER X
PRESCRIBED FORMS**

67. Application of Chapter.- This chapter prescribes forms to be used for the purposes of the Ordinance.

68. Amended assessment notice. – An amended assessment order related issue notice or / letter issued by the Commissioner under section 122 shall be in the manner or proforma specified in Part II of the First Schedule to these rules.

69. Section 140 notice.- A notice issued by the Commissioner under section 140 shall be in the form specified in Part IV of the First Schedule to these rules.

70. Section 145 certificate.- A certificate issued by the Commissioner to the Director of Immigration or immigration authority under section 145 shall be in the form specified in Part V of the First Schedule to these rules.

71. Section 170 application.- (1) An application under section 170 for a refund of tax shall be in the proforma specified in Part VI of the First Schedule to these rules.

(2) The application shall be verified in the manner specified in the form.

(3) The application shall be accompanied by such documents, statements and certificates as specified in the form, and in the Ordinance and these rules.

72. Section 175 authorization.- The authorization of a taxation officer for the purposes of section 175 shall be in the manner specified in Part XIII of the First Schedule to these rules.

CHAPTER - XI
FURNISHING OF DOCUMENTS; SERVICE OF DOCUMENTS;
FORMS AND NOTICES

73. Furnishing of documents and returns etc.- (1) This rule applies for the purposes of furnishing of documents under the Ordinance or these rules.

(2) Except as provided in the Ordinance or these rules, any application, statement or other document to be furnished to the Commissioner shall be furnished in the following manner, namely:-

- (a) by post or courier service;
- (b) delivered by hand to the officer having jurisdiction over the person or to such other officer as the Commissioner may specify; or
- (c) on computer media or by electronic transmission in accordance with specified software or other requirements of the Commissioner or Regional Commissioner as the case may be, also prescribing safety valves and security and verification consideration.

(3) A return, statement, certificate, application or other document furnished by a person that includes the electronic signature of the person or the person's representative shall be taken to be signed by that person.

(4) A person who furnishes a return, statement, certificate, application or other document by electronic transmission which includes the electronic signature of another person who has not consented to the inclusion of the signature shall commit an offence punishable on conviction with a fine or imprisonment not exceeding one year, or both.

(5) In this section, "electronic signature" means the unique identification, in electronic form, that is approved by the Commissioner or Regional Commissioner for use by the person or the person's representative.

74. Service of documents electronically.- (1) This rule applies for the purposes of the service of documents under the Ordinance or these rules.

(2) Where a person has notified the Commissioner in writing of an electronic address for service of documents under the Ordinance or rules, a document required to be served on the person by the Commissioner or Regional Commissioner shall be considered sufficiently served if sent to that address.

(3) For the purposes of sub-rule (2), a document is considered sent to an electronic address if the sender receives -

- (a) in the case of a message sent to a facsimile number, confirmation from the sending facsimile machine that the transmission is sent; and
- (b) in the case of a message sent to an electronic mail address, confirmation from the server of the recipient that the message has been received.

(4) In this rule -

- (a) “document” means any notice, order or requisition under the Ordinance; and
- (b) “electronic address” means a facsimile number or electronic mail address.

75. Forms and notices.- Any order, notice, assessment, computation or other document required to be issued under the Ordinance or these rules may be generated by computer and the order, notice, assessment, computation or other document shall not require the signature of the taxation officer whose name and designation is specified thereon.

GROUNDS OF APPEAL
(Attach separate sheets, if required)

- 1.
 - 2.
 - 3.
 - 4.
-

BRIEF CLAIM IN APPEAL/ PAYER

VERIFICATION

1. I, _____ S/o _____ the proprietor/partner/managing director/member of M/s. _____ the appellant, do hereby declare that whatever is stated above is true to the best of my knowledge and belief.
2. I am competent to file the appeal in my capacity as _____.
3. I further certify that a true copy of this form of appeal has been sent by Registered Post/ AD/ Courier service, or delivered to the concerned officer personally to the Commissioner/ Circle _____ Zone/ Jurisdiction _____ on _____ (date)

Signature of Appellant _____
Name (in capital letters) _____
NIC Number of person signing the appeal _____

The form of appeal and verification form appended thereto shall be signed:-

- (a) in case of an individual by the individual himself
- (b) in case of a company by the principal officer.
- (c) In case of AOP by member/partner.

_____ *This portion is for official use*

Appeal received by transfer
register No.
From Zone/Range

Date appeal received In ward
by transfer

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Appeal transferred to register No. Zone/Range	Date of appeal transferred out	Outward														
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UDC/LDC/ Officer of Appeal Section _____ _____	(Initial)	CIT(Appeal) (Initial)														

APPEAL ACKNOWLEDGEMENT RECEIPT

Appeal Zone/ _____ . _____
City

National Tax No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 Appeal No. _____

Appellant" Name _____

Signature of Appellant receiving	Date of receipt of Appeal	Signature, and name of Official Designation _____

77. Prescribed form for appeal to the Appellate Tribunal.- An appeal under section 131 shall be in the following form and verified in the manner indicated therein, namely:-

FORM OF APPEAL TO THE TRIBUNAL UNDER SECTION 131 OF
THE INCOME TAX ORDINANCE, 2001
No _____ of 20

Appellant _____ Vs _____ Respondent _____

Income Tax Office in which assessment was made and one in which it is located.

Tax year to which the appeal relates.

Section of the Income Tax Ordinance, 2001 under which Commissioner passed the order Commissioner (Appeals) passing the appellate order.

Date of communication of the order appealed against _____

Address to which notices may be sent to the appellant. _____

Address to which notices may be sent to
the respondent. _____

Claim in appeal _____

GROUND OF APPEAL

Signed (Appellant)

Signed
(Authorized Representative, if any)

VERIFICATION

I _____ The appellant, do hereby declare that what is
stated above is true to the best of my information and belief.

Verified to day, the _____ day of _____ 20____.

Signed
(Appellant)

N.B.

1. The memorandum of appeal (including the Grounds of Appeal when filed on a separate paper) must be in triplicate and should be accompanied by two copies (at least one of which should be a certified copy) of the order appealed against and two copies of the order of the Commissioner
2. The memorandum of appeal in the case of an appeal by the taxpayer must be accompanied by a fee. The appeal fee must be credited in the Treasury or a Branch of the National Bank of

Pakistan or the State Bank of Pakistan and the triplicate portion of the challan sent to the Tribunal with the memorandum of appeal. The Appellate Tribunal will not accept cheques, hundies or other negotiable instruments.

3. The memorandum of appeal should be set forth, concisely and under distinct heads, the grounds of appeal without any argument or narrative and such grounds should be numbered consecutively.

78. Prescribed Form for reference application.- An application under sub-section (l) of section 133 requiring the Tribunal to refer to the High Court any question of law shall be in the following form, namely:-

FORM OF REFERENCE APPLICATION UNDER SECTION 133 OF
THE INCOME TAX ORDINANCE 2001
IN THE INCOME TAX APPELLATE TRIBUNAL

In the matter of the assessment of _____ name of the taxpayer.

R. A. No _____ of 20 (to be filled in by the office of the Tribunal).

_____ Appellant Vs _____ Respondent

The Income Tax Office in which assessment was made name and number of appeal which gives rise to the reference.

The applicant (s) state (s) as follows:-

1. that the appeal noted above was decided by the _____ Bench of the Tribunal on _____
2. that the notice of the order under sub-section (3) of section 132 of the Income Tax ordinance, 2001 was served on the applicant on _____
3. that the facts which are admitted and/or found by the Tribunal and which are necessary for drawing up a statement of the case, are stated in the enclosure for ready reference.

4. that the following questions of law arise out of the order of the Tribunal:-
 - (1)
 - (2)
 - (3)
5. that the applicant, therefore, requires under section 133 of the aforesaid Ordinance that a statement of the case be drawn up and the question of law referred to in paragraph 4 above be referred to the High Court.
6. that the documents or copies thereof, as specified below (the translation in English of the documents, where necessary is annexed) be forwarded to the High Court with the statement of the case.

Signed
(Appellant)

Signed
(Authorized Representative, if any)

- N.B:-*
1. The application must be made in triplicate.
 2. The application made by an taxpayer as the case may be must be accompanied by a fee of one hundred rupees. The fee must be credited in the Treasury or a Branch of the National Bank of Pakistan or the State Bank of Pakistan after obtaining a challan from the Commissioner and the triplicate portion of the challan sent to the Tribunal with the application. The Appellate Tribunal will not accept cheques, drafts, hundies or other negotiable instruments.

CHAPTER XIII NATIONAL TAX NUMBER CARD

79. Application of Chapter. - The rules in this Chapter apply for the purposes of section 181, which provides for the issuing of National Tax Number Cards.

80. Application for National Tax Number Card.- (1) An application for a National Tax Number Card shall be in the form specified in Part VIII of the First Schedule to these rules and shall be accompanied by documentary evidence of the applicant's identity.

(2) The following shall be provided as documentary evidence of an applicant's identity –

- (a) in the case of an individual –
 - (i) NIC or a current passport; or
 - (ii) other documents with photo-identification-driver's licence.
- (b) in the case of a company other than a trust), the certificate of incorporation or registration of the company;
- (c) In the case of a trust, the trust deed;
- (d) In the case of a firm, the instrument of partnership; or
- (e) In the case of an association of persons (other than a firm), document(s). Detail of non-resident member to be specified.

(3) An application for a National Tax Number Card shall be lodged with the authority specified by the CBR through circular.

- (a) by post or delivery by hand to the Commissioner having jurisdiction over the applicant; or
- (b) by inclusion with the applicant's first return of income or first employer's statement furnished in lieu of a return of income.

81. Decision on application for a National Tax Number Card.- (1) The Commissioner shall make a decision on an application for a National Tax Number Card within fifteen days of the application being properly lodged.

(2) Where the Commissioner decides not to grant an application for a National Tax Number Card, the Commissioner shall give the applicant notice in

writing of the decision and the reasons for the decision.

82. Cancellation of National Tax Number Card.- (1) Where the Commissioner decides that a National Tax Number Card was issued to a person under an identity that was not the person's true identity, the Commissioner may, by notice in writing served on the person, cancel the card.

(2) The Commissioner shall set out in the notice the reasons for the Commissioner's decision to cancel the card.

83. Displaying and quoting of National Tax Number Card.- (1) Every person deriving income from business chargeable to tax who has been issued with a National Tax Number Card shall display the person's National Tax Number at a conspicuous place at every place of business of the person.

(2) Every person referred to in sub-rule (1) shall quote the person's National Tax Number in the following circumstances, namely:-

- (a) in all commercial transactions entered into by the person;
- (b) in cash memos issued under rule 30;
- (c) in all returns, statements and other documents required to be furnished under the Ordinance and in any correspondence with the Commissioner; and
- (d) in all documents relating to the person's business on the following matters, namely:-
 - (i) all new connections of utilities, including water, gas, electricity and telephone;
 - (ii) the entering into a loan with a banking company or financial institution;
 - (iii) the opening of letters of credit; and
 - (iv) the transfer of urban immovable property.

CHAPTER XIV
REGISTRATION OF INCOME TAX PRACTITIONERS

84. Application of Chapter XIV.- This chapter applies for the purposes of section 223, which provides for the registration and regulation of income tax practitioners.

85. Application for registration as an income tax practitioner.- (1) A person satisfying the requirements in rule 86 and desiring to be registered as an income tax practitioner shall make an application in the form specified in Part X of the First Schedule to these rules.

- (2) Every application under this rule shall be accompanied by -
- (a) a Treasury receipt for five hundred rupees required to be deposited as a non-refundable application fee in any Government Treasury; and
 - (b) such documents, statements and certificates as specified in the form.

86. Prescribed qualification for registration as an income tax practitioner.- (1) For the purposes of the definition of “income tax practitioner” in sub-section (11) of section 223, a person applying for registration as an income tax practitioner shall:-

- (a) possess one of the following qualifications, namely:-
- (i) a degree in Law at least in the second division, a degree in Commerce (with Income Tax Law and Accounting or Higher Auditing as subjects or parts of subjects, whether compulsory or optional) or a degree in Business Administration or Business Management (with Accounting and Income Tax law as subjects or parts of subjects, whether compulsory or optional) conferred by a prescribed institution; or
 - (ii) a pass in a prescribed accounting examination.
- (b) have worked for a continuous period of one year as an apprentice under the supervision of a chartered accountant, cost and management accountant, legal practitioners entitled to practice in a civil court in Pakistan, and a registered income tax practitioner registered for a period of not less than ten years.
- (2) For the purposes of sub-clause (i) of clause (a) of sub-rule (1), a

degree conferred by a prescribed institution that is a foreign university or institution shall only qualify if the degree is equivalent to a degree conferred by a Pakistani university and is recognised as such by a Pakistani university.

(3) In this rule,

- (a) "Institute of Chartered Accountants of Pakistan" means the Institute of Chartered Accountants of Pakistan constituted under the Chartered Accountants Ordinance, 1961;
- (b) "foreign institution" means any institution in a foreign country authorised to grant a degree under the laws of the country;
- (c) "foreign university" means any university in a foreign country incorporated by law, or accredited or affiliated by any association of universities or college in the country or by any authority formed for that purpose under the laws of that country;
- (d) "prescribed accounting examination" means any of the following examinations, namely:-
 - (i) an examination equivalent to the intermediate examination conducted by the Institute of Chartered Accountants of Pakistan;
 - (ii) an examination equivalent to the intermediate examination conducted by any foreign institute of chartered accountants and recognised by the Institute of Chartered Accountants of Pakistan as equivalent to its intermediate certificate;
 - (iii) an examination equivalent the final examination conducted by the Association of Certified and Corporate Accountants, London; or
 - (iv) Part-III of examination for Cost and Management Accountants conducted by the Institute of Cost and Management Accountants under the Cost and Management Accountants Act, 1966 (XIV of 1966); and
 - (v) Certified public accountants of USA.
- (e) "prescribed institution" means a university incorporated by any law in force in Pakistan or Azad Kashmir, a foreign university or a foreign institution.

87. Registration of income tax practitioners.- (1) On receipt of an

application under rule 85, the Regional Commissioner may make such further enquiries and call for such further information or evidence as may be considered necessary.

(2) If the Regional Commissioner is satisfied that an applicant qualifies to be registered as an income tax practitioner, the RCIT shall cause the applicant's name to be entered in a register to be maintained for the purpose in the office.

(3) The name of a person entered on the register of income tax practitioners shall be notified to the Commissioner and the Appellate Tribunal.

(4) The Regional Commissioner shall notify the applicant, in writing, of the decision on the application.

(5) Where the RCIT decides to refuse an application for registration, the notice referred to in sub-rule (4) shall include a statement of reasons for the refusal.

88. Duration of registration.- Registration of a person as an Income Tax Practitioner shall remain in force until any of the following occurs, namely:-

- (a) the person surrenders the registration by notice in writing to the Regional Commissioner of Income Tax.
- (b) the person dies; or
- (c) the person's registration is terminated by the RCIT.

89. Cancellation of registration.- (1) Any person (including an income tax authority) who considers that an income tax practitioner is guilty of misconduct in a professional capacity may file a complaint in writing with the Commissioner.

(2) A complaint filed under sub-rule (1) shall be accompanied by affidavits and other documents as necessary to sustain the complaint.

(3) On receipt of a complaint in writing under sub-rule (1), the Commissioner shall fix a date, hour and place which shall be no later than twenty one days from the receipt of the complaint for enquiry into the complaint.

(4) Within seven days of receipt of the complaint, the Commissioner shall serve a notice of the complaint on the Income Tax Practitioner to whom the complaint relates and such notice shall -

- (a) inform the practitioner of the date, hour and place of the enquiry; and
- (b) be accompanied by a copy of the complaint and any

affidavits and other documents accompanying the complaint.

(5) If, at the date fixed for enquiry, it appears that the notice and accompanying documents referred to in sub-rule (4) have not been served as provided for in that sub-rule, the Commissioner shall adjourn the enquiry to a date then to be fixed and may direct that the notice and accompanying documents shall be served by registered post or such other means as the Commissioner sees fit.

(6) Not less than two days before the date or adjourned date fixed for the enquiry, the income tax practitioner concerned shall file with the Commissioner a signed explanation in writing and any affidavit in reply intended to be used in the enquiry.

(7) On the date or adjourned date of the enquiry, the complainant shall file any affidavits in reply intended to be used at the enquiry.

(8) The Commissioner may adjourn the enquiry from time to time to a date and place to be fixed at the time of adjournment and may make such orders and give such directions in regard to the enquiry and all matters relating thereto as the Commissioner may think fit.

(9) On the date or adjourned date fixed for the enquiry, the Commissioner may -

- (a) hear and determine the complaint upon the affidavit and other documents, if any, filed and may allow the complainant and income tax practitioner to be cross-examined on their affidavits; or
- (b) hear and determine the complaint upon oral evidence.

(10) If the Commissioner decides to hear oral evidence, the procedure generally and as far as practicable shall be that which is followed at the hearing of suits by Civil Courts, provided that the record of oral evidence shall be kept in such manner as the Commissioner may direct and, if a shorthand writer is employed to take down evidence, the transcript of the writer's notes shall be a record of deposition of the witnesses.

(11) If the Commissioner decides that the income tax practitioner to whom the complaint relates is guilty of professional misconduct, the Commissioner shall cancel the practitioner's registration.

(12) The Commissioner shall give the complainant and the income tax practitioner to whom the complaint relates notice, in writing, of the Commissioner's decision on the complaint.

90. The appeal against the Commissioner's decision lies with the Regional Commissioner of Income Tax. However, the RCIT on filing of appeal may, pending decision of appeal, allow the ITP to represent, provided such case is made at the time of filing of appeal.

CHAPTER XV
RECOGNISED PROVIDENT FUNDS, APPROVED SUPERANNUATION
FUNDS AND APPROVED GRATUITY FUNDS

Part I
Recognised Provident Funds

91. Application for recognition of provident fund.- (1) An application for recognition of a provident fund shall be made, in writing, by the employer maintaining the fund, setting out the following information, namely:-

- (a) the employer's name and the address of the employer's principal place of business;
- (b) the name of all employees, whether in or outside Pakistan subscribing to the fund;
- (c) the place where the accounts of the fund are or will be maintained; and
- (d) where the fund is already in existence, a copy of the last balance sheet of the fund and details of the investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

“We/ I, the trustee(s) of the above named fund, do declare that what is stated in the above application is true to the best of our/my information and belief, and that the documents sent herewith are the originals or true copies thereof.”

(3) Subject to sub-rule (4), the application shall be accompanied by the following documents, namely:-

- (a) the original of trust deed to be sighted by the Commissioner;
- (b) a copy of the trust deed to be retained by the Commissioner;
and
- (c) the rules of the fund.

Provided that if the original of the trust deed cannot conveniently be produced, the Commissioner may accept, in lieu of the original, a true copy certified either by a

Magistrate or in any manner provided for in the Companies Rules, 1984, in which case, an additional copy shall be furnished for retention by the Commissioner.

(4) The application shall be lodged with the Commissioner responsible for the area/ jurisdiction in which the accounts of the fund are kept, or, if the accounts are kept outside Pakistan, lodged with the Commissioner responsible for the area/ jurisdiction in which the local headquarters for the employer are situated.

92. Decision on application.- (1) The Commissioner may make such enquiries and call for such further information or evidence as the Commissioner may consider necessary to decide the application.

(2) The Commissioner shall notify the applicant, in writing, of the Commissioner's decision on the application.

(3) Where the Commissioner decides to refuse an application under rule, the notice referred to in sub-rule (2) shall include a statement of reasons for the refusal.

(4) Subject to sub-rule (5), an order according recognition to a provident fund shall take effect from the last day of the month in which the application for recognition is received by the Commissioner or, at the request of the employer, the last day of any later month in the same financial year.

93. Withdrawal of recognition.- Where the Commissioner decides to withdraw recognition of a provident fund, the Commissioner shall notify the applicant, in writing, of the Commissioner's decision and such notice shall include a statement of reasons for the withdrawal.

94. Form of appeal in case of non-recognition or withdrawal of recognition.- (1) An appeal under sub-rule (1) of rule 12 of Part I of the Sixth Schedule to the Ordinance to the Commissioner's decision to refuse an application for recognition or to withdraw recognition shall be in the following form shall be verified in the manner indicated therein, namely:-

FORM OF APPEAL IN CASE OF NON-RECOGNITION OR
WITHDRAWAL OF RECOGNITION

To

The Central Board of Revenue,
Islamabad/ Before the Commissioner (Appeals)

The petition of _____ employer(s) carrying on business, profession or vocation _____ at _____

Your petitioner(s) applied to/obtained sanction from the Commissioner under Part I of the Sixth Schedule to the Income Tax Ordinance, 2001 for the recognition of the provident fund maintained by him (them) for the benefit of his (their) employees. The Commissioner has refused recognition/withdrawn recognition for the reason stated in his order, dated _____, of which a copy is attached.

For the reasons set out below your petitioner(s) submit (s) that the fund should be contained to be recognised and pray (s) that the Central Board of Revenue may be pleased to.

Accord recognition
Continue the recognition.

GROUND(s) OF APPEAL

- (1)
- (2)
- (3)
- (4)
- (5)

I/We named above petition to declare that whatever is stated above is true to the best of our information and belief .

Name _____
Signature _____
Address _____
Date _____

(2) An appeal referred to in sub-rule (1) shall be accompanied by a copy of a challan for Rs. 100/- paid in Government treasury.

95. Accounts required to be maintained by a recognised provident fund.-

(1) A recognised provident fund shall prepare accounts at intervals of not more than twelve months.

(2) An account shall be maintained for each subscriber to the fund and it shall include the particulars shown in the following form, namely:-

Account closed.
Date

Paid to employee
 Lapsed to the employer
 Or to fund
 Recovery by employer

Name _____ Date _____ of joining
 Fund _____

Annex

Month and year.	Salary.	By employees	Contribution by the Employer			
			Normal	Of contingent nature,	Total in columns 3,4,5.	Total interest on the amount shown in column 6.
1	2	3	4	5	6	7

Balance brought forward

July _____
 August _____
 June _____
 Total: _____

Exempt		Not exempt		Remarks.	
Employer's contribution not exceeding statutory limit.	Interest on sum in Column 6 at % but not exceeding statutory limit	Contribution Column 4+5 minus Column 8	Interest Column 7 minus Column 9.	Additions to total income 10 plus Column 11.	
8	9	10	11	12	13

Adjustment on account of temporary
 Withdrawals account (Column 8 and 9 only).

Adjustment on account of non-payable
 Withdrawals account Columns 10 and 11.

Total carried over.

If desired column 7 may be divided into sub-columns showing separately the interest on columns and columns 4 and 5 respectively.

Non-payable withdrawals Account _____ Temporary withdrawal Account _____

Amount _____ Advance Repayment _____

July	Balance brought Forward_____
	July_____
August	August_____
June	June_____
Total	

(3) The trustees of a recognised provident fund shall furnish to the Commissioner an abstract for the fund's accounting period of the individual account of each employee participating in the fund whose income under the head "Salary" is Rs. 24,000 or more per annum.

(4) The abstract shall –

- (a) be in the form prescribed in sub-rule (2), but shall show only the total of the various columns thereof for fund's accounting period; and
- (b) include an account of any temporary withdrawals by the employees during the year and of the repayment thereof.

(5) The abstract shall be furnished by the trustees to the Commissioner responsible for the area in which the accounts of the fund are kept or to such jurisdiction or functional Division as the Commissioner may, in each case, direct.

(6) Subject to rule, the abstract shall be furnished -

- (a) in the case of a company, on or before the first day of August next following the fund's accounting period or within fifteen days of the expiry of six months from the end of the fund's accounting period, whichever is later; and
- (b) in any other case –
 - (i) where the fund's accounting period ends at any time between the first day of July and the thirty-first day of December (both days inclusive), on or before the first day of August next following; or
 - (ii) in any other case, on or before the first day of October next following the end of the fund's accounting period.

(7) The account to be made under the provisions of sub-rule (1) of rule 7 of Part I of the Sixth Schedule to the Ordinance shall show in respect of each employee -

- (a) the total salary paid to the employee during the period of participation in the provident fund;
- (b) the total contributions made by, or in respect of, the employee;
- (c) the total interest which has accrued thereon; and
- (d) so far as may be, the percentage of the employee's salary in accordance with which contributions have been made by the employer and the employee.

96. Time limit for submission of accounts kept outside Pakistan.- (1) Where the accounts of a recognised provident fund are kept outside Pakistan, certified copies of the accounts shall be supplied not later than the 15th September in each year to a local representative of the employer in Pakistan.

(2) The Commissioner may, upon application in writing, fix a date later than the 15th September as the date by which the certified copies shall be supplied.

97. Limit on contribution by employers.- The Commissioner may relax the limits fixed under clause (c) of sub-rule (1) of rule 2 of Part I of the Sixth Schedule to the Ordinance for contribution of an employer to the individual account of an employee in any year provided that such contribution shall not exceed the following limits, namely:-

- (a) the employer's aggregate contribution in any year including the normal contribution to the individual account of any one employee, whose salary does not exceed Rs. 1000 per month, shall not exceed double the amount of the contribution of the employee in that year; and
- (b) the amount of the periodical bonuses and other contribution of a contingent nature which may be credited by an employer in any year to the individual account of any one employee shall not exceed the amount of the contribution of the employee in that year.

98. Limit on contributions by certain employees.- Where an employee of a company owns shares in the company with a voting power exceeding ten per cent of the whole of such power, the sum of the exempted contributions of the employee and employer to the recognised provident fund maintained by the company shall not exceed Rs. 1000 in any month.

99. Exclusion from total income of accumulated balances.- For the purpose of rule 4 of Part I of the Sixth Schedule to the Ordinance, the accumulated balance due and becoming payable to an employee participating in a recognised provident fund shall be exempt from income tax and shall be excluded from the computation of total income.

100. Treatment of consideration for dealings with beneficial interest.- If an employee assigns or creates a charge upon his beneficial interest in a recognised provident fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date of receipt of the notice, the consideration received for such assignment or charge shall be treated as salary received by him in the year in which the fact became known to the Commissioner and shall be assessed accordingly.

101. Treatment in certain cases where recognition is withdrawn.- If the Commissioner withdraws recognition from a recognized provident fund, the balance to the credit of each employee at the end of the financial year prior to the date of the withdrawal of recognition shall be paid to the employee free of tax at the time when such employee receives the accumulated balance due to him and the remainder of the accumulated balance due to him shall be liable to tax as if the fund had never been recognized

102. Investment of moneys of a recognised provident fund.- (1) Where the employer is not company as defined in clause (7) of section 2 of the Companies Ordinance, 1984, the contributions made by employees after the date of recognition of a provident fund and the interest on the accumulated balance of such contribution shall be wholly invested either in securities of the nature specified in clause (2)(b),(c),(d) or (e) of section 20 of the Trusts Act, 1882, and payable both in respect of capital and interest in Pakistan or in a Post Office Savings Bank Account in Pakistan or deposited in National Savings, Federal Government securities or deposits in NCBs or NBP, or, in the other government securities, or any other established financial institutions including mutual funds subject to maximum of 20% of such deposits or investment at any time in the year.

(2) Where the employer is a company as defined in clause (7) of section 2 of the Companies Ordinance, 1984, all moneys contributed to a provident fund (whether by the company or by the employees or accruing by way of interest or otherwise to such fund) shall be wholly invested in accordance with the provisions of section 227 of the Companies Ordinance, 1984, or deposited or invested as in sub-rule (1) or with the prior approval of the Commissioner, in purchase of shares of a public limited company offered for sale inviting public offer by the Federal Government so, however, that the securities and deposits in which the contributions made by the employees after the date of recognition of a provident fund and the interest on the accumulated balance on such

contributions are invested or deposited are payable in respect of capital, deposit and interest in Pakistan.

103. Permitted withdrawals.- (1) Subject to these rules, withdrawals by employees from accumulated balance may be allowed by the trustees of a recognized provident fund in the following circumstances, namely:-

- (a) to pay expenses in connection with the illness of a subscriber or a member of his family;
- (b) to meet the expenditure on purchase of a motor cycle or scooter provided that authenticated copies of documents substantiating such purchase are deposited with the trustees of the fund;
- (c) to pay the overseas passage by reason of health or education of a subscriber or a member of his family;
- (d) to pay expenses in connection with marriages, funerals or ceremonies, which, by the religion of the subscriber, it is incumbent upon him to perform and in connection with which it is obligatory that expenditure should be incurred;
- (e) to pay expenses in connection with the performance of Haj by the subscriber;
- (f) to meet the expenditure on building or purchasing a house or a site for a house, provided that the documents substantiating the building or purchase of such house, or the purchase of such site, are deposited with the trustees of the fund;
- (g) to meet the expenditure on repairs, renovation or extension of a residential house belonging to the subscriber;
- (h) to pay premiums on policies of insurance on the life of the subscriber or of his wife provided that the policy is assigned to the trustees of the fund or at their discretion deposited with them and that the receipt granted by the insurance company for the premiums is from time to time handed over to the trustees for inspection by the Commissioner;
- (i) to purchase shares of a public limited company for investment as per rules of this Chapter;

- (j) in the case of a subscriber who has attained the age of fifty years on the date on which withdrawal is permitted -
 - (i) subject to sub-rule (2), to meet the expenditure on the purchase of a house or construction of a house on land owned by him or a member of his family anywhere in Pakistan;
 - (ii) subject to sub-rule (3), to meet expenditure on the purchase of agricultural land from Government;
 - (iii) to repay a loan taken from a financial institution, provided that the subscriber shall, within a period of two weeks from the date of withdrawal produce satisfactory evidence before the trustees to show that the advance has been utilised for the purpose for which it was drawn failing which the entire amount of withdrawal together with interest accrued thereon shall forthwith become repayable to the fund in a lump-sum; and
 - (iv) without assigning any reason; or
- (k) in the case of an employee proceeding on leave preparatory to retirement, at the discretion of the trustees of the fees, without assigning any reason, provided that where an employee rejoins duty on the expiry of his leave, the amount withdrawn together with the interest accruing thereon at the rate allowed by the fund shall be repaid forthwith in to the fund in a lump-sum.

(2) The first instalment of a withdrawal under sub-clause (i) or clause (j) of sub-rule (1) shall be allowed to be drawn only after an agreement has been executed between the subscriber and the trustees of the fund to the effect that the subscriber shall expend the full amount of the said advance towards the purchase or the building of a houses as claimed at the earliest possible opportunity and if the actual amount so expended is less than the amount of permitted withdrawal the subscriber shall repay the difference into the fund forthwith and further that if the said house is sold or otherwise alienated by its owner to any other person while the subscriber is still in service, the subscriber shall forthwith repay into the fund the entire amount of the withdrawal together with interest accrued thereon in lump-sum.

(3) The first instalment of a withdrawal under sub-clause (ii) of clause (j) of sub-rule (1) shall be allowed to be drawn only after an agreement has been executed between the subscriber and the trustees of the fund to the effect that the subscriber shall expend the full amount of the said advance towards the purchase of the said piece of land at the earliest possible opportunity and if the actual amount so expended is less than the amount of permitted withdrawal the subscriber shall repay the difference into the fund forthwith and further that if the said house is sold or otherwise alienated by its owner to any other person while the subscriber is still in service, the subscriber shall forthwith repay into the fund the entire amount of the withdrawal together with interest accrued thereon in lump sum.

104. Limits on Withdrawals.- (1) Withdrawals permitted under these rules shall not exceed the following limits, namely:-

- (a) in the case of withdrawals permitted under clause (a), (b) (c) or (d) of sub-rule (1) of rule 103, six months salary of the subscriber or the total of accumulated balance to his credit, whichever is the less;
- (b) in the case of withdrawals permitted under clause (d) of sub-rule (1) of rule, six months salary of the subscriber or twenty five thousand rupees or/ of the total of the accumulated balance to his credit, whichever is the lowest;
- (c) in the case of withdrawals permitted under clause (f) or (g) of sub-rule (1) of rule, thirty-six months salary of the subscriber or the total of the accumulated balance to his credit, whichever is the less;
- (d) in the case of withdrawals permitted under clause (h) of sub-rule (1) of rule, eighteen months salary of the subscriber or the total of the accumulated balance to his credit, whichever is the less, provided that this restriction shall apply to each withdrawal and not to the total withdrawal;
- (e) in the case of withdrawals permitted under clause (i) of sub-rule (1) of rule, six months salary of the subscriber or ten thousand rupees or the total of the accumulated balance to his credit, whichever is the lowest;
- (f) in the case of withdrawals permitted under sub-clause (i), (ii) and (iii) of clause (j) of sub-rule (1) of rule, twenty-four months salary of the subscriber or eighty percent of the total of the accumulated balance to his credit, whichever is the less;

- (g) in the case of withdrawals permitted under sub-clause (iv) of clause (j) of sub-rule (1) of rule, sixty percent of the total of the accumulated balance to the subscriber; and
 - (h) in the case of withdrawals permitted under clause (k) of sub-rule (1) of rule, ninety percent of the accumulated balance to the subscriber.
- (2) For the purpose of rule and this rule:-
- (a) “accumulated balance” means the total of the accumulations of exempted contributions and exempted interest contained in the balance to the credit of the employee at the time of withdrawals;
 - (b) “family” means the employee’s wife, legitimate children, step children, parents, sisters and brothers who reside with the employee and are wholly dependent on him; and
 - (c) “salary” means the salary as defined in clause (h) of rule 14 of Part I of the Sixth Schedule to the Ordinance to which the employee is entitled at the time when the withdrawal is granted.

105. Second withdrawals.- (1) Save as provided in sub-rules (2), (3), (4) and (5), no second withdrawal from a recognized provident fund shall be permitted until the sum first withdrawn has been fully repaid.

(2) A withdrawal may be permitted for the purposes specified in clause (h) of sub-rule (1) of rule 110, notwithstanding that the sum withdrawn for any other purpose has not been repaid.

(3) Subsequent withdrawals for the purposes specified in clause (h) of sub-rule (1) of rule 103 may be permitted, notwithstanding that the sum or sums previously drawn for the same purpose has or have not been repaid.

(4) A withdrawal for any one of the purposes specified in sub-rule (1) of rule 103 other than that specified in clause (a) of that sub-rule may be permitted notwithstanding that the sum or sums withdrawn for the purposes of clause (e) of sub-rule (1) has or have not been repaid.

(5) A withdrawal for any of the purposes specified in sub-rule (1) of rule 103 other than those specified in clauses (f) and (h) of that sub-rule may be permitted notwithstanding that the sum previously withdrawn for the purposes of clause (d) of sub-rule (1) has not been repaid.

106. Repayment of amounts withdrawn.- (1) Where any withdrawal is allowed for a purpose specified in clause (f), (h), (i), (j) or (k) of sub-rule (1) of rule 103, the amount withdrawn need not be repaid.

(2) Subject to sub-rules (3) and (4), where a withdrawal is allowed for a purpose other than those referred to in sub-rule (1), the amount withdrawn shall be repaid in not more than forty-eight equal monthly instalments and shall bear profit in accordance with the following, namely:-

- | | |
|---|--|
| (a) Withdrawals which are repaid in not more than twelve monthly instalments. | The rate of mark-up fixed by the Federal Government
Under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of one additional instalment. |
| (b) Withdrawals which are repaid in more than twelve but not more than twenty-four monthly instalments. | The rate of mark-up fixed by the Federal Government
under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of two additional instalments. |
| (c) Withdrawals which are repaid in more than twenty-four but not more than thirty-six monthly instalments. | The rate of mark-up fixed by the Federal Government
under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of three additional instalments. |
| (d) Withdrawals which are repaid in more than thirty-six month instalments. | The rate of mark-up fixed by the Federal Government
under rule 3(b) of Part-I of the Sixth Schedule to the Ordinance payable in the form of four additional instalment. |

(3) For the purposes of sub-rule (2) and at the discretion of the trustees of the fund, profit may be recovered on the amount withdrawn or the balance thereof outstanding from time to time at 1 per cent above the rate which is payable for the time being on the balance in the fund to the credit of the subscriber.

(4) Where an employee contributing to the fund elects not to receive any profit accruing on his accumulated balance, no profit shall be charged on the amount withdrawn by him from the fund.

(5) The employer shall deduct such instalments payable under sub-rule (2) from the employee's salary and pay them to the trustees commencing from the second monthly payment made after the withdrawal or, in the case of an employee on leave without pay, from the second monthly instalment after his return to duty.

(6) In the case of default of repayment of instalments under sub-rules (2) and (5), the Commissioner may at his discretion, order that the amount of withdrawal or the amount outstanding shall be added to the total income of the employee for the year in which the default occurs and the employee shall be assessed accordingly.

107. Power to relax conditions.- Notwithstanding anything contained in rules 103, 104, 105 or 106, the Commissioner may in special circumstances to be recorded in writing relax the conditions for withdrawals from and repayment to the fund.

PART II
APPROVED SUPERANNUATION FUNDS

108. Application for approval of a superannuation fund.- (1) The application required to be made under sub-rule (1) of rule 3 of Part II of the Sixth Schedule to the Ordinance for approval of a superannuation fund shall contain the following information, namely:-

- (a) the employer's name and the address of the employer's principal place of business;
- (b) the classes and number of employees, whether in Pakistan or outside Pakistan, entitled to the benefits of the fund;
- (c) the age of retirement prescribed in the fund's regulations;
- (d) the place where the accounts of the fund are or will be maintained; and
- (e) where the fund is already in existence, details of investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

“We/ I, the trustees of the above named fund, do declare that what is stated in the application is true to the best of our/my information and belief and that the documents sent herewith are the originals or true copies thereof”.

109. Returns, statements and other documents that may be required to be furnished.- The trustees of an approved superannuation fund and any employer who contributes to an approved superannuation fund may be required by notice, in writing, from the Commissioner under rule 8 of Part II of the Sixth Schedule to the Ordinance to –

- (a) furnish a return containing such particulars of contributions as the notice may require;
- (b) prepare and deliver a return containing –
 - (i) the name and place of residence of every person in receipt of an annuity from the fund;
 - (ii) the amount of the annuity payable to each annuitant;
 - (iii) particulars of every contribution (including interest on contributions), if any, returned to the employer or to employees; and

- (iv) particulars of sums paid in commutation or in lieu of annuities; and
- (c) furnish a copy of the accounts of the fund to the last date prior to such notice in which such amounts have been made up together with such other information and particulars as may be reasonably required with the permission of the Central Board of Revenue.

110. Limits on contribution by the employer.- (1) The ordinary annual contribution by the employer to an approved superannuation fund in respect of any particular employee shall be made on a reasonable definite basis as may be approved by the Commissioner with regard to the earnings, the contributions or the number of members of the said fund so however that such contributions shall not exceed twenty per cent of the employee's salary for each year.

(2) Subject to any condition which the Commissioner may think fit to specify under this rule, the amount to be allowed as a deduction on account of initial contribution which an employer may make in respect of the past service of an employee admitted to the benefits of a fund shall not exceed twenty per cent of the employee's salary for each year of his past services with the employer.

(3) Notwithstanding the provisions of sub-rules (1) and (2), an employer may, with the prior approval of the Commissioner, make a special contribution to an approved superannuation fund to meet the deficit in the fund, if any.

111. Investment and deposit of moneys of superannuation fund.- All moneys contributed to an approved superannuation fund and interest on the accumulated balance of such contributions, if any, shall be utilised for making payments under a scheme of insurance or a contract of annuity with the State Life Insurance Corporation of Pakistan, an insurance company carrying on life insurance business and registered under section 3 of the Insurance Act, 1938 (IV of 1938), or the Pakistan Post Office Insurance Department having for its main object the provision of annuities for the beneficiaries, or deposited or invested in accordance with the provisions of sub-rule (1) of rule 102.

112. Treatment of consideration for dealings with beneficial interest.- If an employee assigns or creates a charge upon his beneficial interest in an approved superannuation fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date or receipt of the notice, the consideration received for such assignment or charge shall be treated as salary received by him in the year in which the fact became known to the Commissioner and shall be assessed accordingly.

113. Circumstances in which approval may be withdrawn.- The Commissioner may withdraw approval accorded under Part II of the Sixth Schedule to the Ordinance in the case of a fund which ceases to satisfy the requirements of the said Part or fails to fulfil the requirements of rules 110, 111 and 112.

114. Form of appeal in case of refusal to approve or withdrawal of approval.- (1) An appeal under sub-rule (1) of rule 10 of Part II of the Sixth Schedule to the Ordinance shall be in the following form and shall be verified in the manner indicated therein, namely:-

FORM OF APPEAL IN CASE OF NON-APPROVAL
OR WITHDRAWAL OF APPROVAL

To

The Central Board of Revenue,
Islamabad.

The petition of _____ employer(s) carrying on business, profession or vocation____ at your petitioner(s) applied to/obtained sanction from the Commissioner under Part II of the Sixth Schedule to the Income Tax Ordinance, 2001 for the approval of the superannuation fund maintained him (them) for the benefit of his (their) employees. The Commissioner has refused/---- withdrawn the approval for the reasons stated in his order, dated.... of which a copy is attested.

For the reasons set out below your petition(s) submit(s) that the fund should be recognised and pray(s) that the Central Board of Revenue may be pleased to.

GROUNDS OF APPEAL

We/I..... the petitioner(s) named in the above petition do declare that stated therein is true to the best of our/my information and belief.

Signature _____
Name _____
Address _____

(2) An appeal shall be accompanied by a copy of a challan for Rs. 100/- paid in the Government treasury.

Part III
APPROVED GRATUITY FUNDS

115. Application for approval of a gratuity fund.- (1) The application required to be made under sub-rule (1) of rule 3 of Part III of the Sixth Schedule to the Ordinance for approval of gratuity fund shall contain the following information, namely:-

- (a) the employer's name and the address of employer's principal place of business;
- (b) the classes and number of employees, whether in Pakistan or outside Pakistan, entitled to the benefits of the fund;
- (c) the age of retirement prescribed in the fund's regulations;
- (d) the minimum period of service prescribed in the fund's regulation as a condition of eligibility to receive the gratuity in case of termination of employment;
- (e) the place where the accounts of the fund are or will be maintained; and
- (f) where the fund is already in existence, details of investments of the fund.

(2) A verification in the following form shall be annexed to the application, namely:-

"We/ I, the trustees of the above named fund, do declare that what is stated that the application is true to the best of our/my information and belief and that the comments sent herewith are the original or true copies thereof."

116. Returns, statements and other documents that may be required to be furnished.- The trustees of an approved gratuity fund and an employer who contributes to an approved gratuity fund may be required by notice, in writing, from the Commissioner under rule 7 of Part III of the Sixth Schedule to the Ordinance to:-

- (a) furnish a return containing such particulars of contributions as the notice may require;
- (b) prepare and deliver a return containing:

- (i) the name and place of residence of every person in receipt of a gratuity from the fund; and
- (ii) the amount of the gratuity paid to each employee; and
- (c) furnish a copy of the accounts of the fund to the last date prior to such notice in which such accounts have been made up together with such other information and particulars as may be reasonably required with the permission of the Commissioner.

117. Limits on contribution by the employer.- (1) The ordinary annual contribution by the employer to an approval gratuity fund in respect of any particular employee shall be made on a reasonable definite basis, as may be approved by the Commissioner, with regard to the length of service of the employee so however that such contribution shall not exceed salary of the employee for the last month of each financial year.

(2) Subject to any condition which the Commissioner may think fit to specify under this rule, the amount to be allowed as a deduction on account of initial contribution which an employer may make in respect of the past services of an employee admitted to the benefits of a fund shall not exceed salary of the employee for the last month of each financial year during the course of his past services with the employer.

(3) Notwithstanding the provisions of sub-rules (1) and (2), an employee may, with the prior approval of the Commissioner, make a special contribution to an approved gratuity fund to meet the deficit in the fund, if any.

118. Investment or deposits of moneys of a gratuity fund.- All money contributed to an approved gratuity fund and interest on the accumulated balances of such contributions shall be deposited or invested in accordance with the provisions of sub-rule (1) of rule 109.

119. Treatment of consideration for dealings with beneficial interest.- If an employee assigns or creates a charge upon his beneficial interest in an approved gratuity fund, the Commissioner shall, on the fact of the assignment or charge coming to his knowledge, give notice the employee that if he does not secure the cancellation of the receipt of the notice, the consideration received for such assignment of charge shall be treated as salary received by him in the year in which the fact became know to the Commissioner and shall be assessed accordingly.

120. Circumstances in which approval may be withdrawn.- The Commissioner may withdraw approval awarded under Part III of the Sixth

Schedule to the Ordinance in the case of a fund which ceases to satisfy the requirements of the said Part or fails to fulfil the requirements of rule.

121. Form of appeal in case of refusal to approve or withdrawal of approval.- An appeal under sub-rule (1) of rule 9 of Part III of the Sixth Schedule to the Ordinance shall be in the following form and shall be verified in the manner indicated therein, namely:-

FORM OF APPEAL IN CASE OF NON-APPROVAL
OR WITHDRAWAL OF APPROVAL

To

The Central Board of Revenue,
Islamabad.

The petition of _____ employer(s) carrying on business, profession or vocation_____ at your petitioner(s) applied to/obtained sanction from the Commissioner under Part III of the Sixth Schedule to the Income Tax Ordinance, 2001 for the approval of the gratuity fund maintained ...him (them) for the benefit of his (their) employees. The Commissioner has refused/---- withdrawn the approval for the reasons stated in his order, dated.... Of which a copy is attested.

For the reasons set out below your petition(s) submit(s) that the fund should be recognised and pray(s) that the Central Board of Revenue may be pleased to.

GROUNDS OF APPEAL

We/I..... the petitioner(s) named in the above petition do declare that stated therein is true to the best of our/my information and belief.

Signature _____

Name _____

Address _____

(2) An appeal shall be accompanied by a copy of a challan for Rs. 100/- paid in the Government treasury.

CHAPTER XVI
Income Tax Recovery Rules

Part-I

122. **Definitions.**- For the purposes of rules, unless there is anything repugnant in the subject or context,-

- (a) "Tax Recovery" means recovery of debt due to the Federal Government under the Income Tax Ordinance, 2001;
- (b) "defaulter" means the tax payer mentioned in the notice;
- (c) "execution", in relation to a Notice, means steps taken for the recovery of arrears under these rules;
- (d) "officer" means a person authorized by the commissioner to execute an order of attachment or sale under these rules; and
- (e) "share in a corporation" includes stock, debenture stock, - debentures or bonds.
- (f) for the purpose of this Chapter, "Commissioner" means Commissioner of Income Tax as defined under clause 13 of section 2 and includes any taxation officer delegated powers by the Commissioner to act, exercise powers and functions under this Chapter, in respect of a taxpayer(s) by general or specific orders, or under scheme of enforcement in the tax recovery matters designed by the CBR.

123. **Form of notice of recovery to be issued by Commissioner.**- (1) The notice required to be served upon the assessee under sub section (2) of section 138 shall be in the following form, namely:-

NOTICE UNDER SECTION 138(2) OF THE INCOME TAX ORDINANCE, 2001.

Commissioner _____
Dated _____

To

M/s
National Tax Number _____

Whereas it is established that the sum of Rs. _____ which is due from you on account of tax as per details given in the schedule below, is in arrear, you are, hereby, required to pay these arrears of tax by _____ and produce necessary evidence to that effect before me at my office On _____ failing

which proceedings may be initiated under these rules to recover the said amount by one or more of the following modes, namely:-

- (a) attachment and sale of moveable or immovable property;
- (b) appointment of receiver for the management of your moveable or immovable property;
- (c) your arrest and detention in person for a period not exceeding six months.

I, in exercise of the powers vested in me under the Income Tax Rules framed under section 138 of the Income Tax Ordinance, I hereby further direct that you shall not sell, mortgage, charge, issue or otherwise deal with any property belonging to except with my permission to that effect in writing,

Commissioner

Range _____ Zone _____

SCHEDULE

Sr No.	Assessment year	Number in Demand and Collection Register	Income Tax	Penalty	Additional Tax	Surcharge	Total
1	2	3	4	5	6	7	8

124. Mode of service of notice.- The notice referred to in rule 123 and other notices under rules contained in this part shall be served as provided in section 218 of the Income Tax Ordinance, 2001.

125. Time limit for execution of the notice.- No step in execution of the notice referred to in rule 123 shall be taken until the period specified in the said notice has elapsed since the date of service of the notice.

Provided that if the Commissioner is satisfied that the defaulter is to cancel, remove or dispose of the whole or any part of such of his moveable property as would be liable to attachment in execution of a notice that the realization of the amount of Notice would in consequence be delayed or obstructed, he may at any time after the issue of the notice under rule direct, for reasons to be recorded in writing, an attachment of the whole or part of such property:

Provided further that if the defaulter whose property has been so attached furnishes security to the satisfaction of the Commissioner, such attachment shall be cancelled from the date on which such security is accepted by the Commissioner.

126 Disposal of proceeds of execution.- Whenever assets are realized, by sale or otherwise in execution of a Notice, they shall be disposed of in the following manner, namely:-

- (a) there shall be paid to the Commissioner the amount due under the certificate in execution of which the assets were realized ;and
- (b) the balance, if any, shall be paid to the defaulter.

127. Determination of disputes.- Except as otherwise expressly provided in these rules, every question arising between the Commissioner and the defaulter or their representatives, relating to the execution, discharge or satisfaction of a Certificate duly filed under these rules, or relating to confirmation or setting aside by an order under these rules of a sale held in execution of such Certificate, shall be determined by order of the Commissioner before whom such question arise.

128. Exemption from attachment.- The following shall not be liable to attachment and sale under these rules, namely:-

- (a) the necessary wearing apparel, cooking vessels, beds and bedding of the defaulter, his wife and children, and such personal ornaments, as, in accordance with religious usage, cannot be parted with by any women;
- (b) tools of artisans, and, where the defaulter is an agriculturist, his implements of husbandry and such cattle and seed grain as may, in the opinion of the Commissioner, be necessary to enable him to earn his livelihood as such;
- (c) houses and other buildings (with the materials and the sites thereof and the land immediately appurtenant thereto and necessary for their enjoyment) belonging to an agriculturist and occupied by him;
- (d) books of account;
- (e) a mere right to sue for damages;
- (f) any right of personal service ;
- (g) stipends and gratuities allowed to a pensioner of the Government, or payable out of any service family pension fund notified in official Gazette by the Federal Government or the Provincial Government in this behalf, and political pensions;
- (h) the wages of labourers and domestic servants, whether payable in money or in kind;
- (i) salary to the extent of the first hundred rupees and one half of the remainder:

Provided that where such salary is the salary of the servant of Government or servant of a railway or local authority, and III whole or any part of the portion of such salary liable attachment has been under

attachment, whether continuously or intermittently for a total period of twenty four months, portion shall be exempt from attachment until the expiry of further period of twelve months and, where such attachment been made in execution of one and the same certificate, shall be finally exempt from attachment in execution of that notice;

- (j) the pay and allowances of persons to whom the Pakistan Act, 1952 (XXXIX of 1952), applies, or of persons other than Commissioned Officers to whom the Pakistan Navy Ordinance 1961 (XXXV of 1961), applies;
- (k) all compulsory deposits and other sums in or derived from fund to which the Provident Funds Act, 1925 (XIX of 1925), the time being applies in so far as they are declared by the , Act not to be liable to attachment;
- (l) any allowance forming part of the emoluments of any servant of Government or of any servant of a railway or local authority which the appropriate Government may, by notification in the official Gazette, declare to be exempt from attachment, and any subsistence grant or allowance made to any such servant while under suspension.
- (m) any expectancy of succession by survivorship or other contingent or possible right or interest; and
- (n) a right to future maintenance.

Explanation 1.- The particulars mentioned in clause (g), (h), (i),(j) and (l) are exempt from attachment or sale whether before or they are actually payable, and in the case of salary other than salary of a servant of the Government or a servant of railway local authority the attachable portion thereof is exempt from attachment until it is actually payable.

Explanation 2.-In clauses (h) and (i), "Wages" or "salary" means the total monthly emoluments, excluding any allowance declared exempt from attachment under the provisions of clause (l), derived by a person from his employment whether on duty or on leave.

Explanation 3.-In clause (l), "appropriate Government" means.

- (i) as respects any person in the service of the Federal Government, or any servant of Railway Board, a cantonment authority or of the port authority or a major port, the Federal Government; and
- (ii) as respect any person in the service of a Provincial Government or a servant of any local authority, the Provincial Government.

129. Investigation by Commissioner.-(1) Where any claim is preferred to, or any objection is made to the attachment or sale of, any property in execution of a Certificate on the ground that such property is not liable to such attachment or sale, the Commissioner shall proceed to investigate the claim or objection:

Provided that no such investigation shall be made when the Commissioner considers that the claim or objection was designedly or unnecessarily delayed.

(2) Where the property to which the claim or objection relates has been advertised for sale, the Commissioner ordering the sale may postpone it during the investigation of the claim or objection, upon such terms as to security or otherwise as the Commissioner may deem fit.

(3) The claimant or objector shall adduce evidence to show that at the date on which the Notice was originally issued by the Commissioner for the recovery of the arrears, he had some interest in, or was possessed of the property in question.

(4) Where, upon the said investigation, the Commissioner is satisfied that, for the reason stated in the claim or objection, such property was at the said date in the possession of the defaulter or of some person in trust for him or in the occupancy of a tenant or other person paying rent to him, or being in the possession of the defaulter at the said date, it was so in his possession, not on his own account or as his own property, but on account of or in trust for some other person, the Commissioner shall make an order releasing the property, wholly or to such extent as it was not in possession of the defaulter on his own account, from attachment or sale.

(5) Where the Commissioner is satisfied that the property was, at that date, in the possession of the defaulter as his own property and not on account of any other person, or was in possession of some other person in trust for him or in the occupancy of a tenant or other person paying rent to him, the Commissioner shall disallow the claim.

130. Removal of attachment on satisfaction or cancellation of Certificate.- Where the amount due is paid to the Commissioner shall be deemed to be withdrawn and, in case of immovable property, the withdrawal shall, if the defaulter so desired, be proclaimed at his expense, and a copy of the proclamation shall be affixed in manner provided by these rules for a proclamation of sale of immovable property.

131. Officer entitled to attach and sell.- The attachment and sale of immovable property may be made by such officer as the Commissioner may from time to time direct.

132. Adjournment or stoppage of sale.- (I) The Commissioner may adjourn sale hereunder to a specified day and hour; and the officer conducting any such sale may adjourn the sale, recording his reasons for such adjournment:

Provided that, where the sale is made in or within the precincts of the office Commissioner of Income Tax, the officer shall not adjourn the sale without the of the Commissioner .

(2) Where a sale of immovable property is adjourned under sub-rule

(1) for a longer period than one calendar month, a fresh proclamation of sale under rules shall be made unless the defaulter consents to waive it.

(3) Every sale shall be stopped if, before the lot is knocked down, the amount tendered to the officer conducting the sale, or proof is given to his satisfaction e amount has been paid to the Commissioner who ordered the sale.

133. Defaulter not to mortgage, etc., any property.-Where a notice has been served on a defaulter under rule 123 the defaulter or his representative in interest shall not sell, mortgage, charge, lease or otherwise deal with any property belonging to him except with the permission of the Commissioner.

134. Prohibition against bidding or purchase by officer.-No officer or other person having any duty to perform in connection with any sale under these rules shall, either directly or indirectly, bid for, acquire or attempt to acquire any interest in the property sold.

135. Assistance by police.- Any officer authorized to attach or sell any property or to arrest the defaulter or charged with any duty to be performed under these rules, may apply to the officer-in-charge of the nearest police station for such assistance as may be necessary in the discharge of his duties.

Part-II
Attachment and sale of movable property attachment

136. **Person authorized to act, etc.-** (1) The Commissioner may authorize any person to execute an order of attachment or sale under the rules in this part and in Part III and, where he does not so authorize any person references, in the said rules to "officer", so far as may be, be construed . references to the Commissioner.

(2) Except as otherwise provided in these rules, when any movable property is to be attached, the officer shall be furnished by the Commissioner with a warrant in writing and signed with his name specifying the name' of the defaulter and the amount to be realized.

137. **Service of copy of warrant.-** The officer shall cause a copy of the warrant to be served on the defaulter.

138. **Attachment.-** If, after service of the copy of warrant, the amount is not paid forthwith, the officer shall proceed to attach the movable property of the defaulter.

Provided that the standing crops of the agricultural produce lying in the field stored in or near the dwelling house of the defaulter or stored on the land owned or cultivated by the defaulter, which represents the agricultural produce of the land owned, leased or cultivated by the defaulter, shall not be attached.

139. **Property in defaulter's possession.-** Where the property to be attached is movable property in the possession of the defaulter, the attachment shall be made by actual seizure and the officer shall keep the property in his own custody or in the custody of one of his subordinates and shall be responsible for due custody thereof.

Provided that when the property seized is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, the officer may sell it at once.

140. **Debts and shares, etc.-** (1) In the case of-

- a) a debt not secured by a negotiable instrument,
- b) a share in a corporation, or
- c) other movable property not in the possession of the defaulter except property deposited in, or in the custody of, any court,

the attachment shall be made by a written order, prohibiting,-

- i) in the case of the debt, the creditor from recovering the debt and the debtor from making payment thereof until the further order or the Commissioner;
- ii) in the case of the share, the person in whose name the share may be standing from transferring the same or receiving any dividend thereon; and
- iii) in the case of other movable property except as aforesaid, the person in possession of the same from giving it over to the defaulter .

(2) A copy of such order shall be affixed on some conspicuous part of the office of the Commissioner, and another copy shall be sent, in the case of the debt, to the debtor, in the case of the share in a corporation, to the proper officer of the corporation and in the case of other movable property (except as aforesaid), to the person in possession of the same.

(3) A debtor prohibited under clause (i) of sub-rule (1) shall, on receipt of order of the Commissioner, pay the amount of his debt to the Commissioner, and such payment shall discharge him as effectually as payment to the party entitled to receive the same.

(4) Where the execution of a document or the endorsement of the defaulter in whose name a negotiable instrument or a share 'in a corporation is standing is required to transfer such negotiable instrument or share, the Commissioner 'such other officer as he may authorize in this behalf may execute such document or make such endorsement as may be necessary, and such execution or endorsement have the effect as an execution or endorsement by the defaulter.

(5) Until the transfer of such negotiable instrument or share, the Commissioner or any other officer authorized by him in this behalf may receive any interest or dividend due thereon and sign a receipt for the same. Any receipt so signed shall be as valid and effectual for all purposes as if the same had been signed by the defaulter himself.

141. Share in movable property.- Where the property to be attached consists of the share or interest of the defaulter in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the defaulter prohibiting him from transferring such share or interest or subjecting same to a charge in any manner .

142 Attachment of negotiable instrument.- Where the property is a liable

instrument not deposited in a Court, nor in the custody of a public officer, the attachment shall be made by actual seizure, and the instrument shall be brought before the Commissioner and held subject to this orders.

143. **Attachment of property in custody of public officer.-** Where the property to be attached is in the custody of any public officer, the attachment be made by a notice to such officer requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further s of the Commissioner by whom the notice is issued.

144. **Attachment of property in partnership.-** (1) Where the property to be attached consists of an interest of the defaulter, being a partner, in the partnership property, the Commissioner may make an order charging the of such partner in the partnership property and profits, with payment of amount due under the notice, and may, by the same or a subsequent, appoint a receiver of the share of such partner in the profits, whether already declared or accruing, and of any other money which may become due to in respect of the partnership, and direct maintenance or rendition of accounts and inquiries and make an order for the sale of such interest or such order as the circumstances of the case may require.

(2) The other partners shall be at liberty at any time to redeem the interest charged or; in the case of a sale being directed, to purchase the same.

145. **Inventory.-** In the case of attachment of movable property by actual seizure the officer shall, after attachment of the property prepare an inventory of all the property attached, specifying in it the place where it is lodged or kept, and shall forward the same to the Commissioner and deliver a copy thereof to the defaulter.

146. **Attachment not to be excessive.-** The attachment by seizure shall not be excessive, that is to say, the property attached shall be as nearly as possible proportionate to the amount specified in the warrant.

147. **Seizure between sunrise and sunset.-** Attachment by seizure shall be made after sunrise and before sunset and not otherwise.

148. **Entry into building by officer, etc.-** The officer may break open any inner or other door or window of any building and enter any building in order to seize any movable property if the officer has reasonable grounds to believe" that such building contains movable property liable to seizure under the warrant and the officer has notified his authority and intention of breaking open if admission is not given. He shall, however, give all reasonable opportunity to women withdraw.

149. **Sale.**- The Commissioner may direct that any movable property attached under these rules or such portion thereof as may seem necessary to satisfy the certificate shall be sold.

150. **Issue of proclamation.**- When any sale of movable property is ordered by the Commissioner, he shall issue a proclamation of the intended sale specifying the time and place of sale and whether the sale is subject to confirmation or not.

151. **Proclamation how made.**-(1) The proclamation shall be made by the beat of drum or other customary mode, and the contents of the proclamation shall be explained in the language of the district-

- (a) in the case of property attached by actual seizure-
 - (i) in the village in which the property was seized or, if the property was seized in a town or city, then, in the locality in which it was seized; and
 - (ii) at such other places as the Commissioner of Tax may direct;

and

- (b) in the case of property attached otherwise than by actual seizure. in such places, if any, as the Commissioner may direct.

(2) A copy of the proclamation shall also be affixed at a conspicuous place in the office of the Commissioner.

(3) Where the Commissioner so directs, such proclamation may also be published in one or two newspapers.

152. **Sale after fifteen days.**- Except where the property is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, no sale of movable property under these rules shall, without the consent in writing of the defaulter, take place until after the expiry of at least fifteen days from the date on which a copy of the proclamation of sale was affixed in the office of the Commissioner.

153. **Sale to be by auction or by tender.**- The property shall be sold by public auction or by tender, in one or more lots, as the officer may consider advisable and, if the amount to be realized by sale may be satisfied by the sale of a portion of the property, the sale shall be only with respect to that portion of the property.

154. **Sale by public auction.**- (1) Where movable property is sold by public on, the price of each lot shall be paid at the time of sale or as soon thereafter the officer holding the sale directs and in default of payment the property shall with

be re-sold.

(2) On payment of the purchase money, the officer holding the sale shall grant to the purchaser a certificate specifying the property purchased, the price paid he name of the purchaser, and the sale shall thereupon become absolute.

(3) Where the movable property to be sold is a share in goods belonging to defaulter and a co-owner, and two or more persons, of whom one is such co-owner, respectively bid the same sum for such property or for any lot, the bid of co-owner shall have preference.

155. **Irregularity not to vitiate sale.**- Any error or irregularity in publishing or conducting the sale of movable property shall not vitiate the sale if provisions of these rules have been substantially complied with.

156. **Negotiable instruments or share in a corporation.**- Notwithstanding anything contained in these rules, where the property to be sold negotiable instrument or a share in a corporation, the Commissioner instead of directing the sale to be made by public auction, authorize the sale of such instrument or share through a broker .

157. **Order for payment of coin or currency notes to the Commissioner of Income-tax.**- Where the property attached is current coin or currency notes, the Commissioner may, at any time during the continuance of the attachment, direct that such coin or notes, or a part thereof sufficient to satisfy the Notice, be paid over to the Commissioner.

Part-III
Attachment and sale of immovable property attachment

158. **Attachment.**- Attachment of the immovable property of the defaulter be made by an order prohibiting the defaulter from transferring or subjecting the property to a charge in any manner and prohibiting all persons from taking any benefit under such transfer or charge.

159. **Service of notice of attachment.**- A copy of the order of attachment be served on the defaulter.

160. **Proclamation of attachment.**- The order of attachment shall be aimed at some place on or adjacent to the property attached by beat of drum or customary mode, and a copy of the order shall be affixed at a conspicuous of the property and also at a conspicuous place of the office of the Commissioner.

161. **Sale and proclamation of sales.**- (1) The Commissioner of Tax may direct that any immovable property which has been attached, or such portion of as may seem necessary to satisfy the notice, shall be sold.

(2) Where any immovable property is ordered to be sold, the Commissioner shall cause a proclamation of the intended sale to be made in the language of the district.

162. **Contents of proclamation.**-(1) A proclamation of sale of immovable property shall be drawn up after service of notice to the defaulter, and shall state time and place of sale and also specify-

- (a) the location of the property to be sold;
- (b) as fairly and accurately as possible the revenue or rent, if any, assessed upon the property or any part thereof; and
- (c) the amount for the recovery of which the sale is ordered.

(2) The proclamation may also specify any other thing which the Commissioner considers material for a purchaser to know in order to judge the nature and value of the property.

163. **Mode of making proclamation.**-(1) Every proclamation for the sale of immovable property shall be made at some place on or near such property by beat of drum or other customary mode, and a copy of the proclamation shall be affixed at a conspicuous place of the property and also at a conspicuous. of the office of the Commissioner.

(2) Where the Commissioner so directs, such proclamation may be published in one or two newspapers.

(3) Where the property is divided into lots for the purpose of being sold, separately, it shall not be necessary to make a separate proclamation for each lot, unless proper notice of the sale cannot, in the opinion of the Commissioner, otherwise be given.

164. Time of sale.- No sale of immovable property under these rules shall, without the consent in writing of the defaulter, take place until after the expiration of at least thirty days from the date on which a copy of the proclamation of sale has been affixed on the property or in the office of the Commissioner, whichever is later.

165. Sale to be by auction or by tender.-The sale shall be made by public auction or by tender to the highest bidder and shall be subject to confirmation by the Commissioner.

166. Deposit by purchaser and re-sale in default.-(1) On every sale of immovable property, the person declared to be the purchaser shall pay, immediately after such declaration, a deposit of twenty-five per cent of the amount of his purchase money to the officer conducting the sale; and in default of such deposit the property shall forthwith be resold.

(2) The full amount of purchase money payable shall be paid by the purchaser to the Commissioner on or before the fifteenth day from the date of the sale of the property.

167. Procedure in default of payment.- In default of payment within the period mentioned in rule 166 twenty per cent of deposit made under sub-rule (1) of that rule shall be forfeited and the rest shall be kept as deposit to be dealt with as mentioned in rule 168 and the property shall be re-sold and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may be subsequently sold except to such sums as may be found refundable to him under rule 168.

168. Amount recoverable from purchaser in default.-Any deficiency of price which may happen on a re-sale by reason of the purchaser's default including all expenses attending such re-sale, shall be recoverable from the defaulting purchaser up to the maximum of eighty per cent of the deposit made by him under sub-rule (1) of rule 173 and kept as a deposit under rule 166 and if there is any surplus after meeting the deficiency the same shall be refunded to the defaulting purchaser .

169. Authority to bid.- All persons bidding at the sale shall be required to

declare if they are bidding on their own behalf, or on behalf of their principals and, in the latter case, they shall be required to deposit their authority, and in default their bids shall be rejected.

170. Application to set aside sale of immovable property on deposit.- Where immovable property has been sold in execution of a Certificate, the defaulter, or any person whose interests are affected by the sale, may, at any within thirty days from the date of the sale, apply to the Commissioner to set aside the sale, on his depositing-

- (a) for payment to the Commissioner, the amount specified in the proclamation of sale as that for the recovery of which the sale was ordered with interest thereon at the rate of eight per cent per annum, calculated from the date of proclamation of sale to the date when the deposit is made; and
- (b) for payment to the purchaser, as penalty, a sum equal to ten per cent of the purchase money.

(2) Where a person makes an application under rule 171 for setting aside the sale of his immovable property, he shall not, unless he withdraws that application, be entitled to make or prosecute an application under this rule.

171. Application to set aside sale of immovable property on ground of non-service of notice or irregularity .-Where immovable property has been in execution of a notice, the Commissioner of Income Tax, the defaulter, or any person whose interests are affected by the sale, may, at any time within thirty days from the date of the sale, apply to the Commissioner to set aside the sale of the immovable property on the ground that notice was not served on the defaulter to pay the arrears as required by these rules or on the ground of a material irregularity in publishing or conducting the sale:

provided that-

- (a) no sale shall be set aside on any such ground unless the Commissioner is satisfied on the basis of evidence, produced before him that the applicant has sustained loss by reason of the non-service or irregularity; and
- (b) an application made by a defaulter under this rule shall be disallowed unless he deposits the amount recoverable from him in execution of the notice.

172. Setting aside sale where defaulter has no saleable interest.- At time within thirty days of the sale, the purchaser may apply to the Commissioner to set aside the sale on the ground that the defaulter had no saleable interest in the property sold.

173. Confirmation of sale.-(l) Where no application is made for setting the

sale under the foregoing rules or where such an application is made and owed by the Commissioner, he shall, if the full amount of the purchase money has been paid, make an order confirming the sale, and upon the sale shall become absolute.

(2) Where such application is made and allowed, and where, in the case of application made to set aside the sale on deposit of the amount and penalty interest, the deposit is made within thirty days from the date of sale, the Commissioner shall make an order setting aside the sale.

Provided that no such order shall be made unless notice of the application has been given to the persons affected thereby.

174. Return of purchase money in certain cases.-Where a sale of immovable property is set aside, any money paid or deposited by the purchaser on account of the purchase, together with the penalty, if any, deposited for payment to the purchaser, shall be paid to the purchaser .

175. Sale certificate.- (1) Where a sale of immovable property has become absolute, the Commissioner shall grant a certificate specifying the property sold, and the name of the person who at the time of sale was declared to be the purchaser .

(2) Such certificate shall state the date on which the sale become absolute.

176. Postponement of sale to enable defaulter to raise amount due under notice.-(1) Where an order for the sale of immovable property has been made and the defaulter satisfies the Commissioner of Tax that there is reason to believe that the amount of the notice may be raised by mortgage or lease or private sale of such property, or some part thereof, or of any other immovable property of the defaulter, the Commissioner of Tax may, on the application of the defaulter, postpone the sale of the property specified in the order for sale, on such terms and for such period as he thinks proper, to enable the defaulter to raise the amount.

(2) In such case, the Commissioner shall grant a certificate to the defaulter authorizing him, within a period to be mentioned therein and notwithstanding anything contained in these rules, to make the proposed mortgage, lease or sale:

Provided that all money payable under such mortgage, lease or sale shall be paid, not to the defaulter, but to the Commissioner:

Provided further that no mortgage, lease or sale under this rule shall become absolute until it has been confirmed by the Commissioner.

177. **Fresh proclamation before resale.**- Every re-sale of immovable property, in default of payment of the purchase money within the period allowed for such payment, shall be made after the issue of a fresh proclamation in the manner and for the period herein-before provided for the sale.

178. **Bid of co-sharer to have preference.**- Where the property sold is a share of undivided immovable property and two or more persons, of whom one is a co-sharer, respectively bid the same sum for such property or for any lot, the bid of the co-sharer shall have preference.

Part-IV
Appointment of Receiver

179. **Appointment of receiver for business.**- (1) Where the property of Defaulter consists of a business, the Commissioner may attach the business and appoint a person as receiver to manage the business.

(2) Attachment of a business under this rule shall be made by an order prohibiting the defaulter from transferring or subjecting the business to a charge in any manner and prohibiting all persons from taking any benefit under such transfer or charge and intimating that the business has been attached under this rule. A copy of the order of attachment shall be served on the defaulter and another copy shall be affixed on a conspicuous part of the premises in which the business is carried on and at a conspicuous place in the office of the Commissioner.

(3) Where the Commissioner so directs, such order shall also be published in a newspaper.

180. **Appointment of receiver for immovable property.**- Where immovable property is attached, the Commissioner may, instead of directing sale of the property, appoint a person as receiver to manage such property.

181. **Power of receivers, etc.**- (1) Where it appears to the Commissioner to be just and convenient, the Officer may by order-

- (a) remove any person from the possession or custody of the property;
- (b) commit the same to the possession, custody or management of the receiver; and
- (c) confer upon the receiver all such powers, as to bringing and defending suits and for the realization, management, protection, preservation and improvement of the property, the collection of the rents and profits thereof, the application and disposal of such rents and profits, and the execution of documents as the owner himself has or such of those powers as the Commissioner thinks fit:

Provided that nothing in this rule shall authorize the Commissioner to remove from the possession or custody of property any person whom any party to recovery proceedings has not a present right so to remove.

- (2) The Commissioner may by general or special order fix the amount to be paid as remuneration for the services of the receiver.
- (3) Every receiver appointed by the Commissioner shall-

- (a) furnish such security, if any, as the Commissioner thinks fit, to account duly for what he shall receive in respect of the property;
- (b) submit his accounts at such periods and in such form as the Commissioner directs;
- (c) pay the amount due from him as the Commissioner of Income directs; and
- (d) be responsible for any loss occasioned to the property by his willful default or gross negligence.

(4) The profits or rents and profits, of such business or other property, "after defraying the expenses of management, be adjusted towards discharge arrears, and the balance, if any, shall be paid to the defaulter.

182. **Withdrawal of management.**- The attachment and management under this part may be withdrawn at any time at the discretion of the Commissioner, or if the arrears are discharged by receipt of such profits and rents or are otherwise paid.

Part-V
Arrest and Detention of the Defaulter

183. **Notice to show cause.**- (1) No order for the arrest and detention in civil prison of a defaulter shall be made unless the Commissioner has issued and served a notice upon the defaulter, calling upon him to appear before him on the date specified in the notice and to show cause why he should not be committed to the civil prison, and unless the Commissioner, for reasons to be recorded in writing, is satisfied-

- (a) that the defaulter, with the object or effect of obstructing the execution of the Certificate has, after the receipt of the Certificate in the office of the Commissioner, dishonestly transferred, concealed or removed any part of his property, or
- (b) that the defaulter has, or has had since the receipt of the notice in the office of the Commissioner, the means to pay the arrears or some substantial part thereof and refuses or neglects or has refused or neglected to pay the same.

(2) Notwithstanding anything contained in sub-rule (1) a warrant for the arrest of the defaulter may be issued by the Commissioner, if he is satisfied, by affidavit or otherwise, that, with the object or effect of delaying the execution of the notice, the defaulter is likely to abscond or leave the local limits of the jurisdiction of the Commissioner.

(3) Where appearance is not made in compliance to a notice issued and served under sub-rule (1), the Commissioner may issue a warrant for the arrest of the defaulter .

(4) Every person arrested in pursuance of a warrant of arrest under sub- rule (2) or sub-rule (3) shall be brought before the Commissioner as soon as practicable and in any event within twenty-four hours of his arrest, exclusively the time required for the journey:

Provided that if the defaulter pays the amount entered in the warrant ii arrest as due to the officer arresting him, such officer shall at once release him.

184. **Hearing.**- When a defaulter appears before the Commissioner in compliance to a notice to show cause or is brought before the Commissioner under rule 183 the Commissioner shall give the defaulter an opportunity of showing cause why he should not be committed to the civil prison.

185. **Custody pending hearing.**- Pending the conclusion of the inquiry, the Commissioner may order the defaulter to be detained in the custody of such

officer as the Commissioner of Income Tax may think fit or release him on his furnishing security to the satisfaction of the Commissioner for his appearance when required.

186. Order of detention.- (1) Upon the conclusion of the inquiry, the Commissioner may make an order for the detention of the defaulter in the civil prison and shall in that event cause him to be arrested if he is not, already under arrest:

Provided that in order to give the defaulter an opportunity of satisfying the arrears, the Commissioner may, before making the order of detention leave the defaulter in the custody of the officer arresting him or of any other officer for specified period not exceeding fifteen days, or release him on his furnishing security to the satisfaction of the Commissioner for his appearance at the expiration of the specified period if the arrears are not so satisfied.

(2) When the Commissioner does not make an order of detention under sub-rule (1), he shall, if the defaulter is under arrest, direct his release.

187. Detention in and release from prison.- (1) Every person detained the civil prison in execution of a Certificate may be so detained-

(a) where the Certificate is for a demand of an amount exceeding twenty five thousands, for a period of six months, and

(b) in any other case for a period of six weeks:

Provided that he shall be released from such detention-

(i) on the amount mentioned in the warrant for his detention being paid to the Officer-in-charge of the civil prison, or

ii) on the request of the Commissioner who has issued the notice or of the Commissioner on any ground other than the grounds mentioned in rule 193(1) and 196:

'Provided further that where he is to be released on the request of the Commissioner, he shall not be released without the order of the Commissioner.

(2) A defaulter released from detention under this rule shall not, merely by of his release, be discharged from his liability for the arrears; but he shall liable to be re-arrested under the notice in execution of which he was detained in the civil prison.

188. Release.-(1) The Commissioner may order the release of a defaulter who has been arrested in execution of a notice upon being satisfied that he has disclosed the whole of his property and has placed it at the disposal of Commissioner and that he has not committed any act in bad faith.

(2) If the Commissioner has ground for believing the disclosure made defaulter under sub-rule (1) to have been untrue, he may order the re-arrest of the defaulter in execution of the notice but the period of his detention in the prison shall not in the aggregate exceed that authorized by rule 187.

189. Release on ground of illness.- (1) At any time after a warrant for the of a defaulter has been issued, the Commissioner may cancel it on ground of the serious illness of the defaulter .

(2) Where a defaulter has been arrested, the Commissioner may him if, in the opinion of the Commissioner of Tax, he is not in a fit state of to be detained in the civil prison.

(3) Where a defaulter has been committed to the civil prison, he may be ,therefrom by the Commissioner on the ground of the existence of any infectious or contagious disease or on the ground of his suffering from any illness;

(4) A defaulter released under this rule may be re-arrested, but the period detention in the civil prison shall not in the aggregate exceed that authorized by rule 164.

190. Entry into dwelling house.- For the purpose of making an arrest under these rules,-

- (a) no dwelling house shall be entered after sunset and before sunrise;
- (b) no outer door of a dwelling house shall be broken open unless such dwelling house or a portion thereof is in the occupancy of the defaulter and he or any other occupant of the house refuses or in any way prevents access thereto; but, when the person executing any such warrant has duly gained access to any dwelling house, he may break open the door or any room or apartment if he has reason to believe that the defaulter is likely to be found there; and
- (c) no room, which is in the actual occupancy of a woman who, according to the custom of the country, does not appear in public shall be entered into unless the officer authorized to make the arrest has given notice to her that she is at liberty to withdraw and has given her reasonable time and facility for withdrawing.

191. Prohibition against arrest of woman or minor, etc.- The Commissioner shall not order the arrest or detention in the civil prison of-

- (a) a woman, or
- (b) any person who, in his opinion, is a minor or of unsound mind.

Part-VI
Miscellaneous

192. **Continuance of Notice.**- No notice shall cease to be in force by reason of the death of the defaulter.

193. **Procedure on death of defaulter.**- If, at any time after the issue of a Notice to the Commissioner, the defaulter dies, the proceedings under these rules (except arrest and detention) may be continued against the legal representative of the defaulter who shall be liable to pay out of the estate of the deceased person to the extent to which the estate is capable of meeting the arrears demand and the provisions of these rules shall be apply as if the legal representative were the defaulter .

194. **Appeal.**- (1) An appeal from any order passed by the Commissioner or taxation officer under these rules shall lie to the Regional Commissioner where Commissioner himself acts to executes the purpose of in this Chapter; and to be Commissioner if under delegated powers any taxation officer or authority acts and executes the purposes of this Part.

(2) Every appeal under this rule shall be presented within thirty days from the date of the order appealed against.

(3) The appellate authority (hereinafter referred to as "the authority") after hearing the party or his representative may admit the appeal for hearing or reject it summarily if he is of the opinion that the appeal is without any substance.

(4) Where the appeal is admitted for hearing under sub-rule (3), the authority hearing appeal shall fix a date for hearing of which notice shall be given to the other party.

(5) If, on the date of hearing, no step is taken on behalf of either party, the authority hearing appeal may forthwith take up the appeal for ex-parte disposal or dismiss it for default, as the case may be:

Provided that the appeal may be adjourned to some other date for hearing on sufficient cause being shown by either party by an application in that behalf.

(6) After hearing both the parties or their representatives or when the appeal is taken up for ex-parte hearing the appellant or his representative, the authority hearing appeal may pass any such order as may appear to him, confirming, modifying or reversing the order of the Commissioner or remanding the case for fresh decision in the light of directions that he may like to give not inconsistent with these rules, after setting aside the order of the Commissioner.

(7) Pending the decision of any appeal, execution of the Certificate

may be stayed if the appellate authority so directs, but not otherwise.

195.. **Review** .-Any order passed under these rules may, after notice to all persons interested, be reviewed by the officer who made the order, or by his successor in office, on account of any mistake apparent from the record.

196. **Recovery from surety**.- Where any person has under these rules e surety for the amount due by the defaulter, he may be proceeded against r these rules as if he were the defaulter .

197. **Receipt to be given**.- If any amount is received by any officer or other person in pursuance of these rules, he shall issue a receipt of the amount so received.

198. **Subsistence allowance**.- (1) When a defaulter is arrested or; detained in the civil prison, the sum payable for the subsistence of the defaulter from the definition or of arrest until he is released shall be borne by the Commissioner.

199. The sum under rule 198, shall be calculated on the scale fixed by the Provincial Government for the subsistence of judgement-debtors arrested in execution of a of a civil court.

200. **Delivery of property in occupancy of defaulter**.-Where the immovable property sold is in the occupancy of the defaulter or of some person on his , or of some person claiming under a title created by the defaulter subsequently to the attachment of such property and a certificate in respect thereof has been made, the Commissioner shall, on the application of the purchaser, order delivery to be made by putting such purchaser or any person whom he may appoint to receive delivery on his behalf in possession of the property, and, if be, by removing any person who refuses to vacate the same.

201. **Delivery of property in occupancy of tenant**.- Where the immovable property sold is in the occupancy of a tenant or other person entitled to occupy the same and a certificate in respect thereof has been granted, the Commissioner shall, on the application of the purchaser, order delivery to be made by affixing a copy of the certificate of sale at some conspicuous place on the property, and proclaiming to the occupant by beat of drum or other customary mode, at some convenient place that the interest of the defaulter has been transferred to the purchaser .

202. **Resistance or obstruction to possession of immovable property**.- (I) Where the holder of a certificate for the possession of immovable property or the purchaser of any such property sold in execution of a Certificate is resisted.

obstructed by any person in obtaining possession of the property, he may make an application to the Commissioner complaining of such resistance or obstruction.

(2) The Commissioner shall fix a day for investigating the matter and shall summon the party against whom the application is made to appear and answer the same.

203. Resistance or obstruction by defaulter.- Where the Commissioner is satisfied that the resistance or obstruction was occasioned without any just cause by the defaulter or by some other person at his instigation, he shall direct that the applicant be put into possession of the property, and where the applicant is still resisted or obstructed in obtaining possession, the Commissioner may also, at the instance of the applicant, order the defaulter, or any person acting at his instigation, to be detained in the civil prison for a term which may extend to thirty days.

204. Resistance or obstruction by bona fide Claimant.- Where the Commissioner is satisfied that the resistance or obstruction was occasioned by any person (other than the defaulter) claiming in good faith to be in possession of the property on his own account of some person other than the defaulter, the Commissioner shall make an order dismissing the application.

205. Dispossession by certificate holder or purchaser .-(1) Where any person other than defaulter is dispossessed of immovable property by the holder of a certificate for the possession of such property or where on such property has been sold in execution of a Certificate, by the purchaser thereof, he may make an application to the Commissioner complaining of such dispossession.

(2) The Commissioner shall fix a day for investigating the matter and shall summon the party against whom the application is made to appear and answer the same.

206. Bona fide claimant to be restored to possession.- Where the Commissioner is satisfied that the applicant was in possession of the property on his own account or on account of some person other than defaulter, he shall direct that the applicant be put into possession of the property.

207. Rules not applicable to transferee lite pendente.- Nothing in rules 211 and 205 shall apply to resistance or obstruction in execution of a certificate for the possession of immovable property by a person to whom the defaulter has transferred the property after the institution of the proceedings in which the order was passed or to the dispossession of any such person.

208. Delivery of movable property, debts and shares.- (1) Where the property sold is movable property of which actual seizure has been made, it shall be delivered to the purchaser .

(2) Where the property sold is movable property in the possession of some person other than the defaulter, the delivery thereof to the purchaser shall be made by giving notice to the person in possession prohibiting him from delivering possession of the property to any person except the purchaser.

(3) Where the property sold is a debt not secured by a negotiable instrument or is a share in a corporation, the delivery thereof shall be made by a written order of the Commissioner prohibiting the creditor from receiving the debt or any, rest thereon, and the debtor from making payment thereof to any person except the purchaser, or prohibiting the person in whose name the share may be standing from making any transfer of the share to any person except the, chaser, or receiving payment of any dividend or interest thereon, and the manager, secretary, or other proper officer of the corporation from permitting any such transfer or making any such payment to any person except the purchaser .

209. Execution of documents and endorsement of negotiable instruments.- Where any endorsement or execution of document is required to transfer a negotiable instrument or any share to a purchaser under these rules, such document shall be executed or endorsement shall be made by the Commissioner.

210. Forms.- Any notice, warrant of attachment, warrant of arrest, sale proclamation, sale certificate or order to be issued under these rules, shall be issued in such form as the Board may from time to time direct, and any defect or deficiency in form unless it adversely effects the interest of the parties, shall not vitiate the proceedings taken or initiated.

CHAPTER XVII
NON-PROFIT ORGANISATIONS

211. Procedure for the approval of a non-profit organisation. – (1) An institution, fund, trust, society or any other organisation established in Pakistan for religious or a charitable and community services purposes requiring approval of the Commissioner under clause (36) of section 2 of the Income Tax Ordinance, 2001, shall make an application to the Commissioner in the following form, namely --

APPLICATION FOR A RULING FOR THE PURPOSES OF SUB-SECTION (36)
OF SECTION 2 OF THE INCOME TAX ORDINANCE, 2001

To

The Commissioner (As per jurisdiction specified)
_____ (City)

Dear Sir.

With reference to clause (36) of section 2 of the Income Tax Ordinance, 2001, the undersigned hereby applies, on behalf of _____ (State the name of the institution, fund, trust, society or organization) for its approval for the purpose of the said clause for the tax year ending _____.

Necessary particulars are set out below, in the schedule to this application.

The following documents required under sub-rule (2) of rule are enclosed
–

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____
- (vi) _____
- (vii) _____

Yours faithfully,

Signature _____

Name in block
letters _____

Designation

Application must be signed either by the President or the Secretary of the Institution or by a Trustee of the Institution/Trust or any other organization.

SCHEDULE

PARTICULARS

1. Name of the Institution/Fund/Trust/Society/ organization (in block letters) _____
2. Full address of the Institution/Fund/Trust/Society/ organization (in block letters) _____
3. Date of registration of the Institution/Fund/Trust/Society/ organization _____
4. Its aims and objects.
 - (a)
 - (b)
 - (c)
 - (d)
5. Whether the Institution/Trust has been registered under the Societies Registration Act, 1860 or the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 or any other law or established in pursuance of a Trust Deed. Please give/state the law and the number and date of registration _____.
6. Whether the Trust Deed/ Constitution /Rules and Regulations/ Memorandum of Association in conforms to the provisions of sub-rule (1) of rule 220..If so, please give the number of Article/ Clause/ Rule for each provision.
7. Whether the Institution Fund/Trust/ Organization ensures for the benefit of the general public or a particular community or class or persons only (give full details).
8. The number of members of the institution on the date of application.
9. Accounting year of the institution/Trust commence on _____ and ends on _____.
10. The following books of accounts are being regularly maintained by the institution and are open for inspection without that any hindrance to the general public.

Signature_____

Name in block

letters_____

Designation_____

- (2) An application under sub-rule (1) shall be accompanied by -
- (a) a duly attested copy of the constitution, memorandum and articles of association, rules, regulations or bye-laws, as the case may be, of the institution, fund, trust or society specifying the aims and objects for which it is established.
 - (b) in case of a trust, the original registered trust deed, together with duly attested copy thereof;
 - (c) in the case of a society or agency where registration of the institution has been made under the Societies Registration Act, 1860 (XXI of 1860), the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), or under any other law as applicable, the original registration certificate of the society or agency, together with a duly attested copy thereof;
 - (d) duly attested copies of the balance-sheet and of revenue accounts of the institution, fund, trust, society or organisation as audited by a chartered accountant for the year immediately preceding the year in which the application is made; where application is made for the renewal, the following requirements may be met.
 - (e) the names and addresses of the President, Secretary, Treasurer, Manager and other office bearers, Trustees or organisation, as the case may be, of the institution, fund, trust or society, and indicating clearly their family relationships, if any, with each other; and
 - (f) duly attested copies of the balance sheet and of revenue accounts, as audited by a qualified accountant for the year immediately preceding the year in which application is made. The qualified accountant means:-
 - a. A retired officer of the government not below grade-18 or Bank Manager, provided its receipts and expenditure pass through the bank accounts for non-

profit organisation with annual receipts upto Rs. 0.5 million.

- b. A cost and management accountant for those with annual receipts upto 3 million.
 - c. A chartered accountant for any amount of annual receipts.
- (g) a detailed report with regard to the performance of the institution for achieving its aims and objects during the three income years preceding the application duly evaluated, certified and rated by an independent agency approved by an authority designated by the Government of Pakistan for this purpose or till that authority is established, under arrangements made by the Central Board of Revenue.

212. Decision on application.- (1) On receipt of an application under rule 211, the Commissioner may make such inquiries or call for such further information as the Commissioner may deem necessary and after completion of formalities may approve the institution, fund, trust, society or organisation for the purpose of clause (37) of section 2 of the Income Tax Ordinance, 2001.

(2) An approval granted under sub-rule (1) shall be

- (a) notified in the official gazette;
- (b) subject to such conditions as the Commissioner may specify in the approval; and
- (c) valid until the 31st day of December of the calendar year next following the calendar year in which the approval is granted.

213. Refusal to grant approval.- (1) The approval shall not be granted if the constitution, memorandum or articles of association, rules, regulations or bye-laws, or trust deed, as the case may be, specifying the aim and objects of the institution, fund, trust or society do not provide -

- (a) for the audit of the annual accounts of the institution, fund, trust or society every year by a qualified accountant as specified in clause (f) of sub-rule (2) of rule 218 wherever applicable.
- (b) where the institution, fund or society is registered under the Societies Registration Act, 1860 (XXI of 1860), the Voluntary Social Welfare (Registration Control) Ordinance, 1961 (XLVI of 1961), or any other law in substitution thereof, for the quorum of a meeting of the members of the body in which

the control of the affairs of the institution vest, being not less than four or one-third of the total number of the members of such body, whichever is greater;

- (c) where the institution is a Trust as defined in the Trust Act, 1882 (II of 1882), for the quorum of a meeting of the members of the body in which the control of the affairs of the trust vests, being not less than three or one-third of the total number of the members of such a body, whichever is greater;
- (d) for the transfer of its assets, in the event of its dissolution, after meeting all liabilities, if any, to another institution, fund, trust, society or organisation which is an approved non-profit organisation, intimation of such transfer to be given to the Commissioner within three months of the dissolution;
- (e) for the utilisation of its money, property or income or any part thereof solely for promoting its objects;
- (f) for prohibiting any portion of its money, property or income being paid or transferred directly by way of dividend bonus or profit to any of its members or the relative or relatives of a member or members;
- (g) for the accounts of the institution being kept in a scheduled bank or in a post office or national savings organisation, National Bank of Pakistan or National Commercialised Banks.
- (h) for prohibiting the making of any changes in the constitution, memorandum or articles of association, rules, regulations, or by-laws, or trust deed, as the case may be, without the prior approval of the Commissioner; or
- (i) for restricting the money validly set a part or not utilised to 25 per cent of the income including surplus worked out of amount donations made to it. In case, accounting period closes within three months of the commencement of activities, the Commissioner can relax this condition upto 50% of the amount, provided that certificate that the amounts so in excess of the said limit have been invested in Government securities or in the financial institutions including NIT Units or any mutual funds registered with State Bank of Pakistan or Securities Exchange Commission of

Pakistan subject to the condition, that such deposit/ investment in or through the financial institution(s) shall not exceed 1/3rd of the surplus at the end of the year as mentioned.

(2) The Commissioner may refuse to approve the institution, fund, trust, society or organisation if the Commissioner is satisfied that the institution, fund, trust or society -

- (a) has been or is being used for personal gain of any particular person or a group of persons;
- (b) has been propagating the view of a particular political party;
- (c) has been or is being managed in a manner calculated to personally benefit its members or their families; or
- (d) has not or will not be able to achieve its declared aims and objects in view of its set up, administrative or otherwise as evaluated and certified by an independent rating agency.

(3) The Commissioner shall notify the applicant, in writing, of the Commissioner's decision to refuse the approval.

(4) The notice referred to in sub-rule (2) shall include a statement of reasons for the refusal.

214. Renewal of approval.- (1) An institution, fund, trust, society or organisation that has been approved as a non-profit organisation may renew the approval by application in the following in the following form, namely:-

APPLICATION FOR RENEWAL OF APPROVAL FOR THE PURPOSES OF
CLAUSE (37) OF SECTION 2 OF THE INCOME TAX ORDINANCE, 2001

To

The Secretary
Central Board of Revenue
Islamabad.

I, the undersigned, hereby apply for the renewal of approval _____
name of institution/ fund/ trust/ society/ organization) for the year ending 31st
December, 20 ____.

The _____ (name of institution/ fund/ trust/ society/
organization) was ruled a non-profit organization by the Commissioner vide
Notification No _____ dated _____.

It is hereby certified that --

- (a) the Constitution/Trust Deed/Rules and Regulations/Memorandum and Articles of Association, previously filed with the Commissioner, have remained unchanged.

(2) An application for renewal of approval under sub-rule (1) shall be furnished within six months after the expiry of the validity of the ruling last issued and such application shall be accompanied by such documents and instruments as are specified in sub-rule (2) of rule 211.

(3) The Commissioner shall grant an application for renewal of approval where the Commissioner is satisfied that the institution, fund, trust or society –

- (a) complied with the provisions of clause (h) of sub-rule (1) of rule 213;
- (b) did not suffer any one or more of the disqualification specified in sub-rule (2) of rule 213;
- (c) complied with the provisions of rule 216; and
- (d) otherwise satisfied the requirements for certification as a non-profit organisation in the preceding three years.

(4) The Commissioner shall refuse an application for renewal of a approval for any year if the institution, fund, trust or society did not enjoy approval for the calendar year immediately preceding the year in which the renewal application is made under this rule.

(5) The renewal of approval shall be valid up to the 31st December of the second calendar year following the calendar year in which the approval is granted, provided that subsequent renewals will be for a period extending upto three years depending on the rating agency's report and audit results.

(6) The renewal of approval of an institution, fund, trust, society or organisation shall be –

- (a) notified in the Official Gazette; and
- (b) subject to such conditions as the Commissioner may specify in the renewal of approval..

(7) The Commissioner shall notify the applicant, in writing, of the Commissioner's decision to refuse an application to renew the approval.

(8) The notice referred to in sub-rule (7) shall include a statement of reasons for the refusal.

215. Finalisation of applications.- The Commissioner shall finalise applications under rules 211 and 214 within two months of receipt of the application.

216. Annual accounts.- An institution, fund, trust or society that has been approved under rule 212 or whose approval has been renewed under rule 214 shall, by the 30th of January each year, submit to the Commissioner, in respect of the preceding calendar year:-

- (a) a copy of the statement of audited accounts, as mentioned in clause (a) of sub-rule (1) of rule 214;
- (b) a statement of income and donations received and moneys paid;
- (c) a list of donees and beneficiaries with full addresses; and
- (d) a statement showing the money set apart or kept un-utilised with reasons thereof.

217. Power to withdraw approval.- (1) The Commissioner may, at any time, withdraw an approval granted earlier, if the institution, fund, trust society or organisation fails to comply with the provisions of rule 216 or 219 and is satisfied that

- (a) the said institution, fund, trust or society has failed to fully utilise its income and the donations received by it for achieving the purpose for which it was established;
- (b) the reason for setting apart, or for not utilising, the money referred to in clause (c) of rule 216 is not valid; or

(2) No approval shall be withdrawn under sub-rule (1) unless the institution, fund, trust, society or organisation has had an opportunity to show cause against the action proposed to be taken.

(3) Where the Commissioner decides to withdraw an approval under sub-rule (1), the Commissioner shall give the institution, fund, trust or society notice, in writing, of the decision including a statement of reasons for the decision.

218. Appeal against a decision made under this rule.- An institution, fund,

trust or society dissatisfied with –

- (a) a decision to refuse an application made under rule 211 or 214; or
- (b) a decision to withdraw an approval,

may lodge an appeal in the following form with the Commissioner (Appeals), namely:-

GROUND OF APPEAL

We/I _____ the petitioner(s) named in the above petition do declare that what is stated therein is true to the best of our/my information and belief.

Date.....200

Signature_____

Name

Address _____

PARTICULARS

Name of the Institution/ Fund/ Trust/ Society (in block letters).

1. Full address of the Institution/ Fund/ Trust/ Society (in block letters)
2. Date of establishment of the Institution/ Fund/ Trust/ Society.
3. Its aims and objects
 - (a)
 - (b)
 - (c)
 - (d)

4. Whether the Institution/Fund/Trust/Society has been registered under the Societies Registration Act, 1860, or under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961, or any other law in substitution thereof or established in pursuance of a Trust Deed. Please give its number and date.

6. Whether the Trust Deed/Constitution/Rules and Regulations/Memorandum of Association contain the provisions of sub-rule (3) of rule 41. If so, please give the number of Article/ Clause/ Rule for each provision.

7. Whether the Trust Deed/ Constitution/ Fund/ Trust ensures for the benefit of the general public or a particular community or class or persons only (give full details).

8. The number of members of the institution on the date of application.

Signature

Name

(Block Letter)

Designation

219. Institution granted approval before commencement of these rules.-

The approval granted prior to the commencement of these rules to an institution, fund, trust or society shall be deemed to have been withdrawn unless an application in the manner laid down in rule 221 is made on behalf of such institution, fund, trust or society for calendar year 2002 within the time specified before June 2003.

220 Relaxation of requirements or conditions.- The Commissioner, as the case may be, may relax or modify any of the requirements or conditions of this rule, in any individual case, if it is satisfied that the requirements or conditions could not be fulfilled by the applicant for reasonable cause.

CHAPTER – XVIII
TAX CLEARANCE CERTIFICATE

221. Tax clearance certificate.- (1) A person leaving Pakistan permanently may apply to the Commissioner for a tax clearance certificate referred to in sub-section (3) of section 145 where –

- (a) the person has satisfied all income tax liabilities; or
- (b) the person has made arrangements to the satisfaction of Commissioner for payment of income tax liabilities.

(2) An application referred to in sub-rule (1) shall be in the following form, namely:-

**APPLICATION FOR A CERTIFICATE UNDER SECTION 145 OF
THE
INCOME TAX ORDINANCE, 2001**

(Not for tourists who have earned no income from Pakistan source and have come on tourist visa and stay is not more than 90 days in a tax year.

To

The Commissioner,
_____ Zone
_____(City)

Sir,

I request that an Tax Clearance Certificate under section 145 of the Income Tax Ordinance, 2001, be granted to me. I give below necessary particulars:-

1. Name _____ of applicant _____ of
(in block letters)
2. Domicile _____
3. Present address _____
4. Address _____ in _____ Home _____ Country _____
5. Nature of business, professions or vocation _____
In Pakistan (if visit to Pakistan was made only as a tourist and no income was earned during the period of stay in Pakistan, it should be so stated).
6. Place(s) at which the business, profession or vocation is or was carried on _____

7. Name and address of employers of the _____
Applicant (in case the applicant is representing a firm or a company, the name and address of the company or firm should be stated here.)
8. Name of the Commissioner, if any, where last assessment of the applicant was made _____
9. Date of arrival in Pakistan _____
10. Probable date of departure _____
11. Destination _____
12. Mode of travel (by air/sea/land) _____
Place _____ Date _____
13. Made the payment of tax with the evidence.
14. Guarantee as per rule 158 is enclosed.

Date _____ 20

Yours faithfully,
Signature

(3) An application referred to in clause (b) of sub-rule (1) shall be accompanied by a certificate of guarantee of the applicant's employer or business associate in the following form, namely:-

**GUARANTEE CERTIFICATE TO BE FURNISHED BY
EMPLOYER OR BUSINESS ASSOCIATE OF THE APPLICANT**

1. Certified that _____ (Name in block letters) is our employee/ representative/ associate.
2. (i) Certified that _____ (give name) is leaving Pakistan and tax demand of Rs _____ is outstanding him. The assessment is pending resulting in tax liability.
(ii) A cheque for the amount of tax due along with the computation of income is enclosed
(iii) We undertake to pay the tax liability, if any, when determined

Address _____
Signature _____
Associates _____
Designation _____

Seal of the business

Strike out whichever is in applicable.

222. Form of tax clearance certificate under section 145.- For the purposes of sub-section (3) of section 145, a tax clearance certificate shall be in the following form, namely:-

COUNTERFOIL OF TAX CLEARANCE
CERTIFICATE UNDER SECTION

TAX CLEARANCE CERTIFICATE
UNDER SECTION 145 OF THE
INCOME TAX ORDINANCE.

Book No. _____ Serial No. _____
Name _____
Address _____
Nationality _____
Nature of business profession or vocation
Pakistan _____

Book No. _____ Serial No. _____
Income Tax Office
Date _____

Date of arrival in Pakistan _____
Date of departure _____
Destination _____
Certificate valid _____
Initials of _____

This is to certify that _____ of _____ has no liabilities has made satisfactory arrangement for his/ her liabilities under the Income Tax Ordinance, 2001 or the Income Tax Ordinance, 1979).

This Certificate is valid

Commissioner

Commissioner

Signature/ left hand thumb impression of Applicant/or person receiving the Certificate on behalf of the applicant.

Signature/ left hand thumb impression of Applicant/ or person receiving the Certificate on behalf of the applicant.

223. Form of tax exemption certificate.- On receipt of an application under rule 229, the Commissioner shall issue an exemption certificate under of section in the following form, namely:-

COUNTERFOIL OF TAX EXEMPTION
CERTIFICATE UNDER SECTION 149

TAX EXEMPTION CERTIFICATE UNDER
SECTION 149 OF THE INCOME TAX
ORDINANCE, 2001

Book No. _____ Serial No. _____
Name _____
Address _____
Nationality _____
Nature of business, profession or vocation

Book No. _____ Serial No. _____

Commissioner

Pakistan _____

Zone ____ Jurisdiction

Date of departure _____

Destination _____

Probable date of return to Pakistan _____

Certificate valid up to _____

Initials of

Commissioner

Signature/left hand thumb impression of
Applicant/or person receiving the Certificate on
behalf of the applicant.

Signature/left hand thumb impression of
Applicant/or person receiving the Certificate on
behalf of the applicant.

- (i) they have not spent more than 90 days at a time in Pakistan; and
- (ii) they have not spent more than 90 days in any financial year in Pakistan.
- (iii) passengers travelling by a pilgrim ship which sails direct from a Port in Pakistan to Jeddah.

CHAPTER – XIX
MISCELLANEOUS

224. Conditions for approval of leasing company claiming depreciation etc.- The following conditions shall be fulfilled by a modaraba or by leasing company to claim expenditure on depreciation on the leases under this rule, namely:-

- (i) the leasing company is engaged principally in the business of leasing of assets and has been issued a licence by the Security and Exchange Commission of Pakistan to operate under the terms and conditions specified therein; and
- (ii) the leasing company modaraba doing leasing business undertakes that where a motor vehicle is given on lease, the purchase value thereof shall be restricted to the amount specified in the Third Schedule to the Ordinance for the purposes of claiming depreciation or the expenditure on such lease.

225. Recognized Associations of Accountants for the purpose of section 223.- The following bodies are recognized by the Board as associations of accountants for the purpose of section 223, namely:-

- (a) The Institute of Chartered Accountants in England and Wales;
- (b) The Institute of Chartered Accountants in Scotland;
- (c) The Institute of Chartered Accountants in Ireland;
- (d) The Society of Incorporated Accountants and Auditors, London; and
- (e) The Association of Certified Accountants, United Kingdom.

226. Appointment of valuers.- (1) A person desiring to be appointed as a valuer for the purposes of section 222 shall make an application to the Commissioner in duplicate setting out the fact or facts by virtue of which the person claims to be qualified for such appointment.

(2) For the purpose of sub-rule (1) a person qualified for appointment as a valuer means a person who:-

- (a) holds a degree or equivalent qualification in civil engineering or mechanical engineering or mechanical and electrical engineering from any University incorporated under any law

for the time being or accredited or affiliated by any association of universities or college in force in Pakistan and Azad Kashmir or a like degree or qualification conferred by any foreign university incorporated by law of that country and recognized by a Pakistani University;

- (b) holds an internationally recognized qualification in architecture equivalent to or comparable with the Associateship of Royal Institute of British Architects;
- (c) having successfully completed a diploma course in architecture or civil engineering or mechanical engineering or mechanical and electrical engineering or automobile engineering from a recognized institution has worked with a qualified architect or engineer or in a Government or quasi-Government department for a period of three years;
- (d) has held the insurance surveyor certificate issued by the department of Insurance for a period of five years;
- (e) has retired after putting in satisfactory service in the Income Tax Department or the Customs Department or judiciary or in a revenue collecting agency of the Government for period of not less than ten years in a post or posts in a grade not less than Grade 17; or
- (f) for the purpose of valuation of such assets as require specialized knowledge not available to persons qualified under clauses (a), (b), (c), (d) and (e) of this sub-rule, any person, who is in the opinion of the Commissioner is fit to be appointed as a valuer.

(3) Notwithstanding anything contained in sub-rule (2), no person shall qualify for appointment as a valuer if the person -

- (a) has been dismissed or removed from Government service;
- (b) is an undischarged insolvent;
- (c) has been convicted of any offence under any law or has been found guilty of misconduct in his professional capacity which, in the opinion of the Commissioner, renders him unfit to be registered as a valuer; or
- (d) has been representing taxpayers before income tax authorities

(4) On receipt of an application under sub-rule (1), the Commissioner may make such inquiries or call for such further information or evidence as may be deemed necessary.

(5) If the Commissioner is satisfied that A person should be appointed as a valuer for the purposes of section 222, the Commissioner shall notify the person in writing of the decision.

(6) Where the Commissioner decides to refuse an application under this rule, the Commissioner shall give the applicant notice, in writing, of the decision including a statement of reasons for the decision.

(7) The appointment of a valuer may be terminated by the Commissioner at his discretion at any time without assigning any reason and without any compensation.

227. Scale of remuneration, fees and allowances for a valuer.-(1) A valuer appointed under section 222 shall not be paid any retention fee but would be entitled to remuneration at the following scale:-

	Rs
Where the value of assets does not exceed 100,000	500
Where the value of assets exceeds Rs 1 lac but does not exceed Rs 299,999	1,000
Where the value of assets exceeds Rs 300,000 but does not exceed Rs 499,999	1,500
Where the value of assets exceeds Rs 500,000 but does not exceed Rs 1,499,999	2,500
Where the value of assets exceeds Rs 1,500,000 but does not exceed Rs 1,999,999	5,000
Where the value of assets exceeds Rs 1,999,999	10,000

(2) In addition to remuneration at the scale prescribed under sub-rule (1), a valuer shall be entitled to following fee and allowance -

- (a) a fee of Rs 100 per day in the event of attendance before the Appellate Tribunal in connection with the valuation made in any case; and
- (b) travelling expenses to which a Government servant in Grade 17 is entitled.

228. Valuation of assets.- (1) The valuation of immovable property for the purposes of section 111 of the Income Tax Ordinance 2001, shall be taken to be-

- (a) in the case of open plot, the value determined by the development authority or government agency on the basis of the auction price in respect of similar plots in the area where the plot in question is situated;
- (b) in the case of properties given on rent, the value equal to ten years capitalized value assessed on the annual rental value;
- (c) in the case of agricultural land, the value equal to the average sale price of the sales recorded in the revenue record of the estate in which the land is situated for the relevant period/ time; or
- (d) in any other case, the value determined by the District Officer (Revenue) or provincial authority authorized in this behalf for the purposes of stamp duty.

(2) For the purposes of section 111 and subject to sub-rule (2), the value of motor cars and jeeps shall be determined in the following manner, namely:-

- (a) the value of the new imported car or jeep shall be the C.I.F. value of such car or the jeep, as the case may be, plus the amount of all charges, customs-duty, sales tax, levies octroi, fees and other duties and taxes leviable thereon and the costs incurred till its registration;
- (b) the value of a new car or jeep purchased from the manufacturer or assembler or dealer in Pakistan, shall be the price paid by the purchaser, including the amount of all charges, customs-duty, sales tax and other taxes, levies, octroi, fees and all other duties and taxes leviable thereon and the costs incurred till its registration;
- (c) the value of used car or jeep imported into Pakistan shall be the import price adopted by the customs authorities for the purposes of levy of customs-duty plus freight, insurance and all other charges, sales tax, levies, octroi, fees and other duties and taxes leviable thereon and the costs incurred till its registration;

- (d) the value of a car or jeep specified in clause (a), (b) and (c) at the time of its acquisition shall be the value computed in the manner specified in the clause (a) (b) or (c), as the case may be, as reduced by a sum equal to ten per cent of the said clause for each successive year, up to a maximum of five years; or
- (e) The value of a used car or jeep purchased by an assessee locally shall be taken to be the original cost of the car or the jeep determined in the manner specified in clause (a), (b) or (c) , as the case may be, as reduced by an amount equal to ten per cent for every year following the year in which it was imported or purchased from a manufacturer.

(3) In no case shall the value be determined at an amount less than fifty per cent of the value determined in accordance with clause (a), (b) or (c) or the purchase price whichever is more.

(4) For the purposes of section 61, the value of any property donated to a non-profit organization shall be determined in the following manner, namely:-

- (a) the value of articles or goods imported into Pakistan shall be the value determined for the purposes of levy of customs duty and the amount of such duty and sales tax, levies, fees, octroi and other duties, taxes or charges leviable thereon and paid by the donor;
- (b) the value of articles and goods manufactured in Pakistan shall be the price as recorded in the purchase vouchers and the taxes, levies and charges leviable thereon and paid by the donor;
- (c) the value of articles and goods which have been previously used in Pakistan and in respect of which depreciation has been allowed, the written down value, on the relevant date as determined by the Commissioner ;
- (d) the value of a motor vehicle shall be the value as determined in accordance with rule, and
- (e) the value of articles or goods other than those specified above, shall be the fair market value as determined by the Commissioner.

229. Filing of returns, statements and documents and issuance of orders, notices through computers.- (1) Notwithstanding anything contained in these rules taxpayer or any person responsible for furnishing the prescribed statements or returns may furnish such statement or return, on computer media and in such language, program arrangement and data formats and representations which are compatible with those of the Income Tax Department and any other technical specification as the RCIT or Committees may prescribe; accompanied by a certificate in the following form and duly signed by the person authorised to sign such statement or return or the department may issue notice orders, or communication or production of documents in appeals or courts taken through computers or scanning images duly certified, namely:-

CERTIFICATE

I, _____ S/o _____ do hereby certify that the data and information contained in the enclosed disk, diskette, tape or cartridge or scanning image or electric communication is complete, correct and true to the best of my knowledge and belief.

I, further certify that the return of income contained in the aforementioned media have been duly verified and affirmed to be true by the respective assesseees.

Signature _____
Name _____
(in block letters)
Designation _____
Date _____

(2) Notwithstanding anything contained in these rules, any order required to be made or notice to be issued or assessment or computation made, or document required to be prepared or issued under the Ordinance may be generated through the computer system and no such order, notice, assessment, computer document shall require the signature of the concerned officer whose name and designation is specified on the aforementioned documents.

230. Charges for various forms.-The following forms shall be provided after 30th June, 2002 on payment as mentioned against each:-

Form

Charge

- | | | |
|------|---|-------------------|
| (i) | Form of return of total income. | Rupees Five each. |
| (ii) | Form of Wealth statement under section 116 of the Income Tax Ordinance. | Rupees Five each. |

231. Computation of export profits and tax attributable to export sales.-

(1) Where a taxpayer exports any goods manufactured in Pakistan, the taxpayer's profits attributable to export sales of such goods shall be computed in the manner specified hereunder:-

- (a) where a taxpayer maintains separate accounts of the business of export of goods manufactured in Pakistan, the profits of the export business shall be taken to be such amount as may be determined by the Commissioner in accordance with the provisions of Ordinance on the basis of such accounts; or
- (b) in other cases, the profits of such business shall be taken to be an amount which bears to the total profits of the business of the assessee from the sale of goods, the same proportion as the export sales of goods manufactured in Pakistan bear to the total sales of goods.

(2) Where the total income of a taxpayer includes any profit from the export of goods manufactured in Pakistan, the tax attributable to such profits shall be an amount which bears to the tax payable on the income the same proportion as such profits bear to the total income.

(3) In this rule, unless there is anything repugnant in the subject or context:-

- (a) "export sales" means the fob price of the goods exported;
- (b) "total profits" means:-
 - (i) the aggregate of export sales as determined under clause (a); and
 - (ii) the ex-factory price of goods sold in Pakistan, where the goods exported out of Pakistan were manufactured by the exporter; or
 - (iii) the ex-godown price of goods sold in Pakistan, in other cases.

232. Repeal & Savings.- (1) The following rules as in force before the commencement of these rules are hereby repealed, namely Income Tax Rules, 1982;

(2A) Notwithstanding anything contained in sub-rule (1), rules 190 to 198, 201, 201D, 201F, 202(C), 202D, 202E, 202F of Income Tax Rules, 1982 shall stand repealed on the first day of July, 2003; and

(2B) Any proceedings including proceedings under part IX (Chapters A, B, C, D, E & F) initiated, or any action taken or initiated, or approval sought, under Income Tax Rules, 1982 prior to 01.07.2002; such proceedings, action, or approval sought shall be completed under the Income Tax Rules, 1982 and to that extent Income Tax Rules, 2002 would not apply.”

[C. No. 4(2)IT-Jud/02]

Vakil Ahmad Khan
Member (Direct
Taxes)/
Additional Secretary

PART II OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax
Office of the _____

Notice/ letter under section 122 of the Income tax Ordinance, 2001
(See rule 62)

NTN/TRN. _____
Name: _____
Address: _____
Tax year: _____
Dated: _____

Dear Sirs,

Whereas I consider necessary that the assessment order treated as issued under section 120 or issued under section 121 or amended assessment u/s 122(3) needs alteration or and to make addition to income by amended or further amended assessment of amended assessment under section 122 for imposition of the correct amount of tax for the tax year....., as in my opinion, Income Tax Return/Statement and documents relating to the income and tax filed under the relevant provisions of this Ordinance,

2. In view of situation above, amended assessment or further assessment is necessary u/s 122, and for that the tax year, examination of books of account/ record is necessary. I therefore require you to produce or cause to be produced at my office on the date and time mentioned below, the following accounts/documents on which you have relied your return of income, so that correct income may be determined and proper tax be imposed.

3. Please note that in case you or your authorized representative duly authorized to represent you in the assessment proceedings fails to attend the office/produce the documents/accounts mentioned above, assessment may be framed ex-parte which may also entail further legal punitive actions in accordance with law.

Name _____
Signature _____
Code No. _____
of the Commissioner

PART III OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax
Office of the _____

NOTICE UNDER SECTION 138(2) OF THE INCOME TAX ORDINANCE, 2001.

National Tax Number _____

Commissioner
Dated _____

To
M/s _____

Dear Sir,

Whereas it is established that the sum of Rs. _____ which is due from you on account of tax as per details given in the schedule below, is in arrear, you are, hereby, required to pay these arrears of tax by _____ and produce necessary evidence to that effect before me at my office On _____ failing which proceedings may be initiated under these rules to recover the said amount by one or more of the following modes, namely:-

- (a) attachment and sale of moveable or immovable property;
- (b) appointment of receiver for the management of your moveable or immovable property;
- (c) your arrest and detention in person for a period not exceeding six months.

I, in exercise of the powers vested in me under the Income Tax Rules framed under section 138 of the Income Tax Ordinance, hereby further direct that you shall not sell, mortgage, charge, issue or otherwise deal with any property belonging to except with my permission to that effect in writing,

Commissioner

Range _____ Zone _____

SCHEDULE

Sr No.	Assessment year(s)	Number in Demand and Collection	Income Tax	Penalty	Additional Tax	Surcharge	Total
--------	--------------------	---------------------------------	------------	---------	----------------	-----------	-------

		Register					
1	2	3	4	5	6	7	8

PART IV OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax
Office of the _____

**Notice u/s 140 read with rule 69 of Income Tax Rules, 2002.
Recovery of Tax.**

M/s/ Mr. _____

Dear Sir,

Whereas, the undersigned is empowered to issue this notice and has reasons to believe that in respect of Mr. _____ a tax defaulter/ tax payer for Rs. _____;

- (i) You are owing to this taxpayer money, amount, debt or may at a future date/ month owe to him.
- (ii) You hold money on behalf of the taxpayer/ defaulter.
- (iii) You are holding money on some other person's behalf for payment to the above named taxpayer defaulter.
- (iv) You hold authority of some other person to pay money to him or defaulter.

2. And whereas, an amount of Rs. _____ is tax due outstanding against the person, and whereas the taxpayer has not paid the same amount in time, therefore, under the provisions of section 148, you are required to remit or send the money to the undersigned through pay order/ D. Draft or through banking transfer or cheque for payment to the government, treasury under Income tax head of account. Please take notice that:

- (i) Any tax paid in lieu of and on behalf defaulter in pursuance of this notice shall be treated as having been paid under the authority of tax payer concerned – section 140(6).
- (ii) In case of failure to comply, the said amount shall be recovered from you, and all the provisions relating to tax recovery u/s 160, 161, 162 and 163 shall apply for effecting recovery of such amount from you.
- (iii) In case of default, additional tax u/s 205 shall also be charged and prosecution proceedings shall also be launched.

3. Since law provides for such mode of recovery, and payment shall be taken as made by the taxpayer to the government.

N.B. This notice requires the payment to the extent shown in the notice out of any amount due or due to be paid as mentioned at 1(i to iv).

Given under my hand and seal
Commissioner

PART V OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax
Office of the _____

Notice u/s 145 of Income Tax Ordinance, 2001 and rule 70 in respect of a person who is likely to leave Pakistan permanently.

The Director of Immigration,
Airport/ Seaport.

Incharge Immigration Department,
Airports/Seaport.

(See section 145 of the Income Tax Ordinance, 2001) on collection of tax from person leaving Pakistan.

Sir,

Whereas section 145 of the Income Tax Ordinance, 2001 empowers the undersigned to issue this certificate of outstanding tax demand and there are reasons to believe that Mr. _____ NTN _____ has to pay tax/government dues of Rs. _____, or based on the Return of income filed and the amended assessment made for which notice has been issued, a tax demand is likely to be raised, for which he has not made satisfactory arrangement for tax payment, and is likely to leave Pakistan permanently, therefore, you are required under section 145 not to allow Mr./Mrs. _____ to leave the country, till he has discharged tax liability by way of making payment of tax by prescribed challan in the NBP/SBP and produces a copy of challan bearing date of payment of the amount after issuance of this certificate, or, produces from the undersigned withdrawal of the certificate/notice, or makes payment of tax through pay order/demand draft or bank cheque in favour of income tax department.

The certificate issued under my signature and seal is not to be disputed and would be valid till it is modified or withdrawn by the undersigned.

Commissioner

N.B This certificate shall be withdrawn in case in the matter of pending amended assessment, proper arrangement are made for the payment of tax. This certificate shall be withdrawn immediately.

Part VI of First Schedule

Government of Pakistan
Department of Income Tax
Office of the _____

(See Rule 71)

Prescribed application for refund of tax.- An application for refund of tax under section 170 shall be made in the following form, namely:-

The Commissioner
_____ (Zone)
_____ (City)

Dear Sir,

I, _____
of _____
hereby declare

- a. that my total income computed in accordance with the provisions of Income Tax Ordinance, 2001 (XLIV of 2001), during the year ending on _____ being the income year for the assessment for the year ending on the _____ amounted to Rs. _____.
- b. That the total tax chargeable in respect of such total income is Rs. _____.
- c. That the total amount of tax paid is Rs. _____.

I, therefore, request that a refund of Rs. _____ may be allowed to me.

Yours faithfully _____
Signature _____
NTN _____
Address _____

I hereby declare that I am resident/ non-resident* and that what is in this application is correct.

Date _____ Signature _____

* Delete whichever is in applicable.

Name _____

NTN

NIC No.

Name _____

NTN

NIC No.

Name _____

NTN

NIC No.

2. Use additional sheet if required

(2) Please attach attested copies of NICs.

I, the undersigned solemnly declare that to the best of my knowledge and belief the information given above is correct and complete.

Date _____

Signature of Applicant

Note: Please make sure that all information is correctly filled-in and photocopy of NICs duly attested by Class-I gazetted officer or an officer of the Bank is attached (Photocopies of NICs of all Partners/ Members in case of AOP, HUF, URF). NTN certificate will not be issued if incomplete form is sent. In case the applicant is an AOP, URF or HUF its application shall not be entertained unless accompanied by applications of individual Partners/ Members who do not have an NTN.

Part X of the First Schedule

Application for registration of Income Tax Practitioner

To

The Regional Commissioner
Of Income Tax,
_____ Region,
_____ (City).
_____ (Jurisdiction)

Dear Sir,

With reference to section 223 of the Income Tax Ordinance, 2002, I, the undersigned, hereby apply for registration as an Income Tax Practitioner within the meaning of the said section.

Necessary particulars are as below:-

1. Name (in block letters) _____;
2. Father's name (in block letters) _____;
3. Residential address:
 - a. _____;
 - b. _____;
4. Date of birth _____;
5. Academic/ professional qualifications on the basis of which registration has been sought _____;
6. Present occupation _____;
7. Particulars of Chartered Accountant/ Cost and Management Accountant/ Income Tax Practitioner with whom apprenticeship was completed and the period and dates of apprenticeship.

I hereby declare on solemn affirmation that whatever information has been given above is correct to the best of my knowledge.

It is further affirmed that—

- a. I have not been dismissed or removed from service;
- b. I am not an undischarged insolvent;
- c. I have not been disqualified to represent an income tax assessee by a Commissioner of Income Tax or any authority empowered to take disciplinary action against lawyers or registered accountants;
- d. A period of two years elapsed since I resigned from service after having been employed in the Income Tax Department for two years or more;
- e. I have not been convicted of any offence connected with any income tax proceeding under the Income Tax Ordinance, 2001, or the repealed Income Tax Ordinance, 1979 and Income Tax Act, 1922; and
- f. I have not been convicted of any offence under the Pakistan Penal Code.

Yours faithfully _____
Signature _____
Name of the Applicant _____
Office Address _____
Date _____

PART XI OF THE FIRST SCHEDULE

Government of Pakistan
Department of Income Tax

Notice under sub-section 4 of section 114 of the Income tax Ordinance, 2001.

NTN/TRN. _____
Name: _____
Address: _____
Assessment year: _____
Dated: _____

Dear Sir,

1. You have not furnished a return of income for the tax year _____ required to be filed under clause – of sub-section 1 of section 114 of the Income Tax Ordinance, 2001,

You are, hereby, required to furnish on or before _____ a Return of Income for the said tax year, in the prescribed form and verified in the prescribed manner. A copy of the return of Income is enclosed.

2. Please note that failure to comply with any of the terms of this notice may result in an ex-parte assessment under sub-section 1 of section 121 of the said Ordinance, and may also render you liable to a penalty under sub-section 1 of section 182, or, prosecution under section 191 of the said Ordinance or both.

Commissioner/
Taxation Officer

- (i) under section 127/section 131 of the said Ordinance to the Commissioner of Income Tax (Appeals), Zone _____ /Income Tax Appellate Tribunal within thirty days of the receipt of this notice/sixty days of the date on which order appealed against is communicated to you, or
- (ii) file revision u/s 135 within 90 days of the receipt of this notice before the Commissioner of Income Tax.

(4) Please note that by timely payment of your tax liability you can avoid:

- (i) mandatory levy of additional tax under section 205 @ 18% per annum; penalty under section 183, and/or
- (ii) proceedings under 138(2).

(5) Copy of the order on which demand/refund is based is enclosed.

Date _____

Seal

Signature of the
Taxation Authority/
Commissioner of Income Tax

Part-XIII of the First Schedule

Government of Pakistan
Department of Income Tax
Office of the _____

Form of authorisation (see Rule 72 Section 175)

In pursuance of and as empowered under section 175 and to carry out the purpose and objects of the Section, M/s. _____ and Ms. _____ Taxation Officers and/ or M/s. _____ valuer(s) is/ are authorised with regard to the tax related matters of M/s. _____, to enter any premises and to have full and free access to any place, accounts, documents or computer, and to impound or to take extracts or copy of such material and/ or examine and prepare notes, details of inventory and its valuation, or computer disc of information or floppies from harddisc or inventory of any article found at the place. The officer(s) authorised shall handover a copy of inventory of goods and material to the persons available on premises and/ or put/ affix on the conspicuous place in case of refusal of such person to receive or accept. In the later situation, may also send such copy through registered post/ courier service as early as possible. The taxation officer may keep in mind the enquiry/ investigation, audit relating to tax issues only.

Commissioner

PART VI OF THE SECOND SCHEDULE

Statement under section 165 regarding income received on account of contracts, Supplies, commercial imports, exports, dividend, Prize, on Bonds, Lottery, etc. as required u/s 169.- (1) The statement to be furnished under section 115(4) by every person whose income is chargeable to tax to the Commissioner of Income Tax] having jurisdiction to assess such person or to any other officer authorized in this behalf shall be in the following form and verified in the manner indicated therein, namely:-

FORM OF STATEMENT UNDER SECTION -- OF INCOME TAX ORDINANCE, 2001 (To be filed by persons whose income is chargeable to tax under section -- of Income Tax Ordinance, 2001).

For the year ending 30th June, 20_____

Name of taxpayer _____
National Tax Number _____

Status IND AOP Company

Residential Status Resident Non-Resident
Address Business _____ Telephone No. _____
 Residential _____

Nature of Receipts	Amount	Tax rate	Total tax deducted	Evidence/proof	If covered by final Discharge of (see section 169) tax liability.
Contracts.					
Supplies.					
Commercial Imports.					
Dividends u/s 5					
Prizes on Prize Bonds and winnings from Lotteries					
Raffles and Others					
[Exports.					
Petroleum products on the receipts of goods					
Carrier u/s 234(5)					

Note.- In case of multiple receipts, please fill in the Annex also.

**PART III
VERIFICATION**

I solemnly declare that to the best of my knowledge and belief:

- (i) the information given in this statement is correct and complete;
- (ii) the amount of receipt and tax deducted therefrom are truly stated.

Place _____ Signature _____
Date _____ Name _____

ANNEX-I

S.No.	Date	Nature of Receipt	Date	Amount of tax deducted	Date f payment
1	2	3	4	5	6

In case the deduction of tax from sums chargeable to tax under the said sections is less than rupees three thousand; statement under sub-rule (1) may not be filed.

[C. No. 4(2)IT-Jud/02]

Vakil Ahmad Khan
Member (Direct Taxes)/
Additional Secretary

SECOND SCHEDULE
(See rule 34, 35, 36, and 39)

A return to be filed by the companies as specified in Part-I (Rule 190(1) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A return to be filed by the AOP/ RF as specified in Part-II (Rule 190(2) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A return to be filed by the individual/ AOP as specified in Part-III (Rule 190(3) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A statement in lieu of return for salary return to be filed by the salaried persons as specified in Part-IV (Rule 190(4) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A return to be filed by the salaried individuals with other income as specified in Part-V (Rule 190(7) of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A wealth statement as specified in Part-VI (Rule 191 of the Income Tax Rules, 1982) of the Second Schedule to these rules.

A statement u/s 169 as specified in Part-VII (Rule 202C of the Income Tax Rules, 1982) of the Second Schedule to these rules.

Sd/--
Vakil Ahmad Khan
Member (Direct Taxes)/
Additional Secretary